VOLUME 81 □ NUMBER 7 □ JULY 1995

FEDERAL RESERVE BULLETIN

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

Table of Contents

629 *FINANCIAL SERVICES USED BY SMALL BUSINESSES: EVIDENCE FROM THE 1993 NATIONAL SURVEY OF SMALL BUSINESS FINANCES*

Using data newly available from the 1993 National Survey of Small Business Finances, this article offers preliminary findings regarding the characteristics of the U.S. population of small businesses—firms with fewer than 500 employees—and their use of credit and other financial services. The main purposes of the survey were to provide information on the use of credit by small and minority-owned firms and to create a general-purpose database on the finances of such firms. Although the 1993 data are still in the editing stage, and hence subject to revision, the broad findings presented in this article are likely to be robust.

668 *INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION FOR MAY 1995*

Industrial production declined 0.2 percent in May after a revised decline of 0.5 percent in April. At 120.9 percent of its 1987 average, industrial production in May was 3.1 percent higher than it was in May 1994. Capacity utilization declined 0.5 percentage point in May to 83.7 percent, 1.8 percentage points below the most recent high, attained this past December and January.

671 *STATEMENTS TO THE CONGRESS*

Susan M. Phillips, Member, Board of Governors of the Federal Reserve System, discusses the Economic Growth and Regulatory Paperwork Reduction Act of 1995 and says that the Board supports the purpose of this proposed legislation of relieving costs imposed on our nation's banking system by governmental regulation when those costs are not offset by corresponding benefits to the safety and soundness of our nation's financial institutions, the protection of bank customers, or the availability of credit, before the Subcommittee on Financial Institutions and Regulatory Relief of the Senate Committee on Banking, Housing, and Urban Affairs, May 2, 1995.

676 Edward W. Kelley, Jr., Member, Board of Governors, presents information on the benefits and costs of substituting a $1 coin for the $1 bank note now in circulation and says that although there would be important budget gains, the foremost consideration in any decision to replace $1 notes with coins should be the convenience and needs of the public and that preparing for issuance of such coins will be complex and time consuming, before the Subcommittee on Domestic and International Monetary Policy of the House Committee on Banking and Financial Services, May 3, 1995.

679 Governor Phillips testifies on the Economic Growth and Regulatory Paperwork Reduction Act of 1995 and says that although the Board supports the majority of the provisions of the proposed legislation, it believes that there are two provisions of the bill that cause concern: relaxing the standards for foreign banks operating in the United States to the extent proposed and transferring authority for administering the Real Estate Settlement Procedures Act to the Board, before the Subcommittee on Financial Institutions and Consumer Credit of the House Committee on Banking and Financial Services, May 18, 1995.

684 *ANNOUNCEMENTS*

Requests for nominations for appointments to the Consumer Advisory Council and meeting of the council.

Issuance of joint framework for supervisory information about derivatives activities of banks and securities firms.

Final revisions to the official staff commentary for Regulation B.

Availability of a brochure on the terms of credit card plans.

Erratum regarding a table in a *Bulletin* article.

686 *MINUTES OF THE FEDERAL OPEN MARKET COMMITTEE MEETING HELD ON MARCH 28, 1995*

At its meeting on March 28, 1995, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but that included a bias toward the possible firming of reserve conditions during the intermeeting period.

697 *LEGAL DEVELOPMENTS*

Various bank holding company, bank service corporation, and bank merger orders; and pending cases.

A1 *FINANCIAL AND BUSINESS STATISTICS*

These tables reflect data available as of May 29, 1995.

A3 *GUIDE TO TABULAR PRESENTATION*

A4 Domestic Financial Statistics
A45 Domestic Nonfinancial Statistics
A53 International Statistics

A67 *GUIDE TO STATISTICAL RELEASES AND SPECIAL TABLES*

A68 *INDEX TO STATISTICAL TABLES*

A70 *BOARD OF GOVERNORS AND STAFF*

A72 *FEDERAL OPEN MARKET COMMITTEE AND STAFF; ADVISORY COUNCILS*

A74 *FEDERAL RESERVE BOARD PUBLICATIONS*

A76 *MAPS OF THE FEDERAL RESERVE SYSTEM*

A78 *FEDERAL RESERVE BANKS, BRANCHES, AND OFFICES*

Financial Services Used by Small Businesses: Evidence from the 1993 National Survey of Small Business Finances

Rebel A. Cole and John D. Wolken, of the Board's Division of Research and Statistics, prepared this article. Michael Abramowicz, Peter Sorock, and Ronnie McWilliams provided research assistance.

Using data newly available from the 1993 National Survey of Small Business Finances, this article offers preliminary findings regarding the characteristics of the U.S. population of small businesses—firms with fewer than 500 employees—and their use of credit and other financial services. Small businesses account for the vast majority of enterprises in the United States and for a substantial share of total business output, but information about the small business sector is sparse.

The 1993 survey collected data through interviews conducted in 1994 and early 1995 with about 5,300 firms that were selected to provide a representative sample of all small businesses in the United States. The main purposes of the survey were to provide information on the use of credit by small and minority-owned firms and to create a general-purpose database on the finances of such firms. Although the 1993 data are still in the editing stage, and hence subject to revision, the broad findings presented in this article are likely to be robust. After completion of the data editing and other processing steps, the *Federal Reserve Bulletin* will announce the availability of a data tape and user's manual through the National Technical Information Service.[1]

In broad overview, the 1993 data show that more than two-thirds of small businesses in the United States are indeed very small (fewer than five employees) and that more than one-half operate in the retail trade, business services, or professional services industries. Overall, 12 percent of small businesses in the United States are Hispanic-owned or nonwhite-owned and 22 percent are female-owned. Firm size is a dominant factor in determining the types and sources of financial services that small businesses use. Nonetheless, almost all small businesses reported using a checking account through a commercial bank; and more than one-half of small businesses reported having some credit outstanding, most commonly in the form of a line of credit at a commercial bank.

This article is limited to detailing these descriptive findings. The complete range of data gathered by the survey (see the appendix) is useful for studying various issues in finance, including the determinants of the capital structure of small businesses, the importance of financial relationships, and the differences between small businesses and larger firms.

BACKGROUND

Historically, commercial banks have been the major providers of credit and other financial services to small businesses. During the past two decades, however, the market shares of banks for many financial services, including credit to businesses, have eroded. Several explanations could account for this development. First, many larger firms have gone directly to credit markets.

1. The 1993 survey was cosponsored by the Federal Reserve Board and the U.S. Small Business Administration. A similar survey, conducted for 1987, focused on the definition of banking markets (see Gregory E. Elliehausen and John D. Wolken, "Banking Markets and the Use of Financial Services by Small and Medium-Sized Businesses," *Federal Reserve Bulletin*, vol. 76, October 1990, pp. 801-17). For comparability of 1987 and 1993 results, see the appendix, note 17. Other sources of information about small businesses include data from the Internal Revenue Service's tax files and from surveys conducted by the Bureau of the Census (see U.S. Small Business Administration, *Handbook of Small Business Data*, 1994 ed., Government Printing Office).

Second, the Depository Institutions Deregulation and Monetary Control Act of 1980, the Garn–St Germain Depository Institutions Act of 1982, and other regulatory changes in the 1980s expanded the number and types of financial institutions providing business credit.

Third, many manufacturers have used their finance and leasing company subsidiaries to provide credit and other services associated with some of the assets they produce. Even so, the Federal Reserve's 1987 National Survey of Small Business Finances found that commercial banks were one of the most frequently used sources for almost all financial services to small businesses, particularly for checking accounts and most types of credit. Since the 1989 release of information from that survey, there has been little new information useful for assessing the financial marketplace in which small businesses operate. Nevertheless, that marketplace has continued to change substantially.

For example, the value of commercial real estate plummeted during the early 1990s, damaging an important source of equity and collateral for many small businesses. At the same time, record numbers of both commercial banks and savings and loan associations failed as a result of asset-quality problems. In response to those failures, regulatory changes mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991 have been implemented, and supervisory and examination policies have undergone important changes designed to return federally insured depository institutions to safe and sound conditions.

Other regulatory changes implemented since 1987 include revisions to the regulations that implement the Community Reinvestment Act of 1977.[2] The revisions require larger depository institutions to disclose information about their small business lending and thereby sharpen the focus on such lending in the assessment of the performance of lenders covered by the act. Taken together, the regulatory changes since 1987 may have had divergent effects on the availability of financial services to small businesses.

During these changes in the lending industry and in the regulatory environment, macroeconomic conditions fluctuated. In 1987, the economy was well into the 1982–90 expansion, whereas in 1993 the economy was in the early stages of expansion following the 1990–91 recession. That recession was associated with a sharp contraction in business loans at commercial banks. Anecdotal evidence suggests that small businesses often encountered exceptional difficulty in obtaining credit during this period. Some small businesses sought alternative, nontraditional sources of credit. Many other firms, faced with declining sales and heavy debt burdens, sought to reduce outstanding debt.

By 1993 the growth of depository credit had begun to strengthen, especially at larger banks. The prime interest rate—a key indicator of the cost of funds to businesses—declined from a high of 11.5 percent in February 1989 to 6.0 percent at year-end 1993. The banks and savings associations that survived the shake-out of depository institutions recovered their financial health as record profits during 1993 and 1994 enabled them to write off nonperforming assets. With healthy balance sheets, these institutions began to ease their lending standards and make credit available on more favorable terms than had been available during 1989–92. Together with lower interest rates, these eased standards likely expanded the availability of financial services to small businesses.

Characteristics of Small Businesses

The 1993 National Survey of Small Business Finances (NSSBF) collected information on the availability and use of credit by small and minority-

2. The act was intended to encourage depository institutions to meet the credit needs of households and small businesses in the local communities where the institutions are chartered. Revised regulations, adopted in April 1995, require independent banks and savings institutions to report the number and dollar amount of their small business loans by census tract if the institutions have more than $250 million in assets or are affiliated with holding companies with more than $1 billion in assets. For a description of the act and its evolution during the 1980s and 1990s, see Griffith L. Garwood and Dolores S. Smith, "The Community Reinvestment Act: Evolution and Current Issues," *Federal Reserve Bulletin*, vol. 79 (April 1993), pp. 251–67; and Glenn B. Canner and Wayne Passmore, "Home Purchase Lending in Low-Income Neighborhoods and to Low-Income Borrowers," *Federal Reserve Bulletin*, vol. 81 (February 1995), pp. 71–103.

owned businesses. It provides detailed information on the types and sources of financial services used by small businesses, with emphasis on the use of credit. The survey also provides information on each firm's employment, assets, liabilities, equity, income and expenses; on firm characteristics, including location, organizational form, and age; and on demographic characteristics of each firm's primary owner, including age, education, experience, ethnicity, sex, and race.[3]

General characteristics of the small business population as covered by the survey are measured by firm size and age, organizational form, standard industrial classification, location and number of offices, management, export sales, and the race, ethnicity, and sex of the firm's majority owners (table 1).

Business size is measured in three ways: the average number of full-time-equivalent employees for 1993, sales for 1993, and year-end 1993 assets.[4] The employment size of most firms in the population of small businesses is near the bottom of the 0–499 range. Nearly 70 percent of firms had fewer than five full-time-equivalent employees, about 40 percent had fewer than two, and only 3 percent had more than fifty.

Size in terms of sales and assets reveals a similar skewness; in sales, for example, more than half of the firms had less than $250,000, whereas fewer than one in twenty had at least $5 million.

A business can be organized as a corporation (C-type or S-type), a proprietorship, or a partnership.[5] Small businesses were most commonly organized as sole proprietorships, which accounted for more than 40 percent of firms; about 30 percent were organized as C corporations, 20 percent as S corporations, and the remainder as partnerships.

Firms were classified by industry with the U.S. government's standard industrial classification (SIC) system. The majority of firms (60 percent) were distributed among the business services, retail trade, and professional services industries. Only about one in ten firms were in the primary manufacturing, other manufacturing, or transportation industries.

Firms less than five years old (that is, whose current ownership had been in place less than five years) accounted for about 15 percent of the population, as did firms twenty-five years old or older. More than 25 percent of firms were between five and ten years old, and the average age (not shown in tables) was 14.5 years.

About eight in ten small businesses were located in urban areas, with similar proportions having a single office and an owner–manager. Fewer than one in ten small businesses reported export sales.

Race, Ethnicity, and Sex of Majority Owners

A firm was classified as being owned by individuals of a specific race, ethnic group, or sex if more than 50 percent of the ownership shares at the end

3. The statistics in this article are weighted to adjust for disproportionate rates of sampling and response. These statistics represent estimates of population characteristics rather than sample values. Sample data have been analyzed to identify and correct for errors and outliers and, except for asset and sales data, to impute missing values. See the appendix for details on the methods used in the survey.

4. Full-time-equivalent employment was calculated as the sum of the number of full-time employees and one-half the number of part-time employees. Sales were reported for calendar or fiscal 1993; a sales figure for less than a full year was converted to an annual figure. Assets were as of year-end calendar or fiscal 1993. The preliminary data on sales and assets reported here are based upon the approximately 85 percent of sample firms that reported such data.

5. From a legal and financial viewpoint, a sole proprietor and his or her company are one. The income of the company flows directly to the proprietor, and the proprietor is responsible for all liabilities of the company.

A partnership is a legal relationship between two or more persons for the purpose of conducting business as joint principals. Income goes directly to the partners and is taxed only at the personal level. Like a sole proprietor, partners are responsible for the firm's liabilities.

In contrast to a proprietorship and a partnership, a corporation is a legal entity separate from its owners, and as such, the liability of an owner is limited to his or her equity investment.

Two primary types of corporation exist: C and S. The income of a C corporation is subject to the corporate tax, whereas income from an S corporation is not. However, ownership of an S corporation carries several restrictions—such as those on the number of shareholders and on the number of different classes of stock—that do not apply to C corporations. Hence, the S form of corporation is designed primarily for small businesses.

In recent years, the limited liability company (LLC), a new organizational form, has gained legal status in many states. LLCs are similar to partnerships except that the liability of partners is limited to their equity investment. At the time this survey was conducted, however, published reports indicated that fewer than 10,000 LLCs were in existence. Any such firms participating in the survey were classified as partnerships.

of 1993 belonged to such individuals.[6] Less than 12 percent of small businesses were minority-owned, a category that consists of Hispanic-owned and nonwhite-owned firms. About 4 percent were Hispanic-owned and 8 percent nonwhite-owned. By race, about 3 percent were black-owned, 3½ percent were Asian-owned, and about 1 percent were owned by American Indians or native Alaskans. By sex, 22 percent of small businesses were majority-owned by females, 72 percent by males, and the remaining 6 percent by males and females equally.

Female-owned and minority-owned firms have some characteristics in common that distinguish

6. Fewer than ten firms reported ownership that was exactly equally split between Hispanic and non-Hispanic individuals or between white and nonwhite individuals. In those cases, following government convention, the firms were classified as non-Hispanic-owned or as white-owned respectively.

1. Number and population proportion of small businesses in survey sample, distributed by selected category of firm, 1993

Category	Unweighted number in sample	Weighted percentage of population
All firms	**5,276**	**100**
Number of full-time-equivalent employees		
0–1	1,496	38.78
2–4	1,137	29.15
5–9	718	16.10
10–19	436	7.86
20–49	531	5.07
50–99	482	1.75
100–499	476	1.30
Sales (thousands of dollars)		
Less than 25	432	12.82
25–49	293	8.44
50–99	431	11.88
100–249	800	24.10
250–499	541	15.01
500–999	479	11.49
1,000–2,499	541	8.91
2,500–4,999	369	3.63
5,000–9,999	319	1.85
10,000 or more	464	1.87
Assets (thousands of dollars)		
Less than 25	997	32.11
25–49	366	12.48
50–99	449	14.39
100–249	604	17.29
250–499	407	10.51
500–999	320	5.87
1,000–2,499	394	4.13
2,500–4,999	233	1.43
5,000 or more	346	1.81
Organizational form		
Proprietorship	1,747	43.99
Partnership	389	8.29
S corporation	1,222	19.60
C corporation	1,918	28.12
Standard industrial classification		
Construction and mining (10–19)	617	13.76
Primary manufacturing (20–29)	304	3.81
Other manufacturing (30–39)	350	4.09
Transportation (40–49)	210	2.78
Wholesale trade (50–51)	487	8.07
Retail trade (52–59)	1,142	22.06
Insurance agents and real estate (60–69)	366	7.19
Business services (70–79)	1,038	21.82
Professional services (80–89)	762	16.41
Years under current ownership		
0–4	777	15.30
5–9	1,353	27.28
10–14	995	19.01
15–19	729	14.49
20–24	522	8.99
25 or more	900	14.95

1.—Continued

Category	Unweighted number in sample	Weighted percentage of population
Census region of main office		
Northeast	1,020	22.58
New England	309	6.99
Middle Atlantic	711	15.59
Midwest	1,291	24.14
East North Central	871	16.04
West North Central	420	8.11
South	1,749	29.30
South Atlantic	864	14.68
East South Central	293	4.39
West South Central	592	10.22
West	1,216	23.98
Mountain	293	5.89
Pacific	923	18.09
Urbanization at main office		
Urban	4,233	78.95
Rural	1,043	21.05
Number of offices		
One	3,928	84.75
Two	649	10.21
Three or more	699	5.03
Export sales		
Some	626	7.41
None	4,650	92.59
Owners' participation		
Owner management	4,251	85.25
Hired management	1,025	14.75
Race, ethnicity, and sex of majority owners		
Nonwhite or Hispanic	1,231	11.90
Non-Hispanic white	4,045	88.10
White	4,371	92.03
Black	523	3.23
Asian or Pacific Islander	336	3.52
American Indian or Native Alaskan	45	1.22
Hispanic	369	4.38
Non-Hispanic	4,907	95.62
Female	1,009	22.07
Male	3,995	72.29
Ownership equally divided by sex	272	5.63

NOTE. See the appendix for weighting procedure.

these two groups from the general population of small businesses (table A.1). Both female-owned and minority-owned firms were somewhat smaller and younger than other firms and were more concentrated in the business services industry. Female-owned businesses were also more concentrated in the retail trade industry. Female-owned and minority-owned businesses were less likely to be in the construction and mining, primary manufacturing, other manufacturing, and insurance and real estate industries.

Female-owned firms had minority owners more often than did male-owned firms, and minority-owned businesses had female owners more often than did nonminority-owned firms.

One notable difference between female-owned and minority-owned firms is that female-owned firms (as well as the general small business population) are more likely to be organized as S corporations than are minority-owned firms. Another difference is the higher concentration of minority-owned businesses in urban areas.

Throughout this article, reported differences among businesses must be viewed with caution because standard errors have not been calculated; without them, the statistical significance of differences cannot be determined.[7]

Types of Financial Services Used by Small Businesses

Use of a financial service is measured by the percentage of small businesses using a specific type or source of service. Other measures of use can be constructed from dollar amounts or the number of accounts. Dollar measures will be available and analyzed at a later date, but significant differences between results based on dollar amounts and results based on the percentage of firms are not expected; the 1987 NSSBF data yielded similar conclusions when based upon either measure.

The types of financial services used by small businesses can be grouped into the following broad categories: (1) *liquid asset services,* which are checking accounts and savings-type accounts, (2) *credit lines, loans, and capital leases,* which are lines of credit, mortgages, motor vehicle loans, equipment loans, capital leases, and miscellaneous loans, and (3) *financial management services,* which are transaction services, cash management services, credit-related services, brokerage services, and trust and pension services.[8] A fourth service category included in the survey is *nontraditional credit*, which covers shareholder and partner loans, credit card loans, and trade credit provided by suppliers. The data on the use of nontraditional credit in 1993 are excluded from the tallies on the 1993 use of "any service," and no information was collected on the individual sources of such credit.

Overall, 96 percent of firms reported using at least one financial service during 1993 (table A.2.A). In general, the use of financial services increased with firm size. Almost all firms with ten or more employees or with $100,000 or more in annual sales or assets used at least one financial service; at the other end of the spectrum, 8 percent of firms with fewer than two employees, 10 percent of firms with less than $25,000 in assets, and 18 percent of firms with less than $25,000 in sales used no financial services in 1993.

Proprietorships were more likely to have reported using no financial services than were partnerships, S corporations, and C corporations. This seeming disparity may be attributable to the fact that many proprietors commingle their business and personal finances. For example, they may use personal checking and savings accounts for business purposes. Interestingly, the oldest firms—those in business under current ownership for twenty-five or more years—were more likely to have reported using no financial services than were firms five to nine years old.

7. The complexity involved in calculating standard errors for a stratified random sample prevented such calculations at this preliminary stage of data processing. Consequently, comparisons of group means are not subjected to standard tests for statistical significance.

8. *Transaction services* cover the provision of paper money and coins, the processing of credit card receipts, the collection of night deposits, and wire transfers. *Cash management services* encompass the provision of sweep accounts, zero-balance accounts, lockbox services, and other services designed to automatically invest liquid funds in liquid, interest-bearing assets. *Credit-related services* are the provision of bankers acceptances, letters of credit, and factoring. *Trust and pension services* consist of the provision of 401(k) plans, pension funds, business trusts, and securities safekeeping.

Liquid Asset Services

Small businesses almost universally reported the use of checking accounts (a liquid asset service), which are vehicles for paying suppliers and depositing sales receipts. Predictably, therefore, the reported use of liquid asset services (95 percent) nearly matches the reported use of all financial services (table A.2.A).

The use of savings accounts, however, reveals some interesting differences across firm characteristics. Respondents were asked to include use of any business savings account, money market account (if checking was limited), credit union share account, and certificate of deposit or other time deposit when considering their use of savings accounts. By any of the three size measures, roughly 15 percent of the smallest firms used savings accounts, whereas around half of the largest firms reported such use. Proprietorships reported using savings accounts at about half the frequency of all other firms. By industry, professional services firms and insurance and real estate firms reported the highest incidence of savings account use, and retail trade firms and business services firms reported the lowest incidence. By race, white-owned firms were more likely to have reported using savings accounts than were black-owned and Asian-owned firms.

Traditional Credit:
Credit Lines, Loans, and Capital Leases

More than half of all firms reported outstanding credit in the form of a credit line, a loan, or a capital lease (table A.2.A). Lines of credit and motor vehicle loans were the most frequently used, with each reported by one in four firms.[9]

Surprisingly, only about one in twenty small businesses reported using funds from a mortgage for business purposes. Anecdotal evidence as well as data from the 1987 NSSBF suggest that borrowing against hard assets such as real estate is an important method of funding small businesses. Two explanations may account for the contrary evidence reported here.

First, the toppling of commercial real estate values during the late 1980s and early 1990s in many cases erased any equity against which firms could borrow; future comparisons of results from the 1987 and 1993 NSSBFs may shed light on the importance of this explanation.

Second, firms may have pledged real estate as collateral against other types of loans. The survey collected information on the collateral associated with lines of credit and miscellaneous loans, and further analysis of that information may clarify the importance of this explanation.

As with liquid asset services, the use of credit lines, loans, and capital leases increased with firm size. Around 90 percent of the largest firms reported using one of these types of credit, but less than half of the smallest firms reported such use. Both S and C corporations were more likely than partnerships or proprietorships to report credit lines, loans, or capital leases. By industry, transportation firms and manufacturing firms were most likely to report credit lines, loans, or capital leases—a consequence of the asset-intensive nature of these industries. Business services firms were least likely to report credit lines, loans, or capital leases, probably because such firms require less inventory and equipment than do those in other industries.

The youngest firms (those under current ownership fewer than five years) reported nearly the same incidence of borrowing as did more mature firms (about 60 percent), even though depository institutions typically require several years of financial history for a borrower to qualify for credit. For firms older than nine, however, the use of credit lines, loans, and capital leases declines with the rise in age. Firms under current ownership for twenty-five or more years reported the lowest incidence of borrowing.

The use of credit lines, loans, and capital leases differed somewhat by the sex, race, and ethnicity of firm owners. About 55 percent of male-owned firms reported using such credit services, compared with about 50 percent of female-owned firms; and less than 40 percent of black-owned firms reported such use, compared with about 45–55 percent of firms owned by other minority groups and 55 percent of white-owned firms.

9. For purposes of this article, use of a credit line refers to the availability of a credit line and not necessarily to the takedown of credit. Survey information on outstanding credit-line balances will be available at a later date.

Some of the differences by race, ethnicity, and sex may be attributable to differences in other firm characteristics, such as size. For example, the incidence of credit lines, loans, or capital leases at the smallest firms is similar to that reported by black-owned firms. Only 42 percent of firms with fewer than two employees used a credit line, a loan, or a capital lease, including 16 percent that used a line of credit. Attribution of these univariate differences to size, race, age, or a combination of these and other factors is a topic for future research.

Financial Management Services

Use of at least one financial management service (see note 8) was reported by one-third of small businesses (table A.2.B). Use of transaction services was reported by almost one-fourth of all firms, whereas brokerage services were used by fewer than one in twenty. Cash management and credit-related services were used by slightly more firms than were brokerage services; trust and pension services were used by one in ten.

The use of financial management services increased with firm size, rising from 24 percent of firms with fewer than two employees to 76 percent of firms with 100 to 499 employees. Cash management services are about as important as trust and pension services for the largest firms but less so for smaller firms.

Proprietorships used financial management services much less than did firms with other organizational forms. Proprietorships have less of a need for business-only financial services for two reasons: They are smaller than other types of firms, and they are more likely to commingle personal and business accounts because there is no legal distinction between the owner and the firm.

As firms age, their use of transaction services appears to decline, while their use of brokerage and trust and pension services appears to rise. Interestingly, firms with fewer than five years under current ownership and those with more than twenty-five years reported the identical incidence of use for financial management services.

By industry, retail trade and professional services firms reported the most prevalent use of financial management services. For retail trade, the high incidence was concentrated in transaction services; for the professional services firms, in trust and pension services. The lowest use of financial management services was among construction firms.

Small businesses differ in their use of financial management services by the minority status, but not by the sex, of the majority owners. Hispanic-owned and nonwhite-owned firms made less use of such services than did white-owned or non-Hispanic-owned firms; and these services were used more often by black-owned firms than by Hispanic-owned firms. The disparities largely reflect differences in the use of trust and pension services and transaction services.

Nontraditional Credit: Trade Credit, Credit Card Loans, and Loans from Owners

Besides their use of traditional types of credit such as credit lines, loans, and capital leases, small businesses often obtain nontraditional forms of credit from suppliers of goods and services (trade credit); from use of the firm's or the owners' credit cards; or, in the cases of partnerships, S corporations, or C corporations, by borrowing from the firm's owners.

Each of these nontraditional forms of credit has characteristics that make it somewhat different from traditional credit lines, loans, and leases. Trade credit and credit cards, for example, are generally used in conjunction with the purchase of goods, and many users view them simply as convenient methods for paying bills and, in the case of credit cards, for tracking expenses. Loans from partners or shareholders are not arm's-length transactions, as some portion of the borrowing firm is owned by the lender.

Trade Credit

Trade credit was used by 61 percent of small businesses in 1993—a rate that exceeded the use of all other financial services except checking (table A.2.B). As with most financial services, the reported use of trade credit increased with the size of the firm. Also, minority firms were less likely to use trade credit than were nonminority firms, but among minority firms there was little difference in use by race or ethnicity. Female-owned firms were only slightly less likely to use trade credit than male-owned firms.

Trade credit was most important for firms in manufacturing, wholesale trade, and retail trade—industries in which nonlabor costs, such as those for equipment and inventory, are large relative to labor costs. Trade credit was less important in insurance and real estate, business services, and professional services, where labor accounts for the largest component of costs.

Credit Cards

Anecdotal evidence suggests that many small businesses use credit card balances as a form of financing. In particular, firms with little experience or credit history—typically firms just starting out and smaller firms—are thought to use credit card loans as substitutes for traditional bank loans. Indeed, some banks have actively promoted the use of business credit cards as a cost-effective method of delivering credit lines to small businesses. Other banks encourage the owners of small businesses to use their personal credit cards as a source of business credit.[10]

The 1993 survey, part of which focused on the use of credit cards, reveals that four in ten small businesses used personal credit cards for business purposes, and three in ten used business credit cards (table A.2.B). As expected, smaller firms were more likely to use personal credit cards for business purposes, but larger firms were more likely to use business credit cards.[11]

Proprietorships and S corporations were more likely than partnerships and C corporations to use personal credit cards, whereas both C and S corporations were more likely than partnerships and proprietorships to use business credit cards. These findings are likely related both to size and to the limited liability of corporations.

The age of the firm does not appear to be a key factor in the use of credit cards, except among very young and very old companies. For example, firms under current ownership for at least twenty-five years were less likely to use personal credit cards than were younger firms, and firms under current ownership fewer than five years were less likely to use business credit cards than were older firms.

Loans from Owners

Loans from owners (shareholders or partners) were reported by 17 percent of small businesses (table A.2.B).[12] By definition, the 44 percent of small businesses organized as proprietorships cannot have owner loans because, in their cases, business and owner are one. Among the remaining firms (partnerships, S corporations, and C corporations) 30 percent reported shareholder or partner loans (not shown in the table).

Because they generally have fewer credit options, smaller firms would seem more likely to borrow from owners than would larger firms; but in fact, the incidence of owner loans increased with firm size. About 10 percent or less of the smallest firms reported owner loans, whereas more than 25 percent of the larger firms did so. Anecdotal evidence from depository lenders suggests, however, that smaller and younger firms are more likely than other firms to lack sufficient equity to qualify for bank loans; consequently, the owners of such firms would be more likely to provide equity than loans. A complementary explanation is that larger firms typically are less likely to fail, so that the riskiness of an owner loan decreases with firm size. The information gathered by the survey regarding size, capitalization, equity injections, and owner loans will enable researchers to analyze this topic in the future.

Suppliers of Financial Services Used by Small Businesses

The survey obtained information on both financial and nonfinancial sources of financial services used

10. Banks record personal credit card loans as consumer, rather than commercial, loans. Typically, consumer loans are less expensive to underwrite than are commercial loans. Moreover, credit card balances usually carry much higher interest rates than do commercial loans of comparable size.

11. Many issuers of business charge cards do not provide revolving credit; they require full payment of outstanding balances each month. Firms may use such cards for tracking miscellaneous expenses or for the credit that lasts for the duration of the billing cycle.

12. Loans from shareholders or partners exclude firm credit obtained with the owners' personal credit cards.

by small businesses. Financial sources consist of depository institutions (commercial banks, savings associations and savings banks, and credit unions) and nondepository sources (finance, leasing, mortgage, insurance, and other nondepository financial companies). Among nonfinancial sources are families and individuals, other businesses, and government.[13]

Depository Financial Institutions

About 95 percent of small businesses used depository sources (table A.3.A)—the same percentage that used liquid asset accounts (table A.4.A).[14] Among depository institutions, commercial banks were used far more frequently than savings institutions or credit unions. In general, as firm size increased, the use of commercial banks increased and the use of savings institutions and credit unions decreased. Proprietorships, generally the smallest type of firm, were less likely than other firms to use commercial banks but were twice as likely as others to use credit unions.

Small businesses in the Northeast were twice as likely to use savings institutions as were firms in the other Census regions, a finding most likely attributable to the relatively large number of savings banks in New England.

The use of depository institutions shows few differences when measured by the race, ethnicity, or sex of the firms' majority owners, with a few notable exceptions. Firms owned by blacks and by American Indians or native Alaskans were much more likely than other firms to use credit unions; and firms owned by American Indians or native Alaskans were much less likely than other firms to use savings institutions.

Nondepository Financial Sources

Nondepository financial sources were used by 29 percent of firms (table A.3.B). Among these sources, small businesses used finance companies most frequently, followed by brokerage firms and leasing companies.

The use of nondepository financial sources bears a strong direct relation to firm size. In addition, proprietorships and partnerships used nondepository financial services with much less frequency than did S and C corporations.

Use of nondepository financial sources varies considerably by industrial classification. Transportation firms were the most frequent users, and their use of one such source—finance companies—was double the population average. It seems likely that these firms were financing motor vehicle loans using the captive finance companies of manufacturers. The high frequency with which transportation firms reported motor vehicle loans (table A.2.A) is consistent with this hypothesis. Business services firms were the least frequent users of nondepository financial sources, and these firms also were generally the least frequent users of any financial service.

The use of nondepository financial sources differed by race, ethnicity, and sex. The greatest disparities were in the use of brokerage firms, which, as we will see in table 2, small businesses used primarily to obtain brokerage services, trust and pension services, and liquid asset services. Ten percent of white-owned firms used brokerage firms; 3 percent of both black-owned and Hispanic-owned firms and 7 percent of female-owned firms did so. These differences by race of majority owners in the use of brokerage firms are, however, similar to the differences by firm size.

Nonfinancial Sources

Nonfinancial sources were used by 15 percent of small businesses, with family and individuals and other business firms being the primary providers (table A.3.C). Only 1 percent of small businesses reported using government sources.[15]

The use of nonfinancial sources—and among them, family and individuals—declined as the age

13. The survey did not collect information on the individual sources of nontraditional credit.

14. Because the near ubiquity of checking accounts obscures the use of other financial services at depository institutions, additional appendix tables present data similar to those in table A.3, but for firms using liquid asset (checking and savings) services (table A.4); credit lines, loans, and capital leases (table A.5); and financial management services (table A.6).

15. This figure understates the true role of government entities in providing credit to small businesses. Many, such as the Small Business Administration, provide credit guarantees, which assure repayment of small business loans made by traditional lenders such as commercial banks and thrift institutions.

of the firm rose. Newer firms generally have difficulty obtaining funds from financial sources, in part because these sources often require several years of financial statements. Nonfinancial sources, especially family and individuals familiar with prospective borrowers, are better positioned to evaluate creditworthiness and monitor the financial condition of newer firms.

Use of Financial Services Suppliers, by Service

The data reviewed so far separately cover the financial services used by small businesses and the suppliers of such services, but the extent to which particular suppliers are used for particular services is also of interest.

Sources of Asset Services

Commercial banks dominated the provision of liquid asset services, providing checking to 86 percent of small businesses (table 2); no other source provided checking to even 10 percent of firms. Commercial banks also were the dominant source for savings services, far outpacing brokerage firms and savings institutions.

Sources of Traditional Credit

Commercial banks were the primary source of traditional credit.[16] Other important sources of such credit were finance companies, family and individuals, leasing companies, and other businesses. Commercial banks were the most frequent source for credit lines, mortgages, motor vehicle loans, and equipment loans. Family and individuals, however, were the leading source of miscellaneous loans; and leasing companies, not surprisingly, were the leading source of capital leases.

16. The survey did not collect information on the individual sources of credit cards and trade credit.

2. Percentage of small businesses that use selected suppliers of financial services, by selected service, 1993

A. Any supplier and financial institutions

Service	Any supplier	Financial institution										
		Any	Depository					Nondepository				
			Any	Commercial bank	Thrift			Any	Finance company	Brokerage	Leasing company	Other
					Any	Savings institution	Credit union					
Any	**96.00**	**95.25**	**94.81**	**87.76**	**15.44**	**11.67**	**4.25**	**28.66**	**12.93**	**9.50**	**7.56**	**3.50**
Liquid asset account	95.14	94.48	94.07	85.86	12.00	9.68	2.55	4.07	.31	3.61	.00*	.19*
Checking	94.70	94.03	93.62	85.50	10.78	8.79	2.06	1.15	.06*	.95	.00*	.14*
Savings	23.94	23.67	21.44	18.10	3.96	2.78	1.31	3.26	.25	2.99	.00*	.05*
Credit lines, loans and capital leases	55.48	49.86	41.09	36.97	6.21	3.88	2.34	19.02	11.75	.25	7.50	.94
Line of credit	25.54	23.44	22.55	20.77	2.11	1.43	.69	1.51	1.16	.04*	.26	.05*
Mortgage	6.18	5.70	5.03	4.08	1.02	.98	.04*	.79	.26	.00*	.01*	.52
Vehicle	24.09	22.93	14.93	12.84	2.36	.95	1.41	9.40	7.78	.01*	1.63	.05*
Equipment	14.00	10.85	7.91	7.34	.62	.37	.25*	3.66	2.03	.00*	1.72	.09*
Capital lease	9.20	7.90	1.88	1.70	.19	.17*	.02*	6.45	1.93	.01*	4.80	.06*
Other	11.68	5.70	5.14	4.66	.63	.51	.12*	.77	.35	.19*	.04*	.24
Financial management	35.11	33.80	27.85	25.94	2.65	2.20	.46	10.87	1.49	7.40	.13*	2.48
Transaction	23.03	22.45	21.38	19.97	1.85	1.53	.32*	2.04	.65	.41	.11*	.99
Cash	5.19	5.02	4.57	4.41	.19*	.19*	.00*	.62	.05	.56	.00*	.00*
Credit-related	4.56	4.27	3.88	3.72	.22*	.17*	.04*	.55	.45	.05*	.00*	.04*
Brokerage	4.30	3.93	.53	.44	.09*	.05*	.04*	3.53	.05*	3.47	.01*	.03*
Trust and pension	9.71	8.80	3.19	2.70	.54	.45	.09*	6.11	.33	4.34	.01*	1.49

For notes, see end of table.

Many of the demographic differences in the use of credit lines, loans, and capital leases discussed above also are evident in the use of the suppliers of these credit services. For example, the use of commercial banks for credit lines, loans, or capital leases is highly correlated with firm size (table A.5.A). Roughly one-fourth of the smallest firms, but three-fourths of the largest firms, used commercial banks for these credit services.

The use of commercial bank credit differs a great deal by race and less so by ethnicity and sex (table A.5.A): About 38 percent of male-owned and of white-owned firms reported using such credit, compared with about 33 percent of Hispanic-owned and of female-owned firms, 24 percent of Asian-owned firms, and 18 percent of black-owned firms. Black-, Hispanic-, and female-owned firms were more likely than other firms to report loans or leases from credit unions.

Sources of Financial Management Services

Commercial banks were the dominant source of financial management services, serving an estimated 26 percent of small businesses (table 2). Brokerage firms, the second most frequently used source of financial management, were used by 7 percent of small businesses. Brokerage firms were the leading providers of both brokerage and trust and pension services, while commercial banks were the leading providers of transaction, cash management, and credit-related services.

2. Percentage of small businesses that use selected suppliers of financial services, by selected service, 1993
Continued

B. Nonfinancial suppliers

Service	Any nonfinancial	Family and individuals	Other businesses	Government	Other
Any	**15.41**	**8.19**	**8.00**	**.53**	**2.38**
Liquid asset account	.21	.00*	.20	.00*	.87
Checking	.14*	.00*	.14*	.00*	.65
Savings	.06*	.00*	.06*	.00*	.34
Credit lines, loans and capital leases	13.77	7.99	6.19	.53	1.37
Line of credit	2.59	.37	2.25	.02*	.25
Mortgage	.62	.50	.09*	.03*	.07*
Vehicle	1.06	.62	.43	.00*	.43
Equipment	3.40	.81	2.43	.19	.38
Capital lease	1.49	.44	1.09	.00*	.32
Other	6.57	5.70	.61	.30	.03*
Financial management	2.29	.35	2.00	.01*	.54
Transaction	.96	.02*	.93	.01*	.12*
Cash	.13*	.00*	.13*	.00*	.05*
Credit-related	.31	.18*	.18	.00*	.12*
Brokerage	.29	.06*	.24	.00*	.17*
Trust and pension	.72	.09*	.63	.00*	.24

NOTE. *Number of respondents was less than fifteen, too small to calculate a reliable statistic.

SUMMARY

The 1993 NSSBF provides detailed information on the characteristics of small businesses and on the types and sources of credit and other financial services used by these firms. The preliminary statistics summarized in this article suggest interesting behavior patterns and differences in the use of credit by small businesses.

Explaining these differences and, more fundamentally, understanding the factors that affect small business financing, require a rigorous analytical framework that takes account of the financial characteristics of borrowers and the markets in which they operate. Such analysis is beyond the scope of this article, but the complete NSSBF data will support formal study of the search for credit by small businesses as well as of the terms granted to those receiving credit. In combination with information from the 1987 NSSBF, these data can provide evidence on how the changing financial landscape has affected the types and sources of credit used by small businesses.

APPENDIX: SURVEY METHODS

The 1993 National Survey of Small Business Finances covers a nationally representative sample of small businesses in the United States. Conducted during 1994–95 for the Board of Governors of the Federal Reserve System and the U.S. Small Business Administration, the survey drew its sample from the population of all for-profit, nonfinancial, nonfarm business enterprises that were listed in Dun's Market Identifier file and that were in operation as of year-end 1992 with fewer than 500 employees.[17] More than 14,000 firms were contacted, of which about 10,200 met the definition of small business as used in this study. The number of respondents used in this analysis is 5,276, for a response rate of about 52 percent.

The sample was a stratified random design with oversampling to ensure the ability to estimate separately the reporting domains of five employment-size groups, nine Census regions, urban or rural location, and three minority categories regarding ownership. Because the larger and minority-owned firms are only small percentages of the population of small businesses but are of special interest to researchers, the survey oversampled larger firms (50 to 499 employees), as well as black-owned, Asian-owned, and Hispanic-owned firms to ensure sufficient numbers for individual analyses of these groups. The results in this article were weighted to adjust for disproportionate rates of sampling and response and to permit inferences about the population of small firms.

Businesses were contacted in advance of the survey to determine eligibility, verify addresses, and identify a contact person. Each business meeting eligibility criteria then received an advance worksheet to encourage the use of written records in responding to the subsequent computer-assisted telephone interviews, which were conducted by Price Waterhouse. The average duration of the telephone interviews was fifty minutes.

The survey collected the following types of information from each business:

- An inventory of the firm's deposit and savings accounts, financial leases, credit lines, mortgages, motor vehicle loans, equipment loans, other loans, and selected other financial products for each financial service supplier used by that business
- The business reasons for choosing each of its financial institutions, the locations of the offices of the financial institutions it uses for financial services, the most frequent method of conducting business with each institution (in person, by telephone, or by mail), and the number of years the firm has done business with each institution
- Experience in the past three years in applying for credit
- Data from each firm's income statement and balance sheet, demographic information on the owners, and other characteristics of the firm such as the industry to which it belongs and its age
- Information on the recent credit history of the firm and its owners.

17. Dun's Marketing Service, Dun and Bradstreet, Inc. The DMI list, containing nearly 10 million businesses, is broadly representative of all businesses but does not include many of the newest start-up firms or the self-employed individuals filing business tax returns. In contrast, the Internal Revenue Service reports that for 1991 about 20 million individuals filed business tax returns, including about 13 million sole proprietorships, of which about 3 million reported less than $2,500 in annual receipts.

Both the 1987 and 1993 surveys obtained lists of businesses from Dun and Bradstreet, Inc., which expanded its coverage of small, retail, and business services firms in the years between the two surveys; hence, the 1993 survey is more broadly representative of such firms, and valid comparisons between the 1987 and 1993 surveys can be made only after accounting for these differences in coverage.

