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Profits and Balance Sheet Developments at U.S. Commercial Banks in 1992

Allan D. Brunner and William B. English, of the Board's Division of Monetary Affairs, prepared this article. Anita C. Hartke assisted in the preparation of the data. Thomas Allard and Susan Helfrey provided research assistance.

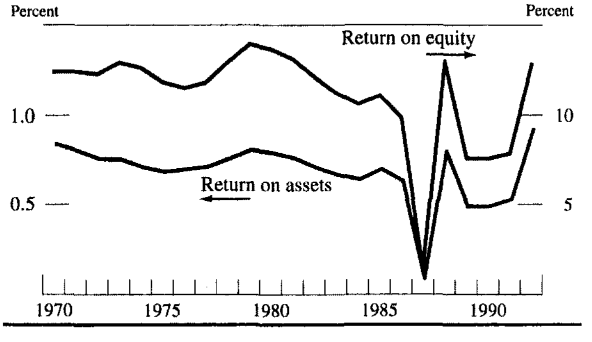
U.S. commercial banks in 1992 continued their recovery from the difficulties of recent years. Bank profits were $31½ billion, an increase of $14 billion over 1991, and a record 0.92 percent of average assets. Return on equity also increased sharply, although it remained in the range of historical experience. Banks retained a sizable proportion of earnings, which, along with a substantial issuance of new debt and equity, significantly bolstered their capital. The restructuring of bank balance sheets, which began in 1990, continued last year, with loan portfolios contracting and securities holdings expanding.[1]

Commercial banks in 1992 benefited from the improving U.S. economy. Real gross domestic product rose 3 percent, extending the expansion that began in the spring of 1991, and inflation remained low. Policy easings by the Federal Reserve pushed short-term rates down about 1 percentage point in 1992, but yields on thirty-year Treasury bonds fell only about ¼ percentage point. Apparently, stubborn expectations of inflation, election uncertainties, and deficit fears limited the decline in longer rates, tilting upward an already steep yield curve.

The brightened macroeconomic picture and lower market interest rates clearly contributed to the improved performance of U.S. commercial banks. Profits (chart 1) were buoyed by a decline in loan loss provisions to their lowest level since 1988 (table 1). The drop in provisioning was matched by a similar decline in charge-offs, and delinquency rates improved moderately. In addition, the effect of the reduction in market interest rates was smaller for returns on bank assets than for rates paid on bank liabilities. This difference is consistent with the longer average maturity of bank assets relative to bank liabilities. As a consequence, the spread between interest income and interest expense (the net interest margin) widened last year.

Financial markets responded favorably to developments in the banking industry as well as to the improved economic outlook. Bank stock prices outperformed the broader market in 1992, and spreads between bank debt and Treasury securities narrowed. The robustness of the financial markets encouraged banks to issue record amounts of new capital last year. These new issues, coupled with

1. Return on equity and on assets, 1970–92



1. Except where otherwise indicated, data in this article are from the quarterly Report of Condition and Income (Call Report) for insured domestic commercial banks and nondeposit trust companies. The data, which cover all such institutions that filed at least one Call Report, consolidate information from foreign and domestic offices and have been adjusted to take account of mergers. Size categories of such institutions (hereafter called banks), which refer to assets at the start of each year, are as follows: *small banks*, less than $300 million; *medium-sized banks*, $300 million to $5 billion; *large banks*, $5 billion or more. The *ten largest banks* were selected as of December 1991, and this category includes the same banks for all years; mergers in 1992 reduced to eight the number of institutions in the category. Data for the 1985–91 period have been revised to reflect uniform definitions across time and to incorporate updated Call Report information. Data for years preceding 1985 are not strictly comparable to the 1985–92 data. In the tables, components may not sum to totals because of rounding.

high levels of retained profits, boosted bank capital about $32 billion in 1992. This increase raised the industry's capital–asset ratio ½ percentage point, to more than 7 percent. In addition, banks supplemented their total capital positions by issuing $8¾ billion of subordinated debt.

Bank balance sheets expanded slowly in 1992. Assets increased just 2¼ percent; and, as in 1991, total loans declined, while holdings of U.S. Treasury and federal agency securities increased substantially. Weak loan demand appeared to be the principal cause of the decline in lending, although continued tightness in standards and terms on new loans probably also played a role. Along with the lackluster rate of asset growth and the substantial issuance of bank capital, the growth of deposits was weak in 1992—a weakness echoed in sluggish growth of the broader monetary aggregates.

The improvements in industry health in 1992 are clearly reflected in measures of bank distress. The number of banks classified by the Federal Deposit Insurance Corporation (FDIC) as "problem banks" fell almost one-fourth, to 787, and their assets declined by about the same proportion over the year. One hundred federally insured commercial banks failed last year, compared with 108 failures in 1991 and more than 200 in each year from 1987 through 1989.

The consolidation of the banking industry continued in 1992. The FDIC reported 428 unassisted mergers in 1991, down from 459 the previous year. Two of these mergers, however—Bank of America with Security Pacific, and Chemical Bank with Manufacturer's Hanover Trust—involved four of the ten largest banks in the country. The number of commercial banks declined somewhat more rapidly in 1992 than in 1991, falling more than 3¾ percent. The more rapid decline resulted from a drop in the number of new banks: Only fifty-one charters for new banks were issued in 1992, the lowest number since the early 1950s. (In addition, twenty-one new charters were issued for bridge banks.) As a result of industry consolidation, employment in the banking sector declined ½ percent in 1992, about one-third of the drop reported in 1991. As in 1991, the total number of commercial bank branches increased about ½ percent. In part, the recent increases in branches are likely the result of banks' acquisitions of thrifts.

Many of the trends seen in 1992 have lasted into 1993. Continued improvements in asset quality and high net interest margins have contributed to robust first-quarter bank profits. Loan growth has remained weak, as the composition of banks' assets continued to shift away from loans and toward securities. In contrast, bank stock prices declined in the spring, apparently as a result of investors' anticipation that higher interest rates might reduce bank profits.

1. Selected income and expense items, 1989–92[1]
Percent

Item	1989	1990	1991	1992
Net interest margin	3.53	3.46	3.61	3.90
Net noninterest margin	−1.80	−1.82	−1.93	−1.92
Loss provisions	.98	.96	1.02	.77
Securities gain	.03	.01	.09	.12
Income before taxes	.78	.70	.75	1.33
Taxes and extraordinary items	.31	.26	.27	.43
Net income	.49	.49	.53	.92
Dividends	.44	.42	.43	.42
Retained income	**.04**	**.07**	**.10**	**.51**

1. As a percentage of average net consolidated assets.

BALANCE SHEET DEVELOPMENTS

Bank balance sheets grew little overall in 1992 (table 2). Bank lending continued to decline as businesses and households sought to reduce debt burdens, as large businesses shifted toward long-term funding, and as banks' terms and standards on loans remained relatively firm. The weakness in lending was mirrored in a rapid accumulation of U.S. Treasury and agency securities. On the liability side, the low volume of lending depressed bank demand for deposit funds. Moreover, banks substituted capital for deposits. (See appendix tables A.1 and A.2 for detailed information on income, expenses, and the composition of bank assets and liabilities for 1985–92.)

Assets

Total bank assets grew 2¼ percent—a small pickup over the 1¼ percent rise in 1991. The volume of bank loans fell 1 percent, a smaller decline than in

1991. As in 1991, bank holdings of securities climbed sharply, rising 11½ percent.

Loans

The behavior of both commercial and industrial and consumer loans was similar to that of total loans; both fell, but less than in 1991. In contrast, real estate loans grew about 2 percent, somewhat less than in 1991. Total loan growth improved in most regions.

Commercial and industrial loans. Commercial and industrial loans fell 4 percent, the third straight year of decline. These loans ran off at banks of all sizes, although they declined least at smaller banks. On the supply side, banks apparently did not significantly ease their standards and terms on commercial and industrial loans. On the demand side, firms borrowed less, both because of the relatively slow pace of the expansion and because of the success of large firms in substituting longer-term financing for bank borrowing.

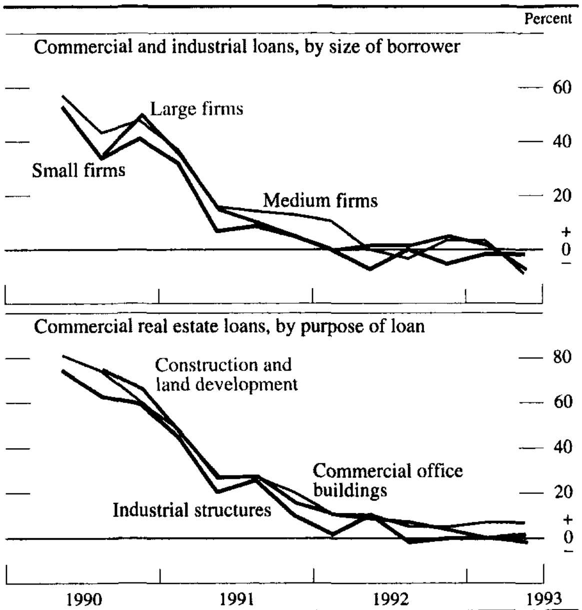
Responses to the Federal Reserve's periodic Senior Loan Officer Opinion Survey on Bank Lending Practices (LPS) showed that banks substantially tightened their terms and standards on commercial and industrial loans during 1990 and early 1991 (chart 2). The respondents attributed this tightening primarily to the weak economy and to industry-specific problems, although some of them indicated that capital adequacy or regulatory pressure was a concern. In any case, some tightening was to be expected, given the substantial losses that banks faced as a result of the economic downturn of 1990–91, the collapse in the commercial real estate market, and the relaxed underwriting standards in the late 1980s. Terms and standards do not appear to have eased until early 1993, however,

2. Annual rate of growth of balance sheet items, 1985–92[1]
Percent

Item	1985	1986	1987	1988	1989	1990	1991	1992
Total assets	8.9	7.6	2.0	4.4	5.4	2.7	1.3	2.3
Interest-earning assets	9.7	8.0	3.9	3.9	5.8	2.3	2.0	2.5
Loans	7.9	7.5	4.1	5.7	6.5	2.3	−2.6	−1.1
Commercial and industrial	2.2	4.0	−1.9	1.9	3.1	−.7	−9.1	−4.0
Consumer	15.8	8.6	4.6	7.7	6.3	.5	−2.5	−1.5
Credit card	28.2	17.0	12.0	13.9	12.2	1.9	4.4	−1.9
Installment and other	12.1	5.8	1.8	5.1	3.6	−.1	−5.9	−1.2
Real estate	13.7	17.6	16.6	12.6	12.9	8.8	2.8	2.0
One–four family	9.5	12.1	18.5	12.6	16.4	14.1	7.8	7.6
Other	17.6	22.1	15.1	12.6	10.1	4.4	−1.9	−3.7
Other loans	2.9	−.6	−6.3	−.6	.7	−3.3	−9.8	−2.4
Securities	14.0	10.3	7.5	3.0	4.1	8.3	14.4	11.5
U.S. government	2.5	16.6	9.7	6.5	9.9	16.0	21.6	17.1
U.S. Treasury	9.5	7.4	40.6	−5.8	−13.7	3.5	32.1	24.0
Federal agency	−3.2	25.1	−14.8	22.6	33.6	24.1	15.9	12.8
State and local government	33.0	−12.6	−13.9	−12.0	−11.4	−11.5	−12.3	−2.0
Other	32.6	74.3	48.8	11.2	1.3	−1.8	5.7	−7.6
Other interest-earning assets[2]	13.7	7.1	−2.8	−4.7	4.6	−8.3	9.8	6.7
Non-interest-earning assets	3.6	5.3	−11.1	8.4	2.4	5.7	−3.5	−.1
Total liabilities	8.8	7.6	2.2	4.1	5.5	2.4	1.0	1.4
Deposits	7.9	7.8	2.3	4.1	4.8	3.9	1.6	.4
Foreign offices	1.9	6.0	−25.9	−7.6	−.3	−4.9	4.0	−4.3
Domestic offices	9.7	8.4	10.1	6.3	5.7	5.2	1.3	1.1
Demand	8.9	13.2	−10.8	.6	.4	.7	−2.0	12.6
Other checkable	17.8	32.8	7.8	7.6	2.5	6.4	14.8	18.6
Savings	23.9	13.6	39.9	1.1	.5	6.5	14.4	13.1
Large time	4.3	−1.0	12.1	9.3	5.1	−5.6	−19.5	−26.2
Small time	3.0	−1.8	7.9	15.4	17.6	14.3	−.6	−12.6
Subordinated notes and debentures	42.3	16.3	3.8	2.4	14.9	23.1	3.8	33.2
Other	12.7	6.4	1.5	4.3	8.6	−5.3	−2.0	5.3
Equity capital	9.8	7.5	−.7	8.9	4.2	6.9	5.8	13.8
MEMO								
Loss provisions	24.5	24.4	72.8	−6.5	15.3	3.0	−.3	−1.0

1. From year-end to year-end.
2. Includes trading account assets, federal funds sold, and interest-bearing balances.

2. Net percentage of selected large commercial banks tightening credit standards, 1990–93[1]



1. Net percentage is the percentage of banks reporting tightening minus the percentage reporting easing.

SOURCE. Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices.

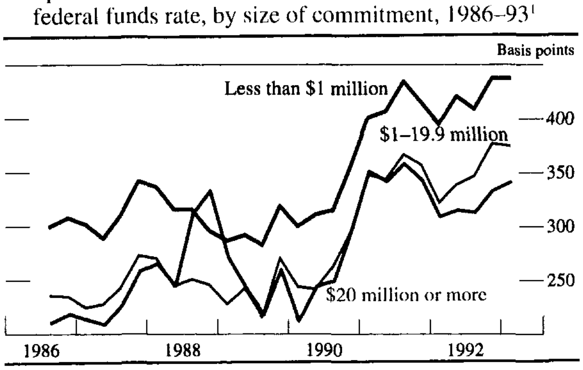
despite substantial improvements in the performance of the U.S. economy and significantly higher levels of bank capital in 1992.

Similarly, data on loan spreads from the Federal Reserve's Survey of Terms of Bank Lending to Business show that rates on floating-rate prime-based loans rose sharply relative to the federal funds rate in late 1990 and have remained elevated (chart 3). The behavior of these spreads since 1990 reflects primarily the spread of the prime rate over the federal funds rate, although spreads over the prime rate have declined for loans under large commitments. Similarly, spreads over the cost of funds for fixed-rate loans—which are primarily to larger customers—have narrowed somewhat over the past two years. These declines may reflect the reduced riskiness of such loans resulting from tighter lending standards.

The demand for bank credit in 1992 was sapped by the efforts of firms to lock in long-term financing at nominal interest rates not seen since the early 1970s. Similar shifts to long-term finance followed the reductions in long-term interest rates in the mid-1970s and the early 1980s (chart 4). In addition, the robust stock market encouraged many firms to issue equity and to use the proceeds to pay down bank debt. The volume of bond and equity issuance with the primary purpose of retiring bank debt was, by one estimate, considerably more than the decline in business lending by banks last year.

Real estate loans. The pace of expansion in real estate loans at commercial banks was 2 percent in 1992, down about ¾ percentage point from the pace in 1991. As in 1991, most of the increase in real estate lending was concentrated in the residential sector, with bank loans for one- to four-family mortgages growing 7½ percent last year. Within that sector, lending under home equity lines of credit increased 4¼ percent in 1992, less than one-third the 14½ percent increase in 1991. Both the firmness in residential mortgages and the weakening in borrowing under home equity lines proba-

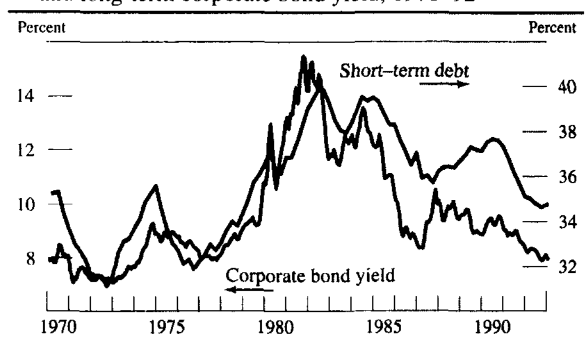
3. Spread of rates on loans made under commitment over federal funds rate, by size of commitment, 1986–93[1]



1. Rates are for floating-rate prime-based loans.

SOURCE. Federal Reserve quarterly Survey of Terms of Bank Lending to Business.

4. Share of short-term business debt in total business debt, and long-term corporate bond yield, 1970–92[1]



1. Bond yield is Moody's average of yields on AAA long-term utility and industrial bonds.

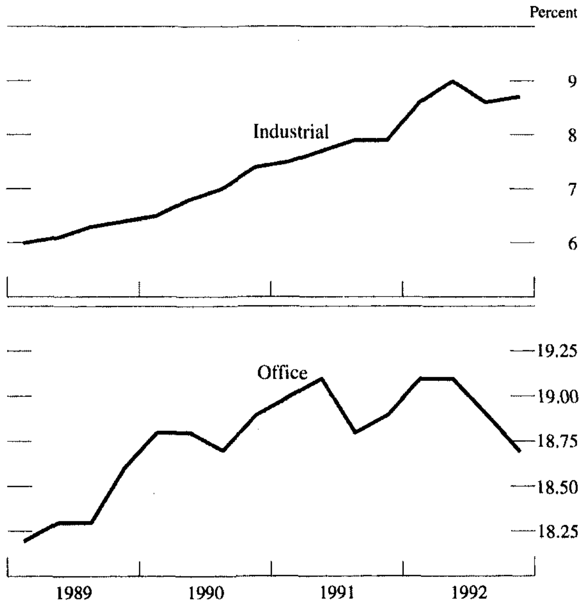
bly stem, in part, from the use of the proceeds of mortgage refinancings to pay down other, higher-cost debts, including home equity lines. Responses to the LPS indicate that demand for residential mortgages increased strongly in 1992, while demand for home equity lines of credit increased more modestly. In addition, a few banks reported easing their terms on residential mortgages, and many respondents cited an increased willingness to make general-purpose loans to consumers, including home equity loans.

In recent years, an increasing proportion of bank financing of residential mortgages has taken the form of mortgage-backed securities, as banks have substituted these securities for the direct holding of residential mortgages. The mortgage-backed securities provide banks with greater liquidity, lower capital charges, increased diversification, and—in the case of Government National Mortgage Association (GNMA) securities—government backing. Mortgage-backed securities now constitute more than one-third of total (direct plus securitized) commercial bank financing of residential mortgages.

Commercial real estate markets in 1992 continued to suffer from the effects of excess supply created in the 1980s. Vacancy rates for industrial space remained very high after peaking in early 1992. Vacancy rates for commercial office space remained high in the first half of 1992 but improved in the second half (chart 5). Commercial real estate prices were reported to be still falling at the end of 1992, although perhaps more slowly than in 1991. A January 1993 FDIC survey found that the number of examiners and liquidators who thought that the real estate market was improving was about double the number who thought it was deteriorating. Nonetheless, almost one-third of those surveyed thought that commercial real estate prices were declining, and few reported that prices were rising.

The substantial problems facing the commercial real estate market in recent years explain, in part, the tightening of standards on such loans reported in the LPS (chart 2). In addition, the tighter standards likely reflect the realization that standards in the 1980s were insufficiently rigorous. In contrast to the standards on commercial and industrial loans, banks responding to the LPS reported a further small net tightening of standards on commercial real estate loans in 1992.

5. Vacancy rates for commercial real estate, 1989–92



SOURCE. CB Commercial Real Estate Group, Inc.

Consumer loans. Consumer loans held by banks fell 1½ percent in 1992 after dropping 2½ percent in 1991. The slower rate of decline in 1992 was attributable to a smaller reduction in the holdings of consumer loans by large banks, in part the result of decreased securitization. Taking account of consumer loans that banks securitized and sold, consumer lending by banks increased about ½ percent in 1992, a slightly larger increase than that in 1991. In contrast to the pattern in recent years, both credit card debt and installment and other consumer debt declined in 1992. The weakness in consumer lending in part appears to have resulted from households' use of low-interest bank deposits to pay down relatively high-cost consumer loans—contributing thereby to the weakness in bank deposits, especially small time deposits, and in the broader monetary aggregates. As noted above, consumers may also have used the proceeds of mortgage refinancings to pay down some of their consumer debts.

The regional pattern of loan growth. The growth in bank lending varied substantially across Federal Reserve Districts. All Districts other than San Francisco showed improvement over 1991, with several

3. Loan growth and return on assets, by Federal Reserve District, 1990–92[1]
Percent

District	Loan growth			Return on assets		
	1990	1991	1992	1990	1991	1992
Boston	-13.9	-12.4	-1.0	-.97	-.13	.75
New York	-1.4	-4.4	-2.7	.07	.11	.64
Philadelphia	4.2	-1.9	1.6	.94	1.09	1.53
Cleveland	2.4	2.8	3.3	.73	.97	1.32
Richmond	3.3	-4.9	-4.3	.28	.29	.81
Atlanta	3.9	-3.3	3.9	.49	.61	1.04
Chicago	4.6	.1	1.2	.83	.85	.93
St. Louis	5.6	.0	2.9	.88	.93	1.13
Minneapolis	1.6	-3.2	5.2	1.24	1.32	1.61
Kansas City	3.5	1.7	3.3	.64	.84	1.08
Dallas	-4.3	-3.1	6.2	.37	.67	1.05
San Francisco	10.9	-1.3	-8.6	1.00	.41	.73
All banks	**2.3**	**-2.6**	**-1.1**	**.49**	**.53**	**.92**

1. Loan growth calculated from year-end to year-end. Return on assets is net income as a percentage of average net consolidated assets.

showing a return to positive growth (table 3). In the Northeast, lending continued to decline in the New York and Boston Districts, while banks in the Philadelphia District posted a small increase. Loans declined more slowly in the Boston District than in the nation as a whole last year, a substantial improvement in the relative performance of the District over 1990 and 1991. In the Southeast, lending continued to decline in the Richmond District but recovered in the Atlanta District. In the Midwest (the Cleveland, Chicago, and St. Louis Districts), loan growth picked up moderately. Loan growth in the central part of the country (the Minneapolis, Kansas City, and Dallas Districts) picked up strongly in 1992, showing the biggest improvement of any region. In the West (the San Francisco District), lending declined more sharply than in 1991, as defense cutbacks and continued problems with commercial real estate contributed to the weakness in the regional economy.

Securities

Bank holdings of securities increased 11½ percent, only 3 percentage points below the 1991 pace. After three years of rapid growth, securities now account for more than 20 percent of bank assets. Although this share is quite high by recent standards, it is similar to that reached in 1975 and smaller than the shares reported before the mid-1960s. Much of the recent growth was concentrated in mortgage-backed securities issued or guaranteed by federal agencies. Such securities accounted for more than 60 percent of the increase in securities holdings between March 1990 and December 1992.

Holdings of both U.S. Treasury securities and federal agency securities grew rapidly in 1992. Treasury securities led the way with growth of 24 percent, while holdings of federal agency securities—primarily mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation or guaranteed by GNMA—grew 12¾ percent.

Some commentators have suggested that banks have increased their holdings of U.S. Treasury and agency securities as a result of the imposition of risk-based capital standards. Because these standards assign low or zero risk weights to these securities, poorly capitalized banks can raise their risk-weighted capital ratios by substituting U.S. Treasury and agency securities for loans in their portfolios. Although such a shift has occurred, well-capitalized banks have increased their holdings of such securities considerably more than poorly capitalized banks, suggesting that the primary impetus to the growth in bank securities investments arises elsewhere.

In contrast to their holdings of Treasury and agency securities, bank holdings of municipal securities continued to run off, although at a slower pace than that in 1991. The Tax Reform Act of 1986 removed the tax advantages to banks of new purchases of these bonds but provided that municipal securities held by banks at the time of the change would be treated under the old rules. As a result, bank holdings of municipal securities have been declining as those accumulated before the tax change mature or are called.

Despite the incentives offered by the steep yield curve, banks do not appear to have increased the maturity of their securities holdings. In fact, available data suggest that the average maturity of bank-held securities may have shortened slightly in 1992 (table 4). The reported maturities of mortgage-backed securities likely overstate their actual expected maturity. Banks are instructed to report the maturity of these securities based on the stated maturity of the underlying mortgages, but they generally hold the shorter-maturity tranches of these securities. Responses to questions on a recent LPS indicate that a majority of bank-held mortgage-backed securities have expected maturities of less than five years. More than 60 percent of the respondents reported that the average expected maturity of their securities had declined during 1992. Similarly, a recent survey by the American Bankers Association indicated that the weighted average maturity of all bank-held securities declined more than six months in 1992, to 3½ years. The decline in maturity was largest for small banks, although small banks continue to have somewhat longer average maturities than medium-sized and large banks have. About one-fourth of the LPS respondents indicated that a further shortening of maturities was desirable. Most of them attributed the change in desired maturity to existing or anticipated rules regarding the reporting of security values on financial statements.

Even if the difference between reported maturity and expected maturity is taken into account, bank holdings of securities have maturities that are longer than those of bank loans. Thus, the maturity of bank assets has increased slightly in recent years as a result of the growing share of assets invested in securities. The maturities of bank time deposits have increased since 1990, perhaps as a result of bank efforts to match the maturities of bank assets and liabilities. The large decline in the share of time deposits in bank liabilities, however, has more than offset the effect of the lengthening of time deposit maturities, leading to a fall in the average maturity of bank liabilities.

4. Maturity structure of selected assets and liabilities at year-end, 1990–92[1]
Percent

Account and maturity range	1990	1991	1992
Loans and leases			
Three months or less	51.2	49.0	48.5
Three months–one year	14.3	15.7	16.0
One–five years	22.5	23.7	23.9
More than five years	12.1	11.6	11.7
Total	100	100	100
Securities			
Three months or less	11.7	12.3	12.6
Three months–one year	14.3	13.7	14.0
One–five years	34.3	34.5	37.0
More than five years	39.7	39.5	36.3
Total	100	100	100
Time deposits			
Three months or less	42.1	39.7	36.2
Three months–one year	38.8	39.5	38.5
More than one year	19.1	20.8	25.3
Total	100	100	100

1. Maturity ranges of three months to one year include maturities of exactly one year. Maturity ranges of one year to five years include maturities of exactly five years.

Off-Balance-Sheet Items

In contrast to the decline in bank loans, unused loan commitments increased to 36½ percent of assets, from 34¾ percent, during 1992—another indication that the weakness in bank lending reflects weak demand. The credit-equivalent value of all interest rate contracts at banks (including the value of interest rate swaps, futures contracts, forward contracts, and option contracts) increased to 1.8 percent of bank assets at the end of 1992—up from 1.7 percent at the end of 1991 and 1.0 percent at the end of 1990. The credit-equivalent value of all foreign exchange contracts (including the value of exchange rate swaps, commitments to buy foreign exchange, and option contracts) edged down slightly, from 4.2 percent of commercial bank assets at the end of 1991 to 4.0 percent at the end of 1992, but remains well above the year-end 1990 level of 3.6 percent. As they were in past years, most of these instruments are held by the ten largest banks.[2]

In contrast, the volume of bank letters of credit outstanding declined for the second consecutive year in 1992. The total amount of letters of credit (the sum of financial standby, performance standby, and commercial letters of credit) fell from 6⅓ percent of bank assets at the end of 1990 to 5½ per-

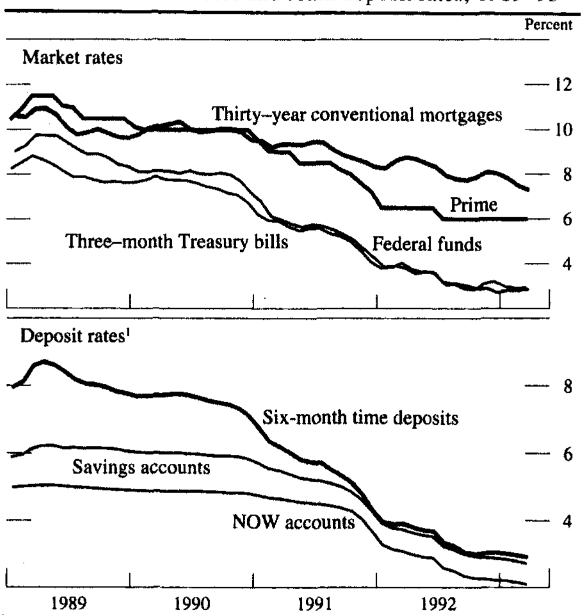
2. See note 1 regarding the ten largest banks.

cent at the end of 1992. This decline was at least partly the result of two factors. First, the difficulties faced by the banking system in recent years have likely reduced the number of U.S. commercial banks with the high credit ratings needed to provide financial standby letters of credit for commercial paper issuers. Indeed, financial standby letters of credit have declined more rapidly than letters of credit of the other types since 1990. Second, the new risk-based capital standards require capital backing for letters of credit with maturities of more than one year and thus increase their cost.

Liabilities

Against a backdrop of weak loan growth, banks did not aggressively seek deposits in 1992. With asset growth restrained and capital issuance running at a record pace, bank liabilities grew just 1½ percent. Within total liabilities, the composition of deposits shifted toward savings and transaction deposits and sharply away from time deposits.

6. Selected market rates and retail deposit rates, 1989–93



1. Retail deposit rates at all commercial banks; savings accounts include money market deposit accounts.
SOURCE. Federal Reserve Monthly Survey of Selected Deposits.

Nontransaction Deposits

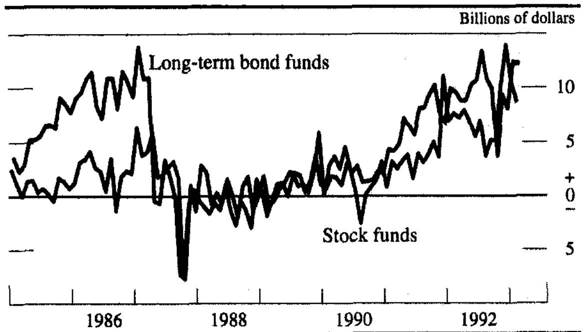
Rates on certificates of deposit fell substantially in 1991 and 1992, primarily because of the decline in market interest rates. As is usual when market rates fall rapidly (chart 6, top panel), rates on savings deposits declined more slowly than rates on time deposits (chart 6, bottom panel). With a narrowing spread between rates on time deposits and those on savings deposits, small time deposits fell 12½ percent while savings deposits (including money market deposit accounts) increased 13 percent. Low interest rates on bank deposits also encouraged outflows to stock and bond mutual funds (chart 7). Net monthly flows into long-term bond funds averaged $9½ billion, while flows into equity funds averaged $7¼ billion.

In addition, banks continued to allow their large time deposits, which are relatively costly, to run off. Such deposits fell 26 percent in 1992 and almost 20 percent in 1991.

Transaction Deposits

The drop in interest rates also contributed to the rapid growth in transaction deposits in 1992. Lower rates on other assets reduced the opportunity cost of holding funds in low-yielding transaction accounts, increasing their attractiveness. In addition, lower mortgage interest rates led to a surge in mortgage refinancings. The increase in refinancings, in turn, temporarily increased the level of transaction deposits because mortgage servicers hold prepayments of mortgages securitized by GNMA or FNMA in transaction accounts for up to

7. Net flows into mutual funds, 1985–93



SOURCE. Investment Company Institute.

six weeks. Over the course of the year, domestic demand deposits rose 12½ percent and other checkable deposits 18½ percent.

TRENDS IN PROFITABILITY

Profitability in the commercial banking industry rose sharply last year, with the return on assets jumping from 0.53 to 0.92 percent and the return on equity moving up to 13 percent (chart 1). All major components of bank profitability improved (table 5). More than half of the increase in net income was attributable to wider net interest margins. These higher margins resulted in part from the uneven decline in market interest rates during 1991 and 1992, which trimmed the return on relatively longer-maturity bank assets by less than the rates paid on shorter-maturity bank liabilities. Interest margins also benefited from wider spreads relative to market rates as a result of high lending rates and unaggressive deposit pricing. In addition, the return on assets improved because of lower provisions for future loan losses, as charge-offs and delinquency rates edged down and as the total dollar volume of bank loans declined. The drop in interest rates helped banks realize higher capital gains on sales of securities, although the share of bank profits derived from securities gains declined in 1992. Net noninterest margins were up only slightly, as increases in fee income were largely offset by higher noninterest expenses, which were likely associated with industry consolidation and increases in off-balance-sheet activity.

5. Selected income and expense items, by size of bank, 1990–92[1]

Percent

Year and size of bank	Net income	Net interest margin	Net noninterest margin	Loss provisions
1992				
All banks	.92	3.90	−1.92	.77
Small	1.08	4.34	−2.51	.39
Medium	.91	4.22	−2.21	.77
Large, excluding ten largest	1.01	3.85	−1.75	.81
Ten largest	.65	3.18	−1.24	1.09
1991				
All banks	.53	3.61	−1.93	1.02
Small	.80	4.09	−2.50	.51
Medium	.61	3.99	−2.13	1.04
Large, excluding ten largest	.50	3.46	−1.73	1.21
Ten largest	.21	2.92	−1.42	1.20
1990				
All banks	.49	3.46	−1.82	.96
Small	.79	4.08	−2.46	.50
Medium	.55	3.85	−2.02	1.09
Large, excluding ten largest	.24	3.27	−1.61	1.30
Ten largest	.47	2.68	−1.25	.76

1. As a percentage of average net consolidated assets.

All size categories of banks showed improvements in earnings in 1992, with the large and ten largest banks showing the greatest gains. At large banks excluding the ten largest, net interest margins widened 10 basis points more than the industry average, and loss provisions fell 15 basis points more. The ten largest banks, like other banks, enjoyed wider interest margins and a drop in loss provisioning last year.[3] Unlike other banks, however, they significantly improved their net noninterest margins by an average of 18 basis points, in part because of substantial gains from foreign exchange transactions. Nonetheless, relatively low net interest margins and high rates of provisioning kept net income at the ten largest banks well below the industry average. Although small banks posted the smallest gains in net income compared with that in 1991 (their rate of provisioning edged down only 12 basis points), they remained the most profitable group in 1992.

Bank income varied widely by Federal Reserve District (table 3). The largest improvements in earnings were among Districts that had returns on assets near or below the industry average in 1991. Banks in these Districts, which typically have higher concentrations of commercial real estate loans, benefited from reductions in loss provisions and increases in net interest margins. The largest gain in 1992 was recorded by banks in the Boston District, which reversed their year-earlier losses, posting an average increase in return on assets of 88 basis points.

Despite higher earnings in 1992, dividend payouts as a percentage of average assets were roughly the same as in recent years. As a result, banks retained a substantial portion of their earnings, contributing, along with hefty issuance of equity and subordinated debt, to a significant improvement in their capital positions.

The strong 1992 results for banks showed through to the results for bank holding companies,

3. See note 1 regarding the ten largest banks.

whose return on assets averaged 0.82 percent, more than double the return in 1991 and the highest rate since 1988. The return on equity for holding companies was 12 percent, also the highest since 1988. Assets of holding companies grew 2½ percent; the pace of that growth and its composition was similar to that at banks—securities at holding companies rose 14¾ percent, and loans and leases declined 1¾ percent.

Asset Quality and Loss Provisions

For the industry as a whole, asset quality improved in 1992 (table 6). Net charge-offs were 1¼ percent of outstanding loans, compared with 1½ percent in 1991. Similarly, the average delinquency rate improved, dropping to 5¼ percent from 6 percent. In light of this progress, banks reduced their rate of loss provisioning to 1¼ percent of loans, down from more than 1½ percent in 1991. On balance, provisions for the year slightly exceeded net charge-offs, and loss reserves as a percentage of loans continued to edge up (chart 8). Loan quality improved for most size categories of banks, but the ten largest continued to have relatively high charge-off and delinquency rates, especially on commercial real estate loans.

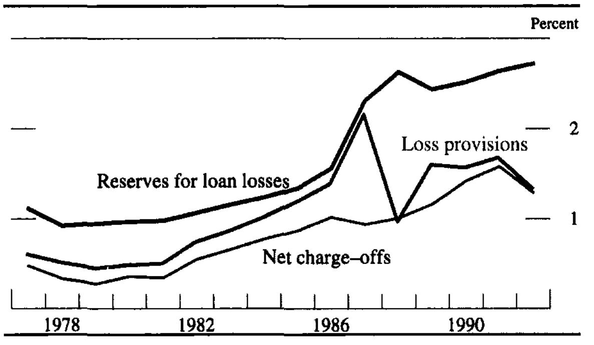
6. Measures of loan quality, by size of bank, 1990–92[1]

Percent

Year and size of bank	Net charge-offs	Delinquency rate	Loss provisions
1992			
All banks	1.29	5.24	1.31
Small	.58	3.82	.72
Medium	1.20	4.55	1.28
Large, excluding ten largest	1.43	5.10	1.34
Ten largest	1.77	7.53	1.79
1991			
All banks	1.58	5.90	1.65
Small	.77	4.32	.92
Medium	1.36	5.21	1.65
Large, excluding ten largest	1.69	6.13	1.92
Ten largest	2.37	7.69	1.87
1990			
All banks	1.42	5.23	1.64
Small	.70	4.20	.89
Medium	1.16	4.38	1.69
Large, excluding ten largest	1.72	5.42	2.03
Ten largest	1.92	6.85	1.18

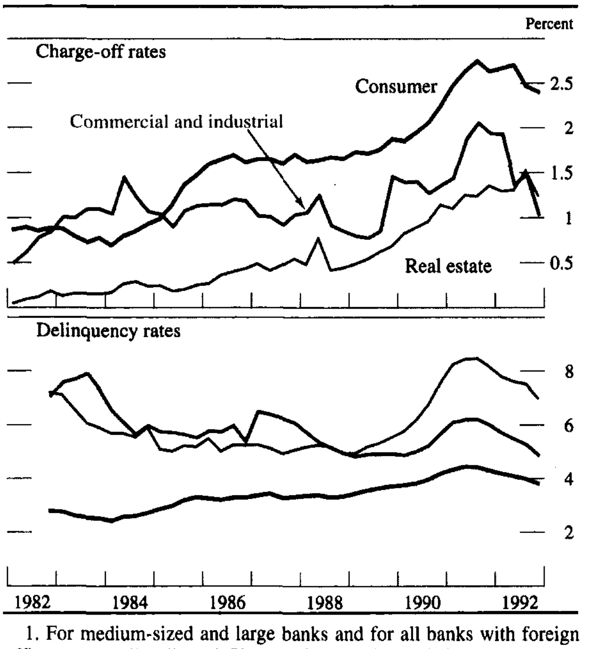
1. As a percentage of average outstanding loans. Delinquent loans are nonaccrual loans and those that are accruing interest but are more than thirty days past due.

8. Reserves for loan losses, loss provisions, and net charge-offs as a percentage of loans, 1977–92



Detailed data on net charge-offs and delinquencies by type of loan are available for medium-sized and large banks and for all banks with foreign offices (chart 9). Seasonally adjusted charge-off and delinquency rates for most major types of loans moved below their 1991 highs. For commercial and industrial loans, they dropped to the lower end of the ranges seen during the last ten years. Although delinquencies on real estate loans moved

9. Charge-off and delinquency rates, by type of loan, 1982–92[1]



1. For medium-sized and large banks and for all banks with foreign offices, seasonally adjusted. Charge-off rate series begin in 1982:Q1; rates are annualized charge-offs, net of recoveries, divided by average outstanding loans. Delinquency rate series begin in 1982:Q4; delinquent loans are nonaccrual loans and those accruing interest but more than thirty days past due. The delinquency rates are the average level of delinquent loans for the period divided by the average level of outstanding loans for the period.

down, charge-offs remained particularly high, in large part because of lingering problems with commercial real estate.

Banks' experiences with commercial real estate loans have varied markedly (table 7).[4] The proportion of loan portfolios devoted to commercial real estate loans has tended to be lower at larger banks than at smaller ones, but the delinquency rates at larger banks have been much higher. Although most large banks have made some progress in cleaning up their holdings of commercial real estate loans, delinquency rates remain stubbornly high for the ten largest banks and banks in the Boston, New York, and San Francisco Federal Reserve Districts.

Interest Income and Expense

Although interest income as a percentage of average assets was 112 basis points lower in 1992 than in 1991, interest expense fell more, 141 basis points; hence, net interest margins at banks widened 29 basis points. Several factors contributed to higher net interest margins in 1992, but the bulk of the increase was attributable to changing interest rate relationships, which include the results of a steeper yield curve, relatively high lending rates, and unaggressive deposit pricing. As a consequence, although the gross rate of return on assets fell 125 basis points, rates paid on deposits fell more, 180 basis points.

To a lesser extent, net interest margins were bolstered by changes in the composition of bank assets and liabilities. On the asset side, banks shifted about 2¼ percent of their asset portfolios from loans to securities, which tend to have somewhat longer maturities than bank loans do. Still, about 35½ percent of bank loans and leases at the end of 1992 had maturities greater than one year, a proportion virtually unchanged from the end of 1991 (table 4). By contrast, on the liability side, banks decreased the average maturity of their deposits by substituting away from time deposits toward liquid deposits and other funding sources, such as subordinated debt and equity.

4. Commercial real estate loans are measured as the sum of construction and land development loans secured by real estate; real estate loans secured by nonfarm nonresidential properties; and loans to finance commercial real estate, construction, and land development activities not secured by real estate.

Interest income and expense for the various bank size categories differed markedly. These differences can be traced to variations in the quality and the relative maturities of the groups' assets and liabilities. Interest margins for small and medium-sized firms were the highest of the four groups in 1992 (chart 10). Compared with larger-sized banks, banks in these two groups tend to have more assets that are better quality and have longer maturities. In addition, these banks are likely to tie their business loans more to the prime rate than to market rates. The widening of the spread of the prime rate over market rates (chart 3) has helped these banks to maintain higher rates of return on their loan portfolios. On the liability side, medium-sized banks were also able to obtain larger reductions in interest expenses by sharply reducing their reliance on time deposits to fund asset growth.

Noninterest Income and Expense

For the banking industry as a whole, noninterest expenses edged up 13 basis points relative to average assets while noninterest income increased by

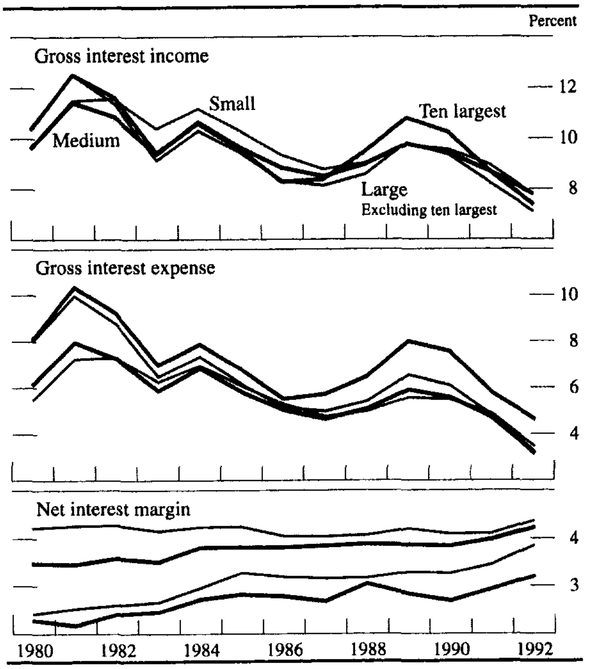
7. Commercial real estate loans, by size of bank and by Federal Reserve District, 1991–92[1]

Percent

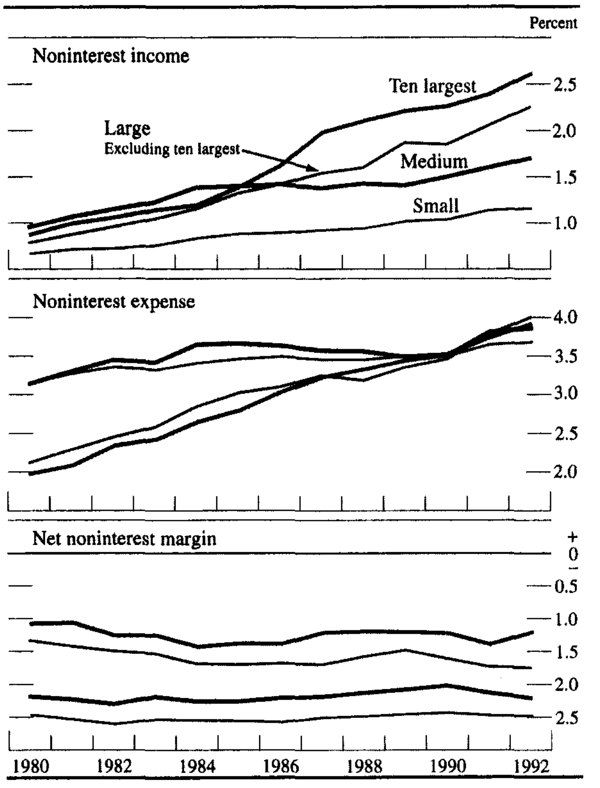
Size of bank, and District	As a share of total loans		Delinquency rate	
	1991	1992	1991	1992
Size of bank				
Small	19.82	20.48	5.33	4.23
Medium	22.50	21.22	9.06	8.19
Large, excluding ten largest	18.32	17.78	13.29	11.36
Ten largest	13.20	12.25	20.89	23.23
District				
Boston	22.29	19.70	18.43	13.08
New York	14.48	12.95	21.99	22.50
Philadelphia	13.82	13.65	9.73	8.21
Cleveland	14.50	14.11	8.87	7.09
Richmond	24.61	23.64	11.29	9.13
Atlanta	24.09	23.44	7.97	6.29
Chicago	17.28	17.64	5.87	5.57
St. Louis	18.76	18.90	5.30	4.17
Minneapolis	10.89	11.00	5.76	4.72
Kansas City	18.64	18.18	6.40	5.56
Dallas	17.94	17.29	7.48	5.63
San Francisco	22.22	22.69	10.43	12.14
All banks	**18.57**	**17.99**	**11.55**	**10.63**

1. See text note 4 for definition of commercial real estate loans. Delinquent loans are nonaccrual loans and those that are accruing interest but are more than thirty days past due.

10. Interest income, interest expense, and net interest margin as a percentage of average assets, by size of bank, 1980–92



11. Noninterest income, noninterest expense, and net noninterest margin as a percentage of average assets, by size of bank, 1980–92



14 basis points. Thus, the negative spread between noninterest income and expenses narrowed slightly in 1992 after widening 11 basis points in 1991. An important part of the turnaround in noninterest margins was the increase in fee income other than service charges on deposits. This pickup in revenues was about offset, however, by higher noninterest expenses that probably arose from industry consolidation and increases in off-balance-sheet activity.

Noninterest margins for the ten largest banks increased 18 basis points, well above the industry average (chart 11). Noninterest income at these banks was boosted in part by larger earnings on foreign exchange transactions. This group of banks was also able to hold down noninterest expenses in 1992, primarily by cutting occupancy costs. In contrast, while noninterest income increased at medium-sized and large banks other than the ten largest, expenses increased by more, and noninterest margins at those banks fell slightly.

Noninterest margins at small banks were unchanged in 1992. Fee income for these banks is more closely tied to service charges on deposits, which were also unchanged in 1992. These banks were also able to keep noninterest expenses in check. Small banks have had weaker growth in off-balance-sheet activity and, most likely, in associated expenses. In addition, smaller-sized institutions had higher quality assets than banks in other size categories in 1992 and may have had lower expenses for collection and legal services related to poor asset performance.

Changes in Capital

Despite the surge in net income in 1992, banks trimmed slightly their dividend payout rates, from 0.43 percent of average assets in 1991 to 0.42 percent last year. Consequently, retained income increased five-fold, to $17¼ billion (table 8). Banks further augmented their capital positions with substantial issues of new equity and subordinated debt. On an annual average basis, total equity capital rose ½ percentage point, to more than

8. Retained income and change in total equity capital, by size of bank, 1985–92[1]
Millions of dollars except as noted

Item and size of bank	1985	1986	1987	1988	1989	1990	1991	1992
Retained income								
All banks	9,312	8,008	-8,122	11,085	1,309	2,287	3,359	17,386
Small	2,115	1,258	1,459	1,689	2,360	1,965	2,238	4,043
Medium	3,224	2,887	1,611	2,278	2,068	189	853	3,622
Large, excluding ten largest	2,647	2,235	-4,518	2,484	1,123	-1,429	238	5,985
Ten largest	1,325	1,627	-6,673	4,634	-4,243	1,562	31	3,736
Net change in equity capital								
All banks	14,990	12,686	-1,235	16,066	8,258	14,091	12,705	31,950
Small	5,359	3,732	3,933	4,096	4,454	4,747	4,172	5,841
Medium	4,732	4,526	3,273	3,354	3,628	4,208	4,397	6,865
Large, excluding ten largest	3,119	2,385	-3,717	3,872	2,753	2,486	3,976	9,339
Ten largest	1,781	2,042	-4,723	4,743	-2,577	2,650	161	9,906
Change in equity capital (percent)								
All banks	9.8	7.5	-.7	8.9	4.2	6.9	5.8	13.8
Small	10.1	6.9	7.3	7.5	8.0	8.4	7.2	10.0
Medium	11.2	9.5	6.3	6.1	6.5	7.2	7.1	10.5
Large, excluding ten largest	10.6	6.9	-9.0	9.5	5.6	4.5	6.3	13.1
Ten largest	6.2	6.4	-13.9	16.2	-7.3	8.1	.5	27.5
Change in equity capital attributable to retained income (percent)								
All banks	62.1	63.1	...	69.0	15.9	16.2	26.4	54.4
Small	39.5	33.7	37.1	41.2	53.0	41.4	53.6	69.2
Medium	68.1	63.8	49.2	67.9	57.0	4.5	19.4	52.8
Large, excluding ten largest	84.9	93.7	...	64.2	40.8	...	6.0	64.1
Ten largest	74.4	79.7	...	97.7	...	58.9	19.3	37.7

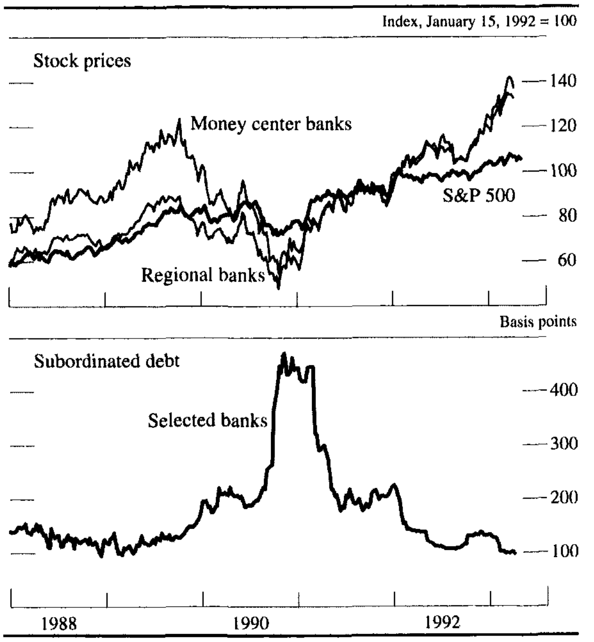
1. Change in equity capital calculated from year-end to year-end.
... Not applicable.

7 percent of average assets. The increase in capital was particularly impressive for the ten largest banks because of the relatively sharp improvement in their profits, a cut in dividend payments of one-third, and a significant issuance of new capital.

Banks' issuance of capital was aided by the strong performance of bank securities in 1992 (chart 12). Stock prices of regional and money center banks continued the rapid growth that characterized 1991, rising about four times faster than the S&P 500 stock index in 1992. Interest-rate spreads on bank holding company subordinated debt over Treasury securities, which peaked at more than 450 basis points in 1990, continued to decline, dropping below 100 basis points late in the year.

The recent increases in the capitalization of U.S. banks have been driven in part by three regulatory changes. First, under the Basle Accord, U.S. bank regulators imposed minimum capital adequacy guidelines in 1990 that became fully phased in on December 31, 1992. Under these guidelines, banks are expected to hold tier 1 capital—mainly common equity and perpetual preferred stock—of at least 4 percent of risk-weighted assets. They must

12. Stock price indexes, and spread of interest rates paid on bank subordinated debt over rates on comparable Treasury securities, 1988–93



1. Data in top panel are for nine money center and twenty regional banks as defined by Salomon Brothers. Data in lower panel are secondary market yield spreads for a subset of these banks.

also hold total capital—tier 1 plus tier 2—of at least 8 percent of risk-weighted assets. Tier 2 capital consists primarily of subordinated debt, non-tier-1 preferred stock, and the allowance for loan losses. U.S. regulators have independently imposed limits on leverage based on banks' supervisory ratings. For the best-rated banks, tier 1 capital must be at least 3 percent of unweighted assets. In practice, however, most banks are required to hold tier 1 capital of at least 4 percent of unweighted assets.

The second regulatory change was the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), enacted on December 19, 1991. Among other things, the legislation set more stringent limits on bank capital, requiring U.S. regulators to establish five capital zones: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. To be well capitalized, for example, a commercial bank must have total capital of at least 10 percent of risk-weighted assets, tier 1 capital of at least 6 percent of risk-weighted assets, and tier 1 capital of at least 5 percent of total assets. Banks with sufficient capital but weak supervisory ratings may, however, be assigned to a lower capital zone.

With these limits, which became effective one year after the enactment of FDICIA, the law imposed restrictions on the activities of banks that are not well capitalized. For example, banks that are only adequately capitalized must obtain a waiver from the FDIC in order to accept brokered deposits, and they must apply to the FDIC for pass-through deposit insurance for pension plan deposits. Constraints on undercapitalized institutions are more stringent.

Finally, banks' demand for capital in 1992 was boosted by the introduction of risk-based deposit insurance premiums on January 1, 1993. Under the new FDIC rules, a bank's premium is determined by a two-step evaluation of the risk the bank poses to the Bank Insurance Fund. First, banks are divided into well-capitalized, adequately capitalized, and undercapitalized groups. Then each group is further divided into three subgroups based on regulators' evaluations of the institutions. Well-capitalized banks with strong evaluations will pay a premium of 23 basis points, the smallest premium currently allowed under FDICIA and the same that all banks paid in 1992. At the other extreme, the premiums for undercapitalized banks with poor evaluations will be 31 basis points.

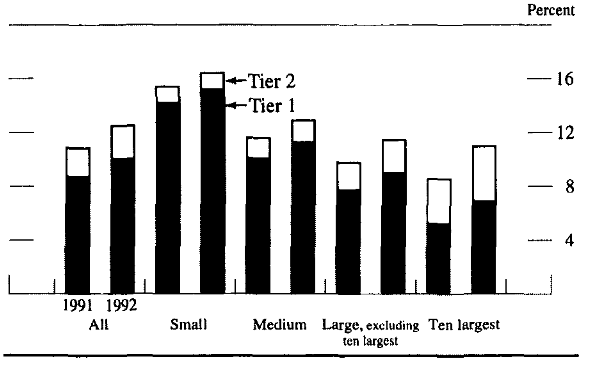
With the large increases in capital achieved in 1992, most banks appeared to have satisfactory capital levels by year-end: The average bank had tier 1 capital equal to nearly 10 percent of risk-weighted assets and total capital of more than 12 percent of risk-weighted assets (chart 13). Capital ratios were highest for small banks; and, on average, even the largest banks had tier 1 capital of 6½ percent of risk-weighted assets and total capital of 11 percent of risk-weighted assets. At year-end, about 94 percent of all U.S. banks, accounting for 89 percent of bank assets, were either well capitalized or adequately capitalized. A large majority of banks had substantial cushions of capital, with almost 80 percent of banks in the well-capitalized category. Well-capitalized banks accounted for nearly two-thirds of bank assets.

Even though most banks were well capitalized at the start of 1992, capital grew strongly during the year. Apparently, banks wanted to hold considerably more capital than required by statutes. Study of the behavior of individual banks suggests that many have set internal capital targets that are higher than the regulatory minimums. Banks have found that increased capital, besides inviting less regulatory scrutiny, lowers the rates they pay on uninsured liabilities.

DEVELOPMENTS IN 1993

Many of the trends seen in 1992 carried through into the first quarter of 1993. Bank profits were

13. Risk-based capital ratios, by size of bank, fourth quarter, 1991 and 1992[1]



1. See text for explanation of capital tiers and risk weights.

strong in the first quarter because of high net interest margins and low charge-offs. Balance sheet adjustments continued, with bank loans declining further in the first quarter and securities holdings rising rapidly. Banks continued to augment their capital through both high retained earnings and new capital issues. Bank stock prices declined in the spring, however, apparently because investors anticipated that higher interest rates might lower bank profits.

In March the federal banking agencies announced their intention to change regulatory requirements that may have restricted the supply of business credit without being essential to sound banking. Two of the changes were particularly noteworthy: First, the regulatory agencies agreed to allow strong and well-managed banks to establish a limited portfolio of "character" loans—loans to creditworthy small and medium-sized businesses that will not be subject to examiner criticism based on documentation. Second, the agencies proposed raising the minimum size of real estate loans requiring formal appraisals, from $100,000 to $250,000. The appraisal requirement had been singled out by LPS respondents as a substantial constraint on lending to small businesses.

A.1. Report of income, all insured domestic commercial banks and nondeposit trust companies, 1985–92
Millions of dollars

Item	1985	1986	1987	1988	1989	1990	1991	1992
Operating income, total	**279,102**	**273,603**	**286,602**	**317,966**	**368,059**	**375,729**	**350,140**	**323,366**
Interest income	247,836	237,477	244,740	272,323	316,389	319,968	289,288	256,356
Loans	183,462	175,480	180,368	201,542	237,319	238,491	213,879	185,900
Balances due from depositories	13,767	11,209	11,963	13,497	15,012	12,573	9,067	7,411
Gross federal funds sold and repurchase agreements	9,556	9,115	9,012	10,352	12,999	12,530	9,120	5,907
Securities (excluding trading account)	37,709	38,339	39,441	42,005	46,631	50,977	52,552	51,818
Tax exempt	6,269	10,708	9,199	8,132	7,236	6,282	5,378	4,658
Taxable	31,440	27,631	30,243	33,873	39,394	44,694	47,174	47,160
Trading account assets	3,341	3,334	3,956	4,926	4,429	5,398	4,670	5,319
Noninterest income	31,266	36,125	41,862	45,643	51,670	55,761	60,852	67,010
Service charges on deposits	7,370	7,972	8,734	9,453	10,236	11,419	12,812	14,116
Other operating income	23,896	28,154	33,128	36,190	41,434	44,342	48,040	52,894
Operating expense, total	**257,426**	**255,342**	**280,306**	**284,688**	**344,170**	**352,812**	**327,726**	**281,594**
Interest expense	157,128	142,680	144,951	164,984	204,560	204,647	167,607	122,426
Deposits	130,650	117,442	115,604	129,442	157,055	161,228	138,684	98,690
Deposits in foreign offices	30,129	24,450	26,024	28,474	33,609	34,087	25,169	21,431
Deposits in domestic offices	100,521	92,992	89,580	100,968	123,445	127,141	113,515	77,260
Transaction accounts	n.a.	n.a.	8,353	9,018	9,352	9,758	9,719	7,051
Savings (including MMDAs)	n.a.	n.a.	28,412	29,795	32,128	33,260	31,063	23,029
Large denomination certificates of deposit	22,973	19,774	19,677	23,491	30,314	27,844	20,441	11,459
Other time deposits	n.a.	n.a.	33,138	38,664	51,652	56,279	52,292	35,720
Gross federal funds purchased and repurchase agreements	16,586	15,890	15,918	18,625	24,849	22,730	14,370	9,259
Other	9,891	9,347	13,430	16,916	22,656	20,688	14,552	14,477
Loss provisions	17,829	22,206	37,712	17,502	31,071	31,965	34,248	26,556
Noninterest expense	82,469	90,457	97,643	102,202	108,539	116,201	125,871	132,612
Salaries, wages, and employee benefits	40,044	43,013	45,329	46,879	49,299	52,007	53,513	55,449
Occupancy expense	13,327	14,542	15,311	15,909	16,646	17,513	17,878	18,137
Other operating expenses	29,099	32,901	37,004	39,415	42,594	46,681	54,480	59,026
Securities gains	1,552	3,934	1,444	275	793	470	2,897	3,951
Income before taxes	23,227	22,195	7,739	33,553	24,682	23,386	25,311	45,722
Taxes	5,620	5,258	5,410	10,015	9,616	7,844	8,279	14,505
Extraordinary items	228	277	201	812	311	651	686	412
Net income	17,835	17,213	2,530	24,351	15,377	16,194	17,719	31,630
Cash dividends declared	8,524	9,206	10,652	13,266	14,068	13,906	14,360	14,244
Retained income	9,312	8,008	-8,122	11,085	1,309	2,287	3,359	17,386

n.a. Not available.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–92

A. All banks

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	86.64	87.06	87.50	88.04	87.97	87.86	88.09	88.36
Interest-bearing balances at depositories	5.58	5.13	5.22	4.97	4.36	3.55	3.02	2.78
Loans	59.92	59.48	59.68	60.44	61.23	61.13	60.18	57.97
Commercial and industrial	21.99	20.67	19.71	19.19	18.80	18.21	17.05	15.53
U.S. addressees	17.27	16.69	16.34	16.28	16.29	15.75	14.76	13.33
Foreign addressees	4.71	3.98	3.36	2.91	2.51	2.47	2.29	2.20
Consumer	10.95	11.28	11.26	11.53	11.71	11.59	11.27	10.84
Credit card	2.61	2.96	3.12	3.41	3.64	3.72	3.82	3.76
Installment and other	8.34	8.33	8.14	8.11	8.08	7.87	7.45	7.08
Real estate	15.75	16.76	18.74	20.53	22.16	23.49	24.46	24.47
Construction and land development	3.19	3.48	3.84	4.00	4.09	3.94	3.35	2.60
Farmland	.41	.43	.46	.49	.50	.50	.52	.55
One- to four-family residential	7.25	7.39	8.10	9.06	10.00	11.03	12.08	12.70
Home equity	n.a.	n.a.	n.a.	1.12	1.40	1.64	1.92	2.05
Other	n.a.	n.a.	n.a.	7.94	8.60	9.39	10.16	10.65
Multifamily residential	.44	.49	.56	.58	.60	.62	.65	.74
Nonfarm nonresidential	4.00	4.41	5.18	5.74	6.26	6.66	7.12	7.19
Booked in foreign offices	.46	.55	.59	.67	.71	.74	.75	.68
To depository institutions	2.86	2.49	2.36	2.13	1.87	1.67	1.48	1.27
Foreign governments	1.55	1.42	1.33	1.20	1.02	.77	.74	.72
Agricultural production	1.52	1.22	1.02	.97	.94	.94	1.00	1.01
Other loans	4.47	4.73	4.29	3.83	3.64	3.36	3.11	3.12
Lease-financing receivables	.83	.91	.96	1.05	1.09	1.10	1.07	1.01
Securities	15.49	16.14	16.76	16.89	16.88	17.36	18.63	20.85
U.S. government and other debt	10.66	10.82	12.43	13.26	13.53	14.49	16.08	18.44
U.S. government securities	9.56	9.22	10.02	10.32	10.85	11.94	13.59	16.08
U.S. Treasury	4.54	4.29	5.72	5.51	4.91	4.50	4.98	6.38
U.S. government agency and corporation obligations	5.02	4.93	3.98	4.81	5.94	7.44	8.61	9.70
Government-backed mortgage pools	.95	1.12	2.07	2.55	3.22	4.02	4.44	4.45
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.33	2.03	3.07
Other	4.07	3.81	1.91	2.25	2.72	2.09	2.14	2.18
Other debt securities	1.09	1.60	2.41	2.94	2.68	2.55	2.49	2.36
State and local government	4.83	5.32	4.34	3.63	3.10	2.60	2.24	2.05
Taxable	n.a.	n.a.	.06	.06	.08	.08	.07	.08
Tax-exempt	4.83	5.32	4.28	3.57	3.02	2.52	2.17	1.96
Equity[1]	n.a.	n.a.	n.a.	n.a.	.29	.26	.31	.36
Trading account assets	1.21	1.55	1.32	1.26	1.23	1.44	1.74	2.30
Gross federal funds sold and reverse repurchase agreements	4.44	4.77	4.51	4.48	4.27	4.39	4.51	4.46
Non-interest-earning assets	12.55	12.01	11.12	10.37	10.53	10.60	10.32	10.06
Interest-bearing liabilities	72.27	72.44	73.01	74.20	74.88	75.35	75.36	74.13
Deposit liabilities	61.02	60.07	60.41	61.07	61.64	62.44	63.42	61.93
In foreign offices	12.18	11.15	10.87	10.25	9.54	9.11	8.41	8.24
In domestic offices	48.84	48.92	49.54	50.83	52.10	53.33	55.01	53.69
Other checkable deposits	4.54	5.15	5.96	6.15	6.03	6.10	6.61	7.53
Savings (including MMDAs)	16.44	17.45	18.17	17.44	16.16	16.47	17.86	20.20
Large denomination time deposits	11.46	10.88	10.83	11.48	12.07	11.38	9.85	7.43
Small denomination time deposits	16.40	15.44	14.59	15.75	17.84	19.39	20.68	18.54
Gross federal funds purchased and repurchase agreements	7.66	8.22	8.02	7.89	8.10	7.90	6.98	6.91
Other	3.58	4.15	4.58	5.23	5.14	5.00	4.96	5.29
Non-interest-bearing liabilities	21.52	21.31	20.91	19.74	18.85	18.35	18.07	18.81
Demand deposits	15.39	15.75	15.13	14.02	13.29	12.59	12.38	13.03
MEMO								
Money market liabilities	35.20	34.71	34.65	35.18	35.16	33.72	30.52	28.22
Loss reserves	.80	.93	1.38	1.59	1.50	1.54	1.59	1.58
Total equity capital	6.21	6.25	6.08	6.06	6.26	6.31	6.57	7.06
Average consolidated assets including loss reserves (billions of dollars)	2,593	2,799	2,962	3,097	3,234	3,391	3,434	3,497

A.2.—Continued

A. All banks

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Effective interest rate (percent)							
Rates earned								
Interest-earning assets	11.13	9.88	9.41	9.98	11.10	10.65	9.52	8.27
Taxable equivalent	11.49	10.35	9.65	10.19	11.26	10.77	9.63	8.37
Loans, gross	11.98	10.77	10.21	10.78	11.98	11.45	10.33	9.17
Net of loss provisions	10.81	9.41	8.07	9.85	10.41	9.92	8.68	7.86
Securities	9.44	8.49	7.94	8.04	8.56	8.66	8.26	7.14
Taxable equivalent	10.67	10.29	8.87	8.78	9.11	9.12	8.64	7.46
U.S. government and other debt	10.44	9.13	8.18	8.21	8.83	8.91	8.44	7.21
State and local	5.09	7.17	7.26	7.38	7.44	7.38	7.25	6.83
Equity [1]	n.a.	n.a.	n.a.	n.a.	7.72	7.23	6.07	5.15
Trading account assets	10.10	7.83	10.02	12.63	11.11	10.20	7.52	6.41
Rates paid								
Interest-bearing liabilities	8.27	6.97	6.61	7.12	8.39	7.91	6.39	4.65
Interest-bearing deposits	8.17	6.92	6.38	6.81	7.85	7.55	6.30	4.50
In foreign offices	9.48	7.79	7.89	8.89	10.87	10.72	8.54	7.32
In domestic offices	7.85	6.72	6.04	6.39	7.30	7.00	5.96	4.06
Other checkable deposits	n.a.	n.a.	4.54	4.74	4.81	4.77	4.31	2.69
Savings (including MMDAs)	n.a.	n.a.	5.29	5.52	6.17	5.97	5.07	3.25
Large denomination time deposits	8.73	7.34	6.86	7.37	8.63	8.02	6.66	4.89
Small denomination time deposits	n.a.	n.a.	6.98	7.28	8.27	7.95	6.88	5.14
Gross federal funds purchased and repurchase agreements	7.97	6.78	6.51	7.28	9.19	7.99	5.72	3.65
	Income and expenses as a percentage of average net consolidated assets							
Gross interest income	9.75	8.70	8.43	8.98	9.99	9.60	8.59	7.47
Taxable equivalent	10.06	9.11	8.64	9.17	10.13	9.72	8.69	7.56
Loans	7.22	6.43	6.22	6.65	7.49	7.16	6.35	5.42
Securities	1.48	1.41	1.36	1.39	1.47	1.53	1.56	1.51
Gross federal funds sold and reverse repurchase agreements	.38	.33	.31	.34	.41	.38	.27	.17
Other	.67	.53	.54	.60	.62	.53	.41	.37
Gross interest expense	6.18	5.23	4.99	5.44	6.46	6.14	4.98	3.57
Deposits	5.14	4.30	3.98	4.27	4.96	4.84	4.12	2.88
Gross federal funds purchased and repurchase agreements	.65	.58	.55	.61	.78	.68	.43	.27
Other	.39	.34	.46	.56	.72	.62	.43	.42
Net interest margin	3.57	3.47	3.44	3.54	3.53	3.46	3.61	3.90
Taxable equivalent	3.88	3.88	3.65	3.73	3.67	3.57	3.71	3.99
Loss provisions	.70	.81	1.30	.58	.98	.96	1.02	.77
Noninterest income	1.23	1.32	1.44	1.51	1.63	1.67	1.81	1.95
Service charge on deposits	.29	.29	.30	.31	.32	.34	.38	.41
Foreign related	.06	.06	.09	.07	.07	.08	.08	.10
Other	.88	.97	1.05	1.12	1.24	1.25	1.35	1.44
Noninterest expense	3.24	3.32	3.36	3.37	3.43	3.49	3.74	3.87
Salaries and employee benefits	1.58	1.58	1.56	1.55	1.56	1.56	1.59	1.62
Occupancy	.52	.53	.53	.52	.53	.53	.53	.53
Other	1.14	1.21	1.28	1.30	1.34	1.40	1.62	1.72
Net noninterest margin	−2.01	−2.00	−1.92	−1.86	−1.80	−1.82	−1.93	−1.92
Securities gains	.06	.14	.05	.01	.03	.01	.09	.12
Income before taxes	.91	.81	.27	1.11	.78	.70	.75	1.33
Taxes	.22	.19	.19	.33	.30	.24	.25	.42
Extraordinary items	.01	.01	.01	.03	.01	.02	.02	.01
Net income	.70	.63	.09	.80	.49	.49	.53	.92
Cash dividends declared	.34	.34	.37	.44	.44	.42	.43	.42
Retained income	.37	.29	−.28	.37	.04	.07	.10	.51
MEMO								
Return on equity	11.07	9.84	1.40	12.98	7.59	7.57	7.86	12.80

1. As in the Call Report, equity securities are combined with "other debt securities" before 1989.

n.a. Not available.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–92

B. Banks with less than $300 million in assets

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	89.89	90.03	90.59	90.92	91.01	91.10	91.32	91.46
Interest-bearing balances at depositories	2.88	3.06	3.25	3.17	2.34	1.77	1.56	1.15
Loans	54.55	53.57	53.65	54.70	55.58	55.30	54.36	53.35
Commercial and industrial	14.50	13.76	12.86	12.44	12.06	11.45	10.39	9.63
U.S. addressees	14.46	13.74	12.83	12.42	12.03	11.42	10.36	9.60
Foreign addressees	...	...	...	...	...	...	...	...
Consumer	13.15	12.48	11.94	11.48	11.56	11.18	10.58	9.57
Credit card	.89	.85	1.04	.94	1.04	1.08	1.37	1.00
Installment and other	12.26	11.63	10.90	10.55	10.53	10.10	9.21	8.57
Real estate	20.77	21.86	23.90	25.94	27.25	28.21	28.81	29.79
Construction and land development	2.25	2.28	2.18	2.24	2.31	2.37	2.14	1.95
Farmland	1.22	1.34	1.52	1.67	1.76	1.82	1.91	2.04
One- to four-family residential	11.08	11.48	12.74	14.04	14.77	15.28	15.77	16.26
Home equity	n.a.	n.a.	n.a.	.80	.97	1.18	1.25	1.30
Other	n.a.	n.a.	n.a.	13.23	13.80	14.10	14.52	14.96
Multifamily residential	.50	.54	.61	.62	.64	.66	.69	.76
Nonfarm nonresidential	5.72	6.22	6.85	7.36	7.76	8.07	8.31	8.78
Booked in foreign offices	...	...	...	...	...	...	...	...
To depository institutions	.80	.56	.57	.68	.67	.47	.46	.19
Foreign governments	...	...	...	...	...	...	...	...
Agricultural production	4.15	3.53	3.16	3.11	3.17	3.23	3.43	3.52
Other loans	.96	1.16	1.00	.84	.67	.57	.50	.47
Lease-financing receivables	.21	.21	.20	.20	.19	.18	.17	.17
Securities	26.87	26.37	27.27	27.64	27.42	27.92	29.58	31.85
U.S. government and other debt	18.94	18.43	20.70	22.05	22.18	23.07	25.01	27.16
U.S. government securities	18.22	17.36	18.54	19.28	19.85	20.92	22.75	25.14
U.S. Treasury	3.91	3.63	9.63	9.68	8.66	8.65	9.13	10.18
U.S. government agency and corporation obligations	14.31	13.73	7.56	9.60	11.19	12.27	13.62	14.96
Government-backed mortgage pools	1.51	1.35	2.60	3.17	3.73	4.52	5.53	5.46
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.95	1.53	2.66
Other	12.80	12.38	4.96	6.43	7.46	6.80	6.56	6.84
Other debt securities	.72	1.07	2.15	2.77	2.33	2.15	2.26	2.01
State and local government	7.93	7.94	6.57	5.59	4.90	4.50	4.20	4.26
Taxable	n.a.	n.a.	.16	.19	.22	.23	.23	.27
Tax-exempt	7.93	7.94	6.41	5.40	4.68	4.27	3.97	3.99
Equity[1]	n.a.	n.a.	n.a.	n.a.	.39	.35	.37	.43
Trading account assets	.05	.06	.07	.05	.08	.08	.06	.06
Gross federal funds sold and reverse repurchase agreements	5.53	6.98	6.35	5.35	5.59	6.02	5.76	5.05
Non-interest-earning assets	9.43	9.19	8.56	8.22	8.12	8.03	7.77	7.61
Interest-bearing liabilities	74.43	75.00	75.73	76.24	76.46	77.17	77.79	77.15
Deposit liabilities	71.90	72.77	73.45	73.79	74.25	74.97	75.83	75.06
In foreign offices	...	...	...	...	...	...	...	...
In domestic offices	71.79	72.65	73.39	73.73	74.19	74.89	75.76	74.99
Other checkable deposits	7.88	8.81	10.13	10.41	10.22	10.31	10.81	12.17
Savings (including MMDAs)	21.19	22.26	23.28	21.91	19.45	18.57	19.14	21.94
Large denomination time deposits	11.74	11.54	10.98	11.14	11.33	11.07	10.28	8.34
Small denomination time deposits	30.97	30.03	29.01	30.27	33.20	34.95	35.53	32.54
Gross federal funds purchased and repurchase agreements	1.76	1.49	1.38	1.57	1.42	1.32	1.31	1.35
Other	.78	.74	.90	.89	.78	.87	.66	.74
Non-interest-bearing liabilities	17.44	16.95	16.11	15.47	15.05	14.27	13.64	14.04
Demand deposits	15.16	14.86	14.12	13.50	12.98	12.18	11.58	12.09
MEMO								
Money market liabilities	14.16	13.67	13.18	13.53	13.47	13.21	12.20	10.40
Loss reserves	.69	.77	.85	.87	.87	.87	.92	.93
Total equity capital	8.13	8.06	8.16	8.29	8.49	8.56	8.57	8.81
Average consolidated assets including loss reserves (billions of dollars)	688	701	693	687	688	697	703	698

A.2.—Continued

B. Banks with less than $300 million in assets

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Effective interest rate (percent)							
Rates earned								
Interest-earning assets	11.30	10.22	9.53	9.77	10.52	10.31	9.64	8.41
Taxable equivalent	11.56	10.74	9.87	10.02	10.74	10.51	9.82	8.58
Loans, gross	12.53	11.54	10.83	11.02	11.77	11.56	11.02	9.81
Net of loss provisions	11.07	9.90	9.59	10.03	10.89	10.67	10.09	9.09
Securities	9.64	8.70	7.90	7.93	8.39	8.45	8.06	6.98
Taxable equivalent	10.26	10.29	8.94	8.63	9.02	9.00	8.53	7.40
U.S. government and other debt	10.53	9.23	8.02	8.00	8.55	8.63	8.21	7.05
State and local	2.79	7.47	7.50	7.58	7.60	7.48	7.20	6.72
Equity[1]	n.a.	n.a.	n.a.	n.a.	7.98	7.95	7.01	5.44
Trading account assets	9.59	8.76	9.40	14.88	14.40	11.35	9.02	7.02
Rates paid								
Interest-bearing liabilities	7.96	6.86	6.13	6.39	7.14	6.98	6.14	4.41
Interest-bearing deposits	7.96	6.86	6.11	6.36	7.10	6.96	6.14	4.42
In foreign offices	...	...	...	...	...	...	...	...
In domestic offices	7.96	6.86	6.11	6.36	7.10	6.96	6.14	4.42
Other checkable deposits	n.a.	n.a.	4.93	4.98	5.08	5.02	4.60	3.13
Savings (including MMDAs)	n.a.	n.a.	5.35	5.48	5.82	5.74	5.16	3.60
Large denomination time deposits	8.69	7.35	6.56	7.13	8.37	7.91	6.77	4.86
Small denomination time deposits	n.a.	n.a.	6.96	7.18	8.03	7.88	6.95	5.34
Gross federal funds purchased and repurchase agreements	7.84	6.58	6.31	6.94	8.48	7.71	5.73	3.70
	Income and expenses as a percentage of average net consolidated assets							
Gross interest income	10.28	9.31	8.75	9.00	9.71	9.53	8.93	7.79
Taxable equivalent	10.51	9.79	9.05	9.23	9.91	9.71	9.09	7.94
Loans	6.90	6.24	5.87	6.08	6.60	6.47	6.05	5.28
Securities	2.61	2.32	2.18	2.22	2.32	2.38	2.40	2.25
Gross federal funds sold and reverse repurchase agreements	.50	.50	.45	.44	.56	.53	.35	.18
Other	.27	.25	.25	.26	.23	.15	.13	.08
Gross interest expense	6.05	5.27	4.72	4.94	5.53	5.45	4.84	3.44
Deposits	5.84	5.11	4.56	4.75	5.34	5.29	4.72	3.36
Gross federal funds purchased and repurchase agreements	.14	.10	.09	.12	.13	.10	.07	.05
Other	.06	.06	.07	.07	.07	.07	.04	.03
Net interest margin	4.23	4.04	4.03	4.06	4.18	4.08	4.09	4.34
Taxable equivalent	4.47	4.52	4.33	4.29	4.39	4.26	4.25	4.49
Loss provisions	.81	.88	.67	.55	.49	.50	.51	.39
Noninterest income	.86	.87	.90	.92	1.00	1.02	1.12	1.14
Service charge on deposits	.42	.41	.40	.40	.41	.42	.44	.45
Foreign related	...	...	...	...	...	...	...	...
Other	.44	.46	.49	.51	.59	.60	.68	.70
Noninterest expense	3.44	3.47	3.43	3.43	3.48	3.48	3.62	3.65
Salaries and employee benefits	1.66	1.63	1.61	1.62	1.65	1.64	1.65	1.69
Occupancy	.53	.53	.51	.51	.50	.49	.49	.48
Other	1.25	1.31	1.30	1.31	1.32	1.35	1.48	1.48
Net noninterest margin	−2.58	−2.60	−2.53	−2.51	−2.48	−2.46	−2.50	−2.51
Securities gains	.07	.15	.03	.01	.01	.00	.06	.09
Income before taxes	.93	.72	.86	1.00	1.22	1.12	1.13	1.54
Taxes	.20	.15	.25	.30	.37	.34	.35	.48
Extraordinary items	.01	.02	.02	.02	.02	.01	.01	.02
Net income	.74	.58	.62	.72	.87	.79	.80	1.08
Cash dividends declared	.43	.40	.41	.47	.52	.50	.47	.49
Retained income	.31	.18	.21	.25	.35	.29	.32	.59
MEMO								
Return on equity	9.02	7.11	7.49	8.62	10.12	9.08	9.19	12.11

1. See note 1, table A.2.A (all banks).

n.a. Not available.

