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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.

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Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report describes Treasury and System foreign exchange operations for the period from August through October 1993. It was presented by Peter R. Fisher, Senior Vice President and Manager for Operations of the Federal Reserve Bank of New York. Frank Keane was primarily responsible for preparation of the report.

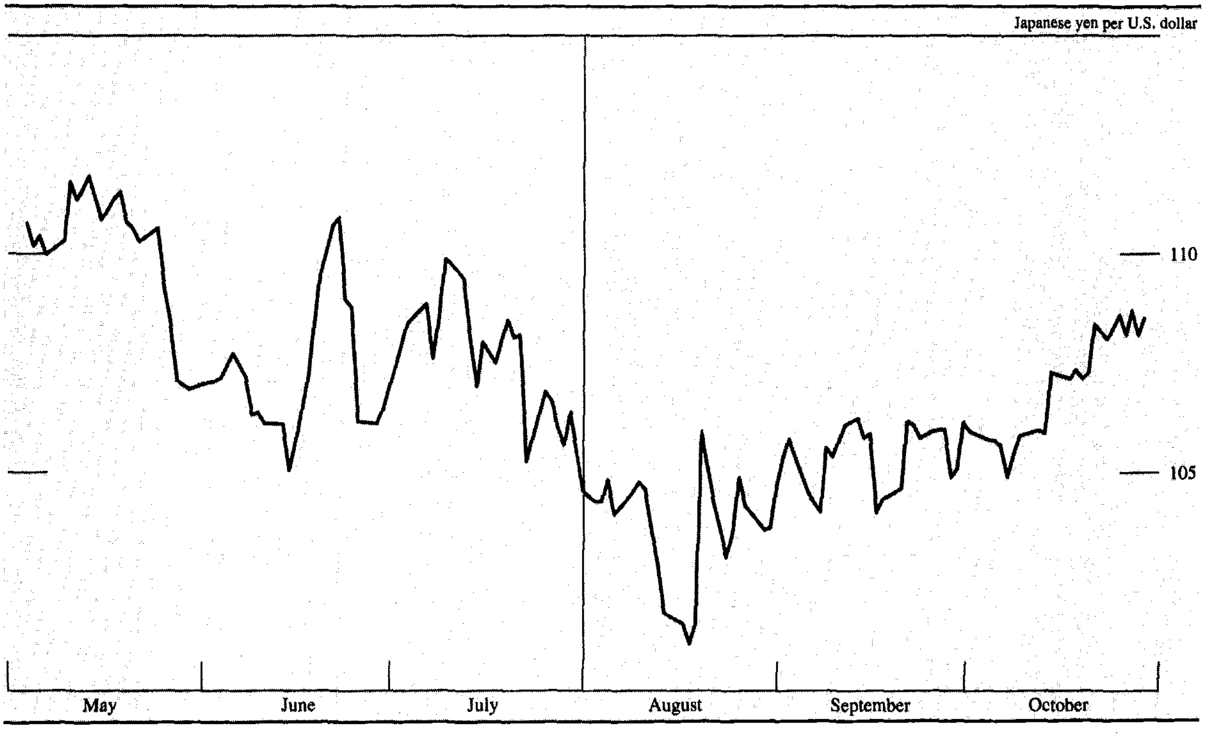
During the August–October period, the dollar appreciated 3.7 percent against the Japanese yen, depreciated 3.2 percent against the German mark, and was little changed on a trade-weighted average basis, declining 0.4 percent.[1] On August 19, the U.S. monetary authorities purchased $165 million against the yen in the period's only intervention operation.

1. The dollar's movements on a trade-weighted basis are measured using an index developed by the staff at the Board of Governors of the Federal Reserve System.

APPRECIATION AND SUBSEQUENT REVERSAL OF THE YEN AGAINST THE DOLLAR

During early August, the yen strengthened against the currencies of all major industrialized countries, reaching record highs against the dollar, the mark, the Swiss franc, the pound sterling, and the Canadian and Australian dollars. On August 11, the release of data indicating a wider-than-expected expansion of 28 percent (year-on-year) in Japan's merchandise trade surplus to $11.84 billion triggered a sharp yen appreciation, and it traded to a

1. Exchange rate movement of the dollar against the Japanese yen, May–October 1993



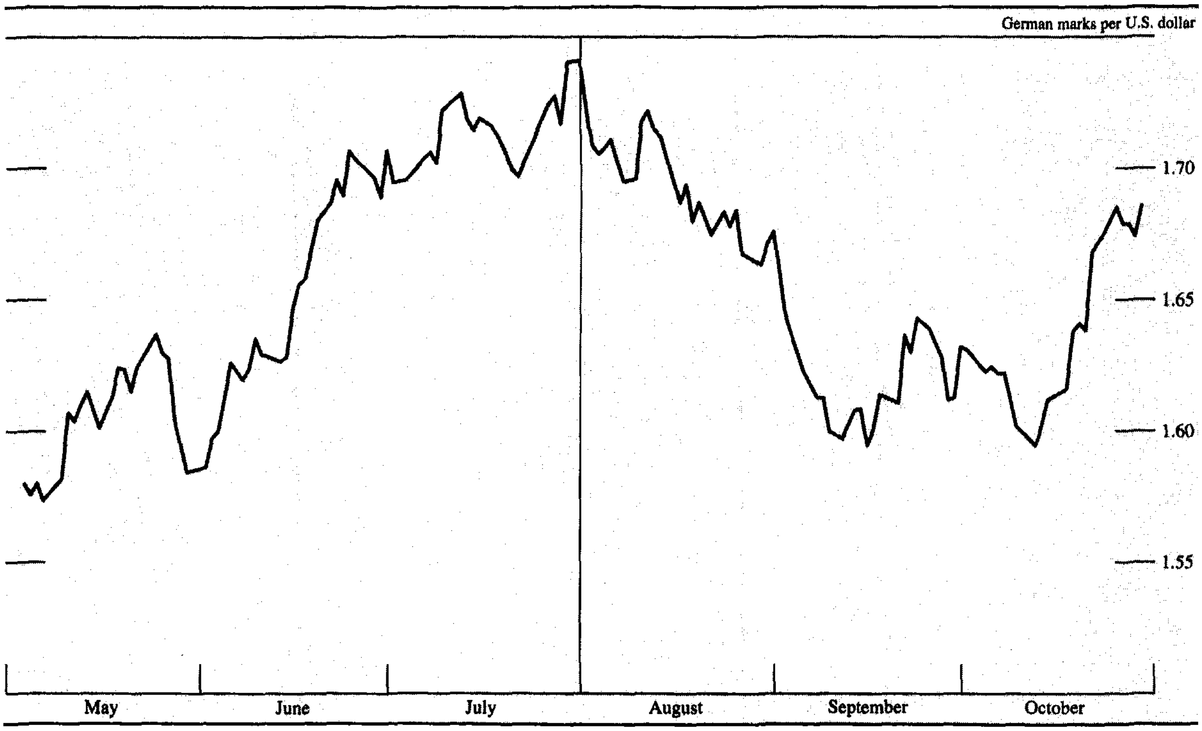
new high against the dollar of ¥103.50. Continuing weakness in domestic economic indicators was perceived as evidence that a reduction of Japan's current account surplus was unlikely in the near term, and the yen moved to several new daily highs against the dollar, peaking at a postwar high of ¥100.40 on August 17.

From August 16 to 18, conditions in the Japanese money markets were eased. On August 19, the Japanese cabinet met and agreed to try to devise additional measures to stimulate domestic demand. The dollar was trading at ¥102.50 in early New York dealing on August 19 but then declined quickly to ¥101.35 after the release of data on the U.S. merchandise trade deficit, which, at $12.1 billion for June, was worse than expected; at the same time, the dollar abruptly declined 1 pfennig against the mark. The U.S. monetary authorities intervened shortly after the release of the trade data. During the day, they purchased a total of $165 million against the yen, shared equally between the Federal Reserve and the Treasury's Exchange Stabilization Fund. This operation was coordinated with another monetary authority.

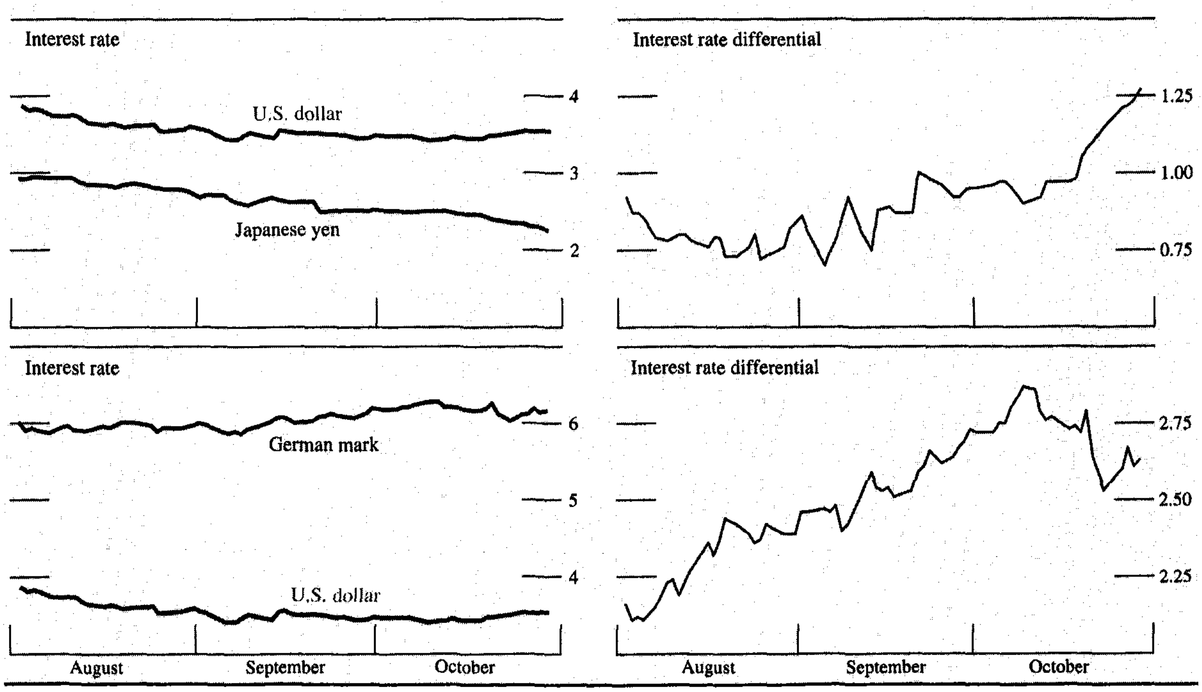
Initially, the operations surprised market participants, and the dollar promptly rose. During the morning, Treasury Under Secretary Summers released a statement welcoming the decline in Japanese money market rates and expressing concern that further yen appreciation could retard growth in the Japanese and world economies. Operations continued after Under Secretary Summers's statement but ceased before noon. Market participants subsequently continued to cover short positions throughout the afternoon, and the dollar reached a high of ¥106.75 before closing the day at ¥105.95.

In the month after the operation, the dollar–yen exchange rate largely traded between ¥103.00 and ¥106.00, as market participants increasingly focused on the apparent weakness of the Japanese economy. A series of Japanese data releases showed continued weak business sentiment, deteriorating corporate profits, and a decline of 0.4 percent in second-quarter gross domestic product. Consequently, when the Bank of Japan lowered the official discount rate (ODR) on September 21 by a greater-than-expected reduction of 75 basis points

2. Exchange rate movement of the dollar against the German mark, May–October 1993



3. Implied three-month Eurocurrency interest rates: December futures contract



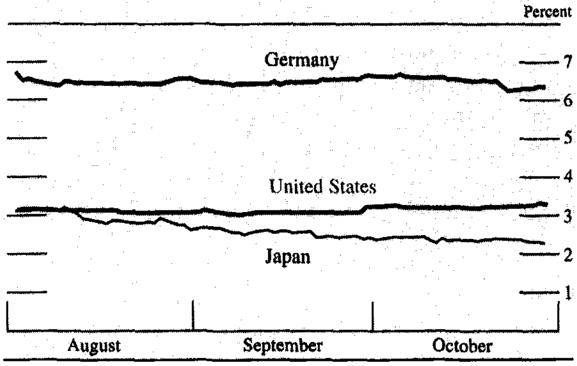
to 1.75 percent, the action was perceived as an appropriate supplement to the government's efforts to stimulate the economy, not as a device to avoid further yen appreciation. Favorable reactions by senior U.S. officials to the Bank of Japan's action led to a perception that tensions between the United States and Japan on trade issues had given way to greater cooperation, and the yen declined about 1.5 percent, closing on September 21 at ¥106.18.

The dollar firmed gradually over the latter half of the three-month period, while expectations of near-term volatility in the dollar–yen exchange rate dwindled substantially. The implied one-month option volatility fell from about 14 percent in mid-September to about 10 percent in late October. The period closed with the dollar–yen exchange rate trading steadily above ¥108.00 in late October.

APPRECIATION OF THE MARK AGAINST THE DOLLAR IN THE WAKE OF THE ERM CRISIS

The European Community finance ministers and central bank governors agreed, effective Monday, August 2, to permit currencies participating in the Exchange Rate Mechanism (ERM) to fluctuate within 15 percent of their central parities. However, authorities from Germany and the Netherlands agreed to maintain their bilateral exchange rate within 2.25 percent of their central parity. During the uncertainty created by the currency turmoil in Europe, market participants had aggressively accumulated dollar positions in late July. When widely anticipated European interest rate reductions failed to materialize in the first few weeks of August, the

4. Short-term interest rates, selected countries, August–October 1993



1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, October 31, 1993
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations[1]
Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1993	3,226.6	3,005.5
Realized, August 1–October 31, 1993	22.1	22.1
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1993	3,368.5	2,839.0

1. Data are on a value-date basis.

mark began to appreciate against the dollar. The negative sentiment toward the dollar during this period was reinforced by market reports of dollar sales by European central banks to adjust reserve positions after July's currency turmoil and by a widening of interest rate differentials in the mark's favor implied by Eurocurrency futures contracts.

The Bundesbank Council's decision on August 26 to leave official rates unchanged disappointed market expectations of an interest rate cut, and banks were caught short of funds at the end of a reserve period. When the council did lower the discount and Lombard rates 50 basis points to 6.25 percent and 7.25 percent respectively on September 9, the concurrent, smaller-than-expected reduction of 10 basis points to 6.70 percent in the Bundesbank's money market repurchase rate led to continued tightness in German money markets. These developments resulted in continued mark strength against the dollar. Although the mid-September political unrest in Russia caused the dollar to appreciate briefly against the mark, the dollar again drifted lower when the crisis was resolved, closing at DM1.6013 on October 13.

On October 21, the Bundesbank Council surprised exchange markets by again reducing its discount and Lombard rates 50 basis points to 5.75 percent and 6.75 percent respectively. The council also announced that it would conduct the following week's fourteen-day repurchase agreement at a fixed rate of 6.40 percent, a reduction of 27 basis points from the previous day's variable-rate repurchase agreement. The dollar, which had begun rising gradually against the mark before the announcement, rose steadily over the remainder of the period, closing at DM1.6857 on October 29.

OTHER OPERATIONS

The Federal Reserve and the Treasury's Exchange Stabilization Fund (ESF) each realized profits of $22.1 million from the sales of Japanese yen in the market. Cumulative valuation gains on outstanding foreign currency balances as of the end of October were $3,368.5 million for the Federal Reserve and $2,839.0 million for the ESF.

The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of liquidity and credit quality. A portion of the balances is invested in securities issued by foreign governments. As of the end of October, the Federal Reserve and the ESF held, either directly or under repurchase agreements, $10,004.3 million and $10,276.6 million respectively in foreign government securities valued at end-of-period exchange rates. □

Staff Studies

The staff members of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the studies that are of general interest are published in the Staff Studies series and summarized in the Federal Reserve Bulletin. *The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by members of their staffs.*

Single copies of the full text of each study are available without charge. The titles available are shown under "Staff Studies" in the list of Federal Reserve Board publications at the back of each Bulletin.

STUDY SUMMARY

THE ECONOMICS OF THE PRIVATE PLACEMENT MARKET

Mark Carey, Stephen Prowse, John Rea, and Gregory Udell

Prepared as a staff study in spring 1993

The private placement market is an important source of long-term funds for U.S. corporations. Nonetheless, it has received relatively little attention in the financial press or the academic literature, partly because of the nature of the instrument itself. In particular, a private placement is a debt or equity security sold in the United States that is exempt from registration with the Securities and Exchange Commission by virtue of being issued in transactions "not involving any public offering." Thus, information about private transactions is often limited, and following and analyzing developments in the market are difficult. Indeed, the last major study of the private placement market was published in 1972, and only a few articles have appeared in economics and finance journals since then.

This study examines the economic foundations of the market for privately placed debt, analyzes the market's role in corporate finance, and determines its relationship to other corporate debt markets. One key characteristic of the private placement market is that it is *information intensive*, meaning that lenders must on their own obtain information about borrowers through due diligence and loan monitoring. Many borrowers in this market are smaller, less-well-known companies or those with complex financings, and thus they can be served only by lenders willing to perform extensive credit analyses. Such borrowers effectively have no access to the public bond market, which provides funding primarily to large, well-known firms posing credit risks that can be evaluated and monitored with publicly available information.

In this respect, private market lenders, which are mainly life insurance companies, resemble banks more than they resemble buyers of publicly issued corporate debt. However, the private placement market is not exactly like the bank loan market: Private placements are mainly longer-term, fixed-rate debt, and borrowers in this market are on average larger and less information problematic than bank borrowers. Private placements typically have fewer and weaker covenants and are less frequently secured than bank loans.

The study compares the terms of private placements with those of public bonds and bank loans and analyzes the characteristics of borrowers, their motivations for using the private market, and the operations of lenders. It presents an explanation grounded in theories of financial intermediation and financial contracting for the structure of the market and for the differences between the private market and other markets for corporate debt. It also describes the process by which private issuance occurs, focusing on the role of agents, which advise issuers and assist in distributing securities.

Finally, the study analyzes some recent occurrences affecting the market, including a credit crunch in the below-investment-grade segment, the adoption of Rule 144A by the Securities and Exchange Commission, and the changing role of commercial banks. In the past, life insurance companies were the primary buyers of low-rated private placements, but most have stopped buying such issues, leaving many medium-sized borrowers with few alternatives for long-term debt financing. The study's explanation for the crunch, which emphasizes a confluence of market and regulatory events, highlights the fragility of information-intensive markets.

The adoption of Rule 144A in 1990, which clarified the circumstances under which a privately placed security could be resold, has led to the development of a market segment for private placements that are not information intensive. This new segment is thus fundamentally different from the older, traditional market and has many characteristics of the public bond market. Its primary attraction for borrowers has been the availability of funds at interest rates only slightly higher than those in the public market without the costs of registration.

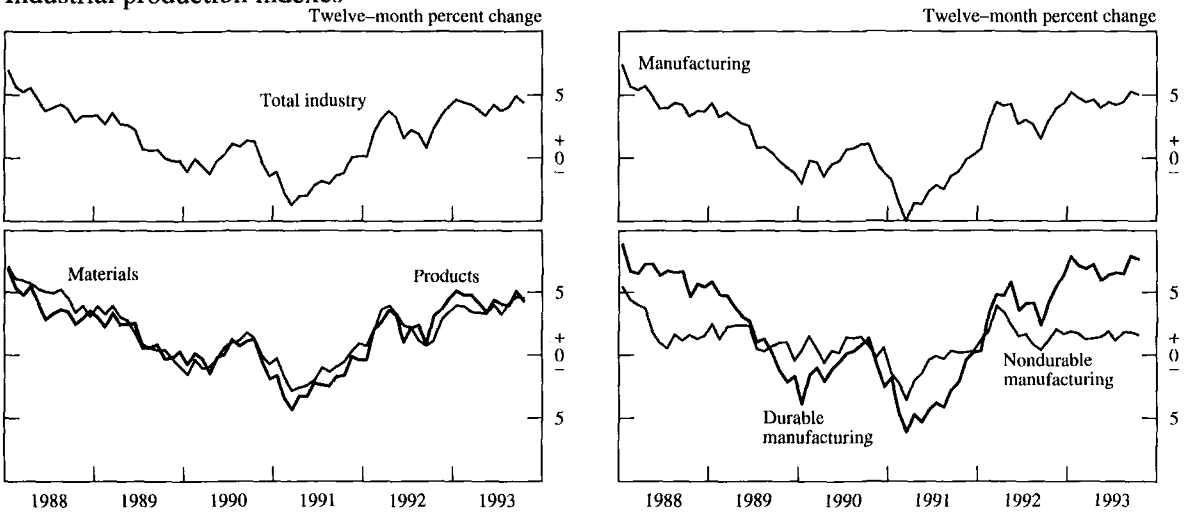
Commercial banks act both as agents in the private placement market and as providers of loans that compete somewhat with private placements. The study considers the prospects for a substantial increase in competition between the bank loan and private placement markets and for a substantial change in banks' roles as agents. □

Industrial Production and Capacity Utilization for October 1993

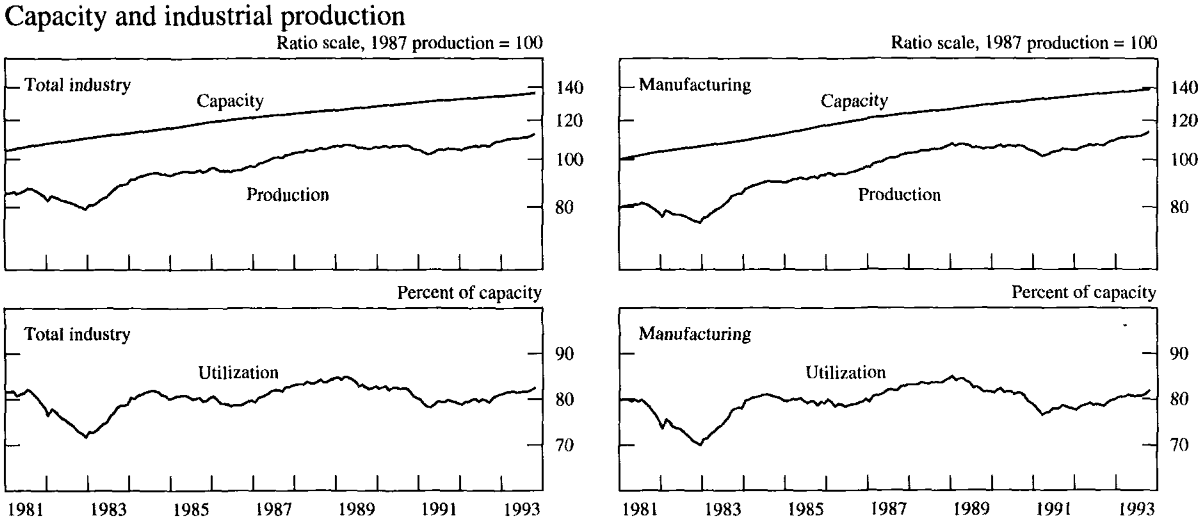
Released for publication November 15

Industrial production rose 0.8 percent in October after an upwardly revised gain of 0.4 percent in September. This recent acceleration was fueled by a rebound in the production of motor vehicles and parts—up 3.9 percent in September and 7.3 percent in October after four months of negative to flat growth. Excluding motor vehicles and parts, industrial production increased 0.3 percent in September and 0.4 percent in October. At 112.2 percent of its 1987 average, total industrial production was

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization[1]

Category	Industrial production, index, 1987=100								
	1993				Percentage change				
					1993[2]				Oct. 1992 to Oct. 1993
	July r	Aug. r	Sept. r	Oct. p	July r	Aug. r	Sept. r	Oct. p	
Total	**110.8**	**110.9**	**111.4**	**112.2**	**.3**	**.1**	**.4**	**.8**	**4.4**
Previous estimate	110.7	110.9	111.0	...	.2	.1	.2	...	...
Major market groups									
Products, total[3]	110.0	110.1	110.7	111.7	.6	.1	.5	.9	4.3
Consumer goods	107.7	107.5	107.9	109.3	.3	–.1	.4	1.2	2.7
Business equipment	137.1	137.6	139.4	141.3	.8	.3	1.3	1.4	10.9
Construction supplies	98.4	98.5	99.5	99.7	1.7	.1	1.0	.2	5.3
Materials	112.0	112.1	112.4	113.0	–.1	.1	.3	.6	4.6
Major industry groups									
Manufacturing	111.6	111.8	112.5	113.5	.3	.1	.6	.9	5.1
Durable	115.4	115.6	116.8	118.3	.7	.2	1.0	1.3	7.7
Nondurable	107.0	107.1	107.2	107.5	–.2	.1	.1	.4	1.6
Mining	96.4	95.5	97.2	96.6	–1.7	–.9	1.7	–.5	–1.0
Utilities	116.9	117.8	114.9	115.0	1.8	.8	–2.5	.1	2.0

Category	Capacity utilization, percent								Memo Capacity, percentage change, Oct. 1992 to Oct. 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				Oct.	July r	Aug. r	Sept. r	Oct. p	
Total	**81.9**	**71.8**	**84.8**	**80.2**	**81.7**	**81.6**	**81.9**	**82.4**	**1.6**
Manufacturing	81.2	70.0	85.1	79.2	80.7	80.7	81.1	81.7	1.8
Advanced processing	80.7	71.4	83.3	77.9	79.2	79.1	79.6	80.3	2.2
Primary processing	82.2	66.8	89.1	82.3	84.5	84.7	84.7	85.0	.9
Mining	87.4	80.6	87.0	87.1	86.5	85.8	87.4	86.9	–.8
Utilities	86.7	76.2	92.6	85.6	88.1	88.7	86.4	86.4	1.1

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

4.4 percent above its level a year ago. The utilization of total industrial capacity increased 0.8 percentage point between August and October. It now stands at 82.4 percent, the highest rate since August 1990 and 0.5 percentage point above the 1967–92 average.

When analyzed by market group, the data show that the turnaround in motor vehicles and parts contributed to strong October gains in the indexes for durable consumer goods, business equipment, and durable goods materials. The production of consumer durables other than automotive products increased 1.3 percent, a rise led by gains in the production of household furniture and appliances. The production of consumer nondurables rose 0.6 percent, as growth in the output of food and tobacco, consumer chemical products, and fuels more than offset an 0.8 percent decline in the output of clothing. Aside from motor vehicles and parts, other types of business equipment also advanced: Output of industrial equipment gained 0.3 percent, and the production of information processing equipment and that of other equipment both rose 0.9 percent. In contrast, the index for defense and space equipment continued its downward trend, declining 0.9 percent.

After increasing 1.0 percent in September, the output of construction supplies grew only 0.2 percent in October. In contrast, the overall output of materials increased 0.6 percent, up from 0.3 percent in September. This increase was concentrated largely in durable goods materials, which expanded 1.1 percent. Along with the pickup in the output of motor vehicle parts, continued gains in the production of computer parts and semiconductors paced the growth in durable goods materials. Elsewhere in the materials group, the production of nondurable goods materials advanced 0.4 percent, but the production of energy materials declined 0.3 percent because of a decrease in oil and natural gas extraction.

When analyzed by industry group, the data show that after rising 0.6 percent in September, manufacturing output expanded 0.9 percent in October. The output of durable goods industries grew 1.3 percent, but the production of nondurable goods industries rose only 0.4 percent. Along with the gains in the motor vehicles and parts industry, noticeable increases were also recorded in the furniture, iron and steel, fabricated metals, nonelectrical machinery, electrical machinery, food, tobacco, textiles, chemicals, petroleum, and leather industries. As a result, the utilization of manufacturing capacity increased 0.6 percentage point in October, to 81.7 percent, one-half percentage point above its average rate from 1967 to 1992. And the utilization rate in primary-processing industries reached 85.0 percent, well above its longer-run average rate of 82.2 percent.

Utilities production edged up 0.1 percent in October, but mining output slipped back 0.5 percent. □

Statements to the Congress

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, November 4, 1993

I am pleased to appear before your committee today to present the results of the 1992 Home Mortgage Disclosure Act (HMDA) data. I will also make some remarks about the Federal Reserve's fair lending enforcement efforts.

Discrimination tears at the fabric of our democratic society. For the Federal Reserve, no single consumer issue is of greater concern than ensuring that the credit-granting process in the institutions that we regulate is free of unfair bias. Fairness in the assessment of credit applications is absolutely critical to our nation's well-being. Racial discrimination in particular—no matter how subtle, and whether intended or not—cannot, and will not, be tolerated.

The Federal Reserve's primary responsibility with respect to the HMDA data is to provide the data processing services for all the agencies under the auspices of the Federal Financial Institutions Examination Council (FFIEC) as a matter of operational convenience.

The responsibility for gathering the HMDA information, and ensuring that institutions follow fair lending practices, is allocated by law to six federal agencies. Of the more than 9,000 institutions that reported HMDA data in 1992, the Federal Reserve supervised approximately 600. For fair lending compliance—which applies not just to the institutions that file HMDA data but to all depositories—we supervise about 1,000 of the almost 13,000 banks and thrift institutions.

General Data Description

The most striking feature of the HMDA data for 1992 is the enormous rise in the total number of housing loans applied for, compared with earlier years. The HMDA data show that more than 10 million such loans were applied for, compared with fewer than 7 million in 1991 and just 5.2 million in 1990. There is no question that a combination of lower interest rates and an improving and expanding economy in 1992 were the primary reasons for this growth.

The primary source of the growth in the volume of reported home lending activity was a dramatic increase in home refinancing. In 1992, 5.2 million applications for home refinancing were reported, compared with just 2.1 million in the previous year. The total number of home purchase loan applications also rose nearly 300,000. In addition, the number of applications for home improvement loans rose modestly. Not only was the number of applications up, but so was the number of approvals. More than 4 million home refinancing loans were approved, 77.7 percent of the total applied for, compared with roughly 1.5 million and a 73.2 percent approval rate in 1991. Home purchase approval rates for conventional loans were also up modestly, from 71.2 percent in 1991 to 72.9 percent in 1992. Approval rates for government-backed loans also rose.

This higher approval rate benefited both black and white applicants. Conventional home purchase loan approval rates rose 1.4 percentage points for blacks and 1.9 percentage points for whites. Government-backed mortgage approval rates rose 2.0 percentage points for blacks and 3.0 percentage points for whites. Of those individuals refinancing their homes, black approval rates rose roughly 6 percentage points, while white approval rates rose 4 percentage points. I would point out that these rises in approval rates for refinancings are particularly striking given that the number of applications for both groups more than doubled. And finally, with regard to home improvement loans, black approval rates rose 3.5 percentage points, while white approval rates rose 1.9 percentage points.

Approval rates also rose across the board for all income groups. Home refinancing loan approval rates rose roughly 4 percentage points for each major income group, while home purchase loan approval rates rose most dramatically for low-income borrowers. The approval rate for applicants with incomes less than 80 percent of the metropolitan statistical area (MSA) median income went from 59.8 percent in 1991 to 68.9 percent in 1992 for conventional loans. For government-backed loans, the same group experienced a rise in approval rate from 66.2 percent to 74.8 percent. Approval rates for other income groups, on the other hand, were up roughly 1 to 2 percentage points.

The disparities between black and white approval and denial rates persist. For example, looking at conventional home purchase loans, about 36 percent of black applicants and 27 percent of Hispanic applicants were denied credit, compared with 16 percent of white applicants and 15 percent of Asian applicants—roughly the same as in 1991, although a slight improvement for black applicants. This matter continues to be of great concern.

Before going on, it is important to stress what conclusions can be drawn from the HMDA data. There is no question that the differential denial rates and approval rates for different income groups are troubling. However, the denial rates for applicants categorized by their race or national origin reflect a variety of factors. One factor relates to differences in the proportion of each group with relatively low incomes. In 1992, 21.0 percent of the white applicants for conventional home purchase loans had incomes that were less than 80 percent of the median family income for their MSA. The comparable percentages for blacks, Hispanics, and Asians were 37.1 percent, 27.6 percent, and 16.1 percent respectively.

Although the distribution of applicants by income may account for some variation among racial groups in loan disposition rates, looking at the 1992 HMDA data, other factors account for most of the difference. Differences in income do not completely explain it. This conclusion is evident because, after controlling for income, white applicants for conventional home loans in all income groupings have lower rates of denial than do black and Hispanic applicants. In fact, the denial rate of 21.1 percent for whites in the lowest income category (less than 80 percent of the MSA median family income) is the same as for blacks in the highest income category (more than 120 percent of the MSA median family income).[1]

Differential treatment on the basis of race and national origin may contribute to the variation, but it too does not fully explain the disparities in denial rates across racial and ethnic groups. For example, the study by the Federal Reserve Bank of Boston of lending patterns in Boston concluded that, after controlling for all known financial factors, race and national origin appeared to account for differences in denial rates among applicants. At the same time, the study *also* concluded that differences in income, together with other financial characteristics, alone would have caused black and Hispanic applicants to be denied credit at nearly twice the rate of white applicants.

The Boston study highlighted the limitations of interpreting the HMDA data. Such limitations do not in any way diminish the importance of ensuring equal access to credit for all Americans. The data merely point out the problems with relying on purely statistical analysis in reaching conclusions about the fairness of lending decisions. As I will note later in my remarks, the approach taken by the Federal Reserve and other agencies in developing new analytic techniques for investigating lending bias strikes a balance between traditional investigative techniques and computer-assisted statistical analysis. In particular, we use statistics to identify specific loan files that are suspicious and require further investigation. However, statistics alone can never, and should never, be used as the sole criterion for determining whether discrimination exists in a particular institution.

1. In the highest income category, the denial rate was 8.8 percent for whites in 1992; the denial rate for blacks in the lowest income category was 36.0 percent.

The Disclosure Process

Under HMDA, most mortgage lenders that have offices in metropolitan areas, including independent mortgage companies, disclose information on the disposition of home loan applications and on the race or national origin, gender, and annual income of loan applicants and borrowers. Lenders also disclose, for loans originated or purchased during a year, the loans they sold, classified by the type of secondary market purchaser, and may indicate the reasons for denial of other applications.[2]

Covered institutions record separately, for each loan application acted on and each loan purchased, the items of information required by the Federal Reserve Board's Regulation C. Lenders submit this information to their respective federal regulator, which then sends the data to us for processing. Acting through the Federal Reserve, the FFIEC produces disclosure statements for each covered lender to make available to the public, plus an aggregate report for each metropolitan statistical area. These reports show the overall lending activity for covered lenders in each MSA and, together with the individual disclosure statements for lenders active in a given MSA, are available to the public at central data depositories. This information is also made available to the public in libraries throughout the United States.

Besides the print versions of the disclosure statements and aggregate reports, the FFIEC makes HMDA data available to the public in other forms. For instance, the HMDA reports or underlying data are available on microfiche, computer tape, and PC diskette and soon will be provided on CD ROM. The CD ROM format should be much more manageable than paper and microfiche for many users—especially those who view the data at central depositories—and will offer selections for viewing the data by MSA or by institution.

2. Expanded data collection was required pursuant to amendments to HMDA in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The expansion in coverage of mortgage companies came with FIRREA and with the amendments to HMDA in the Federal Deposit Insurance Corporation Improvement Act of 1991.

Quality of the Data

I would like to say a few words about the quality of the HMDA data. Over the years, we and the other agencies that process HMDA data have had concerns about errors in the data that are submitted to us. By and large, errors can be traced to the data submitted (such as a lender's recording incorrect census tract numbers), although a few may arise during the agencies' data entry of loan register data submitted in hard copy. In the past three years, we have improved our capability to identify errors. As a result, we have succeeded in reducing the data errors in computer records from roughly 5 percent in 1990 and 1991 to less than one-half of 1 percent now.

Other types of errors cannot be identified at the processing stage. It is difficult to know, for instance, whether a financial institution has incorrectly identified the race of the applicant or has entered a census tract number that is valid but that is not correct for the property location to which the loan relates. Such errors evade our centralized data quality checks. Our examiners have stepped up their efforts to detect these problems during bank examinations, and we require institutions to correct and resubmit their HMDA data when we find errors. Financial institutions are strongly encouraged to ensure that they report accurate information; we help them by providing software with edit-check capabilities and through distribution of the FFIEC publication *A Guide to HMDA Reporting: Getting it Right!*

Detailed Results of the 1992 HMDA Data Collection

The 1992 HMDA data reflect information submitted by 9,073 lenders, including 5,468 commercial banks, 1,395 savings and loan associations, 1,706 credit unions, and 504 mortgage companies (of which 224 were unaffiliated with a depository institution). The number of lenders disclosing data fell about 3 percent from 1991, a reflection of acquisitions, mergers, and failures.[3] Although

3. The total number of reporters will be higher for 1993, given the increased number of independent mortgage compa-

the number of reporting institutions fell, the total number of applications and loans reported increased more than 50 percent, from 7.89 million in 1991 to 12.01 million in 1992. Much of the increase was due to refinancing activity.

Volume of Applications and Loans

In 1992, lenders covered by HMDA acted on roughly 10.03 million home loan applications—3.54 million for purchasing, 5.22 million for refinancing, and 1.24 million for improving dwellings for one to four families, and the balance for loans on multifamily dwellings for five or more families.[4] Nearly 78 percent of the reported applications for home purchase loans were for conventional mortgage loans; the remainder were for government-backed forms of credit—loans insured or guaranteed by the Federal Housing Administration (FHA), the Veterans Administration (VA), or the Farmers Home Administration (FmHA). The predominant reason for the substantial increase in volume of home loan applications reported in 1992 was the growth in refinancing activity. Spurred primarily by lower interest rates, the volume of applications to refinance an existing mortgage loan increased in 1992 almost 150 percent over the previous year. The growth in refinancings also reflects innovations in the marketplace, including the greater availability of "no-fee" loans and more efficient processing of applications that helped reduce closing costs.[5] Among the different racial and ethnic groups, the increase in 1992 applications for conventional loans by Asians was 5 percent, by blacks 22 percent, by Hispanics 8 percent, and by whites 17 percent. Applications for government-backed loans decreased roughly 5 percent for each group.

The conventional mortgage share of all reported home purchase loan applications increased roughly 4 percent from 1991 to 1992. This change in market share reflects a substantial decline in FHA activity. In 1991 the FHA accounted for 20.4 percent of all purchase loan applications and 20.5 percent of all home purchase loans. In 1992 these shares were 15.7 percent and 16.3 percent respectively. Recent increases in the cost to homebuyers using FHA loans, and greater availability of conventional loan products designed to reach low- and moderate-income homebuyers, likely account for the reduced reliance on FHA loans.

Despite this decline, the FHA program is favored by many thousands of households, particularly among first-time homebuyers. For instance, in 1992 almost half of the homebuyers using section 203(b) FHA loans (the principal type of FHA single-family mortgage loan program) were first-time homebuyers. The proportion had been even higher in 1991, when 57 percent of the FHA borrowers were first-time homebuyers.[6] On the other hand, the program is used infrequently to refinance existing home loans. Historically, FHA loans have accounted for only 3 percent to 4 percent of the refinancings annually. In 1992, FHA loans accounted for 3.7 percent of the 3.95 million refinancing loans reported by lenders covered by HMDA. One can surmise that households refinancing a loan often have accumulated sufficient equity in the home and no longer need the FHA's low-downpayment feature.

Use of Various Loan Products for Home Purchase

In 1992, 33.4 percent of home purchase loan applicants with low incomes (income less than 80 percent of the median family income for their MSA) applied for government-backed loans, compared with 13.2 percent of applicants with high incomes (income more than 120 percent of the median family income for their MSA). The greater reliance of lower-income households on government-backed loans reflects several factors. For instance, low-income households are

nies that will report lending activity as a consequence of changes in coverage that took effective January 1, 1993.

4. Besides applications, lenders also reported data on 1.98 million loans they purchased during 1992 from other institutions.

5. "No-fee" loans are those in which the consumer incurs no out-of-pocket expense to pay either closing costs or discount points on the loan. Such loans are often written with a higher interest rate to compensate.

6. U.S. Department of Housing and Urban Development, *Characteristics of FHA Single-Family Mortgage: Selected Sections of National Housing Act*, (HUD, 1991).

much more likely to have limited money available to meet downpayment and closing cost requirements; hence, they are much more likely to use government-backed home loan programs. Conversely, the maximum limits on FHA loan insurance make this program less useful to households seeking to buy expensive properties.

Among the racial groups, blacks are much more likely than other groups to seek government-backed home purchase loans. In 1992, 41.2 percent of black applicants who applied for a home purchase loan sought government-backed loans; the comparable figures for Hispanics, whites, and Asians were 31 percent, 20.9 percent, and 10.6 percent respectively. These differences among racial groups are not entirely attributable to differences in income. For instance, among low-income loan applicants, 53.3 percent of blacks sought FHA or VA loans, whereas only 40.4 percent of Hispanic applicants, 31.2 percent of white applicants, and 21.7 percent of Asian applicants applied for a government-backed loan.

Disposition of Loan Applications

The 1992 HMDA data continue to show that lenders approve most home loan applications, particularly for buying a home or refinancing an existing loan. In regard to home purchase loans, lenders approved roughly 72.9 percent of applications for conventional financing and 74.1 percent of applications for government-backed financing. For refinancings, they approved 77.7 percent of the applications.

A comparison of the 1991 and 1992 HMDA data indicates that, nationally, denied applications for conventional home purchase loans declined somewhat, dropping from 18.9 percent in 1991 to 17.8 percent in 1992. Denial rates were also slightly lower in 1992 for applications for government-backed home purchase loans and for home improvement loans. For refinancings, on the other hand, denial rates dropped significantly—from 15.9 percent in 1991 to 12.4 percent in 1992. In general, low interest rates in 1992 coupled with relatively stable home values made homeownership more affordable in 1992 than in 1991 and may account for the lower denial rates. In addition, innovative mortgage loan programs by many lenders and greater use of affordable home loan programs sponsored by secondary market institutions may also have contributed to the decline in denial rates.

Disposition Rate for Different Groups of Applicants

The rates of approval and denial vary considerably among home loan applicants grouped by their income and racial characteristics. Nationwide in 1992, 80.5 percent of the applicants for conventional home purchase loans who were in the highest income grouping were approved for loans, compared with 68.9 percent for the lowest income grouping. A similar relationship between approval rates and applicant income is found for other types of home loans, including government-backed home purchase loans and loans for refinancing and for home improvement.

As in previous years, the 1992 HMDA data show that greater proportions of black and Hispanic loan applicants than of Asian and white applicants are turned down for credit. Consistent with these findings, the data also indicate that the rate of loan denial generally increases as the proportion of minority residents in a neighborhood increases.

Nationwide, for conventional home purchase loans, 35.9 percent of black applicants, 27.3 percent of Hispanic applicants, 15.9 percent of white applicants, and 15.3 percent of Asian applicants were denied credit in 1992. By comparison, the denial rates nationwide in 1991 for conventional loans were 37.4 percent for blacks, 26.5 percent for Hispanics, 14.9 percent for Asians, and 17.3 percent for whites.

The numbers for government-backed loans reflect somewhat lower rejection rates than for conventional loans. In 1992, 23.8 percent of black applicants, 18.5 percent of Hispanic applicants, 13.5 percent of Asian applicants, and 12.8 percent of white applicants were denied credit. In 1991, by comparison, the rates of loan denial were 26.4 percent for blacks, 18.9 percent for Hispanics, 16.3 percent for whites, and 12.5 percent for Asians.

Changes in the Amount of Lending by Income and Race

In recent years, lenders have targeted low- and moderate-income households and those seeking to buy homes in low- and moderate-income neighborhoods. Often such applicants have the necessary income to purchase homes in the price range they seek but lack the money to meet traditional downpayment and closing cost requirements. In some special programs, such as those sponsored by Fannie Mae and Freddie Mac, loan underwriting guidelines have been made more flexible. For example, these agencies' Community Homebuyers Programs have reduced the amount that must come from the applicant's own funds to cover the downpayment and closing costs, and lenders may take into account rent and utility payment records in lieu of other credit history information.[7] Other lender programs also target households with low asset levels and help keep monthly payments within the borrower's reach by waiving the usual requirements for private mortgage insurance on these very low downpayment loans.

It is difficult to gauge how much these targeted loan programs have increased homebuying opportunities for low- and moderate-income households. Our analysis of the 1992 HMDA data does, however, reveal a 27.1 percent increase in conventional home purchase loans to applicants from the two lowest income groupings (borrowers whose incomes were below the median family income for their MSA). The number of conventional loans to borrowers from the two highest income groupings (borrowers whose incomes were equal to or greater than the median family income for their MSA) also increased but by a more modest 12.3 percent rate.

We have seen some change in the volume of conventional home purchase loans to different racial groups from 1991 to 1992. Blacks had the largest growth in the number of loans received, increasing 25.9 percent from 1991 to 1992. The increase in loans extended to white households was a substantial 20.5 percent; the increases for Hispanics and Asians were a more modest 7.6 percent and 5.6 percent respectively. The number of loans made to minorities is not necessarily large, however. For example, out of a total of 1,896,000 conventional loans made in 1992 to the four largest racial or ethnic groups, whites received 1,582,030, Asians received 68,416, Hispanics received 66,995, and blacks received 56,516.

For each group, the largest percentage gains in conventional home purchase loans occurred among homebuyers with incomes below the median family income for their MSA. For example, among blacks whose incomes were below the median, the increase was 33.9 percent. The percentage changes for whites, Hispanics, and Asians in this income group were 28.2 percent, 25.4 percent, and 42.2 percent respectively.

Continuing Efforts to Eliminate Lending Discrimination

The HMDA reports reveal that credit history problems and excessive debt levels relative to income are the reasons most frequently given for credit denials. But specific information for applicants—on their level of debt, debt repayment record, employment experience, and other factors pertinent to an assessment of credit risk—is not available from the HMDA data. Nor do the HMDA data tell us about the specific underwriting standards used to assess prospective borrowers' applications. A popular tendency assumes that high denial rates are the result of unfair bias. In fact, the HMDA data by themselves do not give us a sufficient basis for assessing the fairness of the loan process or whether fair lending laws have been violated. The HMDA data do, however, provide a valuable tool to begin the inquiry into this question.

If you read the HMDA data on denial rates for minority applicants as synonymous with lending discrimination, then the similarities in each year's HMDA data would suggest that lending discrimination may be intractable. I do not believe that to be the case. But it will take new and increased measures to prevent, root out, and eliminate the problem. Such measures to deal

7. Other changes in the underwriting guidelines pertain to the treatment of nontaxable income and income from seasonal part-time or second jobs, income continuity and job stability, debt-to-income ratios, the appraiser's neighborhood and home improvement analyses, and property condition.

with the problem, both directly and indirectly, are under way—among all the regulatory agencies—through enhancing examiner capabilities for detecting fair lending violations by financial institutions, increasing public information about discrimination in lending, and reforming the Community Reinvestment Act regulation.

Fair Lending Enforcement

In our program for enforcing fair lending, the Federal Reserve follows a coordinated approach. It focuses on examining for compliance with fair lending laws and more broadly on ensuring that credit is made available to low- and moderate-income areas, including those with substantial minority populations. Our approach also encompasses an aggressive program to investigate consumer complaints, provide consumer and creditor education, and gain insight through research.

Let me describe each segment briefly. In the research area, the study by the Federal Reserve Bank of Boston is well known. In my view, that study, released in October 1992, has done more than any other single effort to advance our understanding about fair mortgage lending and to suggest ways for us to attack the problem. It served to shift the focus, I believe, from an ongoing debate on whether unlawful discrimination exists in the mortgage markets to a concerted effort on the part of financial institutions, the regulatory agencies, and members of the public to search for ways to eliminate discriminatory practices.

Other research pieces—on HMDA data, household debt, credit shopping practices, the secondary market, and other related subjects—also have advanced our knowledge. And last week, the Federal Reserve released a comprehensive report to the Congress that compares the risks and returns of lending in low-income, minority, and distressed neighborhoods with those in other communities.

In regard to enforcement, the Federal Reserve System has oversight responsibility for approximately 1,000 state member banks. We have a comprehensive program of consumer compliance examinations, established in 1977, that are carried out by specially trained examiners. The scope of these examinations includes the Equal Credit Opportunity and Fair Housing Acts, and from the beginning our examiners have been trained to place special emphasis on problems involving potential discrimination of the kind prohibited by those statutes.

The Federal Reserve examines every state member bank at periodic intervals and on a regular basis. On average, about two-thirds of state member banks are examined each year for compliance with the fair lending and consumer protection laws. In general, examinations are scheduled every eighteen months for banks with a satisfactory record. For a limited number of banks with exceptional records, examinations take place every two years. Those banks with less than satisfactory records are examined every six months or every year, depending on the severity of their problems.

The examination procedures focus primarily on comparing the treatment of members of a minority or protected class with other loan applicants. First, the examiner reviews the bank's loan policies and procedures by looking at bank documents and interviewing lending personnel. The examiner seeks to determine, among other things, the bank's credit standards, and then—using a sample of actual loan applicants—to determine whether bank personnel have applied those standards uniformly. Special note is taken of applications received from minorities, women, and others whom the fair lending laws were designed to protect. The examiner looks at the same information the bank used to make its credit decision, including credit history, income, and total debt burden. If the bank's credit standards appear not to have been followed, or not applied consistently, these findings are discussed with lending personnel and a more intensive investigation is undertaken. Finally, an overall analysis of the bank's treatment of applications from minorities, women, and others within protected classes is conducted to identify any patterns or individual instances that might indicate applicants were treated less favorably than other loan applicants. When we find violations through any of these techniques, we will require correction by the institution, notification to the applicant, and referral of the matter to the Department of Justice or Department of Housing and Urban Development in appropriate cases.

Another important part of the examination involves talking with people in the community who are knowledgeable about local credit needs. Federal Reserve examiners routinely ask members of the community, local government officials, and the like about perceptions of credit availability for minorities and low- and moderate-income persons. The answers may suggest that a particular area of the bank needs additional scrutiny and may provide insights into how the bank is serving the credit needs of its local community, particularly among those protected by the antidiscrimination statutes.

But as you know, even with these procedures, it is difficult for our examiners to find evidence that we can be sure proves racial discrimination. Consequently, we have been searching for ways to provide them with better detection tools. Recently, the Federal Reserve System developed a computerized statistical model for using HMDA data in the fair lending portion of the examination, and we have shared this tool with the other financial regulators. I believe the model we have developed has the potential to be a substantial step forward, although we are still making adjustments to make sure it works as we want it to.

Starting with the HMDA data, the model allows the examiner to more expeditiously select a sample of loans for review. Ultimately, it enables us to match minority and nonminority pairs of applicants with similar credit characteristics, but different loan outcomes, for a more intensive fair lending review than would otherwise be possible for the examiner to make. Once the pairs are selected, examiners reexamine the credit files for the individual applicants to determine if discrimination may have played a part in reaching different outcomes. Our field tests of this "regression analysis" program have demonstrated its promise. We are working to refine the model, reduce the level of examiner resources that have been needed in some examinations, and implement the program throughout the Federal Reserve examination system. Although such comparisons of minority and majority applicants have always been a part of the Federal Reserve's fair lending examination, we believe that this computerized selection process will enable examiners to better focus their efforts and spend their time more effectively on the actual fair lending review of loan files.

Besides this "micro" use of the HMDA data, the Federal Reserve has developed, after discussions with the FFIEC constituent agencies, a computerized system for analyzing the expanded data collected under HMDA. The system is versatile and allows the data to be segmented by demographic characteristics such as race, gender, and income levels, or geographic boundaries. Examiners can now sort through vast quantities of data to focus attention on data for specific lending markets and to compare an individual HMDA reporter's performance against that of all other lenders in the area. They can more readily determine whether a bank is effectively serving, through mortgage and home improvement lending, all segments of its market, including low- and moderate-income and minority neighborhoods. And examiners can use this information to get a profile of the bank before they begin their examination, which gives them a head start in their investigation. We have been holding HMDA training sessions on how to use this system around the country for our examiners, as well as those from other agencies.

The Federal Reserve has also developed the capability to map by computer the geographic location of a bank's lending products, including mortgage loans. The mapping integrates demographic information for the bank's local community. We believe that this type of analysis and presentation will enhance our ability to assess a bank's CRA performance in meeting the credit needs of its local community, including minority areas. The mapping should also be helpful in evaluating a bank's geographic delineation of its local CRA service area to ensure that it does not exclude low- and moderate-income neighborhoods.

As you know, at President Clinton's behest, the financial regulatory agencies are also currently at work revising the regulations that implement the Community Reinvestment Act. One of our main goals with CRA reform is to make the standards used to judge lenders' performance more clear and objective. We are also trying to make sure that unwarranted paperwork and unnecessary regulatory burden are eliminated and that the focus of our efforts is clearly placed on the lending results achieved. The CRA obligates financial institutions to ensure that they are helping to meet the credit needs of their entire community, including low- and moderate-income areas. They cannot effectively meet this standard under the CRA if they discriminate against some segment of their community in making loans. It is our hope that reforming and strengthening the administration of CRA will result in greater investment in communities that may have suffered from disinvestment and discrimination.

The Federal Reserve's consumer complaint program is another element in our overall effort to enforce fair lending laws. Our procedures provide special guidance for investigating complaints alleging loan discrimination. Such complaints can prompt an on-site investigation by Reserve Bank personnel at the state member bank accused of discrimination. We also have a referral agreement with HUD for mortgage complaints and have sent a number of complaints to them for investigation. As in our examinations area, we are devoting considerable attention to strengthening our complaint processing system by increasing oversight, tightening deadlines for investigation, ensuring more personal contact with complainants, and making the public more aware of our procedures.

Public education also plays a role in our fair lending enforcement. We have distributed a pamplet entitled *Home Mortgage Lending and Equal Treatment, A Guide for Financial Institutions* to all the institutions we supervise. It identifies lending standards and practices that may produce unintended discriminatory effects, and it cautions lenders about their use. The pamphlet focuses on race and includes examples of subtle forms of discrimination, such as unduly conservative appraisal practices in changing neighborhoods; property standards such as size and age that may exclude homes in older neighborhoods; and unrealistically high minimum-loan amounts.

More recently, a comprehensive booklet was published and widely circulated by the Federal Reserve Bank of Boston, entitled *Closing The Gap: A Guide To Equal Opportunity Lending.* This significant and informative pamphlet is designed to straightforwardly address lending discrimination and what can be done to avoid it. It challenges lenders to reconsider every aspect of their lending operations, from the hiring of loan officers to the treatment and evaluation of applicants, to ensure that loan decisions are not made on the basis of race or ethnicity. The publication has been widely distributed, with more than 50,000 copies in circulation. In an effort to reach even more people with the information in *Closing the Gap*, the Reserve Banks of Boston, Chicago, and San Francisco are developing a videotape patterned on the pamphlet for use by banks in their in-house fair lending training. We hope that the training tape will be available for use in early 1994. We have also published a brochure entitled *Home Mortgages: Understanding the Process and Your Right to Fair Lending* to inform consumers about the mortgage application process and about their rights under fair lending and consumer protection laws.

Several public notices by the financial regulatory agencies recently also have stressed the need for financial institutions to provide credit on a nondiscriminatory basis. For example, the joint statements on credit availability discussed equal credit lending obligations. Also, a recent letter from Chairman Greenspan and the heads of the other supervisory agencies to the chief executive officers of all financial institutions stressed the importance of compliance with fair lending laws, and it provided guidance on how each institution could improve its performance.

One suggestion, which the letter recommended as a useful way to minimize the opportunity for bias in the evaluation of loan applications, is the so-called "second review" procedure. This procedure was suggested to address a concern raised by the Federal Reserve Bank of Boston study, which indicated that among marginally qualified applicants, white applicants were more likely to benefit from a lender's discretion in approving loans than black or Hispanic applicants. A second review would involve a financial institution's simply taking a second look at all the applications it expects to deny, as well as some loan approvals, to ensure that its existing credit standards were applied fully and fairly. We understand that the procedure provides lenders with greater comfort that they have made credit decisions in an unbiased manner. It can serve as another useful tool for lenders, suggesting adjustments in institutional behavior to correct racially disparate loan practices that may be occurring despite the institution's policies to the contrary. It also should assure borrowers who are aware of the procedure that an institution seeks to treat all applicants fairly.

The Board believes the goal of ensuring fair access to credit also can be advanced by focusing on positive actions that a lender may take. Through our Community Affairs program, the Federal Reserve conducts outreach and provides educational and technical assistance to help financial institutions and the public understand and address community development and reinvestment issues. We have increased resources to Community Affairs activities at the Reserve Banks—now staffed with more than fifty people—to enable the Federal Reserve System to respond to the growing number of requests for information and assistance from banks and others on the Community Reinvestment Act, fair lending, and community development topics. Efforts have been expanded to work with financial institutions, banking associations, governmental entities, businesses, and community groups to develop community lending programs that help finance affordable housing, small and minority business, and other revitalization projects. Overall, the Reserve Bank's Community Affairs programs sponsor or cosponsor about a hundred programs a year, involving thousands of participants, as a way to encourage economic development and ensure fair lending.

CONCLUSION

The 1992 national HMDA data continue to show, like the data in preceding years, relatively high rates of denial of home mortgage applications for minorities. They remain a troubling cause for concern about racial discrimination in mortgage lending. For us and for the other regulatory agencies, the data provide a starting point for in-depth analyses of the mortgage lending practices of individual institutions. We are engaged in an aggressive effort in our fair lending examinations to identify any violations of the fair lending laws for corrective action, referral to the Department of Justice, or both.

Fairness in assessing credit applications, without regard to race, sex, or other prohibited bases, is absolutely critical to our nation's well-being. Let there be no misunderstanding on that point. Racial discrimination cannot and will not be tolerated. We are committed to its elimination to the best of our ability. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, November 9, 1993

I appreciate the opportunity to present the views of the Federal Reserve Board on the proposed legislation on Fair Trade in Financial Services (H.R.3248). Given our direct responsibilities with respect to the financial services industry and our desire to ensure a healthy and efficient environment for the provision of financial services, the Federal Reserve has a special interest in this legislation.

The proposed legislation has two major elements. First, the Secretary of the Treasury would be required to submit to the Congress every two years a report identifying those countries that do not offer national treatment to U.S. banks or securities firms. In the case of a country in which failure to accord national treatment is found to have a significant adverse effect on U.S. firms, the Secretary of the Treasury must, in general, enter into negotiations with the country to end the discrimination. The Secretary may, at his discretion, publish in the *Federal Register* a determination that a country does not give national treatment; if he does so, regulatory agencies would have discretionary authority to use such a determination as a basis for denying applications by financial institutions from that country to make acquisitions or start new activities.

Second, if the Secretary of the Treasury has published in the *Federal Register* such a determination with respect to a country, institutions from that country that are already operating in the United States may not commence "any new line of business" or conduct business from a "new location" without obtaining prior approval from the appropriate federal regulators. This provision would appear to apply to new U.S. activities or U.S. offices for which no approval is currently required for either domestic or foreign banks. For example, a foreign-owned U.S. bank may decide to begin to offer consumer mortgage lending or investment advisory services. Currently, no application for regulatory approval is required. However, under the proposed legislation such activities would appear to constitute "new lines of business" requiring regulatory approval.

Thus, the legislation would change two fundamental principles in our policy toward participation by foreign financial firms in U.S. markets—national treatment and maintenance of rights lawfully acquired, that is, grandfather rights. Both of these principles are worth preserving.

I want to emphasize that the Federal Reserve shares the objectives of the proposed legislation. These objectives are important and their achievement desirable. U.S. financial firms deserve to have the same opportunities to conduct operations in foreign financial markets as domestic firms have in those markets. They do not now have those opportunities in all markets. Such fair treatment would benefit not just U.S. firms but also the host foreign countries themselves and the world financial system in general.

Although the Federal Reserve shares these important objectives, it opposes this kind of legislation, as it has before. In our view, it is not clear that the proposed approach would achieve the objectives, and it could have unfortunate, unintended consequences.

The principle of national treatment was established as U.S. policy with respect to foreign banks by the International Banking Act of 1978. Over many years the U.S. government has assumed a leadership role in building an international consensus around this concept. National treatment is acknowledged by virtually all major industrial countries as the principle upon which regulation of the international operations of banks ought to be, but is not always, based. The U.S. policy of national treatment—which has long set an example to others—seeks to ensure that foreign and domestic banks have a fair and equal opportunity to participate in our markets. The motivation is not merely a commitment to equity and nondiscrimination, although such a commitment in itself is worthy. More fundamentally, the motivation is also to provide consumers of financial services with access to a deep, varied, competitive, and efficient banking market in which they can satisfy their financial needs on the best possible terms.

As the Federal Reserve has previously noted in connection with this proposed legislation, our policy of national treatment has served this country well. The U.S. banking market, and U.S. financial markets more generally, are the most efficient, most innovative, and most sophisticated in the world. It is not a coincidence that our markets are also among the most open to foreign competition. Foreign banks, by their presence and with the resources they bring from their parents, make a significant contribution to our market and to our economic growth; they enhance the availability and reduce the cost of financial services to U.S. firms and individuals, as well as to U.S. public sector entities.

The proposed legislation would replace the U.S. policy of national treatment with a policy of reciprocal national treatment. Through this legislation, the United States would be saying that we are prepared to forgo the benefits of foreign banks' participation in our market if U.S. banks were not allowed to compete fully and equitably abroad. Some might think that having a reciprocity provision on the books is merely a bargaining tool, not to be used. But once on the books, the temptation to impose sanctions becomes real, creating the potential for retaliation and for closing rather than opening markets.

The Federal Reserve strongly believes that there are better ways to encourage other countries to open their markets. Market forces and the desire to enhance the functioning of domestic financial markets are often the most potent forces to induce financial market liberalization. Moreover, it is well understood that any country that wants to have a financial market with sufficient international stature to compete with New York and London must liberalize and open its market and that any country repressing or restraining its financial sector will witness an exodus of financial firms to other markets that are less restrained.

Nevertheless, U.S. authorities have not relied solely on market forces. In 1979, after passage of the International Banking Act, the Treasury Department, with the help of the Federal Reserve and other agencies, prepared its first National Treatment study; this study has been updated several times, most recently in 1990, and we have begun the process of another update. Pursuant to the Omnibus Trade and Competitiveness Act of 1988, updated studies will be prepared regularly in the future. Based on the findings of those reports, the Treasury has engaged formally—and others informally—in bilateral talks with several countries.

Beyond those efforts, the Federal Reserve and others urged countries of the European Community (EC) strongly and with some success to modify and soften the reciprocity provisions in their proposed Second Banking Directive. We have participated in a range of committees at the Bank for International Settlements in Basle and at the Organization for Economic Cooperation and Development in Paris, where work has been aimed, in part, at establishing the legal, supervisory, and regulatory conditions that are a precondition for ensuring a "level playing field." In addition, the Federal Reserve has joined others in the U.S. government in working to reach a meaningful agreement on trade in financial services within the North American Free Trade Agreement and the current Uruguay round of multilateral trade negotiations. We believe that this approach, which has the same objective as the proposed legislation, is more constructive.

I turn now to grandfathering, a practice widely accepted internationally as a means of protecting investment in existing foreign banking operations at a time of statutory change. Operations of foreign banks in the United States were grandfathered in the International Banking Act. With respect to foreign operations of U.S. banks, the Federal Reserve, along with others in the U.S. government and the U.S. financial industry, objected strenuously when the European Community was considering the elimination of grandfather rights for foreign banks, including U.S. banks, operating in Europe; in the end the EC agreed to preserve those rights.

If, contrary to this widely accepted practice, the Congress were to adopt the proposed legislation, the United States could no longer hold to a principled position in advocating liberalization in international circles. By telling existing foreign-owned banks in the United States that the rules and procedures that have applied equally to them and to all other banks operating in the United states now apply only to U.S.-owned banks, we would be denying national treatment to foreign banks. This could be counterproductive. We would run the risk of introducing instability and discouraging foreign investment in our markets. Moreover, market access for U.S. firms might be reduced de facto as countries tighten their own regulations in anticipation of the need to negotiate with the United States.

We should remember that we have witnessed substantial liberalization and structural reform in financial markets abroad over the past decade. Like members of the Congress, we too would like to see more progress. But it is easy to understate the extent to which progress has been made in opening up foreign markets as a consequence of both the inexorable pressure of market forces and the diplomatic efforts of U.S. officials. Many countries are already open to U.S. firms to an extent that was not true just several years ago. For example, deregulation of interest rates in Japan is now, or soon will be, largely complete, and a wide range of market instruments has been developed. These reforms, which had been a principal objective of U.S. negotiators, provide U.S. financial firms with a level playing field with respect to funding in Japanese markets.