A.1. Characteristics of small businesses, distributed by selected category of firm, 1993

Category	All firms	Majority owners				Number of employees				
		Non-white or Hispanic	Non-Hispanic white	Male	Female	0–1	2–4	5–19	20–49	50–499
All firms	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Number of full-time-equivalent employees										
0–1	38.78	40.24	38.58	37.22	44.27	100	...	...	...	...
2–4	29.15	30.90	28.91	29.33	28.51	...	100	...	...	...
5–9	16.10	17.42	15.92	16.15	15.94	...	...	67.19	...	...
10–19	7.86	5.59	8.17	8.12	6.95	...	...	32.81	...	...
20–49	5.07	3.69	5.25	5.84	2.33	...	...	...	100	...
50–99	1.75	1.10	1.84	1.99	.91	...	...	...	...	54.36
100–499	1.30	1.07	1.33	1.36	1.08	...	...	...	...	45.64
Sales (thousands of dollars)										
Less than 25	12.82	14.70	12.58	10.89	20.21	26.84	6.78	1.71	1.35*	.00*
25–49	8.44	13.14	7.81	7.70	11.24	17.12	5.45	.97*	.00*	.08*
50–99	11.88	13.77	11.63	11.85	11.98	18.25	13.42	3.53	1.31*	.08*
100–249	24.10	25.31	23.93	23.75	25.42	20.73	41.45	15.38	4.30*	3.17*
250–499	15.01	12.99	15.27	15.36	13.66	8.01	19.52	24.41	5.96	2.10*
500–999	11.49	8.08	11.94	12.22	8.72	4.57	7.70	27.45	12.89	8.73
1,000–2,499	8.91	7.84	9.06	9.97	4.89	2.68	3.89	17.79	37.08	15.11
2,500–4,999	3.63	2.12	3.83	4.00	2.20	.88	.81*	5.58	21.06	18.76
5,000–9,999	1.85	1.10	1.95	2.08	.97	.35*	.73*	2.16	8.55	18.73
10,000 or more	1.87	.93	2.00	2.18	.70	.55	.27*	1.01	7.51	33.25
Assets (thousands of dollars)										
Less than 25	32.11	37.71	31.39	29.73	41.33	54.11	27.36	10.96	5.17	3.32*
25–49	12.48	14.63	12.20	12.06	14.10	12.12	17.30	10.04	5.47*	2.23*
50–99	14.39	15.22	14.28	14.20	15.13	11.80	21.59	13.88	3.78	1.65*
100–249	17.29	15.46	17.52	17.57	16.19	10.21	20.46	27.01	14.53	5.25
250–499	10.51	6.29	11.05	11.20	7.83	6.29	8.49	18.17	20.29	7.18
500–999	5.87	5.46	5.92	6.92	1.80	2.66	2.20	12.49	17.18	10.20
1,000–2,499	4.13	2.76	4.30	4.48	2.78	1.33	1.81	5.22	21.83	23.54
2,500–4,999	1.43	.98	1.48	1.72	.27	.51	.22*	.96*	7.47	19.22
5,000 or more	1.81	1.49	1.85	2.13	.57	.96	.58*	1.27*	4.27	27.41
Organizational form										
Proprietorship	43.99	56.40	42.31	42.38	49.65	66.31	45.35	19.23	6.22	4.71
Partnership	8.29	7.49	8.40	8.39	7.94	7.26	9.96	7.87	7.80	10.23
S corporation	19.60	12.23	20.60	19.83	18.81	12.38	20.88	26.49	28.97	29.35
C corporation	28.12	23.88	28.69	29.40	23.60	14.06	23.81	46.40	57.01	55.71
Standard industrial classification										
Construction and mining (10–19)	13.76	10.85	14.16	15.69	6.97	13.99	13.82	14.12	12.64	8.01
Primary manufacturing (20–29)	3.81	2.40	4.00	3.89	3.55	2.87	3.41	4.68	7.39	7.07
Other manufacturing (30–39)	4.09	3.53	4.16	4.47	2.74	2.66	3.03	5.99	7.69	12.05
Transportation (40–49)	2.78	2.57	2.81	2.72	2.98	1.37	3.00	4.00	6.15	3.40
Wholesale trade (50–51)	8.07	7.70	8.13	8.37	7.02	6.73	8.17	9.95	8.12	9.89
Retail trade (52–59)	22.06	23.25	21.90	20.67	26.95	18.85	25.39	22.90	21.22	26.18
Insurance agents and real estate (60–69)	7.19	4.23	7.59	7.83	4.93	9.16	7.44	4.76	4.85	3.06
Business services (70–79)	21.82	29.34	20.81	19.97	28.34	29.26	18.34	16.60	12.91	16.30
Professional services (80–89)	16.41	16.12	16.45	16.39	16.51	15.11	17.42	17.00	19.03	14.05
Years under current ownership										
0–4	15.30	23.48	14.19	14.24	19.02	16.32	17.06	13.10	9.22	13.15
5–9	27.28	29.16	27.02	26.02	31.71	29.53	28.24	25.26	19.87	18.12
10–14	19.01	17.88	19.16	18.81	19.69	17.95	20.89	18.41	20.51	17.16
15–19	14.49	12.95	14.69	15.02	12.59	13.81	13.26	16.40	17.09	14.37
20–24	8.99	6.33	9.35	9.54	7.02	8.78	8.82	8.94	10.34	11.77
25 or more	14.95	10.19	15.59	16.36	9.96	13.60	11.73	17.89	22.96	25.42

For notes, see end of table.

A.1.—Continued

Category	All firms	Majority owners: Nonwhite or Hispanic	Majority owners: Non-Hispanic white	Majority owners: Male	Majority owners: Female	Number of employees: 0–1	Number of employees: 2–4	Number of employees: 5–19	Number of employees: 20–49	Number of employees: 50–499
Census region of main office										
Northeast										
New England	6.99	3.99	7.40	6.92	7.24	6.77	6.73	8.03	6.31	5.53
Middle Atlantic	15.59	14.67	15.71	15.98	14.21	16.64	14.68	14.45	16.96	18.26
Midwest										
East North Central	16.04	8.61	17.04	16.19	15.48	16.35	15.13	16.96	15.34	13.77
West North Central	8.11	2.38	8.88	8.27	7.53	8.61	8.42	7.49	7.45	4.34
South										
South Atlantic	14.68	13.53	14.84	15.11	13.17	12.70	16.73	14.70	15.05	18.39
East South Central	4.39	2.98	4.58	4.82	2.90	3.56	4.38	5.03	7.66	4.78
West South Central	10.22	20.10	8.88	9.55	12.60	10.28	10.42	10.00	9.22	11.35
West										
Mountain	5.89	3.57	6.20	5.34	7.84	5.71	6.21	5.57	6.14	7.52
Pacific	18.09	30.16	16.46	17.83	19.03	19.37	17.30	17.77	15.88	16.07
Urbanization at main office										
Urban	78.95	88.92	77.60	78.84	79.33	78.18	77.40	79.85	85.36	85.94
Rural	21.05	11.08	22.40	21.16	20.67	21.82	22.60	20.15	14.64	14.06
Number of offices										
One	84.75	84.54	84.78	83.94	87.62	91.60	88.53	79.48	61.08	40.74
Two	10.21	9.47	10.32	10.68	8.56	6.77	8.94	15.07	16.54	18.20
Three or more	5.03	5.99	4.91	5.38	3.81	1.62	2.54	5.45	22.38	41.07
Export sales										
Some	7.41	8.54	7.26	7.66	6.54	4.77	6.02	10.41	13.29	22.23
None	92.59	91.46	92.74	92.34	93.46	95.23	93.98	89.59	86.71	77.77
Owners' participation										
Owner management	85.25	84.39	85.37	85.87	83.09	92.48	86.26	77.44	75.81	59.74
Hired management	14.75	15.61	14.63	14.13	16.91	7.52	13.74	22.56	24.19	40.26
Race, ethnicity, and sex of majority owners										
Nonwhite or Hispanic	11.90	100	. . .	11.05	14.91	12.35	12.61	11.42	8.66	8.21
Non-Hispanic white	88.10	. . .	100	88.95	85.09	87.65	87.39	88.58	91.34	91.79
White	92.03	33.01	100	92.87	89.05	91.28	91.61	92.61	95.00	95.75
Black	3.23	27.14	. . .	2.85	4.57	3.88	3.42	2.72	.95	.94
Asian or Pacific Islander	3.52	29.56	. . .	3.41	3.89	3.39	3.72	3.77	3.32	1.64*
American Indian or Native Alaskan	1.22	10.22	. . .	.86	2.48	1.45	1.25*	.86*	.73*	1.68*
Hispanic	4.38	36.79	. . .	4.26	4.79	4.35	4.62	4.22	3.87	3.95*
Non-Hispanic	95.62	63.21	100	95.74	95.21	95.65	95.38	95.78	96.13	96.05
Female	22.07	27.66	21.32	. . .	100	25.20	21.59	21.09	10.15	13.94
Male	72.29	68.49	72.81	92.77	. . .	71.51	71.68	70.96	82.45	82.01
Ownership equally divided by sex	5.63	3.85	5.88	7.23	.00*	3.29	6.73	7.95	7.41	4.05

A.1. Characteristics of small businesses, distributed by selected category of firm, 1993—Continued

Category	Years under current ownership		Urbanizaton at main office		Organizational form	
	0–9	10 or more	Urban	Rural	Proprietorship	Other
All firms	**100**	**100**	**100**	**100**	**100**	**100**
Number of full-time-equivalent employees						
0–1	41.76	36.57	38.40	40.19	58.45	23.33
2–4	31.02	27.76	28.58	31.29	30.05	28.44
5–9	14.36	17.39	16.18	15.82	8.48	22.09
10–19	7.23	8.33	8.06	7.11	2.00	12.47
20–49	3.46	6.26	5.48	3.52	.72	8.48
50–99	1.08	2.24	1.91	1.16	.18	2.98
100–499	1.09	1.45	1.40	.91	.12*	2.22
Sales (thousands of dollars)						
Less than 25	14.74	11.40	12.56	13.78	20.67	6.69
25–49	10.22	7.10	8.27	9.05	13.94	4.13
50–99	12.26	11.59	11.51	13.24	17.24	7.68
100–249	26.00	22.68	23.69	25.57	28.45	20.69
250–499	14.49	15.39	15.50	13.18	10.97	18.17
500–999	10.39	12.31	11.08	12.99	5.30	16.33
1,000–2,499	6.89	10.42	9.24	7.71	2.76	13.73
2,500–4,999	2.41	4.54	4.09	1.95	.35	6.20
5,000–9,999	1.25	2.30	1.96	1.45	.01*	3.29
10,000 or more	1.35	2.26	2.09	1.07	.31*	3.10
Assets (thousands of dollars)						
Less than 25	36.85	28.50	33.03	28.77	46.84	20.79
25–49	13.67	11.56	12.33	13.00	14.78	10.71
50–99	15.60	13.47	14.65	13.45	13.88	14.78
100–249	16.31	18.03	16.28	20.95	13.47	20.22
250–499	8.18	12.28	9.65	13.65	7.35	12.93
500–999	4.56	6.87	5.98	5.45	2.54	8.43
1,000–2,499	2.45	5.41	4.46	2.92	.62	6.83
2,500–4,999	.77	1.92	1.56	.95	.24*	2.33
5,000 or more	1.60	1.96	2.07	.86	.28*	2.98
Organizational form						
Proprietorship	42.32	45.23	41.76	52.33	100	...
Partnership	8.91	7.83	8.13	8.89	...	14.80
S corporation	26.43	14.54	20.27	17.10	...	35.00
C corporation	22.35	32.40	29.83	21.68	...	50.20
Standard industrial classification						
Construction and mining (10–19)	12.25	14.89	13.66	14.17	14.32	13.33
Primary manufacturing (20–29)	3.35	4.15	3.79	3.88	2.86	4.55
Other manufacturing (30–39)	3.96	4.18	4.25	3.46	2.23	5.55
Transportation (40–49)	3.15	2.50	2.56	3.58	1.37	3.88
Wholesale trade (50–51)	8.76	7.57	8.45	6.67	5.08	10.42
Retail trade (52–59)	24.71	20.09	19.97	29.89	21.52	22.47
Insurance agents and real estate (60–69)	5.74	8.27	7.42	6.36	5.55	8.48
Business services (70–79)	24.04	20.18	22.07	20.88	28.13	16.87
Professional services (80–89)	14.04	18.17	17.83	11.11	18.93	14.43
Years under current ownership						
0–4	35.93	...	15.79	13.43	14.11	16.23
5–9	64.07	...	28.02	24.50	26.85	27.61
10–14	...	33.09	19.36	17.68	19.03	18.99
15–19	...	25.22	14.19	15.60	14.51	14.47
20–24	...	15.65	8.38	11.25	10.38	7.89
25 or more	...	26.03	14.26	17.54	15.12	14.81

A.1. Continued

Category	Years under current ownership		Urbanizaton at main office		Organizational form	
	0–9	10 or more	Urban	Rural	Proprietorship	Other
Census region of main office						
Northeast						
New England	7.14	6.88	6.96	7.11	5.90	7.85
Middle Atlantic	15.33	15.78	17.80	7.31	14.23	16.66
Midwest						
East North Central	16.16	15.94	16.10	15.78	15.10	16.77
West North Central	7.00	8.93	6.04	15.87	9.22	7.23
South						
South Atlantic	15.54	14.05	14.54	15.23	11.80	16.95
East South Central	4.17	4.56	3.20	8.86	4.18	4.56
West South Central	11.79	9.05	10.33	9.80	11.38	9.31
West						
Mountain	5.49	6.19	4.58	10.78	6.66	5.29
Pacific	17.38	18.62	20.45	9.26	21.53	15.39
Urbanization at main office						
Urban	81.24	77.25	100	. . .	74.95	82.08
Rural	18.76	22.75	. . .	100	25.05	17.92
Number of offices						
One	84.76	84.74	84.23	86.72	91.63	79.35
Two	10.84	9.75	10.47	9.27	6.20	13.37
Three or more	4.39	5.51	5.31	4.01	2.16	7.29
Export sales						
Some	8.27	6.78	8.50	3.32	3.34	10.61
None	91.73	93.22	91.50	96.68	96.66	89.39
Owners' participation						
Owner management	87.82	83.35	84.55	87.88	93.42	78.84
Hired management	12.18	16.65	15.45	12.12	6.58	21.16
Race, ethnicity, and sex of majority owners						
Nonwhite or Hispanic	14.72	9.81	13.40	6.27	15.26	9.26
Non-Hispanic white	85.28	90.19	86.60	93.73	84.74	90.74
White	89.48	93.92	91.06	95.68	89.63	93.91
Black	3.74	2.85	3.65	1.67	4.82	1.98
Asian or Pacific Islander	4.88	2.51	4.22	.88	4.07	3.08
American Indian or Native Alaskan	1.88	.73	1.07	1.78*	1.48	1.01
Hispanic	4.90	3.99	4.96	2.21	5.73	3.32
Non-Hispanic	95.10	96.01	95.04	97.79	94.27	96.68
Female	26.31	18.94	22.18	21.67	24.92	19.84
Male	68.60	75.03	72.51	71.49	75.08	70.10
Ownership equally divided by sex	5.09	6.04	5.31	6.85	.00*	10.06

NOTE. * Number of respondents was less than fifteen, too small to calculate a reliable statistic.
. . . Not applicable.

A.2. Percentage of small businesses using selected financial services, by selected category of firm, 1993

A. Any service; liquid asset accounts; credit lines, loans, and capital leases

Category	Any service	Liquid asset accounts			Credit lines, loans, and capital leases						
		Any	Checking	Savings	Any	Credit line	Mortgage	Vehicle	Equipment	Capital lease	Other
All firms	**96.00**	**95.14**	**94.70**	**23.94**	**55.48**	**25.54**	**6.18**	**24.09**	**14.00**	**9.20**	**11.68**
Number of full-time-equivalent employees											
0–1	92.01	90.40	89.60	16.98	41.87	15.75	5.72	16.85	8.10	4.42	9.37
2–4	97.77	97.42	97.19	21.48	54.51	23.37	6.08	24.49	12.31	6.92	11.81
5–9	98.88	98.45	98.05	28.47	67.04	31.59	6.14	32.12	17.62	11.99	12.74
10–19	99.78	99.02	99.02	34.79	75.89	39.55	7.45	35.35	24.74	20.18	17.69
20–49	99.24	99.24	99.20	46.67	77.83	52.64	5.44	30.43	31.40	20.28	13.22
50–99	99.12	99.04	99.04	40.47	86.16	56.38	5.55	33.10	30.07	30.39	14.10
100–499	100.00	99.74	99.74	54.11	88.46	59.53	18.99	26.44	28.84	30.25	19.17
Sales (thousands of dollars)											
Less than 25	81.67	78.96	76.54	12.94	26.33	9.05	2.92*	9.85	5.16	1.97*	6.98
25–49	94.22	92.73	91.80	13.26	41.52	10.77	7.41	18.78	9.93	3.13*	8.61
50–99	95.53	94.56	94.56	15.04	47.60	16.47	7.09	18.76	11.80	6.42	12.10
100–249	99.02	98.90	98.90	21.78	58.03	24.81	7.55	25.66	13.62	8.08	11.04
250–499	99.47	98.60	98.60	27.23	62.86	25.39	7.06	31.77	17.33	9.75	13.26
500–999	99.92	99.09	99.09	30.92	71.39	36.45	7.16	33.72	19.55	15.25	16.36
1,000–2,499	99.28	99.25	98.89	39.63	73.13	42.19	5.76	28.86	21.10	17.22	16.12
2,500–4,999	98.08	98.01	97.96	41.64	80.22	63.12	2.69	33.78	22.51	23.83	12.92
5,000–9,999	99.70	99.70	99.70	45.01	83.83	69.43	4.12	29.01	25.75	21.30	17.14
10,000 or more	99.90	99.72	99.72	46.92	90.11	61.43	10.99	26.92	28.50	21.68	25.44
Assets (thousands of dollars)											
Less than 25	90.11	88.97	87.93	13.80	38.02	13.25	3.30	15.91	7.65	5.34	7.31
25–49	97.65	96.74	96.73	20.49	55.78	23.44	6.41	25.63	12.51	8.60	12.74
50–99	98.57	98.15	98.15	23.34	59.23	21.12	6.42	28.63	14.07	10.28	13.88
100–249	99.42	98.64	98.19	29.44	66.93	33.23	6.20	30.25	22.17	10.72	14.52
250–499	99.89	99.89	99.19	36.09	73.66	37.99	9.18	33.32	20.74	12.32	20.46
500–999	99.41	99.41	99.41	38.23	73.55	42.72	12.52	28.44	24.35	16.05	13.78
1,000–2,499	99.63	99.36	98.21	48.61	84.90	58.42	11.59	29.74	23.22	23.96	21.78
2,500–4,999	98.98	98.84	98.84	44.28	84.56	52.75	7.52	23.41	27.11	20.96	23.61
5,000 or more	100.00	96.58	96.58	43.33	90.24	59.07	22.58	17.48	17.21	25.78	25.21
Organizational form											
Proprietorship	92.49	91.16	90.60	15.81	46.01	17.80	6.67	19.47	10.72	5.03	9.76
Partnership	96.93	96.24	94.63	28.02	56.53	25.12	9.54	20.94	12.31	8.06	13.76
S corporation	99.70	99.35	99.18	28.43	64.73	31.37	7.09	29.14	16.92	11.86	12.95
C corporation	98.64	98.10	98.00	32.31	63.54	33.72	3.80	28.72	17.60	14.20	13.19
Standard industrial classification											
Construction and mining (10–19)	95.44	94.78	94.45	22.35	60.86	27.29	5.31	36.91	14.23	3.92	8.77
Primary manufacturing (20–29)	97.06	97.05	97.05	27.99	63.16	33.16	5.83	26.66	28.46	15.79	13.74
Other manufacturing (30–39)	98.02	97.83	97.78	29.25	63.11	33.71	6.95	24.66	19.60	19.34	8.81
Transportation (40–49)	96.16	95.11	93.88	25.14	68.01	27.86	5.21	36.61	22.08	19.73	12.05
Wholesale trade (50–51)	96.61	96.28	95.93	26.66	59.16	39.50	4.98	25.79	11.69	13.33	15.08
Retail trade (52–59)	97.14	96.68	96.68	18.54	57.02	27.02	7.00	22.85	10.08	7.43	15.47
Insurance agents and real estate (60–69)	97.69	95.92	94.66	30.51	52.14	20.15	11.24	14.83	9.47	6.89	16.35
Business services (70–79)	93.18	91.79	91.03	20.34	47.35	16.86	5.37	21.56	15.10	6.85	8.94
Professional services (80–89)	96.88	95.81	95.34	30.62	53.57	24.93	5.32	18.73	14.63	12.27	9.13
Years under current ownership											
0–4	95.54	94.60	93.84	20.66	57.54	26.22	7.91	21.31	14.56	12.90	15.78
5–9	97.52	96.47	96.18	23.25	58.75	25.73	6.45	26.09	15.94	8.77	12.05
10–14	96.48	95.68	95.08	23.98	58.63	28.55	6.41	25.06	13.24	10.03	12.57
15–19	96.25	95.41	95.15	26.09	54.09	25.47	6.48	27.10	14.01	8.16	9.44
20–24	95.06	94.66	94.33	26.84	52.67	23.58	7.58	23.61	13.58	8.48	10.15
25 or more	93.39	92.60	92.14	24.67	46.45	21.93	2.52	19.42	11.11	6.58	8.78

For notes, see end of table.

A.2. Continued

A. Continued

Category	Any service	Liquid asset accounts			Credit lines, loans, and capital leases						
		Any	Checking	Savings	Any	Credit line	Mortgage	Vehicle	Equipment	Capital lease	Other
Census region of main office											
Northeast											
New England	96.26	96.26	95.78	25.42	51.76	21.70	6.18	22.13	9.88	8.04	12.41
Middle Atlantic	97.09	95.41	95.11	23.43	54.78	21.06	4.25	25.29	11.15	10.78	11.30
Midwest											
East North Central	95.79	95.36	94.27	25.55	51.78	23.37	8.84	23.74	12.82	6.97	9.39
West North Central	96.57	94.95	94.95	25.32	64.14	33.12	8.24	24.57	22.71	6.49	12.41
South											
South Atlantic	96.28	95.34	94.38	21.75	57.67	29.37	5.87	26.59	15.09	8.82	9.33
East South Central	98.14	96.50	96.50	17.13	65.11	32.82	9.22	27.46	16.21	8.78	12.97
West South Central	93.73	92.75	92.40	19.71	53.33	23.83	2.11	28.50	14.93	7.22	11.11
West											
Mountain	97.71	96.20	96.20	27.84	61.84	28.28	7.77	24.63	17.43	10.24	20.52
Pacific	94.86	94.86	94.81	26.30	51.95	24.62	5.87	18.40	12.14	12.66	12.48
Urbanization at main office											
Urban	96.04	95.25	94.79	24.44	54.41	24.49	5.65	23.65	13.03	9.77	10.85
Rural	95.85	94.72	94.34	22.06	59.49	29.50	8.20	25.74	17.65	7.05	14.81
Number of offices											
One	95.54	94.70	94.22	22.54	52.95	23.37	5.63	23.24	12.73	8.02	11.18
Two	98.35	96.85	96.85	26.63	63.75	32.68	8.34	27.03	18.00	13.14	12.59
Three or more	99.03	98.99	98.40	42.07	81.33	47.54	11.17	32.36	27.39	21.08	18.29
Export sales											
Some	98.41	97.17	96.79	30.66	63.01	36.17	6.91	24.30	14.23	18.51	16.51
None	95.81	94.98	94.53	23.40	54.88	24.69	6.13	24.07	13.98	8.45	11.30
Owners' participation											
Owner management	95.62	94.72	94.27	22.82	54.53	24.37	6.17	24.06	13.46	8.47	11.89
Hired management	98.20	97.57	97.15	30.42	60.96	32.29	6.26	24.26	17.16	13.41	10.48
Race, ethnicity, and sex of majority owners											
Nonwhite or Hispanic	95.32	93.76	92.27	21.18	47.10	19.02	4.59	21.62	12.82	6.58	11.31
Non-Hispanic white	96.09	95.32	95.02	24.31	56.61	26.42	6.40	24.42	14.16	9.55	11.73
White	96.08	95.26	94.92	24.24	56.65	26.51	6.23	24.56	14.14	9.46	11.72
Black	93.91	91.24	89.93	19.25	38.55	14.97	5.78	18.59	14.10	5.27	7.82
Asian or Pacific Islander	96.92	96.47	94.90	19.82	44.12	14.79	5.20	16.28	9.41	8.79	14.18
American Indian or Native Alaskan	92.81	92.81	89.85	25.89*	45.14	11.25*	6.41*	25.49*	16.38*	0.76*	11.82*
Hispanic	94.27	92.37	91.37	22.17	54.64	26.95	2.47	27.06	13.34	6.73	11.09
Non-Hispanic	96.08	95.27	94.85	24.02	55.52	25.48	6.35	23.95	14.03	9.31	11.71
Female	95.52	93.83	93.47	22.42	51.12	19.62	6.83	21.89	11.90	7.45	12.28
Male	95.92	95.37	94.87	24.02	56.27	26.94	5.75	24.19	14.58	9.55	11.45
Ownership equally divided by sex	98.94	97.30	97.30	28.86	62.46	30.81	9.18	31.41	14.90	11.49	12.36

A.2. Percentage of small businesses using selected financial services, by selected category of firm, 1993 — Continued

B. Financial management

Category	Financial management: Any	Financial management: Transaction	Financial management: Cash	Financial management: Credit-related	Financial management: Brokerage	Financial management: Trust and pension	MEMO: Nontraditional credit: Loan from owner	MEMO: Nontraditional credit: Credit card: Personal	MEMO: Nontraditional credit: Credit card: Business	MEMO: Nontraditional credit: Trade credit
All firms	**35.11**	**23.03**	**5.19**	**4.56**	**4.30**	**9.71**	**16.67**	**39.22**	**27.63**	**60.77**
Number of full-time-equivalent employees										
0–1	23.83	14.78	3.09	2.24	2.72	5.72	9.44	40.55	20.64	49.93
2–4	34.85	25.05	3.22	4.04	3.51	8.16	14.59	39.97	24.74	62.82
5–9	42.16	27.90	6.13	4.98	4.89	9.73	25.33	41.90	39.42	69.64
10–19	49.05	32.23	6.28	8.88	8.41	14.58	29.63	36.11	34.53	73.40
20–49	57.40	34.34	12.60	7.37	8.80	24.64	27.61	30.43	40.84	74.14
50–99	67.32	29.88	21.20	17.09	12.50	36.20	29.11	22.85	46.07	72.25
100–499	75.55	54.48	43.36	26.24	8.05	39.90	34.14	24.80	37.13	84.31
Sales (thousands of dollars)										
Less than 25	15.91	9.96	2.76*	1.02*	2.43*	2.62*	7.96	36.47	10.28	35.67
25–49	21.05	12.21	2.58*	1.68*	2.03*	4.93*	7.55	48.83	21.26	51.79
50–99	26.02	15.58	1.33*	2.85*	2.96*	6.97	10.25	43.75	23.59	55.69
100–249	33.60	25.71	2.67	3.24	2.73	7.14	14.54	41.49	26.43	64.32
250–499	43.84	31.41	5.02	4.33	4.44	9.26	18.87	39.71	34.15	70.95
500–999	44.50	29.58	3.96	5.13	5.82	10.23	26.19	37.91	35.23	74.04
1,000–2,499	48.49	31.15	9.54	6.94	5.70	15.32	25.88	35.09	42.31	71.46
2,500–4,999	55.89	22.71	11.66	12.68	13.68	26.05	32.03	31.52	44.26	75.81
5,000–9,999	71.38	41.49	19.66	12.08	10.19	38.37	41.04	25.74	41.90	76.35
10,000 or more	86.44	57.38	47.27	31.83	19.06	52.36	25.70	22.25	37.52	74.28
Assets (thousands of dollars)										
Less than 25	23.43	15.22	2.13	1.24*	2.61	6.05	10.41	41.61	19.63	49.20
25–49	34.87	24.53	2.84*	3.83	2.91*	8.61	13.66	47.83	31.38	59.53
50–99	36.22	27.42	3.73	3.09	2.86*	7.05	16.34	40.80	28.78	68.34
100–249	44.87	29.23	5.25	5.28	6.60	11.39	22.93	46.70	34.81	69.77
250–499	42.22	29.66	5.05	5.15	5.19	11.49	23.43	35.18	32.97	71.27
500–999	47.81	30.09	8.49	6.27	7.85	14.43	26.63	32.84	43.42	69.12
1,000–2,499	56.91	29.87	14.05	15.72	8.65	24.02	29.11	31.30	37.49	74.10
2,500–4,999	81.13	42.65	32.72	19.54	12.85	44.59	29.95	21.76	36.74	77.41
5,000 or more	68.54	42.36	34.45	20.70	20.47	36.56	30.66	22.13	30.88	67.21
Organizational form										
Proprietorship	26.25	17.72	3.26	2.03	2.27	6.33	...	40.72	21.85	52.62
Partnership	36.04	25.08	5.84	6.33	6.44	6.87	16.17	34.55	23.94	68.42
S corporation	40.42	26.70	6.71	6.22	5.25	10.30	36.30	43.82	33.53	68.08
C corporation	44.99	28.16	6.95	6.82	6.17	15.41	29.22	35.05	33.64	66.16
Standard industrial classification										
Construction and mining (10–19)	19.38	9.30	2.25	3.44	2.26	6.75	13.46	37.07	31.94	71.60
Primary manufacturing (20–29)	26.43	18.20	5.83	3.91	3.21	7.72	21.74	35.86	25.87	77.94
Other manufacturing (30–39)	34.97	18.57	8.09	10.03	4.08	13.18	34.00	41.54	36.21	78.07
Transportation (40–49)	38.57	26.37	11.44	8.68	5.26*	8.91	26.90	43.47	26.01	52.60
Wholesale trade (50–51)	37.82	22.70	6.78	7.72	4.70	12.80	26.43	36.71	33.70	72.46
Retail trade (52–59)	45.73	37.71	6.13	5.26	2.82	5.03	19.45	34.84	22.37	65.71
Insurance agents and real estate (60–69)	33.09	13.61	7.53	4.29	9.29	10.60	15.98	38.81	22.77	39.98
Business services (70–79)	27.19	20.99	2.40	2.67	2.24	4.99	11.04	38.90	21.55	53.01
Professional services (80–89)	45.57	23.47	6.36	3.71	8.49	22.56	11.41	48.26	36.87	51.80
Years under current ownership										
0–4	34.03	25.00	4.55	6.94	2.78	6.27	20.64	39.05	23.01	58.94
5–9	35.12	24.60	3.75	3.77	2.80	8.66	18.39	41.03	28.08	62.59
10–14	37.84	24.09	5.79	4.78	4.92	10.79	17.07	41.13	30.92	61.09
15–19	33.71	23.96	4.39	3.23	3.93	9.23	14.46	39.57	27.13	63.81
20–24	35.22	20.18	7.16	4.69	5.89	11.19	10.54	40.19	27.17	62.81
25 or more	34.03	17.61	7.30	4.50	7.19	13.33	14.82	32.76	28.11	54.72

A.2. Continued

B.—Continued

Category	Financial management						MEMO: Nontraditional credit			
	Any	Trans-action	Cash	Credit-related	Brokerage	Trust and pension	Loan from owner	Credit card		Trade credit
								Personal	Business	
Census region of main office										
Northeast										
New England	33.36	23.86	4.12	4.28	2.65	10.49	16.59	38.17	26.38	59.55
Middle Atlantic	36.54	24.18	4.65	3.86	4.37	10.75	18.81	38.69	28.26	64.34
Midwest										
East North Central	37.77	24.11	6.13	3.49	6.04	11.20	16.34	37.59	25.09	59.64
West North Central	34.95	22.66	6.32	4.87	4.77	9.52	10.40	43.16	24.39	57.19
South										
South Atlantic	37.73	22.78	7.09	5.99	4.58	11.22	22.97	40.47	29.28	60.99
East South Central	32.16	18.92	3.92	6.78	2.55*	7.79	18.79	30.72	28.03	63.95
West South Central	30.05	20.98	4.36	4.91	2.24	6.42	14.99	35.75	25.94	55.56
West										
Mountain	37.75	27.36	4.21	5.37	5.09	9.53	15.32	38.18	36.76	58.50
Pacific	32.86	21.86	4.28	3.91	4.21	8.42	13.73	43.14	27.83	63.49
Urbanization at main office										
Urban	35.00	22.93	4.82	4.34	4.70	10.37	17.25	40.30	28.67	60.39
Rural	35.51	23.39	6.59	5.38	2.79	7.20	14.50	35.20	23.74	62.18
Number of offices										
One	32.43	21.36	4.26	3.82	3.90	8.34	15.25	38.77	25.92	58.84
Two	45.72	29.07	6.57	5.94	5.53	13.90	22.10	43.60	36.01	71.02
Three or more	58.76	38.79	17.99	14.14	8.53	24.23	29.68	38.00	39.49	72.44
Export sales										
None	33.78	22.17	4.82	3.70	4.02	9.27	15.25	38.31	26.44	60.08
Some	51.78	33.70	9.78	15.32	7.79	15.13	34.47	50.69	42.58	69.33
Owners' participation										
Owner management	32.98	21.51	4.65	3.99	4.14	8.44	16.21	40.23	27.00	59.81
Hired management	47.44	31.78	8.33	7.84	5.20	17.04	19.35	33.40	31.26	66.29
Race, ethnicity, and sex of majority owners										
Nonwhite or Hispanic	25.64	18.05	4.05	4.14	1.76	3.88	13.75	35.84	26.29	51.42
Non-Hispanic white	36.39	23.70	5.34	4.61	4.64	10.49	17.07	39.68	27.81	62.03
White	35.74	23.38	5.16	4.54	4.49	10.16	16.99	39.60	28.02	61.65
Black	26.66	19.98	5.69	2.54	1.88*	2.24	9.40	34.30	27.91	49.59
Asian or Pacific Islander	31.72	18.55	5.12	5.63	2.79*	8.11	15.76	37.83	15.92	51.58
American Indian or Native Alaskan	20.09*	17.37*	6.22*	8.26*	0.20*	0.20*	14.01*	28.44	30.79	50.05
Hispanic	20.13	15.77	0.98*	2.55*	1.11*	2.33*	13.72	35.26	30.32	51.16
Non-Hispanic	35.80	23.36	5.38	4.65	4.44	10.04	16.81	39.41	27.51	61.21
Female	33.03	24.88	3.91	3.77	3.31	6.03	15.38	42.35	27.61	58.89
Male	35.49	22.14	5.56	4.93	4.51	11.23	15.95	37.72	27.71	60.46
Ownership equally divided by sex	38.34	27.16	5.43	2.84	5.46	4.59	31.01	46.27	26.65	72.07

NOTE. Memo items are excluded from the data in the first column of table A.2.A, "any service."

* Number of respondents was less than fifteen, too small to calculate a reliable statistic.

. . . Not applicable.

A.3. Percentage of small businesses that use selected suppliers of financial services, by selected category of firm, 1993

A. Any supplier, any financial institution, and depository institutions

Category	Any supplier	Financial institution					
		Any	Depository				
			Any	Commercial bank	Thrift		
					Any	Savings institution	Credit union
All firms	**96.00**	**95.25**	**94.81**	**87.76**	**15.44**	**11.67**	**4.25**
Number of full-time-equivalent employees							
0–1	92.01	90.67	90.17	80.51	16.67	12.73	4.44
2–4	97.77	97.35	96.88	89.86	16.03	10.20	6.42
5–9	98.88	98.70	98.26	92.86	15.27	12.86	2.96
10–19	99.78	99.13	98.67	95.50	13.02	11.63	1.51*
20–49	99.24	99.19	99.08	97.20	10.02	9.85	0.39*
50–99	99.12	97.95	97.95	96.11	8.14	6.81	1.47*
100–499	100.00	99.86	99.86	98.56	13.40	12.47	1.25*
Sales (thousands of dollars)							
Less than 25	81.67	81.00	80.02	68.80	15.38	11.35	4.32
25–49	94.22	92.59	91.94	79.47	19.04	13.37	6.35
50–99	95.53	95.18	94.50	83.62	19.35	12.89	6.81
100–249	99.02	98.96	98.59	91.31	16.54	12.16	5.22
250–499	99.47	98.78	98.73	93.51	16.62	12.55	4.74
500–999	99.92	99.33	98.93	96.60	11.91	10.10	1.92*
1,000–2,499	99.28	98.98	98.57	97.14	9.49	8.48	1.00*
2,500–4,999	98.08	97.77	96.89	93.46	11.16	10.41	0.83*
5,000–9,999	99.70	99.35	99.35	98.89	11.55	10.90	1.33*
10,000 or more	99.90	99.63	99.63	96.68	11.14	8.81	2.48*
Assets (thousands of dollars)							
Less than 25	90.11	89.25	88.97	77.92	16.74	12.29	4.75
25–49	97.65	97.65	97.33	87.98	16.77	13.32	3.89
50–99	98.57	98.56	97.65	94.46	13.29	10.15	3.49
100–249	99.42	99.17	98.43	94.22	13.97	9.44	5.19
250–499	99.89	99.82	99.82	96.51	13.26	9.39	3.93
500–999	99.41	99.41	99.41	95.10	18.44	16.81	1.64*
1,000–2,499	99.63	99.63	99.63	95.37	14.14	13.49	0.94*
2,500–4,999	98.98	98.98	98.98	97.51	7.03	5.84	1.19*
5,000 or more	100.00	100.00	96.68	96.35	13.48	13.34	0.30*
Organizational form							
Proprietorship	92.49	91.32	90.80	80.53	18.43	13.07	6.00
Partnership	96.93	96.68	96.29	88.99	17.30	14.45	3.22*
S corporation	99.70	99.18	98.73	94.31	13.82	10.71	3.74
C corporation	98.64	98.26	97.91	94.13	11.36	9.34	2.17
Standard industrial classification							
Construction and mining (10–19)	95.44	95.21	94.72	85.14	17.85	12.39	6.42
Primary manufacturing (20–29)	97.06	96.23	96.07	84.55	18.51	15.06	4.37*
Other manufacturing (30–39)	98.02	97.06	97.06	90.37	16.64	13.63	3.02*
Transportation (40–49)	96.16	96.14	94.98	89.96	11.99	7.90*	4.09*
Wholesale trade (50–51)	96.61	96.27	96.27	92.62	7.87	5.97	1.90*
Retail trade (52–59)	97.14	96.51	96.36	89.65	16.26	12.82	4.09
Insurance agents and real estate (60–69)	97.69	96.75	95.91	88.53	19.22	13.73	6.19
Business services (70–79)	93.18	92.01	91.60	84.17	14.90	12.08	3.36
Professional services (80–89)	96.88	95.94	94.98	89.16	14.68	10.27	4.43
Years under current ownership							
0–4	95.54	94.41	94.37	87.30	15.93	11.01	5.22
5–9	97.52	96.87	95.91	87.16	17.44	13.59	4.62
10–14	96.48	95.62	95.03	86.13	18.80	12.97	6.06
15–19	96.25	95.51	95.27	90.28	12.14	10.02	2.63
20–24	95.06	95.00	94.99	87.70	14.01	11.93	3.16*
25 or more	93.39	92.63	92.42	88.97	11.09	8.66	2.49

For notes, see end of table.