. . . Not applicable.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–92

C. Banks with $300 million to $5 billion in assets

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	87.24	87.72	88.32	88.96	89.07	88.91	89.13	89.21
Interest-bearing balances at depositories	4.29	3.30	3.11	2.85	2.48	1.93	1.82	1.38
Loans	59.54	60.70	62.45	63.65	63.91	63.08	61.49	58.75
Commercial and industrial	19.13	18.28	18.12	17.63	17.54	16.38	14.76	12.89
U.S. addressees	18.63	17.92	17.83	17.44	17.38	16.25	14.62	12.71
Foreign addressees	.51	.35	.29	.18	.16	.13	.14	.18
Consumer	13.97	15.01	14.91	16.17	15.28	15.16	14.66	14.19
Credit card	3.54	4.51	4.46	5.63	4.82	5.05	5.31	5.40
Installment and other	10.43	10.50	10.46	10.55	10.46	10.11	9.35	8.79
Real estate	17.63	19.12	22.15	23.61	25.53	26.41	27.47	27.37
Construction and land development	4.14	4.33	4.82	4.84	4.74	4.26	3.65	2.82
Farmland	.20	.21	.24	.25	.27	.27	.28	.33
One- to four-family residential	7.69	8.19	9.21	10.19	11.30	12.28	13.19	14.07
Home equity	n.a.	n.a.	n.a.	1.69	2.07	2.25	2.50	2.53
Other	n.a.	n.a.	n.a.	8.51	9.23	10.03	10.69	11.54
Multifamily residential	.54	.62	.65	.63	.68	.71	.81	.91
Nonfarm nonresidential	5.05	5.75	7.21	7.70	8.53	8.86	9.53	9.21
Booked in foreign offices	.01	.01	.02	.01	.01	.03	.00	.03
To depository institutions	2.06	1.62	1.31	1.13	1.00	1.17	.99	.83
Foreign governments	.45	.37	.32	.24	.16	.10	.06	.04
Agricultural production	.66	.57	.46	.45	.43	.45	.50	.55
Other loans	4.82	4.92	4.38	3.62	3.14	2.57	2.22	2.08
Lease-financing receivables	.81	.81	.80	.80	.82	.85	.84	.80
Securities	17.94	18.03	17.99	17.96	18.22	18.83	20.96	23.57
U.S. government and other debt	12.08	11.82	13.10	13.92	14.48	15.40	17.90	20.79
U.S. government securities	10.88	10.17	10.95	11.15	11.89	13.18	15.51	18.59
U.S. Treasury	7.89	7.08	6.80	6.37	5.87	5.39	6.28	7.57
U.S. government agency and corporation obligations	2.99	3.09	4.13	4.78	6.02	7.79	9.22	11.02
Government-backed mortgage pools	.96	1.10	2.14	2.47	3.02	3.85	4.30	4.73
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.90	2.71	3.85
Other	2.03	1.99	2.00	2.31	3.00	2.04	2.22	2.44
Other debt securities	1.20	1.65	2.16	2.77	2.59	2.23	2.40	2.19
State and local government	5.86	6.21	4.89	4.04	3.43	3.11	2.68	2.31
Taxable	n.a.	n.a.	.04	.04	.04	.06	.07	.07
Tax-exempt	5.86	6.21	4.84	4.00	3.38	3.05	2.62	2.24
Equity[1]	n.a.	n.a.	n.a.	n.a.	.36	.32	.37	.46
Trading account assets	.31	.36	.22	.33	.38	.52	.30	.55
Gross federal funds sold and reverse repurchase agreements	5.17	5.34	4.55	4.16	4.09	4.55	4.56	4.96
Non-interest-earning assets	11.99	11.40	10.67	9.98	9.89	9.92	9.49	9.35
Interest-bearing liabilities	71.74	72.07	73.10	74.83	75.56	76.07	76.01	74.71
Deposit liabilities	60.15	60.12	61.27	61.62	62.85	64.35	65.50	64.39
In foreign offices	2.92	2.41	2.31	2.23	2.15	1.70	1.58	1.34
In domestic offices	57.23	57.71	58.96	59.41	60.70	62.65	63.91	63.06
Other checkable deposits	5.23	5.99	7.12	7.21	7.05	7.18	7.83	9.01
Savings (including MMDAs)	20.42	21.67	22.37	20.80	19.33	19.57	20.56	23.03
Large denomination time deposits	13.56	12.81	12.58	12.79	12.73	12.26	10.42	7.96
Small denomination time deposits	18.02	17.25	16.88	18.60	21.60	23.64	25.10	23.06
Gross federal funds purchased and repurchase agreements	8.95	9.03	8.94	9.14	9.20	8.22	7.27	7.17
Other	2.64	2.92	2.90	4.06	3.51	3.50	3.24	3.15
Non-interest-bearing liabilities	21.92	21.41	20.32	18.61	17.75	17.08	16.90	17.85
Demand deposits	18.54	18.27	17.30	15.63	14.70	13.95	13.59	14.20
MEMO								
Money market liabilities	27.96	27.06	26.63	28.12	27.49	25.63	22.46	19.58
Loss reserves	.77	.88	1.01	1.06	1.04	1.17	1.37	1.44
Total equity capital	6.33	6.51	6.57	6.57	6.69	6.84	7.09	7.44
Average consolidated assets including loss reserves (billions of dollars)	707	768	814	868	867	901	903	927

A.2.—Continued

C. Banks with $300 million to $5 billion in assets

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Effective interest rate (percent)							
Rates earned								
Interest-earning assets	10.90	9.92	9.43	9.93	10.75	10.39	9.54	8.14
Taxable equivalent	11.49	10.49	9.79	10.18	10.96	10.55	9.68	8.26
Loans, gross	11.82	10.82	10.23	10.78	11.61	11.19	10.40	9.14
Net of loss provisions	10.85	9.56	8.97	9.70	10.43	9.49	8.74	7.86
Securities	9.16	8.26	7.73	7.87	8.37	8.51	8.16	6.91
Taxable equivalent	10.92	10.09	8.85	8.63	9.01	9.00	8.58	7.22
U.S. government and other debt	10.21	8.94	7.98	8.08	8.65	8.78	8.35	6.96
State and local	6.89	6.94	7.04	7.16	7.30	7.32	7.23	6.83
Equity[1]	n.a.	n.a.	n.a.	n.a.	7.15	6.93	5.77	4.88
Trading account assets	8.41	7.28	7.06	6.40	7.49	9.76	7.21	4.94
Rates paid								
Interest-bearing liabilities	7.84	6.71	6.20	6.66	7.64	7.18	6.03	4.15
Interest-bearing deposits	7.82	6.70	6.10	6.50	7.36	7.04	6.04	4.17
In foreign offices	8.60	7.00	6.75	7.55	8.97	8.12	6.29	4.25
In domestic offices	7.78	6.69	6.07	6.47	7.30	7.01	6.03	4.17
Other checkable deposits	n.a.	n.a.	4.63	4.77	4.86	4.75	4.28	2.69
Savings (including MMDAs)	n.a.	n.a.	5.31	5.54	6.13	5.97	5.11	3.33
Large denomination time deposits	8.61	7.26	6.78	7.48	8.72	8.03	6.57	4.75
Small denomination time deposits	n.a.	n.a.	7.14	7.45	8.31	8.02	7.08	5.35
Gross federal funds purchased and repurchase agreements	7.86	6.61	6.42	7.41	9.01	7.85	5.58	3.42
	Income and expenses as a percentage of average net consolidated assets							
Gross interest income	9.65	8.84	8.50	8.98	9.77	9.43	8.68	7.41
Taxable equivalent	10.16	9.35	8.83	9.20	9.96	9.57	8.81	7.52
Loans	7.12	6.68	6.55	7.00	7.58	7.22	6.53	5.49
Securities	1.68	1.54	1.43	1.44	1.55	1.63	1.74	1.66
Gross federal funds sold and reverse repurchase agreements	.43	.36	.29	.30	.38	.37	.27	.17
Other	.42	.26	.23	.24	.26	.21	.14	.09
Gross interest expense	5.82	5.03	4.65	5.08	5.90	5.58	4.69	3.19
Deposits	4.87	4.20	3.84	4.10	4.72	4.62	4.05	2.76
Gross federal funds purchased and repurchase agreements	.73	.62	.59	.69	.85	.66	.42	.25
Other	.22	.22	.23	.30	.32	.29	.23	.18
Net interest margin	3.82	3.82	3.85	3.89	3.87	3.85	3.99	4.22
Taxable equivalent	4.34	4.32	4.17	4.12	4.06	3.99	4.12	4.33
Loss provisions	.59	.78	.81	.70	.77	1.09	1.04	.77
Noninterest income	1.40	1.42	1.38	1.43	1.41	1.50	1.60	1.70
Service charge on deposits	.34	.34	.35	.35	.36	.37	.41	.43
Foreign related	.01	.01	.02	.00	.01	.01	.01	.01
Other	1.05	1.07	1.01	1.08	1.04	1.12	1.18	1.26
Noninterest expense	3.66	3.63	3.57	3.56	3.49	3.52	3.73	3.91
Salaries and employee benefits	1.72	1.65	1.58	1.51	1.49	1.48	1.49	1.52
Occupancy	.57	.55	.53	.51	.50	.49	.50	.50
Other	1.36	1.42	1.46	1.54	1.50	1.55	1.75	1.89
Net noninterest margin	−2.26	−2.21	−2.19	−2.13	−2.08	−2.02	−2.13	−2.21
Securities gains	.04	.13	.04	.00	.01	.01	.08	.10
Income before taxes	1.02	.96	.89	1.06	1.04	.75	.90	1.35
Taxes	.19	.19	.26	.31	.32	.21	.30	.45
Extraordinary items	.01	.01	.01	.01	.00	.01	.00	.00
Net income	.84	.77	.64	.75	.73	.55	.61	.91
Cash dividends declared	.37	.38	.43	.48	.48	.53	.51	.51
Retained income	.47	.39	.20	.27	.24	.02	.10	.40
MEMO								
Return on equity	12.96	11.50	9.45	11.18	10.65	7.83	8.39	11.90

1. See note 1, table A.2.A (all banks).

n.a. Not available.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–92

D. Banks with more than $5 billion in assets, excluding ten largest

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	84.97	85.62	86.30	87.19	86.93	87.01	87.03	87.88
Interest-bearing balances at depositories	7.93	7.06	6.67	6.32	5.35	4.67	4.19	4.46
Loans	63.50	61.75	61.77	62.28	63.05	62.22	60.94	58.83
Commercial and industrial	26.59	25.14	23.62	23.24	22.08	21.37	19.96	18.54
U.S. addressees	21.96	21.56	20.83	21.06	20.67	20.11	18.80	17.50
Foreign addressees	4.63	3.58	2.79	2.18	1.41	1.26	1.16	1.04
Consumer	10.30	10.69	11.39	11.15	12.74	12.26	11.76	11.16
Credit card	4.29	4.26	4.68	4.35	5.72	5.46	5.07	4.79
Installment and other	6.01	6.43	6.71	6.80	7.02	6.80	6.69	6.37
Real estate	12.50	12.79	14.86	17.26	19.01	20.27	21.39	21.83
Construction and land development	4.26	4.61	4.86	4.98	5.25	4.87	3.90	2.87
Farmland	.07	.09	.09	.11	.12	.12	.13	.14
One- to four-family residential	4.77	4.50	5.39	6.54	7.44	8.51	10.11	11.20
Home equity	n.a.	n.a.	n.a.	1.07	1.39	1.68	2.09	2.37
Other	n.a.	n.a.	n.a.	5.47	6.05	6.83	8.02	8.83
Multifamily residential	.34	.31	.37	.43	.44	.47	.54	.69
Nonfarm nonresidential	2.89	3.11	3.92	4.93	5.58	6.12	6.54	6.81
Booked in foreign offices	.17	.17	.22	.12	.18	.17	.17	.12
To depository institutions	3.85	3.04	2.77	2.21	1.74	1.52	1.52	1.39
Foreign governments	2.11	1.81	1.61	1.30	.84	.49	.37	.31
Agricultural production	.46	.33	.29	.26	.29	.29	.30	.30
Other loans	6.64	6.73	5.81	5.21	4.70	4.42	4.19	3.96
Lease-financing receivables	1.06	1.22	1.41	1.63	1.65	1.59	1.46	1.35
Securities	9.32	12.36	13.55	13.68	14.03	15.01	16.03	18.71
U.S. government and other debt	6.00	7.57	9.75	10.63	11.22	12.83	14.18	17.11
U.S. government securities	5.34	6.52	7.58	7.81	8.89	10.62	12.08	14.85
U.S. Treasury	3.98	4.47	4.82	4.54	3.98	3.43	3.70	6.07
U.S. government agency and corporation obligations	1.36	2.06	2.76	3.27	4.91	7.19	8.38	8.79
Government-backed mortgage pools	.93	1.45	2.05	2.71	3.94	5.13	5.37	4.85
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.64	2.43	3.45
Other	.43	.60	.71	.56	.97	.42	.58	.49
Other debt securities	.67	1.05	2.17	2.82	2.34	2.21	2.10	2.26
State and local government	3.32	4.79	3.80	3.05	2.62	2.00	1.62	1.36
Taxable	n.a.	n.a.	.02	.02	.05	.03	.02	.03
Tax-exempt	3.32	4.79	3.78	3.03	2.57	1.97	1.60	1.34
Equity[1]	n.a.	n.a.	n.a.	n.a.	.21	.18	.23	.24
Trading account assets	1.23	1.50	1.00	.85	.80	.82	1.11	.97
Gross federal funds sold and reverse repurchase agreements	2.98	2.95	3.30	4.06	3.70	4.28	4.76	4.91
Non-interest-earning assets	14.11	13.34	12.12	10.92	11.57	11.40	11.23	10.38
Interest-bearing liabilities	71.35	71.19	72.27	74.12	75.26	75.83	74.90	73.48
Deposit liabilities	53.21	50.82	51.85	54.48	55.94	56.71	58.47	56.65
In foreign offices	14.99	12.62	11.58	10.70	8.43	7.46	6.40	6.33
In domestic offices	38.22	38.19	40.27	43.79	47.51	49.25	52.08	50.32
Other checkable deposits	3.02	3.44	4.03	4.39	4.62	4.79	5.37	6.34
Savings (including MMDAs)	13.06	13.83	14.99	14.88	14.43	15.50	17.70	20.19
Large denomination time deposits	12.14	11.51	12.45	14.12	15.19	13.64	11.54	8.40
Small denomination time deposits	10.00	9.41	8.81	10.39	13.28	15.33	17.46	15.39
Gross federal funds purchased and repurchase agreements	13.09	14.81	14.27	13.08	12.90	12.84	10.61	10.82
Other	5.05	5.56	6.15	6.55	6.42	6.28	5.82	6.00
Non-interest-bearing liabilities	23.25	23.33	22.53	20.96	19.36	18.60	19.15	19.77
Demand deposits	15.89	16.92	15.95	14.56	13.58	13.07	13.42	14.19
MEMO								
Money market liabilities	45.50	44.74	44.66	44.66	43.08	40.35	34.51	31.73
Loss reserves	.92	1.05	1.58	1.89	1.50	1.59	1.73	1.74
Total equity capital	5.40	5.48	5.20	4.93	5.38	5.56	5.96	6.75
Average consolidated assets including loss reserves (billions of dollars)	574	654	764	852	959	1,048	1,095	1,132

A.2.—Continued

D. Banks with more than $5 billion in assets, excluding ten largest

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Effective interest rate (percent)							
Rates earned								
Interest-earning assets	10.99	9.65	9.16	9.58	11.01	10.42	9.18	7.91
Taxable equivalent	11.37	10.15	9.35	9.77	11.16	10.52	9.26	7.99
Loans, gross	11.60	10.38	9.80	10.17	11.63	11.05	9.80	8.67
Net of loss provisions	10.52	9.07	7.10	9.19	9.86	9.02	7.88	7.33
Securities	9.12	8.21	7.91	8.11	8.77	8.86	8.32	7.19
Taxable equivalent	10.97	10.45	8.73	8.88	9.32	9.21	8.62	7.43
U.S. government and other debt	10.31	8.99	8.24	8.37	9.11	9.12	8.46	7.23
State and local	6.81	6.96	7.06	7.22	7.30	7.28	7.25	6.85
Equity [1]	n.a.	n.a.	n.a.	n.a.	8.71	8.02	7.12	6.20
Trading account assets	9.60	6.82	6.66	7.96	8.65	8.14	6.35	5.06
Rates paid								
Interest-bearing liabilities	8.29	6.93	6.66	7.06	8.44	7.74	6.10	4.26
Interest-bearing deposits	8.22	6.94	6.50	6.89	8.07	7.49	6.16	4.26
In foreign offices	9.36	7.69	7.78	8.84	11.13	10.08	8.31	6.83
In domestic offices	7.79	6.70	6.14	6.42	7.54	7.10	5.90	3.95
Other checkable deposits	n.a.	n.a.	4.38	4.37	4.50	4.61	4.12	2.42
Savings (including MMDAs)	n.a.	n.a.	5.23	5.51	6.33	6.04	4.96	3.07
Large denomination time deposits	8.73	7.50	7.09	7.41	8.70	8.09	6.70	5.04
Small denomination time deposits	n.a.	n.a.	7.14	7.29	8.58	8.04	6.83	5.06
Gross federal funds purchased and repurchase agreements	8.09	6.88	6.57	7.17	9.31	8.11	5.69	3.58
	Income and expenses as a percent of average net consolidated assets							
Gross interest income	9.44	8.34	8.14	8.58	9.82	9.36	8.24	7.12
Taxable equivalent	9.77	8.77	8.31	8.76	9.96	9.45	8.32	7.19
Loans	7.46	6.44	6.22	6.52	7.54	7.08	6.16	5.22
Securities	.87	1.05	1.10	1.15	1.26	1.36	1.36	1.36
Gross federal funds sold and reverse repurchase agreements	.23	.20	.23	.29	.36	.37	.28	.20
Other	.88	.65	.59	.62	.66	.55	.44	.34
Gross interest expense	6.16	5.15	4.98	5.41	6.53	6.09	4.79	3.27
Deposits	4.55	3.69	3.49	3.87	4.63	4.37	3.74	2.51
Gross federal funds purchased and repurchase agreements	1.12	1.05	.97	.99	1.24	1.13	.67	.42
Other	.50	.40	.52	.56	.65	.59	.38	.34
Net interest margin	3.28	3.19	3.16	3.17	3.29	3.27	3.46	3.85
Taxable equivalent	3.61	3.62	3.33	3.34	3.43	3.36	3.54	3.92
Loss provisions	.69	.81	1.71	.62	1.15	1.30	1.21	.81
Noninterest income	1.32	1.42	1.54	1.60	1.87	1.85	2.05	2.25
Service charge on deposits	.26	.27	.28	.30	.31	.34	.41	.46
Foreign related	.05	.05	.07	.06	.06	.06	.05	.05
Other	1.01	1.10	1.18	1.24	1.50	1.45	1.59	1.74
Noninterest expense	3.02	3.10	3.24	3.18	3.35	3.46	3.78	4.00
Salaries and employee benefits	1.48	1.48	1.47	1.45	1.47	1.47	1.51	1.54
Occupancy	.47	.49	.48	.48	.50	.50	.50	.51
Other	1.06	1.13	1.28	1.24	1.38	1.49	1.78	1.95
Net noninterest margin	−1.70	−1.68	−1.70	−1.58	−1.48	−1.61	−1.73	−1.75
Securities gains	.07	.17	.05	.00	.04	.03	.14	.14
Income before taxes	.96	.87	−.20	.96	.71	.40	.66	1.43
Taxes	.23	.20	.07	.27	.19	.16	.19	.44
Extraordinary items	.01	.02	.00	.02	.00	.01	.03	.02
Net income	.73	.68	−.27	.71	.51	.24	.50	1.01
Cash dividends declared	.26	.33	.34	.41	.39	.38	.47	.47
Retained income	.48	.35	−.61	.30	.12	−.14	.02	.54
MEMO								
Return on equity	13.19	12.05	−5.02	13.94	9.31	4.25	8.10	14.66

1. See note 1, table A.2.A (all banks).
n.a. Not available.

A.2. *Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–92*

E. Ten largest banks

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	83.93	84.64	84.76	85.08	85.14	84.75	85.28	85.09
Interest-bearing balances at depositories	7.88	7.47	8.08	7.78	7.24	5.60	4.17	3.49
Loans	62.96	62.02	60.17	59.84	60.96	62.68	63.01	60.03
Commercial and industrial	29.25	26.23	24.11	22.88	22.40	22.33	21.90	19.82
U.S. addressees	14.53	13.63	13.16	12.78	13.22	13.05	13.14	11.26
Foreign addressees	14.72	12.60	10.95	10.09	9.18	9.27	8.77	8.56
Consumer	5.71	6.38	6.14	6.20	6.20	6.70	7.03	7.37
Credit card	1.91	2.11	1.92	1.94	1.92	2.14	2.47	2.72
Installment and other	3.81	4.27	4.22	4.25	4.28	4.55	4.56	4.65
Real estate	11.08	12.62	13.83	15.31	17.43	20.05	21.20	19.84
Construction and land development	2.19	2.66	3.22	3.47	3.47	3.69	3.35	2.52
Farmland	.07	.07	.06	.06	.08	.08	.08	.07
One- to four-family residential	4.80	5.03	5.14	5.79	7.29	9.07	10.11	9.94
Home equity	n.a.	n.a.	n.a.	.78	1.02	1.28	1.59	1.67
Other	n.a.	n.a.	n.a.	5.01	6.27	7.79	8.51	8.27
Multifamily residential	.38	.48	.61	.65	.66	.66	.56	.57
Nonfarm nonresidential	1.92	2.27	2.51	2.65	3.00	3.42	3.87	3.76
Booked in foreign offices	1.73	2.10	2.28	2.69	2.93	3.12	3.24	2.98
To depository institutions	5.13	4.94	4.95	4.76	4.23	3.61	3.02	2.67
Foreign governments	3.98	3.69	3.53	3.49	3.24	2.68	2.81	2.85
Agricultural production	.54	.45	.36	.33	.29	.30	.31	.28
Other loans	5.93	6.29	5.81	5.39	5.66	5.45	5.09	5.64
Lease-financing receivables	1.34	1.43	1.43	1.48	1.51	1.56	1.64	1.56
Securities	5.84	7.05	8.33	8.81	9.00	8.99	9.17	10.32
U.S. government and other debt	4.19	4.95	6.30	6.92	7.20	7.70	8.12	9.32
U.S. government securities	2.41	2.31	3.06	3.43	3.63	3.91	4.70	6.28
U.S. Treasury	1.97	1.64	1.52	1.47	1.40	1.06	1.32	1.81
U.S. government agency and corporation obligations	.44	.67	1.54	1.96	2.23	2.84	3.38	4.48
Government-backed mortgage pools	.34	.57	1.47	1.85	2.02	2.18	2.21	2.54
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.57	1.06	1.88
Other	.10	.10	.07	.10	.21	.10	.11	.05
Other debt securities	1.78	2.63	3.23	3.49	3.57	3.79	3.42	3.04
State and local government	1.65	2.11	2.03	1.89	1.62	1.06	.76	.66
Taxable	n.a.	n.a.	.01	.01	.02	.02	.01	.01
Tax-exempt	1.65	2.11	2.03	1.88	1.60	1.04	.75	.66
Equity[1]	n.a.	n.a.	n.a.	n.a.	.22	.23	.29	.34
Trading account assets	3.50	4.50	4.23	4.15	3.95	4.68	6.05	8.63
Gross federal funds sold and reverse repurchase agreements	3.75	3.59	3.95	4.51	3.98	2.80	2.89	2.61
Non-interest-earning assets	15.21	14.33	13.12	12.33	12.22	12.69	12.43	12.79
Interest-bearing liabilities	71.31	71.41	70.98	71.49	72.07	72.07	72.92	71.55
Deposit liabilities	57.21	55.80	55.77	55.86	55.74	56.47	56.36	54.52
In foreign offices	33.41	31.11	31.01	29.96	28.97	28.88	27.81	27.51
In domestic offices	23.80	24.70	24.77	25.90	26.77	27.58	28.55	27.01
Other checkable deposits	1.47	2.04	2.53	2.75	2.69	2.68	2.94	3.10
Savings (including MMDAs)	9.80	11.19	11.62	11.92	11.53	12.11	13.57	15.02
Large denomination time deposits	8.16	7.39	6.82	6.93	7.81	7.42	6.23	4.40
Small denomination time deposits	4.36	4.08	3.81	4.30	4.74	5.38	5.80	4.49
Gross federal funds purchased and repurchase agreements	7.73	7.90	6.68	6.22	6.76	6.72	6.65	5.84
Other	6.38	7.71	8.52	9.42	9.57	8.89	9.92	11.19
Non-interest-bearing liabilities	23.98	23.77	24.63	23.93	23.14	23.34	22.17	23.01
Demand deposits	11.59	12.69	12.67	11.85	11.49	10.66	10.12	10.67
MEMO								
Money market liabilities	57.04	55.39	54.49	53.90	54.46	53.31	51.95	50.45
Loss reserves	.85	1.04	2.12	2.59	2.64	2.56	2.29	2.12
Total equity capital	4.71	4.82	4.39	4.58	4.80	4.59	4.92	5.44
Average consolidated assets including loss reserves (billions of dollars)	624	676	691	689	720	744	734	740

A.2.—Continued

E. Ten largest banks

Item	1985	1986	1987	1988	1989	1990	1991	1992
	Effective interest rate (percent)							
Rates earned								
Interest-earning assets	11.30	9.69	9.55	10.78	12.26	11.61	9.91	8.83
Taxable equivalent	11.51	9.94	9.58	10.91	12.28	11.68	9.95	8.87
Loans, gross	11.95	10.37	10.07	11.38	13.12	12.24	10.45	9.42
Net of loss provisions	10.79	9.10	6.73	10.73	10.74	11.06	8.58	7.63
Securities	9.84	8.81	8.69	8.64	9.08	9.20	8.95	8.12
Taxable equivalent	11.42	10.60	8.96	9.49	9.18	9.59	9.18	8.37
U.S. government and other debt	10.91	9.45	9.07	8.90	9.46	9.53	9.25	8.32
State and local	7.09	7.29	7.50	7.68	7.66	7.52	7.60	7.41
Equity[1]	n.a.	n.a.	n.a.	n.a.	7.06	5.78	4.21	4.03
Trading account assets	10.43	8.20	11.18	14.49	12.13	10.82	7.84	6.74
Rates paid								
Interest-bearing liabilities	9.10	7.41	7.51	8.53	10.49	9.92	7.54	6.12
Interest-bearing deposits	8.85	7.24	6.93	7.72	9.16	9.03	7.09	5.43
In foreign offices	9.61	7.89	8.02	9.03	10.93	11.11	8.76	7.66
In domestic offices	7.76	6.40	5.57	6.21	7.26	6.80	5.46	3.20
Other checkable deposits	n.a.	n.a.	3.29	4.43	4.42	4.33	3.93	1.90
Savings (including MMDAs)	n.a.	n.a.	5.18	5.56	6.54	6.20	5.09	2.95
Large denomination time deposits	9.13	7.21	7.17	7.45	8.63	7.95	6.49	4.71
Small denomination time deposits	n.a.	n.a.	6.25	7.14	8.34	7.75	6.07	3.70
Gross federal funds purchased and repurchase agreements	7.95	6.87	6.53	7.42	9.28	7.93	5.97	4.17
	Income and expenses as a percentage of average net consolidated assets							
Gross interest income	9.55	8.26	8.36	9.45	10.76	10.21	8.67	7.79
Taxable equivalent	9.73	8.47	8.39	9.57	10.77	10.27	8.71	7.83
Loans	7.46	6.35	6.17	6.92	8.19	7.83	6.70	5.76
Securities	.58	.64	.74	.78	.84	.85	.83	.85
Gross federal funds sold and reverse repurchase agreements	.31	.27	.28	.36	.37	.25	.17	.12
Other	1.20	1.00	1.17	1.39	1.36	1.28	.97	1.06
Gross interest expense	6.75	5.49	5.69	6.43	7.95	7.53	5.75	4.61
Deposits	5.19	4.17	4.11	4.49	5.31	5.33	4.19	3.13
Gross federal funds purchased and repurchase agreements	.71	.60	.50	.57	.74	.63	.43	.27
Other	.84	.73	1.07	1.37	1.90	1.58	1.14	1.21
Net interest margin	2.81	2.77	2.67	3.03	2.81	2.68	2.92	3.18
Taxable equivalent	2.98	2.98	2.70	3.14	2.82	2.74	2.96	3.22
Loss provisions	.72	.78	2.05	.39	1.49	.76	1.20	1.09
Noninterest income	1.37	1.60	1.96	2.08	2.19	2.24	2.37	2.59
Service charge on deposits	.12	.13	.16	.19	.21	.23	.26	.28
Foreign related	.18	.18	.26	.23	.22	.28	.26	.34
Other	1.07	1.28	1.54	1.66	1.76	1.73	1.85	1.96
Noninterest expense	2.77	3.01	3.20	3.30	3.42	3.49	3.79	3.83
Salaries and employee benefits	1.40	1.53	1.60	1.64	1.66	1.71	1.77	1.79
Occupancy	.51	.56	.58	.61	.62	.64	.66	.64
Other	.86	.92	1.02	1.06	1.14	1.15	1.36	1.40
Net noninterest margin	−1.40	−1.41	−1.24	−1.22	−1.23	−1.25	−1.42	−1.24
Securities gains	.06	.12	.07	.03	.03	.01	.04	.11
Income before taxes	.74	.69	−.54	1.44	.13	.68	.34	.96
Taxes	.27	.22	.16	.45	.38	.27	.16	.31
Extraordinary items	.00	.00	.00	.08	.03	.06	.03	.00
Net income	.47	.47	−.70	1.07	−.22	.47	.21	.65
Cash dividends declared	.26	.23	.28	.38	.39	.26	.21	.14
Retained income	.22	.25	−.98	.69	−.60	.21	.00	.51
MEMO								
Return on equity	9.87	9.60	−15.73	22.85	−4.39	10.14	4.25	11.87

1. See note 1, table A.2.A (all banks).
n.a. Not available.

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period February through April 1993, provides information on Treasury and System foreign exchange operations. It was presented by William J. McDonough, Executive Vice President of the Federal Reserve Bank of New York and Manager of the System Open Market Account. John W. Dickey was primarily responsible for preparation of the report.[1]

The dollar depreciated modestly against most major currencies during the February–April period but declined significantly against the Japanese yen amid concerns relating to the growing Japanese trade surplus. Over the period, the dollar declined 1.6 percent against the German mark, 10.9 percent against the Japanese yen, and 3.2 percent on a trade-weighted basis.[2]

On April 27, the U.S. monetary authorities intervened in the foreign exchange markets, purchasing $200 million against the yen in amounts shared equally by the Treasury and the Federal Reserve.

DEVELOPMENTS IN DOLLAR EXCHANGE MARKETS

The Japanese yen appreciated throughout the period. Japanese trade data released on February 5 indicated that the 1992 Japanese current account surplus was materially higher than in 1991. Subsequent observations about the contribution that the exchange rate might make to correct Japan's widening trade surplus, and a perceived acquiescence to gradual yen appreciation by Japanese officials, contributed to the dollar's decline from its period high of ¥125.20 on February 2.

The yen's appreciation was particularly pronounced in February, when many market participants expected the Group of Seven (G-7) to announce support for a stronger yen after its meeting at the end of the month. However, the meeting did not result in a call for yen appreciation.

The yen's rise paused temporarily throughout most of March in response to indications that policymakers were focusing on the merits of revitalizing Japan's economy as a means both to address Japan's current account surplus and to promote more satisfactory economic performance globally. Consequently, market attention shifted to the progress the Japanese government was making in developing a new supplementary fiscal package to stimulate the Japanese economy as well as to the anticipated repatriation of funds by Japanese companies ahead of the fiscal year-end.

The yen's rise resumed in late March. Comments by Japanese officials on March 31 that yen appreciation was inevitable and acceptable if it remained

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, April 30, 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**

1. The charts for the report are available from Publications Services, Board of Governors of the Federal Reserve System, mail stop 138, Washington, DC 20551.

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

2. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury[1]
Millions of dollars; drawings or repayments (–)

Central bank drawing on the U.S. Treasury	Amount of facility	Outstanding as of January 31, 1993	February	March	April	Outstanding as of April 30, 1993
Central Reserve Bank of Peru	470.0[2]	...	...	470.0 –470.0	...	...

1. Data are on a value-date basis. Components may not add to totals because of rounding.

2. Represents U.S. Treasury's arrangement with Peru as part of a multilateral credit facility.

gradual, along with the April 13 announcement that the fiscal stimulus package of ¥13.2 trillion would allocate a larger-than-expected portion to immediate economic recovery, gave continued strength to the yen through April.

The dollar hit a historical low of ¥109.15 against the yen on April 27. Later that day, the U.S. monetary authorities purchased $200 million against the yen in operations coordinated with another monetary authority. U.S. officials also indicated that

> [t]he Administration believes that exchange rates should reflect fundamentals, and attempts to artificially influence or manipulate exchange rates are inappropriate. Moreover, excessive volatility is counterproductive for growth. Therefore we are monitoring developments closely and stand ready to cooperate in exchange markets with our G-7 partners as conditions may warrant.

In response, the dollar stabilized and then traded between ¥112.10 and ¥111.05 for the remaining days of the period.

The dollar–mark exchange rate was relatively stable. The dollar traded between DM1.6730, reached on March 11, and DM1.5640, reached on April 26.

3. 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 January 31, 1993	2,868.4	1,749.9
Realized, February 1–April 30, 1993	22.0	22.0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1993	4,152.0	3,221.8

1. Data are on a value-date basis.

The German Bundesbank reduced its official discount rate and its Lombard rate each 100 basis points in a series of steps undertaken during the February–April period to stimulate the weakening German economy. After official rate reductions, the mark depreciated slightly against many European currencies. Tensions within the European exchange rate mechanism diminished, although the Spanish peseta faced repeated selling pressure.

OTHER OPERATIONS

The Federal Reserve and the Treasury's exchange stabilization fund (ESF) each realized profits of $22.0 million from the sales of yen in the market. Cumulative bookkeeping or valuation gains on outstanding foreign currency balances as of the end of April were $4,152.0 million for the Federal Reserve and $3,221.8 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 April, the Federal Reserve and the ESF held either outright or under repurchase agreements $9,376.6 million and $9,438.9 million respectively in foreign government securities valued at end-of-period exchange rates.

In other operations, the Treasury, through the ESF, participated in a $900 million multilateral facility to assist Peru in repaying its arrears to international creditors. The Treasury's share of the facility was $470 million, established by a special arrangement with Peru on March 9. The total amount of the facility was drawn on March 18 and repaid in full on the same day. The facility expired on March 31. □

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 1989–92 CREDIT CRUNCH FOR REAL ESTATE

James T. Fergus and John L. Goodman, Jr.

Prepared as a staff study in winter 1992–93

Private construction declined sharply during the late 1980s and early 1990s. Spending on both residential construction projects and nonresidential projects fell about one-third. The decline became especially pronounced during 1990 when financial institutions that are the traditional sources of credit to real estate were reducing their mortgage lending. According to many reports, not only credit for construction but also loans on existing properties became more difficult to acquire during this period.

This study reviews current thinking about the causes of the 1989–92 "credit crunch" in real estate and summarizes a variety of data on the duration and extent of this episode. It weighs the relative importance of the credit crunch and other factors that also contributed to the falloff in real estate lending; and it considers the long-run outlook for the supply of mortgage credit.

The objective of this study is to provide a historical record that may help analysts interpret market developments the next time real estate markets turn down. Accordingly, it catalogs the statistical evidence and hypotheses about the credit crunch but does not undertake rigorous statistical tests.

Among the main findings are the following:

- The building boom of the 1980s generated surplus space in many markets, almost guaranteeing that construction and lending would subsequently decline even if credit supplies had not tightened. Credit cutbacks did, however, affect the timing of the decline in construction and property values.
- Surveys of various market participants confirm that the terms and availability of credit for development and construction financing and for permanent financing of commercial real estate tightened beginning in 1989; this tightening continued into 1992, before stabilizing in late 1992 and early 1993.
- The ready availability and concessionary pricing of mortgage credit that characterized the early and mid-1980s is unlikely to return in the foreseeable future, although the appeal of this type of

credit for some lenders guarantees that some funding will remain available for projects with solid prospects of profitability.

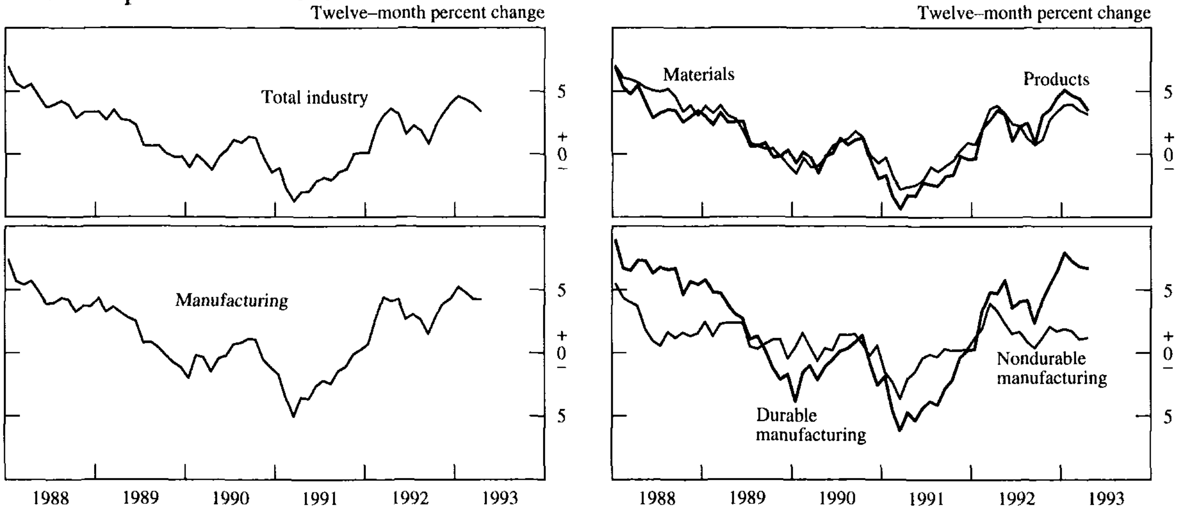
• The supply of home mortgage credit has not been significantly restricted, despite the cutbacks in most other segments of the mortgage market. The outlook for the supply of home mortgage credit is quite positive, absent any major adverse changes in the role of the federally related secondary market agencies. □

Industrial Production and Capacity Utilization for April 1993

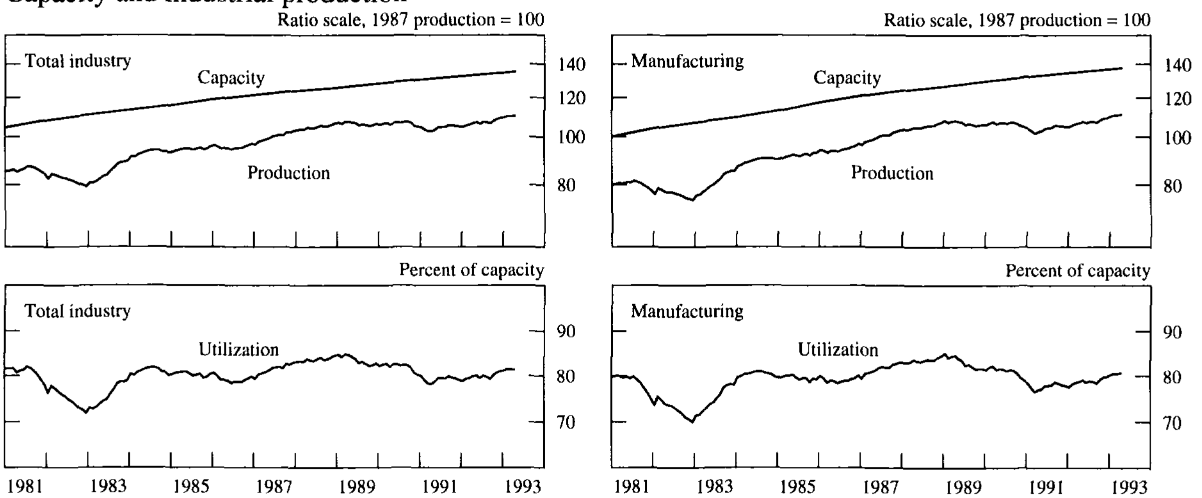
Released for publication May 14

Industrial production edged up 0.1 percent in April, after having shown no change in March. Overall output recovered from declines caused by the March storm, and strong increases in the production of computers continued; a return to more normal temperatures led, however, to a sharp drop in the output of utilities. At 110.0 percent of its 1987 annual average, total industrial production was

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, April. 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]				Apr. 1992 to Apr. 1993
	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**109.3**	**109.9**	**109.9**	**110.0**	**.3**	**.5**	**.0**	**.1**	**3.4**
Previous estimate	111.4	112.0	112.0	...	.3	.6	.0	...	...
Major market groups									
Products, total[3]	108.5	109.1	109.1	109.1	.3	.5	.1	−.1	3.6
Consumer goods	107.6	108.2	108.1	107.9	.1	.6	−.1	−.2	2.4
Business equipment	131.2	131.8	132.9	134.0	1.2	.5	.8	.8	11.1
Construction supplies	94.8	97.3	97.2	96.3	.4	2.6	−.1	−.9	2.9
Materials	110.4	111.0	111.0	111.4	.4	.6	.0	.3	3.2
Major industry groups									
Manufacturing	109.9	110.5	110.6	111.0	.7	.5	.1	.4	4.2
Durable	112.9	113.9	114.0	114.4	1.0	.9	.1	.4	6.7
Nondurable	106.4	106.4	106.4	106.8	.3	.0	.0	.3	1.2
Mining	98.3	95.6	95.4	96.1	.0	−2.7	−.2	.8	−1.3
Utilities	112.8	117.4	117.3	113.1	−3.4	4.0	−.1	−3.6	.9

Category	Capacity utilization, percent								Memo Capacity, percentage change, Apr. 1992 to Apr. 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				Apr.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**81.9**	**71.8**	**84.8**	**79.9**	**81.2**	**81.5**	**81.4**	**81.4**	**1.6**
Manufacturing	81.2	70.0	85.1	78.8	80.3	80.5	80.5	80.7	1.8
Advanced processing	80.7	71.4	83.3	77.3	78.9	78.9	79.1	79.2	2.2
Primary processing	82.2	66.8	89.1	82.3	83.5	84.4	83.9	84.1	.8
Mining	87.4	80.6	87.0	86.5	87.9	85.5	85.4	86.1	−.9
Utilities	86.7	76.2	92.6	85.7	85.4	88.8	88.6	85.4	1.3

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.

3.4 percent above its year-ago level. Total industrial capacity utilization was unchanged at 81.4 percent.

When analyzed by market group, the data show that the output of consumer goods decreased 0.2 percent, after having been about unchanged in March. The production of automotive products declined for the second month because auto assemblies were cut back. Nonetheless, the production of other durable consumer goods increased 0.6 percent; in particular, the output of carpeting rebounded from a storm-related decline in March. The output of nondurable consumer goods decreased 0.3 percent. The residential use of electricity and the production of consumer fuels fell. The production of business equipment moved up again, as the production of computers continued to increase at more than 3 percent per month. However, the output of industrial equipment was unchanged, remaining at about the level of last November. The output of transit equipment declined again because of decreases in auto and aircraft production. The production of equipment related to defense and space programs continued to contract. The output of construction supplies declined nearly 1 percent, after having changed little in March; the output of lumber and related products has dropped more than 1 percent in each of the past two months. Even so, the output of construction supplies remains more than 1 percent higher than its fourth-quarter average. The production of both durable and nondurable materials increased more than ½ percent. Within durables, the output of semiconductors and other computer-related materials continued to increase, and the production of motor vehicle parts rose. Within nondurables, the output of both paper and chemicals posted gains. The production of energy materials dropped nearly 1 percent, with the drop in electricity generation more than offsetting the pickup in the production of coal.

When analyzed by industry group, the data show that within manufacturing, output increased 0.4 percent, and capacity utilization increased 0.2 percentage point, to 80.7 percent. Capacity utilization in advanced-processing industries was little changed: The operating rate at manufacturers of nonelectrical machinery rose about 1 percentage point, whereas the operating rate in the aerospace industry continued to decline. Factory utilization in primary-processing industries rose 0.2 percentage point; utilization gained at makers of textile and paper products and weakened at lumber mills.

The output at mines, boosted by higher coal production, increased 0.8 percent. A return to seasonal temperatures led to a decline of more than 3½ percent in the output of utilities. □

Statements to the Congress

Statement by Richard Spillenkothen, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight, Investigations, and the Resolution of Failed Financial Institutions of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 18, 1993

Thank you for inviting me to appear before the subcommittee today to discuss ways in which the financial needs of individuals and businesses located in economically underserved neighborhoods can be accommodated. More particularly, you asked me to delineate the factors related to the condition of the banking system and the constraints within its legal and regulatory structure that may be inhibiting investment in these neighborhoods.

My testimony today will be somewhat wide-ranging because many factors contribute to neighborhoods being underserved in their credit needs. But even so, I will not be able to cover all of these factors today.

I will begin by addressing recent conditions in the banking industry and the economy that have inhibited lending of all types and, more particularly, lending for community development activities. Then I will discuss briefly some of the regulatory burdens that have served to raise the costs of providing banking services and have restrained the availability of credit generally.

I will further highlight the incentives in place that encourage financial institutions to engage in community development activities, as well as several existing mechanisms that banking institutions can use to meet the needs of financially distressed urban and rural areas. I will also delineate several initiatives that the Federal Reserve developed and implemented in conjunction with its ongoing efforts to encourage community development lending.

Recent Developments in the Banking Industry

The Federal Reserve's support for programs designed to foster access by all Americans to fair and reasonable credit, particularly to those who live in economically distressed urban and rural areas, must be understood within the context of another of its roles—that of ensuring the safety and soundness of the banking system. Indeed, the capacity of any bank to accommodate the credit needs of its community is directly proportionate to its strength and stability. Fortunately, after a sustained period of great financial stress, the banking industry has been staging an encouraging recovery and appears poised to increase its lending activities.

As you know, the availability of credit has been constrained over the past few years as banks sought to reverse debilitating industry trends by improving the quality of their loan portfolios, building loan-loss reserves, restoring capital, and cutting expenses. As part of this process, credit standards were tightened, and many borrowers, who had previously found access to credit relatively easy, experienced much greater difficulties in obtaining financing. Concurrently, many borrowers scaled back their business activities in response to economic uncertainties and sought to strengthen their own balance sheets by reducing their reliance on credit. Among other adverse consequences, this action has had a deleterious effect on community development activities.

Conditions in the banking system are much better now than they have been in some time because of bank efforts and a propitious combination of lower interest rates and a somewhat stronger economy, which has enabled banks to offset the lingering effects of troubled loans with strengthened earnings and increased capital. Although businesses and consumers still appear to be wary of overextending their reliance on bank credit, banks are generally in a much stronger position to seek out creditworthy borrowers. Indeed, bankers, regulators, businesses, and consumers have learned valuable, albeit hard, lessons regarding prudent lending and borrowing practices that will likely contribute to a sustained improvement in the economy.

Additional Barriers to Lending

It has become increasingly clear that the nation's banking system is laboring under a heavy regulatory burden. This conclusion has been reached by several private studies. A study completed by the Federal Financial Institutions Examination Council, and submitted to the Congress at the end of last year to carry out a mandate of the Federal Deposit Insurance Corporation Improvement Act, reached the same conclusion. To the extent that this burden has affected the ability of banks to lend, or has affected their pricing, it has no doubt also affected community development lending.

The federal financial institutions regulatory agencies have been working to alleviate such burdens on insured depositories for some time. Last year, the agencies conducted reviews of their regulations and policies to identify those that should be changed to alleviate burdens. Several actions resulted from this endeavor.

In particular, revisions were made to risk-based capital standards that reduced capital requirements for certain loans, additional guidelines on assessing the quality of real estate loans were provided to examiners, and an examination appeals process was put in place.

More recently, the Administration has asked that the agencies conduct yet another review to find ways to reduce burdens and streamline the regulatory process. Again, to promote credit availability, the federal financial institutions regulatory agencies have identified actions that can be taken that will achieve that end without compromising safety and soundness standards.

These actions, some of which have been taken while others are soon to be adopted, include eliminating impediments to lending to small and medium-sized businesses through a reduction of documentation requirements for such loans. This change will reduce some of the relatively high costs associated with smaller commercial loans that has dampened lending activity in this segment and should have a positive effect on such lending.

Additionally, the agencies will soon be proposing revisions to the real estate appraisal requirements defined by the Financial Institutions Reform, Recovery and Enforcement Act. These revisions will improve the climate for real estate lending while still ensuring that real estate loans are extended on a safe and sound basis. They will particularly benefit the large number of small businesses that have obtained, or are seeking, loans secured by liens on business premises or other real estate. Public comment will also be sought on these proposed changes before they are adopted, and the agencies expect that comments will assist them in identifying particular burdens that appraisal requirements may be having on community development loans.

Although these efforts cannot be expected to completely alleviate the shortfalls in credit availability that this subcommittee seeks to address, they will help reduce impediments to small business lending, a result that must invariably have a positive effect on the communities that are the focus of your concern. Moreover, in seeking ways to improve credit availability generally, the agencies have been sensitive to the needs of community development lending. For example, in revising the risk-based capital rules to lower capital requirements on multifamily housing loans pursuant to a requirement of the Resolution Trust Corporation Reform and Refinancing Act, the agencies are being careful to include the financing of community development for cooperative housing projects. Additionally, the agencies are actively considering several proposals designed to promote the securitization of small business and other community development loans in conjunction with a Federal Financial Institutions Examination Council study. These proposals could both promote the liquidity of such loans and contribute to the expansion of community development activities.

Furthermore, after having summarized its findings of actions that might be taken to alleviate burden within the existing legal framework, the Federal Financial Institutions Examination

Council indicated that it would undertake the additional project of reviewing applicable statutes to see what changes can be made, consistent with safety and soundness considerations and other appropriate objectives, to reduce regulatory burden. The results of that review are to be sent to the Congress later this year. This effort should identify several positive actions that can be taken.

INCENTIVES TO COMMUNITY DEVELOPMENT ACTIVITY

There are clear incentives to financial institutions to provide community development services. The Community Reinvestment Act (CRA) reminds financial institutions that they have an obligation to assist in meeting the credit needs of their entire community and requires the federal financial institutions regulatory agencies to encourage institutions to fulfill these needs.

Moreover, the regulatory agencies have always considered banks' performance in meeting the needs of their communities when considering applications by these institutions. Thus, as the banking industry experiences an intensified period of consolidation, there are undeniable incentives to financial institutions to develop appropriate CRA programs to ensure that expansion plans are not inhibited by adverse CRA ratings.

MECHANISMS AND STRUCTURES FOR COMMUNITY DEVELOPMENT

Several mechanisms are in place through which institutions can carry out community development activities. The most common and time-honored is also the most simple: lending and investing by banks to meet the convenience and needs of the communities they serve. But there are also several other mechanisms that, although somewhat more complicated, may be used to expand the impact of bank activity. These other community development activities take less traditional, but nonetheless widely available, forms. Typically, they involve a combination of public and private financing, with banks providing the expertise in structuring financing and government programs or private grants providing some sort of subsidy to the projects undertaken.

For example, banks and bank holding companies are permitted to form Community Development Corporations (CDCs). CDCs allow financial organizations to make equity investments so long as these investments are designed primarily to promote the community welfare. Thus, banks may go beyond the usual lending function to provide equity capital to worthy projects.

A variation of the CDC that is experiencing increased popularity is the multibank, or nonbank, CDC, commonly referred to as a "consortium" CDC. These entities pool the resources of several financial institutions and invest in large-scale community development projects to share the risks and rewards of community development lending. These consortia are generally organized on a regional basis and are particularly attractive to participating institutions that do not individually possess the expertise or resources necessary to engage in larger investments. Federal Reserve Banks have provided technical and organizational assistance to financial institutions seeking to enter community development activities through both individual and consortium CDCs.

An additional variation on CDCs is investment in limited partnerships formed to invest in one or more community development projects. Finally, bank holding companies are able to invest directly in single-purpose community development projects.

COMPLEXITIES OF COMMUNITY DEVELOPMENT LENDING

As with other forms of financing, community development lending is a specialized activity that cannot be mastered without the foresight, dedication, and resources typically allocated to any successful business venture. Indeed, by their nature certain community development activities are highly specialized and so are quite complicated.

For example, many community development projects involve the rehabilitation of substandard housing. To make such activities successful, from both an economic and a social viewpoint, it is often necessary that these ventures be of a scope sufficient to make a positive impact on an entire neighborhood. Rehabilitating a single building in a severely blighted area may not, in some circumstances, prove to be a success; however, rehabilitating several key buildings in the same neighborhood may spark additional development and is more likely to produce a successful result. Given the advantages of scale in such community development activities, projects of this nature will typically require a significant mobilization of resources and may involve federal, state, and local governments, private charitable organizations, and many different private businesses. In light of these requirements, the successful community development lender must be knowledgeable about the low- and moderate-income neighborhoods it seeks to serve, must be familiar with the sources and forms of government and private support for such lending, and must possess the experience necessary to effectively assess and apply available resources. In other words, successful community development lending calls for skills that go beyond traditional banking experience.

EDUCATIONAL AND INFORMATIONAL PROGRAMS

With that in mind, the Federal Reserve has developed several educational and informational programs designed to encourage increased community development lending. These efforts have included numerous Community Affairs conferences, seminars, and workshops for bankers and others focusing on such topics as CRA and HMDA compliance, options for bank participation in low- and moderate-income housing development, and housing finance in rural areas.

The Community Affairs staff members at the Reserve Banks provide technical assistance and advice to individual banks about ways to profitably approach community development lending. Indeed, before bankers are willing to devote additional resources to these activities, they may need help in identifying creative approaches to business development that can lead to safe, rewarding lending opportunities within low- and moderate-income communities.

We have also heard of instances in which bankers believe that examiners were not cognizant of the specialized nature of community development loans. Because of this, the Federal Reserve has developed community development finance seminars for presentation to senior System examiners. This program complements other more-longstanding efforts designed to introduce examiners to community development lending activities within the current examiner training curriculum.

Despite the efforts I have described for you today, more can be learned about community development lending. Pursuant to a study on the risks and returns of community development lending required by the Housing and Community Development Act of 1992, the Federal Reserve has scheduled several roundtables with community development lenders to develop information about successful lending techniques and to identify impediments to more lending. Although these roundtables have only recently been instituted, we believe that they will provide information from the grassroots level that will give us an increased appreciation of the conditions necessary to facilitate such activities.

In summary, we should all be encouraged by improving conditions in the banking system. These improvements should increase community development lending. Moreover, the continuing efforts by the regulatory agencies to reduce regulatory burden and educate both bankers and examiners will have a positive impact on credit availability generally—including lending to disadvantaged urban neighborhoods and rural communities. □

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, May 19, 1993

I am glad to appear before your committee today to offer the Board's comments on S.924, the Home Ownership and Equity Protection Act of 1993. The bill would amend the Truth in Lending Act (TILA) to require additional disclosures to consumers who take out "high-cost mortgages" on their homes and to restrict the terms of such mortgages.

The bill is a commendable effort to address the complex issue generically called "reverse redlining" that has received considerable public attention over the past two years. It is clear that the sponsors have attempted to narrowly target the bill to areas of abuse, without overburdening the general market. If the bill progresses further, I think it is extremely important to maintain this focus. As my comments will make clear, it is the Board's view that failure to maintain a tight focus in the drafting of this bill entails substantial risk to many legitimate forms of consumer credit.

We can all agree that the abuses this bill seeks to remedy involve some truly heartwrenching personal tragedies. Some homeowners—often elderly, with substantial equity in their homes but with little income—have been targeted by home improvement contractors, loan brokers, finance companies, and mortgage companies for aggressive promotion of credit. Sometimes the potential borrowers seek the credit to consolidate other loans that are about to mature. They also obtain this type of credit for home repairs or other emergencies.

When the "dust settles," these borrowers may find that they have paid a high number of loan origination and broker points (often financed in the borrowed amount) and have agreed to a loan with an interest rate at the highest levels in the market—sometimes with monthly payments that even exceed their monthly income and often with a balloon payment due. In some cases, it is maintained that borrowers have been defrauded because the terms of their credit have been misrepresented to them. Apparently, in a substantial number of cases, borrowers are unable to keep up the payments, and they end up losing their homes through foreclosure.

My colleagues and I, as well as officers and staff members throughout the Federal Reserve System, have been closely following these issues and have, like the members of this committee, been actively considering how such abuses might be prevented in the future. Board members have met with delegations of aggrieved homeowners and have been distressed to hear firsthand of their plight. We talked with those who currently cannot afford to repay their loans and who risk losing their homes through foreclosure. Given the particular concern about these practices in Boston, the Federal Reserve Bank of Boston has investigated these practices there by meeting with public officials and community groups to work on a practical response, working with affected borrowers, and conducting workshops on deceptive credit practices. The Bank also reviewed the activities of one large nonbank subsidiary of a bank holding company in considerable detail.

Through all of these efforts we have come to appreciate the severity of the problems that high-cost mortgages cause some borrowers. However, it has also become clear that finding a solution—that itself does not have adverse consequences—is a very difficult undertaking. The problem is multifaceted and complicated.

General Comments on the Legislative Proposal

The bill would define a high-cost mortgage as one that meets at least one of the following characteristics: (1) the annual percentage rate (APR) exceeds the yield on U.S. Treasury securities having maturities comparable to the transaction by more than 10 percentage points; (2) the consumer's percentage of total monthly debt to income exceeds 60 percent after the transaction is consummated; or (3) all points and other fees paid before closing exceed 8 percent of the loan amount. We strongly support the bill's exclusion from its coverage home purchase loans and open-end home equity lines of credit.

The proposed disclosures for high-cost mortgages would be required three days before loan consummation. The special disclosures for these mortgages would be made earlier than the disclosures that are already required under the TILA (required before consummation) and would provide the borrower three days before closing to review these special disclosures and to decide whether to close the loan.

Under the bill, consumers would receive information about the effect of the security interest in the home, the APR, a statement of the consumer's remaining monthly income after having made the payments on the transaction, information about variable rate features, and a statement that submitting a loan application and receiving disclosures does not obligate the consumer to complete the transaction. The TILA already requires some of this information (or some form of it) to be given before consummation of the transaction. The bill would also amend the TILA to restrict the terms of high-cost mortgage loans—for example, by prohibiting prepayment penalties, balloon payments, and negative amortization in such loans. Enforcement of these requirements is accomplished through the federal regulatory agencies and the courts, which could issue a judgment against a creditor for actual damages, civil penalties of up to $1,000 per violation (up to $500,000 in a class action), and, under the bill, forfeiture of all interest and fees earned.

In general, we believe that these problems should be addressed in a way that benefits consumers without undue compliance burden on creditors. For instance, overly restricting credit contract terms could create the risk that the cost of credit could increase or that it could be shut off altogether to marginal borrowers, or to those borrowers who happen to need credit because of special circumstances. The bill might create a disincentive to lending to these borrowers because a technical violation of even one of the proposed disclosure requirements could subject a creditor to the serious monetary penalties mentioned above. The risk of substantial litigation is likely to deter many legitimate lenders from entering this market. This should make us all the more careful to avoid having unintended results affect legitimate borrowers.

Everyone wants to protect consumers—particularly those whose age or income makes them vulnerable to abusive lending practices—against losing their homes, perhaps their only substantial assets. Appealing as it is to assume that more disclosure will cause people to act prudently, the Board is not convinced that more TILA information—even if provided separately from and earlier than all other disclosures—will effectively deter consumers from entering into high-cost mortgages or ensure that they better understand the possible consequences. For example, it is likely that people facing default on pre-existing loans would agree to any (even high-cost) terms after full disclosure to fend off losing their homes. Ordinarily, given the choice of addressing a consumer protection issue with disclosure requirements or credit restrictions, we would opt for informing consumers about their credit choices, such as through TILA disclosures. We believe the credit market works best when it is unencumbered and when consumers have the information they need to compare available credit terms.

With high-cost mortgages, however, consumers are already required to receive a substantial amount of disclosures about the terms of the loan. They receive the APR, a disclosure of the security interest and the payment schedule on such loans, for example, although later than is proposed under the bill. The benefit of the special disclosures in advance of this information is less than obvious because most of these homeowners already have three days after closing to review their existing cost disclosures and to cancel the transaction under current law.[1]

Obviously despite these protections, there are problems today. Borrowers nevertheless enter into these high-cost obligations. It appears that few if any rescind these high-cost transactions after having received cost disclosures—even consumers who may have been misled about their credit terms or were subjected to high-pressure sales tactics. Thus, despite the good intentions of the sponsors and our own usual preference for disclosure rules over other restrictions, we have doubts whether simply increasing the information given will have much positive impact.

Thus, it may be that the more realistic way to address these various problems is through some of the substantive restrictions proposed in section 2 of the bill. The principal substantive restriction under the TILA now affecting these loans—the right of rescission—could be enhanced somehow for high-cost loans—for exam-

1. More than twenty years ago, a federal "cooling-off" period was established in the TILA to resolve the problems caused homeowners by high pressure home improvement contractors. Under the TILA, consumers have a right to rescind *most* credit (except home purchase loans) secured by the home—not just credit sales—including most refinancings.

ple, by lengthening the rescission period—as an alternative to adopting restrictions on credit terms. This may prove particularly efficacious in cases in which the borrower is actively solicited by a broker or lender, rather that having initiated the credit shopping. We would be happy to work with committee staff on such an alternative, although I am not confident that high-cost mortgage borrowers who may desperately need credit would be any more likely to rescind their loans with greater disclosures about rescission or a longer "cooling-off" period than they are now.

SPECIFIC COMMENTS ON THE LEGISLATIVE PROPOSAL

We have attached, for the committee's information, detailed comments on the entire bill.[2] However, I would like to make a few comments on the provisions. Our objective is to have the Congress avoid the unintended consequence of terminating legitimate credit options in the process of enacting this bill. We suggest that the definition of a high-cost mortgage be changed to be a transaction in which *two or more* of the conditions are satisfied. Consider each point in turn:

First, consider the criterion that high-cost loans bear interest rates at more than 10 points above the current rate on Treasury securities of equal duration. I can understand that 10 percentage points may seem to be a large spread. In the present rate environment, however, this criterion implies an interest rate threshold of 14 percent to 15 percent. Yet many individuals, and not just those with low and moderate incomes, currently finance moderate-sized home repair items by using their credit cards. The effective interest rate on these cards may well be in the 18 percent to 21 percent range. It does not seem appropriate to consider extensions of credit at 14 percent or 15 percent rates as high-cost when individuals now often assume much higher rates to accomplish the same purpose. The interest rate alone should not be considered the basis for establishing a loan as "high cost" unless a substantially higher spread is adopted.

Second, consider the 60 percent of income criterion. I have regularly opposed the use of such factors because income is often a poor guide to the ability to repay a loan. Consider first what I call the "widow situation." Let us imagine a widow who is left with her home, a little income (say, earnings on her husband's life insurance), and some real estate that could be fixed up and sold to improve her financial situation. She is consuming the capital represented by the life insurance proceeds. She realizes that it cannot continue, and indeed that is the reason why she is seeking to liquidate some of her property. But it is easy to imagine that the financing costs on the repairs she must undertake will exceed 60 percent of her income on a short-term basis. Would you put at risk her ability to borrow by defining her loan as "high cost" simply because of her temporary low income? Again, I think that using simply one of the three criterion listed as sufficient for that definition creates an overly broad scope for this bill.

A second class of individuals who would be unintended victims of this legislation would be people who are starting small businesses and using their homes as equity for fixed-term second mortgages. Because the incomes of these individuals are temporarily depressed, use of income as the sole criterion for the high-cost designation is particularly ill advised. Yet these types of mortgages may be the best source of credit available to these potential entrepreneurs.

Preliminary research at the Federal Reserve suggests that many government-sanctioned mortgages implicitly involve loans to families that require that more than 60 percent of their income be used for credit purposes. In 1987, for example, roughly 10 percent to 12 percent of all FHA-insured refinancings involved borrowers with debt-to-income ratios greater than 60 percent. To avoid limiting the availability of credit under government-sponsored programs, you might consider exempting these mortgages from coverage under the legislation.

Finally, the third criterion, an 8 percent limit on points and fees, is unduly restrictive for small loans. For many reasons, including the paperwork costs imposed by law and regulation, a

2. The attachment to this statement is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

substantial fixed cost is involved in processing the loan. Indeed, this cost is often cited as the reason why many banks do not make small loans at all. An 8 percent limit on points and fees would make these loans even scarcer. Consider a $2,000 loan for a new roof, for example. The 8 point test translates to a $160 threshold. By any of the cost standards I am aware of, this amount is uncomfortably low.

Again, I am sure we all agree that we want to avoid the unintended consequence of making loans more difficult to get. My colleagues and I have wrestled with the conflicting tradeoffs involved. One option is to raise the thresholds proposed for each of the three criteria cited above. We believe that a better option is to look for a pattern of abusive terms by requiring that two of the three criteria be met before designating the loan as "high cost." Absent such a change, it would be difficult for us to conclude that this legislation would not risk significant impairment of loan availability in many legitimate and non-abusive instances.

Of all of the provisions in section 2 of the bill, the substantive limitations on balloon payments, negative amortization, and prepayment penalties seem particularly focused on the problems associated with high-cost mortgages. Without the bill's exclusion of home purchase loans, some common balloon mortgage products such as the so-called "7–23" loans could have been affected by the restrictions. And, without the exclusion, the negative amortization restrictions might well freeze out many potential homebuyers from the market if the rate environment of the late 1970s should return. Further, as mentioned in our attached technical comments, the definition of negative amortization may have the unintended consequence of restricting reverse annuity mortgages because the balance on these loans increases with the payouts to the elderly borrower over the loan term. Thus, I again stress that it is very important to keep the focus of the bill narrow.

We also have some concern about the provision that would amend the TILA assignee liability and expose an assignee to all the claims and defenses the consumer could assert against the creditor from failure to comply with any TILA requirement. The Federal Trade Commission's rule on unfair and deceptive practices addresses this issue to some degree already. That rule has essentially eliminated holder-in-due-course status for assignees of consumer credit sale contracts but not of direct loans. Also, the provision would create a second, more expansive standard for assignee liability than is present in the TILA, which now specifies that assignees are liable only for TILA violations that are apparent on the face of the documents for the loan assigned. In addition, the penalties are much more severe (loss of all finance charges paid) than under existing law. This potential for increased liability could discourage the purchase, and ultimately the origination, of loans—and therefore restrict the availability of credit to marginal borrowers without alternative sources of credit.

Finally, to the extent that the Congress chooses not to defer regulatory policy to the states, the Board believes a clear and complete federal preemption should be considered to clarify coverage and reduce regulatory compliance burdens.

CONCLUSION

The committee is to be commended for attempting to resolve a complicated and important problem caused by high-cost mortgages. It is clear that the issues raised by high-cost mortgages are complex and that the appropriate federal response to the problems they raise is equally complicated. Many of these issues, relating to fraud and misrepresentation or usury, are already regulated by the states. Other issues, such as disclosure about the cost of credit and the ability to rescind a loan entered into through high-pressure tactics, are already handled to a great degree in federal law. The other issues raised, such as the terms of the credit contract, would be addressed in S.924 by imposing restrictions on the parties' ability to contract for those terms. Although we do not favor federal restrictions on credit terms, we believe that these restrictions would better address the problems created by high-cost mortgages than the additional disclosures that have been proposed.

In crafting the final form of this legislation, it is essential that the committee avoid the problem of unintended consequences. Given the reported difficulties that some sectors of the economy have in accessing credit, it would be an unfortunate outcome of well-intentioned legislation if these sectors were cut out of the credit market entirely. I would recommend to this committee that during the course of their deliberations they solicit information from creditors active in second mortgage lending to determine how the proposed legislation might affect the availability of credit. We need to be better informed of this market, but absent perfect information, it is essential to keep the focus of this legislation as narrow as possible to eliminate abusive practices while minimizing adverse consequences which the Congress clearly would not have intended. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 26, 1993

I am pleased to appear before the Committee on Banking, Finance and Urban Affairs to discuss the Federal Reserve's role in the government's anti-money-laundering efforts. The Federal Reserve places a very high priority on supporting efforts to attack the laundering of proceeds from illegal activities through our nation's financial institutions and, over the past several years, has engaged extensively in anti-money-laundering endeavors.

We believe that the Federal Reserve has an important role to perform in the federal government's efforts to detect and deter money laundering activities within banking organizations, as well as to provide assistance to law enforcement agencies in their efforts to suppress these criminal activities and seize proceeds gained from them. As I will describe in more detail, the Federal Reserve has participated in, and provided assistance to, the federal government's efforts in attempting to eliminate money laundering activities.

Currently, the Board, through the varied functions that it performs on a routine basis, such as examinations of state member banks and the U.S. branches and agencies of foreign banks, as well as through special projects and various other programs, monitors financial institutions in an attempt to stop money laundering activities. We have also devoted significant resources to providing technical assistance and training both to domestic and foreign law enforcement and banking supervisory agencies.

An example of the Federal Reserve's commitment in this area was the creation, in January 1990, of the Federal Reserve System Working Group on Money Laundering Activities. Chairman Greenspan created this senior level Working Group to review the Board's initiatives on money laundering and identify new ways to contribute to the federal government's anti-money-laundering efforts. The Working Group placed special emphasis on providing assistance to domestic and international law enforcement organizations. It also developed internal programs and procedures for Board and Reserve Bank staffs to implement in their normal supervision and regulation of financial institutions and provision of services to banking organizations. The Working Group formed three task forces, in the areas of cash, funds transfer, and supervision. The three task forces focused on identifying areas within the Federal Reserve in which better procedures would detect and deter money laundering activities. Many of the activities that I will address today are the result of the efforts of the Working Group and its task forces.

Federal Reserve Programs for Controlling Money Laundering

During the course of each Federal Reserve examination of a state member bank or U.S. branch or agency of a foreign bank, a Bank Secrecy Act compliance examination is conducted. Such examinations are scheduled to occur every year. When deemed necessary, Federal Reserve examiners may conduct special targeted examinations of financial institutions if there is reason to believe that violations of the Bank Secrecy Act may be occurring or other suspicious activities are identified.

To conduct effective examinations for compliance with the Bank Secrecy Act, all Federal Reserve examiners receive training in understanding the basics of money laundering. Examiners are also trained in the provisions of the Bank Secrecy Act and the Treasury's rules and regulations implementing it and in identifying suspicious activity that may be associated with money laundering. This training is provided during initial courses that our examiners attend upon entering the Federal Reserve System. Additional training regarding Bank Secrecy Act compliance and related matters is also provided to experienced examiners during the course of supplemental training programs in which they are required to participate over their careers, as well as training programs sponsored by the Federal Financial Institutions Examination Council and various law enforcement agencies.

I must emphasize, however, that even with the extensive training provided to our examiners, it is difficult for even the most experienced bank examiners to detect sophisticated money laundering schemes during the course of an examination. Well-trained examiners are able to determine if financial institutions are in compliance with the various specific provisions of the Bank Secrecy Act. Bank examiners are also able to determine if financial institutions have in place systems to identify and report to the appropriate law enforcement and supervisory agencies any suspicious activity occurring at or through those institutions. By identifying institutions that are not in compliance with the various requirements of the Bank Secrecy Act or that do not have systems in place to report suspicious activity, the Federal Reserve provides critical data to government enforcement agencies.

To enhance the ability of bank examiners conducting Bank Secrecy Act compliance examinations, the Board, in late 1991, created a special committee of bank examiners with the most experience in Bank Secrecy Act compliance-related matters. As a result, procedures for Bank Secrecy Act compliance examinations that are better suited to today's changing environment were developed. These procedures have been successful during field tests throughout the Federal Reserve System over the past year. Our staff members are also developing better procedures to review the operations of U.S. banks in foreign jurisdictions that do not have laws and regulations comparable to the Bank Secrecy Act. We have identified several specific areas of foreign operations that should be reviewed to determine if the U.S. bank is susceptible to money laundering activities.

To strengthen banks' anti-money-laundering efforts, we have been encouraging financial institutions to adopt more comprehensive "know your customer" policies to protect them from illegal penetration of their facilities by money launderers. The Board believes that the best protection is for banks to possess sufficient knowledge to clearly identify each customer and to have a full understanding of the type of business engaged in by the customer.

It is certainly not sufficient to simply identify those institutions that are not in compliance with anti-money-laundering statutes, without taking action to ensure future compliance. To this end, the Board initiates appropriate enforcement actions against the domestic and foreign banking organizations that it supervises to address instances of noncompliance. Although the Office of Financial Enforcement of the Department of the Treasury initiates civil money penalties against banking organizations for specific violations of the Bank Secrecy Act, the Board addresses such matters as the lack of internal controls and procedures. For this purpose, the Board may use its cease and desist and civil money penalty assessment authority. Recent actions to address noncompliance in this area include the assessment of fines of $200,000 each against two foreign banking organizations that were found to have inadequate internal controls and systems to ensure compliance with the Bank Secrecy Act.

Tracking of Currency by the Federal Reserve

One of the initiatives proposed by the Cash Task Force of the Board's Working Group on Money Laundering Activities was the development of a system whereby currency flows to and from Reserve Banks would be monitored on a regular basis and abnormalities in the normal flows, either surpluses or deficiencies, would be identified and further investigated. During the development of this project, the Federal Reserve Bank of Dallas initiated a cash flow study to establish the normal range of cash activities for each of the financial institutions that used that Reserve Bank's cash services. Once these norms had been established, the Bank was able to identify and investigate deviations in the normal pattern of cash transactions by their customers.