CONCLUSION

National treatment is an important concept, but in its implementation it is also an elusive one. Because it is enormously difficult to apply national treatment in a world in which the structures of banking markets in various countries differ significantly, it is tempting to seek what may appear to be direct, clear-cut solutions. However, lawmakers in each country, including the United States, must balance considerations of competitive equity with other legitimate concerns.

We should remember that financial markets are regulated markets. They are regulated for a reason: Authorities in each country have the responsibility of ensuring the safety and soundness, and the integrity, of their markets. We should hesitate to dictate to others the pace of change or the specific nature of change any more than others should be allowed to dictate to us regarding such matters. We must recognize that U.S. markets are not as open as other countries would like and that many of the kinds of complaints lodged by us regarding the structure of other countries' markets are also lodged against us.

The desirability of liberalization as an objective in the financial sector, as in other sectors, is virtually universally accepted. U.S. financial firms have demonstrated their competitive ability to provide financial services to firms and residents of all countries, in a world in which national financial markets are increasingly integrated and international flows of capital are increasingly hard to constrain. To be sure, other countries have provisions for reciprocity in their statutes, but we do not need it. The United States alone has the opportunity to continue to exercise leadership in this area. I sincerely hope we take that opportunity. □

Announcements

RESPONSE TO PROPOSALS TO RESTRUCTURE THE BANKING SUPERVISORY AGENCIES

The Federal Reserve Board issued on November 23, 1993, the following statement in response to questions about proposals to restructure the banking supervisory agencies:

> It is the long-held conviction of the Board that a hands-on role in banking supervision is essential to carrying out the Federal Reserve's responsibilities for the stability of the financial system and is vital for the effective conduct of monetary policy. While the Board recognizes the overlaps in bank supervision that have emerged in recent years, it is essential that any proposal for change preserves the important benefits of the current system.

AVAILABILITY OF FEE SCHEDULES FOR SERVICES PROVIDED BY THE FEDERAL RESERVE BANKS

The Federal Reserve Board announced on November 15, 1993, the 1994 fee schedules for services provided by the Federal Reserve Banks. The fees became effective January 3, 1994.

The fee schedules apply to check collection, automated clearinghouse activities, funds transfer and net settlement, book-entry securities, noncash collection, special cash services, and electronic connections to the Federal Reserve. The 1994 fee schedules are available from the Reserve Banks.

In 1994, total costs for priced services, including float, a portion of special project costs, and the private sector adjustment factor (PSAF), are projected to be $745.5 million. Total revenue is projected to be $774.4 million, resulting in net income of $20.2 million, compared with a targeted return on equity of $34.6 million.

At the same time, the Board approved the 1994 PSAF for priced services of the Reserve Banks of $103.6 million, an increase of $11.8 million, or 12.8 percent, from the $91.4 million targeted for 1993.

The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had the Federal Reserve's priced services been provided by a private firm.

APPROVAL OF VOLUME-BASED PRICING FOR CERTAIN SERVICES AND PRODUCTS OFFERED BY THE FEDERAL RESERVE BANKS OF RICHMOND AND MINNEAPOLIS

The Federal Reserve Board announced on November 15, 1993, approval of volume-based pricing for the noncash collection services and for selected check products offered by the Federal Reserve Banks of Richmond and Minneapolis, effective January 3, 1994.

The volume-based pricing will accomplish the following:

- Set volume-based cash letter and coupon envelope fees for the noncash collection services
- Permit the Minneapolis Reserve Bank and the Richmond Federal Reserve District to set volume-based fees for selected check products.

The specific noncash collection and check fees appear in the 1994 fee schedules for priced services, which are available from the Reserve Banks.

INCREASE IN THE NET TRANSACTION ACCOUNTS TO WHICH A 3 PERCENT RESERVE REQUIREMENT APPLIES

The Federal Reserve Board announced on November 19, 1993, an increase from $46.8 million to $51.9 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1994.

The Board also changed from $3.8 million to $4.0 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of 0 percent.

Additionally, the Board maintained at $44.8 million the deposit cutoff level that is used in conjunction with the reservable liabilities exemption amount to determine the frequency of deposit reporting.

Approval of Extension of an Interim Provision in Regulation O

The Federal Reserve Board announced on November 17, 1993, approval of a ninety-day extension of an interim provision in Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks) permitting adequately capitalized small banks to raise their limit on aggregate lending to insiders from 100 percent up to 200 percent of unimpaired capital and surplus. The extension is effective from November 18, 1993, through February 18, 1994.

The extension was made to provide Board staff with additional time to review public comments on whether the interim rule should be made permanent, modified, or permitted to expire.

Proposed Actions

The Federal Reserve Board and other financial institutions regulatory agencies on November 10, 1993, requested comment on supplemental information to the proposed rule on real estate appraisals. Comments were requested by December 10, 1993.

The Board on November 16, 1993, requested public comment on an interagency notice of proposed rulemaking prescribing safety and soundness standards required by section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICA). Comments were requested by January 3, 1994.

The Board on November 17, 1993, requested public comment on an advance notice of proposed rulemaking on Regulation M (Consumer Leasing) under the Board's Regulatory Planning and Review program. Comments were requested by January 24, 1994.

The Board on November 23, 1993, issued for public comment proposed amendments to its Regulation DD (Truth in Savings). Comments were requested by January 13, 1994.

The Board published for public comment on November 29, 1993, a proposal to expand the Fedwire funds transfer format and adopt a more comprehensive set of data elements. The Board is proposing to implement the new format by late 1996. Comments were requested by March 4, 1994.

Publication of a Revision to the Bank Holding Company Supervision Manual

The second 1993 revision of the *Bank Holding Company Supervision Manual* has been published by the Board's Division of Banking Supervision and Regulation and is now available for purchase by the public. The *Manual* is used by Federal Reserve examiners in the supervision, regulation, and inspection of bank holding companies and their subsidiaries. A copy of the revision is available for $4.00.

New topics addressed include split-dollar life insurance policy arrangements, in-substance foreclosures, the returning of nonaccrual loans to accrual status, day-trading and free-riding schemes, new futures commission merchant nonbanking activities, and the providing of administrative and certain other nonbanking services to mutual funds.

The *Manual* and the December 1993 revision may be obtained from Publications Services, mail stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551. A copy of the *Manual* and its December 1993 revision supplement is available at a cost of $50.00.

Change in Board Staff

The Federal Reserve Board announced the resignation of Ellen Maland, Assistant Secretary in the Office of the Secretary, effective November 29, 1993. □

Minutes of the Federal Open Market Committee Meeting of September 21, 1993

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, September 21, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Angell
Mr. Boehne
Mr. Keehn
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. McTeer
Mr. Mullins
Ms. Phillips
Mr. Stern

Messrs. Broaddus, Jordan, Forrestal, and Parry, Alternate Members of the Federal Open Market Committee

Messrs. Hoenig, Melzer, and Syron, Presidents of the Federal Reserve Banks of Kansas City, St. Louis, and Boston respectively

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

Messrs. R. Davis, Lang, Lindsey, Promisel, Rolnick, Rosenblum, Scheld, Siegman, Simpson, and Slifman, Associate Economists

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

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors

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

Ms. Browne, Messrs. T. Davis, Dewald, and Goodfriend, Senior Vice Presidents, Federal Reserve Banks of Boston, Kansas City, St. Louis, and Richmond respectively

Messrs. Judd, King, and Ms. White, Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, and New York respectively

Mr. Gavin, Assistant Vice President, Federal Reserve Bank of Cleveland
Ms. Krieger, Manager, Open Market Operations, Federal Reserve Bank of New York

By unanimous vote, the minutes for the meeting of the Federal Open Market Committee held on August 17, 1993, were approved.

By unanimous vote, Joan E. Lovett and Peter R. Fisher were selected to serve at the pleasure of the Committee in the capacities of Manager for Domestic Operations, System Open Market Account, and Manager for Foreign Operations, System Open Market Account respectively, on the understanding that their selection was subject to their being satisfactory to the Federal Reserve Bank of New York.

Secretary's Note: Advice subsequently was received that the selections indicated above were satisfactory to the Federal Reserve Bank of New York.

The Manager for Foreign Operations reported on developments in foreign exchange markets and on System transactions in foreign currencies during the period August 17, 1993, through September 20, 1993. By unanimous vote, the Committee ratified these transactions.

Ms. Betsy B. White, Vice President for Domestic Operations of the Federal Reserve Bank of New York, reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period August 17, 1993, through September 20, 1993. By unanimous vote, the Committee ratified these transactions.

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

The information reviewed by the Committee at this meeting suggested that economic activity, adjusted for the temporary depressing effects of the flood in the Midwest, was continuing to expand at a moderate pace. Consumer spending was up, and business purchases of durable equipment had recorded further healthy gains. On the other hand, housing activity had shown a muted response to the declines in mortgage rates that had occurred through the spring, and gains in manufacturing output and in employment had been limited in recent months. After rising at an accelerated rate in the early part of the year, consumer prices had increased more slowly in recent months and producer prices had fallen.

Total nonfarm payroll employment edged lower in August after a sizable gain in July. Hiring in the service-producing sectors, especially in health and business services, was down in August from the pace of recent months, and more jobs were lost in manufacturing. Construction employment also moved lower, retracing part of the July increase. On the other hand, the average workweek rose to a relatively high level in August, and as a result, aggregate hours worked by production or nonsupervisory workers were significantly above the second-quarter average. The civilian unemployment rate declined to 6.7 percent.

Industrial production posted a further moderate gain in August. Manufacturing output more than accounted for the increase, as strikes damped mining production and utilities output was unchanged following large gains in earlier months. Within manufacturing, the output of motor vehicles and parts was unchanged. Excluding the motor vehicle component, another sharp gain in computers and related electronic components boosted the production of business equipment, while the output of consumer goods declined as a result of a retrenchment in appliance production following the advance posted in July. Total utilization of manufacturing capacity edged up again in August.

Total retail sales were little changed in real terms in July and August. Despite the recent sluggishness, however, real spending for goods in July and August was appreciably above the level in the second quarter. In addition, real expenditures for services had grown rapidly in July; this reflected both high energy consumption associated with unusually hot weather and robust spending for other services. The persistence of hot weather through August suggested that spending on energy services continued at a high level for that month. After a slight decline in July, housing starts rose substantially in August. Single-family starts accounted for all of the August increase, as multifamily starts fell further and continued to hover around their thirty-year low.

Growth in real business fixed investment appeared to be slowing in the third quarter from the robust pace earlier in the year. Shipments of nondefense capital goods dropped substantially in July, with all of the decline occurring in the volatile aircraft component. For capital goods other than aircraft and parts, shipments again moved higher in July; while the demand for computing equipment strengthened after dropping off somewhat in the second quarter, shipments of other types of durable equipment softened. In addition, heavy-truck sales were off substantially in July after advancing steadily since late 1992, and fleet sales of light vehicles were down in July and August. Investment in nonresidential structures posted its largest advance in three years in the second quarter. However, construction activity fell in July in reflection of a sharp decline in the construction of commercial structures other than offices.

Business inventories contracted sharply in July after changing little in June. The bulk of the July decline occurred in the retail sector and reflected drawdowns in inventories at automobile dealerships. Non-auto retail inventories edged down in July; with sales flat, the ratio of non-auto inventories to sales remained near the high end of the range for the past several years. In the wholesale trade sector, stocks were trimmed somewhat further in July, but the inventory-to-sales ratio remained at the midpoint of its range over the past three years. Manufacturing stocks were unchanged in July after a small reduction in June. With shipments down in July owing to weak shipments of aircraft and motor vehicles, the stocks-to-sales ratio rebounded but was still at a low level.

The nominal U.S. merchandise trade deficit decreased in July, but it remained essentially unchanged from its average rate in the second quarter. The value of exports edged lower in July, while the value of imports fell by more, retracing nearly all of the sizable June rise. The decline in imports was primarily in automotive products, consumer goods, and oil. The performance of the major foreign industrial economies continued to present a mixed picture. Economic activity in Japan, after increasing slightly in the first quarter, evidenced renewed weakness in the second quarter that apparently persisted into the third quarter. In western Germany, real output rose in the second quarter, but much of the gain apparently stemmed from unintended inventory accumulation. In France and Italy, economic activity appeared to have leveled out in the second quarter after declining earlier. By contrast, both the United Kingdom and Canada recorded further modest gains in economic activity.

Producer prices of finished goods fell sharply further in August; higher prices for consumer foods were more than offset by lower prices for the energy and the nonfood, non-energy components of the index. For finished goods other than food and energy, producer prices increased over the twelve months ended in August by a considerably smaller amount than in the previous twelve-month period. Consumer prices rose a little faster in August than in July, with an increase in food prices counterbalancing a decline in prices of consumer energy goods. For nonfood, non-energy items, consumer prices advanced over the twelve months ended in August by an amount comparable to that recorded for the twelve months ended in August 1992. Average hourly earnings of production or nonsupervisory workers were up in August after little change on balance in June and July; the rise reflected in part overtime earnings in manufacturing. Over the twelve months ended in August, this measure of earnings increased by about the same amount as in the previous twelve-month period.

At its meeting on August 17, 1993, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that, in contrast to the two previous directives, did not include a tilt toward possible firming of reserve conditions 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 or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with modest growth of M2 and little net change in M3 over the balance of the third quarter.

Open market operations were directed during the intermeeting period toward maintaining the existing degree of pressure on reserve positions. The federal funds rate remained close to 3 percent over the period, while adjustment plus seasonal borrowing averaged somewhat above anticipated levels, reflecting demand for adjustment credit by banks experiencing temporary technnical difficulties.

Other short-term interest rates were little changed on balance over the intermeeting period, while yields on intermediate- and long-term debt obligations declined somewhat. The drop in longer-term yields appeared to be associated with incoming data indicating continuing sluggishness in economic activity and the more favorable performance of broad measures of prices. Major indexes of stock prices increased somewhat further over the intermeeting period, evidently reflecting lower bond yields and heavy inflows to stock mutual funds.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies depreciated on balance over the intermeeting period. Much of the dollar's decline reflected the strength of the mark and other European currencies, which was related in part to the unexpectedly slow pace of monetary easing in

Germany and other European countries. Against the yen, the dollar rebounded early in the intermeeting period from the historical low that occurred around the time of the Committee's August meeting. The dollar was buoyed by joint central bank sales of yen against the dollar and by the accompanying public statement from the U.S. Treasury that was seen by market participants as signaling a new attitude toward any further appreciation of the yen. On September 21, the dollar rose sharply on news that President Yeltsin had dissolved the Russian Parliament.

Growth of M2 continued at a slow rate in August. The sluggishness in this aggregate, which occurred despite further rapid expansion in its M1 component, apparently reflected ongoing efforts by households to shift funds away from depository accounts in search of better returns. M3 turned up after declining in June and July; however, expansion of this aggregate continued to be held down by declines in institution-only money market funds. For the year through August, M2 and M3 were estimated to have grown at rates close to the lower ends of the Committee's ranges for the year. Total domestic nonfinancial debt had expanded moderately in recent months, and for the year through July it was estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The staff projection prepared for this meeting suggested moderate growth in economic activity and limited reductions in margins of unemployed labor and capital through next year. Fiscal restraint, uncertainty about other government policies, and slow growth of foreign industrial economies over the near term would act as a constraint on the economy. However, improving balance-sheet positions and credit supply conditions were lifting an unusual constraint on spending, and the lower interest rates would encourage further increases in consumer spending, housing construction, and business fixed investment. The continued slack in labor and product markets, coupled with some tempering of inflation expectations, was expected to foster further reductions in wage and price inflation.

In the Committee's discussion of current and prospective economic conditions, members commented that recent developments had not altered their outlook for moderate and sustained expansion in economic activity. The members acknowledged that the interpretation of ongoing developments presented some unusual problems, notably the difficulty of reconciling the appreciable growth in employment thus far this year with the slow expansion in measured output; the associated drop in measured productivity was especially surprising in light of the business drive toward more efficient operations. Moreover, the economic outlook clearly remained subject to a variety of uncertainties, including potential developments abroad that were especially difficult to predict. Nonetheless, while temporary factors were likely to depress third-quarter expansion, the members saw little in the current statistical or anecdotal reports on the domestic economy that pointed to the likelihood of a significant deviation from a moderate growth trend. It was noted in this connection that the inhibiting effects of increased fiscal restraint and expected further weakness in net exports needed to be weighed against the favorable effects on interest-sensitive spending of considerably reduced intermediate- and long-term interest rates and the much improved financial condition of many business firms and households. With regard to the outlook for inflation, some members suggested that the prospects for continued slack in resource utilization were consistent with a disinflationary trend, but the disparate factors bearing on the outlook for inflation as well as the swings in price performance experienced in recent quarters argued for caution in assessing the future course of inflation.

In their review of developments around the nation, members commented that business conditions remained uneven across local areas and industries, but they characterized general economic activity in most regions as ranging from little change to moderate growth since midsummer. However, business conditions continued to be quite weak in some areas, notably in California, and business sentiment appeared to have remained cautious in much of the nation. One member emphasized uneven conditions of a different kind. Relatively disadvantaged members of the population, often living in inner cities, had high and rising expectations about their economic prospects. At the same time, however, some traditional paths of upward mobility were being cut back, such as the military and civil service within the government and office jobs more generally. In addition, regulations aimed at correcting some problems in financial institutions—such as real estate appraisal and downpayment requirements—were having unintended adverse effects on lower-income businesses and households, and other proposals aimed at promoting minority lending were in danger of promising more than they could deliver. An apparently widening gap between economic realities and aspirations might not have measurable implications for the macroeconomic outlook over short periods of time, but they reflected a worrisome trend in terms of the longer-run health of the economy.

In other comments, members referred to a number of financial developments that had favorable implications for sustained economic expansion. Business firms and consumers had made substantial progress in strengthening their balance sheets, and while the process of adjusting balance sheets evidently was still under way, the material improvement accomplished thus far had diminished financial risks and constraints on spending. Banking institutions had bolstered their capital positions and were in a better position to accommodate increases in loan demand. Bond and stock markets had exhibited considerable strength. In this connection, however, a few members commented on the apparently growing concern in financial markets that current equity prices were high relative to earnings and dividends. A correction in U.S. equity markets could trigger cumulative selling, especially by mutual funds, which had garnered substantial new investors, some of whom might not fully appreciate the risks of their new assets relative to deposits. On the positive side, there were good reasons for optimism on the trajectory of business profits in an environment of low inflation and moderate growth. Moreover, some managers of mutual funds reportedly were taking steps to strengthen the liquidity of their portfolios, and members reported on efforts to improve individual investor awareness of the risks of equity investments.

During their review of the prospective performance of key sectors of the economy, members gave somewhat mixed reports on retail sales in recent weeks, but they generally anticipated that consumer spending would provide continued if not strong support to sustained economic expansion. As had been true for an extended period, consumer attitudes remained hesitant in the context of concerns about employment and income prospects and, in the case of many consumers with higher incomes, increased income tax liabilities. Some members expressed the view that more vigorous growth in employment might well occur as the expansion matured, and such a development would be likely to have a favorable effect on consumer attitudes and spending.

Cautious attitudes also appeared to have held back housing demand and construction activity despite declines in mortgage interest rates. The combination of some further declines in mortgage interest rates recently and a tendency for house prices to stabilize or even to firm in some markets seemed to have induced appreciable and widespread strengthening in demand for single-family housing. Indeed, despite persisting weakness in some areas, housing markets were described as quite strong in many parts of the country, and the overall improvement in housing activity might not be captured in the latest statistics. Other construction activity appeared on the whole to have bottomed out and might have begun to trend higher. Anecdotal reports suggested a pickup in the volume of commercial property transactions, though apparently not yet in the prices of commercial properties in most areas, and rising construction outlays were anticipated for commercial, industrial, and institutional facilities as economic activity continued to expand. Office construction was likely to remain generally depressed as excess capacity continued to be absorbed, but such construction might not decline further. Members also anticipated appreciable further growth in business spending for equipment, notably for the purpose of enhancing productivity in an environment of strong competitive pressures; concurrently, spending to expand capacity seemed likely to remain relatively limited unless consumer spending gathered more momentum in coming quarters than was now anticipated. On balance, business fixed investment was expected to continue to provide considerable support to the economic expansion.

The passage of deficit-reduction legislation in July implied increased fiscal restraint but also appeared to have improved confidence in financial markets and in the business community more generally regarding the ability of the federal government to enact needed legislation. At the same time, the new taxes stemming from that legislation and a greater focus on the potential for further legislation, notably health care reform and its implications for mandated business costs, were a key factor in sustaining cautious attitudes among business executives. Members also referred to the constraining effects in many areas, and on the economy more generally, of current and prospective cutbacks in defense expenditures, spending curbs by state and local governments, and the outlook for further tax increases by many of these governments.

The prospects for net exports also were cited as a negative factor in the economic outlook. Expectations of persisting weakness in some major foreign economies implied relatively limited growth in U.S. exports in a period when moderate expansion in this country was likely to foster somewhat more rapid increases in U.S. imports. Some members also commented that the controversial NAFTA legislation under consideration in the Congress continued to dominate business discussions in parts of the country. It was suggested that whatever its eventual benefits for the three nations immediately involved might be, a defeat of that legislation could prove to be a setback for the GATT negotiations with dislocative implications for world trade.

Many members referred to the more favorable price developments that had occurred since the early part of the year when key measures of inflation had surged. While it was premature to conclude that a distinct disinflationary trend had been reestablished, the members generally agreed that price pressures were likely to remain subdued given their projections of some continuing slack in resource utilization. Favorable developments tending to support that conclusion included the persistence of intensely competitive conditions in most markets for goods around the country. The costs of materials purchased by business firms generally were reported to be rising only slowly, if at all. There were indications of fairly tight labor markets in some areas, but wage pressures remained limited even in those markets. At the same time, the costs of worker benefits continued to rise fairly rapidly and many business contacts were expressing concern about the possibility of further mandated cost increases related to the health care reform legislation. For the next several months, relatively rapid increases in food prices associated with weather-related crop losses and an increase in the excise tax on gasoline would tend to boost consumer prices. On balance, these developments were not seen as inconsistent with longer-run progress toward price stability, though the inflation outlook remained subject to considerable uncertainty.

In the Committee's discussion of policy for the intermeeting period ahead, all of the members agreed that recent economic and financial developments pointed to the desirability of an unchanged policy stance. The members recognized that neither the pace of the economic expansion nor the uncertain progress toward price stability reflected a wholly satisfactory economic performance, but at this point the present posture of monetary policy continued to offer the best promise in their view of promoting sustained economic growth in the context of subdued if not declining inflation.

From the perspective of a variety of financial measures, the current monetary policy continued to be quite accommodative. Short-term interest rates were low, indeed close to zero after adjustment for inflation, and there had been appreciable further declines in longer-term interest rates. Growth of M2 remained slow, but it had picked up since earlier in the year, and M3 had expanded in August, albeit at a sluggish rate, after declining in previous months. One member observed that growth in M2, adjusted to include certain stock and bond mutual funds, was estimated to have accelerated since early spring to a fairly healthy pace. Narrow measures of money and reserves, though subject to a variety of influences, were growing at rates that suggested an ample provision of liquidity to the economy.

In considering possible adjustments to policy during the intermeeting period, all of the members endorsed a proposal to retain a symmetrical directive. While current economic uncertainties were mirrored in uncertainties about the future course of monetary policy, the members agreed that developments in the period until the next meeting in mid-November were not likely to call for any adjustment to policy. Beyond the nearer term, however, both the timing and, in the view of at least some members, the direction of the next policy change could not be foreseen at this time. While they did not see convincing evidence that monetary policy was overly stimulative at this point, some members were concerned that the current stance, as reflected in short-term interest rates, was quite accommodative and probably would need to be firmed at some point. These members stressed the need to remain especially alert to potential inflationary developments against the background of persisting inflationary expectations and uncertain progress toward price stability. Other members, while sharing this concern to an extent, gave some weight to the possibility that the expansion might remain quite sluggish for a period; under the circumstances, they foresaw the need to maintain an accommodative policy posture and could not rule out the possibility that the next policy move might have to be toward greater monetary stimulus.

At the conclusion of the Committee's discussion, all the members indicated their support of a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustment to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. According to a staff analysis, the reserve conditions contemplated at this meeting were expected to be consistent with modest growth in M2 and M3 over the balance of the year.

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

The information reviewed at this meeting suggests that economic activity is continuing to expand at a moderate pace. Total nonfarm payroll employment edged down in August after a sizable gain in July, but the average workweek rose to a relatively high level and the civilian unemployment rate declined to 6.7 percent. Industrial production has advanced moderately over recent months. Retail sales changed little in real terms in July and August after increasing appreciably in the second quarter. Housing starts were down slightly in July but rose substantially in August. Available indicators suggest a slowing in the expansion of business capital spending from a robust pace earlier in the year. The nominal U.S. merchandise trade deficit was about unchanged in July from its average rate in the second quarter. After rising at an accelerated rate in the early part of the year, consumer prices have increased more slowly and producer prices have fallen in recent months.

Short-term interest rates have changed little since the Committee meeting on August 17, while yields on intermediate and long-term debt obligations have declined somewhat. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies depreciated substantially over the intermeeting period.

M2 continued to expand at a slow rate in August, while M3 turned up after declining in June and July. For the year through August, M2 and M3 are estimated to have grown at rates close to the lower end of the Committee's ranges for the year. Total domestic nonfinancial debt has expanded at a moderate rate in recent months, and for the year through July it is estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July lowered the ranges it had established in February for growth of M2 and M3 to ranges of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee anticipated that developments contributing to unusual velocity increases would persist over the balance of the year and that money growth within these lower ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt also was lowered to 4 to 8 percent for the year. For 1994, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1993 to the fourth quarter of 1994, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the monitoring range for growth of total domestic nonfinancial debt at 4 to 8 percent for 1994. 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 or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and M3 over the balance of the year.

Votes for this action: Messrs. Greenspan, McDonough, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: None.

It was agreed that the next meeting of the Committee would be held on Tuesday, November 16, 1993.

The meeting adjourned at 12:35 p.m.

During the intermeeting period, available members participated in three telephone conference calls to discuss issues relating to the release of information about discussions at Federal Open Market Committee meetings. These calls were prompted by hearings on such issues that were held by the House Committee on Banking, Finance, and Urban Affairs. The discussions took into account information that unedited transcripts for meetings since early 1976 were maintained by the FOMC secretariat at the Board of Governors. The members did not reach any decisions on these matters during these conferences. In the course of two further telephone conferences during the intermeeting period, the Committee reviewed economic and financial developments affecting Mexico and discussed various contingencies that might involve the Federal Reserve.

Donald L. Kohn
Secretary

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions) to increase the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act, from $46.8 million to $51.9 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board has increased from $3.8 million to $4.0 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent. This action is required by section 19(b)(11)(B) of the Federal Reserve Act, and the adjustment is known as the reservable liabilities exemption adjustment. The Board is also leaving unchanged at $44.8 million the deposit cutoff level that is used in conjunction with the reservable liabilities exemption amount to determine the frequency of deposit reporting.

Effective December 14, 1993, 12 C.F.R. Part 204 is amended as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for Part 204 is revised to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. In section 204.9 paragraph (a) is revised to read as follows:

Section 204.9—Reserve requirement ratios.

(a) (1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement
Net transaction accounts[1]	
$0 to $51.9 million	3 percent of amount
over $51.9 million	$1,437,000 plus 10 percent of amount over $51.9 million
Nonpersonal time deposits	0 percent
Eurocurrency liabilities	0 percent

1. Dollar amounts do not reflect the adjustment to be made by the next paragraph.

(2) *Exemption from reserve requirements.* Each depository institution, Edge or agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1) of this section not in excess of $4.0 million determined in accordance with section 204.3(a)(3) of this part.

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ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Bank of Colorado Holding Company
Vail, Colorado

Order Approving Formation of a Bank Holding Company

Bank of Colorado Holding Company, Vail, Colorado ("Colorado Holding Company"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of Vail National Bank, Vail, Colorado ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 36,689 (1993)). 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.

Colorado Holding Company is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 196th largest commercial banking organization in Colorado, controlling deposits of approximately $57 million, representing less than 1 percent of total deposits in commercial banks in the state.[1]

Colorado Holding Company and Bank do not compete directly in any banking market. Accordingly,

1. State deposit data are as of December 31, 1992.

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 financial and managerial resources and future prospects of Colorado Holding Company and Bank and other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.[2] Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this transaction is specifically conditioned upon compliance with all the commitments made by Colorado Holding Company in connection with this application. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the 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, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 2, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

2. The Board has carefully reviewed comments from two individuals ("Protestants") who filed a lawsuit against Bank in connection with a residential construction loan they obtained from Bank. Protestants contend that Bank breached duties owed to Protestants by failing to obtain lien waivers from subcontractors before disbursing the loan proceeds, thereby exposing Protestants to potential liability to the subcontractors. The Board has carefully considered the Protestants' comments in light of all facts of record, including a judgment rendered in favor of Bank by the District Court for the County of Eagle, Colorado, on the merits of Protestants' allegations. The Board also has considered reports of examination by Bank's primary federal regulator, the Office of the Comptroller of the Currency, that assessed the adequacy of the bank's loan-disbursement and lien-waiver policies for real estate construction loans. In light of all the facts of record, the Board does not believe that Protestants' allegations warrant denial of this application.

First Banks, Inc.
St. Louis, Missouri

Order Approving Acquisition of Shares of a Bank Holding Company

First Banks, Inc., St. Louis, Missouri ("First Banks"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 3 of the BHC Act (12 U.S.C. § 1842), to acquire up to 19.99 percent of the voting shares of Southside Bancshares Corporation, St. Louis, Missouri ("Southside").[1] First Banks has proposed to acquire these shares of Southside as a passive investment.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 35,957 (1993)). 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.

First Banks, with consolidated assets of approximately $2 billion, controls three banks in Illinois and one bank and one savings association in Missouri.[2] First Banks is the tenth largest commercial banking organization in Missouri, controlling $535 million in deposits, representing approximately 1 percent of total bank deposits in commercial banking organizations in the state.[3] Southside, with consolidated assets of approximately $526.5 million, operates five banks in Missouri. It is the 12th largest commercial banking organization in Missouri, controlling $507.3 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state. If First Banks were deemed to control Southside following consummation of this proposal, First Banks would become the seventh largest commercial banking organization in Missouri, controlling $1 billion in deposits, representing approximately 1.9 percent of total deposits in commercial banking organizations in the state.

In reviewing an application under section 3 of the BHC Act, the Board is required to consider various factors, including certain supervisory factors, the effects of the acquisition on competition, the financial and managerial resources and future prospects of the organizations and institutions involved, and the con-

1. First Banks currently controls 4.99 percent of Southside. First Banks holds options to acquire 13.1 percent of Southside and plans to purchase an additional 1.9 percent of Southside's shares through private or open market transactions.
2. Asset data are as of March 31, 1993.
3. Deposit data are as of June 30, 1992.

venience and needs of the community to be served. 12 U.S.C. § 1842(c). The Board has considered First Banks's proposal in light of these factors.

Effects of Acquisition on Competition

The Board has previously indicated that the acquisition of less than a controlling interest in a bank is not a normal acquisition for a bank holding company.[4] However, the requirement in section 3(a)(3) of the BHC Act that the Board's approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests that Congress contemplated the acquisition by bank holding companies of between 5 and 25 percent of the voting shares of banks. Moreover, nothing in section 3(c) of the BHC Act requires denial of an application solely because a bank holding company proposes to acquire less than a controlling interest in a bank or a bank holding company. On this basis, the Board has previously approved the acquisition by a bank holding company of less than a controlling interest in a bank.[5]

First Banks and Southside compete directly in the St. Louis and Hermann, Missouri, banking markets. In the St. Louis banking market,[6] First Banks is the seventh largest commercial bank or thrift institution ("depository institution"), controlling deposits of $730.9 million, representing approximately 2.7 percent of total deposits in depository institutions in the market.[7] Southside is the 11th largest depository institution in the St. Louis banking market, controlling deposits of $409.9 million, representing approximately 1.5 percent of total deposits in depository institutions in the market. If considered as a combined organization, First Banks would become the sixth largest depository institution in the St. Louis banking market, controlling deposits of $1.1 billion, representing approximately 4.2 percent of total deposits in depository institutions in the market. The Herfindahl–Hirschman Index ("HHI") would increase 8 points to 1030.[8]

First Banks is the largest depository institution in the Hermann banking market,[9] controlling deposits of $59.7 million, representing approximately 36.1 percent of total deposits in depository institutions in the market. Southside is the fourth largest depository institution in the Hermann banking market, controlling deposits of $22.7 million, representing approximately 13.7 percent of total deposits in depository institutions in the market. If considered as a combined organization, First Banks would remain the largest depository institution in the Hermann banking market upon consummation of this proposal, controlling total deposits of $82.4 million, representing approximately 49.9 percent of total deposits in depository institutions in the market. The HHI would increase 993 points to 3488.

The question of whether a substantial lessening of competition would result from a minority investment in a competing bank must be answered in light of the specific facts of each case.[10] The Board views these acquisitions with concern and continues to believe that noncontrolling interests in directly competing banks or bank holding companies may raise serious questions under the BHC Act. The Board has noted previously that one company need not acquire control of another in order to substantially lessen competition between them. It is possible, for example, that the acquisition of a substantial ownership interest in a competitor or a potential competitor of the acquiring firm may alter the market behavior of both firms in such a way as to weaken or eliminate independence of action between the organizations and increase the likelihood of cooperative operations.[11]

Based on all the facts of record, it is the Board's judgment in this case that no significant reduction in competition is likely to result from First Banks's proposed acquisition of shares of Southside. First Banks has agreed to abide by certain commitments, stated in the Appendix to this Order, previously relied

4. *See, e.g., State Street Boston Corporation*, 67 *Federal Reserve Bulletin* 862, 863 (1981).

5. *See, e.g., Mansura Bancshares, Inc.*, 79 *Federal Reserve Bulletin* 37 (1993) ("*Mansura*") (acquisition of 9.7 percent of the voting shares of a bank holding company); *SunTrust Banks, Inc.*, 76 *Federal Reserve Bulletin* 542 (1990) ("*SunTrust*") (acquisition of up to 24.99 percent of the voting shares of a bank); *First State Corporation*, 76 *Federal Reserve Bulletin* 376 (1990) ("*First State*") (acquisition of 24.9 percent of the voting shares of a bank).

6. The St. Louis banking market is approximated by the City of St. Louis, Missouri; St. Charles, St. Louis, and Jefferson Counties in Missouri; Boles and Calvey Townships in Franklin County, Missouri; Madison and Monroe Counties in Illinois; and St. Clair County (excluding Lenzburg and Marissa Townships), Illinois.

7. 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).

8. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is between 1000 and 1800 is considered 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities.

9. The Hermann market is approximated by Boeuf Township in Franklin County; Boeuf, Boulware, Richland, and Roark Townships in Gasconade County; Loutre Township in Montgomery County; and Benton Township in Osage County, all in Missouri.

10. *See, e.g., Mansura; SunTrust; First State.*

11. *See Mansura* at 38.

on by the Board in cases involving minority investments.[12] For example, First Banks has committed to not exercise a controlling influence over the management or policies of Southside or its subsidiary banks; to not have any director, officer, or employee interlocks with Southside; and to not solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Southside. First Banks also has committed that its ownership interest in Southside will be a strictly passive investment, and First Banks is prohibited by its commitments and the BHC Act from acting either alone or in concert with any other entity to control Southside without prior Board approval.

Moreover, the record in this case indicates that the acquisition of shares of Southside by First Banks is not likely to alter the market behavior of either banking organization in such a way as to weaken or eliminate independence of action between the organizations and increase the likelihood of cooperative operations. In particular, management of Southside has indicated its intention to remain completely independent of First Banks, and has taken certain steps to prevent First Banks from acquiring a controlling interest in Southside or from exercising any control over the business affairs of Southside.[13] Additionally, the record in this case indicates that both First Banks and Southside have a relatively small portion of their total banking deposits in the Hermann market.[14] Accordingly, there appears to be little incentive for First Banks and Southside to engage in any collusive activities that would have a significantly adverse effect on competition in an attempt to gain profits in this small, rural banking market. In light of all the facts of record in this case, including First Banks's commitments not to exercise any control over Southside and the lack of incentive for First Banks and Southside to engage in any collusive, anticompetitive behavior, the Board believes that First Banks will not have the power to affect the market behavior of Southside, or that a lessening of competition in the Hermann banking market would result from consummation of this proposal. Thus, the Board concludes that competitive considerations are consistent with approval of this application.[15]

Other Considerations

Considerations relating to the financial and managerial resources and future prospects of First Bank and Southside and their subsidiaries, the convenience and needs of the community, and other supervisory factors the Board is required to consider under section 3 of the BHC Act also are consistent with approval of this proposal.[16]

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval of this transaction is specifically conditioned upon compliance with the commitments made by First Banks in connection with this application. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing by the Board in connection with the Board's findings and decision and, as such, may be enforced in proceedings under applicable laws. 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 Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 8, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

As part of this proposal, First Banks has committed that it will not, without the Board's prior approval:

12. *See, e.g., Mansura* at 39.

13. For example, management of Southside has implemented a so-called "poison-pill" shareholders' rights plan. This poison-pill plan, triggered if any person acquires 25 percent or more of Southside's voting shares, provides all shareholders (other than the shareholder acquiring the 25 percent interest in Southside) with the right to purchase additional shares in Southside, thereby significantly diluting the 25 percent shareholder's interest.

14. Less than 5 percent of the total deposits of both First Banks and Southside are located in this market.

15. *See, e.g., Summit Bancorp, Inc.*, 77 *Federal Reserve Bulletin* 952 (1991); *United Counties Bancorp*, 75 *Federal Reserve Bulletin* 714 (1989).

16. The owner of a small business in Hermann has submitted a comment to the Board alleging that consummation of this proposal would adversely affect the local credit needs of individuals and small businesses in the Hermann area. Based on all the facts of record in this case, including the commitments made by First Banks to not control or attempt to control Southside, the Board concludes that consummation of this proposal would not adversely affect the provision of banking services in this market, and that this allegation does not otherwise warrant denial of this proposal.

(1) Exercise or attempt to exercise a controlling influence over the management or policies of Southside or its subsidiary banks;
(2) Have or seek to have any employees or representatives serve as an officer, agent, or employee of Southside or its subsidiary banks;
(3) Take any action that would cause Southside or its subsidiary banks to become subsidiaries of First Banks;
(4) Acquire or retain shares that would cause the combined interest of First Banks and its officers, directors, and affiliates to equal or exceed 25 percent of the outstanding voting shares of Southside;
(5) Attempt to influence the dividend policies or practices of Southside or its subsidiary banks;
(6) Attempt to influence the loan and credit decisions or policies of Southside and its subsidiary banks, the pricing of services, and personnel decisions, the location of any offices, branching, the hours of operation, or similar activities of Southside and its subsidiary banks;
(7) Dispose or threaten to dispose of shares of Southside in any manner as a condition of specific action or nonaction by Southside;
(8) Enter into any banking or nonbanking transactions with Southside, except that First Banks may establish and maintain deposit accounts with subsidiary banks of Southside, provided that the aggregate balances of all such accounts do not exceed $500,000 and that the accounts are maintained on substantially the same terms as those prevailing for comparable accounts of persons unaffiliated with Southside;
(9) Seek or accept representation on the board of directors of Southside;
(10) Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or board of directors of Southside or its subsidiary banks; and
(11) Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Southside.

First Commerce Corporation
New Orleans, Louisiana

Order Approving the Acquisition of a Bank Holding Company

First Commerce Corporation, New Orleans, Louisiana ("FCC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of First Acadiana National Bancshares, Inc. ("Bancshares"), and thereby indirectly acquire First Acadiana National Bank ("Acadiana Bank"), both of Opelousas, Louisiana.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 47,456 (1993)). 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.

FCC, with total consolidated assets of $6.2 billion, operates five subsidiary banks in Louisiana.[2] FCC is the largest commercial banking organization in Louisiana, controlling deposits of $5 billion, representing 15.1 percent of total deposits in commercial banking organizations in the state. Bancshares is the 25th largest commercial banking organization in Louisiana, controlling deposits of $196.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, FCC would remain the largest commercial banking organization in Louisiana, controlling deposits of $5.2 billion, representing 15.7 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

FCC and Bancshares compete directly in the Lafayette, Louisiana, banking market.[3] In this market, FCC is the second largest banking or thrift organization ("depository institution"), controlling deposits of $362.3 million, representing 19.8 percent of total deposits in depository institutions in the market ("market deposits").[4] Bancshares is the 15th largest depository institution in the market, controlling deposits of $33.2 million, representing 1.8 percent of market deposits. Upon consummation of this proposal, FCC would remain the second largest depository institution in the Lafayette banking market, controlling deposits of $395.5 million, representing 21.6 percent of the

1. FCC proposes to merge Acadiana Bank into its wholly owned subsidiary bank, First National Bank of Lafayette, Lafayette, Louisiana ("Lafayette Bank"), with Lafayette Bank surviving the merger.
2. Asset and state deposit data are as of June 30, 1993.
3. The Lafayette banking market consists of the Lafayette and St. Martin parishes in Louisiana.
4. Market data are as of June 30, 1992. 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). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 72 points to 1487.[5]

Based on all the facts of record, including the number of competitors that would remain in the Lafayette banking market, and the relatively small increase in the market concentration and market share, the Board has concluded that consummation of FCC's proposal would not result in any significantly adverse effect on competition in the Lafayette banking market or any other relevant banking market.

Convenience and Needs Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[6]

The Board has received comments from the Plaisance Development Corporation, Opelousas, Louisiana ("Protestant"), objecting to the proposal on the basis of the record of performance under the CRA of Acadiana Bank. Specifically, Protestant alleges that Acadiana Bank has failed to meet the credit needs of its entire community, including minority neighborhoods and businesses; to develop and implement adequate CRA policies; or to participate in community development activities within its community. Protestant also notes the absence of a loan office of Acadiana Bank in Plaisance, Louisiana.

The Board has carefully reviewed the CRA performance record of FCC and Bancshares, as well as the comments received; FCC's and Bancshares' responses to those comments; and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[7]

Initially, the Board notes that the comments raised by Protestant do not relate to the activities and performance of FCC or its subsidiaries, but focus on Acadiana Bank, and Bancshares, Acadiana Bank's current holding company. The Board also notes that FCC has committed, as a result of this proposal, to implement the CRA policies and programs of FCC and Lafayette Bank in the communities currently served by Acadiana Bank.

The CRA performance record of FCC and Lafayette Bank appear to be satisfactory. The record in this case indicates that all of FCC's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance.[8] FCC's lead bank, First National Bank of Commerce, New Orleans, Louisiana, received a "satisfactory" rating from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), in January 1993.[9] In addition, Acadiana Bank received a satisfactory rating from its primary regulator, the OCC, in the most recent examination of its CRA performance.

The Board also notes that the OCC determined in the 1993 CRA examination of Lafayette Bank that the bank's geographic distribution of home mortgage and home improvement applications and denials demonstrated reasonable penetration of all segments of the bank's local community. The examination results also indicated that the bank solicited credit applications from all segments of its local community, including low- and moderate-income neighborhoods. Moreover, the OCC concluded that Lafayette Bank was in com-

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. 12 U.S.C. § 2903.

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

8. The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process. *Id.* at 13,745.

9. FCC's other subsidiary banks have received the following CRA ratings: Lafayette Bank received a "satisfactory" rating from the OCC in January 1993; First National Bank of Lake Charles, Lake Charles, Louisiana, received a "satisfactory" rating from the OCC in January 1993; and City National Bank of Baton Rouge, Baton Rouge, Louisiana, received a "satisfactory" rating from the OCC in January 1993; Rapides Bank and Trust Company, Alexandria, Louisiana, received an "outstanding" rating from the Federal Reserve Bank of Atlanta in May 1992.

pliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act.[10]

Lafayette Bank also offers credit products to address the credit needs of its entire community, including low- and moderate-income areas. For example, the bank established a residential mortgage department to provide residential mortgage loans to customers, and originated 153 loans, totalling approximately $20 million in 1992. Lafayette Bank also offers Federal Housing Administration and Veterans Administration loans to its customers.

With respect to small business lending, Lafayette Bank participates in the Louisiana Economic Development Authority's "link deposit" program, which funds commercial loans to small businesses. The bank also offers Small Business Administration ("SBA") loans, and in 1992, had $6 million in outstanding SBA loans to customers. In addition, Lafayette Bank has other outstanding commercial loans of approximately $11 million to businesses with annual revenues of less than $1 million.

Lafayette Bank also participates in a variety of community development projects and has established special loan programs that offer flexible lending criteria to the community. In this regard, approximately 10 percent of the loans made pursuant to the bank's special tuition loan program have been extended to low- and moderate-income customers. In addition, Lafayette Bank offered assistance to victims of Hurricane Andrew in August 1992 through the origination of 40 loans, totalling $180,000.

Finally, Lafayette Bank has committed to open a community outreach office in Plaisance, on a one-day per week basis for at least two years, in office space to be shared with the Protestant. The bank would staff the office with a loan officer and the appropriate support staff to accept loan applications. In addition, the bank would offer financial counseling and home buyer awareness and education programs in cooperation with Protestant, and Lafayette Bank would equip the office and assume all reasonable expenses associated with its operation. Lafayette Bank also would extend the days and hours of operation of this office as needed.[11]

The Board has carefully considered the entire record, including Protestant's comments in this case, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record of performance, the Board believes that the efforts of FCC and Bancshares to help meet the credit needs of all segments of the communities served by FCC and Bancshares, including low- and moderate-income neighborhoods, as well as all other convenience and needs considerations, are consistent with approval.

Other Considerations

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

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

The acquisition 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 29, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

10. The examination results also note that all nonsubstantive violations were promptly corrected by senior management.

11. The Board has also carefully considered Protestant's allegations that the current holding company for Acadiana Bank has failed to comply with certain commitments, including a commitment to establish a loan office in Plaisance, made in connection with a previous application filed by that holding company. *See First Acadiana National Bancshares, Inc.*, 78 *Federal Reserve Bulletin* 136 (1992). Based on all the facts of record, including the efforts made by Bancshares to open an office in Plaisance, the Board does not believe that this allegation is relevant to the record of FCC in this case or warrants any regulatory action against Bancshares.

First Interstate Bancorp
Los Angeles, California

First Interstate Bank of California
Los Angeles, California

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

First Interstate Bancorp, Los Angeles, California ("First Interstate"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Cal Rep Bancorp, Inc. ("Cal Rep Bancorp"), and thereby indirectly acquire California Republic Bank ("Cal Rep Bank"), both of Bakersfield, California.[1] First Interstate-California, a state member bank, also has applied pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with Cal Rep Bank and establish a branch or branches under section 9 of the Federal Reserve Act. (12 U.S.C. § 321).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 34,053 (1993)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in section 3(c) of the BHC Act, the Bank Merger Act and the Federal Reserve Act.

First Interstate, with consolidated assets of $49 billion,[2] controls banking subsidiaries in California, Alaska, Arizona, Colorado, Idaho, Texas, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. First Interstate is the third largest commercial banking organization in California, controlling deposits of $16.2 billion, representing approximately 6.5 percent of total deposits in commercial banking organizations in the state.[3] Cal Rep Bancorp is the 39th largest commercial banking organization in California, controlling deposits of $535.6 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Interstate would remain the third largest commercial banking organization in California, controlling deposits of $16.7 billion, representing approximately 6.5 percent of the total deposits in commercial banking organizations in the state.

First Interstate and Cal Rep Bancorp compete directly in the Bakersfield and Lancaster banking markets. Upon consummation of this proposal, both banking markets would remain moderately concentrated as measured by the Herfindahl–Hirschman Index ("HHI").[4] After considering the competition offered by other depository institutions in the markets,[5] the number of competitors remaining in the respective markets, the relatively small increase in market share and market concentration in the respective markets, and all other factors of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

Convenience and Needs Considerations

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

1. First Interstate proposes to merge Cal Rep Bancorp into First Interstate, with First Interstate surviving the merger, and to merge Cal Rep Bank with its wholly owned subsidiary, First Interstate Bank of California, Los Angeles, California ("First Interstate-California"), with First Interstate-California surviving the merger.

2. Asset data are as of June 30, 1993.

3. State deposit data are as of June 30, 1992.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions.

5. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market deposit data are as of June 30, 1992, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of these applications.[6]

In this regard, the Board has received comments from organizations in California and Texas ("California Protestants" and "Texas Protestants," collectively "Protestants") critical of the efforts of First Interstate, Cal Rep Bancorp, and their respective subsidiary banks, to meet the credit and banking needs of their communities.[7] The California Protestants allege generally that First Interstate-California and Cal Rep Bank have not met the credit needs of minorities and low- and moderate-income individuals, particularly in Bakersfield and in seven other metropolitan statistical areas ("MSA's") in California.[8]

The Texas Protestants allege that First Interstate has not complied with the spirit and requirements of various laws and regulations designed to prevent discrimination in bank credit practices, operations and procedures, including the CRA, in attempting to meet the credit needs of the African-American and ethnic minority communities within the cities where First Interstate Bank of Texas, N.A. ("First Interstate-Texas"), a wholly owned subsidiary of First Interstate, has branches.[9]

6. 12 U.S.C. § 2903.

7. The California Protestants are: the California Reinvestment Committee, San Francisco, California; the A. Phillip Randolph Community Development Corporation, a member of the California Reinvestment Committee; and the Communities for Accountable Reinvestment, Los Angeles, California ("CAR"). The "Texas Protestants" are: the Black State Employees Association of Texas, Inc., Dallas, Texas, and the African American Council for Empowerment, Inc., Grand Prairie, Texas. The Board permitted an additional period for comment from the Fund Urban Northern Nevada Development, Reno, Nevada, but received no comments from this organization.

8. In addition, one of the California Protestants alleges that Cal Rep Bank provides insufficient basic banking services to senior citizens, and has an insufficient record of performance in the provision of small business financing. Another of the California Protestants believes that the proposed acquisition may result in job losses and branch closures. Several of the California Protestants requested that First Interstate-California clearly specify CRA products and outreach efforts, and commit to CRA goals in California, particularly Bakersfield, for affordable housing development, community economic development, and consumer needs. In addition, one of the California Protestants alleges that First Interstate's banking subsidiaries in Seattle, Denver, Portland, Phoenix, Houston, and Las Vegas have also not met the credit needs of minorities and low- and moderate-income neighborhoods.

9. The Texas Protestants specifically allege that First Interstate-Texas:

(1) Has not developed a plan, or any lending, marketing and outreach programs, to meet the credit needs of low-income African-Americans and other minorities in communities located in Dallas, Fort Worth, Irving and Grand Prairie, all in Texas;

(2) Has "redlined" these communities by not providing bank branches or sufficient credit to individuals in these communities, as indicated by data the bank has filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"); and

(3) Has provided no technical assistance or other support to individuals and organizations with an understanding of the credit needs of these communities, such as African-American managers of the bank, community groups, and consulting groups.

In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire record of CRA performance of First Interstate, Cal Rep Bancorp and their subsidiary banks; all comments received regarding these applications, including First Interstate's response to those comments; and all of the other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[10]

Record of CRA Performance

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[11] In this case, the Board notes that all of First Interstate's subsidiary banks evaluated for CRA performance have received "outstanding" or "satisfactory" ratings from their primary regulators during their most recent examinations.[12] First Interstate-California received a "satisfactory" rating from its primary federal regulator, the Federal Reserve Bank of San Francisco, at its most recent examination for CRA performance as of August 10, 1992 (the "1992 CRA Examination").

Cal Rep Bank received a "needs to improve" rating from its primary regulator, the Federal Deposit Insurance Corporation (the "FDIC"), at its most recent examination for CRA performance as of August 4, 1993. The Board notes that Cal Rep Bank has been subject to regulatory constraints to improve its financial condition, and that resources devoted to CRA performance have been diminished. First Interstate has committed to provide additional resources to address Cal Rep Bank's less-than-satisfactory record of CRA performance by implementing First Interstate's CRA program at the branches of Cal Rep Bank acquired as a result of the proposed transaction, and

10. 54 *Federal Register* 13,742 (1989).

11. 54 *Federal Register* 13,745 (1989).

12. First Interstate Bancard Company, N.A. ("Bancard"), a specialty bank chartered solely for the purpose of issuing credit cards, received a "needs to improve" rating for CRA performance from its primary regulator, the Office of the Comptroller of the Currency (the "OCC"), in November 1991. Bancard ceased operations in mid-1992, and was dissolved on September 20, 1993. First Interstate Bank of Washington's "needs to improve" CRA performance rating, which was referred to by one of the California Protestants, was upgraded to "satisfactory" by the OCC as of September 17, 1992.

by taking specific steps to address the problems noted in the CRA examination.

B. CRA Record of Performance of First Interstate-California

Protestants have submitted comments critical of First Interstate-California's record of performance under the CRA, and, therefore, Protestants have questioned First Interstate-California's ability to address Cal Rep Bank's CRA weaknesses. These comments have been carefully considered in the context of First Interstate-California's CRA performance record and the proposed initiatives discussed below.

Lending Activities. First Interstate-California offers a variety of loan products to assist in meeting the ascertained credit needs of the bank's community, including low- and moderate-income neighborhoods. For example, the bank introduced a new line of mortgage products in 1992 to make home ownership more affordable for low- and moderate-income borrowers. These programs include the Down Payment Assistance Program, which reduces the homebuyer's out-of-pocket downpayment cost to 3 percent of the purchase price. First Interstate-California lends the remaining 2 percent in the form of a second mortgage with below market rates and interest-only payments for the life of the loan. In addition, the Home Buyers Assistance Program has a downpayment requirement of 5 percent, with an option permitting the downpayment to come from a gift or grant to the borrower. Both of these programs are targeted to low- and moderate-income borrowers who may not otherwise meet the bank's credit standards. First Interstate-California has also established a Community Advancement Program targeted at low-income or minority census tracts. By offering a downpayment requirement of 5 percent from any qualified borrower, this program is designed to encourage individuals who do not fit the low- or moderate-income profile, but who still cannot meet the usual 10 to 20 percent downpayment requirement, to invest in homes in low-income census tracts. Each of these three programs offers favorable financing terms and flexible underwriting criteria.[13]

In addition, the bank recently has committed to provide $2 billion of special funding over a ten-year period to low- and moderate-income communities statewide for funding the construction and acquisition of low-income single- and multi-family housing, state and federally guaranteed loans, small business development and expansion, and nonprofit community-based organizations. In 1991, the bank established the Community Loans Unit to assist in providing funds for the creation, rehabilitation, or maintenance of affordable housing projects. The bank has approved or extended commitments totalling more than $80 million to several projects, including an $8 million participation in a revolving construction loan for the development of 136 condominium units in San Jose to be made available to low- to moderate-income individuals; a $7.1 million construction loan for a 55-unit single-family detached housing development in Lompoc, with homes being offered for sale to individuals with limited incomes; a $4.2 million construction loan for a 56-unit apartment complex located in the City of San Jacinto, which will provide rental units to low-income residents; and a $5.8 million loan to construct 96 rental units for low- to middle-income families in Desert Hot Springs.

The bank also participates in government-insured and publicly sponsored programs, including Federal Housing Administration mortgage loans, California guaranteed business loans, Small Business Administration ("SBA") loans for small businesses, and federally insured and state guaranteed student loans. For example, in 1991, First Interstate-California's FHA loans totalled approximately $3.8 million and Veterans Administration loans totalled approximately $4.1 million. In addition, the bank made a total of approximately $5.6 million in loans under a program sponsored by the California Home Finance Agency in 1990, and the success of that program led the bank to develop its own special mortgage programs to help meet the housing needs of low- and moderate-income California residents.

In 1992, First Interstate-California established a centralized Small Business Loan Center to provide small businesses with access to a variety of credit products and loan programs. First Interstate-California also participates in loan programs sponsored by the SBA, and made loans totalling approximately $8.8 million under the SBA section 504 program in 1991. In 1991, the bank also extended loans totalling approximately $1 million in a special SBA program designed to finance the export of products by California businesses.

First Interstate-California also offers a F.I.R.S.T. consumer loan program to help low-income individuals qualify for personal loans, auto loans and other consumer loans. Loans made under this program offer special underwriting features for individuals who might not otherwise meet the bank's credit standards. This program is frequently advertised in publications targeted at minority communities.

Community Development Activities. Bank personnel monitor community development and redevelop-

13. These programs offer reduced closing costs and higher debt/income ratio requirements.

ment programs through contacts with a variety of business, non-profit and government organizations. For example, the bank is an active participant in the California Community Reinvestment Corporation, having committed $7 million to this non-profit corporation established to provide permanent financing for low- to moderate-income housing developments. The bank has also offered to fund term loans granted to small businesses by the Valley Small Business Development Corporation; to purchase participations in small-business loans from the Southeast Economic Development Corporation revolving loan fund; and to commit funds to the Pasadena Development Corporation loan fund to be used primarily to assist women- and minority-owned small businesses. Finally, the bank is leading a multi-bank consortium in the establishment of a community development corporation to serve South Central Los Angeles.[14]

Distribution of Loans/Branch Offices. Examiners in First Interstate-California's most recent CRA performance examination concluded that the bank had demonstrated that the geographic distribution of its credit extensions, applications, and denials reflected a reasonable penetration in most segments of the delineated community, including low- and moderate-income areas, and that there were no indications that applications from low- to moderate-income neighborhoods were receiving adverse treatment because of the location of the property.[15] First Interstate-California's record of opening and closing offices and of providing for the service and convenience and needs of its communities was found to be adequate, and the bank has expanded service hours in response to customer surveys, and has added Spanish-speaking personnel in several branches.[16]

Other Aspects of CRA Performance. First Interstate-California ascertains credit needs in a variety of ways, including calling programs and meetings with civic and community groups. In addition, a CRA Task Force regularly reviews data compiled from semi-annual Community Reinvestment Act Questionnaires completed by branch managers. First Interstate-California's marketing programs are designed to ensure that all segments of the community, including low- and moderate-income areas, are informed of the bank's products and services. The bank has placed both deposit- and credit-related advertisements in a number of newspapers and periodicals serving minority communities throughout the state. First Interstate Mortgage Company ("FIMC"), a wholly owned subsidiary of First Interstate-California, has conducted home loan product promotions, and has held home-buyer workshops to promote its mortgage products. FIMC distributes its quarterly "Low-Income Borrower Letter," which advertises the banks special mortgage loan programs, to branch loan officers and local realtors.

C. HMDA Data and Steps to Improve Mortgage Lending

California Protestants allege that 1991 and 1992 data required to be filed under the HMDA show that First Interstate-California and Cal Rep Bank discriminate against borrowers located in low- and moderate-income and minority communities in California, especially in Bakersfield, and that 1991 HMDA data filed by First Interstate-California for seven other MSA's in California[17] show that the bank makes a higher percentage of HMDA-related loans in middle- and upper-income non-minority census tracts than low- and moderate-income and minority census tracts.[18]

14. First Interstate-California has also provided community development support to address problems caused by special circumstances. In this regard, the bank participated in the Small Business Disaster Assistance Program, committing to provide $30 million in interim financing to small business owners who were waiting for federal disaster relief in South Central Los Angeles in 1992. The bank waived all application and loan fees, and offered the loans at reduced rates for a 12-month term, with an additional 12-month renewal period if needed. First Interstate-California also granted a 90-day payment deferral on existing consumer loans, auto loans, credit cards, and lines of credit; increased credit lines with no credit review or application expense; and expedited new loans to existing and new customers.

15. Examiners noted that the bank's marketing program and outreach efforts did not cover eight Northern California counties where the bank had no branches but which had been included within its delineated community. First Interstate-California subsequently conformed its delineated community to include only those California counties in which the bank has at least one branch office.

16. The 1992 CRA Examination found that there is no pattern of systematically closing branch offices in low- to moderate-income neighborhoods, and that the bank's performance in opening and closing offices and providing for the service and convenience needs of its community is adequate.

17. The seven MSA's are Los Angeles, Riverside, Anaheim, Oakland, Sacramento, San Diego, and San Francisco.

18. One of the California Protestants alleges that 1991 and 1992 HMDA data for First Interstate's subsidiary banks operating in Seattle, Denver, Portland, Phoenix, Houston, and Las Vegas show a similar pattern of discriminatory mortgage lending. The Board has carefully reviewed these data in light of the most recent CRA performance examinations by the OCC, the primary federal regulator of each bank operating in these cities. In each examination, the OCC found no evidence of illegal discrimination or other practices that had the effect of discouraging credit applications. In the examinations of subsidiary banks operating in Seattle, Portland and Phoenix, the OCC concluded that the banks had a reasonable pattern of penetration for their lending activities. First Interstate's subsidiary banks operating in Denver and Las Vegas were noted as having a disproportionate distribution of mortgage loans in middle- and upper-income versus low- and moderate-income census tracts. However, the OCC concluded in both cases that the banks were aware of the disparities that existed in the geographic distribution of their mortgage loans, and had taken steps to improve their record of mortgage lending in low- and moderate-income areas. For example, the OCC noted that First Interstate Bank of Denver, N.A., established a residential mortgage

HMDA data filed in 1991, and preliminary data for 1992, show that, in some categories, First Interstate-California's performance met or exceeded the performance of its peers. In addition, the number of mortgage applications received from minorities by First Interstate-California in the Bakersfield MSA has increased by 71 percent from 1991 to 1992, and approval and denial rates for minorities were comparable to those for whites in 1992.[19] However, HMDA data for the Bakersfield MSA and the seven other MSA's in California identified by the California Protestant also indicate disparities in approvals and denials of loan applications according to racial and ethnic group and income status in California. Because all banks are obligated to adopt and implement lending practices that ensure not only safe and sound lending, but also 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 applicants in low- and moderate-income and minority communities. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination in making lending decisions.

First Interstate-California's 1992 CRA Examination found no evidence of any pattern or practice of discriminatory credit practices, or other practices designed to discourage credit applications.[20] In this regard, examiners noted that the bank continually assesses its lending activity for HMDA-reportable loans. Moreover, in addition to its overall $2 billion/ten year special funding initiative for low- and moderate-income communities, First Interstate-California has undertaken other steps specifically designed to reduce disparities in its loan denial rates. For example, every recommended denial of a mortgage loan application from a minority applicant receives a second review to ensure that the recommendation is appropriate. In addition to checking and confirming the reasons for loan denials, senior bank officers determine if the rejected loan applicant can meet the lending criteria of one of the bank's special mortgage programs. The bank also operates a "mystery shopper" program to test how customers are treated in the mortgage-application process in an effort to detect any improper discrimination occurring during that process.

In response to California Protestants' allegations regarding mortgage lending in Bakersfield, First Interstate-California notes that historically the bank has not emphasized home mortgage lending in this area, and has had no full-time mortgage loan officers in its three Bakersfield branches. In connection with this application, however, First Interstate has committed to initiate a number of steps to improve its mortgage lending in Bakersfield, as well as address the areas of weakness in mortgage lending identified in the FDIC's CRA examination of Cal Rep Bank.[21]

These steps include expanding the availability in all Bakersfield branches of its three mortgage-loan products designed to facilitate home ownership for low- and moderate-income individuals: the Down Payment Assistance Program, the Home Buyer's Assistance Program and the Community Advancement Program. In addition, First Interstate will allocate a portion of its $2 billion/10-year statewide loan commitment to low- and moderate-income communities to the former Cal Rep Bank branches. The bank's Community Development Department will monitor activity in Bakersfield monthly in 1994 to evaluate the results of its efforts to increase mortgage lending in this community.

First Interstate-California also will enhance its presence in the Bakersfield community by moving its district headquarters to Bakersfield. In addition, First Interstate will assign three mortgage loan officers to its Bakersfield branches to seek out home mortgage lending opportunities by, among other outreach efforts, contacting realtors and home builders. The loan officers will train former Cal Rep Bank personnel in

department in 1992, and actively promotes conventional mortgage financing as well as FHA- and VA-insured mortgage loans. First Interstate Bank of Nevada also originates FHA and VA mortgage loans, and participates in Nevada Housing Bond loan programs. Both banks have introduced Affordable Housing Programs, which offer mortgage loans with flexible underwriting criteria to individuals of low and moderate incomes, and both banks have introduced a home improvement program targeted at low- and moderate-income individuals.

19. Applications received by First Interstate-California from minorities in the eight California MSA's combined increased by 84 percent from 1991 to 1992.