A.3. Continued

A.- Continued

Category	Any supplier	Financial institution: Any	Depository: Any	Commercial bank	Thrift: Any	Savings institution	Credit union
Census region of main office							
Northeast							
New England	96.26	95.77	95.77	71.97	37.15	34.60	3.17*
Middle Atlantic	97.09	96.21	95.37	89.68	15.19	13.56	2.68
Midwest							
East North Central	95.79	95.35	95.13	86.87	16.87	11.73	5.56
West North Central	96.57	95.78	95.32	91.82	12.59	7.76	5.25
South							
South Atlantic	96.28	95.75	95.31	91.64	11.26	9.55	1.77
East South Central	98.14	96.67	96.67	90.73	9.58	6.02	3.56*
West South Central	93.73	92.25	91.57	87.13	8.20	4.44	3.83
West							
Mountain	97.71	97.20	97.20	91.84	12.69	4.34*	8.38
Pacific	94.86	94.23	93.64	86.32	17.08	12.46	5.48
Urbanization at main office							
Urban	96.04	95.24	94.76	87.49	15.81	12.18	4.19
Rural	95.85	95.31	95.00	88.74	14.06	9.79	4.46
Number of offices							
One	95.54	94.70	94.33	86.85	15.39	11.45	4.46
Two	98.35	98.19	97.02	90.66	17.36	14.50	3.19
Three or more	99.03	98.69	98.45	97.09	12.38	9.66	2.80
Export sales							
Some	98.41	98.30	97.68	92.10	14.90	13.11	1.83*
None	95.81	95.01	94.58	87.41	15.48	11.56	4.44
Owners' participation							
Owner management	95.62	94.96	94.48	86.83	16.54	12.54	4.56
Hired management	98.20	96.94	96.72	93.09	9.11	6.69	2.47
Race, ethnicity, and sex of majority owners							
Nonwhite or Hispanic	95.32	94.31	93.55	84.40	16.16	11.38	5.37
Non-Hispanic white	96.09	95.38	94.98	88.21	15.35	11.71	4.10
White	96.08	95.39	94.95	88.12	15.26	11.67	4.07
Black	93.91	91.44	90.26	77.85	20.51	13.68	8.20
Asian or Pacific Islander	96.92	96.15	95.97	87.63	15.61	12.87	2.74*
American Indian or Native Alaskan	92.81	92.81	92.81	86.94	15.01*	3.60*	11.61*
Hispanic	94.27	93.80	92.75	83.57	14.65	10.46	4.73
Non-Hispanic	96.08	95.32	94.90	87.95	15.48	11.73	4.23
Female	95.52	94.25	93.38	84.37	16.54	11.89	5.47
Male	95.92	95.29	94.93	88.25	15.09	11.62	3.88
Ownership equally divided by sex	98.94	98.79	98.79	94.71	15.71	11.58	4.18*

A.3. Percentage of small businesses that use selected suppliers of financial services, by selected category of firm, 1993—Continued

B. Nondepository financial institutions

Category	Any nondepository financial	Finance company	Brokerage	Leasing company	Other
All firms	**28.66**	**12.93**	**9.50**	**7.56**	**3.50**
Number of full-time-equivalent employees					
0–1	18.69	7.80	6.36	3.52	2.89
2–4	25.60	11.85	7.91	6.61	2.57
5–9	36.13	16.38	11.87	10.20	3.25
10–19	52.36	26.03	15.46	16.13	5.36
20–49	44.52	19.33	18.34	14.70	6.70
50–99	56.18	27.29	19.62	19.72	8.88
100–499	60.19	23.57	25.46	20.83	14.40
Sales (thousands of dollars)					
Less than 25	12.71	6.22	3.91	1.82*	0.89*
25–49	17.00	6.76	5.14	2.94*	2.69*
50–99	19.73	9.40	6.74	3.91	1.27*
100–249	25.10	11.73	6.75	7.24	2.80
250–499	35.41	16.47	11.02	9.30	4.19
500–999	40.92	19.65	13.31	12.42	4.62
1,000–2,499	42.21	16.98	15.08	12.89	4.48
2,500–4,999	54.04	25.11	23.92	15.65	7.14
5,000–9,999	49.37	21.79	23.36	10.67	7.91
10,000 or more	59.01	27.34	29.32	16.21	16.65
Assets (thousands of dollars)					
Less than 25	18.70	8.82	6.81	3.18	1.04
25–49	28.36	16.56	6.57	6.57	2.36*
50–99	28.76	11.68	6.80	11.81	3.89
100–249	36.54	16.33	13.91	9.38	3.02
250–499	34.38	13.11	12.89	10.09	5.43
500–999	39.61	20.15	10.15	12.42	5.05
1,000–2,499	51.18	20.68	23.35	11.97	8.00
2,500–4,999	65.09	30.26	29.07	18.30	17.08
5,000 or more	64.50	23.24	34.42	12.98	20.24
Organizational form					
Proprietorship	19.65	8.41	5.74	4.52	2.87
Partnership	26.00	7.82	10.40	6.78	3.37
S corporation	35.58	18.16	10.70	10.13	4.71
C corporation	38.72	17.85	14.28	10.75	3.67
Standard industrial classification					
Construction and mining (10–19)	25.06	17.10	4.68	4.32	2.09
Primary manufacturing (20–29)	35.44	18.76	7.57	11.35	4.19
Other manufacturing (30–39)	32.68	13.24	9.12	10.25	4.40
Transporation (40–49)	43.90	25.90	13.05	9.67	4.23
Wholesale trade (50–51)	32.25	14.37	13.81	8.23	3.43
Retail trade (52–59)	25.38	14.41	4.84	5.64	4.52
Insurance agents and real estate (60–69)	29.65	6.87	12.64	5.63	8.57
Business services (70–79)	21.53	9.24	5.92	7.75	1.99
Professional services (80–89)	38.20	10.64	21.01	11.24	2.60
Years under current ownership					
0–4	27.38	14.47	5.63	8.06	3.09
5–9	29.49	14.18	8.69	8.88	3.07
10–14	30.64	13.25	10.88	8.54	3.46
15–19	29.01	13.42	10.91	6.25	3.17
20–24	27.19	12.48	10.49	6.10	3.44
25 or more	26.47	8.45	11.23	5.56	5.09

A.3. Continued

B. -Continued

Category	Any nondepository financial	Finance company	Brokerage	Leasing company	Other
Census region of main office					
Northeast					
New England	28.20	17.74	7.59	3.46	3.28*
Middle Atlantic	33.01	13.49	12.35	10.19	4.00
Midwest					
East North Central	26.94	11.82	9.68	5.28	3.62
West North Central	23.98	9.73	9.15	4.14	3.41
South					
South Atlantic	31.08	14.59	10.64	7.24	3.71
East South Central	22.56	9.01	5.15	9.00	1.91*
West South Central	26.70	14.56	6.90	6.31	2.80
West					
Mountain	25.53	10.18	9.04	9.10	3.28*
Pacific	30.34	12.56	9.53	10.56	3.75
Urbanization at main office					
Urban	30.71	13.61	10.59	8.45	3.62
Rural	20.96	10.35	5.41	4.23	3.03
Number of offices					
One	26.77	11.99	8.63	6.66	3.12
Two	35.41	17.96	13.00	9.95	4.36
Three or more	46.80	18.41	17.13	17.87	8.13
Export sales					
Some	39.79	14.69	16.32	10.87	5.46
None	27.77	12.79	8.95	7.30	3.34
Owners' participation					
Owner management	27.55	12.63	8.91	7.08	3.19
Hired management	35.07	14.66	12.92	10.35	5.25
Race, ethnicity, and sex of majority owners					
Nonwhite or Hispanic	21.23	11.57	3.96	6.44	2.75
Non-Hispanic white	29.66	13.11	10.25	7.71	3.60
White	29.55	13.21	9.94	7.74	3.54
Black	17.05	10.72	3.23	3.48	3.05
Asian or Pacific Islander	19.94	9.15	5.84	6.66	3.87*
American Indian or Native Alaskan	17.32*	8.35*	3.59*	7.86*	0.56*
Hispanic	25.55	14.93	2.69*	7.62	2.56*
Non-Hispanic	28.80	12.84	9.81	7.56	3.54
Female	25.64	11.59	7.44	6.92	3.10
Male	29.12	13.16	10.18	7.50	3.63
Ownership equally divided by sex	34.58	15.24	8.88	10.84	3.43*

A.3. Percentage of small businesses that use selected suppliers of financial services, by selected category of firm, 1993—Continued

C. Nonfinancial suppliers

Category	Any nonfinancial	Family and individuals	Other businesses	Government	Unknown
All firms	**15.41**	**8.19**	**8.00**	**.53**	**2.38**
Number of full-time-equivalent employees					
0–1	11.35	7.21	4.95	.20*	2.20
2–4	16.43	8.65	8.53	.75*	1.81
5–9	17.42	8.73	9.52	.54*	2.45
10–19	22.66	12.65	10.39	.48*	2.77*
20–49	19.14	5.53	14.26	1.08*	3.57
50–99	22.86	4.54	18.01	1.83*	3.96
100–499	20.57	8.37	15.96	2.02	10.63
Sales (thousands of dollars)					
Less than 25	8.87	4.80	4.33	.55*	.67*
25–49	13.88	9.52	5.40	.48*	1.26*
50–99	17.05	10.06	7.28	.74*	1.12*
100–249	16.44	8.96	8.72	.48*	1.77
250–499	14.65	8.67	6.78	.87*	2.38*
500–999	21.12	11.73	11.28	.14*	2.26*
1,000–2,499	17.31	8.64	8.66	.33*	3.80
2,500–4,999	20.34	6.20	14.56	.25*	6.05
5,000–9,999	17.49	5.71	12.31	1.80*	4.44
10,000 or more	30.04	12.66	21.95	1.60	7.26
Assets (thousands of dollars)					
Less than 25	12.26	7.38	5.69	.36*	.72*
25–49	15.71	8.45	8.20	.63*	1.18*
50–99	19.85	10.55	10.69	.24*	.91*
100–249	19.36	11.00	9.48	.69*	2.02*
250–499	20.77	11.38	10.05	.93*	3.28*
500–999	16.67	9.21	8.04	.67*	2.04*
1,000–2,499	18.70	6.44	13.35	1.17*	1.32*
2,500–4,999	23.05	9.38*	13.45	1.40*	2.10*
5,000 or more	26.96	10.95	19.67	2.05*	5.36
Organizational form					
Proprietorship	13.20	7.29	6.84	.30*	1.82
Partnership	15.80	6.71	8.95	1.18*	2.40*
S corporation	17.96	8.80	9.63	.75	2.39
C corporation	16.98	9.59	8.40	.55	3.24
Standard industrial classification					
Construction and mining (10–19)	13.15	8.88	5.17	.45*	2.17*
Primary manufacturing (20–29)	21.14	9.48	13.33	1.42*	2.01*
Other manufacturing (30–39)	14.66	6.90	6.63	2.17	2.99
Transportation (40–49)	18.07	8.71*	11.45	.02*	5.58*
Wholesale trade (50–51)	18.75	10.18	9.44	.87*	3.39
Retail trade (52–59)	17.44	9.44	9.20	.50*	2.16
Insurance agents and real estate (60–69)	12.51	8.49	4.99	.72*	3.44
Business services (70–79)	14.52	7.45	7.24	.34*	1.33
Professional services (80–89)	13.81	5.71	8.89	.14*	2.67
Years under current ownership					
0–4	22.49	13.69	11.27	1.06*	2.69
5–9	17.20	9.41	8.29	.55	2.75
10–14	15.16	7.99	7.93	.14*	2.17
15–19	13.89	5.77	8.59	.25*	1.91
20–24	11.51	6.04	5.42	.96*	1.48
25 or more	9.05	4.21	5.20	.50	2.62

A.3. Continued

C.—Continued

Category	Any nonfinancial	Family and individuals	Other businesses	Government	Unknown
Census region of main office					
Northeast					
New England	18.14	10.17	8.90	.90*	1.69*
Middle Atlantic	12.95	6.75	7.12	.33*	2.44
Midwest					
East North Central	12.26	6.16	6.96	.12*	2.22
West North Central	19.93	10.55	10.76	1.27*	2.20*
South					
South Atlantic	14.92	6.67	8.74	.92*	2.44
East South Central	14.93	8.36	7.26	.14*	1.57*
West South Central	11.91	5.24	7.24	.60*	3.24
West					
Mountain	22.49	14.70	7.78	1.24*	2.66*
Pacific	17.43	10.12	8.17	.12*	2.38
Urbanization at main office					
Urban	15.39	7.96	8.32	.50	2.48
Rural	15.50	9.04	6.81	.68*	1.99
Number of offices					
One	14.76	7.93	7.51	.58	2.09
Two	16.62	8.83	8.79	.10*	3.41
Three or more	23.94	11.12	14.55	.68*	5.16
Export sales					
Some	20.15	10.16	10.76	1.46	3.35
None	15.03	8.03	7.78	.46	2.30
Owners' participation					
Owner management	15.17	8.49	7.55	.44	2.02
Hired management	16.81	6.42	10.58	1.06	4.44
Race, ethnicity, and sex of majority owners					
Nonwhite or Hispanic	15.10	8.05	7.48	.75	3.23
Non-Hispanic white	15.45	8.20	8.07	.51	2.26
White	15.43	8.19	8.06	.50	2.25
Black	13.80	6.60	6.76	1.89*	5.22*
Asian or Pacific Islander	18.72	9.23	10.34	.26*	2.09*
American Indian or Native Alaskan	8.87*	8.87*	.00*	.00*	5.26*
Hispanic	14.77	7.78	7.83	.58*	2.13*
Non-Hispanic	15.44	8.20	8.01	.53	2.39
Female	16.28	10.03	7.21	.88*	2.18
Male	14.97	7.41	8.34	.45	2.51
Ownership equally divided by sex	17.61	10.89	6.70	.23*	1.37*

NOTE. *Number of respondents was less than fifteen, too small to calculate a reliable statistic.

A.4. Percentage of small businesses that have liquid asset accounts at selected suppliers of financial services, by selected category of firm, 1993

A. Any supplier, any financial insitution, and depository institutions

Category	Any supplier	Financial institution					
		Any	Depository				
			Any	Commercial bank	Thrift		
					Any	Savings institution	Credit union
All firms	**95.14**	**94.48**	**94.07**	**85.86**	**12.00**	**9.68**	**2.55**
Number of full-time-equivalent employees							
0–1	90.40	89.49	89.11	78.35	13.39	10.70	2.95
2–4	97.42	96.82	96.55	88.41	12.39	9.12	3.50
5–9	98.45	98.05	97.61	90.72	11.05	9.60	1.71*
10–19	99.02	98.66	97.86	93.77	10.08	9.11	1.09*
20–49	99.24	99.06	98.23	95.51	7.62	7.62	.18*
50–99	99.04	97.74	97.74	95.90	6.03	5.55	.60*
100–499	99.74	98.74	98.74	93.50	10.22	9.89	.52*
Sales (thousands of dollars)							
Less than 25	78.96	78.96	78.67	67.30	13.95	10.50	3.45
25–49	92.73	91.59	91.58	77.18	15.70	11.86	3.85*
50–99	94.56	94.23	94.23	81.31	15.62	11.00	4.98
100–249	98.90	98.62	98.04	89.74	12.16	10.04	2.40
250–499	98.60	97.65	97.40	90.71	12.48	9.15	3.64
500–999	99.09	99.09	98.33	94.90	7.40	7.33	.16*
1,000–2,499	99.25	98.81	98.40	96.96	7.15	6.70	.45*
2,500–4,999	98.01	96.60	96.60	92.10	8.72	8.53	.19*
5,000–9,999	99.70	99.35	99.35	98.67	7.45	7.16	.86*
10,000 or more	99.72	99.46	97.24	94.07	9.09	6.85	2.38*
Assets (thousands of dollars)							
Less than 25	88.97	88.56	88.37	75.64	14.40	11.00	3.53
25–49	96.74	96.74	96.42	85.91	13.57	10.73	2.84*
50–99	98.15	97.84	97.41	92.98	8.31	7.06	1.25*
100–249	98.64	98.13	97.13	91.66	10.25	7.03	3.29
250–499	99.89	99.82	99.82	95.98	10.51	7.62	2.89*
500–999	99.41	99.41	99.41	93.76	15.14	14.41	.74*
1,000–2,499	99.36	99.36	99.36	95.03	9.35	9.30	.34*
2,500–4,999	98.84	98.84	98.84	97.02	4.12*	3.70*	.43*
5,000 or more	96.58	96.58	93.97	93.52	9.29	9.16	.30*
Organizational form							
Proprietorship	91.16	90.29	90.04	78.63	14.82	11.42	3.75
Partnership	96.24	95.96	94.59	84.57	14.69	12.38	2.30*
S corporation	99.35	98.62	98.27	92.62	9.96	8.54	1.62
C corporation	98.10	97.69	97.30	92.84	8.23	6.96	1.40
Standard industrial classification							
Construction and mining (10–19)	94.78	94.33	94.06	82.81	14.41	10.60	4.12
Primary manufacturing (20–29)	97.05	95.50	95.35	81.98	14.54	12.97	2.50*
Other manufacturing (30–39)	97.83	96.60	95.81	89.11	11.04	8.24	2.81*
Transportation (40–49)	95.11	94.86	91.21	86.44	7.54*	7.21*	.33*
Wholesale trade (50–51)	96.28	95.66	95.21	90.63	6.03	4.39	1.65*
Retail trade (52–59)	96.68	96.03	96.03	87.66	12.70	10.69	2.13
Insurance agents and real estate (60–69)	95.92	95.09	94.63	86.90	15.12	11.88	3.94*
Business services (70–79)	91.79	91.44	91.44	83.21	11.81	10.12	2.05
Professional services (80–89)	95.81	94.87	93.91	86.71	11.26	8.64	2.63*
Years under current ownership							
0–4	94.60	93.96	93.62	85.58	10.97	8.74	2.22*
5–9	96.47	95.98	95.11	84.57	14.34	11.55	3.10
10–14	95.68	94.85	94.25	84.41	14.35	10.40	4.18
15–19	95.41	94.68	94.68	88.66	9.64	8.33	1.30*
20–24	94.66	94.21	94.20	86.10	11.51	10.68	1.91*
25 or more	92.60	91.74	91.74	87.48	8.39	7.04	1.42*

For notes, see end of table.

A.4. Continued

A.—Continued

Category	Any supplier	Financial institution: Any	Depository: Any	Commercial bank	Thrift: Any	Savings institution	Credit union
Census region of main office							
Northeast							
New England	96.26	95.77	95.77	68.17	35.77	32.79	3.12*
Middle Atlantic	95.41	95.25	94.47	87.65	11.30	10.83	.75*
Midwest							
East North Central	95.36	95.15	94.49	84.72	12.73	9.17	3.98
West North Central	94.95	93.71	93.71	88.13	8.89	5.18	3.71*
South							
South Atlantic	95.34	94.77	94.76	90.14	8.49	7.54	.96*
East South Central	96.50	95.76	95.76	89.98	6.06*	4.42*	1.64*
West South Central	92.75	90.99	90.32	85.47	5.85	3.96	1.97*
West							
Mountain	96.20	95.78	95.78	90.91	7.31	3.73*	3.58*
Pacific	94.86	94.04	93.46	85.25	13.45	10.41	3.62
Urbanization at main office							
Urban	95.25	94.67	94.17	85.72	12.14	10.08	2.35
Rural	94.72	93.73	93.73	86.38	11.48	8.21	3.32
Number of offices							
One	94.70	94.01	93.63	85.07	12.05	9.68	2.64
Two	96.85	96.37	95.65	87.37	12.90	10.52	2.37*
Three or more	98.99	98.53	98.41	96.05	9.38	7.94	1.49*
Export sales							
Some	97.17	96.91	96.47	90.00	9.89	8.72	1.20*
None	94.98	94.28	93.88	85.53	12.17	9.76	2.66
Owners' participation							
Owner management	94.72	94.13	93.70	84.77	12.85	10.31	2.81
Hired management	97.57	96.45	96.24	92.16	7.09	6.03	1.09*
Race, ethnicity, and sex of majority owners							
Nonwhite or Hispanic	93.76	92.73	92.72	83.71	12.07	9.35	3.15
Non-Hispanic white	95.32	94.71	94.26	86.15	11.99	9.73	2.47
White	95.26	94.64	94.21	86.09	11.98	9.72	2.46
Black	91.24	88.83	88.79	77.77	12.60	8.96	4.94*
Asian or Pacific Islander	96.47	95.79	95.79	86.84	13.05	11.37	1.68*
American Indian or Native Alaskan	92.81	92.81	92.81	86.94	9.27*	3.60*	5.87*
Hispanic	92.37	91.73	91.73	82.37	12.44	9.62	2.99*
Non-Hispanic	95.27	94.60	94.18	86.02	11.98	9.69	2.53
Female	93.83	92.91	92.44	82.64	13.72	10.31	3.84
Male	95.37	94.78	94.37	86.61	11.53	9.56	2.16
Ownership equally divided by sex	97.30	96.66	96.66	88.80	11.25	8.80	2.48*

A.4. *Percentage of small businesses that have liquid asset accounts at selected suppliers of financial services, by selected category of firm, 1993* Continued

B. Nondepository financial institutions and nonfinancial suppliers

Category	Nondepository financial institution					Nonfinancial supplier				
	Any	Finance company	Brokerage	Leasing company	Other	Any	Family and individuals	Other businesses	Govern-ment	Unknown
All firms	**4.07**	**.31**	**3.61**	**.00***	**.19***	**.21**	**.00***	**.20**	**.00***	**.87**
Number of full-time-equivalent employees										
0–1	2.84	.27*	2.31	.00*	.26*	.29*	.00*	.29*	.00*	1.10
2–4	3.13	.34*	2.79	.00*	.00*	.03*	.00*	.03*	.00*	.74*
5–9	5.46	.00*	5.46	.00*	.24*	.18*	.00*	.18*	.00*	.82*
10–19	6.07	.64*	5.37	.00*	.06*	.08*	.00*	.08*	.00*	.40*
20–49	7.75	.67*	6.17	.00*	.91*	.30*	.00*	.30*	.00*	.51*
50–99	5.98	.81*	5.17	.00*	.00*	1.65*	.13*	1.50*	.14*	1.26*
100–499	15.89	1.09*	14.80	.00*	.00*	.61*	.00*	.61*	.00*	1.45*
Sales (thousands of dollars)										
Less than 25	1.22*	.00*	1.22*	.00*	.00*	.37*	.00*	.37*	.00*	.01*
25–49	1.97*	.00*	1.97*	.00*	.01*	.00*	.00*	.00*	.00*	1.14*
50–99	2.66*	.26*	2.39*	.00*	.00*	.33*	.00*	.33*	.00*	.00*
100–249	2.60	.24*	2.35	.00*	.00*	.01*	.00*	.01*	.00*	.64*
250–499	5.03	.51*	4.25	.00*	.57*	.05*	.00*	.05*	.00*	1.52*
500–999	5.79	.22*	5.47	.00*	.10*	.00*	.00*	.00*	.00*	.00*
1,000–2,499	7.12	.40*	6.66	.00*	.06*	.16*	.03*	.16*	.00*	.79*
2,500–4,999	10.27	.33*	9.94	.00*	.00*	.68*	.00*	.68*	.00*	1.68*
5,000–9,999	4.64	1.26*	3.37	.00*	.00*	.42*	.00*	.42*	.00*	1.36*
10,000 or more	10.34	1.80*	6.32	.00*	2.22*	.80*	.00*	.65*	.16*	2.56*
Assets (thousands of dollars)										
Less than 25	2.22	.13*	2.10	.00*	.16*	.31*	.00*	.31*	.00*	.26*
25–49	2.96*	.45*	2.50*	.00*	.01*	.00*	.00*	.00*	.00*	.00*
50–99	2.94	.58*	2.37*	.00*	.00*	.06*	.00*	.06*	.00*	.32*
100–249	7.08	.43*	6.39	.00*	.26*	.38*	.00*	.38*	.00*	.73*
250–499	6.07	.00*	5.95	.00*	.12*	.13*	.00*	.13*	.00*	.07*
500–999	4.05	.00*	3.94	.00*	.11*	.05*	.00*	.05*	.00*	.21*
1,000–2,499	8.58	.40*	8.18	.00*	.00*	.21*	.07*	.21*	.00*	.04*
2,500–4,999	8.99	1.42*	7.57	.00*	.00*	1.24*	.00*	1.01*	.23*	.35*
5,000 or more	13.45	1.53*	9.31	.00*	2.61*	.66*	.00*	.66*	.00*	.34*
Organizational form										
Proprietorship	1.95	.18*	1.53	.00*	.23*	.31*	.00*	.31*	.00*	.89
Partnership	4.83	.06*	4.34	.00*	.44*	.13*	.03*	.13*	.00*	.78*
S corporation	5.67	.83*	4.84	.00*	.00*	.13*	.00*	.12*	.01*	.73*
C corporation	6.05	.23*	5.77	.00*	.19*	.13*	.00*	.13*	.00*	.98
Standard industrial classification										
Construction and mining (10–19)	2.88	.33*	2.29	.00*	.26*	.38*	.00*	.38*	.00*	.72*
Primary manufacturing (20–29)	3.43	.28*	3.15*	.00*	.00*	.24*	.06*	.18*	.07*	1.55*
Other manufacturing (30–39)	4.00	.76*	3.24	.00*	.00*	.23*	.00*	.23*	.00*	1.60*
Transportation (40–49)	8.31*	1.01*	5.99*	.00*	1.32*	.08*	.00*	.08*	.00*	.30*
Wholesale trade (50–51)	6.26	.38*	5.76	.00*	.13*	.07*	.01*	.07*	.00*	.76*
Retail trade (52–59)	1.85	.35	1.50	.00*	.00*	.35*	.00*	.35*	.00*	.59*
Insurance agents and real estate (60–69)	4.94	.77*	3.67	.00*	.50*	.00*	.00*	.00*	.00*	1.34*
Business services (70–79)	2.77	.00*	2.77	.00*	.00*	.08*	.00*	.08*	.00*	.34*
Professional services (80–89)	7.78	.21*	7.36	.00*	.45*	.21*	.00*	.21*	.00*	1.69*
Years under current ownership										
0–4	2.02	.22*	1.80*	.00*	.00*	.30*	.00*	.30*	.00*	.70*
5–9	3.70	.20*	3.23	.00*	.27*	.12*	.01*	.12*	.00*	.88*
10–14	4.04	.03*	3.63	.00*	.37*	.30*	.00*	.30*	.00*	.79*
15–19	5.08	.67*	4.34	.00*	.07*	.28*	.00*	.28*	.00*	.82*
20–24	5.05	.84*	4.21	.00*	.00*	.14*	.00*	.11*	.03*	.87*
25 or more	5.33	.31*	5.02	.00*	.26*	.11*	.00*	.11*	.00*	1.20*

A.4. Continued

B.—Continued

Category	Nondepository financial institution: Any	Finance company	Brokerage	Leasing company	Other	Nonfinancial supplier: Any	Family and individuals	Other businesses	Government	Unknown
Census region of main office										
Northeast										
New England	2.39*	.00*	2.39*	.00*	.00*	.72*	.03*	.72*	.00*	1.04*
Middle Atlantic	4.21	.18*	3.80	.00*	.23*	.03*	.00*	.02*	.02*	.44*
Midwest										
East North Central	5.33	.48*	4.43	.00*	.42*	.06*	.00*	.06*	.00*	.71*
West North Central	4.38	.54*	3.84	.00*	.00*	.11*	.00*	.11*	.00*	1.19*
South										
South Atlantic	3.15	.08*	3.07	.00*	.00*	.04*	.00*	.04*	.00*	.62*
East South Central	3.33*	.04*	3.07*	.00*	1.11*	.00*	.00*	.00*	.00*	.73*
West South Central	4.54	1.07*	3.12	.00*	.35*	.59*	.00*	.59*	.00*	1.50*
West										
Mountain	3.68	.04*	3.55*	.00*	.08*	.07*	.00*	.07*	.00*	1.16*
Pacific	4.15	.22*	3.94	.00*	.00*	.35*	.00*	.35*	.00*	.97*
Urbanization at main office										
Urban	4.51	.35	3.97	.00*	.24*	.19	.00*	.18	.00*	.84
Rural	2.42	.19*	2.23	.00*	.00*	.28*	.00*	.28*	.00*	.99*
Number of offices										
One	3.71	.35	3.19	.00*	.22*	.22	.00*	.22	.00*	.89
Two	5.28	.09*	5.19	.00*	.00*	.00*	.00*	.00*	.00*	.88*
Three or more	7.78	.18*	7.39	.00*	.20*	.35*	.00*	.35*	.00*	.54*
Export sales										
Some	5.72	.09*	5.64	.00*	.00*	.21*	.00*	.21*	.00*	.61*
None	3.94	.33	3.44	.00*	.21*	.21	.00*	.20	.00*	.89
Owners' participation										
Owner management	3.91	.33	3.40	.00*	.18*	.23	.00*	.22	.00*	.73
Hired management	5.03	.22*	4.81	.00*	.26*	.09*	.00*	.09*	.00*	1.67
Race, ethnicity, and sex of majority owners										
Nonwhite or Hispanic	1.51	.11*	1.40	.00*	.01*	.21*	.00*	.21*	.00*	1.57*
Non-Hispanic white	4.42	.34	3.90	.00*	.22*	.21	.00*	.20	.00*	.78
White	4.31	.33	3.81	.00*	.21*	.21	.00*	.21	.00*	.77
Black	.32*	.07*	.24*	.00*	.03*	.02*	.02*	.02*	.00*	4.88*
Asian or Pacific Islander	1.61*	.22*	1.39*	.00*	.00*	.43*	.00*	.43*	.00*	.25*
American Indian or Native Alaskan	3.59*	.00*	3.59*	.00*	.00*	.00*	.00*	.00*	.00*	.00*
Hispanic	1.58*	.06*	1.52*	.00*	.00*	.23*	.00*	.23*	.00*	.65*
Non-Hispanic	4.19	.33	3.70	.00*	.20*	.21	.00*	.20	.00*	.88
Female	2.61	.10*	2.35	.00*	.16*	.23*	.00*	.23*	.00*	.97
Male	4.47	.36	3.94	.00*	.22*	.20	.00*	.20	.00*	.87
Ownership equally divided by sex	4.73	.54*	4.19*	.00*	.00*	.16*	.01*	.16*	.00*	.48*

NOTE. * Number of respondents was less than fifteen, too small to calculate a reliable statistic.

A.5. Percentage of small businesses that obtain credit lines, loans, and leases from selected suppliers, by selected category of firm, 1993

A. Any supplier, any financial insitution, and depository institutions

Category	Any supplier	Financial institution: Any	Depository: Any	Depository: Commercial bank	Thrift: Any	Thrift: Savings institution	Thrift: Credit union
All firms	**55.48**	**49.86**	**41.09**	**36.97**	**6.21**	**3.88**	**2.34**
Number of full-time-equivalent employees							
0–1	41.87	35.45	28.98	25.10	5.27	3.13	2.16
2–4	54.51	48.60	39.48	34.93	7.26	3.43	3.83
5–9	67.04	61.47	50.67	45.29	7.67	5.71	1.96
10–19	75.89	71.53	57.04	54.07	5.22	4.80	.42*
20–49	77.83	75.71	68.33	65.59	5.39	5.23	.21*
50–99	86.16	84.18	69.49	67.65	3.96	3.00	.96*
100–499	88.46	86.19	79.29	77.20	4.36	3.74	.80*
Sales (thousands of dollars)							
Less than 25	26.33	21.50	16.85	13.84	3.62	2.17*	1.45*
25–49	41.52	34.00	25.69	22.09	5.45	2.55*	3.00*
50–99	47.60	41.99	33.83	27.73	7.67	3.87*	3.80
100–249	58.03	51.54	41.79	36.79	7.84	4.00	3.84
250–499	62.86	57.43	46.55	41.45	6.98	5.05	1.93*
500–999	71.39	65.75	55.86	52.37	6.66	4.90	1.76*
1,000–2,499	73.13	68.69	58.12	55.59	4.33	3.78	.55*
2,500–4,999	80.22	77.32	70.16	65.68	7.26	6.65	.69*
5,000–9,999	83.83	81.79	78.12	77.62	4.66	4.19*	.47*
10,000 or more	90.11	87.04	74.53	71.31	4.02*	4.02*	.00*
Assets (thousands of dollars)							
Less than 25	38.02	31.20	23.89	20.18	4.58	2.40	2.18
25–49	55.78	51.74	39.60	34.55	7.07	4.61	2.47*
50–99	59.23	51.26	40.21	35.50	7.08	4.79	2.29*
100–249	66.93	61.74	53.66	49.44	7.30	4.82	2.48*
250–499	73.66	67.24	58.27	55.56	4.66	2.66*	2.03*
500–999	73.55	70.28	60.61	55.66	7.70	6.80	.90*
1,000–2,499	84.90	81.86	75.13	69.02	9.21	8.56	.65*
2,500–4,999	84.56	82.88	70.41	67.99	3.33*	2.71*	.63*
5,000 or more	90.24	85.99	71.91	66.25	7.16*	7.16*	.00*
Organizational form							
Proprietorship	46.01	39.76	32.23	27.09	7.11	3.77	3.37
Partnership	56.53	51.78	45.64	41.90	6.33	5.00*	1.32*
S corporation	64.73	59.38	49.63	46.22	5.97	3.65	2.32
C corporation	63.54	58.45	47.66	44.51	4.92	3.88	1.05
Standard industrial classification							
Construction and mining (10–19)	60.86	56.90	46.76	39.54	9.27	5.91	3.37
Primary manufacturing (20–29)	63.16	56.09	47.12	41.48	9.05	6.34	2.78*
Other manufacturing (30–39)	63.11	58.06	49.92	44.05	9.46	8.36	1.12*
Transportation (40–49)	68.01	64.49	52.59	48.78	6.83*	2.82*	4.01*
Wholesale trade (50–51)	59.16	54.11	47.68	45.12	3.48	2.65*	.84*
Retail trade (52–59)	57.02	51.14	42.14	38.26	6.18	3.77	2.41
Insurance agents and real estate (60–69)	52.14	47.02	41.09	34.99	8.13	5.31	2.81*
Business services (70–79)	47.35	39.83	31.22	27.86	5.18	3.32	1.90
Professional services (80–89)	53.57	48.73	39.26	37.22	3.95	1.54*	2.43
Years under current ownership							
0–4	57.54	49.89	40.50	36.63	6.64	3.21	3.44
5–9	58.75	52.08	41.62	37.01	6.79	4.55	2.28
10–14	58.63	53.68	44.49	38.99	8.29	4.98	3.32
15–19	54.09	50.00	40.98	37.83	5.05	3.23	1.84
20–24	52.67	48.16	41.25	36.82	5.70	4.17	1.53*
25 or more	46.45	41.79	36.43	33.92	3.46	2.38	1.08*

For notes, see end of table.

A.5. Continued

A.—Continued

Category	Any supplier	Financial institution: Any	Depository: Any	Depository: Commerical bank	Thrift: Any	Thrift: Savings institution	Thrift: Credit union
Census region of main office							
Northeast							
New England	51.76	45.41	35.21	26.38	10.19	9.17	1.06*
Middle Atlantic	54.78	48.74	36.76	32.26	7.10	4.48	2.62
Midwest							
East North Central	51.78	46.94	41.06	37.56	5.54	3.54	2.01*
West North Central	64.14	56.97	52.14	48.14	6.88	4.16*	2.72*
South							
South Atlantic	57.67	52.03	43.35	41.11	4.15	3.45	.76*
East South Central	65.11	62.49	56.64	52.37	6.17	3.50*	2.68*
West South Central	53.33	49.17	40.08	37.90	3.74	1.16*	2.57
West							
Mountain	61.84	53.72	46.56	43.37	7.15	1.77*	5.39
Pacific	51.95	46.24	35.36	29.87	6.94	4.14	2.81
Urbanization at main office							
Urban	54.41	48.51	38.84	34.58	6.37	4.07	2.32
Rural	59.49	54.91	49.54	45.91	5.58	3.17	2.41
Number of offices							
One	52.95	47.06	38.66	34.52	6.16	3.71	2.46
Two	63.75	59.97	49.20	44.20	7.39	5.84	1.55*
Three or more	81.33	76.43	65.62	63.41	4.61	2.67	1.99*
Export sales							
Some	63.01	55.55	46.79	43.51	5.86	5.12	.77*
None	54.88	49.40	40.64	36.44	6.23	3.78	2.47
Owners' participation							
Owner management	54.53	49.06	40.43	36.06	6.63	4.16	2.47
Hired management	60.96	54.47	44.92	42.21	3.76	2.22	1.58
Race, ethnicity, and sex of majority owners							
Nonwhite or Hispanic	47.10	40.48	30.72	26.70	5.17	2.34	2.92
Non-Hispanic white	56.61	51.12	42.49	38.35	6.35	4.08	2.26
White	56.65	51.16	42.37	38.22	6.29	4.05	2.26
Black	38.55	33.04	24.69	18.31	6.78	3.27*	3.54
Asian or Pacific Islander	44.12	35.94	26.96	24.17	3.48*	1.33*	2.15*
American Indian or Native Alaskan	45.14	36.92	28.86*	28.66*	5.94*	.20*	5.94*
Hispanic	54.64	49.40	38.32	32.98	6.23	2.85*	3.56
Non-Hispanic	55.52	49.88	41.22	37.15	6.21	3.92	2.29
Female	51.12	44.73	34.93	31.59	4.74	2.08	2.71
Male	56.27	50.70	42.34	37.78	6.62	4.34	2.28
Ownership equally divided by sex	62.46	59.09	49.24	47.56	6.63	4.94*	1.69*

A.5. Percentage of small businesses that obtain credit lines, loans, and leases from selected suppliers, by selected category of firm, 1993—Continued

B. Nondepository financial institutions and nonfinancial suppliers

Category	Nondepository financial institution					Nonfinancial supplier				
	Any	Finance company	Brokerage	Leasing company	Other	Any	Family and individuals	Other businesses	Govern-ment	Unknown
All firms	**19.02**	**11.75**	**.25**	**7.50**	**.94**	**13.77**	**7.99**	**6.19**	**.53**	**1.37**
Number of full-time-equivalent employees										
0–1	11.58	7.19	.20*	3.52	1.36	10.66	7.21	4.02	.20*	.95
2–4	17.04	10.68	.12*	6.52	.65*	14.97	8.40	6.98	.75*	1.12*
5–9	24.34	15.02	.20*	10.20	.39*	15.83	8.72	7.25	.54*	1.65*
10–19	36.69	22.71	.98*	15.71	1.10*	19.30	11.55	7.78	.48*	1.81*
20–49	31.29	18.25	.23*	14.70	.61*	15.01	5.26	10.00	1.08*	2.95*
50–99	39.48	25.06	.49*	19.72	.77*	13.74	3.70	9.39	1.68*	2.29
100–499	36.94	22.15	.44*	20.67	1.96	16.12	7.46	11.26	1.75	5.53
Sales (thousands of dollars)										
Less than 25	8.40	5.73	.07*	1.82*	.79*	8.31	4.80	3.40	.55*	.02*
25–49	11.34	6.76	.01*	2.94*	2.02*	13.88	9.52	5.30	.48*	.00*
50–99	12.25	8.35	.00*	3.91	.92*	15.00	9.45	5.43	.74*	1.12*
100–249	17.88	10.48	.17*	7.24	.70*	15.17	8.74	7.28	.48*	.84*
250–499	24.20	14.71	.58*	9.30	1.37*	13.28	8.67	5.13	.87*	1.40*
500–999	27.11	17.74	.00*	12.42	.32*	19.68	11.73	8.73	.14*	2.07*
1,000–2,499	27.59	15.23	.84*	12.47	.56*	14.78	8.64	5.93	.31*	2.96*
2,500–4,999	34.44	23.62	.00*	15.65	.47*	16.68	5.51	11.25	.25*	4.07*
5,000–9,999	30.51	21.00	.53*	10.54	1.32*	11.70	4.18	7.01	1.80*	3.45*
10,000 or more	36.10	25.93	1.35*	16.21	1.81	21.51	10.04	15.90	1.33*	1.30*
Assets (thousands of dollars)										
Less than 25	11.32	8.04	.00*	3.18	.51*	11.51	7.27	4.88	.36*	.44*
25–49	21.16	14.95	.01*	6.57	1.14*	14.47	8.44	6.53	.63*	.81*
50–99	21.23	10.85	.01*	11.81	1.12*	17.03	10.23	7.28	.24*	.33*
100–249	21.98	13.62	.27*	9.13	.63*	17.75	11.00	7.54	.69*	1.60*
250–499	23.37	12.44	.46*	10.09	1.48*	19.20	11.35	8.49	.93*	2.95*
500–999	30.54	19.63	1.09*	12.42	.21*	14.69	8.75	5.65	.67*	1.78*
1,000–2,499	30.36	19.89	.00*	11.97	1.59*	15.73	6.10	10.29	1.17*	.55*
2,500–4,999	41.01	28.56	4.64*	18.11	2.97*	12.27	5.40*	6.44	1.16*	1.16*
5,000 or more	40.27	22.52	3.33*	12.98	7.83	20.69	10.10	12.75	1.92*	1.16*
Organizational form										
Proprietorship	13.28	7.90	.11*	4.52	1.47	12.16	7.13	5.65	.30*	.85
Partnership	13.42	6.79	.01*	6.44	1.07*	14.27	6.71	7.18	1.18*	2.12*
S corporation	24.62	16.29	.43*	9.97	.70	15.75	8.29	7.63	.73	1.54
C corporation	25.75	16.08	.40*	10.75	.23	14.76	9.49	5.72	.55	1.83
Standard industrial classification										
Construction and mining (10–19)	20.34	16.49	.31*	4.32	.53*	12.32	8.88	3.77	.45*	1.43*
Primary manufacturing (20–29)	29.00	17.61	.18*	11.35	1.15*	19.83	9.48	12.09	1.35*	.12*
Other manufacturing (30–39)	23.05	13.09	.35*	10.25	.74*	13.72	6.83	5.24	2.17	2.53*
Transportation (40–49)	32.17	24.59	1.23*	9.59	.07*	15.78	8.71*	7.07	.02*	3.78*
Wholesale trade (50–51)	18.61	12.94	.17*	7.48	.19*	17.90	10.17	8.59	.87*	2.77*
Retail trade (52–59)	17.16	12.07	.06*	5.64	.58*	14.32	8.94	6.09	.50*	.95
Insurance agents and real estate (60–69)	16.41	6.18	.97*	5.63	5.35	10.64	8.11	3.38	.72*	2.37*
Business services (70–79)	16.10	8.58	.20*	7.75	.36*	13.69	7.23	6.42	.33*	.98
Professional services (80–89)	20.08	9.57	.05*	11.24	1.10*	11.97	5.64	6.81	.14*	.83*
Years under current ownership										
0–4	20.74	13.27	.02*	7.87	.80*	20.00	13.08	8.48	1.06*	1.73*
5–9	21.61	12.62	.57*	8.75	1.08	16.11	9.37	6.97	.55	1.84
10–14	20.32	12.16	.21*	8.54	1.08*	13.18	7.98	5.43	.14*	1.09
15–19	17.25	11.73	.13*	6.25	.55*	11.91	5.75	6.62	.25*	.96*
20–24	17.02	11.83	.16*	6.10	.82*	9.75	5.18	4.06	.91*	.58*
25 or more	13.80	8.07	.10*	5.56	1.08	8.12	4.11	4.25	.49	1.33

A.5 Continued

B.– Continued

Category	Nondepository financial institution					Nonfinancial supplier				
	Any	Finance company	Brokerage	Leasing company	Other	Any	Family and individuals	Other businesses	Govern-ment	Unknown
Census region of main office										
Northeast										
New England	19.45	15.95	.01*	3.46	.60*	14.82	10.15	4.39	.87*	1.05*
Middle Atlantic	22.38	12.88	.33*	10.19	.39*	11.54	6.38	5.70	.31*	1.98
Midwest										
East North Central	16.27	10.96	.03*	5.28	.66*	10.96	6.15	5.21	.11*	1.10*
West North Central	13.53	9.19	.00*	4.14	1.09*	18.83	10.40	9.60	1.27*	.34*
South										
South Atlantic	20.05	13.56	.12*	7.24	.82*	12.71	6.66	6.27	.92*	1.75
East South Central	17.25	8.51	.04*	8.96	.00*	13.58	8.36	5.90	.14*	.93*
West South Central	18.23	11.69	.48*	6.31	.40*	10.41	5.24	5.66	.60*	1.78*
West										
Mountain	18.74	9.59	.75*	8.62	2.19*	21.07	14.06	6.82	1.24*	.70*
Pacific	20.99	11.08	.44*	10.38	1.93	15.94	9.63	6.73	.12*	1.43
Urbanization at main office										
Urban	20.49	12.35	.27	8.41	1.07	13.59	7.73	6.31	.49	1.52
Rural	13.48	9.52	.17*	4.10	.44*	14.46	8.93	5.72	.68*	.77
Number of offices										
One	17.59	10.94	.21	6.63	.85	13.34	7.86	5.83	.58	1.19
Two	23.82	15.79	.49*	9.95	.92*	14.75	8.33	7.04	.10*	2.07
Three or more	33.27	17.28	.39*	17.22	2.47	19.07	9.42	10.47	.61*	2.91
Export sales										
Some	23.38	13.70	.12*	10.84	.16*	18.61	10.00	8.87	1.43	2.30
None	18.67	11.60	.26	7.23	1.00	13.38	7.82	5.97	.46	1.29
Owners' participation										
Owner management	18.50	11.54	.28	7.04	.94	13.79	8.29	6.01	.44	1.14
Hired management	22.02	13.02	.06*	10.13	.89	13.67	6.20	7.22	1.05	2.66
Race, ethnicity, and sex of majority owners										
Nonwhite or Hispanic	17.24	11.42	.49*	6.44	.72*	14.20	8.04	6.08	.75	2.01
Non-Hispanic white	19.26	11.80	.21	7.64	.97	13.71	7.98	6.20	.50	1.28
White	19.45	11.96	.22	7.67	.93	13.75	7.98	6.22	.50	1.28
Black	13.61	10.62	1.10*	3.48	1.63*	13.63	6.57	6.57	1.89*	1.72*
Asian or Pacific Islander	14.45	8.71	.00*	6.66	.66*	16.09	9.23	7.23	.26*	1.84*
American Indian or Native Alaskan	14.44*	8.35*	.71*	7.86*	.00*	8.87*	8.87*	.00*	.00*	5.26*
Hispanic	22.47	14.93	.32*	7.62	.83*	14.55	7.78	6.66	.58*	1.42*
Non-Hispanic	18.86	11.61	.24	7.49	.94	13.74	7.99	6.17	.53	1.36
Female	17.91	10.59	.22*	6.92	1.23	14.65	9.77	5.26	.88*	1.02*
Male	19.03	11.92	.23	7.46	.88	13.28	7.21	6.52	.45	1.51
Ownership equally divided by sex	23.26	14.16	.58*	10.26	.53*	16.60	10.88	5.52	.23*	.89*

NOTE. * Number of respondents was less than fifteen, too small to calculate a reliable statistic.