The results of the study by the Federal Reserve Bank of Dallas were discussed with various law enforcement agencies. It was determined that the most efficient means of gathering, analyzing, and disseminating currency flow data from around the United States was to have each of the Reserve Banks report all of their cash flow data to a single federal government agency more suited to the task of providing financial investigative assistance to the law enforcement community. This procedure resulted in the establishment of an agreement between the Federal Reserve and the Financial Crimes Enforcement Network of the Department of the Treasury (FinCEN) for each Reserve Bank to provide FinCEN, on a monthly basis, specific information on cash shipments, by denomination, to and from the Reserve Banks by their financial institutions. Once FinCEN obtains this information, it initiates an analysis of the information and identifies abnormalities by geographic locale or financial institution. This information is then passed on to law enforcement officials, as well as to the responsible supervisory agency for further investigation.

Besides the provision of currency flow data to FinCEN, each of the Reserve Banks has adopted a "know your customer" policy similar to that which the Federal Reserve encourages private sector financial institutions to adopt. These policies are designed to ensure that each Reserve Bank has an understanding of the normal business practices of its cash customers and, therefore, can identify and review inconsistencies, should they arise.

Money Laundering and Fedwire

Several initiatives are now under way to provide assistance in tracking funds through the Fedwire system. One initiative is known as the "scanning program." Using information relating to suspected money launderers supplied by agencies such as the Federal Bureau of Investigation (FBI) and the U.S. Customs Service, the program enhances law enforcement's ability to track funds transfers through the Fedwire.

Federal Reserve staff members are now meeting with law enforcement agency representatives in Washington, D.C., and throughout the United States to acquaint them with the potential uses of the scanning program. The program has been used successfully by various law enforcement agencies to date; and, in recent weeks, several Reserve Banks have reported an increased number of inquiries from law enforcement agencies about how to use the program.

In an effort to further augment the ability of the wire payment systems to track funds transfers, in late 1992 the Federal Reserve recommended that the Federal Financial Institutions Examination Council adopt a policy statement encouraging financial institutions to include complete identifying information about the originator and beneficiary of a wire transfer in the payment message. We took this step because enforcement agencies indicated that this information would be useful in conducting investigations. The council's five regulatory agencies have now adopted such a policy statement and distributed it to banking organizations in December 1992.

As you are aware, the Federal Reserve and the Department of the Treasury are also engaged in developing recordkeeping requirements for funds transfer as a result of provisions of the Annunzio–Wylie Anti-Money-Laundering Act. Even before this legislation, the Federal Reserve was actively assisting in the development of funds transfer recordkeeping requirements.

The design of funds transfer recordkeeping requirements is a very complex and technical undertaking. Although the Board agrees that it may be beneficial to use information from funds transfers to investigate money laundering activity, or to trace the proceeds of such activity, we also have a continuing interest in ensuring the efficiency and integrity of the payments system. The impact of any funds transfer recordkeeping requirements must be carefully weighed to ensure that they do not result in a degradation in the efficiency and attractiveness of the large-dollar payments system. More important, too onerous recordkeeping requirements could have seriously adverse consequences for the competitive position of U.S. financial institutions. We believe that recordkeeping requirements are being developed that will meet the needs of the government's anti-money-laundering efforts and, at the same time, protect the efficiency and the integrity of the payments system.

Coordination with Federal Law Enforcement Agencies

The Federal Reserve routinely coordinates with federal law enforcement agencies with regard to anti-money-laundering activities. The scope of this coordination varies from the development and implementation of a criminal referral form that specifically addresses money laundering offenses to specific, case-by-case assistance to law enforcement agencies resulting from examinations of financial institutions that appear to be engaged in violations of the Bank Secrecy Act or related offenses.

The Board also continues to maintain a close working relationship with the Treasury's Office of Financial Enforcement with regard to the enforcement of the Bank Secrecy Act. As you are aware, the Office of Financial Enforcement promulgates all regulations with regard to the Bank Secrecy Act that affect financial institutions; and it is the joint responsibility of the Federal Reserve, the other federal financial institutions supervisory agencies, and the Office of Financial Enforcement to ensure that financial institutions comply with these rules and regulations. To this end, the Federal Reserve routinely provides the Office of Financial Enforcement, on a quarterly basis, with information related to noncompliance with the Bank Secrecy Act by the domestic and foreign financial institutions that are examined by us during the quarter.

Over the past year, Board staff members also began a dialogue with the Money Laundering Section of the Department of Justice's Criminal Division to coordinate better the review of pertinent intelligence information. We now work closer with Justice staff members to identify potential money laundering at or through domestic banking organizations or foreign financial institutions doing business in the United States.

On the international front, the Federal Reserve is an active participant in the Financial Action Task Force, which the Group of Seven (G-7) countries established. Board staff members have a significant role in the U.S. delegation to the Financial Action Task Force and have provided resources to the efforts of the Financial Action Task Force to provide educational assistance to countries that are attempting to understand the money laundering problem and to develop programs to combat such activity. The staff members have traveled to such places as Hungary, Poland, Austria, Singapore, the United Arab Emirates, and Saudi Arabia to provide training and technical assistance under the auspices of the Task Force.

Resources the Federal Reserve Has Committed to Anti-Money-Laundering Initiatives

As I have described, extensive resources have been dedicated to the Federal Reserve's anti-money-laundering efforts. At a minimum, each banking organization supervised by the Federal Reserve receives a regular examination for Bank Secrecy Act compliance, which is an effort that requires significant human resources and expense. Besides the use of our examination force to conduct Bank Secrecy Act examinations and special targeted reviews, the Board, in late 1989, augmented the resources dedicated to this area when it created a new senior level staff position within the Division of Banking Supervision and Regulation to coordinate and enhance money-laundering-related matters. Since December 1989, the Special Counsel appointed to this position has assumed responsibility for coordination of matters related to money laundering and Bank Secrecy Act compliance, including investigation, enforcement, and training. Over the past three years, the Special Counsel, who is a recognized expert with respect to the Bank Secrecy Act and money laundering offenses, has traveled widely abroad and throughout the United States representing the Board on Bank Secrecy Act-related training programs and other international matters pertaining to the federal government's anti-money-laundering efforts. He has provided assistance to the Departments of State and Treasury, and each of the many other federal administrative and law enforcement agencies responsible for Bank Secrecy Act-related matters. Last month, the Board added to the staff members of the Special Counsel's office by hiring a Senior Special Examiner with extensive Bank Secrecy Act experience to assist the Special Counsel's anti-money-laundering efforts.

Estimates on Money Laundering and the Effectiveness of Currency Transaction Reports

You have requested that we estimate the amount of funds laundered in the United States annually. Although the Federal Reserve does not develop or maintain such statistics, it does rely on information that other government agencies in this area provided. The Financial Action Task Force estimated that in 1990 the U.S. share of drug proceeds was $100 billion. More recently, the FBI has estimated that the amount of money laundered through the United States on a yearly basis from narcotics trafficking, as well as other major crimes, is $300 billion.

You also requested our views on the effectiveness of the Currency Transaction Reports required to be filed by financial institutions for most cash transactions in excess of $10,000. As I stated previously, the Federal Reserve is required to monitor compliance by financial institutions with regulations promulgated by the Department of the Treasury. Although the Federal Reserve continues to examine for compliance with the currency reporting requirements, it does not use the data contained in the Currency Transaction Reports for investigative purposes and, therefore, has no means by which to assess their effectiveness to the law enforcement community.

Evaluation of the Effectiveness of the Federal Reserve's Anti-Money-Laundering Efforts

Our anti-money-laundering efforts have been extensive over the past several years. We conduct regular Bank Secrecy Act examinations of all the domestic and foreign banking organizations that we supervise, and the Board is the only banking agency that has created and staffed senior staff positions dedicated to developing, coordinating, and overseeing an anti-money-laundering program. Although it is difficult to quantify results in this area, it is important to note that the federal law enforcement community looks toward, and relies on, the Federal Reserve for assistance and guidance with respect to money laundering matters. Further, the international banking supervisory community relies on our extensive expertise to develop and coordinate international anti-money-laundering programs.

We expect that the Federal Reserve's Bank Secrecy Act examination program and the notable formal enforcement actions addressing Bank Secrecy Act-related deficiencies that have been taken by this agency have had some deterrent effects. Our staff members have been advised that many U.S. branches and agencies of foreign banks have retained legal counsel and accounting firm consultants to develop enhanced internal Bank Secrecy Act compliance procedures for their institutions after the Board's announcements regarding its recent enforcement actions. Similarly, the legal profession and bankers have given increased attention to Bank Secrecy Act compliance matters during the course of recent symposiums and training sessions. This increased attention is another indication that banking organizations and their outside professionals are responding to the anti-money-laundering efforts of the federal departments and agencies responsible for this area.

Conclusion

As I have described, over the past several years the Federal Reserve has taken significant steps in all of its relevant areas of responsibility to develop programs, procedures, and systems to assist in the government's anti-money-laundering efforts. These efforts have made the Federal Reserve a leader in the bank regulatory community's anti-money-laundering mission. The Chairman, members of the Board, and the staff members have worked to develop and implement programs and procedures in the bank supervision, currency, and payments system areas that enhance the government's ability to detect and deter money laundering activities in financial institutions. The continued tuning and improvement of this effort are an established Board policy. □

Announcements

MEETING OF THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced that the Consumer Advisory Council met on Thursday, June 17. The Council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

REDUCTION IN PRIOR APPROVAL REQUIREMENTS FOR FUTURES COMMISSION MERCHANT ACTIVITIES

The Federal Reserve Board announced on May 25, 1993, that it has taken two steps to reduce the prior approval requirements for bank holding companies proposing to engage in certain futures commission merchant (FCM) activities.

The steps are the following:

- The Board has delegated additional authority to the Federal Reserve Banks to approve proposals by bank holding companies to act as an FCM.
- The Board has also modified and, in certain cases, eliminated the prior approval requirements for bank holding companies that seek to act as an FCM for additional financial instruments or to act as an FCM on additional commodities exchanges where the bank holding company already has approval to engage generally in FCM activities.

PROPOSED ACTIONS

The Federal Reserve Board on May 7, 1993, requested public comment on whether the Board should retain, modify, or terminate a provision in Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks), which establishes procedures for smaller banks to increase their aggregate insider lending limit up to 200 percent of unimpaired capital and surplus. Comments should be received by July 15, 1993.

The Federal Reserve Board on May 13, 1993, requested public comment on a proposed rule to expand the definition of "financial institution" in section 402 of the Federal Deposit Insurance Corporation Improvement Act. The act validates netting contracts among financial institutions. Comments should be received by August 20, 1993.

PUBLICATION OF GUIDE TO THE FLOW OF FUNDS ACCOUNTS

A new Federal Reserve Board publication explains the principles underlying the flow of funds accounts and describes how the accounts are constructed. *Guide to the Flow of Funds Accounts* lists each flow series in the Board's main flow of funds publication, "Flow of Funds Accounts, Flows and Outstandings" (the Z.1 statistical release), and describes how the series is derived from source material. The *Guide* also explains the relationship between the flow of funds accounts and the national income and product accounts and discusses the analytical uses of flow of funds data. The *Guide* can be purchased, for $8.50, from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551. □

Minutes of the Federal Open Market Committee Meeting of March 23, 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, March 23, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. Corrigan, 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. 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, Rolnick, Rosenblum, Scheld, Siegman, Simpson, and Slifman, Associate Economists

Mr. McDonough, Manager of the System Open Market Account
Ms. Greene, Deputy Manager for Foreign Operations
Ms. Lovett, Deputy Manager for Domestic Operations

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors[1]
Mr. Madigan, Assistant Director, Division of Monetary Affairs, Board of Governors
Mr. Hooper, Assistant Director, Division of International Finance, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Beebe, T. Davis, Dewald, Goodfriend, and Ms. Tschinkel, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Kansas City, St. Louis, Richmond, and Atlanta respectively

Ms. Browne, and Mr. Sniderman, Vice Presidents, Federal Reserve Banks of Boston and Cleveland respectively

Ms. Krieger, Manager, Open Market Operations, Federal Reserve Bank of New York

At the start of the meeting, the subcommittee established to review policies relating to the release of Committee information reported on its further deliberations and proposed a merging of the current "Minutes of Actions" and the "Record of Policy Actions" into a new document to be designated "Minutes of the Federal Open Market Committee Meeting." Merging the two documents would put in convenient form all the information that is released pertaining to FOMC meetings, and the new document would be made public on the same schedule as its predecessor documents. The Committee members endorsed the subcommittee's proposal and by unanimous vote the Committee approved the "Minutes of the Federal Open Market

1. Attended actions portion of meeting relating to discussion of merging minutes of action and policy record into one document.

Committee Meeting" held on February 2–3, 1993; this merged document was scheduled to be released on March 26, 1993.

The Manager of the System Open Market Account reported on developments in foreign exchange markets since the previous meeting on February 2–3, 1993. There were no System open market transactions in foreign currencies during this intermeeting period, and thus no vote was required of the Committee.

The Deputy Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period February 3, 1993, through March 22, 1993. By unanimous vote, the Committee ratified these transactions.

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

The information reviewed at this meeting suggested that economic activity was expanding at a more moderate pace in the early months of 1993 after increasing substantially in the fourth quarter. Although outlays for business equipment apparently remained on a strong upward trajectory, sales of new homes had slackened and consumer spending was rising less rapidly. Indicators of production activity also were mixed: Industrial output had continued to post solid gains, but homebuilding had been less robust since year-end. Payroll employment had strengthened, and the unemployment rate had moved down further. Increases in wages had remained subdued in recent months, but advances in consumer and producer prices had been larger than those recorded in the latter part of 1992.

Total nonfarm payroll employment rose sharply in February, following generally small advances in previous months, and the length of the average workweek remained at the fourth-quarter level. The strong job gains in construction, services, and retail trade in February apparently reflected to some extent a partial reversal of the special factors that had depressed reported employment in these sectors in previous months. Since December, initial claims for unemployment insurance had fluctuated in a range that was consistent with further modest growth in employment. The civilian unemployment rate edged lower again in February, to 7.0 percent.

Industrial production continued to rise at a fairly brisk pace in January and February. Changes in mining and utilities were about offsetting on balance over the two months, but increases in manufacturing were fairly widespread. Although motor vehicle assemblies fell in February from a relatively high January level, the production of consumer durables and computers turned up sharply. In addition, increases in output were recorded in several other categories, including non-energy materials and construction supplies. Recent surveys indicated that new orders for durable goods increased further in February, and lean factory inventories coupled with reports of lengthening delivery times suggested further gains in industrial output in coming months. Total utilization of industrial capacity rose again in February.

Retail sales advanced in February after a fourth-quarter surge and a pause in January. Sales at automotive dealers weakened in February. However, there were sharp increases in sales of building materials and supplies, miscellaneous durable goods, and nondurable goods other than apparel. After registering sizable gains late last year, housing starts fell substantially in January and retraced only part of that decline in February. The slowdown was concentrated in single-family housing starts; multifamily starts were up in February from a historically low level in January. Although mortgage interest rates had dropped to the lowest levels in decades, sales of both new and existing homes turned down in January from their high December levels.

Incoming data on orders and shipments of nondefense capital goods suggested a further brisk advance in outlays for business equipment in coming months. In January, a decline in shipments of nondefense capital goods only partially reversed a large December rise, as a surge in shipments of computing equipment helped sustain the overall level. Shipments of complete civilian aircraft posted a solid gain in January. The increase appeared to be concentrated in sales to foreign purchasers; in the domestic airline industry, intense competition was forcing cutbacks of unprofitable routes and reductions in both the number of planes in service and orders for new planes. Shipments of durable equipment other than computers and aircraft fell in January to about the level of the fourth quarter. On the other hand, the January reading on new orders for these goods was well above the average for the fourth quarter, suggesting that additional advances in shipments might lie ahead. Nonresidential construction activity was down slightly further in January, reflecting persisting declines in office and industrial building in an environment of excess supply and some continuing, though perhaps lessening, downward pressure on the prices of such structures.

Business inventories appeared to have edged lower in January. In manufacturing, factory stocks were drawn down further, and most industries had relatively low stocks-to-shipments ratios. Among wholesalers, strong January sales pulled down inventories at many types of establishments; in numerous cases, a large accumulation of stocks in the fourth quarter was reversed. For the wholesale sector as a whole, the inventories-to-sales ratio in January was near the bottom of the range of the past two years. Retail inventories rose somewhat further in January after a large December increase. Stocks at automotive dealers accounted for all of the January accumulation. At retail stores other than auto dealers, the ratio of inventories-to-sales remained within the narrow range observed over the past year.

The nominal U.S. merchandise trade deficit widened slightly in January but was little changed from its average level in the fourth quarter. The value of both exports and imports dropped sharply in January from the December levels. The decline in imports was spread widely among major trade categories, but the decrease in exports largely reflected a reduction in shipments of aircraft after a strong December rise. Among the major foreign industrialized countries, the level of real activity contracted further in the fourth quarter in Japan, western Germany, and France; for the first quarter, the limited data available were generally weak for Japan and France but somewhat more mixed for western Germany. By contrast, economic activity appeared to be increasing in Canada and the United Kingdom.

Producer prices of finished goods were up in January and February after changing little over the fourth quarter. Producer prices of finished foods declined over the first two months of the year, but prices of finished energy products climbed rapidly, and prices of other finished items rose at a faster rate than in 1992. At the consumer level, price increases in January and February also were on the high side of the past year's advances. Food prices jumped in January and rose slightly further in February, while energy prices retraced most of a sharp January rise. Excluding food and energy items, consumer prices advanced at a substantially faster pace over the January–February period than in 1992. Increases in wages, as measured by average hourly earnings of production or nonsupervisory workers, remained subdued in recent months. The advance in average hourly earnings slowed in February, and the rise over the twelve months ended in February was considerably smaller than over the previous twelve-month period.

At its meeting on February 2–3, 1993, the Committee adopted 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 adjustments to policy 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 would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with little change in the levels of M2 and M3 over the two-month period from January through March.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. Adjustment plus seasonal borrowing averaged only slightly above expected levels in the three full reserve maintenance periods in the intermeeting interval. For the period as a whole, the federal funds rate remained close to the 3 percent level that had prevailed in previous months.

Other short-term interest rates changed little over the intermeeting period, while long-term rates fell appreciably on balance. Bond markets rallied over most of the period, reflecting market assessments of improved prospects for significant reductions in the federal budget deficit in coming years and the consequences for overall spending. Prices of Treasury notes and bonds also were boosted by municipal defeasance activity and by perceptions of heightened prepayment risks in mortgage-backed securities. In early March, interest rates on long-term Treasury bonds and conventional fixed-rate mortgages reached their lowest levels since 1973, but some of the decline in bond and mortgage rates subsequently was reversed in response to increased apprehension about inflation. Equity prices generally responded favorably to the drop in long-term interest rates, but concerns about future changes in government policy toward a number of industries, including health care, led to lower prices in some segments of the equities market.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies fell on balance over the intermeeting period. The dollar depreciated through late February, partly in response to declines in U.S. long-term interest rates and incoming data that were seen as pointing to some slowing of the expansion in the United States. Subsequently, the dollar rebounded in the wake of unexpectedly strong U.S. employment statistics, disappointing inflation numbers, and further signs of weakening economic activity abroad. Near the end of the period, the dollar again dropped against the German mark and other European currencies, following a cut by the Bundesbank of its discount rate that apparently was less than market participants were expecting. On balance over the period, the dollar was marginally lower against the mark and other European currencies, but it declined substantially against the Japanese yen, reaching an all-time low.

M2 and M3 contracted in January and February. Part of the weakness apparently reflected temporary factors, such as distortions in seasonal adjustment factors and a lull in prepayments of mortgage-backed securities that reduced deposits held in association with this activity. More fundamentally, relatively attractive returns on capital market instruments continued to prompt households to shift large amounts of liquid balances into market investments, such as bond and stock mutual fund shares. In addition, banks continued to issue subordinated debt and equity to improve their balance sheets at a time when the expansion of bank credit was slowing noticeably; in particular, bank lending to businesses had been depressed by paydowns from the proceeds of heavy bond and stock issuance by nonfinancial corporations. Total domestic nonfinancial debt appeared to have expanded somewhat further in January.

The staff projection prepared for this meeting suggested that economic activity would grow over the year ahead at a pace that would foster a further gradual reduction in margins of unemployed labor and capital. The projection incorporated the essential elements of the fiscal proposals recently set forth by the Administration; the effects on aggregate demand, all other things equal, were expected to be small over the next several quarters. However, the appreciable declines in long-term interest rates that had occurred in recent months—evidently partly in response to anticipations of intermediate-term deficit reduction—were expected to support substantial additional gains in business and residential investment. Consumer spending would be bolstered by the progress already achieved in reducing debt-service burdens and by a gradual lessening of concerns regarding job security, although the higher personal income taxes now envisioned for upper-income taxpayers were expected to be an inhibiting factor. Increases in export demand would be limited in the near term by the continuing weakness in the economies of the major industrialized countries. The persisting slack in resource utilization was expected to be associated with a return to more subdued price increases after a spurt earlier this year.

In the Committee's discussion of current and prospective economic conditions, the members remained encouraged by recent developments that they viewed on the whole as tending to confirm their forecasts of sustained economic expansion, though at a pace appreciably below that now indicated for the fourth quarter of 1992. If realized, such economic growth would be associated over time with a further gradual decline in unemployment. While the expansion appeared to have generated some momentum, a number of factors were likely to limit its strength, including ongoing balance sheet and business restructuring activities, the outlook for a more restrictive federal budget, and continuing weakness in key foreign markets. At the same time, greatly reduced interest rates and much improved, if still vulnerable, business and consumer confidence were positive factors in the outlook. Some members cautioned that even though a moderate rate of economic growth could be viewed as the most likely outcome over the forecast horizon, the current expansion differed in important respects from earlier cyclical recoveries, and in light of the attendant uncertainties a considerably different result—in either direction—could not be ruled out. With regard to the outlook for inflation, the faster increases in consumer prices in recent months and a sharp upturn in the prices of certain producer materials tended to raise concerns, or at least a degree of unease, with regard to underlying inflation trends. While these developments might well prove to be an aberration rather than a signal of intensifying inflation, they did suggest the need to reassess the likelihood of a further decline in inflation and to be alert to further signs of a sustained upturn. For now, however, the favorable trends in underlying unit labor costs, which were associated in turn with ongoing gains in productivity and the absence of any firming in wage pressures, led many members to conclude that recent price developments did not provide persuasive evidence of a change in the inflation outlook.

Members continued to report somewhat uneven business conditions across the nation. Steady economic growth characterized many parts of the country, but business activity remained depressed in some areas and industries, notably those related to defense, aerospace, and nonresidential construction. While business sentiment was generally positive, many business contacts were uncertain about the outlook for demand in their own industries or the potential strength of the overall expansion, and recent fiscal policy developments appeared to have introduced a further note of caution. This uncertainty helped to account for the continuing reliance of numerous firms on overtime work to meet growing demand rather than incurring the considerable costs of adding new workers. Even so, an increasing number of contacts were reporting worker recalls or new hires. One member commented that job growth could be viewed both as a measure of business sentiment and as a necessary element in building or maintaining consumer confidence and thus helping to ensure an enduring economic expansion.

The quickening recovery during 1992, especially in the second half of the year, had received considerable impetus from consumer spending, and while growth in such spending could be expected to moderate from its pace in recent quarters, the consumer sector was viewed as likely to play a key role in sustaining the expansion this year. Many consumers had taken advantage of steep declines in interest rates to strengthen their balance sheets and reduce their debt-service burdens, and they were now in a much improved position to finance further growth in their expenditures. The members took note of recent indications of a decline in consumer confidence and of some softening in retail sales since early in the year. However, the latter appeared to be in part the result of recently adverse weather conditions in some major parts of the country, and consumer confidence was still much improved on balance since earlier in the recovery. Accordingly, recent developments were not seen in themselves as harbingers of a weakening consumer spending trend over the next several quarters.

Business spending on producers' durable equipment also was believed likely to continue to provide appreciable stimulus to the expansion, assuming that the much reduced interest rates and currently favorable business attitudes would be sustained and that proposed investment tax credit legislation eventually would be enacted. At the same time, business spending for nonresidential structures probably would continue to be held back by weakness in office construction stemming from widespread overcapacity. While office building activity was likely to be restrained for an extended period, members saw some positive signs that pointed to a degree of stabilization in this sector, including the leveling out or even a marginal pickup in rents and occupancy rates in some markets that previously had been severely depressed. A slow turnaround in other building activity was reported in some regions, notably for industrial and retail structures.

While the available data on starts of single-family houses in January and February were somewhat disappointing, the members felt that housing construction activity had held up relatively well thus far this year, after allowing for the adverse weather conditions that had retarded construction in some areas. The greatly reduced cost of mortgage financing pointed to continuing gains in housing construction despite a rise in costs associated with the sharp jump in lumber prices and a scarcity of finished building lots in some areas.

The members agreed that the prospects for overall spending on business capital goods and housing were vulnerable to shifts in attitudes that might be triggered, for example, by increases in market interest rates associated with an absence of progress in reducing the federal budget deficit. The outlook for a significant contraction in the federal deficit was subject to considerable uncertainty, especially in light of the still pending decisions to be made with regard to health care programs and their financing. The members recognized that the direct effects of appreciable deficit reduction would tend to constrain economic activity, as evidenced by the impact in many areas of the defense cutbacks that were already being implemented. Business contacts had expressed concerns about the potential effects on their industries and local markets of various provisions in the proposed legislation. Even so, a more encompassing assessment of the effects of deficit reduction needed to take account of its favorable implications for domestic interest rates. Moreover, insofar as the nearer-term outlook was concerned, the fiscal legislation now under consideration included new spending initiatives and an investment tax credit that were intended to provide some temporary stimulus to an economic expansion that, in the view of many observers, might still be in the process of gathering sustainable momentum. On balance, substantial deficit reduction in line with the currently proposed legislation was seen as likely to have a positive effect on business and consumer confidence, financial markets, and the longer-term health of the economy.

Several members observed that the outlook for exports had worsened as a result of weakening economic trends in a number of major industrialized nations. Members also commented on the uncertainties in the outlook for foreign trade associated with a variety of political risks abroad and the persisting protectionism that currently was highlighted by strong opposition to key trade agreements now under negotiation or under consideration for ratification. Anecdotal information from business contacts involved in export markets continued to suggest lagging foreign demand for many U.S. goods; however, backlogs for other products, such as labor-saving capital equipment, remained sizable.

The members devoted considerable attention to the discussion of various factors underlying the outlook for inflation. The consumer and producer price indexes had been less favorable in January and February than in the latter part of 1992. Also, prices of various industrial and construction materials had firmed since the start of the year in apparent response to rising production and, in some industries, to import or environmental restrictions. Anecdotal reports of increasing costs and prices had begun to appear with somewhat greater frequency in some areas, and pressures to widen profit margins reportedly were strong in a number of industries. In their evaluation of recent inflation developments, however, the members generally gave more weight to the behavior of unit labor costs, which indicated that much of the economy's underlying cost structure did not reflect any signs of a pickup in inflationary pressures. Moreover, from a financial perspective, extensions of credit and growth in overall nonfinancial sector debt were not consistent with an economy that was generating significant inflationary pressures, and the recent behavior of long-term debt markets suggested expectations of more subdued inflation. Against this background, the recent upturn in consumer and certain commodity prices might well represent a temporary development such as had occurred previously during the current cyclical upswing. In support of this view, members cited various fundamentals that seemed inconsistent with accelerating inflation, including the considerable slack in the utilization of labor and capital resources, strong competitive conditions in many markets, the absence of significant lengthening in supplier delivery schedules, and an extended period of weak expansion in the broader monetary aggregates that now encompassed some recent deceleration in M1. Nonetheless, the members acknowledged that recent price developments had raised a degree of unease in their minds, and their concerns would rise if the recent pace of price advances were sustained in the months immediately ahead. One member observed that a somewhat faster economic expansion than currently was expected by most members might well serve to intensify inflation pressures. While price developments were notably difficult to predict, most of the members concluded that the evidence at this point did not confirm a resurgence in inflationary pressures, and some commented that further modest disinflation remained a reasonable expectation for the next several quarters.

In the Committee's discussion of policy for the intermeeting period ahead, most of the members endorsed a proposal to maintain an unchanged degree of pressure on reserve positions, while two members supported an immediate move to tighten reserve conditions. In the majority view, the current degree of reserve pressure continued to represent a policy stance that was appropriately balanced in light of the opposing risks of a faltering economic expansion and a resurgence of inflation. Conditions in credit markets did not provide confirming evidence of the emergence of greater inflationary pressures and the need to restrain the growth in credit. Indeed, the continuation of balance sheet restructuring activities by financial institutions and the associated caution on the part of these institutions with regard to extending loans still appeared to be exerting a significantly inhibiting effect on the overall growth in spending and economic activity. Several members acknowledged that a policy of maintaining unchanged reserve conditions and an associated federal funds rate around current levels, which implied that real short-term rates were near zero or even slightly negative, could have inflationary consequences in the event of a strengthening of the expansion and a sustained pickup in credit demands. The Committee would need to remain alert to such a development. In present circumstances, however, an unchanged policy stance seemed most consistent with achieving sustained economic expansion in an environment of subdued inflation. The members who favored a prompt move toward restraint were persuaded that a steady policy incurred an unacceptable risk of halting the progress toward price stability and indeed of intensifying inflation as the current expansion matured. In this view, a policy tightening move at this point was likely to counter the need for more substantial and potentially disruptive tightening actions later.

In the course of the Committee discussion, the members took account of a staff analysis that pointed to a resumption of M2 and M3 growth over the months ahead. This analysis suggested that the temporary factors depressing the broader monetary aggregates likely would be reversing, but that the other influences causing a rechanneling of credit flows away from depository institutions and boosting the velocity of money undoubtedly would persist, though probably with diminishing force. Accordingly, the staff foresaw moderate growth of M2 and M3 that at midyear would leave these aggregates below the lower ends of the Committee's ranges for 1993. Under prevailing circumstances, such continuing weakness in the broader aggregates was not viewed as indicating inadequate monetary stimulus. Indeed, a number of members commented that other indicators suggested that current monetary policy was in fact quite accommodative as evidenced for example by low short-term interest rates, especially on an inflation-adjusted basis. Moreover, M1, reserves, and the monetary base had continued to expand in the first quarter, though at much reduced rates. One member commented that the slowdown in these narrower monetary measures, which he viewed as important indicators of the thrust of monetary policy, had favorable implications with regard to bringing inflation under control. The members agreed that the considerable uncertainty that continued to surround the outlook for broad money relative to spending implied that forming precise expectations for monetary growth over the months ahead was not feasible.

In the Committee's discussion of possible intermeeting adjustments to the degree of reserve pressure, members who favored an unchanged policy stance also expressed a preference for retaining the symmetry of the existing directive. Some observed that a policy change during the intermeeting period, if any, might well be in the direction of a tightening move. However, because there was no compelling case in the view of most members for such a move at this time and any intermeeting adjustment would be made in the light of emerging developments, a symmetric directive was warranted. In this connection, one member commented that, given the Committee's assessment of current economic and financial conditions, a tilt in the directive toward restraint would give a misleading indication of the Committee's current intentions. Members also noted that a change in policy, should one be called for by intermeeting developments, would represent a shift in the direction of policy and would be likely to have an especially pronounced impact on financial markets.

At the conclusion of the Committee's discussion, a majority of the members indicated that they favored a directive that called for maintaining the existing degree of pressure on reserve positions. These members also expressed a preference for a directive 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 would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with a resumption of moderate growth in M2 and M3 over the second quarter.

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 has increased at a more moderate pace in the early months of 1993 after expanding robustly in the fourth quarter. Total nonfarm payroll employment registered a sharp increase in February following generally small advances in previous months, and the civilian unemployment rate edged down further to 7.0 percent. Industrial production continued to post solid gains in January and February. Retail sales increased somewhat further over the first two months of the year after a fourth-quarter surge. Housing starts slipped in early 1993 after registering sizable gains late last year. Incoming data on orders and shipments of nondefense capital goods suggest a further brisk advance in outlays for business equipment, while nonresidential construction has remained soft. The nominal U.S. merchandise trade deficit was essentially unchanged in January from its average level in the fourth quarter, but both exports and imports were substantially lower. Increases in wages have remained subdued, but recent advances in consumer and producer prices have been larger than those recorded in the latter part of 1992.

Short-term interest rates have changed little since the Committee meeting in early February while bond yields have fallen appreciably on balance. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined on balance over the intermeeting period.

M2 and M3 contracted in January and February, apparently reflecting transitory factors and further shifts into market investments. Total domestic nonfinancial debt appears to have expanded somewhat further in January.

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 February established ranges for growth of M2 and M3 of 2 to 6 percent and ½ to 4½ percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee expects that developments contributing to unusual velocity increases are likely to persist during the year. The monitoring range for growth of total domestic nonfinancial debt was set at 4½ to 8½ percent for the year. 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 would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with a resumption of moderate growth in the broader monetary aggregates over the second quarter.

Votes for this action: Messrs. Greenspan, Corrigan, Boehne, Keehn, Kelley, LaWare, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: Messrs. Angell and Lindsey.

Messrs. Angell and Lindsey indicated that their concerns about the outlook for inflation prompted them to favor an immediate move to tighten reserve conditions. In their view, such an action was desirable not only to arrest the possible emergence of greater inflation but especially to promote further disinflation. They were persuaded that monetary policy currently was overly accommodative as suggested by various indicators such as recent data on consumer and producer prices, the upswing in commodity prices, the low level of real short-term interest rates, and what in their judgment was a relatively depressed foreign exchange value of the dollar given the comparative strength of the U.S. economy and international interest rate trends. They noted that the current federal funds rate was probably not sustainable in the long term and that a tightening move at this time might well avoid the need for more sizable and potentially disruptive policy actions later.

Mr. Angell also emphasized the risks associated with any policy that did not firmly maintain a disinflationary trend. As he interpreted historical precedents, the typical result of a policy that tolerated some inflation was an eventual rise in inflation leading to permanently higher interest rates with adverse effects on economic activity. Indeed, he supported unpegging the federal funds rate to counter incipient price pressures showing through in commodity and finished goods prices. He believed that a clear signal of the Committee's commitment to price level stability would stabilize the price of gold along with the exchange value of the dollar and thereby provide a climate for further reductions in long- and intermediate-term interest rates. Such an approach to policy not only would assure a continuing disinflationary trend and eventual price stability, with very favorable implications for financial markets and economic growth, but it would in his view preclude an unsettling tendency for the debt markets to weaken every time newly available data appeared to suggest that economic growth was strengthening and that further monetary policy tightening actions therefore might be in the offing. In sum, such a policy would provide for the achievement of the Committee's objective of sustaining progress toward price stability, which he believed was necessary for maintaining recent higher labor productivity, a permanently higher saving rate, and a prolonged period of economic expansion.

It was agreed that the next meeting of the Committee would be held on Tuesday, May 18, 1993.

The meeting adjourned.

Normand Bernard
Deputy Secretary

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Community Bankshares, Inc. Orangeburg, South Carolina

Order Approving the Formation of a Bank Holding Company

Community Bankshares, Inc., Orangeburg, South Carolina ("Community"), has applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842 *et seq.*), to become a bank holding company by acquiring all the voting shares of Orangeburg National Bank, Orangeburg, South Carolina ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 13,265 (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.

Community is a nonoperating company formed for the purpose of acquiring Bank. Bank controls deposits of approximately $49.3 million and is the 42d largest commercial banking organization in South Carolina, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Bank operates in the Orangeburg, South Carolina, banking market,[3] where it controls 9.3 percent of the total deposits in commercial banking organizations. Bank and its principals are not affiliated with any other depository institution. Based on all the facts of record, the Board believes that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

In considering this application under section 3 of the BHC Act, the Board is also required to take into account the financial and managerial resources and future prospects of Community and Bank. In this regard, the Board has carefully reviewed comments received from several Bank shareholders ("Protestants") opposing the formation of Community. Protestants allege that the proposal will have a negative impact on Bank's financial condition and that the proposed officers of Community lack banking experience.[4]

Community will be formed by an exchange of shares and will incur only a small amount of debt for organizational purposes. Bank is currently in satisfactory condition, and Community's debt-service projections appear reasonable and indicate that the debt-to-equity ratio would decline in a manner consistent with the Board's guidelines.[5]

Community's proposed officers currently occupy similar positions in Bank. The Board has carefully reviewed the performance of these officers in light of all information of record, including the assessment of their managerial performance at Bank contained in reports of examination by Bank's primary regulator, the OCC. On this basis, the Board concludes that Protestants' comments regarding the experience and

1. Community proposes to merge Bank with Interim Orangeburg National Bank, a newly chartered national bank and wholly owned subsidiary of Community. On March 11, 1993, Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC"), approved this proposal ("March 11 approval").

2. Market and deposit data are as of June 30, 1992.

3. The Orangeburg, South Carolina, banking market is approximated by Orangeburg County, South Carolina.

4. Protestants also maintain that formation of Community is unnecessary and not in the best interest of Bank's shareholders. For example, Protestants believe that the proposal represents an attempt by the largest shareholder to control Bank, eliminate cumulative voting rights of the existing shareholders, and provide unnecessary positions for Bank's management at the holding company level. These considerations, however, relate to matters that were properly resolved by Bank's shareholders at the April 13, 1993, shareholders' meeting held to vote on the proposal. Based on all the facts of record, the Board concludes that these comments do not reflect adversely on the factors that the Board is required to consider under section 3 of the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

5. Protestants argue that Bank's capital could be impaired by Community's redemption of shares from dissenting shareholders. The OCC's March 11 approval limits borrowings for the purchase of these shares, and Community has obtained a line of credit in this amount to be used only if Community needs to finance such purchases.

background of these individuals do not warrant denial of the application.[6]

For the reasons discussed above, and in light of all facts of record, the Board concludes that the financial and managerial resources and future prospects of Community and Bank and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.[7]

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by Community with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision are both 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 should 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 the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 10, 1993.

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

WILLIAM W. WILES
Secretary of the Board

6. Protestants also allege that Community's proposed management, while serving on Bank's board of directors, has in the past authorized excessive directors fees. Bank's directors' fees have been increased each year from 1988 to 1991. After adverse shareholder comments, Bank's directors reduced their fees to their 1990 level. Community has stated that it does not intend to pay additional directors's fees or any other fees to Bank's directors for acting as directors of Community for several years. Moreover, directors' fees are subject to examination by the OCC and the Board, and approval of this application does not preclude the Board and the OCC from taking appropriate supervisory action to address the payment of excessive directors' fees.

7. In this regard, Community does not intend to change Bank's focus as a local community banking organization.

First Colonial Bankshares Corporation Chicago, Illinois

Order Denying the Acquisition of Bank Holding Companies

First Colonial Bankshares Corporation, Chicago, Illinois ("First Colonial"), 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:

(1) Hi-Bancorp, Inc. ("Hi-Bancorp"), and thereby indirectly acquire Hi-Bancorp's subsidiary bank, the Bank of Highwood, both of Highwood, Illinois; and

(2) GNP Bancorp, Inc., ("GNP"), and thereby indirectly acquire GNP's subsidiary bank, New Century Bank, both of Mundelein, Illinois.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 62,346 (1992)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

First Colonial is the 15th largest commercial banking organization in Illinois, controlling deposits of \$1.2 billion, representing 1 percent of the total deposits in commercial banking organizations in the state.[1] Hi-Bancorp is the 236th largest commercial banking organization in Illinois, controlling deposits of \$79.4 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. GNP is the 281st largest commercial banking organization in Illinois, controlling deposits of \$66.5 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.

Convenience and Needs Considerations

In acting on an application under section 3 of 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. § 2109 *et seq.*) ("CRA"). The CRA requires federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate

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

consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take this record into account in its evaluation of bank holding company applications.[2]

The Board has carefully reviewed the CRA performance of First Colonial, Hi-Bancorp, GNP, and their subsidiary banks, in light of the CRA, the Board's regulations, and the jointly issued Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[3] The Board also has reviewed comments from three individuals ("Protestants") alleging that First Colonial's subsidiary bank, The Avenue Bank of Oak Park, Oak Park, Illinois ("Avenue Bank"), previously has engaged in and continues to engage in discriminatory lending practices, and that the bank is not adequately addressing the credit needs of its entire delineated community.[4]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Board has stated that a CRA examination is an important and often controlling factor in determining whether convenience and needs factors are consistent with approval of an expansionary proposal.[5] First Colonial controls 16 subsidiary banks including Avenue Bank. Avenue Bank, First Colonial's third largest subsidiary bank with approximately $162 million in assets,[6] has received two consecutive "needs to improve" ratings of its CRA performance from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC").[7] First Colonial's remaining subsidiary banks received at least a "satisfactory" rating from their primary federal supervisors.

B. CRA Performance Record of Avenue Bank

Lending Activities. The 1993 examination of Avenue Bank's CRA performance noted low levels of lending in low- to moderate-income and minority portions of the bank's delineated community.[8] In particular, a review of the bank's 1991 Home Mortgage Disclosure Act ("HMDA") data indicates that less than half of Avenue Bank's loans were made inside its delineated community. These data also indicate that of all the HMDA-related loans that were made in the delineated community, only two of these loans were made in minority or low- to moderate-income census tracts within the delineated community. Moreover, the 1992 HMDA data indicate that Avenue Bank made no HMDA-related loans in minority or low- and moderate-income census tracts in the delineated community. In addition, the 1991 and 1993 examinations found that Avenue Bank does not participate actively in federal lending programs, such as FHA or SBA, even though the 1993 examination found that there appears to be demand for such programs in certain areas in its delineated community.

Ascertainment and Marketing. The 1991 examination recommended that Avenue Bank develop ascertainment programs for the bank's entire delineated community, especially the low- to moderate-income areas of its community. In the 1993 examination, examiners found that little progress had been made in Avenue Bank's ascertainment efforts and that the bank still had not fully implemented a program to ascertain the credit needs of its entire community. In this regard, the examination noted that Avenue Bank concentrates its efforts in the relatively affluent areas and does not conduct significant ascertainment efforts

2. 12 U.S.C. § 2903.

3. 54 *Federal Register* 13,742 (1989). The Agency CRA Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

The Agency CRA Statement indicates that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution.

4. The Board received additional comments raising similar CRA issues regarding Avenue Bank from several other organizations. After meeting with First Colonial, these protests were withdrawn and these organizations have submitted comments supporting steps taken by First Colonial to improve its CRA performance record.

5. *See Gore-Bronson Bancorp, Inc.*, 78 *Federal Reserve Bulletin* 784 (1992); *First Interstate BancSystem of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991) ("First Interstate of Montana"); *Continental Bank Corporation* , 75 *Federal Reserve Bulletin* 304 (1989); Agency CRA Statement, 54 *Federal Register* 13,743 (1989).

6. Avenue Bank's assets represent approximately 10 percent of First Colonial's consolidated assets of approximately $1.6 billion.

7. Avenue Bank's CRA performance was rated "needs to improve" as of December 31, 1991 ("the 1991 examination"), and again as of January 15, 1993 ("the 1993 examination").

8. Avenue Bank's delineated community approximately encompasses a two-mile radius from its main office in Oak Park, Illinois, which is located approximately five miles west of downtown Chicago. This service area covers Oak Park, Elmwood Park, and River Forest to the north and west; the Chicago neighborhoods comprising Austin to the north and east; and parts of Cicero, Berwyn, and Forest Park to the south. Avenue Bank's service area differs from the service areas of other First Colonial subsidiary banks in that relatively affluent suburbs (such as Oak Park and River Forest) are commingled with large areas of low- and moderate-income and minority neighborhoods.

in most of the low- and moderate-income neighborhoods in the bank's delineated community.[9]

The 1991 examination found that Avenue Bank markets its banking products primarily in the relatively affluent sections of its community. The 1993 examination again found that Avenue Bank does not adequately market all of its banking products to its entire delineated service area. In this regard, the 1993 examination states that the majority of bank's advertising is general in nature, is related to Avenue Bank's mortgage program, and has resulted only in a limited number of applicants from the east and northeast sections of the delineated community. Although noting some increase in overall marketing activities, the 1993 examination criticized the bank for not marketing specific programs that would benefit low- and moderate-income individuals. For example, while contacts with community groups and individuals in the Austin area indicated a need for home improvement and small business credit, those types of credit are not marketed actively in low- and moderate-income neighborhoods, even though Avenue Bank's CRA Statement indicates such credit is available.

C. Additional CRA Considerations

First Colonial maintains that the issues raised by the CRA performance record of Avenue Bank have been addressed by steps that Avenue Bank recently has initiated or committed to initiate in order to improve its CRA-related activities. These initiatives include a commitment to establish an annual investment target of $8 million to stimulate growth and development in the low- and moderate-income neighborhoods of its delineated community; establish a youth service program; locate a branch in a low- to moderate-income neighborhood; implement affirmative marketing programs to encourage minority applicants; and require additional training for all staff to ensure that Avenue Bank's personnel are attuned to the particular and specialized credit needs of low- to moderate-income communities.

The Board previously has stated that when a banking organization files an application to expand its deposit-taking facilities, the organization should address its CRA responsibilities and have the necessary policies in place and working well.[10] In addition, the Board has found that commitments for future action to address CRA concerns are appropriate considerations in the context of an application to expand deposit-taking facilities only where the applicant otherwise has a satisfactory CRA record, where the problems identified at the bank do not indicate chronic institutional deficiencies or a pattern of CRA deficiencies, and where the applicant takes immediate and effective action to address identified deficiencies in the CRA performance of its banks.

The record in this application indicates that Avenue Bank does not have a satisfactory record of performance in place and has had deficiencies in CRA performance for some time. Over time, the steps that First Colonial proposes to implement have the potential to remedy many of the deficiencies in the Avenue Bank's CRA performance. Given the facts of this case, however, the Board does not believe that it is appropriate to rely on the future expectations or commitments for future action by First Colonial.

Conclusion

Accordingly, based on the foregoing, the CRA performance examinations of First Colonial's subsidiary banks, and other facts of record, the Board concludes that considerations relating to the convenience and needs factor are not consistent with approval of this expansion proposal. Considerations relating to competitive, financial resources, managerial resources, and other supervisory factors required by the Board to be considered under the BHC Act do not lend sufficient weight to warrant approval of these applications.[11] Accordingly, the Board has determined that these applications should be, and hereby are, denied. The Board notes that this denial is without prejudice to future applications at such time as Avenue Bank's CRA record of performance is in place and its policies and programs are working well.

9. Although the 1993 examination found weaknesses in Avenue Bank's overall efforts in the low- and moderate-income and minority neighborhoods in its delineated community, the examination noted improvement in the bank's ascertainment efforts in some areas of the delineated community, especially in the Austin neighborhood.

10. First Interstate of Montana, 77 *Federal Reserve Bulletin* at 1009.

11. Protestants have requested a public hearing or meeting on the issues raised in its comments. Section 3(b) of the BHC Act does not require the Board to hold a hearing or meeting on an application unless the appropriate supervisory authority of the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Board has not received such a recommendation.

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, Protestants have had ample opportunity to present written submissions, and Protestants have submitted substantial written comments that have been considered by the Board. In light of these facts, and the Board's decision on this application, the Board has determined that a public hearing or meeting is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, Protestants' request for a public hearing or meeting on this application is denied.

By order of the Board of Governors, effective May 17, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

First Union Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank Holding Company

First Union Corporation, Charlotte, North Carolina ("First Union"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire First American Metro Corp., McLean, Virginia ("First American"), and thereby indirectly acquire its two subsidiary banks, First American Bank of Virginia, McLean, Virginia, and First American Bank of Maryland, Silver Spring, Maryland.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 18,396 (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 Union has consolidated assets of approximately $63.2 billion, and controls 12 banks in Virginia, Maryland, the District of Columbia, Florida, Georgia, South Carolina, North Carolina, and Tennessee.[2] Upon consummation of this proposal, First Union would become the third largest commercial banking organization in Virginia, controlling deposits of $7.7 billion, representing approximately 13.9 percent of the deposits in commercial banks in the state.[3] First Union also would become the ninth largest commercial banking organization in Maryland, controlling deposits of $1.2 billion, representing approximately 2.9 percent of the deposits in commercial banks in the state.[4]

Competitive Effects

First Union and First American compete directly in seven banking markets.[5] In six of these banking markets, consummation of the proposal would result in relatively small increases in the market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), that would not exceed the threshold standards in the Department of Justice's revised guidelines[6] after considering the competition offered by thrift institutions.[7]

In the Rockbridge-Lexington banking market,[8] First Union is the second largest depository institution,[9] controlling deposits of $80.1 million, representing 22.7 percent of total deposits in depository institutions in the market ("market deposits"). First American is the sixth largest depository institution in the market, controlling deposits of $25.2 million, representing 7.2 percent of market deposits. Upon consummation of this proposal, First Union would become the largest depository institution in the Rockbridge-Lexington

1. Prior to consummation of this transaction, First American Bank, N.A., Washington, D.C., will be merged with First Union's subsidiary bank, Dominion Bank of Washington, N.A., Washington, D.C. First Union also will indirectly acquire First American Bank of Georgia, N.A. (In Liquidation), Marietta, Georgia, a subsidiary of First American Bank of Virginia.

2. Asset data are as of March 31, 1993, and reflect First Union's recent acquisition of Dominion Bankshares Corporation, Roanoke, Virginia.

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

4. The Board previously has determined that the interstate banking statutes of Maryland and Virginia permit a North Carolina bank holding company to acquire banking organizations in those jurisdictions. *See First Union Corporation*, 79 *Federal Reserve Bulletin* 232 (1993); *NCNB Corporation*, 78 *Federal Reserve Bulletin* 141 (1992). Thus, consummation of this transaction is not barred by the Douglas Amendment to the BHC Act.

5. These are: The Washington D.C. banking market; the Norfolk-Portsmouth banking market; the Newport News-Hampton banking market; the Rockingham-Harrisonburg banking market; the Augusta County banking market; the Rockbridge-Lexington banking market; and the Winchester banking market.

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

7. 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). 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). In considering the competition offered by thrifts in all banking markets in this case, thrift deposits are weighted at 50 percent.

8. The Rockbridge-Lexington banking market is approximated by Rockbridge County, Virginia.

9. In this context, depository institutions include commercial banks, savings banks, and savings associations.

banking market, controlling deposits of $105.3 million, representing 29.9 percent of market deposits. The HHI would increase by 325 points to 2103.

In order to mitigate the anticompetitive effects that would result from consummation of this proposal in the Rockbridge-Lexington banking market, First Union has committed to divest two branches in this market.[10] Accounting for these divestitures, the HHI would increase by 120 points to 1898.[11]

The Board has sought comments from the United States Attorney General on the competitive effects of the proposal. The Attorney General has indicated that, subject to the fulfillment by First Union of the divestiture commitments it has made to the Board in connection with this proposal, there would be no significantly adverse effects on competition in any relevant banking market.

After considering the proposed divestitures in the Rockbridge-Lexington banking market, the relatively small increases in market concentration in each relevant banking market, the number of depository institution competitors that would remain in each of the markets, the attractiveness of entry of the relevant banking markets, and all the other facts of record, the Board concludes that consummation of this proposal, with the proposed divestitures, would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.

Convenience and Needs Considerations

In considering an application under the BHC Act, the Board is required to 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 institutions," and to take that record into account in its evaluation of bank holding company applications.[12]

In this regard, the Board has received comments from two organizations ("Protestants"). One Protestant expressed concern about First Union's branch closing policies.[13] The other Protestant alleges that First Union discriminates against minorities when approving loan applications.[14] The Board has carefully reviewed the CRA performance record of First Union and its subsidiary banks, as well as all comments received regarding this application, the responses to those comments, and all 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").[15] The Board also notes that First Union's CRA performance record was extensively reviewed by the Board this year in connection with another acquisition proposal. In its consideration of this proposal, the Board has taken into account the record of First Union's CRA performance assembled in that application.[16]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA

10. First Union has committed to execute final sales agreements to effect these divestitures prior to the consummation of the acquisition of First American, and to consummate these divestitures within 180 days of consummation of the acquisition of First American. First Union also has committed that, in the event it is unsuccessful in completing the divestiture within 180 days of consummation of the proposal, First Union will transfer the relevant office or offices to an independent trustee that has been instructed to sell the office promptly. *See, e.g., BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991).

11. First Union would become the second largest depository institution in the Rockbridge-Lexington banking market, controlling approximately $76.1 million in deposits, representing approximately 21.6 percent of market deposits.

12. 12 U.S.C. § 2903.

13. This Protestant also expressed concern about the number of workers who will potentially lose their jobs as a result of this proposal. First Union has stated in response that it will implement a transition plan that will include re-employment assistance information meetings, career management sessions, career transition centers, job update listings, and a flexible hiring policy that will require that displaced employees be considered for vacancies prior to external hiring.

14. This Protestant also contends that it was denied a right to bid for First American. The record indicates that Protestant was not denied an opportunity to bid for First American. In light of all of the facts of the case, the Board concludes that Protestant's comments regarding the bidding process do not reflect adversely on the factors that the Board is required to consider under section 3 of the BHC Act. *See Western Bancshares, Inc., v. Board of Governors* 480 F.2d 749 (10th Cir. 1973).

In addition, this Protestant noted that there were no minorities on First Union's board of directors. In response, First Union has stated that First Union's shareholders recently elected a minority director at their April 20, 1993, annual meeting.

15. 54 *Federal Register* 13,742 (1989).

16. *See First Union Corporation*, 79 *Federal Reserve Bulletin* 232 (1993) ("*First Union* Order").

record and that these reports will be given great weight in the applications process.[17] In this case, the Board notes that all of First Union's subsidiary banks have been examined for CRA performance and have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance. In particular, First Union's lead subsidiary bank, First Union National Bank of North Carolina, Charlotte, North Carolina ("First Union Bank-NC"), received an "outstanding" rating for CRA performance from the Office of Comptroller of the Currency ("OCC") in a public examination in May, 1992. In addition, all of First American's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance.

The Board recently reviewed allegations regarding the lending practices of First Union that are substantially similar to those raised in this case.[18] In that case, and in this case, the Board reviewed the CRA examination reports of the subsidiary banks of First Union. The Board notes that certain of these examinations took into account preliminary data for 1991 filed under the Home Mortgage Disclosure Act, as well as reviewed the loan documentation of the banks. These examinations found no evidence of illegal discrimination or other illegal credit practices at any First Union subsidiary bank. The Board also has considered steps by First Union to improve its lending to minorities and in low- and moderate-income neighborhoods. These efforts include an ongoing Fair Lending Program designed to ensure that all applicants, regardless of race, have equal access to credit. The Board expects First Union to implement these programs fully and in a manner that assures equal access to credit.

B. Branch Closings

First Union has in place the types of procedures to assess the potential impact of an office closing on the local community, and to ensure that branch closings will not deprive low- and moderate-income communities of banking services. First Union has committed to implement these policies in the First American banks. In this regard, First Union's branch closing policy requires review by a First Union state CRA Coordinator and the Director of Community Reinvestment to assess any impact on low- and moderate-income communities. If there is an impact on these communities, special consultation with leaders of the affected communities is required, and customers are provided assistance in obtaining financial services at alternative branches and other financial institutions.[19] In this proposal, First Union has stated that branches with overlapping service areas may be consolidated, but that these consolidations will not result in a withdrawal from any existing service area.

C. Additional Elements of CRA Performance

For the reasons more fully stated in the First Union Order, the Board believes that First Union has in place the corporate policies, ascertainment and marketing, lending and other activities that assist in meeting the credit needs of minorities and low- and moderate-income neighborhoods. First Union's overall compliance with its CRA plan is supervised and monitored through a corporate CRA steering committee. First Union also ascertains community credit needs through a variety of community outreach programs. To assist in meeting the credit needs of its communities, First Union offers several programs such as the affordable home mortgage loan, the special home improvement loan, and the special first advance, all of which are sold exclusively to individuals earning 80 percent or less of the median income of the county where they reside. In addition, First Union Mortgage Corporation provides government-insured mortgage loans to customers. First Union also participates in various loan programs including the Small Business Administration loan program, the HUD/Farmers Home Administration loan program, and the FHA/VA loan programs.

First Union has policies, procedures and training programs developed to guard against discrimination in lending and credit activities. Forms, disclosures and contracts are reviewed by the legal division for potential discriminatory factors. In addition, the State CRA coordinators, the regulatory compliance division, and the corporate auditors review bank lending areas to ensure that no discriminatory practices are present.

Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record of this application, including the most recent CRA performance examinations of the institutions involved in this case and the record compiled in the *First Union*

17. 54 *Federal Register* 13,745 (1989).
18. *See First Union* Order.

19. The Federal Deposit Insurance Corporation Improvement Act of 1991 also requires a bank to provide its customers at least 30 days' notice prior to closing any branch, and provide to the bank's primary regulator 90 days' prior notice. 12 U.S.C. § 1831p.

Order, the Board believes that the efforts of First Union to help meet the credit needs of all segments of the communities served, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of this application.

Other Considerations

The financial and managerial resources, and future prospects of First Union, its subsidiaries, and First American, and other supervisory factors that the Board must consider under section 3 of the BHC Act also are consistent with approval of this proposal.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made by First Union in connection with this application, including the divestiture commitments, and with the conditions referenced in this Order. For purposes of this action, these commitments and conditions relied on 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 transaction shall not be consummated before the thirtieth 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 20, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Rio Blanco Holding Company
Rangely, Colorado

Rio Blanco State Bank
Rangely, Colorado

Order Approving the Formation of a Bank Holding Company and Bank Merger

Rio Blanco Holding Company, Rangely, Colorado ("Rio Blanco"), has applied pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become a bank holding company by acquiring 91.1 percent of the voting shares of Rio Blanco State Bank, Rangely, Colorado ("Bank"), a state member bank.[1] In connection with this transaction, Bank also has applied, pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), to acquire certain assets and assume certain liabilities of Bank of Rangely, Rangely, Colorado ("Bank of Rangely"), also a state member bank.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 21,657 (1992)). 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 ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the BHC Act and the Bank Merger Act.[2]

Bank is the 200th largest banking organization in Colorado, controlling deposits of $8.9 million, and Bank of Rangely is the 194th largest banking organization in Colorado, controlling deposits of $10.3 million. Upon consummation of the transaction, Rio Blanco would become the 153rd largest banking organization in Colorado, controlling deposits of $20.6 million, representing less than 1 percent of the deposits in commercial banking organizations in the state.[3]

Definition of the Relevant Banking Market

The BHC Act and the Bank Merger Act provide that the Board may not approve a proposal submitted under these statutes if the proposal would result in a monopoly or the effect of the proposal may be substantially to lessen competition in any relevant banking market, unless the Board finds "that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served."[4] In evaluating the competitive factors in this case, the Board has carefully considered the comments of a number of residents in the Town of Rangely ("Rangely"), including customers and shareholders of the Bank of Rangely ("Protes-

1. This formation represents a reorganization of interests held by the principal shareholders of Bank.
2. *See* 12 U.S.C. §§ 1842(c), 1828(c)(5).
3. Deposit data are as of December 31, 1992.
4. 12 U.S.C. §§ 1842(c) and 1828(c)(5).

tants''), who assert that the proposal would result in significantly adverse competitive effects in the market for banking services in Rangely.[5]

The Board and the courts have found that the relevant banking market for analyzing the competitive effects of a proposal must reflect commercial and banking realities and must consist of the local area where the banks involved offer their services and where local customers can practicably turn for alternatives.[6] The Board has considered all the facts in this case, including the comments from the Protestants, information provided by the applicant, and an on-site study conducted by the Federal Reserve Bank of Kansas City (''Reserve Bank'') and Board staff. On this basis, the Board concludes that the relevant geographic market within which to evaluate the competitive effects of this proposal is the Vernal, Utah banking market (''Vernal banking market''), which is defined as including: all of Uintah County, Utah (including Vernal); the western half of Rio Blanco County, Colorado (including Rangely); and the southwestern portion of Moffat County, Colorado (including the town of Dinosaur).

Bank and Bank of Rangely are the only two banking organizations in Rangely, a small community located in the northwestern corner of Colorado with a population of 2,278 residents.[7] Vernal, with a population of over 8,000 residents, is located approximately 52 miles northwest of Rangely and is connected by means of a two-lane highway. It is the closest town having a population larger than the sparsely populated Rangely, and Rangely residents must travel twice as far (approximately 100 miles) to reach another town comparable in size to Vernal.[8]

The Reserve Bank's investigation indicated that Rangely residents commute to Vernal on a regular basis throughout the year because Vernal has a wider range of goods and services than are available locally.[9] Interviews with Vernal retailers confirmed that Rangely residents shop in Vernal on a fairly frequent basis, and that a number of Vernal retailers advertise in publications with a wide circulation in Rangely, including weekly shoppers guides and the Rangely newspaper. According to a one-week study of checks cleared by Bank, 16 percent were made payable to Vernal residents or businesses.

Rangely residents surveyed by the Reserve Bank indicated that they considered Vernal to provide reasonable alternative banking services, and more than half of the residents surveyed stated that they would consider moving their banking business to Vernal if they were dissatisfied with the banking services available in Rangely. The Reserve Bank's survey of businesses in Rangely produced very similar results.

After review of these data and the other facts of record, the Board believes that the record demonstrates that customers in Rangely reasonably can and, to some extent, do turn to providers of banking services in Vernal.[10] Based on all the facts of record, the Board finds that the relevant geographic market in this case is the Vernal banking market as defined above.

Competitive Effects in the Vernal Banking Market

Applicant would become the smallest of three commercial banking organizations in this market upon consummation, controlling approximately 14.3 percent of the commercial banking deposits in the market. The Herfindahl–Hirschman Index (''HHI'') would increase by 102 points to 3877.[11]

Two other banks would continue to operate in this market, and the slight increase in concentration in this highly concentrated banking market is mitigated by the relatively small size of the banks to be merged as a result of this proposal. In addition, credit unions

5. Protestants assert that the anticompetitive effects of this proposal:
(1) Will result in higher loan interest rates and more expensive banking services; and
(2) Will force residents of Rangely to seek alternative banking services from competitors located 50 miles from Rangely, causing general inconvenience and undue burden for senior citizens.

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

7. Population data are based on 1990 U.S. Census data.

8. The nearest towns in Colorado that could provide commercial and banking services to Rangely residents are Meeker and Grand Junction. Meeker, located approximately 58 miles east of Rangely, is comparable in size to Rangely and offers only slightly more commercial services. Grand Junction, located approximately 100 miles south of Rangely, is an economic center for western Colorado but is accessible only by means of a road that features a slow, winding mountain passage.

9. Vernal has three large discount supermarkets, two large discount stores, several restaurants, and cinemas. Rangely, on the other hand, has one moderate size and one small grocery store. Recreational facilities in Rangely consist primarily of the municipal recreation center.

10. For example, some business owners in Rangely stated that they either had already opened personal or business accounts with Vernal banks or planned to after consummation of this proposal.

11. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, 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 points and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

provide substantial consumer finance and account services to some Rangely residents, and recent changes in Colorado law permit *de novo* entry by banking firms outside the market.[12]

The Attorney General has indicated that the proposal would not have significantly adverse effects on competition in any relevant market. Neither the OCC nor the FDIC has objected to consummation of this proposal or indicated that the proposal would have any significantly adverse competitive effects. Based on all the facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition and the concentration of banking resources in the Vernal banking market or any other relevant banking market.

Other Considerations

The Board is also required under section 3 of the BHC Act and the Bank Merger Act to consider the financial and managerial resources of the companies and banks involved and the effect of the proposed acquisition on the future prospects of the bank and applicant organization. The Board has stated that it expects banking organizations to serve as a source of strength for their subsidiary banks. When an applicant intends to incur debt to finance the acquisition of a small bank, the Board will take into account a full range of financial and managerial information to evaluate the applicant's ability to serve as a source of strength and maintain adequate capital levels.[13]

The Board has carefully analyzed the *pro forma* capital position and the risk profile of Rio Blanco and Bank and concludes that the financial condition of the resultant organization would be generally satisfactory. In this regard, economies of scale should be realized through more efficient use of Bank's personnel and increased earnings on assets relative to overhead costs. In addition, the projected debt retirement period and the *pro forma* capital levels are consistent with the Board's guidelines on the formation of small one-bank holding companies.[14] In June 1992, Bank employed a new president with substantial experience in improving loan administration and resolving problem loans in banks with financial difficulties. The Board has considered new senior management's record of improving the financial condition of banks prior to serving at Bank.[15]

In evaluating the managerial resources of an applicant under section 3 of the BHC Act, the Board also considers the competence, experience and integrity of the senior management and principal shareholders of the holding company or bank.[16] The Board has carefully reviewed the comments of Protestants regarding the senior management and principal shareholders of Rio Blanco and Bank.[17] On the basis of all the facts of record, including a review of relevant examination reports, the Board concludes that these comments do not warrant denial of these applications.[18]

For these reasons, and in light of all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Rio Blanco and Bank are consistent with approval. The Board also believes that considerations relating to the convenience and needs of the communities to be served[19] and other factors the Board is required to consider under the BHC Act and the Bank Merger Act are consistent with approval.

Accordingly, based on the foregoing and all other facts of record, including the commitments made by Rio Blanco and Bank in these applications, the Board has found that these applications should be, and hereby are, approved. The Board's decision is specifically conditioned on compliance with all of the commitments made in these applications, including

12. Effective January 1, 1993, any bank in Colorado may establish one *de novo* branch anywhere in Colorado. Colo. Rev. Stat. § 11-25-103(8)(a).

13. Capital Adequacy Guidelines, 12 C.F.R. Part 225, Appendix C.

14. *See* 12 C.F.R. Part 225, Appendix C.

15. Protestants maintain that Bank has a history of poor earnings and that the proposal would jeopardize the safety of depositors in Bank of Rangely. In addition, Protestants allege that Bank could not adequately insure or collateralize funds of governmental agencies. The Board has carefully considered these comments and, for the reasons discussed above, concludes that these objections do not warrant denial of these applications.

16. 12 U.S.C. § 1842(c)(5).

17. Protestants have alleged generally that management of Bank is untrustworthy and have speculated that, because several customers of Bank of Rangely own businesses that compete directly with Bank's principal shareholders, these customers will not be treated equitably. In addition, Protestants have provided accounts of their satisfactory experiences with management of Bank of Rangely and unsatisfactory experiences, including individual loan transactions and disputes over charges to individual accounts, with Bank.

18. The board of directors of Bank has committed to monitor the cooperation of management and staff and to resolve any issues that might arise by taking into account the best interests of the bank and the community.

19. Protestants maintain that the proposal will result in a reduction of available banking services and otherwise adversely affect the economy of Rangely. The Board believes that the improvement in financial and managerial resources resulting from the proposal should benefit the community. For example, Bank's improved financial condition will enhance its ability to ascertain and assist in meeting the credit needs of its community. In addition, Bank's lending limit will be increased significantly as a result of the proposal.

The Board also notes that Bank received a "satisfactory" rating in its most recent examination for performance under the Community Reinvestment Act ("CRA") from the Reserve Bank as of October 28, 1991. Bank of Rangely also received a "satisfactory" CRA rating from the Reserve Bank as of December 7, 1992.

the commitments and conditions discussed in this Order. For purposes of this action, the commitments and conditions relied upon by the Board in reaching this decision are both conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of Bank, and the subsequent merger of Bank and Bank of Rangely, shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither transaction may be consummated later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 26, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governor Angell

The law requires the Board to analyze the effects that a bank merger or acquisition proposal would have on competition in the appropriate geographic market. I do not agree with the Board's delineation of the appropriate banking market for purposes of analyzing the competitive effects of this proposal.

The record in this case does not provide evidence to justify a market delineation that would extend beyond Rangely, Colorado to include Vernal, Utah. In particular, Rangely and Vernal are over 50 miles apart, and few residents of Rangely have deposit accounts with or receive credit from financial institutions in Vernal. The record also indicates that financial institutions in Vernal do not actively solicit deposits or banking business from residents of Rangely.

For these and other reasons, I believe that the appropriate banking market for analyzing the competitive effects of this proposal is the Town of Rangely. Because this merger would eliminate the only other competitor in the Rangely banking market, I am constrained under the relevant statutes to vote to deny this proposal.

May 26, 1993

Rockhold BanCorp.
Platte City, Missouri

Order Approving Formation of a Bank Holding Company

Rockhold BanCorp., Platte City, Missouri ("Rockhold"), 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 at least 62 percent of the voting shares of Bank of Kirksville, Kirksville, Missouri ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 12,038 (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.

Rockhold is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank.[1] Bank is the 44th largest commercial banking organization in Missouri, controlling deposits of $117.9 million, representing less than 1 percent of the total deposits in commercial banks in the state.[2]

Rockhold and Bank do not compete directly in any banking market. Accordingly, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

In reviewing an application under section 3(c) of the BHC Act, the Board also must consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal.[3] The Board has carefully reviewed the application and all information of record, including relevant reports of examination by Bank's primary Federal supervisor, the Federal Deposit Insurance Corporation. On the basis of this review, the Board concludes that the financial and managerial resources and future prospects of Rockhold and Bank are consistent with approval. The Board also concludes on the basis of all the facts of record that

1. The proposal represents a reorganization of certain existing ownership interests.

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

3. The Board has carefully considered comments from several shareholders of Bank ("Protestants") who maintain that Bank will pay management fees to Rockhold from funds that otherwise would be used for dividend payments to Bank's shareholders, and have requested that any approval be conditioned on prohibiting the payment of management fees by Bank to Rockhold. Rockhold has represented that it does not currently plan to charge Bank management fees. The reasonableness of any management fees would be subject to review by Federal bank supervisory agencies as part of the examination of both Bank and Rockhold.

convenience and needs considerations, the factor relating to access to information,[4] as well as all other supervisory factors the Board is required to consider under section 3(c) of the BHC Act, are consistent with approval of this application.

Based on the foregoing and all other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on Rockhold's compliance with the commitments made in connection with this application. All of the commitments and conditions relied upon by the Board in reaching its decision are considered conditions imposed in writing in connection with the Board's findings and decision and, as such, may be enforced in proceedings under applicable law. 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 May 24, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Bank South Corporation
Atlanta, Georgia

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

Bank South Corporation, Atlanta, Georgia ("Applicant"), has applied, pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) ("BHC Act") and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire Bank South Securities Corporation, Atlanta, Georgia ("Company"), through a corporate reorganization[1] and engage *de novo* in the following activities:

(1) Underwriting and dealing in revenue obligations of states and their political subdivisions, authorities and agencies ("municipal revenue bonds") that are rated as investment quality by a nationally recognized rating agency;
(2) Buying and selling municipal revenue bonds on the order of investors as a "riskless principal";
(3) Acting as agent in the private placement of municipal revenue bonds, and general obligations of states, their political subdivisions, authorities and agencies;
(4) Providing discount securities brokerage services pursuant to section 225.25(b)(15) of the Board's Regulation Y (12 C.F.R. 225.25(b)(15));
(5) Providing financial advisory services to states, their political subdivisions, authorities and agencies pursuant to section 225.25(b)(4)(v) of the Board's Regulation Y (12 C.F.R. 225.25(b)(4)(v)); and
(6) Underwriting and dealing in government obligations and money market instruments pursuant to section 225.25(b)(16) of the Board's Regulation Y (12 C.F.R. 225.25(b)(16)) ("bank-eligible securities").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 6798 (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.

Applicant, with total consolidated assets of $4.3 billion, is the fourth largest commercial banking organization in Georgia.[2] Applicant operates banking subsidiaries in Georgia and Florida, and engages in nonbanking activities through one nonbanking subsidiary.

The Board previously has determined by regulation that providing financial advisory services, providing

4. The Board has considered whether the applicant has provided adequate assurances that Rockhold will make available to the Board information that the Board determines to be appropriate to assure compliance with various banking laws. In this regard, Protestants have objected to this proposal on the grounds that Bank has refused to provide them access to certain financial records of Bank. The Board has obtained from Rockhold all information that it has deemed appropriate to determine compliance with applicable banking laws. Additionally, there is no evidence in the record to indicate that Rockhold will, in the future, refuse to make information on the operations and activities of Rockhold and Bank available to the Board as appropriate, or that the Board will be unable to obtain appropriate information through the examination process. In light of all the facts of record, the Board believes that Rockhold has adequately assured the Board that information will be made available and that considerations relating to access to information are consistent with approval.

1. Applicant proposes that Bank South, N.A., Atlanta, Georgia ("Bank"), transfer its securities underwriting, dealing, and discount brokerage activities to Bank's existing broker-dealer subsidiary, Lex Jolley & Co., Atlanta, Georgia ("Lex Jolley"). Applicant will then purchase all of the outstanding shares of Lex Jolley, and change the name of the subsidiary to Bank South Securities Corporation, Atlanta, Georgia ("Company").

2. Data are as of March 31, 1993.

discount securities brokerage services, and underwriting and dealing in bank-eligible securities are activities that are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[3] Applicant proposes to conduct these activities through Company in accordance with the Board's regulations.

Underwriting and Dealing in Municipal Revenue Bonds

Applicant proposes to underwrite and deal in municipal revenue bonds that are rated as investment quality by a nationally recognized rating agency. The Board previously has determined that, subject to the prudential framework of limitations established in previous decisions to address potential conflicts of interests, unsound banking practices, or other adverse effects, the proposed underwriting and dealing activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act. The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act, provided that the underwriting and dealing subsidiary derives no more than 10 percent of its total gross revenue over any two-year period from underwriting and dealing in securities that a bank may not underwrite or deal in directly ("bank-ineligible securities").[4] Applicant has committed that Company will conduct its underwriting and dealing activities with respect to municipal revenue bonds subject to the 10 percent revenue test established by the Board in previous Orders.[5]

Private Placement and "Riskless Principal" Activities

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

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

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

3. *See* 12 C.F.R. 225.25(b)(4), (b)(15), (b)(16).

4. *See Citicorp, J.P. Morgan & Company Incorporated, and Bankers Trust New York Corporation*, 73 *Federal Reserve Bulletin* 473 (1987) ("*Citicorp/Morgan/Bankers Trust* Order"), *aff'd sub nom. Securities Industry Association v. Board of Governors of the Federal Reserve* System, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988), as modified by Order Approving Modifications to Section 20 Orders, 75 *Federal Reserve Bulletin* 751 (1989) ("*Modification* Order"). Company also may provide services that are necessary incidents to the approved activities. Any activity conducted as a necessary incident to the bank-ineligible securities activity must be treated as part of the bank-ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be treated as ineligible revenue subject to the 10 percent gross revenue limit set forth in the *Citicorp/Morgan/Bankers Trust* Order and the *Modification* Order.

5. Company will calculate compliance with the 10 percent revenue limitation in accordance with the original method set forth in *J.P. Morgan & Company Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, and Security Pacific Corporation*, 75 *Federal Reserve Bulletin* 192, 196 (1989), as opposed to the alternative indexed method set forth in *Modification* Order, 79 *Federal Reserve Bulletin* 226 (1993).

6. *See* Securities and Exchange Commission Rule 10b-10. 17 C.F.R. 249.10b-10(a)(8)(i).

7. *See Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust II* Order").

8. *See Bankers II* Order.

placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers II* Order and the *J.P. Morgan II* Order,[9] including the comprehensive framework of restrictions designed to avoid potential conflicts of interests, unsound banking practices, and other adverse effects imposed by the Board in connection with underwriting and dealing in securities.

Director Interlocks

Applicant has requested that the Board permit director interlocks between Company and its affiliated banks. Applicant proposes that less than a majority, but in any case no more than two, of the directors of its subsidiary banks be permitted to serve on Company's board of directors. These directors will not be officers of the affiliated banks, nor will they have authority to conduct the day-to-day business of the banks or handle individual bank transactions. No officers of Company will be employed by the banks.

The Board previously has permitted interlocks between a banking organization and its affiliated section 20 company.[10] In addition, the Board has requested comment on modifying the section 20 prudential framework to permit interlocks with affiliated banks so long as a majority of the board is not comprised of bank officers or directors. Applicant has agreed to abide by the results of the Board's review. Accordingly, the Board finds that these limited interlocks should be permitted, since it appears that Company would be operationally distinct from its affiliated banks. The Board expects that Applicant will ensure that the framework established pursuant to *Citicorp/Morgan/Bankers Trust* will be maintained in all other respects.[11]

Financial Factors, Managerial Resources, and Other Considerations

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of Applicant and its subsidiaries and the effect of the transaction on these resources.[12] Based on the facts of this case, the Board concludes that financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

In order to approve this application, the Board is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that outweigh adverse effects under the proper incident to banking standard of section (4)(c)(8) of the BHC Act. Under the framework established in this order and prior decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Consummation of the proposal would provide added convenience to Company's customers. Accordingly, the Board has determined that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on all the facts of record, and subject to the commitments made by Applicant, as well as all the terms and conditions set forth in this order and in the above-noted Board Orders, the Board has determined that the application should be, and hereby is, approved. Approval of this proposal is specifically conditioned on compliance by Applicant and Company with the commitments made in connection with its application, as supplemented, and with the conditions referenced in this and the other referenced Orders. The Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in

9. *See J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990) ("*J. P. Morgan II* Order"); *Bankers Trust II* Order, 75 *Federal Reserve Bulletin* at 829. Among the prudential limitations detailed more fully in those Orders are that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal," Company will engage only in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold, will not act as "riskless principal" in any transaction involving a security for which it makes a market, nor hold itself out as making a market in the securities that it buys and sells as a "riskless principal." Moreover, Company will not engage in "riskless principal" transactions on behalf of any foreign affiliates. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its affiliates. Among the restrictions governing private placement activities are that Company will not privately place registered investment company securities, and will not privately place any securities of investment companies that are advised by Applicant or any of its affiliates.