20. Examiners noted some violations of the Board's Regulation C, which prescribes requirements for reporting housing-related data under the HMDA. Many of the errors involved the incorrect coding of loan amounts and loan purpose. While there were cases in which the race or gender of the loan applicant was not listed, subsequent analysis of the data revealed that a significant portion of those cases involved applications taken by telephone, which do not require recordation of race or gender information. First Interstate-California has taken steps to address the problems with its HMDA data, and the bank's progress in correcting errors in its HMDA reports will be closely monitored by the Federal Reserve Bank of San Francisco.

21. As a general matter, First Interstate maintains that the branches of Cal Rep Bank will benefit from First Interstate-California's greater resources, and access to the secondary market for conventional financing and special lending programs. In that regard, First Interstate-California has been approved by FannieMae to offer a downpayment assistance program to low- and moderate-income home buyers.

effective methods of marketing credit products to all segments of the banking community.[22] First Interstate-California will continue to advertise the availability of its special loan programs in newspapers targeted to the Bakersfield market, and has committed to aggressively market these programs to low- and moderate-income and minority communities in Bakersfield.[23] In addition, the bank intends to conduct approximately 20 homebuyer workshops in Bakersfield during the first year after the merger to educate first-time homebuyers in budgeting and other financial matters, and will initiate a community forum with key individuals in the Bakersfield community to introduce the bank's programs and determine methods of best addressing community needs.

D. CRA Record of Performance of First Interstate-Texas

Texas Protestants have alleged that First Interstate-Texas has failed to comply with the spirit and requirements of laws and regulations designed to prevent discrimination, and has generally failed to meet the credit needs of low-income, African–American communities in certain urban areas in Texas. These comments have been carefully considered by the Board in light of all facts of record, including First Interstate-Texas' most recent examination for CRA performance by its primary regulator, the OCC.

First Interstate-Texas received a "satisfactory" rating from the OCC as of July 30, 1993. In this examination, the OCC found no evidence of illegal discrimination or other practices designed to discourage credit. In addition, the OCC concurrently conducted a fair lending examination of the bank. This examination included a review of approximately 74 percent of conventional, purchase-money mortgage applications and 80 percent of government-guaranteed mortgage applications received in a 12-month period and geographically dispersed throughout the bank's various communities. The OCC found no evidence of discrimination or other illegal credit practices.[24]

First Interstate-Texas offers a variety of credit products and services designed to meet the credit needs of low- and moderate-income and minority neighborhoods within its delineated communities. In this regard, the bank developed the First Advantage Loan Program, which offers credit products to individuals with incomes equal to or less than the median income for the county in which they reside. The program offers flexible underwriting criteria, such as higher debt/income ratios and the consideration of alternative income sources. Loans made under this program include home mortgage loans with up to 95 percent financing and additional financing available to cover downpayments and closing costs, home improvement loans, unsecured personal loans, and new or used automobile loans with favorable financing terms. The bank participates in the Houston Housing Partnership with other financial institutions and government housing entities.[25] The bank also extended home mortgage loans to qualified low- and moderate-income borrowers through the Community Homebuyer Program.[26]

In its most recent CRA examination of First Interstate-Texas, the OCC indicated that the bank has implemented marketing programs that reach all segments of its delineated communities, and are designed to meet the diverse credit needs of those communities. The bank frequently uses direct mail as a method to advertise and market its products to specific groups and individuals, including those in low- and moderate-income neighborhoods.

First Interstate-Texas offers various loans for small businesses, including credit for seasonal inventory, working capital, long-term fixed assets, and business expansion. Through June 30, 1993, the bank approved over 5,574 small business loans totaling approximately $252 million.[27] The bank addresses identified needs for small business lending through 13 Business Banking Units located in different regions of Texas. The bank

22. The FDIC examiners noted that Cal Rep Bank experienced a low penetration of loans in low- and moderate-income and minority neighborhoods due to a lack of marketing and outreach to these neighborhoods, including neighborhoods in the southeast section of downtown Bakersfield.

23. First Interstate-California has already begun to advertise its special loan products in newspapers targeted to the Bakersfield minority communities.

24. Although examiners noted that First Interstate-Texas had a low penetration of mortgage loans in low-income neighborhoods, the OCC found that management had taken a variety of steps to address the credit needs of these neighborhoods through assessment, product development (such as the First Advantage Loan Program), and targeted advertisements. In addition, examiners found that the bank is involved in the construction financing of housing units in low- and moderate-income neighborhoods through loan commitments to the Local Initiatives Support Corporation and the Dallas Affordable Housing Partnership.

25. Mortgage loans offered through this partnership are made only to residents of the City of Houston/Harris County who have incomes equal to less than 80 percent of the Harris County median, and who are willing to attend homebuyer counseling and education seminars. In 1992, First Interstate-Texas funded 29 mortgage loans totaling approximately $1.1 million through programs sponsored by this partnership, and the bank funded 20 loans totaling approximately $927,000 through the first six months of 1993.

26. Mortgage loans made under this program offer flexible underwriting criteria including high loan-to-value ratios and higher than usual debt/income ratios.

27. The Board has received comments from two individuals relating to loan transactions at First Interstate-Texas. In light of the facts of record, including relevant reports of examination for this bank, the Board believes that these individual complaints do not warrant denial of these applications. These complaints have been referred to the OCC, the bank's primary regulator, for consideration.

has received SBA Certified Lender status for the Houston region, and anticipates receiving Certified Lender status for central Texas and Dallas/Fort Worth by late 1994.

The bank has regular contact with a wide variety of individuals, groups and community organizations to ascertain community credit needs, and the board of directors has established formal processes to guide these ascertainment efforts.[28] The bank has a Community Affairs Officer in Houston who is the primary contact for community groups and is responsible for state-wide ascertainment efforts. In addition, the bank has a formal officer call program, pursuant to which bank personnel conducted almost 500 credit needs assessment calls in 1992. The OCC found that during 1992, bank management had contacted and met with a significant number of groups representing community and governmental organizations.[29] Furthermore, First Interstate-Texas is working with eight other institutions, the City of Dallas and private developers to target neighborhoods for redevelopment funds and mortgage products in an effort to increase the amount of affordable housing for low-income residents in the Dallas area.[30]

Conclusion Regarding Convenience and Needs Factors

In considering the overall CRA performance records of First Interstate and Cal Rep Bancorp, the Board has carefully considered the entire record, including the public comments in this case. Based on a review of the entire record of performance, including Protestant's comments, First Interstate's response to those comments, and relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA performance records of First Interstate, Cal Rep Bancorp and their subsidiary banks, are consistent with approval of these applications.[31] The Board recognizes, however, that there are areas of weakness in the CRA performance of First Interstate in this case. As discussed in this Order, First Interstate has initiated programs and has proposed specific steps to address deficiencies in mortgage lending to low- and moderate-income and minority neighborhoods, especially in Bakersfield. The Board believes that these initiatives, when viewed in the context of the satisfactory performance ratings for First Interstate's subsidiary banks, on balance, support approval of these applications.

The Board expects First Interstate to implement fully its CRA initiatives and to continue to improve its CRA performance, including its housing-related lending. The Board will continue to monitor implementation of First Interstate's CRA program in the branches of Cal Rep Bank being acquired under this proposal, and take this review into account in future applications to establish a depository facility. In this regard, the Board requires as a condition that First Interstate submit to the Federal Reserve Bank of San Francisco, within six months of consummation of the acquisition of Cal Rep Bank and semiannually thereafter, as well as when requested by Board staff in connection with future expansion applications by First Interstate, a report on the progress of First Interstate-California in identifying and meeting the credit and banking needs of minority and low- and moderate-income communities in Bakersfield.

28. Bank provides technical as well as financial assistance to local organizations serving low- and moderate-income neighborhoods in Texas. In addition, data provided by First Interstate-Texas indicates that the bank has approximately $39.7 million in total outstanding loans in communities identified by the Texas Protestants as being excluded from the bank's lending area. For example, the bank indicates that it has over $17.2 million of loans outstanding in the Como/Stop Six community; over $12.9 million of loans outstanding in the Bear Creek community; over $4.5 million of loans outstanding in the Southeast Oak Cliff community; and over $3 million of loans outstanding in the South Dallas/Fair Park community.

29. The OCC found that in 1992, the bank's contacts with local governmental entities comprised approximately 25 percent of the bank's outreach efforts; contacts with religious and minority groups comprised 35 percent; and contacts with civic and neighborhood coalitions comprised 30 percent.

30. The Texas Protestant has asserted that First Interstate-Texas has not appointed African-Americans to positions of senior management. In this regard, the Board notes that because First Interstate-Texas employs more than 50 people and acts as an agent to sell or redeem U.S. savings bonds and notes, it is required by Treasury Department and Department of Labor regulations to:

(1) file annual reports with the Equal Employment Opportunity Commission; and

(2) Have in place a written affirmative action program which states its intentions, efforts, and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

31. Several Protestants have requested the Board hold a public meeting or hearing on these applications. The Board is not required under section 3(b) of the BHC Act to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the California Superintendent of Banks has not recommended denial of 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 this request. In the Board's view, the Protestants have had sufficient opportunity to present written submissions, and have, in fact, submitted written comments that have been considered by the Board. Therefore, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, and is not otherwise warranted in this case. Accordingly, the request for a public hearing or meeting on these applications is denied.

Other Considerations

The financial and managerial resources and future prospects of First Interstate, Cal Rep Bancorp, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act and under the Bank Merger Act, are consistent with approval of this proposal. In addition, the Board finds that the factors it is required to consider under the Federal Reserve Act are also consistent with approval.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance with all of the commitments made by First Interstate in connection with these applications and with the conditions referred to in this Order. This approval is further subject to First Interstate obtaining the California Superintendent of Banks' approval for the proposed transaction under applicable state law. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of Cal Rep Bancorp and Cal Rep Bank 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 San Francisco acting pursuant to delegated authority.

By order of the Board of Governors, effective November 9, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governor Lindsey

I dissent from the Board's action in this case because I believe that the weight of evidence of performance under the Community Reinvestment Act ("CRA") by First Interstate Bank of California and California Republic Bank is insufficient to warrant approval of these applications. In my view, both banks have deficient records of performance in mortgage lending and in community outreach efforts to low- and moderate-income and minority neighborhoods, especially in Bakersfield, California. For example, 1992 HMDA data indicates that First Interstate Bank of California has made only four mortgage loans representing $174,000 in the aggregate to African-Americans in Bakersfield. First Interstate has not provided sufficient evidence of other types of CRA-related lending activities, such as a strong record of lending to small businesses located in minority or low- and moderate-income areas, to balance this poor mortgage lending record.

I recognize that First Interstate's subsidiary banks all have satisfactory or better CRA performance ratings from their primary federal regulators, and that First Interstate has committed to initiate certain new programs to improve its lending performance. In light of the deficiencies in First Interstate's mortgage lending, however, I would require more information on First Interstate's record of making other types of loans, including consumer and small business loans, to help meet the credit needs in low- and moderate-income and minority neighborhoods, and a more detailed plan for addressing its weaknesses in mortgage lending in Bakersfield and other areas of the state. Without this information, I do not believe that the current record is complete enough to permit me to vote for approval.

November 9, 1993

Shawmut National Corporation
Hartford, Connecticut, and
Boston, Massachusetts

Shawmut New Hampshire Corporation
Manchester, New Hampshire

Order Disapproving Acquisition of a Bank and Formation of a Bank Holding Company

Shawmut National Corporation, Hartford, Connecticut, and Boston, Massachusetts ("Shawmut"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of New Dartmouth Bank, Manchester, New Hampshire ("New Dartmouth"), a state-chartered guaranty savings bank.[1] As

1. Shawmut New Hampshire Corporation, Manchester, New Hampshire ("Shawmut New Hampshire"), a wholly owned subsidiary of Shawmut, also has applied under section 3 of the BHC Act to become a bank holding company by acquiring all of the voting shares of Shawmut Bank New Hampshire, Concord, New Hampshire, a *de novo* bank which will be merged with New Dartmouth. The merger of Shawmut Bank New Hampshire with New Dartmouth is subject to approval by the Federal Deposit Insurance Corporation under the Bank Merger Act. 12 U.S.C. § 1828(c).

part of these applications, Shawmut also has applied for Board approval under section 3 of the BHC Act to acquire an option to purchase up to 14.9 percent of the voting shares of New Dartmouth which would terminate upon consummation of the proposed acquisition.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 33,940 (1993)). The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Section 3 of the BHC Act prohibits, except with the prior approval of the Board, any action to be taken that causes any bank holding company to acquire more than 5 percent of the voting shares of any bank or any company to become a bank holding company. After carefully considering all the facts of record with respect to the factors set forth in the BHC Act, a majority of the Board members present at a meeting did not vote to approve these proposals and, therefore, the applications are not approved.

In this regard, three members of the Board voted to approve the proposal on the basis of Shawmut's record in addressing issues raised under the BHC Act factors, including considerations relating to managerial, financial and the convenience and needs factors, while three members of the Board voted against the proposal on the basis of a number of concerns raised by the mortgage lending operations of Shawmut, including a belief that the current record was not sufficient to permit a favorable determination of the effectiveness or adequacy of steps recently taken by Shawmut to address concerns regarding its compliance with the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act. Statements explaining the reasons for these views of the Board members will be released at a later date.

Accordingly, a majority of the votes cast by Board members present and voting on these applications not having been cast for approval, the applications are therefore not approved. This action constitutes final action of the Board for purposes of sections 3 and 9 of the BHC Act.

By order of the Board of Governors, effective November 15, 1993.

Voting against approval of these applications: Chairman Greenspan, Vice Chairman Mullins, and Governor Lindsey. Voting to approve these applications: Governors Angell, Kelley, and Phillips. Abstaining from this action: Governor LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Statement of Chairman Greenspan, Vice Chairman Mullins and Governor Lindsey

We believe that the factors the Board is required to consider under section 3 of the Bank Holding Company Act ("BHC Act") in evaluating a bank acquisition proposal are not at this time consistent with approval of this proposal. Accordingly, we would deny these applications.

In December 1992, the Board made a referral to the Department of Justice regarding the lending practices of Shawmut Mortgage Company, a subsidiary of the applicant in this case, Shawmut National Corporation. Based on a study of home mortgage lending data conducted by the Federal Reserve Bank of Boston, the Board was concerned that Shawmut, through its mortgage company affiliate, may have engaged in discriminatory treatment of minorities in mortgage lending in Boston, Massachusetts, in violation of the Equal Credit Opportunity Act. This matter continues to be under investigation by the Department of Justice.

We believe that this matter is of the most serious concern, and that the Board cannot approve an application to acquire a bank under the BHC Act without strong evidence that the applicant in these circumstances has programs in place to ensure compliance with the Equal Credit Opportunity Act and has a demonstrated record that the programs are adequate and working well.

In this case, Shawmut has recently taken a number of steps designed to improve its record of lending to minorities and to address concerns that it may have engaged in discriminatory lending practices in the past. However, these steps are relatively new, and, in our view, have not been in place for a sufficient period of time to allow an adequate evaluation either of the effectiveness or sufficiency of these initiatives.

We are also concerned that inaccuracies in the HMDA data reported by Shawmut for the period 1990 through 1992, and the first six months of 1993 (prior to its correction through the examination process), as well as the structure of its mortgage lending operation indicate inattention by management of Shawmut to important legal requirements that apply to the organization. While Shawmut has either taken or agreed to take actions to address these matters, we believe that the need for these actions reflects adversely on the management factors in this case, and that the effectiveness of these actions has yet to be demonstrated.

For these reasons, we do not believe that the factors that the Board must consider in reviewing requests for Board approval under section 3 of the BHC Act are consistent with approval of this case. While we agree with the other Board members that competitive and financial factors are consistent with approval, we do not believe that these findings outweigh the other factors in this case. Accordingly, we would deny these applications.

November 19, 1993

Statement of Governor Angell, Governor Kelley and Governor Phillips

We would approve this proposal because the record shows that Shawmut has identified and implemented a number of steps that already have resulted in tangible improvements to increase its lending to minorities, reduce the racial disparity in denials of mortgage applications, and ensure that minority applicants are not subject to discriminatory treatment.

In this regard, Shawmut's initiatives include special programs as well as systemic reform. For example, Shawmut initiated at the beginning of this year a five-point mortgage loan program to attract mortgage applications from minorities and decrease its denial rate for minority applications. This program featured a commitment of $50 million in mortgages that offer more flexible underwriting criteria, including lower downpayment requirements, modifications to formulas for calculating income, and less restrictive underwriting ratios. In addition, Shawmut's mortgage subsidiary has committed $25 million towards a new mortgage program guaranteed by the Federal National Mortgage Association and targeted to low- and moderate-income homebuyers. Shawmut's initiatives also have included a number of other systemic reforms which we believe will help sustain Shawmut's progress in addressing the weaknesses in its mortgage lending record, including an expanded affirmative marketing program for targeted areas, financial incentives for employees originating loans under its special mortgage programs, enhanced employee training, loan counseling programs and independent monitoring of mortgage applications.

These steps already have resulted in significant improvement in Shawmut's mortgage lending activities. HMDA data filed for the first six months of 1993, and verified by Federal Reserve System examiners in connection with these applications, show a substantial increase in the number of loan applications received by Shawmut's mortgage subsidiary from African-Americans in the Boston MSA and the 23 MSA's in Shawmut's banking community, as well as an increase in the number of originations to African-Americans in these areas. Moreover, for the first six months of 1993, the denial rate for mortgage loan applications submitted to Shawmut's mortgage subsidiary was 16 percent for African-Americans and 11 percent for whites in the Boston MSA. This is a substantial improvement over 1990 data, which showed denial rates of 40 percent for African-Americans and 15 percent for whites in the Boston MSA.

The pending Department of Justice investigation of past lending practices of Shawmut's mortgage subsidiary and the inaccuracies in the HMDA data for the years 1990 through 1992 do raise serious concerns. However, we believe that Shawmut has made the necessary reforms to its management and programs to correct any problems in these areas and to prevent these problems from recurring, and that Shawmut has demonstrated the effectiveness of its initiatives through an improved lending record. We also note that no final determination has been reached regarding whether Shawmut has violated the Equal Credit Opportunity Act.

Governors Kelley and Phillips would have voted to require that Shawmut submit periodic reports showing its continued progress in order to assure that these programs are fully implemented and that Shawmut sustained its improvement in this area, and that the Board take extra care to monitor and oversee in the applications process Shawmut's compliance with its responsibilities for fair and equal access to credit in the communities it serves.

In this light, we believe that the factors under the Bank Holding Company Act, including the managerial and convenience and needs considerations, are consistent with approval.

November 19, 1993

Orders Issued Under Section 4 of the Bank Holding Company Act

Chemical Banking Corporation New York, New York

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

Chemical Banking Corporation, New York, New York ("Chemical"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage *de novo* through its wholly owned subsidiary, Chemical Securities Inc., New York, New York ("Company"), in underwriting and dealing in, to a limited extent, all types of equity securities, including, without limitation, common stock; preferred stock; American Depositary Receipts; options; limited partnership units; securities issued by closed-end investment companies, but not securities issued by open-end investment companies; and other direct and indirect equity ownership interests in corporations and other entities. Applicant proposes to conduct these activities worldwide.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 52,759 (1993)). 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.

Chemical, with total consolidated assets of $149.4 billion, operates bank subsidiaries in New York, New Jersey, Texas, and Delaware.[1] Chemical has received approval from the Federal Reserve System to engage directly and through subsidiaries in a broad range of permissible nonbanking activities, including underwriting and dealing in all types of debt securities on a limited basis.[2] Company also is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

The Board has determined that, subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed underwriting and dealing activities in bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[3] The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[4] 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, and the prudential limitations established by the Board in previous orders.[5]

The Board has reviewed the capitalization of Chemical and Company in accordance with the standards set forth in the Section 20 Orders, and finds the capitalization of each to be consistent with approval. With

1. Asset data are as of September 30, 1993.

2. *See Chemical Banking Corporation*, 79 *Federal Reserve Bulletin* 719 (1993). As used in this order, "bank-ineligible securities" refers to all types of debt and equity securities that a bank may not underwrite or deal in directly under section 20 of the Glass–Steagall Act (12 U.S.C. § 377).

3. *See Canadian Imperial Bank of Commerce*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert. denied*, 486 U.S. 1059 (1988) (collectively, "Section 20 Orders"). Applicant has committed to conduct the proposed underwriting and dealing activities using the same methods and procedures, and subject to the same prudential limitations as those established by the Board in the Section 20 Orders.

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

4. *See* Section 20 Orders. Compliance with the 10-percent revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the Order Approving Modifications to the Section 20 Orders, 75 *Federal Reserve Bulletin* 751 (1989), the Order Approving Modifications to the Section 20 Orders, 79 *Federal Reserve Bulletin* 226 (1993), and the Supplement to Order Approving Modifications to Section 20 Orders, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that Chemical has not adopted the Board's alternative indexed-revenue test to measure compliance with the 10-percent limitation on bank-ineligible securities activities, and, absent such election, will continue to employ the Board's original 10-percent revenue standard.

5. Company also proposes to act as a dealer-manager in connection with cash tender and exchange offer transactions. Dealer-managers generally act as agent for tender or exchange offerors in arranging or facilitating mergers, acquisitions, and other corporate transactions. All-cash tender offers do not, of themselves, involve the issuance, public sale, or distribution of securities. Accordingly, all revenues derived from Company acting as a dealer-manager in connection with such tender offers may be treated by Company as eligible revenues for purposes of determining compliance with the Board's 10-percent limitation on bank-ineligible securities activities.

However, exchange offers may entail the public sale or distribution of securities where the consideration to be paid for the securities to be acquired comprises, either in whole or in part, securities of the purchaser. *See Piper v. Chris-Craft Industries, Inc.*, 430 U.S. 1, 22 (1976); Federal Reserve System (In Re Bankers Trust and Louisiana Land Company), SEC No-Action Letter (May 18, 1984); 5 Loss & Seligman, *Securities Regulation* 2129 (1990). Accordingly, dealer-manager revenues derived from Company engaging in a securities underwriting, or revenues tied to a distribution of securities, must be treated as ineligible revenue for purposes of determining compliance with the Board's 10-percent limitation on bank-ineligible securities activities. Applicant has committed that Company will abide by all the section 20 firewalls when acting as a dealer-manager in connection with exchange offers (including partial cash tender/partial exchange offers), or when engaging in dealer-manager activities performed in connection with any underwriting or dealing activities.

respect to the capitalization of Company, approval of the requested activities is limited to a level consistent with the projections of position size and types of securities in the application.

The Federal Reserve Bank of New York has reviewed the operational and managerial infrastructure of Company, including its computer, audit, and accounting systems, and internal risk management procedures and controls. The Reserve Bank has determined that Company has established an adequate operational and managerial infrastructure for the underwriting and dealing of equity securities to ensure compliance with the requirements of the Section 20 Orders and this order. On the basis of the Reserve Bank's review and all the facts of record, the Board has determined that Company has in place the managerial and operational infrastructure and other policies and procedures necessary to comply with the requirements of the Section 20 Orders and this order. Accordingly, the Board concludes that the financial and managerial considerations are consistent with approval of this application.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Chemical can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board expects that the *de novo* entry of Applicant into the market for the proposed services in the United States would provide added convenience to Chemical's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Chemical could reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

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

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

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

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

By order of the Board of Governors, effective November 24, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Comerica Incorporated
Detroit, Michigan

Order Approving Application to Engage in Career Counseling Services

Comerica Incorporated, Detroit, Michigan ("Comerica"), 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 and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to engage in providing career counseling services to unaffiliated parties through its wholly owned subsidiary, ComeriCOMP, Detroit, Michigan ("ComeriCOMP").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 16,835 (1993)). 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.

Comerica, with approximately $27.5 billion in consolidated assets, controls subsidiary banks in California, Michigan, Ohio, Illinois, and Texas, and a savings association in Florida.[1] Comerica also engages directly and through subsidiaries in a broad range of permissible nonbanking activities.

Proposed Career Counseling Activities

ComeriCOMP currently provides career counseling services for Comerica and its affiliates, and this proposal seeks to expand the provision of these services to unaffiliated companies and individuals in a wide array of industries nationwide. Comerica proposes that these career counseling services would involve providing assistance for individuals who are employed and seek advancement in their careers, and individuals who are unemployed and seek new employment. ComeriCOMP would provide these services directly to companies and advise these companies on effective methods of providing career counseling services to their employees.[2]

These career counseling services include:

(1) Assessing an individual's education, prior business experience, salary history, interests, and skills for purposes of finding employment or evaluating opportunities for career development;

(2) Assisting in the preparation of resumes and cover letters;

(3) Contacting employers regarding employment opportunities and making this information available to clients;

(4) Conducting general workshops on the financial aspects of unemployment, current economic trends, the process of finding a job, and alternative career options; and

(5) Providing individual counseling on setting and obtaining employment goals.

In order to approve an application submitted pursuant to section 4(c)(8) of the BHC Act, the Board is required to determine that the proposed activity is "so closely related to banking as to be a proper incident thereto."[3] In this regard, the Board previously has not determined that providing career counseling services to unaffiliated parties is closely related to banking under section 4 of the BHC Act and permissible for bank holding companies.

A. Closely Related to Banking Analysis

Under the *National Courier* test, the Board may find that an activity is closely related to banking for purposes of section 4(c)(8) if the Board concludes that banks generally:

(1) Conduct the proposed activity;

(2) Provide services that are operationally or functionally so similar to the proposed activity as to equip them particularly well to provide the proposed services; or

(3) Provide services that are so integrally related to the proposed service as to require their provision in a specialized form.[4]

For analytical purposes, Comerica's proposal may be viewed in *four parts*:

(1) The provision of career counseling services for financial organizations (including banks, bank holding companies and their subsidiaries, thrift institutions, and thrift holding companies and their subsidiaries) and employees of financial organizations;

(2) The provision of these services for individuals who are unemployed or employed outside the banking industry and who seek employment at banks and other financial organizations;

(3) The provision of career counseling services for individuals seeking financial positions (such as chief financial officer, cash management positions, and accounting and auditing personnel) at any company; and

1. Asset data are as of June 30, 1993.

2. ComeriCOMP will advise unaffiliated organizations on the advantages of including career counseling services as part of a comprehensive employee benefits plan and assist these organizations in establishing their own facilities to implement career counseling services for their current or former employees. If an organization does not want to operate its own career counseling facility, ComeriCOMP would provide the proposed services directly to the organization's current or former employees at ComeriCOMP's Career Assistance Center.

3. 12 U.S.C. § 1843(c)(8).

4. *See National Courier Association v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975) ("*National Courier*"). The Board also may consider any other factor that an applicant may advance to demonstrate a reasonable or close connection or relationship to banking. 49 *Federal Register* 794, 806 (1984); *Securities Industry Ass'n v. Board of Governors*, 468 U.S. 207, 210–11, n.5 (1984).

(4) The provision of career counseling services generally for any individual seeking any type of employment at any type of company.

1. *Career Counseling for Financial Organizations, Employees of Financial Organizations, and Individuals Seeking Employment at Financial Organizations.* Comerica asserts that it has gained extensive experience in providing career counseling services to displaced employees in the banking industry in connection with internal reorganizations that have accompanied recent mergers and acquisitions by Comerica. Other banks and bank holding companies also provide career counseling services for their employees and former employees whose jobs are terminated following similar acquisitions and internal consolidation efforts. The type of expertise required by bank holding companies to provide career counseling services internally is operationally and functionally the same as that needed to offer career counseling for employees in other financial organizations. In addition, banks and bank holding companies have specialized knowledge about the qualifications of individuals they employ and about the employment needs of financial organizations. This knowledge equips bank holding companies to provide career counseling services for individuals at any financial organization and individuals seeking employment for the first time in any financial organization.

The Board believes that employment positions at financial organizations are largely financial in nature. These positions include specialized functions, such as tellers and loan officers, as well as investment advisors, foreign exchange traders, accounting and audit personnel, individuals employed in government and securities clearing operations, and similar positions that involve essentially financial responsibilities. The expertise that a bank holding company has acquired in providing career counseling for its own employees in these financial positions, and its ability to evaluate the qualifications of individuals seeking employment in these types of financial positions, would appear readily transferable to providing these same services for other financial organizations and individuals seeking employment at financial organizations.

Because banks generally engage in activities that are operationally and functionally similar to the proposed career counseling activities, the Board believes that the provision of career counseling services for financial organizations (including banks, bank holding companies, thrift institutions, thrift holding companies, and subsidiaries of any of these companies) and individuals currently employed by, recently displaced from, or seeking employment in financial organizations is closely related to banking under the *National Courier* standard.[5]

2. *Individuals In, or Seeking, Financial Positions at Non-Financial Companies.* The Board also believes that bank holding companies have the expertise required to provide career counseling services for individuals in, or seeking, financial positions at any company. Many companies employ financial officers, accounting personnel, cash management officers, and audit personnel with responsibilities and experience that is nearly identical to their counterparts at financial organizations. In addition, banks and bank holding companies often provide these financial services directly to non-financial companies.

As a consequence, evaluation of the experience and qualifications of employees in financial positions at non-financial companies, and of individuals seeking career opportunities in these financial positions, would appear to be within the expertise of bank holding companies. Based on this financial nexus, the Board believes that providing career counseling services for individuals in, or seeking employment in, these types of financial positions, even at non-financial companies, is an activity that is closely related to banking.

3. *Providing Career Counseling Services Generally.* Comerica also seeks to provide career counseling services for companies and individuals in areas unrelated to the banking industry or financial positions. Comerica argues that providing career counseling services for individuals in any occupation is operationally and functionally equivalent to providing career counseling services for Comerica's own employees. Comerica points out that the career counseling offices of banks and bank holding companies often place employees in non-financial jobs in non-financial companies. Comerica also argues that financial organizations employ a significant number of individuals with skills identical to those of employees in commercial companies, such as secretaries, lawyers, and security guards, and Comerica contends that little distinction can be drawn between providing career counseling services to these individuals whether employed by a financial organization or by a commercial company.

Moreover, Comerica argues that career counseling services are operationally and functionally equivalent to employee benefits consulting activities, which the

5. Financial organizations also employ individuals in nonfinancial positions, such as secretaries, janitors, security guards, and lawyers. These nonfinancial positions typically represent a relatively small percentage of the work force at financial organizations. In this regard, the Board believes that providing career counseling services for these employees of financial organizations or individuals seeking these positions at financial organizations is a necessary part of providing career counseling services for financial organizations generally, and, on this basis, is incidental to providing career counseling services for financial organizations.

Board has authorized bank holding companies to provide. Comerica points out that the Board permits bank holding companies to provide employee benefits consulting services to any company,[6] and argues by analogy that the Board should similarly permit bank holding companies to provide career counseling services on behalf of any company to any individual.[7]

In considering whether a proposed activity meets the *National Courier* standard, the Board has focused on the relationship of the proposed activity to banking, finance, and financial matters as establishing the logical parameters for expanding the activity.[8] In some areas, such as the provision of data processing and courier services, the Board has concluded that an activity meets the *National Courier* standard only when the activity is restricted to banking or financial matters or data.[9] In other areas, the Board has limited the types of companies to which bank holding companies may provide a particular service. For example, a bank holding company may provide management consulting advice only to (non-affiliated) bank and nonbank depository institutions, such as commercial banks, savings and loan associations, mutual savings banks, and credit unions.[10]

The Board has permitted bank holding companies to provide nonbanking activities to an unlimited range of customers only when the Board has found that the activity is itself financial in nature (*e.g.*, lending, leasing, investment advisory services, employee benefits consulting, and trust company functions). In these cases there was no need to limit the scope of the activity, or the potential clients, because the activity itself had a close connection to banking.[11]

The Board does not believe that the record assembled at this time supports a finding that career counseling services, provided generally, is an activity that is closely related to banking. Banks and bank holding companies do not appear particularly well equipped to provide career counseling services, for example, for scientists, manufacturing personnel, engineering personnel, medical personnel, or other skilled or unskilled personnel with no connection to banking or finance.

4. *Conclusion.* For these reasons, and based on all the facts of record, the Board believes that career counseling services are closely related to banking under the *National Courier* standard when provided for:

(1) Financial organizations and individuals currently employed by, or recently displaced from, a financial organization;

(2) Individuals who seek employment at a financial organization; and

(3) Individuals who are currently employed in, or who seek, financially related positions at any company.[12] The record at this time does not support a finding that career counseling services are otherwise closely related to banking.[13]

B. Proper Incident to Banking Analysis

In determining whether an activity is a proper incident to banking, the Board must consider whether the

6. *See Norstar Bancorp* (Smith, Everett & Associates), 72 *Federal Reserve Bulletin* 729 (1986); *Norstar Bancorp* (Altman and Brown, Inc.), 71 *Federal Reserve Bulletin* 656 (1985). Employee benefits consulting services include providing consulting services to financial and non-financial customers relating to executive compensation, defined benefits and contributions, retirement, health care, disability income, life insurance and "cafeteria plans" which allow employees to allocate a certain percentage of the employee's compensation among such benefits as the employee may select.

7. Comerica also suggests that career counseling services unrelated to the banking industry may be considered "incidental" to such activities in the banking industry. Under Regulation Y and judicial decisions construing the phrase "incidental activities," an activity must be necessary to the provision of a closely-related activity in order to be considered incidental. 12 C.F.R. 225.21(a)(2); *National Courier* at 1240–41. The record does not support a finding that Comerica would be unable to offer career counseling services relating only to the banking industry.

8. *See e.g., AmeriTrust Corporation*, 72 *Federal Reserve Bulletin* 794 (1986) (Order approving an application to engage in printing checks and related documents).

9. A bank holding company may only provide data processing and data transmission services if the data to be processed or furnished is financial, banking or economic. *See* 12 C.F.R. 225.25(b)(7). Permissible courier services are limited to the transportation of materials used in the regular course of business by banks and bank-related firms, and the transportation of financially related economic data. *See* 12 C.F.R. 225.25(b)(10).

10. *See* 12 C.F.R. 225.25(b)(11).

11. The Board determined that providing employee benefits consulting is primarily "the provision of financial information." While career counseling includes providing advice to individuals about employee benefits and may be offered as part of an employee benefits package, the actual operation of a career counseling office requires different expertise than employee benefits consulting and arguably involves providing primarily personnel and job opportunity information, rather than financial or statistical information.

12. "Financially related" positions include a company's chief financial officer, and employees in the company's finance, accounting, and audit departments.

13. In the course of providing career counseling for an individual within one of the three proposed categories, Comerica may, on a limited basis, provide career counseling services regarding positions outside of these categories as "incidental" to the proposed career counseling services. For example, in the course of counseling bank employees on opportunities outside the banking industry, Comerica will accumulate information about positions at nonfinancial companies. Comerica may share this information with individuals who seek counseling from Comerica regarding opportunities at financial organizations. As noted above, the Board and the courts have found that an activity is "incidental" to an approved activity if the incidental activity is necessary to the approved activity. In this situation, the provision of counseling services regarding employment at nonfinancial institutions on a limited basis may be viewed as a necessary part of providing counseling for the individual regarding employment in financial institutions. However, Comerica is not permitted to hold itself out as a provider of general career counseling services for individuals seeking career opportunities outside the banking industry or financial careers.

activity "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, or unsound practices."[14] In this regard, Comerica will provide the proposed career counseling services on a fee basis with no guarantees of employment. There is no evidence in the record of this case to indicate that the proposed activity would lead to any undue concentration of resources, unsound banking practices, or other adverse effects. In addition, the record indicates that Comerica's *de novo* entry into this market would enhance competition and provide greater convenience and increased efficiencies.

For these reasons, the Board believes that Comerica's provision of career counseling services, as described above, is not likely to result in significantly adverse effects that would outweigh the public benefits of Comerica's proposal. The financial and managerial resources of Comerica and ComeriCOMP also are consistent with approval.

Approval of this proposal is specifically conditioned upon compliance with all commitments made in connection with this application. 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. For purposes of this action, these commitments and conditions are both considered conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law. These activities shall not be commenced 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 November 8, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. 12 U.S.C. § 1843(c)(8).

First Alabama Bancshares, Inc.
Birmingham, Alabama

Order Approving Applications to Acquire a Savings Association and Merge Certain Branches into a Subsidiary Bank

First Alabama Bancshares, Inc., Birmingham, Alabama ("First Alabama"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire indirectly Secor Bank, F.S.B., Birmingham, Alabama ("Secor"), a federally chartered savings bank that operates branches in Alabama, Florida, and Louisiana. First Alabama also has requested Board approval for its subsidiary bank, First Alabama Bank, Birmingham, Alabama ("Bank"), to acquire certain assets and assume certain liabilities of Secor pursuant to section 5(d)(3) of the Federal Deposit Insurance Act, 12 U.S.C. § 1815(d)(3)(A)(ii) (the "FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388 (1991).[1] 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), in its evaluation of applications under section 5(d)(3) of the FDI Act.[2]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 46,972 (1993)). As required by the Bank Merger Act, reports on the competitive effects of the mergers were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance

1. First Alabama has proposed a two-step transaction to acquire Secor. First Alabama will charter a second-tier holding company and interim thrift subsidiary ("Interim Thrift") of the second-tier holding company. Interim Thrift and Secor will merge, with Secor surviving the merger. Bank will then acquire the assets and assume the liabilities of Secor's Alabama branches, with the exception of Secor's branch in Cherokee County. Bank's acquisition of the Alabama assets and liabilities of Secor is subject to approval by the Federal Deposit Insurance Corporation ("FDIC") under section 5(d)(3) of the FDI Act as well as the Bank Merger Act. 12 U.S.C. §§ 1815(d)(3)(A)(i).

Secor's branches in Florida and Louisiana will operate as a thrift subsidiary of First Alabama. In this regard, the Board has previously determined that neither the BHC Act nor the Board's regulations prohibit a bank holding company from owning a thrift institution that operates interstate branches pursuant to applicable laws, including regulations issued by the Office of Thrift Supervision. *National Commerce Bancorporation*, 79 *Federal Reserve Bulletin* 890 (1993).

2. These factors include considerations relating to the effects of the proposal on competition, the 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).

Corporation. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act and in the Bank Merger Act.

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[3] The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y. First Alabama has committed to conform all activities of Secor to these requirements.[4]

First Alabama, with consolidated assets of approximately $8.1 billion, controls five subsidiary banks in Alabama, Florida, Georgia, and Tennessee.[5] Secor operates branches in Alabama, Florida, and Louisiana. Upon consummation of the transaction, First Alabama would become the largest commercial banking organization in Alabama, controlling deposits of approximately $6.5 billion, representing approximately 18.4 percent of the deposits in commercial banks in the state.[6]

Competitive Considerations

Under section 4(c)(8) of the BHC Act and under the Bank Merger Act, the Board is required to consider the competitive effects of this transaction. In this regard, First Alabama and Secor compete directly in the following banking markets in Alabama: Birmingham Area, Cherokee County, Dallas County, Huntsville Area, Mobile Area, Montgomery MSA, and Tuscaloosa County. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets in light of all the facts of record, including the characteristics of these markets, the increase in the concentration of total deposits in depository institutions[7] in these markets ("market deposits") as measured by the Herfindahl–Hirschman Index ("HHI"),[8] and certain commitments made by First Alabama.

In the Cherokee County banking market,[9] First Alabama would become the largest depository institution upon consummation of this proposal, controlling deposits of $68.1 million, representing approximately 52 percent of total market deposits. The HHI would increase 832 points to 3857. Moveover, the record in this case indicates that consummation of this proposal would eliminate one of only four financial institutions that currently compete in this highly concentrated market, and that this rural banking market does not appear to be particularly attractive for entry.

In order to mitigate the adverse competitive effects that would otherwise result from consummation of this proposal, First Alabama has committed to divest Secor's only branch in the Cherokee County banking market, with deposits of approximately $19.3 million, to a buyer that does not currently operate in this market.[10] The divestiture of this branch of Secor to an organization not currently operating in this market would preserve the number of depository institutions that compete in this market. Based on all the facts of record, including the commitments made by First Alabama,[11] the Board concludes that consummation of

3. *See* 12 C.F.R. 225.25(b)(9).

4. Secor engages through subsidiaries in insurance agency activities and real estate activities that would not be permissible for a bank holding company under the BHC Act. First Alabama has committed to terminate all impermissible insurance and real estate activities within two years of consummation of the proposal. During this two-year period, First Alabama has also committed to limit Secor's insurance activities to renewals of existing policies and not to begin or enter into any new real estate activities or projects.

5. Asset data are as of June 30, 1993.

6. State deposit data are as of June 30, 1993; market deposit data are as of June 30, 1992.

7. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Secor's Alabama branches would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

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

9. The Cherokee County banking market is approximated by Cherokee County, Alabama.

10. The record in this case indicates that the sale of this branch to either of the other two depository institutions currently operating in the Cherokee County banking market would significantly exceed the Department of Justice Merger Guidelines.

11. First Alabama has committed to submit to the Board, prior to consummation of its acquisition of Secor, a binding contract acceptable to the Board for the sale of this branch. First Alabama also has committed that if it does not execute such a contract before consummation, First Alabama will transfer this branch to an independent trustee upon consummation, who will be authorized to supervise the operations of this thrift branch and instructed to promptly find a suitable buyer. First Alabama also has committed to submit to the Board, prior to consummation of the acquisition, an executed trust

this proposal would not result in significantly adverse effects on competition in the Cherokee County Banking market.

In the Tuscaloosa County banking market,[12] First Alabama would become the largest depository institution, controlling deposits of $458.9 million, representing approximately 38.2 percent of market deposits. The HHI would increase by 428 points to 2595. However, a number of factors indicate that the increase in concentration levels in the Tuscaloosa County banking market as measured by the HHI tends to overstate the competitive effects of this proposal. For example, upon consummation of this proposal, ten depository institutions would remain in the market, including five commercial bank subsidiaries of multi-state bank holding companies that each have total assets exceeding $5 billion. In addition, credit unions actively compete in the market.[13] The Tuscaloosa County banking market also has a number of features that make it attractive for entry, including population growth, deposit growth, and the level of population per banking office.[14]

In addition, the legal barriers to entry for the market are low. Alabama permits statewide branching, and is part of the Southeast Regional Banking Pact,[15] which allows bank holding companies in other Southeast Regional Pact states to acquire banks in Alabama. Two banking organizations have entered the market by acquisition since 1992 and two have entered the market *de novo* since 1988. The HHI for commercial banks in the Tuscaloosa County banking market has decreased by 186 points since June 30, 1989. In light of all the facts of record, including the characteristics of this market, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition in the Tuscaloosa County banking market.

In the Birmingham Area, Dallas County, Huntsville Area, Mobile Area, and Montgomery MSA banking markets, consummation would result in slight increases in the concentration of market deposits that do not exceed the Department of Justice's merger guidelines. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition in any of these banking markets.

In light of the relatively small increases in concentration, the competition offered by other depository institutions, certain market characteristics, the proposed divestiture, and all of the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any of the relevant banking markets in which First Alabama and Secor compete.

Other Considerations

The other factors the Board must consider under the Bank Merger Act, including the financial and managerial resources and future prospects of First Alabama and Secor and their subsidiaries, and the convenience and needs of the communities to be served, also are consistent with approval of this proposal.

The Board has also reviewed the factors relevant under section 4(c)(8) of the BHC Act. The record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not likely to be outweighed by the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

The Board also has considered the specific factors it must review under section 5(d)(3) of the FDI Act, and the record in this case reflects 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) First Alabama and Bank currently meet and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) Because Bank is located in Alabama and is acquiring certain assets and assuming certain liabilities of the branches of Secor located in Alabama,

agreement acceptable to the Board stating the terms of this divestiture. The Board's action on these applications is expressly conditioned upon compliance with these commitments.

12. The Tuscaloosa County banking market is approximated by Tuscaloosa County and the city of Moundville in Hale County, Alabama.

13. Credit unions in the Tuscaloosa County market control approximately 16.8 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. The membership requirements for the five largest credit unions in the market are liberal, and credit unions serve approximately 39 percent of Tuscaloosa County's population.

14. Tuscaloosa County's population increase between 1980 and 1990 (9.5 percent), deposit growth between June 1989 and June 1992 (18.9 percent), and total population per banking office all exceed the average for MSA markets in Alabama. Strong growth in the Tuscaloosa County banking market is expected to continue in part due to an estimated 13,000 jobs to be created by a new automobile plant to be built by Mercedes-Benz AG in the vicinity.

15. The Alabama Regional Reciprocal Banking Act of 1986 defines the "region" to include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia. Ala. Code § 5-13A-2(10) (Supp. 1987).

the proposed transaction would comply with the Douglas Amendment if the Alabama branches of Secor were a state bank that First Alabama was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval of this proposal is specifically conditioned on compliance by First Alabama with the commitments made in connection with its applications, as supplemented, including compliance with First Alabama's commitments relating to its divestiture of Secor's Cherokee County branch. In addition, the Board's approval is conditioned upon First Alabama's submitting to the Board before consummation of the acquisition of Secor all required agreements, including an executed trust agreement, necessary to complete an effective divestiture under the BHC Act. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such, may be enforced in proceedings under applicable law. This approval is also conditioned upon First Alabama's receiving all necessary federal and state approvals, and Bank's receiving the requisite approval of its primary federal regulator under the Bank Merger Act.

The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3), 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 and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

The transaction pursuant to section 5(d)(3) of the FDI Act shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither transaction shall 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 22, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

The Colonial BancGroup, Inc.
Montgomery, Alabama

Order Approving Applications to Acquire a Bank and a Savings Association

The Colonial BancGroup, Inc., Montgomery, Alabama ("BancGroup"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Colonial Bank of Tennessee, Ardmore, Tennessee ("Colonial-Tennessee"). BancGroup also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire by merger First AmFed Corporation, Huntsville, Alabama ("First AmFed"), a savings and loan holding company, and thereby indirectly acquire First AmFed's wholly owned subsidiary savings association, First American Federal Savings and Loan Association, Huntsville, Alabama ("Association").

In addition, BancGroup has applied for Colonial-Tennessee to acquire the Tennessee assets and assume the Tennessee liabilities of the Association pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3)) ("FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub L. No. 102-242, § 501, 105 Stat. 2236, 2388 (1991) ("FDICIA"). BancGroup also has applied under section 5(d)(3) of the FDI Act, as amended by FDICIA, for its wholly owned state nonmember subsidiary bank, Colonial Bank, Montgomery, Alabama ("Colonial Bank"), to acquire by merger the remaining assets and assume the remaining liabilities of the Association.[1] Section 5(d)(3) of the FDI Act requires the Board to review the transfer of such assets and liabilities to a bank holding company's subsidiary bank that is a Bank Insurance Fund member, and in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c)) ("the Bank Merger Act"). 12 U.S.C. § 1815(d)(3)(E).[2]

1. The acquisition and assumption of assets and liabilities of the Association is also subject to review under the FDI Act and the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), which is the primary banking regulator for Colonial-Tennessee and Colonial Bank. 12 U.S.C. § 1828(c).

2. 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).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 48,066 and 48,523 (1993)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, the FDIC, and the Office of Thrift Supervision. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act, the Bank Merger Act, and section 5(d)(3) of the FDI Act.

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[3] In making this determination, the Board has required that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act. BancGroup has committed that it will not, as a result of this transaction, engage in any activities not permitted for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y.[4]

BancGroup is the fifth largest commercial banking organization in Alabama, controlling deposits of approximately $1.5 billion, representing 4.5 percent of total deposits in commercial banking organizations in the state.[5] First AmFed controls deposits of $288.8 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of the proposed transaction, BancGroup would remain the fifth largest commercial banking organization in Alabama, controlling deposits of approximately $1.8 billion, representing approximately 5 percent of the total deposits in commercial banking organizations in the state. In addition, BancGroup would acquire $97.1 million in Tennessee deposits, making it the 50th largest bank holding company in that state.

Section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state, unless such acquisition is "specifically authorized by statute laws of the state in which [the] bank is located, by language to that effect and not merely by implication." The Board previously has concluded that the laws of Tennessee expressly authorize the acquisition of Tennessee banks by Alabama bank holding companies.[6]

BancGroup and First AmFed compete in the Huntsville Area banking market and the Jackson County banking market in Alabama.[7] Upon consummation of this proposal, BancGroup would become the third largest depository institution in the Huntsville Area banking market, controlling $437.8 million in deposits in depository institutions in the market ("market deposits"), representing approximately 18.3 percent of market deposits.[8] BancGroup would also become the third largest depository institution in the Jackson County banking market, controlling $63.4 million in deposits, representing approximately 17.4 percent of market deposits. Both markets would remain moderately concentrated under the Department of Justice's Merger Guidelines.[9] Based on all the facts of record in this case, including the resulting market shares, the relatively small change in market concentration measured by the HHI, and the number of competitors

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

4. Association engages through subsidiaries in real estate and insurance agency activities that would not be permissible for a bank holding company under the BHC Act. BancGroup has committed to terminate all impermissible real estate and insurance activities within two years of consummation of the proposal. During this two-year period, BancGroup has also committed to limit such insurance activities to renewals of existing policies and not to begin or enter into any new real estate activities or projects.

5. Bank deposit and state deposit data are as of June 30, 1992.

6. *AmSouth Bancorporation*, 76 *Federal Reserve Bulletin* 957 (1990); *South Trust of Tennessee, Inc.*, 74 *Federal Reserve Bulletin* 779 (1988). The Tennessee Commissioner of Financial Institutions has confirmed that the proposal complies with the provisions of the Tennessee interstate banking statute, including the five-year longevity requirement at Tenn. Code Ann. § 45-12-103(b)(2). The Tennessee Commissioner has not approved the proposal, however, and the Board's approval is conditioned upon BancGroup's obtaining the necessary state approvals.

7. The Huntsville Area banking market consists of Madison and Limestone Counties, excluding the city of Ardmore, Alabama. The Jackson County banking market is delineated by Jackson County, Alabama.

8. Market data are as of June 30, 1992. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See* , *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of the Association will be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculations of *pro forma* market share. *See*, *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

9. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger Herfindahl-Hirschman Index ("HHI") is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive affects implicitly recognize the competitive effect of limit-purpose lenders and other non-depository financial institutions. Upon consummation of the proposal, the HHI in the Huntsville Area banking market would increase by 63 points to 1707 while the HHI in the Jackson County banking market would not increase.

remaining in these markets, 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 Huntsville Area or Jackson County banking market, or in any other relevant banking market.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act and an application under section 5(d) of the FDI Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[10]

The Board has received comments criticizing BancGroup's record of performance under the CRA from the Alabama Community Reinvestment Alliance, Birmingham, Alabama ("Protestant"). Protestant generally alleges that BancGroup has not met the convenience and needs of low-income African-American residents in Montgomery County and Montgomery, Alabama.

The Board has carefully reviewed the CRA performance records of BancGroup, First AmFed, and their subsidiaries, as well as comments received on these applications; BancGroup's responses to those comments; and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[11]

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the application process.[12] The record in this case indicates that BancGroup's subsidiary bank, Colonial Bank, received a "satisfactory" rating for CRA performance from its primary regulator, the FDIC, in March 1993. The Association also received a "satisfactory" rating for CRA performance from the Office of Thrift Supervision in April 1993.

B. Lending Practices in Montgomery MSA

The Board has reviewed carefully the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") data reported by Colonial Bank, especially with respect to the Montgomery Metropolitan Statistical Area ("MSA"), in light of Protestant's comments. The data for the Montgomery MSA reflect mixed results. For example, as a percentage of overall housing-related loan applications and originations, the number of applications from and originations to minorities by Colonial Bank generally exceed the aggregate percentage for other lenders in the Montgomery MSA. However, these data also indicate some disparities in rates of approvals and denials of housing-related loan applications that vary by racial and ethnic group and a small number of applications and originations for housing-related lending. 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 applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

In this regard, the FDIC determined at the March 1993 examination of Colonial Bank that the bank's loan policies and procedures did not reveal any practices intended to discourage applications for credit, and examiners found no evidence of prohibited discriminatory or other illegal credit practices. The bank was also found to be complying with the substantive provisions of the anti-discrimination laws and regulations. In addition, examiners found that the geographic

10. 12 U.S.C. § 2903.
11. 54 *Federal Register* 13,742 (1989).
12. 54 *Federal Register* at 13,745.

distribution of Colonial Bank's credit extensions, applications and denials appeared reasonable.

The HMDA data indicate that Colonial Bank is not an active home mortgage lender in the Montgomery MSA. BancGroup maintains that Colonial Bank normally refers long-term fixed rate mortgage borrowers in the Montgomery MSA to several mortgage companies including a mortgage company wholly owned by shareholders of BancGroup.[13] The Board notes that the CRA does not require an institution to make specific types of credit available or limit an institution's discretion to develop the types of products and services that it believes are best suited to its expertise and business objectives and to the needs of its particular community.

In the Montgomery MSA, Colonial Bank engages primarily in commercial and consumer lending. Colonial Bank offers a variety of lending products in the Montgomery MSA to assist in meeting the credit needs of low- and moderate-income borrowers. These include consumer loans, commercial real estate loans and other commercial loans. During the first nine months of 1993, Colonial Bank originated 1,753 loans of all types, totalling $71.4 million, in low- and moderate-income areas in its delineated Montgomery district, which represented 33 percent of the dollar amount of the bank's loans in the Montgomery district, which includes Montgomery County. For example, Colonial Bank originated 264 loans, totalling $4.2 million, in low- and moderate-income areas in the Montgomery MSA during the first ten months of 1993. The bank's total loan originations during this period included 134 loans for agricultural production, totalling $2.2 million; and 77 loans secured by farm land, totalling $18.6 million.

C. Other Lending and CRA Related Programs

In its other delineated communities, Colonial Bank offers a variety of products and services, such as first-time real estate mortgage loans, rehabilitation loans, small business loans, and home improvement loans, that are specifically designed to help meet the credit needs of its communities, including low- and moderate- income neighborhoods. As of March 1993, Colonial Bank's total outstanding loans to low- and moderate-income consumers for residential purchase, construction, or improvement (including single family dwellings, mobile homes, and condominiums) numbered 2889, totalling $73.5 million. The bank had $22.5 million in total outstanding small farm loans and $128.5 million in total outstanding small business loans.

Colonial Bank also actively participates in several governmentally insured loan programs for housing, small farms, and small businesses and has outstanding over 200 Small Business Administration loans amounting to approximately $10 million. Colonial Bank provides financing to local developers who build single-family or multi-family housing in low- and moderate-income areas. Its records indicate that it has 277 such loans outstanding, totalling $28.9 million as of March 1993.

In Birmingham, Colonial Bank participates with other financial institutions and the city in the Birmingham Mortgage Plan, which offers loans for the purchase of a home with no origination fee and a reduced down payment of 3 percent. This plan was primarily funded with $1.5 million from Colonial Bank and other financial institutions in Birmingham. Colonial Bank also is participating in the formation of the Wallace Housing Plan, which is coordinated by the Alabama Treasurer's Office and is designed to provide help and financing for the purchase of homes by low- and moderate-income families.

The record also indicates that Colonial Bank has put in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. Although primary responsibility for monitoring CRA compliance has been assigned to the CRA Committee for each geographical area served by Colonial Bank, the board of directors has established a corporate CRA policy and reviews the performance of each CRA Committee. In addition, the board of directors has appointed a CRA officer responsible for the bank's overall CRA program. The CRA officer has developed a CRA program that addresses the bank's CRA goals and objectives, and requires self-assessment of CRA performance.

D. Conclusion Regarding the Convenience and Needs Factor

In reviewing the convenience and needs factor under the BHC Act, the Board has carefully considered the entire record of this application, including comments filed in this case, responses by Colonial Bank, and the bank's recent CRA examination. Based on this review, the Board believes that the record of performance by BancGroup and Colonial Bank to help meet the credit needs of all segments of the communities they serve, including low- and moderate-income and minority communities, are consistent with approval. The Board recognizes, however, that some disparities in lending to low- and moderate-income areas exist, but notes that the bank is in the process of fully

13. 1992 HMDA data indicate that this mortgage company was the second largest reporting lender in the Montgomery MSA.

implementing a geographic analysis of its lending patterns.

In this regard, the Board will continue to monitor BancGroup's efforts in meeting the credit needs of all its communities, including low- and moderate-income and minority neighborhoods, and will consider those efforts in future applications. The Board has also directed the Federal Reserve Bank of Atlanta ("Reserve Bank") to monitor BancGroup's progress in addressing these disparities. As a condition of the Board's action in this case, BancGroup must submit quarterly reports to the Reserve Bank that describe BancGroup's progress in correcting these weaknesses in CRA performance. Based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance of BancGroup, First AmFed, and their subsidiary institutions, are consistent with approval of this application.[14]

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of BancGroup, its subsidiary banks, and the Association, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval. Moreover, the record in this case shows that:

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

(2) BancGroup, Colonial Bank and Colonial-Tennessee will meet all applicable capital standards upon consummation of the proposed transactions; and

(3) The proposed transaction would comply with the Douglas Amendment if the Association were a state bank that BancGroup was applying to acquire directly (*see* 12 U.S.C. § 1815(d)(3)).

The evidence of record does not indicate that approval of the proposed acquisition of shares of First AmFed would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by public benefits. Accordingly, the Board has determined that the balance of public interest factors that the Board must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of BancGroup's application to acquire First AmFed.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. This approval is subject to Colonial Bank's and Colonial-Tennessee's each obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of these applications also is expressly conditioned upon BancGroup's compliance with the commitments made in connection with these applications. In addition, the Board's determination is subject to all of the conditions set forth in Regulation Y, including those in sections 225.24(d) and 225.23(b)(3), 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 thereof, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. 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.

The acquisition of Colonial-Tennessee may not be consummated before the thirtieth calendar day after the effective date of this Order, and the acquisition of Colonial-Tennessee and First AmFed may not be consummated later than three months after the effective date of this Order, unless such period is extended by the Board or by the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 29, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. Protestant has requested that the Board hold a public meeting or hearing on this application. The Board is not required under section 3(b) of the BHC Act to hold a hearing on an application unless the appropriate banking authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Tennessee state banking authorities have not recommended denial of 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 this request. In the Board's view, interested parties have had a sufficient opportunity to present written submissions, and have submitted written comments that have been considered by the Board. On the basis of all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on this application is hereby denied.