A.6. Percentage of small businesses that obtain financial management services from selected suppliers, by selected category of firm, 1993

A. Any supplier, any financial insitution, and depository institutions

Category	Any supplier	Financial institution						
		Any	Depository					
			Any	Commercial bank	Thrift			
					Any	Savings institution	Credit union
All firms	**35.11**	**33.80**	**27.85**	**25.94**	**2.65**	**2.20**	**.46**
Number of full-time-equivalent employees							
0–1	23.83	22.94	17.76	15.94	2.20	1.81	.39*
2–4	34.85	33.86	28.91	26.84	2.95	1.96	.98*
5–9	42.16	40.34	33.15	31.07	3.09	3.04	.05*
10–19	49.05	46.47	38.16	35.53	3.78*	3.78*	.00*
20–49	57.40	55.76	47.49	47.07	1.60*	1.60*	.00*
50–99	67.32	63.01	52.50	50.95	2.23	2.13*	.10*
100–499	75.55	73.82	67.24	66.71	1.59*	1.32*	.58*
Sales (thousands of dollars)							
Less than 25	15.91	14.65	12.28	11.52	.79*	.71*	.07*
25–49	21.05	20.83	16.12	14.66	1.47*	1.05*	.42*
50–99	26.02	23.97	18.35	15.62	3.04*	1.93*	1.11*
100–249	33.60	33.08	28.27	25.44	3.89	3.22	.67*
250–499	43.84	42.16	35.90	33.58	4.39	3.84	.55*
500–999	44.50	43.39	32.99	31.70	1.42*	1.42*	.00*
1,000–2,499	48.49	46.89	38.76	36.62	2.38*	2.37*	.01*
2,500–4,999	55.89	51.76	37.35	35.44	2.40*	2.34*	.05*
5,000–9,999	71.38	68.45	60.19	59.94	1.46*	1.46*	.11*
10,000 or more	86.44	83.40	77.56	76.64	2.51*	2.30*	.21*
Assets (thousands of dollars)							
Less than 25	23.43	22.82	17.93	16.19	2.16	1.73	.43*
25–49	34.87	34.06	28.58	25.09	4.48*	4.16*	.32*
50–99	36.22	34.27	28.20	26.58	2.90*	2.28*	.62*
100–249	44.87	42.80	34.84	32.71	2.81	2.05	.76*
250–499	42.22	41.53	34.41	31.98	2.56*	1.98*	.60*
500–999	47.81	45.89	38.38	36.21	3.15*	3.15*	.00*
1,000–2,499	56.91	54.97	45.09	43.57	3.36*	3.31*	.05*
2,500–4,999	81.13	77.83	62.73	59.99	4.33*	4.19*	.14*
5,000 or more	68.54	67.87	59.44	59.33	1.46*	1.32*	.14*
Organizational form							
Proprietorship	26.25	25.70	21.21	18.78	3.11	2.52	.60*
Partnership	36.04	34.41	28.41	27.48	2.47*	2.47*	.00*
S corporation	40.42	38.88	31.99	30.43	2.32	1.74	.57*
C corporation	44.99	42.73	35.17	33.56	2.22	1.93	.29*
Standard industrial classification							
Construction and mining (10–19)	19.38	18.51	14.70	13.37	1.43*	1.19*	.24*
Primary manufacturing (20–29)	26.43	25.24	21.68	19.81	1.91*	1.87*	.10*
Other manufacturing (30–39)	34.97	34.37	28.74	26.38	3.10*	3.10*	.00*
Transportation (40–49)	38.57	36.36	29.64	29.56	.08*	.08*	.00*
Wholesale trade (50–51)	37.82	37.48	30.11	29.21	1.74*	1.26*	.48*
Retail trade (52–59)	45.73	43.77	39.40	37.05	4.23	3.31	.93*
Insurance agents and real estate (60–69)	33.09	30.72	22.63	20.15	2.59*	2.59*	.00*
Business services (70–79)	27.19	26.64	22.89	20.75	2.49	2.29	.20*
Professional services (80–89)	45.57	43.67	32.01	30.09	2.71	1.91	.80*
Years under current ownership							
0–4	34.03	33.02	29.30	27.71	2.17	1.76	.41*
5–9	35.12	33.94	27.47	25.22	3.23	3.03	.20*
10–14	37.84	36.46	30.04	27.29	3.96	3.01	.96*
15–19	33.71	31.76	26.15	24.89	1.58*	1.33*	.25*
20–24	35.22	33.88	26.70	24.60	2.72	1.79*	.93*
25 or more	34.03	32.86	26.59	25.56	1.40	1.17*	.24*

For notes, see end of table.

A.6. Continued

A.—Continued

Category	Any supplier	Financial institution: Any	Depository: Any	Commercial bank	Thrift: Any	Savings institution	Credit union
Census region of main office							
Northeast							
New England	33.36	31.44	26.72	18.61	10.38	9.35	1.03*
Middle Atlantic	36.54	35.54	28.02	27.21	1.46*	1.45*	.01*
Midwest							
East North Central	37.77	36.28	30.72	29.06	2.92	2.53	.39*
West North Central	34.95	34.11	28.05	25.96	2.26*	1.85*	.41*
South							
South Atlantic	37.73	35.04	27.61	26.00	1.97	1.71	.26*
East South Central	32.16	32.16	27.75	25.60	2.15*	2.15*	.00*
West South Central	30.05	29.44	24.35	24.31	.76*	.42*	.34*
West							
Mountain	37.75	36.28	33.34	31.50	1.89*	.65*	1.27*
Pacific	32.86	31.90	25.89	24.07	2.59	1.84	.76*
Urbanization at main office							
Urban	35.00	33.51	27.27	25.41	2.41	2.04	.38
Rural	35.51	34.86	30.02	27.95	3.52	2.77	.75*
Number of offices							
One	32.43	31.27	25.56	23.79	2.35	1.83	.52
Two	45.72	43.54	35.71	31.98	5.61	5.53	.07*
Three or more	58.76	56.51	50.43	49.92	1.67	1.57	.18*
Export sales							
Some	51.78	50.70	43.30	39.96	4.90	4.78*	.15*
None	33.78	32.44	26.61	24.82	2.47	1.99	.48
Owners' participation							
Owner management	32.98	31.95	26.09	24.05	2.81	2.42	.40
Hired management	47.44	44.47	38.01	36.85	1.68	.91	.80*
Race, ethnicity, and sex of majority owners							
Nonwhite or Hispanic	25.64	24.46	22.32	20.01	2.63	2.42	.23*
Non-Hispanic white	36.39	35.06	28.59	26.74	2.65	2.17	.49
White	35.74	34.44	28.14	26.33	2.57	2.09	.48
Black	26.66	24.07	23.88	19.95	4.85*	4.82*	.03*
Asian or Pacific Islander	31.72	30.61	26.83	23.54	3.50*	3.25*	.25*
American Indian or Native Alaskan	20.09*	20.09*	19.53*	19.33*	.20*	.20*	.20*
Hispanic	20.13	19.72	17.24	15.61	1.64*	1.29*	.34*
Non-Hispanic	35.80	34.44	28.33	26.41	2.69	2.24	.46
Female	33.03	31.35	27.13	24.93	3.29	2.70	.60*
Male	35.49	34.23	27.68	25.88	2.49	2.09	.40
Ownership equally divided by sex	38.34	37.76	32.75	30.67	2.16*	1.57*	.59*

A.6. Percentage of small businesses that obtain financial management services from selected suppliers, by selected category of firm, 1993—Continued

B. Nondepository financial institutions and nonfinancial suppliers

Category	Nondepository financial institution					Nonfinancial supplier				
	Any	Finance company	Brokerage	Leasing company	Other	Any	Family and individuals	Other businesses	Govern-ment	Unknown
All firms	**10.87**	**1.49**	**7.40**	**.13***	**2.48**	**2.29**	**.35**	**2.00**	**.01***	**.54**
Number of full-time-equivalent employees										
0–1	6.85	.68*	4.86	.01*	1.46	.97	.06*	.94	.00*	.60*
2–4	9.32	1.18	6.38	.25*	1.92	2.06	.39*	1.83	.00*	.09*
5–9	12.18	1.70*	8.99	.00*	2.86	3.04	.47*	2.57	.00*	.53*
10–19	18.93	3.65*	11.99	.41*	4.19	3.69	1.13*	2.56*	.00*	1.11*
20–49	22.97	2.51	15.74	.20*	5.18	5.44	.39*	5.05	.13*	.33*
50–99	28.97	6.11	16.37	.60*	8.23	10.22	.84*	9.25	.14*	1.51*
100–499	29.37	7.05	14.31	.27*	12.65	6.09	.91*	5.74	.27*	5.02*
Sales (thousands of dollars)										
Less than 25	3.90	.49*	3.31*	.00*	.11*	1.24*	.30*	.94*	.00*	.64*
25–49	4.73	.00*	4.07*	.00*	.66*	.11*	.00*	.11*	.00*	.12*
50–99	6.33	1.05*	4.93	.00*	.36*	2.45*	.61*	1.84*	.00*	.00*
100–249	8.68	1.43*	5.48	.21*	2.10*	1.98*	.41*	1.80*	.00*	.30*
250–499	12.37	1.76*	8.51	.00*	2.81*	2.07*	.00*	2.07*	.00*	.90*
500–999	14.56	2.50*	9.04	.03*	4.20	2.64	.18*	2.55	.07*	.19*
1,000–2,499	17.49	1.71*	12.11	.56*	3.85	3.19	.00*	3.16	.02*	.50*
2,500–4,999	28.21	3.05	19.86	.00*	6.67	4.81	.69*	4.12	.00*	1.85*
5,000–9,999	30.92	3.27	21.25	.13*	6.59	7.67	1.70*	6.65	.15*	.42*
10,000 or more	43.48	10.52	26.36	.09*	12.93	9.97	2.61*	7.24	.11*	5.74*
Assets (thousands of dollars)										
Less than 25	6.71	.78*	5.56	.00*	.53*	.78*	.11*	.67*	.00*	.15*
25–49	9.32	2.35*	5.77	.00*	1.21*	1.98*	.01*	1.98*	.00*	.38*
50–99	8.84	.64*	5.42	.17*	2.77*	4.13	.78*	3.35*	.06*	.26*
100–249	14.40	2.50*	10.28	.25*	2.39*	2.88	.30*	2.65	.00*	.50*
250–499	13.37	1.17*	9.33	.00*	3.82	2.17	.03*	2.14	.00*	.33*
500–999	13.11	1.68*	7.87	.06*	4.72	3.38*	.46*	2.92*	.00*	.05*
1,000–2,499	25.59	1.27*	18.57	.00*	6.41	4.00	.43*	3.65	.00*	.73*
2,500–4,999	41.38	8.18*	20.48	.19*	14.11	10.59	3.98*	6.39*	.22*	.60*
5,000 or more	40.49	7.12	29.65	.11*	10.05	8.01	.85*	7.79	.13*	3.97*
Organizational form										
Proprietorship	6.78	.62*	4.83	.10*	1.33	1.30	.26*	1.14	.00*	.16*
Partnership	11.84	1.20*	8.76	.37*	1.87*	2.41*	.00*	2.41*	.00*	.02*
S corporation	12.53	2.12	7.52	.17*	4.02	3.02	.67*	2.40	.01*	.27*
C corporation	15.84	2.51	10.94	.09*	3.40	3.30	.37*	2.96	.04*	1.47
Standard industrial classification										
Construction and mining (10–19)	5.16	.61*	3.04	.07*	1.56	1.02*	.00*	1.02*	.00*	.01*
Primary manufacturing (20–29)	9.72	1.91*	5.53	.25*	3.04	1.70*	.21*	1.49*	.00*	.34*
Other manufacturing (30–39)	12.19	.43*	8.58	.00*	3.75	1.30	.29*	1.16*	.06*	.21*
Transportation (40–49)	12.10	1.33*	9.21	.07*	2.84*	4.87	.09*	4.78*	.00*	1.75*
Wholesale trade (50–51)	15.07	1.81*	9.91	.75*	3.11	1.08	.17*	.91	.00*	.18*
Retail trade (52–59)	10.26	3.49	3.81	.05*	3.94	4.47	.65*	4.03	.01*	.92*
Insurance agents and real estate (60–69)	12.99	.29*	10.58	.00*	2.72*	2.24*	.47*	1.78*	.09*	1.26*
Business services (70–79)	5.83	.87*	3.85	.16*	1.63	1.00	.21*	.83	.01*	.02*
Professional services (80–89)	19.94	.94*	17.82	.02*	1.51	2.71	.56*	2.17	.00*	.96*
Years under current ownership										
0–4	8.51	1.75	4.84	.30*	2.30	3.40	1.16*	2.61	.00*	.56*
5–9	9.96	1.97	6.49	.27*	1.73	1.86	.20*	1.70	.00*	.17*
10–14	12.04	1.29	9.04	.05*	2.39	2.54	.11*	2.43	.03*	.66*
15–19	10.95	1.18*	7.66	.00*	2.55	2.39	.02*	2.37	.00*	1.02*
20–24	11.79	1.17*	8.60	.00*	2.62	2.59	.90*	1.68	.05*	.13*
25 or more	12.85	1.12	8.65	.01*	4.02	1.35	.10*	1.23	.01*	.82*

A.6. Continued

B. - Continued

Category	Nondepository financial institution					Nonfinancial supplier				
	Any	Finance company	Brokerage	Leasing company	Other	Any	Family and individuals	Other businesses	Govern-ment	Unknown
Census region of main office										
Northeast										
New England	9.86	2.58*	5.85	.00*	2.68*	4.51	.03*	4.46	.03*	.10*
Middle Atlantic	13.54	.85*	10.49	.00*	3.38	1.63	.39*	1.55	.00*	.73*
Midwest										
East North Central	10.32	.86	7.08	.01*	2.76	1.82	.02*	1.80	.01*	.87*
West North Central	10.43	.77*	7.40	.00*	2.34	1.78	.56*	1.22*	.00*	1.04*
South										
South Atlantic	12.74	1.49	8.66	.32*	2.89	3.77	.56*	3.21	.04*	.67*
East South Central	6.42	1.75*	4.27	.05*	1.69*	1.36*	.00*	1.36*	.00*	.06*
West South Central	8.49	2.80	4.38	.00*	2.40	1.24*	.08*	1.24*	.00*	.03*
West										
Mountain	8.57	.70*	6.43	.48*	1.03*	1.80*	.86*	1.12*	.00*	.80*
Pacific	11.32	1.99	7.40	.30*	1.83	2.43	.54*	1.87	.01*	.24*
Urbanization at main office										
Urban	11.73	1.58	8.29	.13*	2.45	2.51	.41	2.16	.02*	.56
Rural	7.67	1.16	4.07	.13*	2.59	1.49	.12*	1.42	.00*	.45*
Number of offices										
One	9.96	1.24	6.89	.10*	2.19	1.95	.19*	1.82	.00*	.40
Two	14.00	3.05	9.28	.00*	3.44	3.23	.80*	2.43	.00*	.95*
Three or more	19.92	2.65	12.26	.94*	5.53	6.14	2.15*	4.19	.20*	2.00
Export sales										
Some	19.43	1.93	13.55	.08*	5.34	2.00	.16*	1.79	.06*	1.21*
None	10.19	1.46	6.91	.14*	2.25	2.32	.37	2.02	.01*	.49
Owners' participation										
Owner management	10.08	1.41	6.90	.10*	2.16	2.01	.31	1.76	.01*	.41
Hired management	15.47	2.01	10.30	.29*	4.38	3.93	.60*	3.44	.03*	1.32*
Race, ethnicity, and sex of majority owners										
Nonwhite or Hispanic	4.95	.36*	2.49	.37*	2.02	1.78	.13*	1.65	.05*	.45*
Non-Hispanic white	11.67	1.65	8.07	.10*	2.55	2.36	.38	2.05	.01*	.55
White	11.37	1.58	7.79	.14*	2.52	2.33	.38	2.02	.01*	.54
Black	3.62	.19*	2.04	.00*	1.39*	1.32	.02*	1.31*	.00*	1.39*
Asian or Pacific Islander	8.05	1.04*	4.80	.00*	3.20*	2.94*	.00*	2.94*	.00*	.00*
American Indian or Native Alaskan	.56*	.00*	.00*	.00*	.56*	.00*	.00*	.00*	.00*	.00*
Hispanic	4.14	.00*	1.41*	1.00*	1.73*	1.49*	.33*	1.16*	.15*	.20*
Non-Hispanic	11.18	1.56	7.68	.09*	2.52	2.33	.35	2.04	.01*	.56
Female	7.90	1.07*	5.51	.08*	1.70	2.59	.80*	2.05	.00*	.52*
Male	11.79	1.61	8.10	.11*	2.69	2.28	.24	2.05	.02*	.59
Ownership equally divided by sex	10.79	1.66*	5.85	.60*	2.90*	1.23*	.00*	1.23*	.00*	.00*

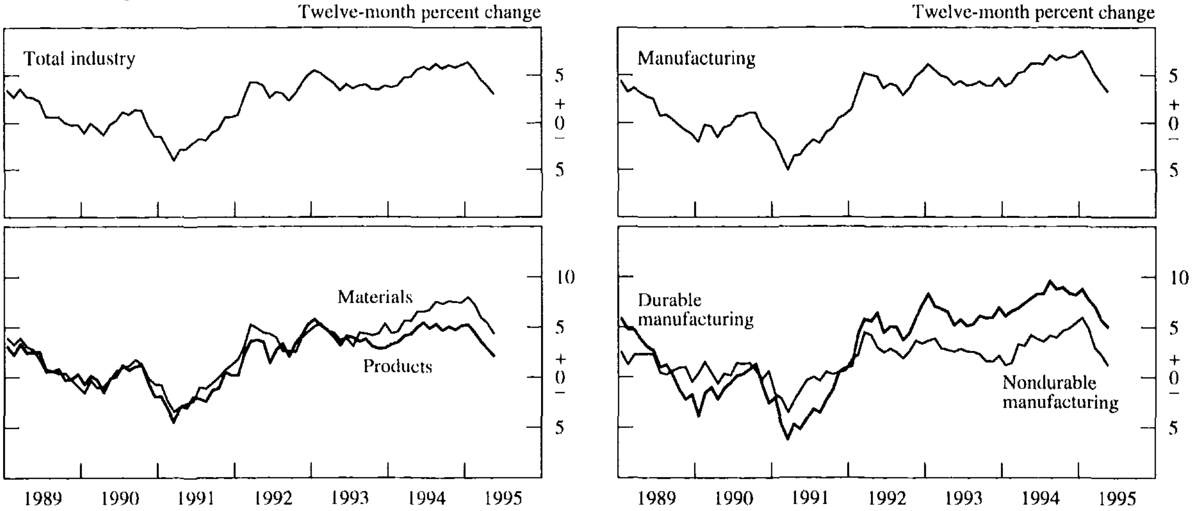
NOTE. * Number of respondents was less than fifteen, too small to calculate a reliable statistic.

Industrial Production and Capacity Utilization for May 1995

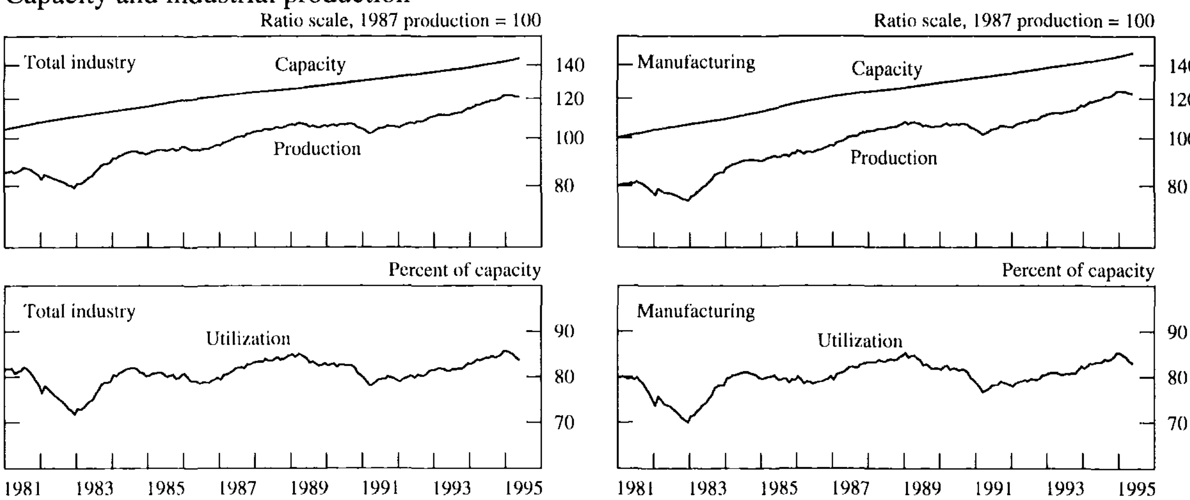
Released for publication June 15

Industrial production declined 0.2 percent in May after a revised decline of 0.5 percent in April. The May decrease reflects a drop of 3.9 percent in the production of motor vehicles and parts; excluding motor vehicles and parts, industrial production was unchanged from its level in April. Manufacturing output fell 0.3 percent and mine production declined 1.0 percent, but output at utilities advanced

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, May 1995

Category	Industrial production, index, 1987 = 100								
	1995				Percentage change				
					1995[1]				May 1994 to May 1995
	Feb.[r]	Mar.[r]	Apr.[r]	May[p]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]	
Total	**122.1**	**121.9**	**121.2**	**120.9**	**.0**	**.2**	**-.5**	**-.2**	**3.1**
Previous estimate	122.0	121.6	121.1	. . .	.0	-.3	.4	. . .	. . .
Major market groups									
Products, total[2]	119.1	118.8	118.0	117.8	.0	-.3	-.6	-.2	2.2
Consumer goods	115.7	114.8	113.9	113.6	.0	-.8	-.8	-.2	.7
Business equipment	154.5	155.5	155.2	155.4	.5	.7	-.2	.1	7.5
Construction supplies	111.0	110.4	109.0	108.3	-1.0	.5	-1.3	.6	2.1
Materials	126.7	126.7	126.2	125.8	.1	.0	.4	-.3	4.4
Major industry groups									
Manufacturing	124.2	124.1	123.3	123.0	.2	-.1	-.6	-.3	3.3
Durable	131.5	131.5	130.7	130.3	-.1	.0	-.6	-.4	5.1
Nondurable	116.1	115.7	115.0	114.8	-.4	-.3	-.7	-.1	1.3
Mining	100.6	100.0	99.8	98.8	.7	-.7	-.2	-1.0	-1.9
Utilities	119.2	119.1	119.7	120.4	2.3	-.1	.5	.6	4.0

Category	Capacity utilization, percent								MEMO Capacity, percentage change, May 1994 to May 1995
	Average, 1967–94	Low, 1982	High, 1988–89	1994	1995				
				May	Feb.[r]	Mar.[r]	Apr.[r]	May[p]	
Total	**82.0**	**71.8**	**84.9**	**83.8**	**85.3**	**84.9**	**84.2**	**83.7**	**3.2**
Previous estimate	. . .	. . .	. . .	. . .	85.2	84.7	84.1	. . .	. . .
Manufacturing	81.3	70.0	85.2	83.2	84.7	84.3	83.5	83.0	3.6
Advanced processing	80.7	71.4	83.5	81.3	82.8	82.4	81.5	81.0	4.1
Primary processing	82.5	66.8	89.0	88.0	89.4	89.1	88.4	87.9	2.4
Mining	87.4	80.6	86.5	90.3	90.3	89.7	89.6	88.7	-.1
Utilities	86.7	76.2	92.6	85.8	87.5	87.3	87.6	88.0	1.3

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

0.6 percent. At 120.9 percent of its 1987 average, industrial production in May was 3.1 percent higher than it was in May 1994. Capacity utilization declined 0.5 percentage point in May after having declined 0.7 percentage point in April. At 83.7 percent, the rate of capacity utilization in May was 1.8 percentage points below the most recent high, attained this past December and January.

When analyzed by market group, the data show that the overall output of consumer goods decreased 0.2 percent in May, continuing the retreat that began in March. The output of the durable goods component dropped 2.1 percent, largely because of further sizable cutbacks in the production of consumer autos and trucks. Among other consumer durables, the production of appliances and television sets increased, and the output of furniture and carpeting fell. The output of the nondurable component of consumer goods increased 0.3 percent; growth in residential sales by electric utilities and increases in the production of drugs and medicines and consumer paper products more than offset further decreases in the output of gasoline and distillate fuel oil.

The production of business equipment edged up 0.1 percent in May after having decreased 0.2 percent in April. As in April, the output of transit equipment declined 2.5 percent in May, led by another large reduction in the production of business autos; the output of light trucks and commercial aircraft was also down significantly. The production of industrial equipment turned up 0.3 percent after two consecutive monthly declines, and the output of information processing equipment, led by a 2.0 percent increase in computers and office equipment, advanced 0.9 percent. The output of defense and space equipment fell 1.1 percent.

The overall output of intermediate products decreased 0.3 percent, as the production of construction supplies fell 0.6 percent and the output of business supplies slipped 0.1 percent.

The production index for materials decreased 0.3 percent, with declines in the output of durable and nondurable goods materials and energy materials. Reductions in the production of original equipment parts for motor vehicles and in the output of miscellaneous plastics and basic metals materials account for much of the decrease in durable goods materials. Textiles, containers, and chemicals all contributed to the fall in nondurable goods materials, while the decline in energy materials was attributable to a decrease in coal production.

When analyzed by industry group, the data show that factory output decreased 0.3 percent in May after a revised decline of 0.6 percent in April. In May, the output of durables manufacturers dropped 0.4 percent, while that of nondurables manufacturers slipped 0.1 percent. Among durables manufacturers, output fell significantly in four major industry groups: stone, clay, and glass products; primary metals; transportation equipment; and miscellaneous manufactures. Among other manufacturers of durables, the production of lumber and products and of furniture and fixtures rebounded somewhat in May, while that of instruments and industrial machinery and computer equipment continued to advance. Within nondurables manufacturing, increases in the production of tobacco and paper and products partly offset declines in textiles, petroleum products, rubber and plastics, and leather.

Reflecting the continuing decline in output, the factory operating rate declined further in May, to 83.0 percent of capacity, a level that is 2.2 percentage points below the most recent peak, reached in December 1994 and January 1995. The utilization rate in the primary-processing industries retreated 0.5 percentage point, to 87.9 percent; the most recent peak, in December 1994, was 90.8 percent. The utilization rate for advanced-processing industries also fell back 0.5 percentage point; at 81.0 percent, the May rate was 2.2 percentage points below its January 1995 peak.

The operating rate at utilities rose 0.4 percentage point, to 88.0 percent. The operating rate at mines decreased 0.9 percentage point, to 88.7 percent, largely because of a 7.0 percent decline in production at coal mines. □

Statements to the Congress

Statement by Susan M. Phillips, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Regulatory Relief of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 2, 1995

I am pleased to be here today to discuss S.650, the Economic Growth and Regulatory Paperwork Reduction Act of 1995. The Board welcomes its introduction and supports its purpose of relieving costs imposed on our nation's banking system by governmental regulation when those costs are not offset by corresponding benefits to the safety and soundness of our nation's financial institutions, the protection of bank customers, or the availability of credit.

In my testimony today, I will discuss the Board's efforts to reduce the cost of regulation and why we believe that legislation is necessary to continue those efforts. I will then address those portions of the bill that make major changes to laws administered by the Board, particularly in the area of bank and branching applications, where I believe the bill would significantly reduce burden, and in the consumer area. Finally, I will highlight provisions about which the Board does have concerns. Still, I do not wish these objections in any way to detract from the central message of my testimony: that the nation's banking system needs legislation of the type presented by S.650.

Appended to my testimony is a brief summary of the Board's comments on certain provisions that are not discussed directly in my testimony.[1]

THE ROLE OF REGULATION

Banking regulation has clearly defined purposes. They include protecting the federal safety net and thereby the taxpayer, preserving a strong banking system, minimizing the destabilizing effects on the economy caused by any difficulties in the banking system, providing consumer protection, and ensuring that communities are served by our banking system.

Such regulation, however, cannot succeed if it is designed to eliminate at any cost the possibility of any bank failure—either a financial failure or a failure to serve customers. Rather, banking regulation must aim to produce at a reasonable cost the banking system that can best serve our economy and the American people. Each requirement, restriction, application, and report imposed may individually be justified at the time of adoption, but collectively the amount of regulation created over time may become a significant obstacle for the community banker and, equally important, someone hoping to start a community bank.

The aggregate burden on our nation's banks has become substantial, raising the cost of banking services and thereby encouraging customers to seek less costly loans and services or higher yielding investments from other financial intermediaries that are not subject to the same regulatory requirements. Furthermore, our banks must operate in increasingly competitive financial markets, both domestic and global. The United States can ill afford to handicap its banking institutions with unnecessary and dysfunctional regulation.

The Board believes the time has come to reexamine each of our banking statutes and regulations and decide whether its benefits are commensurate with its costs. The Board believes that there are restrictions in current banking law that cannot pass this test. To address this problem, the Board advocates not only burden relief of the type provided by S.650 but also reform of anachronistic statutes such as the Glass–Steagall Act, which needlessly and significantly hinders the ability of U.S. banking organizations to compete in their home market. We encourage the full committee to take up the matter of Glass–Steagall reform promptly.

1. The attachments to this statement are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Our Efforts at the Board

The recognition that regulatory burden must be reduced is not new at the Board. Since 1978 the Board has maintained a formal program of regulatory review and simplification, and in 1986 the Board established a Regulatory Planning and Review office, charged with ensuring that regulatory proposals minimize the burdens imposed on those that must comply. The Board has long believed that significant reductions can be made in regulatory burden by eliminating requirements that are redundant or have outlived their usefulness.

The Board has redoubled these efforts in recent years. For example, we have streamlined the applications process by shortening processing times, substituting a notice requirement for an application whenever possible, waiving applications for transactions reviewed by other regulators, and reducing the paperwork that must accompany applications and notices. These changes have reduced both the volume of paper that must be filed by notificants and the time required for the Board to review nonbanking proposals. Of the more than 3,500 applications and notices acted on during 1994, 94 percent were completed within the Board's self-imposed sixty-day target, with the average period of review lasting thirty-four days. In other areas, the Board has worked within the limits of its governing statutes to expand the list of permissible nonbanking activities for banking organizations, to remove unnecessary, outdated restrictions on the conduct of these activities, and to eliminate restrictions that prevented banking organizations from providing discounts to their customers on packages of products.

I have attached to my testimony a more complete list of our initiatives to reduce unnecessary regulatory burden over the past three years.

The Need for Legislative Change

There is a limit, however, to how far we or the other banking agencies can go in rationalizing the regulation imposed on our nation's banks. Although we speak of "regulatory" burden, that term is something of a misnomer. The Board must operate within statutory constraints, and all of our regulations are either required by statute or are necessary to explain or implement a statute. Put simply, we have no choice but to regulate, and in some cases to overregulate.

S.650 provides the type of statutory changes that would allow a reduction in regulatory burden in many areas without adversely affecting safety and soundness or other important supervisory and policy concerns.

Applications

One of S.650's important reforms, from the Board's perspective, comes in the applications area, where S.650 would eliminate federal regulatory review for routine bank acquisitions and branch openings by well-capitalized and well-managed banking organizations that are helping to meet the credit needs of their communities. The Board's experience in administering these statutory requirements over the past thirty-nine years leads us to endorse these initiatives very strongly.

Currently, the Bank Holding Company Act requires that all bank holding companies obtain Board approval before acquiring control of another depository institution or merging with another bank holding company. The bill would eliminate this application requirement for proposals that raise no serious competitive issue and are made by bank holding companies that met specified standards for capital, management, and community reinvestment at their previous examination. The vast majority of proposals processed by the Board meet these requirements and are routinely approved. Thus, we believe that the cost of continuing the applications process in such cases is unnecessary from any public policy perspective. The bill not only would make the applications process simpler, less burdensome, and more transparent for qualifying banking organizations but also would provide a powerful incentive for banking organizations to achieve and maintain strong capital positions, solid management, and a commitment to the community.

In a similar vein, S.650 would eliminate branch applications for banks that meet the specified capital, management, and community reinvestment standards. The cost of these applications, which are routinely approved by all the agencies, is not justified when the applicant is well-capitalized, well-managed, and serving its community. Furthermore, S.650 would eliminate branch applications for automatic teller machines (ATMs) in all cases. The law defining a branch to include an ATM for this purpose is simply an anachronism. Together, these two changes would eliminate the need for a substantial number of branch applications filed with the banking agencies.

Finally, S.650 would eliminate or modify other applications requirements whose benefits no longer justify their costs, including applications for investment in bank premises and determinations that a bank holding company does not control shares of stock that it divests to certain companies.

The Board supports these changes and, indeed, believes that the bill should go further still. We believe that the provisions in the bill eliminating the application process for acquisitions by well-managed and well-capitalized banking organizations need to be extended to routine proposals involving nonbanking activities (such as mortgage banking or securities brokerage) that the Board has already determined to be permissible. The application requirement places bank holding companies increasingly at a competitive disadvantage with other companies that face no similar federal review requirement. We estimate that adoption of this proposal could reduce the filing of notices to engage in nonbanking activities by 60 percent or more. The reduction in burden associated with all the changes made by S.650 and recommended by the Board would be substantial.

Lastly, we believe that the bill should be amended to eliminate a hearing provision for nonbanking applications, given the ample opportunity afforded all parties to make written submissions.

Consumer Reforms

S.650 contains numerous amendments to the consumer protection statutes administered by the Board. Although time does not permit me to discuss each of these provisions, I will mention those of particular importance to the Board.

First, section 236 of the bill would reduce the number of institutions required to report the Home Mortgage Disclosure Act data by raising the asset level at which reporting is mandatory from $10 million to $50 million. The Board believes that this step would provide important relief to our nation's community banks without undercutting the goal of the act.

Second, the bill makes a variety of changes to the Community Reinvestment Act (CRA) that, collectively, would affect the way the banking agencies administer that act. Some of these changes are directed at concerns the agencies addressed in their recently revised CRA regulations, such as the exemption for small banks. That multiyear effort recognized that the burden imposed on small institutions needed to be reduced and focused on making the CRA evaluation process more objective, performance-based, and predictable. Before changing the rules in this area once again, we believe that the Congress should pause to consider whether the agencies' efforts will achieve the objectives of S.650 in this area. Furthermore, the prohibition on additional reporting would leave the agencies unable to carry out the mandates of the act through their recently adopted regulations. We believe that if an agency is assigned a responsibility, it should also be granted the tools necessary to fulfill its mandate.

S.650 also contains CRA reforms not addressed by the agencies' recent efforts, particularly incentives for CRA performance. Section 133 provides that any institution that receives a "satisfactory" or "outstanding" rating is deemed, for purposes of the applications process, to have met the purposes of the CRA in regard to community credit needs. The Board endorses the concept of providing incentives to institutions for good CRA performance. As the Board has previously testified, however, it is important to differentiate in the offering of incentives between institutions whose performance may be barely satisfactory and institutions whose performance is close to outstanding. Accordingly, the Board believes that the Congress should add a new rating category of "high satisfactory" to the current 4-point rating system and then focus benefits, such as the application relief mentioned earlier, on institutions at that and the higher "outstanding" level.

Third, the entire Board believes that the Truth in Savings Act could be amended to make compliance less onerous but is divided on the merits of the approach taken in section 141 of the bill. I and a majority of the Board support the approach of the bill, which would repeal portions of Truth in

Savings. Section 141 would leave intact the requirement that a depository institution pay interest on the full principal in a consumer's account, thereby barring the use of the investable and low-balance methods in determining interest payments. This requirement, which is already in place for financial institutions generally, benefits consumers without imposing excessive burdens. In addition, the Congress should prohibit misleading or inaccurate advertising in the promotion of deposit accounts—similar to the approach taken in H.R.1362, which leaves in place the current bar on misleading advertisements. Such a limitation would be valuable in ensuring that consumers are not misled by advertising that, for example, publicizes high "teaser" rates without informing consumers of the limited periods for which they are in effect or of other conditions that will determine the rates actually paid.

Before leaving the consumer area, I would like to make one general observation. Our consumer regulations are quite detailed, more so than one might expect. One reason for this detail, and, ironically, the reason why the industry often demands rather than rejects such detail, is the possibility of civil liability. Because banks can be liable for any misstep, they ask the Board to clarify every rule and validate every practice. It may be time for a serious reexamination of whether all the civil liability provisions in the consumer statutes are truly needed to protect consumers.

OTHER PROVISIONS

Although the Board supports the great majority of the provisions of S.650, there are three that cause us considerable concern: relaxing the standards for foreign banks operating in the United States to the extent proposed, loosening the terms for intraday credit for the Federal Home Loan Banks, and transferring authority for administering the Real Estate Settlement Procedures Act (RESPA) to the Board.

Foreign Banks

As currently drafted, S.650 would amend the Foreign Bank Supervision Enhancement Act of 1991 (FBSEA) to lower the standards under which foreign banks may enter and operate in the United States and to reduce significantly the authority of the Federal Reserve to examine their U.S. operations on a comprehensive basis. The Board strongly opposes these provisions of the bill, as they remove many of the important protections that were considered necessary in the wake of the Banca Nazionale del Lavoro and Bank of Credit and Commerce International (BCCI) affairs and were included in FBSEA. The Board believes that it is too soon to conclude that those protections are no longer necessary and sees no evidence that they are not.

More specifically, the bill would permit the Board to deny entry to foreign banks only on the very narrow ground that establishment of an office by a foreign bank would place at risk the safe and sound operation of the U.S. financial system—a standard that even BCCI probably would not have failed. The bill would also deprive the Board of important examination authority. Because the activities of the various U.S. banking offices of a foreign bank are often highly intertwined, examinations need to be coordinated not only to avoid duplication of effort but also to ensure a complete and comprehensive picture of the organization, reducing the potential for financial manipulation. To this end, in 1994 the Federal Reserve and other state and federal bank regulatory authorities that supervise more than 90 percent of the assets of U.S. branches and agencies of foreign banks announced a joint program to enhance the supervision of foreign banks.

Although the Board believes that these provisions go too far, the Board believes that some provisions of FBSEA should be reevaluated—most notably the inflexible requirement that the Board may not approve an application unless a foreign bank is subject to comprehensive consolidated supervision by home country authorities. This standard has proved a significant barrier to entry for banks from jurisdictions, especially developing countries, that have not yet implemented a policy of consolidated supervision. The Board would recommend adding a provision to S.650 that would allow a foreign bank that meets all other requirements to open a limited office in the United States, subject to appropriate safeguards, if the bank's home country is making progress toward consolidated supervision. This amendment would give well-run foreign banks from developing countries an opportunity to establish a limited presence in the United States, while still providing an incentive for home country authorities to continue to implement reforms for consolidated supervision. Although the Board supports the setting of a deadline for action on applications for foreign bank entry, the deadline in the bill is too restrictive, given the difficult issues raised in many foreign bank cases.

Daylight Overdrafts

Also of concern to the Board is section 305 of the bill, which would essentially require that the Federal Reserve make intraday credit, in the form of daylight overdrafts, available to the Federal Home Loan Banks. This would create a nonmarket source of short-term funding for the Federal Home Loan Bank system without the costs incurred by depository institutions in maintaining required reserves. Section 305 would thereby serve as a precedent for government-sponsored enterprises to escape the market discipline inherent in their statutory funding schemes. The Board opposes extending this taxpayer subsidy to the Federal Home Loan Banks.

RESPA

S.650 attempts in a very limited way to improve the administration of the Real Estate Settlement Procedures Act, or RESPA, by transferring regulatory authority from the Department of Housing and Urban Development to the Board. Although such a transfer may have some intuitive appeal because of the Board's Truth in Lending responsibilities, there are important reasons why the Board is concerned about this provision. First, unlike Truth in Lending, certain portions of RESPA are in essence a price-regulation scheme—one that the Board lacks expertise to administer and that is foreign to the Board's central bank responsibilities. Second, even if the Board were better suited to the task, simply transferring responsibility from one agency to another does not achieve substantial reform or, necessarily, burden reduction.

Instead, we offer a different solution for RESPA. The Board believes that an in-depth reassessment by the Congress of RESPA's fundamental requirements is more to the point. We believe that the Congress should set aside the very complex issues raised by RESPA for separate hearings that could focus on the substance of RESPA rather than on administrative jurisdiction. There are serious questions to be considered, including, for example, the suggestion by some parties to real estate transactions that RESPA may be stifling innovation and technological advancement from which the public might benefit.

We urge the Congress to undertake such an assessment rather than simply transfer regulatory authority. We believe that the Board is not the appropriate locus for this responsibility.

CLOSING THOUGHTS

In closing, I would like to expand on one thought I mentioned earlier: that when the Congress or the agencies impose a regulatory burden, there are generally good reasons for doing so at the time. As time passes, however, the reasons for imposing the requirement may subside, but the requirement takes on a life of its own. A good example of this phenomenon is the sixty-year-old Glass–Steagall Act, a law that was a response to a time and a financial system that bear little relation to our own.

S.650 addresses half of this problem by requiring that the agencies reexamine each regulation on a regular basis, a provision the Board endorses. However, as S.650 elsewhere recognizes, there are some things that only the Congress can do. For that reason, the Board hopes that the Congress would commit itself to a similar reexamination of the banking statutes themselves—either through the use of sunset provisions when appropriate or, less formally, through periodic oversight hearings on existing statutes and regulatory burden. □

Statement by Edward W. Kelley, Jr., Member, Board of Governors of the Federal Reserve System, to the Subcommittee on Domestic and International Monetary Policy of the Committee on Banking and Financial Services, U.S. House of Representatives, May 3, 1995

The Board of Governors is pleased that the Congress is again considering legislation that would provide for substituting a $1 coin for the $1 bank note now in circulation, and we appreciate the opportunity to present information on several benefits and costs of making such a replacement.