10. *Synovus Financial Corp.*, 77 *Federal Reserve Bulletin* 954, 955 (1991); *Banc One Corporation*, 76 *Federal Reserve Bulletin* 756, 758 (1990); *Canadian Imperial Bank of Commerce, The Royal Bank of Canada, Barclays PLC and Barclays Bank PLC*, 76 *Federal Reserve Bulletin* 158 (1990).

11. The Board's approval of the proposed underwriting and dealing activities extends only to Company. These activities may not be conducted by Applicant in any other subsidiary without prior Board review. Pursuant to Regulation Y, no corporate reorganization of Company, such as the establishment of subsidiaries of Company to conduct the activities, may be consummated without prior Board approval.

12. *See* 12 C.F.R. 225.25.

sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and Orders issued thereunder. In approving this transaction, the Board has relied upon all the facts of record and all the representations and commitments made by Applicant. For the purpose of this action, these commitments and conditions shall be deemed conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective May 20, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Chemical Banking Corporation New York, New York

Order Approving an Application to Engage De Novo in Underwriting and Dealing in Certain 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 debt securities, including without limitation sovereign debt securities, corporate debt securities, debt securities convertible into equity securities, and securities issued by a trust or other vehicle secured by or representing interests in debt obligations ("bank-ineligible securities"). Chemical proposes to conduct these activities throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 16,834 (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 $147.5 billion, operates bank subsidiaries in New York, Texas, New Jersey, 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. Company is currently engaged in limited bank-ineligible securities underwriting and dealing activities permissible under section 20 of the Glass-Steagall Act (12 U.S.C. § 377).[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.[3]

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.[4] The Board

1. Asset data are as of March 31, 1993.
2. Company may underwrite and deal in municipal revenue bonds, 1–4 family mortgage-backed securities, commercial paper, and consumer-receivable-related securities.
3. Company is currently engaged in a variety of securities-related activities:
(1) Underwriting and dealing in obligations that state member banks are authorized to underwrite and deal in under sections 5(c) and 16 of the Glass–Steagall Act (12 U.S.C. §§ 335 and 24(7)) pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16));
(2) Furnishing general economic information and advice to customers pursuant to section 225.25(b)(4)(iv) of Regulation Y (12 C.F.R. 225.25(b)(4)(iv));
(3) Providing full-service brokerage services to institutional and retail customers pursuant to sections 225.25(b)(4) and (b)(15) of Regulation Y (12 C.F.R. 225.25(b)(4) and (b)(15));
(4) Acting as agent in the private placement of all types of securities, including providing related advisory services;
(5) Buying and selling all types of securities on the order of investors as a "riskless principal"; and
(6) Providing financial advisory services of the type described in section 225.25(b)(4)(vi) of Regulation Y (12 C.F.R. 225.25(b)(4)(vi)).
4. *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

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.[5] 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.[6]

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 respect to the capitalization of Company, approval of the requested activities is limited to a level consistent with the projections of position size and types of securities contained in the application. The 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 corporate debt securities to ensure compliance with the requirements of the Section 20 Orders. 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.

The application is hereby approved subject to all the terms and conditions of those Orders and this order. The Board's approval of this proposal extends only to activities conducted within the 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 the Section 20 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

to the same prudential limitations established by the Board in the Section 20 Orders.

5. *See id.* 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"). In this regard, 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.

6. Chemical also proposes to provide services to customers and engage in other activities that are incidental to the foregoing activities. *E.g.*, providing custodial services and securities clearance services, lending securities to and purchasing securities from other dealers and third parties, engaging in repurchase and reverse repurchase activities, engaging in hedging transactions for risk-reduction purposes, and engaging in foreign exchange transactions to facilitate purchases and sales of debt securities denominated in currencies other than U.S. dollars. Company may provide services that are necessary incidents to the proposed underwriting and dealing activities, provided that any activities conducted as a necessary incident to the bank-ineligible securities activities must be treated as part of the bank-ineligible securities activities unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently. Until such approval is obtained, any revenues from the incidental activities must be counted as ineligible revenues subject to the 10 percent revenue limitations set forth in the Section 20 Orders, as modified by the Modification Orders.

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 May 17, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

First Union Corporation Charlotte, North Carolina

Order Approving Application to Acquire a Savings Bank

First Union Corporation, Charlotte, North Carolina ("First Union"), 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 Georgia Federal Bank, FSB, Atlanta, Georgia ("Savings Bank"), a federal savings bank.[1] First Union also has applied to engage in credit reinsurance, real estate appraisal, data processing, and management consulting activities through the acquisition of the nonbanking subsidiaries of Savings Bank.[2] In addition, First Union has requested Board approval pursuant to section 5(d)(3) of the FDI Act, 12 U.S.C. § 1815(d)(3)(A)(ii), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388 (1991), to merge Savings Bank with and into Bank. Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association in which the resulting institution is insured by the Bank Insurance Fund, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in the Bank Merger Act, 12 U.S.C. § 1828(c).[3]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 15,147 (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 OCC, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in 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.[4] In making this determination, the Board 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. First Union 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.[5] The Board

1. First Union has proposed a two-step transaction to acquire Savings Bank. First Union Corporation of Georgia, Atlanta, Georgia ("FU-GA"), a wholly owned subsidiary of First Union, will acquire Savings Bank. Upon consummation of the acquisition, FU-GA proposes to merge Savings Bank with and into FU-GA's subsidiary bank, First Union National Bank of Georgia, Atlanta, Georgia ("Bank"). The merger of Savings Bank into Bank is subject to approval by the Office of the Comptroller of the Currency ("OCC") under the Federal Deposit Insurance Act ("FDI Act") and the Bank Merger Act. 12 U.S.C. §§ 15(d)(3)(A)(i) and 1828(c).

2. These nonbanking subsidiaries are: Associated Life Insurance Company (credit life reinsurance activities pursuant to 12 C.F.R. 225.25(b)(8)(i)); Colonial Mortgage Company (real estate appraisal activities pursuant to 12 C.F.R. 225.25(b)(13)); and Southeast Switch, Inc. (data processing and management consulting activities pursuant to 12 C.F.R. 225.25(b)(7) and 225.25(b)(11)). The Board previously approved the application of First Union to acquire up to 15 percent of Southeast Switch, and First Union currently owns 13.5 percent. Acquisition of the additional shares of Southeast Switch will increase First Union's holdings to 16.7 percent. First Union has stated that it will divest the shares in excess of 15 percent within one year of the acquisition.

3. These factors include considerations relating to competition, financial and managerial resources, 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).

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

5. Savings Bank 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 Union has commit-

previously has determined by regulation that the credit life reinsurance, real estate appraisal, data processing, and management consulting activities that First Union proposes to conduct are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[6] First Union proposes to conduct these activities through subsidiaries of FU-GA in accordance with the Board's regulations.

First Union operates banks in Georgia, North Carolina, South Carolina, Virginia, Florida, and Tennessee, controlling deposits of $37 billion. First Union is the fourth largest commercial banking organization in Georgia, controlling $5.4 billion in deposits in Georgia commercial banks, representing 9.5 percent of the total deposits in commercial banks in the state.[7] Savings Bank is the largest thrift organization in Georgia, controlling $2.8 billion in deposits. Upon consummation of this transaction, First Union would become the second largest commercial banking organization in Georgia, controlling $8.2 billion in deposits, representing 13.8 percent of the total deposits in commercial banking organizations in the state.

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. First Union and Savings Bank compete directly in the following banking markets in Georgia: Augusta, Atlanta, Macon, and Savannah. Upon consummation of this proposal, First Union would become the largest depository institution[8] in the Augusta[9] banking market, controlling deposits of approximately $754.6 million, representing approximately 28.9 percent of total deposits in depository institutions in the market ("market deposits"). The Herfindahl–Hirschman Index ("HHI") for the market would increase 245 points to 1850.[10]

The record indicates that the increase in the HHI may overstate the competitive effects of this proposal in the Augusta banking market. After the proposed acquisition, 13 depository institutions would remain in the market, ten of which are commercial banking organizations, including four large regional bank holding companies. The Augusta banking market also has a number of features that make it attractive to entry[11] and Georgia allows regional interstate banking on a reciprocal basis thereby providing a large number of potential entrants into the market. In light of the number and size of the banks remaining in the market, the market's attractiveness to entry, the number of potential entrants into the market, and other facts of record in this case, the Board concludes that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in the Augusta banking market that would not be outweighed by the likely public benefits of this transaction. The Board also concludes that consummation of this proposal would not have a significantly adverse effect on competition in any of the other relevant banking markets.[12]

ted to terminate all impermissible insurance activities within two years of consummation of the proposal, and to limit its insurance activities to servicing existing policies at the time of consummation, but not renewing these policies, during this two-year period. First Union also has committed to terminate all impermissible real estate activities within two years of consummation and to refrain from undertaking any new impermissible projects or investments during this period.

6. *See* 12 C.F.R. 225.25(b)(7), 225.25(b)(8)(i), 225.25(b)(11), and 225.25(b)(13).

7. State deposit data are as of June 30, 1992, and market deposit data are as of June 30, 1991, unless otherwise indicated.

8. 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 Savings Bank will 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, 670 n.9 (1990).

9. The Augusta banking market is approximated by Richmond and Columbia Counties in Georgia and Aiken County in South Carolina. Augusta market deposit data are as of June 30, 1992.

10. 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 effects of limited-purpose lenders and other non-depository financial entities.

11. Augusta's size makes it a significant urban area, and the Augusta banking market is the largest among the 123 non-MSA markets in Georgia. In addition, the rate of growth in deposits between 1988 and 1991 was substantially greater in the Augusta banking market than in other markets in Georgia, including non-MSA and MSA markets. The Augusta banking market also exceeded other non-MSA markets with respect to population per banking office, total deposits per banking office, population growth rate, and per capita income.

12. First Union would become the second largest depository institution in the Atlanta banking market, controlling approximately $5 billion in deposits, representing 15.9 percent of market deposits, and the HHI would increase 92 points to 1173. In the Macon banking market, First Union would become the fourth largest depository institution, controlling $254.1 million in deposits, representing 11.2 percent of market deposits, and the HHI would decrease 3 points to 1118. First Union would become the second largest depository institution in the Savannah banking market, controlling approximately $614.6 million in deposits, representing 25.9 percent of market deposits, and the HHI would increase 155 points to 1925.

Other Considerations

First Union has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire a savings association and to engage in credit reinsurance, real estate appraisal, data processing, and management consulting activities. As noted above, these activities are permissible for bank holding companies under the Board's Regulation Y, and First Union proposes to conduct these activities in accordance with the Board's regulations. There also are numerous providers of these nonbanking services, and this proposal would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, 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 under section 4(c)(8) of the BHC Act are favorable and consistent with approval of First Union's application to acquire Savings Bank and to engage in the nonbanking activities.

The Board also concludes that the financial and managerial resources, future prospects of First Union and Savings Bank, and convenience and needs considerations 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 another;

(2) First Union, FU-GA, and Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the Douglas Amendment if Savings Bank were a state bank that First Union was applying to acquire directly.[13] *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. This approval is subject to First Union obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made by First Union in connection with this application. In addition, The Board's determination is subject to all of 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. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The merger of Savings Bank with and into Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the acquisition of Savings Bank and the nonbanking companies of Savings Bank 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 10, 1993.

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

WILLIAM W. WILES
Secretary of the Board

13. The Board has previously determined that the interstate banking statutes of Georgia permit a North Carolina holding company to acquire banking organizations in Georgia. *See NCNB Corporation*, 72 *Federal Reserve Bulletin* 61 (1986).

Northern Trust Corporation
Chicago, Illinois

Order Approving an Application to Engage in Futures Commission Merchant Activities

Northern Trust Corporation, Chicago, Illinois ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), to engage *de novo* through its wholly owned subsidiary, Northern Futures Corporation, Chicago, Illinois ("Company"), in the following futures commission merchant ("FCM") activities:

(1) Executing and clearing, executing without clearing, and clearing without executing, as agent for institutional customers, the futures contracts and options on futures contracts set forth in Appendix A;

(2) Executing and clearing as agent for institutional customers, through omnibus trading accounts with unaffiliated FCMs, the futures contracts and options on futures contracts set forth in Appendix B; and

(3) Providing related investment advisory services.

Applicant proposes to conduct the foregoing activities throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 13,602 (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.

Applicant, with total consolidated assets of $15.0 billion, is the fourth largest banking organization in Illinois.[1] In addition to Illinois, Applicant operates subsidiary banks in Arizona, California, Florida, and Texas.[2] Company is an FCM registered with the Commodity Futures Trading Commission ("CFTC"), and is therefore subject to the record-keeping, reporting, fiduciary, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*) and the CFTC.[3]

Applicant seeks authority to conduct, through Company, both execution and clearing activities on the Chicago Mercantile Exchange ("CME") and the Chicago Board of Trade ("CBOT"). Company also proposes to conduct FCM activities through omnibus customer trading accounts established in its own name with clearing members of the exchanges on which Company would not itself be a clearing member.[4] Using these omnibus accounts, Company, as agent for its customers, could purchase and sell any of the contracts described in section 225.25(b)(18) of Regulation Y or listed in Appendix B through a clearing member of the relevant exchange. Alternatively, Company's customers could place orders directly with the clearing firms with which Company maintains omnibus accounts.[5]

In addition, Applicant seeks authority for Company to clear trades on the CME and the CBOT that have been executed by unaffiliated brokers pursuant to so-called "give-up agreements."[6] Company would not be the primary clearing member for any non-clearing member on the CBOT, and would not qualify any non-clearing member on the CME.[7] Company also proposes to execute trades that will be given-up, at a customer's request, to an unaffiliated FCM for clearance.[8]

1. Asset and ranking data are as of December 31, 1992. In Illinois, Applicant controls four financial institutions: Northern Trust Company, Chicago, Illinois; Northern Trust Bank/DuPage, Oak Brook Terrace, Illinois; Northern Trust Bank/Lake Forest, N.A., Lake Forest, Illinois; and Northern Trust Bank/O'Hare, N.A., Chicago, Illinois.

2. These banks are Northern Trust Bank of Arizona, N.A., Phoenix, Arizona; Northern Trust of California, N.A., Santa Barbara, California; Northern Trust Bank of Florida, N.A., Miami, Florida; Northern Trust Bank of Florida/Sarasota, N.A., Sarasota, Florida; and Northern Trust Bank of Texas, N.A., Dallas, Texas.

3. Company currently engages in FCM execution and clearing activities, and investment advisory activities permissible for bank holding companies under sections 225.25(b)(18) and (b)(19) of Regulation Y (12 C.F.R. 225.25(b)(18) and (b)(19)), and in the execution and clearance on major commodities exchanges of futures contracts and options on futures contracts on certain broad-based stock and bond indices. *See Northern Trust Corporation*, 74 *Federal Reserve Bulletin* 333 (1988). Applicant proposes to provide these services to major financial institutions and large institutional investors such as pension plans. Company will not execute, clear, or broker contracts for individuals. Applicant has committed that it will provide the Federal Reserve System with prior notice of any significant change in the characteristics of Company's customer base.

4. An omnibus account is an arrangement between a member clearing firm of an exchange and a nonmember FCM that seeks to conduct business on that exchange. Under such an arrangement, the member clearing firm executes and clears transactions for the nonmember FCM and its customers. The omnibus account reflects all positions of the FCM's customers, but is divided into separate segments for each customer for purposes of calculating margin requirements, reporting current holdings, and other matters. Applicant has stated that this service would be provided as an accommodation to institutional customers—the customer would not need to open its own account with a clearing member, Company could broker contracts for which customer trading activity is minimal, and Company would be able to provide each customer with a single statement describing the customer's overall futures position. Company would be financially responsible to the clearing member with which it establishes an omnibus account with respect to all trades properly made by the clearing member through the account, but would not hold an ownership interest in the traded contracts. Company would not become a member of any exchange of which it is not currently a member without prior notice to, and, if required, approval of the Federal Reserve System.

5. In general, Company would accept orders from customers and act as agent in the purchase and sale of contracts. With respect to its omnibus account customers, Company would employ the same credit approval and risk management procedures developed for its own executing and clearing activities. In particular, Company's omnibus account activities would be conducted only pursuant to agreements that impose duties on clearing firms to comply with Company's instructions as to customer trading and other parameters. In addition, Company would open omnibus accounts only with clearing firms that satisfied Company's financial, managerial, and operational standards.

6. Under a give-up agreement, the executing floor broker (or give-in broker), pursuant to a customer's instructions, gives up an executed order for clearance to a clearing member other than the executing broker's primary clearing member (or qualifying clearing member).

7. *See generally* CBOT Rules 333.00(a) and 350.06; CME Rules 511 and 524.

8. In such cases, Company, which serves as its own primary clearing firm, would be obligated to clear any trade that it executes and that has been rejected by the designated clearing firm pursuant to a give-up agreement. Because Company is ultimately liable to clear all trades that it executes but gives-up to another FCM, Company will, in conducting the proposed execution-only activities, observe all the same risk-management procedures used when Company both executes and clears trades. In particular, Company may refuse to execute any trade that is outside the credit parameters established by Company for each customer. Moreover, Company will comply with all customer trading limits conveyed to Company by a customer's clearing FCM pursuant to a give-up agreement. On the basis of these procedures, the Board has determined that Company has adequately addressed the possible adverse effects of executing without clearing

The Board previously has determined, by regulation and order, that, with two exceptions, acting as an FCM in executing and clearing all of the proposed financial futures contracts and options on futures contracts, and providing investment advisory services with respect to such contracts, are activities closely related to banking under section 4(c)(8) of the BHC Act.[9] In order to approve this application, the Board must determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. In this regard, in every case under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries, and the effect of the proposed transaction on these resources.[10] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

The Board previously has denied a proposal in which a nonbank subsidiary of a bank holding company would have primarily cleared, but not executed, trades for professional floor traders (primarily locals, market makers, and specialists) trading for their own accounts on major securities and commodities exchanges. *See Stichting Prioriteit ABN AMRO Holding, et al., 77 Federal Reserve Bulletin* 189 (1991) ("*Amro*"). The Board determined in *Amro* that the potential adverse effects of the clearing only proposal, including the attendant financial risks, outweighed the potential public benefits of the activity, and, consequently, that the proposal did not meet the requirement of section 4(c)(8) of the BHC Act that the activity be a "proper incident to banking."[11]

In particular, the Board was concerned that, by not engaging in both the execution and clearance of a trade, a bank-affiliated FCM would not be able to decline transactions that presented unacceptable risk. In this regard, the clearing FCM would have been obligated to settle each trade entered into by its customers, even if the customer did not have the financial resources to honor its obligations. Moreover, the Board noted that no mechanism existed by which the clearing FCM could monitor, on a contemporaneous basis, the intra-day trading activities of the floor traders who were to be its primary customers.[12] On the basis of this inability of the FCM to control the risks it would undertake, together with the fact that clearing agents must guarantee the financial performance of their customers to the clearing houses of the exchanges on which they operate, the Board concluded that the proposed activity in *Amro* presented substantial credit risk exposure to the parent bank holding company, and that public benefit considerations precluded approval of the application under section 4 of the BHC Act.[13]

Applicant's proposal differs from the situation presented in *Amro* in a number of respects. For example, in *Amro*, the bank-affiliated FCM would have been the primary clearing firm for customers (locals, market makers, and other professional floor traders trading for their own accounts) who executed their own trades. As a primary clearing firm, the FCM would have been obligated to clear all trades executed by these customers regardless of the risk to the FCM or the ability of the customer to meet its financial obligations. In this case, by contrast, Company would not serve as the primary or qualifying clearing firm for any unaffiliated customers. Company would clear only those trades that Company itself executes, or that other executing brokers execute and Company accepts for clearance pursuant to a customer give-up agreement. The executing brokers would be independent from the customers, and would have the opportunity to evaluate the trade before it is executed.[14]

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trades, and that approval of this activity is consistent with the BHC Act.

9. *See* 12 C.F.R. 225.25(b)(18) and (b)(19); *National Westminster Bank PLC, 78 Federal Reserve Bulletin* 953 (1992); *The Sanwa Bank, Limited, 77 Federal Reserve Bulletin* 64 (1991); *Morgan Guaranty International Finance Corporation, 76 Federal Reserve Bulletin* 881 (1990); *The Long-Term Credit Bank of Japan, 76 Federal Reserve Bulletin* 554 (1990). The two exceptions are the Deutsche Aktienindex 30 Stock Index (DAX) futures, and German Government Bond Index futures contracts traded on the Deutsche Terminborse GmbH ("DTB"). The Board has approved FCM activities with respect to these two contracts on the DTB pursuant to the Board's Regulation K (12 C.F.R. Part 211). *See Morgan Guaranty International Finance Corporation, 76 Federal Reserve Bulletin* 881 (1990). These contracts have essentially the same terms and serve the same functions as the futures contracts for which FCM services previously have been approved under section 4(c)(8) of the BHC Act. In addition, the Board believes that the skills necessary to engage in providing FCM services with respect to these contracts are virtually indistinguishable from those employed in providing such services with respect to contracts that have been approved previously. Hence, the Board has concluded that FCM activities with respect to such contracts on the DTB are closely related to banking under section 4(c)(8) of the BHC Act.

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

11. *See Amro, 77 Federal Reserve Bulletin* at 191.

12. *See id.*

13. *Id.*

14. An executing FCM has an incentive to review all trades that it gives up for clearance by an unaffiliated FCM because the designated clearing FCM, pursuant to the give-up agreement, may refuse to accept the trade for clearance if the trade exceeds the customer's trading limits or otherwise poses unacceptable risk to the clearing FCM. In such a case, the executing FCM or its primary or qualifying clearing firm would have to clear the trade. Thus, the executing FCM has an interest in determining whether a customer's trade poses any

In this regard, all of Company's clearing-only activities would be conducted pursuant to give-up agreements. Applicant has represented to the Board that, under these give-up agreements and its other customer agreements, Company has the right to refuse to accept for clearance any customer trade that Company reasonably deems unsuitable in light of market conditions or a customer's financial situation or objectives. Company also may restrict the number and types of positions held by a customer as Company deems reasonable. Accordingly, Company could decline to accept those trades that Company has determined present unacceptable risks.[15] Under the rules of the CBOT and the CME, Company has a specified period of time in which to examine an executed trade. During this period, Company is able to determine whether the trade is within Company's established risk parameters and otherwise properly authorized, and, if the trade is not within such parameters and properly authorized, to decide whether to reject the trade for clearance.[16]

Moreover, Company would review the creditworthiness and other characteristics of each potential customer, and, based on such review, would approve or reject the customer and establish appropriate trading, credit, margin, and exposure limits for the customer.[17] The Board notes that Company's customer base consists solely of institutional investors.[18] As noted above, Company will not conduct clearing-only activities for locals, market makers, specialists, or other professional floor traders that are trading for their own accounts.

Company has in place procedures to monitor the intra-day trading activities and risk exposure of its customers. Company compares client positions with margin limits each morning, maintains watch lists for all accounts that have positions approaching the margin limit, and employs client activity tally sheets to monitor customer trading on a real-time basis.

In the event a trade would cause a customer's trading position to exceed the margin limit, Company states that it has several options. Company may decline to accept the trade, may accept the trade but notify the client and executing brokers that it will not accept any additional trades except liquidating trades, may ask the client to liquidate or transfer other contracts to reduce the customer's trading position below the margin limit, may liquidate a customer's position, or may consider a request by the customer to increase the margin limit.[19] Applicant has stated that Company will employ these procedures when Company clears trades pursuant to a give-up agreement. Company also will use these procedures when it both executes and clears trades, and when it executes trades as a give-in broker.

On the basis of this framework for limiting risk from the clearing-only activities, as well as all of the commitments made by Applicant, and other facts of record, the Board has determined that credit and other risk considerations associated with the proposed clearing-only activities on the CME and the CBOT are consistent with approval of this application.

There is no evidence in the record to indicate that consummation of this proposal, subject to the commitments and conditions noted in the application or in this Order, would result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by the public benefits that the Board expects to result from the consummation of this proposal. Moreover, Applicant has committed to conduct its proposed FCM activities in accordance with the conditions and restrictions on FCM activities set forth in Regulation Y.[20]

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risk to the executing FCM even if the trade is to be given up to another FCM for clearance.

15. In such an event, the executing broker's primary or qualifying clearing firm would be obligated to clear the trade.

16. Under the rules of the CBOT, the pertinent executing brokers are required to deliver trading cards to Company within 15 minutes after the half-hour interval during which an order is executed or 15 minutes after the close of the relevant market; because CBOT rules require that trades be submitted to the CBOT Clearing Corporation for matching within one hour after the end of any such half-hour interval or market close, Company has at least 45 minutes to review a trade before it is required to submit the trade to the CBOT Clearing Corporation for matching. *See* Memorandum of CBOT dated May 3, 1990; CBOT Clearing Corporation Submission Deadlines dated November 1991. Under the comparable rules of the CME, Company has at least one hour to review a trade before submitting it to the exchange's clearing house. *See* CME Clearing Member Transfer Agreement Procedures Guide dated May 1989; Memorandum of CME Clearing House Division dated February 26, 1990.

17. Client margin limits are initially approved by Company's credit committee, and are administered by Company's compliance officer. Customer margin limits are periodically reviewed and adjusted by Company's credit committee to ensure that the limits are appropriate to each client's trading activity, the overall risk parameters established for each customer, and the specific margin requirements set by each exchange.

18. Company's institutional customers include major financial institutions and large institutional investors such as pension plans. Company's customers do not, and will not, include individuals.

19. Company consults regularly with its clients as to the anticipated positions which client expects to carry with Company, and whether such positions are consistent with the margin limits established for that customer. Company has indicated that this consultation procedure is effective in avoiding unexpected trading activity which would cause customers to exceed their margin limits.

20. *See* 12 C.F.R.225.25(b)(18) and (b)(19).

The Board has taken into account and has relied upon these commitments, the limitations in Regulation Y, and the regulatory framework established pursuant to law by the CFTC for the trading of futures and options on futures contracts. In addition, the Board expects that the *de novo* entry of Applicant into the market for the proposed FCM services in the United States would provide added convenience to Applicant'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 Applicant 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.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all the commitments made by Applicant in connection with this application, and the terms and conditions set forth in this Order, and in the above-noted Board Orders that relate to these activities. 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 decision, 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 Chicago acting pursuant to delegated authority.

By order of the Board of Governors, effective May 6, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Contracts to be Executed and Cleared by Company

Chicago Mercantile Exchange

Standard & Poor's 100 Stock Price Index futures
Standard & Poor's Over-the-Counter 250 Stock Index futures

Chicago Board of Trade

The Bond Buyer Long-Term Municipal Bond Index futures
Options on The Bond Buyer Long-Term Municipal Bond Index futures
The Major Market Index futures

Appendix B

Contracts to Be Executed and Cleared Through Omnibus Trading Accounts with Unaffiliated FCMs

Deutsche Terminborse GmbH

Deutsche Aktienindex 30 Stock Index (DAX) futures
German Government Bond Index futures

Financiele Termijnmarkt Amsterdam NV

Dutch Government Bond Index futures

Hong Kong Futures Exchange Limited

Hang Seng Stock Index futures

Kansas City Board of Trade

Value Line Index futures
Mini Value Line futures

London International Financial Futures Exchange

The Financial Times-Stock Exchange 100 Equity Index futures
Options on The Financial Times-Stock Exchange 100 Equity Index futures
Options on Eurodollar futures
U.K. Bond futures
Options on U.S. Treasury Bond futures

Marche a Terme d'Instruments Financiers

French Government Bond Index futures

New York Futures Exchange

New York Stock Exchange Composite Index futures
Options on New York Stock Exchange Composite Index futures

Philadelphia Board of Trade

National Over-the-Counter Index futures

Singapore International Monetary Exchange

Nikkei 225 Stock Average futures

Sydney Futures Exchange

All Ordinaries Share Index futures
Australian Government Bond futures

Tokyo Stock Exchange

Tokyo Stock Price Index (TOPIX) futures
Japanese Government Bond futures

Sakura Bank, Limited
Tokyo, Japan

Order Approving an Application to Engage in Futures Commission Merchant Activities

The Sakura Bank, Limited, Tokyo, Japan ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), to acquire 60 percent of the outstanding shares of Dellsher Investment Company, Inc., Chicago, Illinois ("Company"),[1] and, through Company, to engage in the following futures commission merchant ("FCM") activities:

(1) Executing and clearing, executing without clearing, and clearing without executing, as agent for institutional investors and other sophisticated customers, the futures contracts and options on futures contracts set forth in Appendix A;

(2) Executing and clearing, as agent for institutional investors and other sophisticated customers, through omnibus trading accounts with unaffiliated FCMs, the futures contracts and options on futures contracts set forth in Appendix B; and

(3) Providing related investment advisory services.

Applicant proposes to conduct the foregoing activities throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (58 *Federal Register* 3283 (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.

Applicant, with total consolidated assets equivalent to approximately U.S. $464 billion, is the third largest bank in the world, and provides a full range of retail and wholesale banking services worldwide.[2] Applicant is a registered bank holding company by virtue of its ownership of Manufacturers Bank, Los Angeles, California, a state-chartered bank, the deposits of which are insured by the Federal Deposit Insurance Corporation. In addition, Applicant operates branches in Chicago, Illinois; New York, New York; and Seattle, Washington; agencies in Los Angeles and San Francisco, California; Atlanta, Georgia; and Houston, Texas; and representative offices in Lexington, Kentucky; and Detroit, Michigan. Applicant also has received prior approval by the Federal Reserve System to operate a variety of nonbanking subsidiaries under section 4(c)(8) of the BHC Act.

Company is a privately held corporation, and is registered with the Commodity Futures Trading Commission ("CFTC") as an FCM and a commodity trading advisor ("CTA"). Company therefore is subject to the recordkeeping, reporting, fiduciary, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*) and the CFTC.

Applicant seeks authority to conduct, through Company, both execution and clearing activities on the Chicago Board of Trade ("CBOT") and the Chicago Mercantile Exchange ("CME").[3] Company also pro-

1. All of the remaining shares of the Company would be owned by a single individual, who would serve as an officer of the Company.

2. Asset data are as of September 30, 1992.

3. Company currently engages in FCM execution and clearing activities and investment advisory activities permissible for bank holding companies under section 225.25(b)(18) and (19) of Regulation Y (12 C.F.R. 225.25(b)(18) and (19)), and prior Board orders. Company also engages in certain FCM activities that have not been approved for bank holding companies, including executing and clearing futures contracts and options on futures contracts on non-financial commodities, providing investment advisory services with respect to such contracts, clearing (without executing) trades for professional floor traders, and certain other activities. Applicant has committed that, upon consummation of this proposal, Company will terminate all of its activities with respect to non-financial commodity futures contracts and options thereon. Applicant also has committed that, upon consummation of this proposal, Company will terminate its

poses to conduct FCM activities through omnibus customer trading accounts established in its own name with clearing members of exchanges on which Company would not itself be a clearing member.[4] Using these omnibus accounts, Company, as agent for its customers, could purchase and sell any of the contracts described in section 225.25(b)(18) of Regulation Y or listed in Appendix B through a clearing member of the relevant exchange. Alternatively, Company's customers could place orders directly with the clearing firms with which Company maintains omnibus accounts.[5]

In addition, Applicant seeks authority for Company to clear trades on the CBOT and the CME that have been executed by unaffiliated brokers pursuant to so-called "give-up agreements."[6] Company would not be the primary clearing member for any non-clearing member on the CBOT, and would not qualify any non-clearing member on the CME.[7] Company also proposes to execute trades that would be given up, at a customer's request, to an unaffiliated FCM for clearance.[8]

The Board previously has determined, by regulation and order, that, with four exceptions, acting as an FCM in executing and clearing all the futures contracts and options on futures contracts proposed in this case on the indicated exchanges, and providing investment advisory services with respect to such contracts, are activities closely related to banking under section 4(c)(8) of the BHC Act.[9] In order to approve this application, the Board must determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or

clearing (without executing) activities for professional floor traders, locals, market makers, or specialists that trade for their own accounts. Applicant also has committed that Company will not engage in any proprietary trading. Company has stated that its customers will consist solely of banks and other financial institutions, companies, other clearing and brokerage firms, professionally managed funds such as pension funds and commodity pools, and high-net-worth individuals with sophisticated business experience and extensive prior professional experience with financial futures instruments. Applicant will provide the Federal Reserve System with prior notice of any significant change in the characteristics of Company's customer base.

4. An omnibus account is an arrangement between a member clearing firm of an exchange and a nonmember FCM that seeks to conduct business on that exchange. Under such an arrangement, the member clearing firm executes and clears transactions for the nonmember FCM and its customers. The omnibus account reflects all positions of the FCM's customers, but is divided into separate segments for each customer for purposes of calculating margin requirements, reporting current holdings, and other matters. Applicant has stated that this service would be provided as an accommodation to its customers: The customer would not need to open its own account with a clearing member (an undertaking that might not be economically justified by the customer's anticipated trading activity on that exchange), and Company would be able to provide each customer with a single statement describing the customer's overall futures position. Company would be financially responsible to the clearing member with which it establishes an omnibus account for all trades properly made by the clearing member through the account, but would not hold an ownership interest in the traded contracts. Company would not become a member of any exchange of which it is not currently a member without prior notice to, and, if required, approval of the Federal Reserve System.

5. In general, Company would accept orders from customers and act as agent in the purchase and sale of contracts. With respect to its omnibus account customers, Company would employ the same credit approval and risk management procedures developed for its own executing and clearing activities. In particular, Company's omnibus account activities would be conducted only pursuant to agreements that impose duties on clearing firms to comply with Company's instructions as to customer trading and other parameters. In addition, Company would open omnibus accounts only with clearing firms that satisfied Company's financial, managerial, and operational standards.

6. Under a give-up agreement, the executing floor broker (or "give-in broker"), pursuant to a customer's instructions, gives up an executed order for clearance to a clearing member other than the executing broker's primary clearing member (or qualifying clearing member).

7. *See generally* CBOT Rules 333.00(a) and 350.06; CME Rules 511 and 524.

8. In such cases, Company, which serves as its own primary clearing firm, would be obligated to clear any trade that it executes and that has been rejected by the designated clearing firm pursuant to a give-up agreement. Because Company is ultimately liable to clear all trades that it executes but gives up to another FCM, Company would, in conducting the proposed execution-only activities, observe all the same risk-management procedures it uses when both executing and clearing trades. On the basis of these procedures, the Board has determined that Company has adequately addressed the possible adverse effects of executing without clearing trades, and that approval of this activity is consistent with the BHC Act.

9. *See, e.g.*, 12 C.F.R. 225.25(b)(18) and (19); *The Long-Term Credit Bank of Japan, Limited*, 79 *Federal Reserve Bulletin* 347 (1993) ("*Long-Term Credit Bank II*"); *National Westminster Bank PLC*, 78 *Federal Reserve Bulletin* 953 (1992); *Swiss Bank Corporation*, 77 *Federal Reserve Bulletin* 759 (1991); *Morgan Guaranty International Finance Corporation*, 77 *Federal Reserve Bulletin* 499 (1991); *The Sanwa Bank, Limited*, 77 *Federal Reserve Bulletin* 64 (1991); *Morgan Guaranty International Finance Corporation*, 76 *Federal Reserve Bulletin* 881 (1990); *The HongKong and Shanghai Banking Corporation*, 76 *Federal Reserve Bulletin* 770 (1990); *Citicorp*, 76 *Federal Reserve Bulletin* 664 (1990); *The Long-Term Credit Bank of Japan*, 76 *Federal Reserve Bulletin* 554 (1990). Two of the exceptions are the Deutsche Aktienindex 30 Stock Index (DAX) futures and German Government Bond Index futures contracts traded on the Deutsche Terminborse GmbH ("DTB"). The Board has approved FCM activities with respect to these contracts on the DTB pursuant to Regulation K (12 C.F.R. Part 211). *See Morgan Guaranty International Finance Corporation*, 76 *Federal Reserve Bulletin* 881 (1990). The other two exceptions are the trading on the CBOT of Tokyo Stock Price Index (TOPIX) futures contracts and options on TOPIX futures contracts. Each of these contracts has previously been approved for trading on another exchange, and the execution and clearance of these contracts would be governed by the same operations and procedures applicable to other contracts previously approved on the CBOT. *See Long-Term Credit Bank II*. Each of these four instruments are related to financial instruments that are broad based, widely traded, and comparable to the contracts previously approved by the Board. These contracts have essentially the same terms and serve the same functions as the futures contracts for which FCM services previously have been approved under section 4(c)(8) of the BHC Act. In addition, the Board believes that the skills necessary to engage in providing FCM services with respect to these contracts are virtually indistinguishable from those employed in providing such services with respect to contracts previously approved. Hence, the Board has concluded that FCM activities with respect to such contracts on the DTB are closely related to banking under section 4(c)(8) of the BHC Act.

unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). In this regard, the Board must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[10] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

The Board previously has denied a proposal in which a nonbank subsidiary of a bank holding company would have primarily cleared, but not executed, trades for professional floor traders (primarily locals, market makers, and specialists) trading for their own accounts on major securities and commodities exchanges.[11] The Board determined in that case that the potential adverse effects of the clearing-only proposal, including the attendant financial risks, outweighed the potential public benefits of the activity, and, consequently, that the proposal did not meet the requirement of section 4(c)(8) of the BHC Act that the activity be a "proper incident to banking."[12]

In particular, the Board was concerned that, by not engaging in both the execution and clearance of a trade, a bank-affiliated FCM would not be able to decline transactions that presented unacceptable risk. In this regard, the clearing FCM would have been obligated to settle each trade entered into by its customers, even if the customer did not have the financial resources to honor its obligations. Moreover, the Board noted that no mechanism existed by which the clearing FCM could monitor, on a contemporaneous basis, the intra-day trading activities of the professional floor traders who were to be its primary customers.[13] On the basis of this inability of the FCM to control the risks it would undertake, together with the fact that clearing agents must guarantee the financial performance of their customers to the clearing houses of the exchanges on which they operate, the Board concluded that the proposed activity presented substantial credit risk exposure to the parent bank holding company, and that public benefit considerations precluded approval of the application under section 4 of the BHC Act.[14]

Applicant's proposal differs from the situation presented in the AMRO Order in a number of respects. For example, in AMRO, the bank-affiliated FCM would have been the primary clearing firm for professional floor traders, who traded for their own accounts and executed their own trades. As a primary clearing firm, the FCM would have been obligated to clear all trades executed by these customers regardless of the risk to the FCM or the ability of the customer to meet its financial obligations. In this case, by contrast, Company would not serve as the primary or qualifying clearing firm for any unaffiliated customers, and Applicant has committed that, upon consummation of this proposal, Company will terminate all existing clearing-only activities for professional floor traders. Company would clear only those trades that Company itself executes, or that another executing broker executes and Company accepts for clearance pursuant to a customer give-up agreement. The executing brokers would be independent from the customers, and would have the opportunity to evaluate the trades before they were executed.[15]

In this regard, all of Company's clearing-only activities would be conducted pursuant to give-up agreements. Applicant has represented to the Board that, under these give-up agreements and its other customer agreements, Company could decline to accept those trades that Company determines present unacceptable risks.[16] Under its agreements, Company also has the right to cancel or liquidate any of its customers' outstanding trades whenever Company deems it necessary for its own protection. In addition, under the rules of the CBOT and the CME, Company has a specified period of time in which to examine an executed trade. During this period, Company is able to determine whether the trade is within Company's risk parameters for the customer and otherwise properly authorized[17] and, if the trade is not within such param-

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

11. *See Stichting Prioriteit ABN AMRO Holding, et al.*, 77 *Federal Reserve Bulletin* 189 (1991) ("AMRO Order").

12. *See* AMRO Order at 191.

13. *Id.*

14. *Id.*

15. An executing FCM has an incentive to review all trades that it gives up for clearance by an unaffiliated FCM, because the designated clearing FCM, pursuant to the give-up agreement, may refuse to accept the trade for clearance if the trade exceeds the customer's trading limits or otherwise poses unacceptable risk to the clearing FCM. In such a case, the executing FCM or its primary or qualifying clearing firm would have to clear the trade. Thus, the executing FCM has an interest in determining whether a customer's trade poses any risk to the executing FCM, even if the trade is to be given up to another FCM for clearance.

16. In such an event, the executing broker's primary or qualifying clearing firm would be obligated to clear the trade.

17. Under the rules of the CBOT, the pertinent executing brokers are required to deliver trading cards to Company within 15 minutes after the half-hour interval during which an order is executed or 15 minutes after the close of the relevant market; because the CBOT rules require that trades be submitted to the CBOT Clearing Corporation for matching within one hour after the end of any such half-hour interval or market close, Company has at least 45 minutes to review a trade before it is required to submit the trade to the CBOT Clearing Corporation for matching. *See* Memorandum of the CBOT dated May 3, 1990; CBOT Clearing Corporation Submission Deadlines dated November 1991. Under the comparable rules of the CME, Company has at least one hour to review a trade before submitting it to the exchange's clearing house. *See* CME Clearing Member Transfer

eters and properly authorized, to decide whether to reject the trade for clearance.[18]

Moreover, Company's compliance and operations director and chief operating officer will review the creditworthiness and other characteristics of each potential customer, and, based on such review, will approve or reject the potential customer and establish appropriate trading, credit, margin, and exposure limits for each customer. The Board notes that Company's customer base will consist solely of institutional investors and high-net-worth individuals with sophisticated business experience and extensive prior professional experience with financial futures instruments. As noted above, Company will not conduct clearing-only activities for locals, market makers, specialists, or other professional floor traders that are trading for their own accounts.

Company also has in place procedures to monitor the intra-day trading activities and risk exposure of its customers. First, each customer is assigned a margin limit at the time a trading account is opened. All managers of Company's various trading desks on the floor of the CBOT and the CME are advised of the anticipated trading volume for new customers, review customers' outstanding trading positions with Company's compliance and operations director before the start of each trading day, and gain familiarity with customers' trading patterns as a result of the daily handling of customers' trades. Moreover, executing brokers are required by the rules of the CBOT and the CME to deliver tickets for trades to be cleared by Company to Company's trading desks within 15 minutes of the execution of the trades. At the trading desks, all intra-day trades to be cleared by Company on behalf of a customer are recorded.

Company's senior officers make inquiries during the trading day among the desk managers in order to identify potential problems that may not be apparent to individual desk managers. Upon being notified of or otherwise identifying a potential problem, Company's compliance and operations director may take a number of measures to resolve the situation, including contacting the customer for clarification, making a margin call on the customer, requesting the customer to liquidate certain contracts or transfer certain contracts to other clearing brokers to reduce the customer's trading position below the margin limit, liquidating the customer's position, or considering the customer's request to increase the margin limit.

On the basis of this framework for limiting risk from clearing-only activities, as well as all the commitments made by Applicant, and other facts of record, the Board has determined that credit and other risk considerations associated with the proposed clearing-only activities on the CBOT and the CME are consistent with approval of this application.

The record does not indicate that consummation of this proposal, subject to the commitments and conditions noted in the application or in this Order, 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 the public benefits that the Board expects to result from the consummation of this proposal. Moreover, Applicant has committed to conduct its proposed FCM and CTA activities in accordance with the conditions and restrictions on such activities set forth in Regulation Y and in this Order.[19]

The Board has taken into account and has relied upon these commitments, the limitations in Regulation Y, and the regulatory framework established pursuant to law by the CFTC for the trading of futures contracts and options on futures contracts, and the rules of the CBOT and the CME governing the proposed activities of Applicant. In addition, the Board expects that the *de novo* entry of Applicant into the market for the proposed FCM services in the United States would provide added convenience to Applicant's customers and would increase the level of competition among existing providers of these services. Accordingly, based on consideration of all of the facts of record, including the commitments made by Applicant regarding the conduct of the proposed activities and other matters, the Board has determined that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects that the Board is required to consider under section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application, subject to all the commitments made by Applicant in connection with this application and all the terms and conditions set forth in this Order

Agreement Procedures Guide dated May 1989; Memorandum of CME Clearing House Division dated February 26, 1990.

18. Senior officers of Company have the authority to accept trades not properly authorized or outside the parameters agreed to by Company. Customers' risk parameters are reviewed and adjusted by Company's senior officers as required to ensure that the limits are appropriate to the customer's trading activity and financial condition.

19. *See* 12 C.F.R. 225.25(b)(18) and (19). Company would not trade for its own account except for the purpose of hedging a cash position in the related financial instrument as permitted by Regulation Y (see 12 C.F.R. 225.25(b)(18)(ii)) or to offset or liquidate a clearing error arising in the normal course of business. The Board considers such trading for the purpose of correcting clearing errors to be incidental to the permissible FCM activities under Regulation Y and the Board's previous orders, and to be consistent with approval of this application.

and in the above noted Board Orders that relate to these activities. 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), 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 Board regulations and orders noted above. 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 in connection with its findings and decision, 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 San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 10, 1993.

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

WILLIAM W. WILES
Secretary of the Board

Appendix A

Contracts to Be Executed and Cleared by Company

Chicago Board of Trade

U.S. Treasury Bond Futures
Options on U.S. Treasury Bond Futures
10-Year U.S. Treasury Note Futures
Options on 10-Year U.S. Treasury Note Futures
5-Year U.S. Treasury Note Futures
Options on 5-Year U.S. Treasury Note Futures
2-Year U.S. Treasury Note Futures
2-Year Cash-Settled U.S. Treasury Note Futures
30-Day Interest Rate Futures
Major Market Index Maxi Stock Index Futures
The Bond Buyer Long-Term Municipal Bond Index Futures
Options on The Bond Buyer Long-Term Municipal Bond Index Futures
Tokyo Stock Price Index (TOPIX) Futures
Options on Tokyo Stock Price Index (TOPIX) Futures
5-Year Interest Rate Swap Futures
Options on 5-Year Interest Rate Swap Futures
3-Year Interest Rate Swap Futures
Options on 3-Year Interest Rate Swap Futures

Chicago Mercantile Exchange

Australian Dollar Futures
Options on Australian Dollar Futures
British Pound Futures
Options on British Pound Futures
Canadian Dollar Futures
Options on Canadian Dollar Futures
Deutsche Mark Futures
Options on Deutsche Mark Futures
Japanese Yen Futures
Options on Japanese Yen Futures
Swiss Franc Futures
Options on Swiss Franc Futures
British Pound/Deutsche Mark Currency Cross-Rate Futures
Options on British Pound/Deutsche Mark Currency Cross-Rate Futures
Deutsche Mark/Japanese Yen Currency Cross-Rate Futures
Options on Deutsche Mark/Japanese Yen Currency Cross-Rate Futures
Deutsche Mark/Swiss Franc Currency Cross-Rate Futures
Options on Deutsche Mark/Swiss Franc Currency Cross-Rate Futures
Eurodollar Futures
Options on Eurodollar Futures
13-Week U.S. Treasury Bill Futures
Options on 13-Week U.S. Treasury Bill Futures
30-Day LIBOR Futures
Options on 30-Day LIBOR Futures
Standard & Poor's 500 Stock Price Index Futures
Options on Standard & Poor's 500 Stock Price Index Futures
Nikkei 225 Stock Average Futures
Options on Nikkei 225 Stock Average Futures

Appendix B

Contracts to Be Executed and Cleared by Company through Omnibus Trading Accounts with Unaffiliated FCMs

Deutsche Terminborse GmbH

Deutsche Aktienindex 30 Stock Index (DAX) Futures
German Government Bond Index Futures

Hong Kong Futures Exchange Limited

Hang Seng Stock Index Futures

Kansas City Board of Trade

Value Line Index Futures

London International Financial Futures Exchange

The Financial Times-Stock Exchange 100 Equity Index Futures
Options on The Financial Times-Stock Exchange 100 Equity Index Futures
ECU-CD Interest Rate Futures
ECU Bond Futures
Eurotrak 100 Stock Index Futures
3-Month Euro-Swiss Franc CD Futures
Options on 3-Month Euro-Swiss Franc CD Futures
3-Month Euro-Sterling CD Futures
Options on 3-Month Euro-Sterling CD Futures
3-Month Euro-Deutschemark CD Futures
Options on 3-Month Euro-Deutschemark CD Futures
10-Year Japanese Government Bond Index Futures
Options on 10-Year Japanese Government Bond Index Futures
10-Year German Government Bond Index Futures
Options on 10-Year German Government Bond Index Futures
Long UK Government Bond Futures
Options on Long UK Government Bond Futures

Marche a Terme d'Instruments Financiers

French Government Bond Index Futures
French Franc PIBOR-CD Futures
ECU Bond Futures
French Stock Index (CAC-40) Futures
3-Month Euro-Deutschemark CD Futures
Options on 3-Month Euro-Deutschemark CD Futures
10-Year French Government Bond Futures
Options on 10-Year French Government Bond Futures

Montreal Stock Exchange

Canadian Government Bond Futures

New York Financial Exchange

New York Stock Exchange Composite Index Futures
Options on New York Stock Exchange Composite Index Futures
Commodity Research Bureau Index Futures
Options on Commodity Research Bureau Index Futures

Osaka Securities Exchange

Nikkei 225 Stock Average Futures
Options on Nikkei 225 Stock Average Futures
Osaka 50 Stock Index Futures

Singapore International Monetary Exchange

3-Month Euro-Yen CD Futures
Nikkei 225 Stock Average Futures

Sydney Futures Exchange

10-Year Australian Government Bond Futures
Options on 10-Year Australian Government Bond Futures
3-Year Australian Government Bond Futures
Options on 3-Year Australian Government Bond Futures
3-Month Australian Government Bill Futures
Options on 3-Month Australian Government Bill Futures
All Ordinaries Share Index Futures
Options on All Ordinaries Share Index Futures

Tokyo International Financial Futures Exchange

Euroyen Futures
Eurodollar Futures

Tokyo Stock Exchange

Tokyo Stock Price Index (TOPIX) Futures
10-Year Japanese Government Bond Futures
20-Year Japanese Government Bond Futures
Options on 10-Year Japanese Government Bond Futures

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

Huntington Bancshares, Incorporated Columbus, Ohio

Order Approving the Acquisition of a Bank Holding Company

Huntington Bancshares, Incorporated, and Huntington Bancshares West Virginia, Inc., both of Columbus, Ohio (together, "Huntington"), and both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of CB&T Financial Corp. and CB&T Clarksburg Corp., both of

Fairmont, West Virginia (together, "CB&T"), and thereby indirectly acquire: Community Bank & Trust, N.A., Fairmont; Community Bank & Trust of Ritchie County, Harrisville; Bank of Hundred, Inc., Hundred; CBT-Westover Bank, Inc., Westover; Community Bank & Trust of Harrison County, Clarksburg; and Community Bank & Trust of Randolph County, Elkins, all in West Virginia.[1]

Huntington also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire CB&T Capital Investment Company, Fairmont, West Virginia, and thereby engage in making and servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 18,098 (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 sections 3 and 4 of the BHC Act.

Huntington, with total consolidated assets of approximately $14.0 billion, controls eight subsidiary banks in Ohio, West Virginia, Indiana, Kentucky, Michigan, and Pennsylvania, as well as one thrift organization in Florida.[2] Huntington is the tenth largest commercial banking organization in West Virginia, controlling deposits of approximately $406.2 million, representing 2.5 percent of total deposits in commercial banking organizations in the state.[3] CB&T is the sixth largest commercial banking organization in West Virginia, controlling deposits of approximately $661.5 million, representing 4.1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Huntington would become the third largest commercial banking organization in West Virginia, controlling deposits of approximately $1.07 billion, representing 6.6 percent of total deposits in commercial banking organizations in the state.[4]

1. In connection with Huntington's proposed acquisition of CB&T, Huntington has requested Board approval under section 3 of the BHC Act to acquire an option to purchase up to 24.9 percent of the voting shares of CB&T. This option will become moot upon consummation of Huntington's proposal to acquire CB&T.

2. Asset data are as of March 31, 1993.

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

4. The Board previously has determined that the interstate banking statute of West Virginia permits an Ohio bank holding company to acquire banking organizations in West Virginia. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 519 (1993). Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

Competitive Considerations

Huntington and CB&T compete directly in the Morgantown, West Virginia ("Morgantown"), banking market.[5] In this market, Huntington is the largest banking or thrift organization ("depository institution"), controlling deposits of approximately $292 million, representing 41.8 percent of total deposits in depository institutions in the market ("market deposits").[6] CB&T is the third largest depository institution in the market, controlling deposits of approximately $99.6 million, representing 14.3 percent of market deposits. Upon consummation of this proposal, Huntington would remain the largest depository institution in the Morgantown banking market, controlling deposits of approximately $391.6 million, representing 56.1 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 1194 points to 3917.[7]

In order to mitigate the potential anti-competitive effects that would result from consummation of this proposal in the Morgantown banking market, Huntington has committed to divest four branches in this market that hold, in the aggregate, $77.7 million in deposits to out-of-market competitors.[8] Accounting for these divestitures, the share of the Morgantown

5. The Morgantown RMA banking market consists of Monongalia County, West Virginia, and Springhill Township of Fayette County, Pennsylvania.

6. 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, major 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).

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

8. Huntington has executed final sales agreements with two out-of-market competitors that will effect these divestitures within 180 days of consummation of the acquisition of CB&T. Huntington also has committed that, in the event it is unsuccessful in completing the divestitures within 180 days of consummation of this proposal, Huntington will transfer the relevant office or offices to an independent trustee with instructions to sell the office or offices promptly. *See e.g., BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991).

banking market controlled by Huntington would increase by three percentage points, and the HHI would increase 148 points to 2872.[9]

Upon consummation of this proposal, and after giving effect to the proposed divestitures, the number of depository institutions remaining in the market would increase from nine to ten. The Morgantown banking market also has a number of features that make it attractive for entry.[10] West Virginia law permits West Virginia banks to branch into this market and permits interstate entry from Pennsylvania.[11]

The Board also sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has indicated that, subject to Huntington's divestitures in the Morgantown banking market, consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market. Neither the OCC nor the FDIC objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects.

In light of all the facts of record, including the proposed divestitures in the Morgantown banking market, the number and size of competitors remaining in the market, the market's attractiveness for entry, and the number of potential entrants into the market, the Board concludes that the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Morgantown banking market or in any other relevant banking market.

Other Considerations

The Board concludes that the financial and managerial resources and future prospects of Huntington, its subsidiaries, and CB&T, are consistent with approval. The Board also concludes that considerations relating to the convenience and needs of the communities to be served and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.[12]

Huntington also has applied, pursuant to section 4 of the BHC Act, to engage in making and servicing loans. As noted above, these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act, and the Board's Regulation Y, and Huntington proposes to conduct these activities in accordance with the Board's regulations. There are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that 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 Huntington's application to acquire CB&T's nonbanking subsidiary.

Conclusion

Based on the foregoing, including the conditions and commitments described in this order and those made in these applications, and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by Huntington with all the commitments made in connection with

9. Huntington would remain the largest depository institution in the Morgantown banking market, controlling deposits of approximately $314 million, representing 45 percent of market deposits.

10. Compared to other areas in West Virginia, the Morgantown banking market features a relatively large population, a high rate of population growth, and a higher than average amount of deposits. In addition, the average per capita income exceeds that of other markets in these areas. Four banking organizations have entered the market since 1988, including two *de novo* entries in 1989 and 1990.

11. West Virginia banking law permits intrastate branching. *See* W. Va. Code § 31A-8-12 (Supp. 1992). In addition, commercial banking organizations in 45 states, including Pennsylvania, are authorized to acquire West Virginia banks that have been in operation for at least two years. *See id.* § 31A-8A-7. Moreover, Pennsylvania banking law permits interstate banking on a reciprocal basis. *See* Pa. Cons. Stat. Ann. § 116 (Supp. 1992).

12. The Board notes that Huntington Federal Savings Bank, Sebring, Florida ("HFSB"), a thrift subsidiary representing approximately 2 percent of Huntington's consolidated assets, received a less than satisfactory rating in its most recent examination for performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). HFSB has taken steps to address the deficiencies in its CRA performance and to improve performance, and has adopted a comprehensive CRA program that contains the elements of an effective CRA policy as outlined in the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act (54 *Federal Register* 13,742 (1989)) ("Agency CRA Statement"). These steps include the hiring of a CRA compliance officer to administer HFSB's overall CRA program, and the establishment of a CRA committee to oversee the planning and implementation of this program. This program includes increased activities designed to ascertain and meet the credit needs of low- and moderate-income communities.

The record does not show that the problems identified at HFSB indicate chronic institutional deficiencies or a pattern of CRA deficiencies at other Huntington bank subsidiaries. In this regard, all of Huntington's other banking subsidiaries have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance. In light of these and the other facts of record, the Board believes that it is appropriate in this case to give weight to the corrective measures undertaken by Huntington to improve the CRA performance of HFSB.

these applications, including Huntington's divestiture commitments.

The determinations as to the nonbanking activities are subject to all of the conditions in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching its decision regarding these applications are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

The banking acquisitions may not be consummated before the thirtieth calendar day following the effective date of this Order, and the banking and nonbanking acquisitions 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 the Federal Reserve Bank of Cleveland acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Bank Merger Act

Chemical Bank
New York, New York

Order Approving Merger of Banks

Chemical Bank, New York, New York ("Bank"), a state member bank, 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 its affiliate, Texas Commerce Banks, Newark, Delaware ("TCB-DEL"), a Federal Deposit Insurance Corporation insured, special-purpose credit card bank.[1]

Notice of this application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the proposal 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 the application and all comments received in light of the factors set forth in the Bank Merger Act.

Competitive, Financial, and Managerial Considerations

This proposal represents a reorganization of existing offices of depository institutions already controlled by the same bank holding company. The merger of TCB-DEL into Bank is the final step in the overall consolidation of the credit card operations of CBC after the merger of CBC with Manufacturers Hanover Corporation, New York, New York ("MHC").[2] On the basis of all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition in any relevant banking market. The financial and managerial factors and future prospects of Bank and TCB-DEL also are consistent with approval of this application.

Convenience and Needs Considerations

In considering an application under the Bank Merger Act, the Board is required to 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 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 institutions," and to take that record into account in its evaluation of bank merger applications.[3]

1. Both Bank and TCB-DEL are subsidiaries of Chemical Banking Corporation, New York, New York ("CBC").

2. The Board notes that competitive considerations were reviewed when CBC merged with MHC, and the Board found that consolidation would have no significantly adverse effects. *See Chemical Banking Corporation*, 78 *Federal Reserve Bulletin* 74 (1992).

3. 12 U.S.C. § 2903.

In this regard, the Board has received comments from the United Paperworkers International Union ("Protestant") alleging that 1991 Home Mortgage Disclosure Act ("HMDA") data indicate that Bank illegally discriminates against minorities in New York state.[4] The Board has carefully reviewed the CRA performance record of Bank, as well as all comments received, the responses 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").[5]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[6] In this case, the Board notes that Bank received an overall "outstanding" rating in its most recent examination of CRA performance conducted by the Federal Reserve Bank of New York as of July, 1991. In addition, TCB-DEL received a "satisfactory" rating in its most recent examination of CRA performance as of October 1992.

B. Analysis of HMDA Data

The Board has carefully reviewed the 1991 HMDA data reported by Bank in light of the Protestant's comments. These data indicate that, as a general matter, Bank has extended a significant number and percentage of home mortgage loans in low- and moderate-income neighborhoods. In certain neighborhoods, however, the data reflect disparities between the loan rejection rates for minority applicants when compared to white applicants.

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

The Board notes that Bank's most recent CRA examination found no evidence of illegal discrimination or other illegal credit practices at Bank. In this regard, examiners randomly selected and reviewed Bank's loan documentation, including files for rejected loans.

The Board also notes that Bank has taken a number of steps to address the disparities in its HMDA data. For example, Bank has created two new targeted mortgage programs for lower-income and minority borrowers in New York state. The Neighborhood Homebuyers Mortgage offers favorable terms and competitive rates for creditworthy borrowers who might otherwise have trouble qualifying for a mortgage.[7] Bank made 341 mortgages totalling $33.8 million through this program in 1992. Bank also created a $10 million Affirmative Mortgage Pool to hold mortgages in portfolios that do not meet the underwriting criteria required by the secondary market.[8] Bank closed 42 loans totalling $4.6 million to minority borrowers through this program in 1992. Bank also increased its mortgage originations to minorities in New York in 1992 by more than $65 million, an 80 percent increase over 1991.

In 1992, Bank expanded its special review process in the Residential Mortgage Department to re-evaluate internally declined applications for conventional mortgages from minority applicants. In addition, Bank established the Homeownership and Mortgage Counseling Program to assist potential homebuyers who are having difficulty clearing up poor credit histories or finding solutions to their high debt-to-income ratios. In 1992, Bank committed over $300,000 to provide funds for five not-for-profit organizations in the New York metropolitan area offering this counseling. Bank also helped form the New York Mortgage Coalition, comprised of twelve major New York banks and savings institutions, to help minorities and lower-income residents become qualified mortgage applicants. The Coalition will pool resources to provide mortgage coun-

4. The HMDA requires banks to report certain information regarding loan applications, approvals, and denials to the various banking agencies and the public. This information includes data on the race, gender, and income of individual loan applicants, as well as the location of the property securing the potential loan, and a description of the application.

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

6. *Id.* at 13,745.

7. The features of this program include a reduced application fee, a lower required downpayment, fewer points and higher permissible debt-to-income ratios.

8. Chemical recently increased this pool to $20 million. This program was developed for minorities or other applicants with incomes of $53,000 or less seeking to purchase property in a low- or moderate-income community.

seling in communities served by its member institutions to increase the accessibility of mortgages to first-time, low-income borrowers.

This year Bank established two committees to ensure that the retail bank's underwriting standards do not discriminate against minority applicants. These committees, comprised of senior management, community development, compliance, underwriting and legal staff, will review underwriting decisions and procedures to ensure that all applicants are receiving equal treatment.

C. Additional Elements of CRA Performance

The Board also has considered other elements of the CRA performance of Bank. The record indicates that Bank has in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. For example, Chemical Bank has a CRA Coordinating Committee, which includes representatives from all the consumer-related departments of Bank. The CRA Coordinating Committee collects and analyzes data from Bank's various ascertainment efforts and reports on these efforts to two committees comprised of senior-level officials.

Bank ascertains the credit needs of its community through officer call programs, demographic and market research, customer database profiles, and surveys. Bank has full-time "Streetbanker" employees assigned to ascertain the credit needs of the community and provide advice and information about bank products and services. Bank also has special programs that ascertain the credit needs of specific portions of the population that Bank serves. For example, Chemical Community Development, Inc. ("CCDI") is a bank subsidiary that provides financing for affordable housing initiatives.

Bank markets its CRA-related products through a wide variety of media. For example, Bank advertises its credit products through local newspapers, television and radio, as well as minority-oriented newspapers. Bank also uses telemarketing campaigns, direct mail, press releases, branch posters and product brochures in English and Spanish to promote its products.

Bank meets the credit needs of its communities through programs such as CCDI, which helps finance and construct affordable housing in low- and moderate-income communities. CCDI has expanded its focus to include special commercial loan programs, including SBA-guaranteed loans and loans to community-based, not-for-profit organizations. Bank also participates in various loan programs including the Small Business Administration loan program, the Guaranteed Student Loan program, the New York State Energy Investment loan program, the New York City Home Improvement Program, and the Federal National Mortgage Association's Home Buyer's Program.[9]

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all of the facts of record, including the comments filed in this case, in reviewing the convenience and needs factor under the Bank Merger Act. Based on a review of the entire record of this application, including the most recent CRA performance examinations of the institutions involved in this case, the Board believes that the efforts of Bank to help meet the credit needs of all segments of the communities served, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of this application.[10]

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

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

By order of the Board of Governors, effective May 17, 1993.

9. The Board recently reviewed Bank's CRA record in detail and concluded that its policies and lending programs assisted in meeting the credit needs of the communities served. *See Chemical Banking Corporation*, 78 *Federal Reserve Bulletin* 74 (1992).

10. Protestant has requested the Board hold public hearings on this application. The Board is not required under the Bank Merger Act to hold a public hearing in this case. Under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d).

The Board has carefully considered this request. In the Board's view, interested parties have had a sufficient opportunity to present written submissions, and have submitted substantial written comments that have been considered by the Board. In light of this, the Board has determined that a public hearing or public meeting is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public hearing or public meeting on this application is hereby denied.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

CBT Corporation
Paducah, Kentucky

Order Approving Application to Acquire Branches of a Savings Bank

CBT Corporation, Paducah, Kentucky ("CBT"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), and its wholly owned subsidiary, Citizens Bank and Trust Company, Paducah, Kentucky ("Bank"), have applied for the Board's approval under 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, 2388-92 (1991)), to purchase certain assets and assume certain liabilities of three branch offices ("Branches") of Security Trust Federal Savings & Loan Association, Knoxville, Tennessee ("Savings Bank").[1] Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association, or branches of a savings association, in which the resulting institution is insured by the Bank Insurance Fund, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in the Bank Merger Act, 12 U.S.C. § 1828(c). [2]

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). 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 ("OCC"), and the FDIC. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in the Bank Merger Act and section 5(d)(3) of the FDI Act.

CBT is the 14th largest banking organization in Kentucky, controlling deposits of $404.7 million, representing 1.3 percent of total deposits in commercial banks in the state.[3] Upon acquiring Branches, CBT would become the ninth largest banking organization in Kentucky, controlling deposits of $473.5 million, representing 1.5 percent of total deposits in commercial banks in the state.

CBT and Branches compete in the Paducah, Kentucky, banking market.[4] CBT is the second largest depository institution[5] in the banking market, controlling deposits of $389.3 million, representing approximately 28.9 percent of total deposits in depository institutions in the market ("market deposits").[6] The Branches to be acquired would constitute the fifth largest depository institution in the market, controlling deposits of $68.8 million, representing approximately 5.1 percent of market deposits.[7] Upon consummation of the proposed transaction, CBT would become the largest depository institution in the market, controlling deposits of $458.1 million, representing approximately 34 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase 295 points to 2427.[8]

1. This transaction also is subject to approval by the Federal Deposit Insurance Corporation ("FDIC") under the FDI Act and the Bank Merger Act. 12 U.S.C. §§ 1815(d)(3)(A)(i), 1828(c).

2. These factors include considerations relating to competition, financial and managerial resources, 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).

3. Data for state ranking of banking organizations are as of June 30, 1991.

4. The Paducah, Kentucky, banking market is approximated by McCracken County, the LaCenter census division of Ballard County, Livingston County south of the Cumberland River, and the northern one-third of Marshall County, all in Kentucky, and Massac County and the Jefferson Number Four Precinct of Pope County in Illinois.

5. 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 assumed deposits would be controlled by a commercial banking organization under CBT's 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, 670 n.9 (1990).

6. Market data are as of December 31, 1992.

7. The deposits of Branches are weighted at 100 percent because the branches are currently owned by a commercial banking organization.

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

The Board believes that a number of factors indicate that the increased level of concentration in the Paducah banking market, as measured by the HHI, overstates the competitive effects of this proposal. For example, 12 other depository institutions, including 11 commercial banks and one thrift institution, with a total of $888.7 million in deposits representing 66 percent of the market deposits, would remain in the market. The Paducah banking market also has a number of features that make it attractive to entry. For example, McCracken County, Kentucky, where the city of Paducah is located and which is the primary population center of the banking market, ranks second in population and first in total deposits among non-MSA counties in Kentucky.[9] Kentucky and Illinois allow interstate banking on a reciprocal basis, thereby providing a large number of potential entrants into the market. In addition, credit unions actively compete in the market and control 7.7 percent of the deposits in commercial banks, savings associations, and credit unions, which is greater than the national average of approximately 5 percent.[10]

In light of the number of competitors remaining in the market, the number of potential entrants into the market, and other facts of record in this case, the Board concludes that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in the Paducah banking market.

The Board also sought comments from the United States Attorney General, the OCC, the FDIC, and the Office of Thrift Supervision ("OTS") on the competitive effects of this proposal. Neither the Attorney General, the OCC, the FDIC, or the OTS has provided any objection to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects.

The Board also concludes that the financial and managerial resources, future prospects of CBT and Bank, and convenience and needs considerations 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 another;

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

(3) Since Bank is located in Kentucky and is acquiring certain assets and assuming certain liabilities of three Kentucky branch offices of a federal savings bank, the proposed transaction would comply with the Douglas Amendment if Savings Bank were a state bank that CBT 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 application should be, and hereby is, approved. This approval is subject to CBT obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made by CBT in connection with this application. For purposes of this action, these commitments and conditions relied on in reaching this decision are both 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 St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 21, 1993.

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

WILLIAM W. WILES
Secretary of the Board

First Tennessee National Corporation
Memphis, Tennessee

Order Approving Merger of a Savings Association With a Commercial Bank

First Tennessee National Corporation, Memphis, Tennessee ("First Tennessee"), has applied for the Board's approval to merge its savings association subsidiary, Home Federal Bank, FSB, Johnson City, Tennessee ("Home Federal"), with and into its bank

thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

9. In addition, the total deposits per banking office and per capita income in McCracken County are much higher than other non-MSA counties in Kentucky. The population of McCracken County also has increased somewhat in recent years compared with an absolute decline for the average non-MSA county in Kentucky.

10. In the case of one credit union, employees of more than 50 percent of all employers in the Paducah market are eligible for membership.

subsidiary, First Tennessee Bank National Association, Memphis, Tennessee ("Bank"), 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, 2388-92 (1991)).[1] Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a Savings Association Insurance Fund member and any Bank Insurance Fund ("BIF") member if the acquiring or resulting institution is a BIF member subsidiary of a bank holding company, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)). 12 U.S.C. § 1815(d)(3)(E).[2] The proposed merger is also subject to the review of the Office of the Comptroller of the Currency (the "OCC") under the Bank Merger Act, and has been reviewed and approved by the Office of Thrift Supervision (the "OTS").

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

First Tennessee is the largest bank or savings association ("depository institution") in Tennessee, controlling total deposits of $6.6 billion, representing approximately 11.8 percent of total deposits in depository institutions in the state.[3] First Tennessee currently owns and controls both Bank and Home Federal, and the proposed transaction represents a reorganization of First Tennessee's corporate structure. The Federal Reserve Bank of St. Louis reviewed the competitive effects of the affiliation of Home Federal and Bank at the time that Home Federal was acquired by First Tennessee, and determined that the competitive effects were not significantly adverse in any relevant market.[4] Consummation of the proposed merger transaction also would have no adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In evaluating the convenience and needs of the communities to be served, the Board has carefully considered comments submitted to the Board by Mid-South Peace and Justice Center, Memphis, Tennessee ("Protestant"). Protestant alleges that Bank is not satisfactorily meeting the convenience and needs of the communities it serves because:

(1) Bank's lending practices illegally discriminate against African-Americans in the Memphis area;[5]
(2) Bank's efforts at marketing its loan products to minority communities are inadequate;
(3) Bank's loan products are not flexible enough to meet the credit needs of low- and moderate-income individuals and minorities;[6] and
(4) Bank's Community Reinvestment Act ("CRA") program does not fully comply with the letter and spirit of that statute.[7]

In assessing the impact of this proposal on the convenience and needs of the community, the Board has considered the programs that Bank has in place to serve its communities and Bank's proposal to implement these programs in the branches of Home Federal to be acquired by Bank. In addition, the Board has taken into account the past record of performance of the First Tennessee organization under the CRA.

1. First Tennessee acquired Home Federal on December 14, 1992. *See* 79 *Federal Reserve Bulletin* 157 (1993)

2. These factors include considerations relating to competition, financial and managerial resources, 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).

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

4. 79 *Federal Reserve Bulletin* 157 (1993).

5. Protestant's allegations are based on data Bank is required to file under the Home Mortgage Disclosure Act ("HMDA"). 12 U.S.C. § 2801 *et seq.* In particular, Protestant asserts that there are significant disparities between Bank's volume of lending and denial rates for white applicants and African-American applicants for home-purchase financing and refinancing, and home-improvement financing in the Memphis area. Protestant also notes that Bank makes significantly more loans, as measured by dollar volume of loans, to Bank's directors, officers and affiliated companies, as reported in Bank's annual report, than mortgage loans to African-Americans.

6. In particular, Protestant alleges that:
(1) Bank's reliance on poor credit histories and unsatisfactory debt-to-income ratios as primary reasons for rejecting loan applications from African-Americans demonstrates the need for Bank to develop a loan product with more flexible underwriting criteria;
(2) Bank's underwriting criteria for the financing of HUD foreclosure property are too stringent, and Bank therefore fails to serve an essential part of the low-income housing market; and
(3) Bank's failure to offer its low-interest Visa Gold card to applicants with incomes below $35,000 discriminates against low- and moderate-income customers whose income qualifies them only for Bank's higher interest rate credit card.

7. 12 U.S.C. § 2901 *et seq.* For example, Protestant alleges that Bank's charitable donations to community organizations engaged in low-income housing and small business development are inadequate. Protestant further believes that, in the spirit of compliance with the CRA, Bank should refuse to do business with mortgage companies that have not provided complete and accurate HMDA data or whose HMDA data indicate a racial disparity in the denial rates for loan applications.

The Board notes that Bank received a "satisfactory" rating from its primary regulator, the OCC, in the November 1991 examination of its CRA performance. All of First Tennessee's other subsidiaries have received at least a "satisfactory" rating from their primary regulators in the most recent examinations of their CRA performance.

The record in this case indicates that Bank has in place many of the elements of an effective CRA program. Bank has a CRA Manager and a CRA Action Committee consisting of senior executive officers of Bank. The CRA Action Committee meets regularly to review and monitor the CRA program and to make adjustments when necessary, and reports directly to the board of directors and its executive committee. Bank management develops, and the board of directors approves, an annual CRA Assessment and a CRA Marketing Plan containing specific goals and objectives for the coming year. As part of Bank's CRA program, Bank's board of directors and senior management have developed written policies, procedures and training programs to ensure that Bank does not illegally discourage or pre-screen loan applicants, and the board and senior management exercise active policy oversight of CRA activities and performance.

Bank actively participates in projects that support community development activities. In this regard, in 1991, Bank took the lead in the formation of a Community Development Corporation ("CDC") in Memphis, Tennessee, which was established to provide funding for the renovation, improvement, and construction of housing for low- and moderate-income families.[8] Bank also co-sponsors and participates in the Dyer County Housing Development Corporation ("DCHDC") which was established to promote and advance safe and sanitary housing for low- and moderate-income families.[9] Bank participates in several other projects targeted at low- and moderate-income communities, including the Home Buyers Acquisition/Rehab Program designed to provide affordable housing by offering loans with more flexible lending criteria, and Chattanooga Neighborhood Enterprises, established to provide residential mortgages at below-market rates to homeowners in Chattanooga, Tennessee.[10]

The record indicates that Bank has been responsive to the credit needs of its communities. For example, in 1988, Bank developed a 10-year Neighborhood Revitalization Program to address housing and small business loan needs. Under this program, Bank offers loans using more flexible underwriting criteria to provide home-purchase, home-improvement and small business loans to low- and moderate-income people in all of Bank's delineated communities.[11] Through December 1992, Bank has loaned over $25 million under this program. Bank also participates in the Tennessee Housing Development Agency's Homeownership Program, which is designed to provide mortgages at below-market rates to certain low-income households. In addition, Bank makes mortgage loans under FHA Section 221 and 203 programs,[12] and Bank is an approved Small Business Administration ("SBA") lender, with $3.2 million of SBA loans outstanding as of December 31, 1992.

The Board has carefully reviewed available 1990 and 1991 HMDA data of Bank in light of Protestant's comments. While these data show denial rates that vary according to race, the CRA performance examinations of Bank found no evidence of illegal discrimination or other illegal credit practices.[13] In addition, the Board notes that Bank has taken steps to address the racial disparity in loan denial rates and improve its HMDA-related lending. In 1992, Bank management ordered the audit department to conduct a thorough review of Bank's loan approval process to ensure that Bank was not engaging in discriminatory practices. The audit department review indicated that the primary reasons for rejection of loan applications were applicants' high debt-to-income ratios and poor credit histories. To address this, Bank has started offering

8. Bank provided $200,000 of the initial $400,000 equity to capitalize CDC. In 1992, CDC provided $1.1 million in mortgages to 18 housing projects in the Greenlaw District of Memphis, which is a downtown residential community in need of rehabilitation. Under this program, qualified borrowers may receive down payment assistance in the form of grants and/or a below-market rate of interest.

9. Bank provided $9,000 of the initial $64,750 equity to capitalize DCHDC, which is based in Dyersburg, Tennessee. In 1992, DCHDC issued 19 grants totaling $51,250. Under this program, funds may be used for down-payment and/or repair assistance, or rehabilitation or construction of affordable housing.