Actions Taken Under the Federal Deposit Insurance Corporation Improvement Act of 1991

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

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

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
AmSouth Bancorporation, Birmingham, Alabama	First Federal Savings Bank, Calhoun, Georgia	AmSouth Bank of Georgia, Summerville, Georgia	November 10, 1993
AmSouth Bancorporation, Birmingham, Alabama	FloridaBank, F.S.B., Jacksonville, Florida	AmSouth Bank of Florida, Pensacola, Florida	November 10, 1993
Fifth Third Bancorp, Cincinnati, Ohio	First Financial Savings Association, F.A., Cincinnati, Ohio	Fifth Third Bank of Western Ohio, N.A., Piqua, Ohio	November 1, 1993
Fifth Third Bancorp, Cincinnati, Ohio	World Savings and Loan Association, Oakland, California	Fifth Third Bank of Western Ohio, N.A., Piqua, Ohio Fifth Third Bank of Northwestern Ohio, N.A., Toledo, Ohio	November 8, 1993
SouthTrust Corporation, Birmingham, Alabama	First Federal Savings Bank of Georgia, F.A., Winder, Georgia	SouthTrust of Georgia, Inc., Atlanta, Georgia	November 5, 1993

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
Keystone Financial, Inc., Harrisburg, Pennsylvania	WM. Bancorp, Cumberland, Maryland	November 29, 1993
NBC Capital Corporation, Starkville, Mississippi	Charter Holding Company, Inc., Tuscaloosa, Alabama	November 26, 1993

Section 4

Applicant(s)	Bank(s)	Effective Date
First of America Bank Corporation, Kalamazoo, Michigan	First of America Mortgage Company, Kalamazoo, Michigan FOA Mortgage Company, Kalamazoo, Michigan	November 15, 1993
Keystone Financial, Inc., Harrisburg, Pennsylvania	Keystone Brokerage, Inc., Williamsport, Pennsylvania	November 24, 1993
National Commerce Bancorporation, Memphis, Tennessee	Commerce Finance Company, Germantown, Tennessee	November 26, 1993

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
1889 Bancshares, Inc., Nevada, Missouri	The First National Bank of Nevada, Nevada, Missouri	Kansas City	October 28, 1993
Allied Bank Capital, Inc., Sanford, North Carolina	Peoples Savings Bank, Inc., SSB, Wilmington, North Carolina	Richmond	November 19, 1993
American Chartered Bancorp II, Lake Zurich, Illinois	American Chartered Bank of Lake Zurich, Lake Zurich, Illinois	Chicago	November 1, 1993
AmSouth Bancorporation, Birmingham, Alabama	Citizens National Corporation, Naples, Florida	Atlanta	November 10, 1993
AmSouth Bancorporation, Birmingham, Alabama	First Sunbelt Bancshares, Inc., Rome, Georgia	Atlanta	November 10, 1993
AmSouth Bancorporation, Birmingham, Alabama	Parkway Bancorp, Inc., Fort Myers, Florida	Atlanta	November 10, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
BancFirst, Oklahoma City, Oklahoma	Security Bank, Coweta, Oklahoma First American Bank, Stratford, Oklahoma United Community Bank, Weathorford, Oklahoma	Kansas City	November 5, 1993
BancFirst Corporation, Oklahoma City, Oklahoma	Coweta Bancshares, Inc., Coweta, Oklahoma First Stratford Bancorporation, Inc., Stratford, Oklahoma Weathorford Bancorporation, Inc., Weathorford, Oklahoma	Kansas City	November 5, 1993
Banc One Corporation, Columbus, Ohio	Banc One Wisconsin Corporation, Milwaukee, Wisconsin First Financial Associates, Inc., Kenosha, Wisconsin	Cleveland	November 8, 1993
Banterra Corp., Eldorado, Illinois	First of Murphysboro Corp., Murphysboro, Illinois	St. Louis	November 19, 1993
Barrett Holding Company, Watonga, Oklahoma	Watonga Bancshares, Inc., Watonga, Oklahoma	Kansas City	November 23, 1993
BB&T Financial Corporation, Wilson, North Carolina	Citizens Savings Bank, SSB, Mooresville, North Carolina	Richmond	November 17, 1993
BB&T Financial Corporation, Wilson, North Carolina	Scotland Savings Bank, SSB, Laurinburg, North Carolina	Richmond	November 18, 1993
Bergen North Financial, M.H.C., Westwood, New Jersey	Westwood Savings Bank, Westwood, New Jersey	New York	November 3, 1993
Berthoud Bancorp, Inc. Employee Stock Ownership Plan, Berthoud, Colorado	Berthoud Bancorp, Inc., Berthoud, Colorado	Kansas City	October 28, 1993
BNCCORP, Inc., Bismarck, North Dakota	Farmers and Merchants Bancshares, Inc., Beach, North Dakota	Minneapolis	November 23, 1993
Bridgeport Bancshares, Inc., Dover, Delaware	The First National Bank of Bridgeport, Bridgeport, Texas	Dallas	November 12, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bridgeport Financial Corporation, Bridgeport, Texas	Bridgeport Bancshares, Inc., Dover, Delaware The First National Bank of Bridgeport, Bridgeport, Texas	Dallas	November 12, 1993
BT Financial Corporation, Johnstown, Pennsylvania	FirstSouth Savings Bank, Pittsburgh, Pennsylvania	Philadelphia	November 1, 1993
Caldwell Bancshares, Inc., Caldwell, Texas	Caldwell Bancshares of Delaware, Inc., Wilmington, Delaware Caldwell National Bank, Caldwell, Texas	Dallas	November 22, 1993
Caldwell Bancshares of Delaware, Inc., Wilmington, Delaware	Caldwell National Bank, Caldwell, Texas	Dallas	November 22, 1993
Capital Bancshares, Inc., Green Bay, Wisconsin	Capital Bank, Green Bay, Wisconsin	Chicago	October 28, 1993
Cedar Investment Company, Waverly, Iowa	Dike Bancshares Corporation, Dike, Iowa	Chicago	November 16, 1993
Centennial Bank Holdings, Inc., Eaton, Colorado	Farmers Bank, Eaton, Colorado	Kansas City	October 20, 1993
Central Arkansas Bancshares, Inc., Arkadelphia, Arkansas	GCB Bancshares, Inc., Sheridan, Arkansas	St. Louis	November 19, 1993
Centura Banks, Inc., Rocky Mount, North Carolina	First Charlotte Financial Corporation, Charlotte, North Carolina	Richmond	November 12, 1993
Centura Banks, Inc., Rocky Mount, North Carolina	Robeson Interim Bank, Lumberton, North Carolina	Richmond	November 10, 1993
Community Business Bancshares, Inc., Sauk City, Wisconsin	Community Business Bank, Sauk City, Wisconsin	Chicago	October 29, 1993
Community First Bancorp, Inc., Denver, Colorado	American National Bank of Cheyenne, Cheyenne, Wyoming The Bank of Laramie, Laramie, Wyoming Financial Partners, Inc., Worland, Wyoming	Kansas City	October 29, 1993
CoreStates Financial Corp., Philadelphia, Pennsylvania	Inter Community Bancorp, Springfield, New Jersey	Philadelphia	October 25, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Covington Capital Corporation, Collins, Mississippi	Covington County Bank, Collins, Mississippi	Atlanta	October 28, 1993
Edmonson Bancshares, Inc., Brownsville, Kentucky	Bank of Edmonson County, Brownsville, Kentucky	St. Louis	October 29, 1993
Exchange Bancshares, Inc., Luckey, Ohio	The Exchange Bank, Luckey, Ohio	Cleveland	October 28, 1993
FC Banc Corp., Bucyrus, Ohio	The Farmers Citizens Bank, Bucyrus, Ohio	Cleveland	November 9, 1993
First Baird Bancshares, Inc., Baird, Texas First Baird Bancshares of Delaware, Inc., Dover, Delaware	Parker County Bancshares, Inc., Weatherford, Texas First Parker Bancshares, Inc., Carson City, Nevada Weatherford Bancshares, Inc., Weatherford, Texas First Weatherford Bancshares, Inc., Carson City, Nevada First National Bank of Weatherford, Weatherford, Texas	Dallas	November 22, 1993
First Commonwealth Financial Corporation, Indiana, Pennsylvania	Peoples Bank of Western Pennsylvania, New Castle, Pennsylvania	Cleveland	November 18, 1993
First Community Bancorp, Inc., Auburn, Kentucky	Auburn Banking Company, Auburn, Kentucky	St. Louis	November 19, 1993
First Community Bankshares, Inc., Fort Morgan, Colorado	Republic National Bank, Englewood, Colorado	Kansas City	November 2, 1993
First Golden Bancorporation, Golden, Colorado	Citywide Bank of Applewood, Wheat Ridge, Colorado	Kansas City	October 20, 1993
First Haskell Bancorp, Inc., Haskell, Texas	First National Bank, Haskell, Texas	Dallas	October 25, 1993
First Manistique Corporation, Manistique, Michigan	Bank of Stephenson, Stephenson, Michigan	Minneapolis	November 3, 1993
First McKinney Bancshares, Inc., McKinney, Texas	First Bank, McKinney, Texas	Dallas	October 27, 1993
The First National Bank Holding Company, Longmont, Colorado	The First National Bank of Longmont, Longmont, Colorado	Kansas City	November 17, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Star Bancorp, Inc., Bethlehem, Pennsylvania	First Star Savings Bank, Bethlehem, Pennsylvania	Philadelphia	November 1, 1993
F&M Bancorporation, Inc., Kaukauna, Wisconsin	First National Financial Corporation, Oconto, Wisconsin	Chicago	November 12, 1993
Fourth Financial Corporation, Wichita, Kansas	Ponca Bancshares, Inc., Ponca City, Oklahoma	Kansas City	October 28, 1993
Gloucester County Bankshares, Inc., Woodbury, New Jersey	The Bank of Gloucester County, Woodbury, New Jersey	Philadelphia	November 5, 1993
Gordon Management Co., Chicago, Illinois	CNBC Bancorp, Inc., Chicago, Illinois Columbia National Bank of Chicago, Chicago, Illinois	Chicago	October 28, 1993
Griggsville Bancshares, Inc., Griggsville, Illinois	Farmers National Bank of Griggsville, Griggsville, Illinois	St. Louis	October 25, 1993
Hall Properties, A Limited Partnership, Perry, Oklahoma	Perry Bancshares, Inc., Perry, Oklahoma	Kansas City	November 5, 1993
Hocking Valley BancShares, Athens, Ohio	The Hocking Valley Bank, Athens, Ohio	Cleveland	November 10, 1993
Interbank, Inc., Sayre, Oklahoma	First National Bank of Sayre, Sayre, Oklahoma	Kansas City	November 2, 1993
JAM Family Partnership I, L.P., Elberton, Georgia JAM Family Partnership II, L.P., Elberton, Georgia	Pinnacle Financial Corporation, Elberton, Georgia	Atlanta	November 4, 1993
Jones Bancshares, L.P., Waycross, Georgia	Blackshear Bancshares, Inc., Blackshear, Georgia	Atlanta	November 2, 1993
KS Bancorp, Inc., Kenly, North Carolina	Kenly Savings Bank, Inc., SSB, Kenly, North Carolina	Richmond	November 10, 1993
Lake Elmo Bank Profit Sharing Plan, Lake Elmo, Minnesota Lake Elmo Bank Profit Sharing Trust, Lake Elmo, Minnesota	Lake Elmo Bancorp, Inc., Lake Elmo, Minnesota	Minneapolis	November 10, 1993
Lone Tree Service Company, Lone Tree, Iowa	Packwood Financial, Inc., Packwood, Iowa	Chicago	November 5, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Main Street Banks, Inc., Covington, Georgia	First Federal Savings Bank of Georgia, F.A., Winder, Georgia	Atlanta	November 5, 1993
McConnell & Company, Elberton, Georgia Eberhardt, Inc., Elberton, Georgia	Pinnacle Financial Corporation, Elberton, Georgia	Atlanta	November 4, 1993
Mercantile Acquisition Corporation IV, St. Louis, Missouri	Metro Bancorporation, Waterloo, Iowa	St. Louis	November 9, 1993
Mercantile Bancorporation Inc., St. Louis, Missouri	Metro Bancorporation, Waterloo, Iowa	St. Louis	November 9, 1993
Neosho Bancshares ESOP, Neosho, Missouri	Neosho Bancshares, Inc., Neosho, Missouri	Kansas City	October 22, 1993
Norwest Corporation, Minneapolis, Minnesota	First National Bank of Arapahoe County, Aurora, Colorado First National Bank of Southeast Denver, Denver, Colorado First National Bank of Lakewood, Lakewood, Colorado	Minneapolis	October 21, 1993
OMNIBancorp, Denver, Colorado	Denver West Bank and Trust, Golden, Colorado	Kansas City	November 19, 1993
Orion Bancorporation, Inc., Orion, Illinois	Henry County Bancorp, Inc., Cambridge, Illinois	Chicago	October 22, 1993
Packers Management Company, Inc., Omaha, Nebraska	Nebraska National Corporation, Omaha, Nebraska	Kansas City	November 10, 1993
Peotone Bancorp, Inc., Peotone, Illinois Southwest Bancorp, Inc., Worth, Illinois, Terrapin Bancorp, Inc., Elizabeth, Illinois Rock River Bancorporation, Inc., Oregon, Illinois Westbanco, Inc., Westville, Illinois Minooka Bancorp, Inc., Minooka, Illinois	Founders Bancorp, Inc., Scottsdale, Arizona	Chicago	November 2, 1993
Pinnacle Financial Corporation, Elberton, Georgia	Tri-County Bank of Royston, Royston, Georgia	Atlanta	November 4, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Plaza Bancshares, Inc., Bartlesville, Oklahoma	Plaza National Bank of Bartlesville, Bartlesville, Oklahoma	Kansas City	November 10, 1993
Premier Bancorp, Inc., Baton Rouge, Louisiana	Alerion Corporation, New Orleans, Louisiana	Atlanta	November 22, 1993
Prophetstown Banking Co., Prophetstown, Illinois	The Farmers National Bank of Prophetstown, Prophetstown, Illinois	Chicago	November 8, 1993
Provident Bancorp, Inc., Cincinnati, Ohio	Heritage Savings Bank, Cincinnati, Ohio	Cleveland	October 25, 1993
R. Banking Limited Partnership, Oklahoma City, Oklahoma	BancFirst Corporation, Oklahoma City, Oklahoma	Kansas City	November 5, 1993
RCB Holding Company, Claremore, Oklahoma	American Exchange Bank, Collinsville, Oklahoma	Kansas City	October 29, 1993
Red River Financial Services, Inc., Halstad, Minnesota	Red River State Bank, Halstad, Minnesota	Minneapolis	November 2, 1993
Rice Insurance Agency, Inc., Strasburg, Colorado	The Banking Group, Ltd., Castle Rock, Colorado	Kansas City	November 10, 1993
Robert Lee Bancshares, Inc., Robert Lee, Texas	Robert Lee (Delaware), Inc., Wilmington, Delaware Robert Lee State Bank, Robert Lee, Texas	Dallas	October 29, 1993
Robert Lee (Delaware), Inc., Wilmington, Delaware	Robert Lee State Bank, Robert Lee, Texas	Dallas	October 29, 1993
SBT Bancshares, Inc., Golden Meadow, Louisiana	State Bank & Trust Company of Golden Meadow, Golden Meadow, Louisiana	Atlanta	October 27, 1993
Sentinel Bancorporation, Omak, Washington	First Bank Washington, Omak, Washington	San Francisco	November 10, 1993
Shady Oaks Bancshares, Inc., Lake Worth, Texas	Shady Oaks National Bank, Lake Worth, Texas	Dallas	November 10, 1993
South Central Texas Bancshares, Inc., Flatonia, Texas South Central Texas Bancshares-Delaware, Inc., Wilmington, Delaware	Gonzales Bank, Gonzales, Texas	Dallas	November 10, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
SouthTrust Corporation, Birmingham, Alabama	SouthTrust of Florida, Inc., Jacksonville, Florida BMR Financial Group, Inc., Atlanta, Georgia	Atlanta	November 8, 1993
SouthTrust Corporation, Birmingham, Alabama	SouthTrust of Florida, Inc., Jacksonville, Florida Cypress Banks, Inc., Wesley Chapel, Florida	Atlanta	November 8, 1993
Sparkman Bancshares, Inc., Sparkman, Arkansas	Merchants and Planters Bank, Sparkman, Arkansas	St. Louis	November 19, 1993
Trivoli Bancorp, Inc., Trivoli, Illinois	Hanna City State Bank, Hanna City, Illinois	Chicago	November 10, 1993
UB, Inc., Unadilla, Nebraska	The First National Bank, Unadilla, Nebraska	Kansas City	October 21, 1993
White Eagle Financial Group, Inc., Boca Raton, Florida	Admiralty Bank, Palm Beach Gardens, Florida	Atlanta	October 29, 1993
Worthen Banking Corporation, Little Rock, Arkansas	FirstBank Group, Inc., Brinkley, Arkansas	St. Louis	October 29, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Fifth Third Bancorp, Cincinnati, Ohio	The TriState Bancorp, Cincinnati, Ohio	Cleveland	November 1, 1993
First Sterling Bancorp, Inc., Sterling, Illinois	D.D. Development of Sterling Limited Partnership, Sterling, Illinois	Chicago	November 16, 1993
Gordon Management Co., Chicago, Illinois Gordon Family Investment Limited Partnership, Chicago, Illinois	CNBC Development Corporation, Chicago, Illinois CNBC Leasing Corporation, Chicago, Illinois CNBC Investment Corporation, Chicago, Illinois	Chicago	October 28, 1993
The Magnolia State Corporation, Bay Springs, Mississippi	Jones County Finance Company, Laurel, Mississippi	Atlanta	November 24, 1993

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	St. Cloud Metropolitan Agency, Inc., St. Cloud, Minnesota	Minneapolis	October 25, 1993
Princeton National Bancorp, Inc., Princeton, Illinois	Heart of Illinois Investment Corp., East Peoria, Illinois	Chicago	November 19, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Hallmark Capital Corp., West Allis, Wisconsin	West Allis Savings Bank, West Allis, Wisconsin	Chicago	November 3, 1993
National City Bancshares, Inc., Evansville, Indiana	Lincolnland Bancorp, Inc., Dale, Indiana Ayer-Wagoner-Deal Insurance Agency, Inc., Rockport, Indiana	St. Louis	November 2, 1993
Security Capital Corporation, Milwaukee, Wisconsin	Security Bank S.S.B., Milwaukee, Wisconsin	Chicago	November 12, 1993
Signal Bancshares, Inc., West St. Paul, Minnesota	Goodhue County Financial Corporation, Red Wing, Minnesota	Minneapolis	October 29, 1993
Union Planters Corporation, Memphis, Tennessee	Mid-South Bancorp, Inc., Franklin, Kentucky Simpson County Bank, Franklin, Kentucky Adairville Banking Company, Adairville, Kentucky First Citizens Bank, Franklin, Tennessee Peoples Bank of Elk Valley, Fayetteville, Tennessee General Trust Company, Nashville, Tennessee	St. Louis	November 15, 1993

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
Centura Bank, Rocky Mount, North Carolina	First Charlotte Bank, Charlotte, North Carolina	Richmond	November 12, 1993
Chemical Bank & Trust Company, Midland, Michigan Chemical Bank Bay Area, Bay City, Michigan Chemical Bank Michigan, Clare, Michigan	Key State Bank, Owosso, Michigan Chemical Bank Montcalm, Stanton, Michigan	Chicago	November 5, 1993
Exchange Interim Bank, Luckey, Ohio	The Exchange Bank, Luckey, Ohio	Cleveland	October 28, 1993
Fayette Bank and Trust Company, Uniontown, Pennsylvania	FirstSouth Savings Bank, Uniontown, Pennsylvania	Cleveland	November 1, 1993
Fifth Third Bank, Cincinnati, Ohio	First Financial Savings Association, F.A., Cincinnati, Ohio	Cleveland	November 1, 1993
Jefferson Bank of Florida, Miami Beach, Florida	Jefferson National Bank at Sunny Isles, Miami Beach, Florida	Atlanta	October 28, 1993
OMNIBANK Arvada, Arvada, Colorado	Denver West Bank and Trust, Golden, Colorado	Kansas City	November 19, 1993
Robeson Interim Bank, Lumberton, North Carolina	Centura Bank, Rocky Mount, North Carolina	Richmond	November 10, 1993
SouthTrust Bank of West Florida, St. Petersburg, Florida	AmeriBank, Clearwater, Florida	Atlanta	November 8, 1993
SouthTrust Bank of West Florida, St. Petersburg, Florida	First National Bank of the South, Wesley Chapel, Florida	Atlanta	November 8, 1993

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.

Board of Governors v. Oppegard, No. 93-3706 (8th Cir., filed November 1, 1993). Appeal of district court order holding appellant Oppegard in contempt for failure to comply with prior order requiring compliance with Board removal, prohibition, and civil money penalty order.

Scott v. Board of Governors, No. 930905843CV (Dist. Ct., Salt Lake County, Utah, filed October 8, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

Richardson v. Board of Governors, et al., No. 93-C 836A (D. Utah, filed August 30, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. On September 20, 1993, the Board filed a motion to dismiss.

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

Bennett v. Greenspan, No. 93-1813 (D. D.C., filed April 20, 1993). Employment discrimination action.

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

Adams v. Greenspan, No. 93-0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment.

Sisti v. Board of Governors, No. 93-0033 (D. D.C., filed January 6, 1993). Challenge to Board staff interpretation with respect to margin accounts. The Board's motion to dismiss was granted on May 13, 1993. On June 3, 1993, the petitioner filed a notice of appeal. On October 14, 1993, the Court of Appeals granted the Board's motion for summary affirmance.

U.S. Check v. Board of Governors, No. 92-2892 (D. D.C., filed December 30, 1992). Challenge to partial denial of request for information under the Freedom of Information Act. Dismissed by stipulation on November 9, 1993.

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 three of its officers and directors for failure to comply with reporting requirements. Oral argument was held November 8, 1993.

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 March 30, 1993, the court granted the Board's motion to dismiss as to it, and also dismissed certain claims against the Reserve Bank. On April 29, the plaintiffs filed an amended complaint. The Board's motion to dismiss the amended complaint was filed on May 17.

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

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

Final Enforcement Decision Issued by the Board of Governors

In the Matter of

Agha Hasan Abedi and
Swaleh Naqvi

Institution-Affiliated Parties of

BCCI Holdings (Luxembourg) S.A.,
Luxembourg, and the Bank of Credit and
Commerce International S.A., (Luxembourg)

Docket Nos. 91-037-E-I2, 91-037-E-I3,
91-043-E-I1, 91-043-E-I2

Final Decision

This Final Decision resolves administrative enforcement proceedings brought under the authority of the Federal Deposit Insurance Act ("FDI Act") and the Bank Holding Company Act ("BHC Act") by the Board of Governors of the Federal Reserve System ("the Board") against Agha Hasan Abedi and Swaleh Naqvi, two of a number of individual respondents against whom the Board initiated enforcement proceedings as a result of their activities as institution-affiliated parties of BCCI Holdings (Luxembourg) S.A., Luxembourg ("BCCI Holdings"), and the Bank of Credit and Commerce International S.A., Luxembourg ("BCCI S.A.") (collectively, "BCCI").

The Notice that initiated the proceeding alleged that Abedi, as the president and founder of the BCCI organization, and Naqvi, a principal officer of BCCI, caused, brought about, or participated in BCCI's acquisition of ownership and control of certain percentages of the voting shares of various financial institutions without the necessary approval of the Board, in violation of the BHC Act and of the Board's Regulation Y. The Notice further alleged that the Respondents' conduct fulfilled all of the requirements necessary to the Board's issue of an order of prohibition forbidding Abedi and Naqvi from participating in any manner in the affairs of an insured depository institution without the approval of appropriate supervisory agencies. A subsequently-issued Amended Notice of Intent to Prohibit alleged additional grounds for the Respondents' prohibition.

The proceeding comes to the Board in the form of a Presiding Judge's Order of Default and Recommended Decision ("Default Decision") by Administrative Law Judge Walter J. Alprin (the "ALJ") issued on July 29, 1993. In that Default Decision, the ALJ found that each of the Respondents had been effectively served with notices of the charges against them by the Board, and that each had defaulted by failing to file an answer to the charges. Upon finding Abedi and Naqvi in default, the ALJ, as procedurally required, referred to the Board a Recommended Decision containing the findings and relief sought in the notices that initiated the proceedings.

Neither of the Respondents has contested the Default Decision. The only issue before the Board is whether the uncontested record shows that the procedural prerequisites for a final order on default have been satisfied. Upon review of the record, the Board concludes that Board Enforcement Counsel complied with the statutory and regulatory requirements for effective service, that Abedi and Naqvi did not respond to the charges as required, and that the ALJ properly found that no good cause had been shown to excuse the Respondents from a ruling by default. In this Final Decision on Default as to Abedi and Naqvi, the Board accordingly adopts the ALJ's Default Decision, and orders that the attached Order of Prohibition be issued against Abedi and Naqvi.

I. Statement of the Case

A. Statutory and Regulatory Framework

The Board's regulations governing administrative hearings specify that if a respondent does not file an answer within 20 days of service of the notice, the respondent is deemed to have waived the right to appear and contest the allegations in the notice. 12 C.F.R. 263.19(c)(1). Upon motion by enforcement counsel for entry of an order of default, and a finding by the administrative law judge that "no good cause has been shown for failure to file a timely answer", the regulations direct the administrative law judge to file with the Board a recommended decision containing the findings and relief sought in the notice. 12 C.F.R. 263.19(c)(1).[1]

The FDI Act provides that any service required or authorized to be made by the Board under that Act may be made by registered mail, or "in such other manner reasonably calculated to give actual notice as the agency may by regulation or otherwise provide." 12 U.S.C. § 1818(l). The Board's regulations provide that service of a notice may be accomplished by any of a number of methods: by personal service, by delivery to a person of suitable age and discretion at the party's residence, by registered or certified mail addressed to the party's last known address, or by "any other method reasonably calculated to give actual notice." 12 C.F.R. 263.11(c)(2).

1. The Board amended its procedural rules on August 15, 1991, during the course of this proceeding. The default provisions, however, remained substantively unchanged. Prior to the adoption of the current Uniform Rules of Practice and Procedure, the Board's applicable Rules of Practice for Hearings provided that:

> Failure of a party to file an answer required by this section within the time provided shall constitute a waiver of his right to appear and contest the allegations of the notice of hearing and shall constitute authorization for the presiding officer, without further notice to the party, to find the facts to be as alleged in the notice and to file with the Secretary a recommended decision containing such findings and appropriate conclusions. 12 C.F.R. 263.5(d) (1991).

B. Procedural History

The record before the Board reflects the following short procedural history in the administrative proceedings regarding Respondents Abedi and Naqvi.[2]

1. Prohibition Notice. On July 29, 1991, the Board instituted formal enforcement proceedings against Respondents Abedi and Naqvi, among other individuals, with the issuance of a Notice of Intent to Prohibit. (the "July 29 Notice"). The requested remedy of a prohibition order was predicated on allegations that Abedi and Naqvi had participated in BCCI's illegal and secret acquisition of the First American banking organization and other financial institutions in violation of the BHC Act and Regulation Y. July 29 Notice ¶ 223. On September 13th, 1991, the Board issued an Amended Notice of Intent to Prohibit (the "September 13 Notice") against Respondents Abedi and Naqvi, among other individuals, alleging additional grounds for their prohibition. September 13 Notice ¶¶ 30, 33, 35, 42–44, 45–47.

Both Notices expressly warned of the consequences of default by the Respondents. The Notices stated that each Respondent was required to file an answer to the charges within 20 days of the service of the amended Notice upon him, and that failure to file an answer would constitute a waiver of his right to appear and contest the allegations in a hearing. July 29 Notice ¶ 261; September 13 Notice ¶ 61.

2. Service of the Notices. The methods of service of the Notices employed by Board Enforcement Counsel were stated in the Declaration of Herbert A. Biern ("Declaration") attached as Exhibit A to the Default Motion.

On August 14, 1991, Board Enforcement Counsel sent the July 29 Notice by international registered mail, return receipt requested, to Naqvi's last known address in Abu Dhabi. On September 12, 1991, Board Enforcement Counsel received an executed acknowledgement of the return receipt of that mailing. Declaration ¶ 4. In addition, through the intermediation of the United States Department of State and the Ministry of Foreign Affairs of the United Arab Emirates in Abu Dhabi, Naqvi was personally served with the July 29 Notice on December 17, 1991.[3] Declaration ¶ 5–6.

On September 13, 1991, the September 13 Notice was sent by the Board by international registered mail, return receipt requested, to Naqvi's last known address in Abu Dhabi. Declaration ¶ 7.[4]

Both the July 29 Notice and the September 13 Notice were sent to Abedi at an address in Karachi, Pakistan identified by the United States Acting Consul General in Karachi. Declaration ¶ 8. The Declaration does not indicate that the acknowledgment receipt was executed or returned by Abedi.

3. Recommended Decision of Default. On March 27, 1992, Board Enforcement Counsel filed with the ALJ a Motion for an Order of Default, citing the failure of the Respondents to respond to the Notices. On July 29, 1993, the ALJ granted Board Enforcement Counsel's motion, entered the Default Decision, including Recommended Findings of Fact and Conclusions of Law, and referred the record of the proceeding to the Board for Final Decision. The ALJ expressly found that satisfactory service had been made as to both Naqvi and Abedi, and that neither had shown good cause to excuse his failure to respond to the Notices.[5] Default Decision at 4.

II. Discussion

In the circumstances here under review, it is clear that the prerequisites to default established by statute and regulation have been satisfied. Board Enforcement Counsel's use of international registered mail as a method of service is encompassed within the authorization in the FDI Act and the Board's regulations of "registered mail" as a method of service. 12 U.S.C. § 1818(l); 12 C.F.R. 263.11(c)(2)(iii).[6] With respect to Naqvi, Board Enforcement Counsel took the additional step of arranging for personal service of the July 29 Notice, evidenced by Naqvi's written acknowl-

2. The record before the Board was certified by the ALJ to constitute the entire record relating to Respondents Abedi and Naqvi. It consists of: the Notices issued by the Board on July 29, 1991 and September 13, 1991; Board Enforcement Counsel's Motion for Entry of an Order of Default as to Respondents Naqvi and Abedi, ("Motion for Default") with supporting exhibits, dated March 27, 1992; and the ALJ's Default Decision, issued on July 29, 1993. Because the record contains no responsive pleadings or exceptions to the ALJ's Default Decision, the facts set forth are uncontested.

3. Evidence of the personal service on Naqvi is contained in attachments to the Declaration consisting of a handwritten acknowledgment by Naqvi, its translation, and a certification from a United States Consular Officer in Abu Dhabi.

4. In addition, service was made on August 1, 1991, upon counsel for Naqvi in Washington, D.C. by certified mail, return receipt requested. Declaration ¶ 3. After initially accepting service of the Notice, Naqvi's counsel returned the notice to the Board with a letter indicating that he was not authorized to accept service of the Notice on behalf of Naqvi. *Id.*; Declaration Exhibit 3.

5. The ALJ served a copy of the Default Decision on Naqvi and Abedi on July 29, 1993 by international registered mail, return receipt requested. The Board has received no exceptions to the Default Decision from either Respondent.

6. The Board believes that the term "registered mail" includes international registered mail for purposes of the authorization in the FDI Act and the Board's regulations. In any event, the Board finds that the use of international registered mail in these circumstances also represents the use of a method "reasonably calculated to give actual notice" to a respondent, which is also authorized by the FDI Act and the Board's regulations. 12 U.S.C. § 1818(l); 12 C.F.R. 263.11(c)(2)(iv).

edgement that he received the Notice.[7] With respect to Abedi, the Board adopts the ALJ's conclusion that the use of international registered mail, return receipt requested, constituted in these circumstances an effective method of service.[8]

The ALJ did not find that any "good cause" or indeed any cause at all had been shown for failure to file an answer. Default Decision at 4. Nor has either of the Respondents filed exceptions to the Default Decision. In these circumstances, no good cause has been shown to excuse the default, and the Board adopts the ALJ's recommended conclusion as to the default pursuant to 12 C.F.R. 263.19(c)(1).

Conclusion

For the foregoing reasons, the Board adopts the ALJ's recommended findings and conclusions as its Final Findings of Fact and Conclusions of Law, and orders the issuance of the attached Order of Prohibition.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

Order of Prohibition

WHEREAS, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act") (12 U.S.C. § 1818(e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision, that a final Order of Prohibition should issue against AGHA HASAN ABEDI and SWALEH NAQVI;

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(b)(3), 8(e), and 8(j) of the Act, (12 U.S.C. §§ 1818(b)(3), 1818(e) and 1818(j)), that:

1. In the absence of prior written approval by the Board, and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. § 1818(e)(7)(B)), AGHA HASAN ABEDI and SWALEH NAQVI are hereby prohibited:
   (a) From participating in the conduct of the affairs of any bank holding company, any insured depository institution or any other institution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));
   (b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));
   (c) From violating any voting agreement previously approved by the appropriate Federal banking agency; or
   (d) From voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), such as an officer, director, or employee.
2. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board.

This Order shall become effective upon the expiration of thirty days after service is made.

By Order of the Board of Governors, this second day of November, 1993.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

American Express Bank International
New York, New York

The Federal Reserve Board announced on November 1, 1993, the issuance of an Order of Assessment of a Civil Money Penalty and a Cease and Desist Order against the American Express Bank International, New York, New York.

William H. Kandt
Colorado Springs, Colorado

The Federal Reserve Board announced on November 3, 1993, the issuance of an Order of Assessment of

7. The ALJ did not rely upon the attempt to effect service upon Naqvi's counsel as a basis for the default. Default Decision at 3 n.1. The Board similarly does not reach the issue of the effectiveness of that service.

8. This conclusion is supported by the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters and its accompanying notes, appended to Federal Rule of Civil Procedure 4. The notes indicate that Pakistan opposes the service of judicial documents upon a Pakistani national residing in Pakistan through diplomatic channels, but that it has no objection to such service by postal channels directly to the persons concerned. *See Fed. R. Civ. P.* 4 n.17a.

a Civil Money Penalty against William H. Kandt, former president and a former director of the State Bank & Trust of Colorado Springs, Colorado Springs, Colorado.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Constitution Bancorp, Inc.
Philadelphia, Pennsylvania

The Federal Reserve Board announced on November 29, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Philadelphia and Constitution Bancorp, Inc., Philadelphia, Pennsylvania, a bank holding company, and its subsidiary bank, the Constitution Bank, Philadelphia, Pennsylvania.

Liberty Agency, Inc.
Kirk, Colorado

The Federal Reserve Board announced on November 29, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Kansas City and Liberty Agency, Inc., Kirk, Colorado.

Ramapo Financial Corporation
Wayne, New Jersey

The Federal Reserve Board announced on November 30, 1993, the execution of a Written Agreement between the Federal Reserve Bank of New York and Ramapo Financial Corporation, Wayne, New Jersey.

Gary D. Sexton
Houston, Texas

The Federal Reserve Board announced on November 8, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Dallas and Gary D. Sexton, the sole director and officer and a principal shareholder of Fidelity Bancorp, Inc., Houston, Texas, the parent bank holding company of the former Fidelity National Bank, Houston, Texas.

Financial and Business Statistics

CONTENTS

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
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
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 or credit aggregate	1992	1993			1993				
	Q4	Q1	Q2	Q3[r]	June	July	Aug.	Sept.[r]	Oct.
Reserves of depository institutions[2]									
1 Total	25.8	9.3	10.8	12.4	5.1	9.4	9.7	16.6	20.3
2 Required	25.3	8.7	12.4	12.3	7.0	5.7	12.8	14.0	20.4
3 Nonborrowed	27.1	9.5	10.6	10.9	3.8	8.1	7.5	15.2	23.3
4 Monetary base[3]	12.6	9.1	9.8	11.4	10.9	9.5	11.5	15.1	8.0
Concepts of money, liquid assets, and debt[4]									
5 M1	16.8	6.5	10.5	12.9	7.2	13.3[r]	10.1[r]	13.6	10.4
6 M2	2.6	−1.9	2.2	3.1	2.5	1.8[r]	1.6[r]	3.9	.7
7 M3	−.4	−3.9[r]	2.3[r]	1.2	−.2[r]	−.8[r]	.8	3.4	2.0
8 L	1.4	−2.4[r]	3.3[r]	1.6	.5[r]	−.5[r]	3.4[r]	−1.6	n.a.
9 Debt	4.3	3.8	4.6	5.3	6.2	5.3[r]	5.1[r]	4.4	n.a.
Nontransaction components									
10 In M2[5]	−3.0	−5.4	−1.3[r]	−1.2	.4	−3.2	−2.2[r]	−.5	−3.7
11 In M3 only[6]	−15.0	−14.0[r]	3.3[r]	−9.1	−14.5[r]	−14.9[r]	−3.5[r]	.6	8.8
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.9	1.6	4.6	5.3	6.4	.8	6.9	5.1	.9
13 Small time[7]	−17.2	−7.9	−7.9	−10.7	−10.2	−12.0	−11.2[r]	−8.5	−9.6
14 Large time[8,9]	−20.0	−20.0	.2	−8.9	−12.1	−19.1	2.7[r]	−7.5	4.0
Thrift institutions									
15 Savings, including MMDAs	8.7	−.2	.8	2.9	2.8	2.2	1.7	1.1	−.3
16 Small time[7]	−23.1	−18.6	−10.5	−12.6	−12.3	−14.9	−11.5[r]	−13.4	−12.5
17 Large time[8,9]	−10.8	−15.5	−10.1	−6.8	−9.3	−1.9[r]	−9.4	−1.9	.0
Money market mutual funds									
18 General purpose and broker–dealer	−4.2	−10.2	−.7	−.6	−.7	−1.1	−5.7	−6.8	2.2
19 Institution-only	−19.4	−14.1	.5	−12.6	−27.8	−18.8	−10.5	5.0	15.5
Debt components[4]									
20 Federal	6.7	7.6	10.4	9.2	12.2	7.4	9.1	7.0	n.a.
21 Nonfederal	3.5	2.5	2.5	3.9	4.1	4.5[r]	3.7[r]	3.5	n.a.

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

2. Figures incorporate adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.20.)

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

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated							
	1993			1993							
	Aug.	Sept.	Oct.	Sept. 15	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	356,229	363,813	362,735	361,001	366,625[r]	366,655[r]	362,931	362,813	363,886	363,336
U.S. government securities[2]										
2 Bought outright—System account	314,668	320,040	320,632	320,041	320,653	320,456	320,849	320,883	320,567	321,263
3 Held under repurchase agreements	4,033	4,891	2,759	2,832	6,567	7,284	2,457	2,291	3,695	2,621
Federal agency obligations										
4 Bought outright	4,936	4,835	4,782	4,839	4,839	4,824	4,804	4,803	4,795	4,754
5 Held under repurchase agreements	207	539	390	416	671	570	605	316	535	323
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	119	273	11	4	126	22	386	10	19	12
8 Seasonal credit	235	236	196	227	234	259	226	218	202	176
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	434	366[r]	611	341	425[r]	−17[r]	747	756	521	584
11 Other Federal Reserve assets	31,597	32,633[r]	33,354	32,301	33,109[r]	33,255[r]	32,857	33,537	33,553	33,602
12 Gold stock	11,057	11,056	11,056	11,056	11,056	11,056	11,056	11,056	11,056	11,056
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,780	21,839[r]	21,898	21,833[r]	21,846[r]	21,859[r]	21,871	21,885	21,899	21,913
ABSORBING RESERVE FUNDS										
15 Currency in circulation	348,213	351,130[r]	353,183	352,122[r]	350,867[r]	350,363[r]	351,766	353,925	354,077	352,887
16 Treasury cash holdings	385	378	385	377	374	377	385	387	387	383
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,764	9,633	5,512	5,117	16,981	10,104	7,518	5,179	5,755	5,130
18 Foreign	230	230	288	276	181	209	238	209	272	406
19 Service-related balances and adjustments	6,097	6,117	6,258	6,102	6,082	6,169	6,105	6,217	6,288	6,351
20 Other	281	329	298	319	336	334	309	292	303	268
21 Other Federal Reserve liabilities and capital	9,423	9,640	9,537	9,548	9,448	9,565	9,744	9,682	9,480	9,552
22 Reserve balances with Federal Reserve Banks[3]	26,691	27,269	28,246	28,047	23,276[r]	30,467[r]	27,812	27,881	28,298	29,345

Factor	End-of-month figures			Wednesday figures						
	Aug.	Sept.	Oct.	Sept. 15	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	359,057	369,447[r]	360,154	363,513	385,118[r]	366,585[r]	360,656	363,156	364,361	361,789
U.S. government securities[2]										
2 Bought outright—System account	316,985	319,357	317,961	320,070	320,287	319,344	322,590	322,978	320,527	321,903
3 Held under repurchase agreements	4,790	6,296	3,592	3,601	22,036	7,594	50	325	3,595	691
Federal agency obligations										
4 Bought outright	4,839	4,804	4,734	4,839	4,839	4,804	4,804	4,799	4,769	4,734
5 Held under repurchase agreements	70	2,146	449	1,866	1,506	1,621	140	31	338	317
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	7	2,680	7	10	74	7	2	4	86	10
8 Seasonal credit	229	239	138	231	248	262	214	210	187	170
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	720	901[r]	398	375	1,119[r]	−444[r]	−18	1,591	1,371	255
11 Other Federal Reserve assets	31,417	33,024[r]	32,874	32,520	35,009[r]	33,397[r]	32,873	33,218	33,488	33,709
12 Gold stock	11,057	11,057	11,056	11,056	11,056	11,057	11,056	11,056	11,056	11,055
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,808	21,871[r]	21,927	21,833[r]	21,846[r]	21,859[r]	21,871	21,885	21,899	21,913
ABSORBING RESERVE FUNDS										
15 Currency in circulation	349,169	351,530[r]	352,815	351,735[r]	350,647[r]	350,851[r]	352,689	354,609	353,651	352,939
16 Treasury cash holdings	383	384	379	373	376	384	387	388	384	379
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,975	17,289	6,032	5,974	26,895	11,438	6,032	5,234	4,879	5,030
18 Foreign	187	501	390	444	211	294	190	309	272	484
19 Service-related balances and adjustments	6,117	6,105[r]	6,342	6,102	6,082	6,169	6,105	6,217	6,288	6,351
20 Other	272	306	325	353	333	348	297	283	285	279
21 Other Federal Reserve liabilities and capital	10,164	9,687	8,879	9,306	9,383	9,400	9,575	9,358	9,291	9,380
22 Reserve balances with Federal Reserve Banks[3]	25,673	24,591[r]	25,994	30,133	32,113[r]	28,634[r]	26,325	27,717	30,285	27,934

1. For amounts of cash held as reserves, see table 1.12.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1993						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	26,975	25,968	26,462	26,562	26,564	27,274[r]	28,309
2 Total vault cash[3]	31,789	32,510	34,535	32,721	33,462	34,106	34,535	34,516	35,217	35,202
3 Applied vault cash[4]	28,884	28,872	31,172	29,567	30,133	30,776	31,189	31,203	31,863	31,739
4 Surplus vault cash[5]	2,905	3,638	3,364	3,154	3,329	3,330	3,347	3,313	3,355	3,463
5 Total reserves[6]	59,120	55,532	56,540	56,541	56,101	57,238	57,750	57,767	59,136[r]	60,049
6 Required reserves	57,456	54,553	55,385	55,445	55,104	56,328	56,661	56,815	58,046[r]	58,949
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	1,096	996	911	1,089	952	1,090[r]	1,100
8 Total borrowings at Reserve Banks[8]	326	192	124	73	121	181	244	352	428	285
9 Seasonal borrowings	76	38	18	41	84	142	210	234	236	192
10 Extended credit[9]	23	1	1	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1993									
	July 7	July 21	Aug. 4	Aug. 18	Sept. 1	Sept. 15	Sept. 29	Oct. 13[r]	Oct. 27	Nov. 10
1 Reserve balances with Reserve Banks[2]	26,579	27,489	25,251	26,939	26,564	27,719	26,837[r]	27,843	28,822	28,029
2 Total vault cash[3]	34,385	34,026	35,354	34,869	33,879	35,332	35,157	35,805	34,338	36,266
3 Applied vault cash[4]	31,032	30,772	31,883	31,483	30,693	31,999	31,781	32,278	30,946	32,765
4 Surplus vault cash[5]	3,354	3,255	3,471	3,386	3,187	3,333	3,377	3,527	3,393	3,501
5 Total reserves[6]	57,610	58,261	57,133	58,422	57,257	59,718	58,618[r]	60,121	59,768	60,794
6 Required reserves	56,311	57,294	56,021	57,673	56,136	58,845	57,318[r]	58,985	58,690	59,739
7 Excess reserve balances at Reserve Banks[7]	1,299	967	1,112	750	1,121	874	1,300[r]	1,137	1,078	1,055
8 Total borrowings at Reserve Banks[8]	311	220	232	431	305	544	321	420	205	132
9 Seasonal borrowings	190	211	222	227	246	226	247	222	189	105
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

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

Millions of dollars, averages of daily figures

Source and maturity	1993, week ending Monday								
	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	71,269	78,371	78,121	71,293	69,004	72,908	77,541	76,497	70,801
2 For all other maturities	12,539r	12,673r	12,229r	12,608r	13,266r	13,588	14,502	14,362	14,259
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	14,103	15,563	17,201	16,123	17,454	21,325	17,756	21,280	20,664
4 For all other maturities	25,095	23,077	22,806	22,381	24,744	22,557	25,149	22,806	22,706
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	13,481	16,211	17,836	16,939	16,829	17,805	15,768	18,981	16,601
6 For all other maturities	41,795	40,350	40,442	42,366	44,700	40,212	40,637	42,465	43,950
All other customers									
7 For one day or under continuing contract	29,013	30,159	29,925	30,865	31,152	31,597	30,438	30,392	31,787
8 For all other maturities	14,833	15,095	15,293	15,520	16,278	14,326	14,497	14,436	14,084
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	38,110	45,295	41,258	42,051	39,579	45,766	40,813	41,543	38,232
10 To all other specified customers[2]	28,986	28,858	27,828	30,603	27,736	27,347	25,316	27,214	27,450

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 12/9/93	Effective date	Previous rate	On 12/9/93	Effective date	Previous rate	On 12/9/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.20	12/9/93	3.15	3.70	12/9/93	3.65
New York		7/2/92			12/9/93			12/9/93	
Philadelphia		7/2/92			12/9/93			12/9/93	
Cleveland		7/6/92			12/9/93			12/9/93	
Richmond		7/2/92			12/9/93			12/9/93	
Atlanta		7/2/92			12/9/93			12/9/93	
Chicago		7/2/92			12/9/93			12/9/93	
St. Louis		7/7/92			12/9/93			12/9/93	
Minneapolis		7/2/92			12/9/93			12/9/93	
Kansas City		7/2/92			12/9/93			12/9/93	
Dallas		7/2/92			12/9/93			12/9/93	
San Francisco	3	7/2/92	3.5	3.20	12/9/93	3.15	3.70	12/9/93	3.65

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
29	10	10
July 28	10–11	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
July 11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
In effect Dec. 9, 1993	3	3

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$51.9 million	3	12/21/93
2 More than $51.9 million[4]	10	12/21/93
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 21, 1993, the exemption was raised from $3.8 million to $4.0 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. 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. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1990	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	0	121	349	7,280	0	902	366
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	23,796	30,124	26,610	24,821	35,943	27,775	31,128
4 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	425	3,043	1,096	279	244	0	0	0	100	411
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	4,303	1,950	4,108	4,002	0	1,497	3,074
8 Exchanges	−27,424	−28,090	−30,543	−2,602	−1,100	−4,013	−2,152	0	−5,491	−1,861
9 Redemptions	0	1,000	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	250	6,583	13,118	1,441	2,490	0	0	200	1,100	2,400
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,770	−21,211	−34,478	−4,303	−1,630	−3,652	−4,002	666	−834	−3,074
13 Exchanges	25,410	24,594	25,811	2,602	800	3,245	2,152	0	3,866	1,861
Five to ten years										
14 Gross purchases	0	1,280	2,818	716	1,147	0	0	0	500	797
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,186	−2,037	−1,915	0	−320	−333	0	−666	−432	0
17 Exchanges	789	2,894	3,532	0	300	468	0	0	1,100	0
More than ten years										
18 Gross purchases	0	375	2,333	705	1,110	0	0	0	100	717
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,681	−1,209	−269	0	0	−123	0	0	−231	0
21 Exchanges	1,226	600	1,200	0	0	300	0	0	525	0
All maturities										
22 Gross purchases	25,414	31,439	34,079	3,141	5,111	349	7,280	200	2,702	4,691
23 Gross sales	7,591	120	1,628	0	0	0	0	0	0	0
24 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	1,369,052	1,570,456	1,482,467	146,563	127,115	124,462	111,726	115,504	136,037	124,898
26 Gross purchases	1,363,434	1,571,534	1,480,140	143,049	128,924	123,227	113,095	117,074	135,705	122,578
Repurchase agreements										
27 Gross purchases	219,632	310,084	378,374	37,815	30,197	33,987	53,051	41,190	53,053	62,905
28 Gross sales	202,551	311,752	386,257	33,714	36,953	28,640	43,342	56,246	48,263	61,399
29 Net change in U.S. Treasury securities	24,886	29,729	20,642	3,728	163	4,461	18,357	−13,286	7,160	3,878
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	5	0	0	0	0	0	0	0	0
32 Redemptions	183	292	632	101	28	41	22	366	125	35
Repurchase agreements										
33 Gross purchases	41,836	22,807	14,565	1,811	197	2,105	2,968	3,479	2,485	9,810
34 Gross sales	40,461	23,595	14,486	1,519	764	2,105	2,019	4,428	2,415	7,734
35 Net change in federal agency obligations	1,192	−1,085	−554	191	−595	−41	927	−1,315	−55	2,041
36 Total net change in System Open Market Account	**26,078**	**28,644**	**20,089**	**3,918**	**−431**	**4,420**	**19,284**	**−14,601**	**7,105**	**5,919**

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

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

Millions of dollars

Account	Wednesday 1993					End of month 1993		
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Aug. 31	Sept. 30	Oct. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,057	11,056	11,056	11,056	11,055	11,057	11,057	11,056
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	378	390	393	405	401	382	378	406
Loans								
4 To depository institutions	268	216	214	273	180	236	2,918	145
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	4,804	4,804	4,799	4,769	4,734	4,839	4,804	4,734
8 Held under repurchase agreements	1,621	140	31	338	317	70	2,146	449
9 **Total U.S. Treasury securities**	**326,938**	**322,640**	**323,303**	**324,122**	**322,594**	**321,775**	**325,653**	**321,553**
10 Bought outright[2]	319,344	322,590	322,978	320,527	321,903	316,985	319,357	317,961
11 Bills	152,069	155,216	155,603	153,621	154,997	153,936	151,982	151,055
12 Notes	128,497	128,597	128,597	128,128	128,128	125,211	128,597	128,128
13 Bonds	38,778	38,778	38,778	38,778	38,778	37,838	38,778	38,778
14 Held under repurchase agreements	7,594	50	325	3,595	691	4,790	6,296	3,592
15 **Total loans and securities**	**333,632**	**327,801**	**328,347**	**329,502**	**327,825**	**326,920**	**335,521**	**326,882**
16 Items in process of collection	5,001	6,369	9,976	6,407	5,517	7,560	4,349	5,052
17 Bank premises	1,047	1,048	1,048	1,048	1,048	1,044	1,047	1,048
Other assets								
18 Denominated in foreign currencies[3]	23,011	23,277	23,294	23,310	23,324	22,899	23,272	22,580
19 All other[4]	9,379	8,531	8,917	9,139	9,393	7,485	8,771	9,229
20 **Total assets**	**391,523**	**386,490**	**391,049**	**388,887**	**386,581**	**385,364**	**392,412**	**384,270**
LIABILITIES								
21 Federal Reserve notes	329,755	331,595	333,505	332,541	331,806	328,125	330,421	331,672
22 **Total deposits**	**47,535**	**39,578**	**40,031**	**41,595**	**40,367**	**40,368**	**48,030**	**39,169**
23 Depository institutions	35,455	33,058	34,205	36,160	34,574	31,931	29,934	32,422
24 U.S. Treasury—General account	11,438	6,032	5,234	4,879	5,030	7,975	17,289	6,032
25 Foreign—Official accounts	294	190	309	272	484	187	501	390
26 Other	348	297	283	285	279	272	306	325
27 Deferred credit items	4,833	5,742	8,155	5,459	5,029	6,707	4,275	4,550
28 Other liabilities and accrued dividends[5]	2,418	2,372	2,349	2,302	2,397	2,408	2,460	2,482
29 **Total liabilities**	**384,541**	**379,288**	**384,040**	**381,898**	**379,598**	**377,608**	**385,186**	**377,872**
CAPITAL ACCOUNTS								
30 Capital paid in	3,331	3,332	3,333	3,333	3,335	3,317	3,331	3,338
31 Surplus	3,054	3,054	3,054	3,054	3,054	3,054	3,054	2,984
32 Other capital accounts	598	817	623	602	594	1,385	842	75
33 **Total liabilities and capital accounts**	**391,523**	**386,490**	**391,049**	**388,887**	**386,581**	**385,364**	**392,412**	**384,270**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	332,545	331,132	325,914	327,016	334,033	332,238	330,479	333,735
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	395,304	395,457	395,875	396,166	397,288	391,822	395,420	397,576
36 LESS: Held by Federal Reserve Banks	65,549	63,862	62,371	63,625	65,482	63,697	64,999	65,904
37 Federal Reserve notes, net	329,755	331,595	333,505	332,541	331,806	328,125	330,421	331,672
Collateral held against notes, net:								
38 Gold certificate account	11,057	11,056	11,056	11,056	11,055	11,057	11,057	11,056
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	310,680	312,521	314,431	313,468	312,732	309,051	311,346	312,599
42 **Total collateral**	**329,755**	**331,595**	**333,505**	**332,541**	**331,806**	**328,125**	**330,421**	**331,672**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1993					1993		
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Aug. 31	Sept. 30	Oct. 29
1 **Total loans**	**268**	**216**	**214**	**273**	**180**	**236**	**2,918**	**145**
2 Within fifteen days[1]	235	72	70	259	170	99	2,793	71
3 Sixteen days to ninety days	34	144	144	14	10	137	125	75
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days[1]	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**319,351**	**322,640**	**323,303**	**324,122**	**322,594**	**316,985**	**319,357**	**317,961**
10 Within fifteen days[1]	11,886	16,814	17,140	19,423	8,532	6,730	4,423	3,625
11 Sixteen days to ninety days	77,157	76,422	77,017	79,559	85,486	82,664	76,689	85,863
12 Ninety-one days to one year	101,514	100,846	100,589	97,495	100,930	102,812	109,686	100,828
13 One year to five years	75,179	74,942	74,942	74,911	74,911	72,679	74,942	74,911
14 Five years to ten years	22,505	22,505	22,505	21,623	21,623	21,707	22,505	21,623
15 More than ten years	31,111	31,111	31,111	31,111	31,111	30,394	31,111	31,111
16 **Total federal agency obligations**	**6,426**	**4,944**	**4,830**	**5,107**	**5,051**	**4,839**	**4,804**	**4,734**
17 Within fifteen days[1]	1,841	170	96	477	421	302	220	104
18 Sixteen days to ninety days	555	705	670	566	651	439	550	651
19 Ninety-one days to one year	1,102	1,142	1,172	1,172	1,105	1,142	1,102	1,105
20 One year to five years	2,187	2,187	2,157	2,157	2,139	2,168	2,187	2,139
21 Five years to ten years	599	599	594	594	594	647	599	594
22 More than ten years	142	142	142	142	142	142	142	142

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	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	40.49	41.77	45.53	54.35	55.17	55.20	56.88	57.12	57.57	58.03	58.84	59.83
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	55.07	55.12	56.76	56.94	57.32	57.68	58.41[r]	59.55
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	55.07	55.12	56.76	56.94	57.32	57.68	58.41[r]	59.55
4 Required reserves	39.57	40.10	44.56	53.20	53.95	54.10	55.88	56.21	56.48	57.08	57.75	58.73
5 Monetary base[6]	267.73	293.19	317.17	350.80	358.37	360.63	364.77	368.07	370.98	374.53	379.26[r]	381.78
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	54.18	56.37	55.88	56.96	57.42	57.38	58.69	59.54
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	54.09	56.29	55.76	56.78	57.17	57.03	58.26[r]	59.26
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	54.09	56.29	55.76	56.78	57.17	57.03	58.26[r]	59.26
9 Required reserves[8]	40.85	41.40	46.00	54.90	52.96	55.27	54.88	56.05	56.33	56.43	57.60	58.44
10 Monetary base[9]	271.18	296.68	321.07	354.55	356.00	361.64	364.08	368.73	372.02	374.10	377.75[r]	380.84
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	54.30	56.54	56.10	57.24	57.75	57.77	59.14	60.05
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	54.20	56.47	55.98	57.06	57.51	57.42	58.71	59.76
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	54.20	56.47	55.98	57.06	57.51	57.42	58.71	59.76
14 Required reserves	61.89	57.46	54.55	55.39	53.08	55.45	55.10	56.33	56.66	56.82	58.05	58.95
15 Monetary base[12]	292.55	313.70	333.61	360.90	362.59	368.18	370.46	375.19	378.48	380.53	384.25[r]	387.52
16 Excess reserves[13]	.92	1.66	.98	1.16	1.21	1.10	1.00	.91	1.09	.95	1.09	1.10
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.09	.07	.12	.18	.24	.35	.43	.29

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993			
					July[r]	Aug.[r]	Sept.[r]	Oct.
	Seasonally adjusted							
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,085.0	1,094.1	1,106.5	1,116.1
2 M2	3,233.3	3,345.5	3,445.8	3,494.8[r]	3,516.3	3,520.9	3,532.3	3,534.4
3 M3	4,056.1	4,116.8	4,168.1	4,162.5	4,162.4	4,165.1	4,176.8	4,183.6
4 L	4,886.1	4,966.6	4,982.3	5,039.5	5,065.7	5,080.0	5,073.3	n.a.
5 Debt	10,030.7	10,670.1	11,141.9	11,718.6	12,024.7	12,076.0	12,120.7	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	309.6	312.6	316.4	318.2
7 Travelers checks[4]	6.9	7.8	7.8	8.1	7.9	7.8	7.8	7.8
8 Demand deposits[5]	279.8	278.2	290.5	340.8	365.7	370.7	376.4	380.0
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	401.9	403.1	406.0	410.2
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,468.3	2,431.3	2,426.8	2,425.8	2,418.3
11 In M3[8]	822.8	771.3	722.3	667.7	646.1	644.2	644.5	649.2
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	769.5	773.9	777.2	777.8
13 Small time deposits[9]	534.9	610.3	601.5	506.9	483.8	479.3	475.9	472.1
14 Large time deposits[10, 11]	387.7	368.8	341.3	288.1	271.6	272.2	270.5	271.4
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	430.6	431.2	431.6	431.5
16 Small time deposits[9]	617.8	562.0	463.2	360.4	333.8	330.6	326.9	323.5
17 Large time deposits[10]	161.1	120.9	83.4	67.5	63.7	63.2	63.1	63.1
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	335.9	334.3	332.4	333.0
19 Institution-only	108.8	135.9	182.1	202.3	195.0	193.3	194.1	196.6
Debt components								
20 Federal debt	2,247.6	2,490.7	2,763.8	3,068.4	3,227.8	3,252.2	3,271.2	n.a.
21 Nonfederal debt	7,783.1	8,179.4	8,378.1	8,650.2	8,796.9	8,823.8	8,849.5	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.7	1,083.7	1,087.7	1,098.2	1,110.9
23 M2	3,245.1	3,357.0	3,457.9	3,509.1	3,512.8	3,513.7	3,518.7	3,528.4
24 M3	4,066.4	4,126.3	4,178.1	4,174.6	4,155.9	4,163.0	4,164.1	4,173.7
25 L	4,906.0	4,988.0	5,004.2	5,064.0	5,047.7	5,067.1	5,062.0	n.a.
26 Debt	10,026.5	10,667.7	11,141.0	11,717.2	11,983.3	12,036.9	12,088.6	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	311.0	312.8	314.8	317.3
28 Travelers checks[4]	6.5	7.4	7.4	7.8	8.4	8.4	8.2	8.0
29 Demand deposits[5]	291.5	289.9	302.9	355.2	365.4	367.3	372.9	380.8
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	398.8	399.2	402.4	404.8
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,463.4	2,429.1	2,426.0	2,420.5	2,417.5
32 In M3[8]	821.3	769.3	720.1	665.5	643.1	649.3	645.4	645.3
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	772.2	774.5	775.0	775.9
34 Small time deposits[9]	533.8	610.5	602.0	507.7	483.7	479.4	476.6	473.3
35 Large time deposits[10, 11]	386.9	367.7	340.1	287.1	271.2	273.3	270.9	270.5
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	432.1	431.5	430.4	430.4
37 Small time deposits[9]	616.2	562.1	463.6	360.9	333.7	330.7	327.4	324.3
38 Large time deposits[10]	162.0	120.6	83.1	67.3	63.6	63.4	63.2	62.9
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	331.7	331.5	329.8	330.0
40 Institution-only	109.1	136.2	182.4	202.4	191.8	193.3	190.7	192.4
Repurchase agreements and Eurodollars								
41 Overnight	77.5	74.7	76.3	74.7[r]	75.6	78.3	81.3	83.7
42 Term	178.4	158.3	130.1	126.2	138.4	140.1	140.7	139.9
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,201.8	3,229.4	3,251.9	n.a.
44 Nonfederal debt	7,779.0	8,176.3	8,376.0	8,647.4	8,781.5	8,807.4	8,836.7	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages. This sum is seasonally adjusted as a whole.

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

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

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

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

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

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

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

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

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

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

Item	1991	1992	1993								
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	2.27	2.21	2.15	2.12	2.09	2.06	2.01	1.96	1.93
2 Savings deposits[2]	4.30	2.88	2.80	2.73	2.68	2.65	2.61	2.59	2.55	2.51	2.49
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.81	2.75	2.72	2.70	2.68	2.67	2.66	2.63	2.63
4 92 to 182 days	4.41	3.16	3.08	3.03	2.99	2.97	2.97	2.97	2.96	2.92	2.91
5 183 days to 1 year	4.59	3.37	3.29	3.22	3.19	3.18	3.19	3.18	3.17	3.13	3.11
6 More than 1 year to 2½ years	4.95	3.88	3.83	3.74	3.66	3.64	3.65	3.64	3.63	3.55	3.54
7 More than 2½ years	5.52	4.77	4.59	4.52	4.47	4.47	4.44	4.43	4.40	4.28	4.27
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	2.37	2.32	2.25	2.20	2.13	2.09	2.07	2.01	1.98
9 Savings deposits[2]	4.97	3.20	3.14	3.05	2.98	2.93	2.88	2.83	2.80	2.73	2.68
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	3.01	2.95	2.91	2.87	2.86	2.80	2.79	2.76	2.75
11 92 to 182 days	4.92	3.44	3.35	3.28	3.23	3.19	3.17	3.15	3.12	3.05	3.05
12 183 days to 1 year	4.99	3.61	3.57	3.52	3.48	3.45	3.44	3.40	3.37	3.33	3.34
13 More than 1 year to 2½ years	5.23	4.02	3.89	3.83	3.86	3.76	3.79	3.72	3.73	3.69	3.68
14 More than 2½ years	5.98	5.00	4.97	4.89	4.84	4.79	4.75	4.73	4.73	4.62	4.57
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	279,944	287,811	280,073	283,860	287,555	284,496	287,675	286,056	289,801
16 Savings deposits[2]	652,058	738,253	742,952	747,809	745,038	753,452	754,790	757,716	761,919	758,835	765,358
17 Personal	508,191	578,757	585,189	591,388	586,863	591,231	592,545	593,448	593,318	592,028	595,703
18 Nonpersonal	143,867	159,496	157,764	156,422	158,175	162,221	162,245	164,268	168,601	166,807	169,655
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	36,738	35,459	34,675	33,213	31,743	30,803	30,017	30,384	30,022
20 92 to 182 days	158,605	127,831	128,209	125,630	122,136	119,096	114,846	112,497	109,603	108,574	108,505
21 183 days to 1 year	209,672	163,098	159,631	158,173	156,957	157,559	156,549	156,431	155,074	152,501	149,758
22 More than 1 year to 2½ years	171,721	152,977	151,798	147,798	146,830	144,330	144,804	143,605	141,377	139,406	139,044
23 More than 2½ years	158,078	169,708	172,362	177,558	178,657	179,761	179,297	180,983	181,762	184,414	183,791
24 IRA/Keogh Plan deposits	147,266	147,350	146,841	148,515	147,463	146,450	146,523r	146,196r	145,955r	145,636	144,782
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	9,821	10,199	9,876	10,000	10,313	10,457	10,468	10,471	10,550
26 Savings deposits[2]	71,215	81,786	79,649	77,390	76,970	77,352	77,495	78,390	78,387	78,182	78,023
27 Personal	68,638	78,695	76,634	74,430	74,077	74,376	74,569	75,049	75,153	74,978	74,763
28 Nonpersonal	2,577	3,091	3,016	2,961	2,893	2,976	2,926	3,341	3,234	3,204	3,261
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	3,468	3,201	3,167	3,103	3,022	2,871	2,928	2,886	2,841
30 92 to 182 days	21,686	17,345	15,857	14,468	14,328	14,129	13,808	13,773	13,525	13,261	13,140
31 183 days to 1 year	29,715	21,780	20,301	19,074	18,778	18,520	18,427	18,454	18,143	17,798	17,455
32 More than 1 year to 2½ years	25,379	18,442	17,387	16,842	16,433	16,155	15,972	16,250	16,200	16,161	16,136
33 More than 2½ years	18,665	18,845	18,759	18,564	18,646	18,725	18,989	19,229	19,331	19,610	19,669
34 IRA/Keogh Plan accounts	23,007	21,713	21,260	20,089	19,969	19,861	19,855	19,920	19,802	19,766	19,615

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.
2. Includes personal and nonpersonal money market deposits.
3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1990[2]	1991[2]	1992[2]	1993					
				Mar.	Apr.	May	June	July[r]	Aug.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	331,026.3	324,638.7	306,642.9	335,248.5	330,636.0	333,295.5
2 Major New York City banks	131,699.1	137,352.3	165,572.7	166,866.6	163,540.1	155,495.0	170,062.9	166,869.9	168,433.7
3 Other banks	145,458.4	140,405.7	150,233.5	164,159.7	161,098.6	151,147.9	165,185.6	163,766.1	164,861.8
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,572.6	3,524.7	3,284.7	3,620.9	3,380.7	3,478.1
5 Savings deposits (including MMDAs)[5]	3,483.3	3,266.1	3,331.3	3,562.8	3,523.3	3,436.1	3,637.4	3,666.7	3,529.2
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	811.3	792.3	722.8	791.3	777.9	767.8
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,129.1	4,120.9	3,852.9	4,197.5	4,306.7	4,027.5
8 Other banks	464.9	447.9	435.9	446.6	435.4	393.7	431.1	423.9	420.3
9 Other checkable deposits[4]	16.5	16.2	14.4	12.5	12.5	11.2	12.3	11.5	11.7
10 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.8	4.7	4.5	4.7	4.8	4.6
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	339,172.4	324,530.2	306,746.1	345,368.7	332,573.8	342,886.8
12 Major New York City banks	131,784.7	137,307.2	165,595.0	170,855.0	161,923.2	154,606.6	176,874.8	168,018.4	174,674.7
13 Other banks	145,505.8	140,408.3	150,213.3	168,317.4	162,607.0	152,139.5	168,493.9	164,555.4	168,212.1
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,630.2	3,741.6	3,201.0	3,645.9	3,305.2	3,416.5
15 Savings deposits (including MMDAs)[5]	3,483.0	3,267.7	3,329.0	3,529.2	3,741.3	3,445.0	3,758.1	3,677.1	3,567.2
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	854.5	787.0	738.2	818.3	777.4	803.0
17 Major New York City banks	3,825.9	4,274.3	4,803.5	4,385.4	4,108.4	3,948.9	4,412.6	4,280.6	4,307.8
18 Other banks	465.0	447.9	436.0	470.2	436.0	404.2	441.1	423.5	435.3
19 Other checkable deposits[4]	16.4	16.2	14.4	12.6	12.8	11.1	12.5	11.3	11.7
20 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.7	5.0	4.5	4.9	4.8	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 in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).
5. Money market deposit accounts.