In summary, a $1 coin would produce a substantial budgetary gain for the federal government, provided that the $1 note is withdrawn from circulation. The Board believes, however, that the convenience and needs of the American public, rather than cost savings, should be the main consideration in making this decision. Experience in Canada, where a similar change was made some years ago, suggests that the public will, over time, find a $1 coin more convenient than the $1 note. Finally, we would note that the significance of the U.S. dollar goes beyond the purchasing power it represents or the utility it provides; for Americans, the dollar is a symbol of economic and political stability and a source of national pride; consequently, any change should be made only for the most compelling reasons. If, after taking account of all these considerations, the Congress is inclined toward replacing the $1 note, it should enact legislation with a reasonably delayed effective date so that all those affected can plan adequately for the transition.

The impact on the federal budget of issuing coins and currency notes is not widely understood by the public, so it may be useful to devote a part of this statement to reviewing those fundamentals. The accounting processes and budget presentations are quite different in substance:

- Both issuing coins and issuing currency notes lower the government's effective cost of borrowing from the public, by approximately the value of the coin or currency notes in circulation times the interest rate that the government pays on its debt.
- There is an offsetting cost to the government associated with servicing the outstanding circulating coins or notes, which involves replacing "unfit" coins and notes as they wear out and operating the Federal Reserve currency and coin-processing facilities that provide the public with good-quality, genuine coins and notes.

Let us start with the following assumptions to illustrate the budget and accounting processes: (1) the Treasury's borrowing rate is 5.5 percent; (2) 7 billion $1 notes will already be in circulation at the time of the changeover; (3) $1 notes have a useful life of 1.5 years and cost 3.8 cents each to produce; (4) $1 coins would have a useful life of thirty years and cost 8 cents each to produce; and (5) $1 notes and $1 coins would cost 75 cents and 30 cents per thousand pieces respectively to be processed at the Federal Reserve Banks.

In the issuance of *currency notes*, the reduction in net governmental borrowing from the public occurs indirectly. The federal government's total borrowing and total interest outlays are not affected, but the Federal Reserve System holds a portfolio of government securities equal to the value of Federal Reserve notes outstanding, and, at the margin, the Federal Reserve returns to the Treasury its full earnings on those securities. These earnings are, from the Treasury's viewpoint, a return of its own interest outlays.[1]

- In our simplified model, the $7 billion of outstanding $1 notes provides a gross benefit to the Treasury of $385 million per year.[2]
- The cost of servicing the $1 note issue is the cost of replacing each note every 1.5 years, or $177 million per year,[3] and of processing it 1.3 times per year at Reserve Banks, or $7 million per year.[4]

Thus the net benefit to the Treasury associated with 7 billion of outstanding $1 notes is $201 million per year.[5]

In the issuance of *coins*, the reduction in net governmental borrowing from the public occurs directly. When the Treasury deposits newly minted

1. The federal government budget accounts treat Federal Reserve earnings paid to the Treasury as a miscellaneous receipt.
2. $7 billion x 5.5 percent.
3. 7 billion notes ÷ 1.5 x $.038.
4. 7 billion notes x 1.3 x $.00075.
5. $385 million − $177 million − $7 million.

coins at Federal Reserve Banks, it receives credit to its checking account, and thus the government is able to make budgeted expenditures without additional borrowing in the amount of the face value of the newly deposited coins less their production cost (which amount we call "seigniorage").[6]

- Seven billion new $1 coins would reduce the federal government's total borrowing by $6.44 billion[7] and total interest outlays by $354 million per year,[8] a gross benefit not much different from the gross benefit from 7 billion notes.
- But the cost of replacing each coin every thirty years would be only $19 million per year[9] and of processing dollar coins at Reserve Banks 0.3 times only $1 million per year.[10]

Thus the net benefit to the Treasury associated with 7 billion of outstanding $1 coins would be $334 million per year,[11] considerably higher than that for an equal number of currency notes.

At this point in the analysis, replacing $1 notes with $1 coins would have a favorable impact on the governmental budget of $133 million per year.[12] However, such a replacement would have a further—and even more significant—benefit. Based on the experience in virtually every country that has made a comparable substitution, the government can expect to issue at least twice as many $1 coins as it would have issued $1 notes.[13] (This may result partly from the habit of many people to save their pocket change at the end of the day and partly from a tendency for banking and retail establishments to hold larger quantities of coins than of notes of equal value.) In our simplified model, doubling the number of $1 coins in circulation would add another $334 million per year to the Treasury's benefit, for a total benefit of $467 million.[14]

The simplified model, of course, does not fully reflect the real world. There are factors that would both increase and decrease the $467 million annual benefit shown above. In particular, growth in the volume of $1 currency pieces outstanding—historically, *more than* 4 percent per year—would, over time, considerably increase the benefit of substituting coins for notes. So would any numismatic, or sentimental, collecting of $1 notes that might result from the announcement that they soon would no longer be issued (although $1 notes would continue to be legal tender). On the other hand, some increase in the use of $2 notes by the public seems very likely if the $1 note were no longer issued, and any such increase would reduce the budgetary gain. In addition, the production cost for higher denomination notes would rise because fixed costs at the Bureau of Engraving and Printing would be spread over a smaller production volume. ($1 notes account for nearly 50 percent of the total annual currency note production.)

Taking account of these additional factors, the Board's staff estimates that, in the first five years of the implementation, the federal government budget position would be improved by a total of $2.28 billion (in nominal terms). The average yearly gain in real present-value terms, over the assumed thirty-year life of a $1 coin is estimated to be $460 million.[15]

These gains are unlikely to be achieved, however, if the $1 note is not withdrawn from circulation. This is because the private sector (notably

6. The budgetary accounting process for coin production sometimes gives rise to the belief that the booking of seigniorage *per se* reduces the Treasury's borrowing requirement. This is not so. It is being able to spend the newly minted coins that reduces the Treasury's need to borrow. Such spending seldom occurs directly, of course; the Treasury ordinarily deposits newly minted coins at Federal Reserve Banks for credit to its checking account. Reserve Banks accept only as many new coins as they expect to need to meet the requirements of depository financial institutions in their Districts.

7. $7 billion face value − $560 million production cost.

8. $6.44 billion x 5.5 percent.

9. 7 billion coins ÷ 30 x $.08.

10. 7 billion coins x 0.2 x $.00030. Note that $1 notes are typically deposited at Federal Reserve Banks an average of 1.3 times per year. We expect that $1 coins would be deposited only 0.2 times.

11. $354 million − $20 million.

12. $334 million − $201 million.

13. In six countries that replaced a note valued at about $1 with a coin, the General Accounting Office found coin-for-note replacement rates ranging from 1.6 to 1 to 4 to 1. General Accounting Office, *National Coinage Proposals, Limited Public Demand for New Dollar Coin or Elimination of Pennies* (GAO, May 1990), p. 39.

14. An attachment to this statement summarizes these effects and is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

15. The thirty-year estimate uses an inflation rate of zero, a Treasury borrowing rate of 3 percent, and a rate for discounting future values to the present of 3 percent. The advantage of expressing the longer-run financial impacts in real present-value terms is that it adjusts for inflation and the time value of the magnitudes involved.

banking and retail establishments), not knowing how extensively the public will use the $1 coin, will be reluctant to make the infrastructure outlays necessary for the coin to succeed (training employees on new cash-register-drawer procedures, ordering of $1 coin inventories, new arrangements with financial institutions, and the like). Likewise, the public will refrain from using the new coin if the retail sector is not prepared.[16] In the meantime, the public sector (particularly the Bureau of Engraving and Printing, the Bureau of the Mint, and the Federal Reserve System; perhaps also the Postal Service and mass transit systems), not knowing what the respective demands will be for $1 notes and coins, and wanting to be able to meet any likely demand, will inevitably overinvest in production and processing capacity.

As important as the budgetary gains would be, the Board believes that the foremost consideration in this decision should be the convenience and needs of the public. In this regard, opinion surveys indicate that the American public generally is satisfied with the present currency system and may not initially welcome replacing the $1 note. There is evidence in the Canadian experience, however, that over time a $1 coin would come to be recognized as more convenient, cleaner, and more efficient than the $1 note.

If designed properly, a $1 coin may well be able to evoke confidence in the currency system and be a source of national pride to the same extent that the $1 note does now. Market testing, such as with focus groups, can help to achieve this result.

We believe that some legislative proposals, such as H.R.534, would not provide enough preparation time for those most involved—the Nation's banking and retail establishments, the Treasury Bureaus of the mint and of Engraving and Printing, and the Federal Reserve Banks. Preparing for the issuance of new $1 coins will be complex and time-consuming, and the prescribed preparation period—eighteen months—would not be sufficient. The mint will need time to be certain that the design is effective, both mechanically and in terms of public acceptance. There will be substantial changes in resource requirements at the Bureau of Engraving and Printing, the Bureau of the Mint, and the Federal Reserve Banks and branches. And, above all, the Nation's banks and retail establishments will have to plan carefully for the changeover.

Moreover, beginning in 1996, the Treasury and Federal Reserve will begin a multiyear introduction of new designs for Federal Reserve notes that will be completed (with the introduction of a newly designed $5 note) in about 1999. It would be preferable that these important changes not occur contemporaneously with the introduction of a $1 coin.

A reasonable approach may be for the Congress to explore thoroughly the implications—for the federal budget, for the convenience and needs of the public, and for the public's feelings toward the currency—of replacing the $1 note with a coin. If the Congress judges that the balance of considerations weighs in favor of replacing the note, it should adopt legislation as promptly as possible that would establish dates in the future for introducing the new $1 coin, say in about four years to coincide with issuance of the newly designed $5 note, and for no longer issuing $1 notes. In that way, both the public and private sectors would have a sound basis for beginning immediately to plan for the change. □

16. For an excellent treatment of "network externalities" in currency systems, see John P. Caskey and Simon St. Laurent, "The Susan B. Anthony Dollar and the Theory of Coin/Note Substitutions," *Journal of Money, Credit, and Banking*, vol. 26 (August 1994, Part 1), pp. 495–510.

Statement by Susan M. Phillips, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, U.S. House of Representatives, May 18, 1995

I am pleased to be here today to discuss H.R.1362, the Financial Institutions Regulatory Relief Act of 1995. The Board welcomes its introduction and supports its purpose of relieving costs imposed on our nation's banking system by governmental regulation, particularly when those costs are not offset by corresponding benefits to the safety and soundness of our nation's financial institutions, the protection of bank customers, or the availability of credit.

In my testimony today, I will discuss the Board's efforts to reduce the cost of regulation and why we believe that legislation is necessary to continue those efforts. I will then address those portions of the bill that make major changes to laws administered by the Board, particularly in the area of bank and branching applications, where I believe the bill would significantly reduce burden, and in the consumer area. Finally, I will highlight provisions about which the Board does have concerns. Still, I do not wish these objections in any way to detract from the central message of my testimony: that the nation's banking system needs legislation of the type presented by H.R.1362.

Appended to my testimony are the Board's comments on certain provisions that are not discussed directly in my testimony.[1]

The Role of Regulation

Banking regulation serves clearly defined purposes. They include protecting the federal safety net and thereby the taxpayer, preserving a strong banking system, minimizing the destabilizing effects on the economy caused by any difficulties in the banking system, providing consumer protection, and ensuring that communities are served by our banking system.

Such regulation, however, cannot succeed if it is designed to eliminate at any cost the possibility of any bank failure—either a financial failure or a failure to serve customers. Rather, banking regulation must aim to produce at a reasonable cost the banking system that can best serve our economy and the American people. Each requirement, restriction, application, and report imposed may individually be justified at the time of adoption, but collectively the amount of regulation created over time can become a significant obstacle for the community banker and, equally important, someone hoping to start a community bank.

As H.R.1362 recognizes, the aggregate regulatory burden on our nation's banks has become substantial, raising the cost of banking services and thereby encouraging customers to seek less costly loans and services or higher yielding investments from other financial intermediaries that are not subject to the same regulatory requirements. Furthermore, our banks must operate in increasingly competitive financial markets, both domestic and global. The United States can ill afford to handicap its banking institutions with unnecessary and dysfunctional regulation.

The Board believes the time has come to reexamine each of our banking statutes and regulations and decide whether its benefits are commensurate with its costs. The Board believes that there are restrictions in current banking law that cannot pass this test. To address this problem, the Board advocates not only burden relief of the type provided by H.R.1362 but also reform of anachronistic statutes such as the Glass–Steagall Act, which needlessly and significantly hinders the ability of U.S. banking organizations to compete. We applaud this committee's recent approval of Glass–Steagall reform and urge the House to pass H.R.1062.

Our Efforts at the Board

The recognition that regulatory burden must be reduced is not new at the Board. Since 1978, the Board has maintained a formal program of regulatory review and simplification, and in 1986 the Board established a Regulatory Planning and Review office, charged with ensuring that regulatory proposals minimize the burdens imposed on those

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that must comply. The Board has long believed that significant reductions can be made in regulatory burden by eliminating requirements that are redundant or have outlived their usefulness.

The Board has redoubled these efforts in recent years. For example, we have streamlined the applications process by shortening processing times, substituting a notice requirement for an application whenever possible, waiving applications for transactions reviewed by other regulators, and reducing the paperwork that must accompany applications and notices. These changes have reduced both the volume of paper that must be filed by notificants and the time required for the Board to review nonbanking proposals. Of the more than 3,500 applications and notices acted on during 1994, 94 percent were completed within the Board's self-imposed sixty-day target, with the average period of review lasting thirty-four days. In other areas, the Board has worked within the limits of its governing statutes to expand the list of permissible nonbanking activities for banking organizations, to remove outdated restrictions on the conduct of these activities, and to eliminate restrictions that prevented banking organizations from providing discounts to their customers on packages of products.

I have attached to my testimony a more complete list of our initiatives to reduce unnecessary regulatory burden over the past three years.

The Need for Legislative Change

There is a limit, however, to how far we or the other banking agencies can go in rationalizing the regulation imposed on our nation's banks. Although we speak of "regulatory" burden, that term is something of a misnomer. The Board must operate within statutory constraints, and all of our regulations are either required by statute or are necessary to explain or implement a statute. Put simply, we have no choice but to regulate and in some cases to overregulate.

H.R.1362 provides the type of statutory changes that would allow a reduction in regulatory burden in many areas without adversely affecting safety and soundness or other important supervisory and policy concerns.

Applications

One of H.R.1362's most important reforms comes in the applications area, where it would eliminate federal regulatory review for routine bank acquisitions and branch openings by well-capitalized and well-managed banking organizations that are helping to meet the credit needs of their communities. H.R.1362 would also allow well-capitalized and well-managed organizations to commence previously approved nonbanking activities without filing an application. The Board's experience in administering these statutory requirements over the past thirty-nine years leads us to endorse these initiatives very strongly.

Currently, the Bank Holding Company Act requires that all bank holding companies obtain Board approval before acquiring control of another depository institution or merging with another bank holding company. The bill would eliminate this application requirement for proposals that raise no serious competitive issue and are made by bank holding companies that met specified standards for capital, management, and community reinvestment at their previous examination. The vast majority of such proposals processed by the Board meet these requirements and are routinely approved. Thus, we believe that the cost of continuing the applications process in such cases is unnecessary from a public policy perspective. The bill not only would make the applications process simpler, less burdensome, and more transparent for qualifying banking organizations but also would provide a powerful incentive for banking organizations to achieve and maintain strong capital positions, solid management, and a commitment to the community.

The bill would also eliminate the application process for well-managed and well-capitalized banking organizations that wish to engage in nonbanking activities (such as mortgage banking or securities brokerage) that the Board has already determined to be permissible. The application requirement places bank holding companies increasingly at a competitive disadvantage with other companies that face no similar federal review requirement. The bill also eliminates a hearing provision for nonbanking applications, which is an unnecessary burden given the ample opportunity afforded all parties to make written submissions.

In a similar vein, H.R.1362 would eliminate branch applications for banks that meet the specified capital, management, and community reinvestment standards. The cost of these applications, which are routinely approved by all the agencies, is not justified when the applicant is well-capitalized, well-managed, and serving its community. Furthermore, H.R.1362 would eliminate branch applications for automated teller machines (ATMs) in all cases. The law defining a branch to include an ATM for this purpose is simply an anachronism. Together, these two changes would eliminate the need for a substantial number of branch applications filed with the banking agencies.

Finally, H.R.1362 would eliminate or modify other applications requirements whose benefits no longer justify their costs, including applications for investment in bank premises and determinations that a bank holding company does not control shares of stock that it divests to certain companies.

I wish to stress the practical, bottom-line importance of these reforms. We estimate that adoption of this proposal would reduce the number of applications filed with the Federal Reserve by at least 50 percent—eliminating more than 1,700 applications currently filed with the Board each year and saving the industry untold hours of time and substantial legal expenses.

CONSUMER REFORMS

H.R.1362 also contains numerous amendments to the consumer protection statutes administered by the Board. Although time does not permit me to discuss each of these provisions, I will mention those of particular importance to the Board.

First, section 116 of the bill would reduce the number of institutions required to report Home Mortgage Disclosure Act data by raising the asset level at which reporting is mandatory from $10 million to $50 million. The Board believes that this step would provide important relief to our nation's community banks without undercutting the goal of the act. Second, the bill makes a variety of changes to the Community Reinvestment Act (CRA) that, collectively, would affect the way the banking agencies administer that act. Some of these changes, such as the small bank exemption and self-certification, are directed at concerns the agencies addressed in their recently revised CRA regulations. That multiyear effort recognized that the burden imposed on small institutions needed to be reduced and focused on making the CRA evaluation process more objective, performance-based, and predictable. Before changing the rules in this area once again, we believe that the Congress should pause to consider whether the agencies' efforts will achieve the objectives of H.R.1362 in this area. Furthermore, the prohibition on additional reporting would leave the agencies unable to carry out the mandates of the act through their recently adopted regulations. We believe that if an agency is assigned a responsibility, it should also be granted the tools necessary to fulfill its mandate.

H.R.1362 also contains CRA reforms not addressed by the agencies' recent efforts, particularly incentives for CRA performance. Section 124 provides that any institution that receives a "satisfactory" or "outstanding" rating is deemed to have met the purposes of the CRA in regard to community credit needs for purposes of the applications process. The Board endorses the concept of providing incentives to institutions for good CRA performance. As the Board has previously testified, however, it is important to differentiate in the offering of incentives between institutions whose performance may be barely satisfactory and institutions whose performance is close to outstanding. Accordingly, the Board believes that the Congress should add a new rating category of "high satisfactory" to the current 4-point rating system and then focus benefits, such as the application relief in title II of the bill, on institutions at that and the higher "outstanding" level.

Third, the entire Board believes that the Truth in Savings Act could be amended to make compliance less onerous but is divided on the merits of portions of section 131 of the bill. I and a majority of the Board support the general direction of the bill, which would eliminate some provisions of the Truth in Savings Act and revise others. Section 131 would leave intact the requirement that a depository institution pay interest on the full principal in a consumer's account, thereby barring the use of the investable and low-balance methods in determining interest payments. This requirement, which is already in place for financial institutions generally, benefits consumers without imposing excessive burdens. Section 131 would also continue to prohibit misleading or inaccurate advertising in the promotion of deposit accounts. Such a limitation is valuable in ensuring that consumers are not misled by advertising that, for example, publicizes high "teaser" rates without informing consumers of the limited periods for which they are in effect or of other conditions that will determine the rates actually paid.

Before leaving the consumer area, I would like to make one general observation. Our consumer regulations are quite detailed, more so than one might expect. One reason for this detail, and, ironically, the reason why the industry often demands rather than rejects such detail, is the possibility of civil liability. Because banks can be liable for any misstep, they ask the Board to clarify every rule and validate every practice. The amendments to the Truth in Lending Act in title I of the bill, which the Board supports, take an important step toward addressing this problem, but it may also be time for a broader reexamination of whether all the civil liability provisions in the consumer statutes are truly needed to protect consumers.

OTHER PROVISIONS

Although the Board supports the great majority of the provisions of H.R.1362, there are two that cause us considerable concern: relaxing the standards for foreign banks operating in the United States to the extent proposed and transferring authority for administering the Real Estate Settlement Procedures Act (RESPA) to the Board.

Foreign Banks

As currently drafted, H.R.1362 would amend the Foreign Bank Supervision Enhancement Act of 1991 (FBSEA) to lower the standards under which foreign banks may enter and operate in the United States and to reduce significantly the authority of the Federal Reserve to examine their U.S. operations on a comprehensive basis. The Board opposes these provisions of the bill as drafted.

More specifically, the bill would permit the Board to deny entry to foreign banks only on the very narrow ground that establishment of an office by a foreign bank would place at risk the safe and sound operation of the U.S. financial system—a standard that even the Bank of Credit and Commerce International probably would not have failed. As drafted, the bill would also deprive the Board of important examination authority. Because the activities of the various U.S. banking offices of a foreign bank are often highly intertwined, examinations need to be coordinated not only to avoid duplication of effort but also to ensure a complete and comprehensive picture of the organization, reducing the potential for financial manipulation. To this end, in 1994 the Federal Reserve and other state and federal bank regulatory authorities that supervise more than 90 percent of the assets of U.S. branches and agencies of foreign banks announced a joint program to enhance the supervision of foreign banks.

Although the Board believes that these provisions go too far, the Board believes that some provisions of FBSEA should be reevaluated—most notably the inflexible requirement that the Board not approve an application unless a foreign bank is subject to comprehensive consolidated supervision by home country authorities. This standard has proved a significant barrier to entry for banks from jurisdictions, especially developing countries, that have not yet fully implemented a policy of consolidated supervision. The Board would recommend adding a provision to H.R.1362 that would allow a foreign bank to open an office in the United States, subject to appropriate safeguards, if the bank's home country is making progress toward consolidated supervision. This amendment would give well-run foreign banks from developing countries an opportunity to establish a presence in the United States under appropriate conditions, while still providing an incentive for home country authorities to continue to implement reforms for consolidated supervision. H.R.1362 also establishes a deadline for the Board to act on foreign bank applications, a concept the Board endorses.

We would be pleased to work with the committee on appropriate changes to the foreign bank provisions.

RESPA

H.R.1362 attempts in a very limited way to improve the administration of the Real Estate Settlement Procedures Act by transferring regulatory authority from the Department of Housing and Urban Development to the Board. Although such a transfer may have some intuitive appeal because of the Board's Truth in Lending responsibilities, there are important reasons why the Board is concerned about this provision. First, unlike Truth in Lending, certain portions of RESPA are in essence a price-regulation scheme—one which the Board lacks expertise to administer and which is foreign to the Board's central bank responsibilities. Second, even if the Board were better suited to the task, simply transferring responsibility from one agency to another does not achieve substantial reform or, necessarily, burden reduction.

Instead, we offer a different solution for RESPA. The Board believes that an in-depth reassessment by the Congress of RESPA's fundamental requirements is more to the point. We believe that the Congress should set aside the very complex issues raised by RESPA for separate hearings that could focus on the substance of RESPA rather than on administrative jurisdiction. There are serious questions to be considered, including, for example, the suggestion by some parties to real estate transactions that RESPA may be stifling innovation and technological advancement from which the public might benefit.

We urge the Congress to undertake such an assessment rather than simply transfer regulatory authority. We believe that the Board is not the appropriate locus for this responsibility.

CLOSING THOUGHTS

In closing, I would like to expand on one thought I mentioned earlier: that when the Congress or the agencies impose a regulatory burden, there are generally good reasons for doing so at the time. As time passes, however, the reasons for imposing the requirement may subside, but the requirement takes on a life of its own. A good example of this phenomenon is the sixty-year-old Glass–Steagall Act, a law that was a response to a time and a financial system that bear little relation to our own.

H.R.1362 addresses half of this problem by requiring the agencies to reexamine each regulation on a regular basis, a provision the Board endorses. However, as H.R.1362 elsewhere recognizes, there are some things that only the Congress can do. For that reason, the Board hopes that the Congress would commit itself to a similar reexamination of the banking statutes themselves—either through the use of sunset provisions when appropriate or, less formally, through periodic oversight hearings on existing statutes and regulatory burden. □

Announcements

Requests for Nominations for Appointments to the Consumer Advisory Council and Meeting of the Council

The Federal Reserve Board announced on June 1, 1995, that it was seeking nominations of qualified individuals for nine appointments to its Consumer Advisory Council.

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

Nine new members will be selected from the nominations to serve three-year terms that will begin in January 1996. The Board expects to announce the selection of new members by year-end 1995.

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

The written nominations must be received by August 31, 1995, and should be addressed to Dolores S. Smith, Associate Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Information about nominees will be available for inspection upon request.

The Federal Reserve Board announced on May 31, 1995, that a meeting of its Consumer Advisory Council was scheduled for June 29.

Issuance of Joint Framework for Supervisory Information about Derivatives Activities of Banks and Securities Firms

The Basle Committee on Banking Supervision and the Technical Committee of the International Organisation of Securities Commissions (IOSCO) issued on May 16, 1995, a joint framework for supervisory information about the derivatives activities of banks and securities firms.

This joint framework, which is being issued to supervisors of banks and securities firms, is part of a continuing effort to improve supervisors' access to, and evaluation of, timely and comprehensive information about institutions' activities involving over-the-counter and exchange-traded derivatives.

The joint supervisory information framework has two main parts. The first part summarizes the risks associated with derivatives (for example, credit risk, liquidity risk, and market risk) and discusses qualitative and quantitative information that supervisors could obtain to assess these risks. The paper also discusses earnings information that may be useful for supervisory analysis purposes.

The second part of the paper sets forth a common minimum framework of supervisory information that focuses on a baseline of information that is useful for supervisors to begin assessing the effect of derivatives on an institution's risk profile—primarily information about the extent of an institution's derivatives activities and their credit risk.

The two committees plan to periodically update the joint supervisory information framework and to incorporate information about market risk into its common minimum framework at a later stage.

Regulation B: Final Revisions to Official Staff Commentary

The Federal Reserve Board published on June 1, 1995, final revisions to its official staff commentary to Regulation B (Equal Credit Opportunity). The revisions became effective on June 5.

The revisions to the commentary provide guidance on several issues including disparate treatment, special purpose credit programs, credit-scoring systems, and discrimination based on marital status.

Availability of a Brochure on the Terms of Credit Card Plans

The Federal Reserve Board has published its semiannual report on the terms of credit card plans offered by credit card issuers throughout the United States. The survey information on credit card terms is contained in the brochure *Shop . . . The Card You Pick Can Save You Money.* It is designed to help consumers comparison shop when looking for a credit card. Because the terms can affect the amount an individual pays for using a credit card, the brochure lists the annual percentage rate (APR), annual fee, grace period, type of pricing (fixed or variable rate), and a telephone number for each card issuer surveyed.

In addition, definitions and explanations of the various methods to calculate the finance charge are supplied. Consumers are encouraged to examine the various plans and to determine the effect the different variables might have on their budgets.

Copies of the brochure may be obtained free of charge and are available from the twelve Federal Reserve Banks or from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Erratum: Federal Reserve Bulletin

In "Monetary Policy and Open Market Operations during 1994" in the June 1995 issue of the *Federal Reserve Bulletin*, table 1 on page 571 contains an error: The federal funds rate for the July 5–6, 1994, meeting was listed as 4¾ percent; in fact the rate was 4¼ percent. No change was made to the federal funds rate at this meeting. □

Minutes of the Federal Open Market Committee Meeting Held on March 28, 1995

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 28, 1995, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Blinder
Mr. Hoenig
Mr. Kelley
Mr. Lindsey
Mr. Melzer
Ms. Minehan
Mr. Moskow
Ms. Phillips
Ms. Yellen

Messrs. Boehne, Jordan, McTeer, and Stern, Alternate Members of the Federal Open Market Committee

Messrs. Broaddus, Forrestal, and Parry, Presidents of the Federal Reserve Banks of Richmond, Atlanta, and San Francisco respectively

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

Ms. Browne, Messrs. Davis, Hunter, Lindsey, Mishkin, Promisel, Siegman, Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors

Mr. Simpson, Associate Director, Division of Research and Statistics, Board of Governors

Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Goodfriend, Lang, Rolnick, Rosenblum, and Sniderman, Senior Vice Presidents, Federal Reserve Banks of Richmond, Philadelphia, Minneapolis, Dallas, and Cleveland respectively

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

Mr. Thornton, Assistant Vice President, Federal Reserve Bank of St. Louis

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on January 31–February 1, 1995, were approved.

By unanimous vote, responsibility for making decisions on appeals of denials by the Secretary of the Committee for access to Committee records was delegated under the provisions of 271.4(d) of the Committee's Rules Regarding Availability of Information to Ms. Phillips and, in her absence, to Ms. Yellen.

By unanimous vote, the Committee elected Thomas C. Baxter, Jr. as Deputy General Counsel from the Federal Reserve Bank of New York and William C. Hunter as Associate Economist from the Federal Reserve Bank of Chicago to serve until the next election at the first meeting of the Committee after December 31, 1995, with the understanding that in the event of the discontinuance of their official connection with the Federal Reserve Banks of New York and Chicago respectively, they would cease to have any official connection with the Federal Open Market Committee.

On January 12, 1995, the continuing rules, regulations, and other instruments of the Committee had been distributed with the advice that, in accordance with procedures approved by the Committee, they were being called to the Committee's attention to give members an opportunity to raise any questions they might have concerning them.

Members were asked to indicate if they wished to have any of the instruments in question placed on the agenda, and no requests for substantive consideration were received. Apart from the updating of the Manager's title, all of the instruments identified below remained in effect in their existing forms:

1. Federal Open Market Committee Rules
   a) Rules of Organization
   b) Rules of Procedure
   c) Rules Regarding Availability of Information
   d) Open Market Operations of Federal Reserve Banks
   e) Procedures for Allocation of Securities in the System Open Market Account
   f) Resolution to Provide for the Continued Operation of the Committee During an Emergency
   g) Resolution Authorizing Certain Actions by Federal Reserve Banks During an Emergency
   h) Guidelines for the Conduct of System Open Market Operations in Federal Agency Issues
2. Authority for the Chairman to appoint a Federal Reserve Bank as agent to operate the System Account in case the New York Bank is unable to function
3. Resolution relating to examinations of the System Open Market Account
4. Regulation relating to Open Market Operations of Federal Reserve Banks

By unanimous vote, the Authorization for Domestic Open Market Operations shown below was reaffirmed.

AUTHORIZATION FOR DOMESTIC OPEN MARKET OPERATIONS

Reaffirmed March 28, 1995

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, to the extent necessary to carry out the most recent domestic policy directive adopted at a meeting of the Committee:

(a) To buy or sell U.S. Government securities, including securities of the Federal Financing Bank, and securities that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States in the open market, from or to securities dealers and foreign and international accounts maintained at the Federal Reserve Bank of New York, on a cash, regular, or deferred delivery basis, for the System Open Market Account at market prices, and, for such Account, to exchange maturing U.S. Government and Federal agency securities with the Treasury or the individual agencies or to allow them to mature without replacement; provided that the aggregate amount of U.S. Government and Federal agency securities held in such Account (including forward commitments) at the close of business on the day of a meeting of the Committee at which action is taken with respect to a domestic policy directive shall not be increased or decreased by more than $8.0 billion during the period commencing with the opening of business on the day following such meeting and ending with the close of business on the day of the next such meeting;

(b) When appropriate, to buy or sell in the open market, from or to acceptance dealers and foreign accounts maintained at the Federal Reserve Bank of New York, on a cash, regular, or deferred delivery basis, for the account of the Federal Reserve Bank of New York at market discount rates, prime bankers acceptances with maturities of up to nine months at the time of acceptance that (1) arise out of the current shipment of goods between countries or within the United States, or (2) arise out of the storage within the United States of goods under contract of sale or expected to move into the channels of trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods; provided that the aggregate amount of bankers acceptances held at any one time shall not exceed $100 million;

(c) To buy U.S. Government securities, obligations that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States, and prime bankers acceptances of the types authorized for purchase under 1(b) above, from dealers for the account of the Federal Reserve Bank of New York under agreements for repurchase of such securities, obligations, or acceptances in 15 calendar days or less, at rates that, unless otherwise expressly authorized by the Committee, shall be determined by competitive bidding, after applying reasonable limitations on the volume of agreements with individual dealers; provided that in the event U.S. Government securities or agency issues covered by any such agreement are not repurchased by the dealer pursuant to the agreement or a renewal thereof, they shall be sold in the market or transferred to the System Open Market Account; and provided further that in the event bankers acceptances covered by any such agreement are not repurchased by the seller, they shall continue to be held by the Federal Reserve Bank or shall be sold in the open market.

2. In order to ensure the effective conduct of open market operations, the Federal Open Market Committee authorizes and directs the Federal Reserve Banks to lend U.S. Government securities held in the System Open Market Account to Government securities dealers and to banks participating in Government securities clearing arrangements conducted through a Federal Reserve Bank, under such instructions as the Committee may specify from time to time.

3. In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments for foreign and international accounts maintained at the Federal Reserve Bank of New York, the Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York (a) for System Open Market Account, to sell U.S. Government securities to such foreign and international accounts on the bases set forth in paragraph l(a) under agreements providing for the resale by such accounts of those securities within 15 calendar days on terms comparable to those available on such transactions in the market; and (b) for New York Bank account, when appropriate, to undertake with dealers, subject to the conditions imposed on purchases and sales of securities in paragraph l(c), repurchase agreements in U.S. Government and agency securities, and to arrange corresponding sale and repurchase agreements between its own account and foreign and international accounts maintained at the Bank. Transactions undertaken with such accounts under the provisions of this paragraph may provide for a service fee when appropriate.

By unanimous vote, the Authorization for Foreign Currency Operations was amended to reflect the new title of Manager, System Open Market Account.

AUTHORIZATION FOR FOREIGN CURRENCY OPERATIONS

Amended March 28, 1995

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, for System Open Market Account, to the extent necessary to carry out the Committee's foreign currency directive and express authorizations by the Committee pursuant thereto, and in conformity with such procedural instructions as the Committee may issue from time to time:

A. To purchase and sell the following foreign currencies in the form of cable transfers through spot or forward transactions on the open market at home and abroad, including transactions with the U.S. Treasury, with the U.S. Exchange Stabilization Fund established by Section 10 of the Gold Reserve Act of 1934, with foreign monetary authorities, with the Bank for International Settlements, and with other international financial institutions:

Austrian schillings	Italian lire
Belgian francs	Japanese yen
Canadian dollars	Mexican pesos
Danish kroner	Netherlands guilders
Pounds sterling	Norwegian kroner
French francs	Swedish kronor
German marks	Swiss francs

B. To hold balances of, and to have outstanding forward contracts to receive or to deliver, the foreign currencies listed in paragraph A above.

C. To draw foreign currencies and to permit foreign banks to draw dollars under the reciprocal currency arrangements listed in paragraph 2 below, provided that drawings by either party to any such arrangement shall be fully liquidated within 12 months after any amount outstanding at that time was first drawn, unless the Committee, because of exceptional circumstances, specifically authorizes a delay.

D. To maintain an overall open position in all foreign currencies not exceeding $25.0 billion. For this purpose, the overall open position in all foreign currencies is defined as the sum (disregarding signs) of net positions in individual currencies. The net position in a single foreign currency is defined as holdings of balances in that currency, plus outstanding contracts for future receipt, minus outstanding contracts for future delivery of that currency, i.e., as the sum of these elements with due regard to sign.

2. The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
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
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	
Regular	3,000
Special	3,000
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 authorized European currencies other than Swiss francs	1,250

Any changes in the terms of existing swap arrangements, and the proposed terms of any new arrangements that may be authorized, shall be referred for review and approval to the Committee.

3. All transactions in foreign currencies undertaken under paragraph 1.A. above shall, unless otherwise expressly authorized by the Committee, be at prevailing market rates. For the purpose of providing an investment return on System holdings of foreign currencies, or for the purpose of adjusting interest rates paid or received in connection with swap drawings, transactions with foreign central banks may be undertaken at non-market exchange rates.

4. It shall be the normal practice to arrange with foreign central banks for the coordination of foreign currency transactions. In making operating arrangements with foreign central banks on System holdings of foreign currencies, the Federal Reserve Bank of New York shall not commit itself to maintain any specific balance, unless authorized by the Federal Open Market Committee. Any agreements or understandings concerning the administration of the accounts maintained by the Federal Reserve Bank of New York with the foreign banks designated by the Board of Governors under Section 214.5 of Regulation N shall be referred for review and approval to the Committee.

5. Foreign currency holdings shall be invested insofar as practicable, considering needs for minimum working balances. Such investments shall be in liquid form, and generally have no more than 12 months remaining to maturity. When appropriate in connection with arrangements to provide investment facilities for foreign currency holdings, U.S. Government securities may be purchased from foreign central banks under agreements for repurchase of such securities within 30 calendar days.

6. All operations undertaken pursuant to the preceding paragraphs shall be reported promptly to the Foreign Currency Subcommittee and the Committee. The Foreign Currency Subcommittee consists of the Chairman and Vice Chairman of the Committee, the Vice Chairman of the Board of Governors, and such other member of the Board as the Chairman may designate (or in the absence of members of the Board serving on the Subcommittee, other Board members designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee, his alternate). Meetings of the Subcommittee shall be called at the request of any member, or at the request of the Manager, System Open Market Account ("Manager"), for the purposes of reviewing recent or contemplated operations and of consulting with the Manager on other matters relating to his responsibilities. At the request of any member of the Subcommittee, questions arising from such reviews and consultations shall be referred for determination to the Federal Open Market Committee.

7. The Chairman is authorized:

A. With the approval of the Committee, to enter into any needed agreement or understanding with the Secretary of the Treasury about the division of responsibility for foreign currency operations between the System and the Treasury;

B. To keep the Secretary of the Treasury fully advised concerning System foreign currency operations, and to consult with the Secretary on policy matters relating to foreign currency operations;

C. From time to time, to transmit appropriate reports and information to the National Advisory Council on International Monetary and Financial Policies.

8. Staff officers of the Committee are authorized to transmit pertinent information on System foreign currency operations to appropriate officials of the Treasury Department.

9. All Federal Reserve Banks shall participate in the foreign currency operations for System Account in accordance with paragraph 3 G(1) of the Board of Governors' Statement of Procedure with Respect to Foreign Relationships of Federal Reserve Banks dated January 1, 1944.

By unanimous vote, the Foreign Currency Directive shown below was reaffirmed.

FOREIGN CURRENCY DIRECTIVE

Reaffirmed March 28, 1995

1. System operations in foreign currencies shall generally be directed at countering disorderly market conditions, provided that market exchange rates for the U.S. dollar reflect actions and behavior consistent with the IMF Article IV, Section 1.

2. To achieve this end the System shall:

A. Undertake spot and forward purchases and sales of foreign exchange.

B. Maintain reciprocal currency ("swap") arrangements with selected foreign central banks and with the Bank for International Settlements.

C. Cooperate in other respects with central banks of other countries and with international monetary institutions.

3. Transactions may also be undertaken:

A. To adjust System balances in light of probable future needs for currencies.

B. To provide means for meeting System and Treasury commitments in particular currencies, and to facilitate operations of the Exchange Stabilization Fund.

C. For such other purposes as may be expressly authorized by the Committee.

4. System foreign currency operations shall be conducted:

A. In close and continuous consultation and cooperation with the United States Treasury;

B. In cooperation, as appropriate, with foreign monetary authorities; and

C. In a manner consistent with the obligations of the United States in the International Monetary Fund regarding exchange arrangements under the IMF Article IV.

By unanimous vote, the Procedural Instructions with Respect to Foreign Currency Operations shown below were amended to reflect the new title of Manager, System Open Market Account.

Procedural Instructions with Respect to Foreign Currency Operations

Amended March 28, 1995

In conducting operations pursuant to the authorization and direction of the Federal Open Market Committee as set forth in the Authorization for Foreign Currency Operations and the Foreign Currency Directive, the Federal Reserve Bank of New York, through the Manager, System Open Market Account ("Manager"), shall be guided by the following procedural understandings with respect to consultations and clearances with the Committee, the Foreign Currency Subcommittee, and the Chairman of the Committee. All operations undertaken pursuant to such clearances shall be reported promptly to the Committee.

1. The Manager shall clear with the Subcommittee (or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation that would result in a change in the System's overall open position in foreign currencies exceeding $300 million on any day or $600 million since the most recent regular meeting of the Committee.

B. Any operation that would result in a change on any day in the System's net position in a single foreign currency exceeding $150 million, or $300 million when the operation is associated with repayment of swap drawings.

C. Any operation that might generate a substantial volume of trading in a particular currency by the System, even though the change in the System's net position in that currency might be less than the limits specified in 1.B.

D. Any swap drawing proposed by a foreign bank not exceeding the larger of (i) $200 million or (ii) 15 percent of the size of the swap arrangement.

2. The Manager shall clear with the Committee (or with the Subcommittee, if the Subcommittee believes that consultation with the full Committee is not feasible in the time available, or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation that would result in a change in the System's overall open position in foreign currencies exceeding $1.5 billion since the most recent regular meeting of the Committee.

B. Any swap drawing proposed by a foreign bank exceeding the larger of (i) $200 million or (ii) 15 percent of the size of the swap arrangement.

3. The Manager shall also consult with the Subcommittee or the Chairman about proposed swap drawings by the System and about any operations that are not of a routine character.

The Manager of the System Open Market Account reported on developments in foreign exchange markets and on System open market transactions in foreign currencies during the period February 1, 1995, through March 27, 1995. By unanimous vote, the Committee ratified these transactions.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period February 1, 1995, through March 27, 1995. By unanimous vote, the Committee ratified these transactions.

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

The information reviewed at this meeting suggested that the expansion of economic activity had moderated considerably in early 1995. Slower growth in consumer spending, associated in part with a sharp decline in expenditures for motor vehicles, and weakness in housing purchases were factors in the moderation. Despite signs of some weakening in final demand, however, further sizable gains had been recorded in industrial production and payroll employment, and overall rates of resource utilization remained high. Broad indexes of consumer and producer prices had risen more rapidly on average over January and February, but wages had shown no sign of an acceleration.

Nonfarm payroll employment increased considerably over January and February, although the average monthly advance was somewhat smaller than that of 1994. Further brisk job gains were recorded in the January–February period in manufacturing; hiring in retail and wholesale trade and in the service-producing sector slowed a bit; and construction payrolls changed little on balance. The average workweek of production or nonsupervisory workers remained at a high level over the two months. The civilian unemployment rate rose in January but fell back in February to its December level of 5.4 percent.

The expansion in industrial production also moderated in January and February from the rapid pace of last year. Manufacturing production grew less rapidly, with output gains down sharply in February for consumer durable goods and construction supplies. Mining production continued to be sluggish. By contrast, the output of utilities surged during the January-February period as winter temperatures, which had been unusually warm, moved back toward normal. Capacity utilization rates, which were little changed over the first two months of the year, remained high.