10. Under the Home Buyers Acquisition/Rehab Program, qualified borrowers can obtain loans with high loan-to-value ratios and with interest rate discounts of up to 1 percent. Bank has agreed to provide $1 million of the $6.5 million needed to fund this program. Bank provided $250,000 of the $1 million line of credit that was extended to Chattanooga Neighborhood Enterprises by several financial institutions.

11. Bank has committed to lend $100 million at the rate of up to $10 million per year for ten years to eligible borrowers.

12. These loans offer up to 30-year terms, 97 percent loan-to-value financing and reduced closing costs. In certain of these cases, Bank offers an interest rate discount of up to 1 percent to eligible borrowers who would not otherwise qualify for the requested loan.

13. While the Board is concerned when the record of an institution indicates disparities in lending to minority applicants, the Board recognizes that HMDA data alone provide a limited measure of any given institution's lending in the communities that the institution serves. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively demonstrating whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

budget and credit education and counseling programs to rejected loan applicants, and has joined with minority realtors in sponsoring home-buying seminars.

The marketing activity directed by Bank to the African-American community in Memphis shows that Bank is actively seeking to offer its products and services to this sector of the community. For example, Bank uses a minority advertising consultant to help promote its products, particularly those offered in its Neighborhood Revitalization Program, and advertises its products in minority newspapers, on bus cards, and in publications that are free to the public. Bank also communicates the availability of its products to minority realtors in the Memphis area through advertising and personal contacts. The record shows that Bank's efforts to market its products to the African-American community have been effective in the past. In 1991, for example, Bank made approximately $23 million in first mortgage loans to African-Americans, which represented 37.7 percent of its first mortgage loans for that year. In addition, as of February 1, 1993, 41.4 percent of Bank's outstanding consumer loans (totalling $255 million) in Memphis had been made in predominantly African-American, low- and moderate-income census tracts. Moreover, the OCC found that Bank affirmatively solicits credit applications from all segments of its local communities, with a strong focus on low- and moderate-income neighborhoods.

For the foregoing reasons, and based on all the facts of the record in this case, including Protestant's comments and First Tennessee's responses to these comments, the Board concludes that convenience and needs considerations, including the record of First Tennessee and Bank under the CRA, are consistent with approval of this application.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of First Tennessee, Bank and Home Federal are consistent with approval of this application. Moreover, the record in this case shows that:

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

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

(3) Because Bank is in Tennessee and is merging with a savings institution located in Tennessee, the proposed transaction would comply with the interstate banking provisions of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if Home Federal were a state bank that First Tennessee was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all other facts of record, the Board has determined that this application should be, and hereby is, approved.[14] This approval is subject to Bank obtaining the OCC's approval for the proposed merger under the Bank Merger Act. The Board's approval of this application also is conditioned upon First Tennessee's compliance with the commitments made in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. Protestant has commented on the absence of African-Americans in upper level positions at Bank, and the failure of Bank to use African-American appraisers, closing attorneys and other professionals to perform contract services for Bank. Bank states that Protestant's allegations that there are no African-American managers in Bank's Memphis area branches is incorrect, and further states that a number of African-Americans are employed in Bank's mortgage lending department, including the underwriting area, where credit decisions are made. Because Bank 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 regulations to:

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

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

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

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

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

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
BB&T Financial Corporation, Wilson, North Carolina	1st Home Federal Savings and Loan Association of the Carolinas, F.A., Greensboro, North Carolina	Branch Banking and Trust Company, Wilson, North Carolina	May 18, 1993
CCB Financial Corporation, Durham, North Carolina	1st Home Federal Savings and Loan Association of the Carolinas, F.A., Greensboro, North Carolina	Central Carolina Bank and Trust Company, Raleigh, North Carolina	May 18, 1993
FirsTier Financial, Inc., Omaha, Nebraska	FirsTier Savings Bank, F.S.B., Omaha, Nebraska	FirsTier Bank, N.A., Omaha, Nebraska	April 26, 1993
Southern BancShares (N.C.), Inc., Mount Olive, North Carolina	Citizens Savings Bank, Inc., Rocky Mount, North Carolina	Southern Bank and Trust Company, Mount Olive, North Carolina	April 30, 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
Mobile National Corporation, Mobile, Alabama	South Alabama Bancorporation, Inc. Brewton, Alabama	May 27, 1993

Section 4

Applicant(s)	Bank(s)	Effective Date
Chase Manhattan Corporation, New York, New York	Government Pricing Information System, Inc., New York, New York	May 5, 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
Associated Banc-Corp, Green Bay, Wisconsin	Wausau Financial Corporation, Wausau, Wisconsin	Chicago	May 19, 1993
Bank Corporation of Georgia, Macon, Georgia	Americorp, Inc., Savannah, Georgia	Atlanta	May 14, 1993
Cardinal Bancshares, Inc., Lexington, Kentucky	F & P Bancshares, Inc., Somerset, Kentucky	Cleveland	May 14,1993
Central Bankshares, Inc., Cordele, Georgia	Central Bank and Trust, Cordele, Georgia	Atlanta	May 7, 1993
Commerce Bancshares, Inc., Kansas City, Missouri CBI-Central Kansas, Inc., Kansas City, Missouri	Midwest Bancorporation, Inc., Hays, Kansas	Kansas City	April 30, 1993
CTC Bancorp Inc., Fayette, Missouri	Commercial Trust Company of Fayette, Fayette, Missouri	Kansas City	May 13, 1993
Farmers & Traders Bancshares, Inc., Shabbona, Illinois	Farmers & Traders Bank, Shabbona, Illinois	Chicago	May 19, 1993
First Alabama Bancshares, Inc., Birmingham, Alabama	Peoples Bank, Vanleer, Tennessee	Atlanta	May 14, 1993
First Alabama Bancshares, Inc., Birmingham, Alabama	Republic Bancshares, Inc., Nashville, Tennessee	Atlanta	May 14, 1993
First Interstate BancSystem of Montana, Inc., Billings, Montana	Commerce BancShares of Wyoming, Inc., Sheridan, Wyoming	Minneapolis	May 3, 1993
First National Bancorp, Gainesville, Georgia	Villa Rica Bancorp, Inc., Villa Rica, Georgia	Atlanta	April 30, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
F & M Bancorporation, Birmingham, Alabama	The Farmers and Merchants Bank, Centre, Alabama	Atlanta	April 28, 1993
Fourth Financial Corporation, Wichita, Kansas	Bancshares of Woodward, Inc., Woodward, Oklahoma	Kansas City	April 26, 1993
Fourth Financial Corporation, Wichita, Kansas	F&M Bank Services, Inc., Derby, Kansas	Kansas City	April 27, 1993
GFH Corp., Elmhurst, Illinois	Community Bank of Elmhurst, Elmhurst, Illinois	Chicago	May 14, 1993
HNB Holding Company, Inc., Headland, Alabama	Headland National Bank, Headland, Alabama	Atlanta	May 4, 1993
International Bancorporation, Bemidji, Minnesota	First National Agency of Baudette, Inc., Baudette, Minnesota	Minneapolis	May 10, 1993
Lenawee Bancorp., Inc., Adrian, Michigan	Bank of Lenawee, Adrian, Michigan	Chicago	May 7, 1993
The Merchants Holding Company, Winona, Minnesota	Houston Investments, Incorporated, Minneapolis, Minnesota	Minneapolis	May 10, 1993
Minowa Bancshares, Inc., Decorah, Iowa	Minnesota Bank, National Association, Caledonia, Minnesota	Chicago	April 26, 1993
Nashville Holding Company, Nashville, Georgia	Citizens Bank and Trust, Evans, Georgia	Atlanta	April 29, 1993
NJIC, Inc., Naperville, Illinois	Westbank/Naperville, Naperville, Illinois Westbank/Will County, Joliet, Illinois	Chicago	April 27, 1993
The Stuart Kansas City Limited Partnership, Lincoln, Nebraska	Standard Bancorporation, Inc., Independence, Missouri	Kansas City	May 11, 1993
T R Financial Corp., Garden City, New York	Roosevelt Savings Bank, Garden City, New York	New York	April 26, 1993
Valley Financial Corp., Caro, Michigan	Community Bank, Caro, Michigan	Chicago	April 21, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bankers Trust New York Corporation, New York, New York	Government Pricing Information System, Inc., New York, New York	New York	May 4, 1993

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Caisse Nationale de Credit Agricole, Paris, France	LCA Holding Corporation, New York, New York	Chicago	April 22, 1993
Chemical Banking Corporation, New York, New York	Government Pricing Information System, Inc., New York, New York	New York	May 4, 1993
Citizens Bancorp Investment, Inc., Lafayette, Tennessee	Town and Country Finance Company, Lafayette, Tennessee	Atlanta	May 12, 1993
Citicorp, New York, New York	Government Pricing Information System, Inc., New York, New York	New York	May 4, 1993
First Chicago Corporation, Chicago, Illinois	Government Pricing Information System, Inc., New York, New York	Chicago	May 4, 1993
Gaylord Bancorporation, Ltd., Gaylord, Minnesota	Sterling Capital Advisors, Inc., Gaylord, Minnesota	Minneapolis	May 3, 1993
The Industrial Bank of Japan, Ltd., Tokyo, Japan	IBJ Capital Management USA Ltd., New York, New York	New York	May 3, 1993
J.P. Morgan & Co. Incorporated, New York, New York	Government Pricing Information System, Inc., New York, New York	New York	May 4, 1993
Norwest Corporation, Minneapolis, Minnesota	Personal Investments Unit of Citicorp Agency Services, Inc., Phoenix, Arizona Citicorp Agency Services, Inc., Phoenix, Arizona Blue Spirit Insurance, Inc., Phoenix, Arizona	Minneapolis	May 14, 1993
The Royal Bank of Scotland Group, plc, Edinburgh, Scotland The Royal Bank of Scotland, plc, Edinburgh, Scotland	Standard Chartered Equitor Asset Management NA, Inc., Boston, Massachusetts Union Investors Asset Management Company, Inc., Boston, Massachusetts	Boston	April 27, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
CNB Bancshares, Inc., Evansville, Indiana	First Corporation, Henderson, Kentucky Peoples Security Finance Company, Inc., Madisonville, Kentucky	St. Louis	April 27, 1993
Guaranty Financial, M.H.C., Milwaukee, Wisconsin	Guaranty Bank, S.S.B., Milwaukee, Wisconsin Guaranty Bank, S.S.B., Milwaukee, Wisconsin	Chicago	April 26, 1993
KeyCorp, Albany, New York	Key Bank of Colorado, Fort Collins, Colorado Home Federal Savings Bank, Fort Collins, Colorado	New York	May 19, 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
Banco Popular de Puerto Rico, Hato Rey, Puerto Rico	Bank Leumi Trust Company of New York, New York, New York North Side Savings Bank, Bronx, New York	New York	April 30, 1993
California Center Bank, Los Angeles, California	Wilshire Center Bank, N.A., Los Angeles, California	San Francisco	May 7, 1993
Union Colony Bank, Greeley, Colorado	Union Colony Bank of Loveland, N.A., Loveland, Colorado	Kansas City	April 30, 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.

Ezell v. Federal Reserve Board, No. 93–0361 (D. D.C., filed February 19, 1993). Action seeking damages for personal injuries arising from motor vehicle collision.

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.

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.

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. The Board's brief was filed on March 19, 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.

State of Idaho, Department of Finance v. Board of Governors, No. 92–70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho. The Board's brief was filed on June 29, 1992. Oral argument was held October 6, 1992.

In re Subpoena Served on the Board of Governors, Nos. 91–5427, 91–5428 (D.C. Cir., filed December 27, 1991). Appeal of order of district court, dated December 3, 1991, requiring the Board and the Office of the Comptroller of the Currency to produce confidential examination material to a private litigant. On June 26, 1992, the court of appeals affirmed the district court order in part, but held that the bank examination privilege was not waived by the agencies' provision of examination materials to the examined institution, and remanded for further consideration of the privilege issue. On August 6, 1992, the district court ordered the matter held in abeyance pending settlement of the underlying action.

Board of Governors v. Kemal Shoaib, No. CV 91–5152 (C.D. California, filed September 24, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On October 15, 1991, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets.

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

Final Enforcement Orders Issued by the Board of Governors

Country Hill Bank
Lenexa, Kansas

The Federal Reserve Board announced on May 19, 1993, the issuance of a Cease and Desist Order issued jointly by the Board of Governors and the Office of the State Bank Commissioner of the State of Kansas against Country Hill Bank, Lenexa, Kansas.

Purdy Bancshares, Inc.
Monett, Missouri

The Federal Reserve Board announced on May 7, 1993, the issuance of a Cease and Desist Order against Purdy Bancshares, Inc., Monett, Missouri, and Glen Garrett, an institution-affiliated party of Purdy Bancshares, Inc.

Frank P. LeMaster
West Chester, Pennsylvania

The Federal Reserve Board announced on May 7, 1993, the issuance of an Order of Assessment of a Civil Money Penalty against Frank P. LeMaster, an institution-affiliated party of the Freedom Valley Bank, West Chester, Pennsylvania.

Leonard S. and Ada P. Sands
Beverly Hills, California

The Federal Reserve Board announced on May 27, 1993, the issuance of an Order of Asessment of a Civil Money Penalty against Leonard S. Sands and a Cease and Desist Order against Ada P. Sands, institution-affiliated parties of First Pacific Bancorp, Inc., Beverly Hills, California.

Kenneth G. Walker and Charles W. Hagan, Jr.
Long Beach, California

The Federal Reserve Board announced on May 3, 1993, the issuance of a consent Order against Kenneth G. Walker and Charles W. Hagan, Jr., institution-affiliated parties of the Farmers and Merchants Bank of Long Beach, Long Beach, California, in which Messrs. Walker and Hagan have agreed to pay a total of $30,000 in fines in settlement of contested claims.

Written Agreements Approved by Federal Reserve Banks

Maryland Bankcorp, Inc.
Lexington Park, Maryland

The Federal Reserve Board announced on May 26, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Richmond, the Bank Commissioner of the State of Maryland, and Maryland Bankcorp, Inc., Lexington Park, Maryland.

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 and credit aggregate	1992			1993	1992	1993			
	Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.[r]	Apr.
Reserves of depository institutions[2]									
1 Total	14.8	9.3	25.8	9.3	12.0	6.9	5.6	5.3	.8
2 Required	15.3	9.9	25.3	8.7	9.6	4.7	9.3	3.0	3.3
3 Nonborrowed	14.6	8.4	27.1	9.5	11.6	6.0	8.3	4.3	1.2
4 Monetary base[3]	7.8	10.5	12.6	9.1	10.2	8.3	8.5	8.9	7.6
Concepts of money, liquid assets, and debt[4]									
5 M1	10.6	11.7	16.8	6.6[r]	8.8	7.8[r]	−.2[r]	2.7	8.9
6 M2	.3	.8	2.7	−2.0[r]	−.3	−3.4[r]	−4.1[r]	−1.0	.1
7 M3	−.6	.1	−.2	−3.9[r]	−3.4	−7.4[r]	−1.9[r]	−1.7	1.9
8 L	1.3	1.1	2.0[r]	−1.9	−.9	−5.2	−1.6[r]	.2	n.a.
9 Debt	5.7	4.9	4.4	4.6	6.2	2.7[r]	4.3[r]	6.6	n.a.
Nontransaction components									
10 In M2[5]	−3.4	−3.2	−2.8	−5.5	−4.1	−8.1	−5.6[r]	−2.6	−3.7
11 In M3 only[6]	−4.9	−3.5[r]	−14.4	−13.6[r]	−19.2	−28.0[r]	9.5[r]	−5.3	11.3
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.6	10.9	12.9	1.6[r]	5.7	−3.2	2.5[r]	−2.9	3.0
13 Small time[7]	−13.4	−17.4	−17.1	−7.6[r]	−11.5	−10.2[r]	3.1	−2.9	−9.1
14 Large time[8,9]	−13.3	−18.6	−18.4	−17.9[r]	−10.7	−26.9	−12.3[r]	−20.9	8.7
Thrift institutions									
15 Savings, including MMDAs	18.1	9.2	8.7	−.2[r]	5.6	.8[r]	−10.0	−5.1	2.3
16 Small time[7]	−29.8	−18.6	−21.7	−19.2	−21.7	−16.5	−24.1	−12.6	−9.3
17 Large time[8,9]	−31.9	−14.9	−11.3	−17.3	−21.0	−3.6	−28.6	−18.3	13.0
Money market mutual funds									
18 General purpose and broker-dealer	−6.6	−7.4	−4.2	−10.1	−4.9	−9.5	−21.2	−1.8	−5.0
19 Institution-only	23.9	32.9	−19.4	−14.1[r]	−39.6	−27.3	25.5	−5.9	−3.0
Debt components[4]									
20 Federal	14.4	10.7	6.0	8.7	16.3	2.9	5.3	15.0	n.a.
21 Nonfederal	2.8	2.9	3.8	3.2	2.7	2.7[r]	3.9[r]	3.7	n.a.

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

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

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

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

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

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

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

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

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

5. Sum of (1) overnight RPs and Eurodollars, (2) money market fund balances (general purpose and broker–dealer), (3) 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, 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						
	Feb.	Mar.	Apr.	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	334,905[r]	337,743[r]	344,233	337,930[r]	336,716[r]	339,623[r]	341,046	344,936	347,060	344,087
U.S. government securities[2]										
2 Bought outright—System account	297,289	298,823	303,316	298,672	300,087	299,897	301,502	300,124	305,346	305,711
3 Held under repurchase agreements	1,358	1,984	3,293	1,628	0	2,213	2,826	6,742	3,920	625
Federal agency obligations										
4 Bought outright	5,271	5,173	5,106	5,165	5,165	5,123	5,123	5,111	5,095	5,095
5 Held under repurchase agreements	73	112	25	37	0	164	36	73	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	22	69	29	137	13	120	9	6	38	65
8 Seasonal credit	18	26	40	25	31	32	29	32	41	52
9 Extended credit	0	0	0	0	0	0	0	0	0	1
10 Float	732[r]	1,153[r]	629	2,218[r]	731[r]	974[r]	504	1,322	246	436
11 Other Federal Reserve assets	30,142[r]	30,404[r]	31,795	30,049[r]	30,689[r]	31,100[r]	31,017	31,525	32,373	32,102
12 Gold stock	11,055	11,055	11,054	11,055	11,055	11,054	11,054	11,054	11,054	11,054
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	21,510	21,556[r]	21,615	21,553[r]	21,565[r]	21,578[r]	21,592	21,606	21,620	21,634
ABSORBING RESERVE FUNDS										
15 Currency in circulation	329,470	331,646[r]	335,303	331,890[r]	332,039[r]	332,168[r]	333,788	335,975	336,097	335,155
16 Treasury cash holdings	467	509	514	512	512	512	515	515	517	512
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,018	5,472	6,062	5,563	5,026	5,243	5,723	5,348	8,135	4,770
18 Foreign	243	290	241	375	238	370	268	230	246	227
19 Service-related balances and adjustments	6,289	6,498[r]	6,391	6,304	6,290[r]	6,899[r]	6,443	6,532	6,213	6,473
20 Other	302	347	317	344	334	362	325	311	322	316
21 Other Federal Reserve liabilities and capital	9,006	9,091	9,148	9,093	9,064	9,069	8,967	9,161	9,172	9,195
22 Reserve balances with Federal Reserve Banks[3]	23,692[r]	24,520[r]	26,944	24,476[r]	23,851[r]	25,649[r]	25,682	27,540	27,050	28,145

Factor	End-of-month figures			Wednesday figures						
	Feb.	Mar.	Apr.	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	337,481[r]	343,481[r]	343,760	333,959[r]	338,071[r]	343,481[r]	342,442	348,681	347,315	342,938
U.S. government securities[2]										
2 Bought outright—System account	298,835	298,461	305,381	297,015	299,440	298,461	300,383	302,476	305,525	305,477
3 Held under repurchase agreements	2,655	6,756	0	50	0	6,756	5,299	8,526	3,920	0
Federal agency obligations										
4 Bought outright	5,225	5,123	5,095	5,165	5,165	5,123	5,123	5,095	5,095	5,095
5 Held under repurchase agreements	275	567	0	0	0	567	50	57	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	40	720	20	894	16	720	6	7	9	29
8 Seasonal credit	17	32	63	29	28	32	30	37	43	59
9 Extended credit	0	0	2	0	0	0	0	0	0	2
10 Float	596[r]	337[r]	683	752[r]	2,522[r]	337[r]	285	781	204	93
11 Other Federal Reserve assets	29,838[r]	31,484[r]	32,517	30,055[r]	30,900[r]	31,484[r]	31,266	31,702	32,519	32,183
12 Gold stock	11,055	11,054	11,054	11,055	11,055	11,054	11,054	11,054	11,054	11,054
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	21,528	21,578[r]	21,648	21,553[r]	21,565[r]	21,578[r]	21,592	21,606	21,620	21,634
ABSORBING RESERVE FUNDS										
15 Currency in circulation	329,621	332,822[r]	335,926	332,118[r]	332,027[r]	332,822[r]	334,983	336,544	335,623	335,572
16 Treasury cash holdings	463	515	505	512	512	515	515	517	513	505
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,350	6,752	7,273	6,930	5,216	6,752	6,128	4,793	13,052	5,291
18 Foreign	296	318	221	707	288	318	166	589	198	229
19 Service-related balances and adjustments	6,413	6,899[r]	6,049	6,304	6,290[r]	6,899[r]	6,443	6,532	6,213	6,473
20 Other	302	314	291	352	327	314	303	352	311	324
21 Other Federal Reserve liabilities and capital	9,180	8,844	9,847	8,922	8,953	8,844	8,897	9,099	9,052	9,032
22 Reserve balances with Federal Reserve Banks[3]	26,456[r]	27,668[r]	24,368	18,738[r]	25,096[r]	27,668[r]	25,670	30,932	23,045	26,219

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1992			1993			
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	23,626	25,462	25,368	23,636	23,515	24,383	26,978
2 Total vault cash[3]	31,789	32,510	34,535	32,987	32,457	34,535	35,991	33,914	33,293	32,721
3 Applied vault cash[4]	28,884	28,872	31,172	29,510	29,205	31,172	32,368	30,368	29,912	29,567
4 Surplus vault cash[5]	2,905	3,638	3,364	3,477	3,252	3,364	3,623	3,546	3,381	3,154
5 Total reserves[6]	59,120	55,532	56,540	53,136	54,666	56,540	56,004	53,882	54,296	56,545
6 Required reserves	57,456	54,553	55,385	52,062	53,624	55,385	54,744	52,778	53,083	55,445
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	1,074	1,043	1,155	1,260	1,104	1,213	1,101
8 Total borrowings at Reserve Banks[8]	326	192	124	143	104	124	165	45	91	73
9 Seasonal borrowings	76	38	18	114	40	18	11	18	26	41
10 Extended credit[9]	23	1	1	0	0	1	1	0	0	0
	Biweekly averages of daily figures for weeks ending									
	1993									
	Jan. 6	Jan. 20	Feb. 3	Feb. 17	Mar. 3	Mar. 17	Mar. 31[r]	Apr. 14	Apr. 28	May 12
1 Reserve balances with Reserve Banks[2]	26,569	24,057	21,500	23,301	24,335	24,029	24,747	26,612	27,584	25,296
2 Total vault cash[3]	34,374	36,388	36,368	34,764	32,163	34,487	32,343	33,218	32,010	34,225
3 Applied vault cash[4]	31,105	32,829	32,470	31,069	28,902	30,944	29,098	29,995	28,961	30,817
4 Surplus vault cash[5]	3,269	3,559	3,898	3,695	3,261	3,543	3,245	3,223	3,049	3,408
5 Total reserves[6]	57,674	56,886	53,970	54,370	53,237	54,973	53,845	56,607	56,545	56,113
6 Required reserves	56,289	55,657	52,740	52,875	52,666	53,683	52,572	55,763	55,161	55,201
7 Excess reserve balances at Reserve Banks[7]	1,385	1,229	1,230	1,495	571	1,290	1,273	844	1,384	912
8 Total borrowings at Reserve Banks[8]	269	202	64	33	56	93	98	38	99	142
9 Seasonal borrowings	12	11	11	18	20	22	32	31	47	71
10 Extended credit[9]	0	1	3	0	0	0	0	0	1	1

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 there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

Millions of dollars, averages of daily figures

Source and maturity	1993, week ending Monday								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	73,756	76,546	74,820	68,674	67,004	73,835	76,974	72,059	66,142
2 For all other maturities	13,878	13,082	12,724	12,628	12,622	11,799	14,364	12,260	12,981
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	20,773	20,274	19,845	18,756	19,490	19,121	17,641	18,236	19,437
4 For all other maturities	22,559	22,854	22,566	20,987	21,078	18,665	18,429	19,311	19,603
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	10,996	11,907	13,512	13,502	14,045	14,302	13,274	14,332	13,356
6 For all other maturities	23,039	23,866	24,484	25,667	26,253	26,122	27,696	27,039	26,549
All other customers									
7 For one day or under continuing contract	24,422	23,907	24,127	23,280	23,705	23,168	22,301	23,085	23,077
8 For all other maturities	13,269	13,805	14,063	14,529	14,955	14,470	15,269	13,573	14,061
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	41,563	40,318	39,016	38,031	36,793	43,155	38,319	37,897	37,289
10 To all other specified customers[2]	19,567	22,238	22,375	21,153	19,795	21,654	21,849	23,093	21,827

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 6/1/93	Effective date	Previous rate	On 6/1/93	Effective date	Previous rate	On 6/1/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	5/27/93	3.00	3.60	5/27/93	3.50
New York		7/2/92			5/27/93			5/27/93	
Philadelphia		7/2/92			5/27/93			5/27/93	
Cleveland		7/6/92			5/27/93			5/27/93	
Richmond		7/2/92			5/27/93			5/27/93	
Atlanta		7/2/92			5/27/93			5/27/93	
Chicago		7/2/92			5/27/93			5/27/93	
St. Louis		7/7/92			5/27/93			5/27/93	
Minneapolis		7/2/92			5/27/93			5/27/93	
Kansas City		7/2/92			5/27/93			5/27/93	
Dallas		7/2/92			5/27/93			5/27/93	
San Francisco	3	7/2/92	3.5	3.10	5/27/93	3.00	3.60	5/27/93	3.50

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		
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
Sept. 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 June 1, 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]	Requirements	
	Percent of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$46.8 million	3	12/15/92
2 More than $46.8 million[4]	10	12/15/92
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 15, 1992, the exemption was raised from $3.6 million to $3.8 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 15, 1992, for institutions reporting quarterly, and Dec. 24, 1992, for institutions reporting weekly, the amount was increased from $42.2 million to $46.8 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1990	1991	1992	1992				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	595	4,072	1,064	3,669	0	0	0
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	22,277	28,907	25,468	29,562	24,542	19,832	23,796
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	350	0	461	0	0	0	279
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	2,753	2,010	7,160	2,777	561	2,892	4,303
8 Exchanges	−27,424	−28,090	−30,543	−1,905	−982	−4,615	−1,570	−1,202	−6,044	−2,602
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	3,500	200	4,172	200	0	0	1,441
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,770	−21,211	−34,478	−2,753	−1,762	−6,800	−2,777	−64	−2,617	−4,303
13 Exchanges	25,410	24,594	25,811	1,905	884	3,415	1,570	882	4,564	2,602
Five to ten years										
14 Gross purchases	0	1,280	2,818	750	0	1,176	100	0	0	716
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,186	−2,037	−1,915	0	−248	−187	0	−497	−98	0
17 Exchanges	789	2,894	3,532	0	97	800	0	0	1,000	0
More than ten years										
18 Gross purchases	0	375	2,333	731	0	947	0	0	0	705
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,681	−1,209	−269	0	0	−173	0	0	−177	0
21 Exchanges	1,226	600	1,200	0	0	400	0	0	480	0
All maturities										
22 Gross purchases	25,414	31,439	34,079	5,927	4,272	7,820	3,969	0	0	3,141
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	116,331	116,024	115,020	144,232	114,543	111,491	146,563
26 Gross purchases	1,363,434	1,571,534	1,480,140	115,579	114,917	117,020	142,578	116,510	113,349	143,049
Repurchase agreements[2]										
27 Gross purchases	219,632	310,084	378,374	68,697	18,698	42,373	48,904	34,768	28,544	37,815
28 Gross sales	202,551	311,752	386,257	59,628	35,383	39,117	44,697	42,231	25,889	33,714
29 Net change in U.S. government securities	24,886	29,729	20,642	14,244	−13,520	13,075	6,521	−5,497	4,513	3,728
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	37	0	0	121	103	85	101
Repurchase agreements[2]										
33 Gross purchases	41,836	22,807	14,565	3,222	1,778	2,760	1,601	2,237	1,107	1,811
34 Gross sales	40,461	23,595	14,486	1,800	3,253	2,506	1,224	2,868	832	1,519
35 Net change in federal agency obligations	1,192	−1,085	−554	1,385	−1,475	254	256	−734	190	191
36 Total net change in System Open Market Account	**26,078**	**28,644**	**20,089**	**15,629**	**−14,995**	**13,329**	**6,777**	**−6,231**	**4,703**	**3,918**

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

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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

Millions of dollars

Account	Wednesday					End of month		
	1993					1993		
	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	Feb. 28	Mar. 31	Apr. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,055	11,054	11,054
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	503	501	502	497	485	525	503	487
Loans								
4 To depository institutions	753	36	45	52	89	57	753	84
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	5,123	5,123	5,095	5,095	5,095	5,225	5,123	5,095
8 Held under repurchase agreements	567	50	57	0	0	275	567	0
9 **Total U.S. Treasury securities**	**305,217**	**305,682**	**311,002**	**309,445**	**305,477**	**301,490**	**305,217**	**305,381**
10 Bought outright[2]	298,461	300,383	302,476	305,525	305,477	298,835	298,461	305,381
11 Bills	142,104	144,026	146,119	144,178	144,130	145,618	142,104	144,034
12 Notes	120,211	120,211	120,211	123,936	123,936	117,955	120,211	123,936
13 Bonds	36,146	36,146	36,146	37,411	37,411	35,261	36,146	37,411
14 Held under repurchase agreements	6,756	5,299	8,526	3,920	0	2,655	6,756	0
15 **Total loans and securities**	**311,660**	**310,891**	**316,199**	**314,592**	**310,661**	**307,046**	**311,660**	**310,560**
16 Items in process of collection	5,338	5,841	6,174	5,646	5,298	4,937	5,338	5,359
17 Bank premises	1,031	1,031	1,033	1,035	1,035	1,026	1,031	1,034
Other assets								
18 Denominated in foreign currencies[3]	22,328	22,352	22,372	22,391	22,411	22,263	22,328	23,043
19 All other[4]	8,092	7,910	8,478	9,064	8,718	6,577	8,092	8,550
20 **Total assets**	**368,024**	**367,599**	**373,828**	**372,298**	**367,681**	**361,446**	**368,024**	**368,106**
LIABILITIES								
21 Federal Reserve notes	312,263	314,408	315,957	315,014	314,928	309,080	312,263	315,270
22 **Total deposits**	**41,917**	**38,879**	**43,465**	**43,013**	**38,760**	**39,034**	**41,917**	**38,365**
23 Depository institutions	34,533	32,281	37,731	29,442	32,919	33,085	34,533	30,579
24 U.S. Treasury—General account	6,752	6,128	4,793	13,052	5,291	5,350	6,752	7,273
25 Foreign—Official accounts	318	166	589	198	229	296	318	221
26 Other	314	303	352	311	324	302	314	291
27 Deferred credit items	5,001	5,415	5,306	5,219	4,961	4,152	5,001	4,624
28 Other liabilities and accrued dividends[5]	2,251	2,215	2,302	2,214	2,189	2,323	2,251	2,220
29 **Total liabilities**	**361,430**	**360,916**	**367,031**	**365,460**	**360,838**	**354,589**	**361,430**	**360,479**
CAPITAL ACCOUNTS								
30 Capital paid in	3,187	3,204	3,251	3,257	3,259	3,116	3,187	3,260
31 Surplus	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054
32 Other capital accounts	353	425	493	527	529	687	353	1,313
33 **Total liabilities and capital accounts**	**368,024**	**367,599**	**373,828**	**372,298**	**367,681**	**361,446**	**368,024**	**368,106**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	304,825	312,114	311,432	312,480	304,784	306,378	304,825	310,903
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	373,886	375,482	376,725	377,987	378,128	370,756	373,886	378,585
36 LESS: Held by Federal Reserve Bank	61,624	61,074	60,768	62,973	63,200	61,676	61,624	63,315
37 Federal Reserve notes, net	312,263	314,408	315,957	315,014	314,928	309,080	312,263	315,270
Collateral held against notes, net:								
38 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,055	11,054	11,054
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	293,190	295,336	296,885	295,941	295,856	290,007	293,190	296,198
42 **Total collateral**	**312,263**	**314,408**	**315,957**	**315,014**	**314,928**	**309,080**	**312,263**	**315,270**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding [1]

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1993					1993		
	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	Feb. 28	Mar. 31	Apr. 30
1 **Total loans**	**753**	**36**	**45**	**52**	**89**	**57**	**753**	**84**
2 Within fifteen days	741	16	19	47	84	54	741	54
3 Sixteen days to ninety days	12	20	25	4	5	3	12	30
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**305,217**	**305,682**	**311,002**	**309,445**	**305,477**	**301,490**	**305,217**	**305,381**
10 Within fifteen days[2]	17,889	19,853	21,048	19,287	15,052	13,331	17,889	11,295
11 Sixteen days to ninety days	67,037	71,635	72,810	68,058	68,275	72,699	67,037	74,524
12 Ninety-one days to one year	99,880	93,783	96,733	97,082	97,132	97,433	99,880	95,254
13 One year to five years	71,255	71,255	71,255	73,624	73,624	70,291	71,255	72,915
14 Five years to ten years	20,344	20,344	20,344	21,471	21,471	19,628	20,344	21,471
15 More than ten years	28,813	28,813	28,813	29,922	29,922	28,108	28,813	29,922
16 **Total federal agency obligations**	**5,690**	**5,173**	**5,152**	**5,095**	**5,095**	**5,500**	**5,690**	**5,095**
17 Within fifteen days[2]	855	108	85	143	115	723	855	115
18 Sixteen days to ninety days	507	722	709	594	643	513	507	643
19 Ninety-one days to one year	1,057	1,072	1,172	1,175	1,177	1,022	1,057	1,177
20 One year to five years	2,419	2,419	2,334	2,330	2,307	2,389	2,419	2,307
21 Five years to ten years	711	711	711	711	711	711	711	711
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.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	40.49	41.77	45.53	54.35	51.27	52.84	53.82	54.35	54.67	54.92	55.17	55.20
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	50.99	52.69	53.71	54.23	54.50	54.88	55.07[r]	55.13
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	50.99	52.69	53.71	54.23	54.50	54.88	55.07[r]	55.13
4 Required reserves	39.57	40.10	44.56	53.20	50.28	51.76	52.77	53.20	53.41	53.82	53.95	54.10
5 Monetary base[6]	267.73	293.19	317.17	350.80	341.59	344.85	347.83	350.80	353.22	355.73[r]	358.37[r]	360.65
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	51.07	52.62	54.08	56.06	55.97	53.81	54.18	56.37
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	50.78	52.47	53.97	55.93	55.80	53.77	54.09	56.30
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	50.78	52.47	53.97	55.93	55.80	53.77	54.09	56.30
9 Required reserves[8]	40.85	41.40	46.00	54.90	50.08	51.54	53.04	54.90	54.71	52.71	52.96[r]	55.27
10 Monetary base[9]	271.18	296.68	321.07	354.55	340.08	343.63	347.89	354.55	354.41	353.18	356.00	361.65
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	51.52	53.14	54.67	56.54	56.00	53.88	54.30	56.55
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	51.23	52.99	54.56	56.42	55.84	53.84	54.20[r]	56.47
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	51.23	52.99	54.56	56.42	55.84	53.84	54.20[r]	56.47
14 Required reserves	61.89	57.46	54.55	55.39	50.53	52.06	53.62	55.39	54.74	52.78	53.08	55.45
15 Monetary base[12]	292.55	313.70	333.61	360.90	346.21	349.81	354.25	360.90	360.88	359.56	362.59	368.19
16 Excess reserves[13]	.92	1.66	.98	1.16	.99	1.07	1.04	1.16	1.26	1.10	1.21	1.10
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.29	.14	.10	.12	.17	.05	.09	.07

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Jan.[r]	1993 Feb.[r]	1993 Mar.[r]	1993 Apr.
	Seasonally adjusted							
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,033.3	1,033.1	1,035.4	1,043.1
2 M2	3,233.3	3,345.5	3,445.8	3,497.0	3,487.0	3,475.2	3,472.2	3,472.5
3 M3	4,056.1	4,116.7	4,168.1	4,166.5	4,140.9	4,134.4	4,128.5	4,135.0
4 L	4,886.1	4,965.2	4,982.2	5,052.1[r]	5,030.4	5,023.8	5,024.6	n.a.
5 Debt	10,076.7	10,751.3	11,192.7	11,768.2	11,795.1	11,837.1	11,902.6	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	294.7	296.8	299.0	301.4
7 Travelers checks[4]	6.9	7.8	7.8	8.1	8.0	8.0	8.0	8.1
8 Demand deposits[5]	279.8	278.2	290.5	340.9	341.9	341.9	342.0	347.3
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	388.6	386.4	386.4	386.3
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,470.3[r]	2,453.6	2,442.1	2,436.9	2,429.4
11 In M3[8]	822.8	771.2	722.3	669.6[r]	654.0	659.2	656.3	662.5
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	754.1	755.7	753.9	755.8
13 Small time deposits[9]	534.9	610.3	601.5	507.0	502.7	504.0	502.8	499.0
14 Large time deposits[10, 11]	387.7	368.7	341.3	290.2	283.7	280.8	275.9	277.9
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	430.2	426.6	424.8	425.6
16 Small time deposits[9]	617.8	562.0	463.2	363.2	358.2	351.0	347.3	344.6
17 Large time deposits[10]	161.1	120.9	83.4	67.3	67.1	65.5	64.5	65.2
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	339.6	333.6	333.1	331.7
19 Institution-only	108.8	135.9	182.1	202.3	197.7	201.9	200.9	200.4
Debt components								
20 Federal debt	2,249.5	2,493.4	2,764.8	3,068.8	3,076.3	3,090.0	3,128.5	n.a.
21 Nonfederal debt	7,827.2	8,257.9	8,428.0	8,699.4	8,718.8	8,747.1	8,774.2	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.8[r]	1,040.3	1,022.3	1,030.8	1,058.3
23 M2	3,245.1	3,357.0	3,457.9	3,511.2	3,492.7	3,469.2	3,479.1	3,496.0
24 M3	4,066.4	4,126.3	4,178.1	4,178.6[r]	4,143.6	4,131.8	4,138.5	4,154.1
25 L	4,906.0	4,986.5	5,004.2	5,077.0[r]	5,047.3	5,024.1	5,038.3	n.a.
26 Debt	10,063.6	10,739.9	11,182.8	11,760.6	11,782.3	11,805.9	11,864.7	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	293.6	295.3	297.9	301.3
28 Travelers checks[4]	6.5	7.4	7.4	7.8	7.8	7.7	7.8	7.8
29 Demand deposits[5]	291.5	289.9	302.9	355.3	346.2	334.3	336.3	350.7
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	392.7	384.9	388.9	398.6
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,465.4	2,452.5	2,447.0	2,448.2	2,437.7
32 In M3[8]	821.4	769.3	720.1	667.4[r]	650.8	662.5	659.4	658.1
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	749.5	753.1	757.5	760.6
34 Small time deposits[9]	533.8	610.5	602.0	507.8	504.5	504.6	502.1	497.8
35 Large time deposits[10, 11]	386.9	367.7	340.1	289.1	281.7	280.3	276.7	277.1
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	427.6	425.1	426.8	428.3
37 Small time deposits[9]	616.2	562.1	463.6	363.8	359.5	351.4	346.8	343.8
38 Large time deposits[10]	162.0	120.6	83.1	67.1	66.6	65.4	64.7	65.0
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	339.2	339.8	342.2	337.9
40 Institution-only	109.1	136.2	182.4	202.4	202.3	210.3	203.6	199.5
Repurchase agreements and eurodollars								
41 Overnight	77.5	74.7	76.3	73.9	72.3	72.9	72.8	69.2
42 Term	178.4	158.3	130.1	126.3[r]	123.3	128.4	134.4	136.8
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,076.2	3,087.3	3,121.4	n.a.
44 Nonfederal debt	7,816.2	8,248.5	8,417.9	8,690.8	8,706.2	8,718.6	8,743.3	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

5. Demand deposits at commercial banks and foreign-related institutions other than those 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 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	1990	1991	1992					1993			
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	4.89	3.76	2.60	2.45	2.39	2.36	2.33	2.32	2.27	2.21	2.16
2 Savings deposits[2]	5.84	4.30	3.14	3.00	2.94	2.90	2.88	2.85	2.80	2.73	2.68
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	6.94	4.18	3.13	2.95	2.89	2.91	2.90	2.86	2.81	2.75	2.72
4 92 to 182 days	7.19	4.41	3.36	3.16	3.11	3.14	3.16	3.13	3.08	3.03	2.99
5 183 days to 1 year	7.33	4.59	3.58	3.37	3.30	3.34	3.37	3.34	3.29	3.22	3.19
6 More than 1 year to 2½ years	7.42	4.95	4.09	3.86	3.78	3.83	3.88	3.88	3.83	3.74	3.67
7 More than 2½ years	7.53	5.52	4.87	4.62	4.60	4.70	4.77	4.72	4.59	4.52	4.47
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	5.38	4.44	2.85	2.71	2.57	2.52	2.45	2.41	2.37	2.32	2.25
9 Savings deposits[2]	6.01	4.97	3.53	3.39	3.29	3.22	3.20	3.17	3.14	3.06	2.99
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	7.64	4.68	3.31	3.17	3.08	3.10	3.13	3.06	3.01	2.98	2.94
11 92 to 182 days	7.69	4.92	3.62	3.47	3.41	3.42	3.44	3.38	3.35	3.31	3.27
12 183 days to 1 year	7.85	4.99	3.79	3.60	3.56	3.59	3.61	3.58	3.57	3.54	3.50
13 More than 1 year to 2½ years	7.91	5.23	4.13	3.95	3.90	3.93	4.02	3.94	3.89	3.84	3.86
14 More than 2½ years	7.99	5.98	5.12	4.91	4.84	4.88	5.00	5.02	4.98	4.89	4.84
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	209,855	244,637	257,362	261,946	267,709	275,465	286,541	277,226	279,904	288,426	281,213
16 Savings deposits[2]	570,270	652,058	718,560	725,256	736,057	740,841	738,253	733,833	742,966	748,427	745,519
17 Personal	n.a.	508,191	559,566	565,385	570,532	575,399	578,757	579,715	585,309	591,879	587,239
18 Nonpersonal	n.a.	143,867	158,994	159,871	165,525	165,442	159,496	154,118	157,657	156,547	158,281
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	50,189	47,094	40,025	38,363	39,472	38,985	38,474	38,257	36,739	35,748	34,903
20 92 to 182 days	168,044	158,605	133,661	129,988	128,683	127,636	127,831	128,050	128,214	125,914	122,429
21 183 days to 1 year	221,007	209,672	181,527	177,387	171,263	166,995	163,098	160,786	159,569	158,388	157,121
22 More than 1 year to 2½ years	150,188	171,721	159,737	157,912	155,668	153,784	152,977	151,637	151,536	148,037	146,923
23 More than 2½ years	139,420	158,078	163,095	167,382	168,556	168,586	169,708	169,351	172,312	177,789	177,969
24 IRA/Keogh Plan deposits	131,006	147,266	147,291	148,391	147,664	147,319	147,350	147,039	146,859	146,686	145,472
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	8,404	9,624	10,200	10,388	10,126	10,642	10,871	9,981	9,919	10,412	10,090
26 Savings deposits[2]	64,456	71,215	81,916	81,922	81,022	82,919	81,786	79,775	80,061	80,480	80,025
27 Personal	n.a.	68,638	78,813	78,752	77,798	79,667	78,695	76,799	77,039	77,371	76,962
28 Nonpersonal	n.a.	2,577	3,103	3,170	3,224	3,252	3,091	2,976	3,022	3,109	3,064
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	5,724	4,146	3,829	3,819	3,695	3,895	3,867	3,562	3,479	3,551	3,513
30 92 to 182 days	25,864	21,686	18,219	17,928	17,298	17,632	17,345	16,248	15,959	15,468	15,306
31 183 days to 1 year	37,929	29,715	24,930	24,376	23,085	22,888	21,780	20,848	20,436	20,164	19,893
32 More than 1 year to 2½ years	26,103	25,379	21,085	20,491	19,330	19,258	18,442	17,717	17,533	17,207	16,703
33 More than 2½ years	20,243	18,665	19,773	19,929	19,128	19,543	18,845	18,633	18,902	19,261	19,363
34 IRA/Keogh Plan accounts	23,535	23,007	22,835	23,484	22,069	22,265	21,713	21,491	21,418	21,252	21,117

1. 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]	1992 Sept.	1992 Oct.[r]	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	346,658.3	326,893.0	322,187.1	331,038.8	300,658.5	331,183.4
2 Major New York City banks	131,699.1	137,352.3	165,572.7	184,740.9	176,372.6	173,393.4	176,089.1	159,192.5	176,683.5
3 Other banks	145,458.4	140,405.7	150,233.5	161,917.4	150,520.4	148,793.7	154,949.8	141,466.0	154,499.9
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,942.1	3,700.5	3,610.0	3,683.9	3,292.2	3,601.1
5 Savings deposits including MMDAs[5]	3,483.3	3,266.1	3,331.3	3,559.1	3,468.2	3,497.2	3,407.3	3,032.3	3,363.3
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	892.4	818.9	796.1	830.5	746.7	817.5
7 Major New York City banks	3,819.8	4,270.8	4,797.9	5,254.5	4,855.5	4,624.0	4,693.3	4,154.7	4,525.8
8 Other banks	464.9	447.9	435.9	458.3	414.8	405.2	429.1	388.3	422.0
9 Other checkable deposits[4]	16.5	16.2	14.4	14.7	13.5	12.9	13.1	11.6	12.6
10 Savings deposits including MMDAs[5]	6.2	5.3	4.7	4.9	4.7	4.7	4.6	4.1	4.5
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	334,831.5	335,289.0	308,015.6	340,982.1	304,817.2	303,672.2
12 Major New York City banks	131,784.7	137,307.2	165,595.0	178,998.2	182,584.2	167,578.4	179,987.6	159,198.8	161,174.1
13 Other banks	145,505.8	140,408.3	150,213.3	155,833.4	152,704.8	140,437.2	160,994.5	145,618.3	142,498.1
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,945.7	3,689.7	3,351.3	3,849.3	3,595.9	3,296.5
15 Savings deposits including MMDAs[5]	3,483.0	3,267.7	3,329.0	3,374.3	3,403.2	3,240.4	3,588.0	3,248.8	3,080.3
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	864.2	839.2	754.3	815.2	738.3	771.9
17 Major New York City banks	3,825.9	4,274.3	4,803.5	5,180.1	5,025.6	4,494.4	4,418.1	3,936.3	4,213.4
18 Other banks	465.0	447.9	436.0	441.6	420.5	378.5	426.5	391.0	401.2
19 Other checkable deposits[4]	16.4	16.2	14.4	14.9	13.7	12.1	13.5	12.4	11.6
20 Savings deposits including MMDAs[5]	6.2	5.3	4.7	4.6	4.6	4.4	4.8	4.4	4.1

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

1.24 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted											
1 **Total loans and securities[1]**	**2,875.3**	**2,882.8**	**2,886.9**	**2,902.2**	**2,917.4**	**2,926.0**	**2,932.4**	**2,937.6**	**2,932.7**	**2,936.6**	**2,950.4**	**2,962.8**
2 U.S. government securities	600.2	610.7	619.2	632.6	640.6	647.3	651.4	657.1	656.9	667.3	681.7r	691.6
3 Other securities	176.9	175.8	177.9	178.2	178.2	178.8	177.3	176.0	174.0	175.2	177.0r	178.3
4 Total loans and leases[1]	2,098.2	2,096.2	2,089.8	2,091.4	2,098.6	2,099.8	2,103.8	2,104.5	2,101.7	2,094.1	2,091.8r	2,093.0
5 Commercial and industrial	607.6	604.6	602.5	601.4	601.2	600.8	600.5	597.6	598.2	596.1r	592.5	589.7
6 Bankers acceptances held[2]	6.7	6.3	6.5	6.5	6.3	7.5	7.9	7.8	7.7	8.9	9.1	9.2
7 Other commercial and industrial	600.9	598.4	596.0	594.9	594.9	593.3	592.6	589.9	590.5	587.2	583.4	580.5
8 U.S. addressees[3]	590.8	588.3	585.3	584.3	583.6	582.6	582.3	580.2	580.8	577.4	573.3	570.8
9 Non-U.S. addressees[3]	10.1	10.1	10.7	10.6	11.3	10.7	10.3	9.7	9.7	9.8	10.1	9.7
10 Real estate	883.3	881.8	881.5	883.1	886.8	890.7	892.5	892.4	889.0r	886.9	887.5	887.2
11 Individual	359.2	359.0	358.6	357.4	357.0	355.8	355.4	355.5	358.2	360.3	360.9r	364.4
12 Security	60.9	63.3	60.5	61.6	64.0	64.7	64.2	64.8	63.0	61.7	62.5	60.8
13 Nonbank financial institutions	43.3	42.4	41.5	42.0	44.0	43.9	44.7	43.6	44.9	44.7	44.5	45.3
14 Agricultural	34.3	34.6	34.9	35.3	35.2	35.1	35.2	35.0	34.5	34.3	33.9	34.0
15 State and political subdivisions	27.3	26.8	26.2	25.9	25.8	25.4	25.1	24.8	24.2	23.6	23.4	23.1
16 Foreign banks	7.0	7.5	7.7	7.2	7.9	7.6	7.5	7.7	7.7	8.5	8.1	8.0
17 Foreign official institutions	2.0	2.0	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9
18 Lease-financing receivables	30.9	31.0	30.8	30.8	31.0	30.8	30.9	30.9	30.3	30.3	30.3	30.3
19 All other loans	42.4	43.3	43.2	44.3	43.2	42.6	45.0	49.5	48.8	44.5	45.3	47.4
	Not seasonally adjusted											
20 **Total loans and securities[1]**	**2,870.7**	**2,882.9**	**2,876.1**	**2,894.5**	**2,914.9**	**2,925.2**	**2,939.0**	**2,947.3**	**2,934.7**	**2,939.4**	**2,954.2r**	**2,964.4**
21 U.S. government securities	599.4	608.9	615.3	631.3	638.7	645.1	654.1	655.8	657.3	670.9	687.4r	693.3
22 Other securities	176.5	175.4	176.8	178.1	177.9	179.2	178.3	176.2	174.6	175.4r	176.7r	177.7
23 Total loans and leases[1]	2,094.8	2,098.7	2,084.0	2,085.0	2,098.3	2,100.9	2,106.6	2,115.4	2,102.8	2,093.1	2,090.1r	2,093.4
24 Commercial and industrial	609.4	606.5	601.5	597.6	597.6	598.4	600.8	600.6	596.6	595.3	595.7	592.7
25 Bankers acceptances held[2]	6.6	6.2	6.3	6.3	6.2	7.4	8.2	8.0	7.9	9.3	9.2	9.1
26 Other commercial and industrial	602.7	600.3	595.2	591.4	591.4	591.0	592.6	592.5	588.8	586.0	586.5	583.6
27 U.S. addressees[3]	592.7	589.5	584.2	580.5	580.3	580.7	582.8	583.0	579.1	576.2	576.5	573.9
28 Non-U.S. addressees[3]	10.0	10.8	11.0	10.8	11.1	10.3	9.8	9.5	9.6	9.8	10.0	9.8
29 Real estate	883.4	882.0	881.6	883.7	887.6	891.5	893.9	893.6	888.8	885.1	884.9	886.1
30 Individual	357.4	357.2	356.4	356.9	358.6	356.2	356.3	360.0	362.3	360.4r	358.4	361.7
31 Security	58.4	63.5	58.0	59.4	62.5	64.2	63.5	65.5	64.5	64.6	64.6	64.1
32 Nonbank financial institutions	42.8	42.9	41.3	41.8	43.5	43.5	45.0	45.6	45.1	44.6	44.1	44.7
33 Agricultural	34.0	35.1	35.8	36.5	36.7	36.1	35.2	34.8	33.7	33.0	32.6	33.2
34 State and political subdivisions	27.3	26.8	26.1	25.9	25.9	25.5	25.2	24.8	24.0	23.5	23.4	23.1
35 Foreign banks	6.8	7.3	7.8	7.0	8.1	7.8	7.8	8.2	7.7	8.3	7.8	7.7
36 Foreign official institutions	2.0	2.0	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9
37 Lease-financing receivables	30.9	31.0	30.6	30.6	30.8	30.8	30.8	30.9	30.7	30.6	30.5	30.4
38 All other loans	42.5	44.4	42.6	43.2	44.6	44.4	45.4	48.6	46.6	44.6	45.0	46.9

1. Adjusted to exclude loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992								1993			
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted											
1 Total nondeposit funds[2]	292.4	295.9	297.0	302.5	309.5	304.6	308.4	312.0	310.7	309.7	319.7	328.2
2 Net balances due to related foreign offices[3]	53.7	61.2	61.7	61.4	64.0	63.8	68.1	71.8	74.1	73.3	79.2	88.3
3 Borrowings from other than commercial banks in United States[4]	238.7	234.7	235.3	241.1	245.6	240.9	240.2	240.2	236.6	236.4	240.5	239.9
4 Domestically chartered banks	151.8	147.6	147.2	151.6	153.5	154.7	153.9	154.7	155.1	155.6	159.8	164.3
5 Foreign-related banks	86.9	87.2	88.1	89.6	92.1	86.2	86.3	85.5	81.5	80.8	80.7	75.6
	Not seasonally adjusted											
6 Total nondeposit funds[2]	297.1	295.2	291.5	297.6	304.1	306.9	313.7	311.9	309.6	314.0	324.6	324.4
7 Net balances due to related foreign offices[3]	55.9	59.2	58.4	57.6	61.6	64.9	69.8	75.9	76.6	75.2	80.0	85.4
8 Domestically chartered banks	−4.5	−6.3	−7.0	−9.3	−11.0	−13.4	−12.6	−15.1	−15.9	−10.6	−7.0	−9.5
9 Foreign-related banks	60.4	65.6	65.4	66.9	72.6	78.3	82.4	91.0	92.6	85.8	87.0	94.9
10 Borrowings from other than commercial banks in United States[4]	241.2	236.0	233.1	239.9	242.5	242.0	243.8	236.0	232.9	238.8	244.6	239.0
11 Domestically chartered banks	153.3	147.4	144.1	150.5	152.3	155.8	158.4	153.7	152.1	157.3	162.7	162.3
12 Federal funds and security RP borrowings[5]	149.4	143.3	140.0	146.6	148.5	152.3	154.3	149.7	148.5	154.1	159.3	158.9
13 Other[6]	3.9	4.1	4.2	3.9	3.8	3.6	4.1	4.0	3.6	3.2	3.3	3.5
14 Foreign-related banks[6]	87.9	88.6	89.0	89.5	90.1	86.1	85.5	82.3	80.8	81.5	81.9	76.7
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	397.5	393.3	387.7	385.8	383.2	375.7	371.3	366.5	359.9	358.4	355.7	355.1[r]
16 Not seasonally adjusted	399.4	394.9	387.4	387.1	383.6	374.9	371.1	365.5	358.0	358.0	356.5	354.3[r]
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	19.2	24.7	23.1	28.0	24.1	21.5	20.7	20.4	25.6	23.6	18.8	24.2[r]
18 Not seasonally adjusted	21.0	25.2	19.6	22.4	28.6	21.9	16.5	19.5	33.1	29.5	17.4	20.3[r]

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.
2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.
3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own International Banking Facilities (IBFs).
4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.
5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.
6. Figures are partly averages of daily data and partly averages of Wednesday data.
7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.
8. U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

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

Millions of dollars

Account	1993								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,122,606	3,111,087	3,121,803	3,093,303	3,116,755	3,118,893	3,121,616	3,105,428	3,106,323
2 Investment securities	816,876	821,117	825,205	828,284	833,190	832,672	832,503	832,234	827,827
3 U.S. government securities	654,509	657,829	663,204	665,548	669,969	669,597	667,914	668,315	663,706
4 Other	162,366	163,288	162,001	162,735	163,221	163,075	164,589	163,919	164,121
5 Trading account assets	38,522	39,093	40,207	36,846	36,272	39,174	39,447	38,120	41,506
6 U.S. government securities	23,788	25,346	26,084	22,821	22,217	25,351	25,269	24,855	27,436
7 Other securities	1,958	2,041	2,093	2,249	2,460	2,369	2,248	2,334	2,573
8 Other trading account assets	12,775	11,707	12,030	11,776	11,595	11,454	11,930	10,930	11,498
9 Total loans	2,267,209	2,250,878	2,256,391	2,228,173	2,247,294	2,247,047	2,249,665	2,235,075	2,236,989
10 Interbank loans	167,068	160,401	158,822	143,298	164,479	156,405	157,090	141,505	143,494
11 Loans excluding interbank	2,100,141	2,090,477	2,097,569	2,084,875	2,082,815	2,090,642	2,092,575	2,093,570	2,093,495
12 Commercial and industrial	597,563	595,279	598,018	594,734	593,960	592,576	590,299	593,724	593,660
13 Real estate	886,175	886,628	884,024	883,388	885,045	884,493	886,498	884,637	886,956
14 Revolving home equity	73,703	73,647	73,641	73,620	73,724	73,580	73,855	74,255	74,423
15 Other	812,472	812,981	810,382	809,768	811,321	810,914	812,642	810,382	812,533
16 Individual	358,792	357,945	358,459	358,188	358,724	358,874	360,527	362,321	364,625
17 All other	257,612	250,625	257,069	248,565	245,086	254,699	255,252	252,887	248,255
18 Total cash assets	212,389	196,943	201,487	199,601	214,369	206,284	217,359	203,342	212,975
19 Balances with Federal Reserve Banks	28,508	23,865	21,660	27,820	30,284	28,418	32,641	25,756	29,083
20 Cash in vault	29,494	30,749	30,717	31,245	31,373	29,652	32,285	32,033	32,149
21 Demand balances at U.S. depository institutions	31,407	29,129	30,296	29,464	29,092	29,546	30,917	29,391	31,345
22 Cash items	81,426	71,164	75,637	68,873	82,091	77,114	81,806	75,373	80,114
23 Other cash assets	41,554	42,036	43,177	42,199	41,529	41,554	39,711	40,789	40,284
24 Other assets	282,128	278,338	272,406	274,759	277,892	275,986	274,236	270,067	262,458
25 **Total assets**	**3,617,123**	**3,586,367**	**3,595,696**	**3,567,663**	**3,609,017**	**3,601,162**	**3,613,211**	**3,578,837**	**3,581,756**
Liabilities									
26 Total deposits	2,500,133	2,479,112	2,478,484	2,458,830	2,489,002	2,504,551	2,513,903	2,467,896	2,476,065
27 Transaction accounts	758,628	738,109	742,787	728,635	761,819	769,062	783,340	746,871	755,137
28 Demand, U.S. government	3,448	3,027	2,944	3,318	3,937	3,267	4,843	4,768	3,852
29 Demand, depository institutions	39,288	36,025	38,460	37,019	35,887	38,143	38,340	37,386	39,304
30 Other demand and all checkable deposits	715,892	699,057	701,384	688,298	721,996	727,653	740,157	704,717	711,982
31 Savings deposits (excluding checkable)	750,950	754,210	752,251	749,951	751,715	762,153	759,168	748,214	748,817
32 Small time deposits	633,339	632,197	630,485	628,855	627,961	627,340	625,620	623,069	622,279
33 Time deposits over $100,000	357,217	354,596	352,961	351,389	347,507	345,995	345,775	349,743	349,832
34 Borrowings	501,256	491,330	502,973	489,740	492,238	483,387	479,341	494,388	491,589
35 Treasury tax and loan notes	5,636	8,032	21,068	15,814	14,852	3,880	6,057	32,990	24,743
36 Other	495,620	483,298	481,905	473,926	477,386	479,507	473,284	461,398	466,846
37 Other liabilities	339,517	338,986	337,348	340,712	346,159	333,077	338,415	334,715	334,854
38 **Total liabilities**	**3,340,906**	**3,309,428**	**3,318,805**	**3,289,282**	**3,327,399**	**3,321,015**	**3,331,659**	**3,297,000**	**3,302,508**
39 Residual (assets less liabilities)[3]	276,216	276,939	276,892	278,381	281,617	280,147	281,552	281,837	279,248

Footnotes appear on the following page.

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

Millions of dollars

Account	1993								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,767,833	2,758,207	2,766,947	2,744,266	2,762,634	2,777,278	2,776,456	2,762,329	2,761,674
41 Investment securities	749,540	751,970	754,706	758,719	761,397	761,633	762,683	762,469	757,960
42 U.S. government securities	609,251	611,291	614,977	618,208	620,050	621,431	621,490	621,988	616,771
43 Other	140,289	140,680	139,729	140,511	141,347	140,202	141,192	140,481	141,189
44 Trading account assets	38,522	39,093	40,207	36,846	36,272	39,174	39,447	38,120	41,506
45 U.S. government securities	23,788	25,346	26,084	22,821	22,217	25,351	25,269	24,855	27,436
46 Other securities	1,958	2,041	2,093	2,249	2,460	2,369	2,248	2,334	2,573
47 Other trading account assets	12,775	11,707	12,030	11,776	11,595	11,454	11,930	10,930	11,498
48 Total loans	1,979,772	1,967,144	1,972,034	1,948,702	1,964,966	1,976,471	1,974,326	1,961,740	1,962,209
49 Interbank loans	142,958	134,990	136,740	123,468	136,996	138,811	135,469	124,475	124,985
50 Loans excluding interbank	1,836,814	1,832,154	1,835,295	1,825,234	1,827,970	1,837,660	1,838,857	1,837,265	1,837,224
51 Commercial and industrial	441,105	439,745	441,275	439,065	440,523	438,302	436,957	439,434	439,806
52 Real estate	835,799	836,434	833,557	833,083	835,974	836,309	837,923	835,899	838,010
53 Revolving home equity	73,703	73,647	73,641	73,620	73,724	73,580	73,855	74,255	74,423
54 Other	762,096	762,787	759,915	759,463	762,250	762,729	764,067	761,644	763,587
55 Individual	358,792	357,945	358,459	358,188	358,724	358,874	360,527	362,321	364,625
56 All other	201,118	198,030	202,003	194,898	192,749	204,175	203,451	199,611	194,783
57 Total cash assets	184,088	169,556	173,040	171,628	184,774	179,152	191,644	176,809	185,287
58 Balances with Federal Reserve Banks	27,794	23,520	20,892	27,468	29,221	28,024	31,944	25,384	28,418
59 Cash in vault	29,463	30,718	30,687	31,214	31,343	29,621	32,255	32,003	32,119
60 Demand balances at U.S. depository institutions	30,045	27,807	28,944	28,039	27,616	28,194	29,515	27,992	29,859
61 Cash items	79,295	68,868	73,477	66,476	78,809	74,349	79,294	72,574	76,918
62 Other cash assets	17,491	18,643	19,041	18,431	17,786	18,964	18,637	18,856	17,974
63 Other assets	174,851	171,292	169,437	170,051	180,966	177,874	180,120	172,350	168,621
64 **Total assets**	**3,126,773**	**3,099,055**	**3,109,424**	**3,085,946**	**3,128,375**	**3,134,304**	**3,148,220**	**3,111,488**	**3,115,582**
Liabilities									
65 Total deposits	2,347,263	2,328,552	2,328,676	2,309,187	2,334,517	2,358,380	2,367,692	2,318,656	2,323,647
66 Transaction accounts	747,302	727,407	731,663	717,966	748,864	757,739	772,223	735,983	742,095
67 Demand, U.S. government	3,447	3,027	2,943	3,318	3,936	3,267	4,842	4,768	3,851
68 Demand, depository institutions	36,342	33,268	35,450	34,365	32,931	35,266	35,445	34,675	36,449
69 Other demand and all checkable deposits	707,513	691,112	693,270	680,283	711,997	719,207	731,936	696,540	701,795
70 Savings deposits (excluding checkable)	746,707	749,958	748,178	745,833	747,515	757,971	755,039	744,084	744,756
71 Small time deposits	631,080	629,965	628,285	626,664	625,769	625,186	623,475	620,959	620,169
72 Time deposits over $100,000	222,174	221,223	220,549	218,724	212,370	217,483	216,955	217,630	216,628
73 Borrowings	369,750	358,889	371,219	366,923	370,839	364,118	367,006	381,752	381,349
74 Treasury tax and loan notes	5,636	8,032	21,068	15,814	14,852	3,880	6,057	32,990	24,743
75 Other	364,114	350,857	350,151	351,109	355,987	360,238	360,949	348,762	356,606
76 Other liabilities	136,761	137,893	135,855	134,672	144,620	134,876	135,188	132,460	134,555
77 **Total liabilities**	**2,853,774**	**2,825,333**	**2,835,750**	**2,810,782**	**2,849,976**	**2,857,374**	**2,869,886**	**2,832,868**	**2,839,552**
78 Residual (assets less liabilities)[3]	272,999	273,722	273,674	275,163	278,400	276,930	278,334	278,620	276,031

1. Excludes assets and liabilities of International Banking Facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
ASSETS									
1 Cash and balances due from depository institutions	105,080	96,357	98,967	98,936	105,691	103,823	112,024	101,677	108,570
2 U.S. Treasury and government securities	281,716	282,633	286,014	284,788	283,598	288,392	288,955	289,093	288,364
3 Trading account	21,932	23,026	23,132	20,521	19,009	22,606	22,858	22,570	23,902
4 Investment account	259,784	259,607	262,881	264,266	264,588	265,786	266,097	266,524	264,462
5 Mortgage-backed securities[1]	80,494	80,642	82,748	83,113	83,452	83,719	83,618	83,947	84,199
All others, by maturity									
6 One year or less	37,827	37,240	38,213	38,894	41,195	41,062	40,838	41,560	40,625
7 One year through five years	77,536	76,333	76,841	77,235	74,358	74,397	74,691	74,542	73,801
8 More than five years	63,927	65,392	65,080	65,024	65,584	66,608	66,949	66,474	65,837
9 Other securities	56,148	56,595	55,892	56,523	57,073	55,847	55,899	55,726	56,033
10 Trading account	1,777	1,860	1,913	2,069	2,276	2,187	2,063	2,151	2,369
11 Investment account	54,371	54,736	53,980	54,455	54,797	53,660	53,837	53,575	53,663
12 State and political subdivisions, by maturity	19,986	20,009	19,986	19,995	20,026	19,861	19,880	19,879	19,928
13 One year or less	3,381	3,378	3,361	3,363	3,392	3,375	3,402	3,394	3,426
14 More than one year	16,604	16,631	16,625	16,632	16,634	16,486	16,478	16,484	16,503
15 *Other bonds, corporate stocks, and securities*	34,385	34,726	33,993	34,459	34,771	33,799	33,957	33,696	33,735
16 Other trading account assets	12,655	11,586	11,910	11,656	11,471	11,331	11,805	10,808	11,376
17 Federal funds sold[2]	89,680	80,916	85,559	75,957	81,565	85,507	86,530	83,943	81,028
18 To commercial banks in the United States	60,491	52,051	56,247	47,358	58,381	54,169	54,724	52,351	54,691
19 To nonbank brokers and dealers	24,797	24,169	24,877	24,460	19,473	24,815	26,113	26,806	21,965
20 To others[3]	4,391	4,696	4,435	4,138	3,711	6,524	5,693	4,786	4,372
21 Other loans and leases, gross	980,701	976,701	979,405	970,180	975,601	974,222	974,080	971,651	975,216
22 Commercial and industrial	279,114	277,978	278,504	275,852	277,576	275,123	273,847	275,229	275,662
23 Bankers acceptances and commercial paper	2,924	2,952	3,141	2,670	2,705	2,730	2,587	2,626	3,079
24 All other	276,190	275,025	275,363	273,182	274,871	272,393	271,260	272,602	272,583
25 U.S. addressees	274,571	273,396	273,786	271,632	273,302	270,836	269,687	271,028	271,028
26 Non-U.S. addressees	1,619	1,630	1,577	1,550	1,569	1,557	1,574	1,574	1,555
27 Real estate loans	397,549	398,109	395,208	394,208	395,405	395,818	396,912	394,458	395,663
28 Revolving, home equity	43,465	43,410	43,437	43,400	43,472	43,415	43,549	43,816	43,887
29 All other	354,084	354,700	351,771	350,808	351,933	352,403	353,363	350,642	351,776
30 To individuals for personal expenditures	183,753	183,288	183,576	183,351	183,751	183,138	183,854	183,979	185,058
31 To financial institutions	34,826	33,269	34,054	33,325	33,743	35,028	33,832	33,272	34,761
32 Commercial banks in the United States	12,481	12,431	12,860	12,822	12,529	12,622	12,203	12,029	12,292
33 Banks in foreign countries	3,306	2,233	2,636	2,461	2,108	2,623	2,309	2,242	2,850
34 Nonbank financial institutions	19,040	18,606	18,557	18,041	19,106	19,783	19,320	19,001	19,619
35 For purchasing and carrying securities	16,066	15,784	18,135	15,741	15,587	15,382	17,349	16,511	15,627
36 To finance agricultural production	5,502	5,500	5,568	5,504	5,535	5,576	5,632	5,545	5,599
37 To states and political subdivisions	14,221	14,186	14,177	14,145	14,033	13,881	13,848	13,800	13,798
38 To foreign governments and official institutions	1,712	1,555	1,463	1,403	1,412	1,472	1,412	1,386	1,452
39 All other loans[4]	23,299	22,500	24,204	22,337	24,087	24,373	23,027	23,115	23,119
40 Lease-financing receivables	24,658	24,532	24,516	24,315	24,473	24,430	24,368	24,355	24,477
41 LESS: Unearned income	2,203	2,213	2,201	2,189	2,153	2,134	2,142	2,132	2,074
42 Loan and lease reserve[5]	37,119	37,038	37,012	36,886	36,308	36,158	36,199	35,954	35,946
43 Other loans and leases, net	941,379	937,450	940,193	931,105	937,140	935,930	935,740	933,565	937,196
44 Other assets	160,935	159,194	157,282	157,917	164,889	163,966	167,427	161,419	157,383
45 **Total assets**	**1,647,593**	**1,624,732**	**1,635,817**	**1,616,882**	**1,641,428**	**1,644,796**	**1,658,381**	**1,636,232**	**1,639,949**

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								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
LIABILITIES									
46 Deposits	1,115,325	1,102,172	1,105,409	1,091,129	1,102,700	1,118,197	1,126,046	1,095,332	1,101,516
47 Demand deposits	265,665	254,792	261,522	253,854	268,676	269,672	279,815	260,009	272,103
48 Individuals, partnerships, and corporations	216,112	209,423	212,680	205,103	221,836	221,314	230,135	211,735	220,685
49 Other holders	49,553	45,369	48,841	48,751	46,840	48,358	49,680	48,274	51,418
50 States and political subdivisions	8,847	8,576	8,759	8,805	8,890	8,371	8,727	8,997	9,216
51 U.S. government	2,094	1,835	1,694	2,138	2,348	2,048	3,343	3,590	2,737
52 Depository institutions in the United States	22,182	20,511	21,394	20,554	20,344	22,061	21,916	21,536	23,068
53 Banks in foreign countries	5,811	4,742	5,715	6,014	5,083	4,929	4,962	4,884	4,821
54 Foreign governments and official institutions	556	858	739	810	712	1,177	687	646	613
55 Certified and officers' checks	10,062	8,847	10,540	10,429	9,463	9,772	10,046	8,622	10,963
56 Transaction balances other than demand deposits[4]	121,220	118,168	117,506	116,245	119,216	122,088	122,233	118,945	114,964
57 Nontransaction balances	728,441	729,212	726,381	721,031	714,808	726,437	723,997	716,378	714,449
58 Individuals, partnerships, and corporations	702,551	703,570	701,123	695,940	692,253	703,150	700,939	691,496	689,953
59 Other holders	25,890	25,642	25,258	25,091	22,555	23,287	23,059	24,882	24,496
60 States and political subdivisions	21,415	21,067	20,694	20,475	20,135	20,505	20,244	20,342	20,467
61 U.S. government	2,040	2,026	2,026	2,082	487	492	495	2,199	1,603
62 Depository institutions in the United States	2,103	2,218	2,198	2,192	1,597	1,959	1,984	2,008	2,094
63 Foreign governments, official institutions, and banks	332	332	340	342	336	332	336	333	332
64 Liabilities for borrowed money[5]	283,979	273,186	282,774	278,849	281,319	277,492	281,962	292,386	288,465
65 Borrowings from Federal Reserve Banks	35	0	860	0	707	0	0	0	0
66 Treasury tax and loan notes	4,476	6,461	17,789	12,658	11,624	2,830	4,370	28,877	22,356
67 Other liabilities for borrowed money[6]	279,467	266,725	264,126	266,191	268,988	274,662	277,593	263,508	266,108
68 Other liabilities (including subordinated notes and debentures)	105,653	106,525	104,691	103,273	112,270	103,767	103,842	101,553	103,728
69 **Total liabilities**	**1,504,958**	**1,481,883**	**1,492,875**	**1,473,251**	**1,496,290**	**1,499,455**	**1,511,850**	**1,489,271**	**1,493,708**
70 Residual (total assets less total liabilities)[7]	142,635	142,849	142,942	143,630	145,138	145,341	146,531	146,961	146,241
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,347,927	1,343,950	1,349,673	1,338,923	1,338,398	1,348,509	1,350,343	1,346,841	1,345,033
72 Time deposits in amounts of $100,000 or more	113,729	112,598	111,983	110,167	104,128	108,678	108,431	109,441	108,087
73 Loans sold outright to affiliates[9]	898	897	896	893	869	876	875	875	872
74 Commercial and industrial	453	452	451	449	447	447	447	447	443
75 Other	446	445	445	444	422	429	429	429	428
76 Foreign branch credit extended to U.S. residents[10]	23,407	23,846	23,850	23,150	23,225	23,227	23,321	23,464	23,333
77 Net due to related institutions abroad	-8,870	-10,560	-8,945	-10,070	-12,328	-13,221	-16,158	-12,016	-8,995

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								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
1 Cash and balances due from depository institutions	18,488	17,941	18,588	18,277	19,477	17,756	16,838	17,317	18,063
2 U.S. Treasury and government agency securities	28,414	29,245	30,199	29,671	31,416	30,267	29,201	29,072	29,556
3 Other securities	8,516	8,755	8,590	8,577	8,475	8,849	9,070	9,050	8,852
4 Federal funds sold[1]	22,841	22,931	23,720	21,931	23,044	18,667	21,235	19,330	19,858
5 To commercial banks in the United States	5,960	7,213	5,316	4,678	8,710	4,110	5,984	3,445	4,293
6 To others[2]	16,881	15,718	18,404	17,252	14,334	14,556	15,251	15,884	15,565
7 Other loans and leases, gross	165,171	162,364	162,457	161,115	160,764	158,691	158,914	159,884	160,093
8 Commercial and industrial	97,198	96,988	97,357	96,736	95,792	96,121	95,698	95,901	95,601
9 Bankers acceptances and commercial paper	2,641	2,697	2,580	2,644	2,663	2,814	2,596	2,574	2,622
10 All other	94,556	94,291	94,778	94,093	93,129	93,307	93,102	93,327	92,979
11 U.S. addressees	91,132	90,920	91,393	90,681	89,842	89,968	89,846	90,021	89,668
12 Non-U.S. addressees	3,424	3,371	3,385	3,412	3,287	3,339	3,256	3,306	3,311
13 Loans secured by real estate	33,277	33,287	33,336	33,252	32,574	31,931	32,245	32,264	32,399
14 To financial institutions	27,285	25,707	26,074	25,413	25,600	24,838	24,258	25,501	25,544
15 Commercial banks in the United States	6,311	5,582	5,771	5,396	4,956	4,993	4,935	5,077	5,001
16 Banks in foreign countries	2,195	1,819	1,784	1,666	1,871	1,803	1,822	1,659	1,680
17 Nonbank financial institutions	18,780	18,306	18,520	18,351	18,773	18,041	17,502	18,765	18,863
18 For purchasing and carrying securities	4,906	3,903	3,299	2,610	3,794	2,702	3,504	3,008	3,264
19 To foreign governments and official institutions	398	396	386	370	368	364	406	388	382
20 All other	2,107	2,082	2,004	2,734	2,637	2,735	2,803	2,821	2,902
21 Other assets (claims on nonrelated parties)	32,243	32,090	30,910	30,741	33,955	31,619	32,157	31,944	32,084
22 **Total assets**[3]	**312,754**	**310,535**	**309,771**	**306,975**	**306,205**	**297,992**	**296,718**	**298,302**	**297,017**
23 Deposits or credit balances due to other than directly related institutions	101,333	99,966	99,680	99,825	102,824	97,042	97,250	99,311	101,357
24 Demand deposits[4]	4,148	3,859	4,061	3,904	4,934	4,137	4,100	3,963	5,008
25 Individuals, partnerships, and corporations	3,144	2,962	3,060	3,211	3,413	2,945	3,182	3,052	3,533
26 Other	1,004	897	1,001	693	1,521	1,193	918	911	1,476
27 Nontransaction accounts	97,185	96,107	95,619	95,921	97,890	92,905	93,150	95,348	96,349
28 Individuals, partnerships, and corporations	67,619	67,240	66,701	66,463	67,955	65,496	65,214	67,038	67,174
29 Other	29,566	28,866	28,918	29,458	29,935	27,409	27,936	28,311	29,175
30 Borrowings from other than directly related institutions	94,763	94,459	94,217	88,359	86,619	86,080	81,911	82,183	79,866
31 Federal funds purchased[5]	47,578	44,887	47,768	43,257	45,148	49,938	45,816	42,625	39,287
32 From commercial banks in the United States	14,652	14,994	16,264	11,999	18,600	17,405	13,751	12,841	12,057
33 From others	32,926	29,893	31,504	31,259	26,548	32,533	32,065	29,783	27,230
34 Other liabilities for borrowed money	47,185	49,573	46,450	45,101	41,471	36,142	36,096	39,559	40,579
35 To commercial banks in the United States	9,154	9,981	10,194	9,619	9,166	8,107	7,261	7,202	7,784
36 To others	38,030	39,591	36,256	35,483	32,305	28,035	28,835	32,357	32,795
37 Other liabilities to nonrelated parties	31,245	32,486	30,136	30,320	32,447	30,276	30,068	30,345	30,424
38 **Total liabilities**[6]	**312,754**	**310,535**	**309,771**	**306,975**	**306,205**	**297,992**	**296,718**	**298,302**	**297,017**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	212,671	210,498	213,879	211,219	210,033	207,370	207,501	208,813	209,065
40 Net due to related institutions abroad	48,332	46,414	50,431	51,807	55,241	52,450	58,186	54,757	56,859