1.24 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992 Nov.	1992 Dec.	1993 Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.
	Seasonally adjusted											
1 **Total loans, leases, and securities[2]**	**2,932.4**	**2,937.6**	**2,935.3**	**2,943.9**	**2,960.2**	**2,970.9**	**2,991.2**	**3,013.9**	**3,037.6**	**3,045.9**	**3,056.8**	**3,056.3**
2 U.S. government securities	651.4	657.1	656.5	666.2	680.2[r]	691.0	693.5	704.1	708.1	714.3	719.7	717.2
3 Other securities	177.3	176.0	174.5	176.4	179.0[r]	181.0	181.2	179.7	181.3	182.2	182.6	181.0
4 Total loans and leases[2]	2,103.8	2,104.6	2,104.4	2,101.3	2,101.0[r]	2,098.9	2,116.5	2,130.1	2,148.2	2,149.4	2,154.5	2,158.1
5 Commercial and industrial	600.5	597.6	598.0	596.7	593.1	587.5	589.9	590.8	589.8	589.0	585.8	585.7
6 Bankers acceptances held[3]	7.9	7.7	7.3	8.4	8.5	8.5	9.0	8.9	9.5	9.9	9.1	9.8
7 Other commercial and industrial	592.6	589.9	590.7	588.3	584.6[r]	579.0	580.9	582.0	580.2	579.1	576.7	575.9
8 U.S. addressees[4]	582.3	580.2	581.2	578.8	574.9	569.7	571.2	572.6	570.5	569.4	566.6	566.1
9 Non-U.S. addressees[4]	10.3	9.7	9.6	9.5	9.7	9.3	9.7	9.4	9.8	9.7	10.1	9.8
10 Real estate	892.5	892.4	890.8	890.1	891.9[r]	892.2	898.0	903.7	907.5	910.6	914.4	917.7
11 Individual	355.4	355.5	358.4	361.9	362.3	364.4	367.5	368.9	372.7	374.9	376.1	380.6
12 Security	64.2	64.8	63.5	62.8	64.2[r]	62.3	68.6	71.4	81.5	79.7	82.6	79.2
13 Nonbank financial institutions	44.7	43.6	45.1	44.6	44.2	45.0	45.9	46.0	46.6	46.9	46.1	45.0
14 Agricultural	35.2	35.0	34.5	34.3	34.0	34.1	34.3	34.3	34.8	34.8	34.8	35.0
15 State and political subdivisions	25.1	24.8	24.2	23.8	23.6[r]	23.1	23.0	22.7	22.8	22.7	22.4	22.2
16 Foreign banks	7.5	7.7	7.7	8.8	8.5	8.4	8.4	8.6	9.1	9.5	8.7	8.9
17 Foreign official institutions	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.2	3.2	3.1	3.4	3.5
18 Lease-financing receivables	30.9	30.9	30.4	30.6	30.6	30.7	30.9	31.2	31.6	31.7	31.8	32.1
19 All other loans	45.0	49.5	48.8	44.5	45.3	48.0	46.8	49.2	48.5	46.5	48.3	48.2
	Not seasonally adjusted											
20 **Total loans, leases, and securities[2]**	**2,939.0**	**2,947.4**	**2,937.4**	**2,946.7**	**2,963.9**	**2,972.5**	**2,986.2**	**3,013.6**	**3,025.8**	**3,037.5**	**3,053.6**	**3,055.5**
21 U.S. government securities	654.1	655.8	656.9	669.8	685.9	692.8	692.5	701.8	703.4	712.6	717.3	714.9
22 Other securities	178.3	176.2	175.0	176.6	178.7[r]	180.4	180.7	179.2	180.2	182.0	182.2	181.3
23 Total loans and leases[2]	2,106.6	2,115.4	2,105.5	2,100.3	2,099.3[r]	2,099.3	2,113.0	2,132.6	2,142.2	2,142.9	2,154.1	2,159.4
24 Commercial and industrial	600.8	600.6	596.4	595.9	596.3[r]	590.4	591.6	592.6	588.7	585.3	582.3	583.4
25 Bankers acceptances held[3]	8.2	8.0	7.4	8.8	8.6	8.3	8.9	8.7	9.2	9.6	8.9	9.6
26 Other commercial and industrial	592.6	592.5	589.0	587.1	587.7[r]	582.1	582.7	583.9	579.5	575.8	573.4	573.9
27 U.S. addressees[4]	582.8	583.0	579.5	577.5	578.2[r]	572.7	573.0	573.7	569.4	565.8	563.4	564.3
28 Non-U.S. addressees[4]	9.8	9.5	9.5	9.5	9.5	9.4	9.7	10.2	10.1	10.0	10.0	9.5
29 Real estate	893.9	893.7	890.5	888.3	889.3[r]	891.1	898.0	904.0	907.8	911.3	915.2	918.7
30 Individual	356.3	360.0	362.5	361.9	359.8	361.7	365.7	367.0	370.4	374.4	377.8	381.0
31 Security	63.5	65.6	65.0	65.8	66.4	65.7	65.5	70.8	77.5	76.8	80.6	78.8
32 Nonbank financial institutions	45.0	45.6	45.3	44.5	43.9	44.4	45.3	46.6	46.3	46.7	45.5	44.6
33 Agricultural	35.2	34.8	33.6	32.9	32.7	33.3	34.0	34.8	35.6	36.0	36.2	36.0
34 State and political subdivisions	25.2	24.8	24.0	23.7	23.7	23.2	23.0	22.7	22.7	22.7	22.5	22.3
35 Foreign banks	7.8	8.2	7.8	8.6	8.2	8.1	8.2	8.4	9.1	9.3	8.9	9.2
36 Foreign official institutions	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.2	3.2	3.1	3.4	3.5
37 Lease-financing receivables	30.8	30.9	30.8	30.8	30.8	30.8	30.9	31.2	31.4	31.5	31.6	32.0
38 All other loans	45.4	48.6	46.6	44.6	45.0	47.5	47.6	51.1	49.4	45.9	50.1	49.7

1. All commercial banks include domestically chartered insured banks, U.S. branches and agencies of foreign banks, New York state investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered foreign banks. Data are prorated averages of Wednesday estimates for domestically chartered and foreign related institutions, based on weekly reports of a sample of domestically chartered insured banks and large branches and agencies and quarterly reports of all domestically chartered insured banks and all agencies, branches, investment companies, and Edge Act and agreement corporation engaged in banking.
2. Adjusted to exclude loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992		1993[r]									
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted											
1 Total nondeposit funds[2]	307.7	311.4	311.2	309.6	319.9	329.4	325.1	335.7	355.3	366.3	377.6	382.0
2 Net balances owed to related foreign offices[3]	67.3	71.1	73.8	72.5	77.8	87.5	81.9	85.0	99.2	113.6	118.5	123.6
3 Borrowings from other than commercial banks in United States[4]	240.5[r]	240.4[r]	237.3	237.1	242.1	241.9	243.3	250.7	256.1	252.7	259.1	258.4
4 Domestically chartered banks	154.8	155.9	156.6	156.9	161.5	166.9	166.2	173.7	179.8	177.4	181.8	183.4
5 Foreign-related banks	85.6	84.4	80.7	80.2	80.5	75.0	77.1	77.0	76.4	75.3	77.4	75.0
	Not seasonally adjusted											
6 Total nondeposit funds[2]	313.1[r]	311.4	310.0	313.9	324.7	325.6	329.8	334.7	349.0	361.2	372.3	384.6
7 Net balances owed to related foreign offices[3]	68.9	75.2	76.4	74.4	78.5	84.6	84.0	83.1	95.9	109.9	116.2	124.7
8 Domestically chartered banks	−12.4	−15.0	−15.8	−10.6	−7.0	−9.4	−9.7	−15.3	−15.2	−13.6	−11.2	−5.1
9 Foreign-related banks	81.4	90.2	92.3	84.9	85.5	94.0	93.7	98.4	111.2	123.5	127.4	129.9
10 Borrowings from other than commercial banks in United States[4]	244.1	236.2	233.6	239.6	246.2	241.0	245.8	251.6	253.1	251.3	256.1	259.9
11 Domestically chartered banks	159.3[r]	155.0[r]	153.6	158.6	164.4	164.9	167.8	173.5	176.0	176.1	180.4	184.8
12 Federal funds and security RP borrowings[5]	155.2[r]	151.0	150.0	155.4	161.1	161.4	164.0	169.6	171.7	172.0	176.0	180.3
13 Other[6]	4.1	4.0	3.6	3.2	3.3	3.5	3.8	3.8	4.3	4.0	4.4	4.5
14 Foreign-related banks[6]	84.8	81.2	80.0	80.9	81.8	76.2	78.0	78.2	77.1	75.3	75.7	75.0
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	371.3	366.5	359.9	358.4	355.7	355.0	356.3	352.6	344.6	339.7	335.5	335.5
16 Not seasonally adjusted	371.1	365.5	358.0	358.0	356.5	354.2	357.9	354.1	344.3	340.8	335.8	334.6
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	20.7	20.4	25.6	23.6	18.8	24.2	19.1	26.1	30.1	29.4	24.2	16.7
18 Not seasonally adjusted	16.5	19.5	33.1	29.5	17.4	20.3	20.3	26.5	25.6	23.8	28.6	17.2

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 State investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered and foreign banks.
Data in this table also appear in the Board's G.10 (411) monthly statistical 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 on 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.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures

Millions of dollars

Account	1993								
	Sept. 1[r]	Sept. 8[r]	Sept. 15[r]	Sept. 22[r]	Sept. 29[r]	Oct. 6	Oct. 13	Oct. 20	Oct. 27
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,211,608	3,193,535	3,229,727	3,191,279	3,204,947	3,203,544	3,214,843	3,199,733	3,201,357
2 Investment securities	851,988	852,500	854,620	855,551	849,719	854,851	854,521	851,380	849,632
3 U.S. government securities	685,848	686,620	688,228	689,602	683,662	688,593	688,211	685,079	683,163
4 Other	166,140	165,880	166,392	165,949	166,057	166,258	166,311	166,302	166,469
5 Trading account assets	48,345	46,851	46,952	44,793	47,420	42,651	43,657	43,052	41,443
6 U.S. government securities	31,754	30,455	30,897	28,982	31,093	27,428	28,077	28,899	26,796
7 Other securities	3,437	3,331	3,177	3,048	2,949	2,886	2,949	2,995	2,730
8 Other trading account assets	13,154	13,065	12,878	12,764	13,378	12,337	12,631	11,157	11,917
9 Total loans	2,311,275	2,294,185	2,328,155	2,290,935	2,307,807	2,306,042	2,316,665	2,305,300	2,310,282
10 Interbank loans	159,269	149,859	163,473	140,910	150,502	149,840	158,383	148,187	151,357
11 Loans excluding interbank	2,152,006	2,144,327	2,164,681	2,150,026	2,157,305	2,156,202	2,158,282	2,157,113	2,158,925
12 Commercial and industrial	582,730	578,336	583,879	583,227	583,620	582,831	582,186	583,297	583,400
13 Real estate	913,943	915,389	915,852	912,838	916,616	918,096	920,321	918,400	917,380
14 Revolving home equity	74,775	74,737	74,775	74,769	74,849	74,793	74,734	74,585	74,487
15 Other	839,167	840,652	841,078	838,070	841,767	843,304	845,587	843,815	842,892
16 Individual	376,148	375,441	377,298	378,461	380,079	379,422	380,451	381,082	382,305
17 All other	279,186	275,161	287,652	275,499	276,989	275,853	275,324	274,334	275,841
18 Total cash assets	243,858	228,727	244,038	210,102	220,056	209,613	232,154	216,556	214,893
19 Balances with Federal Reserve Banks	31,777	33,129	31,572	34,234	31,652	29,304	29,777	32,489	30,628
20 Cash in vault	33,064	33,660	33,878	33,515	33,968	31,654	34,571	33,998	34,174
21 Demand balances at U.S. depository institutions	33,512	32,589	35,726	28,893	31,413	29,472	34,455	30,843	31,808
22 Cash items	107,458	90,033	104,159	75,151	83,853	80,243	93,473	80,501	77,417
23 Other cash assets	38,048	39,318	38,703	38,309	39,171	38,939	39,879	38,725	40,694
24 Other assets	272,105	278,998	277,540	268,868	272,500	281,764	279,335	264,072	268,483
25 **Total assets**	**3,727,571**	**3,701,261**	**3,751,304**	**3,670,249**	**3,697,503**	**3,694,921**	**3,726,332**	**3,680,360**	**3,684,732**
Liabilities									
26 Total deposits	2,546,977	2,533,452	2,571,198	2,471,211	2,492,119	2,516,429	2,533,595	2,492,698	2,488,437
27 Transaction accounts	832,032	811,643	854,602	767,739	792,157	804,405	822,038	792,890	788,007
28 Demand, U.S. government	5,871	3,048	26,292	3,945	3,271	2,979	2,916	3,216	3,028
29 Demand, depository institutions	44,719	42,554	46,653	37,352	38,929	37,857	44,463	38,874	39,520
30 Other demand and all checkable deposits	781,442	766,041	781,658	726,442	749,957	763,569	774,660	750,800	745,460
31 Savings deposits (excluding checkable)	771,828	778,848	773,760	767,010	764,448	776,430	777,838	769,751	770,951
32 Small time deposits	610,173	609,371	608,333	606,320	606,062	605,660	604,829	602,956	601,609
33 Time deposits over $100,000	332,945	333,590	334,503	330,143	329,452	329,934	328,889	327,102	327,870
34 Borrowings	518,843	501,551	521,960	532,690	533,023	510,220	529,030	517,523	510,938
35 Treasury tax and loan notes	24,817	10,561	12,531	34,553	35,277	12,636	11,849	9,730	12,943
36 Other	494,026	490,990	509,429	498,137	497,746	497,584	517,181	507,793	497,995
37 Other liabilities	367,320	368,423	360,625	367,635	377,001	371,706	366,304	371,783	387,965
38 **Total liabilities**	**3,433,140**	**3,403,426**	**3,453,782**	**3,371,536**	**3,402,143**	**3,398,355**	**3,428,928**	**3,382,004**	**3,387,339**
39 Residual (assets less liabilities)[3]	294,431	297,835	297,522	298,713	295,360	296,565	297,404	298,357	297,393

Footnotes appear on following page.

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

Millions of dollars

	Account	1993								
		Sept. 1[r]	Sept. 8[r]	Sept. 15[r]	Sept. 22[r]	Sept. 29[r]	Oct. 6	Oct. 13	Oct. 20	Oct. 27
	DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
	Assets									
40	Loans and securities	2,852,176	2,840,727	2,865,938	2,830,890	2,844,057	2,852,160	2,860,886	2,840,944	2,838,586
41	Investment securities	776,515	777,857	779,746	780,523	775,829	780,668	779,239	776,042	773,184
42	U.S. government securities	633,771	635,088	636,639	637,850	633,343	637,955	636,377	633,186	630,762
43	Other	142,744	142,769	143,107	142,672	142,485	142,712	142,862	142,856	142,422
44	Trading account assets	48,345	46,851	46,952	44,793	47,420	42,651	43,657	43,052	41,443
45	U.S. government securities	31,754	30,455	30,897	28,982	31,093	27,428	28,077	28,899	26,796
46	Other securities	3,437	3,331	3,177	3,048	2,949	2,886	2,949	2,995	2,730
47	Other trading account assets	13,154	13,065	12,878	12,764	13,378	12,337	12,631	11,157	11,917
48	Total loans	2,027,316	2,016,019	2,039,240	2,005,575	2,020,808	2,028,841	2,037,990	2,021,850	2,023,959
49	Interbank loans	138,153	129,956	138,419	117,889	124,107	129,325	134,148	122,394	125,686
50	Loans excluding interbank	1,889,164	1,886,063	1,900,820	1,887,686	1,896,701	1,899,516	1,903,842	1,899,456	1,898,272
51	Commercial and industrial	429,015	426,479	430,763	430,486	431,311	430,904	430,738	431,744	431,258
52	Real estate	865,837	867,369	868,024	865,135	869,105	870,471	872,900	870,967	869,913
53	Revolving home equity	74,775	74,737	74,775	74,769	74,849	74,793	74,734	74,585	74,487
54	Other	791,062	792,633	793,249	790,366	794,257	795,679	798,166	796,382	795,426
55	Individual	376,148	375,441	377,298	378,461	380,079	379,422	380,451	381,082	382,305
56	All other	218,163	216,774	224,735	213,604	216,205	218,719	219,753	215,663	214,796
57	Total cash assets	217,213	201,754	217,130	183,569	192,472	182,976	205,257	190,200	187,155
58	Balances with Federal Reserve Banks	30,884	32,595	30,695	33,715	30,983	28,843	28,944	32,050	29,802
59	Cash in vault	33,031	33,625	33,841	33,477	33,931	31,620	34,533	33,962	34,139
60	Demand balances at U.S. depository institutions	32,008	31,099	34,150	27,287	29,901	28,026	32,856	29,354	30,325
61	Cash items	105,312	87,654	101,569	72,151	80,559	77,324	90,767	77,489	74,437
62	Other cash assets	15,978	16,782	16,875	16,939	17,098	17,163	18,157	17,345	18,281
63	Other assets	185,062	189,070	187,611	182,466	183,163	190,645	191,705	179,987	185,501
64	**Total assets**	**3,254,450**	**3,231,551**	**3,270,679**	**3,196,925**	**3,219,692**	**3,225,781**	**3,257,847**	**3,211,131**	**3,211,241**
	Liabilities									
65	Total deposits	2,405,447	2,392,470	2,427,147	2,328,864	2,347,678	2,376,030	2,394,206	2,353,487	2,349,452
66	Transaction accounts	820,442	800,462	842,324	754,933	778,517	792,203	810,242	780,865	777,002
67	Demand, U.S. government	5,870	3,048	26,288	3,945	3,271	2,979	2,915	3,215	3,027
68	Demand, depository institutions	42,224	39,981	44,192	34,938	36,258	35,233	41,917	36,512	37,108
69	Other demand and all checkable deposits	772,347	757,433	771,844	716,050	738,989	753,991	765,410	741,137	736,867
70	Savings deposits (excluding checkable)	767,409	774,419	769,374	762,705	760,203	772,122	773,378	765,366	766,478
71	Small time deposits	607,866	607,084	606,037	604,033	603,806	603,408	602,564	600,711	599,326
72	Time deposits over $100,000	209,730	210,505	209,412	207,193	205,153	208,297	208,022	206,546	206,647
73	Borrowings	413,178	401,325	407,635	430,441	433,405	407,829	425,486	416,920	415,040
74	Treasury tax and loan notes	24,817	10,561	12,531	34,553	35,277	12,636	11,849	9,730	12,943
75	Other	388,361	390,764	395,104	395,888	398,128	395,193	413,637	407,190	402,097
76	Other liabilities	144,397	142,923	141,377	141,909	146,251	148,358	143,753	145,368	152,358
77	**Total liabilities**	**2,963,021**	**2,936,718**	**2,976,158**	**2,901,213**	**2,927,334**	**2,932,217**	**2,963,445**	**2,915,775**	**2,916,849**
78	Residual (assets less liabilities)[3]	291,429	294,833	294,521	295,712	292,359	293,564	294,402	295,355	294,392

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 investment corporations majority owned by foreign banks. 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.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 1	Sept. 8	Sept. 15[r]	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
ASSETS									
1 Cash and balances due from depository institutions	135,400[r]	120,015	135,185	110,278	115,749[r]	107,238	119,436	113,626	109,610
2 U.S. Treasury and government securities	305,747	305,009	305,666	303,939[r]	301,832[r]	302,845	302,856	301,586	297,687
3 Trading account	28,814	27,841	28,292	25,858	26,905	24,537	25,228	26,106	24,087
4 Investment account	276,933	277,168	277,374	278,082[r]	274,926[r]	278,308	277,628	275,480	273,600
5 Mortgage-backed securities[1]	86,712	86,613	85,766	87,263	87,215	87,189	86,717	85,729	85,377
All others, by maturity									
6 One year or less	50,905	50,735	50,761	50,092[r]	48,300[r]	48,389	48,721	49,126	48,330
7 One year through five years	69,229[r]	70,199[r]	71,559	71,657[r]	71,234[r]	71,524	71,554	71,782	72,641
8 More than five years	70,087[r]	69,621[r]	69,288	69,070	68,177	71,205	70,636	68,844	67,252
9 Other securities	57,156	57,195	56,939	56,549	56,277	56,985	57,086	57,353	56,598
10 Trading account	2,832	2,772	2,614	2,717	2,629	2,621	2,684	2,731	2,467
11 Investment account	54,325	54,423	54,326	53,831	53,647	54,364	54,403	54,622	54,132
12 State and political subdivisions, by maturity	19,687	19,742	19,810	19,919	19,997	19,919	19,948	20,069	20,126
13 One year or less	3,548	3,619	3,655	3,701	3,761	3,819	3,795	3,826	3,845
14 More than one year	16,139	16,123	16,154	16,218	16,236	16,100	16,153	16,243	16,281
15 Other bonds, corporate stocks, and securities	34,638	34,681	34,516	33,912	33,650	34,445	34,454	34,553	34,005
16 Other trading account assets	13,039	12,952	12,763	12,650	13,265	12,224	12,517	11,045	11,805
17 Federal funds sold[2]	93,973	86,414	102,670	82,726	87,655	85,522	92,402	78,905	82,888
18 To commercial banks in the United States	57,861	49,600	60,424	45,736	52,365	48,998	54,310	42,963	48,212
19 To nonbank brokers and dealers	31,779	31,796	36,209	31,301	29,664	30,738	32,962	30,365	29,723
20 To others[3]	4,333	5,018	6,037	5,689	5,626	5,785	5,130	5,577	4,953
21 Other loans and leases, gross	991,880[r]	987,162[r]	993,309	988,109	995,402[r]	995,941	999,827	998,168	996,392
22 Commercial and industrial	270,112[r]	267,748[r]	271,267	270,697[r]	271,309	270,743	270,510	270,973	270,706
23 Bankers acceptances and commercial paper	3,308	3,231[r]	3,190	3,071	2,829	2,947	3,400	3,409	3,438
24 All other	266,804[r]	264,517[r]	268,077	267,626[r]	268,480	267,796	267,110	267,563	267,268
25 U.S. addressees	265,222[r]	263,010[r]	266,562	266,098[r]	266,958	266,407	265,719	266,087	265,842
26 Non-U.S. addressees	1,582	1,507	1,515	1,528	1,522	1,389	1,391	1,477	1,426
27 Real estate loans	403,082[r]	404,212[r]	403,921	401,318[r]	403,275[r]	404,988	407,018	404,544	402,755
28 Revolving, home equity	43,926[r]	43,856[r]	43,879	43,653[r]	43,693[r]	43,706	43,670	43,550	43,480
29 All other	359,156[r]	360,355[r]	360,042	357,664[r]	359,582[r]	361,282	363,347	360,993	359,275
30 To individuals for personal expenditures	191,418[r]	190,797[r]	191,597	192,343[r]	193,437[r]	193,259	193,907	195,234	195,903
31 To financial institutions	37,340[r]	36,572[r]	35,664	35,964	36,949	38,566	40,834	39,540	38,595
32 Commercial banks in the United States	13,580	12,557[r]	12,192	13,511[r]	13,365	13,413	14,689	15,058	14,376
33 Banks in foreign countries	2,869	2,678	2,500	2,304	2,414	2,845	4,133	2,807	2,298
34 Nonbank financial institutions	20,891[r]	21,338[r]	20,972	20,149	21,170	22,308	22,011	21,675	21,921
35 For purchasing and carrying securities	18,984[r]	17,877[r]	19,726	17,590	19,294	17,622	17,408	17,646	18,428
36 To finance agricultural production	5,802	5,800	5,775	5,736	5,796	5,841	5,848	5,660	5,672
37 To states and political subdivisions	13,587	13,442	13,380	13,448	13,398	13,214	13,327	13,263	13,028
38 To foreign governments and official institutions	1,275[r]	1,262[r]	1,307	1,248[r]	1,489[r]	1,460	1,445	1,561	1,382
39 All other loans[4]	25,266[r]	24,447[r]	25,624	24,698	25,288	24,955	24,236	24,300	24,404
40 Lease-financing receivables	25,013[r]	25,006[r]	25,047	25,068[r]	25,167	25,292	25,294	25,449	25,519
41 LESS: Unearned income	2,032[r]	2,018	2,008	2,055	2,033	2,000	1,999	1,980	1,996
42 Loan and lease reserve[5]	35,743	35,968	36,017	35,924	35,604	35,214	35,218	35,186	35,153
43 Other loans and leases, net	954,104[r]	949,177[r]	955,285	950,130	957,766[r]	958,727	962,609	961,002	959,244
44 Other assets	169,798[r]	172,165[r]	172,482	168,133[r]	168,717[r]	174,360	174,484	167,072	172,330
45 **Total assets**	**1,729,218[r]**	**1,702,927[r]**	**1,740,989**	**1,684,405[r]**	**1,701,260[r]**	**1,697,900**	**1,721,390**	**1,690,590**	**1,690,162**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 1	Sept. 8	Sept. 15r	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
LIABILITIES									
46 Deposits	1,144,815r	1,128,798r	1,163,355	1,090,205r	1,103,254r	1,116,848	1,128,535	1,102,291	1,098,309
47 *Demand deposits*	312,164r	291,181r	330,451	271,701r	290,284r	288,563	302,421	285,886	283,722
48 Individuals, partnerships, and corporations	253,397r	239,399r	255,699	222,705r	236,876r	240,379	250,451	234,296	232,517
49 Other holders	58,767r	51,783r	74,752	48,996r	53,407r	48,183	51,970	51,590	51,206
50 States and political subdivisions	9,857	7,952	9,242	8,932	8,672	8,083	8,427	9,056	8,842
51 U.S. government	3,953r	1,865r	20,436	2,881r	2,145r	1,690	1,664	1,956	1,898
52 Depository institutions in the United States	27,578	24,929	28,668	20,972r	22,406	21,825	26,656	22,529	22,850
53 Banks in foreign countries	5,084	5,451	5,503	5,760	5,559	4,861	5,316	5,284	5,310
54 Foreign governments and official institutions	632	689	629	618	556	566	661	618	669
55 Certified and officers' checks	11,664r	10,897r	10,275	9,832r	14,069r	11,158	9,246	12,149	11,637
56 Transaction balances other than demand deposits[4]	122,574	123,429	123,601	118,063	117,095	121,929	120,206	119,096	117,951
57 Nontransaction balances	710,076	714,188	709,303	700,442r	695,875	706,357	705,908	697,309	696,635
58 Individuals, partnerships, and corporations	686,702r	691,085r	686,859	678,101r	673,821r	684,551	684,033	675,605	674,918
59 Other holders	23,374r	23,103r	22,444	22,341r	22,054r	21,806	21,875	21,703	21,717
60 States and political subdivisions	18,863	18,919	18,262	18,172	18,185	17,838	17,828	17,648	17,611
61 U.S. government	2,633	2,317	2,310	2,310	1,991	2,212	2,235	2,230	2,245
62 Depository institutions in the United States	1,569r	1,539r	1,539	1,527r	1,547r	1,444	1,481	1,511	1,544
63 Foreign governments, official institutions, and banks	308	328	333	332	330	312	330	315	317
64 Liabilities for borrowed money[5]	317,547	307,965	312,500	328,630r	329,114r	309,090	325,671	317,237	314,980
65 *Borrowings from Federal Reserve Banks*	0	0	0	0	0	0	0	75	0
66 Treasury tax and loan notes	21,443r	9,165	10,881	28,774r	30,308r	10,945	10,018	8,770	11,158
67 Other liabilities for borrowed money[6]	296,105	298,800	301,619	299,857r	298,806r	298,146	315,653	308,392	303,822
68 Other liabilities (including subordinated notes and debentures)	113,321r	111,707r	110,287	110,715r	115,337r	117,534	112,695	114,571	121,474
69 **Total liabilities**	**1,575,684r**	**1,548,471r**	**1,586,142**	**1,529,550r**	**1,547,705r**	**1,543,472**	**1,566,901**	**1,534,099**	**1,534,762**
70 Residual (total assets less total liabilities)[7]	153,534	154,456	154,847	154,855	153,555r	154,428	154,488	156,492	155,400
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,390,354r	1,386,575r	1,398,731	1,384,727r	1,388,700r	1,391,105	1,395,689	1,389,038	1,382,783
72 Time deposits in amounts of $100,000 or more	102,339r	102,716r	101,771	99,643r	97,388r	100,147	99,819	98,385	99,075
73 Loans sold outright to affiliates[9]	789	786	786	786	828	822	821	823	812
74 *Commercial and industrial*	402	402	402	402	401	401	401	401	393
75 Other	387	384	384	385	427	422	420	422	418
76 Foreign branch credit extended to U.S. residents[10]	21,299	21,828r	21,515	21,307r	20,691r	21,176	21,611	21,263	21,919
77 Net owed to related institutions abroad	−14,007r	−17,379r	−16,386	−10,470r	−9,641r	−11,236	−9,443	−5,294	−4,558

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

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

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

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 1	Sept. 8	Sept. 15	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
ASSETS									
1 Cash and balances due from depository institutions	18,096	18,325	18,324	18,018	18,797	18,117	18,363	17,946	18,876
2 U.S. Treasury and government agency securities	33,571	33,267	33,324	33,405	32,542	32,760	33,598	33,603	33,858
3 Other securities	8,406	8,311	8,382	8,372	8,497	8,488	8,470	8,461	8,667
4 Federal funds sold[1]	23,073	21,770	26,035	25,025	26,975	23,013	24,297	26,878	29,237
5 To commercial banks in the United States	5,462	4,871	7,295	6,550	7,791	4,965	6,811	7,439	7,550
6 To others[2]	17,612	16,899	18,741	18,474	19,184	18,048	17,486	19,439	21,687
7 Other loans and leases, gross	161,705	158,976	161,693	160,633	159,255	157,252	156,496	157,138	156,706
8 Commercial and industrial	95,979	94,904	95,759	95,454	95,335[r]	95,171	95,135	95,114	95,229
9 Bankers acceptances and commercial paper	2,776	2,708	2,664	2,616	2,466	2,695	2,951	2,952	2,771
10 All other	93,203	92,196	93,095	92,838	92,869[r]	92,476	92,184	92,162	92,458
11 U.S. addressees	89,876	88,835	89,742	89,506	89,553[r]	89,229	88,973	88,992	89,251
12 Non-U.S. addressees	3,327	3,360	3,353	3,332	3,316	3,246	3,210	3,170	3,206
13 Loans secured by real estate	31,516	31,500	31,403	31,301	31,226	31,300	31,240	31,223	31,176
14 To financial institutions	26,281	25,094	25,629	25,157	23,545	23,443	23,368	23,345	23,228
15 Commercial banks in the United States	5,248	5,253	5,411	5,219	5,628	5,522	5,548	5,710	5,473
16 Banks in foreign countries	2,208	2,202	2,288	2,051	1,946	2,023	2,078	2,119	2,176
17 Nonbank financial institutions	18,825	17,640	17,930	17,887	15,971	15,898	15,741	15,517	15,579
18 For purchasing and carrying securities	5,175	4,099	5,371	5,070	5,233	3,923	3,395	3,716	3,323
19 To foreign governments and official institutions	435	418	467	472	497	476	464	454	423
20 All other	2,319	2,959	3,065	3,178	3,419[r]	2,940	2,895	3,285	3,327
21 Other assets (claims on nonrelated parties)	31,060	31,814	31,553	30,764	32,466	30,942	31,089	30,322	31,416
22 **Total assets**[3]	**299,435**	**297,234**	**304,327**	**299,665**	**302,511**	**296,875**	**296,322**	**296,755**	**299,419**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	90,944	90,850	92,160	91,297	93,056	90,006	89,691	89,748	90,607
24 Demand deposits[4]	4,589	4,530	4,991	5,230	5,706	4,947	4,776	4,929	4,406
25 Individuals, partnerships, and corporations	3,403	3,712	3,856	3,878	4,260	3,809	3,758	3,875	3,497
26 Other	1,186	818	1,135	1,351	1,445	1,138	1,018	1,055	909
27 Nontransaction accounts	86,355	86,320	87,169	86,068	87,350	85,059	84,915	84,819	86,201
28 Individuals, partnerships, and corporations	59,466	60,054	61,263	60,438	60,570	58,581	58,053	57,943	57,939
29 Other	26,888	26,267	25,906	25,629	26,780	26,478	26,862	26,876	28,262
30 Borrowings from other than directly-related institutions	80,645	76,788	86,750	78,680	76,345	78,929	79,180	77,095	72,845
31 Federal funds purchased[5]	41,844	38,064	48,182	39,112	38,009	43,348	41,478	42,936	37,863
32 From commercial banks in the United States	13,633	11,291	19,563	9,475	12,027	11,931	12,427	9,033	9,993
33 From others	28,211	26,774	28,619	29,638	25,982	31,416	29,051	33,903	27,870
34 Other liabilities for borrowed money	38,801	38,723	38,568	39,568	38,336	35,581	37,701	34,159	34,983
35 To commercial banks in the United States	4,856	4,380	4,884	4,360	4,519	3,914	4,516	4,942	5,596
36 To others	33,945	34,343	33,684	35,208	33,817	31,668	33,185	29,216	29,386
37 Other liabilities to nonrelated parties	29,319	29,581	29,000	29,407	30,258	28,888	27,860	27,844	28,039
38 **Total liabilities**[6]	**299,435**	**297,234**	**304,327**	**299,665**	**302,511**	**296,875**	**296,322**	**296,755**	**299,419**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	216,045	212,200	216,729	215,665	213,850	211,025	210,502	212,931	215,445
40 Net owed to related institutions abroad	75,003	75,244	71,403	76,833	78,872	72,749	75,582	79,661	87,269

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993					
	1988	1989	1990	1991	1992	Apr.	May	June	July	Aug.	Sept.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**535,966**	**541,761**	**544,107**	**539,149**	**545,527**	**541,285**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	210,230	214,558	221,834	210,224	216,245	215,077
3 Bank-related (not seasonally adjusted)[3]	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	194,931	210,930	200,036	183,379	172,813	175,384	174,558	171,479	170,192	172,093	169,431
5 Bank-related (not seasonally adjusted)[3]	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	103,756	131,279	147,914	134,522	148,360	150,352	152,645	150,794	158,733	157,189	156,777
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,200**	**35,317**	**34,927**	**34,149**	**33,120**	**32,572**	**33,041**
By holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561	10,688	11,096	11,568	11,422	12,416[r]	12,522
9 Own bills	8,022	8,510	7,930	9,347	9,103	9,315	9,786	10,236	10,140	10,709[r]	10,679
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,372	1,310	1,333	1,282	1,707	1,843
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	909	690	613	582	635	637
12 Others	56,052	52,473	44,836	31,014	26,364	23,720	23,141	21,967	21,116	19,521[r]	19,882
By basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212	10,746	10,274	10,066	10,149	10,422	10,773
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,629	7,809	7,650	7,673	7,534	7,460
15 All other	37,237	33,638	28,973	20,577	17,893	16,942	16,844	16,433	15,299	14,616	14,808

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

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1990— Jan. 1	10.50	1990	10.01	1991— Jan.	9.52	1992— June	6.50
8	10.00	1991	8.46	Feb.	9.05	July	6.02
		1992	6.25	Mar.	9.00	Aug.	6.00
1991— Jan. 2	9.50			Apr.	9.00	Sept.	6.00
Feb. 4	9.00	1990— Jan.	10.11	May	8.50	Oct.	6.00
May 1	8.50	Feb.	10.00	June	8.50	Nov.	6.00
Sept. 13	8.00	Mar.	10.00	July	8.50	Dec.	6.00
Nov. 6	7.50	Apr.	10.00	Aug.	8.50		
Dec. 23	6.50	May	10.00	Sept.	8.20	1993— Jan.	6.00
		June	10.00	Oct.	8.00	Feb.	6.00
1992— July 2	6.00	July	10.00	Nov.	7.58	Mar.	6.00
		Aug.	10.00	Dec.	7.21	Apr.	6.00
		Sept.	10.00			May	6.00
		Oct.	10.00	1992— Jan.	6.50	June	6.00
		Nov.	10.00	Feb.	6.50	July	6.00
		Dec.	10.00	Mar.	6.50	Aug.	6.00
				Apr.	6.50	Sept.	6.00
				May	6.50	Oct.	6.00
						Nov.	6.00

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1990	1991	1992	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993, week ending Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
Money Market Instruments												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.06	3.03	3.09	2.99	3.05	3.24	2.91	2.97	2.97
2 Discount window borrowing[2,4]	6.98	5.45	3.25	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	8.15	5.89	3.71	3.15	3.14	3.14	3.14	3.17	3.15	3.14	3.13	3.14
4 3-month	8.06	5.87	3.75	3.20	3.18	3.16	3.26	3.18	3.26	3.25	3.24	3.28
5 6-month	7.95	5.85	3.80	3.35	3.33	3.25	3.27	3.26	3.27	3.25	3.24	3.30
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.08	3.08	3.07	3.08	3.10	3.09	3.09	3.07	3.07
7 3-month	7.87	5.71	3.65	3.12	3.13	3.09	3.16	3.10	3.13	3.18	3.16	3.18
8 6-month	7.53	5.60	3.63	3.15	3.16	3.11	3.13	3.11	3.12	3.13	3.12	3.14
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.12	3.10	3.07	3.19	3.10	3.18	3.17	3.18	3.24
10 6-month	7.80	5.67	3.67	3.26	3.23	3.17	3.19	3.17	3.18	3.17	3.18	3.24
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.10	3.09	3.09	3.09	3.10	3.10	3.09	3.09	3.10
12 3-month	8.15	5.83	3.68	3.16	3.14	3.12	3.24	3.16	3.23	3.22	3.23	3.29
13 6-month	8.17	5.91	3.76	3.34	3.32	3.24	3.25	3.24	3.23	3.23	3.24	3.30
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.17	3.14	3.08	3.26	3.14	3.25	3.25	3.25	3.29
U.S. Treasury bills[5]												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	3.04	3.02	2.95	3.02	2.92	2.97	3.02	3.04	3.06
16 6-month	7.46	5.44	3.54	3.16	3.14	3.06	3.12	3.04	3.08	3.10	3.14	3.18
17 1-year	7.35	5.52	3.71	3.33	3.30	3.22	3.25	3.21	3.21	3.22	3.27	3.32
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	3.05	3.05	2.96	3.04	2.90	2.96	3.04	3.06	3.08
19 6-month	7.47	5.49	3.57	3.15	3.17	3.06	3.13	3.02	3.08	3.12	3.14	3.19
20 1-year	7.36	5.54	3.75	3.42	3.30	3.27	3.25	n.a.	n.a.	n.a.	3.25	n.a.
U.S. Treasury Notes and Bonds												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.47	3.44	3.36	3.39	3.35	3.35	3.36	3.40	3.46
22 2-year	8.16	6.49	4.77	4.07	4.00	3.85	3.87	3.83	3.83	3.82	3.87	3.97
23 3-year	8.26	6.82	5.30	4.43	4.36	4.17	4.18	4.17	4.15	4.09	4.17	4.28
24 5-year	8.37	7.37	6.19	5.09	5.03	4.73	4.71	4.72	4.69	4.62	4.69	4.82
25 7-year	8.52	7.68	6.63	5.48	5.35	5.08	5.05	5.03	5.03	4.95	5.04	5.19
26 10-year	8.55	7.86	7.01	5.81	5.68	5.36	5.33	5.33	5.33	5.24	5.31	5.44
27 20-year	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.07	6.12	6.09	5.99	6.03	6.14
28 30-year	8.61	8.14	7.67	6.63	6.32	6.00	5.94	5.99	5.99	5.87	5.89	5.99
Composite												
29 More than 10 years (long-term)	8.74	8.16	7.52	6.34	6.18	5.94	5.90	5.94	5.92	5.82	5.86	5.99
State and Local Notes and Bonds												
Moody's series[13]												
30 Aaa	6.96	6.56	6.09	5.27	5.37	n.a.	n.a.	5.19	n.a.	n.a.	n.a.	n.a.
31 Baa	7.29	6.99	6.48	5.74	5.84	n.a.	n.a.	5.70	n.a.	n.a.	n.a.	n.a.
32 *Bond Buyer* series[14]	7.27	6.92	6.44	5.57	5.45	5.29	5.25	5.30	5.30	5.20	5.20	5.31
Corporate Bonds												
33 Seasoned issues, all industries[15]	9.77	9.23	8.55	7.50	7.19	6.98	6.97	7.00	7.02	6.92	6.92	7.03
Rating group												
34 Aaa	9.32	8.77	8.14	7.17	6.85	6.66	6.67	6.69	6.70	6.62	6.63	6.73
35 Aa	9.56	9.05	8.46	7.35	7.06	6.85	6.87	6.89	6.91	6.82	6.81	6.93
36 A	9.82	9.30	8.62	7.53	7.25	7.05	7.04	7.08	7.09	6.99	6.97	7.08
37 Baa	10.36	9.80	8.98	7.93	7.60	7.34	7.31	7.35	7.35	7.25	7.26	7.38
38 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	7.43	7.16	6.94	6.91	6.95	6.93	6.79	6.97	6.97
Memo												
Dividend–price ratio[17]												
39 Preferred stocks	8.96	8.17	7.46	6.89	6.83	6.70	6.71	6.70	6.67	6.67	6.69	6.81
40 Common stocks	3.61	3.24	2.99	2.81	2.76	2.73	2.72	2.73	2.73	2.73	2.71	2.71

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1990	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	243.41	248.12	244.72	246.02	247.16	247.85	251.93	254.86	257.53
2 Industrial	226.06	258.16	284.26	294.40	298.75	292.19	297.83	298.78	295.34	298.83	300.92	306.61
3 Transportation	158.80	173.97	201.02	226.96	229.42	237.97	237.80	234.30	238.30	250.82	247.74	254.04
4 Utility	90.72	92.64	99.48	109.45	112.53	113.78	111.21	113.27	116.27	118.72	122.32	120.49
5 Finance	133.21	150.84	179.29	209.93	217.01	216.02	209.40	209.75	218.89	224.96	229.35	228.18
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	441.76	450.15	443.08	445.25	448.06	447.29	454.13	459.24	463.90
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	409.39	418.56	418.54	429.72	436.13	434.99	444.75	454.91	472.73
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	288,540	251,170	279,778	255,843	250,230	247,574	247,324	261,770	280,503
9 American Stock Exchange	13,155	12,486	14,171	18,154	16,150	15,521	20,433	17,753	17,744	19,352	18,889	21,279
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**28,210**	**36,660**	**43,990**	**44,290**	**45,160**	**47,420**	**48,630**	**49,550**	**49,080**	**52,760**	**53,700**	n.a.
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	9,790	9,650	9,805	9,560	9,820	9,585	9,480	10,030	n.a.
12 Cash accounts	19,285	19,255	22,510	22,190	21,395	21,450	21,610	22,625	21,475	21,915	23,170	n.a.
	Margin requirements (percent of market value and effective date)[5]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. New series since June 1984.
6. These requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1991	1992	1993	1993					
				May	June	July	Aug.	Sept.	Oct.
U.S. budget[1]									
1 Receipts, total	1,054,264	1,090,453	1,153,175	70,640	128,568	80,633	86,741	127,469	78,669
2 On-budget	760,380	788,027	841,241	44,518	98,662	57,146	62,060	98,609	55,865
3 Off-budget	293,885	302,426	311,934	26,122	29,906	23,487	24,681	28,860	22,804
4 Outlays, total	1,323,785	1,380,794	1,408,122	107,603	117,469	120,211	109,819	119,168	124,013
5 On-budget	1,082,098	1,128,455	1,142,110	83,208	103,475	96,245	84,953	91,039	100,490
6 Off-budget	241,687	252,339	266,012	24,395	13,994	23,965	24,867	28,130	23,523
7 Surplus or deficit (−), total	−269,521	−290,340	−254,948	−36,963	11,099	−39,577	−23,078	8,300	−45,343
8 On-budget	−321,719	−340,428	−300,869	−38,690	−4,813	−39,099	−22,893	7,570	−44,625
9 Off-budget	52,198	50,087	45,922	1,727	15,912	−478	−186	730	−719
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	30,832	24,757	1,055	54,301	−9,346	4,255
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	20,196	−40,288	32,447	−12,652	−11,713	33,646
12 Other[2]	−5,952	−3,273	46	−14,065	4,432	6,075	−18,571	12,759	7,442
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	20,300	60,588	28,141	40,793	52,506	18,860
14 Federal Reserve Banks	7,928	24,586	17,289	5,787	28,386	5,818	7,975	17,289	6,032
15 Tax and loan accounts	33,556	34,203	35,217	14,514	32,202	22,324	32,818	35,217	12,828

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1992	1993	1991	1992		1993	1993		
			H2	H1	H2	H1	Aug.	Sept.	Oct.
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,175**	**519,165**	**560,318**	**540,472**	**593,200**	**86,741**	**127,469**	**78,669**
2 Individual income taxes, net	475,964	509,680	234,939	236,576	246,938	255,556	39,440	55,653	37,680
3 Withheld	408,352	430,427	210,552	198,868	215,589[r]	210,066	36,751	31,991	34,284
4 Presidential Election Campaign Fund	30	28	1	20	10	25	0	0	27
5 Nonwithheld	149,342	154,772	33,296	110,995	39,286[r]	113,482	3,928	25,579	4,053
6 Refunds	81,760	75,546	8,910	73,308	7,939[r]	67,468	1,235	1,918	684
Corporation income taxes									
7 Gross receipts	117,951	131,548	54,016	61,682	58,022	69,044	2,422	25,909	4,269
8 Refunds	17,680	14,027	8,649	9,403	7,219	7,198	479	1,398	2,111
9 Social insurance taxes and contributions, net	413,689	428,300	186,839	224,569	192,599	227,177	36,657	37,768	30,828
10 Employment taxes and contributions[2]	385,491	396,939	175,802	208,110	180,758	208,776	31,447	36,908	29,440
11 Self-employment taxes and contributions[3]	24,421	20,604	3,306	20,434	3,988	16,270	0	4,231	0
12 Unemployment insurance	23,410	26,556	8,721	14,070	9,397	16,074	4,810	413	1,046
13 Other net receipts[4]	4,788	4,805	2,317	2,389	2,445	2,326	400	447	343
14 Excise taxes	45,569	48,057	24,429	22,389	23,456	23,398	4,295	4,385	3,597
15 Customs deposits	17,359	18,802	8,694	8,146	9,497	8,860	1,828	1,646	1,708
16 Estate and gift taxes	11,143	12,577	5,507	5,701	5,733	6,494	1,150	1,049	990
17 Miscellaneous receipts[5]	26,459	18,239	13,390	10,658	11,446	9,867	1,429	2,456	1,708
OUTLAYS									
18 **All types**	**1,380,794**	**1,408,122**	**694,345**	**704,266**	**723,515**	**673,328**	**109,819**	**119,168**	**124,013**
19 National defense	298,350	290,590	147,669	147,065	155,222[r]	140,535	21,278	24,903	24,281
20 International affairs	16,107	17,175	7,691	8,540	9,916[r]	6,565	493	1,556	4,732
21 General science, space, and technology	16,409	17,055	8,472	7,951	8,521	7,996	1,556	1,388	1,421
22 Energy	4,499	4,445	1,698	1,442	3,109	2,462	400	−276	345
23 Natural resources and environment	20,025	20,088	11,130	8,594	11,467	8,588	1,487	1,907	1,911
24 Agriculture	15,205	20,257	7,418	7,526	8,866[r]	11,824	171	205	1,442
25 Commerce and housing credit	10,118	−23,532	36,534	15,615	−7,694	−15,112	−2,855	3,003	377
26 Transportation	33,333	35,238	17,074	15,651	18,425[r]	16,077	3,270	3,760	3,133
27 Community and regional development	6,838	10,395	3,783	3,903	4,464[r]	4,935	876	1,168	898
28 Education, training, employment, and social services	45,250	48,872	21,114	23,767	21,003[r]	23,983	4,937	4,326	3,586
29 Health	89,497	99,249	41,459	44,164	47,232	49,882	8,632	9,080	9,315
30 Social security and Medicare	406,569	435,137	193,098	205,500	232,109	195,933	36,334	36,697	36,267
31 Income security	196,891	207,933	87,693	104,537	98,613[r]	108,559	14,925	15,696	17,342
32 Veterans benefits and services	34,133	35,715	17,425	15,597	18,561	16,385	2,063	3,010	2,819
33 Administration of justice	14,426	14,983	6,574	7,435	7,238	7,463	1,122	1,415	1,011
34 General government	12,945	13,039	6,794	5,050	8,223[r]	5,205	848	1,712	640
35 Net interest[6]	199,439	198,870	99,149	100,161	98,703[r]	99,635	17,473	15,440	17,082
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−20,436	−18,229	−20,628[r]	−17,035	−3,187	−5,823	−2,593

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 1994.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1991		1992				1993		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	n.a.
2 Public debt securities	3,665	3,802	3,881	3,985	4,065	4,177	4,231	4,352	4,412
3 Held by public	2,746	2,833	2,918	2,977	3,048	3,129	3,188	3,252	n.a.
4 Held by agencies	920	969	964	1,008	1,016	1,048	1,043	1,100	n.a.
5 Agency securities	18	19	16	16	18	19	20	21	n.a.
6 Held by public	18	19	16	16	18	19	20	21	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**
9 Public debt securities	3,569	3,706	3,783	3,890	3,972	4,085	4,139	4,256	4,315
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,370	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992	1993		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**4,177.0**	**4,230.6**	**4,352.0**	**4,411.5**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	4,173.9	4,227.6	4,349.0	4,408.6
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,754.1	2,807.1	2,860.6	2,904.9
4 Bills	430.6	527.4	590.4	657.7	657.7	659.9	659.3	658.4
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,608.9	1,652.1	1,698.7	1,734.2
6 Bonds	348.2	388.2	435.5	472.5	472.5	480.2	487.6	497.4
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,419.8	1,420.5	1,488.4	1,503.7
8 State and local government series	163.3	160.8	159.7	153.5	153.5	151.6	152.8	149.5
9 Foreign issues[2]	6.8	43.5	41.9	37.4	37.4	37.0	43.0	42.5
10 Government	6.8	43.5	41.9	37.4	37.4	37.0	43.0	42.5
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	155.0	161.4	164.4	167.0
13 Government account series[3]	695.6	813.8	959.2	1,043.5	1,043.5	1,040.0	1,097.8	1,114.3
14 Non-interest-bearing	21.2	2.8	2.8	3.1	3.1	3.0	2.9	2.9
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,047.8	1,043.2	1,099.8	
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	302.5	305.2	328.2	
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,839.9	2,895.0	2,938.4	
18 Commercial banks	164.9	171.5	233.4	294.0	294.0	310.0	322.0	
19 Money market funds	14.9	45.4	80.0	79.4	79.4	77.7	75.8	
20 Insurance companies	125.1	142.0	168.7	190.3	190.3	194.0	198.0	
21 Other companies	93.4	108.9	150.8	192.5	192.5	199.3	206.1	n.a.
22 State and local treasuries	487.5	490.4	520.3	534.8	534.8	541.0	546.0	
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	157.3	163.6	166.5	
24 Other securities	98.7	107.6	125.8	131.9	131.9	134.1	136.4	
25 Foreign and international[5]	392.9	458.4	491.8	549.2	549.2	564.4	567.5	
26 Other miscellaneous investors[6]	520.7	637.7	651.3	710.5	710.5	710.8	720.0	

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

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin.*

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

	Item	1993			1993, week ending								
		July	Aug.	Sept.	Sept. 1	Sept. 8	Sept. 15	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
	IMMEDIATE TRANSACTIONS[2]												
	By type of security												
	U.S. Treasury securities												
1	Bills	38,518	39,177	43,379	39,068	41,911	43,125	45,908	44,651	35,833	39,342	42,655	38,764
	Coupon securities, by maturity												
2	Less than 3.5 years	41,112	50,523	49,496[r]	44,119	44,623	55,450	53,332	47,456	35,606	35,563	41,957	57,840
3	3.5 to 7.5 years	38,413	39,718	48,289	41,199	44,681	50,829	49,365	51,469	35,824	35,115	39,036	57,604
4	7.5 to 15 years	21,192	26,974[r]	26,328	27,482	28,220	30,835	22,532	25,102	20,179	24,573	28,250	26,402
5	15 years or more	17,907	27,557	22,996	24,553	25,125	25,866	22,962	19,735	15,049	18,073	21,467	20,347
	Federal agency securities												
	Debt, by maturity												
6	Less than 3.5 years	6,647	8,361	8,633	8,778	7,256	8,084	7,887	10,687	10,199	9,803	10,069	9,740
7	3.5 to 7.5 years	605	512	661	540	790	450	584	864	684	860	724	719
8	7.5 years or more	712	650	653	640	756	779	391	689	759	441	623	470
	Mortgage-backed												
9	Pass-throughs	19,563	18,926	20,594	14,345	22,011	28,261	18,158	16,316	16,412	28,624	22,128	18,318
10	All others[3]	3,266	3,079	3,259	4,070	3,493	4,066	2,121	3,273	3,107	2,648	2,706	2,879
	By type of counterparty												
	Primary dealers and brokers												
11	U.S. Treasury securities	97,390	114,310[r]	119,952	107,725	111,771	129,147	128,459	117,580	88,243	92,246	106,704	125,465
	Federal agency securities												
12	Debt	1,073	1,554	1,466	1,497	1,487	1,245	1,361	1,751	1,548	1,588	1,414	1,442
13	Mortgage-backed	10,157	9,462	9,745	7,318	9,210	12,866	9,445	8,015	8,865	12,217	11,401	9,779
	Customers												
14	U.S. Treasury securities	59,751	69,638	70,536[r]	68,695	72,789	76,958	65,639	70,834	54,247	60,419	66,660	75,491
	Federal agency securities												
15	Debt	6,891	7,968	8,481	8,461	7,315	8,069	7,501	10,488	10,095	9,517	10,002	9,487
16	Mortgage-backed	12,672	12,544	14,108	11,097	16,294	19,461	10,833	11,575	10,654	19,056	13,433	11,418
	FUTURES AND FORWARD TRANSACTIONS[4]												
	By type of deliverable security												
	U.S. Treasury securities												
17	Bills	2,511	1,906	2,504	2,090	2,637	3,364	2,080	1,980	2,817	2,301	2,446	2,247
	Coupon securities, by maturity												
18	Less than 3.5 years	2,055	2,264	2,254	2,582	2,197	2,562	2,997	1,406	1,140	1,613	1,469	2,049
19	3.5 to 7.5 years	1,382	2,062	2,220	3,435	3,075	2,174	2,388	1,359	1,279	1,276	1,384	1,906
20	7.5 to 15 years	2,751	3,398	3,040	3,112	3,198	3,155	3,409	2,626	1,976	2,513	2,963	4,374
21	15 years or more	11,588	14,008	13,179	15,486	12,076	14,267	15,204	11,387	8,669	8,064	10,784	14,608
	Federal agency securities												
	Debt, by maturity												
22	Less than 3.5 years	86	80	150	104	63	71	212	271	25	45	26	60
23	3.5 to 7.5 years	105	124	90	81	59	133	123	47	65	117	176	77
24	7.5 years or more	23	35	30	82	33	22	44	6	56	7	47	5
	Mortgage-backed												
25	Pass-throughs	23,296	24,157	26,519	22,966	25,088	36,462	22,545	22,621	25,431	33,701	23,164	23,489
26	Others[3]	2,026	2,093	1,965	2,281	1,221	1,863	2,647	1,917	1,963	2,044	2,346	2,668
	OPTIONS TRANSACTIONS[5]												
	By type of underlying security												
	U.S. Treasury, coupon securities, by maturity												
27	Less than 3.5 years	1,512	1,205	1,768	1,513	1,940	2,149	1,659	1,484	1,395	1,685	2,158	2,324
28	3.5 to 7.5 years	801	739	852	744	1,217	486	975	903	467	1,017	542	769
29	7.5 to 15 years	1,019	982	863	536	1,103	998	847	724	337	659	600	776
30	15 years or more	2,503	2,758	3,645	3,033	4,472	3,446	3,804	3,564	1,556	1,519	1,956	1,935
	Federal agency, mortgage-backed securities												
31	Pass-throughs	533	598	805	842	942	855	685	786	662	1,344	771	798

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages are based on the number of trading days in the period. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

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

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

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

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

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

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

Millions of dollars

Item	1993 July	1993 Aug.	1993 Sept.	1993, week ending Sept. 1	Sept. 8	Sept. 15	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20
					Positions[2]						
Net Immediate Positions[3]											
By type of security											
U.S. Treasury securities											
1 Bills	5,394	8,508	6,161	7,234	3,332	7,222	12,628	1,608	4,052	2,934	7,825
Coupon securities, by maturity											
2 Less than 3.5 years	9,704	7,631	1,901r	4,760	8,450	−1,040	570	192	−4,939	−5,890	−4,445
3 3.5 to 7.5 years	−17,643	−21,963	−21,050r	−21,034	−21,637	−23,757	−21,007	−18,010	−19,593	−19,856	−24,027
4 7.5 to 15 years	−5,042	−1,200	−3,312r	−781	−927	−3,511	−3,378	−5,241	−7,181	−7,145	−6,536
5 15 years or more	10,367	6,931	10,167r	8,895	10,688	11,987	10,520	7,911	8,386	6,774	5,749
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	7,924	9,611	9,784r	8,775	10,149	10,093	8,002	10,882	10,855	10,072	9,762
7 3.5 to 7.5 years	3,023	2,899	3,289	2,990	3,112	3,172	3,262	3,619	3,523	3,533	3,164
8 7.5 years or more	3,568	3,783	4,083r	4,014	4,412	4,011	3,787	4,085	4,420	4,738	4,711
Mortgage-backed											
9 Pass-throughs	37,760	44,748	53,317	39,910	45,730	60,078	58,332	52,459	43,411	56,529	55,381
10 All others[4]	25,204	24,588	31,825r	29,378	29,992	26,638	35,482	34,529	38,881	37,808	36,261
Other money market instruments											
11 Certificates of deposit	2,673	3,251	2,705	3,096	2,910	2,518	2,621	2,545	3,903	3,558	2,937
12 Commercial paper	6,669	7,093	7,530r	8,627	6,646	10,216	7,351	5,800	7,186	6,437	5,908
13 Bankers acceptances	1,114	1,135	1,103	931	1,097	1,016	1,051	1,242	1,307	1,515	1,441
Futures and Forward Positions[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−6,396	−7,235	−4,347r	−5,920	−4,695	−6,187	−6,707	−494	2,085	2,336	3,568
Coupon securities, by maturity											
15 Less than 3.5 years	−1,787	−1,741	−1,829	−1,649	−1,983	−2,641	−1,691	−1,177	−769	−366	−886
16 3.5 to 7.5 years	4,012	3,649	933	778	387	2,311	981	−2	1,462	1,949	3,129
17 7.5 to 15 years	4,208	6,921r	8,185	7,130	7,605	8,988	8,229	7,921	9,232	8,724	9,648
18 15 years or more	−6,493	−8,172	−6,532	−6,138	−8,249	−7,281	−6,962	−3,979	−4,511	−4,112	−3,325
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	4	−18	107	44	120	187	83	32	209	−65	−120
20 3.5 to 7.5 years	−72	11	−7	−52	−56	94	−19	−23	−123	−153	−153
21 7.5 years or more	33	36	0	132	30	16	−91	30	−27	2	114
Mortgage-backed											
22 Pass-throughs	−20,369	−26,253	−40,809	−22,547	−31,821	−48,895	−45,603	−40,809	−31,831	−41,628	−41,404
23 All others[4]	2,782	5,513	7,468	3,759	3,980	7,335	10,297	9,149	4,950	5,392	7,915
24 Certificates of deposit	−178,596	−198,937	−214,188	−198,623	−226,976	−219,241	−206,633	−205,128	−221,167	−220,504	−221,134
					Financing[6]						
Reverse repurchase agreements											
25 Overnight and continuing	244,345	246,671	241,660	235,540	246,529	249,390	235,263	236,949	237,334	244,572	239,145
26 Term	406,245	400,077	402,712	366,433	385,406	397,434	417,557	413,529	417,459	429,074	430,858
Repurchase agreements											
27 Overnight and continuing	452,885	468,541	471,885	467,950	475,861	489,909	470,579	454,531	452,427	463,766	466,059
28 Term	370,581	371,613	367,019r	332,424	339,056	360,260	389,234	384,472	367,000	381,464	385,927
Securities borrowed											
29 Overnight and continuing	128,685	134,639	134,602	137,165	139,030	140,492	132,625	126,246	132,134	137,014	139,900
30 Term	46,807	45,868	41,872	46,154	42,470	42,281	40,553	41,533	42,157	43,025	44,555
Securities loaned											
31 Overnight and continuing	5,355	5,760	6,593	6,891	5,735	6,330	7,869	6,511	5,773	6,592	5,119
32 Term	773	981	1,477	1,061	1,136	1,612	1,799	1,377	1,790	1,722	1,766
Collateralized loans											
33 Overnight and continuing	16,304	16,061	16,964	12,566	16,452	16,779	16,173	19,040	17,252	18,076	19,341
Memo: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	161,088	166,820	162,477r	162,073	160,205	169,168	162,151	159,473	155,254	158,602	162,876
35 Term	351,971	342,286	344,989r	310,758	332,579	340,953	358,656	349,730	365,500	375,552	373,577
Repurchase agreements											
36 Overnight and continuing	227,742	224,196	216,545r	213,048	222,078	223,808	212,838	207,614	218,940	233,250	239,395
37 Term	278,162	274,942	269,078r	241,341	246,361	262,542	288,254	282,135	275,941	289,399	286,175

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.
6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.
7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

Note. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1989	1990	1991	1992	1993				
					Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**502,368**	**509,632**	**512,072**	**522,494**	**544,642**
2 Federal agencies	35,664	42,159	41,035	41,829	42,619	42,738	42,218	44,656	44,816
3 Defense Department[1]	7	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	6,749	6,749	6,258	6,258	6,258
5 Federal Housing Administration[4]	328	393	397	374	263	271	283	97	154
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	10,440	10,440	10,182	10,182	10,182
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	25,160	25,271	25,488	28,112	28,215
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	459,749	466,894	469,854	477,838	499,826
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	117,363	120,172	127,289	125,448	129,808
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	47,903	46,555	35,572	42,291	55,421
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	165,135	170,768	176,527	180,730	184,924
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	51,210	51,538	51,686	51,698	51,406
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	38,209	37,967	38,884	37,801	38,397
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**140,807**	**137,215**	**132,953**	**132,307**	**128,616**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	6,743	6,743	6,252	6,252	6,252
21 Postal Service[6]	6,195	6,698	8,201	10,440	10,440	10,440	10,182	10,182	10,182
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,675	6,575	6,575	6,575	6,325
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	41,629	40,379	39,729	39,129	38,619
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	18,008	17,970	17,895	17,883	17,897
27 Other	23,724	70,896	84,931	64,436	52,522	50,318	47,530	47,496	44,551

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.
9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues, new and refunding**[1]	**120,339**	**154,402**	**215,191**	**28,920**	**20,956**	**27,178**	**28,529**	**21,603**	**21,258**	**21,555**	**19,464**
By type of issue											
2 General obligation	39,610	55,100	78,611	8,254	8,272	9,452	8,415	7,713	6,065	5,455	7,398
3 Revenue	81,295	99,302	136,580	20,666	12,684	17,726	20,114	13,890	15,193	16,100	12,066
By type of issuer											
4 State	15,149	24,939	25,295	2,139	1,463	2,910	3,562	2,944	2,319	2,758	n.a.
5 Special district or statutory authority[2]	72,661	80,614	129,686	19,804	9,923	15,441	18,132	10,043	10,632	11,321	n.a.
6 Municipality, county, or township	32,510	48,849	60,210	6,977	9,570	8,827	6,835	8,616	8,307	7,476	n.a.
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**9,741**	**4,941**	**8,681**	**11,208**	**7,737**	**7,029**	**8,750**[r]	**7,313**
By use of proceeds											
8 Education	17,042	21,121	22,071	1,482	833	1,596	2,208	1,723	1,883	1,886	547
9 Transportation	11,650	13,395	17,334	2,111	699	813	772	653	1,062	789	304
10 Utilities and conservation	11,739	21,039	20,058	538	806	955	1,629	922	1,646	1,255	593
11 Social welfare	23,099	25,648	21,796	1,556	942	1,756	2,073	1,555	681	2,199	1,764
12 Industrial aid	6,117	8,376	5,424	765	134	601	1,042	429	212	329	518
13 Other purposes	34,607	30,275	33,589	3,264	1,971	3,665	3,046	2,455	1,545	1,892	3,726

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCES. Securities Data Company beginning January 1993; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1990	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues**[1]	**340,049**	**465,243**	**559,449**	**59,427**	**56,265**	**40,654**	**42,961**	**65,574**	**48,945**[r]	**53,859**[r]	**64,278**
2 **Bonds**[2]	**299,884**	**389,822**	**471,125**	**49,367**	**47,427**	**34,403**	**34,263**	**55,780**	**39,177**[r]	**44,597**[r]	**53,900**
By type of offering											
3 Public, domestic	188,848	286,930	377,681	47,084	42,223	31,199	30,934	51,183	36,527[r]	41,000[r]	49,000
4 Private placement, domestic[3]	86,982	74,930	65,853	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,591	2,283	5,203	3,204	3,329	4,597	2,650	3,799[r]	4,900
By industry group											
6 Manufacturing	51,779	86,628	81,998	8,150	8,137	6,515	3,690	8,397	2,448	6,278	4,036
7 Commercial and miscellaneous	40,733	36,666	42,869	2,268	2,695	2,194	3,015	2,505	5,491	2,331	1,916
8 Transportation	12,776	13,598	9,979	248	1,067	123	685	948	605[r]	723	288
9 Public utility	17,621	23,945	48,055	5,624	7,058	5,767	2,857	5,849	5,662[r]	3,214[r]	5,113
10 Communication	6,687	9,431	15,394	2,890	3,270	2,015	1,820	2,473	2,331	2,979	2,237
11 Real estate and financial	170,288	219,750	272,830	30,187	25,201	17,788	22,196	35,608	22,639[r]	29,072[r]	40,310
12 **Stocks**[2]	**40,175**	**75,424**	**88,325**	**10,060**	**8,838**	**6,251**	**8,698**	**9,794**	**9,768**	**9,262**	**10,378**
By type of offering											
13 Public preferred	3,998	17,085	21,339	1,898	1,647	702	3,124	876	2,113	3,376	1,323
14 Common	19,442	48,230	57,118	8,161	7,191	5,549	5,574	8,918	7,655	5,886	9,055
15 Private placement[3]	16,736	10,109	9,867	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,111	22,723	2,616	1,741	1,387	1,413	1,982	1,810	1,961	2,216
17 Commercial and miscellaneous	10,171	19,418	20,231	2,021	2,488	1,564	2,836	2,025	2,505	1,456	2,122
18 Transportation	369	2,439	2,595	64	336	250	111	168	114	405	153
19 Public utility	416	3,474	6,532	350	743	412	753	893	495	582	962
20 Communication	3,822	475	2,366	0	7	30	279	65	n.a.	115	230
21 Real estate and financial	19,738	25,507	33,879	5,009	3,522	2,579	3,307	4,660	4,844	4,732	4,503