Retail sales fell in February, reversing most of a sizable rise in January. The February declines in sales were widespread, with slippage evident at most types of retail outlets. Most indicators of housing activity had weakened in recent months in lagged response to the earlier rise in mortgage interest rates. Housing starts fell sharply in January and edged still lower in February; these declines more than erased the gains that had been posted on balance over the closing months of 1994. A substantial drop in sales of existing homes in January (latest data) extended the trend that had been evident for some months.

Shipments of nondefense capital goods recorded another strong advance in February. Shipments of office and computing equipment rebounded in February from declines in December and January, and demand for most other types of equipment remained brisk. Business outlays for heavy trucks fell back slightly in February after a surge in January. While there were tentative signs in the recent orders data of some deceleration in business equipment spending, the still-growing backlog of unfilled orders suggested further solid expansion in business spending on equipment. Nonresidential construction activity had been trending appreciably higher over the past two years; however, a slowdown in spending by public utilities in December and January, in an environment of uncertainty related to pending deregulation, and a third straight monthly decline in permit issuance for nonresidential structures in February pointed to some softening in the uptrend.

Business inventory investment surged in January after a slowdown in December; excluding a large increase in stocks of motor vehicles at the wholesale and retail levels, inventories rose in January at about the average rate of the final three quarters of 1994. In manufacturing, inventory accumulation outpaced sales in January; the stocks-to-sales ratio edged higher but was still near historical lows. At wholesale establishments, inventory accumulation picked up in January as a large rise in automotive inventories more than offset a reduced increase in stocks of other goods. The inventory-to-sales ratio for the sector moved higher in January but remained well within its range of the last several years. At the retail level, inventories jumped in January after a slight decline in December; almost all the rise reflected increased stocks of motor vehicles. The inventory-to-sales ratio for the retail sector as a whole was unchanged in January and remained near the middle of its range of recent years; at automotive dealerships, the inventory-to-sales ratio rose sharply while elsewhere the ratio edged lower.

The nominal deficit on U.S. trade in goods and services widened sharply in January from its December level and its average rate in the fourth quarter; some of the increase in the deficit was due to trade with Mexico, but somewhat distorted seasonal adjustment factors also may have been involved. The value of exports of goods and services declined substantially in January after having increased strongly in November and December. The value of imports rose considerably in January, continuing the pattern of the fourth quarter. The export losses and import gains in January were distributed widely across major trade categories. The pace of economic recovery in the major foreign industrial countries appeared to have moderated in recent months. In the fourth quarter, economic activity declined in Japan and grew more slowly in most of the other major industrial countries; growth had picked up in Canada. Available data suggested that in the first quarter economic expansion had slowed in all of the major foreign industrial countries except Japan, where growth appeared to be positive despite the Kobe earthquake.

Consumer price increases in January and February were a little larger than the average monthly rise in 1994. Food prices were unchanged on balance over the two-month period, while energy prices were up only slightly. Producer prices of finished goods increased in January and February at the same rate as consumer prices; producer price inflation for the two months also was higher than in

1994, with a steep rise in gasoline prices in January contributing to the pickup. Producer prices of intermediate materials surged in the first two months of this year after having accelerated sharply in the second half of 1994. Average hourly earnings of private production or nonsupervisory workers were unchanged in February after a substantial rise in January. For the two months combined, hourly earnings increased at about the same average monthly pace as in 1994.

At its meeting on January 31–February 1, 1995, the Committee adopted a directive that called for increasing somewhat the existing degree of pressure on reserve positions, taking account of a possible rise of ½ percentage point in the discount rate. The directive approved by the Committee did not include a presumption about the likely direction of any further adjustments to policy during the intermeeting period. Accordingly, the directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater or somewhat lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth of M2 and M3 over coming months.

On the second day of the meeting, the Board of Governors approved an increase of ½ percentage point in the discount rate, to 5¼ percent. The rise was made effective immediately and was passed through fully to interest rates in reserve markets. Open market operations during the intermeeting period were conducted with a view to maintaining the tighter policy stance adopted at the meeting and implemented immediately thereafter. The federal funds rate averaged a little less than 6 percent over the intermeeting interval, and adjustment plus seasonal borrowing was a little below anticipated levels.

Financial market participants generally had expected a firming in reserve market conditions, and consequently market interest rates showed little immediate reaction. Subsequently, most market interest rates declined considerably in response to both incoming data that were seen as indicating an appreciable slowing in the pace of economic expansion and statements by Federal Reserve officials that were viewed as suggesting that the period of monetary policy tightening might be coming to a close. The largest declines in yields were concentrated in intermediate- and long-term obligations. Stronger-than-expected earnings reports coupled with heightened prospects for sustained, moderate economic expansion and continued low inflation boosted major indexes of equity prices to record levels.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies fell substantially further. The dollar's decline was particularly sharp against the Japanese yen and the German mark, and post–World War II record lows against these two currencies were recorded. Declines in U.S. interest rates and concerns about the persistence of large U.S. trade and fiscal deficits appeared to have contributed to the dollar's drop. Continuing economic and financial problems in Mexico, which resulted in further depreciation on balance of the Mexican peso against the dollar, also seemed to add to negative sentiment toward the dollar because the process of adjustment in the Mexican economy to the lower value of the peso was viewed as implying reduced imports from and increased exports to the United States.

M2 declined, and growth of M3 slowed in February after sizable January gains; data for the first part of March pointed to some recovery in both aggregates. M2's weakness in February partly reflected an unwinding of temporary increases in January of its volatile components, including demand deposits, overnight repurchase agreements, and overnight Eurodollars; the weakness also appeared to be associated with depositor efforts to obtain higher returns by shifting funds into market instruments. The slowdown in growth of M3 in February was entirely attributable to the decline in M2; its non-M2 component increased substantially further as banks continued to rely heavily on managed liabilities to fund loan growth. Expansion of total domestic nonfinancial debt had picked up a little in recent months.

The staff forecast prepared for this meeting suggested that growth of economic activity was slowing and for some period ahead would average a little less than the rate of increase in the economy's potential output. The pace of the expansion seemed to have slackened somewhat more than had been anticipated at the last meeting; however, the recent declines in long-term interest rates and the rally in stock prices were expected to provide additional support for aggregate demand later in the year. Moreover, the substantial depreciation of the dollar against the yen and several European currencies was acting to offset some of the effects on demand of the previous tightening of reserve conditions. The forecast continued to anticipate that in the period ahead consumer spending would be restrained by smaller gains in real incomes, the substantial degree to which pent-up demands had been satisfied, and the lagged effects of earlier increases in interest rates on the demand for durable goods. Business outlays for new equipment would decelerate substantially in response to slower growth of sales and profits. Homebuilding was projected to decline somewhat further in the near term and to remain at somewhat subdued levels for a time in reflection of the damping effects on housing demand of slower growth in jobs and incomes and of the earlier rise in mortgage rates. Developments in Mexico were likely to interrupt only briefly a strong uptrend in U.S. exports, based on sustained growth in the economies of other U.S. trading partners. Considerable uncertainty continued to surround the federal fiscal outlook but, as in the previous forecast, a moderate pace of deficit reduction was assumed over the forecast horizon. In the staff's judgment, the economy was operating beyond its long-run, noninflationary capacity, and there remained a risk that higher inflation could emerge if the expansion did not moderate sufficiently.

In the Committee's discussion of current and prospective economic developments, the members agreed that the pace of the economic expansion was moderating, though the extent of the slowdown was not yet clear. The effects of the policy tightening implemented since early 1994 seemed to be showing through in interest-sensitive sectors, and those effects were expected to be reinforced by some cutback in inventory accumulation from the unsustainable rates of previous quarters. Quarters of fairly slow growth were not unusual in a period of expansion. On the whole, however, the economy appeared to retain considerable forward momentum, with current imbalances seemingly of a relatively minor nature and in the process of being corrected. Moreover, the recent declines in long-term interest rates, if these persisted, could provide fresh support for interest-sensitive spending later in 1995 and in 1996. While opinions differed somewhat with respect to both the likely extent of the slowdown and the prognosis for inflation, the members generally agreed that the economy appeared to be on a trajectory toward a more sustainable path for economic activity. However, a number of members expressed concern that the slowdown might not be sufficient to relieve the persisting pressures on labor and capital resources, thereby portending higher inflation.

In the course of the Committee's discussion, members reported on widespread signs that business activity, while still quite strong in many areas, was growing less rapidly on balance. Still, a number of factors pointed to continued solid expansion. Business sentiment was generally described as quite positive, though somewhat less ebullient than in earlier months. Likewise, recent surveys suggested that consumer confidence remained very favorable, though down slightly from recent peaks by most measures. In addition to the favorable recent developments in financial markets, bank lending policies remained quite accommodative, although business loan growth had slowed recently after a period of unusual strength.

In their review of developments in key sectors of the economy, members took note of the sluggishness in consumer spending that had emerged in recent months in much of the country. To a considerable extent the recent weakness reflected a sharp reduction in spending for motor vehicles, but there also were signs in the most recent data of broader declines in spending, especially for durable goods other than automobiles. Some reduction in spending for durable goods could be expected in lagged response to the policy tightening over the past year, but a few members noted that unusual weather might have led to the temporary postponement of some discretionary purchases. In assessing the recent spending patterns, it was difficult to determine whether they represented a temporary pause or a more prolonged pullback by consumers. On balance, however, growth in consumer spending probably would slow somewhat further to a rate more in line with the expansion in jobs and incomes. Consumer spending would tend to be sustained, however, by the ready availability of consumer financing and the rise in bond and stock prices, which had strengthened household balance sheets and perhaps was helping to bolster consumer confidence.

The housing market had weakened noticeably according to incoming data and anecdotal reports from around the country. The decline in home sales that began in the latter part of 1994 had persisted, and housing starts had fallen sharply in the early part of the year as a consequence of the weaker sales and a larger inventory of unsold homes. Partly because of the higher mortgage rates that had prevailed for some time, members anticipated still soft housing demand, particularly for single-family houses. There had been some reports that recent declines in mortgage interest rates were having a mitigating effect. In some parts of the country, the weakness in housing construction was being countered by further improvement in nonresidential construction activity. In other areas where commercial real estate conditions remained soft, declines in vacancy rates seemed to be preparing the way for a pickup in commercial building activity.

Committee members anticipated that growth of business investment in plant and equipment would moderate from the extraordinary rate of the last two years but that such investment would continue to support growth in aggregate final demand during the forecast period. The demand for durable equipment was expected to increase more gradually as the growth of economic activity slowed and business profits tended to flatten out, and the available data on equipment expenditures thus far in 1995 appeared to be in line with that expectation. However, some anecdotal reports suggested that investment in plant and equipment might be stronger than expected in an environment of tight labor supply and elevated levels of capacity utilization, intense desires to control costs and improve competitiveness, and a still relatively low user cost of capital. The desire for additional production capacity was reflected in spending for the construction of commercial and industrial structures, which remained on an uptrend.

The rapid rise in business inventories in recent quarters had been sustainable in the context of briskly increasing final sales, but with some further accumulation early in the first quarter and economic growth projected to moderate, the rate of inventory investment would have to adjust downward as well. While the timing and extent could not be anticipated with any precision, a short-term inventory correction process might already be under way, with firms initiating cutbacks to production schedules to reflect smaller-than-expected gains in sales over recent months. Members noted that inventory-to-sales ratios already were at generally low levels, and they anticipated that any desired adjustments to production would be made quickly. In the circumstances, the size of the inventory correction and its effect on economic activity would be limited. Moreover, reports of inventory shortages in some industries suggested that many firms might raise their desired inventory levels to protect against shortfalls in materials needed in the production process.

The defeat of the balanced budget amendment in Congress had clouded the outlook for deficit reduction. Nonetheless, a moderately restrictive fiscal policy that would provide for some progress toward a balanced budget during the forecast period was seen as a reasonable assumption. One member observed that there was a risk of a more restrictive fiscal policy arising out of the dynamics of the current political debate. In any event, any progress toward a balanced budget might be expected to have a favorable effect on domestic financial markets and perhaps also on the dollar in foreign exchange markets.

Members commented that considerable uncertainty surrounded the outlook for the external sector, but for now it seemed reasonable to forecast that this sector would make a small positive contribution, on balance, to the growth of economic activity over the forecast period. In the near term, economic developments in Mexico were leading to lower U.S. exports and higher imports; anecdotal reports suggested that the effects on trade flows and local business activity tended to be felt most strongly in states that border Mexico. However, there were signs that conditions were stabilizing in Mexico, and more generally the relatively robust growth projected for the major trading partners of the United States and the lower value of the dollar now prevailing were expected to foster improvement in the nation's trade balance.

Members noted that while the pace of the expansion evidently had slowed, economic activity and utilization of labor and other producer resources were still at very high levels. Prices of many materials inputs to the production process had risen sharply, but thus far there had been only a small pickup in consumer prices. Likewise, the persisting tightness in many labor markets had not to this point fostered appreciable increases in wages. The absence of a significant rise in prices of finished goods or in wages might reflect in some measure the lags in the inflation transmission process, the fruits of heavy business investments in new capacity and more productive equipment in recent years, and perhaps structural changes in business organization that were raising the economy's capacity for sustained, noninflationary activity. Members were concerned, however, that despite continuing competitive pressures and some recent abatement in materials prices, business firms were reporting greater success in passing cost increases through to prices. The depreciation of the dollar also would add to inflationary pressures in the economy. In these circumstances, the members generally concluded that some increase in inflation was likely in coming months.

In the Committee's discussion of monetary policy for the intermeeting period ahead, all the members endorsed a proposal to maintain an unchanged degree of pressure in reserve markets. The policy tightening that had been implemented since early 1994 appeared to be exerting a desired restraining effect on the growth of economic activity and associated demands for goods and services. But the extent of the slowing in growth and its effects on inflationary pressures were not yet clear. On balance, though, the available evidence tended to suggest that the economy might be moving toward a growth path for economic activity that would be consistent with limiting the uptick in inflation that was currently being experienced. In discussing their policy choices, several members noted the relatively steep decline in the value of the dollar. However, they believed that policy should not be directed toward the achievement of a specific level for the dollar but rather toward the implementation of an effective anti-inflationary monetary policy, taking account of all the factors bearing on the economic outlook. In current circumstances, and given the substantial uncertainties that were involved, the members believed that it would be prudent to pause and assess developments before taking any further policy action.

With regard to possible adjustments to policy during the intermeeting period, most members expressed a preference for an asymmetric directive tilted toward restraint. These members indicated that near-term developments were not likely to call for an adjustment to policy in either direction. Nonetheless, with the economy expected to be operating in the neighborhood of its potential, the recent rise in inflation and the risk of an unexpected impulse that could ratchet inflation even higher suggested that an asymmetric directive would be more consistent with the Committee's objective of moving over time toward price stability. The economy retained considerable forward momentum and, as had often happened in the past, the recent slowdown in growth could prove to be temporary, with additional monetary tightening needed at some point to contain inflation. In this connection a few members indicated that further tightening might well be needed sooner rather than later. An asymmetric directive also would provide a clear signal of the Committee's intention to resist higher inflation.

A few members preferred a symmetric directive. These members agreed that additional policy tightening might be needed if inflation began to pick up. However, they saw an undesirably weaker economic performance as being about equally likely, and in their view this balance in the risks to the outlook called for the adoption of a symmetric directive. The Committee's determination to keep inflation under control would be appropriately conveyed, in their view, through future actions rather than through the adoption of a tilt toward restraint. However, these members indicated that they could accept an asymmetric intermeeting instruction.

At the conclusion of the Committee's discussion, all the members indicated that they preferred or could support a directive that called for maintaining the existing degree of pressure on reserve positions and that included a bias toward the possible firming of reserve conditions during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that somewhat greater reserve restraint would be acceptable and slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with moderate growth of M2 and M3 over coming months.

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

The information reviewed at this meeting suggests that the expansion of economic activity has moderated considerably in early 1995. Nonfarm payroll employment rose appreciably further in January and February, but at a pace below the average monthly gain in 1994; the civilian unemployment rate, after rising in January, fell back in February to its December level of 5.4 percent. Advances in industrial production also moderated in January and February, and capacity utilization rates generally changed little from already high levels. Total retail sales were about unchanged over the two months. Housing starts have declined somewhat after posting sizable gains on balance during the closing months of 1994. Orders for nondefense capital goods point to a still strong expansion of spending on business equipment, but with tentative signs of some deceleration; nonresidential construction has been trending appreciably higher. The nominal deficit on U.S. trade in goods and services widened sharply in January from its average rate in the fourth quarter. Broad indexes of consumer and producer prices increased faster on average over January and February.

On February 1, 1995, the Board of Governors approved an increase from 4¾ to 5¼ percent in the discount rate, and in keeping with the Committee's decision at the January 31–February 1 meeting, the increase was allowed to show through fully to interest rates in reserve markets. Nonetheless, most market interest rates have declined somewhat since the Committee meeting; the largest declines have been concentrated in intermediate- and long-term obligations. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies was down substantially further over the intermeeting period. The Mexican peso has continued to depreciate against the dollar.

M2 and M3 weakened in February, though data for the first part of March pointed to some rebound. Growth of total domestic nonfinancial debt has picked up a little in recent months.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting on January 31–February 1 established ranges for growth of M2 and M3 of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1994 to the fourth quarter of 1995. The Committee anticipated that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was lowered to 3 to 7 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, somewhat greater reserve restraint would or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with moderate growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Hoenig, Kelley, Lindsey, Melzer, Ms. Minehan, Mr. Moskow, Mses. Phillips and Yellen. Votes against this action: None.

It was agreed that the next meeting of the Committee would be held on Tuesday, May 23, 1995.

The meeting adjourned at 1:15 p.m.

Donald L. Kohn
Secretary

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION BB

The Board of Governors is amending 12 C.F.R. Part 228, its Regulation BB (Community Reinvestment Act). The purpose of the Community Reinvestment Act regulation is to establish the framework and criteria by which the Federal financial supervisory agencies assess an institution's record of helping to meet the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operations, and to provide that the agencies' assessment shall be taken into account in reviewing certain applications.

The final rule seeks to emphasize performance rather than process, to promot consistency in evaluations, and to eliminate unnecessary burden. As compared to the 1993 and 1994 proposals, the final rule reduces recordkeeping and reporting requirements and makes other modifications and clarifications.

Effective July 1, 1995, 12 C.F.R. Part 228 is revised to read as follows:

Part 228—Community Reinvestment (Regulation BB)

1. The authority citation for Part 228 is revised to read as follows:

Authority: 12 U.S.C. 321, 325, 1828(c), 1842, 1843, 1844, and 2901 *et seq*.

2. Part 228 is amended by adding Subparts A through D and Appendices A and B to read as follows:

Subpart A—General Section

Section 228.11—Authority, purposes, and scope.
Section 228.12—Definitions.

Subpart B—Standards for Assessing Performance

Section 228.21—Performance tests, standards, and ratings, in general.
Section 228.22—Lending test.
Section 228.23—Investment test.
Section 228.24—Service test.
Section 228.25—Community development test for wholesale or limited purpose banks.
Section 228.26—Small bank performance standards.
Section 228.27—Strategic plan.
Section 228.28—Assigned ratings.
Section 228.29—Effect of CRA performance on applications.

Subpart C—Records, Reporting, and Disclosure Requirements

Section 228.41—Assessment area delineation.
Section 228.42—Data collection, reporting, and disclosure.
Section 228.43—Content and availability of public file.
Section 228.44—Public notice by banks.
Section 228.45—Publication of planned examination schedule.

Subpart D—Transition Rules

Section 228.51—Transition rules.

APPENDIX A TO PART 228—RATINGS

APPENDIX B TO PART 228—CRA NOTICE

Subpart A—General

Section 228.11—Authority, purposes, and scope.

(a) *Authority.* The Board of Governors of the Federal Reserve System (the Board) issues this part to implement the Community Reinvestment Act (12 U.S.C. 2901 *et seq.*) (CRA). The regulations comprising this part are issued under the authority of the CRA and under the provisions of the United States Code authorizing the Board:

(1) To conduct examinations of State-chartered banks that are members of the Federal Reserve System (12 U.S.C. 325);

(2) To conduct examinations of bank holding companies and their subsidiaries (12 U.S.C. 1844); and

(3) To consider applications for:
(i) Domestic branches by State member banks (12 U.S.C. 321);
(ii) Mergers in which the resulting bank would be a State member bank (12 U.S.C. 1828(c));
(iii) Formations of, acquisitions of banks by, and mergers of, bank holding companies (12 U.S.C. 1842); and
(iv) The acquisition of savings associations by bank holding companies (12 U.S.C. 1843).

(b) *Purposes.* In enacting the CRA, the Congress required each appropriate Federal financial supervisory agency to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operation of the institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution. This part is intended to carry out the purposes of the CRA by:
(1) Establishing the framework and criteria by which the Board assesses a bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank; and
(2) Providing that the Board takes that record into account in considering certain applications.

(c) *Scope.* (1) *General.* This part applies to all banks except as provided in paragraph (c)(3) of this section.
(2) *Foreign bank acquisitions.* This part also applies to an uninsured State branch (other than a limited branch) of a foreign bank that results from an acquisition described in section 5(a)(8) of the International Banking Act of 1978 (12 U.S.C. 3103(a)(8)). The terms "State branch" and "foreign bank" have the same meanings as in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*); the term "uninsured State branch" means a State branch the deposits of which are not insured by the Federal Deposit Insurance Corporation; the term "limited branch" means a State branch that accepts only deposits that are permissible for a corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*).
(3) *Certain special purpose banks.* This part does not apply to special purpose banks that do not perform commercial or retail banking services by granting credit to the public in the ordinary course of business, other than as incident to their specialized operations. These banks include banker's banks, as defined in 12 U.S.C. 24 (Seventh), and banks that engage only in one or more of the following activities: providing cash management controlled disbursement services or serving as correspondent banks, trust companies, or clearing agents.

Section 228.12—Definitions.

For purposes of this part, the following definitions apply:

(a) *Affiliate* means any company that controls, is controlled by, or is under common control with another company. The term "control" has the meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

(b) *Area median income* means:
(1) The median family income for the MSA, if a person or geography is located in an MSA; or
(2) The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

(c) *Assessment area* means a geographic area delineated in accordance with section 228.41.

(d) *Automated teller machine (ATM)* means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed, or money lent.

(e) *Bank* means a State member bank as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured State branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

(f) *Branch* means a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

(g) *CMSA* means a consolidated metropolitan statistical area as defined by the Director of the Office of Management and Budget.

(h) *Community development* means:
(1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
(2) Community services targeted to low- or moderate-income individuals;
(3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 C.F.R. 121.802(a)(2) or have gross annual revenues of $1 million or less; or
(4) Activities that revitalize or stabilize low- or moderate- income geographies.

(i) *Community development loan* means a loan that:
(1) Has as its primary purpose community development; and
(2) Except in the case of a wholesale or limited purpose bank:
(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small

farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this chapter); and

(ii) Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

(j) *Community development service* means a service that:

(1) Has as its primary purpose community development;

(2) Is related to the provision of financial services; and

(3) Has not been considered in the evaluation of the bank's retail banking services under section 228.24(d).

(k) *Consumer loan* means a loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. Consumer loans include the following categories of loans:

(1) *Motor vehicle loan*, which is a consumer loan extended for the purchase of and secured by a motor vehicle;

(2) *Credit card loan*, which is a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a "credit card," as this term is defined in section 226.2 of this chapter;

(3) *Home equity loan*, which is a consumer loan secured by a residence of the borrower;

(4) *Other secured consumer loan*, which is a secured consumer loan that is not included in one of the other categories of consumer loans; and

(5) *Other unsecured consumer loan*, which is an unsecured consumer loan that is not included in one of the other categories of consumer loans.

(l) *Geography* means a census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

(m) *Home mortgage loan* means a "home improvement loan" or a "home purchase loan" as defined in section 203.2 of this chapter.

(n) *Income level* includes:

(1) *Low-income*, which means an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

(2) *Moderate-income*, which means an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent, in the case of a geography.

(3) *Middle-income*, which means an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent, in the case of a geography.

(4) *Upper-income*, which means an individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

(o) *Limited purpose bank* means a bank that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited purpose bank is in effect, in accordance with section 228.25(b).

(p) *Loan location*. A loan is located as follows:

(1) A consumer loan is located in the geography where the borrower resides;

(2) A home mortgage loan is located in the geography where the property to which the loan relates is located; and

(3) A small business or small farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

(q) *Loan production office* means a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

(r) *MSA* means a metropolitan statistical area or a primary metropolitan statistical area as defined by the Director of the Office of Management and Budget.

(s) *Qualified investment* means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

(t) *Small bank* means a bank that, as of December 31 of either of the prior two calendar years, had total assets of less than $250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than $1 billion.

(u) *Small business loan* means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

(v) *Small farm loan* means a loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

(w) *Wholesale bank* means a bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).

Subpart B—Standards for Assessing Performance

Section 228.21—Performance tests, standards, and ratings, in general.

(a) *Performance tests and standards*. The Board assesses the CRA performance of a bank in an examination as follows:

(1) *Lending, investment, and service tests.* The Board applies the lending, investment, and service tests, as provided in sections 228.22 through 228.24, in evaluating the performance of a bank, except as provided in paragraphs (a)(2), (a)(3), and (a)(4) of this section.

(2) *Community development test for wholesale or limited purpose banks.* The Board applies the community development test for a wholesale or limited purpose bank, as provided in section 228.25, except as provided in paragraph (a)(4) of this section.

(3) *Small bank performance standards.* The Board applies the small bank performance standards as provided in section 228.26 in evaluating the performance of a small bank or a bank that was a small bank during the prior calendar year, unless the bank elects to be assessed as provided in paragraphs (a)(1), (a)(2), or (a)(4) of this section. The bank may elect to be assessed as provided in paragraph (a)(1) of this section only if it collects and reports the data required for other banks under section 228.42.

(4) *Strategic plan.* The Board evaluates the performance of a bank under a strategic plan if the bank submits, and the Board approves, a strategic plan as provided in section 228.27.

(b) *Performance context.* The Board applies the tests and standards in paragraph (a) of this section and also considers whether to approve a proposed strategic plan in the context of:

(1) Demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a bank's assessment area(s);

(2) Any information about lending, investment, and service opportunities in the bank's assessment area(s) maintained by the bank or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;

(3) The bank's product offerings and business strategy as determined from data provided by the bank;

(4) Institutional capacity and constraints, including the size and financial condition of the bank, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the bank's ability to provide lending, investments, or services in its assessment area(s);

(5) The bank's past performance and the performance of similarly situated lenders;

(6) The bank's public file, as described in section 228.43, and any written comments about the bank's CRA performance submitted to the bank or the Board; and

(7) Any other information deemed relevant by the Board.

(c) *Assigned ratings.* The Board assigns to a bank one of the following four ratings pursuant to section 228.28 and Appendix A of this part: "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance" as provided in 12 U.S.C. 2906(b)(2). The rating assigned by the Board reflects the bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank.

(d) *Safe and sound operations.* This part and the CRA do not require a bank to make loans or investments or to provide services that are inconsistent with safe and sound operations. To the contrary, the Board anticipates banks can meet the standards of this part with safe and sound loans, investments, and services on which the banks expect to make a profit. Banks are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- or moderate-income geographies or individuals, only if consistent with safe and sound operations.

Section 228.22—Lending test.

(a) *Scope of test.* (1) The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the Board will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, home equity, other secured, and other unsecured loans. In addition, at a bank's option, the Board will evaluate one or more categories of consumer lending, if the bank has collected and maintained, as required in section 228.42(c)(1), the data for each category that the bank elects to have the Board evaluate.

(2) The Board considers originations and purchases of loans. The Board will also consider any other loan data the bank may choose to provide, including data on loans outstanding, commitments and letters of credit.

(3) A bank may ask the Board to consider loans originated or purchased by consortia in which the bank participates or by third parties in which the bank has invested only if the loans meet the definition of community development loans and only in accordance with paragraph (d) of this section. The Board will not consider these loans under any criterion of the lending test except the community development lending criterion.

(b) *Performance criteria.* The Board evaluates a bank's lending performance pursuant to the following criteria:

(1) *Lending activity.* The number and amount of the bank's home mortgage, small business, small farm,

and consumer loans, if applicable, in the bank's assessment area(s);

(2) *Geographic distribution.* The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:

(i) The proportion of the bank's lending in the bank's assessment area(s);

(ii) The dispersion of lending in the bank's assessment area(s); and

(iii) The number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment area(s);

(3) *Borrower characteristics.* The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:

(i) Home mortgage loans to low-, moderate-, middle-, and upper-income individuals;

(ii) Small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less;

(iii) Small business and small farm loans by loan amount at origination; and

(iv) Consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals;

(4) *Community development lending.* The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and

(5) *Innovative or flexible lending practices.* The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

(c) *Affiliate lending.* (1) At a bank's option, the Board will consider loans by an affiliate of the bank, if the bank provides data on the affiliate's loans pursuant to section 228.42.

(2) The Board considers affiliate lending subject to the following constraints:

(i) No affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase; and

(ii) If a bank elects to have the Board consider loans within a particular lending category made by one or more of the bank's affiliates in a particular assessment area, the bank shall elect to have the Board consider, in accordance with paragraph (c)(1) of this section, all the loans within that lending category in that particular assessment area made by all of the bank's affiliates.

(3) The Board does not consider affiliate lending in assessing a bank's performance under paragraph (b)(2)(i) of this section.

(d) *Lending by a consortium or a third party.* Community development loans originated or purchased by a consortium in which the bank participates or by a third party in which the bank has invested:

(1) Will be considered, at the bank's option, if the bank reports the data pertaining to these loans under section 228.42(b)(2); and

(2) May be allocated among participants or investors, as they choose, for purposes of the lending test, except that no participant or investor:

(i) May claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase; or

(ii) May claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.

(e) *Lending performance rating.* The Board rates a bank's lending performance as provided in Appendix A of this part.

Section 228.23– Investment test.

(a) *Scope of test.* The investment test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

(b) *Exclusion.* Activities considered under the lending or service tests may not be considered under the investment test.

(c) *Affiliate investment.* At a bank's option, the Board will consider, in its assessment of a bank's investment performance, a qualified investment made by an affiliate of the bank, if the qualified investment is not claimed by any other institution.

(d) *Disposition of branch premises.* Donating, selling on favorable terms, or making available on a rent-free basis a branch of the bank that is located in a predominantly minority neighborhood to a minority depository institution or women's depository institution (as these terms are defined in 12 U.S.C. 2907(b)) will be considered as a qualified investment.

(e) *Performance criteria.* The Board evaluates the investment performance of a bank pursuant to the following criteria:

(1) The dollar amount of qualified investments;

(2) The innovativeness or complexity of qualified investments;

(3) The responsiveness of qualified investments to credit and community development needs; and

(4) The degree to which the qualified investments are not routinely provided by private investors.

(f) *Investment performance rating.* The Board rates a bank's investment performance as provided in Appendix A of this part.

Section 228.24—Service test.

(a) *Scope of test.* The service test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.
(b) *Area(s) benefitted.* Community development services must benefit a bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).
(c) *Affiliate service.* At a bank's option, the Board will consider, in its assessment of a bank's service performance, a community development service provided by an affiliate of the bank, if the community development service is not claimed by any other institution.
(d) *Performance criteria—retail banking services.* The Board evaluates the availability and effectiveness of a bank's systems for delivering retail banking services, pursuant to the following criteria:
(1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
(2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
(3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, ATMs, ATMs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by- mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
(4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.
(e) *Performance criteria—community development services.* The Board evaluates community development services pursuant to the following criteria:
(1) The extent to which the bank provides community development services; and
(2) The innovativeness and responsiveness of community development services.
(f) *Service performance rating.* The Board rates a bank's service performance as provided in Appendix A of this part.

Section 228.25—Community development test for wholesale or limited purpose banks.

(a) *Scope of test.* The Board assesses a wholesale or limited purpose bank's record of helping to meet the credit needs of its assessment area(s) under the community development test through its community development lending, qualified investments, or community development services.
(b) *Designation as a wholesale or limited purpose bank.* In order to receive a designation as a wholesale or limited purpose bank, a bank shall file a request, in writing, with the Board, at least three months prior to the proposed effective date of the designation. If the Board approves the designation, it remains in effect until the bank requests revocation of the designation or until one year after the Board notifies the bank that the Board has revoked the designation on its own initiative.
(c) *Performance criteria.* The Board evaluates the community development performance of a wholesale or limited purpose bank pursuant to the following criteria:
(1) The number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the bank, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;
(2) The use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and
(3) The bank's responsiveness to credit and community development needs.
(d) *Indirect activities.* At a bank's option, the Board will consider in its community development performance assessment:
(1) Qualified investments or community development services provided by an affiliate of the bank, if the investments or services are not claimed by any other institution; and
(2) Community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in section 228.22(c) and (d).
(e) *Benefit to assessment area(s).* (1) *Benefit inside assessment area(s).* The Board considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).
(2) *Benefit outside assessment area(s).* The Board considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment

area(s), if the bank has adequately addressed the needs of its assessment area(s).

(f) *Community development performance rating.* The Board rates a bank's community development performance as provided in Appendix A of this part.

Section 228.26—Small bank performance standards.

(a) *Performance criteria.* The Board evaluates the record of a small bank, or a bank that was a small bank during the prior calendar year, of helping to meet the credit needs of its assessment area(s) pursuant to the following criteria:

(1) The bank's loan-to-deposit ratio, adjusted for seasonal variation and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;

(2) The percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment area(s);

(3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;

(4) The geographic distribution of the bank's loans; and

(5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

(b) *Small bank performance rating.* The Board rates the performance of a bank evaluated under this section as provided in Appendix A of this part.

Section 228.27—Strategic plan.

(a) *Alternative election.* The Board will assess a bank's record of helping to meet the credit needs of its assessment area(s) under a strategic plan if:

(1) The bank has submitted the plan to the Board as provided for in this section;

(2) The Board has approved the plan;

(3) The plan is in effect; and

(4) The bank has been operating under an approved plan for at least one year.

(b) *Data reporting.* The Board's approval of a plan does not affect the bank's obligation, if any, to report data as required by section 228.42.

(c) *Plans in general.* (1) *Term.* A plan may have a term of no more than five years, and any multi-year plan must include annual interim measurable goals under which the Board will evaluate the bank's performance.

(2) *Multiple assessment areas.* A bank with more than one assessment area may prepare a single plan for all of its assessment areas or one or more plans for one or more of its assessment areas.

(3) *Treatment of affiliates.* Affiliated institutions may prepare a joint plan if the plan provides measurable goals for each institution. Activities may be allocated among institutions at the institutions' option, provided that the same activities are not considered for more than one institution.

(d) *Public participation in plan development.* Before submitting a plan to the Board for approval, a bank shall:

(1) Informally seek suggestions from members of the public in its assessment area(s) covered by the plan while developing the plan;

(2) Once the bank has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan; and

(3) During the period of formal public comment, make copies of the plan available for review by the public at no cost at all offices of the bank in any assessment area covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.

(e) *Submission of plan.* The bank shall submit its plan to the Board at least three months prior to the proposed effective date of the plan. The bank shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment.

(f) *Plan content.* (1) *Measurable goals.* (i) A bank shall specify in its plan measurable goals for helping to meet the credit needs of each assessment area covered by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services, as appropriate.

(ii) A bank shall address in its plan all three performance categories and, unless the bank has been designated as a wholesale or limited purpose bank, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy.

(2) *Confidential information.* A bank may submit additional information to the Board on a confidential basis, but the goals stated in the plan must be suffi-

ciently specific to enable the public and the Board to judge the merits of the plan.

(3) *Satisfactory and outstanding goals.* A bank shall specify in its plan measurable goals that constitute "satisfactory" performance. A plan may specify measurable goals that constitute "outstanding" performance. If a bank submits, and the Board approves, both "satisfactory" and "outstanding" performance goals, the Board will consider the bank eligible for an "outstanding" performance rating.

(4) *Election if satisfactory goals not substantially met.* A bank may elect in its plan that, if the bank fails to meet substantially its plan goals for a satisfactory rating, the Board will evaluate the bank's performance under the lending, investment, and service tests, the community development test, or the small bank performance standards, as appropriate.

(g) *Plan approval.* (1) *Timing.* The Board will act upon a plan within 60 calendar days after the Board receives the complete plan and other material required under paragraph (d) of this section. If the Board fails to act within this time period, the plan shall be deemed approved unless the Board extends the review period for good cause.

(2) *Public participation.* In evaluating the plan's goals, the Board considers the public's involvement in formulating the plan, written public comment on the plan, and any response by the bank to public comment on the plan.

(3) *Criteria for evaluating plan.* The Board evaluates a plan's measurable goals using the following criteria, as appropriate:

(i) The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;

(ii) The amount and innovativeness, complexity, and responsiveness of the bank's qualified investments; and

(iii) The availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of the bank's community development services.

(h) *Plan amendment.* During the term of a plan, a bank may request the Board to approve an amendment to the plan on grounds that there has been a material change in circumstances. The bank shall develop an amendment to a previously approved plan in accordance with the public participation requirements of paragraph (c) of this section.

(i) *Plan assessment.* The Board approves the goals and assesses performance under a plan as provided for in Appendix A of this part.

Section 228.28—Assigned ratings.

(a) *Ratings in general.* Subject to paragraphs (b) and (c) of this section, the Board assigns to a bank a rating of "outstanding," "satisfactory," "needs to improve," or "substantial noncompliance" based on the bank's performance under the lending, investment and service tests, the community development test, the small bank performance standards, or an approved strategic plan, as applicable.

(b) *Lending, investment, and service tests.* The Board assigns a rating for a bank assessed under the lending, investment, and service tests in accordance with the following principles:

(1) A bank that receives an "outstanding" rating on the lending test receives an assigned rating of at least "satisfactory";

(2) A bank that receives an "outstanding" rating on both the service test and the investment test and a rating of at least "high satisfactory" on the lending test receives an assigned rating of "outstanding"; and

(3) No bank may receive an assigned rating of "satisfactory" or higher unless it receives a rating of at least "low satisfactory" on the lending test.

(c) *Effect of evidence of discriminatory or other illegal credit practices.* Evidence of discriminatory or other illegal credit practices adversely affects the Board's evaluation of a bank's performance. In determining the effect on the bank's assigned rating, the Board considers the nature and extent of the evidence, the policies and procedures that the bank has in place to prevent discriminatory or other illegal credit practices, any corrective action that the bank has taken or has committed to take, particularly voluntary corrective action resulting from self-assessment, and other relevant information.

Section 228.29—Effect of CRA performance on applications.

(a) *CRA performance.* Among other factors, the Board takes into account the record of performance under the CRA of:

(1) Each applicant bank for the:

(i) Establishment of a domestic branch by a State member bank; and

(ii) Merger, consolidation, acquisition of assets, or assumption of liabilities requiring approval under the Bank Merger Act (12 U.S.C. 1828(c)) if the acquiring, assuming, or resulting bank is to be a State member bank; and

(2) Each insured depository institution (as defined in 12 U.S.C. 1813) controlled by an applicant and subsidiary bank or savings association proposed to be controlled by an applicant:

(i) To become a bank holding company in a transaction that requires approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842);

(ii) To acquire ownership or control of shares or all or substantially all of the assets of a bank, to cause a bank to become a subsidiary of a bank holding company, or to merge or consolidate a bank holding company with any other bank holding company in a transaction that requires approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842); and

(iii) To own, control or operate a savings association in a transaction that requires approval under section 4 of the Bank Holding Company Act (12 U.S.C. 1843).

(b) *Interested parties.* In considering CRA performance in an application described in paragraph (a) of this section, the Board takes into account any views expressed by interested parties that are submitted in accordance with the Board's Rules of Procedure set forth in part 262 of this chapter.

(c) *Denial or conditional approval of application.* A bank's record of performance may be the basis for denying or conditioning approval of an application listed in paragraph (a) of this section.

(d) *Definitions.* For purposes of paragraph (a)(2) of this section, "bank," "bank holding company," "subsidiary," and "savings association" have the meanings given to those terms in section 2 of the Bank Holding Company Act (12 U.S.C. 1841).

Subpart C—Records, Reporting, and Disclosure Requirements

Section 228.41—Assessment area delineation.

(a) *In general.* A bank shall delineate one or more assessment areas within which the Board evaluates the bank's record of helping to meet the credit needs of its community. The Board does not evaluate the bank's delineation of its assessment area(s) as a separate performance criterion, but the Board reviews the delineation for compliance with the requirements of this section.

(b) *Geographic area(s) for wholesale or limited purpose banks.* The assessment area(s) for a wholesale or limited purpose bank must consist generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

(c) *Geographic area(s) for other banks.* The assessment area(s) for a bank other than a wholesale or limited purpose bank must:

(1) Consist generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns; and

(2) Include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans (including home mortgage loans, small business and small farm loans, and any other loans the bank chooses, such as those consumer loans on which the bank elects to have its performance assessed).

(d) *Adjustments to geographic area(s).* A bank may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be extremely large, of unusual configuration, or divided by significant geographic barriers.

(e) *Limitations on the delineation of an assessment area.* Each bank's assessment area(s):

(1) Must consist only of whole geographies;

(2) May not reflect illegal discrimination;

(3) May not arbitrarily exclude low- or moderate-income geographies, taking into account the bank's size and financial condition; and

(4) May not extend substantially beyond a CMSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If a bank serves a geographic area that extends substantially beyond a state boundary, the bank shall delineate separate assessment areas for the areas in each state. If a bank serves a geographic area that extends substantially beyond a CMSA boundary, the bank shall delineate separate assessment areas for the areas inside and outside the CMSA.

(f) *Banks serving military personnel.* Notwithstanding the requirements of this section, a bank whose business predominantly consists of serving the needs of military personnel or their dependents who are not located within a defined geographic area may delineate its entire deposit customer base as its assessment area.

(g) *Use of assessment area(s).* The Board uses the assessment area(s) delineated by a bank in its evaluation of the bank's CRA performance unless the Board determines that the assessment area(s) do not comply with the requirements of this section.

Section 228.42—Data collection, reporting, and disclosure.

(a) *Loan information required to be collected and maintained.* A bank, except a small bank, shall collect, and maintain in machine readable form (as prescribed by the Board) until the completion of its next CRA examination, the following data for each small business or small farm loan originated or purchased by the bank:

(1) A unique number or alpha-numeric symbol that can be used to identify the relevant loan file;

(2) The loan amount at origination;

(3) The loan location; and

(4) An indicator whether the loan was to a business or farm with gross annual revenues of $1 million or less.

(b) *Loan information required to be reported.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall report annually by March 1 to the Board in machine readable form (as prescribed by the Board) the following data for the prior calendar year:

(1) *Small business and small farm loan data.* For each geography in which the bank originated or purchased a small business or small farm loan, the aggregate number and amount of loans:

(i) With an amount at origination of $100,000 or less;

(ii) With amount at origination of more than $100,000 but less than or equal to $250,000;

(iii) With an amount at origination of more than $250,000; and

(iv) To businesses and farms with gross annual revenues of $1 million or less (using the revenues that the bank considered in making its credit decision);

(2) *Community development loan data.* The aggregate number and aggregate amount of community development loans originated or purchased; and

(3) *Home mortgage loans.* If the bank is subject to reporting under part 203 of this chapter, the location of each home mortgage loan application, origination, or purchase outside the MSAs in which the bank has a home or branch office (or outside any MSA) in accordance with the requirements of part 203 of this chapter.