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1992			1993		
	1988	1989	1990	1991	1992	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**557,915**	**558,414**	**549,433**	**541,508**[r]	**528,817**[r]	**535,027**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	231,751	230,966	228,260	214,196[r]	203,133[r]	219,732
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	181,388	179,279	172,813	181,264	177,370	171,959
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	144,776	148,169	148,360	146,048	148,314	143,336
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,194**	**37,599**	**37,651**	**38,194**	**35,995**	**35,212**	**34,929**
Holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,555	10,236	10,301	10,555	9,115	9,869	11,026
9 Own bills	8,022	8,510	7,930	9,347	9,097	8,764	9,156	9,097	7,922	8,352	9,153
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,472	1,145	1,458	1,193	1,516	1,873
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	1,204	1,289	1,276	1,317	1,169	1,108
12 Others	56,052	52,473	44,836	31,014	26,364	26,159	26,061	26,364	25,563	24,175	22,795
Basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,209	12,116	12,133	12,209	11,146	11,120	11,126
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,849	7,673	8,096	7,740	7,547	7,304
15 All other	37,237	33,638	28,973	20,577	17,890	17,633	17,846	17,890	17,109	16,545	16,499

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

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

Percent per year

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1990	1991	1992	1993				1993, week ending				
				Jan.	Feb.	Mar.	Apr.	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.02	3.03	3.07	2.96	3.18	3.11	2.93	2.91	2.87
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	3.21	3.14	3.15	3.13	3.19	3.16	3.14	3.10	3.10
4 3-month	8.06	5.87	3.75	3.25	3.18	3.17	3.14	3.19	3.17	3.16	3.12	3.11
5 6-month	7.95	5.85	3.80	3.35	3.27	3.24	3.19	3.24	3.23	3.20	3.16	3.16
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.25	3.18	3.15	3.06	3.10	3.08	3.07	3.05	3.03
7 3-month	7.87	5.71	3.65	3.32	3.27	3.17	3.06	3.10	3.08	3.06	3.06	3.04
8 6-month	7.53	5.60	3.63	3.29	3.21	3.14	3.07	3.09	3.09	3.07	3.07	3.05
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.14	3.06	3.07	3.05	3.09	3.07	3.04	3.04	3.04
10 6-month	7.80	5.67	3.67	3.23	3.15	3.14	3.10	3.15	3.13	3.09	3.08	3.09
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.14	3.08	3.10	3.08	3.11	3.10	3.07	3.06	3.06
12 3-month	8.15	5.83	3.68	3.19	3.12	3.11	3.09	3.12	3.11	3.09	3.08	3.08
13 6-month	8.17	5.91	3.76	3.33	3.22	3.20	3.16	3.22	3.20	3.16	3.14	3.14
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.22	3.12	3.11	3.10	3.11	3.11	3.13	3.09	3.06
U.S. Treasury bills[5]												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	3.00	2.93	2.95	2.87	2.91	2.91	2.85	2.81	2.91
16 6-month	7.46	5.44	3.54	3.14	3.07	3.05	2.97	3.01	3.00	2.97	2.93	2.98
17 1-year	7.35	5.52	3.71	3.35	3.25	3.20	3.11	3.17	3.16	3.09	3.05	3.12
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	3.06	2.95	2.97	2.89	2.96	2.92	2.89	2.82	2.88
19 6-month	7.47	5.49	3.57	3.17	3.08	3.08	3.00	3.04	3.04	3.00	2.96	2.95
20 1-year	7.36	5.54	3.75	3.52	3.32	3.09	3.24	n.a.	3.24	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.50	3.39	3.33	3.24	3.32	3.31	3.21	3.18	3.25
22 2-year	8.16	6.49	4.77	4.39	4.10	3.95	3.84	3.95	3.92	3.80	3.77	3.83
23 3-year	8.26	6.82	5.30	4.93	4.58	4.40	4.30	4.43	4.38	4.26	4.23	4.30
24 5-year	8.37	7.37	6.19	5.83	5.43	5.19	5.13	5.25	5.21	5.08	5.06	5.14
25 7-year	8.52	7.68	6.63	6.26	5.87	5.66	5.59	5.75	5.72	5.53	5.48	5.60
26 10-year	8.55	7.86	7.01	6.60	6.26	5.98	5.97	6.07	6.06	5.90	5.87	6.01
27 30-year	8.61	8.14	7.67	7.34	7.09	6.82	6.85	6.95	6.96	6.77	6.76	6.89
Composite												
28 More than 10 years (long-term)	8.74	8.16	7.52	7.17	6.89	6.65	6.64	6.77	6.76	6.56	6.53	6.66
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	6.96	6.56	6.09	5.91	5.61	5.42	5.47	5.64	5.65	5.44	5.39	5.38
30 Baa	7.29	6.99	6.48	6.28	5.98	5.81	5.88	6.04	6.05	5.85	5.82	5.79
31 *Bond Buyer* series[14]	7.27	6.92	6.44	6.15[r]	5.87	5.64	5.76	5.86	5.84	5.70	5.67	5.75
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.77	9.23	8.55	8.24	8.01	7.83	7.76	7.89	7.88	7.71	7.66	7.74
Rating group												
33 Aaa	9.32	8.77	8.14	7.91	7.71	7.58	7.46	7.64	7.61	7.45	7.34	7.40
34 Aa	9.56	9.05	8.46	8.11	7.90	7.72	7.62	7.75	7.75	7.59	7.50	7.59
35 A	9.82	9.30	8.62	8.26	8.03	7.86	7.80	7.92	7.90	7.74	7.72	7.80
36 Baa	10.36	9.80	8.98	8.67	8.39	8.15	8.14	8.23	8.25	8.07	8.05	8.15
37 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	8.13	7.80	7.61	7.66	7.86	7.64	7.55	7.59	7.76
MEMO												
Dividend–price ratio[17]												
38 Preferred stocks	8.96	8.17	7.46	7.25	7.37	6.70	6.69	6.64	6.74	6.72	6.62	6.67
39 Common stocks	3.61	3.25	2.99	2.88	2.81	2.76	2.82	2.76	2.82	2.78	2.82	2.86

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

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1990	1991	1992	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.
	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	230.07	230.13	226.97	232.84	239.47	239.75	243.41	248.12	244.72
2 Industrial	226.06	258.16	284.26	284.44	285.76	279.70	287.80	290.77	292.11	294.40	298.75	292.19
3 Transportation	158.80	173.97	201.02	191.31	191.61	192.30	204.63	212.35	221.00	226.96	229.42	237.97
4 Utility	90.72	92.64	99.48	103.41	102.26	101.62	101.13	103.85	105.52	109.45	112.53	113.78
5 Finance	133.21	150.84	179.29	180.47	178.27	181.36	189.27	196.87	203.38	209.93	217.01	216.02
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	417.93	418.48	412.50	422.84	435.64	435.40	441.76	450.15	443.08
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	385.80	382.67	371.27	387.75	392.69	402.75	409.39	418.56	418.54
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	174,003	191,774	204,787	208,221	222,736	266,011	288,540	251,170	279,778
9 American Stock Exchange	13,155	12,486	14,171	11,875	11,198	11,966	14,925	16,523	17,184	18,154	16,150	15,521
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker-dealers**[3]	**28,210**	**36,660**	**43,990**	**39,940**	**41,250**	**41,590**	**43,630**	**43,990**	**44,020**	**44,290**	**45,160**	**47,420**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	8,060	8,060	8,355	8,500	8,970	8,980	9,790	9,650	9,805
12 Cash accounts	19,285	19,255	22,510	18,305	19,650	18,700	19,310	22,510	20,360	22,190	21,395	21,450

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

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities[1]

Millions of dollars, end of period

Account	1990	1991	1992								1993	
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	SAIF-insured institutions											
1 **Assets**	**1,084,821**	**919,979**	**870,334**	**861,517**	**856,390**	**856,165**	**847,235**	**846,730**	**840,605**	**832,039**		
2 Mortgages	633,385	551,322	521,911	516,654	512,264	512,077	508,815	502,863	496,974	490,558		
3 Mortgage-backed securities	155,228	129,461	124,225	123,282	122,385	120,438	119,715	120,715	120,292	122,171		
4 Contra-assets to mortgage assets[2]	16,897	12,307	11,120	11,282	11,044	11,164	11,073	11,207	10,509	12,742		
5 Commercial loans	24,125	17,139	14,607	14,020	13,929	13,525	13,419	13,630	13,180	8,109		
6 Consumer loans	48,753	41,775	37,868	37,403	37,230	37,123	36,732	35,938	36,019	36,362		
7 Contra-assets to nonmortgage loans[2]	1,939	1,239	949	944	910	932	982	931	845	1,083	n.a.	n.a.
8 Cash and investment securities	146,644	120,077	120,763	119,539	120,220	124,140	120,684	126,719	127,893	132,210		
9 Other[3]	95,522	73,751	63,030	62,844	62,317	60,958	59,925	59,002	57,600	41,695		
10 **Liabilities and net worth**	**1,084,821**	**919,979**	**870,334**	**861,517**	**856,390**	**856,165**	**847,235**	**846,730**	**840,605**	**832,039**		
11 Deposits	835,496	731,937	688,199	682,535	676,141	672,354	667,027	660,906	654,047	650,045		
12 Borrowed money	197,353	121,923	110,126	108,943	109,036	110,109	110,022	114,123	114,354	115,107		
13 FHLBB	100,391	65,842	61,439	62,760	62,359	62,225	64,105	63,065	64,742	64,742		
14 Other	96,962	56,081	48,687	46,183	46,677	47,884	45,917	51,058	49,612	50,365		
15 Other	21,332	17,560	19,626	17,740	18,570	20,523	18,017	19,853	20,406	16,078		
16 Net worth	30,640	48,559	52,383	52,299	52,642	53,178	52,169	51,846	51,798	50,867		

1. Beginning December 1992, data are available on a quarterly basis and are no longer available monthly.
2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
3. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE. Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE. *Office of Thrift Supevision (OTS), insured by the Savings Association* Insurance Fund (SAIF) and regulated by the OTS.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1990	1991	1992[r]	1992		1993			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,265	1,090,513[r]	74,633	113,690	112,718	66,138[r]	83,453	132,122
2 On-budget	749,654	760,382	788,087[r]	51,219	89,594	90,129	41,038[r]	57,259	96,413
3 Off-budget	281,654	293,883	302,426	23,414	24,096	22,589	25,100	26,194	35,709
4 Outlays, total	1,251,766	1,323,757	1,380,657[r]	107,361	152,637[r]	82,903	113,732[r]	128,030[r]	124,034
5 On-budget	1,026,701	1,082,072	1,128,318[r]	83,442	116,575	84,928	89,276[r]	103,793	101,861
6 Off-budget	225,064	241,685	252,339	23,919	36,061	−2,025	24,456	24,237	22,174
7 Surplus or deficit (−), total	−220,458	−269,492	−290,144[r]	−32,728	−38,946	29,815	−47,594	−46,577	8,088
8 On-budget	−277,047	−321,690	−340,231[r]	−32,223	−26,981	5,201	−48,238	−46,534	−5,448
9 Off-budget	56,590	52,198	50,087	−505	−11,965	24,614	644	1,957	13,535
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	61,969	21,078	−8,355	30,689	37,727	5,464
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	−7,346	−3,175	−16,436	27,227	−2,452	−18,945
12 Other[2]	−461	−5,981	−3,469[r]	−21,895	21,043	−5,024	−10,322	9,302	5,393
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	26,715	29,890	46,326	19,099	21,551	40,496
14 Federal Reserve Banks	7,638	7,928	24,586	6,985	7,492	9,572	5,350	6,752	7,273
15 Tax and loan accounts	32,517	33,556	34,203	19,729	22,399	36,754	13,749	14,799	33,233

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act also moved two social security trust funds (federal old-age survivors insurance and federal disability insurance) off budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.
2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* (MTS) and the *Budget of the U.S. Government*.

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

Millions of dollars

Source or type	Fiscal year 1991	Fiscal year 1992	Calendar year 1991 H1	1991 H2	1992 H1[r]	1992 H2	1993 Feb.	1993 Mar.	1993 Apr.
RECEIPTS									
1 **All sources**	**1,054,265**	**1,090,513[r]**	**540,504**	**519,181[r]**	**560,350**	**540,506[r]**	**66,138[r]**	**83,453**	**132,122**
2 Individual income taxes, net	467,827	476,122	232,389	234,939	236,646	246,961	23,947	27,935	56,137
3 Withheld	404,152	408,352	193,440	210,552	198,868	215,591	33,652	40,006	32,691
4 Presidential Election Campaign Fund	32	30	31	1	20	10	4	6	6
5 Nonwithheld	142,693	149,342	109,405	33,296	110,997	39,371	967	5,253	44,755
6 Refunds	79,050	81,691	70,487	8,910	73,237	8,011	10,677	17,330	21,315
Corporation income taxes									
7 Gross receipts	113,599	117,951	58,903	54,016	61,681	58,022	2,510	14,644	19,272
8 Refunds	15,513	17,680	7,904	8,649	9,402	7,219	1,719	1,920	1,477
9 Social insurance taxes and contributions, net	396,011	413,689	214,303	186,839	224,569	192,599	34,251	33,652	49,176
10 Employment taxes and contributions[2]	370,526	385,491	199,727	175,802	208,110	180,758	31,623	32,980	45,164
11 Self-employment taxes and contributions[3]	25,457	24,421	22,150	3,306	20,433	3,988	1,487	873	12,183
12 Unemployment insurance	20,922	23,410	12,296	8,721	14,070	9,397	2,259	240	3,581
13 Other net receipts[4]	4,563	4,788	2,279	2,317	2,389	2,445	369	432	431
14 Excise taxes	42,430	45,570	20,703	24,429	22,389	23,456	3,342	4,514	4,168
15 Customs deposits	15,921	17,359	7,488	8,694	8,146	9,497	1,347	1,598	1,544
16 Estate and gift taxes	11,138	11,143	5,631	5,507	5,701	5,733	822	977	1,898
17 Miscellaneous receipts[5]	22,852	26,522[r]	8,991	13,406[r]	10,695	11,472[r]	1,639[r]	2,051	1,404
OUTLAYS									
18 **All types**	**1,323,757**	**1,380,657[r]**	**632,153**	**694,364[r]**	**704,288**	**723,367[r]**	**113,732[r]**	**128,030[r]**	**124,034**
19 National defense	272,514	298,361	122,089	147,669	147,076	155,501	22,903	25,511	27,192
20 International affairs	16,167	16,106	7,592	7,691	8,542	9,911	1,253	1,181	536
21 General science, space, and technology	15,946	16,409	7,496	8,472	7,951	8,521	1,325	1,103	1,444
22 Energy	2,511	4,509	1,235	1,698	1,442	3,109	399	560	431
23 Natural resources and environment	18,708	20,017	8,324	11,130	8,606	11,617	1,282	1,549	1,709
24 Agriculture	14,864	14,997	7,684	7,418	7,526	8,881	1,145	4,244	2,666
25 Commerce and housing credit	75,639	9,753	17,992	36,534	15,620	−7,843	−3,532	−1,368	−3,961
26 Transportation	31,531	33,759	14,748	17,093	15,676	18,477	2,093	3,383	2,591
27 Community and regional development	7,432	7,923	3,552	3,783	3,903	4,540	690	760	987
28 Education, training, employment, and social services	41,479	45,248	21,234	21,114	23,635	20,922	4,068	4,607	3,695
29 Health	71,183	89,570	35,608	41,459	44,107	47,223	8,053	8,379	8,883
30 Social security and medicare	373,495	406,569	190,247	193,098	205,500	232,109	35,005	37,235	37,236
31 Income security	171,618	197,867	88,778	87,693	104,457	98,693	21,259	21,056	20,408
32 Veterans benefits and services	31,344	34,133	14,326	17,425	15,597	18,561	2,649	4,090	4,332
33 Administration of justice	12,295	14,450	6,187	6,574	7,435	7,283	1,060	1,270	1,581
34 General government	11,358	12,939	5,212	6,794	5,050	8,138	994	1,040	655
35 Net interest[6]	195,012	199,429	98,556	99,149	100,394	98,549	15,893	16,415	16,585
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−18,702	−20,436	−18,229	−20,914	−2,809	−2,987	−2,935

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
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**3,492**	**3,563**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	**4,196**	n.a.
2 Public debt securities	3,465	3,538	3,665	3,802	3,881	3,985	4,065	4,177	4,231
3 Held by public	2,598	2,643	2,746	2,833	2,918	2,977	3,048	3,129	n.a.
4 Held by agencies	867	895	920	969	964	1,008	1,016	1,048	n.a.
5 Agency securities	27	25	18	19	16	16	18	19	n.a.
6 Held by public	26	25	18	19	16	16	18	19	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,377**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**
9 Public debt securities	3,377	3,450	3,569	3,706	3,783	3,890	3,972	4,085	4,139
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	4,145	4,145

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

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

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

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992			1993
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**3,984.7**	**4,064.6**	**4,177.0**	**4,230.6**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	3,981.8	4,061.8	4,173.9	4,227.6
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,605.1	2,677.5	2,754.1	2,807.1
4 Bills	430.6	527.4	590.4	657.7	618.2	634.3	657.7	659.9
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,517.6	1,566.4	1,608.9	1,652.1
6 Bonds	348.2	388.2	435.5	472.5	454.3	461.8	472.5	480.2
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,376.7	1,384.3	1,419.8	1,420.5
8 State and local government series	163.3	160.8	159.7	153.5	161.9	157.6	153.5	151.6
9 Foreign issues[2]	6.8	43.5	41.9	37.4	38.7	37.0	37.4	37.0
10 Government	6.8	43.5	41.9	37.4	38.7	37.0	37.4	37.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	143.2	148.3	155.0	161.4
13 Government account series[3]	695.6	813.8	959.2	1,043.5	1,002.5	1,011.0	1,043.5	1,040.0
14 Non-interest-bearing	21.2	2.8	2.8	3.1	2.9	2.8	3.1	3.0
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,007.9	1,016.3	1,047.8	
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	276.9	296.4	302.5	
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,712.4	2,765.5	2,839.9	
18 Commercial banks	164.9	171.5	233.4	292.0	267.3	286.7	292.0	
19 Money market funds	14.9	45.4	80.0	80.6	79.4	79.8	80.6	
20 Insurance companies	125.1	142.0	168.7	183.0	180.8	181.6	183.0	n.a.
21 Other companies	93.4	108.9	150.8	192.5	175.0	180.8	192.5	
22 State and local treasuries	487.5	490.4	520.3	532.0	528.5	530.0	532.0	
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	145.4	150.3	157.3	
24 Other securities	98.7	107.6	125.8	131.9	129.7	130.9	131.9	
25 Foreign and international[5]	392.9	421.7	455.0	512.5	492.9	499.0	512.5	
26 Other miscellaneous investors[6]	520.7	674.5	691.1	758.1	713.5	726.3	758.1	

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

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

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

Millions of dollars, daily averages

	Item	1993			1993, week ending								
		Jan.	Feb.	Mar.	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
	IMMEDIATE TRANSACTIONS[2]												
	By type of security												
	U.S. Treasury securities												
1	Bills	48,045[r]	44,487[r]	43,300[r]	42,349[r]	60,387[r]	37,539	39,583	36,263	46,812	42,055	36,580	39,664
	Coupon securities, by maturity												
2	Less than 3.5 years	47,717	56,575	47,300[r]	45,826	55,489[r]	43,753	47,550	43,291	34,141	35,705	30,816	45,077
3	3.5 to 7.5 years	46,216	48,296[r]	45,252[r]	46,107[r]	53,711	43,393	40,783	42,606	37,288	49,562	37,940	47,458
4	7.5 to 15 years	19,149	28,512[r]	23,269	25,537	30,411	24,281	19,568	17,455	18,214	17,864	20,333	21,071
5	15 years or more	16,239	21,502[r]	17,592[r]	15,485	23,961	19,087	14,606	13,979	18,751	17,133	16,422	16,665
	Federal agency securities												
	Debt, by maturity												
6	Less than 3.5 years	6,176[r]	6,719	5,790	6,151	4,902	5,281	6,042	6,718	4,704	5,447	6,188	6,392
7	3.5 to 7.5 years	824	881	788	1,123	854	706	887	503	520	729	706	598
8	7.5 years or more	1,169	1,194	1,125	1,138	1,070	1,022	1,171	1,228	1,162	375	339	528
	Mortgage-backed												
9	Pass-throughs	20,000	22,571[r]	14,705	18,247	22,852	14,743	9,641	9,461	15,789	25,851	16,051	13,271
10	All others[3]	3,751	4,509[r]	4,059[r]	6,206	3,641	3,391	3,517	4,401	2,553	3,685	2,830	3,844
	By type of counterparty												
	Primary dealers and brokers												
11	U.S. Treasury securities	109,231[r]	123,545[r]	110,173[r]	107,517[r]	137,881[r]	106,943	99,558	97,905	92,876	100,757	88,099	108,652
	Federal agency securities												
12	Debt	1,779	1,970	1,771	2,133	1,711	1,550	1,776	1,832	1,530	1,120	907	1,068
13	Mortgage-backed	10,454	11,756[r]	7,388	9,153	10,936	7,283	5,164	5,108	7,994	12,470	8,735	7,166
	Customers												
14	U.S. Treasury securities	68,136[r]	75,826[r]	66,539	67,787	86,077	61,111	62,531	55,689	62,330	61,561	53,992	61,284
	Federal agency securities												
15	Debt	6,390[r]	6,825	5,931	6,278	5,116	5,458	6,324	6,616	4,856	5,431	6,325	6,450
16	Mortgage-backed	13,296	15,324[r]	11,378[r]	15,299	15,558	10,851	7,995	8,754	10,349	17,066	10,146	9,949
	FUTURES AND FORWARD TRANSACTIONS[4]												
	By type of deliverable security												
	U.S. Treasury securities												
17	Bills	2,586[r]	2,679[r]	2,205	4,271	3,630	1,192	1,693	1,067	1,267	2,150	2,325	3,892
	Coupon securities, by maturity												
18	Less than 3.5 years	2,155	2,622	2,348	2,542	3,156	2,058	2,269	1,791	1,719	2,280	1,734	2,031
19	3.5 to 7.5 years	1,486	1,890[r]	2,287	2,382	3,240	1,913	1,841	2,096	1,250	1,241	1,265	1,674
20	7.5 to 15 years	2,668	3,847[r]	3,542[r]	4,577[r]	5,315	2,719	2,578	2,937	2,238	3,126	1,663	2,463
21	15 years or more	9,140	11,748	11,335	11,121	17,788	11,479	8,436	7,764	9,300	9,611	8,061	9,178
	Federal agency securities												
	Debt, by maturity												
22	Less than 3.5 years	44[r]	72	92	28	79	21	243	63	28	98	25	273
23	3.5 to 7.5 years	114	130[r]	103[r]	258[r]	40	73	100	105	242	57	72	96
24	7.5 years or more	78	44	32	25	17	39	38	39	11	41	41	48
	Mortgage-backed												
25	Pass-throughs	16,662[r]	17,514[r]	22,141[r]	20,604	27,008	26,049	18,238	18,189	19,263	25,251	20,743	21,300
26	Others[3]	1,274	1,478	1,471	1,480	1,095	1,802	1,893	1,089	1,887	716	1,847	1,397
	OPTIONS TRANSACTIONS[5]												
	By type of underlying security												
	U.S. Treasury, coupon securities, by maturity												
27	Less than 3.5 years	1,537	1,692	1,662	1,450	2,564	1,538	1,271	1,400	1,593	1,849	1,680	1,484
28	3.5 to 7.5 years	782	443	431	197	418	408	534	503	755	626	446	462
29	7.5 to 15 years	573	679	687	1,118	710	620	745	413	427	557	509	564
30	15 years or more	1,233	1,286	972	865	1,231	1,150	835	737	1,059	940	755	1,499
	Federal agency, mortgage-backed securities												
31	Pass-throughs	563	563	586	371	709	610	479	675	704	683	749	618

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 days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

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

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

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

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

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and mortgage-backed securities, 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 Jan.	1993 Feb.	1993 Mar.	1993, week ending Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	8,042	7,553	13,550	10,442	8,890	9,576	16,585	20,480	21,070	21,266	17,886
Coupon securities, by maturity											
2 Less than 3.5 years	−4,518	800	1,628	5,028	1,793	−3,334	2,800	3,798	2,930	2,429	−478
3 3.5 to 7.5 years	−7,905	−10,824	−14,104	−8,561	−12,575	−15,080	−15,846	−15,290	−18,071	−15,721	−17,141
4 7.5 to 15 years	−13,562	−9,682	−10,240	−11,245	−8,861	−9,285	−11,208	−11,174	−11,541	−13,929	−13,214
5 15 years or more	7,040	7,126	9,342	6,988	9,114	9,691	10,149	9,424	9,466	9,908	9,653
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	5,267	6,674	6,451	6,943	6,310	8,741	5,604	4,937	7,305	8,193	5,345
7 3.5 to 7.5 years	2,617	2,708	3,332	3,397	3,303	3,411	3,372	3,216	3,136	3,198	3,203
8 7.5 years or more	3,802	3,811	4,896	4,524	4,772	4,801	5,240	4,931	4,194	4,254	3,899
Mortgage-backed											
9 Pass-throughs	35,214	34,699	33,009	27,607	42,168	37,448	32,746	21,988	35,026	39,434	36,431
10 All others[4]	24,531	24,540	25,734	27,871	23,639	24,782	24,828	28,773	26,683	25,931	25,317
Other money market instruments											
11 Certificates of deposit	2,907	3,571	3,212	4,063	3,127	2,652	2,987	3,719	2,438	3,506	3,310
12 Commercial paper	6,947	6,911	6,237	7,097	6,426	6,261	5,883	6,008	4,725	5,948	4,879
13 Bankers acceptances	672	990	1,139	1,151	1,002	1,096	1,247	1,208	1,197	1,130	941
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−4,355	−5,805	−5,103	−6,392	−4,055	−4,647	−5,860	−5,297	−6,419	−7,161	−7,785
Coupon securities, by maturity											
15 Less than 3.5 years	1,488	839	−568	−757	−181	166	−394	−1,781	−1,958	−1,624	−1,592
16 3.5 to 7.5 years	2,352	2,513	4,333	2,075	4,703	3,729	4,474	5,392	5,070	3,982	5,100
17 7.5 to 15 years	3,002	1,851	2,954	1,645	1,056	2,453	3,616	5,250	4,761	3,744	4,208
18 15 years or more	−6,174	−3,781	−5,119	−2,849	−4,024	−7,131	−4,895	−5,399	−4,601	−6,405	−5,231
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	−37	−50	−194	29	0	−295	−303	−275	−43	−6	−35
20 3.5 to 7.5 years	−11	−12	−39	1	−23	−77	−24	−50	89	−17	−259
21 7.5 years or more	20	22	33	−3	64	170	−43	−44	−73	−70	−64
Mortgage-backed											
22 Pass-throughs	−12,104	−14,374	−13,086	−9,299	−20,252	−17,652	−12,455	−3,609	−16,638	−17,114	−14,919
23 All others[4]	1,450	3,326	3,371	832	1,094	4,034	5,787	3,655	4,130	3,693	4,364
24 Certificates of deposit	−66,597	−117,589	−156,612	−148,110	−141,247	−155,743	−167,837	−165,264	−171,999	−163,417	−150,788
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	230,130	230,919	233,038	233,287	246,770	238,647	226,850	219,779	237,057	225,016	217,913
26 Term	345,749	364,102	360,955	341,048	371,688	391,491	384,258	304,913	386,911	388,465	392,306
Repurchase agreements											
27 Overnight and continuing	387,080	404,809	403,942	416,133	419,689	422,128	395,822	372,903	395,432	417,640	416,451
28 Term	328,425	351,505	349,516	322,617	355,986	380,850	382,400	290,358	371,382	361,406	368,604
Securities borrowed											
29 Overnight and continuing	102,138	113,700	115,244	119,119	117,135	117,945	116,661	107,573	113,794	118,011	120,540
30 Term	52,406	52,467	40,753	43,779	42,739	40,464	40,793	37,719	41,060	42,219	44,619
Securities loaned											
31 Overnight and continuing	3,724	3,898	3,504	4,450	3,473	3,810	3,123	3,206	3,771	5,409	4,569
32 Term	351	467	482	1,053	277	358	871	179	148	288	1,064
Collateralized loans											
33 Overnight and continuing	16,872	16,403	14,209	14,782	16,056	13,539	14,038	12,959	12,738	13,696	14,159
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	166,917	162,596	158,182	164,638	167,598	164,012	154,575	143,775	153,699	156,740	148,784
35 Term	304,402	318,706	313,409	299,829	324,918	337,456	335,227	261,854	337,525	334,948	341,050
Repurchase agreements											
36 Overnight and continuing	218,405	222,893	217,635	224,383	226,875	221,903	210,643	208,228	202,557	208,439	208,893
37 Term	254,159	271,090	268,224	244,311	275,087	295,198	294,732	218,127	292,270	281,982	280,277

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty days or less.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
5. Futures positions 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 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	1988	1989	1990	1991	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**479,978**	**481,050**	**483,970**	**487,331**	**0**
2 Federal agencies	35,668	35,664	42,159	41,035	41,470	42,081	41,829	41,641	42,115
3 Defense Department[1]	8	7	7	7	7	7	7	7	7
4 *Export-Import Bank*[2,3]	11,033	10,985	11,376	9,809	7,698	7,698	7,208	7,208	7,208
5 Federal Housing Administration[4]	150	328	393	397	309	344	374	231	237
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,142	6,445	6,948	8,421	10,123	10,660	10,660	10,660	10,660
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	23,333	23,372	23,580	23,535	24,003
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	345,832	375,428	392,509	401,737	438,508	438,969	442,141	445,690	0
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	112,436	114,364	114,733	113,253	113,347
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	34,108	30,914	29,631	34,479	44,490
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	159,764	161,308	166,300	165,958	163,538
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	52,510	52,728	51,910	52,264	51,502
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	39,766	39,737	39,650	39,812	39,822
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**142,850**	**134,873**	**179,083**	**185,576**	**159,899**	**156,579**	**154,994**	**151,059**	**147,464**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	7,692	7,692	7,202	7,202	7,202
21 Postal Service[6]	5,892	6,195	6,698	8,201	9,903	10,440	10,440	10,440	10,440
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	7,175	6,975	6,975	6,825	6,825
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	42,979	42,979	42,979	42,979	42,979
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,172	18,172	18,172	18,037	18,036
27 Other	26,324	23,724	70,896	84,931	69,188	65,531	64,436	60,786	57,192

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1992				1993			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issues, new and refunding**[1]	**120,339**	**154,402**	**215,191**	**18,698**	**21,092**	**14,133**	**19,577**	**17,981**	**17,793**	**27,471**	**18,661**
By type of issue											
2 General obligation	39,610	55,100	78,611	7,461	7,733	5,203	6,024	4,840	6,963	8,254	8,272
3 Revenue	81,295	99,302	136,580	11,237	13,359	8,930	13,553	13,141	10,830	19,217	10,581
By type of issuer											
4 State	15,149	24,939	25,295	1,710	2,742	1,688	2,339	1,339	3,485	2,139	1,463
5 Special district or statutory authority[2]	72,661	80,614	127,618	11,054	13,113	8,197	11,159	12,556	9,654	18,355	7,628
6 Municipality, county, or township	32,510	48,849	60,210	5,934	5,237	4,248	6,079	3,994	4,654	6,977	9,570
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**10,496**	**13,760**	**8,028**	**8,010**	**5,875**	**4,636**	**9,716**	**5,385**
By use of proceeds											
8 Education	17,042	21,121	22,071	1,237	2,083	1,800	1,658	1,033	1,264	1,482	833
9 Transportation	11,650	13,395	17,334	1,977	1,364	531	831	829	131	2,111	699
10 Utilities and conservation	11,739	21,039	20,058	2,265	3,340	960	1,258	894	423	538	806
11 Social welfare	23,099	25,648	21,796	1,869	2,365	1,070	1,121	777	618	1,556	942
12 Industrial aid	6,117	8,376	5,424	1,176	367	581	339	337	69	765	134
13 Other purposes	34,607	30,275	33,589	1,972	4,241	3,086	2,803	2,005	2,131	3,264	1,971

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* for earlier data.

1.46 NEW SECURITY ISSUES *U.S. Corporations*

Millions of dollars

Type of issue, offering, or issuer	1990	1991	1992	1992					1993		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **All issues**[1]	**340,049**	**465,483**	n.a.	**37,091**	**42,849**	**39,280**	**35,525**	**39,424**	**50,793**	**59,623**[r]	**55,272**
2 **Bonds**[2]	**299,884**	**390,018**	**404,992**	**31,815**	**37,539**	**32,314**	**31,026**	**33,375**	**45,559**	**49,563**[r]	**46,434**
By type of offering											
3 Public, domestic	188,848	287,125	377,453	28,561	36,185	30,249	28,774	31,835	41,675	47,165	41,699
4 Private placement, domestic[3]	86,982	74,930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,539	3,254	1,355	2,066	2,252	1,540	3,884	2,397[r]	4,735
By industry group											
6 Manufacturing	51,779	86,628	69,538	4,720	5,974	7,975	3,467	4,232	9,393	8,269[r]	8,067
7 Commercial and miscellaneous	40,733	36,666	30,049	2,159	2,374	2,813	2,396	2,176	3,074	2,268	2,695
8 Transportation	12,776	13,598	6,497	393	677	290	0	611	316	248	1,067
9 Public utility	17,621	23,945	44,643	4,509	5,230	3,700	1,289	2,867	4,282	5,624	7,058
10 Communication	6,687	9,431	13,073	1,053	1,191	427	374	516	3,019	2,890	3,270
11 Real estate and financial	170,288	219,750	241,192	18,982	22,093	17,110	23,499	22,973	25,475	30,264[r]	24,278
12 **Stocks**[2]	**40,165**	**75,467**	n.a.	**5,276**	**5,310**	**6,966**	**4,499**	**6,049**	**5,234**	**10,060**	**8,838**
By type of offering											
13 Public preferred	n.a.	17,408	21,332	1,148	1,233	2,901	1,540	1,608	1,112	1,898	1,647
14 Common	n.a.	47,860	57,099	4,129	4,077	4,065	2,958	4,441	4,122	8,161	7,191
15 Private placement[3]	16,736	10,109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,154	n.a.	713	307	1,779	288	1,468	722	2,616	1,741
17 Commercial and miscellaneous	10,171	19,418	n.a.	1,315	602	940	1,366	2,226	1,688	2,021	2,488
18 Transportation	369	2,439	n.a.	n.a.	59	53	304	118	65	64	336
19 Public utility	416	3,474	n.a.	921	595	359	150	92	310	350	743
20 Communication	3,822	475	n.a.	n.a.	1,051	99	22	126	0	0	7
21 Real estate and financial	19,738	25,507	n.a.	2,327	2,695	3,735	2,369	2,019	2,438	5,009	3,522

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

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and, before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets

Millions of dollars

Item[1]	1991	1992	1992					1993		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.
1 **Sales of own shares[2]**	**463,645**	**647,055**	**50,627**	**50,039**	**52,214**	**52,019**	**70,618**	**71,607**	**60,676**	**69,080**
2 Redemptions of own shares	342,547	447,140	35,223	37,862	37,134	34,126	51,993	46,545	39,684	47,414
3 Net sales[3]	121,098	199,915	15,404	12,177	15,080	17,893	18,625	25,062	20,992	21,666
4 **Assets[4]**	**808,582**	**1,056,310**	**957,145**	**978,507**	**983,151**	**1,019,618**	**1,056,310**	**1,082,653**	**1,116,784**	**1,154,445**
5 Cash[5]	60,292	73,999	77,245	76,498	75,808	80,247	73,999	76,764	79,763	81,536
6 Other	748,290	982,311	879,900	902,009	907,343	939,371	982,311	1,005,889	1,037,021	1,072,910

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992[r]	1991			1992				1993
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]	Q1
1 Profits with inventory valuation and capital consumption adjustment	361.7	346.3	393.8	347.3	341.2	347.1	384.0	388.4	374.1	428.5	432.2
2 Profits before taxes	355.4	334.7	371.6	332.3	336.7	332.3	366.1	376.8	354.1	389.4	400.6
3 Profits tax liability	136.7	124.0	140.2	122.9	127.0	125.0	136.4	144.1	131.8	148.5	146.8
4 Profits after taxes	218.7	210.7	231.4	209.4	209.6	207.4	229.7	232.7	222.2	241.0	253.8
5 Dividends	149.3	146.5	149.3	146.2	145.1	143.9	143.6	146.6	151.1	155.9	160.2
6 Undistributed profits	69.4	64.2	82.1	63.2	64.5	63.4	86.2	86.1	71.1	85.0	93.6
7 Inventory valuation	−14.2	3.1	−7.4	9.9	−4.8	.7	−5.4	−15.5	−9.7	1.0	−9.3
8 Capital consumption adjustment	20.5	8.4	29.5	5.1	9.3	14.1	23.3	27.0	29.7	38.1	40.8

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

1.50 NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993[1]	1991		1992				1993[1]	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total nonfarm business**	**528.39**	**546.08**	**582.31**	**526.59**	**529.87**	**535.72**	**540.91**	**547.53**	**560.16**	**571.41**	**578.15**
Manufacturing											
2 Durable goods industries	77.64	73.41	77.11	74.94	76.40	74.19	74.26	71.84	73.34	80.68	77.62
3 Nondurable goods industries	105.17	100.50	106.24	102.55	102.66	99.79	97.52	100.39	104.28	103.01	103.48
Nonmanufacturing											
4 Mining	10.02	8.90	9.32	10.09	9.99	8.87	9.18	9.09	8.44	9.52	9.49
Transportation											
5 Railroad	5.95	6.77	7.36	6.32	5.44	6.65	6.50	6.87	7.08	6.26	7.71
6 Air	10.17	8.97	7.10	9.61	10.41	8.86	9.75	10.13	7.13	7.36	9.10
7 Other	6.54	7.04	8.60	6.63	6.45	6.37	7.27	7.69	6.84	8.07	7.51
Public utilities											
8 Electric	43.76	48.05	53.32	43.27	44.75	46.06	48.45	47.73	49.95	52.61	53.05
9 Gas and other	22.82	23.91	24.08	23.25	22.67	22.75	24.19	23.92	24.78	23.46	24.22
10 Commercial and other[2]	246.32	268.54	289.18	249.94	251.11	262.17	263.80	269.86	278.32	280.44	285.98

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 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4
ASSETS										
1 Accounts receivable, gross[2]	492.3[r]	480.6[r]	482.1	488.9[r]	485.2[r]	480.6[r]	475.6[r]	476.7[r]	473.9[r]	482.1
2 Consumer	133.3[r]	121.9[r]	117.1	127.5[r]	125.3[r]	121.9[r]	118.4[r]	116.7[r]	116.7[r]	117.1
3 Business	293.6[r]	292.9[r]	296.5	295.7[r]	293.7[r]	292.9[r]	290.8[r]	293.2[r]	288.5[r]	296.5
4 Real estate	65.5[r]	65.8[r]	68.4	65.7[r]	66.2[r]	65.8[r]	66.4[r]	66.8[r]	68.8[r]	68.4
5 LESS: Reserves for unearned income	57.6	55.1	50.8	58.0	57.6	55.1	53.6	51.2	50.8	50.8
6 Reserves for losses	9.6	12.9	15.8	11.1	13.1	12.9	13.0	12.3	12.0	15.8
7 Accounts receivable, net	425.1[r]	412.6[r]	415.5	419.8[r]	414.6[r]	412.6[r]	409.0[r]	413.2[r]	411.1[r]	415.5
8 All other	113.9	149.0	150.6	122.8	136.4	149.0	145.5	139.4	146.5	150.6
9 **Total assets**	**539.0[r]**	**561.6[r]**	**566.1**	**542.6[r]**	**551.1[r]**	**561.6[r]**	**554.5[r]**	**552.6[r]**	**557.6[r]**	**566.1**
LIABILITIES AND CAPITAL										
10 Bank loans	31.0	42.3	37.6	36.9	39.6	42.3	38.0	37.8	38.1	37.6
11 Commercial paper	165.3	159.5	156.4	156.1	156.8	159.5	154.4	147.7	153.2	156.4
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	34.2	36.5	34.5	34.5	34.8	34.9	37.8
15 Not elsewhere classified	178.2	191.3	195.3	184.5	185.0	191.3	189.8	191.9	191.4	195.3
16 All other liabilities	63.9	69.0	71.2	67.1	68.8	69.0	72.0	73.4	73.7	71.2
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	63.3	63.8	64.8	66.0	67.1	68.1	67.8
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**542.1**	**550.5**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown since 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[r]	1992	1992 Oct.[r]	1992 Nov.[r]	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.
	Seasonally adjusted								
1 **Total**	**522,474[r]**	**519,910**	**534,845[r]**	**528,590**	**530,702**	**534,845[r]**	**529,256[r]**	**531,398[r]**	**532,144**
2 Consumer	160,468[r]	154,822	157,707	154,557	156,736	157,707	156,551	157,733	156,277
3 Real estate[2]	65,147	65,383	68,011	68,759	68,581	68,011	68,942	70,016	68,726
4 Business	296,858[r]	299,705	309,127[r]	305,274	305,385	309,127[r]	303,763[r]	303,649[r]	307,141
	Not seasonally adjusted								
5 **Total**	**525,888[r]**	**523,192**	**538,158[r]**	**528,143**	**530,367**	**538,158[r]**	**528,847[r]**	**528,490[r]**	**532,298**
6 Consumer	161,360[r]	155,713	158,631	155,561	157,149	158,631	156,430	155,929	154,933
7 Motor vehicles	75,045	63,415	57,605	59,290	58,386	57,605	57,165	54,036	53,508
8 Other consumer[3]	58,213[r]	58,522	59,522	57,068	58,172	59,522	58,844	58,651	58,346
9 Securitized motor vehicles[4]	19,837	23,166	29,775	27,823	28,964	29,775	28,894	32,860	32,915
10 Securitized other consumer[4]	8,265	10,610	11,729	11,379	11,626	11,729	11,527	10,383	10,164
11 Real estate[2]	65,509	65,760	68,410	69,206	68,761	68,410	68,889	69,216	68,135
12 Business	299,019[r]	301,719	311,118[r]	303,376	304,457	311,118[r]	303,527[r]	303,345[r]	309,230
13 Motor vehicles	92,125[r]	90,613	87,456	86,747	85,621	87,456	86,491	86,412	91,647
14 Retail[5]	26,454[r]	22,957	19,303	20,763	19,708	19,303	19,124	17,881	16,961
15 Wholesale[6]	33,573	31,216	27,158	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Leasing	32,098	36,440	38,191	39,536	39,020	38,191	38,640	38,472	38,792
17 Equipment	137,654	141,399	151,607	147,033	148,127	151,607	146,820	145,886	145,878
18 Retail	31,968	30,962	32,212	31,475	31,427	32,212	32,458	32,430	32,560
19 Wholesale[6]	11,101	9,671	8,669	8,928	8,824	8,669	8,582	8,318	8,656
20 Leasing	94,585	100,766	110,726	106,630	107,877	110,726	105,780	105,138	104,662
21 Other business[7]	63,773[r]	60,900	57,464	56,495	56,926	57,464	55,760	55,962	56,153
22 Securitized business assets[4]	5,467	8,807	14,590[r]	13,101	13,782	14,590[r]	14,457[r]	15,085[r]	15,552
23 Retail	667	576	1,118	634	607	1,118	1,036	973	904
24 Wholesale	3,281	5,285	8,756[r]	8,593	8,813	8,756[r]	8,582[r]	9,408[r]	9,824
25 Leasing	1,519	2,946	4,716	3,874	4,362	4,716	4,839	4,704	4,824

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	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	159.2	165.4	154.0	158.6	159.7	156.2	150.9
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	119.7	117.3	117.7	119.5	114.5	121.5	115.0
3 Loan-price ratio (percent)	74.8	75.0	76.6	77.3	75.3	77.7	76.8	75.4	79.3	78.5
4 Maturity (years)	27.3	26.8	25.6	25.2	24.9	26.1	25.7	23.8	26.9	24.9
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.42	1.54	1.31	1.49	1.43	1.50	1.23
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.65	7.81	7.65	7.57	7.52	7.22	7.26
7 Effective rate[1,3]	10.01	9.30	8.25	7.90	8.07	7.88	7.82	7.77	7.46	7.46
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	8.29	8.38	8.19	7.93	7.63	7.59	7.51
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	8.29	8.54	8.12	8.04	7.55	7.57	7.56
10 GNMA securities[6]	9.51	8.59	7.77	7.53	7.90	7.57	7.39	7.02	6.79	6.77
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	149,133	153,306	158,119	159,204	159,766	161,147	163,719
12 FHA/VA	21,028	21,702	22,168	22,399	22,372	22,593	22,640	22,573	22,700	22,682
13 Conventional	92,302	101,135	120,664	126,734	130,934	135,526	136,564	137,193	138,447	141,037
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	8,380	7,980	8,832	4,993	4,118	4,730	6,761
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	8,195	6,084	6,185	4,189	4,177	6,644	7,764
16 To sell[8]	5,270	7,608	10,493	0	237	1,811	1,159	221	0	112
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	32,995	32,703	33,665	32,370	32,454	35,421	n.a.
18 FHA/VA	547	484	408	365	359	352	347	343	337	n.a.
19 Conventional	19,871	23,283	29,552	32,630	32,343	33,313	32,023	32,112	35,084	n.a.
Mortgage transactions (during period)										
20 Purchases	75,517	97,727	191,125	20,199	19,607	20,792	15,512	12,063	12,587	n.a.
21 Sales	73,817	92,478	179,208	18,771	19,154	19,602	16,536	12,105	10,286	14,427
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	27,380	29,717	32,453	17,591	23,366	21,103	n.a.

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 rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD).
5. Average gross yields on thirty-year, minimum-downpayment, first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
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, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1989	1990	1991	1991	1992			
				Q4	Q1	Q2	Q3	Q4[p]
1 **All holders**	**3,570,906**	**3,795,210**	**3,915,871**	**3,915,871**	**3,938,198**	**3,976,483**	**4,012,983**	**4,057,012**
By type of property								
2 One- to four-family residences	2,424,258	2,635,428	2,764,447	2,764,447	2,790,734	2,838,732	2,890,842	2,942,958
3 Multifamily residences	307,672	311,113	310,427	310,427	310,499	306,038	305,379	302,211
4 Commercial	754,952	764,953	758,063	758,063	754,290	748,496	733,083	728,404
5 Farm	84,025	83,716	82,934	82,934	82,674	83,218	83,679	83,439
By type of holder								
6 Major financial institutions	1,931,537	1,914,315	1,846,910	1,846,910	1,825,983	1,803,488	1,793,505	1,771,502
7 Commercial banks[2]	767,069	844,826	876,284	876,284	880,377	884,598	891,484	893,793
8 One- to four-family	389,632	455,931	486,572	486,572	492,910	496,518	506,658	511,306
9 Multifamily	38,876	37,015	37,424	37,424	37,710	38,314	38,985	38,013
10 Commercial	321,906	334,648	333,852	333,852	330,837	330,229	325,934	324,596
11 Farm	16,656	17,231	18,436	18,436	18,919	19,538	19,906	19,878
12 Savings institutions[3]	910,254	801,628	705,367	705,367	682,338	659,624	648,178	627,531
13 One- to four-family	669,220	600,154	538,358	538,358	524,536	508,545	501,604	489,217
14 Multifamily	106,014	91,806	79,881	79,881	77,166	74,788	73,723	69,788
15 Commercial	134,370	109,168	86,741	86,741	80,278	75,947	72,517	68,202
16 Farm	650	500	388	388	358	345	334	324
17 Life insurance companies	254,214	267,861	265,258	265,258	263,269	259,266	253,843	250,178
18 One- to four-family	12,231	13,005	11,547	11,547	11,214	10,676	10,451	10,110
19 Multifamily	26,907	28,979	29,562	29,562	29,693	29,425	28,804	28,558
20 Commercial	205,472	215,121	214,105	214,105	212,865	210,139	205,709	202,989
21 Farm	9,604	10,756	10,044	10,044	9,497	9,026	8,878	8,522
22 Federal and related agencies	197,778	239,003	266,156	266,156	278,396	278,131	277,485	286,428
23 Government National Mortgage Association	23	20	19	19	19	23	27	31
24 One- to four-family	23	20	19	19	19	23	27	31
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,176	41,439	41,713	41,713	41,791	41,628	41,671	41,695
27 One- to four-family	18,422	18,527	18,496	18,496	18,488	17,718	17,292	16,912
28 Multifamily	9,054	9,640	10,141	10,141	10,270	10,356	10,468	10,575
29 Commercial	4,443	4,690	4,905	4,905	4,961	4,998	5,072	5,158
30 Farm	9,257	8,582	8,171	8,171	8,072	8,557	8,839	9,050
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	10,733	11,332	11,480	11,768	12,581
32 One- to four-family	2,875	3,593	4,036	4,036	4,254	4,403	4,531	5,153
33 Multifamily	3,212	5,208	6,697	6,697	7,078	7,077	7,236	7,428
34 Resolution Trust Corporation	0	32,600	45,822	45,822	49,345	44,624	37,099	32,045
35 One- to four-family	0	15,800	14,535	14,535	15,458	15,032	12,614	9,658
36 Multifamily	0	8,064	15,018	15,018	16,266	13,316	11,130	11,038
37 Commercial	0	8,736	16,269	16,269	17,621	16,276	13,356	11,350
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	99,001	104,870	112,283	112,283	118,238	122,979	126,476	137,584
40 One- to four-family	90,575	94,323	100,387	100,387	105,869	110,223	113,407	124,016
41 Multifamily	8,426	10,547	11,896	11,896	12,369	12,756	13,069	13,568
42 Federal Land Banks	29,640	29,416	28,777	28,777	28,776	28,775	28,815	28,827
43 One- to four-family	1,210	1,838	1,693	1,693	1,693	1,693	1,695	1,696
44 Farm	28,430	27,577	27,084	27,084	27,083	27,082	27,119	27,131
45 Federal Home Loan Mortgage Corporation	21,851	21,857	26,809	26,809	28,895	28,621	31,629	33,665
46 One- to four-family	18,248	19,185	24,125	24,125	26,182	26,001	29,039	31,032
47 Multifamily	3,603	2,672	2,684	2,684	2,713	2,620	2,591	2,633
48 Mortgage pools or trusts[5]	951,740	1,116,452	1,270,862	1,270,862	1,288,823	1,341,338	1,385,460	1,425,546
49 Government National Mortgage Association	368,367	403,613	425,295	425,295	421,977	422,922	422,255	419,516
50 One- to four-family	358,142	391,505	415,767	415,767	412,574	413,828	413,063	410,675
51 Multifamily	10,225	12,108	9,528	9,528	9,404	9,094	9,192	8,841
52 Federal Home Loan Mortgage Corporation	272,870	316,359	359,163	359,163	367,878	382,797	391,762	407,514
53 One- to four-family	266,060	308,369	351,906	351,906	360,887	376,177	385,400	401,525
54 Multifamily	6,810	7,990	7,257	7,257	6,991	6,620	6,362	5,989
55 Federal National Mortgage Association	228,232	299,833	371,984	371,984	389,853	413,226	429,935	444,979
56 One- to four-family	219,577	291,194	362,667	362,667	380,617	403,940	420,835	435,979
57 Multifamily	8,655	8,639	9,317	9,317	9,236	9,286	9,100	9,000
58 Farmers Home Administration[4]	80	66	47	47	43	43	41	38
59 One- to four-family	21	17	11	11	10	9	9	8
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	26	24	19	19	18	18	18	17
62 Farm	33	26	17	17	16	15	14	13
63 Private mortgage conduits	82,191	96,581	114,373	114,373	109,071	122,350	141,468	153,499
64 One- to four-family	77,217	90,684	104,196	104,196	95,600	105,700	123,000	132,000
65 Multifamily	462	731	3,698	3,698	4,686	5,796	5,796	6,305
66 Commercial	4,512	5,166	6,479	6,479	8,784	10,855	12,673	15,194
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	489,851	525,440	531,943	531,943	544,996	553,526	556,532	573,535
69 One- to four-family	300,805	331,282	330,131	330,131	340,424	348,245	351,217	363,641
70 Multifamily	85,427	87,713	87,324	87,324	86,917	86,591	88,922	90,475
71 Commercial	84,224	87,400	95,693	95,693	98,925	100,035	97,805	100,898
72 Farm	19,395	19,045	18,795	18,795	18,730	18,656	18,588	18,522

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 1986:4 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.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990[r]	1991[r]	1992[r]	1992[r] Oct.	Nov.	Dec.	1993 Jan.[r]	Feb.[r]	Mar.
	Seasonally adjusted								
1 **Total**	**738,765**	**733,510**	**741,093**	**734,195**	**736,023**	**741,093**	**744,196**	**748,765**	**752,205**
2 Automobile	284,739	260,898	259,627	258,208	258,860	259,627	258,463	260,945	261,255
3 Revolving	222,552	243,564	254,299	251,806	252,086	254,299	256,435	259,378	261,329
4 Other	231,474	229,048	227,167	224,181	225,077	227,167	229,299	228,443	229,621
	Not seasonally adjusted								
5 **Total**	**752,883**	**749,052**	**756,944**	**734,766**	**737,651**	**756,944**	**749,153**	**746,914**	**745,187**
By major holder									
6 Commercial banks	347,087	340,713	331,869	326,472	325,149	331,869	330,355	330,060	330,198
7 Finance companies	133,258	121,937	117,127	116,359	116,558	117,127	116,009	112,686	111,854
8 Credit unions	*93,057*	*92,681*	*97,641*	*95,517*	*96,092*	*97,641*	*98,261*	*98,785*	*99,856*
9 Retailers	43,464	39,832	42,079	36,441	36,678	42,079	40,057	38,462	38,111
10 Savings institutions	52,164	45,965	43,461	42,031	42,746	43,461	43,428	43,516	43,255
11 Gasoline companies	4,822	4,362	4,365	4,452	4,365	4,365	4,366	4,148	4,080
12 Pools of securitized assets[2]	79,030	103,562	120,402	113,494	116,063	120,402	116,677	119,257	117,833
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	260,201	259,148	259,964	257,744	259,344	258,896
14 Commercial banks	124,913	112,666	109,743	110,447	109,459	109,743	109,671	111,005	111,173
15 Finance companies	75,045	63,415	57,605	59,290	58,386	57,605	57,165	54,036	53,508
16 Pools of securitized assets[2]	24,620	28,915	33,878	32,065	32,979	33,878	32,388	36,031	35,977
17 Revolving	234,801	256,876	267,949	249,983	252,877	267,949	261,217	258,430	257,879
18 Commercial banks	133,385	138,005	132,582	126,992	127,481	132,582	129,567	127,877	128,406
19 Retailers	38,448	34,712	36,629	31,254	31,444	36,629	34,666	33,110	32,681
20 Gasoline companies	4,822	4,362	4,365	4,452	4,365	4,365	4,366	4,148	4,080
21 Pools of securitized assets[2]	45,637	63,595	74,243	69,285	70,889	74,243	71,927	72,024	70,890
22 Other	233,178	230,957	229,031	224,581	225,626	229,031	230,192	229,141	228,412
23 Commercial banks	88,789	90,042	89,544	89,033	88,209	89,544	91,117	91,178	90,619
24 Finance companies	58,213	58,522	59,522	57,068	58,172	59,522	58,844	58,651	58,346
25 Retailers	5,016	5,120	5,450	5,187	5,234	5,450	5,391	5,352	5,430
26 Pools of securitized assets[2]	8,773	11,052	12,281	12,144	12,195	12,281	12,362	11,202	10,966

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	1992 Sept.	Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	n.a.	n.a.	8.60	n.a.	n.a.	8.57	n.a.
2 24-month personal	15.46	15.18	14.04	n.a.	n.a.	13.55	n.a.	n.a.	13.57	n.a.
3 120-month mobile home	14.02	13.70	12.67	n.a.	n.a.	12.36	n.a.	n.a.	12.38	n.a.
4 Credit card	18.17	18.23	17.78	n.a.	n.a.	17.38	n.a.	n.a.	17.26	n.a.
Auto finance companies										
5 New car	12.54	12.41	9.93	8.65	9.51	9.65	9.65	10.08	10.32	9.95
6 Used car	15.99	15.60	13.80	13.44	13.37	13.37	13.66	13.72	13.90	13.21
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	53.3	54.1	54.1	53.6	53.9	54.3	54.6
8 Used car	46.0	47.2	47.9	47.7	47.9	47.8	47.7	49.2	49.0	49.0
Loan-to-value ratio										
9 New car	87	88	89	90	89	89	90	90	91	90
10 Used car	95	96	97	97	97	97	97	97	98	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	13,889	13,885	14,043	14,315	13,975	13,849	14,013
12 Used car	8,289	8,884	9,119	8,402	9,373	9,475	9,464	9,472	9,457	9,641

1. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991			1992			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**775.8**	**740.8**	**665.0**	**442.7**	**587.4**	**534.4**	**401.4**	**371.1**	**687.5**	**583.0**	**476.0**	**603.2**
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	276.7	288.4	320.4	368.9	351.9	193.4	301.7
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	282.9	317.2	316.6	380.1	351.5	184.4	299.1
4 Agency issues and mortgages	17.4	1.6	8.2	−13.8	.2	−6.2	−28.8	3.8	−11.2	.4	9.0	2.7
5 Private	620.7	594.4	418.2	164.4	283.5	257.7	113.0	50.7	318.6	231.1	282.6	301.5
By instrument												
6 Tax-exempt obligations	53.7	65.0	51.2	45.8	53.3	48.5	53.5	45.5	52.0	73.0	52.3	35.9
7 Corporate bonds	103.1	73.8	47.1	78.8	66.3	96.5	81.6	60.2	76.3	77.5	61.3	50.3
8 Mortgages	317.3	303.0	244.0	120.1	160.8	175.9	42.6	69.7	204.8	116.6	140.1	181.7
9 Home mortgages	241.8	245.3	219.4	129.0	198.5	147.3	118.6	93.0	221.5	155.5	202.8	214.2
10 Multifamily residential	16.7	16.4	3.7	−.9	−8.3	12.7	−31.0	8.0	.0	−17.9	−2.7	−12.7
11 Commercial	60.8	42.7	21.0	−7.3	−29.9	16.6	−42.6	−31.4	−15.7	−23.2	−61.8	−18.8
12 Farm	−2.1	−1.5	−.1	−.8	.5	−.6	−2.4	.0	−1.0	2.2	1.8	−1.0
13 Consumer credit	50.1	41.7	17.5	−12.5	2.4	−7.8	−24.0	−8.0	3.1	−12.4	.4	18.8
14 Bank loans n.e.c.	41.0	40.2	4.4	−33.4	−16.8	−34.5	−18.2	−66.1	−26.9	−21.5	−3.2	−15.4
15 Open market paper	11.9	21.4	9.7	−18.4	9.8	−15.9	−36.3	−7.0	12.6	−3.4	1.7	28.4
16 Other	43.6	49.3	44.2	−15.8	7.5	−5.2	13.7	−43.6	−3.2	1.3	30.0	1.9
By borrowing sector												
17 State and local government	48.9	63.2	48.3	38.5	48.1	38.6	37.6	41.9	46.1	63.4	50.0	32.9
18 Household	318.6	305.6	254.2	144.9	215.1	178.0	132.3	104.2	229.0	177.2	220.7	233.7
19 Nonfinancial business	253.1	225.6	115.6	−18.9	20.2	41.1	−56.9	−95.4	43.6	−9.4	11.9	34.9
20 Farm	−7.5	1.6	2.5	.9	.9	2.2	−.2	−2.2	−1.6	6.6	1.0	−2.3
21 Nonfarm noncorporate	61.8	50.4	26.7	−23.6	−34.2	9.8	−65.9	−51.5	−20.7	−50.6	−40.3	−25.2
22 Corporate	198.8	173.6	86.4	3.7	53.5	29.1	9.2	−41.7	65.9	34.7	51.1	62.4
23 Foreign net borrowing in United States	6.4	10.2	23.9	14.1	24.1	−63.2	15.6	41.0	9.9	55.2	30.6	.8
24 Bonds	6.9	4.9	21.4	14.9	18.5	10.6	15.5	22.3	4.9	21.9	22.3	25.1
25 Bank loans n.e.c.	−1.8	−.1	−2.9	3.1	1.6	−3.5	1.4	6.5	1.5	14.1	3.9	−13.2
26 Open market paper	8.7	13.1	12.3	6.4	5.2	−51.9	16.0	14.9	−7.8	27.7	12.8	−11.9
27 U.S. government loans	−7.5	−7.6	−6.9	−10.2	−1.2	−18.3	−17.2	−2.7	11.4	−8.5	−8.4	.7
28 **Total domestic plus foreign**	**782.2**	**750.9**	**688.9**	**456.8**	**611.6**	**471.2**	**417.0**	**412.1**	**697.4**	**638.2**	**506.6**	**604.0**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**211.4**	**220.1**	**187.1**	**131.5**	**223.3**	**106.0**	**143.8**	**165.6**	**159.5**	**241.6**	**265.2**	**227.0**
By instrument												
30 U.S. government-related	119.8	151.0	167.4	150.0	167.1	129.4	156.0	158.5	137.4	222.8	165.6	142.7
31 Sponsored-credit-agency securities	44.9	25.2	17.1	9.2	40.2	−29.7	20.6	32.6	11.5	48.3	67.7	33.5
32 Mortgage pool securities	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
33 Loans from U.S. government	.0	.0	−.1	.0	.0	.0	.0	−.1	.0	.0	.0	.0
34 Private	91.7	69.1	19.7	−18.6	56.2	−23.4	−12.3	7.1	22.1	18.9	99.6	84.3
35 Corporate bonds	16.2	46.8	34.4	47.7	50.0	72.4	29.5	47.5	14.9	25.5	59.8	99.9
36 Mortgages	.3	.0	.3	.6	.3	.9	.4	.8	.9	.1	.3	.1
37 Bank loans n.e.c.	.6	1.9	1.2	3.2	7.2	−2.9	10.2	4.5	8.2	3.9	5.4	11.1
38 Open market paper	54.8	31.3	8.6	−32.0	−2.1	−46.0	−16.7	−12.7	7.6	−16.3	12.8	−12.6
39 Loans from Federal Home Loan Banks	19.7	−11.0	−24.7	−38.0	.8	−47.7	−35.7	−33.0	−9.5	5.7	21.3	−14.2
By borrowing sector												
40 Sponsored credit agencies	44.9	25.2	17.0	9.1	40.2	−29.7	20.6	32.5	11.5	48.3	67.7	33.5
41 Mortgage pools	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
42 Private	91.7	69.1	19.7	−18.6	56.2	−23.4	−12.3	7.1	22.1	18.9	99.6	84.3
43 Commercial banks	−3.0	−1.4	−1.1	−13.3	4.5	−11.7	−9.2	−14.1	7.2	.8	1.6	8.2
44 Bank affiliates	5.2	6.2	−27.7	−2.5	1.1	−3.5	−6.8	9.6	2.7	−8.2	10.5	−.4
45 Savings and loan associations	19.9	−14.1	−29.9	−39.5	−4.6	−48.7	−41.1	−25.1	−20.3	2.7	10.0	−10.6
46 Mutual savings banks	1.9	−1.4	−.5	−3.5	1.7	−1.7	−5.5	−8.7	4.3	.3	8.3	−6.2
47 Finance companies	31.5	59.7	35.6	4.5	14.3	3.4	12.2	12.9	1.0	−20.9	28.9	48.0
48 Real estate investment trusts (REITs)	3.6	−1.9	−1.9	.0	1.8	.1	−.3	.1	4.6	.9	1.3	.5
49 Securitized credit obligation (SCO) issuers	32.5	22.0	45.2	35.6	37.4	38.7	38.5	32.3	22.5	43.2	39.1	44.8

1.57—Continued

Transaction category or sector	1988	1989	1990	1991	1992	1991			1992			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
50 **Total net borrowing, all sectors**	**993.6**	**971.0**	**876.0**	**588.3**	**834.9**	**577.2**	**560.8**	**577.7**	**856.9**	**879.8**	**771.8**	**831.0**
51 U.S. government securities	274.9	297.3	414.4	428.3	471.1	406.1	444.4	479.0	506.3	574.7	359.0	444.4
52 State and local obligations	53.7	65.0	51.2	45.8	53.3	48.5	53.5	45.5	52.0	73.0	52.3	35.9
53 Corporate and foreign bonds	126.3	125.5	102.9	141.3	134.9	179.5	126.7	130.0	96.0	124.9	143.4	175.3
54 Mortgages	317.5	303.0	244.3	120.7	161.1	176.9	43.0	70.5	205.7	116.7	140.3	181.8
55 Consumer credit	50.1	41.7	17.5	−12.5	2.4	−7.8	−24.0	−8.0	3.1	−12.4	.4	18.8
56 Bank loans n.e.c.	39.9	41.9	2.8	−27.1	−8.0	−40.9	−6.7	−55.1	−17.2	−3.5	6.1	−17.5
57 Open market paper	75.4	65.9	30.7	−44.0	12.9	−113.8	−37.0	−4.9	12.4	8.1	27.3	3.9
58 Other loans	55.8	30.6	12.4	−64.2	7.1	−71.2	−39.1	−79.3	−1.3	−1.6	43.0	−11.6
	External corporate equity funds raised in United States											
59 **Total net share issues**	**−118.4**	**−65.7**	**22.1**	**198.8**	**272.1**	**182.3**	**232.5**	**268.2**	**230.3**	**291.7**	**288.6**	**277.7**
60 Mutual funds	6.1	38.5	67.9	150.5	206.4	125.6	182.5	195.9	148.4	236.3	233.3	207.5
61 All other	−124.5	−104.2	−45.8	48.3	65.7	56.7	50.0	72.3	81.9	55.4	55.3	70.2
62 Nonfinancial corporations	−129.5	−124.2	−63.0	18.3	26.8	12.0	19.0	48.0	46.0	36.0	11.0	14.0
63 Financial corporations	4.1	2.7	9.8	−.1	7.4	8.1	−3.2	1.4	6.0	8.4	8.1	7.3
64 Foreign shares purchased in United States	.9	17.2	7.4	30.2	31.5	36.6	34.1	22.9	29.9	11.0	36.2	48.9

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 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**993.6**	**971.0**	**876.0**	**588.3**	**834.9**	**577.2**	**560.8**	**577.7**	**856.9**	**879.8**	**771.8**	**831.0**
2 Private domestic nonfinancial sectors	226.2	209.6	203.8	10.5	60.6	187.7	−143.2	−59.7	206.5	120.6	−162.8	78.0
3 Households	198.9	179.5	172.3	−24.8	65.8	171.3	−185.8	−105.9	227.2	111.3	−160.3	84.9
4 Nonfarm noncorporate business	3.1	−.8	−1.4	−1.9	−2.1	−2.0	−1.6	−2.1	−1.9	−2.5	−1.9	−1.9
5 Nonfinancial corporate business	5.7	12.9	6.6	20.9	8.4	29.0	32.2	30.1	−2.7	8.4	15.4	12.5
6 State and local governments	18.6	17.9	26.2	16.3	−11.5	−10.6	12.1	18.2	−16.1	3.4	−15.9	−17.6
7 U.S. government	−10.6	−3.1	33.7	10.0	−12.4	24.8	−2.1	−17.9	13.9	−24.9	−26.8	−12.0
8 Foreign	96.3	74.1	58.4	42.6	97.6	51.4	37.3	71.0	88.4	138.4	64.2	99.6
9 Financial sectors	681.8	690.4	580.2	525.1	689.1	313.3	668.7	584.3	548.0	645.6	897.2	665.5
10 Sponsored credit agencies	37.1	−.5	16.4	14.2	62.7	−25.2	35.8	18.6	93.0	40.0	76.4	41.6
11 Mortgage pools	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	−4.0	48.1	22.3	33.2	9.8	10.8	57.8
13 Commercial banking	157.1	176.8	125.4	84.0	90.7	34.7	82.4	104.3	98.9	58.4	157.4	48.1
14 U.S. commercial banks	127.1	145.7	95.2	38.9	69.2	6.4	26.5	45.6	91.9	.5	132.0	52.4
15 Foreign banking offices	29.4	26.7	28.4	48.5	14.5	33.7	56.7	61.3	.6	58.6	6.5	−7.6
16 Bank affiliates	−.1	2.8	−2.8	−1.5	6.7	−2.6	2.4	−1.1	6.4	−.6	18.5	2.5
17 Banks in U.S. possession	.7	1.6	4.5	−1.9	.3	−2.8	−3.3	−1.5	.0	−.1	.4	.8
18 Private nonbank finance	402.2	395.7	279.9	255.0	380.9	148.8	367.0	313.1	197.0	362.9	554.7	408.8
19 Thrift institutions	119.0	−91.0	−151.9	−144.9	−63.8	−164.8	−176.8	−49.7	−113.3	−81.6	−41.9	−18.5
20 Savings and loan associations	87.4	−93.9	−143.9	−140.9	−77.0	−144.0	−156.3	−83.3	−137.9	−92.4	−38.5	−39.1
21 Mutual savings banks	15.3	−4.8	−16.5	−15.5	−2.8	−31.1	−30.8	11.5	7.6	−7.4	−13.0	1.5
22 Credit unions	16.3	7.7	8.5	11.5	16.0	10.2	10.3	22.2	17.0	18.3	9.6	19.0
23 Insurance	186.2	207.7	188.5	218.7	184.9	216.3	257.1	156.5	114.2	183.6	227.8	213.9
24 Life insurance companies	103.8	93.1	94.4	83.2	94.9	132.8	73.8	13.2	80.6	81.9	96.5	120.4
25 Other insurance companies	29.2	29.7	26.5	34.7	17.3	37.0	36.8	32.1	33.1	22.2	2.5	11.2
26 Private pension funds	18.1	36.2	16.6	63.9	37.8	−2.5	113.1	94.2	−28.7	49.5	90.5	39.7
27 State and local government retirement funds	35.1	48.7	51.0	37.0	35.0	49.0	33.4	17.0	29.2	30.0	38.2	42.6
28 Finance n.e.c.	96.9	278.9	243.3	181.3	259.8	97.4	286.7	206.3	196.1	260.9	368.9	213.4
29 Finance companies	49.2	69.3	41.6	−23.1	20.8	−14.5	−5.2	−54.1	40.8	−23.0	14.2	51.2
30 Mutual funds	11.9	23.8	41.4	90.3	123.6	75.3	117.1	124.8	64.0	169.1	150.7	110.4
31 Money market funds	10.7	67.1	80.9	30.1	2.5	−68.9	1.1	53.8	61.9	−20.9	−16.3	−14.7
32 Real estate investment trusts (REITs)	.9	.5	−.7	−.7	1.5	−.1	−.6	−.9	−.7	2.6	−2.8	7.0
33 Brokers and dealers	−8.2	96.3	34.9	49.0	74.0	66.8	135.8	50.5	7.5	89.8	184.0	14.7
34 Securitized credit obligation (SCOs) issuers	32.5	22.0	45.2	35.6	37.4	38.7	38.5	32.3	22.5	43.2	39.1	44.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**993.6**	**971.0**	**876.0**	**588.3**	**834.9**	**577.2**	**560.8**	**577.7**	**856.9**	**879.8**	**771.8**	**831.0**
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	−5.9	−3.5	−4.8	−15.5	−5.0	3.5	−6.5	−8.5	−2.4
37 Treasury currency and special drawing rights	.5	4.1	2.5	.0	−1.8	.4	.4	.5	.1	.3	.2	−7.7
38 Life insurance reserves	25.3	28.8	25.7	24.5	32.0	31.4	19.4	19.2	30.5	28.7	32.5	36.4
39 Pension fund reserves	193.6	221.4	186.8	267.7	227.3	194.7	342.2	241.5	129.0	178.6	305.3	296.2
40 Interbank claims	2.9	−16.5	34.2	−3.7	46.4	−79.6	99.9	−32.5	56.1	20.8	119.4	−10.7
41 Deposits at financial institutions	259.9	290.0	96.8	61.1	50.8	−75.4	27.3	47.8	74.7	−55.2	223.9	−40.3
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.1	7.9	104.5	114.4	88.6	92.8	202.7	104.1
43 Small time and savings deposits	120.8	96.7	59.9	16.7	−62.8	−1.1	−42.4	13.0	−29.9	−89.3	−79.0	−52.9
44 Large time deposits	53.6	17.6	−66.7	−60.9	−79.1	−63.0	−78.1	−117.4	−78.8	−104.9	−54.8	−77.8
45 Money market fund shares	21.9	90.1	70.3	41.2	8.3	−58.7	4.0	26.8	106.2	−38.3	−13.0	−21.7
46 Security repurchase agreements	23.5	78.3	−23.5	−16.4	71.8	43.1	36.3	16.0	15.5	136.9	128.7	6.1
47 Foreign deposits	−3.1	1.1	12.6	4.6	−9.5	−3.6	3.0	−5.0	−26.9	−52.5	39.3	2.0
48 Mutual fund shares	6.1	38.5	67.9	150.5	206.4	125.6	182.5	195.9	148.4	236.3	233.3	207.5
49 Corporate equities	−124.5	−104.2	−45.8	48.3	65.7	56.7	50.0	72.3	81.9	55.4	55.3	70.2
50 Security credit	3.0	15.6	3.5	51.4	11.1	20.1	82.4	120.7	−70.0	−4.3	76.4	42.5
51 Trade debt	89.2	60.0	44.1	10.4	51.2	41.2	47.6	−7.3	75.2	36.0	51.8	41.8
52 Taxes payable	5.3	2.0	−.5	−9.0	4.7	−11.4	13.1	−3.2	−2.3	10.7	7.1	3.4
53 Noncorporate proprietors' equity	−31.2	−32.5	−39.3	−.8	−10.6	−33.6	45.6	5.2	−19.0	11.6	−16.2	−18.9
54 Miscellaneous	222.3	269.9	120.5	140.1	201.8	89.0	38.7	205.1	194.7	275.8	214.8	121.9
55 **Total financial sources**	**1,650.2**	**1,772.7**	**1,374.3**	**1,323.0**	**1,716.4**	**931.6**	**1,494.5**	**1,438.0**	**1,559.8**	**1,668.1**	**2,066.9**	**1,571.0**
Floats not included in assets (−)												
56 U.S. government checking deposits	1.6	8.4	3.3	−13.1	.1	15.6	23.9	−73.1	4.4	−11.7	−5.3	13.0
57 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	3.0	−2.1	−6.1	16.7	2.5	−13.9	1.1
58 Trade credit	−.9	.6	21.5	18.4	−4.5	40.7	27.2	−3.7	6.7	−29.1	24.3	−19.8
Liabilities not identified as assets (−)												
59 Treasury currency	−.1	−.2	.2	−.6	−.2	−.3	−.2	−.1	−.4	−.1	−.3	−.1
60 Interbank claims	−3.0	−4.4	1.6	26.2	−6.3	20.8	28.4	.2	13.4	−15.1	−2.6	−20.8
61 Security repurchase agreements	−29.8	23.9	−34.8	10.4	41.5	76.2	36.9	44.0	−41.1	104.2	76.4	26.6
62 Taxes payable	6.3	2.3	6.5	5.6	9.8	2.0	23.4	11.4	−11.3	25.7	23.0	1.8
63 Miscellaneous	4.4	−95.6	−13.8	−30.6	−19.2	6.4	−191.8	182.3	−71.0	−76.1	3.6	66.8
64 **Totals identified to sectors as assets**	**1,670.7**	**1,841.0**	**1,387.5**	**1,304.7**	**1,693.6**	**767.1**	**1,548.9**	**1,283.1**	**1,642.4**	**1,667.8**	**1,961.6**	**1,502.5**