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. IDD Information Services, Inc., Securities Data Company, and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
1 Sales of own shares[2]	**463,645**	**647,055**	**60,676**	**69,080**	**66,766**	**60,504**	**68,373**	**72,503**	**73,032**	**70,061**
2 Redemptions of own shares	342,547	447,140	39,684	47,414	46,518	38,752	46,923	44,922	46,382	49,269
3 Net sales[3]	121,098	199,915	20,992	21,666	20,248	21,759	21,650	27,581	26,650	20,793
4 Assets[4]	**808,582**	**1,056,310**	**1,116,784**	**1,154,445**	**1,178,663**	**1,219,863**	**1,255,377**	**1,284,842**	**1,343,920**	**1,365,343**
5 Cash[5]	60,292	73,999	79,763	81,536	87,140	85,677	84,177	93,345	92,771	96,918
6 Other	748,290	982,311	1,037,021	1,072,910	1,091,523	1,134,186	1,171,200	1,191,497	1,251,149	1,268,424

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1991[r]	1992[r]				1993		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	380.6	369.5	407.2	378.8	409.9	411.7	367.5	439.5	432.1	458.1	470.3
2 Profits before taxes	365.7	362.3	395.4	373.5	404.3	409.5	357.9	409.9	419.8	445.6	446.8
3 Profits tax liability	138.7	129.8	146.3	133.4	147.0	153.0	130.1	155.0	160.9	173.3	172.4
4 Profits after taxes	227.1	232.5	249.1	240.1	257.3	256.5	227.8	254.9	258.9	272.3	274.4
5 Dividends	153.5	137.4	150.5	133.9	138.0	146.1	155.2	162.9	167.5	168.5	169.7
6 Undistributed profits	73.6	95.2	98.6	106.1	119.3	110.4	72.7	92.0	91.4	103.9	104.7
7 Inventory valuation	-11.0	4.9	-5.3	1.9	-4.6	-13.7	-7.8	4.9	-12.7	-12.2	-.2
8 Capital consumption adjustment	25.9	2.2	17.1	3.5	10.2	16.0	17.4	24.7	25.1	24.7	23.7

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993[1]	1992				1993			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 Total nonfarm business	**528.39**	**546.60**	**585.20**	**534.85**	**541.41**	**547.40**	**559.24**	**564.13**	**579.79**	**598.91**	**597.98**
Manufacturing											
2 Durable goods industries	77.64	73.32	80.94	73.98	74.07	72.09	73.30	79.11	80.88	82.73	81.06
3 Nondurable goods industries	105.17	100.69	98.95	99.85	97.91	100.77	103.56	95.94	96.21	103.96	99.69
Nonmanufacturing											
4 Mining	10.02	8.88	9.29	8.92	9.20	8.98	8.47	8.89	9.10	9.65	9.52
Transportation											
5 Railroad	5.95	6.67	6.57	6.63	6.32	6.70	7.04	6.00	6.00	7.17	7.09
6 Air	10.17	8.93	7.25	8.76	9.65	9.69	7.60	7.30	6.54	8.35	6.82
7 Other	6.54	7.04	9.16	6.44	7.19	7.52	6.97	9.17	9.04	8.90	9.53
Public utilities											
8 Electric	43.76	48.22	52.11	46.11	48.35	48.17	49.57	49.92	50.51	54.81	53.20
9 Gas and other	22.82	23.99	23.54	22.89	24.29	24.01	24.50	23.59	24.04	23.06	23.46
10 Commercial and other[2]	246.32	268.84	297.39	261.27	264.46	269.46	278.24	284.21	297.46	300.26	307.62

1. Figures are amounts anticipated by business.
2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1990	1991	1992	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2
ASSETS										
1 Accounts receivable, gross[2]	492.3	480.6	482.1	480.6	475.6	476.7	473.9	482.1	469.6	469.3
2 Consumer	133.3	121.9	117.1	121.9	118.4	116.7	116.7	117.1	111.9	111.3
3 Business	293.6	292.9	296.5	292.9	290.8	293.2	288.5	296.5	289.6	290.7
4 Real estate	65.5	65.8	68.4	65.8	66.4	66.8	68.8	68.4	68.1	67.2
5 LESS: Reserves for unearned income	57.6	55.1	50.8	55.1	53.6	51.2	50.8	50.8	47.4	47.5r
6 Reserves for losses	9.6	12.9	15.8	12.9	13.0	12.3	12.0	15.8	15.5	13.8r
7 Accounts receivable, net	425.1	412.6	415.5	412.6	409.0	413.2	411.1	415.5	406.6	408.0r
8 All other	113.9	149.0	150.6	149.0	145.5	139.4	146.5	150.6	155.0	156.6r
9 **Total assets**	**539.0**	**561.6**	**566.1**	**561.6**	**554.5**	**552.6**	**557.6**	**566.1**	**561.6**	**564.6r**
LIABILITIES AND CAPITAL										
10 Bank loans	31.0	42.3	37.6	42.3	38.0	37.8	38.1	37.6	34.1	29.5
11 Commercial paper	165.3	159.5	156.4	159.5	154.4	147.7	153.2	156.4	149.8	144.5
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	37.5	34.5	37.8	34.5	34.5	34.8	34.9	37.8	41.9	46.4r
15 Not elsewhere classified	178.2	191.3	195.3	191.3	189.8	191.9	191.4	195.3	195.1	195.8r
16 All other liabilities	63.9	69.0	71.2	69.0	72.0	73.4	73.7	71.2	74.2	81.3
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	64.8	66.0	67.1	68.1	67.8	66.6	67.1
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**	**561.7**	**564.6r**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1990	1991	1992	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.
	Seasonally adjusted								
1 **Total**	**522,474**	**519,910**	**534,845**	**529,552**	**523,111**	**522,981**	**523,539**	**525,744**	**527,207**
2 Consumer	160,468	154,822	157,707	156,441	153,275	152,979	153,228	153,420	154,707
3 Real estate[2]	65,147	65,383	68,011	69,803	66,396	67,223	67,426	67,216	66,871
4 Business	296,858	299,705	309,127	303,308	303,440	302,778	302,885	305,109	305,629
	Not seasonally adjusted								
5 **Total**	**525,888**	**523,192**	**538,158**	**531,380**	**524,180**	**526,818**	**523,389**	**521,094**	**524,333**
6 Consumer	161,360	155,713	158,631	155,440	152,708	152,995	153,733	154,218	155,496
7 Motor vehicles	75,045	63,415	57,605	53,977	53,878	55,592	56,817	55,247	55,057
8 Other consumer[3]	58,213	58,522	59,522	58,546	55,433	55,737	56,259	56,616	57,588
9 Securitized motor vehicles[4]	19,837	23,166	29,775	32,527	33,174	31,642	30,787	32,856	33,549
10 Securitized other consumer[4]	8,265	10,610	11,729	10,390	10,223	10,023	9,870	9,498	9,302
11 Real estate[2]	65,509	65,760	68,410	69,356	66,150	67,230	67,649	67,565	67,212
12 Business	299,019	301,719	311,118	306,584	305,322	306,593	302,007	299,311	301,625
13 Motor vehicles	92,125	90,613	87,456	88,692	89,317	90,263	87,745	84,921	85,415
14 Retail[5]	26,454	22,957	19,303	17,228	16,513	16,995	17,561	17,264	17,761
15 Wholesale[6]	33,573	31,216	29,962	32,064	32,242	31,787	27,442	25,136	25,458
16 Leasing	32,098	36,440	38,191	39,400	40,562	41,481	42,743	42,520	42,196
17 Equipment	137,654	141,399	151,607	145,877	145,237	146,487	146,408	146,404	147,905
18 Retail	31,968	30,962	32,212	32,170	32,384	32,775	33,209	33,676	33,789
19 Wholesale[6]	11,101	9,671	8,669	8,642	8,556	8,482	8,224	8,059	8,113
20 Leasing	94,585	100,766	110,726	105,066	104,297	105,230	104,975	104,669	106,004
21 Other business[7]	63,773	60,900	57,464	56,144	54,487	53,987	53,243	53,536	53,861
22 Securitized business assets[4]	5,467	8,807	14,590	15,870	16,281	15,856	14,611	14,451	14,444
23 Retail	667	576	1,118	1,434	1,375	1,324	1,268	1,220	1,168
24 Wholesale	3,281	5,285	8,756	9,745	9,590	9,539	8,318	8,329	8,529
25 Leasing	1,519	2,946	4,716	4,691	5,316	4,993	5,025	4,902	4,747

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.	Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	150.9	153.1	185.6	168.7	158.1	155.3	169.2
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	115.0	118.8	125.3	127.4	122.2	120.8	128.4
3 Loan-to-price ratio (percent)	74.8	75.0	76.6	78.5	79.5	75.3	77.8	78.4	78.5	78.0
4 Maturity (years)	27.3	26.8	25.6	24.9	26.9	25.4	26.2	26.4	26.5	26.7
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.23	1.43	1.32	1.28	1.21	1.13	1.23
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.26	7.14	7.02	6.99	6.86	6.76	6.61
7 Effective rate[1,3]	10.01	9.30	8.25	7.46	7.37	7.23	7.20	7.05	6.95	6.80
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	7.51	7.59	7.33	7.31	6.89	6.94	7.05
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	7.56	7.59	7.52	7.51	7.02	7.03	7.08
10 GNMA securities[6]	9.51	8.59	7.71[r]	6.78[r]	6.82[r]	6.74[r]	6.53[r]	6.42[r]	6.15[r]	6.11
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	163,719	166,849	171,232	174,674	177,992	180,057	182,524
12 FHA/VA insured	21,028	21,702	22,168	22,682	22,691	22,656	22,761	22,834	22,810	22,978
13 Conventional	92,302	101,135	120,664	141,037	144,158	148,576	151,913	155,158	157,247	159,546
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	6,761	7,526	9,131	7,854	8,176	8,866	8,780
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	7,764	7,791	8,697	7,760	8,581	9,814	7,515
16 To sell[8]	5,270	7,608	10,493	112	30	323	458	2,585	0	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	38,361	39,960	42,477	43,119	44,396	46,858	50,108
18 FHA/VA insured	547	484	408	330	325	319	314	324	323	n.a.
19 Conventional	19,871	23,283	29,552	38,031	39,635	42,158	42,805	44,072	46,536	n.a.
Mortgage transactions (during period)										
20 Purchases	75,517	99,965	191,125	15,885	18,842	21,529	19,700	19,636	18,372	18,658
21 Sales	73,817	92,478	179,208	13,807	17,532	18,968	18,631	18,008	16,230	15,955
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	20,731	18,908	28,831	21,722	17,085	16,495	24,614

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1989	1990	1991	1992			1993	
				Q2	Q3	Q4	Q1	Q2[p]
1 **All holders**	**3,549,290**	**3,761,262**	**3,922,980**	**3,981,827**	**4,019,409**	**4,041,590**	**4,056,749**	**4,085,483**
By type of property								
2 One- to four-family residences	2,408,342	2,615,344	2,778,716	2,856,601	2,911,354	2,953,464	2,976,287	3,014,387
3 Multifamily residences	306,472	309,326	306,392	304,792	301,957	294,959	293,382	291,029
4 Commercial	754,000	758,189	758,739	740,702	726,273	713,408	707,041	699,994
5 Farm	80,476	78,403	79,133	79,733	79,824	79,759	80,040	80,073
By type of holder								
6 Major financial institutions	1,931,537	1,914,315	1,846,726	1,803,836	1,793,492	1,769,267	1,751,941	1,758,285
7 Commercial banks[2]	767,069	844,826	876,100	884,962	891,445	894,593	890,672	910,867
8 One- to four-family	389,632	455,931	483,623	493,199	502,075	507,830	506,976	526,394
9 Multifamily	38,876	37,015	36,935	37,724	38,757	38,027	37,596	37,840
10 Commercial	321,906	334,648	337,095	334,488	330,705	328,854	326,128	326,033
11 Farm	16,656	17,231	18,447	19,552	19,908	19,882	19,972	20,600
12 Savings institutions[3]	910,254	801,628	705,367	659,624	648,178	627,972	617,141	608,528
13 One- to four-family	669,220	600,154	538,358	508,545	501,604	489,622	480,398	473,949
14 Multifamily	106,014	91,806	79,881	74,788	73,723	69,791	70,656	69,408
15 Commercial	134,370	109,168	86,741	75,947	72,517	68,235	65,755	64,837
16 Farm	650	500	388	345	334	324	332	334
17 Life insurance companies	254,214	267,861	265,258	259,250	253,869	246,702	244,128	238,890
18 One- to four-family	12,231	13,005	11,547	12,041	11,779	11,441	11,316	11,071
19 Multifamily	26,907	28,979	29,562	29,226	28,591	27,770	27,466	26,871
20 Commercial	205,472	215,121	214,105	208,665	204,132	198,269	196,100	191,852
21 Farm	9,604	10,756	10,044	9,318	9,366	9,222	9,246	9,095
22 Federal and related agencies	197,778	239,003	266,146	278,091	277,485	285,965	287,182	299,214
23 Government National Mortgage Association	23	20	19	23	27	30	45	45
24 One- to four-family	23	20	19	23	27	30	37	38
25 Multifamily	0	0	0	0	0	0	8	7
26 Farmers Home Administration[4]	41,176	41,439	41,713	41,628	41,671	41,695	41,630	41,669
27 One- to four-family	18,422	18,527	18,496	17,718	17,292	16,912	18,149	18,313
28 Multifamily	9,054	9,640	10,141	10,356	10,468	10,575	10,235	10,197
29 Commercial	4,443	4,690	4,905	4,998	5,072	5,158	4,934	4,915
30 Farm	9,257	8,582	8,171	8,557	8,839	9,050	8,313	8,245
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	11,480	11,768	12,581	13,027	12,945
32 One- to four-family	2,875	3,593	4,036	4,403	4,531	5,153	5,631	5,635
33 Multifamily	3,212	5,208	6,697	7,077	7,236	7,428	7,396	7,311
34 Resolution Trust Corporation	0	32,600	45,822	44,624	37,099	32,045	27,331	21,973
35 One- to four-family	0	15,800	14,535	15,032	12,614	12,960	11,375	8,955
36 Multifamily	0	8,064	15,018	13,316	11,130	9,621	8,070	6,743
37 Commercial	0	8,736	16,269	16,276	13,356	9,464	7,886	6,275
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	99,001	104,870	112,283	122,939	126,476	137,584	141,192	151,513
40 One- to four-family	90,575	94,323	100,387	110,223	113,407	124,016	127,252	137,340
41 Multifamily	8,426	10,547	11,896	12,716	13,069	13,568	13,940	14,173
42 Federal Land Banks	29,640	29,416	28,767	28,775	28,815	28,365	28,536	28,592
43 One- to four-family	1,210	1,838	1,693	1,693	1,695	1,669	1,679	1,682
44 Farm	28,430	27,577	27,074	27,082	27,119	26,696	26,857	26,909
45 Federal Home Loan Mortgage Corporation	21,851	21,857	26,809	28,621	31,629	33,665	35,421	42,477
46 One- to four-family	18,248	19,185	24,125	26,001	29,039	31,032	32,831	39,905
47 Multifamily	3,603	2,672	2,684	2,620	2,591	2,633	2,589	2,572
48 Mortgage pools or trusts[5]	917,848	1,079,103	1,250,666	1,341,338	1,385,460	1,425,546	1,461,612	1,472,844
49 Government National Mortgage Association	368,367	403,613	425,295	422,922	422,255	419,516	421,514	413,166
50 One- to four-family	358,142	391,505	415,767	413,828	413,063	410,675	412,798	404,425
51 Multifamily	10,225	12,108	9,528	9,094	9,192	8,841	8,716	8,741
52 Federal Home Loan Mortgage Corporation	272,870	316,359	359,163	382,797	391,762	407,514	420,932	422,882
53 One- to four-family	266,060	308,369	351,906	376,177	385,400	401,525	415,279	417,646
54 Multifamily	6,810	7,990	7,257	6,620	6,362	5,989	5,654	5,236
55 Federal National Mortgage Association	228,232	299,833	371,984	413,226	429,935	444,979	457,316	465,220
56 One- to four-family	219,577	291,194	362,667	403,940	420,835	435,979	448,483	456,645
57 Multifamily	8,655	8,639	9,317	9,286	9,100	9,000	8,833	8,575
58 Farmers Home Administration[4]	80	66	47	43	41	38	44	45
59 One- to four-family	21	17	11	9	9	8	10	10
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	26	24	19	18	18	17	18	19
62 Farm	33	26	17	15	14	13	16	16
63 Private mortgage conduits	48,299	59,232	94,177	122,350	141,468	153,499	161,805	171,532
64 One- to four-family	43,325	53,335	84,000	105,700	123,000	132,000	137,000	145,000
65 Multifamily	462	731	3,698	5,796	5,796	6,305	6,662	7,410
66 Commercial	4,512	5,166	6,479	10,855	12,673	15,194	18,143	19,121
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	502,127	528,841	559,442	558,562	562,971	560,812	556,015	555,140
69 One- to four-family	318,782	348,547	367,546	368,068	374,984	372,613	367,072	367,378
70 Multifamily	84,228	85,926	83,778	86,174	85,942	85,410	85,561	85,947
71 Commercial	83,272	80,636	93,126	89,456	87,802	88,217	88,077	86,941
72 Farm	15,846	13,732	14,992	14,864	14,243	14,572	15,304	14,874

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required, are estimated mainly by the Federal Reserve. Line 64, from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990	1991	1992	1993					
				Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted								
1 **Total**	**738,765**	**733,510**	**741,093**	**752,193**	**750,293**	**752,428**	**757,465**	**762,503**[r]	**769,182**
2 Automobile	284,739	260,898	259,627	262,463	264,007	265,388	267,468	268,784[r]	271,068
3 Revolving	222,552	243,564	254,299	261,450	262,690	263,338	266,938	270,753[r]	273,789
4 Other	231,474	229,048	227,167	228,280	223,596	223,701	223,058	222,967[r]	224,324
	Not seasonally adjusted								
5 **Total**	**752,883**	**749,052**	**756,944**	**746,447**	**744,778**	**748,830**	**753,645**	**763,268**[r]	**770,996**
By major holder									
6 Commercial banks	347,087	340,713	331,869	332,266	333,415	335,592	339,948	345,449[r]	349,830
7 Finance companies	133,258	121,937	117,127	112,523	109,311	111,330	113,076	111,864	112,645
8 Credit unions	93,057	92,681	97,641	101,534	103,019	104,781	106,027	108,095	110,125
9 Retailers	43,464	39,832	42,079	38,218	38,681	38,813	39,043	39,688	39,842
10 Savings institutions	52,164	45,965	43,461	40,275	39,210	37,250	36,485	35,919	34,985
11 Gasoline companies	4,822	4,362	4,365	4,280	4,486	4,567	4,668	4,728	4,706
12 Pools of securitized assets[2]	79,030	103,562	120,402	117,351	116,656	116,497	114,398	117,525	118,863
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	260,857	262,860	265,345	267,646	270,495[r]	273,713
14 Commercial banks	124,913	112,666	109,743	111,121	112,700	114,901	116,729	118,535[r]	120,757
15 Finance companies	75,045	63,415	57,605	53,977	53,878	55,592	56,817	55,247	55,057
16 Pools of securitized assets[2]	24,620	28,915	33,878	36,262	36,431	34,701	33,673	35,569	36,149
17 Revolving	234,801	256,876	267,949	257,783	259,566	260,993	264,100	269,663[r]	272,665
18 Commercial banks	133,385	138,005	132,582	129,550	130,871	129,921	132,984	135,466[r]	136,628
19 Retailers	38,448	34,712	36,629	32,838	33,254	33,328	33,505	34,099	34,214
20 Gasoline companies	4,822	4,362	4,365	4,280	4,486	4,567	4,668	4,728	4,706
21 Pools of securitized assets[2]	45,637	63,595	74,243	69,919	69,054	70,842	69,935	71,562	72,646
22 Other	233,178	230,957	229,031	227,807	222,352	222,491	221,899	223,109[r]	224,618
23 Commercial banks	88,789	90,042	89,544	91,595	89,844	90,770	90,235	91,448[r]	92,445
24 Finance companies	58,213	58,522	59,522	58,546	55,433	55,737	56,259	56,616	57,588
25 Retailers	5,016	5,120	5,450	5,380	5,427	5,485	5,538	5,589	5,628
26 Pools of securitized assets[2]	8,773	11,052	12,281	11,170	11,171	10,954	10,790	10,394	10,068

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	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.	Sept.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	n.a.	n.a.	8.17	n.a.	n.a.	7.98	n.a.
2 24-month personal	15.46	15.18	14.04	n.a.	n.a.	13.63	n.a.	n.a.	13.45	n.a.
3 120-month mobile home	14.02	13.70	12.67	n.a.	n.a.	12.00	n.a.	n.a.	11.53	n.a.
4 Credit card	18.17	18.23	17.78	n.a.	n.a.	17.15	n.a.	n.a.	16.59	n.a.
Auto finance companies										
5 New car	12.54	12.41	9.93	9.95	9.61	9.51	9.45	9.37	9.21	9.21
6 Used car	15.99	15.60	13.80	13.21	12.74	12.61	12.55	12.46	12.48	12.52
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	54.6	54.5	54.4	54.6	54.7	54.9	54.7
8 Used car	46.0	47.2	47.9	49.0	48.9	48.9	49.0	49.0	49.0	48.8
Loan-to-value ratio										
9 New car	87	88	89	90	90	91	91	91	91	91
10 Used car	95	96	97	98	98	98	98	98	99	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	14,013	14,021	14,146	14,296	14,430	14,324	14,348
	8,289	8,884	9,119	9,641	9,731	9,829	9,912	9,996	10,104[r]	9,808

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**752.6**	**723.0**	**631.0**	**475.5**	**581.5**	**411.4**	**603.0**	**584.6**	**611.3**	**526.9**	**400.2**	**667.2**
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	272.5	323.8	352.9	299.1	240.1	229.6	348.2
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	268.7	335.0	352.5	290.1	237.4	226.4	344.1
4 Agency issues and mortgages	17.4	1.6	8.2	−13.8	.2	3.8	−11.2	.4	9.0	2.7	3.2	4.1
5 Private	597.5	576.6	384.1	197.3	277.5	138.9	279.2	231.8	312.1	286.8	170.7	319.0
By instrument												
6 Tax-exempt obligations	53.7	65.3	57.3	69.6	65.7	77.6	68.0	76.6	75.8	42.4	62.1	60.7
7 Corporate bonds	103.1	73.8	47.1	78.8	67.3	60.2	76.3	77.8	61.3	53.7	75.0	65.0
8 Mortgages	279.6	269.1	188.7	165.1	120.0	145.2	183.2	71.0	135.0	90.9	95.8	118.7
9 Home mortgages	219.6	212.5	177.2	166.0	176.0	176.5	216.5	111.6	203.3	172.7	126.2	155.4
10 Multifamily residential	16.1	12.0	3.4	−2.5	−11.1	.2	11.6	−16.3	−11.1	−28.5	−5.6	−10.6
11 Commercial	48.5	47.3	8.9	.9	−45.5	−28.6	−46.9	−24.6	−57.6	−53.0	−26.0	−26.2
12 Farm	−4.6	−2.7	−.8	.7	.6	−2.9	2.0	.4	.4	−.3	1.1	.1
13 Consumer credit	50.1	49.5	13.4	−13.1	9.3	−10.7	−9.8	−14.7	13.5	48.2	20.0	30.7
14 Bank loans n.e.c.	44.7	36.4	4.2	−46.8	−4.7	−53.7	−43.6	27.3	−24.3	22.0	−36.1	35.9
15 Commercial paper	11.9	21.4	9.7	−18.4	8.6	−5.0	2.5	−2.6	9.3	25.4	−24.2	34.8
16 Other loans	54.3	61.0	63.6	−37.8	11.2	−74.9	2.6	−3.5	41.5	4.2	−21.9	−26.9
By borrowing sector												
17 Household	300.1	276.7	207.7	168.4	215.9	193.8	202.9	176.1	217.6	267.0	139.7	216.8
18 Nonfinancial business	248.4	236.3	121.9	−33.4	2.2	−129.0	14.2	−11.2	21.1	−15.3	−39.9	39.5
19 Farm	−10.0	.5	1.8	2.4	.6	−4.6	2.1	3.2	−.5	−2.5	−1.5	3.3
20 Nonfarm noncorporate	57.2	49.4	19.4	−24.5	−39.5	−57.9	−21.7	−47.7	−37.5	−50.9	−28.8	−36.6
21 Corporate	201.3	186.5	100.7	−11.3	41.0	−66.5	33.7	33.3	59.1	38.0	−9.6	72.8
22 State and local government	48.9	63.5	54.5	62.3	59.4	74.0	62.1	66.9	73.5	35.1	70.9	62.7
23 Foreign net borrowing in United States	6.4	10.2	23.9	13.9	24.2	34.3	1.9	57.7	37.8	−.6	50.3	26.9
24 Bonds	6.9	4.9	21.4	14.1	17.3	18.5	4.9	21.9	20.3	22.2	75.6	30.4
25 Bank loans n.e.c.	−1.8	−.1	−2.9	3.1	2.3	6.5	1.5	14.1	3.9	−10.3	1.6	6.3
26 Open market paper	8.7	13.1	12.3	6.4	5.2	14.9	−8.0	27.8	13.1	−12.1	−21.7	−.6
27 U.S. government loans	−7.5	−7.6	−7.0	−9.8	−.6	−5.6	3.6	−6.1	.5	−.4	−5.3	−9.2
28 **Total domestic plus foreign**	**759.0**	**733.1**	**654.9**	**489.4**	**605.7**	**445.6**	**604.9**	**642.3**	**649.1**	**526.3**	**450.5**	**694.1**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**239.9**	**213.7**	**193.5**	**150.4**	**209.8**	**190.5**	**167.6**	**204.6**	**294.8**	**172.2**	**148.7**	**121.2**
By instrument												
30 U.S. government-related	119.8	149.5	167.4	145.7	155.8	150.4	126.8	195.2	169.3	131.8	165.8	62.6
31 Government-sponsored enterprises securities	44.9	25.2	17.1	9.2	40.3	32.6	11.5	48.3	67.7	33.6	32.2	68.7
32 Mortgage pool securities	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	−6.1
33 Loans from U.S. government	.0	.0	−.1	.0	.0	−.1	.0	.0	.0	−.1	.0	.0
34 Private	120.1	64.2	26.1	4.6	54.0	40.1	40.8	9.4	125.5	40.4	−17.1	58.6
35 Corporate bonds	49.0	37.3	40.8	56.8	58.7	73.7	28.6	59.1	73.0	74.2	60.1	53.6
36 Mortgages	.3	.5	.4	.8	.0	1.2	−.4	−1.5	.0	2.0	.9	.2
37 Bank loans n.e.c.	−3.8	6.0	1.1	17.1	−4.8	3.8	22.0	−39.1	16.9	−19.2	−21.2	−10.6
38 Open market paper	54.8	31.3	8.6	−32.0	−.7	−9.9	1.1	−14.8	17.5	−6.5	−75.5	−18.1
39 Loans from Federal Home Loan Banks	19.7	−11.0	−24.7	−38.0	.8	−28.6	−10.4	5.8	18.1	−10.1	18.6	33.5
By borrowing sector												
40 Government sponsored enterprises	44.9	25.2	17.0	9.1	40.2	32.5	11.5	48.3	67.7	33.5	32.2	68.7
41 Federally related mortgage pools	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	−6.1
42 Private	120.1	64.2	26.1	4.6	54.0	40.1	40.8	9.4	125.5	40.4	−17.1	58.6
43 Commercial banks	−3.0	−1.4	−.7	−11.7	8.8	−9.5	3.2	5.5	12.1	14.5	5.4	10.4
44 Bank affiliates	5.2	6.2	−27.7	−2.5	2.3	7.0	10.9	−9.2	6.6	.8	21.1	10.8
45 Funding corporations	39.1	13.8	12.5	−13.6	2.1	−14.0	16.1	28.6	−5.7	−30.5	−54.2	−5.7
46 Savings institutions	21.7	−15.1	−30.2	−44.5	−6.7	−34.0	−18.3	−5.4	11.2	−14.4	7.9	18.3
47 Credit unions	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0	.3
48 Life insurance companies	.0	.0	.0	.0	.0	.0	.0	.0	.2	−.2	.1	.6
49 Finance companies	23.9	27.4	24.0	18.6	−3.6	39.0	−35.6	−20.1	21.2	19.9	−33.1	−41.4
50 Mortgage companies	−6.2	3.0	−4.0	5.7	.1	1.9	27.5	−35.3	14.4	−6.4	−10.4	10.3
51 Real estate investment trusts (REITs)	1.8	1.3	1.0	1.6	.1	3.3	1.7	.3	.9	−2.7	−1.4	.7
52 Securitized credit obligation (SCO) issuers	37.6	28.9	51.1	51.0	51.0	46.5	35.3	45.0	64.4	59.2	47.5	54.3

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

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
53 **Total net borrowing, all sectors**	**998.8**	**946.8**	**848.4**	**639.8**	**815.5**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**	**815.2**
54 U.S. government securities	274.9	295.8	414.4	424.0	459.8	423.0	450.6	548.1	468.5	372.0	395.3	410.8
55 Tax-exempt securities	53.7	65.3	57.3	69.6	65.7	77.6	68.0	76.6	75.8	42.4	62.1	60.7
56 Corporate and foreign bonds	159.0	116.0	109.2	149.6	143.3	152.4	109.8	158.8	154.6	150.1	210.8	149.0
57 Mortgages	280.0	269.6	189.1	165.8	120.1	146.5	182.8	69.5	135.0	93.0	96.7	118.9
58 Consumer credit	50.1	49.5	13.4	−13.1	9.3	−10.7	−9.8	−14.7	13.5	48.2	20.0	30.7
59 Bank loans n.e.c.	39.2	42.3	2.4	−26.6	−7.2	−43.4	−20.2	2.3	−3.4	−7.5	−55.7	31.6
60 Open market paper	75.4	65.9	30.7	−44.0	13.1	.0	−4.5	10.3	39.9	6.8	−121.4	16.1
61 Other loans	66.6	42.4	31.8	−85.6	11.4	−109.3	−4.2	−3.8	60.0	−6.5	−8.7	−2.6
	External corporate equity funds raised in United States											
62 **Total net share issues**	**−98.6**	**−59.6**	**22.2**	**210.6**	**293.5**	**290.6**	**271.6**	**306.1**	**283.3**	**313.1**	**332.3**	**469.8**
63 Mutual funds	6.1	38.5	67.9	150.5	215.4	208.9	174.4	240.7	223.3	223.0	263.8	357.5
64 All other	−104.7	−98.1	−45.7	60.1	78.2	81.7	97.2	65.3	60.0	90.1	68.5	112.3
65 Nonfinancial corporations	−129.5	−124.2	−63.0	18.3	26.8	48.0	46.0	36.0	11.0	14.0	27.0	32.0
66 Financial corporations	23.9	8.8	9.9	11.2	20.8	10.0	22.1	18.2	14.2	28.6	9.5	30.0
67 Foreign shares purchased in United States	.9	17.2	7.4	30.7	30.6	23.7	29.1	11.2	34.8	47.5	31.9	50.3

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**815.5**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**	**815.2**
2 Private domestic nonfinancial sectors	196.1	122.6	162.8	−16.1	69.1	−70.7	136.6	93.4	−43.4	89.9	−174.4	−83.5
3 Households	170.3	78.6	140.1	−49.7	40.2	−123.3	119.3	52.1	−80.7	70.2	−144.7	−93.7
4 Nonfarm noncorporate business	3.1	−.7	−1.7	−4.2	−2.4	−2.6	−3.9	−2.7	−2.0	−1.0	−3.7	−3.0
5 Nonfinancial corporate business	5.7	13.6	−5.3	4.3	36.3	11.0	25.1	36.8	46.5	36.9	−18.5	5.1
6 State and local governments	17.1	31.1	29.6	33.5	−5.0	44.2	−3.9	7.2	−7.1	−16.3	−7.5	8.1
7 U.S. government	−10.6	−3.1	33.7	10.5	−11.9	−20.0	15.2	−23.0	−26.7	−13.1	−24.1	−27.8
8 Foreign	108.6	84.4	82.1	25.6	100.0	41.3	94.4	138.9	79.3	87.6	74.6	92.4
9 Financial sectors	704.8	742.9	569.9	619.8	658.2	685.6	526.3	637.7	934.7	534.2	723.1	834.2
10 Government sponsored enterprises	33.2	−4.1	16.4	14.2	68.7	24.9	92.7	38.6	73.0	70.5	15.8	144.1
11 Federally related mortgage pools	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	−6.1
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	16.9	28.5	19.0	15.7	48.3	44.5	32.6
13 Commercial banking	156.5	177.2	125.1	84.3	94.8	120.4	85.1	72.7	148.0	73.3	86.4	147.9
14 U.S. commercial banks	126.4	146.1	94.9	39.2	69.8	56.9	76.3	13.3	123.5	66.0	100.4	142.0
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	64.9	−.5	56.7	5.2	4.8	−12.5	3.8
16 Bank holding companies	−.1	2.8	−2.8	−1.5	5.6	.0	7.1	−.4	16.4	−.6	−4.3	−.4
17 Banks in U.S. affiliated areas	.8	1.6	4.5	−1.9	2.9	−1.5	2.2	3.2	3.0	3.0	2.9	2.6
18 Private nonbank finance	429.7	452.9	270.0	353.7	351.3	405.5	204.8	360.5	596.3	243.7	442.8	515.5
19 Thrift institutions	114.8	−86.6	−153.3	−123.0	−59.9	−56.7	−104.6	−76.3	−43.6	−15.2	−27.2	15.0
20 Insurance	199.0	257.4	181.6	234.3	166.1	199.3	96.6	188.3	221.7	157.8	295.7	166.8
21 Life insurance companies	104.0	101.8	94.4	83.2	82.4	24.6	73.7	66.9	85.1	103.7	122.1	119.5
22 Other insurance companies	29.2	29.7	26.5	32.3	12.7	28.9	28.8	16.4	−2.8	8.3	8.9	10.6
23 Private pension funds	29.2	81.1	17.2	85.3	38.9	135.0	−33.8	77.0	103.9	8.4	122.3	−9.1
24 State and local government retirement funds	36.6	44.7	43.5	33.5	32.2	10.8	27.8	28.0	35.6	37.4	42.4	45.9
25 Finance n.e.c.	115.9	282.2	241.7	242.3	245.2	263.0	212.8	248.5	418.2	101.1	174.3	333.8
26 Finance companies	38.1	32.0	28.4	−12.1	1.7	−28.0	−5.3	−16.0	4.0	24.0	−34.0	−22.8
27 Mortgage companies	−7.4	6.1	−8.0	11.4	.1	3.9	23.0	−38.5	28.9	−12.8	−20.9	21.0
28 Mutual funds	11.9	23.8	41.4	90.3	132.3	137.9	95.1	171.1	138.6	124.5	156.8	191.2
29 Closed-end funds	19.8	6.3	.0	15.2	12.3	13.5	17.9	9.4	8.7	13.1	8.9	13.0
30 Money market funds	10.7	67.1	80.9	30.1	1.3	44.6	19.1	10.0	4.7	−28.4	−65.0	51.8
31 Real estate investment trusts (REITs)	.9	.5	−.7	−1.0	.6	−1.9	.3	2.6	−.3	−.1	2.9	.9
32 Brokers and dealers	−8.2	96.3	34.9	49.0	40.2	50.5	−2.4	73.0	180.3	−90.2	79.5	14.7
33 Asset-backed securities (ABSs)	35.9	27.7	49.9	49.0	48.6	44.2	33.0	45.2	62.6	53.6	47.0	49.5
34 Bank personal trusts	14.3	22.4	14.8	10.4	8.0	−1.8	32.2	−8.4	−9.3	17.3	−.9	14.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**815.5**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**	**815.2**
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	−5.9	−1.6	−5.0	3.5	−6.5	−8.5	5.1	3.4	−3.5
37 Treasury currency and special drawing rights	.5	4.1	2.5	.0	−1.8	.5	.1	.3	.2	−7.7	.3	.4
38 Life insurance reserves	25.3	28.8	25.7	25.7	28.4	19.2	33.8	22.7	27.3	29.8	51.4	41.0
39 Pension fund reserves	140.1	309.7	158.1	358.8	228.4	419.6	118.0	191.6	301.3	302.9	371.7	196.9
40 Interbank claims	2.9	−16.5	34.2	−3.7	51.8	10.3	32.1	39.4	82.9	52.8	12.7	47.2
41 Deposits at financial institutions	278.6	284.8	98.1	48.2	9.3	48.5	−.7	4.6	175.3	−142.2	−4.6	272.7
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.7	102.8	86.4	108.2	201.2	95.1	30.1	233.7
43 Small time and savings deposits	121.6	100.4	59.0	16.7	−60.8	8.7	−40.1	−81.8	−83.6	−37.7	−157.8	−27.6
44 Large time deposits	53.1	13.9	−65.7	−60.8	−80.0	−108.8	−72.9	−109.9	−52.9	−84.2	−.6	−19.8
45 Money market fund shares	21.9	90.1	70.3	41.2	3.9	30.5	44.4	27.5	−22.0	−34.1	−37.7	66.8
46 Security repurchase agreements	23.7	77.8	−24.2	−16.5	33.6	23.8	8.1	103.7	89.6	−67.1	180.3	17.2
47 Foreign deposits	15.2	−3.6	14.6	−8.2	−10.2	−8.4	−26.6	−43.2	43.0	−14.2	−18.8	2.4
48 Mutual fund shares	6.1	38.5	67.9	150.5	215.4	208.9	174.4	240.7	223.3	223.0	263.8	357.5
49 Corporate equities	−104.7	−98.1	−45.7	60.1	78.2	81.7	97.2	65.3	60.0	90.1	68.5	112.3
50 Security credit	3.0	15.6	3.5	51.4	4.2	118.0	−66.7	−4.9	82.8	5.5	39.7	37.4
51 Trade debt	89.6	59.4	32.1	−2.2	57.9	−16.3	79.8	56.5	57.8	37.5	28.6	42.5
52 Taxes payable	5.3	2.0	−4.5	−8.5	7.7	−3.3	8.5	6.1	6.5	9.9	9.7	6.6
53 Noncorporate proprietors' equity	−24.0	−31.1	−35.5	−12.5	−13.3	12.9	−21.9	7.1	−39.6	1.3	−15.9	−7.3
54 Investment in bank personal trusts	7.2	23.1	21.5	29.8	−7.5	10.8	40.2	20.2	−55.4	−35.2	−10.1	35.8
55 Miscellaneous	199.2	292.1	98.2	169.9	203.9	256.4	103.2	284.8	214.4	213.3	255.9	332.1
56 **Total financial sources**	**1,632.0**	**1,883.8**	**1,306.5**	**1,501.3**	**1,676.4**	**1,798.4**	**1,374.0**	**1,774.9**	**2,072.2**	**1,484.7**	**1,674.2**	**2,286.7**
Floats not included in assets (−)												
57 U.S. government checkable deposits	1.6	8.4	3.3	−13.1	.7	−88.2	11.3	−9.5	4.4	−3.6	.1	6.1
58 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	−5.5	13.8	2.0	−11.7	2.3	−21.8	−11.4
59 Trade credit	−6.2	−1.9	2.5	8.1	21.7	−14.1	25.0	11.3	44.6	5.7	−11.8	−2.1
Liabilities not identified as assets (−)												
60 Treasury currency	−.1	−.2	.2	−.6	−.2	−.1	−.4	−.1	−.3	−.1	−.1	−.2
61 Interbank claims	−3.0	−4.4	1.6	26.2	−4.0	16.6	8.2	−18.2	−5.3	−.6	9.3	−2.3
62 Security repurchase agreements	−29.6	32.4	−31.5	5.2	31.1	66.7	−26.7	84.1	45.5	21.4	136.6	2.2
63 Taxes payable	6.3	2.3	.5	.4	6.7	.5	−7.6	7.0	23.8	3.7	−11.1	24.4
64 Miscellaneous	47.3	−77.8	−23.6	−32.1	−15.2	−7.6	−60.3	−51.2	10.7	40.0	39.9	−59.2
65 **Total identified to sectors as assets**	**1,614.8**	**1,928.2**	**1,351.0**	**1,505.2**	**1,634.2**	**1,830.2**	**1,410.7**	**1,749.5**	**1,960.5**	**1,416.0**	**1,533.2**	**2,329.2**

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	1989	1990	1991	1992	1991	1992				1993	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,054.3**	**10,692.0**	**11,160.6**	**11,742.1**	**11,160.6**	**11,285.2**	**11,422.7**	**11,576.1**	**11,742.1**	**11,817.8**	**11,973.8**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3	3,140.2	3,201.2
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6	3,120.6	3,180.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	18.6	15.8	15.9	18.1	18.8	19.6	20.6
5 Private	7,803.1	8,193.9	8,384.3	8,661.8	8,384.3	8,425.5	8,499.4	8,577.2	8,661.8	8,677.6	8,772.6
By instrument											
6 Tax-exempt obligations	1,004.7	1,062.1	1,131.6	1,197.3	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,209.9	1,224.0
7 Corporate bonds	961.1	1,008.2	1,086.9	1,154.2	1,086.9	1,106.0	1,125.4	1,140.8	1,154.2	1,173.0	1,189.2
8 Mortgages	3,512.8	3,715.4	3,880.4	4,000.4	3,880.4	3,917.2	3,940.9	3,979.0	4,000.4	4,015.4	4,051.2
9 Home mortgages	2,380.5	2,580.6	2,746.6	2,922.6	2,746.6	2,791.7	2,825.5	2,880.7	2,922.6	2,945.1	2,990.1
10 Multifamily residential	304.3	305.5	303.0	291.9	303.0	305.9	301.8	299.0	291.9	290.5	287.8
11 Commercial	747.6	750.8	751.7	706.2	751.7	740.0	733.8	719.4	706.2	699.7	693.2
12 Farm	80.5	78.4	79.1	79.8	79.1	79.6	79.7	79.8	79.8	80.0	80.1
13 Consumer credit	799.5	813.0	799.9	809.2	799.9	777.6	776.9	784.5	809.2	793.9	804.5
14 Bank loans n.e.c.	750.8	747.8	701.0	696.3	701.0	686.3	694.7	686.8	696.3	683.9	693.8
15 Commercial paper	107.1	116.9	98.5	107.1	98.5	110.4	112.0	108.2	107.1	114.6	125.0
16 Other loans	667.0	730.6	685.9	697.1	685.9	682.4	685.8	691.6	697.1	686.9	684.9
By borrowing sector											
17 Household	3,371.4	3,594.8	3,762.7	3,976.0	3,762.7	3,782.6	3,836.6	3,898.7	3,976.0	3,979.4	4,043.2
18 Nonfinancial business	3,615.7	3,728.5	3,688.7	3,693.5	3,688.7	3,697.6	3,701.8	3,695.5	3,693.5	3,691.2	3,707.8
19 Farm	134.4	134.9	134.8	135.4	134.8	133.1	136.4	137.1	135.4	132.8	136.0
20 Nonfarm noncorporate	1,199.6	1,219.0	1,192.3	1,152.9	1,192.3	1,186.1	1,175.7	1,163.4	1,152.9	1,144.6	1,137.3
21 Corporate	2,281.7	2,374.6	2,361.6	2,405.3	2,361.6	2,378.5	2,389.7	2,394.9	2,405.3	2,413.9	2,434.5
22 State and local government	816.1	870.5	932.8	992.2	932.8	945.3	961.0	983.1	992.2	1,007.0	1,021.6
23 **Foreign credit market debt held in United States**	**261.2**	**285.1**	**298.9**	**313.8**	**298.9**	**288.7**	**304.7**	**312.9**	**313.8**	**324.8**	**333.2**
24 Bonds	94.1	115.4	129.5	146.9	129.5	130.8	136.2	141.3	146.9	165.8	173.4
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	21.6	22.0	25.5	26.5	23.9	24.3	25.9
26 Open market paper	63.0	75.3	81.8	77.7	81.8	70.5	77.4	80.7	77.7	72.3	72.1
27 U.S. government loans	82.7	75.8	66.0	65.4	66.0	65.5	65.6	64.4	65.4	62.5	61.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,315.5**	**10,977.1**	**11,459.5**	**12,055.9**	**11,459.5**	**11,573.9**	**11,727.4**	**11,889.0**	**12,055.9**	**12,142.6**	**12,307.0**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,362.7**	**2,559.4**	**2,709.7**	**2,928.8**	**2,709.7**	**2,751.2**	**2,805.3**	**2,877.1**	**2,928.8**	**2,962.1**	**2,995.5**
By instrument											
30 U.S. government-related	1,247.8	1,418.4	1,564.2	1,720.0	1,564.2	1,590.3	1,641.6	1,683.5	1,720.0	1,755.8	1,774.4
31 Government-sponsored enterprises securities	373.3	393.7	402.9	443.1	402.9	405.7	417.8	434.7	443.1	451.2	468.3
32 Mortgage pool securities	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
34 Private	1,114.8	1,140.9	1,145.6	1,208.9	1,145.6	1,160.9	1,163.7	1,193.6	1,208.9	1,206.3	1,221.0
35 Corporate bonds	509.1	549.9	606.6	665.4	606.6	613.8	628.6	646.8	665.4	680.4	693.8
36 Mortgages	4.0	4.3	5.1	5.1	5.1	5.0	4.6	4.6	5.1	5.4	5.4
37 Bank loans n.e.c.	50.9	52.0	69.1	64.2	69.1	72.7	63.1	67.3	64.2	56.9	54.6
38 Open market paper	409.1	417.7	385.7	394.3	385.7	393.2	390.5	394.6	394.3	378.7	375.2
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	79.1	76.3	76.9	80.2	79.9	85.0	92.1
By borrowing sector											
40 Government-sponsored enterprises	378.3	398.5	407.7	447.9	407.7	410.5	422.6	439.5	447.9	456.0	473.1
41 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
42 Private financial sectors	1,114.8	1,140.9	1,145.6	1,208.9	1,145.6	1,160.9	1,163.7	1,193.6	1,208.9	1,206.3	1,221.0
43 Commercial banks	77.4	76.7	65.0	73.8	65.0	63.8	66.2	69.0	73.8	73.1	76.7
44 Bank affiliates	142.5	114.8	112.3	114.6	112.3	115.0	112.7	114.4	114.6	119.9	122.6
45 Funding corporations	125.4	137.9	124.3	135.7	124.3	137.6	144.8	143.3	135.7	127.6	126.1
46 Savings institutions	169.2	139.1	94.6	87.8	94.6	89.8	87.6	89.2	87.8	90.3	93.6
47 Credit unions	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1
48 Life insurance companies	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.2
49 Finance companies	350.4	374.4	393.0	389.4	393.0	382.2	377.4	382.7	389.4	379.1	369.1
50 Mortgage companies	11.3	7.3	13.0	13.0	13.0	19.8	11.0	14.6	13.0	10.4	13.0
51 Real estate investment trusts (REITs)	11.4	12.4	14.0	14.1	14.0	14.4	14.5	14.8	14.1	13.7	13.9
52 Securitized credit obligation (SCO) issuers	227.3	278.3	329.4	380.4	329.4	338.2	349.5	365.6	380.4	392.2	405.8
	All sectors										
53 **Total credit market debt, domestic and foreign**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**	**15,302.5**
54 U.S. government securities	3,494.1	3,911.7	4,335.7	4,795.5	4,335.7	4,445.2	4,560.1	4,677.6	4,795.5	4,891.2	4,970.9
55 Tax-exempt securities	1,004.7	1,062.1	1,131.6	1,197.3	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,209.9	1,224.0
56 Corporate and foreign bonds	1,564.3	1,673.5	1,823.1	1,966.4	1,823.1	1,850.5	1,890.2	1,928.9	1,966.4	2,019.1	2,056.4
57 Mortgages	3,516.8	3,719.7	3,885.5	4,005.6	3,885.5	3,922.2	3,945.5	3,983.6	4,005.6	4,020.7	4,056.6
58 Consumer credit	799.5	813.0	799.9	809.2	799.9	777.6	776.9	784.5	809.2	793.9	804.5
59 Bank loans n.e.c.	823.0	818.3	791.7	784.5	791.7	780.9	783.3	780.6	784.5	765.2	774.3
60 Open market paper	579.2	609.9	565.9	579.0	565.9	574.1	579.9	583.6	579.0	565.5	572.3
61 Other loans	896.5	928.4	835.8	847.2	835.8	829.0	833.0	841.0	847.2	839.2	843.6

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1989	1990	1991	1992	1991	1992				1993	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**	**15,302.5**
2 Private domestic nonfinancial sectors	2,096.4	2,246.8	2,205.8	2,280.8	2,205.8	2,211.7	2,219.0	2,212.2	2,280.8	2,228.3	2,189.6
3 Households	1,326.8	1,454.6	1,380.0	1,426.1	1,380.0	1,389.1	1,381.1	1,371.7	1,426.1	1,389.6	1,342.3
4 Nonfarm noncorporate business	56.5	54.9	50.7	48.3	50.7	49.3	48.7	48.1	48.3	47.0	46.3
5 Nonfinancial corporate business	181.2	175.8	180.1	216.4	180.1	180.0	192.6	199.5	216.4	204.5	209.8
6 State and local governments	531.9	561.5	595.1	590.0	595.1	593.3	596.6	592.9	590.0	587.3	591.1
7 U.S. government	205.4	239.1	247.0	235.1	247.0	251.2	246.3	239.2	235.1	229.5	223.4
8 Foreign	778.7	897.5	936.2	1,030.4	936.2	959.8	994.5	1,014.3	1,030.4	1,040.5	1,063.6
9 Financial sectors	9,597.7	10,153.1	10,780.3	11,438.5	10,780.3	10,902.4	11,072.9	11,300.3	11,438.5	11,606.5	11,825.9
10 Government-sponsored enterprises	355.4	371.8	397.7	466.4	397.7	419.9	429.0	446.3	466.4	464.1	499.2
11 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
12 Monetary authority	233.3	241.4	272.5	300.4	272.5	271.8	282.6	285.2	300.4	303.6	318.2
13 Commercial banking	2,647.4	2,772.5	2,856.8	2,951.6	2,856.8	2,864.5	2,887.6	2,928.2	2,951.6	2,960.9	3,001.8
14 U.S. commercial banks	2,371.9	2,466.7	2,506.0	2,575.7	2,506.0	2,517.3	2,525.2	2,560.0	2,575.7	2,594.6	2,633.8
15 Foreign banking offices	242.3	270.8	319.2	335.8	319.2	313.3	328.2	328.9	335.8	326.7	328.2
16 Bank holding companies	16.2	13.4	11.9	17.5	11.9	13.6	13.1	17.5	17.5	16.4	15.9
17 Banks in U.S. affiliated areas	17.1	21.6	19.7	22.5	19.7	20.2	21.0	21.8	22.5	23.3	23.9
18 Private nonbank finance	5,491.9	5,747.4	6,096.7	6,448.1	6,096.7	6,166.5	6,254.8	6,396.6	6,448.1	6,578.0	6,705.4
19 Thrift institutions	1,475.4	1,324.6	1,197.3	1,137.3	1,197.3	1,168.6	1,150.5	1,141.3	1,137.3	1,127.9	1,132.7
20 Insurance	2,320.7	2,473.7	2,708.0	2,874.1	2,708.0	2,736.4	2,788.0	2,843.3	2,874.1	2,953.0	2,999.9
21 Life insurance companies	1,022.0	1,116.5	1,199.6	1,282.0	1,199.6	1,222.3	1,243.6	1,264.7	1,282.0	1,317.3	1,352.3
22 Other insurance companies	317.5	344.0	376.3	389.0	376.3	383.5	387.6	386.9	389.0	391.2	393.8
23 Private pension funds	590.2	607.4	692.7	731.5	692.7	684.2	703.4	729.4	731.5	762.3	760.0
24 State and local government retirement funds	390.9	405.9	439.4	471.6	439.4	446.3	453.3	462.2	471.6	482.2	493.7
25 Finance n.e.c.	1,695.9	1,949.1	2,191.5	2,436.6	2,191.5	2,261.5	2,316.2	2,412.0	2,436.6	2,497.1	2,572.8
26 Finance companies	468.6	497.0	484.9	486.6	484.9	479.5	480.5	477.8	486.6	473.7	473.5
27 Mortgage companies	22.6	14.6	25.9	26.1	25.9	31.7	22.1	29.3	26.1	20.8	26.1
28 Mutual funds	307.2	360.2	450.5	582.8	450.5	478.8	522.0	557.5	582.8	626.6	674.7
29 Closed-end funds	37.1	37.1	52.4	64.6	52.4	56.8	59.2	61.3	64.6	66.9	70.1
30 Money market funds	291.8	372.7	402.7	404.1	402.7	424.0	413.5	408.8	404.1	404.5	404.0
31 Real estate investment trusts (REITs)	8.4	7.7	6.8	7.4	6.8	6.8	7.5	7.4	7.4	8.1	8.3
32 Brokers and dealers	142.9	177.9	226.9	267.1	226.9	226.3	244.6	289.6	267.1	287.0	290.6
33 Asset-backed securities (ABSs)	219.3	269.1	318.1	366.7	318.1	326.3	337.6	353.3	366.7	378.4	390.8
34 Bank personal trusts	198.0	212.9	223.3	231.2	223.3	231.3	229.2	226.9	231.2	231.0	234.6
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**	**15,302.5**
Other liabilities											
36 Official foreign exchange	53.6	61.3	55.4	51.8	55.4	52.7	54.4	55.4	51.8	54.5	53.9
37 Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.3	26.3	26.4	26.5	24.5	24.6	24.7
38 Life insurance reserves	354.3	380.0	405.7	434.1	405.7	414.2	419.8	426.7	434.1	447.0	457.2
39 Pension fund reserves	3,356.1	3,400.3	4,056.5	4,420.2	4,056.5	4,077.9	4,134.5	4,265.7	4,420.2	4,560.8	4,618.3
40 Interbank claims	32.4	64.0	65.2	116.8	65.2	64.6	70.8	103.7	116.8	111.4	118.2
41 Deposits at financial institutions	4,736.7	4,836.8	4,885.2	4,892.1	4,885.2	4,878.6	4,870.2	4,909.2	4,892.1	4,886.8	4,941.5
42 Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	1,008.5	984.3	1,032.3	1,071.6	1,131.0	1,093.4	1,170.7
43 Small time and savings deposits	2,277.4	2,336.3	2,353.0	2,292.2	2,353.0	2,351.3	2,325.8	2,303.7	2,292.2	2,261.6	2,249.2
44 Large time deposits	603.4	537.7	476.9	397.2	476.9	459.2	427.5	418.4	397.2	397.7	388.7
45 Money market fund shares	428.1	498.4	539.6	543.6	539.6	572.0	557.2	553.2	543.6	556.6	549.9
46 Security repurchase agreements	396.5	372.3	355.8	389.4	355.8	367.0	393.5	417.6	389.4	443.5	448.2
47 Foreign deposits	142.8	159.4	151.3	138.8	151.3	144.7	133.9	144.6	138.8	134.1	134.7
48 Mutual fund shares	566.2	602.1	813.9	1,050.2	813.9	860.4	928.3	971.2	1,050.2	1,155.7	1,256.5
49 Security credit	133.9	137.4	188.9	217.3	188.9	194.6	193.3	214.5	217.3	225.1	234.5
50 Trade debt	904.2	936.4	926.7	984.7	926.7	938.0	950.0	970.5	984.7	982.6	991.5
51 Taxes payable	81.8	77.4	68.9	76.6	68.9	73.1	70.7	74.5	76.6	81.3	78.6
52 Investment in bank personal trusts	503.2	509.9	596.7	619.1	596.7	612.9	612.7	610.9	619.1	625.0	635.6
53 Miscellaneous	2,591.1	2,732.4	2,884.3	3,052.8	2,884.3	2,891.2	2,951.9	3,023.6	3,052.8	3,086.1	3,145.5
54 **Total liabilities**	**26,015.5**	**27,300.7**	**29,143.0**	**30,924.9**	**29,143.0**	**29,409.7**	**29,815.8**	**30,418.2**	**30,924.9**	**31,345.6**	**31,858.4**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	21.0	22.0	22.3	19.6	22.3	22.0	22.7	23.2	19.6	19.8	20.0
56 Corporate equities	3,812.9	3,543.7	4,869.4	5,540.6	4,869.4	4,925.6	4,837.0	4,995.4	5,540.6	5,725.7	5,743.8
57 Household equity in noncorporate business	2,508.1	2,440.6	2,344.6	2,269.2	2,344.6	2,353.5	2,337.5	2,316.3	2,269.2	2,239.9	2,248.0
Floats not included in assets (−)											
58 U.S. government checkable deposits	6.1	15.0	3.8	6.8	3.8	.9	1.4	4.0	6.8	3.4	3.5
59 Other checkable deposits	26.5	28.9	30.9	32.5	30.9	29.5	32.6	23.3	32.5	22.2	22.1
60 Trade credit	−148.6	−146.0	−144.1	−121.8	−144.1	−142.7	−151.1	−144.0	−121.8	−129.5	−141.9
Liabilities not identified as assets (−)											
61 Treasury currency	−4.3	−4.1	−4.8	−5.0	−4.8	−4.9	−4.9	−5.0	−5.0	−5.0	−5.1
62 Interbank claims	−31.0	−32.0	−4.2	−8.4	−4.2	−1.8	−4.0	−4.3	−8.4	−5.2	−4.5
63 Security repurchase agreements	13.7	−17.7	−12.5	18.6	−12.5	−4.8	19.6	33.6	18.6	67.1	71.9
64 Taxes payable	20.6	17.8	15.5	28.5	15.5	10.4	18.9	24.0	28.5	27.9	28.3
65 Miscellaneous	−210.7	−213.4	−254.6	−265.7	−254.6	−295.1	−293.7	−279.6	−265.7	−291.7	−295.7
66 **Total identified to sectors as assets**	**32,685.1**	**33,658.6**	**36,749.2**	**39,068.7**	**36,749.2**	**37,119.2**	**37,394.2**	**38,101.1**	**39,068.7**	**39,641.7**	**40,191.5**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1990	1991	1992	1993								
				Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
1 **Industrial production**[1]	**106.0**	**104.1**	**106.5**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**[r]	**110.9**	**111.4**	**112.2**
Market groupings												
2 Products, total	105.5	103.1	105.6	109.2	109.5	109.6	109.3	109.4	110.0[r]	110.1	110.7	111.7
3 Final, total	107.0	105.3	108.2	112.4	112.7	112.8	112.5	112.7	113.2[r]	113.3	114.1	115.4
4 Consumer goods	103.4	102.8	105.2	108.5	108.6	108.1	107.3	107.3	107.7[r]	107.5	107.9	109.3
5 Equipment	112.1	108.9	112.7	118.0	118.7	119.7	119.9	120.4	121.2[r]	121.6	123.0	124.2
6 Intermediate	101.2	96.5	97.6	99.3	99.6	100.0	99.7	99.4	100.4[r]	100.5	100.5	100.5
7 Materials	106.8	105.5	107.9	110.9	110.9	111.5	111.6	112.1	112.0	112.1	112.4	113.0
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	110.5	110.8	111.4	111.3	111.3	111.6[r]	111.8	112.5	113.5
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	80.5	80.6	80.9	80.7	80.6	80.7[r]	80.7	81.1	81.7
10 Construction contracts[3]	95.3	89.7	96.3[r]	95.0	94.0	94.0	91.0	104.0	98.0	99.0	101.0	103.0
11 Nonagricultural employment, total[4]	107.3	106.2	106.4	107.4	107.5	107.7	107.9	108.0	108.2	108.2	108.4	108.5
12 Goods-producing, total	101.2	96.6	94.9	93.5	93.3	93.1	93.2	93.0	93.0	92.8	92.8	92.9
13 Manufacturing, total	100.6	97.1	95.8	94.5	94.4	94.0	93.8	93.5	93.5	93.3	93.2	93.2
14 Manufacturing, production workers	100.2	96.3	95.3	94.5	94.4	94.0	93.8	93.5	93.5	93.2	93.2	93.3
15 Service-producing	109.8	109.3	110.0	111.9	112.0	112.4	112.6	112.8	113.1	113.1	113.3	113.5
16 Personal income, total	122.9	127.6	135.3	138.1	139.1	141.1	141.5	141.3	141.0[r]	142.8	143.1	n.a.
17 Wages and salary disbursements	121.4	124.5	131.5	131.6	131.6	135.7	136.8	136.5	137.1[r]	138.1	138.0	n.a.
18 Manufacturing	113.4	113.7	117.8	114.5	114.2	118.8	118.4	118.0	118.2	118.6	119.1	n.a.
19 Disposable personal income[5]	123.1	128.6	136.8	139.6	140.8	142.5	142.8	142.6	142.1	144.0	144.3	n.a.
20 Retail sales[6]	120.2	121.3	127.1[r]	131.9	130.5	133.0	133.9	134.6	135.2	136.2	136.3	138.3
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7
22 Producer finished goods (1982=100)	119.2	121.7	123.2	124.5	124.7	125.5	125.8	125.5[r]	125.3	124.3	123.9	124.7

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 Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1993							
				Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**189,686**	**191,329**	**193,142**	**194,456**	**194,618**	**194,767**	**194,933**	**195,104**	**195,275**	**195,453**	**195,626**
2 Labor force[1]	126,424	126,867	128,548	128,926	128,833	129,615	129,604	129,541	129,852	129,457	130,189
3 Civilian labor force	124,787	125,303	126,982	127,429	127,341	128,131	128,127	128,070	128,370	127,975	128,714
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	115,483	115,356	116,203	116,195	116,262	116,729	116,362	116,936
5 Agriculture	3,186	3,233	3,207	3,082	3,060	3,070	3,024	3,039	2,980	3,095	2,991
Unemployment											
6 Number	6,874	8,426	9,384	8,864	8,925	8,858	8,908	8,769	8,661	8,517	8,786
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.0	7.0	6.9	7.0	6.8	6.7	6.7	6.8
8 Not in labor force	63,262	64,462	64,594	65,530	65,785	65,152	65,329	65,563	65,423	65,996	65,437
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**109,419**	**108,256**	**108,519**	**109,565**	**109,820**	**110,058**	**110,101**	**110,338**	**110,305**[r]	**110,467**	**110,644**
10 Manufacturing	19,117	18,455	18,192	17,935	17,863	17,827	17,771	17,760	17,718[r]	17,697	17,709
11 Mining	709	689	631	600	600	602	596	595	592	596	597
12 Contract construction	5,120	4,650	4,471	4,481	4,517	4,577	4,574	4,593	4,593[r]	4,595	4,625
13 Transportation and public utilities	5,793	5,762	5,709	5,724	5,720	5,719	5,711	5,709	5,690[r]	5,695	5,692
14 Trade	25,774	25,365	25,391	25,707	25,758	25,827	25,861	25,916	25,902[r]	25,952	25,963
15 Finance	6,709	6,646	6,571	6,574	6,585	6,588	6,590	6,604	6,602[r]	6,614	6,634
16 Service	27,934	28,336	29,053	29,756	29,977	30,099	30,175	30,320	30,381[r]	30,419	30,533
17 Government	18,304[r]	18,402[r]	18,653[r]	18,788	18,800	18,819	18,823	18,841	18,827[r]	18,899	18,891

1. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

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	1992	1993			1992	1993			1992	1993		
	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)[2]			
1 **Total industry**	**108.3**	**109.7**	**110.4**	**111.0**	**134.2**	**134.8**	**135.3**	**135.9**	**80.7**	**81.4**	**81.6**	**81.7**
2 Manufacturing	108.7	110.4	111.3	112.0	136.6	137.2	137.8	138.5	79.6	80.5	80.8	80.9
3 Primary processing[3]	104.7	106.4	107.2	107.8	126.6	126.8	127.1	127.4	82.7	83.9	84.3	84.6
4 Advanced processing[4]	110.6	112.3	113.2	113.9	141.3	142.1	142.9	143.7	78.3	79.0	79.2	79.3
5 Durable goods	110.8	113.6	114.8	115.9	142.6	143.4	144.1	144.9	77.7	79.2	79.7	80.0
6 Lumber and products	98.5	99.7	97.3	99.8	112.5	112.6	112.7	112.9	87.6	88.5	86.3	88.5
7 Primary metals	101.5	105.0	104.8	105.7	125.0	124.9	124.9	124.9	81.2	84.1	83.9	84.6
8 Iron and steel	105.0	109.1	109.1	111.5	129.9	129.8	130.0	130.1	80.8	84.1	84.0	85.7
9 Nonferrous	96.7	99.3	98.8	97.6	118.2	118.1	117.9	117.7	81.8	84.1	83.8	82.9
10 Nonelectrical machinery	132.4	137.1	144.2	150.0	162.1	163.7	165.5	167.3	81.7	83.8	87.1	89.6
11 Electrical machinery	124.0	127.1	129.6	133.6	152.6	154.1	155.7	157.3	81.2	82.5	83.2	84.9
12 Motor vehicles and parts	111.4	120.6	117.6	111.6	154.5	155.8	156.8	157.7	72.1	77.4	75.0	70.7
13 Aerospace and miscellaneous transportation equipment	97.7	95.7	93.2	91.6	135.8	135.7	135.5	135.4	72.0	70.5	68.8	67.7
14 Nondurable goods	106.1	106.5	107.0	107.1	129.1	129.6	130.1	130.6	82.1	82.2	82.3	82.0
15 Textile mill products	105.2	106.2	106.1	107.0	116.7	116.9	117.1	117.3	90.1	90.8	90.6	91.2
16 Paper and products	107.9	110.0	113.1	112.7	122.1	122.5	122.9	123.3	88.4	89.8	92.0	91.4
17 Chemicals and products	116.9	116.9	118.3	118.7	143.5	144.4	145.4	146.3	81.4	80.9	81.4	81.1
18 Plastics materials	106.6	111.7	113.1	...	128.8	129.5	130.5	...	82.8	86.2	86.7	85.5
19 Petroleum products	104.2	104.2	103.9	103.6	116.2	115.9	115.7	115.4	89.7	89.9	89.8	89.7
20 Mining	97.9	96.5	97.2	96.3	112.0	111.7	111.5	111.3	87.4	86.3	87.2	86.6
21 Utilities	114.7	116.0	113.8	116.5	131.8	132.2	132.5	132.9	87.1	87.8	85.9	87.7
22 Electric	114.3	115.2	114.7	117.4	128.5	129.0	129.4	129.9	89.0	89.3	88.6	90.4

Series	1973	1975	Previous cycle[2]		Latest cycle[3]		1992	1993					
	High	Low	High	Low	High	Low	Oct.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**80.2**	**81.5**	**81.5**	**81.7**	**81.6**	**81.9**	**82.4**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	79.2	80.7	80.6	80.7	80.7	81.1	81.7
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	77.9	82.3	84.2	84.5	84.5	84.7	84.7	85.0
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.1	77.9	79.3	78.9	79.2	79.1	79.6	80.3
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	77.1	79.7	79.4	79.8	79.8	80.5	81.4
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	87.0	86.4	85.5	87.8	88.4	89.2	89.6
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	80.4	83.5	84.6	84.3	84.8	84.6	85.0
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	80.0	83.2	85.3	86.0	86.2	84.8	85.8
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	80.8	83.9	83.6	81.8	82.7	84.3	83.9
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	80.8	87.1	87.5	89.1	89.5	90.3	91.1
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	80.6	83.3	83.3	84.4	84.9	85.6	86.0
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	70.1	75.3	72.7	70.0	69.8	72.4	77.5
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	72.4	69.1	67.7	67.9	67.7	67.4	67.2
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	82.0	82.2	82.3	82.0	82.0	82.0	82.1
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	88.7	91.2	91.4	91.8	91.4	90.4	90.8
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	88.0	91.2	92.8	90.9	91.9	91.5	91.0
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	81.1	81.3	81.7	81.3	81.1	81.0	81.4
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	84.1	85.7	86.7	85.0	85.6	85.9	86.0
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	90.5	89.6	89.9	88.7	88.7	91.8	93.6
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	87.1	87.2	87.9	86.5	85.8	87.4	86.9
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	85.6	84.6	86.6	88.1	88.7	86.4	86.4
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	87.7	88.1	89.2	91.1	91.5	88.5	88.5

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. See also "Industrial Production Capacity and Capacity Utilization Since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978 through 1980; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

	Group	1987 proportion	1992 avg.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July[r]	1993 Aug.[r]	1993 Sept.[r]	1993 Oct.[p]
				Index (1987 = 100)												
	MAJOR MARKETS															
1	**Total index**	**100.0**	**106.5**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**110.9**	**111.4**	**112.2**
2	Products	60.8	105.6	107.1	107.8	108.2	108.5	109.2	109.5	109.6	109.3	109.4	110.0	110.1	110.7	111.7
3	Final products	46.0	108.2	110.1	111.0	111.5	111.9	112.4	112.7	112.8	112.5	112.7	113.2	113.3	114.1	115.4
4	Consumer goods, total	26.0	105.2	106.4	107.1	107.5	107.6	108.5	108.6	108.1	107.3	107.3	107.7	107.5	107.9	109.3
5	Durable consumer goods	5.6	102.5	104.1	105.7	107.9	110.9	111.3	111.5	112.2	110.8	107.9	108.6	107.9	109.4	113.3
6	Automotive products	2.5	99.4	103.1	104.1	108.7	112.7	111.9	111.2	112.1	109.7	105.3	103.3	103.0	106.4	113.0
7	Autos and trucks	1.5	96.9	101.5	102.9	111.7	116.8	114.6	113.4	114.3	110.1	105.0	100.3	99.2	104.1	114.9
8	Autos, consumer	.9	79.0	78.5	79.6	86.9	86.6	90.2	90.5	90.2	86.5	83.5	78.2	71.8	75.4	85.2
9	Trucks, consumer	.6	127.9	141.3	143.3	154.6	169.1	156.9	153.1	155.9	150.9	142.3	138.6	146.7	153.9	166.4
10	Auto parts and allied goods	1.0	103.7	105.9	106.0	103.8	105.8	107.4	107.5	108.5	109.1	105.8	108.4	109.3	110.1	109.9
11	Other	3.1	105.2	104.9	107.1	107.2	109.3	110.7	111.7	112.3	111.8	110.2	113.2	112.3	112.0	113.5
12	Appliances, A/C, and TV	.8	110.4	110.8	110.8	110.5	116.0	117.6	125.0	124.3	121.1	116.1	127.3	124.6	124.5	127.9
13	Carpeting and furniture	.9	99.9	98.5	103.7	105.4	105.5	106.7	104.5	106.2	108.9	109.1	109.9	108.1	107.2	109.1
14	Miscellaneous home goods	1.4	105.6	105.8	107.1	106.6	108.0	109.5	108.9	109.6	108.4	107.6	107.4	108.0	108.1	108.1
15	Nondurable consumer goods	20.4	105.9	107.1	107.5	107.4	106.7	107.7	107.7	106.9	106.3	107.2	107.4	107.4	107.5	108.1
16	Foods and tobacco	9.1	104.7	105.9	105.2	104.8	104.6	105.5	104.3	103.9	104.3	104.7	104.9	105.1	105.4	106.1
17	Clothing	2.6	95.0	94.5	95.9	96.0	95.7	95.0	94.6	94.9	94.2	94.6	93.6	93.0	92.3	91.6
18	Chemical products	3.5	118.7	121.1	123.3	121.7	122.4	121.1	123.7	123.1	122.6	123.0	124.0	122.6	123.9	124.9
19	Paper products	2.5	100.8	100.1	100.9	100.9	100.2	101.8	102.1	101.7	101.8	102.6	101.3	100.8	102.1	102.0
20	Energy	2.7	108.3	111.1	112.0	114.4	109.5	115.5	116.0	111.5	107.4	110.4	112.9	115.0	112.7	114.1
21	Fuels	.7	104.7	109.8	107.7	106.1	106.5	108.9	107.1	106.6	106.5	105.8	105.0	104.0	110.0	114.2
22	Residential utilities	2.0	109.6	111.6	113.6	117.5	110.7	118.0	119.5	113.4	107.7	112.2	116.0	119.3	113.7	114.1
23	Equipment	20.0	112.7	115.4	116.7	117.2	118.1	118.0	118.7	119.7	119.9	120.4	121.2	121.6	123.0	124.2
24	Business equipment	13.9	123.2	127.5	129.0	129.6	131.2	131.7	133.4	134.8	135.4	136.1	137.1	137.6	139.4	141.3
25	Information processing and related	5.6	134.7	142.2	142.9	143.2	144.4	146.1	149.1	150.6	153.5	155.7	158.2	158.8	161.1	162.6
26	Office and computing	1.9	168.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	236.7	242.0
27	Industrial	4.0	108.5	110.1	112.0	112.3	113.1	112.2	113.7	115.0	115.0	115.6	117.2	117.0	117.5	117.9
28	Transit	2.5	137.1	137.4	140.4	144.1	146.7	146.5	145.0	145.0	142.5	138.0	133.2	133.2	136.8	143.7
29	Autos and trucks	1.2	117.9	121.7	123.9	131.4	136.7	136.8	135.8	136.2	133.1	127.2	118.9	119.6	126.5	139.6
30	Other	1.9	104.7	108.8	110.7	109.2	112.6	113.4	114.9	117.5	116.2	117.6	119.6	121.7	122.7	123.8
31	Defense and space equipment	5.4	85.9	83.5	83.2	82.5	82.0	81.5	80.7	80.5	79.5	78.6	78.6	78.1	77.9	77.2
32	Oil and gas well drilling	.6	78.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4	75.1	82.4	81.0	87.8	90.5	88.9
33	Manufactured homes	.2	99.7	110.4	118.5	128.6	129.4	127.1	116.2	114.9	112.1	113.6	118.5	116.2	120.6	121.4
34	Intermediate products, total	14.7	97.6	97.8	98.1	98.3	98.2	99.3	99.6	100.0	99.7	99.4	100.4	100.5	100.5	100.5
35	Construction supplies	6.0	93.8	94.7	95.1	94.5	94.8	97.5	96.4	96.4	97.7	96.8	98.4	98.5	99.5	99.7
36	Business supplies	8.7	100.1	99.9	100.0	100.8	100.5	100.5	101.8	102.5	101.0	101.1	101.7	101.8	101.2	101.1
37	Materials	39.2	107.9	108.1	109.3	110.0	110.4	110.9	110.9	111.5	111.6	112.1	112.0	112.1	112.4	113.0
38	Durable goods materials	19.4	108.9	109.7	111.1	111.9	113.3	114.2	114.1	114.9	114.8	114.9	115.4	115.5	116.6	117.9
39	Durable consumer parts	4.2	101.5	101.8	104.3	107.5	110.8	111.8	112.2	112.6	111.6	110.2	109.8	110.3	110.9	114.0
40	Equipment parts	7.3	116.5	118.3	119.3	119.7	120.4	121.0	121.3	122.7	123.5	124.1	124.9	126.1	128.0	129.5
41	Other	7.9	106.0	106.2	107.4	107.5	108.6	109.7	108.9	109.5	109.2	109.4	110.2	109.2	109.8	110.1
42	Basic metal materials	2.8	108.3	108.3	109.8	108.8	110.4	113.2	109.9	110.3	111.1	111.3	111.3	109.6	110.2	111.4
43	Nondurable goods materials	9.0	110.9	110.7	112.0	111.5	112.4	112.1	112.8	113.8	114.1	114.8	114.2	115.3	114.5	115.0
44	Textile materials	1.2	102.8	102.7	103.4	102.9	104.2	103.2	104.2	102.7	104.3	104.9	105.9	105.6	103.7	104.9
45	Pulp and paper materials	1.9	109.9	109.1	110.2	110.7	110.7	111.9	112.8	115.3	114.1	115.9	113.4	113.7	113.8	113.7
46	Chemical materials	3.8	114.2	114.4	115.6	114.6	114.9	114.6	115.6	116.1	117.2	118.6	117.3	119.6	118.3	119.1
47	Other	2.1	110.4	109.7	112.0	111.3	114.1	112.5	112.6	114.2	113.6	112.3	114.0	114.4	114.1	114.1
48	Energy materials	10.9	103.4	103.0	103.9	105.1	103.4	103.8	103.5	103.4	103.4	104.6	103.7	102.9	102.7	102.4
49	Primary energy	7.2	99.7	99.4	100.2	101.3	100.4	98.3	97.4	99.9	101.6	100.9	98.2	96.7	97.8	97.2
50	Converted fuel materials	3.7	110.6	110.0	111.1	112.4	109.1	114.6	115.4	110.3	106.8	111.7	114.5	115.0	112.3	112.7
	SPECIAL AGGREGATES															
51	Total excluding autos and trucks	97.3	106.6	107.4	108.4	108.6	108.9	109.5	109.7	110.1	110.0	110.4	110.9	111.0	111.4	111.9
52	Total excluding motor vehicles and parts	95.3	106.6	107.5	108.4	108.6	108.7	109.3	109.6	109.9	109.8	110.3	110.9	110.9	111.2	111.7
53	Total excluding office and computing machines	97.5	105.0	105.7	106.6	107.1	107.3	107.8	107.8	108.0	107.7	107.8	108.1	108.0	108.4	109.1
54	Consumer goods excluding autos and trucks	24.5	105.7	106.8	107.4	107.3	107.0	108.1	108.2	107.6	107.1	107.5	108.2	108.1	108.2	108.9
55	Consumer goods excluding energy	23.3	104.8	105.9	106.6	106.8	107.4	107.7	107.7	107.6	107.3	107.0	107.1	106.7	107.4	108.7
56	Business equipment excluding autos and trucks	12.7	123.7	128.0	129.5	129.5	130.7	131.3	133.2	134.6	135.6	136.8	138.7	139.1	140.5	141.4
57	Business equipment excluding office and computing equipment	12.0	115.7	118.1	119.7	120.1	121.0	120.6	121.6	122.2	121.8	121.8	122.1	121.7	123.0	124.4
58	Materials excluding energy	28.4	109.5	110.0	111.4	111.8	113.0	113.6	113.7	114.6	114.6	114.9	115.1	115.5	116.0	117.0

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

Group	SIC code[2]	1987 proportion	1992 avg.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July[r]	1993 Aug.[r]	1993 Sept.[r]	1993 Oct.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**106.5**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**110.9**	**111.4**	**112.2**
60 Manufacturing	...	84.3	106.9	108.0	108.9	109.2	109.9	110.5	110.8	111.4	111.3	111.3	111.6	111.8	112.5	113.5
61 Primary processing	...	27.1	103.8	104.1	105.1	105.0	105.8	106.9	106.4	107.1	107.1	107.5	107.6	107.9	108.0	108.4
62 Advanced processing	...	57.1	108.3	109.9	110.7	111.3	111.9	112.2	112.9	113.4	113.3	113.0	113.5	113.6	114.6	115.8
63 Durable goods	...	46.5	108.1	109.8	110.9	111.8	112.9	113.8	114.1	115.0	114.9	114.6	115.4	115.6	116.8	118.3
64 Lumber and products	24	2.1	96.4	97.8	99.8	98.0	99.3	101.8	98.0	98.1	97.4	96.5	99.1	99.7	100.7	101.2
65 Furniture and fixtures	25	1.5	99.0	100.4	102.3	103.9	105.2	106.0	107.3	108.8	108.4	109.5	111.1	110.7	111.1	112.3
66 Clay, glass, and stone products	32	2.4	96.0	96.8	97.6	98.0	97.0	98.9	98.6	99.8	99.6	100.5	100.8	100.0	101.6	101.4
67 Primary metals	33	3.3	101.1	100.5	101.6	102.4	102.8	108.0	104.2	104.4	104.2	105.7	105.3	106.0	105.7	106.2
68 Iron and steel	331,2	1.9	104.7	104.1	103.6	107.4	107.0	112.9	107.6	108.4	108.1	110.9	111.9	112.2	110.5	111.7
69 Raw steel	...	.1	101.2	99.8	102.8	104.6	103.4	105.9	102.0	102.6	105.1	106.8	108.2	106.2	105.3	108.1
70 Nonferrous	333–6,9	1.4	96.1	95.6	98.7	95.7	97.1	101.4	99.4	98.9	98.9	98.5	96.3	97.4	99.2	98.6
71 Fabricated metal products	34	5.4	96.7	97.5	97.6	97.8	99.8	99.7	100.3	101.4	100.6	100.1	101.2	100.8	100.6	101.5
72 Industrial and commercial machinery and computer equipment	35	8.5	124.8	130.6	132.8	133.8	135.0	136.7	139.6	142.8	144.2	145.4	148.5	149.8	151.6	153.4
73 Office and computing machines	357	2.3	168.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	236.7	242.0
74 Electrical machinery	36	6.9	119.8	122.6	124.4	124.8	125.8	127.1	128.5	129.0	129.7	130.1	132.3	133.5	135.1	136.2
75 Transportation equipment	37	9.9	102.6	103.0	103.6	106.3	108.4	107.8	106.9	106.9	105.5	102.6	100.8	100.6	102.4	106.3
76 Motor vehicles and parts	371	4.8	104.8	108.0	109.9	116.2	120.9	120.7	120.1	120.4	118.1	114.3	110.1	110.2	114.5	122.8
77 Autos and light trucks	...	2.2	101.4	104.1	105.4	114.4	118.2	117.8	116.9	117.5	113.1	108.2	102.8	99.9	104.8	116.3
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	98.3	97.7	97.1	96.7	95.8	94.6	94.2	93.7	91.8	92.0	91.6	91.2	90.9
79 Instruments	38	5.1	104.2	103.7	103.6	103.3	103.0	102.2	103.3	102.6	102.5	102.5	102.8	101.3	101.9	102.1
80 Miscellaneous	39	1.3	109.7	110.5	111.4	111.8	110.9	111.9	112.6	114.3	113.1	112.1	112.3	112.5	114.3	114.2
81 Nondurable goods	...	37.8	105.4	105.8	106.4	106.0	106.4	106.4	106.6	106.9	106.9	107.2	107.0	107.1	107.2	107.5
82 Foods	20	8.8	106.0	106.8	106.4	106.2	105.9	106.9	106.7	106.7	106.7	107.1	107.2	107.6	107.7	108.3
83 Tobacco products	21	1.0	99.2	102.4	101.9	96.1	100.5	99.3	92.4	90.2	92.1	89.1	91.5	92.4	94.2	95.5
84 Textile mill products	22	1.8	104.7	103.5	106.0	106.0	106.9	106.2	105.4	104.2	106.9	107.1	107.7	107.3	106.1	106.7
85 Apparel products	23	2.3	92.3	91.7	92.9	92.7	93.1	92.5	92.1	92.0	91.2	91.1	90.7	90.3	89.2	88.6
86 Paper and products	26	3.6	108.2	107.3	108.2	108.3	108.6	110.4	111.1	113.1	112.1	114.2	112.0	113.3	112.9	112.5
87 Printing and publishing	27	6.5	95.0	94.5	94.2	94.7	94.7	94.0	94.7	95.6	94.7	94.5	93.8	93.1	93.2	93.1
88 Chemicals and products	28	8.8	115.0	116.2	117.7	116.7	116.8	116.2	117.6	117.8	118.1	119.1	118.7	118.7	118.8	119.7
89 Petroleum products	29	1.3	102.0	105.3	103.9	103.4	103.2	104.7	104.7	104.3	103.6	103.9	102.5	102.4	105.9	107.9
90 Rubber and plastic products	30	3.2	109.7	109.9	111.3	111.3	113.6	112.7	112.9	113.6	113.8	112.8	114.7	114.8	115.1	114.8
91 Leather and products	31	.3	92.6	95.1	96.6	96.7	97.1	99.0	99.1	100.1	98.2	97.0	96.8	97.0	98.3	99.8
92 Mining	...	8.0	97.6	97.6	97.8	98.2	98.3	95.9	95.3	96.4	97.3	98.0	96.4	95.5	97.2	96.6
93 Metal	10	.3	161.7	168.1	171.6	158.1	167.7	163.0	158.2	162.5	169.3	164.4	167.7	148.8	159.5	164.1
94 Coal	11,12	1.2	105.5	103.8	103.5	107.9	108.2	101.7	102.3	108.2	106.4	106.7	101.0	95.9	103.9	105.3
95 Oil and gas extraction	13	5.8	92.6	92.7	92.8	93.4	92.7	90.9	90.4	90.5	91.6	93.1	91.6	92.4	92.4	91.2
96 Stone and earth minerals	14	.7	93.8	93.6	94.4	92.6	93.8	95.2	93.4	92.3	94.0	91.7	93.2	94.7	94.9	94.2
97 Utilities	...	7.7	112.0	112.7	114.7	116.8	112.8	117.5	117.8	114.4	112.1	114.9	116.9	117.8	114.9	115.0
98 Electric	491,3PT	6.1	111.6	112.6	114.1	116.4	112.9	116.5	116.3	114.5	114.0	115.6	118.1	118.8	115.1	115.2
99 Gas	492,3PT	1.6	113.2	113.2	117.3	118.2	112.4	121.4	123.3	113.9	104.9	112.2	112.4	113.9	114.0	114.4
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	108.0	108.8	108.8	109.3	109.8	110.2	110.8	110.9	111.1	111.7	111.9	112.3	112.9
101 Manufacturing excluding office and computing machines	...	81.9	105.1	105.9	106.7	107.0	107.6	108.0	108.1	108.6	108.3	108.1	108.3	108.3	108.9	109.8
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,806.4**	**1,835.6**	**1,846.7**	**1,857.5**	**1,864.9**	**1,880.2**	**1,880.3**	**1,882.8**	**1,872.6**	**1,873.2**	**1,877.4**	**1,877.3**	**1,892.5**	**1,917.4**
103 Final	...	1,314.6	1,420.1	1,448.1	1,457.1	1,466.8	1,476.4	1,485.7	1,484.3	1,485.6	1,477.9	1,477.5	1,479.0	1,478.7	1,493.3	1,518.4
104 Consumer goods	...	866.6	913.0	928.4	931.6	936.3	940.0	949.4	946.1	943.6	936.1	935.5	935.5	933.8	940.7	957.2
105 Equipment	...	448.0	507.1	519.7	525.5	530.5	536.5	536.3	538.2	541.9	541.8	541.9	543.4	545.0	552.6	561.2
106 Intermediate	...	392.5	386.4	387.4	389.6	390.7	388.4	394.5	396.0	397.3	394.7	395.7	398.4	398.6	399.2	398.9

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 revision of the industrial production index and the capacity utilization rates was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.
2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1990	1991	1992	1992	1993								
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095	1,196	1,157	1,141	1,034	1,101	1,121	1,115	1,162	1,242	1,271
2 One-family	794	754	911	1,037	972	957	871	925	919	925	977	1,015	1,047
3 Two-or-more-family	317	195	184	159	185	184	163	176	202	190	185	227	224
4 Started	1,193	1,014	1,200	1,286	1,171	1,180	1,124	1,206	1,248	1,248	1,232	1,328	1,359
5 One-family	895	840	1,030	1,133	1,051	1,036	987	1,059	1,107	1,079	1,064	1,183	1,157
6 Two-or-more-family	298	174	169	153	120	144	137	147	141	169	168	145	202
7 Under construction at end of period[1]	711	606	612	644	641	641	635	637	645	649	658	663	676
8 One-family	449	434	473	501	506	508	502	506	515	517	527	535	543
9 Two-or-more-family	262	173	140	143	135	133	133	131	130	132	131	128	133
10 Completed	1,308	1,091	1,158	1,227	1,136	1,241	1,108	1,222	1,129	1,158	1,088	1,260	1,162
11 One-family	966	838	964	1,016	980	1,049	995	1,075	987	987	947	1,078	1,034
12 Two-or-more-family	342	253	194	211	156	192	113	147	142	171	141	182	128
13 Mobile homes shipped	188	171	210	266	267	262	247	241	230	237	241	245	251
Merchant builder activity in one-family units													
14 Number sold	535	507	610	662	603	597	602	689	629	641[r]	645	631	762
15 Number for sale at end of period[1]	321	284	265	265	266	268	270	271	274	274	276	286	288
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3	126.0	118.0	129.4	125.0	127.0	129.9	124.5[r]	124.0	127.4	129.0
17 Average	149.0	147.0	144.9	146.2	138.9	149.4	146.6	148.4	152.3	145.7[r]	144.1	149.2	149.6
EXISTING UNITS (one-family)													
18 Number sold	3,211	3,219	3,520	4,040	3,780	3,460	3,370	3,450	3,620	3,680	3,860	3,810	3,910
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	104.2	103.1	103.6	105.1	105.8	106.5	109.3	108.5	109.0	107.7
20 Average	118.3	127.4	130.8	131.0	129.4	129.6	131.5	133.0	132.8	137.4	136.0	135.8	133.8
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**442,142**	**403,439**	**436,043**	**455,239**	**451,271**	**453,820**	**454,465**	**449,054**	**453,256**	**460,680**	**465,294**	**467,442**	**471,279**
22 Private	334,681	293,536	317,256	335,354	335,484	334,801	336,972	328,150	332,231	335,028	336,714	340,019	341,647
23 Residential	182,856	157,837	187,820	206,417	207,214	205,730	205,519	197,317	198,380	200,496	203,869	206,244	208,131
24 Nonresidential	151,825	135,699	129,436	128,937	128,270	129,071	131,453	130,833	133,851	134,532	132,845	133,775	133,516
25 Industrial buildings	23,849	22,281	20,720	19,961	19,600	20,484	22,152	19,458	20,091	19,316	19,780	20,028	20,684
26 Commercial buildings	62,866	48,482	41,523	39,602	41,414	42,317	41,323	42,426	42,428	42,723	41,660	42,037	41,100
27 Other buildings	21,591	20,797	21,494	20,900	21,123	21,564	21,484	22,568	23,293	23,849	23,808	25,110	24,634
28 Public utilities and other	43,519	44,139	45,699	48,474	46,133	44,706	46,494	46,381	48,039	48,644	47,597	46,600	47,098
29 Public	107,461	109,900	118,784	119,885	115,786	119,019	117,493	120,904	121,025	125,652	128,581	127,423	129,632
30 Military	2,664	1,837	2,502	2,394	2,621	2,703	2,586	2,533	2,393	2,234	2,386	2,396	2,215
31 Highway	32,108	32,026	34,929	33,411	30,648	33,009	33,413	34,534	34,320	37,649	37,056	35,268	37,654
32 Conservation and development	4,557	4,861	5,918	8,144	5,732	6,688	7,112	5,875	6,019	6,103	6,017	5,901	5,655
33 Other	68,132	71,176	75,435	75,936	76,785	76,619	74,382	77,962	78,293	79,666	83,122	83,858	84,108

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Oct. 1993[1]
	1992 Oct.	1993 Oct.	1992	1993[r]			1993[1]					
			Dec.[r]	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.2**	**2.8**	**3.2**	**4.0**	**2.2**	**1.4**	**.0**	**.1**	**.3**	**.0**	**.4**	**145.7**
2 Food	1.8	2.4	1.4	2.6	1.4	1.7	−.4	.0	.3	.1	.6	141.6
3 Energy items	2.7	.9	1.9	3.1	−3.8	−3.4	−.2	.0	−.5	−.4	1.9	105.4
4 All items less food and energy	3.5	3.0	3.8	4.3	2.9	1.9	.1	.1	.3	.1	.3	153.5
5 Commodities	2.7	1.6	1.5	4.6	.6	−.3	−.1	.0	.3	−.4	.3	136.0
6 Services	3.9	3.7	4.7	4.4	4.1	2.7	.2	.2	.3	.2	.3	163.6
PRODUCER PRICES (1982=100)												
7 Finished goods	1.8	.2	−.3	4.3	.0	−1.9	−.6[r]	.0[r]	−.6	.2	−.2	124.7
8 Consumer foods	.7	1.4	3.3	−1.6	1.6	4.2	−1.0	−.2[r]	.5	.7	−.5	125.5
9 Consumer energy	2.2	−1.4	−10.2	16.6	−3.0	−7.4	−.5[r]	−1.1[r]	−.8	.0	1.3	78.9
10 Other consumer goods	2.3	−.7	1.2	3.2	.6	−5.9	−.5[r]	.2[r]	−1.7	.0	−.5	137.3
11 Capital equipment	1.8	1.7	.6	4.4	.3	2.2	−.2[r]	.3[r]	.2	.0	−.4	132.4
Intermediate materials												
12 Excluding foods and feeds	1.2	1.0	−2.1	5.7	.3	−.3	.3	−.2	.0	.1	−.1	116.8
13 Excluding energy	1.1	1.4	−.3	4.7	.0	.6	.1[r]	.0[r]	.2	.0	.0	124.0
Crude materials												
14 Foods	1.1	1.8	5.1	1.9	−1.9	12.6	−3.4[r]	1.3[r]	1.6	.1	−1.5	105.6
15 Energy	2.9	−5.2	−17.8	−10.1	17.5	−26.5	−.5[r]	−4.6[r]	−1.8	−1.2	4.9	78.6
16 Other	2.7	8.9	1.9	24.3	11.5	−8.5	.1[r]	.4[r]	−2.6	.0	.9	139.6

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992		1993		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,546.1**	**5,722.9**	**6,038.5**	**6,059.5**	**6,194.4**	**6,261.6**	**6,327.6**	**6,396.3**
By source								
2 Personal consumption expenditures	3,761.2	3,906.4	4,139.9	4,157.1	4,256.2	4,296.2	4,359.9	4,418.2
3 Durable goods	468.2	457.8	497.3	500.9	516.6	515.3	531.6	542.0
4 Nondurable goods	1,229.2	1,257.9	1,300.9	1,305.7	1,331.7	1,335.3	1,344.8	1,351.9
5 Services	2,063.8	2,190.7	2,341.6	2,350.5	2,407.9	2,445.5	2,483.4	2,524.3
6 Gross private domestic investment	808.9	736.9	796.5	802.2	833.3	874.1	874.1	882.5
7 Fixed investment	802.0	745.5	789.1	792.5	821.3	839.5	861.0	874.3
8 Nonresidential	586.7	555.9	565.5	569.2	579.5	594.7	619.1	623.6
9 Structures	201.6	182.6	172.6	170.8	171.1	172.4	177.6	178.9
10 Producers' durable equipment	385.1	373.3	392.9	398.4	408.3	422.2	441.6	444.7
11 Residential structures	215.3	189.6	223.6	223.3	241.8	244.9	241.9	250.7
12 Change in business inventories	6.9	-8.6	7.3	9.7	12.0	34.6	13.1	8.2
13 Nonfarm	3.8	-8.6	2.3	4.4	9.5	33.0	16.8	19.5
14 Net exports of goods and services	-71.4	-19.6	-29.6	-38.8	-38.8	-48.3	-65.1	-65.2
15 Exports	557.1	601.5	640.5	641.1	654.7	651.3	660.0	654.9
16 Imports	628.5	621.1	670.1	679.9	693.5	699.6	725.0	720.0
17 Government purchases of goods and services	1,047.4	1,099.3	1,131.8	1,139.1	1,143.8	1,139.7	1,158.6	1,160.8
18 Federal	426.5	445.9	448.8	452.8	452.4	442.7	447.5	442.2
19 State and local	620.9	653.4	683.0	686.2	691.4	697.0	711.1	718.6
By major type of product								
20 Final sales, total	5,539.3	5,731.6	6,031.2	6,049.9	6,182.5	6,227.1	6,314.5	6,388.1
21 Goods	2,178.4	2,227.0	2,305.5	2,308.6	2,365.6	2,362.9	2,395.0	2,408.0
22 Durable	933.6	934.3	975.8	978.4	1,008.3	1,003.5	1,037.8	1,040.1
23 Nondurable	1,244.8	1,292.8	1,329.6	1,330.2	1,357.3	1,359.3	1,357.1	1,367.8
24 Services	2,849.5	3,032.7	3,221.1	3,239.3	3,296.1	3,341.8	3,388.1	3,437.1
25 Structures	511.5	471.9	504.7	501.9	520.8	522.4	531.5	543.0
26 Change in business inventories	6.9	-8.6	7.3	9.7	12.0	34.6	13.1	8.2
27 Durable goods	-2.1	-12.9	2.1	5.7	-1.2	15.0	2.7	7.5
28 Nondurable goods	9.0	4.3	5.3	4.0	13.2	19.5	10.4	.7
MEMO								
29 **Total GDP in 1987 dollars**	**4,897.3**	**4,861.4**	**4,986.3**	**4,998.2**	**5,068.3**	**5,078.2**	**5,102.1**	**5,138.0**
NATIONAL INCOME								
30 **Total**	**4,491.0**	**4,598.3**	**4,836.6**	**4,800.8**	**4,975.8**	**5,038.9**	**5,104.0**	n.a.
31 Compensation of employees	3,297.6	3,402.4	3,582.0	3,603.6	3,658.6	3,705.1	3,750.6	3,792.8
32 Wages and salaries	2,745.0	2,814.9	2,953.1	2,970.7	3,015.8	3,054.3	3,082.7	3,114.3
33 Government and government enterprises	516.0	545.3	567.5	569.7	574.2	584.1	586.3	593.4
34 Other	2,229.0	2,269.6	2,385.6	2,401.0	2,441.6	2,470.2	2,496.3	2,520.9
35 Supplement to wages and salaries	552.5	587.5	629.0	632.9	642.8	650.7	668.0	678.6
36 Employer contributions for social insurance	278.3	290.6	306.3	306.9	311.3	312.2	321.4	323.9
37 Other labor income	274.3	296.9	322.7	326.0	331.5	338.5	346.6	354.7
38 Proprietors' income[1]	363.3	376.4	414.3	408.1	431.2	444.1	439.4	423.3
39 Business and professional[1]	321.4	339.5	370.6	371.3	383.6	388.4	392.4	396.2
40 Farm[1]	41.9	36.8	43.7	36.8	47.6	55.7	47.0	27.0
41 Rental income of persons[2]	-14.2	-12.8	-8.9	-18.5	-1.2	7.5	12.7	13.9
42 Corporate profits[1]	380.6	369.5	407.2	367.5	439.5	432.1	458.1	n.a.
43 Profits before tax[3]	365.7	362.3	395.4	357.9	409.9	419.8	445.6	n.a.
44 Inventory valuation adjustment	-11.0	4.9	-5.3	-7.8	4.9	-12.7	-12.2	.2
45 Capital consumption adjustment	25.9	2.2	17.1	17.4	24.7	25.1	24.7	23.6
46 Net interest	463.7	462.8	442.0	440.1	447.7	450.1	443.2	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992		1993		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,673.8**	**4,850.9**	**5,144.9**	**5,139.8**	**5,328.3**	**5,254.7**	**5,373.2**	**5,409.7**
2 Wage and salary disbursements	2,745.0	2,815.0	2,973.1	2,970.7	3,095.8	2,974.3	3,082.7	3,114.3
3 Commodity-producing industries	745.7	738.1	756.5	751.6	783.3	740.7	765.1	769.5
4 Manufacturing	555.6	557.2	577.6	573.3	602.0	559.7	580.3	581.5
5 Distributive industries	635.1	648.0	682.0	682.5	709.9	682.9	709.1	714.8
6 Service industries	848.3	883.5	967.0	966.8	1,028.4	966.6	1,022.2	1,036.6
7 Government and government enterprises	515.9	545.4	567.5	569.7	574.2	584.1	586.3	593.4
8 Other labor income	274.3	296.9	322.7	326.0	331.5	338.5	346.6	354.7
9 Proprietors' income[1]	363.3	376.4	414.3	408.1	431.2	444.1	439.4	423.3
10 Business and professional[1]	321.4	339.5	370.6	371.3	383.6	388.4	392.4	396.2
11 Farm[1]	41.9	36.8	43.7	36.8	47.6	55.7	47.0	27.0
12 Rental income of persons[2]	−14.2	−12.8	−8.9	−18.5	−1.2	7.5	12.7	13.9
13 Dividends	144.4	127.9	140.4	144.9	152.3	157.0	157.8	159.0
14 Personal interest income	698.2	715.6	694.3	692.2	694.5	695.4	693.1	694.2
15 Transfer payments	687.6	769.9	858.4	866.1	877.4	894.4	905.5	917.2
16 Old-age survivors, disability, and health insurance benefits	352.0	382.3	413.9	416.6	420.8	433.1	435.0	438.8
17 LESS: Personal contributions for social insurance	224.9	237.8	249.3	249.8	253.3	256.6	264.5	266.8
18 EQUALS: Personal income	4,673.8	4,850.9	5,144.9	5,139.8	5,328.3	5,254.7	5,373.2	5,409.7
19 LESS: Personal tax and nontax payments	623.3	620.4	644.8	642.8	670.7	657.1	681.0	690.2
20 EQUALS: Disposable personal income	4,050.5	4,230.5	4,500.2	4,497.0	4,657.6	4,597.5	4,692.2	4,719.5
21 LESS: Personal outlays	3,880.6	4,029.0	4,261.5	4,277.3	4,377.9	4,419.7	4,483.6	4,542.6
22 EQUALS: Personal saving	170.0	201.5	238.7	219.6	279.7	177.9	208.7	176.9
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,593.0	19,237.9	19,518.0	19,536.7	19,754.1	19,744.4	19,785.4	19,867.1
24 Personal consumption expenditures	13,093.0	12,895.2	13,080.9	13,097.8	13,240.9	13,234.2	13,311.6	13,409.3
25 Disposable personal income	14,101.0	13,965.0	14,219.0	14,169.0	14,490.0	14,163.0	14,326.0	14,324.0
26 Saving rate (percent)	4.2	4.8	5.3	4.9	6.0	3.9	4.4	3.7
GROSS SAVING								
27 **Gross saving**	**722.7**	**733.7**	**717.8**	**727.0**	**718.8**	**762.0**	**766.7**	n.a.
28 Gross private saving	861.1	929.9	986.9	1,016.5	969.4	1,024.8	988.3	n.a.
29 Personal saving	170.0	201.5	238.7	219.6	279.7	177.9	208.7	176.9
30 Undistributed corporate profits[1]	88.5	102.3	110.4	82.3	121.7	103.7	116.3	n.a.
31 Corporate inventory valuation adjustment	−11.0	4.9	−5.3	−7.8	4.9	−12.7	−12.2	.2
Capital consumption allowances								
32 Corporate	368.2	383.2	396.6	410.3	396.5	402.2	405.2	414.1
33 Noncorporate	234.5	242.8	261.3	304.3	251.5	261.0	258.1	265.9
34 Government surplus, or deficit (−), national income and product accounts	−138.4	−196.2	−269.1	−289.5	−250.6	−262.8	−221.5	n.a.
35 Federal	−163.5	−203.4	−276.3	−290.7	−264.2	−263.5	−222.6	n.a.
36 State and local	25.1	7.3	7.2	1.2	13.5	.8	1.1	n.a.
37 **Gross investment**	**730.4**	**743.3**	**741.4**	**742.7**	**750.9**	**796.5**	**778.7**	**786.6**
38 Gross private domestic	808.9	736.9	796.5	802.2	833.3	874.1	874.1	882.5
39 Net foreign	−78.5	6.4	−55.1	−59.4	−82.4	−77.6	−95.4	n.a.
40 **Statistical discrepancy**	**7.8**	**9.6**	**23.6**	**15.7**	**32.1**	**34.4**	**12.0**	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business.*

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1990	1991	1992	1992			1993	
				Q2	Q3	Q4	Q1	Q2[p]
1 Balance on current account	−91,861	−8,324	−66,400	−18,253	−17,775	−23,687	−22,308	−26,934
2 Merchandise trade balance[2]	−109,033	−73,802	−96,138	−24,801	−27,612	−25,962	−29,309	−34,388
3 Merchandise exports	389,303	416,937	440,138	108,306	109,493	113,992	111,530	113,125
4 Merchandise imports	−498,336	−490,739	−536,276	−133,107	−137,105	−139,954	−140,839	−147,513
5 Military transactions, net	−7,834	−5,851	−2,751	−727	−617	−836	−145	23
6 Other service transactions, net	38,485	51,733	59,163	14,378	15,898	14,265	14,769	14,772
7 Investment income, net	20,348	13,021	6,222	907	1,703	−806	−37	−275
8 U.S. government grants	−17,434	24,073	−14,688	−3,234	−2,783	−5,883	−3,242	−2,578
9 U.S. government pensions and other transfers	−2,934	−3,461	−3,735	−1,118	−940	−846	−978	−975
10 Private remittances and other transfers	−13,459	−14,037	−14,473	−3,659	−3,424	−3,619	−3,366	−3,513
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,307	2,905	−1,609	−293	−305	−737	535	55
12 *Change in U.S. official reserve assets* (increase, −)	−2,158	5,763	3,901	1,464	1,952	1,542	−983	720
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−192	−177	2,316	−168	−173	2,829	−140	−166
15 Reserve position in International Monetary Fund	731	−367	−2,692	1	−118	−2,685	−228	211
16 Foreign currencies	−2,697	6,307	4,277	1,631	2,243	1,398	−615	675
17 Change in U.S. private assets abroad (increase, −)	−44,280	−68,643	−53,253	−9,866	−12,445	−31,243	−11,910	−26,203
18 Bank-reported claims[3]	16,027	3,278	24,948	4,050	6,584	−3,481	28,055	4,743
19 Nonbank-reported claims	−4,433	1,932	4,551	1,294	−3,214	1,132	−4,774	. . .
20 U.S. purchases of foreign securities, net	−28,765	−44,740	−47,961	−8,276	−13,787	−17,405	−26,889	−20,180
21 U.S. direct investments abroad, net	−27,109	−29,113	−34,791	−6,934	−2,028	−11,489	−8,302	−10,766
22 Change in foreign official assets in United States (increase, +)	34,198	17,564	40,684	21,008	−7,378	5,931	10,929	17,839
23 U.S. Treasury securities	29,576	14,846	18,454	11,240	−323	−7,379	1,039	6,042
24 Other U.S. government obligations	667	1,301	3,949	1,699	912	874	710	1,082
25 Other U.S. government liabilities[4]	2,156	1,542	2,542	678	864	943	−395	191
26 Other U.S. liabilities reported by U.S. banks[3]	3,385	−1,484	16,427	7,466	−7,831	11,219	8,171	9,425
27 Other foreign official assets[5]	−1,586	1,359	−688	−75	−1,000	274	1,404	1,099
28 Change in foreign private assets in United States (increase, +)	70,976	65,875	88,895	23,442	33,828	32,914	14,789	20,453
29 U.S. bank-reported liabilities[3]	16,370	−11,371	18,609	−528	23,647	−1,171	−18,862	−2,462
30 U.S. nonbank-reported liabilities	7,533	−699	741	979	1,553	−2,717	2,057	. . .
31 Foreign private purchases of U.S. Treasury securities, net	−2,534	18,826	36,893	10,168	4,870	21,232	13,599	−411
32 Foreign purchases of other U.S. securities, net	1,592	35,144	30,274	10,453	2,730	12,478	9,394	15,000
33 Foreign direct investments in United States, net	48,015	23,975	2,378	2,370	1,028	3,092	8,601	8,326
34 *Allocation of special drawing rights*	0	0	0	0	0	0	0	0
35 Discrepancy	30,820	−15,140	−12,218	−17,502	2,123	15,280	8,948	14,070
36 Due to seasonal adjustment	. . .	. . .	. . .	653	−6,754	1,222	5,814	816
37 Before seasonal adjustment	30,820	−15,140	−12,218	−18,155	8,877	14,058	3,134	13,254
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,464	1,952	1,542	−983	720
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,022	38,142	20,330	−8,242	4,988	11,324	17,648
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	−4,882	5,857	−2,113	3,051	2,336	463	−940

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	38,895	38,479	38,930	37,639	37,109	38,050	38,866
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	49,347	48,660	47,306	49,698	47,534	48,097	49,751
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−10,453**	**−10,182**	**−8,376**	**−12,058**	**−10,425**	**−10,047**	**−10,886**

1. Government and nongovernment shipments of merchandise between foreign countries and the fifty states, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. Data exclude (1) shipments among the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. affiliated insular areas, (2) shipments to U.S. Armed Forces and diplomatic missions abroad for their own use, (3) U.S. goods returned to the United States by its Armed Forces, (4) personal and household effects of travelers, and (5) in-transit shipments. Data reflect the total arrival of merchandise from foreign countries that immediately entered consumption channels, warehouses, or U.S. Foreign Trade Zones (general imports). Import data are Customs value; export data are F.A.S. value. Since 1990, data for U.S. exports to Canada have been derived from import data compiled by Canada; similarly, in Canadian statistics, Canadian exports to the United States are derived from import data compiled by the United States. Since Jan. 1, 1987, merchandise trade data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents.

Data in this table differ from figures for merchandise trade shown in the U.S. balance of payments accounts (table 3.10, lines 2 through 4) primarily for reasons of coverage. For both exports and imports, a large part of the difference is the treatment of military sales and purchases. The military sales to foreigners (exports) and purchases from foreigners (imports) that are included in this table as merchandise trade are shifted, in the balance of payments accounts, from "merchandise trade" into the broader category "military transactions."

SOURCE. (U.S. Department of Commerce, Bureau of the Census), FT900, *U.S. Merchandise Trade.*

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**75,644**	**76,711**	**73,968**	**74,139**	**75,231**	**75,835**	**74,550**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,054	11,053	11,057	11,057	11,057	11,057	11,056
3 Special drawing rights[2,3]	10,989	11,240	8,503	8,947	9,147	8,987	8,905	9,133	9,203	9,038
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	12,317	12,195	11,926	12,083	12,118	12,101	11,908
5 Foreign currencies[4]	52,193	45,934	40,005	43,326	44,316	41,998	42,094	42,923	43,474	42,548

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 Deposits	369	968	205	221	193	286	284	357	501	390
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	339,396	345,060	343,672	343,378	356,671	358,860	358,975
3 Earmarked gold[3]	13,387	13,303	13,686	12,924	12,854	12,829	12,756	12,686	12,562	12,464

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 in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.	Sept.
ASSETS	All foreign countries									
1 **Total payable in any currency**	**556,925**	**548,999**	**542,545**	**547,425**	**544,497**	**548,893**	**562,590**	**551,342**	**560,539**	**556,176**
2 Claims on United States	188,496	176,487	166,798	172,132	164,652	162,355	176,025	163,793	166,817	168,086
3 Parent bank	148,837	137,695	132,275	139,016	129,121	127,126	141,024	127,474	130,865	136,938
4 Other banks in United States	13,296	12,884	9,703	9,073	10,830	9,169	9,498	8,993	9,457	6,862
5 Nonbanks	26,363	25,908	24,820	24,043	24,701	26,060	25,503	27,326	26,495	24,286
6 Claims on foreigners	312,449	303,934	318,071	314,912	316,001	321,065	316,533	316,989	325,948	318,736
7 Other branches of parent bank	135,003	111,729	123,256	112,598	109,966	111,314	111,708	105,095	108,071	108,521
8 Banks	72,602	81,970	82,190	84,819	86,940	88,188	85,972	88,648	90,008	84,937
9 Public borrowers	17,555	18,652	20,756	19,005	18,577	18,251	18,183	17,687	18,364	17,797
10 Nonbank foreigners	87,289	91,583	91,869	98,490	100,518	103,312	100,670	105,559	109,505	107,481
11 Other assets	55,980	68,578	57,676	60,381	63,844	65,473	70,032	70,560	67,774	69,354
12 **Total payable in U.S. dollars**	**379,479**	**364,078**	**365,824**	**353,799**	**345,053**	**344,926**	**355,298**	**340,948**	**338,896**	**348,290**
13 Claims on United States	180,174	169,848	162,125	167,535	160,120	156,418	169,502	155,387	157,538	160,820
14 Parent bank	142,962	133,662	129,329	136,423	126,760	123,957	137,711	124,072	127,028	133,223
15 Other banks in United States	12,513	12,025	9,266	8,336	10,168	8,209	8,638	8,270	8,475	6,322
16 Nonbanks	24,699	24,161	23,530	22,776	23,192	24,252	23,153	23,045	22,035	21,275
17 Claims on foreigners	174,451	167,010	183,527	170,338	169,360	170,475	168,824	167,183	164,318	168,815
18 Other branches of parent bank	95,298	78,114	83,117	75,871	73,049	73,068	73,014	70,293	68,567	70,511
19 Banks	36,440	41,635	47,250	41,266	43,783	44,920	43,674	44,262	42,378	43,920
20 Public borrowers	12,298	13,685	14,313	13,068	12,537	12,244	12,049	11,951	11,999	11,580
21 Nonbank foreigners	30,415	33,576	38,847	40,133	39,991	40,243	40,087	40,677	41,374	42,804
22 Other assets	24,854	27,220	20,172	15,926	15,573	18,033	16,972	18,378	17,040	18,655
	United Kingdom									
23 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**162,122**	**163,193**	**165,044**	**173,158**	**167,046**	**172,710**	**173,057**
24 Claims on United States	45,560	35,257	36,403	34,989	33,353	31,239	37,038	34,032	35,491	34,053
25 Parent bank	42,413	31,931	33,460	31,719	29,605	27,523	33,059	29,184	30,612	30,776
26 Other banks in United States	792	1,267	1,298	892	757	747	1,006	808	877	631
27 Nonbanks	2,355	2,059	1,645	2,378	2,991	2,969	2,973	4,040	4,002	2,646
28 Claims on foreigners	115,536	109,692	111,623	106,944	108,963	111,830	109,528	107,799	114,150	115,203
29 Other branches of parent bank	46,367	35,735	46,165	39,466	39,450	41,458	40,130	37,164	39,778	40,613
30 Banks	31,604	36,394	33,399	34,914	37,823	37,282	36,848	38,543	40,332	40,277
31 Public borrowers	3,860	3,306	3,329	2,531	2,513	2,420	2,342	2,341	2,606	2,171
32 Nonbank foreigners	33,705	34,257	28,730	30,033	29,177	30,670	30,208	29,751	31,434	32,142
33 Other assets	23,722	30,650	17,824	20,189	20,877	21,975	26,592	25,215	23,069	23,801
34 **Total payable in U.S. dollars**	**116,762**	**105,974**	**109,493**	**94,870**	**95,612**	**97,431**	**100,422**	**96,200**	**93,739**	**97,841**
35 Claims on United States	41,259	32,418	34,508	32,783	31,233	28,634	34,110	30,573	31,753	31,160
36 Parent bank	39,609	30,370	32,186	30,443	28,420	25,996	31,265	27,580	28,938	29,130
37 Other banks in United States	334	822	1,022	413	393	326	533	300	308	328
38 Nonbanks	1,316	1,226	1,300	1,927	2,420	2,312	2,312	2,693	2,507	1,702
39 Claims on foreigners	63,701	58,791	66,335	57,530	60,180	61,742	60,479	58,944	56,603	59,725
40 Other branches of parent bank	37,142	28,667	34,124	30,017	29,388	30,753	30,287	27,814	27,713	28,306
41 Banks	13,135	15,219	17,089	13,422	16,903	17,073	16,658	17,590	15,466	17,967
42 Public borrowers	3,143	2,853	2,349	1,949	1,888	1,808	1,804	1,744	1,832	1,614
43 Nonbank foreigners	10,281	12,052	12,773	12,142	12,001	12,108	11,730	11,796	11,592	11,838
44 Other assets	11,802	14,765	8,650	4,557	4,637	7,055	5,833	6,683	5,383	6,956
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**149,461[r]**	**144,654[r]**	**142,872[r]**	**148,982[r]**	**140,580[r]**	**140,172**	**147,385**
46 Claims on United States	112,989	115,430	96,280	101,267[r]	97,469[r]	94,894[r]	102,109[r]	93,736[r]	93,661	98,873
47 Parent bank	77,873	81,706	66,608	73,421[r]	67,830[r]	66,170[r]	74,023[r]	66,363[r]	67,055	74,040
48 Other banks in United States	11,869	10,907	7,828	7,424	9,279	7,184	7,651	7,477	7,360	5,489
49 Nonbanks	23,247	22,817	21,844	20,422	20,360	21,540	20,435	19,896	19,246	19,344
50 Claims on foreigners	41,356	45,229	44,509	41,328[r]	40,596	41,378	40,437	39,609	39,588	41,814
51 Other branches of parent bank	13,416	11,098	7,293	6,650	6,873	6,999	7,009	6,772	7,226	8,958
52 Banks	16,310	20,174	21,212	18,811[r]	17,816	18,527	18,117	17,688	16,863	17,090
53 Public borrowers	5,807	7,161	7,786	7,188	6,690	6,527	6,334	6,185	6,102	5,955
54 Nonbank foreigners	5,823	6,796	8,218	8,679	9,217	9,325	8,977	8,964	9,397	9,811
55 Other assets	7,971	7,853	6,633	6,866	6,589	6,600	6,436	7,235	6,923	6,698
56 **Total payable in U.S. dollars**	**158,390**	**163,957**	**142,861**	**145,221[r]**	**140,146[r]**	**138,202[r]**	**143,900[r]**	**136,025[r]**	**135,698**	**142,831**

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	1990	1991	1992	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.
LIABILITIES					All foreign countries					
57 **Total payable in any currency**	**556,925**	**548,999**	**542,545**	**547,425**	**544,497**	**548,893**	**562,590**	**551,342**	**560,539**	**556,176**
58 Negotiable certificates of deposit (CDs)	18,060	16,284	10,032	11,596	13,748	14,348	14,154	14,568	14,604	12,666
59 To United States	189,412	198,307	189,444	187,572	176,747	175,442	186,374	174,089	172,074	180,247
60 Parent bank	138,748	136,431	134,339	126,134	119,752	117,207	129,486	120,953	118,724	121,821
61 Other banks in United States	7,463	13,260	12,182	13,306	11,952	14,062	13,514	10,440	9,561	11,662
62 Nonbanks	43,201	48,616	42,923	48,132	45,043	44,173	43,374	42,696	43,789	46,764
63 To foreigners	311,668	288,254	309,704	312,417	316,661	322,140	318,956	319,464	333,015	322,146
64 Other branches of parent bank	139,113	112,033	125,160	115,535	113,845	115,189	115,725	108,925	113,550	111,731
65 Banks	58,986	63,097	62,189	68,411	68,381	69,323	67,243	71,491	73,663	68,100
66 Official institutions	14,791	15,596	19,731	18,312	21,326	22,271	22,466	23,147	23,049	22,698
67 Nonbank foreigners	98,778	97,528	102,624	110,159	113,109	115,357	113,522	115,901	122,753	119,617
68 Other liabilities	37,785	46,154	33,365	35,840	37,341	36,963	43,106	43,221	40,846	41,117
69 **Total payable in U.S. dollars**	**383,522**	**370,710**	**368,773**	**353,840**	**344,532**	**344,319**	**357,116**	**342,287**	**339,344**	**347,387**
70 Negotiable CDs	14,094	11,909	6,238	6,519	7,062	7,248	8,138	7,958	7,370	6,131
71 To United States	175,654	185,472	178,674	175,763	164,380	162,328	172,708	160,499	157,841	167,272
72 Parent bank	130,510	129,669	127,948	119,524	112,736	110,161	121,922	113,313	110,881	114,170
73 Other banks in United States	6,052	11,707	11,512	12,467	11,282	13,126	12,862	9,789	8,842	11,092
74 Nonbanks	39,092	44,096	39,214	43,772	40,362	39,041	37,924	37,397	38,118	42,010
75 To foreigners	179,002	158,993	172,189	160,774	163,149	165,162	166,130	163,567	165,055	163,701
76 Other branches of parent bank	98,128	76,601	83,700	77,685	75,682	75,313	75,783	72,900	72,467	72,358
77 Banks	20,251	24,156	26,118	21,227	22,150	22,969	23,440	23,631	24,522	23,799
78 Official institutions	7,921	10,304	12,430	10,762	12,627	12,653	12,951	12,868	12,031	10,720
79 Nonbank foreigners	52,702	47,932	49,941	51,100	52,690	54,227	53,956	54,168	56,035	56,824
80 Other liabilities	14,772	14,336	11,672	10,784	9,941	9,581	10,140	10,263	9,078	10,283
					United Kingdom					
81 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**162,122**	**163,193**	**165,044**	**173,158**	**167,046**	**172,710**	**173,057**
82 Negotiable CDs	14,256	11,333	4,517	4,753	5,414	5,644	6,566	6,364	6,674	5,318
83 To United States	39,928	37,720	39,174	38,011	34,661	37,272	39,514	35,521	36,600	37,180
84 Parent bank	31,806	29,834	31,100	29,759	26,781	28,095	30,410	27,183	28,076	29,217
85 Other banks in United States	1,505	1,438	1,065	1,192	1,110	1,652	1,097	850	741	682
86 Nonbanks	6,617	6,448	7,009	7,060	6,770	7,525	8,007	7,488	7,783	7,281
87 To foreigners	108,531	98,167	107,176	104,356	108,670	106,834	106,725	105,949	112,121	112,534
88 Other branches of parent bank	36,709	30,054	35,983	33,424	33,545	31,437	32,275	28,408	30,534	31,578
89 Banks	25,126	25,541	25,231	23,985	26,082	27,184	25,848	28,504	29,039	28,064
90 Official institutions	8,361	9,670	12,090	10,531	12,342	11,752	12,139	11,885	11,575	12,425
91 Nonbank foreigners	38,335	32,902	33,872	36,416	36,701	36,461	36,463	37,152	40,973	40,467
92 Other liabilities	22,103	28,379	14,983	15,002	14,448	15,294	20,353	19,212	17,315	18,025
93 **Total payable in U.S. dollars**	**116,094**	**108,755**	**108,214**	**95,892**	**94,159**	**96,152**	**98,465**	**93,360**	**92,066**	**94,697**
94 Negotiable CDs	12,710	10,076	3,894	3,765	4,214	4,392	5,462	5,197	4,890	3,728
95 To United States	34,697	33,003	35,417	33,552	30,170	32,457	34,523	30,669	31,579	32,838
96 Parent bank	29,955	28,260	29,957	28,405	25,315	26,631	28,747	25,753	26,600	28,039
97 Other banks in United States	1,156	1,177	709	707	676	1,311	847	637	476	397
98 Nonbanks	3,586	3,566	4,751	4,440	4,179	4,515	4,929	4,279	4,503	4,402
99 To foreigners	60,014	56,626	62,048	51,850	54,407	54,576	53,282	52,336	51,256	52,608
100 Other branches of parent bank	25,957	20,800	22,026	19,516	18,958	17,449	17,691	16,198	16,063	16,859
101 Banks	9,488	11,069	12,540	6,702	8,327	9,065	8,305	8,347	7,666	8,877
102 Official institutions	4,692	7,156	8,847	7,008	8,803	8,210	8,812	8,720	8,042	7,195
103 Nonbank foreigners	19,877	17,601	18,635	18,624	18,319	19,852	18,474	19,071	19,485	19,677
104 Other liabilities	8,673	9,050	6,855	6,725	5,368	4,727	5,198	5,158	4,341	5,523
					Bahamas and Cayman Islands					
105 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**149,461**[r]	**144,654**[r]	**142,872**[r]	**148,982**[r]	**140,580**[r]	**140,172**	**147,385**
106 Negotiable CDs	646	1,173	1,350	1,713	1,692	1,812	1,535	1,562	1,307	1,315
107 To United States	114,738	130,058	111,861	110,885[r]	106,575[r]	102,825[r]	109,238[r]	101,036[r]	99,418	108,107
108 Parent bank	74,941	79,394	67,347	60,152	60,033	57,132[r]	64,608[r]	59,352[r]	58,031	60,407
109 Other banks in United States	4,526	10,231	10,445	11,492	10,291	11,220	11,567	8,603	7,791	10,146
110 Nonbanks	35,271	40,433	34,069	39,241[r]	36,251[r]	34,473[r]	33,063[r]	33,081[r]	33,596	37,554
111 To foreigners	44,444	35,200	32,556	35,469[r]	34,888[r]	36,220[r]	36,621[r]	35,973[r]	37,808	36,449
112 Other branches of parent bank	24,715	17,388	15,169	18,048[r]	17,500[r]	18,652[r]	18,944[r]	18,164[r]	19,103	18,609
113 Banks	5,588	5,662	6,422	6,518[r]	6,288[r]	6,159[r]	6,417[r]	6,996[r]	7,766	6,347
114 Official institutions	622	572	805	867[r]	913[r]	1,064[r]	1,031[r]	902[r]	836	881
115 Nonbank foreigners	13,519	11,578	10,160	10,036[r]	10,187	10,345	10,229	9,911	10,103	10,612
116 Other liabilities	2,488	2,081	1,655	1,394	1,499	2,015	1,588	2,009	1,639	1,514
117 **Total payable in U.S. dollars**	**157,132**	**163,789**	**143,150**	**144,810**[r]	**139,536**[r]	**137,847**[r]	**144,014**[r]	**135,893**[r]	**135,483**	**142,449**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991	1992	1993						
			Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[p]
1 **Total**[1]	**360,530**	**398,672**	**410,078**	**413,661**[r]	**424,298**	**427,380**[r]	**426,726**	**436,676**	**445,703**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,823	63,079	62,814	69,199	72,533[r]	67,154	68,534	70,320
3 U.S. Treasury bills and certificates[3]	92,692	104,596	113,547	113,293	120,194	119,860	128,837	136,488	139,342
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	202,593	205,302	201,878	201,118	196,238	196,962	200,352
5 Nonmarketable[4]	4,858	4,532	4,622	5,432[r]	5,417	5,451	5,488	5,508	5,542
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	26,237	26,820	27,610	28,418	29,009	29,184	30,147
By area									
7 Europe[1]	171,317	191,708	189,804	187,899	193,673	193,378	188,930	191,840	198,013
8 Canada	7,460	7,920	9,326	8,302	8,899	8,297	8,808	8,075	8,260
9 Latin America and Caribbean	33,554	40,015	44,464	49,146[r]	48,130	48,524	53,764	55,327	54,678
10 Asia	139,465	152,142	158,017	159,860	164,947	169,370[r]	168,859	174,671	177,441
11 Africa	2,092	3,565	3,919	3,782	3,782	3,621	2,844	3,109	3,888
12 Other countries[6]	6,640	3,320	4,546	4,670	4,865	4,188	3,519	3,652	3,421

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	1989	1990	1991	1992		1993	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	67,835	70,477	75,129	84,162	72,796	80,999	74,697
2 Banks' claims	65,127	66,796	73,195	72,165	62,789	64,057	55,161
3 Deposits	20,491	29,672	26,192	28,074	24,240	24,928	23,449
4 Other claims	44,636	37,124	47,003	44,091	38,549	39,129	31,712
5 Claims of banks' domestic customers[2]	3,507	6,309	3,398	3,987	4,432	2,625	3,234