(c) *Optional data collection and maintenance.*

(1) *Consumer loans.* A bank may collect and maintain in machine readable form (as prescribed by the Board) data for consumer loans originated or purchased by the bank for consideration under the lending test. A bank may maintain data for one or more of the following categories of consumer loans: motor vehicle, credit card, home equity, other secured, and other unsecured. If the bank maintains data for loans in a certain category, it shall maintain data for all loans originated or purchased within that category. The bank shall maintain data separately for each category, including for each loan:

(i) A unique number or alpha-numeric symbol that can be used to identify the relevant loan file;

(ii) The loan amount at origination or purchase;

(iii) The loan location; and

(iv) The gross annual income of the borrower that the bank considered in making its credit decision.

(2) *Other loan data.* At its option, a bank may provide other information concerning its lending performance, including additional loan distribution data.

(d) *Data on affiliate lending.* A bank that elects to have the Board consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain, and report for those loans the data that the bank would have collected, maintained, and reported pursuant to paragraphs (a), (b), and (c) of this section had the loans been originated or purchased by the bank. For home mortgage loans, the bank shall also be prepared to identify the home mortgage loans reported under part 203 of this chapter by the affiliate.

(e) *Data on lending by a consortium or a third party.* A bank that elects to have the Board consider community development loans by a consortium or third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the bank would have reported under paragraph (b)(2) of this section had the loans been originated or purchased by the bank.

(f) *Small banks electing evaluation under the lending, investment, and service tests.* A bank that qualifies for evaluation under the small bank performance standards but elects evaluation under the lending, investment, and service tests shall collect, maintain, and report the data required for other banks pursuant to paragraphs (a) and (b) of this section.

(g) *Assessment area data.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall collect and report to the Board by March 1 of each year a list for each assessment area showing the geographies within the area.

(h) *CRA Disclosure Statement.* The Board prepares annually for each bank that reports data pursuant to this section a CRA Disclosure Statement that contains, on a state-by-state basis:

(1) For each county (and for each assessment area smaller than a county) with a population of 500,000 persons or fewer in which the bank reported a small business or small farm loan:

(i) The number and amount of small business and small farm loans reported as originated or purchased located in low-, moderate-, middle-, and upper-income geographies;

(ii) A list grouping each geography according to whether the geography is low-, moderate-, middle-, or upper-income;

(iii) A list showing each geography in which the bank reported a small business or small farm loan; and

(iv) The number and amount of small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less;

(2) For each county (and for each assessment area smaller than a county) with a population in excess of 500,000 persons in which the bank reported a small business or small farm loan:

(i) The number and amount of small business and small farm loans reported as originated or purchased located in geographies with median income relative to the area median income of less than 10 percent, 10 or more but less than 20 percent, 20 or more but less than 30 percent, 30 or more but less than 40 percent, 40 or more but less than 50 percent, 50 or more but less than 60 percent, 60 or more but less than 70 percent, 70 or more but less than 80 percent, 80 or more but less than 90 percent, 90 or more but less than 100 percent, 100 or more but less than 110 percent, 110 or more but less than 120 percent, and 120 percent or more;

(ii) A list grouping each geography in the county or assessment area according to whether the median income in the geography relative to the area median income is less than 10 percent, 10 or more but less than 20 percent, 20 or more but less than 30 percent, 30 or more but less than 40 percent, 40 or more but less than 50 percent, 50 or more but less than 60 percent, 60 or more but less than 70 percent, 70 or more but less than 80 percent, 80 or more but less than 90 percent, 90 or more but less than 100 percent, 100 or more but less than 110 percent, 110 or more but less than 120 percent, and 120 percent or more;

(iii) A list showing each geography in which the bank reported a small business or small farm loan; and

(iv) The number and amount of small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less;

(3) The number and amount of small business and small farm loans located inside each assessment area reported by the bank and the number and amount of small business and small farm loans located outside the assessment area(s) reported by the bank; and

(4) The number and amount of community development loans reported as originated or purchased.

(i) *Aggregate disclosure statements.* The Board, in conjunction with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, prepares annually, for each MSA (including an MSA that crosses a state boundary) and the non-MSA portion of each state, an aggregate disclosure statement of small business and small farm lending by all institutions subject to reporting under this part or parts 25, 345, or 563e of this title. These disclosure statements indicate, for each geography, the number and amount of all small business and small farm loans originated or purchased by reporting institutions, except that the Board may adjust the form of the disclosure if necessary, because of special circumstances, to protect the privacy of a borrower or the competitive position of an institution.

(j) *Central data depositories.* The Board makes the aggregate disclosure statements, described in paragraph (i) of this section, and the individual bank CRA Disclosure Statements, described in paragraph (h) of this section, available to the public at central data depositories. The Board publishes a list of the depositories at which the statements are available.

Section 228.43—Content and availability of public file.

(a) *Information available to the public.* A bank shall maintain a public file that includes the following information:

(1) All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law;

(2) A copy of the public section of the bank's most recent CRA Performance Evaluation prepared by the Board. The bank shall place this copy in the public file within 30 business days after its receipt from the Board;

(3) A list of the bank's branches, their street addresses, and geographies;

(4) A list of branches opened or closed by the bank during the current year and each of the prior two calendar years, their street addresses, and geographies;

(5) A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a bank may include information regarding the availability of alternative systems for delivering retail banking services (*e.g.*, ATMs, ATMs not owned or

operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs);

(6) A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list; and

(7) Any other information the bank chooses.

(b) *Additional information available to the public.*

(1) *Banks other than small banks.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall include in its public file the following information pertaining to the bank and its affiliates, if applicable, for each of the prior two calendar years:

(i) If the bank has elected to have one or more categories of its consumer loans considered under the lending test, for each of these categories, the number and amount of loans:

(A) To low-, moderate-, middle-, and upper-income individuals;

(B) Located in low-, moderate-, middle-, and upper-income census tracts; and

(C) Located inside the bank's assessment area(s) and outside the bank's assessment area(s); and

(ii) The bank's CRA Disclosure Statement. The bank shall place the statement in the public file within three business days of its receipt from the Board.

(2) *Banks required to report Home Mortgage Disclosure Act (HMDA) data.* A bank required to report home mortgage loan data pursuant part 203 of this chapter shall include in its public file a copy of the HMDA Disclosure Statement provided by the Federal Financial Institutions Examination Council pertaining to the bank for each of the prior two calendar years. In addition, a bank that elected to have the Board consider the mortgage lending of an affiliate for any of these years shall include in its public file the affiliate's HMDA Disclosure Statement for those years. The bank shall place the statement(s) in the public file within three business days after its receipt.

(3) *Small banks.* A small bank or a bank that was a small bank during the prior calendar year shall include in its public file:

(i) The bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio; and

(ii) The information required for other banks by paragraph (b)(1) of this section, if the bank has elected to be evaluated under the lending, investment, and service tests.

(4) *Banks with strategic plans.* A bank that has been approved to be assessed under a strategic plan shall include in its public file a copy of that plan. A bank need not include information submitted to the Board on a confidential basis in conjunction with the plan.

(5) *Banks with less than satisfactory ratings.* A bank that received a less than satisfactory rating during its most recent examination shall include in its public file a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. The bank shall update the description quarterly.

(c) *Location of public information.* A bank shall make available to the public for inspection upon request and at no cost the information required in this section as follows:

(1) At the main office and, if an interstate bank, at one branch office in each state, all information in the public file; and

(2) At each branch:

(i) A copy of the public section of the bank's most recent CRA Performance Evaluation and a list of services provided by the branch; and

(ii) Within five calendar days of the request, all the information in the public file relating to the assessment area in which the branch is located.

(d) *Copies.* Upon request, a bank shall provide copies, either on paper or in another form acceptable to the person making the request, of the information in its public file. The bank may charge a reasonable fee not to exceed the cost of copying and mailing (if applicable).

(e) *Updating.* Except as otherwise provided in this section, a bank shall ensure that the information required by this section is current as of April 1 of each year.

Section 228.44—Public notice by banks.

A bank shall provide in the public lobby of its main office and each of its branches the appropriate public notice set forth in Appendix B of this part. Only a branch of a bank having more than one assessment area shall include the bracketed material in the notice for branch offices. Only a bank that is an affiliate of a holding company shall include the next to the last sentence of the notices. A bank shall include the last sentence of the notices only if it is an affiliate of a holding company that is not prevented by statute from acquiring additional banks.

Section 228.45—Publication of planned examination schedule.

The Board publishes at least 30 days in advance of the beginning of each calendar quarter a list of banks scheduled for CRA examinations in that quarter.

Subpart D—Transition Rules

Section 228.51—Transition rules.

(a) *Effective date.* Sections of this part become applicable over a period of time in accordance with the schedule set forth in paragraph (c) of this section.

(b) *Data collection and reporting; strategic plan; performance tests and standards.*

(1) *Data collection and reporting.* (i) On January 1, 1996, the data collection requirements set forth in section 228.42 (except section 228.42(b) and (g)) become applicable.

(ii) On January 1, 1997, the data reporting requirements set forth in section 228.42(b) and (g) become applicable.

(2) *Small banks.* Beginning January 1, 1996, the Board evaluates banks that qualify for the small bank performance standards described in section 228.26 under that section.

(3) *Strategic plan.* Beginning January 1, 1996, a bank that elects to be evaluated under an approved strategic plan pursuant to section 228.27 may submit its strategic plan to the Board for approval.

(4) *Other performance tests.* (i) Beginning January 1, 1996, a bank may elect to be evaluated under the pertinent revised performance tests described in sections 228.22, 228.23, 228.24, and 228.25, if the bank provides the necessary data to permit evaluation.

(ii) Beginning July 1, 1997, the Board evaluates all banks under the pertinent revised performance tests.

(c) *Schedule.* (1) On July 1, 1995, sections 228.11, 228.12, 228.29, and 228.51 become applicable, and sections 228.1, 228.2, 228.8, and 228.100 expire.

(2) On January 1, 1996, section 228.41 and the pertinent provisions of Subpart B of this part will apply to banks that elect to be evaluated under sections 228.22 through 228.25, banks that submit for approval strategic plans under section 228.27, and banks that qualify for the small bank performance standards described in section 228.26.

(3) On January 1, 1996, sections 228.42 (except section 228.42(b) and (g)) and 228.45 become applicable.

(4) On January 1, 1997, sections 228.41 and 228.42(b) and (g) become applicable.

(5) On July 1, 1997, sections 228.21 through 228.28, 228.43, and 228.44 become applicable, and sections 228.3 through 228.7 and 228.51 expire.

Appendix A to Part 228—Ratings

(a) *Ratings in general.* (1) In assigning a rating, the Board evaluates a bank's performance under the applicable performance criteria in this part, in accordance with section 228.21, and section 228.28, which provides for adjustments on the basis of evidence of discriminatory or other illegal credit practices.

(2) A bank's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The bank's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile as follows.

(b) *Banks evaluated under the lending, investment, and service tests.*

(1) *Lending performance rating.* The Board assigns each bank's lending performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's lending performance "outstanding" if, in general, it demonstrates:

(A) Excellent responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);

(B) A substantial majority of its loans are made in its assessment area(s);

(C) An excellent geographic distribution of loans in its assessment area(s);

(D) An excellent distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;

(E) An excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of $1 million or less, consistent with safe and sound operations;

(F) Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

(G) It is a leader in making community development loans.

(ii) *High satisfactory.* The Board rates a bank's lending performance "high satisfactory" if, in general, it demonstrates:

(A) Good responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);

(B) A high percentage of its loans are made in its assessment area(s);

(C) A good geographic distribution of loans in its assessment area(s);

(D) A good distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;

(E) A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of $1 million or less, consistent with safe and sound operations;

(F) Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

(G) It has made a relatively high level of community development loans.

(iii) *Low satisfactory*. The Board rates a bank's lending performance "low satisfactory" if, in general, it demonstrates:

(A) Adequate responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);

(B) An adequate percentage of its loans are made in its assessment area(s);

(C) An adequate geographic distribution of loans in its assessment area(s);

(D) An adequate distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;

(E) An adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of $1 million or less, consistent with safe and sound operations;

(F) Limited use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

(G) It has made an adequate level of community development loans.

(iv) *Needs to improve*. The Board rates a bank's lending performance "needs to improve" if, in general, it demonstrates:

(A) Poor responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);

(B) A small percentage of its loans are made in its assessment area(s);

(C) A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area(s);

(D) A poor distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;

(E) A poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of $1 million or less, consistent with safe and sound operations;

(F) Little use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

(G) It has made a low level of community development loans.

(v) *Substantial noncompliance*. The Board rates a bank's lending performance as being in "substantial noncompliance" if, in general, it demonstrates:

(A) A very poor responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);

(B) A very small percentage of its loans are made in its assessment area(s);

(C) A very poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area(s);

(D) A very poor distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;

(E) A very poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of $1 million or less, consistent with safe and sound operations;

(F) No use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and

(G) It has made few, if any, community development loans.

(2) *Investment performance rating*. The Board assigns

each bank's investment performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's investment performance "outstanding" if, in general, it demonstrates:

(A) An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position;

(B) Extensive use of innovative or complex qualified investments; and

(C) Excellent responsiveness to credit and community development needs.

(ii) *High satisfactory.* The Board rates a bank's investment performance "high satisfactory" if, in general, it demonstrates:

(A) A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position;

(B) Significant use of innovative or complex qualified investments; and

(C) Good responsiveness to credit and community development needs.

(iii) *Low satisfactory.* The Board rates a bank's investment performance "low satisfactory" if, in general, it demonstrates:

(A) An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;

(B) Occasional use of innovative or complex qualified investments; and

(C) Adequate responsiveness to credit and community development needs.

(iv) *Needs to improve.* The Board rates a bank's investment performance "needs to improve" if, in general, it demonstrates:

(A) A poor level of qualified investments, particularly those that are not routinely provided by private investors;

(B) Rare use of innovative or complex qualified investments; and

(C) Poor responsiveness to credit and community development needs.

(v) *Substantial noncompliance.* The Board rates a bank's investment performance as being in "substantial noncompliance" if, in general, it demonstrates:

(A) Few, if any, qualified investments, particularly those that are not routinely provided by private investors;

(B) No use of innovative or complex qualified investments; and

(C) Very poor responsiveness to credit and community development needs.

(3) *Service performance rating.* The Board assigns each bank's service performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's service performance "outstanding" if, in general, the bank demonstrates:

(A) Its service delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area(s);

(B) To the extent changes have been made, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;

(C) Its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and

(D) It is a leader in providing community development services.

(ii) *High satisfactory.* The Board rates a bank's service performance "high satisfactory" if, in general, the bank demonstrates:

(A) Its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area(s);

(B) To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;

(C) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area(s), particularly low- and moderate-income geographies and low- and moderate-income individuals; and

(D) It provides a relatively high level of community development services.

(iii) *Low satisfactory.* The Board rates a bank's service performance "low satisfactory" if, in general, the bank demonstrates:

(A) Its service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area(s);

(B) To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;

(C) Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area(s), particularly low- and moderate-income geographies and low- and moderate-income individuals; and

(D) It provides an adequate level of community development services.

(iv) *Needs to improve.* The Board rates a bank's service performance "needs to improve" if, in general, the bank demonstrates:

(A) Its service delivery systems are unreasonably inaccessible to portions of its assessment area(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals;

(B) To the extent changes have been made, its record of opening and closing branches has adversely affected the accessibility its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;

(C) Its services (including, where appropriate, business hours) vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and

(D) It provides a limited level of community development services.

(v) *Substantial noncompliance.* The Board rates a bank's service performance as being in "substantial noncompliance" if, in general, the bank demonstrates:

(A) Its service delivery systems are unreasonably inaccessible to significant portions of its assessment area(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals;

(B) To the extent changes have been made, its record of opening and closing branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;

(C) Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and

(D) It provides few, if any, community development services.

(c) *Wholesale or limited purpose banks.* The Board assigns each wholesale or limited purpose bank's community development performance one of the four following ratings.

(1) *Outstanding.* The Board rates a wholesale or limited purpose bank's community development performance "outstanding" if, in general, it demonstrates:

(i) A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

(ii) Extensive use of innovative or complex qualified investments, community development loans, or community development services; and

(iii) Excellent responsiveness to credit and community development needs in its assessment area(s).

(2) *Satisfactory.* The Board rates a wholesale or limited purpose bank's community development performance "satisfactory" if, in general, it demonstrates:

(i) An adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

(ii) Occasional use of innovative or complex qualified investments, community development loans, or community development services; and

(iii) Adequate responsiveness to credit and community development needs in its assessment area(s).

(3) *Needs to improve.* The Board rates a wholesale or limited purpose bank's community development performance as "needs to improve" if, in general, it demonstrates:

(i) A poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

(ii) Rare use of innovative or complex qualified investments, community development loans, or community development services; and

(iii) Poor responsiveness to credit and community development needs in its assessment area(s).

(4) *Substantial noncompliance.* The Board rates a wholesale or limited purpose bank's community development performance in "substantial noncompliance" if, in general, it demonstrates:

(i) Few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

(ii) No use of innovative or complex qualified investments, community development loans, or community development services; and

(iii) Very poor responsiveness to credit and community development needs in its assessment area(s).

(d) *Banks evaluated under the small bank performance standards.* The Board rates the performance of each bank evaluated under the small bank performance standards as follows.

(1) *Eligibility for a satisfactory rating.* The Board rates a bank's performance "satisfactory" if, in general, the bank demonstrates:

(i) A reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area(s), and taking into account, as appropriate, lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments;

(ii) A majority of its loans and, as appropriate, other lending-related activities are in its assessment area(s);

(iii) A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area(s);

(iv) A record of taking appropriate action, as warranted, in response to written complaints, if any, about the bank's performance in helping to meet the credit needs of its assessment area(s); and

(v) A reasonable geographic distribution of loans given the bank's assessment area(s).

(2) *Eligibility for an outstanding rating.* A bank that meets each of the standards for a "satisfactory" rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding." In assessing whether a bank's performance is "outstanding," the Board considers the extent to which the bank exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area(s).

(3) *Needs to improve or substantial noncompliance ratings.* A bank also may receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.

(e) *Strategic plan assessment and rating.*

(1) *Satisfactory goals.* The Board approves as "satisfactory" measurable goals that adequately help to meet the credit needs of the bank's assessment area(s).

(2) *Outstanding goals.* If the plan identifies a separate group of measurable goals that substantially exceed the levels approved as "satisfactory," the Board will approve those goals as "outstanding."

(3) *Rating.* The Board assesses the performance of a bank operating under an approved plan to determine if the bank has met its plan goals:

(i) If the bank substantially achieves its plan goals for a satisfactory rating, the Board will rate the bank's performance under the plan as "satisfactory."

(ii) If the bank exceeds its plan goals for a satisfactory rating and substantially achieves its plan goals for an outstanding rating, the Board will rate the bank's performance under the plan as "outstanding."

(iii) If the bank fails to meet substantially its plan goals for a satisfactory rating, the Board will rate the bank as either "needs to improve" or "substantial noncompliance," depending on the extent to which it falls short of its plan goals, unless the bank elected in its plan to be rated otherwise, as provided in section 228.27(f)(4).

Appendix B to Part 228—CRA Notice

(a) Notice for main offices and, if an interstate bank, one branch office in each state.

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Reserve Bank of xxxx (Reserve Bank); and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank in that quarter. This list is available from (title of responsible official), Federal Reserve Bank of xxxx (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and (title of responsible official), Federal Reserve Bank of xxxx (address). Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications covered by the CRA filed with the Reserve Bank. We are an affiliate of (name of holding company), a bank holding company. You may request from (title of responsible official), Federal Reserve Bank of xxxx (address) an announcement of applications covered by the CRA filed by bank holding companies.

(b) Notice for branch offices.

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the Federal Reserve Bank of xxxx (address), and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us:

(1) A map showing the assessment area containing this branch, which is the area in which the Board evaluates our CRA performance in this community;

(2) Information about our branches in this assessment area;

(3) A list of services we provide at those locations;

(4) Data on our lending performance in this assessment area; and

(5) Copies of all written comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments.

If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

[If you would like to review information about our CRA performance in other communities served by us, the public file for our entire bank is available at (name of office located in state), located at (address)].

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank in that quarter. This list is available from (title of responsible official), Federal Reserve Bank of xxxx (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and (title of responsible official), Federal Reserve Bank of xxxx (address). Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications covered by the CRA filed with the Reserve Bank. We are an affiliate of (name of holding company), a bank holding company. You may request from (title of responsible official), Federal Reserve Bank of xxxx (address) an announcement of applications covered by the CRA filed by bank holding companies.

Sections 228.1, 228.2, 228.8 and 228.100 [Removed]

3. Sections 228.1, 228.2, 228.8 and 228.100 are removed effective July 1, 1995.

Sections 228.3, 228.4, 228.5, 228.6, and 228.7, and subpart D [Removed]

4. Sections 228.3, 228.4, 228.5, 228.6, and 228.7, and subpart D, consisting of section 228.51, are removed effective July 1, 1997.

FINAL RULE — AMENDMENT TO REGULATION C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure), and the instructions that financial institutions must use to comply with the annual reporting requirements under the regulation. The amendments conform Regulation C to reflect revisions adopted by the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision to their regulations implementing the Community Reinvestment Act (CRA). Under the joint CRA rule, banks or savings associations that report data about their home mortgage lending pursuant to the Home Mortgage Disclosure Act (HMDA)—and that have assets of $250 million or more, or that are subsidiaries of a holding company with total banking and thrift assets of $1 billion or more—will collect and report geographic information on loans and loan applications relating to property located outside the Metropolitan Statistical Areas (MSAs) in which the institution has a home or branch office, or outside any MSA. Currently, geographic identification is required only within MSAs where these lenders have a home or branch office. Data will be collected and reported in accordance with the instructions in Regulation C. The agencies believe that these data will provide geographic detail on home mortgage lending that will facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

Effective May 1, 1995, 12 C.F.R. Part 203 is amended as follows and compliance is mandatory for loan and application data collected beginning January 1, 1996.

Part 203—Home Mortgage Disclosure (Regulation C)

1. The authority citation for Part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. Section 203.4 is amended by adding a new paragraph (e) to read as follows:

Section 203.4—Compilation of loan data.

* * * * *

(e) *Data Reporting Under CRA for Banks and Savings Associations with Total Assets of $250 Million or More and Banks and Savings Associations that are Subsidiaries of a Holding Company Whose Total Banking and Thrift Assets are $1 Billion or More.* As required by agency regulations that implement the Community Reinvestment Act, banks and savings associations that had total assets of $250 million or more (or are subsidiaries of a holding company with total banking and thrift assets of $1 billion or more) as of December 31 for each of the immediately preceding two years, shall also collect the location of property located outside the MSAs in which the institution has a home or branch office, or outside any MSAs.

3. Appendix A to Part 203 is amended by revising the introductory text of paragraph V.C. and by adding a new paragraph V.C.7. to read as follows:

Appendix A to Part 203—Form and Instructions for Completion of HMDA Loan/Application Register

* * * * *

V. * * *

C. *Property Location*

In these columns enter the applicable codes for the MSA, state, county, and census tract for the property to which a loan relates. For home purchase loans secured by one dwelling, but made for the purpose of purchasing another dwelling, report the property location for the property in which the security interest is to be taken. If the home purchase loan is secured by more than one property, report the location data for the property being purchased. (See paragraphs 5., 6., and 7. of paragraph V.C. of this appendix for treatment of loans on property outside the MSAs in which you have offices.)

* * * * *

7. *Data reporting under CRA for banks and savings associations with total assets of $250 million or more and banks and savings associations that are subsidiaries of a holding company whose total banking and thrift assets are $1 billion or more.* If you are a bank or savings association with total assets of $250 million or more as of December 31 for each of the immediately preceding two years, you must also enter the location of property located outside the MSAs in which you have a home or branch office, or outside any MSA. You must also enter this information if you are a bank or savings association that is a subsidiary of a holding company with total banking and thrift assets of $1 billion or more as of December 31 for each of the immediately preceding two years.

* * * * *

Final Rule—Amendment to Rules Regarding Delegation of Authority

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority, to allow Federal Reserve Banks to approve certain public welfare investments by state member banks under the Board's Regulation H. This amendment should provide for more expeditious processing of these requests.

Effective June 5, 1995, 12 C.F.R. Part 265 is amended as follows:

Part 265—Rules Regarding Delegation of Authority

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

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

2. Section 265.11(e) is amended by adding a new paragraph (12) to read as follows:

Section 265.11 Functions delegated to Federal Reserve Banks.

* * * * *

(e) * * *

(12) *Public welfare investments.* To permit a state member bank to make a public welfare investment that meets the conditions set forth in section 208.21(b)(1)-(8) of Regulation H (12 C.F.R. 208), except that:

(i) The state member bank received an overall rating of "3" as of its most recent consumer compliance examination;

(ii) The investment exceeds 2 percent, but does not exceed 5 percent, of the state member bank's capital stock and surplus as defined under 12 C.F.R. 250.162; or

(iii) The aggregate of all such investments of the state member bank exceeds 5 percent, but does not exceed 10 percent, of its capital stock and surplus as defined under 12 C.F.R. 250.162.

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

First Place Financial Corporation Farmington, New Mexico

Order Approving the Acquisition of a Bank

First Place Financial Corporation, Farmington, New Mexico ("First Place"), has applied under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842 *et seq.*) ("BHC Act") to acquire all the voting shares of Western Bank, Gallup, New Mexico ("Western Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 9841 (1995)). 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 Place, with total consolidated assets of $616.9 million, is the fifth largest commercial banking organization in New Mexico, controlling deposits of approximately $360.1 million, representing 3.2 percent of total deposits in commercial banking organizations in the state.[1] Western Bank is the 50th largest commercial banking organization in New Mexico, controlling deposits of approximately $26 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Place would remain the fifth largest commercial banking organization in New Mexico, controlling deposits of approximately $386.1 million, representing 3.5 percent of total deposits in commercial banking organizations in the state.

First Place and Western Bank do not compete directly in any banking market. Therefore, consummation of this 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 of this application.

The Board also concludes, based on all the facts of record, that the financial and managerial resources and future prospects of First Place and Western Bank, and all other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[2]

Convenience and Needs Considerations

In considering an application to acquire a commercial banking organization under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant commercial banking organizations 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 their safe and sound operation. 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 safe and sound operation of such institutions," and to take that record into account in its evaluation of these applications.[3]

In evaluating the convenience and needs factors in this case, the Board has carefully reviewed the CRA performance records of the subsidiary banks of First Place and

1. Asset and state deposit data are as of December 31, 1994.

2. The Board has carefully reviewed comments from two individuals ("Protestants"), alleging that Western Bank's Chairman of the Board would be unjustly enriched under a separate agreement with First Place and that First Place has exercised a controlling influence over the management of Western Bank. First Place denies that there is any agreement with Western Bank's Chairman of the Board, or that First Place has exercised a controlling influence over Western Bank. While a former officer of First Place is employed at Western Bank, he completely terminated his employment, including all employee benefits, with First Place before commencing his duties at Western Bank and has no right to return if Western Bank is not acquired by First Place.

Protestants also allege that the interests of Western Bank shareholders were not adequately represented in negotiating the proposal and that the share price under the proposal was below fair market value. The Board notes that this proposal has been approved by Western Bank's board of directors and the owners of the majority of its shares. The courts have determined that the Board is precluded from considering stock pricing, exchange ratios, and similar matters that do not relate to a factor specifically enumerated in the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). Finally, one of the Protestants alleges that he was wrongfully terminated by Western Bank. This matter is also outside the statutory factors in the BHC Act and is subject to review under other laws. Based on the foregoing and the other facts of record, the Board concludes that these allegations do not present adverse considerations under the statutory factors in the BHC Act.

3. 12 U.S.C. § 2903.

Western Bank and all other relevant facts of record, in light of the CRA,[4] the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[5]

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[6] The Board notes that First Place's lead bank, the First National Bank of Farmington, Farmington, New Mexico ("First Bank"), with assets of approximately $524.8 million, received an "outstanding" CRA performance rating from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), in its most recent examination on December 22, 1994. First Place's other subsidiary bank, the Burns National Bank, Durango, Colorado, received a "satisfactory" rating from the OCC in its most recent CRA performance examination on October 31, 1994.

Western Bank, with assets of approximately $30.7 million, received a "needs to improve" rating in its most recent CRA performance examination by its primary regulator, the Federal Deposit Insurance Corporation ("FDIC"), on April 29, 1994. However, Western Bank has initiated a number of steps to improve its performance in the areas noted by FDIC examiners. The FDIC recently completed a CRA performance examination of the bank and has preliminarily upgraded its CRA performance rating to "satisfactory." Moreover, First Place has committed to implement the CRA policies and programs of First Bank at Western Bank after consummation of the proposal. These policies and programs, which presently support First Bank's CRA-related activities in an area with similar credit needs to that served by Western Bank, have been found by OCC examiners to be effective in helping to meet the credit needs of the bank's local communities, including low- and moderate-income areas. The Board also believes that the additional resources that would be available to Western Bank as a subsidiary of First Place would increase the bank's capacity to assist in meeting the credit needs of the Gallup community. In light of these and other facts of record, the Board concludes that the convenience and needs considerations of the communities to be served are consistent with approval of this application.

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 on compliance with all the commitments made by First Place in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

4. The Board also considered comments from the Protestants alleging generally that the proposal would not be in the best interests of the community.

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

6. *Id.* at 13,742.

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

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Lone Star National Bancshares-Texas, Inc.
Pharr, Texas

Lone Star National Bancshares-Texas, Inc., ("Lone Star") has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of Lone Star National Bank ("Bank"), both of Pharr, Texas. Bank would be acquired through Lone Star's wholly owned subsidiary, Lone Star National Bancshares-Nevada, Inc., Reno, Nevada, which also has applied to become a bank holding company.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 9689 (1995)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Lone Star and its Nevada subsidiary are non-operating corporations formed for the purpose of acquiring Bank. Bank is the 237th largest commercial banking organization in Texas, with deposits of $82.5 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Based on all the facts of record, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

1. All banking data are as of December 31, 1994.

The financial and managerial resources and future prospects of Lone Star and Bank are consistent with approval of these applications, as are the other supervisory factors that the Board is required to consider under section 3 of the BHC Act.

Convenience and Needs Consideration

In acting on applications to acquire a depository institution, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"), which 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 their safe and sound operation. 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 these applications.[2]

The Board has received comments from an individual ("Protestant") alleging that certain aspects of Bank's record of CRA performance are inadequate. In particular, Protestant contends that data reported under the Home Mortgage Disclosure Act ("HMDA") show that approval rates are lower for Hispanic borrowers than the rates for white borrowers. Protestant also maintains that Bank's locations are not convenient for most people in Bank's delineated service area and that Bank's advertisements are distasteful.[3] The Board has carefully reviewed the entire CRA performance record of Bank, all comments received on these applications, Bank's response to these comments, and all other relevant facts of record, in light of the CRA, the Board's regulations and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[4]

Record of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[5] The Board notes that Bank received a rating of "satisfactory" from its primary federal supervisor, the Office of the Comptroller of the Currency ("OCC"), in its most recent CRA performance examination as of August 3, 1993 (the "1993 Examination").[6]

Examiners concluded that the bank's geographic distribution of credit extensions, applications and denials demonstrated a reasonable penetration of all segments of its delineated community, including low- and moderate-income areas. No disproportionate lending patterns were found in the 1993 Examination. In addition, 1993 HMDA data show that bank's penetration of low- and moderate-income areas was comparable to the aggregate of all lenders in the market.

In response to Protestant's comments on its lending record to Hispanics, Bank notes that its shareholders and management are predominately Hispanic and that Hispanics comprise approximately 85 percent of its customer base. HMDA data show that in 1993, 76 percent of loan applications from Hispanic borrowers were approved.[7] Moreover, the 1993 Examination found no evidence of illegal discrimination or of any practices intended to discourage credit applications from any segment of the community.[8]

Bank is a participant in numerous government-sponsored lending programs; is the only lender in Pharr certified by the Small Business Administration ("SBA"), Veterans Administration, and Federal Housing Administration, and is one of two such lenders in McAllen, Texas. As of December 1994, Bank reported $3.1 million in SBA loans. In addition, Bank has made direct loans to the City of Alamo Housing Authority, Affordable Homes, Inc., and the Hidalgo County Housing Authority to provide funding for community development programs.

The 1993 Examination concluded that Bank's offices were easily accessible by all segments of the community and that its hours of operation were reasonable. Examin-

2. 12 U.S.C. § 2903.

3. Protestant has particularly criticized advertisements by Bank that feature animals instead of humans. Bank notes that customers and competitors have commented favorably on these advertisements, and that Bank's assets have steadily increased during this promotional program.

4. 54 *Federal Register* 13,742 (1989).

5. *Id.* at 13,745.

6. Bank has been rated "satisfactory" for CRA performance by the OCC since its chartering in 1983.

7. In 1993, over 80 percent of Bank's HMDA-related loans were to Hispanic borrowers (72 out of 86 loans originated). Preliminary data through November 1994, as reported by Bank, indicate that its lending continues this trend; Bank originated 114 HMDA-related loans to Hispanic borrowers. These loans comprise approximately 86 percent of Bank's total HMDA-related reported loans.

8. Examiners found no prohibited discriminatory or other illegal credit practices at Bank. Although certain technical violations of the record maintenance or notice requirements of the anti-discrimination laws were noted, Bank has taken corrective or follow-up action on these violations. In this light, the Board concludes that the record does not support Protestant's allegations that discriminatory lending practices have made Bank a target for investigation.

ers also noted that Bank made a concerted effort to ensure that its marketing activities inform all segments of the community about its products and services. The bank advertises in newspapers, trade publications and business journals that reach all parts of its delineated community, including low- and moderate-income areas.

The Board has carefully considered all the facts of record, including the comments received, in reviewing the CRA records of performance for Bank. Based on a review of the entire record, including the information from Protestant's comments and Bank's response to those comments, and relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA record of performance of Bank, are consistent with approval of this application.

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

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

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Ogden Bancshares, Inc. Ogden, Iowa

Order Approving the Formation of a Bank Holding Company and the Payment of a Dividend

Ogden Bancshares, Inc., Ogden, Iowa ("Ogden"), has applied under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to become a bank holding company through the acquisition of at least 54 percent of the voting stock of City State Bank, Ogden, Iowa ("Bank"), a state member bank. Bank also has requested approval, under section 9 of the Federal Reserve Act (12 U.S.C. § 324), to pay a dividend as part of the financing for this transaction.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (59 *Federal Register* 52,305 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Ogden is a nonoperating company formed for the purpose of acquiring Bank.[1] Bank is the 179th largest commercial banking organization in Iowa, controlling deposits of approximately \$38 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[2] Ogden and Bank do not compete in any banking market. Based on all the facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In acting on an application under the BHC Act to acquire a depository institution, 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 ("CRA") (12 U.S.C. § 2901 *et seq.*). 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 their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of certain banking applications.[3]

The Board has received comments both supporting and opposing this application on the basis of Bank's efforts in helping to meet the credit needs of its community. Some comments commended Bank's lending activities, including its activities related to government-sponsored loan programs. Other comments, including

1. Ogden would acquire 54 percent of Bank's voting shares from a charitable trust ("Trust") and additional voting shares from minority shareholders of Bank. Based on all the facts of record, the Board has concluded that this proposal would constitute an effective divestiture by the Trust of the Bank shares controlled by Trust for purposes of the BHC Act.

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

3. 12 U.S.C. § 2903.

those from the Iowa Citizens for Community Improvement ("ICCI") and individual commenters (collectively, "Protestants"), generally questioned Bank's record of performance under the CRA and asserted that this proposal would not improve Bank's CRA performance. Protestants believe that Bank's lending activities, including the amount of its overall lending, its level of lending to homeowners and small farms and businesses, and its participation in guaranteed farm loan programs and similar government-sponsored loan programs, are inadequate. Protestants also contend that some aspects of Bank's lending policies, such as its underwriting standards, interest rate charges, and amount of lending outside the town of Ogden, contribute to a deficient record of CRA performance. Other aspects of Bank's CRA performance, including ascertainment and marketing efforts, also are cited by Protestants as areas of weakness in performance.[4]

In considering the convenience and needs factor under the BHC Act, the Board has carefully reviewed the entire record of CRA performance of Bank, all comments received on this application, Ogden's and Bank's responses to those comments, and all other 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 CRA Performance

A. CRA Performance Examination

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 has noted that Bank received a rating of "satisfactory" during its most recent examination for CRA performance which was conducted by the Federal Reserve Bank of Chicago ("Reserve Bank") as of December 5, 1994 ("1994 Examination").[7]

In connection with the 1994 Examination, and as part of the processing of this application, Reserve Bank examiners met with a number of local residents, including individuals suggested by Protestants.[8] Based on all the facts considered in the examination process, the Reserve Bank found no evidence of discriminatory or other illegal credit practices. The 1994 Examination also found Bank to be in compliance with the substantive provisions of the fair housing and fair lending laws, including the Fair Housing and Equal Credit Opportunity Acts. In addition, the 1994 Examination detected no practices that would discourage applications for the types of credit offered by Bank.[9]

B. Lending and Community Development Activities

The Board has carefully reviewed comments by ICCI and other Protestants regarding Bank's lending activities, in light of the resources available to Bank in helping to meet the credit needs of its entire community. Bank is a single-office institution, controlling deposits of approximately $38 million, with a service area that encompasses Ogden, which has a population of approximately 2,000, and several small surrounding communities with populations of less than 250, all in Iowa. As of the 1994 Examination, approximately 81 percent of the Bank's loans were made within its delineated community.[10] The 1994 Examination also found that credit extended by Bank was satisfactorily distributed throughout its service

4. Some Protestants contend that some of Bank's public CRA files are unavailable and others are incomplete. Examination reports reveal, however, that procedures have been implemented to ensure that files are maintained for the purposes of receiving public comments and for reviewing and responding to those comments. In light of all the facts of record, including reports and responses to these comments provided by Ogden and Bank in connection with this application, the Board has concluded that Protestants' comments concerning Bank's public CRA file do not warrant an adverse finding on the factors the Board must consider under the BHC Act. Protestants also have criticized the CRA performance record of an organization that is providing debt financing to Ogden in connection with this proposal. The Board does not believe that this bank stock lender's CRA performance record is relevant in this case.

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

6. *Id.* at 13,745.

7. Some Protestants, particularly the ICCI, generally disagree with the inferences and conclusions in the 1994 Examination, as well as the procedures followed by the examiners. The 1994 Examination followed established procedures, and included contacts with members of the Ogden, Iowa, community.

8. The ICCI contends that more local residents should have participated in the 1994 Examination.

9. Individuals contacted as part of the 1994 Examination and some Protestants contend that Bank's policies and customer service are not consistent with helping to meet the credit needs of the community. For example, some individuals believe that borrowers are discouraged by the bank's conservative lending policies and its failure to process applications promptly. Many of these criticisms were based on experiences that predated the 1991 change in Bank's management. As a result of this change, new policies, including a loan application tracking system that documents each step in the loan process, have been implemented at Bank. Other commenters criticized the performance of Bank's current management in certain business transactions with these individuals. These comments, when considered in light of all the facts of record, including the results of the 1994 Examination and other supervisory evaluations of management, do not support adverse action on this proposal.

10. Bank reviews its community delineation annually. The 1994 Examination reviewed a sample of loans and found that this sample supported the reasonableness of Bank's delineation.

community, and that Bank extends credit in a manner consistent with its CRA statement of available credit and stated loan policies.

The 1994 Examination also found that Bank's overall lending was increasing, and that improvement had been demonstrated in several types of loans.[11] Examiners concluded that Bank's total loan portfolio had increased by over 50 percent to $13.9 million since December 31, 1990, and by more than 18 percent over the one-year period preceding the 1994 Examination.

The 1994 Examination also noted that Bank participates in government-sponsored loan programs, such as the Small Business Administration ("SBA"), Guaranteed Student Loan ("GSL"), and Farmers Home Administration ("FmHA") loan programs. Examiners found that Bank had originated 50 loans under SBA, GSL, or FmHA programs in the one-and-a-half year period preceding the 1994 Examination.[12]

Since new management was installed in 1991, Bank has developed a variety of policies and programs focusing on the specific credit needs of its community, including low- and moderate-income residents. For example, Bank has taken steps to be more flexible in its underwriting criteria. In June 1992, Bank increased the maximum loan-to-value ratio on residential real estate loans from 75 percent to 80 percent. Since this change was implemented, Bank has originated over 30 loans with loan-to-value ratios that exceed the earlier requirement. Bank also has arranged for a third-party insurance company to provide private mortgage insurance for residential real estate loans when the loan-to-value ratio exceeds 80 percent. Examiners also noted that Bank's president conducts a second review of all denied loan applications. Denied applications also are reviewed at the loan committee meetings, and are discussed at the monthly meetings of Bank's board of directors.

In April 1992, Bank introduced its Reduced Rate Property Improvement Loan Program to assist in meeting community credit needs for home improvement loans. Initially, this program offered loans for exterior improvements on residential properties in the Ogden area. After extensive flooding in Bank's service area in 1993, this program was expanded to include financing for the purchase of replacement appliances and heating and air conditioning systems that were damaged in the floods. Examiners noted that Bank had received 65 applications under this program, and had originated 64 loans. In November 1993, Bank expanded its loan product line by offering home equity loans. By the time of the 1994 Examination, Bank had originated eight home equity loans totalling over $95,000. To assist in meeting consumer credit needs, Bank also originates installment and single-payment loans in amounts as little as $100, and has introduced a zero-percent financing program under which consumers may purchase products from participating merchants with no interest charges.[13]

Bank's community development activities include participation in the Ogden Rural Main Street Program ("ORMS"), which seeks to improve the downtown business area of Ogden by providing low-interest loans for the replacement of signs and facades. Bank has committed $50,000 to the ORMS loan program, and has originated a number of loans under this program. In addition, Bank donates funds to ORMS for operational expenses, and Bank's president is a member of the ORMS board of directors. Bank also is involved in the Ogden Community Development Corporation, which seeks to attract new business to the Ogden area. Bank's management involvement includes a bank officer who serves as treasurer and two bank directors who are members of this organization. Bank also has funded a $194,000 loan for the construction of the Boone Work Activity Center, which provides housing and living quarters for disabled individuals in Boone County, Iowa. The 1994 Examination also noted that Bank had made a number of community development-related loans to small businesses. Bank also has made substantial investments in state and local government bonds, and has made project loans to local governments in its service area.