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			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,087.1**	**10,760.8**	**11,200.9**	**11,788.3**	**10,960.1**	**11,081.3**	**11,200.9**	**11,331.8**	**11,471.8**	**11,615.3**	**11,788.3**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,591.9	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,567.1	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	24.8	17.6	18.6	15.8	15.9	18.1	18.8
5 Private	7,835.9	8,262.6	8,424.5	8,708.0	8,368.2	8,394.1	8,424.5	8,472.0	8,548.5	8,616.4	8,708.0
By instrument											
6 Tax-exempt obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7
7 Corporate bonds	926.1	973.2	1,051.9	1,118.3	1,016.5	1,036.9	1,051.9	1,071.0	1,090.4	1,105.7	1,118.3
8 Mortgages	3,647.5	3,907.3	4,027.3	4,188.1	3,998.5	4,011.1	4,027.3	4,069.4	4,107.7	4,144.1	4,188.1
9 Home mortgages	2,515.1	2,760.0	2,889.0	3,087.5	2,835.3	2,866.9	2,889.0	2,935.3	2,983.3	3,035.4	3,087.5
10 Multifamily residential	304.4	305.8	304.9	296.6	310.6	302.9	304.9	304.9	300.4	299.7	296.6
11 Commercial	742.6	757.6	750.3	720.4	768.8	758.1	750.3	746.4	740.6	725.1	720.4
12 Farm	85.3	84.0	83.2	83.7	83.8	83.2	83.2	82.9	83.5	83.9	83.7
13 Consumer credit	791.8	809.3	796.7	799.2	786.7	785.9	796.7	775.7	775.8	781.1	799.2
14 Bank loans n.e.c.	760.7	758.0	724.6	707.8	742.0	734.1	724.6	712.5	709.4	705.2	707.8
15 Open market paper	107.1	116.9	98.5	108.3	119.4	107.0	98.5	110.3	111.7	108.3	108.3
16 Other	598.4	642.6	624.1	631.6	632.6	629.8	624.1	621.6	624.9	626.4	631.6
By borrowing sector											
17 State and local government	815.7	864.0	902.5	950.6	878.5	891.4	902.5	911.3	925.9	942.3	950.6
18 Household	3,508.2	3,780.6	3,925.5	4,140.6	3,846.7	3,886.0	3,925.5	3,950.6	4,008.1	4,068.6	4,140.6
19 Nonfinancial business	3,512.0	3,618.0	3,596.5	3,616.7	3,643.0	3,616.7	3,596.5	3,610.1	3,614.5	3,605.5	3,616.7
20 Farm	139.2	140.5	138.8	139.7	139.6	140.4	138.8	136.4	140.1	141.2	139.7
21 Nonfarm noncorporate	1,177.5	1,204.2	1,180.6	1,146.4	1,210.8	1,191.0	1,180.6	1,174.9	1,163.7	1,150.6	1,146.4
22 Corporate	2,195.3	2,273.4	2,277.1	2,330.6	2,292.7	2,285.3	2,277.1	2,298.9	2,310.7	2,313.7	2,330.6
23 **Foreign credit market debt held in United States**	**254.8**	**278.6**	**292.7**	**307.6**	**277.6**	**282.2**	**292.7**	**282.4**	**298.4**	**306.9**	**307.6**
24 Bonds	88.0	109.4	124.2	142.7	114.8	118.6	124.2	125.4	130.9	136.5	142.7
25 Bank loans n.e.c.	21.4	18.5	21.6	23.2	19.7	20.0	21.6	22.0	25.5	26.5	23.2
26 Open market paper	63.0	75.3	81.8	77.7	74.0	78.0	81.8	70.5	77.5	80.7	77.7
27 U.S. government loans	82.4	75.4	65.2	64.0	69.1	65.6	65.2	64.4	64.5	63.4	64.0
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,341.9**	**11,039.4**	**11,493.6**	**12,095.9**	**11,237.7**	**11,363.5**	**11,493.6**	**11,614.1**	**11,770.2**	**11,922.2**	**12,095.9**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,333.0**	**2,524.2**	**2,665.9**	**2,890.1**	**2,578.2**	**2,615.1**	**2,665.9**	**2,697.7**	**2,756.6**	**2,824.0**	**2,890.1**
By instrument											
30 U.S. government-related	1,249.3	1,418.4	1,574.3	1,741.5	1,489.6	1,531.1	1,574.3	1,603.8	1,658.3	1,702.0	1,741.5
31 Sponsored credit-agency securities	373.3	393.7	402.9	443.1	389.6	394.7	402.9	405.7	417.8	434.7	443.1
32 Mortgage pool securities	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.9	4.9	4.8	4.8	4.8	4.8	4.8
34 Private	1,083.7	1,105.8	1,091.6	1,148.6	1,088.6	1,084.0	1,091.6	1,094.0	1,098.3	1,122.0	1,148.6
35 Corporate bonds	491.9	528.2	580.2	621.8	562.2	569.5	580.2	578.2	583.2	598.4	621.8
36 Mortgages	3.4	4.2	4.8	5.1	4.5	4.6	4.8	5.0	5.0	5.1	5.1
37 Bank loans n.e.c.	37.5	38.6	41.8	49.0	37.0	39.0	41.8	41.6	43.7	44.5	49.0
38 Open market paper	409.1	417.7	385.7	392.8	390.1	387.0	385.7	392.9	389.5	393.9	392.8
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	94.7	83.9	79.1	76.3	76.9	80.2	79.9
By borrowing sector											
40 Sponsored credit agencies	378.3	398.5	407.7	447.9	394.4	399.5	407.7	410.5	422.6	439.5	447.9
41 Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
42 Private financial sectors	1,083.7	1,105.8	1,091.6	1,148.6	1,088.6	1,084.0	1,091.6	1,094.0	1,098.3	1,122.0	1,148.6
43 Commercial banks	77.4	76.3	63.0	67.4	65.9	64.6	63.0	60.8	61.7	63.3	67.4
44 Bank affiliates	142.5	114.8	112.3	113.4	113.3	110.6	112.3	115.0	112.7	114.4	113.4
45 Savings and loan associations	145.2	115.3	75.9	71.3	91.0	79.0	75.9	71.2	70.3	70.9	71.3
46 Mutual savings banks	17.2	16.7	13.2	14.9	16.6	15.2	13.2	13.5	14.3	16.2	14.9
47 Finance companies	504.2	539.8	547.9	562.2	540.4	543.7	547.9	547.1	541.8	549.4	562.2
48 Real estate investment trusts (REITs)	10.1	10.6	11.4	14.0	11.0	11.2	11.4	12.7	13.2	13.7	14.0
49 Securitized credit obligation (SCO) issuers	187.1	232.3	268.0	305.4	250.3	259.9	268.0	273.6	284.4	294.2	305.4
	All sectors										
50 **Total credit market debt, domestic and foreign**	**12,674.9**	**13,563.6**	**14,159.6**	**14,985.9**	**13,815.9**	**13,978.7**	**14,159.6**	**14,311.9**	**14,526.8**	**14,746.2**	**14,985.9**
51 U.S. government securities	3,495.6	3,911.7	4,345.9	4,817.0	4,076.6	4,213.5	4,345.9	4,458.7	4,576.8	4,696.0	4,817.0
52 State and local obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7
53 Corporate and foreign bonds	1,506.0	1,610.7	1,756.4	1,882.8	1,693.5	1,725.0	1,756.4	1,774.6	1,804.5	1,840.5	1,882.8
54 Mortgages	3,650.9	3,911.5	4,032.1	4,193.3	4,003.0	4,015.6	4,032.1	4,074.5	4,112.7	4,149.2	4,193.3
55 Consumer credit	791.8	809.3	796.7	799.2	786.7	785.9	796.7	775.7	775.8	781.1	799.2
56 Bank loans n.e.c.	819.6	815.1	788.0	780.0	798.7	793.2	788.0	776.1	778.7	776.1	780.0
57 Open market paper	579.2	609.9	565.9	578.8	583.6	572.0	565.9	573.7	578.7	582.9	578.8
58 Other loans	827.5	839.9	773.2	780.3	801.4	784.2	773.2	767.1	771.1	774.8	780.3

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 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**12,674.9**	**13,563.6**	**14,159.6**	**14,985.9**	**13,815.9**	**13,978.7**	**14,159.6**	**14,311.9**	**14,526.8**	**14,746.2**	**14,985.9**
2 Private domestic nonfinancial sectors	2,440.5	2,644.2	2,531.9	2,584.0	2,661.3	2,653.8	2,531.9	2,546.1	2,548.9	2,539.7	2,584.0
3 Households	1,710.1	1,882.3	1,734.7	1,791.9	1,889.5	1,881.0	1,734.7	1,766.5	1,756.8	1,759.2	1,791.9
4 *Nonfarm noncorporate business*	56.4	55.0	53.1	51.1	53.3	52.9	53.1	51.9	51.3	50.8	51.1
5 Nonfinancial corporate business	180.3	186.9	207.9	216.3	189.7	189.9	207.9	196.2	207.5	202.1	216.3
6 State and local governments	493.7	519.9	536.2	524.7	528.8	530.0	536.2	531.4	533.3	527.6	524.7
7 U.S. government	205.1	238.7	246.2	233.7	252.9	252.0	246.2	250.2	245.3	238.1	233.7
8 Foreign	734.2	792.4	835.1	932.8	807.9	817.2	835.1	857.2	891.8	907.9	932.8
9 Financial sectors	9,295.1	9,888.3	10,546.4	11,235.5	10,093.8	10,255.6	10,546.4	10,658.4	10,840.9	11,060.5	11,235.5
10 Sponsored credit agencies	367.2	383.6	397.7	460.5	382.0	389.3	397.7	419.9	429.0	446.3	460.5
11 Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
12 Monetary authority	233.3	241.4	272.5	300.4	253.7	264.7	272.5	271.8	282.6	285.2	300.4
13 Commercial banking	2,643.9	2,769.3	2,853.3	2,944.0	2,796.6	2,817.8	2,853.3	2,860.6	2,882.9	2,922.9	2,944.0
14 U.S. commercial banks	2,368.4	2,463.6	2,502.5	2,571.7	2,480.0	2,488.7	2,502.5	2,514.0	2,521.9	2,556.7	2,571.7
15 Foreign banking offices	242.3	270.8	319.2	333.8	284.4	297.5	319.2	313.3	328.2	328.9	333.8
16 Bank affiliates	16.2	13.4	11.9	18.6	11.3	11.6	11.9	13.6	13.1	17.5	18.6
17 Banks in U.S. possession	17.1	21.6	19.7	20.0	20.9	20.0	19.7	19.7	19.7	19.8	20.0
18 Private nonbank finance	5,179.7	5,474.1	5,856.2	6,237.1	5,566.4	5,652.2	5,856.2	5,913.0	6,010.7	6,143.6	6,237.1
19 *Thrift institutions*	1,484.9	1,335.5	1,190.6	1,126.8	1,248.4	1,205.1	1,190.6	1,161.8	1,143.0	1,133.2	1,126.8
20 Savings and loan associations	1,088.9	945.1	804.2	727.2	866.3	826.1	804.2	771.1	748.8	737.9	727.2
21 Mutual savings banks	241.1	227.1	211.5	208.7	216.4	208.7	211.5	213.4	211.6	208.3	208.7
22 Credit unions	154.9	163.4	174.9	190.9	165.7	170.2	174.9	177.2	182.6	187.0	190.9
23 Insurance	2,140.3	2,329.1	2,674.9	2,859.8	2,443.9	2,507.4	2,674.9	2,708.0	2,756.2	2,812.2	2,859.8
24 Life insurance companies	1,013.1	1,116.5	1,199.6	1,294.5	1,183.7	1,201.4	1,199.6	1,224.3	1,247.1	1,270.3	1,294.5
25 Other insurance companies	317.5	344.0	378.7	396.0	361.4	370.7	378.7	387.0	392.5	393.1	396.0
26 Private pension funds	394.7	431.3	622.2	660.0	437.1	465.4	622.2	615.1	627.4	650.1	660.0
27 State and local government retirement funds	414.9	437.4	474.3	509.3	461.7	470.1	474.3	481.6	489.1	498.7	509.3
28 Finance n.e.c.	1,554.5	1,809.4	1,990.7	2,250.5	1,874.1	1,939.7	1,990.7	2,043.3	2,111.5	2,198.2	2,250.5
29 Finance companies	617.1	658.7	635.6	656.4	651.7	647.4	635.6	641.0	641.6	642.5	656.4
30 Mutual funds	307.2	360.2	450.5	574.0	394.4	421.4	450.5	470.0	513.3	548.7	574.0
31 Money market funds	291.8	372.7	402.7	405.2	389.9	389.5	402.7	423.1	413.5	408.8	405.2
32 Real estate investment trusts (REITs)	8.4	7.7	7.0	8.5	7.4	7.2	7.0	6.8	7.5	6.8	8.5
33 Brokers and dealers	142.9	177.9	226.9	300.9	180.4	214.3	226.9	228.8	251.2	297.3	300.9
34 *Securitized credit obligation (SCOs) issuers*	187.1	232.3	268.0	305.4	250.3	259.9	268.0	273.6	284.4	294.2	305.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**12,674.9**	**13,563.6**	**14,159.6**	**14,985.9**	**13,815.9**	**13,978.7**	**14,159.6**	**14,311.9**	**14,526.8**	**14,746.2**	**14,985.9**
Other liabilities											
36 Official foreign exchange	53.6	61.3	55.4	51.8	53.6	52.9	55.4	52.7	54.4	55.4	51.8
37 Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.1	26.2	26.3	26.3	26.4	26.5	24.5
38 Life insurance reserves	354.3	380.0	402.0	434.0	392.3	397.2	402.0	409.6	416.8	424.9	434.0
39 Pension fund reserves	3,210.5	3,303.0	4,223.4	4,585.8	3,550.9	3,716.5	4,223.4	4,242.1	4,294.2	4,429.1	4,585.8
40 Interbank claims	32.4	64.0	65.2	111.4	35.9	60.9	65.2	67.4	70.7	101.8	111.4
41 Deposits at financial institutions	4,644.6	4,741.4	4,802.5	4,853.3	4,765.7	4,769.5	4,802.5	4,796.7	4,790.9	4,843.1	4,853.3
42 *Checkable deposits and currency*	888.6	932.8	1,008.5	1,130.3	933.1	948.3	1,008.5	984.3	1,032.3	1,071.6	1,130.3
43 Small time and savings deposits	2,265.4	2,325.3	2,342.0	2,279.3	2,351.5	2,339.7	2,342.0	2,340.9	2,314.7	2,294.3	2,279.3
44 Large time deposits	615.4	548.7	487.9	409.0	532.6	517.1	487.9	469.7	438.7	428.8	409.0
45 Money market fund shares	428.1	498.4	539.6	547.9	532.8	533.1	539.6	571.0	557.2	553.2	547.9
46 Security repurchase agreements	403.2	379.7	363.4	435.2	354.0	368.9	363.4	376.4	406.8	444.1	435.2
47 Foreign deposits	43.9	56.6	61.2	51.6	61.7	62.4	61.2	54.4	41.3	51.1	51.6
48 Mutual fund shares	566.2	602.1	813.9	1,056.5	683.7	744.2	813.9	857.7	935.5	977.4	1,056.5
49 Security credit	133.9	137.4	188.9	224.3	137.5	158.1	188.9	195.1	194.1	213.1	224.3
50 Trade debt	903.9	938.0	940.9	992.1	909.4	935.3	940.9	940.9	945.3	974.6	992.1
51 Taxes payable	81.8	81.4	72.3	77.1	65.8	71.9	72.3	74.2	69.8	74.8	77.1
52 Miscellaneous	2,508.3	2,678.8	2,811.7	2,921.0	2,699.2	2,733.4	2,811.7	2,828.8	2,875.3	2,915.2	2,921.0
53 **Total liabilities**	**25,188.3**	**26,577.2**	**28,562.1**	**30,317.6**	**27,136.1**	**27,644.8**	**28,562.1**	**28,803.3**	**29,200.2**	**29,782.1**	**30,317.6**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.0	22.0	22.3	19.6	21.4	21.8	22.3	22.0	22.1	23.2	19.6
55 Corporate equities	3,819.7	3,506.6	4,630.0	5,127.7	4,104.7	4,338.5	4,630.0	4,739.7	4,678.1	4,860.5	5,127.7
56 Household equity in noncorporate business	2,524.9	2,449.4	2,367.8	2,263.6	2,511.8	2,495.2	2,367.8	2,373.5	2,354.7	2,330.9	2,263.6
Floats not included in assets (−)											
57 U.S. government checking deposits	6.1	15.0	3.8	6.8	8.3	19.8	3.8	.9	1.4	4.0	6.8
58 Other checkable deposits	26.5	28.9	30.9	32.5	29.9	23.6	30.9	29.5	32.6	23.3	32.5
59 Trade credit	−159.7	−148.0	−134.0	−138.5	−157.7	−154.2	−134.0	−135.2	−154.7	−152.7	−138.5
Liabilities not identified as assets (−)											
60 Treasury currency	−4.3	−4.1	−4.8	−5.0	−4.7	−4.7	−4.8	−4.9	−4.9	−5.0	−5.0
61 Interbank claims	−31.0	−32.0	−4.2	−10.7	−9.9	−4.7	−4.2	−1.8	−4.0	−5.9	−10.7
62 Security repurchase agreements	11.5	−23.3	−12.9	27.1	−25.8	−10.6	−12.9	−10.1	11.6	36.5	27.1
63 Taxes payable	20.6	21.8	18.9	28.9	11.8	17.6	18.9	11.5	18.0	24.4	28.9
64 Miscellaneous	−251.1	−247.3	−452.3	−549.3	−242.3	−300.8	−452.3	−443.0	−455.7	−510.1	−549.3
65 **Totals identified to sectors as assets**	**31,935.2**	**32,944.3**	**36,136.8**	**38,336.6**	**34,164.3**	**34,914.2**	**36,136.8**	**36,491.8**	**36,810.8**	**37,582.0**	**38,336.6**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 through L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, 1987=100 except as noted

Measure	1990[r]	1991	1992	1992					1993			
				Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Industrial production**[1]	**106.0**	**104.1**	**106.5**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**109.9**	**110.0**
Market groupings												
2 Products, total	105.5	103.1	105.6	105.9	105.3	107.1	107.8	108.2	108.5	109.1	109.1	109.1
3 Final, total	107.0	105.3	108.2	108.9	108.1	110.1	111.0	111.5	111.9	112.3	112.3	112.5
4 Consumer goods	103.4	102.8	105.2	105.1	104.4	106.4	107.1	107.5	107.6	108.2	108.1	107.9
5 Equipment	112.1	108.9	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.1	118.4	119.1
6 Intermediate	101.2	96.5	97.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.4	98.6
7 Materials	106.8	105.5	107.9	107.6	107.4	108.1	109.3	110.0	110.4	111.0	111.0	111.4
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.6	111.0
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	78.7	78.4	79.2	79.7	79.8	80.3	80.5	80.5	80.7
10 Construction contracts[3]	95.3	89.7	93.6	90.0	89.0	104.0	92.0	90.0	100.0	95.0	94.0	94.0
11 Nonagricultural employment, total[4]	107.4	106.0	106.1	106.2	106.2	106.2	106.3	106.4	106.5	106.9	106.8	107.0
12 Goods-producing, total	101.0	96.4	94.8	94.6	94.3	94.2	94.2	94.2	94.2	94.6	94.3	94.0
13 Manufacturing, total	100.5	97.0	95.6	95.4	95.2	94.9	95.0	94.9	95.1	95.2	95.1	94.7
14 Manufacturing, production worker	100.1	96.1	95.2	94.9	94.6	94.3	94.6	94.7	95.2	95.2	95.1	94.8
15 Service-producing	109.5	109.0	109.7	109.9	110.0	110.1	110.2	110.3	110.5	110.8	110.9	111.1
16 Personal income, total	122.7	127.0	133.0	133.0	133.6	135.3	135.3	136.6	137.4	137.5	138.4	138.4
17 Wages and salary disbursements	121.3	124.4	129.0	129.6	129.5	130.5	131.2	132.3	133.1	132.9	132.9	133.2
18 Manufacturing	113.5	113.6	115.4	115.3	115.3	116.5	116.0	118.0	117.2	117.8	117.8	118.3
19 Disposable personal income[5]	122.9	128.0	134.7	134.6	135.2	137.0	136.8	138.2	138.8	139.0	140.0	140.0
20 Retail sales[6]	120.2	121.3	127.2	127.3	128.1	130.7	130.5	131.9	132.0	131.9	130.8	132.4
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	140.9	141.3	141.8	142.0	141.9	142.6	143.1	143.6	144.0
22 Producer finished goods (1982=100)	119.2	121.7	123.2	123.6	123.3	124.4	124.0	123.8	124.0	124.3	124.6	125.3

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Co., F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Bureau of the Census, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1992				1993			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**189,686**	**191,329**	**193,142**	**193,513**	**193,683**	**193,847**	**194,026**	**194,159**	**194,298**	**194,456**	**194,618**
2 Labor force[1]	126,424	126,867	128,548	128,840	128,618	128,896	129,108	128,598	128,839	128,926	128,833
3 Civilian labor force	124,787	125,303	126,982	127,274	127,066	127,365	127,591	127,083	127,327	127,429	127,341
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	114,503	114,518	114,855	115,049	114,879	115,335	115,483	115,356
5 Agriculture	3,186	3,233	3,207	3,221	3,169	3,209	3,262	3,191	3,116	3,082	3,060
Unemployment											
6 Number	6,874	8,426	9,384	9,550	9,379	9,301	9,280	9,013	8,876	8,864	8,925
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.5	7.4	7.3	7.3	7.1	7.0	7.0	7.0
8 Not in labor force	63,262	64,462	64,594	64,673	65,065	64,951	64,918	65,561	65,459	65,530	65,785
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**109,782**	**108,310**	**108,434**	**108,497**	**108,571**	**108,646**	**108,752**	**108,865**	**109,203**	**109,194**	**109,313**
10 Manufacturing	19,117	18,455	18,192	18,102	18,046	18,068	18,062	18,092	18,112	18,088	18,023
11 Mining	710	691	635	620	623	622	619	616	605	607	603
12 Contract construction	5,133	4,685	4,594	4,574	4,601	4,590	4,582	4,559	4,657	4,598	4,588
13 Transportation and public utilities	5,808	5,772	5,741	5,738	5,731	5,732	5,742	5,763	5,771	5,770	5,768
14 Trade	25,877	25,328	25,120	25,079	25,115	25,092	25,132	25,222	25,363	25,351	25,371
15 Finance	6,729	6,678	6,672	6,669	6,680	6,669	6,677	6,682	6,681	6,680	6,697
16 Service	28,130	28,323	28,903	29,065	29,152	29,188	29,253	29,267	29,322	29,400	29,551
17 Government	18,304	18,380	18,578	18,650	18,623	18,685	18,685	18,664	18,692	18,700	18,712

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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)			
1 **Total industry**	**106.3**	**106.5**	**108.3**	**109.7**	**133.2**	**133.7**	**134.2**	**134.8**	**79.8**	**79.7**	**80.7**	**81.4**
2 Manufacturing	106.7	107.0	108.7	110.4	135.4	136.0	136.6	137.2	78.8	78.7	79.6	80.4
3 Primary processing	103.9	103.7	104.7	106.5	126.1	126.4	126.6	126.8	82.4	82.1	82.7	83.9
4 Advanced processing	108.0	108.5	110.6	112.2	139.8	140.6	141.3	142.1	77.3	77.2	78.3	79.0
5 Durable goods	107.8	108.3	110.8	113.6	141.2	141.9	142.6	143.4	76.3	76.3	77.7	79.2
6 Lumber and products	95.1	96.0	98.5	100.2	112.3	112.4	112.5	112.6	84.7	85.4	87.6	89.0
7 Primary metals	101.3	99.7	101.5	105.1	125.6	125.3	125.0	124.9	80.7	79.6	81.2	84.2
8 Iron and steel	104.7	103.5	105.0	109.6	130.8	130.4	129.9	129.8	80.1	79.4	80.8	84.5
9 Nonferrous	96.7	94.5	96.7	99.0	118.5	118.3	118.2	118.1	81.6	79.8	81.8	83.8
10 Nonelectrical machinery	122.6	126.8	132.4	137.2	159.0	160.6	162.1	163.7	77.1	79.0	81.7	83.8
11 Electrical machinery	119.0	120.9	124.0	126.9	149.9	151.3	152.6	154.1	79.4	80.0	81.2	82.3
12 Motor vehicles and parts	105.7	103.6	111.4	120.8	151.2	152.9	154.5	155.8	69.9	67.7	72.1	77.5
13 Aerospace and miscellaneous transportation equipment	101.3	99.5	97.7	95.7	135.7	135.7	135.8	135.7	74.7	73.3	72.0	70.5
14 Nondurable goods	105.4	105.4	106.1	106.4	128.3	128.7	129.1	129.6	82.2	81.9	82.1	82.1
15 Textile mill products	104.6	105.2	105.2	106.4	116.4	116.6	116.7	116.9	89.8	90.3	90.1	91.0
16 Paper and products	108.7	108.6	107.9	109.7	121.3	121.7	122.1	122.5	89.6	89.2	88.4	89.6
17 Chemicals and products	114.8	114.7	116.9	116.5	141.7	142.6	143.5	144.4	81.0	80.4	81.4	80.7
18 Plastics materials	109.8	110.5	106.6	...	127.8	128.3	128.8	...	85.9	86.2	82.8	...
19 Petroleum products	102.7	100.2	104.2	103.9	116.9	116.6	116.2	115.9	87.8	85.9	89.7	89.7
20 Mining	97.8	97.5	97.9	96.4	112.6	112.3	112.0	111.7	86.9	86.9	87.4	86.3
21 Utilities	111.1	110.9	114.7	115.8	130.9	131.4	131.8	132.2	84.8	84.5	87.1	87.6
22 Electric	110.7	110.6	114.3	115.8	127.4	127.9	128.5	129.0	86.9	86.4	89.0	89.8

Series	Previous cycle[2]		Latest cycle[3]		1992	1992				1993			
	High	Low	High	Low	Apr.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]
	Capacity utilization rate (percent)												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**79.9**	**79.3**	**80.2**	**80.8**	**81.0**	**81.2**	**81.5**	**81.4**	**81.4**
2 Manufacturing	88.9	70.8	87.3	70.0	78.8	78.4	79.2	79.7	79.8	80.3	80.5	80.5	80.7
3 Primary processing	92.2	68.9	89.7	66.8	82.3	81.7	82.3	83.0	82.9	83.5	84.4	83.9	84.1
4 Advanced processing	87.5	72.0	86.3	71.4	77.3	77.0	77.9	78.4	78.6	78.9	78.9	79.1	79.2
5 Durable goods	88.8	68.5	86.9	65.0	76.1	76.1	77.1	77.8	78.2	78.9	79.4	79.4	79.5
6 Lumber and products	90.1	62.2	87.6	60.9	84.9	84.3	87.0	88.7	87.1	88.2	90.0	88.7	87.5
7 Primary metals	100.6	66.2	102.4	46.8	81.0	78.2	80.4	81.2	82.0	82.3	86.4	83.9	84.1
8 Iron and steel	105.8	66.6	110.4	38.3	80.6	78.3	80.0	79.7	82.7	82.4	86.9	84.0	84.3
9 Nonferrous	92.9	61.3	90.5	62.2	81.5	78.1	80.8	83.5	80.9	82.2	85.7	83.7	83.9
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	76.2	79.4	80.8	82.0	82.3	82.8	83.7	85.0	86.1
11 Electrical machinery	87.8	63.8	89.4	71.1	79.1	80.1	80.6	81.5	81.6	82.0	82.4	82.6	82.4
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	69.4	66.8	70.1	71.1	74.9	77.7	77.9	76.9	76.8
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	75.1	72.7	72.4	72.0	71.5	71.2	70.6	69.8	68.9
14 Nondurable goods	87.9	71.8	87.0	76.9	82.4	81.7	82.0	82.4	82.0	82.2	82.1	82.0	82.2
15 Textile mill products	92.0	60.4	91.7	73.8	90.2	90.1	88.7	90.8	90.8	91.5	91.1	90.4	91.4
16 Paper and products	96.9	69.0	94.2	82.0	90.1	89.9	88.0	88.6	88.6	88.8	90.1	89.8	90.5
17 Chemicals and products	87.9	69.9	85.1	70.1	81.0	80.6	81.1	82.1	81.2	81.1	80.2	80.7	80.9
18 Plastics materials	102.0	50.6	90.9	63.4	85.2	85.4	84.1	83.6	80.5	86.0	85.3	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.6	86.8	90.5	89.4	89.1	89.0	90.3	89.7	89.6
20 Mining	94.4	88.4	96.6	80.6	86.5	86.5	87.1	87.4	87.8	87.9	85.5	85.4	86.1
21 Utilities	95.6	82.5	88.3	76.2	85.7	84.5	85.6	87.1	88.5	85.4	88.8	88.6	85.4
22 Electric	99.0	82.7	88.3	78.7	87.9	86.6	87.7	88.8	90.4	87.7	90.8	90.9	87.5

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. Monthly high, 1973; monthly low, 1975.

3. Monthly highs, 1978 through 1980; monthly lows, 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1992 avg.	1992 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**106.5**	**106.3**	**106.7**	**106.0**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**109.9**	**110.0**
2 Products	60.8	105.6	105.3	105.7	104.8	105.7	105.9	105.3	107.1	107.8	108.2	108.5	109.1	109.1	109.1
3 Final products	46.0	108.2	107.7	108.3	107.1	108.1	108.9	108.1	110.1	111.0	111.5	111.9	112.3	112.3	112.5
4 Consumer goods, total	26.0	105.2	105.4	105.8	104.0	104.9	105.1	104.4	106.4	107.1	107.5	107.6	108.2	108.1	107.9
5 Durable consumer goods	5.6	102.5	102.6	105.6	102.0	102.8	101.9	100.9	104.1	105.7	107.9	110.9	111.7	111.0	111.2
6 Automotive products	2.5	99.4	99.0	102.9	99.0	98.8	99.5	97.3	103.1	104.1	108.7	112.7	112.6	111.4	111.0
7 Autos and trucks	1.5	96.9	97.4	102.1	96.5	95.3	96.0	93.5	101.5	102.9	111.7	116.8	115.7	113.5	112.8
8 Autos, consumer	.9	79.0	79.2	85.3	83.5	81.2	77.0	77.9	78.5	79.6	86.9	86.6	91.9	90.6	88.0
9 Trucks, consumer	.6	127.9	129.1	131.2	119.2	119.8	128.8	120.4	141.3	143.3	154.6	169.1	156.9	153.1	155.9
10 Auto parts and allied goods	1.0	103.7	101.5	104.4	103.2	104.6	105.3	103.7	105.9	106.0	103.8	105.8	107.5	107.9	107.9
11 Other	3.1	105.2	105.8	107.9	104.6	106.3	104.0	104.1	104.9	107.1	107.2	109.3	110.9	110.7	111.4
12 Appliances, A/C, and TV	.8	110.4	111.4	116.8	109.6	109.7	111.0	112.9	110.8	110.8	110.5	116.0	117.6	120.4	120.1
13 Carpeting and furniture	.9	99.9	101.0	102.7	98.0	101.7	97.7	98.2	98.5	103.7	105.4	105.5	107.4	105.2	107.2
14 Miscellaneous home goods	1.4	105.6	105.8	106.3	106.0	107.4	104.1	102.9	105.8	107.1	106.6	108.0	109.4	108.8	109.2
15 Nondurable consumer goods	20.4	105.9	106.1	105.9	104.6	105.5	106.0	105.3	107.1	107.5	107.4	106.7	107.3	107.3	107.0
16 Foods and tobacco	9.1	104.7	104.8	104.7	103.3	105.0	107.0	104.9	105.9	105.2	104.8	104.6	104.9	104.3	104.4
17 Clothing	2.6	95.0	95.0	95.7	94.5	95.1	94.0	94.3	94.5	95.9	96.0	95.7	95.4	95.2	94.9
18 Chemical products	3.5	118.7	118.9	118.1	117.6	117.3	116.5	118.5	121.1	123.3	121.7	122.4	120.4	122.7	123.2
19 Paper products	2.5	100.8	101.2	101.0	100.6	100.1	100.2	100.4	100.1	100.9	100.9	100.2	101.8	101.8	102.2
20 Energy	2.7	108.3	109.0	107.8	105.2	106.3	105.6	104.6	111.1	112.0	114.4	109.5	114.0	113.6	110.2
21 Fuels	.7	104.7	105.2	104.8	103.8	104.1	98.9	103.5	109.8	107.7	106.1	106.5	108.9	107.4	106.0
22 Residential utilities	2.0	109.6	110.5	108.9	105.8	107.2	108.2	105.1	111.6	113.6	117.5	110.7	115.9	116.0	111.8
23 Equipment	20.0	112.7	111.1	112.0	111.6	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.1	118.4	119.1
24 Business equipment	13.9	123.2	120.6	122.1	121.9	123.7	126.1	125.0	127.5	129.0	129.6	131.2	131.8	132.9	134.0
25 Information processing and related	5.6	134.7	129.6	131.4	134.3	137.4	138.5	138.2	142.2	142.9	143.2	144.4	146.1	149.2	151.9
26 Office and computing	1.9	176.8	168.2	170.5	174.0	178.0	182.0	184.0	187.0	189.0	198.5	205.0	214.1	...	...
27 Industrial	4.0	108.5	106.8	108.4	108.7	109.1	109.2	109.6	110.1	112.0	112.3	113.1	112.5	112.6	112.6
28 Transit	2.5	137.1	137.5	136.9	133.9	135.3	143.3	134.5	137.4	140.4	144.1	146.7	147.1	145.0	143.5
29 Autos and trucks	1.2	117.9	119.5	123.3	117.2	114.2	117.3	114.7	121.7	123.9	131.4	136.7	138.1	135.9	134.6
30 Other	1.9	104.7	104.2	106.5	99.2	100.2	105.6	107.3	108.8	110.7	109.2	112.6	113.0	113.8	114.6
31 Defense and space equipment	5.4	85.9	87.7	87.2	86.5	85.1	84.5	84.4	83.5	83.2	82.5	82.0	81.4	80.9	80.5
32 Oil and gas well drilling	.6	78.3	75.5	75.4	73.1	73.8	75.6	76.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4
33 Manufactured homes	.2	99.7	93.0	92.5	90.1	101.3	96.9	100.9	110.4	118.5	128.6	129.4	127.1	116.2	116.7
34 Intermediate products, total	14.7	97.6	97.9	97.9	97.7	98.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.4	98.6
35 Construction supplies	6.0	93.8	93.6	95.3	93.6	94.3	94.1	93.0	94.7	95.1	94.5	94.8	97.3	97.2	96.3
36 Business supplies	8.7	100.1	100.7	99.6	100.6	101.4	99.0	99.5	99.9	100.0	100.8	100.5	100.6	100.8	100.2
37 Materials	39.2	107.9	107.9	108.0	107.8	108.5	107.6	107.4	108.1	109.3	110.0	110.4	111.0	111.0	111.4
38 Durable goods materials	19.4	108.9	108.8	109.0	108.7	109.3	108.9	107.6	109.7	111.1	111.9	113.3	114.4	114.3	115.0
39 Durable consumer parts	4.2	101.5	102.0	101.5	101.5	100.6	101.4	98.5	101.8	104.3	107.5	110.8	111.8	111.9	112.4
40 Equipment parts	7.3	116.5	115.2	116.1	116.6	117.7	117.1	116.2	118.3	119.3	119.7	120.4	120.9	121.2	122.3
41 Other	7.9	106.0	106.5	106.5	105.4	106.3	105.5	104.6	106.2	107.4	107.5	108.6	110.2	109.7	110.1
42 Basic metal materials	2.8	108.3	109.2	109.2	107.8	108.7	107.7	105.8	108.3	109.8	108.8	110.4	113.1	110.7	111.9
43 Nondurable goods materials	9.0	110.9	111.2	111.5	111.5	111.5	110.7	111.7	110.7	112.0	111.5	112.4	112.1	112.4	113.5
44 Textile materials	1.2	102.8	102.9	102.4	101.8	107.7	101.6	103.3	102.7	103.4	102.9	104.2	103.0	103.8	104.8
45 Pulp and paper materials	1.9	109.9	111.0	109.6	110.8	110.3	108.7	112.3	109.1	110.2	110.7	110.7	111.9	111.1	113.2
46 Chemical materials	3.8	114.2	114.3	115.5	114.8	114.1	114.5	114.5	114.4	115.6	114.6	114.9	114.6	115.4	116.6
47 Other	2.1	110.4	110.4	110.9	111.6	110.0	110.5	110.5	109.7	112.0	111.3	114.1	112.8	113.0	112.7
48 Energy materials	10.9	103.4	103.5	103.3	103.1	104.4	102.5	103.6	103.0	103.9	105.1	103.4	103.9	103.8	102.9
49 Primary energy	7.2	99.7	99.2	99.5	99.6	100.4	99.4	99.6	99.4	100.2	101.3	100.4	98.0	98.1	98.4
50 Converted fuel materials	3.7	110.6	112.1	110.6	109.9	112.3	108.7	111.4	110.0	111.1	112.4	109.1	115.4	115.1	111.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	106.6	106.3	106.6	106.1	107.0	106.7	106.3	107.4	108.4	108.6	108.9	109.5	109.6	109.7
52 Total excluding motor vehicles and parts	95.3	106.6	106.4	106.6	106.1	107.0	106.7	106.4	107.5	108.4	108.6	108.7	109.3	109.4	109.5
53 Total excluding office and computing machines	97.5	105.0	105.1	105.3	104.6	105.3	105.0	104.5	105.7	106.6	107.1	107.3	107.8	107.6	107.5
54 Consumer goods excluding autos and trucks	24.5	105.7	105.9	106.1	104.6	105.5	105.7	105.1	106.8	107.4	107.3	107.0	107.7	107.8	107.6
55 Consumer goods excluding energy	23.3	104.8	104.9	105.6	103.9	104.7	105.0	104.3	105.9	106.6	106.8	107.4	107.6	107.5	107.6
56 Business equipment excluding autos and trucks	12.7	123.7	120.7	122.0	122.3	124.5	126.9	125.9	128.0	129.5	129.5	130.7	131.3	132.7	133.9
57 Business equipment excluding office and computing equipment	12.0	115.7	114.2	115.3	114.3	115.6	118.1	116.1	118.1	119.7	120.1	121.0	120.7	120.7	120.7
58 Materials excluding energy	28.4	109.5	109.5	109.8	109.5	110.0	109.4	108.8	110.0	111.4	111.8	113.0	113.7	113.7	114.5

2.13—Continued

Group	SIC code[2]	1987 proportion	1992 avg.	1992 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
1 **Total index**	...	**100.0**	**106.5**	**106.3**	**106.7**	**106.0**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**109.9**	**110.0**
2 Manufacturing	...	84.3	106.9	106.5	107.1	106.5	107.1	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.6	111.0
3 Primary processing	...	27.1	103.8	103.8	104.2	103.7	104.3	103.5	103.3	104.1	105.1	105.0	105.8	107.1	106.5	106.9
4 Advanced processing	...	57.1	108.3	107.8	108.4	107.9	108.4	108.7	108.4	109.9	110.7	111.3	111.9	112.2	112.6	113.0
5 Durable goods	...	46.5	108.1	107.2	108.4	107.6	108.2	108.5	108.1	109.8	110.9	111.8	112.9	113.9	114.0	114.4
6 Lumber and products	24	2.1	96.4	95.3	96.1	93.8	96.6	96.6	94.7	97.8	99.8	98.0	99.3	101.3	99.9	98.6
7 Furniture and fixtures	25	1.5	99.0	99.4	101.0	94.2	97.5	99.2	100.5	100.4	102.3	103.9	105.2	105.2	107.0	107.3
8 Clay, glass, and stone products	32	2.4	96.0	94.5	97.4	95.6	96.8	95.7	96.5	96.8	97.6	98.0	97.0	99.1	98.0	98.3
9 Primary metals	33	3.3	101.1	101.8	101.1	101.2	100.6	100.5	98.0	100.5	101.6	102.4	102.8	107.9	104.8	105.1
10 Iron and steel	331,2	1.9	104.7	105.6	104.8	103.8	104.7	103.8	102.0	104.1	103.6	107.4	107.0	112.8	109.1	109.5
11 Raw steel	...	.1	101.2	103.5	101.9	101.6	101.7	99.1	98.9	99.8	102.8	104.6	103.4	105.9	102.0	103.2
12 Nonferrous	333–6,9	1.4	96.1	96.6	95.9	97.5	95.0	96.1	92.4	95.6	98.7	95.7	97.1	101.1	98.8	99.0
13 Fabricated metal products	34	5.4	96.7	96.8	97.2	97.1	97.0	97.0	96.5	97.5	97.6	97.8	99.8	99.8	100.1	100.4
14 Industrial and commercial machinery and computer equipment	35	8.5	124.8	120.9	123.2	123.8	125.7	126.9	127.9	130.6	132.8	133.8	135.0	137.1	139.6	142.0
15 Office and computing machines	357	2.3	168.3	158.5	162.1	167.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	205.7	212.8
16 Electrical machinery	36	6.9	119.8	118.2	119.5	119.3	120.7	120.6	121.5	122.6	124.4	124.8	125.8	127.0	127.8	127.9
17 Transportation equipment	37	9.9	102.6	103.2	104.5	102.7	101.4	102.4	100.5	103.0	103.6	106.3	108.4	108.1	107.0	106.4
18 Motor vehicles and parts	371	4.8	104.8	104.5	107.9	104.8	103.1	105.0	102.6	108.0	109.9	116.2	120.9	121.3	120.0	120.2
19 Autos and light trucks	...	2.2	101.4	102.4	107.9	102.7	100.8	99.7	97.9	104.1	105.4	114.4	118.2	119.2	117.0	115.6
20 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	102.0	101.3	100.8	99.8	100.0	98.6	98.3	97.7	97.1	96.7	95.7	94.7	93.4
21 Instruments	38	5.1	104.2	104.9	105.1	104.4	104.9	104.3	103.7	103.7	103.6	103.3	103.0	102.1	102.9	103.3
22 Miscellaneous	39	1.3	109.7	108.5	110.2	109.7	111.6	109.1	108.7	110.5	111.4	111.8	110.9	111.9	112.1	112.9
23 Nondurable goods	...	37.8	105.4	105.5	105.4	105.2	105.7	105.2	105.2	105.8	106.4	106.0	106.4	106.4	106.4	106.8
24 Foods	20	8.8	106.0	106.0	106.1	105.4	105.9	106.3	105.6	106.8	106.4	106.2	105.9	106.3	106.1	106.2
25 Tobacco products	21	1.0	99.2	97.3	97.9	96.4	101.5	115.5	101.7	102.4	101.9	96.1	100.5	99.5	97.5	98.6
26 Textile mill products	22	1.8	104.7	105.0	105.0	103.8	107.0	103.5	105.1	103.5	106.0	106.0	106.9	106.6	105.7	107.0
27 Apparel products	23	2.3	92.3	93.4	93.5	91.7	92.7	91.3	91.5	91.7	92.9	92.7	93.1	92.9	92.5	92.1
28 Paper and products	26	3.6	108.2	109.2	108.2	108.7	109.1	107.1	109.5	107.3	108.2	108.3	108.6	110.4	110.1	111.1
29 Printing and publishing	27	6.5	95.0	95.8	94.5	95.6	95.7	93.5	94.1	94.5	94.2	94.7	94.7	94.3	94.4	94.8
30 Chemicals and products	28	8.8	115.0	114.6	114.8	114.9	114.6	114.4	115.2	116.2	117.7	116.7	116.8	115.8	116.9	117.4
31 Petroleum products	29	1.3	102.0	103.7	102.5	101.8	101.5	98.0	101.1	105.3	103.9	103.4	103.2	104.7	103.9	103.7
32 Rubber and plastic products	30	3.2	109.7	109.1	110.3	109.7	110.7	110.7	108.5	109.9	111.3	111.3	113.6	114.0	114.3	114.3
33 Leather and products	31	.3	92.6	91.1	91.8	92.3	93.6	92.0	93.8	95.1	96.6	96.7	97.1	97.3	97.8	97.7
34 Mining	...	8.0	97.6	97.4	98.8	97.1	98.5	97.0	97.1	97.6	97.8	98.2	98.3	95.6	95.4	96.1
35 Metal	10	.3	161.7	156.0	172.2	157.8	156.5	165.5	159.8	168.1	171.6	158.1	167.7	163.0	163.5	161.9
36 Coal	12	1.2	105.5	106.5	109.5	101.9	108.0	103.9	103.6	103.8	103.5	107.9	108.2	101.7	102.3	108.0
37 Oil and gas extraction	13	5.8	92.6	92.4	92.5	93.1	93.6	91.9	92.7	92.7	92.8	93.4	92.7	90.4	90.0	89.9
38 Stone and earth minerals	14	.7	93.8	94.8	96.9	92.7	94.1	93.8	91.9	93.6	94.4	92.6	93.8	95.1	95.3	95.2
39 Utilities	...	7.7	112.0	112.0	111.2	110.0	111.2	110.4	111.2	112.7	114.7	116.8	112.8	117.4	117.3	113.1
40 Electric	491,3PT	6.1	111.6	111.8	110.8	109.5	110.8	110.0	110.9	112.6	114.1	116.4	112.9	117.2	117.4	113.2
41 Gas	492,3PT	1.6	113.2	113.0	112.6	112.0	112.8	112.1	112.0	113.2	117.3	118.2	112.4	118.2	116.9	112.7
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	106.6	107.0	106.6	107.4	107.2	107.1	108.0	108.8	108.8	109.3	109.8	110.0	110.4
43 Manufacturing excluding office and computing machines	...	81.9	105.1	105.0	105.5	104.8	105.3	105.1	104.8	105.9	106.7	107.0	107.6	108.0	107.9	108.1
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
44 **Products, total**	...	**1,707.0**	**1,806.4**	**1,804.4**	**1,814.8**	**1,794.6**	**1,806.8**	**1,802.7**	**1,799.9**	**1,835.6**	**1,846.7**	**1,857.5**	**1,864.9**	**1,878.4**	**1,874.1**	**1,870.1**
45 Final	...	1,314.6	1,420.1	1,416.2	1,426.9	1,408.8	1,416.7	1,417.8	1,415.7	1,448.1	1,457.1	1,466.8	1,476.4	1,484.1	1,479.7	1,478.6
46 Consumer goods	...	866.6	913.0	914.7	920.1	906.6	912.6	908.1	905.1	928.4	931.6	936.3	940.0	947.1	942.1	939.2
47 Equipment	...	448.0	507.1	501.5	506.8	502.2	504.1	509.7	510.6	519.7	525.5	530.5	536.5	537.1	537.6	539.4
48 Intermediate	...	392.5	386.4	388.2	387.9	385.9	390.1	385.0	384.2	387.4	389.6	390.7	388.4	394.3	394.4	391.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

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 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.[r]	Feb.[r]	Mar.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095[r]	1,048[r]	1,083[r]	1,081[r]	1,120[r]	1,141[r]	1,136[r]	1,196[r]	1,157	1,141	1,034
2 One-family	794	754	911[r]	878[r]	882[r]	885[r]	918[r]	954[r]	963[r]	1,037[r]	972	957	871
3 Two-or-more-family	317	195	184	170[r]	201	196[r]	202[r]	187[r]	173[r]	159[r]	185	184	163
4 Started	1,193	1,014	1,200	1,141	1,106	1,229	1,218	1,226	1,226	1,286	1,171	1,180	1,137
5 One-family	895	840	1,030	994	961	1,038	1,045	1,079	1,089	1,133	1,051	1,036	1,000
6 Two-or-more-family	298	174	169	147	145	191	173	147	137	153	120	144	137
7 Under construction at end of period[1]	711	606	612	641	628	633	637	645	641	644	641	641	638
8 One-family	449	434	473	481	474	479	485	493	498	501	506	508	506
9 Two-or-more-family	262	173	140	160	154	154	152	152	143	143	135	133	132
10 Completed	1,308	1,091	1,158	1,181	1,234	1,133	1,128	1,137	1,229	1,227	1,136	1,237	1,096
11 One-family	966	838	964	979	1,026	945	942	964	1,002	1,016	980	1,053	991
12 Two-or-more-family	342	253	194	202	208	188	186	173	227	211	156	184	105
13 Mobile homes shipped	188	171	210	194	210	202	217	228	244	266	267	262	247
Merchant builder activity in one-family units													
14 Number sold	535	507	610[r]	584	622	625	672	637	615	662[r]	597	608	637
15 Number for sale at end of period[1]	321	284	265	273	271	270	267	264	262	265	266	268	269
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3[r]	124.5	118.0	123.5	119.5	125.0	128.9	126.0[r]	118.0	128.4	125.0
17 Average	149.0	147.0	144.9[r]	146.6	137.7	145.3	142.2	148.4	147.2	146.2[r]	137.9	147.9	146.0
EXISTING UNITS (one-family)													
18 Number sold	3,211	3,219	3,520	3,320	3,380	3,340	3,380	3,710	3,860	4,040	3,780	3,460	3,370
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	105.5	102.8	105.0	103.5	103.4	102.7	104.2	103.1	103.6	105.1
20 Average	118.3	127.4	130.8	133.9	132.2	132.4	131.0	129.3	128.8	131.0	129.4	129.6	131.5
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**442,066**	**400,955**	**426,657**	**426,730**	**425,700**	**419,598**	**429,291**	**432,250**	**436,140**	**439,948**	**441,344**	**446,365**	**442,677**
22 Private	334,153	290,707	308,246	312,182	305,848	301,984	308,813	315,855	317,451	320,720	327,790	331,473	327,686
23 Residential	182,856	157,837	184,127	184,630	181,162	184,201	186,343	192,553	194,801	198,538	204,757	205,001	204,511
24 Nonresidential, total	151,297	132,870	124,119	127,552	124,686	117,783	122,470	123,302	122,650	122,182	123,033	126,472	123,175
25 Industrial buildings	23,849	22,281	20,173	20,285	20,594	17,862	19,019	18,646	19,083	18,721	18,768	19,439	19,530
26 Commercial buildings	62,866	48,482	40,417	43,310	39,988	37,010	39,333	40,195	40,379	38,326	39,314	41,152	37,974
27 Other buildings	21,591	20,797	21,514	21,991	22,228	21,518	22,068	21,545	21,542	21,370	20,795	21,941	22,075
28 Public utilities and other	42,991	41,310	42,015	41,966	41,876	41,393	42,050	42,916	41,646	43,765	44,156	43,940	43,596
29 Public	107,909	110,247	118,408	114,548	119,853	117,614	120,478	116,395	118,689	119,229	113,554	114,892	114,991
30 Military	2,664	1,837	2,484	2,503	2,372	2,438	3,172	2,438	2,612	2,483	2,459	2,419	2,376
31 Highway	31,154	29,918	32,759	31,496	32,682	33,451	34,651	32,056	34,636	31,237	29,811	31,306	31,995
32 Conservation and development	4,607	4,958	5,978	5,889	5,772	5,382	6,364	5,630	6,210	8,237	5,708	6,752	7,136
33 Other	69,484	73,534	77,187	74,660	79,027	76,343	76,291	76,271	75,231	77,272	75,576	74,415	73,484

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Census Bureau in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Apr. 1993[1]
	1992 Apr.	1993 Apr.	1992			1993	1992	1993[1]				
			June[r]	Sept.[r]	Dec.[r]	Mar.[r]	Dec.	Jan.	Feb.	Mar.	Apr.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.2**	**3.2**	**2.6**	**2.6**	**3.2**	**4.0**	**.1**	**.5**	**.3**	**.1**	**.4**	**144.0**
2 Food	1.0	1.8	−1.2	3.2	1.4	2.6	.3	.4	.1	.1	.4	140.6
3 Energy items	.0	3.6	8.6	1.2	1.9	3.1	−.2	.5	−.4	.7	.2	103.1
4 All items less food and energy	3.9	3.5	2.8	2.5	3.8	4.3	.2	.5	.5	.1	.4	151.7
5 Commodities	3.0	2.7	2.5	1.8	1.5	4.6	−.1	.5	.5	.1	.3	136.0
6 Services	4.3	3.8	3.1	2.9	4.7	4.4	.3	.4	.4	.2	.4	160.7
PRODUCER PRICES (1982=100)												
7 Finished goods	1.1	2.4	3.3	1.3	−.3	3.9	.0	.2	.4	.4	.6	125.3
8 Consumer foods	−2.0	2.9	−.6	4.3	3.3	−2.2	1.3[r]	−1.0[r]	−.1	.5	1.4	126.3
9 Consumer energy	−.4	3.7	16.6	−3.5	−10.2	17.2	−2.4[r]	1.0[r]	1.7	1.3	.1	78.2
10 Other consumer goods	2.9	2.0	2.4	1.5	1.2	2.9	.1	.4	.3	.1	.4	139.8
11 Capital equipment	2.3	1.4	.9	1.2	.6	3.4	.2[r]	.2[r]	.5	.2	.2	130.9
Intermediate materials												
12 Excluding foods and feeds	−.1	2.2	5.0	.7	−2.1	5.3	−.1[r]	.4[r]	.5	.3	.1	116.5
13 Excluding energy	.2	1.8	1.7	1.3	−.3	4.3	.2	.3	.5	.2	.2	124.0
Crude materials												
14 Foods	−3.2	4.4	2.7	−4.8	5.1	1.1	1.1[r]	.1[r]	.1	.1	2.5	110.1
15 Energy	−2.2	3.1	51.5	19.8	−17.8	−9.7	−4.8[r]	−.8[r]	−2.5	.8	−.6	77.3
16 Other	−2.7	9.7	4.8	2.2	1.9	25.0	2.2[r]	3.0[r]	2.2	.4	1.8	141.6

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992				1993
				Q1	Q2	Q3	Q4	Q1
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,522.2**	**5,677.5**	**5,950.7**	**5,840.2**	**5,902.2**	**5,978.5**	**6,081.8**	**6,148.0**
By source								
2 Personal consumption expenditures	3,748.4	3,887.7	4,095.8	4,022.8	4,057.1	4,108.7	4,194.8	4,238.6
3 Durable goods	464.3	446.1	480.4	469.4	470.6	482.5	499.1	500.6
4 Nondurable goods	1,224.5	1,251.5	1,290.7	1,274.1	1,277.5	1,292.8	1,318.6	1,321.8
5 Services	2,059.7	2,190.1	2,324.7	2,279.3	2,309.0	2,333.3	2,377.1	2,416.3
6 Gross private domestic investment	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.1
7 Fixed investment	793.2	731.3	766.0	738.2	765.1	766.6	794.0	805.1
8 Nonresidential	577.6	541.1	548.2	531.0	550.3	549.6	562.1	571.0
9 Structures	201.1	180.1	168.4	170.1	170.3	166.1	167.0	167.1
10 Producers' durable equipment	376.5	360.9	379.9	360.8	380.0	383.5	395.1	403.9
11 Residential structures	215.6	190.3	217.7	207.2	214.8	217.0	231.9	234.1
12 Change in business inventories	6.3	−10.2	4.4	−15.8	8.1	15.0	10.3	39.0
13 Nonfarm	3.3	−10.3	2.2	−13.3	6.4	9.7	6.2	36.7
14 Net exports of goods and services	−68.9	−21.8	−30.4	−8.1	−37.1	−36.0	−40.5	−50.9
15 Exports	557.0	598.2	636.3	628.1	625.4	639.0	652.7	649.7
16 Imports	625.9	620.0	666.7	636.2	662.5	675.0	693.2	700.5
17 Government purchases of goods and services	1,043.2	1,090.5	1,114.9	1,103.1	1,109.1	1,124.2	1,123.3	1,116.1
18 Federal	426.4	447.3	449.1	445.0	444.8	455.2	451.6	441.2
19 State and local	616.8	643.2	665.8	658.0	664.3	669.0	671.7	674.9
By major type of product								
20 Final sales, total	5,515.9	5,687.7	5,946.3	5,855.9	5,894.1	5,963.5	6,071.5	6,109.0
21 Goods	2,160.1	2,192.8	2,260.3	2,233.6	2,233.2	2,258.4	2,316.1	2,310.4
22 Durable	920.6	907.6	943.9	923.6	932.3	943.8	975.8	968.5
23 Nondurable	1,239.5	1,285.1	1,316.4	1,310.0	1,300.8	1,314.6	1,340.3	1,341.9
24 Services	2,846.4	3,030.3	3,197.1	3,142.2	3,173.4	3,217.8	3,255.1	3,298.6
25 Structures	509.4	464.7	488.8	480.1	487.6	487.3	500.3	500.0
26 Change in business inventories	6.3	−10.2	4.4	−15.8	8.1	15.0	10.3	39.0
27 Durable goods	−.9	−19.3	−3.5	−19.3	9.5	2.7	−6.9	18.8
28 Nondurable goods	7.2	9.0	7.9	3.5	−1.4	12.3	17.2	20.2
MEMO								
29 **Total GDP in 1987 dollars**	**4,877.5**	**4,821.0**	**4,922.6**	**4,873.7**	**4,892.4**	**4,933.7**	**4,990.8**	**5,002.5**
NATIONAL INCOME								
30 **Total**	**4,468.3**	**4,544.2**	**4,743.4**[r]	**4,679.4**	**4,716.5**	**4,719.6**	**4,858.0**[r]	**4,923.5**
31 Compensation of employees	3,291.2	3,390.8	3,525.2	3,476.3	3,506.3	3,534.3	3,583.7	3,628.9
32 Wages and salaries	2,742.9	2,812.2	2,916.6	2,877.6	2,901.3	2,923.5	2,963.9	3,000.3
33 Government and government enterprises	514.8	543.5	562.5	554.6	561.4	564.3	569.6	578.1
34 Other	2,228.0	2,268.7	2,354.1	2,323.0	2,339.9	2,359.1	2,394.3	2,422.2
35 Supplement to wages and salaries	548.4	578.7	608.6	598.7	605.0	610.8	619.8	628.6
36 Employer contributions for social insurance	277.4	290.4	302.9	299.4	301.5	302.9	307.6	312.0
37 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5
38 Proprietors' income[1]	366.9	368.0	404.5	393.6	398.4	397.4	428.4	442.0
39 Business and professional[1]	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.1
40 Farm[1]	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9
41 Rental income of persons[2]	−12.3	−10.4	4.7	−4.5	3.3	6.4	13.6	17.5
42 Corporate profits[1]	361.7	346.3	393.8[r]	384.0	388.4	374.1	428.5[r]	432.2
43 Profits before tax[3]	355.4	334.7	371.6[r]	366.1	376.8	354.1	389.4[r]	400.6
44 Inventory valuation adjustment	−14.2	3.1	−7.4	−5.4	−15.5	−9.7	1.0	−9.3
45 Capital consumption adjustment	20.5	8.4	29.5	23.3	27.0	29.7	38.1	40.8
46 Net interest	460.7	449.5	415.2	430.0	420.0	407.3	403.6	402.9

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
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,664.2**	**4,828.3**	**5,058.1**	**4,980.5**	**5,028.9**	**5,062.0**	**5,160.9**	**5,237.6**
2 Wage and salary disbursements	2,742.8	2,812.2	2,918.1	2,877.6	2,901.3	2,923.5	2,969.9	3,006.3
3 Commodity-producing industries	745.6	737.4	743.2	736.8	743.1	742.4	750.6	754.4
4 Manufacturing	556.1	556.9	565.7	559.9	564.7	565.5	572.8	576.4
5 Distributive industries	634.6	647.4	666.8	660.9	662.9	667.7	675.8	685.6
6 Service industries	847.8	883.9	945.5	925.3	933.9	949.1	973.9	988.2
7 Government and government enterprises	514.8	543.6	562.5	554.6	561.4	564.3	569.6	578.1
8 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5
9 Proprietors' income[1]	366.9	368.0	404.5	393.6	398.4	397.4	428.4	442.0
10 Business and professional[1]	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.1
11 Farm[1]	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9
12 Rental income of persons[2]	−12.3	−10.4	4.7	−4.5	3.3	6.4	13.6	17.5
13 Dividends	140.3	137.0	139.3	133.9	136.6	141.0	145.8	149.9
14 Personal interest income	694.5	700.6	670.2	684.8	675.2	663.2	657.8	656.4
15 Transfer payments	685.8	771.1	866.1	842.7	859.7	874.1	888.0	909.4
16 Old-age survivors, disability, and health insurance benefits	352.0	382.0	414.1	405.7	412.1	417.1	421.6	434.2
17 LESS: Personal contributions for social insurance	224.8	238.4	250.6	246.8	249.3	251.5	254.8	260.4
18 EQUALS: Personal income	4,664.2	4,828.3	5,058.1	4,980.5	5,028.9	5,062.0	5,160.9	5,237.6
19 LESS: Personal tax and nontax payments	621.3	618.7	627.3	619.6	617.1	628.8	643.6	656.3
20 EQUALS: Disposable personal income	4,042.9	4,209.6	4,430.8	4,360.9	4,411.8	4,433.2	4,517.3	4,581.4
21 LESS: Personal outlays	3,867.3	4,009.9	4,218.1	4,146.3	4,179.5	4,229.9	4,316.9	4,362.3
22 EQUALS: Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	219.0
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,513.0	19,077.1	19,271.4	19,158.5	19,181.8	19,288.4	19,456.3	19,454.4
24 Personal consumption expenditures	13,043.6	12,824.1	12,973.9	12,930.2	12,893.3	12,973.3	13,098.4	13,105.3
25 Disposable personal income	14,068.0	13,886.0	14,035.0	14,017.0	14,021.0	13,998.0	14,105.0	14,165.0
26 Saving rate (percent)	4.3	4.7	4.8	4.9	5.3	4.6	4.4	4.8
GROSS SAVING								
27 **Gross saving**	**718.0**	**708.2**	**686.3**[r]	**677.5**	**682.9**	**696.9**	**687.9**[r]	**736.5**
28 Gross private saving	854.1	901.5	968.8[r]	950.1	968.1	992.1	965.0[r]	999.0
29 Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	219.0
30 Undistributed corporate profits[1]	75.7	75.8	104.3[r]	104.0	97.7	91.2	124.1[r]	125.2
31 Corporate inventory valuation adjustment	−14.2	3.1	−7.4	−5.4	−15.5	−9.7	1.0	−9.3
Capital consumption allowances								
32 Corporate	368.3	383.0	394.8	386.1	391.2	407.2	394.7	399.8
33 Noncorporate	234.6	243.1	258.6	245.3	247.0	290.4	251.8	261.1
34 Government surplus, or deficit (−), national income and product accounts	−136.1	−193.3	−282.5[r]	−272.6	−285.2	−295.2	−277.2[r]	−262.5
35 Federal	−166.2	−210.4	−298.0[r]	−289.2	−302.9	−304.4	−295.5[r]	−273.5
36 State and local	30.1	17.1	15.5	16.6	17.7	9.2	18.3[r]	11.0
37 **Gross investment**	**723.4**	**730.1**	**720.4**	**706.5**	**713.8**	**732.0**	**729.5**	**783.3**
38 Gross private domestic	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.1
39 Net foreign	−76.1	9.0	−49.9	−16.0	−59.4	−49.6	−74.7	−60.8
40 **Statistical discrepancy**	**5.4**	**21.9**	**34.1**[r]	**29.0**	**30.9**	**35.1**	**41.7**[r]	**46.8**

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	1990	1991	1992	1991	1992			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	−90,428	−3,682	−62,448	−7,218	−6,374	−18,279	−15,771	−22,020
2 Merchandise trade balance[2]	−108,853	−73,436	−96,275	−18,539	−17,663	−25,004	−27,634	−25,974
3 Merchandise exports	388,705	415,962	439,272	107,851	107,634	107,148	110,119	114,371
4 Merchandise imports	−497,558	−489,398	−535,547	−126,390	−125,297	−132,152	−137,753	−140,345
5 Military transactions, net	−7,818	−5,524	−2,503	−540	−624	−623	−579	−677
6 Other service transactions, net	39,873	50,821	57,628	13,676	14,450	13,242	16,315	13,625
7 Investment income, net	19,287	16,429	10,062	2,458	4,394	1,851	2,977	839
8 U.S. government grants	−17,597	24,487	−13,832	78	−2,620	−3,085	−2,521	−5,605
9 U.S. government pensions and other transfers	−2,945	−3,462	−3,736	−1,080	−830	−1,119	−941	−846
10 Private remittances and other transfers	−12,374	−12,996	−13,793	−3,271	−3,481	−3,541	−3,388	−3,382
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,304	3,397	−959	−437	−38	−277	−301	−344
12 Change in U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,225	−1,057	1,464	1,952	1,542
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−192	−177	2,316	−23	−172	−168	−173	2,829
15 Reserve position in International Monetary Fund	731	−367	−2,692	17	111	1	−118	−2,685
16 Foreign currencies	−2,697	6,307	4,277	1,232	−996	1,631	2,243	1,398
17 Change in U.S. private assets abroad (increase, −)	−56,467	−71,379	−47,843	−44,947	−3,614	−1,610	−22,892	−19,726
18 *Bank-reported claims*[3]	7,469	−4,753	32,372	−23,219	15,859	10,943	−1,274	6,844
19 Nonbank-reported claims	−2,477	5,526	3,742	1,269	4,764	3,137	−4,159	...
20 U.S. purchases of foreign securities, net	−28,765	−45,017	−48,646	−11,305	−8,703	−8,221	−13,934	−17,788
21 U.S. direct investments abroad, net	−32,694	−27,135	−35,311	−11,692	−15,534	−7,469	−3,525	−8,782
22 Change in foreign official assets in United States (increase, +)	33,908	18,407	40,307	12,819	21,192	20,895	−7,269	5,489
23 U.S. Treasury securities	29,576	15,815	18,333	12,619	14,909	11,126	−323	−7,379
24 Other U.S. government obligations	667	1,301	4,025	1,075	540	1,699	912	874
25 Other U.S. government liabilities[4]	1,866	1,600	2,469	−344	96	598	929	846
26 Other U.S. liabilities reported by U.S. banks[3]	3,385	−1,668	16,168	−914	5,534	7,547	−7,787	10,874
27 Other foreign official assets[5]	−1,586	1,359	−688	383	113	−75	−1,000	274
28 Change in foreign private assets in United States (increase, +)	65,471	48,573	80,093	36,110	−2,577	26,571	29,246	26,854
29 U.S. bank-reported liabilities[3]	16,370	−13,678	14,667	23,465	−4,474	−551	22,905	−3,213
30 U.S. nonbank-reported liabilities	4,906	−405	4,413	725	1,942	1,141	1,330	...
31 Foreign private purchases of U.S. Treasury securities, net	−2,534	16,241	35,077	1,408	−828	10,286	4,870	20,749
32 Foreign purchases of other U.S. securities, net	1,592	34,918	29,884	4,832	4,551	10,333	2,693	12,307
33 Foreign direct investments in United States, net	45,137	11,498	−3,948	5,680	−3,768	5,362	−2,552	−2,989
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	47,370	−1,078	−13,051	2,447	−7,532	−28,764	15,035	8,205
36 Due to seasonal adjustment	...	...	...	613	4,901	1,296	−6,640	439
37 Before seasonal adjustment	47,370	−1,078	−13,052	1,835	−12,433	−30,060	21,675	7,767
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,225	−1,057	1,464	1,952	1,542
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,807	37,838	13,163	21,096	20,297	−8,198	4,643
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	−5,604	5,402	1,023	2,459	−2,125	3,062	2,006

1. Seasonal factors not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 6.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1992r				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.r	Mar.p
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	37,661	38,885	37,796	39,178	37,505	36,928	38,996
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	45,968	46,119	45,633	46,143	45,176	44,832	49,203
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−8,307**	**−7,233**	**−7,837**	**−6,965**	**−7,672**	**−7,904**	**−10,207**

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. Beginning in 1990, data for U.S. exports to Canada are 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 to 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. FT900, *U.S. Merchandise Trade*, (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1989	1990	1991	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total**	**74,609**	**83,316**	**77,719**	**74,207**	**72,231**	**71,323**	**71,962**	**72,847**	**74,378**	**75,644**
2 Gold stock, including Exchange Stabilization Fund[1]	11,059	11,058	11,057	11,060	11,059	11,056	11,055	11,055	11,054	11,054
3 Special drawing rights[2,3]	9,951	10,989	11,240	11,561	11,495	8,503	8,546	8,651	8,787	8,947
4 Reserve position in International Monetary Fund[2]	9,048	9,076	9,488	9,261	8,781	11,759	12,079	12,021	12,184	12,317
5 Foreign currencies[4]	44,551	52,193	45,934	42,325	40,896	40,005	40,282	41,120	42,353	43,326

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; since January 1981, 5 currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1989	1990	1991	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 Deposits	589	369	968	415	229	205	325	296	317	221
Held in custody										
2 U.S. Treasury securities[2]	224,911	278,499	281,107	311,538	308,959	314,481	324,356	329,183	326,486	339,396
3 Earmarked gold[3]	13,456	13,387	13,303	13,201	13,192	13,686	13,077	13,074	12,989	12,924