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	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**759,634**	**756,066**	**811,371**	**799,660**	**792,760**	**793,584**	**821,035[r]**	**817,600[r]**	**842,673**	**857,894**
2 Banks' own liabilities	577,229	575,374	607,556	587,716	582,931	574,822	597,715[r]	588,994[r]	606,405	614,084
3 Demand deposits	21,723	20,321	21,824	21,572	22,243	22,144	21,467	21,815	21,501	25,444
4 Time deposits[2]	168,017	159,649	160,476	143,996	148,064	147,923	152,169[r]	151,393[r]	153,119	153,618
5 Other[3]	65,822	66,305	93,824	97,128	101,148	104,513	107,394[r]	106,590[r]	116,141	112,716
6 Own foreign offices[4]	321,667	329,099	331,432	325,020	311,476	300,242	316,685[r]	309,196[r]	315,644	322,306
7 Banks' custodial liabilities[5]	182,405	180,692	203,815	211,944	209,829	218,762	223,320	228,606[r]	236,268	243,810
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,644	137,059	138,014	144,129	144,059	153,359[r]	161,654	165,388
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,974	22,303	21,539	24,515	30,056	26,477[r]	27,459	30,462
10 Other	68,031	51,294	54,197	52,582	50,276	50,118	49,205	48,770	47,155	47,960
11 Nonmonetary international and regional organizations[8]	5,918	8,981	9,350	9,295	10,731	8,934	9,330[r]	9,387	12,265	11,095
12 Banks' own liabilities	4,540	6,827	6,951	6,037	5,834	6,481	6,270[r]	6,197	8,571	7,681
13 Demand deposits	36	43	46	196	33	35	19	29	37	21
14 Time deposits[2]	1,050	2,714	3,214	2,722	1,687	2,989	3,607[r]	2,920	2,882	4,199
15 Other[3]	3,455	4,070	3,691	3,119	4,114	3,457	2,644	3,248	5,652	3,461
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	3,258	4,897	2,453	3,060	3,190	3,694	3,414
17 U.S. Treasury bills and certificates[6]	364	1,730	1,908	2,876	4,461	1,883	2,320	2,635	3,418	3,199
18 Other negotiable and readily transferable instruments[7]	1,014	424	486	382	433	564	740	549	276	215
19 Other	0	0	5	0	3	6	0	6	0	0
20 Official institutions[9]	119,303	131,088	159,419	176,626	176,107	189,393	192,393[r]	195,991[r]	205,022	209,662
21 Banks' own liabilities	34,910	34,411	51,058	59,576	59,393	63,575	62,791[r]	61,752[r]	61,962	63,719
22 Demand deposits	1,924	2,626	1,274	1,457	1,361	1,386	2,204	1,557[r]	1,294	1,951
23 Time deposits[2]	14,359	16,504	17,823	18,814	19,166	21,682	19,408	18,626	17,800	20,370
24 Other[3]	18,628	15,281	31,961	39,305	38,866	40,507	41,179[r]	41,569	42,868	41,398
25 Banks' custodial liabilities[5]	84,393	96,677	108,361	117,050	116,714	125,818	129,602	134,239[r]	143,060	145,943
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	113,547	113,293	120,194	119,860	128,837[r]	136,488	139,342
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	3,411	3,284	5,480	9,602	5,297	6,514	6,149
28 Other	203	106	39	92	137	144	140	105	58	452
29 Banks[10]	540,805	522,265	547,988	521,961	512,921	503,421	525,237[r]	517,363[r]	528,540	540,761
30 Banks' own liabilities	458,470	459,335	476,785	452,894	446,694	436,547	459,341[r]	450,359[r]	462,787	469,805
31 Unaffiliated foreign banks	136,802	130,236	145,353	127,874	135,218	136,305	142,656[r]	141,163[r]	147,143	147,499
32 Demand deposits	10,053	8,648	10,168	10,485	10,883	11,386	9,918	10,675[r]	10,476	12,858
33 Time deposits[2]	88,541	82,857	90,368	74,331	79,592	76,439	83,143	84,751	86,192	83,109
34 Other[3]	38,208	38,731	44,817	43,058	44,743	48,480	49,595[r]	45,737	50,475	51,532
35 Own foreign offices[4]	321,667	329,099	331,432	325,020	311,476	300,242	316,685[r]	309,196[r]	315,644	322,306
36 Banks' custodial liabilities[5]	82,335	62,930	71,203	69,067	66,227	66,874	65,896	67,004	65,753	70,956
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	9,976	9,908	10,837	10,546	10,627	11,327	12,090
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,555	7,946	7,349	7,397	7,741	9,049	8,760	12,688
39 Other	66,325	49,765	52,561	51,145	48,970	48,640	47,609	47,328	45,666	46,178
40 Other foreigners	93,608	93,732	94,614	91,778	93,001	91,836	94,075[r]	94,859[r]	96,846	96,376
41 Banks' own liabilities	79,309	74,801	72,762	69,209	71,010	68,219	69,313[r]	70,686[r]	73,085	72,879
42 Demand deposits	9,711	9,004	10,336	9,434	9,966	9,337	9,326	9,554	9,694	10,614
43 Time deposits[2]	64,067	57,574	49,071	48,129	47,619	46,813	46,011[r]	45,096[r]	46,245	45,940
44 Other[3]	5,530	8,223	13,355	11,646	13,425	12,069	13,976[r]	16,036[r]	17,146	16,325
45 Banks' custodial liabilities[5]	14,299	18,931	21,852	22,569	21,991	23,617	24,762	24,173[r]	23,761	23,497
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,053	10,660	10,352	11,215	11,333	11,260	10,421	10,757
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,207	10,564	10,473	11,074	11,973	11,582[r]	11,909	11,410
48 Other	1,503	1,423	1,592	1,345	1,166	1,328	1,456	1,331	1,431	1,330
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,111	9,545	9,409	9,582	10,388	9,389	9,481	11,264

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1990	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.	Sept.p
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**811,371**	**799,660**	**792,760**	**793,584**	**821,035r**	**817,600r**	**842,673r**	**857,894**
2 **Foreign countries**	**753,716**	**747,085**	**802,021**	**790,365**	**782,029**	**784,650**	**811,705r**	**808,213r**	**830,408r**	**846,799**
3 Europe	254,452	249,097	308,423	293,374	298,984	313,834	324,229r	320,954r	335,490r	340,643
4 Austria	1,229	1,193	1,611	1,256	1,497	1,525	1,496	1,415	1,614r	1,708
5 Belgium and Luxembourg	12,382	13,337	20,572	19,475	19,775	21,099	21,817	20,805	23,345r	23,598
6 Denmark	1,399	937	3,060	1,536	1,229	2,464	3,088	3,983	3,023r	3,135
7 Finland	602	1,341	1,299	2,297	2,265	2,185	2,580	2,873	2,959r	2,347
8 France	30,946	31,808	41,459	31,712	31,087	33,825	33,744	33,963	36,225r	40,622
9 Germany	7,485	8,619	18,631	16,069	19,912	23,959	22,752	24,498	22,199r	22,530
10 Greece	934	765	913	763	742	859	819	1,078	1,122	1,378
11 Italy	17,735	13,541	10,041	8,889	8,094	9,089	10,402	10,721	11,426	11,295
12 Netherlands	5,350	7,161	7,372	11,409	11,502	13,903	11,271	10,465r	10,854r	11,429
13 Norway	2,357	1,866	3,319	2,350	2,355	2,690	2,840	2,757	2,833	2,901
14 Portugal	2,958	2,184	2,465	2,489	2,476	2,674	2,764	2,894	3,015	3,180
15 Russia	119	241	577	535	726	847	1,129	1,406r	2,254r	2,229
16 Spain	7,544	11,391	9,796	15,735	14,055	13,588	15,484	16,593	17,157	20,495
17 Sweden	1,837	2,222	2,986	1,619	3,149	2,140	2,336	2,210	1,460	3,721
18 Switzerland	36,690	37,238	39,440	39,596	39,703	41,775	41,270	40,494	40,987	42,004
19 Turkey	1,169	1,598	2,666	2,520	2,664	2,761	2,497	2,882	2,618	2,553
20 United Kingdom	109,555	100,292	112,456	106,394	109,553	106,638	115,251r	113,171r	118,793r	116,260
21 Yugoslavia[11]	928	622	504	523	507	510	512	501	511	524
22 Other Europe and former U.S.S.R.[12]	13,234	12,741	29,256	28,207	27,693	31,303	32,177r	28,245r	33,095r	28,734
23 Canada	20,349	21,605	22,746	25,045	22,303	21,331	20,051	22,264	23,917r	25,137
24 Latin America and Caribbean	332,997	345,529	317,236	319,872	317,876	303,630	312,692r	311,963r	312,818r	322,132
25 Argentina	7,365	7,753	9,477	11,569	11,066	11,339	11,289	14,120	14,579	14,047
26 Bahamas	107,386	100,622	82,288	83,633	81,763	80,333	80,715r	73,414r	73,790r	79,178
27 Bermuda	2,822	3,178	7,079	6,271	6,135	5,297	6,074	6,969	6,931r	7,169
28 Brazil	5,834	5,704	5,584	5,462	5,466	5,339	4,936	5,425	5,299	5,311
29 British West Indies	147,321	163,620	153,035	152,448	148,628	138,996	147,753	147,618	145,988r	152,114
30 Chile	3,145	3,283	3,035	3,325	3,480	3,520	3,552	3,934	3,596	3,867
31 Colombia	4,492	4,661	4,580	4,183	4,360	4,338	4,405	4,464	4,383	3,988
32 Cuba	11	2	3	3	2	2	3	5	5	6
33 Ecuador	1,379	1,232	993	931	923	956	924	889	860	819
34 Guatemala	1,541	1,594	1,377	1,382	1,352	1,323	1,397	1,304	1,315	1,253
35 Jamaica	257	231	371	309	293	289	341	341	364	375
36 Mexico	16,650	19,957	19,456	21,762	24,896	23,351	22,296r	24,117r	24,813	24,395
37 Netherlands Antilles	7,357	5,592	5,205	4,222	4,537	3,813	4,059	4,159r	5,413r	4,113
38 Panama	4,574	4,695	4,177	3,918	4,135	4,054	3,749r	3,747	3,657	3,743
39 Peru	1,294	1,249	1,080	995	1,070	977	979	891	898	903
40 Uruguay	2,520	2,096	1,955	1,815	1,775	1,742	1,775	1,775	1,822	1,734
41 Venezuela	12,271	13,181	11,387	11,452	11,517	11,644	12,242	12,373	12,782	12,868
42 Other	6,779	6,879	6,154	6,192	6,478	6,317	6,203	6,418	6,323r	6,249
43 Asia	136,844	120,462	143,561	140,519	131,117	134,032	143,229r	143,117r	147,563r	147,664
China										
44 People's Republic of China	2,421	2,626	3,202	2,957	3,527	3,008	2,885	2,728	3,292	3,261
45 Republic of China (Taiwan)	11,246	11,491	8,379	9,042	8,884	8,790	9,618r	9,991r	9,476r	9,969
46 Hong Kong	12,754	14,269	18,509	17,041	16,353	15,832	15,890r	16,193r	15,621r	16,376
47 India	1,233	2,418	1,396	1,399	989	1,341	1,315r	1,053r	1,211r	1,288
48 Indonesia	1,238	1,463	1,480	1,871	1,464	1,861	2,132	1,688	1,582	1,715
49 Israel	2,767	2,015	3,775	3,932	3,765	3,163	2,764	2,790	2,729r	3,241
50 Japan	67,076	47,069	58,466	57,014	51,204	54,462	62,784	62,226	68,052r	65,636
51 Korea (South)	2,287	2,587	3,337	3,330	3,584	3,922	3,842	4,298	3,873	4,380
52 Philippines	1,585	2,449	2,275	2,774	2,785	2,458	2,933	3,196	2,648	2,735
53 Thailand	1,443	2,252	5,582	5,342	4,967	5,377	5,233	5,830	6,058	5,851
54 Middle Eastern oil-exporting countries[13]	15,829	15,752	21,446	19,718	19,687	19,272	20,327r	18,409r	19,141r	17,237
55 Other	16,965	16,071	15,714	16,099	13,908	14,546	13,506	14,715	13,880	15,975
56 Africa	4,630	4,825	5,884	6,508	6,441	6,477	6,475r	5,680r	5,649r	6,127
57 Egypt	1,425	1,621	2,472	3,084	2,938	2,922	2,784	1,880	2,018	2,457
58 Morocco	104	79	76	87	151	144	119r	138r	78r	86
59 South Africa	228	228	190	243	246	198	265	172	233	275
60 Zaire	53	31	19	13	14	16	15	25	20	16
61 Oil-exporting countries[14]	1,110	1,082	1,346	1,239	1,294	1,368	1,332	1,417	1,279	1,281
62 Other	1,710	1,784	1,781	1,842	1,798	1,829	1,960	2,048	2,021	2,012
63 Other	4,444	5,567	4,171	5,047	5,308	5,346	5,029	4,235	4,971r	5,096
64 Australia	3,807	4,464	3,047	4,013	4,056	4,449	4,078	3,253	3,890r	4,045
65 Other	637	1,103	1,124	1,034	1,252	897	951	982	1,081	1,051
66 Nonmonetary international and regional organizations	5,918	8,981	9,350	9,295	10,731	8,934	9,330r	9,387	12,265r	11,095
67 International[15]	4,390	6,485	7,434	6,251	7,590	5,388	5,812r	5,828	8,267r	7,365
68 Latin American regional[16]	1,048	1,181	1,415	2,021	2,223	2,412	2,318	2,077	2,737	2,448
69 Other regional[17]	479	1,315	501	1,023	918	1,134	1,200	1,482	1,261	1,282

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
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	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1 **Total, all foreigners**	**511,543**	**514,339**	**500,511**	**477,782**	**471,288**	**461,179**	**482,944[r]**	**471,863[r]**	**461,064**	**477,457**
2 **Foreign countries**	**506,750**	**508,056**	**495,429**	**474,460**	**468,871**	**459,497**	**480,864[r]**	**470,556[r]**	**459,112**	**475,078**
3 Europe	113,093	114,310	123,999	122,504	120,313	118,213	122,297[r]	124,429[r]	116,836	124,521
4 Austria	362	327	331	894	1,013	941	1,080	587	691	457
5 Belgium and Luxembourg	5,473	6,158	6,404	6,273	6,177	5,513	5,955	6,127	6,515	6,535
6 Denmark	497	686	707	682	645	628	721	835	693	631
7 Finland	1,047	1,907	1,419	1,010	998	885	1,225	1,007	705	599
8 France	14,468	15,112	14,803	13,235	13,141	11,614	11,833[r]	11,847[r]	11,500	10,978
9 Germany	3,343	3,371	4,229	5,725	5,322	6,089	6,236	7,746	6,766	7,974
10 Greece	727	553	718	583	618	596	564	509	508	629
11 Italy	6,052	8,242	9,048	8,418	8,724	8,218	9,250	8,053	8,839	8,976
12 Netherlands	1,761	2,546	2,472	2,676	2,607	3,278	2,764	3,260	3,081	3,443
13 Norway	782	669	356	645	714	676	789	823	941	841
14 Portugal	292	344	325	454	513	593	670	710	803	787
15 Russia	530	1,970	3,147	2,906	2,889	3,080	3,045	2,799	2,591	2,547
16 Spain	2,668	1,881	2,772	3,859	3,642	3,441	3,607	5,117	4,184	3,652
17 Sweden	2,094	2,335	4,929	4,809	4,509	4,229	4,062	5,131	4,278	4,619
18 Switzerland	4,202	4,540	4,722	4,348	4,361	4,735	4,123	5,193	5,634	5,216
19 Turkey	1,405	1,063	962	943	1,285	1,508	1,584	1,492	1,549	1,431
20 United Kingdom	65,151	60,395	63,928	62,241	60,725	59,703	62,565[r]	60,767[r]	55,118	62,764
21 Yugoslavia[2]	1,142	825	569	553	551	550	548	547	547	542
22 Other Europe and former U.S.S.R.[3]	1,095	1,386	2,158	2,250	1,879	1,936	1,676	1,879	1,893	1,900
23 Canada	16,091	15,113	14,155	18,287	16,977	16,393	16,693	17,776	17,373	19,010
24 Latin America and Caribbean	231,506	246,137	218,133	205,796	202,149	197,039	212,620[r]	208,231	207,483	215,547
25 Argentina	6,967	5,869	4,958	4,844	3,931	3,942	4,066	4,841[r]	4,740	4,719
26 Bahamas	76,525	87,138	60,868	59,018	59,418	56,188	59,979	56,833[r]	56,266	60,877
27 Bermuda	4,056	2,270	5,934	3,910	5,609	3,089	4,319	8,578	7,122	5,549
28 Brazil	17,995	11,894	10,774	10,871	10,815	10,710	12,319	10,842	10,927	11,300
29 British West Indies	88,565	107,846	101,523	93,896	88,975	89,853	97,306[r]	91,566	93,436	97,406
30 Chile	3,271	2,805	3,397	3,638	3,552	3,718	3,675	3,898	3,796	3,827
31 Colombia	2,587	2,425	2,750	2,807	2,786	2,876	2,847	2,886	2,916	2,921
32 Cuba	0	0	0	0	0	0	1	0	0	0
33 Ecuador	1,387	1,053	884	819	807	770	771	732	739	701
34 Guatemala	191	228	262	274	269	256	266	240	256	259
35 Jamaica	238	158	162	168	161	165	184	182	181	189
36 Mexico	14,851	16,567	14,997	15,115	15,534	14,967	15,279[r]	15,685	15,591	15,643
37 Netherlands Antilles	7,998	1,207	1,379	2,105	1,971	2,354	3,011	3,172	3,153	3,155
38 Panama	1,471	1,560	4,654	2,721	2,491	2,440	2,549	2,532	2,361	2,370
39 Peru	663	739	730	650	691	675	657	651	667	627
40 Uruguay	786	599	936	846	787	778	904	807	816	930
41 Venezuela	2,571	2,516	2,525	2,558	2,495	2,542	2,803	3,001	2,876	2,831
42 Other	1,384	1,263	1,400	1,556	1,857	1,716	1,684	1,785	1,640	2,243
43 Asia	138,722	125,262	131,857	120,213	122,414	120,983	122,134[r]	112,896[r]	111,140	109,123
China										
44 People's Republic of China	620	747	906	939	1,388	881	1,898	860	638	700
45 Republic of China (Taiwan)	1,952	2,087	2,046	1,630	1,670	1,561	1,840	1,549	1,585	1,593
46 Hong Kong	10,648	9,617	9,673	10,563	9,215	10,420	9,747	10,637	9,390	11,145
47 India	655	441	529	443	549	489	438	470	439	570
48 Indonesia	933	952	1,189	1,469	1,432	1,386	1,503[r]	1,282[r]	1,289	1,287
49 Israel	774	860	820	896	1,057	814	777	733	775	747
50 Japan	90,699	84,807	79,189	67,887	71,681	71,908	71,327	62,501	64,837	60,364
51 Korea (South)	5,766	6,048	6,180	6,938	7,048	7,152	7,428[r]	7,587	7,245	7,092
52 Philippines	1,247	1,910	2,145	1,713	1,645	1,521	1,402	1,357	1,250	1,143
53 Thailand	1,573	1,713	1,867	1,678	1,794	1,763	1,865	2,006	2,018	2,146
54 Middle Eastern oil-exporting countries[4]	10,749	8,284	18,559	19,048	17,909	17,937	17,437	16,946	15,912	14,251
55 Other	13,106	7,796	8,754	7,009	7,026	5,151	6,472	6,968	5,762	8,085
56 Africa	5,445	4,928	4,279	3,907	3,767	3,661	3,812[r]	3,856[r]	3,902	4,023
57 Egypt	380	294	186	192	151	151	177	148	168	176
58 Morocco	513	575	441	396	396	420	416	437	443	454
59 South Africa	1,525	1,235	1,041	1,011	924	803	748[r]	742[r]	705	713
60 Zaire	16	4	4	3	3	3	3	4	4	3
61 Oil-exporting countries[5]	1,486	1,298	1,002	1,140	1,128	1,144	1,156	1,232	1,224	1,205
62 Other	1,525	1,522	1,605	1,165	1,165	1,140	1,312	1,293	1,358	1,472
63 Other	1,892	2,306	3,006	3,753	3,251	3,208	3,308	3,368	2,378	2,854
64 Australia	1,413	1,665	2,262	3,117	2,635	2,534	2,574	2,443	1,847	2,446
65 Other	479	641	744	636	616	674	734	925	531	408
66 Nonmonetary international and regional organizations[6]	4,793	6,283	5,082	3,322	2,417	1,682	2,080	1,307	1,952	2,379

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
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	1990	1991	1992	1993						
				Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.[p]
1 **Total**	**579,044**	**579,683**	**560,549**	**530,698**	...	...	**532,827**	...	...	...
2 Banks' claims	511,543	514,339	500,511	477,782	471,288	461,179	482,944	471,863	461,064	477,457
3 Foreign public borrowers	41,900	37,126	31,376	33,722	30,390	29,601	29,409	32,579	30,284	31,919
4 Own foreign offices[2]	304,315	318,800	304,623	294,513	287,119	282,587	298,972	280,120	274,979	286,232
5 Unaffiliated foreign banks	117,272	116,602	109,643	97,041	97,747	94,727	93,965	92,865	93,936	96,229
6 Deposits	65,253	69,018	61,277	48,778	47,816	47,327	46,273	44,823	45,427	44,705
7 Other	52,019	47,584	48,366	48,263	49,931	47,400	47,692	48,042	48,509	51,524
8 All other foreigners	48,056	41,811	54,869	52,506	56,032	54,264	60,598	66,299	61,865	63,077
9 Claims of banks' domestic customers[3]	67,501	65,344	60,038	52,916	...	...	49,883	...	...	...
10 Deposits	14,375	15,280	15,452	14,363	...	...	12,960	...	...	...
11 Negotiable and readily transferable instruments[4]	41,333	37,125	31,454	24,976	...	...	23,488	...	...	...
12 Outstanding collections and other claims	11,792	12,939	13,132	13,577	...	...	13,435	...	...	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,670	7,958	...	...	8,121	...	...	...
14 *Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States*[5]	44,638	42,936[r]	36,073[r]	36,441[r]	33,016[r]	33,840[r]	29,687	31,510	31,398	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1989	1990	1991	1992		1993	
				Sept.	Dec.	Mar.	June
1 **Total**	**238,123**	**206,903**	**195,302**	**187,468**	**195,560**	**182,873**	**183,236**
By borrower							
2 Maturity of one year or less	178,346	165,985	162,573	155,074	163,775	152,673	154,617
3 Foreign public borrowers	23,916	19,305	21,050	17,905	17,809	21,210	17,943
4 All other foreigners	154,430	146,680	141,523	137,169	145,966	131,463	136,674
5 Maturity of more than one year	59,776	40,918	32,729	32,394	31,785	30,200	28,619
6 Foreign public borrowers	36,014	22,269	15,859	13,333	13,279	12,220	11,252
7 All other foreigners	23,762	18,649	16,870	19,061	18,506	17,980	17,367
By area							
Maturity of one year or less							
8 Europe	53,913	49,184	51,835	55,819	53,707	55,292	54,357
9 Canada	5,910	5,450	6,444	5,926	6,096	7,890	8,013
10 Latin America and Caribbean	53,003	49,782	43,597	45,411	50,398	45,141	48,584
11 Asia	57,755	53,258	51,059	40,664	45,726	37,895	38,818
12 Africa	3,225	3,040	2,549	2,183	1,784	1,680	1,715
13 All other[3]	4,541	5,272	7,089	5,071	6,064	4,775	3,130
Maturity of more than one year							
14 Europe	4,121	3,859	3,878	6,624	5,367	4,896	4,561
15 Canada	2,353	3,290	3,595	3,222	3,282	3,117	2,875
16 Latin America and Caribbean	45,816	25,774	18,277	15,291	15,312	14,567	13,850
17 Asia	4,172	5,165	4,459	4,872	5,034	5,054	4,794
18 Africa	2,630	2,374	2,335	2,107	2,380	2,130	2,050
19 All other[3]	684	456	185	278	410	436	489

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	1989	1990	1991 June	1991 Sept.	1991 Dec.	1992 Mar.	1992 June	1992 Sept.	1992 Dec.	1993 Mar.	1993 June
1 **Total**	**340.9**	**320.1**	**322.3**	**338.4**	**343.6**	**351.7**	**359.4**	**346.0**	**347.6**	**363.0**	**377.6r**
2 G-10 countries and Switzerland	152.9	132.2	130.3	135.0	137.6	130.9	136.2	137.4	133.9	143.6	149.8r
3 Belgium and Luxembourg	6.3	5.9	6.1	5.8	6.0	5.3	6.2	6.2	5.6	6.1	7.0
4 France	11.7	10.4	10.5	11.1	11.0	10.0	11.9	15.3	15.3	13.6	14.0r
5 Germany	10.5	10.6	8.3	9.7	8.3	8.4	8.8	10.9	9.3	9.9	10.8
6 Italy	7.4	5.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5	6.7	7.6
7 Netherlands	3.1	3.0	3.3	3.0	4.7	4.3	3.3	3.7	2.8	3.7	3.7
8 Sweden	2.0	2.2	2.5	2.1	1.9	2.0	1.9	2.2	2.3	3.0	2.5
9 Switzerland	7.1	4.4	3.3	3.9	3.4	3.2	4.6	5.2	4.8	5.3	4.7
10 United Kingdom	67.2	60.9	59.5	65.6	68.5	64.8	65.9	61.8	61.3	66.3	73.5r
11 Canada	5.4	5.9	8.2	5.8	5.8	6.5	6.7	6.7	6.6	8.6	8.1
12 Japan	32.3	24.0	25.1	23.5	22.6	21.1	18.7	18.9	19.3	20.4	17.9
13 Other industrialized countries	21.0	22.9	21.3	22.1	22.8	21.4	25.5	25.1	24.0	25.5	27.2
14 Austria	1.5	1.4	1.1	1.0	.6	.8	.8	.7	1.2	1.2	1.3
15 Denmark	1.1	1.1	1.2	.9	.9	.8	1.3	1.5	.9	.8	1.0
16 Finland	1.0	.7	.8	.6	.7	.8	.8	1.0	.7	.7	.9
17 Greece	2.5	2.7	2.4	2.3	2.6	2.3	2.8	3.0	3.0	2.8	3.1
18 Norway	1.4	1.6	1.5	1.4	1.4	1.5	1.7	1.6	1.2	1.8	1.8
19 Portugal	.4	.6	.6	.5	.6	.5	.5	.5	.4	.7	.9
20 Spain	7.1	8.3	7.1	8.3	8.3	7.7	10.1	9.8	9.0	9.5	10.5
21 Turkey	1.2	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3	1.4	2.1
22 Other Western Europe	1.0	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7	2.0	1.7
23 South Africa	2.0	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6	1.3
24 Australia	1.6	1.8	2.0	2.4	2.7	2.3	2.3	2.3	2.9	2.9	2.5
25 OPEC[2]	17.1	12.8	14.0	15.6	14.5	15.8	16.2	15.9	16.1	16.8r	15.9
26 Ecuador	1.3	1.0	.9	.8	.7	.7	.7	.7	.6	.6	.6
27 Venezuela	7.0	5.0	5.3	5.6	5.4	5.4	5.3	5.4	5.2	5.3	5.6
28 Indonesia	2.0	2.7	2.6	2.8	2.7	3.0	3.0	3.0	3.0	3.1	3.1
29 Middle East countries	5.0	2.5	3.7	5.0	4.2	5.3	5.9	5.4	6.2	6.6r	5.4
30 African countries	1.7	1.7	1.5	1.5	1.5	1.4	1.4	1.4	1.1	1.1	1.1
31 Non-OPEC developing countries	77.5	65.4	64.4	64.7	63.9	69.7	68.1	72.8	72.1	74.3	76.5
Latin America											
32 Argentina	6.3	5.0	4.6	4.5	4.8	5.0	5.1	6.2	6.6	7.0	6.6
33 *Brazil*	*19.0*	*14.4*	*11.6*	*10.5*	*9.6*	*10.8*	*10.6*	*10.8*	*10.8*	*11.6*	*12.3*
34 Chile	4.6	3.5	3.6	3.7	3.6	3.9	4.0	4.2	4.4	4.6	4.6
35 Colombia	1.8	1.8	1.6	1.6	1.7	1.6	1.6	1.7	1.8	1.9	1.9
36 Mexico	17.7	13.0	14.3	16.2	15.5	17.7	16.3	17.1	16.0	16.8	16.7
37 Peru	.6	.5	.5	.4	.4	.4	.4	.5	.5	.4	.4
38 Other	2.8	2.3	2.0	1.9	2.1	2.2	2.2	2.5	2.6	2.6	2.7
Asia											
China											
39 Peoples Republic of China	.3	.2	.6	.4	.3	.3	.3	.3	.7	.6	1.6
40 Republic of China (Taiwan)	4.5	3.5	4.1	4.1	4.1	4.8	4.6	5.0	5.2	5.3	5.9
41 India	3.1	3.3	3.0	2.8	3.0	3.6	3.8	3.6	3.2	3.1	3.1
42 Israel	.7	.5	.5	.5	.5	.4	.4	.4	.4	.5	.4
43 Korea (South)	5.9	6.2	6.9	6.5	6.8	6.9	6.9	7.4	6.6	6.5	6.9
44 Malaysia	1.7	1.9	2.1	2.3	2.3	2.5	2.7	3.0	3.1	3.3	3.7
45 Philippines	4.1	3.8	3.7	3.6	3.7	3.6	3.1	3.6	3.6	3.4	2.9
46 Thailand	1.3	1.5	1.7	1.9	1.7	1.7	1.9	2.2	2.2	2.2	2.4
47 Other Asia[3]	1.0	1.7	1.8	2.0	2.0	2.3	2.5	2.7	2.7	2.7	2.6
Africa											
48 Egypt	.4	.4	.4	.4	.4	.3	.5	.3	.2	.2	.2
49 Morocco	.9	.8	.7	.7	.7	.7	.7	.6	.6	.5	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.8	.8	.7	.7	.6	.9	1.0	.8	.9
52 Eastern Europe	3.5	2.3	2.1	1.8	2.4	2.9	3.0	3.1	3.1	2.9	3.2
53 Russia	.7	.2	.4	.4	.9	1.4	1.7	1.8	1.9	1.7	1.9
54 Yugoslavia	1.6	1.2	1.0	.8	.9	.8	.7	.7	.6	.6	.6
55 Other	1.3	.9	.7	.7	.7	.6	.6	.7	.6	.7	.7
56 Offshore banking centers	38.4	44.7	50.2	54.6	54.2	63.0	61.5	54.6	58.4	60.1r	57.7r
57 Bahamas	5.5	2.9	6.8	6.7	11.9	15.3	13.0	9.0	6.9	9.6	6.9
58 Bermuda	1.7	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2	4.1	4.5
59 Cayman Islands and other British West Indies	9.0	11.7	14.9	13.8	15.8	18.6	19.3	16.9	21.8	17.6	15.6r
60 Netherlands Antilles	2.3	7.9	1.4	3.9	1.2	1.0	.8	.7	1.1	1.6	2.5
61 Panama[4]	1.4	1.4	1.3	1.3	1.4	1.6	1.9	2.0	1.9	2.0	2.1
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.3	9.7	14.3	14.0	14.4	14.0	15.0	15.2	13.8	16.7	16.8
64 Singapore	7.0	6.6	7.2	7.7	7.1	8.5	6.4	6.8	6.5	8.4	9.3
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	30.5	39.9	40.0	44.4	48.0	47.8	48.6	36.8	39.7	39.5	47.3

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. U.S. office data include other types of U.S.-owned depository institutions as well as some types of brokers and dealers. 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.

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 of liability and area or country	1989	1990	1991	1992				1993	
					Mar.[r]	June[r]	Sept.[r]	Dec.[r]	Mar.[r]	June[p]
1	**Total**	**38,764**	**46,043**	**43,692**	**44,879**	**45,251**	**46,125**	**44,322**	**45,177**	**46,141**
2	Payable in dollars	33,973	40,786	38,117	39,243	38,480	37,499	36,623	37,064	36,602
3	Payable in foreign currencies	4,791	5,257	5,575	5,636	6,771	8,626	7,699	8,113	9,539
	By type									
4	Financial liabilities	17,879	21,066	22,055	22,813	22,823	24,061	22,804	23,071	24,219
5	Payable in dollars	14,035	16,979	17,760	18,407	17,503	17,092	16,178	16,348	16,262
6	Payable in foreign currencies	3,844	4,087	4,295	4,406	5,320	6,969	6,626	6,723	7,957
7	Commercial liabilities	20,885	24,977	21,637	22,066	22,428	22,064	21,518	22,106	21,922
8	Trade payables	8,070	10,683	8,699	9,164	9,769	9,727	9,437	9,945	9,692
9	Advance receipts and other liabilities	12,815	14,294	12,938	12,902	12,659	12,337	12,081	12,161	12,230
10	Payable in dollars	19,938	23,807	20,357	20,836	20,977	20,407	20,445	20,716	20,340
11	Payable in foreign currencies	947	1,170	1,280	1,230	1,451	1,657	1,073	1,390	1,582
	By area or country									
	Financial liabilities									
12	Europe	11,660	10,978	11,878	12,729	13,460	14,252	13,024	13,343	14,355
13	Belgium and Luxembourg	340	394	236	192	213	276	434	306	268
14	France	258	975	2,106	1,997	2,324	2,785	1,608	1,610	2,295
15	Germany	464	621	682	666	634	738	810	820	781
16	Netherlands	941	1,081	1,056	1,025	979	980	606	639	690
17	Switzerland	541	545	408	355	490	627	569	503	554
18	United Kingdom	8,818	6,357	6,383	7,588	7,933	8,044	8,327	8,911	9,112
19	Canada	610	229	292	308	362	345	516	576	492
20	Latin America and Caribbean	1,357	4,153	4,404	4,230	3,503	3,592	3,565	3,624	3,428
21	Bahamas	157	371	537	406	353	230	359	509	404
22	Bermuda	17	0	114	114	114	115	114	114	124
23	Brazil	0	0	6	8	10	18	19	18	18
24	British West Indies	724	3,160	3,144	3,088	2,352	2,528	2,382	2,307	2,202
25	Mexico	6	5	7	7	8	12	12	13	11
26	Venezuela	0	4	4	4	4	5	6	5	5
27	Asia	4,151	5,295	5,423	5,451	5,409	5,782	5,665	5,467	5,764
28	Japan	3,299	4,065	4,187	4,192	4,316	4,749	4,639	4,495	4,621
29	Middle East oil-exporting countries[2]	2	5	13	13	10	17	19	24	19
30	Africa	2	2	6	7	0	5	6	6	130
31	Oil-exporting countries[3]	0	0	4	6	0	0	0	0	123
32	All other[4]	100	409	52	88	89	85	28	55	50
	Commercial liabilities									
33	Europe	9,071	10,310	8,147	7,693	7,332	6,992	7,028	6,768	6,945
34	Belgium and Luxembourg	175	275	248	256	240	173	298	269	267
35	France	877	1,218	963	683	662	694	673	677	769
36	Germany	1,392	1,270	950	885	707	759	632	563	634
37	Netherlands	710	844	710	574	605	601	557	667	710
38	Switzerland	693	775	575	543	461	482	416	532	435
39	United Kingdom	2,620	2,792	2,311	2,446	2,405	2,282	2,478	2,157	2,186
40	Canada	1,124	1,261	1,014	1,115	1,109	1,114	923	998	933
41	Latin America and Caribbean	1,224	1,672	1,355	1,704	1,814	1,493	1,619	1,912	1,814
42	Bahamas	41	12	3	13	8	3	6	18	6
43	Bermuda	308	538	310	493	409	325	312	437	356
44	Brazil	100	145	219	230	218	121	211	238	225
45	British West Indies	27	30	107	108	73	85	57	87	16
46	Mexico	323	475	307	378	480	326	446	544	659
47	Venezuela	164	130	94	168	279	125	130	167	163
48	Asia	7,550	9,483	9,335	9,895	10,445	11,026	10,815	11,109	10,965
49	Japan	2,914	3,651	3,722	3,550	3,538	3,918	4,005	4,096	3,723
50	Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,592	1,778	1,813	1,793	1,775	1,771
51	Africa	886	844	715	646	777	675	559	590	603
52	Oil-exporting countries[3]	339	422	327	253	389	335	295	236	315
53	Other[4]	1,030	1,406	1,071	1,013	951	764	574	729	662

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	1989	1990	1991[r]	1992[r]				1993	
					Mar.	June	Sept.	Dec.	Mar.[r]	June[p]
1	**Total**	**33,173**	**35,348**	**44,799**	**44,689**	**46,068**	**45,755**	**40,755**	**45,134**	**40,849**
2	Payable in dollars	30,773	32,760	42,238	42,057	43,069	42,795	38,247	42,405	37,797
3	Payable in foreign currencies	2,400	2,589	2,561	2,632	2,999	2,960	2,508	2,729	3,052
	By type									
4	Financial claims	19,297	19,874	27,635	27,821	28,783	28,395	23,257	25,916	21,480
5	Deposits	12,353	13,577	19,856	19,969	19,679	19,405	14,991	16,520	11,598
6	Payable in dollars	11,364	12,552	18,981	18,770	18,324	18,268	14,202	15,464	10,682
7	Payable in foreign currencies	989	1,025	875	1,199	1,355	1,137	789	1,056	916
8	Other financial claims	6,944	6,297	7,779	7,852	9,104	8,990	8,266	9,396	9,882
9	Payable in dollars	6,190	5,280	6,899	7,130	8,397	7,983	7,520	8,670	8,985
10	Payable in foreign currencies	754	1,017	880	722	707	1,007	746	726	897
11	Commercial claims	13,876	15,475	17,164	16,868	17,285	17,360	17,498	19,218	19,369
12	Trade receivables	12,253	13,657	14,438	14,301	14,822	14,655	15,210	17,096	16,939
13	Advance payments and other claims	1,624	1,817	2,726	2,567	2,463	2,705	2,288	2,122	2,430
14	Payable in dollars	13,219	14,927	16,358	16,157	16,348	16,544	16,525	18,271	18,130
15	Payable in foreign currencies	657	548	806	711	937	816	973	947	1,239
	By area or country									
	Financial claims									
16	Europe	8,463	9,645	13,277	13,834	12,871	11,229	9,131	10,180	9,407
17	Belgium and Luxembourg	28	76	13	12	25	16	8	6	13
18	France	153	371	269	252	777	768	762	905	774
19	Germany	152	367	287	266	358	296	330	382	377
20	Netherlands	238	265	334	707	715	750	515	544	499
21	Switzerland	153	357	581	647	765	587	487	478	460
22	United Kingdom	7,496	7,971	11,366	11,580	8,692	8,002	6,054	6,833	6,350
23	Canada	1,904	2,934	2,642	2,694	2,545	2,281	1,704	2,107	1,758
24	Latin America and Caribbean	8,020	6,201	10,634	10,244	12,001	13,731	11,032	9,611	6,612
25	Bahamas	1,890	1,090	784	493	538	1,212	638	320	697
26	Bermuda	7	3	8	12	12	65	40	79	258
27	Brazil	224	68	351	346	331	589	686	592	590
28	British West Indies	5,486	4,635	9,016	8,965	10,699	11,422	9,196	8,159	4,558
29	Mexico	94	177	212	212	244	239	286	235	270
30	Venezuela	20	25	40	34	32	26	29	23	24
31	Asia	590	860	640	617	952	717	806	3,263	2,961
32	Japan	213	523	350	355	705	471	643	3,066	2,444
33	Middle East oil-exporting countries[2]	8	8	5	3	4	4	3	3	10
34	Africa	140	37	57	60	57	71	79	128	125
35	Oil-exporting countries[3]	12	0	1	0	0	1	9	1	1
36	All other[4]	180	195	385	372	357	366	505	627	617
	Commercial claims									
37	Europe	6,209	7,044	7,992	7,971	8,239	7,909	7,776	8,415	8,770
38	Belgium and Luxembourg	242	212	192	182	255	173	186	169	170
39	France	964	1,240	1,583	1,663	1,685	1,824	1,493	1,465	1,452
40	Germany	696	807	952	946	919	895	898	960	964
41	Netherlands	479	555	643	646	666	588	541	724	555
42	Switzerland	313	301	295	323	394	305	307	426	441
43	United Kingdom	1,575	1,775	2,084	2,085	2,172	2,004	1,941	2,312	2,506
44	Canada	1,091	1,074	1,111	1,121	1,063	1,138	1,213	1,259	1,285
45	Latin America and Caribbean	2,184	2,375	2,649	2,630	2,727	3,213	2,962	3,388	3,376
46	Bahamas	58	14	13	12	12	12	27	18	16
47	Bermuda	323	246	264	273	291	256	246	195	239
48	Brazil	297	326	425	372	447	406	348	821	780
49	British West Indies	36	40	41	45	32	43	38	17	42
50	Mexico	508	661	839	907	859	973	903	967	876
51	Venezuela	147	192	203	207	253	307	338	336	310
52	Asia	3,570	4,127	4,592	4,368	4,499	4,314	4,649	5,295	5,029
53	Japan	1,199	1,460	1,900	1,796	1,798	1,774	1,812	2,122	1,824
54	Middle Eastern oil-exporting countries[2]	518	460	621	635	609	513	679	756	659
55	Africa	429	488	427	424	428	439	549	454	507
56	Oil-exporting countries[3]	108	67	95	75	73	60	78	75	97
57	Other[4]	393	367	393	354	329	347	349	407	402

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	1991	1992	1993 Jan.–Sept.	1993 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
	U.S. corporate securities									
Stocks										
1 Foreign purchases	211,207	221,426	221,932	27,061	25,123	23,094	24,310	24,441[r]	26,111	23,843
2 Foreign sales	200,116	226,548	212,947	24,615	25,454	22,308	23,467	25,046[r]	23,693	23,009
3 **Net purchases or sales (–)**	**11,091**	**–5,122**	**8,985**	**2,446**	**–331**	**786**	**843**	**–605[r]**	**2,418**	**834**
4 **Foreign countries**	**10,522**	**–5,155**	**8,719**	**2,289**	**–339**	**790**	**815**	**–652[r]**	**2,391**	**916**
5 Europe	53	–4,913	3,338	972	–650	–619	415	–185	670	408
6 France	9	–1,350	–404	–183	–154	–86	–66	45	–9	–149
7 Germany	–63	–66	923	100	137	6	99	76	202	112
8 Netherlands	–227	–262	–153	68	32	35	–91	–452	133	69
9 Switzerland	–131	168	2,033	356	280	50	178	369	354	–260
10 United Kingdom	–352	–3,301	–81	475	–1,140	–689	195	–73	–204	570
11 Canada	3,845	1,407	–2,834	167	91	–132	–532	–1,400	–128	–616
12 Latin America and Caribbean	2,177	2,203	2,454	403	246	509	72	413	591	150
13 Middle East[1]	–134	–88	–298	–13	7	56	–22	–135[r]	–44	10
14 Other Asia	4,255	–3,943	6,031	763	2	910	1,073	632	1,204	977
15 Japan	1,179	–3,598	2,308	250	–530	452	230	626	860	1,016
16 Africa	153	10	32	2	–48	10	20	–49	63	3
17 Other countries	174	169	–4	–5	13	56	–211	72	35	–16
18 **Nonmonetary international and regional organizations**	**568**	**33**	**266**	**157**	**8**	**–4**	**28**	**47**	**27**	**–82**
Bonds[2]										
19 Foreign purchases	153,096	214,922	198,613	25,216	20,817	19,325	24,091	22,738	22,288	24,747
20 Foreign sales	125,637	175,737	158,383	23,264	15,765	15,514	16,825	20,730	16,475	15,791
21 **Net purchases or sales (–)**	**27,459**	**39,185**	**40,230**	**1,952**	**5,052**	**3,811**	**7,266**	**2,008**	**5,813**	**8,956**
22 **Foreign countries**	**27,590**	**38,069**	**39,922**	**2,088**	**5,073**	**3,843**	**7,229**	**2,018**	**5,807**	**8,270**
23 Europe	13,112	17,540	13,857	31	1,616	360	2,710	–1,001	2,108	4,187
24 France	847	1,203	1,579	75	508	595	–12	–76	64	13
25 Germany	1,577	2,480	638	–55	815	228	–241	2	–207	–44
26 Netherlands	482	540	84	–178	108	–7	–134	11	317	219
27 Switzerland	656	–579	–779	11	–239	–219	–56	172	–327	–205
28 United Kingdom	8,931	12,526	11,392	–237	975	–303	3,033	–1,214	1,853	3,959
29 Canada	1,623	237	1,185	138	291	20	397	218	164	249
30 Latin America and Caribbean	2,672	9,300	8,435	490	632	1,262	1,770	901	1,678	846
31 Middle East[1]	1,787	3,166	2,067	263	463	115	202	147	158	171
32 Other Asia	8,459	7,545	13,221	1,216	2,082	2,062	2,089	1,382	1,432	2,504
33 Japan	5,767	–450	6,573	595	991	940	863	890	919	1,124
34 Africa	52	354	985	–10	0	21	2	224	317	236
35 Other countries	–116	–73	172	–40	–11	3	59	147	–50	77
36 **Nonmonetary international and regional organizations**	**–131**	**1,116**	**308**	**–136**	**–21**	**–32**	**37**	**–10**	**6**	**686**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–31,967	–32,295	–47,730	–4,583	–4,029	–3,793	–6,317	–7,964[r]	–12,020	–5,115
38 Foreign purchases	120,598	150,037	161,326	17,436	19,297	16,465	18,523	19,620	20,687	21,500
39 Foreign sales[3]	152,565	182,332	209,056	22,019	23,326	20,258	24,840	27,584[r]	32,707	26,615
40 Bonds, net purchases or sales (–)	–14,828	–19,585	–51,636	–4,631	–2,913	–545	–7,528	–10,633[r]	–1,115	–9,636
41 Foreign purchases	330,311	486,238	566,535	70,132	55,766	58,771	70,377	68,769[r]	75,938	72,191
42 Foreign sales	345,139	505,823	618,171	74,763	58,679	59,316	77,905	79,402[r]	77,053	81,827
43 **Net purchases or sales (–), of stocks and bonds**	**–46,795**	**–51,880**	**–99,366**	**–9,214**	**–6,942**	**–4,338**	**–13,845**	**–18,597[r]**	**–13,135**	**–14,751**
44 **Foreign countries**	**–46,711**	**–55,216**	**–99,142**	**–8,945**	**–7,221**	**–4,671**	**–13,907**	**–18,707[r]**	**–13,189**	**–14,827**
45 Europe	–34,452	–37,284	–73,712	–3,098	–3,252	–5,382	–11,719	–15,488[r]	–10,461	–11,164
46 Canada	–7,004	–6,635	–14,356	–3,034	–818	11	–1,277	–2,557	1,635	–3,127
47 Latin America and Caribbean	759	–3,881	–480	68	–2,551	1,092	421	–635[r]	–1,124	2,029
48 Asia	–7,350	–6,654	–8,649	–2,481	–531	–185	–780	121[r]	–2,606	–2,343
49 Africa	–9	–2	–192	–18	–18	–186	9	4[r]	7	14
50 Other countries	1,345	–760	–1,753	–382	–51	–21	–561	–152	–640	–236
51 **Nonmonetary international and regional organizations**	**–84**	**3,336**	**–224**	**–269**	**279**	**333**	**62**	**110**	**54**	**76**

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	1991	1992	1993 Jan.– Sept.	1993 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**19,865**	**39,288**	**4,663**	**6,581**	**4,232**	**–1,159**	**–5,710**	**–1,531**	**13,980**	**–10,896**
2 Foreign countries	19,687	37,935	3,761	6,029	4,393	–877	–5,955	–1,144	14,368	–10,743
3 Europe	8,663	19,625	–5,469	–3,379	1,518	–190	1,473	–1,539	3,547	–5,917
4 Belgium and Luxembourg	523	1,985	1,466	640	–387	647	86	505	–218	207
5 Germany	–4,725	2,076	–10,974	–2,757	–1,382	–3,396	–1,100	–2,918	305	1,209
6 Netherlands	–3,735	–2,959	–26	66	731	108	–393	524	–167	137
7 Sweden	–663	–804	1,264	–540	–100	649	673	32	293	53
8 Switzerland	1,007	488	–2,452	–1,569	–719	108	888	–223	–74	–209
9 United Kingdom	6,218	24,184	7,745	742	2,659	2,948	2,147	1,455	3,787	–8,201
10 Other Europe and former U.S.S.R.	10,037	–5,345	–2,492	39	716	–1,254	–828	–914	–379	887
11 Canada	–3,019	562	9,390	2,490	1,386	522	133	2,270	324	–1,119
12 Latin America and Caribbean	10,285	–3,222	–5,633	–537	–2,020	–3,880	–1,419	–333	6,917	–3,311
13 Venezuela	10	539	416	154	74	152	5	2	–7	32
14 Other Latin America and Caribbean	4,179	–1,956	–5,504	–471	1,096	–1,863	711	510	1,178	–1,700
15 *Netherlands Antilles*	6,097	–1,805	–545	–220	–3,190	–2,169	–2,135	–845	5,746	–1,643
16 Asia	3,367	23,517	6,771	7,220	3,813	2,994	–5,687	–2,587	3,755	–569
17 Japan	–4,081	9,817	10,604	3,457	3,324	3,291	–301	–980	3,561	–1,809
18 Africa	689	1,103	932	–66	67	–2	81	116	292	616
19 Other	–298	–3,650	–2,230	301	–371	–321	–536	929	–467	–443
20 Nonmonetary international and regional organizations	178	1,353	902	552	–161	–282	245	–387	–388	–153
21 International	–358	1,018	–408	56	–228	–318	402	–321	–698	–110
22 Latin American regional	–72	533	638	1	16	–17	106	–21	30	18
MEMO										
23 Foreign countries	19,687	37,935	3,761	6,029	4,393	–877	–5,955	–1,144	14,368	–10,743
24 Official institutions	1,190	6,876	–10,201	–616	2,709	–3,424	–760	–4,880	724	3,390
25 Other foreign[2]	18,496	31,059	13,962	6,645	1,684	2,547	–5,195	3,736	13,644	–14,133
Oil-exporting countries										
26 Middle East[2]	–6,822	4,317	–8,094	811	114	–1,070	–2,443	–1,261	–1,172	–980
27 Africa[3]	239	11	4	0	–4	0	0	0	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Nov. 30, 1993		Country	Rate on Nov. 30, 1993		Country	Rate on Nov. 30, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	5.25	Nov. 1993	Germany	5.75	Oct. 1993	Norway	7.0	Oct. 1993
Belgium	5.5	Nov. 1993	Italy	8.0	Oct. 1993	Switzerland	4.25	Oct. 1993
Canada	4.34	Nov. 1993	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	6.50	Nov. 1993	Netherlands	5.25	Oct. 1993			
France[2]	6.45	Oct. 1993						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1990	1991	1992	1993 May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars	8.16	5.86	3.70	3.12	3.21	3.17	3.14	3.08	3.26	3.36
2 United Kingdom	14.73	11.47	9.56	5.91	5.83	5.88	5.79	5.88	5.74	5.52
3 Canada	13.00	9.07	6.76	5.29	4.91	4.48	4.58	4.90	4.76	4.34
4 Germany	8.41	9.15	9.42	7.41	7.51	7.12	6.49	6.52	6.53	6.20
5 Switzerland	8.71	8.01	7.67	4.97	4.99	4.62	4.56	4.61	4.44	4.44
6 Netherlands	8.57	9.19	9.25	6.98	6.64	6.45	6.27	6.26	6.20	5.85
7 France	10.20	9.49	10.14	7.48	7.19	7.72	7.45	7.07	6.85	6.56
8 Italy	12.11	12.04	13.91	10.74	10.18	9.42	9.20	9.05	8.69	8.94
9 Belgium	9.70	9.30	9.31	7.16	6.87	7.12	9.02	9.82	9.05	7.93
10 Japan	7.75	7.33	4.39	3.24	3.23	3.22	3.02	2.59	2.44	2.31

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	1993					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Australia/dollar[2]	78.069	77.872	73.521	67.492	67.788	67.736	65.167	66.100	66.465
2 Austria/schilling	11.331	11.686	10.992	11.637	12.071	11.920	11.402	11.540	11.958
3 Belgium/franc	33.424	34.195	32.148	34.009	35.483	35.985	34.847	35.674	36.227
4 Canada/dollar	1.1668	1.1460	1.2085	1.2789	1.2820	1.3080	1.3215	1.3263	1.3174
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.7504	5.7756	5.7906	5.8015	5.8013	5.8086
6 Denmark/krone	6.1899	6.4038	6.0372	6.3380	6.6531	6.8976	6.6336	6.6379	6.7667
7 Finland/markka	3.8300	4.0521	4.4865	5.5674	5.7852	5.8315	5.7868	5.7554	5.8143
8 France/franc	5.4467	5.6468	5.2935	5.5700	5.8464	5.9298	5.6724	5.7541	5.9069
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.6547	1.7157	1.6944	1.6219	1.6405	1.7005
10 Greece/drachma	158.59	182.63	190.81	225.45	234.77	237.64	232.56	237.93	243.43
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7362	7.7556	7.7515	7.7384	7.7307	7.7272
12 India/rupee	17.492	22.712	28.156	31.668	31.600	31.612	31.578	31.505	31.434
13 Ireland/pound[2]	165.76	161.39	170.42	147.47	140.83	139.05	143.40	143.19	140.31
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,505.05	1,586.02	1,603.75	1,569.10	1,600.93	1,666.31
15 Japan/yen	145.00	134.59	126.78	107.41	107.69	103.77	105.57	107.02	107.88
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.5696	2.5672	2.5514	2.5475	2.5478	2.5548
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.8559	1.9299	1.9062	1.8214	1.8438	1.9084
18 New Zealand/dollar[2]	59.619	57.832	53.792	53.949	54.900	55.261	55.157	55.260	54.787
19 Norway/krone	6.2541	6.4912	6.2142	6.9986	7.3179	7.3579	7.0829	7.1755	7.3882
20 Portugal/escudo	142.70	144.77	135.07	157.63	167.87	173.27	166.28	169.60	173.93
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6175	1.6206	1.6100	1.5972	1.5735	1.5950
22 South Africa/rand	2.5885	2.7633	2.8524	3.2408	3.3518	3.3660	3.4135	3.3924	3.3680
23 South Korea/won	710.64	736.73	784.58	805.91	809.58	811.94	811.84	813.45	809.79
24 Spain/peseta	101.96	104.01	102.38	127.11	134.93	138.51	130.54	132.18	137.27
25 Sri Lanka/rupee	40.078	41.200	44.013	48.073	48.643	48.750	48.854	48.954	49.187
26 Sweden/krona	5.9231	6.0521	5.8258	7.4541	7.9802	8.0466	8.0170	8.0195	8.2660
27 Switzerland/franc	1.3901	1.4356	1.4064	1.4769	1.5147	1.4966	1.4182	1.4432	1.4969
28 Taiwan/dollar	26.918	26.759	25.160	26.267	26.682	26.950	26.931	26.865	26.884
29 Thailand/baht	25.609	25.528	25.411	25.214	25.331	25.191	25.196	25.269	25.382
30 United Kingdom/pound[2]	178.41	176.74	176.63	150.82	149.55	149.14	152.48	150.23	148.08
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	91.81	94.59	94.32	92.07	93.29	95.47

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. *For ordering address, see inside front cover.*
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

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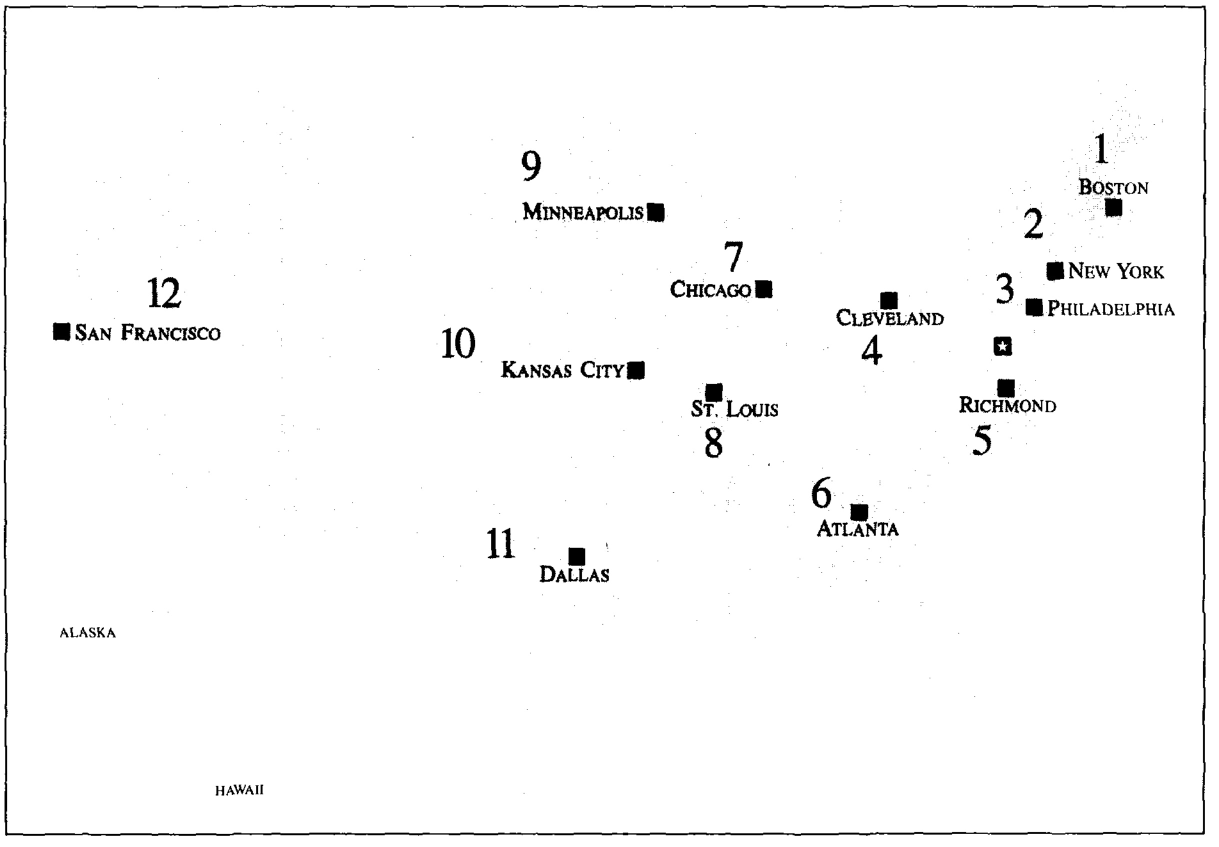
U.S. International Transactions in 1991. 5/92.

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

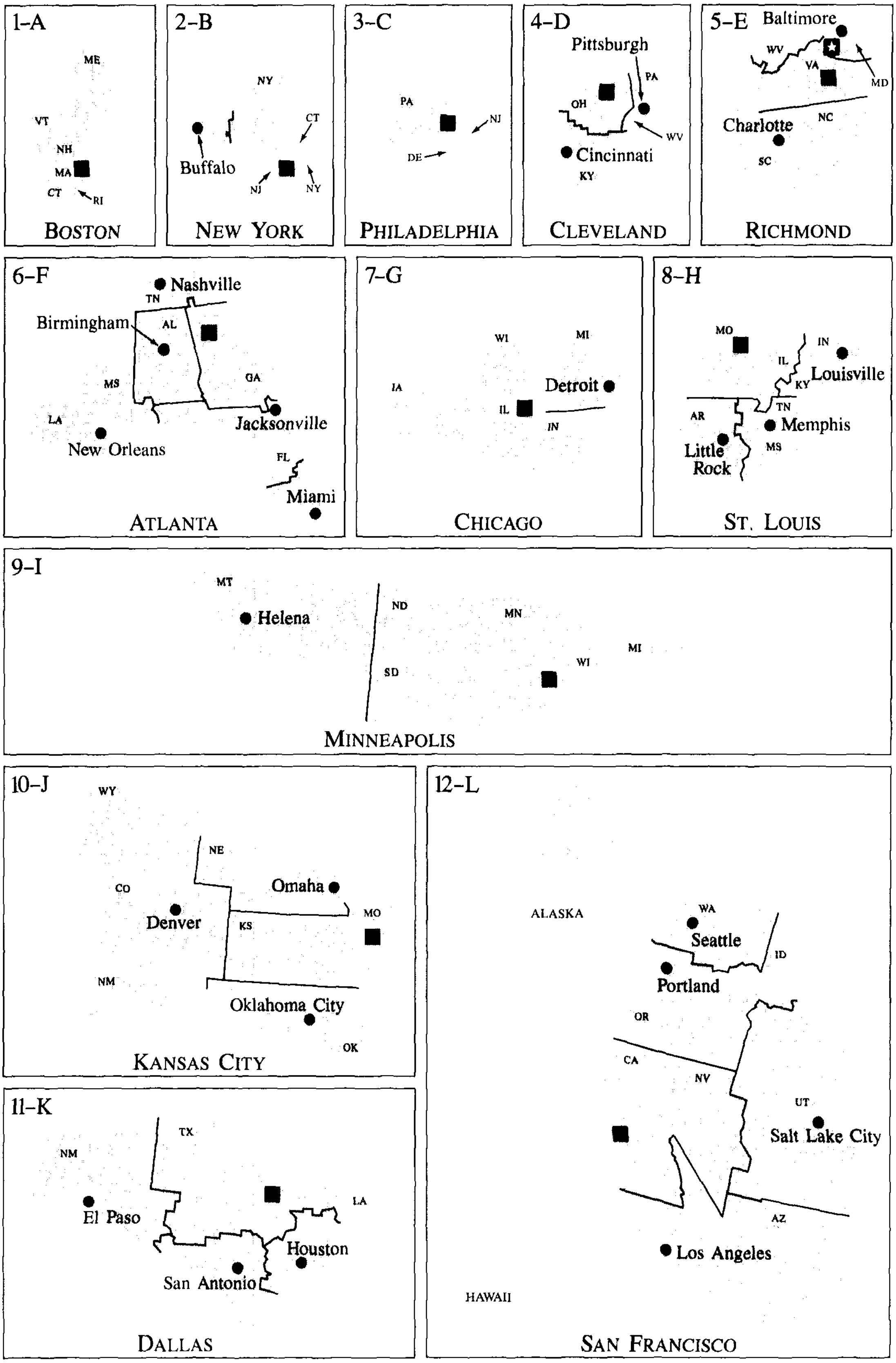
- • Federal Reserve Branch city
- — Branch boundary

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
NC
Charlotte
SC
RICHMOND
6–F
Nashville
TN
Birmingham
AL
MS
GA
LA
New Orleans
Jacksonville
FL
Miami
ATLANTA
7–G
WI
MI
IA
Detroit
IL
IN
CHICAGO
8–H
MO
IN
IL
Louisville
KY
TN
AR
Memphis
Little Rock
MS
ST. LOUIS
9–I
MT
Helena
ND
MN
MI
WI
SD
MINNEAPOLIS
10–J
WY
NE
CO
Omaha
MO
Denver
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 Warren B. Rudman	Richard F. Syron Cathy E. Minehan	
NEW YORK*	10045	Maurice R. Greenberg To be announced	William J. McDonough James H. Oltman	
Buffalo	14240	Joseph J. Castiglia		James O. Aston
PHILADELPHIA	19105	James M. Mead Donald J. Kennedy	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds G. Watts Humphrey, Jr.	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	To be announced		Charles A. Cerino[1]
Pittsburgh	15230	To be announced		Harold J. Swart[1]
RICHMOND*	23219	Henry J. Faison Claudine B. Malone	J. Alfred Broaddus, Jr. Jimmie R. Monhollon	
Baltimore	21203	To be announced		Ronald B. Duncan[1]
Charlotte	28230	To be announced		Walter A. Varvel[1]
Culpeper Communications and Records Center	*22701*			John G. Stoides[1]
ATLANTA	30303	Leo Benatar Hugh M. Brown	Robert P. Forrestal Jack Guynn	Donald E. Nelson[1]
Birmingham	35283	To be announced		Fred R. Herr[1]
Jacksonville	32231	To be announced		James D. Hawkins[1]
Miami	33152	To be announced		James T. Curry III
Nashville	37203	To be announced		Melvyn K. Purcell
New Orleans	70161	To be announced		Robert J. Musso
CHICAGO*	60690	Richard G. Cline Robert M. Healey	Silas Keehn William C. Conrad	
Detroit	48231	To be announced		Roby L. Sloan[1]
ST. LOUIS	63166	Robert H. Quenon John F. McDonnell	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	Gerald A. Rauenhorst Jean D. Kinsey	Gary H. Stern Colleen K. Strand	
Helena	59601	To be announced		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr. Herman Cain	Thomas M. Hoenig Henry R. Czerwinski	
Denver	80217	To be announced		Kent M. Scott
Oklahoma City	73125	To be announced		David J. France
Omaha	68102	To be announced		Harold L. Shewmaker
DALLAS	75201	Cece Smith Roger R. Hemminghaus	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	To be announced		John F. Moore[1]
Portland	97208	To be announced		E. Ronald Liggett[1]
Salt Lake City	84125	To be announced		Andrea P. Wolcott
Seattle	98124	To be announced		Gordon Werkema[1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; East Rutherford, 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.