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.
3. Held for foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1989	1990	1991	1992				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
ASSETS	All foreign countries									
1 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**544,908[r]**	**553,977[r]**	**566,721**	**542,545[r]**	**543,624[r]**	**554,280**	**547,297**
2 Claims on United States	198,835	188,496	176,301	167,419	174,986	177,443	166,798	169,278	172,304[r]	171,590
3 Parent bank	157,092	148,837	137,509	134,119	138,940	141,542	132,275	134,218[r]	139,170[r]	138,506
4 Other banks in United States	17,042	13,296	12,884	8,083	10,683	10,019	9,703	9,570[r]	9,249	9,041
5 Nonbanks	24,701	26,363	25,908	25,217	25,363	25,882	24,820	25,490	23,885[r]	24,043
6 Claims on foreigners	300,575	312,449	303,934	320,111	319,139	328,592	318,071	314,736[r]	317,868[r]	315,271
7 Other branches of parent bank	113,810	135,003	111,729	118,952	115,521	125,143	123,256	116,325	115,323[r]	112,544
8 Banks	90,703	72,602	81,970	83,756	86,560	86,086	82,190	81,812[r]	84,439	85,338
9 Public borrowers	16,456	17,555	18,652	20,511	20,809	20,378	20,756	19,984	19,822	18,915
10 Nonbank foreigners	79,606	87,289	91,583	96,892	96,249	96,985	91,869	96,615[r]	98,284	98,474
11 Other assets	45,956	55,980	68,666	57,378[r]	59,852[r]	60,686	57,676[r]	59,610[r]	64,108	60,436
12 **Total payable in U.S. dollars**	**382,498**	**379,479**	**363,941**	**347,036[r]**	**364,000[r]**	**374,420[r]**	**365,824[r]**	**353,643[r]**	**361,251**	**353,318**
13 Claims on United States	191,184	180,174	169,662	161,463	169,290	171,938	162,125	164,681	167,773[r]	167,019
14 Parent bank	152,294	142,962	133,476	130,446	136,156	138,424	129,329	131,554[r]	136,650[r]	135,939
15 Other banks in United States	16,386	12,513	12,025	7,476	9,360	9,291	9,266	9,213[r]	8,704	8,304
16 Nonbanks	22,504	24,699	24,161	23,541	23,774	24,223	23,530	23,914	22,419[r]	22,776
17 Claims on foreigners	169,690	174,451	167,010	166,696[r]	173,427[r]	182,360[r]	183,527[r]	171,120[r]	174,726[r]	170,370
18 Other branches of parent bank	82,949	95,298	78,114	72,348	76,098	83,902	83,117	77,606	77,681[r]	75,865
19 Banks	48,396	36,440	41,635	42,276[r]	45,436	45,931	47,250	41,616[r]	43,067	41,310
20 Public borrowers	10,961	12,298	13,685	13,990	13,966	13,995	14,313	13,883	13,710	13,068
21 Nonbank foreigners	27,384	30,415	33,576	38,082[r]	37,927[r]	38,532[r]	38,847[r]	38,015[r]	40,268	40,127
22 Other assets	21,624	24,854	27,269	18,877[r]	21,283[r]	20,122[r]	20,172[r]	17,842	18,752	15,929
	United Kingdom									
23 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**161,486[r]**	**167,786[r]**	**168,333**	**165,850[r]**	**164,360**	**165,132**	**162,122**
24 Claims on United States	39,212	45,560	35,257	35,891	39,558	38,358	36,403	37,609	34,919[r]	34,989
25 Parent bank	35,847	42,413	31,931	32,929	36,413	35,027	33,460	34,290	32,779[r]	31,719
26 Other banks in United States	1,058	792	1,267	1,067	1,400	925	1,298	886	783	892
27 Nonbanks	2,307	2,355	2,059	1,895	1,745	2,406	1,645	2,433	1,357	2,378
28 Claims on foreigners	107,657	115,536	109,692	107,675	109,919	113,193	111,623	108,362	110,420[r]	106,944
29 Other branches of parent bank	37,728	46,367	35,735	38,894	40,594	45,092	46,165	42,894	41,317[r]	39,466
30 Banks	36,159	31,604	36,394	36,039	36,701	34,559	33,399	33,513	36,601	34,914
31 Public borrowers	3,293	3,860	3,306	3,371	3,692	3,370	3,329	3,059	2,542	2,531
32 Nonbank foreigners	30,477	33,705	34,257	29,371	28,932	30,172	28,730	28,896	29,960	30,033
33 Other assets	15,078	23,722	30,650	17,920[r]	18,309[r]	16,782	17,824[r]	18,389	19,793	20,189
34 **Total payable in U.S. dollars**	**103,208**	**116,762**	**105,974**	**100,568[r]**	**107,290[r]**	**109,479**	**109,493[r]**	**101,375[r]**	**99,755**	**94,870**
35 Claims on United States	36,404	41,259	32,418	33,618	37,359	35,956	34,508	35,481	32,929[r]	32,783
36 Parent bank	34,329	39,609	30,370	31,578	35,299	33,765	32,186	33,070	31,559[r]	30,443
37 Other banks in United States	843	334	822	711	769	438	1,022	684	428	413
38 Nonbanks	1,232	1,316	1,226	1,329	1,291	1,753	1,300	1,727	942	1,927
39 Claims on foreigners	59,062	63,701	58,791	59,338	61,658	65,164	66,335	59,505[r]	60,695[r]	57,530
40 Other branches of parent bank	29,872	37,142	28,667	28,225	30,217	34,434	34,124	30,823	28,856[r]	30,017
41 Banks	16,579	13,135	15,219	16,800	17,269	16,848	17,089	14,316[r]	16,800	13,422
42 Public borrowers	2,371	3,143	2,853	2,604	2,515	2,501	2,349	2,154	1,883	1,949
43 Nonbank foreigners	10,240	10,281	12,052	11,709	11,657	11,381	12,773	12,212	13,156	12,142
44 Other assets	7,742	11,802	14,765	7,612[r]	8,273[r]	8,359	8,650[r]	6,389	6,131	4,557
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**145,786**	**154,293**	**156,176**	**147,422**	**144,894**	**151,175**	**148,867**
46 Claims on United States	124,205	112,989	115,244	96,911	102,726	104,245	96,280	96,976	102,836	100,655
47 Parent bank	87,882	77,873	81,520	68,309	72,207	73,856	66,608	67,219	73,825	72,841
48 Other banks in United States	15,071	11,869	10,907	6,562	8,199	8,282	7,828	7,962	7,892	7,392
49 Nonbanks	21,252	23,247	22,817	22,040	22,320	22,107	21,844	21,795	21,119	20,422
50 Claims on foreigners	44,168	41,356	45,229	41,884	42,844	44,156	44,509	41,185	40,821	41,346
51 Other branches of parent bank	11,309	13,416	11,098	7,753	7,287	8,238	7,293	7,041	7,311	6,650
52 Banks	22,611	16,310	20,174	18,412	19,840	20,122	21,212	18,464	17,440	18,829
53 Public borrowers	5,217	5,807	7,161	7,128	7,146	7,209	7,786	7,564	7,422	7,188
54 Nonbank foreigners	5,031	5,823	6,796	8,591	8,571	8,587	8,218	8,116	8,648	8,679
55 Other assets	7,633	7,971	7,853	6,991	8,723	7,775	6,633	6,733	7,518	6,866
56 **Total payable in U.S. dollars**	**170,780**	**158,390**	**163,771**	**140,104**	**149,304**	**151,436**	**142,861**	**140,332**	**146,809**	**144,627**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1989	1990	1991	1992				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**544,908[r]**	**553,977[r]**	**566,721**	**542,545[r]**	**543,624[r]**	**554,280**	**547,297**
58 Negotiable certificates of deposit (CDs)	23,500	18,060	16,284	12,389	12,056	12,342	10,032	12,320	11,872	11,598
59 To United States	197,239	189,412	198,121	185,492[r]	189,090[r]	188,116[r]	189,444[r]	175,978[r]	184,155[r]	186,741
60 Parent bank	138,412	138,748	136,431	127,685[r]	133,110[r]	131,918[r]	134,339[r]	122,627[r]	124,123[r]	124,549
61 Other banks in United States	11,704	7,463	13,260	12,408	12,281	13,392	12,182	12,829	12,373	13,306
62 Nonbanks	47,123	43,201	48,430	45,399	43,699	42,806	42,923	40,522[r]	47,659	48,886
63 To foreigners	296,850	311,668	288,254	312,390	315,401[r]	330,315[r]	309,704	321,297[r]	319,638	312,705
64 Other branches of parent bank	119,591	139,113	112,033	120,714	118,001	126,018	125,160	120,179[r]	119,601	115,456
65 Banks	76,452	58,986	63,097	68,493	70,439	74,536	62,189	67,843	70,056	68,407
66 Official institutions	16,750	14,791	15,596	16,720	20,572	20,645	19,731	23,654[r]	21,469	18,689
67 Nonbank foreigners	84,057	98,778	97,528	106,463	106,389[r]	109,116[r]	102,624	109,621[r]	108,512	110,153
68 Other liabilities	27,777	37,785	46,242	34,637[r]	37,430[r]	35,948[r]	33,365[r]	34,029[r]	38,615[r]	36,253
69 **Total payable in U.S. dollars**	**396,613**	**383,522**	**370,561**	**346,946[r]**	**365,399[r]**	**372,819[r]**	**368,773[r]**	**353,725[r]**	**363,285**	**353,351**
70 Negotiable CDs	19,619	14,094	11,909	7,628	6,710	7,503	6,238	7,102	6,640	6,519
71 To United States	187,286	175,654	185,286	171,198[r]	176,124[r]	175,969[r]	178,674[r]	164,634[r]	172,223[r]	175,269
72 Parent bank	132,563	130,510	129,669	119,826[r]	125,602[r]	124,770[r]	127,948[r]	116,008[r]	117,228[r]	118,201
73 Other banks in United States	10,519	6,052	11,707	11,117	11,409	12,246	11,512	11,710	11,418	12,467
74 Nonbanks	44,204	39,092	43,910	40,255	39,113	38,953	39,214	36,916[r]	43,577	44,601
75 To foreigners	176,460	179,002	158,993	155,740[r]	166,443[r]	175,791[r]	172,189[r]	169,595[r]	170,756	160,741
76 Other branches of parent bank	87,636	98,128	76,601	73,208	77,197	82,957	83,700	79,144	79,594	77,656
77 Banks	30,537	20,251	24,156	22,822	25,210	28,404	26,118	23,281	25,571	21,226
78 Official institutions	9,873	7,921	10,304	9,939	12,097	12,342	12,430	14,067[r]	14,034	10,762
79 Nonbank foreigners	48,414	52,702	47,932	49,771[r]	51,939[r]	52,088[r]	49,941[r]	53,103[r]	51,557	51,097
80 Other liabilities	13,248	14,772	14,373	12,380[r]	16,122[r]	13,556[r]	11,672[r]	12,394[r]	13,666[r]	10,822
	United Kingdom									
81 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**161,486[r]**	**167,786[r]**	**168,333**	**165,850[r]**	**164,360**	**165,132**	**162,122**
82 Negotiable CDs	20,056	14,256	11,333	7,266	6,064	5,636	4,517	5,774	5,597	4,753
83 To United States	36,036	39,928	37,720	35,885	35,399	34,532	39,174	32,780[r]	33,092	38,011
84 Parent bank	29,726	31,806	29,834	27,528	27,427	26,471	31,100	25,099[r]	24,250	29,421
85 Other banks in United States	1,256	1,505	1,438	1,670	1,341	1,689	1,065	1,742	1,633	1,192
86 Nonbanks	5,054	6,617	6,448	6,687	6,631	6,372	7,009	5,939[r]	7,209	7,398
87 To foreigners	92,307	108,531	98,167	101,999	109,358	113,395	107,176	111,351[r]	110,514	104,356
88 Other branches of parent bank	27,397	36,709	30,054	30,756	33,696	35,560	35,983	35,376	35,143	33,424
89 Banks	29,780	25,126	25,541	25,823	28,792	30,609	25,231	25,965	27,227	23,985
90 Official institutions	8,551	8,361	9,670	9,131	11,687	11,438	12,090	14,188	12,938	10,531
91 Nonbank foreigners	26,579	38,335	32,902	36,289	35,183	35,788	33,872	35,822[r]	35,206	36,416
92 Other liabilities	13,548	22,103	28,379	16,336[r]	16,965[r]	14,770	14,983[r]	14,455	15,929	15,002
93 **Total payable in U.S. dollars**	**108,178**	**116,094**	**108,755**	**95,556[r]**	**104,469[r]**	**105,699**	**108,214[r]**	**100,731**	**101,342**	**95,892**
94 Negotiable CDs	18,143	12,710	10,076	5,689	4,213	4,494	3,894	4,770	4,444	3,765
95 To United States	33,056	34,697	33,003	30,330	31,266	30,204	35,417	28,545[r]	28,874	33,552
96 Parent bank	28,812	29,955	28,260	25,700	26,021	25,160	29,957	23,767[r]	23,097	28,067
97 Other banks in United States	1,065	1,156	1,177	992	866	906	709	1,063	1,097	707
98 Nonbanks	3,179	3,586	3,566	3,638	4,379	4,138	4,751	3,715[r]	4,680	4,778
99 To foreigners	50,517	60,014	56,626	51,916	59,938	62,899	62,048	60,107[r]	59,643	51,850
100 Other branches of parent bank	18,384	25,957	20,800	17,986	22,080	22,896	22,026	20,807	20,516	19,516
101 Banks	12,244	9,488	11,069	9,112	10,956	13,050	12,540	9,740	10,359	6,702
102 Official institutions	5,454	4,692	7,156	6,156	8,142	8,459	8,847	10,114	9,967	7,008
103 Nonbank foreigners	14,435	19,877	17,601	18,662	18,760	18,494	18,635	19,446[r]	18,801	18,624
104 Other liabilities	6,462	8,673	9,050	7,621[r]	9,052[r]	8,102	6,855[r]	7,309	8,381	6,725
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**145,786**	**154,293**	**156,176**	**147,422**	**144,894**	**151,175**	**148,867**
106 Negotiable CDs	678	646	1,173	872	1,394	1,939	1,350	1,355	1,142	1,713
107 To United States	124,859	114,738	129,872	109,408[r]	114,439[r]	116,699[r]	111,861[r]	108,150[r]	110,729[r]	110,391
108 Parent bank	75,188	74,941	79,394	63,169[r]	69,649[r]	71,381[r]	67,347[r]	65,122[r]	62,336[r]	59,252
109 Other banks in United States	8,883	4,526	10,231	9,801	10,303	10,944	10,445	10,265	10,059	11,492
110 Nonbanks	40,788	35,271	40,247	36,438	34,487	34,374	34,069	32,763	38,334	39,647
111 To foreigners	47,382	44,444	35,200	34,060	34,896	35,411	32,556	33,766	37,690	35,369
112 Other branches of parent bank	23,414	24,715	17,388	16,071	15,441	16,287	15,169	15,411	18,056	18,015
113 Banks	8,823	5,588	5,662	6,788	6,988	7,574	6,422	6,350	7,967	6,476
114 Official institutions	1,097	622	572	984	1,058	932	805	932	1,036	858
115 Nonbank foreigners	14,048	13,519	11,578	10,217	11,409	10,618	10,160	11,073	10,631	10,020
116 Other liabilities	3,087	2,488	2,081	1,446[r]	3,564[r]	2,127[r]	1,655[r]	1,623[r]	1,614[r]	1,394
117 **Total payable in U.S. dollars**	**171,250**	**157,132**	**163,603**	**140,298**	**149,320**	**151,527**	**143,150**	**140,734**	**146,875**	**144,291**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.[p]
1 **Total**[1]	**344,529**	**360,530**	**393,687**	**405,465**	**394,845**	**398,672**	**411,817[r]**	**413,235[r]**	**409,872**
By type									
2 Liabilities reported by banks in the United States[2]	39,880	38,396	43,604	60,933	54,007	54,823	63,792[r]	66,454[r]	62,869
3 U.S. Treasury bills and certificates[3]	79,424	92,692	113,634	104,286	100,702	104,596	111,540	113,594	113,547
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	208,924	211,875	211,272	210,553	207,588	203,224	202,552
5 Nonmarketable[4]	4,491	4,858	4,505	4,473	4,503	4,532	4,563	4,592	4,622
6 U.S. securities other than U.S. Treasury securities[5]	18,247	20,907	23,020	23,898	24,361	24,168	24,334	25,371	26,282
By area									
7 Western Europe[1]	167,191	168,365	186,364	194,551	184,207	188,693	196,240[r]	199,659[r]	187,302
8 Canada	8,671	7,460	7,027	8,111	6,381	7,920	8,411	7,886	9,326
9 Latin America and Caribbean	21,184	33,554	37,736	38,678	38,945	40,015	41,388	42,502	44,509
10 Asia	138,096	139,465	151,667	153,555	154,493	152,148	156,211	154,015	157,898
11 Africa	1,434	2,092	3,360	3,481	3,779	3,565	3,705	3,866	3,919
12 Other countries[6]	7,955	9,592	7,531	7,087	7,038	6,329	5,860	5,305	6,916

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 Mar.	1992 June	1992 Sept.	1992 Dec.[r]
1 Banks' liabilities	67,835	70,477	75,129	68,434	71,240	84,487	73,227
2 Banks' claims	65,127	66,796	73,195	60,424	58,262	72,003	62,772
3 Deposits	20,491	29,672	26,192	23,270	23,466	28,074	24,186
4 Other claims	44,636	37,124	47,003	37,154	34,796	43,929	38,586
5 Claims of banks' domestic customers[2]	3,507	6,309	3,398	2,962	4,375	3,987	4,432

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	1992				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**759,634**	**756,066**	**809,919[r]**	**795,856**	**793,298**	**799,590**	**809,919[r]**	**801,571[r]**	**814,328**	**797,916**
2 Banks' own liabilities	577,229	575,374	606,168[r]	587,139	590,791	601,073	606,168[r]	592,187[r]	605,617	586,066
3 Demand deposits	21,723	20,321	21,822[r]	22,479	21,302	21,935	21,822[r]	21,106[r]	22,310	21,580
4 Time deposits[2]	168,017	159,649	160,327[r]	143,336	157,488	156,814	160,327[r]	150,095[r]	147,053	141,526
5 Other[3]	65,822	66,305	93,854[r]	84,107	92,315	96,294	93,854[r]	103,828[r]	106,280	99,624
6 Own foreign offices[4]	321,667	329,099	330,165	337,217	319,686	326,030	330,165	317,158[r]	329,974	323,336
7 Banks' custodial liabilities[5]	182,405	180,692	203,751	208,717	202,507	198,517	203,751	209,384	208,711	211,850
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,649	134,894	127,993	122,480	127,649	133,799	135,389	137,062
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,982	19,349	20,043	21,755	21,982	22,969	20,735	22,309
10 Other	68,031	51,294	54,120	54,474	54,471	54,282	54,120	52,616	52,587	52,479
11 Nonmonetary international and regional organizations[8]	5,918	8,981	9,350	11,285	10,727	9,915	9,350	11,099[r]	11,338	9,425
12 Banks' own liabilities	4,540	6,827	6,951	8,648	7,001	6,982	6,951	7,837[r]	8,684	6,167
13 Demand deposits	36	43	46	24	73	58	46	39	47	196
14 Time deposits[2]	1,050	2,714	3,214	2,577	1,899	2,561	3,214	2,809[r]	2,376	2,670
15 Other[3]	3,455	4,070	3,691	6,047	5,029	4,363	3,691	4,989	6,261	3,301
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	2,637	3,726	2,933	2,399	3,262	2,654	3,258
17 U.S. Treasury bills and certificates	364	1,730	1,908	1,991	3,085	2,371	1,908	2,774	2,348	2,876
18 Other negotiable and readily transferable instruments[7]	1,014	424	486	646	641	561	486	488	306	382
19 Other	0	0	5	0	0	1	5	0	0	0
20 Official institutions[9]	119,303	131,088	159,419	157,238	165,219	154,709	159,419	175,332[r]	180,048	176,416
21 Banks' own liabilities	34,910	34,411	51,058	40,453	57,225	50,027	51,058	59,577[r]	62,687	59,366
22 Demand deposits	1,924	2,626	1,274	1,761	1,723	1,492	1,274	1,397[r]	1,764	1,457
23 Time deposits[2]	14,359	16,504	17,828	16,125	19,741	17,834	17,828	18,685	18,996	18,707
24 Other[3]	18,628	15,281	31,956	22,567	35,761	30,701	31,956	39,495	41,927	39,202
25 Banks' custodial liabilities[5]	84,393	96,677	108,361	116,785	107,994	104,682	108,361	115,755	117,361	117,050
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	113,634	104,286	100,702	104,596	111,540	113,594	113,547
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	2,922	3,595	3,784	3,726	4,054	3,648	3,411
28 Other	203	106	39	229	113	196	39	161	119	92
29 Banks[10]	540,805	522,265	546,412[r]	537,936	525,221	543,980	546,412[r]	522,015[r]	530,028	520,209
30 Banks' own liabilities	458,470	459,335	475,260[r]	466,617	454,183	472,949	475,260[r]	453,242[r]	462,530	451,215
31 Unaffiliated foreign banks	136,802	130,236	145,095[r]	129,400	134,497	146,919	145,095[r]	136,084[r]	132,556	127,879
32 Demand deposits	10,053	8,648	10,168[r]	10,443	9,741	10,088	10,168[r]	9,903[r]	10,974	10,493
33 Time deposits[2]	88,541	82,857	90,193[r]	74,075	85,729	87,690	90,193[r]	80,351[r]	77,690	72,228
34 Other[3]	38,208	38,731	44,734[r]	44,882	39,027	49,141	44,734[r]	45,830[r]	43,892	45,158
35 Own foreign offices[4]	321,667	329,099	330,165	337,217	319,686	326,030	330,165	317,158[r]	329,974	323,336
36 Banks' custodial liabilities[5]	82,335	62,930	71,152	71,319	71,038	71,031	71,152	68,773	67,498	68,994
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	10,905	10,481	10,444	11,087	9,685	9,296	9,976
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,568	7,373	7,325	7,572	7,568	7,708	6,692	7,965
39 Other	66,325	49,765	52,497	53,041	53,232	53,015	52,497	51,380	51,510	51,053
40 Other foreigners	93,608	93,732	94,738[r]	89,397	92,131	90,986	94,738[r]	93,125[r]	92,914	91,866
41 Banks' own liabilities	79,309	74,801	72,899[r]	71,421	72,382	71,115	72,899[r]	71,531[r]	71,716	69,318
42 Demand deposits	9,711	9,004	10,334[r]	10,251	9,765	10,297	10,334[r]	9,767[r]	9,525	9,434
43 Time deposits[2]	64,067	57,574	49,092[r]	50,559	50,119	48,729	49,092[r]	48,250[r]	47,991	47,921
44 Other[3]	5,530	8,223	13,473	10,611	12,498	12,089	13,473	13,514	14,200	11,963
45 Banks' custodial liabilities[5]	14,299	18,931	21,839	17,976	19,749	19,871	21,839	21,594	21,198	22,548
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,058	8,364	10,141	8,963	10,058	9,800	10,151	10,663
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,202	8,408	8,482	9,838	10,202	10,719	10,089	10,551
48 Other	1,503	1,423	1,579	1,204	1,126	1,070	1,579	1,075	958	1,334
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,114	7,452	7,672	7,716	9,114	9,724	9,499	9,548

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts due to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

Item	1990	1991	1992	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.[r]	1993 Mar.[p]
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**809,919[r]**	**795,856**	**793,298**	**799,590**	**809,919[r]**	**801,571[r]**	**814,328**	**797,916**
2 **Foreign countries**	**753,716**	**747,085**	**800,569[r]**	**784,571**	**782,571**	**789,675**	**800,569[r]**	**790,472[r]**	**802,990**	**788,491**
3 Europe	254,452	249,097	308,398[r]	290,435	306,547	311,875	308,398[r]	303,721[r]	304,841	293,287
4 Austria	1,229	1,193	1,611[r]	1,456	1,584	1,358	1,611[r]	1,158	1,942	1,256
5 Belgium and Luxembourg	12,382	13,337	20,572	17,948	21,183	19,662	20,572	21,255	19,729	19,475
6 Denmark	1,399	937	3,060	1,760	1,788	1,481	3,060	1,885	2,835	1,536
7 Finland	602	1,341	1,299	685	949	1,144	1,299	1,862	2,049	2,297
8 France	30,946	31,808	41,459	32,158	34,881	39,968	41,459	34,285	32,457	31,712
9 Germany	7,485	8,619	18,631	14,739	13,810	15,401	18,631	20,685	18,934	16,087
10 Greece	934	765	910	1,069	872	749	910	815	758	761
11 Italy	17,735	13,541	10,041	12,236	11,104	12,494	10,041	8,759[r]	10,701	8,907
12 Netherlands	5,350	7,161	7,372	10,407	8,962	8,411	7,372	8,731	11,711	11,418
13 Norway	2,357	1,866	3,319	1,851	1,577	2,014	3,319	3,550	2,521	2,350
14 Portugal	2,958	2,184	2,465	2,245	2,258	2,255	2,465	2,518	2,508	2,489
15 Spain	7,544	11,391	9,796[r]	15,589	14,602	10,383	9,796[r]	14,904[r]	17,233	15,734
16 Sweden	1,837	2,222	2,986	3,194	5,312	4,485	2,986	2,962	1,991	1,619
17 Switzerland	36,690	37,238	39,440	39,314	38,240	40,791	39,440	41,533[r]	40,227	39,596
18 Turkey	1,169	1,598	2,666	2,087	2,524	2,360	2,666	2,533	2,862	2,520
19 United Kingdom	109,555	100,292	112,434	115,817	114,705	117,353	112,434	106,700	105,497	106,350
20 Yugoslavia[11]	928	622	504	567	577	575	504	506	512	438
21 Others in Western Europe[12]	11,689	9,274	25,834[r]	12,867	27,228	26,691	25,834[r]	25,926	27,495	25,748
22 Russia	119	241	577	499	450	601	577	436	497	535
23 Other Eastern Europe[13]	1,545	3,467	3,422	3,947	3,941	3,699	3,422	2,718	2,382	2,459
24 Canada	20,349	21,605	22,746	22,668	21,378	22,052	22,746	21,467	22,898	25,041
25 Latin America and Caribbean	332,997	345,529	316,008[r]	316,995	310,015	309,750	316,008[r]	313,248[r]	320,497	318,273
26 Argentina	7,365	7,753	9,477[r]	9,065	9,387	8,715	9,477[r]	10,792[r]	10,608	11,568
27 Bahamas	107,386	100,622	82,212[r]	77,633	85,878	86,310	82,212[r]	84,767[r]	87,793	83,547
28 Bermuda	2,822	3,178	7,079	4,275	5,889	6,355	7,079	6,319	6,508	6,304
29 Brazil	5,834	5,704	5,584	5,393	5,828	5,235	5,584	5,321	5,304	5,462
30 British West Indies	147,321	163,620	151,886[r]	159,838	143,311	143,084	151,886[r]	146,879[r]	149,506	150,803
31 Chile	3,145	3,283	3,035[r]	3,440	3,253	2,925	3,035[r]	3,638	3,420	3,325
32 Colombia	4,492	4,661	4,580[r]	4,792	4,767	4,677	4,580[r]	4,438	4,417	4,183
33 Cuba	11	2	3	33	10	11	3	2	3	3
34 Ecuador	1,379	1,232	993[r]	1,073	1,026	1,016	993[r]	945	886	928
35 Guatemala	1,541	1,594	1,377[r]	1,416	1,376	1,323	1,377[r]	1,311	1,311	1,382
36 Jamaica	257	231	371	309	274	271	371	294	279	309
37 Mexico	16,650	19,957	19,456[r]	19,650	19,216	19,543	19,456[r]	20,023	21,207	21,772
38 Netherlands Antilles	7,357	5,592	5,205[r]	4,751	4,708	6,101	5,205[r]	4,352	4,869	4,221
39 Panama	4,574	4,695	4,177[r]	4,596	4,116	3,976	4,177[r]	4,013	4,214	3,927
40 Peru	1,294	1,249	1,080[r]	1,152	1,141	1,047	1,080[r]	1,052	1,045	995
41 Uruguay	2,520	2,096	1,955	2,019	2,087	2,092	1,955	1,898	2,061	1,815
42 Venezuela	12,271	13,181	11,387[r]	11,101	11,504	11,003	11,387[r]	11,106	10,984	11,446
43 Other	6,779	6,879	6,151[r]	6,459	6,244	6,066	6,151[r]	6,098[r]	6,082	6,283
44 Asia	136,844	120,462	143,362[r]	144,793	134,385	136,111	143,362[r]	141,524	143,915	140,341
China										
45 People's Republic of China	2,421	2,626	3,202[r]	2,480	2,582	2,559	3,202[r]	3,114[r]	3,007	2,957
46 Republic of China (Taiwan)	11,246	11,491	8,379[r]	9,431	8,616	8,750	8,379[r]	8,929[r]	9,102	9,002
47 Hong Kong	12,754	14,269	18,445	18,682	17,542	16,322	18,445	17,510	19,445	16,744
48 India	1,233	2,418	1,396	1,372	1,234	1,210	1,396	1,323	1,377	1,399
49 Indonesia	1,238	1,463	1,480	1,507	1,260	1,217	1,480	1,392	1,460	1,871
50 Israel	2,767	2,015	3,775	2,613	2,208	3,691	3,775	3,389	3,371	3,930
51 Japan	67,076	47,069	58,332	64,606	56,101	55,356	58,332	56,007	58,390	57,224
52 Korea (South)	2,287	2,587	3,336	3,673	3,529	3,698	3,336	3,415	3,468	3,307
53 Philippines	1,585	2,449	2,275	2,028	2,275	2,223	2,275	2,350	2,746	2,774
54 Thailand	1,443	2,252	5,582	4,517	5,082	5,797	5,582	5,722	5,375	5,342
55 Middle Eastern oil-exporting countries[14]	15,829	15,752	21,446	19,977	19,040	20,266	21,446	19,877	19,897	19,692
56 Other	16,965	16,071	15,714[r]	13,907	14,916	15,022	15,714[r]	18,496	16,277	16,099
57 Africa	4,630	4,825	5,884[r]	5,592	5,843	6,062	5,884[r]	5,913	6,364	6,502
58 Egypt	1,425	1,621	2,472	2,243	2,598	2,601	2,472	2,756	3,077	3,084
59 Morocco	104	79	76	100	98	93	76	88	92	87
60 South Africa	228	228	190	190	240	214	190	158	319	243
61 Zaire	53	31	19	14	24	23	19	25	17	13
62 Oil-exporting countries[15]	1,110	1,082	1,346	1,339	1,201	1,402	1,346	1,125	1,135	1,239
63 Other	1,710	1,784	1,781[r]	1,706	1,682	1,729	1,781[r]	1,761	1,724	1,836
64 Other	4,444	5,567	4,171[r]	4,088	4,403	3,825	4,171[r]	4,599	4,475	5,047
65 Australia	3,807	4,464	3,047	2,927	2,987	2,654	3,047	3,502	3,388	4,013
66 Other	637	1,103	1,124[r]	1,161	1,416	1,171	1,124[r]	1,097	1,087	1,034
67 Nonmonetary international and regional organizations	5,918	8,981	9,350	11,285	10,727	9,915	9,350	11,099[r]	11,338	9,425
68 International[16]	4,390	6,485	7,434	8,204	7,689	6,764	7,434	7,864[r]	8,657	6,381
69 Latin American regional[17]	1,048	1,181	1,415	2,274	2,130	2,248	1,415	2,327	1,738	2,021
70 Other regional[18]	479	1,315	501	807	908	903	501	908	943	1,023

11. Beginning December 1992, excludes Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. *Beginning December 1992, includes, in addition,* all former parts of the U.S.S.R. (except Russia), and Bosnia, Hercegovina, Croatia, and Slovenia.

13. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

14. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

15. Comprises Algeria, Gabon, Libya, and Nigeria.

16. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

17. Principally the Inter-American Development Bank.

18. 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	1992				1993		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[p]
1 **Total, all foreigners**	**511,543**	**514,339**	**495,713[r]**	**486,071**	**493,689**	**490,721**	**495,713[r]**	**483,903[r]**	**493,522**	**473,045**
2 **Foreign countries**	**506,750**	**508,056**	**490,631[r]**	**481,900**	**491,217**	**487,840**	**490,631[r]**	**480,803[r]**	**489,414**	**469,602**
3 Europe	113,093	114,310	124,130[r]	117,349	126,170	122,143	124,130[r]	117,308[r]	124,724	122,636
4 Austria	362	327	341	367	414	463	341	366	530	1,101
5 Belgium and Luxembourg	5,473	6,158	6,404	7,533	6,980	6,423	6,404	6,473	5,886	6,066
6 Denmark	497	686	707	1,012	830	1,056	707	705	785	682
7 Finland	1,047	1,907	1,419	1,299	817	1,230	1,419	1,275	1,226	1,010
8 France	14,468	15,112	14,847	15,084	16,111	15,718	14,847	14,012	14,670	13,240
9 Germany	3,343	3,371	4,229	4,075	5,629	5,328	4,229	5,544[r]	5,370	5,900
10 Greece	727	553	718	589	583	598	718	669	668	583
11 Italy	6,052	8,242	9,048	9,485	9,752	9,443	9,048	8,716	8,466	8,493
12 Netherlands	1,761	2,546	2,497	1,980	2,334	3,006	2,497	2,927	3,279	2,676
13 Norway	782	669	356	639	666	435	356	649	750	645
14 Portugal	292	344	325	383	327	330	325	390	494	454
15 Spain	2,668	1,881	2,772	3,304	4,642	3,481	2,772	2,593[r]	4,158	3,889
16 Sweden	2,094	2,335	4,929	5,494	6,678	5,786	4,929	5,340	5,155	4,809
17 Switzerland	4,202	4,540	4,722	3,102	3,688	3,591	4,722	4,493	4,971	4,410
18 Turkey	1,405	1,063	962	986	1,177	950	962	1,071	1,041	943
19 United Kingdom	65,151	60,395	63,980[r]	56,483	60,209	58,991	63,980[r]	56,262[r]	61,394	62,026
20 Yugoslavia[2]	1,142	825	569	674	668	661	569	571	567	553
21 Others in Western Europe[3]	597	789	1,706	1,211	959	1,019	1,706	1,607	1,607	1,780
22 Russia	530	1,970	3,147[r]	3,199	3,190	3,174	3,147[r]	3,154	3,154	2,906
23 Other Eastern Europe[4]	499	597	452	450	516	460	452	491	553	470
24 Canada	16,091	15,113	14,185	15,862	16,830	15,834	14,185	16,481[r]	14,972	18,375
25 Latin America and Caribbean	231,506	246,137	213,772[r]	210,580	213,423	217,040	213,772[r]	218,391[r]	210,770	201,920
26 Argentina	6,967	5,869	4,882	4,553	4,564	4,605	4,882	4,804[r]	4,859	4,835
27 Bahamas	76,525	87,138	59,532	58,588	64,853	65,139	59,532	62,831	63,898	56,978
28 Bermuda	4,056	2,270	5,934	3,567	2,798	6,035	5,934	6,797	2,851	3,910
29 Brazil	17,995	11,894	10,733[r]	11,308	11,558	11,583	10,733[r]	10,924[r]	10,507	10,863
30 British West Indies	88,565	107,846	98,738	99,580	96,906	96,325	98,738	100,926	94,885	92,200
31 Chile	3,271	2,805	3,397	3,300	3,323	3,309	3,397	3,690	3,795	3,639
32 Colombia	2,587	2,425	2,750	2,475	2,595	2,698	2,750	2,752[r]	2,819	2,807
33 Cuba	0	0	0	0	5	0	0	0	0	0
34 Ecuador	1,387	1,053	884	924	936	926	884	853	835	808
35 Guatemala	191	228	262	235	275	255	262	240	257	274
36 Jamaica	238	158	167	160	147	162	167	170	164	151
37 Mexico	14,851	16,567	15,049	17,234	16,621	16,495	15,049	15,216[r]	15,988	15,107
38 Netherlands Antilles	7,998	1,207	1,379	1,045	1,080	1,529	1,379	1,735[r]	1,938	2,107
39 Panama	1,471	1,560	4,474	1,937	1,979	2,080	4,474	2,024[r]	2,307	2,550
40 Peru	663	739	730	724	713	723	730	735	708	650
41 Uruguay	786	599	936	921	882	877	936	895	844	846
42 Venezuela	2,571	2,516	2,525	2,653	2,700	2,880	2,525	2,409[r]	2,485	2,557
43 Other	1,384	1,263	1,400[r]	1,376	1,488	1,419	1,400[r]	1,390[r]	1,630	1,638
44 Asia	138,722	125,262	131,248	131,011	127,358	126,143	131,248	121,729	131,456	119,047
China										
45 People's Republic of China	620	747	906	636	978	624	906	774	892	939
46 Republic of China (Taiwan)	1,952	2,087	2,046	2,054	1,848	1,653	2,046	1,683	1,585	1,634
47 Hong Kong	10,648	9,617	9,673	10,057	9,095	9,287	9,673	9,145	10,298	10,549
48 India	655	441	529	499	500	539	529	532	549	443
49 Indonesia	933	952	1,189	1,089	1,112	1,135	1,189	1,323	1,292	1,469
50 Israel	774	860	820	800	826	937	820	877	809	895
51 Japan	90,699	84,807	78,609	83,527	80,253	77,676	78,609	74,593	79,753	66,767
52 Korea (South)	5,766	6,048	6,170	6,247	6,113	6,288	6,170	6,063[r]	6,753	6,944
53 Philippines	1,247	1,910	2,145	2,144	2,181	2,034	2,145	1,871	1,842	1,713
54 Thailand	1,573	1,713	1,867	1,795	1,764	1,873	1,867	1,796	1,737	1,659
55 Middle Eastern oil-exporting countries[5]	10,749	8,284	18,559	14,613	15,488	16,858	18,559	17,083	17,775	19,048
56 Other	13,106	7,796	8,735	7,550	7,200	7,239	8,735	5,989[r]	8,171	6,987
57 Africa	5,445	4,928	4,289	4,333	4,303	4,233	4,289	4,262	4,147	3,871
58 Egypt	380	294	194	256	229	214	194	171	291	192
59 Morocco	513	575	441	467	452	443	441	421	403	396
60 South Africa	1,525	1,235	1,041	1,055	1,036	1,063	1,041	1,069	1,030	1,021
61 Zaire	16	4	4	4	4	4	4	3	3	3
62 Oil-exporting countries[6]	1,486	1,298	1,004	1,067	1,056	1,029	1,004	1,067	1,108	1,130
63 Other	1,525	1,522	1,605	1,484	1,526	1,480	1,605	1,531	1,312	1,129
64 Other	1,892	2,306	3,007[r]	2,765	3,133	2,447	3,007[r]	2,632	3,345	3,753
65 Australia	1,413	1,665	2,263	1,765	1,951	1,601	2,263	1,896	2,552	3,117
66 Other	479	641	744[r]	1,000	1,182	846	744[r]	736	793	636
67 Nonmonetary international and regional organizations[7]	4,793	6,283	5,082	4,171	2,472	2,881	5,082	3,100	4,108	3,443

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Beginning December 1992, excludes Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Beginning December 1992, includes, in addition, all former parts of the U.S.S.R. (except Russia), and Bosnia, Hercegovina, Croatia, and Slovenia.
4. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. 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[r]	1992				1993		
				Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[p]
1 **Total**	**579,044**	**579,683**	**555,697**	**548,286**	...	...	**555,697**	...	...	...
2 Banks' claims	511,543	514,339	495,713	486,071	493,689	490,721	495,713	483,903	493,522	473,045
3 Foreign public borrowers	41,900	37,126	31,370	31,504	32,056	30,955	31,370	33,163	30,500	33,754
4 Own foreign offices[2]	304,315	318,800	299,770	298,287	298,056	290,974	299,770	290,938	303,819	289,498
5 Unaffiliated foreign banks	117,272	116,602	109,909	105,768	112,224	112,512	109,909	101,949	102,840	97,407
6 Deposits	65,253	69,018	61,125	54,315	60,856	61,999	61,125	53,612	51,690	48,997
7 Other	52,019	47,584	48,784	51,453	51,368	50,513	48,784	48,337	51,150	48,410
8 All other foreigners	48,056	41,811	54,664	50,512	51,353	56,280	54,664	57,853	56,363	52,386
9 Claims of banks' domestic customers[3]	67,501	65,344	59,984	62,215	...	...	59,984	...	...	...
10 Deposits	14,375	15,280	15,452	15,348	...	...	15,452	...	...	...
11 Negotiable and readily transferable instruments[4]	41,333	37,125	31,400	33,687	...	...	31,400	...	...	...
12 Outstanding collections and other claims	11,792	12,939	13,132	13,180	...	...	13,132	...	...	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,701	8,540	...	...	8,701	...	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	44,638	40,146	33,605	34,692	34,522	33,708	33,605	36,151	36,922	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets held by reporting banks for the account of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area	1989	1990	1991	1992			
				Mar.	June	Sept.	Dec.
1 **Total**	**238,123**	**206,903**	**195,302**	**194,450**	**196,768**	**187,398**	**195,626**
By borrower							
2 Maturity of one year or less[2]	178,346	165,985	162,573	161,566	162,433	155,254	164,059
3 Foreign public borrowers	23,916	19,305	21,050	20,253	20,528	17,863	17,867
4 All other foreigners	154,430	146,680	141,523	141,313	141,905	137,391	146,192
5 Maturity of more than one year[2]	59,776	40,918	32,729	32,884	34,335	32,144	31,567
6 Foreign public borrowers	36,014	22,269	15,859	16,182	15,145	13,295	13,223
7 All other foreigners	23,762	18,649	16,870	16,702	19,190	18,849	18,344
By area							
Maturity of one year or less[2]							
8 Europe	53,913	49,184	51,835	52,911	54,997	55,986	53,885
9 Canada	5,910	5,450	6,444	6,958	7,986	5,949	6,118
10 Latin America and Caribbean	53,003	49,782	43,597	48,536	49,094	45,241	50,320
11 Asia	57,755	53,258	51,059	43,645	41,409	40,824	45,862
12 Africa	3,225	3,040	2,549	2,470	2,127	2,183	1,810
13 All other[3]	4,541	5,272	7,089	7,046	6,820	5,071	6,064
Maturity of more than one year[2]							
14 Europe	4,121	3,859	3,878	4,315	6,752	6,625	5,360
15 Canada	2,353	3,290	3,595	3,289	3,158	3,227	3,290
16 Latin America and Caribbean	45,816	25,774	18,277	18,120	16,827	15,092	15,166
17 Asia	4,172	5,165	4,459	4,714	4,979	4,815	4,977
18 Africa	2,630	2,374	2,335	2,207	2,356	2,107	2,364
19 All other[3]	684	456	185	239	263	278	410

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Maturity is time remaining to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1988	1989	1990	1991				1992			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**346.3**	**338.8**	**317.8**	**325.3**	**320.4**	**335.7**	**341.5**	**347.9[r]**	**357.4[r]**	**343.9[r]**	**345.8[r]**
2 G-10 countries and Switzerland	152.7	152.9	132.1	129.9	129.8	134.0	137.2	131.1[r]	136.3[r]	137.5[r]	134.0[r]
3 Belgium and Luxembourg	9.0	6.3	5.9	6.2	6.1	5.8	6.0	5.3	6.2	6.2	5.6
4 France	10.5	11.7	10.4	9.7	10.5	11.1	11.0	10.0	12.0	15.5	15.4[r]
5 Germany	10.3	10.5	10.6	8.8	8.3	9.7	8.3	8.4	8.8	10.9	9.3
6 Italy	6.8	7.4	5.0	4.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5
7 Netherlands	2.7	3.1	3.0	3.3	3.3	3.0	4.7	4.3	3.3	3.7	2.8
8 Sweden	1.8	2.0	2.2	2.0	2.5	2.1	1.9	2.0[r]	1.9	2.2	2.3
9 Switzerland	5.4	7.1	4.4	3.7	3.3	3.9	3.4	3.2	4.6	5.2	4.8[r]
10 United Kingdom	66.2	67.2	60.8	62.3	59.5	64.9	68.5	64.8	65.9[r]	61.8[r]	61.4[r]
11 Canada	5.0	5.4	5.9	6.8	8.2	5.8	5.8	6.6	6.7	6.7	6.6[r]
12 Japan	34.9	32.2	23.9	23.2	24.6	23.2	22.2	21.1[r]	18.7[r]	18.9[r]	19.2[r]
13 Other industrialized countries	21.3	21.0	22.9	23.5	21.3	22.1	22.8	21.5	25.5	25.1	24.1
14 Austria	1.5	1.5	1.4	1.4	1.1	1.0	.6	.8	.8	.8	1.2
15 Denmark	1.1	1.1	1.1	.9	1.2	.9	.9	.8	1.3	1.5	.9
16 Finland	1.1	1.0	.7	1.0	.8	.6	.7	.8	.8	1.0	.7
17 Greece	1.8	2.5	2.7	2.5	2.4	2.3	2.6	2.3	2.8	3.0[r]	3.0
18 Norway	1.8	1.4	1.6	1.5	1.5	1.4	1.4	1.5	1.7	1.6	1.2
19 Portugal	.4	.4	.6	.6	.6	.5	.6	.5	.5	.5	.4
20 Spain	6.2	7.1	8.3	9.0	7.1	8.3	8.3	7.7	10.1	9.8	9.0
21 Turkey	1.5	1.2	1.7	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3
22 Other Western Europe	1.7	1.0	1.2	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7
23 South Africa	2.4	2.0	1.8	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7
24 Australia	1.8	1.6	1.8	1.9	2.0	2.4	2.7	2.3	2.3	2.3	2.9
25 OPEC[2]	16.6	17.1	12.8	17.1	14.0	15.6	14.6	15.8	16.2	15.9	16.1
26 Ecuador	1.7	1.3	1.0	.9	.9	.8	.7	.7	.7	.7	.6
27 Venezuela	7.9	7.0	5.0	5.1	5.3	5.6	5.4	5.4	5.3	5.4	5.2
28 Indonesia	1.7	2.0	2.7	2.8	2.6	2.8	2.8	3.0	3.0	3.0	3.0
29 Middle East countries	3.4	5.0	2.5	6.6	3.7	5.0	4.2	5.3	5.9	5.4	6.2
30 African countries	1.9	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.1
31 Non-OPEC developing countries	85.3	77.5	65.4	66.4	65.0	65.0	64.3	70.2[r]	68.1[r]	72.9[r]	72.2[r]
Latin America											
32 Argentina	9.0	6.3	5.0	4.7	4.6	4.5	4.8	5.0	5.1	6.2	6.6
33 Brazil	22.4	19.0	14.4	13.9	11.6	10.5	9.6	10.8	10.6	10.8	10.8
34 Chile	5.6	4.6	3.5	3.6	3.6	3.7	3.6	3.9	4.0	4.2	4.4
35 Colombia	2.1	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.7	1.8
36 Mexico	18.8	17.7	13.0	13.7	14.3	16.2	15.5	18.2	16.3	17.1	16.0
37 Peru	.8	.6	.5	.5	.5	.4	.4	.4	.4	.5[r]	.5
38 Other	2.6	2.8	2.3	2.2	2.0	1.9	2.1	2.2	2.2	2.5	2.6
Asia											
China											
39 Peoples Republic of China	.3	.3	.2	.4	.6	.4	.3	.3	.3	.3	.7
40 Republic of China (Taiwan)	3.7	4.5	3.5	3.6	4.1	4.1	4.1	4.8	4.6	5.0	5.2
41 India	2.1	3.1	3.3	3.5	3.0	2.8	3.0	3.6	3.8	3.6	3.2
42 Israel	1.2	.7	.5	.5	.5	.5	.5	.4	.4	.4	.4
43 Korea (South)	6.1	5.9	6.2	6.8	6.9	6.5	6.8	6.9	6.9	7.4	6.6
44 Malaysia	1.6	1.7	1.9	2.0	2.1	2.3	2.3	2.5	2.7	3.0	3.0
45 Philippines	4.5	4.1	3.8	3.7	3.7	3.6	3.7	3.6	3.1	3.6	3.6
46 Thailand	1.1	1.3	1.5	1.6	1.7	1.9	1.7	1.7	1.9	2.2	2.2
47 Other Asia[3]	.9	1.0	1.7	2.1	2.3	2.3	2.4	2.3[r]	2.5[r]	2.7[r]	2.7[r]
Africa											
48 Egypt	.4	.4	.4	.4	.4	.4	.4	.3	.5	.3	.2
49 Morocco	.9	.9	.8	.8	.7	.7	.7	.7	.7	.6	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.1	1.0	1.0	.8	.8	.8	.7	.7	.6	.9	1.0
52 Eastern Europe	3.6	3.5	2.3	2.1	2.1	1.8	2.4	2.9	3.0	3.1	3.1
53 Russia	.7	.7	.2	.3	.4	.4	.9	1.4	1.7	1.8	1.9
54 Yugoslavia	1.8	1.6	1.2	1.0	1.0	.8	.9	.8	.7	.7	.6
55 Other	1.1	1.3	.9	.8	.7	.7	.7	.6	.6	.7	.6
56 Offshore banking centers	44.2	36.6	42.5	50.0	48.3	52.7	52.0	58.4[r]	59.4	52.3	55.2[r]
57 Bahamas	11.0	5.5	2.8	8.3	6.8	6.7	11.9	14.0[r]	12.2[r]	8.1[r]	5.6[r]
58 Bermuda	.9	1.7	4.4	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2
59 Cayman Islands and other British West Indies	12.9	9.0	11.5	14.1	14.9	13.8	15.8	17.4	18.1	15.7	20.1[r]
60 Netherlands Antilles	1.0	2.3	7.9	1.1	1.4	3.9	1.2	1.0	.8	.7	1.1
61 Panama[4]	2.5	1.4	1.4	1.5	1.3	1.3	1.3	1.3	1.7	1.8	1.7
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.6	9.7	7.7	11.6	12.4	12.1	12.2	12.2[r]	15.0[r]	15.2	13.8
64 Singapore	6.1	7.0	6.6	8.9	7.2	7.7	7.1	8.5	6.4	6.8	6.5
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	22.6	30.3	39.8	36.4	39.9	44.6	48.2	48.0	48.6[r]	36.8[r]	41.0[r]

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia.
4. Includes Canal Zone beginning December 1979.
5. Foreign branch claims only.
6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type and area or country	1989	1990	1991	1991 Sept.	1991 Dec.	1992 Mar.	1992 June	1992 Sept.	1992 Dec.
1	**Total**	**38,764**	**46,043**	**43,156**	**43,218**	**43,156**	**44,098**	**44,176**	**45,166**	**42,899**
2	Payable in dollars	33,973	40,786	37,764	38,482	37,764	38,640	37,481	36,574	35,496
3	Payable in foreign currencies	4,791	5,257	5,392	4,736	5,392	5,458	6,695	8,592	7,403
	By type									
4	Financial liabilities	17,879	21,066	21,893	21,652	21,893	22,255	21,988	23,406	22,013
5	Payable in dollars	14,035	16,979	17,781	17,947	17,781	18,027	16,744	16,468	15,668
6	Payable in foreign currencies	3,844	4,087	4,112	3,705	4,112	4,228	5,244	6,938	6,345
7	Commercial liabilities	20,885	24,977	21,263	21,566	21,263	21,843	22,188	21,760	20,886
8	Trade payables	8,070	10,683	8,310	8,313	8,310	8,926	9,516	9,409	8,849
9	Advance receipts and other liabilities	12,815	14,294	12,953	13,253	12,953	12,917	12,672	12,351	12,037
10	Payable in dollars	19,938	23,807	19,983	20,535	19,983	20,613	20,737	20,106	19,828
11	Payable in foreign currencies	947	1,170	1,280	1,031	1,280	1,230	1,451	1,654	1,058
	By area or country									
	Financial liabilities									
12	Europe	11,660	10,978	11,905	12,311	11,905	12,449	13,030	14,070	12,600
13	Belgium and Luxembourg	340	394	217	397	217	174	194	256	427
14	France	258	975	2,106	2,164	2,106	1,997	2,324	2,785	1,608
15	Germany	464	621	682	682	682	666	836	941	740
16	Netherlands	941	1,081	1,056	1,050	1,056	1,025	979	980	606
17	Switzerland	541	545	408	497	408	355	490	627	569
18	United Kingdom	8,818	6,357	6,429	6,589	6,429	7,338	7,344	7,680	7,987
19	Canada	610	229	267	305	267	283	337	320	491
20	Latin America and Caribbean	1,357	4,153	4,325	3,883	4,325	4,062	3,323	3,345	3,480
21	Bahamas	157	371	537	314	537	396	343	220	349
22	Bermuda	17	0	114	0	114	114	114	115	114
23	Brazil	0	0	6	6	6	8	10	18	19
24	British West Indies	724	3,160	3,065	2,961	3,065	2,930	2,182	2,291	2,307
25	Mexico	6	5	7	6	7	7	8	12	12
26	Venezuela	0	4	4	4	4	4	4	5	6
27	Asia	4,151	5,295	5,338	5,149	5,338	5,366	5,209	5,581	5,408
28	Japan	3,299	4,065	4,102	4,000	4,102	4,107	4,116	4,548	4,375
29	Middle East oil-exporting countries[2]	2	5	13	19	13	13	10	17	19
30	Africa	2	2	6	3	6	7	0	5	6
31	Oil-exporting countries[3]	0	0	4	2	4	6	0	0	0
32	All other[4]	100	409	52	1	52	88	89	85	28
	Commercial liabilities									
33	Europe	9,071	10,310	7,808	8,084	7,808	7,501	7,144	6,714	6,624
34	Belgium and Luxembourg	175	275	248	225	248	256	240	173	285
35	France	877	1,218	830	992	830	678	659	688	660
36	Germany	1,392	1,270	944	911	944	880	702	744	592
37	Netherlands	710	844	709	751	709	574	605	601	555
38	Switzerland	693	775	488	492	488	482	400	369	398
39	United Kingdom	2,620	2,792	2,310	2,217	2,310	2,445	2,404	2,262	2,225
40	Canada	1,124	1,261	990	1,011	990	1,095	1,077	1,085	998
41	Latin America and Caribbean	1,224	1,672	1,352	1,512	1,352	1,701	1,803	1,518	1,520
42	Bahamas	41	12	3	14	3	13	8	3	6
43	Bermuda	308	538	310	450	310	493	409	338	292
44	Brazil	100	145	219	211	219	230	212	115	197
45	British West Indies	27	30	107	46	107	108	73	85	55
46	Mexico	323	475	304	291	304	375	475	322	444
47	Venezuela	164	130	94	102	94	168	279	147	127
48	Asia	7,550	9,483	9,330	8,855	9,330	9,890	10,439	11,006	10,643
49	Japan	2,914	3,651	3,720	3,363	3,720	3,549	3,537	3,909	3,990
50	Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,780	1,498	1,591	1,778	1,813	1,946
51	Africa	886	844	713	836	713	644	775	675	535
52	Oil-exporting countries[3]	339	422	327	357	327	253	389	337	291
53	Other[4]	1,030	1,406	1,070	1,268	1,070	1,012	950	762	566

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	1991		1992			
					Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**33,173**	**35,348**	**42,667**	**38,315**	**42,667**	**42,199**	**41,869**	**38,659**	**38,086[r]**
2	Payable in dollars	30,773	32,760	40,098	35,952	40,098	39,558	38,899	35,738	35,598[r]
3	Payable in foreign currencies	2,400	2,589	2,569	2,363	2,569	2,641	2,970	2,921	2,488[r]
	By type									
4	Financial claims	19,297	19,874	25,463	22,536	25,463	25,328	24,612	21,367	20,922[r]
5	Deposits	12,353	13,577	17,218	16,188	17,218	16,964	15,116	12,547	12,734[r]
6	Payable in dollars	11,364	12,552	16,343	15,182	16,343	15,803	13,829	11,489	11,988[r]
7	Payable in foreign currencies	989	1,025	875	1,006	875	1,161	1,287	1,058	746
8	Other financial claims	6,944	6,297	8,245	6,348	8,245	8,364	9,496	8,820	8,188[r]
9	Payable in dollars	6,190	5,280	7,365	5,611	7,365	7,617	8,771	7,788	7,425[r]
10	Payable in foreign currencies	754	1,017	880	737	880	747	725	1,032	763[r]
11	Commercial claims	13,876	15,475	17,204	15,779	17,204	16,871	17,257	17,292	17,164[r]
12	Trade receivables	12,253	13,657	14,479	13,429	14,479	14,266	14,756	14,552	14,886[r]
13	Advance payments and other claims	1,624	1,817	2,725	2,350	2,725	2,605	2,501	2,740	2,278[r]
14	Payable in dollars	13,219	14,927	16,390	15,159	16,390	16,138	16,299	16,461	16,185[r]
15	Payable in foreign currencies	657	548	814	620	814	733	958	831	979[r]
	By area or country									
	Financial claims									
16	Europe	8,463	9,645	13,546	13,129	13,546	14,205	13,200	11,249	9,346[r]
17	Belgium and Luxembourg	28	76	13	76	13	12	25	16	8
18	France	153	371	312	255	312	277	786	809	774[r]
19	Germany	152	367	342	434	342	290	381	321	401
20	Netherlands	238	265	385	420	385	727	732	766	536
21	Switzerland	153	357	591	580	591	682	779	602	507[r]
22	United Kingdom	7,496	7,971	11,251	10,997	11,251	11,631	8,768	7,727	5,947[r]
23	Canada	1,904	2,934	2,679	2,163	2,679	2,750	2,529	2,256	1,701[r]
24	Latin America and Caribbean	8,020	6,201	7,932	6,289	7,932	7,070	7,260	6,523	8,505[r]
25	Bahamas	1,890	1,090	758	652	758	415	523	1,099	625
26	Bermuda	7	3	8	19	8	12	12	65	40
27	Brazil	224	68	192	137	192	191	181	135	496[r]
28	British West Indies	5,486	4,635	6,384	5,106	6,384	5,912	6,018	4,792	6,712[r]
29	Mexico	94	177	321	176	321	318	343	222	270
30	Venezuela	20	25	40	32	40	34	32	26	29
31	Asia	590	860	957	614	957	961	1,275	995	839[r]
32	Japan	213	523	385	277	385	380	712	481	683[r]
33	Middle East oil-exporting countries[2]	8	8	5	3	5	3	4	4	3
34	Africa	140	37	57	61	57	60	57	66	79[r]
35	Oil-exporting countries[3]	12	0	1	1	1	0	0	1	9
36	All other[4]	180	195	292	280	292	282	291	278	452
	Commercial claims									
37	Europe	6,209	7,044	7,950	6,884	7,950	7,894	8,138	7,792	7,448[r]
38	Belgium and Luxembourg	242	212	192	190	192	181	255	170	183
39	France	964	1,240	1,544	1,330	1,544	1,562	1,563	1,741	1,394
40	Germany	696	807	943	858	943	936	908	885	883
41	Netherlands	479	555	643	641	643	646	666	588	541
42	Switzerland	313	301	295	258	295	328	399	294	260[r]
43	United Kingdom	1,575	1,775	2,088	1,807	2,088	2,086	2,173	1,977	1,776
44	Canada	1,091	1,074	1,174	1,232	1,174	1,176	1,131	1,172	1,250[r]
45	Latin America and Caribbean	2,184	2,375	2,591	2,494	2,591	2,572	2,672	3,141	2,842[r]
46	Bahamas	58	14	11	8	11	11	9	7	18
47	Bermuda	323	246	263	255	263	272	291	245	237
48	Brazil	297	326	418	385	418	364	438	395	336
49	British West Indies	36	40	41	37	41	45	32	43	39[r]
50	Mexico	508	661	829	741	829	892	847	968	851[r]
51	Venezuela	147	192	202	196	202	206	251	302	316
52	Asia	3,570	4,127	4,573	4,282	4,573	4,354	4,463	4,308	4,638[r]
53	Japan	1,199	1,460	1,878	1,808	1,878	1,782	1,786	1,793	1,848
54	Middle Eastern oil-exporting countries[2]	518	460	621	496	621	635	609	512	653
55	Africa	429	488	418	431	418	418	422	430	536
56	Oil-exporting countries[3]	108	67	95	80	95	75	73	66	77
57	Other[4]	393	367	498	456	498	457	431	449	450[r]

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	1992				1993		
			Jan.–Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	211,207	221,350	74,950	13,884	18,820	17,885	22,725	19,170	28,772	27,008
2 Foreign sales	200,116	226,490	69,879	17,034	18,170	16,598	20,382	19,353	25,980	24,546
3 Net purchases or sales (–)	**11,091**	**–5,140**	**5,071**	**–3,150**	**650**	**1,287**	**2,343**	**–183**	**2,792**	**2,462**
4 Foreign countries	**10,522**	**–5,173**	**4,829**	**–3,059**	**653**	**1,284**	**2,319**	**–178**	**2,702**	**2,305**
5 Europe	53	–4,934	3,314	–1,683	75	371	1,505	52	2,290	972
6 France	9	–1,331	15	–234	–92	–50	–154	–25	223	–183
7 Germany	–63	–64	290	–112	–52	47	162	91	97	102
8 Netherlands	–227	–280	121	–107	–24	–4	190	64	–11	68
9 Switzerland	–131	143	1,062	–189	–124	–40	221	205	501	356
10 United Kingdom	–352	–3,294	1,280	–869	362	361	705	–350	1,154	476
11 Canada	3,845	1,405	–108	–278	–227	43	176	–341	57	176
12 Latin America and Caribbean	2,177	2,209	480	–90	235	649	422	305	–235	410
13 Middle East[1]	–134	–88	–170	136	–57	–219	70	–92	–65	–13
14 Other Asia	4,255	–3,944	1,233	–1,064	767	373	122	–123	593	763
15 Japan	1,179	–3,598	–346	–97	184	220	215	28	–624	250
16 Africa	153	10	33	14	–21	–18	–7	4	27	2
17 Other countries	174	169	47	–94	–119	85	31	17	35	–5
18 Nonmonetary international and regional organizations	**568**	**33**	**242**	**–91**	**–3**	**3**	**24**	**–5**	**90**	**157**
BONDS[2]										
19 Foreign purchases	153,096	214,801	64,629	17,160	19,315	18,082	19,264	17,417	21,754	25,458
20 Foreign sales	125,637	175,310	56,653	14,452	15,224	16,317	15,513	15,439	18,671	22,543
21 Net purchases or sales (–)	**27,459**	**39,491**	**7,976**	**2,708**	**4,091**	**1,765**	**3,751**	**1,978**	**3,083**	**2,915**
22 Foreign countries	**27,590**	**38,375**	**8,334**	**2,573**	**4,045**	**1,600**	**3,206**	**2,074**	**3,209**	**3,051**
23 Europe	13,112	18,314	4,503	1,818	1,993	–492	1,996	1,302	2,188	1,013
24 France	847	1,221	487	155	–4	–7	217	101	311	75
25 Germany	1,577	2,503	86	387	–34	–113	857	91	52	–57
26 Netherlands	482	531	–430	58	133	144	48	–119	–133	–178
27 Switzerland	656	–513	95	–51	–23	–260	105	122	–38	11
28 United Kingdom	8,931	13,229	3,525	1,319	1,568	–312	962	349	2,421	755
29 Canada	1,623	236	–173	48	198	281	–38	–437	145	119
30 Latin America and Caribbean	2,672	8,833	1,391	548	842	540	513	419	482	490
31 Middle East[1]	1,787	3,166	811	–5	273	515	360	300	248	263
32 Other Asia	8,459	7,545	1,670	171	790	692	119	305	149	1,216
33 Japan	5,767	–450	846	–590	467	266	9	190	61	595
34 Africa	52	354	185	–7	–50	–4	302	168	27	–10
35 Other countries	–116	–73	–53	0	–1	68	–46	17	–30	–40
36 Nonmonetary international and regional organizations	**–131**	**1,116**	**–358**	**135**	**46**	**165**	**545**	**–96**	**–126**	**–136**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–31,967	–32,186	–8,408	–2,892	–4,260	–3,636	–4,368	–2,337[r]	–1,560	–4,511
38 Foreign purchases	120,598	149,987	45,210	13,632	12,477	11,672	12,781	12,726[r]	15,046	17,438
39 Foreign sales[3]	152,565	182,173	53,618	16,524	16,737	15,308	17,149	15,063[r]	16,606	21,949
40 Bonds, net purchases or sales (–)	–14,828	–18,470	–19,057	–1,420	–2,205	–791	–2,874	–5,100[r]	–9,589	–4,368
41 Foreign purchases	330,311	485,659	163,940	46,140	49,670	52,066	39,607	38,411	55,717	69,812
42 Foreign sales	345,139	504,129	182,997	47,560	51,875	52,857	42,481	43,511[r]	65,306	74,180
43 Net purchases or sales (–), of stocks and bonds	**–46,795**	**–50,656**	**–27,465**	**–4,312**	**–6,465**	**–4,427**	**–7,242**	**–7,437[r]**	**–11,149**	**–8,879**
44 Foreign countries	**–46,711**	**–53,992**	**–26,506**	**–4,333**	**–6,492**	**–4,500**	**–7,196**	**–6,430[r]**	**–11,287**	**–8,789**
45 Europe	–34,452	–38,109	–16,157	–3,196	–6,851	–5,001	–4,516	–6,478[r]	–6,702	–2,977
46 Canada	–7,004	–6,653	–8,222	–222	–1,008	571	–1,167	–161	–5,028	–3,033
47 Latin America and Caribbean	759	–1,830	223	308	1,091	–1,671	512	195	–20	48
48 Asia	–7,350	–6,583	–2,259	–1,667	681	1,567	–1,670	–381	567	–2,445
49 Africa	–9	–57	–22	–14	–2	42	–11	–7	3	–18
50 Other countries	1,345	–760	–69	458	–403	–8	–344	402	–107	–364
51 Nonmonetary international and regional organizations	**–84**	**3,336**	**–959**	**21**	**27**	**73**	**–46**	**–1,007**	**138**	**–90**

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	1992				1993		
			Jan.–Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**	**19,865**	**39,319**	**5,876**	**−5,995**	**3,546**	**17,648**	**8**	**454**	**−1,273[r]**	**6,695**
2 Foreign countries	19,687	37,966	3,848	−6,204	4,351	17,661	−194	−129	−2,166[r]	6,143
3 Europe	8,663	19,647	−4,931	−4,655	4,671	7,284	3,163	−585	−382[r]	−3,964
4 Belgium and Luxembourg	523	1,985	504	−25	232	370	−28	−59	45	518
5 Germany	−4,725	2,076	−3,692	900	−8	−1,584	898	697	−1,632	−2,757
6 Netherlands	−3,735	−2,923	−885	−239	−40	1,827	−804	−1,238	206	147
7 Sweden	−663	−804	−336	−843	202	668	−344	−54	258	−540
8 Switzerland	1,007	481	−2,223	292	769	1,334	213	−199	−455	−1,569
9 United Kingdom	6,218	24,184	2,880	16	4,068	7,209	2,833	2,025	183[r]	672
10 Other Western Europe	10,024	−6,002	−1,408	−4,761	−551	−2,758	395	−1,759	975	−624
11 Eastern Europe	13	650	229	5	−1	218	0	2	38	189
12 Canada	−3,019	562	5,874	−4,281	458	−1,087	−99	3,302	82	2,490
13 Latin America and Caribbean	10,285	−3,223	−1,668	−1,479	−1,915	7,270	−4,519	−1,495	445	−618
14 Venezuela	10	539	158	31	155	27	11	−175	179	154
15 Other Latin America and Caribbean	4,179	−1,957	−5,436	−2,537	−3,233	2,385	415	−3,309	−1,656	−471
16 Netherlands Antilles	6,097	−1,805	3,610	1,027	1,163	4,858	−4,945	1,989	1,922	−301
17 Asia	3,367	23,526	5,047	4,004	1,416	4,000	1,188	−1,136	−1,032	7,215
18 Japan	−4,081	9,817	3,518	2,448	−339	3,383	2,201	−743	804	3,457
19 Africa	689	1,103	−238	59	−37	119	0	−33	−139	−66
20 Other	−298	−3,649	−236	148	−242	75	73	−182	−1,140	1,086
21 Nonmonetary international and regional organizations	178	1,353	2,028	209	−805	−13	202	583	893	552
22 International	−358	1,018	865	−31	−903	−38	76	228	581	56
23 Latin American regional	−72	533	506	201	219	−31	97	270	235	1
MEMO										
24 Foreign countries	19,687	37,966	3,848	−6,204	4,351	17,661	−194	−129	−2,166[r]	6,143
25 Official institutions	1,190	6,876	−8,001	−4,483	2,951	−603	−719	−2,965	−4,364	−672
26 Other foreign[2]	18,496	31,090	11,849	−1,721	1,400	18,264	525	2,836	2,198[r]	6,815
Oil-exporting countries										
27 Middle East[2]	−6,822	4,323	−1,282	750	−271	407	511	−238	−1,855	811
28 Africa[3]	239	11	8	4	0	0	0	8	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 May 28, 1993		Country	Rate on May 28, 1993		Country	Rate on May 28, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.75	Apr. 1993	Germany	7.25	Apr. 1993	Norway	7.75	Apr. 1993
Belgium	6.25	May 1993	Italy	10.50	May 1993	Switzerland	5.0	Mar. 1993
Canada	5.10	May 1993	Japan	2.5	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	10.5	Mar. 1993	Netherlands	6.25	May 1993			
France[2]	7.50	May 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 Feb. 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Averages of daily figures, percent per year

Type or country	1990	1991	1992	1992		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	8.16	5.86	3.70	3.67	3.50	3.22	3.12	3.11	3.10	3.12
2 United Kingdom	14.73	11.47	9.56	7.16	7.11	6.88	6.10	5.91	5.90	5.91
3 Canada	13.00	9.07	6.76	7.63	7.93	7.03	6.38	5.59	5.43	5.29
4 Germany	8.41	9.15	9.42	8.84	8.93	8.50	8.29	7.85	7.81	7.41
5 Switzerland	8.71	8.01	7.67	6.44	6.13	5.52	5.34	5.05	4.97	4.97
6 Netherlands	8.57	9.19	9.25	8.66	8.55	8.00	7.98	7.47	7.43	6.98
7 France	10.20	9.49	10.14	9.58	10.75	11.69	11.70	10.89	8.73	7.48
8 Italy	12.11	12.04	13.91	14.38	13.60	12.56	11.43	11.26	11.41	10.74
9 Belgium	9.70	9.30	9.31	8.64	8.65	8.19	8.75	8.27	7.94	7.16
10 Japan	7.75	7.33	4.39	3.77	3.76	3.70	3.27	3.26	3.22	3.23

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1990	1991	1992	1992	1993				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar[2]	78.069	77.872	73.521	68.974	67.297	68.294	70.775	71.155	69.859
2 Austria/schilling	11.331	11.686	10.992	11.130	11.368	11.556	11.586	11.234	11.305
3 Belgium/franc	33.424	34.195	32.148	32.545	33.239	33.841	33.919	32.857	33.044
4 Canada/dollar	1.1668	1.1460	1.2085	1.2725	1.2779	1.2602	1.2471	1.2621	1.2698
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.8106	5.7796	5.7874	5.7455	5.7202	5.7392
6 Denmark/krone	6.1899	6.4038	6.0372	6.1206	6.2319	6.3019	6.3242	6.1339	6.1751
7 Finland/markka	3.8300	4.0521	4.4865	5.1444	5.4242	5.8534	5.9767	5.6190	5.4847
8 France/franc	5.4467	5.6468	5.2935	5.3974	5.4751	5.5594	5.5944	5.3984	5.4180
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.5822	1.6144	1.6414	1.6466	1.5964	1.6071
10 Greece/drachma	158.59	182.63	190.81	209.48	215.97	220.60	223.57	217.90	218.12
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7416	7.7376	7.7335	7.7332	7.7306	7.7290
12 India/rupee	17.492	22.712	28.156	28.979	29.043	30.042	31.939	31.610	31.613
13 Ireland/pound[2]	165.76	161.39	170.42	166.71	163.37	148.11	147.58	152.75	151.65
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,412.38	1,491.07	1,550.43	1,591.35	1,536.14	1,475.66
15 Japan/yen	145.00	134.59	126.78	124.04	124.99	120.76	117.02	112.41	110.34
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.5710	2.5985	2.6295	2.6051	2.5777	2.5661
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.7788	1.8155	1.8473	1.8507	1.7942	1.8026
18 New Zealand/dollar[2]	59.619	57.832	53.792	51.570	51.270	51.603	53.026	53.904	54.290
19 Norway/krone	6.2541	6.4912	6.2142	6.6804	6.8721	6.9779	6.9989	6.7399	6.8027
20 Portugal/escudo	142.70	144.77	135.07	142.05	145.36	149.89	152.17	148.25	151.89
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6397	1.6527	1.6463	1.6446	1.6228	1.6136
22 South Africa/rand	2.5885	2.7633	2.8524	3.0140	3.0713	3.1313	3.1790	3.1718	3.1787
23 South Korea/won	710.64	736.73	784.58	791.75	794.87	799.25	796.42	798.61	803.19
24 Spain/peseta	101.96	104.01	102.38	112.95	114.62	117.51	117.71	115.64	121.30
25 Sri Lanka/rupee	40.078	41.200	44.013	45.046	46.307	46.351	47.069	47.712	47.965
26 Sweden/krona	5.9231	6.0521	5.8258	6.8903	7.2536	7.5566	7.7362	7.4500	7.3271
27 Switzerland/franc	1.3901	1.4356	1.4064	1.4219	1.4774	1.5178	1.5206	1.4599	1.4504
28 Taiwan/dollar	26.918	26.759	25.160	25.452	25.452	25.837	26.026	25.987	25.978
29 Thailand/baht	25.609	25.528	25.411	25.488	25.523	25.508	25.425	25.251	25.234
30 United Kingdom/pound[2]	178.41	176.74	176.63	155.10	153.25	143.95	146.17	154.47	154.77
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	90.50	92.36	93.82	93.65	90.62	90.24

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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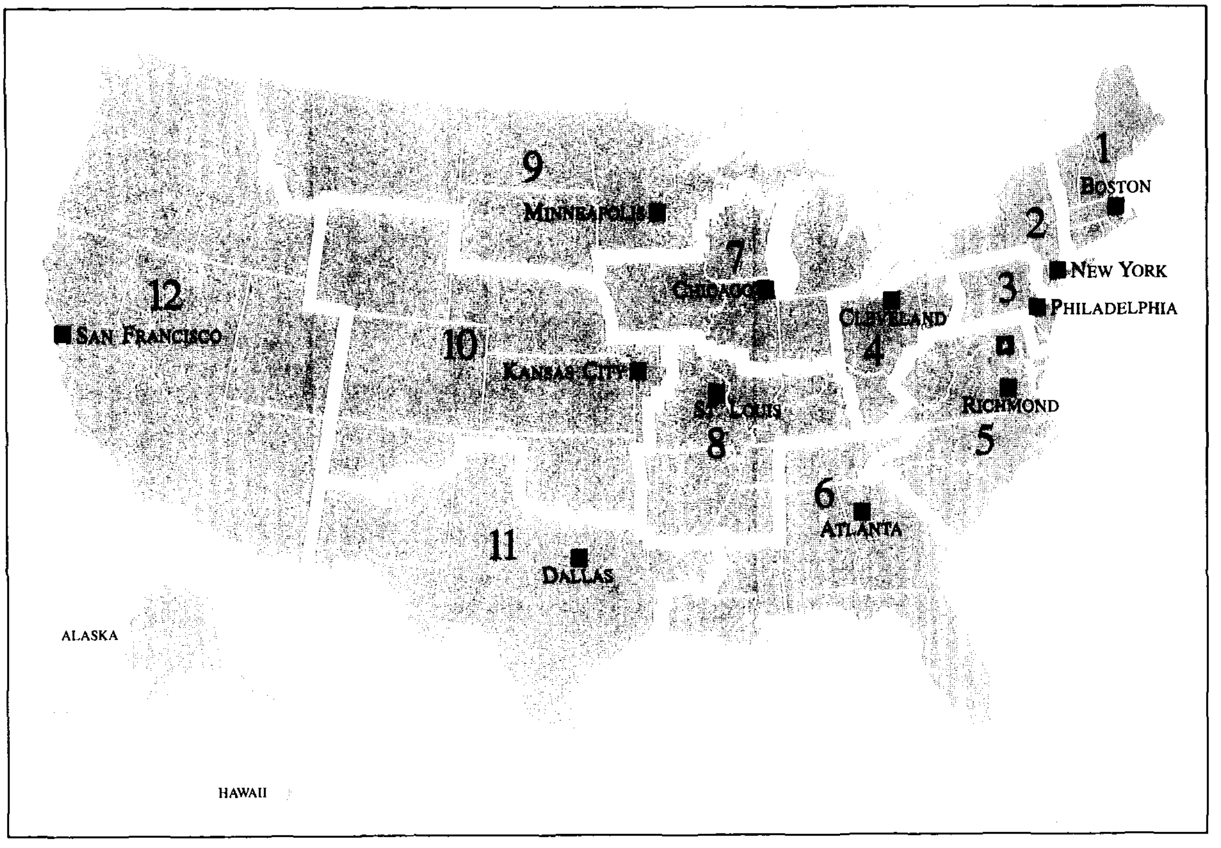
The Transmission Channels of Monetary Policy: How Have They Changed? 12/90.
Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances. 1/92.
U.S. International Transactions in 1991. 5/92.

Maps of the Federal Reserve System



Legend

Both pages

- ■ Federal Reserve Bank city
- ◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

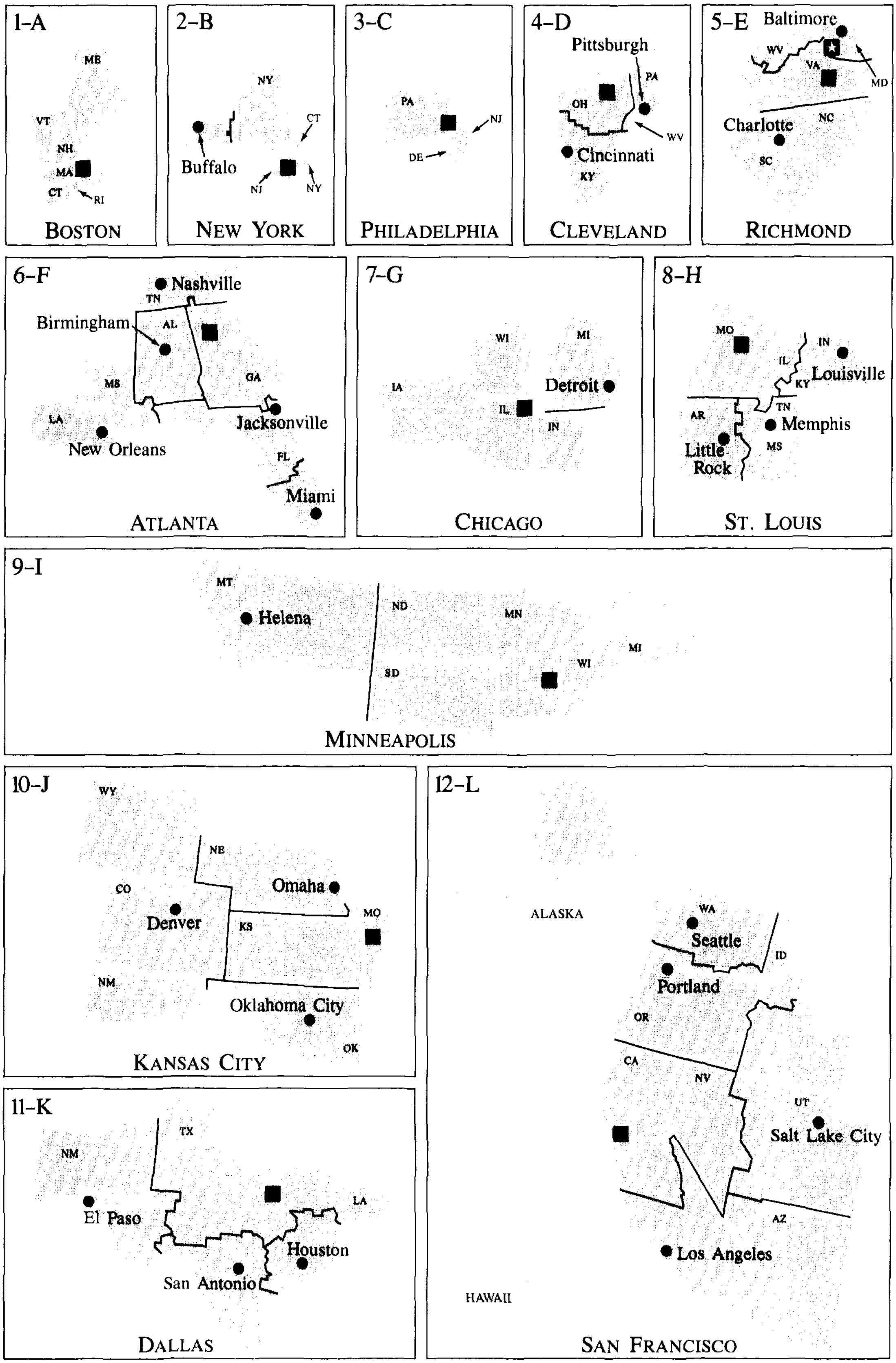
- • Federal Reserve Branch city
- — Branch boundary

Note

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.


1-A
ME
VT
NH
MA
CT
RI
BOSTON
2-B
NY
CT
Buffalo
NJ
NY
NEW YORK
3-C
PA
NJ
DE
PHILADELPHIA
4-D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5-E
Baltimore
WV
VA
MD
Charlotte
NC
SC
RICHMOND
6-F
Nashville
TN
Birmingham
AL
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7-G
WI
MI
IA
Detroit
IL
IN
CHICAGO
8-H
MO
IN
IL
Louisville
KY
AR
TN
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
LA
El Paso
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	Ellen V. Futter Maurice R. Greenberg	E. Gerald Corrigan James H. Oltman	
Buffalo	14240	Joseph J. Castiglia		James O. Aston
PHILADELPHIA	19105	Jane G. Pepper James M. Mead	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds G. Watts Humphrey, Jr.	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino [1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart [1]
RICHMOND*	23219	Anne Marie Whittemore Henry J. Faison	J. Alfred Broaddus, Jr. Jimmie R. Monhollon	
Baltimore	21203	Rebecca Hahn Windsor		Ronald B. Duncan [1]
Charlotte	28230	Anne M. Allen		Walter A. Varvel [1]
Culpeper Communications and Records Center	*22701*			John G. Stoides [1]
ATLANTA	30303	Edwin A. Huston Leo Benatar	Robert P. Forrestal Jack Guynn	Donald E. Nelson [1]
Birmingham	35283	Donald E. Boomershine		Fred R. Herr [1]
Jacksonville	32231	Joan D. Ruffier		James D. Hawkins [1]
Miami	33152	R. Kirk Landon		James T. Curry III
Nashville	37203	James R. Tuerff		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
CHICAGO*	60690	Richard G. Cline Robert M. Healey	Silas Keehn William C. Conrad	
Detroit	48231	J. Michael Moore		Roby L. Sloan [1]
ST. LOUIS	63166	Robert H. Quenon Janet McAfee Weakley	Thomas C. Melzer James R. Bowen	
Little Rock	72203	Robert D. Nabholz, Jr.		Karl W. Ashman
Louisville	40232	John A. Williams		Howard Wells
Memphis	38101	Seymour B. Johnson		John P. Baumgartner
MINNEAPOLIS	55480	Delbert W. Johnson Gerald A. Rauenhorst	Gary H. Stern Colleen K. Strand	
Helena	59601	James E. Jenks		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr. Herman Cain	Thomas M. Hoenig Henry R. Czerwinski	
Denver	80217	Barbara B. Grogan		Kent M. Scott
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75201	Leo E. Linbeck, Jr. Cece Smith	Robert D. McTeer, Jr. Tony J. Salvaggio	
El Paso	79999	W. Thomas Beard, III		Sammie C. Clay
Houston	77252	Judy Ley Allen		Robert Smith, III [1]
San Antonio	78295	Erich Wendl		Thomas H. Robertson
SAN FRANCISCO	94120	James A. Vohs Judith M. Runstad	Robert T. Parry Patrick K. Barron	
Los Angeles	90051	Donald G. Phelps		John F. Moore [1]
Portland	97208	William A. Hilliard		E. Ronald Liggett [1]
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema [1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.