C. Other Aspects of CRA Performance

The 1994 Examination found that Bank has taken steps to initiate effective methods for ascertaining the credit needs of its community through contacts with various organizations in the community by its staff, management, and directors, participation by officers and staff in civic and religious organizations, and meetings with various community representatives that included discussions of credit and service needs within Bank's delineated community.

The 1994 Examination noted that Bank used radio and newspaper advertising of its loan and investment prod-

11. The 1994 Examination noted significant increases in residential real estate loans, commercial and industrial loans, agricultural real estate loans, and agricultural operating loans. Examiners found that approximately 46 percent of Bank's loans were for agricultural purposes. These loans were made to more than 100 separate customers.

12. The SBA recently approved Bank to participate in the "Low Doc" loan program whereby a bank may originate small business and small farm loans under $100,000, with a reduction in the paperwork required by the SBA. Bank also has applied to the State of Iowa to participate in the Linked Investments for Tomorrow program. This program can be used in conjunction with SBA loans to provide below-market financing for small business borrowers.

13. Under this program, the merchant pays a fee to Bank to compensate it for the absence of interest charges assessed to the customer.

ucts. Bank also was found to rely on word-of-mouth advertising by its employees, management, and directors through various community groups and activities, as well as messages in bank statements, to market its products and services.

The 1994 Examination also noted that Bank's board of directors reviews Bank's CRA plan quarterly and formally adopts the plan annually, and reviews and approves the CRA Statement at least annually. A senior officer of the bank has served as Community Affairs Officer since 1991, and he is assisted in his CRA responsibilities by another Bank officer. The 1994 Examination found that the board of directors has delegated sufficient authority to the Community Affairs Officer to enable him to implement Bank's CRA plan.

The 1994 Examination also concluded that the availability of Bank's services was reasonable, in light of the size and nature of Bank's community and the size of its staff.[14]

Conclusion Regarding Convenience and Needs Factor

In reviewing the overall CRA performance record of Bank, the Board has carefully considered the entire record in this case, including the comments received on this proposal. Based on a review of the entire record of performance, including all comments received, responses to those comments, and relevant reports of examination, the Board has concluded that convenience and needs considerations, including the CRA performance record of Bank, are consistent with approval of this application.

Other Factors

The Board has considered the financial aspects of this proposal in light of Protestants' contentions that adverse effects, such as an excessive level of debt and an unsafe debt-to-equity ratio, would result from this proposal.[15] The Board notes that Bank currently is in satisfactory financial condition, and that Ogden's debt service projections and *pro forma* debt-to-equity ratio are reasonable and consistent with the Board's guidelines.[16] In light of these considerations and all the other facts of record, including relevant reports of examination, the Board has concluded that financial considerations are consistent with approval.

The Board also has considered the managerial resources and future prospects of Ogden and Bank,[17] and all other supervisory factors the Board must consider under section 3 of the BHC Act,[18] in light of the comments received. Based on all the facts of record, the Board has concluded that these considerations are consistent with approval of this proposal. The Board also believes that considerations related to Bank's proposed

14. Several Protestants maintained that Bank should provide specific types of banking services, such as accounts established in connection with certain bonding requirements. The Board notes that the CRA does not require an institution to provide any particular type of banking product.

15. Some Protestants also have speculated that the sale price for this transaction indicates that there are undisclosed financial problems at Bank, and that recent decreases in Bank's deposit levels indicate a lack of confidence in Bank. In addition, a general objection has been registered by one Protestant to the dividend proposed as part of the financing for this transaction. The Board has carefully considered these comments and has reviewed the *pro forma* financial condition of Bank after payment of the dividend and all other relevant information. On the basis of all the facts of record, including all commitments and representations made in connection with this application, the Board has approved the request for Bank to pay the dividend described in the application.

16. *See* 12 C.F.R. Part 225, Appendix C (Policy Statement for Formation of Small One-Bank Holding Companies).

17. The Board has reviewed all the allegations raised by Protestants and other commenters regarding the management of Ogden and Bank, including those relating to specific transactions (such as improper loans to insiders and other borrowers), Bank's general compliance policies and procedures (such as check cashing) and contentions that the proposed investors lack banking experience. Recent examination reports for Bank by the Reserve Bank support management's competence and compliance with applicable regulations and the sufficiency of Bank's financial resources. The Board also notes that some of the proposed investors in Ogden are currently members of Bank's board of directors or senior management, and that no major changes in management have been proposed as a result of this proposal. Other comments about investors, such as a trust that would acquire 5 percent of Ogden's shares, do not present any adverse regulatory factors. On the basis of all the facts of record, including relevant examination reports, the Board has concluded that these comments do not warrant an adverse finding on the factors the Board must consider under the BHC Act.

18. Some Protestants believe that the financing arrangement between Ogden and a bank that is controlled by an out-of-state bank holding company that competes with Bank would result in decreased competition, restraint of trade, conflicts of interests, and improper exercise of control over Bank by the lender. Some commenters also contend that foreclosure on Bank stock pledged as collateral for this loan could violate the Iowa interstate banking statute, which prohibits an out-of-state bank holding company from acquiring control of more than 10 percent of the total deposits in the state. *See* Iowa Code Ann. § 524.1802 (West 1994). The loan agreement in this case contains covenants customarily provided by a borrower in a *bona fide* loan transaction, and, as such, does not raise competitive or control issues under the BHC Act. In addition, the Iowa Superintendent of Banking has informally confirmed that the Iowa interstate banking statute would not preclude a foreclosure on the stock pledged as collateral under the circumstances presented in this case. Moreover, the issues raised by Protestants could be considered in a future application by the out-of-state bank holding company to control Ogden or Bank. After reviewing all of Protestants' allegations regarding this loan transaction and other comments relating to the lender in this transaction, in light of the facts in the record, the Board has concluded that these comments do not warrant an adverse finding on the factors the Board must consider under the BHC Act.

dividend are consistent with approval of this aspect of the transaction.[19]

Based on the foregoing and all other facts of record, the Board has determined that the application should be, and hereby is, approved.[20] This approval is specifically conditioned upon compliance by Ogden with all of the commitments made in connection with this application and with the conditions referred to in this order. For purposes of this action, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective May 18, 1995.

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

WILLIAM W. WILES
Secretary of the Board

Concurring Statement of Governor Lindsey

I concur because the facts in this case, including the "satisfactory" rating in the 1994 Examination, provide a CRA performance record that is consistent with approval. I note that under the Board's revised CRA regulations, which would become effective for Bank January 1, 1996, we would evaluate this bank under the performance standards for small banks. These simplified criteria focus on a bank's lending activities through a variety of measures, including an institution's loan-to-deposit ratio. In this case, Bank's modest loan-to-deposit ratio would require careful review by examiners under these new standards. It is important for Bank to be aware of these changes in the CRA regulations in conducting its CRA-related activities.

May 18, 1995

Orders Issued Under Section 4 of the Bank Holding Company Act

BayBanks, Inc.
Boston, Massachusetts

Order Approving Acquisition of Shares of a Savings Association

BayBanks, Inc., Boston, Massachusetts ("BayBanks"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice 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) of its intention to acquire NFS Financial Corp., Nashua ("NFS"),[1] and thereby indirectly acquire its thrift subsidiaries, NFS Savings Bank, Nashua ("Nashua Bank"), and Plaistow Cooperative

19. The Board has reviewed several comments relating to the Trust, the administration of the Trust, and the propriety of this transaction, including allegations that the trustees have violated their fiduciary duties by selling the Trust's shares in Bank at a price below fair market value, thereby adversely affecting the resources of the charitable trust available to benefit the residents of the Ogden community. These comments also allege that other aspects of the trustees' proposed sale and administration of the Trust assets generally, including the manner of soliciting bids for Bank's stock and the use of the Trust's assets in a manner inconsistent with the terms of the Trust, were improper. The courts have held that issues relating to stock pricing, exchange ratios, and similar matters related to conducting stock offerings are generally outside the scope of the factors enumerated in the BHC Act that the Board is required to consider. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). In addition, an Iowa state district court with jurisdiction over the Trust has reviewed and approved this proposal. *See In the Matter of the Leonard A. Good Trust*, Iowa District Court for Boone County, in Probate, No. 18954 (November 4, 1994). The Iowa Attorney General, who is charged by statute with the responsibility for reviewing the activities and transactions of charitable foundations, was also informed of this transaction and raised no objection. *See* Iowa Code Ann. § 633.303 (West 1992). Based on all the facts of record, the Board has concluded that these comments do not warrant an adverse finding on the factors the Board must consider under the BHC Act.

20. One Protestant has requested that the Board hold a public hearing on this application and permit Protestant to present oral argument to the Board. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the primary supervisor for the bank to be acquired makes a timely written recommendation of denial, which has not occurred in this case. Under its rules, the Board may, in its discretion, hold a public hearing 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 Protestant's request. In the Board's view, Protestant has had ample opportunity to present written submissions, and has, in fact, submitted substantial written comments that have been considered by the Board. In light of the foregoing and all other facts of record, the Board has determined that neither a hearing nor an oral argument is necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public hearing or oral argument on this application is hereby denied.

1. In connection with this proposal, BayBanks has also requested approval to acquire an option to purchase up to 9.9 percent of the outstanding voting shares of NFS. This option would terminate upon consummation of this proposal.

Bank, Plaistow ("Plaistow Bank"), all in New Hampshire.[2]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 18,103 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

BayBanks, with total consolidated assets of $10.8 billion, operates three banks in Massachusetts and Connecticut.[3] BayBanks is the second largest commercial or thrift organization in Massachusetts, controlling deposits of $8.7 billion, representing approximately 8.7 percent of total deposits in depository institutions in Massachusetts.[4] NFS is the sixth largest commercial or thrift organization in New Hampshire, controlling deposits of $515.5 million, representing approximately 4.1 percent of total deposits in depository institutions in New Hampshire.

The Board has determined that the operation of a savings association is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9). In making this determination, the Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act. BayBanks has committed to conform all activities of Nashua Bank and Plaistow Bank to the requirements of section 4 of the BHC Act and Regulation Y.

Convenience and Needs Considerations

In considering an application to acquire a savings association under section 4 of the BHC Act, the Board reviews the records of performance of the relevant institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[5] 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 operations of such institution," and to take that record into account in its evaluation of bank holding company applications.[6]

The Board has received comments from the New Hampshire Community Reinvestment Association and several individuals, including the Mayor of the City of Nashua, commending the CRA record of NFS and questioning whether BayBanks would continue to assist in meeting the credit needs, particularly the housing-related credit needs of low-income individuals, of local communities in the Nashua area. The Board has carefully reviewed these comments 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").[7]

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports of these examinations will be given great weight in the applications process.[8] BayBanks's lead bank subsidiary, BayBank, Burlington, Massachusetts, representing approximately 90 percent of its consolidated assets, received a "satisfactory" rating from its primary supervisor, the Federal Deposit Insurance Corporation, at its most recent examination for CRA performance as of April 1993. BayBanks's Boston bank subsidiary, BayBank Boston, N.A., Boston, Massachusetts ("Boston Bank"), also received a "satisfactory" rating from its primary supervisor, the Office of the Comptroller of the Currency ("OCC"), at its most recent examination for CRA performance as of March 1993.[9] In addi-

2. Upon consummation of this proposal, BayBanks would own BayBank, FSB, an organization resulting from the merger of Nashua Bank and Plaistow Bank, through its wholly owned subsidiary, BayBanks New Hampshire, Inc.

3. Asset and state deposit data are as of December 31, 1994.

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

5. The Board previously has determined that the CRA by its terms generally does not apply to applications by bank holding companies to acquire nonbanking companies under section 4(c)(8) of the BHC Act. *The Mitsui Bank, Ltd.*, 76 *Federal Reserve Bulletin* 381 (1990). The Board also has stated that, unlike other companies that may be acquired by bank holding companies under section 4(c)(8) of the BHC Act, savings associations are depository institutions, as that term is defined in the CRA, and thus acquisitions of savings associations are subject to review under the express terms of the CRA. *Norwest Corporation*, 76 *Federal Reserve Bulletin* 873 (1990).

6. *See* 12 U.S.C. § 2903.

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

8. *See* Agency CRA Statement, at 13,745.

9. The Board notes that BayBanks's other subsidiary bank, BayBank Connecticut, N.A., Hartford, Connecticut ("Connecticut Bank"), received three consecutive less-than-satisfactory CRA performance ratings from the OCC. Connecticut Bank represents less than 1 percent of BayBanks's consolidated assets and was acquired by BayBanks in connection with the sale of a financially troubled institution. Because of the poor financial condition of Connecticut Bank at the time of its acquisition, Connecticut Bank has focused its financial and managerial resources on improving the bank's financial condition. The OCC has informed the Board that management has shown an improved awareness of CRA requirements and a commitment to raise the level of the bank's performance in Connecticut, and Connecticut Bank has already implemented changes to its CRA program that have resulted in a greater volume

tion, NFS's bank subsidiaries Nashua Bank and Plaistow Bank received "outstanding" and "satisfactory" ratings, respectively, from their primary supervisor, the Office of Thrift Supervision, at their most recent CRA performance examinations.[10]

The Board has carefully considered the comments received from interested parties regarding the CRA performance record of the institutions involved in this proposal in light of the relevant exam reports, the responses provided by BayBanks, and all other facts of record. BayBanks has indicated that it intends to continue NFS's emphasis on housing-related lending, including affordable rental housing, to retain management responsible for NFS's CRA programs, and to continue NFS's commitment to participate in activities with organizations within the local community. In addition, BayBanks has committed to initiate a number of its CRA policies and programs designed to assist in meeting the credit needs of local communities, including low- and moderate-income communities, at the NFS institutions acquired in this proposal. For example, BayBanks will implement its BayBank Neighborhood Banking Program, a program used by BayBank Boston for the past six years to meet a variety of CRA-related credit needs in the Boston area. Under this program, BayBank Boston has invested in affordable housing projects and over 650 affordable rental units in Massachusetts; financed affordable rental units through loan pools and direct financing; and offered first-time and affordable mortgage programs with flexible underwriting guidelines and no closing costs for low- and moderate-income home buyers. In addition, BayBanks will offer a basic checking account with no minimum balance requirement and a low monthly service fee.

Based on a review of the entire record of performance, including information provided by the OCC and relevant reports of examination, the Board believes that the efforts of BayBanks and its subsidiaries and its plans for NFS to help meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, are consistent with approval of this application.

Other Considerations

Under section 4 of the BHC Act, the Board also is required to consider whether the 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.[11] BayBanks and NFS compete directly in the Boston banking market[12] and the market would remain unconcentrated as measured by the Herfindahl–Hirschman Index ("HHI").[13] After considering the competition offered by other depository institutions in the market, the number of competitors that would remain in the market, the relatively small increase in concentration as measured by the HHI, and all other facts of record, the Board concludes that consummation of the proposal would not result in a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Consummation of this proposal would result in an enhanced selection of services to retail and business customers, including new automated banking facilities.

of loans in its delineated community. The Board expects BayBanks to improve the services and programs available to the areas served by Connecticut Bank and fully implement programs that address the concerns raised by the OCC. The Board will consider BayBanks's progress in this regard in future applications to acquire a depository facility. On this basis, and on the basis of all the facts of record, the Board believes that BayBanks's proposal is consistent with approval.

10. Nashua Bank's CRA performance was rated "outstanding" as of July 1994, and Plaistow Bank's CRA performance was rated "satisfactory" as of May 1993.

11. Two individuals have commented that BayBanks's acquisition of Nashua Bank would result in anticompetitive effects in Nashua, New Hampshire, which is part of the Boston banking market. For the reasons discussed below, the Board concludes that these comments do not present adverse competitive considerations under the BHC Act for the relevant banking market.

12. The Boston banking market is approximated by the Boston Metro Ranally Area and the townships of Greenville, Lyndeboro, and New Ipswich in New Hampshire. Based on deposit and market data as of June 30, 1994, BayBanks would remain, after consummation, the second largest depository institution in the market, controlling deposits of $8 billion, representing approximately 12.6 percent of total deposits in depository institutions in the market. 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 NFS would be transferred to a commercial banking organization under this proposal, those deposits are included at 100 percent in the calculation of the *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).

13. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 is considered unconcentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions. Upon consummation of this proposal, the HHI in the Boston banking market would increase 19 points to 855.

The Board also finds that consummation of this proposal is not 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. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[14] The Board's approval is specifically conditioned on compliance by BayBanks with all the commitments made in connection with this application. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b)(3) of Regulation Y (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For the purpose of this action, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This 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 Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 30, 1995.

14. Two commenters requested that the Board hold a public meeting or hearing on this application regarding the ability of BayBanks to meet the needs of the New Hampshire communities currently served by NFS. The Board's rules provide that a hearing is required under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.23(g). In addition, the Board may, in its discretion, hold a public meeting or hearing 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 the commenters' requests. In the Board's view, the commenters have had a sufficient opportunity to present written submissions, and have submitted written comments that have been considered by the Board. The Board also concludes that commenters' requests do not identify disputed issues of fact that are material to the Board's decision. On the basis of all facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the requests for a public meeting or hearing on this application are hereby denied.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

First Union Corporation
Charlotte, North Carolina

Order Approving a Notice to Engage in Underwriting and Dealing in All Types of Debt and Equity Securities on a Limited Basis, and Certain Swap-Related Advisory Activities

First Union Corporation, Charlotte, North Carolina ("First Union"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has provided notice 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) of its proposal to expand the activities of its section 20 subsidiary, First Union Capital Markets Corporation, Charlotte, North Carolina ("Company"), to include underwriting and dealing in, to a limited extent, all types of debt and equity securities (other than ownership interests in open-end investment companies), and providing advice with respect to swaps and swap derivative products[1] based on commodities, stock, bond, or commodity indices, or a hybrid of interest rates and such commodities or indices.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 10,210 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

First Union, with total consolidated assets of $77.9 billion, operates subsidiary banks in seven states.[2] Company currently is engaged in limited bank-ineligible securities[3] underwriting and dealing activities that are permissible under section 20 of the Glass–Steagall Act (12 U.S.C. § 377).[4] Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Securities Ex-

1. "Swap derivative products" means caps, floors, collars, and options on swaps, caps, floors, and collars.

2. Asset data are as of March 31, 1995.

3. As used in this order, "bank-ineligible securities" refers to all types of debt and equity securities that a bank may not underwrite or deal in directly under section 16 of the Glass–Steagall Act (12 U.S.C. § 24(7)).

4. Company has authority to underwrite and deal in, to a limited extent, certain municipal revenue bonds, 1–4 family mortgage-related securities, commercial paper, and consumer-receivable-related securities. *See First Union Corporation*, 75 *Federal Reserve Bulletin* 645 (1989). Company also is authorized to engage in a variety of other nonbanking activities.

change Act of 1934 (15 U.S.C. § 78a *et seq.*) and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

The Board previously has determined that the proposed swap-related advisory activities are closely related to banking.[5] First Union has committed that Company will conduct the proposed activities in accordance with the limitations and conditions relied on by the Board in *Swiss Bank*.[6]

The Board also previously 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 ("section 20 firewalls"), the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[7] First Union has committed that Company will conduct the proposed underwriting and dealing activities using the same methods and procedures, and subject to the same prudential limitations that were established by the Board in the Section 20 Orders and other cases.

The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[8] First Union has committed that Company will conduct its underwriting and dealing activities in bank-ineligible securities subject to the 10-percent revenue test.[9]

Under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect of the transaction upon such resources.[10] The Board has reviewed the capitalization of First Union 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 Company, this determination is based on all the facts of record, including First Union's projections of the volume of Company's underwriting and dealing activities in bank-ineligible securities. On the basis of all the facts of record, including the foregoing, and, with respect to First Union's proposal to underwrite and deal in bank-ineligible securities, subject to the completion of a satisfactory infrastructure review, the Board has concluded that financial and managerial considerations are consistent with approval of this notice.

In order to approve this notice, the Board also must determine that the performance of the proposed activities by First Union 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 significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of

5. *See Swiss Bank Corporation*, 81 *Federal Reserve Bulletin* 185 (1995) ("*Swiss Bank*").

6. First Union has indicated that it expects that an affiliate of Company would act as counterparty principal for transactions on which Company would provide advice. In these situations, Company would be acting as the agent of its affiliate. In order to address potential conflicts of interest that may arise, First Union has committed that Company will disclose to each customer that an affiliate of Company will be the counterparty to the customer with respect to the transaction which is the subject of the advice. *See The Long Term Credit Bank of Japan, Limited*, 79 *Federal Reserve Bulletin* 345, 346 (1993).

7. *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").

8. *See* Section 20 Orders. Compliance with the 10 percent revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that First Union 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, First Union will continue to employ the Board's original 10-percent revenue test.

9. As an incident to the proposed underwriting and dealing activities, First Union proposes that Company engage in risk management activities, such as hedging, in accordance with the Board's policy statement on derivative transactions, 12 C.F.R. 225.142. First Union also proposes that Company underwrite bank-ineligible securities on a best efforts basis. The Board notes that Company may engage in activities that are necessary incidents to the proposed underwriting and dealing activities, provided that any such activities are 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 limitation set forth in the Section 20 Orders, as modified by the Modification Orders.

10. *See* 12 C.F.R. 225.24.

interests, or unsound banking practices. The Board expects that consummation of the proposal would provide added convenience to First Union'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 First Union can reasonably be expected to produce public benefits that 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 this order and in the Section 20 Orders, the Board has concluded that First Union's proposal to engage through Company in the proposed activities is consistent with the Glass–Steagall Act, and that the proposed 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, provided that First Union limits Company's activities as specified in this order and the Section 20 Orders, as modified by the Modification Orders.

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

The Board's approval of First Union's proposal to underwrite and deal in all types of debt and equity securities is conditioned on a future determination by the Board that First Union and Company have established policies and procedures to ensure compliance with the section 20 firewalls and the other requirements of this order and the Section 20 Orders, including computer, audit, and accounting systems, internal risk management controls, and the necessary operational and managerial infrastructure. Upon notification by the Board that this condition has been satisfied, Company may immediately commence the proposed underwriting and dealing activities with respect to bank-ineligible securities, subject to the other conditions of this order and the Section 20 Orders.

The Board's determination is also subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this notice, 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 30, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

HSBC Holdings plc
London, England

HSBC Holdings BV
Amsterdam, The Netherlands

Order Approving Notices to Engage in Private Placement, Riskless Principal, and Other Securities Related Activities

HSBC Holdings plc, London, England ("HSBC"), and HSBC Holdings BV, Amsterdam, The Netherlands ("HHBV") (together, "Notificants"), both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have given notice pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) of their intention to engage through their wholly owned subsidiary, James Capel Incorporated, New York, New York ("Company"), in the following securities related activities:

(1) Providing investment and financial advice, pursuant to section 225.25(b)(4) of Regulation Y;

(2) Providing securities brokerage services on a discount and full-service basis, pursuant to section 225.25(b)(15) of Regulation Y;

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

(4) Buying and selling all types of securities on the order of investors as a "riskless principal."

Notificants propose to conduct the foregoing activities throughout the United States.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 13,726 (1995)). The time for filing comments has expired, and the Board has considered the notices and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Notificants, with consolidated assets equivalent to approximately $315 billion, are the thirteenth largest commercial banking organization in the world and provide a wide range of banking, financial, and related services worldwide through their various subsidiaries and affiliated companies.[1] Notificants own Marine Midland Bank, Buffalo, New York, the fifth largest commercial bank in the state, with total deposits of approximately $12.8 billion. In addition, Notificants' Hong Kong banking subsidiaries, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited, maintain branches in Los Angeles and San Francisco, California; Chicago, Illinois; New York, New York; Portland, Oregon; and Seattle, Washington; an agency in Houston, Texas; and representative offices in Newport Beach and Alhambra, California. Midland Bank plc, London, England, a banking subsidiary of HSBC, maintains a branch in New York, New York, and Equator Bank Limited, Nassau, Bahamas, another banking subsidiary of HSBC, maintains representative offices in Glastonbury, Connecticut, and Washington, D.C.

Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD").[2] Accordingly, Company is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*), the SEC, and the NASD.

The Board previously has determined by regulation that engaging in financial and investment advisory activities and securities brokerage activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[3] Notificants have committed that Company will conduct these activities in accordance with the limitations imposed by sections 225.25(b)(4) and (15) of Regulation Y.[4]

Private placement involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent of the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933 (15 U.S.C. 77a *et seq.*), and are offered only to financially sophisticated institutions and individuals and not to the public. Notificants have committed that Company will not privately place registered securities, and will only place securities with "institutional customers" as that term is defined in section 225.2(g) of Regulation Y (12 C.F.R. 225.2(g)).

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order from a customer to buy (or sell) a security, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[5] "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, under the proposal, 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 has previously determined by order that, subject to prudential limitations that address the potential for conflicts of interests, unsound banking practices, and 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.[6] The Board also has previously determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal," do not constitute underwriting and dealing in securities for purposes of section 20 of the

1. Asset and deposit data are as of December 31, 1994.

2. Company currently engages in all the securities related activities described above on a limited basis in connection with the purchase and sale by U.S. institutional customers of securities of non-U.S. companies, and acts as financial advisor to its affiliates and their non-U.S. clients in connection with corporate transactions in U.S. markets. Notificants received temporary authority to acquire a controlling interest in Company and to engage in the activities described in this footnote under section 4(c)(9) of the BHC Act.

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

4. Notificants have advised the Board that Company will not provide financial and investment advice pursuant to sections 225.25(b)(4)(v) and 225.25(b)(4)(vi)(A)(2) of Regulation Y.

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

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

Glass–Steagall Act (12 U.S.C. § 377), and that revenue derived from such activities is not subject to the 10 percent revenue limitation on underwriting and dealing in ineligible securities.[7] Notificants have committed that Company will conduct its private placement and "riskless principal" activities in a manner consistent with the limitations, methods, and procedures established by the Board in prior orders, as modified to reflect the status of Notificants as foreign banking organizations.[8]

In order to approve these notices, the Board also is required to determine that the performance of the proposed activities by Notificants can reasonably be expected to produce public benefits which would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[9] Under the framework established in this and prior decisions, consummation of this proposal is not 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. Moreover, the Board has determined that performance of the proposes activities by Notificants can reasonably be expected to produce public benefits, such as added convenience to their customers, that would outweigh any adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[10] In this case, the Board notes that Notificants meet the relevant risk-based capital standards consistent with the Basle Accord, and have capital equivalent to that which would be required of a United States banking organization. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval of these notices. The managerial resources of Notificants also are consistent with approval.[11]

Based on the foregoing and other facts of record, and subject to the commitments made by Notificants, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the Board has determined that these notices should be, and hereby are, approved, subject to all the terms and conditions set forth in this order, and in the Board regulations and orders noted above. The Board's determination also is subject to all the terms and conditions set forth in its Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in these notices, including the commitments discussed in this order and the conditions set forth in the Board orders noted above. These commitments and conditions shall both be deemed to be conditions imposed in writing by the Board in connection with its findings and

7. *Id.*

8. *See The Sumitomo Bank, Limited*, 77 *Federal Reserve Bulletin* 339 (1991); *Creditanstalt-Bankverein*, 77 *Federal Reserve Bulletin* 183 (1991); *The Royal Bank of Scotland Group PLC*, 76 *Federal Reserve Bulletin* 866 (1990); *Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990). As detailed more fully in these orders, in addition to the commitments imposed by the Board in connection with underwriting and dealing in securities, Notificants have committed that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and that Company will not engage in any "riskless principal" transactions for any securities carried on its inventory. When acting as a "riskless principal," Company will only engage in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold; will not act as a "riskless principal" in any transaction involving a security for which it makes a market; and will not hold itself out as making a market in the securities that it buys and sells as a "riskless principal." Moreover, Company will not engage in "riskless principal" transactions on behalf of its foreign affiliates that engage in securities dealing activities outside the United States and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Notificants or any of their affiliates. With regard to private placement activities, Notificants have committed that Company will not privately place registered investment company securities or securities of investment companies that are advised by Notificants or any of their affiliates.

9. 12 U.S.C. § 1843(c)(8).

10. 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. In reaching this conclusion, the Board has carefully reviewed a settlement recently entered into by Company with the SEC concluding an enforcement action concerning Company's involvement in the private placement of shares of a foreign company in 1991 and the Company's retention of and failure to disclose excess local charges on certain customer trades in foreign markets from 1989 through 1992. Company has neither admitted nor denied any violations of Federal securities laws, but in settlement of this action has agreed to pay a civil money penalty and disgorge the net amount of the excess local charges on foreign trades, with interest. Based on all the facts of record, including the terms of Company's settlement with the SEC and the actions undertaken by Company to improve its operational controls and management in the areas cited by the SEC and other areas, the Board does not believe that Company's alleged activities warrant adverse consideration of this proposal under the BHC Act.

decisions, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later that 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 25, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

The Industrial Bank of Japan, Limited Tokyo, Japan

Order Approving a Notice to Engage in Certain Nonbanking Activities

The Industrial Bank of Japan, Limited, Tokyo, Japan ("IBJ"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has provided notice 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), of its intention to acquire Aubrey G. Lanston & Co., Inc., New York, New York ("Lanston"), from IBJ's subsidiary bank, IBJ Schroder Bank & Trust Company, New York, New York ("Bank"), and thereby engage in the following activities:

(1) Underwriting and dealing in bank-eligible instruments pursuant to 12 C.F.R. 225.25(b)(16);

(2) Providing investment advisory services pursuant to 12 C.F.R. 225.25(b)(4);[1]

(3) Trading foreign exchange in the spot market for nonhedging purposes; and

(4) Executing and clearing, clearing without executing, executing without clearing, purchasing and selling through the use of omnibus accounts, and providing investment advice with respect to certain futures and options on futures on financial commodities.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 63,048 (1994)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

IBJ, with total consolidated assets equivalent to approximately $398 billion, is the seventh largest commercial banking organization in Japan.[3] IBJ's United States subsidiaries include Bank; branches in New York, New York, and Chicago, Illinois; agencies in Los Angeles, California, Atlanta, Georgia, and San Francisco, California; and representative offices in Houston, Texas, and Washington, D.C.

Lanston is registered as a futures commission merchant with the Commodity Futures Trading Commission ("CFTC"), and is a member of the National Futures Association ("NFA"). Therefore, Lanston is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA. In addition, Lanston is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Therefore, Lanston is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

The Board previously has determined by order or regulation that the proposed activities, when conducted within limitations established by the Board in its regulations, orders and related interpretations, are closely related to banking.[4] IBJ has committed that it will conduct these activities in accordance with the limitations established by the Board.

1. Lanston's investment advisory activities would include providing swaps-related advisory services to unaffiliated parties. *See* 12 C.F.R. 225.25(b)(4)(vi)(A). IBJ states that Lanston also would provide swaps-related transactional services to affiliates. In order to address potential conflicts of interest, IBJ has committed that Lanston will disclose to unaffiliated customers that receive swaps-related advisory services that Lanston may have an interest as broker in the course of action ultimately chosen by the customer, and, if Lanston arranges a swap transaction between an unaffiliated customer that receives advisory services and an affiliate, the unaffiliated customer will be informed that Lanston is acting on behalf of an affiliate. *See The Long Term Credit Bank of Japan, Limited*, 79 *Federal Reserve Bulletin* 345, 346 (1993).

2. Lanston would provide these services only to institutional customers, as defined in Regulation Y. 12 C.F.R. 225.2(g). Lanston would conduct the proposed clearing-only, execution-only and omnibus account activities in accordance with the limitations, conditions and commitments previously relied on by the Board. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723 (1993) (*"Northern Trust"*).

3. Asset data are as of September 30, 1994, and use exchange rates then in effect. Ranking data are as of March 31, 1994.

4. *See* 12 C.F.R. 225.25(b)(4); 12 C.F.R. 225.25(b)(16); 12 C.F.R. 225.25(b)(19); 12 C.F.R. 225.25(b)(18) and *Northern Trust* (executing and clearing, executing, clearing, and purchasing and selling through omnibus accounts, futures and options on futures on financial commodities); and *The Nippon Credit Bank, Ltd.*, 75 *Federal Reserve Bulletin* 308 (1989) (trading foreign exchange for nonhedging purposes).

In order to approve this notice, the Board also must determine that the performance of the proposed activities by IBJ "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[5] The Board expects that the proposal would produce gains in efficiency for IBJ. Accordingly, based on all the facts of record, including the commitments provided by IBJ regarding its conduct of the proposed activities, the Board has concluded that approval of the notice can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

In every case under section 4 of the BHC Act, the Board also must consider the financial condition and resources of the notificant and its subsidiaries and the effect of the proposal on these resources.[6] In this case, the Board notes that IBJ's capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval of this notice. The managerial resources of IBJ also are consistent with approval.

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

5. 12 U.S.C. § 1843(c)(8).

6. 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).

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, pursuant to delegated authority.

By order of the Board of Governors, effective May 18, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Norwest Corporation
Minneapolis, Minnesota

Order Approving a Notice to Engage De Novo in Providing Employment Information

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice 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) of its intention to engage *de novo* through its subsidiary, Norwest Mortgage Corporation, Des Moines, Iowa ("Norwest Mortgage"), in providing employment histories to third parties for a fee.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 13,987 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Norwest, with total consolidated assets of approximately \$59.3 billion, controls bank subsidiaries in 15 states.[1] Norwest also engages directly and through subsidiaries in a broad range of permissible nonbanking activities.

Proposed Activities

The employment histories to be provided by Norwest Mortgage would include the names of past and current employers of an individual, and the salary and length of employment for each position, if the individual has consented to the release of such information. Norwest

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

Mortgage would compile an individual's employment history from information available from state departments of employment services and other similar sources. This information would be provided for a fee to any third-party credit grantor for the purpose of assessing the creditworthiness of a prospective borrower.[2]

Norwest also proposes to provide employment histories to third-party depository institutions, including credit unions, and their affiliates for use in the regular course of their business. However, regardless of whether the customer is a third-party depository institution or other credit grantor, the proposed activity would only involve providing employment information, and Norwest does not propose to provide any additional service, such as analyzing an individual's creditworthiness.

In order to approve a proposal under section 4(c)(8) of the BHC Act, the Board is required to determine that the proposed activity is "so closely related to banking as to be a proper incident thereto."[3] The Board has not previously determined that providing employment information to third parties for a fee is closely related to banking under section 4 of the BHC Act and permissible for bank holding companies.

A. Closely Related to Banking Analysis

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

(1) Provide the proposed services;

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

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

1. Credit-Related Activities of Third Parties

Norwest Mortgage would provide employment histories to third-party credit grantors, including depository and non-depository grantors, for use in making decisions to extend credit. Norwest Mortgage would provide such information to third-party credit grantors only with the express consent of the individual involved. In addition, Norwest has committed that Norwest Mortgage will comply with the Fair Credit Reporting Act (15 U.S.C. § 1681 *et seq.*) ("FCRA"), and all applicable state and federal laws and regulations in performing the proposed activity. In the normal course of their lending activities, banks collect and analyze employment and salary information, including names of past and current employers and salary histories. The Board previously has determined that providing past credit information, which includes employment history information, to a credit grantor who is considering a borrower's application for credit is an activity that is closely related to banking and permissible for bank holding companies.[5]

Accordingly, the Board concludes that providing employment histories to third-party credit grantors for use in making decisions to extend credit is an activity that is closely related to banking under the *National Courier* standard.

2. Activities by Depository Institutions Not Related to Credit

Norwest also proposes to provide employment histories to depository institutions and their affiliates for use in the regular course of their business, including, for example, hiring employees for such institutions. Norwest Mortgage would provide such information to these entities only with the express consent of the individual involved. In addition, Norwest has committed that Norwest Mortgage will comply with the FCRA and all applicable state and federal laws and regulations in performing the proposed activity. The Board previously has permitted bank holding companies to provide employment information, including employment histories, to depository institutions and their affiliates in connection with the provision of career counseling services.[6] To the extent that these organizations use the information to be provided by Norwest Mortgage for other purposes, it will only be used in connection with the operation of their banking business.

Accordingly, the Board concludes that providing employment histories for the use by depository institutions and their affiliates in their regular course of business is an activity that is closely related to banking under the *National Courier* standard.

2. Credit grantors could include lessors, if the leasing transaction were the functional equivalent of an extension of credit.

3. 12 U.S.C. § 1843(c)(8).

4. *See National Courier Association v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975) ("*National Courier*"). In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing and controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 794, 806 (1984); *Securities Association v. Board of Governors*, 468 U.S. 207, 210–211 n. 5 (1984).

5. *See* 12 C.F.R. 225.25(b)(24). Norwest has committed not to promote Norwest Mortgage as a provider of employment information to non-depository institutions for general business purposes unrelated to credit decisions.

6. *See Comerica Incorporated*, 80 *Federal Reserve Bulletin* 51 (1994).

B. Proper Incident to Banking Analysis

In determining whether an activity is a proper incident to banking, the Board must consider whether the activity "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[7] Norwest has committed that Norwest Mortgage will engage in the proposed activities only upon the express consent of the individual involved, and will comply with the FCRA and all applicable state and federal laws and regulations in performing the proposed activities. There is no evidence in the record to indicate that the proposed activities would lead to any undue concentration of resources, unsound banking practices, or other adverse effects. In addition, the record indicates that Norwest's *de novo* entry of Norwest Mortgage into this market could result in new products and services, increased convenience for customers, and greater efficiencies.

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

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

These activities shall not be commenced later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

North Fork Bancorporation, Inc.
Mattituck, New York

Order Approving Acquisition of Shares of a Bank Holding Company

North Fork Bancorporation, Inc., Mattituck, New York ("North Fork"), 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 up to 19.9 percent of the voting shares of Suffolk Bancorp ("Suffolk") and thereby indirectly acquire an interest in Suffolk's wholly owned subsidiary bank, The Suffolk County National Bank, both of Riverhead, New York. North Fork also has given notice 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) of its intention to acquire an indirect interest in Suffolk's wholly owned subsidiary, Island Computer Corporation of New York, Inc., Bohemia, New York ("Island Computer"), and thereby engage in data processing activities under section 225.25(b)(7) of Regulation Y.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 7970 (1995)). The time for filing comments has expired, and the Board has considered this proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

North Fork, with consolidated assets of approximately $2.7 billion, is the 15th largest commercial banking organization in New York, controlling total deposits of approximately $2.3 billion, representing 1 percent of total deposits in commercial banking organizations in the state.[1] Suffolk, with consolidated assets of approximately $812 million, is the 28th largest commercial banking organization in New York, controlling approximately $725 million in deposits, representing less than

7. 12 U.S.C. § 1843(c)(8).

1. Asset and deposit data are as of December 31, 1994.

1 percent of total deposits in commercial banking organizations in the state. If North Fork were deemed to control Suffolk after consummation of this proposal, North Fork would become the 14th largest commercial banking organization in New York, controlling approximately $3 billion in deposits, representing 1.3 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

The Board has previously indicated that the acquisition of less than a controlling interest in a bank is not a normal acquisition for a bank holding company.[2] However, the requirement in section 3(a)(3) of the BHC Act that the Board's approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests that Congress contemplated the acquisition by bank holding companies of between 5 and 25 percent of the voting shares of banks. Moreover, nothing in section 3(c) of the BHC Act requires denial of an application solely because a bank holding company proposes to acquire less than a controlling interest in a bank or a bank holding company. On this basis, the Board has previously approved the acquisition by a bank holding company of less than a controlling interest in a bank.[3]

The question of whether a minority interest in a competing bank would result in a substantial lessening of competition must be answered in light of the specific facts of record in each case.[4] The Board views these acquisitions with concern and continues to believe that controlling interests in directly competing banks or bank holding companies may raise serious questions under the BHC Act. The Board has noted previously that one company need not acquire control of another in order substantially to lessen competition between them. It is possible, for example, that the acquisition of a substantial ownership interest in a competitor or a potential competitor of the acquiring firm may alter the market behavior of both firms in such a way as to weaken or eliminate independence of action between the organizations and increase the likelihood of cooperative operations.[5]

Based on all the facts of record, it is the Board's judgment in this case that no significant reduction in competition is likely to result from this proposal. North Fork has agreed to abide by certain commitments previously relied on by the Board in cases involving minority investments.[6] For example, North Fork has committed not to exercise a controlling influence over the management or policies of Suffolk or its subsidiary banks; not to have any director, officer, or employee interlocks with Suffolk; and not to solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Suffolk. In addition, North Fork has committed not to exercise any enhanced shareholder rights that it would acquire at any time as a result of its ownership of more than 5 percent of Suffolk voting shares to obtain nonpublic information concerning the performance, condition, or business plans of Suffolk; not to participate in Suffolk's decisionmaking or to communicate with other Suffolk shareholders; and not to refer to Suffolk or its interest in Suffolk in any future advertising or solicitation of customers. North Fork also is prohibited by its commitments and the BHC Act from acting either alone or in concert with any other entity to control Suffolk without prior Board approval. Moreover, the record in this case indicates that the proposed increased investment by North Fork in Suffolk is not likely to weaken or eliminate the independence of Suffolk. In particular, the management of Suffolk has indicated its intention to remain completely independent of North Fork, and North Fork has committed not to attempt to exercise control over the management or policies of Suffolk. In this light, the Board believes that North Fork would not be able to weaken or eliminate the independence of action between the two organizations under the circumstances presented in this proposal.

Definition of the Relevant Banking Market

The Board also has considered this proposal on the basis that North Fork would have the ability to alter the market behavior of both organizations in an anticompetitive manner. The BHC Act provides that the Board may not approve a proposal under section 3 of the BHC Act that would result in a monopoly or if the effect of the proposal may be substantially to lessen competition in any relevant market. The Board has carefully considered the comments of Suffolk management ("Protestant") that the relevant geographic market for analyzing the competitive effects of this proposal should be limited to the five easternmost townships of Suffolk County, New York, which are on the eastern end of Long Island

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

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

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

5. *See* Mansura at 38.

6. *See, e.g.*, Mansura at 39. These commitments are set forth as numbers 1 through 11 in the Appendix.

("eastern Suffolk County"),[7] and that consummation of this proposal would substantially lessen competition for banking services in this area. In Protestant's view, local customers have no reasonable alternatives for banking services except depository institutions located in eastern Suffolk County, and North Fork would be able to raise prices or reduce service in eastern Suffolk County without concern about competition from outside this area.[8]

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.[9] The Board has considered all the facts in this case, including the comments and information provided by Protestant and other commenters[10] and a study conducted by the Federal Reserve Bank of New York ("Reserve Bank"), and concludes that the relevant geographic market to evaluate the competitive effects of this proposal is the Metropolitan New York-New Jersey Banking Market ("New York Market"), which includes eastern Suffolk County.[11]

Data gathered by the Census Bureau in 1990 indicate extensive commuting between eastern Suffolk County and the rest of the New York Market.[12] For example, 22 percent of the labor force residing in eastern Suffolk County commute to work elsewhere in the New York Market, including 4 percent who commute to New York City. Moreover, approximately 26 percent of all persons employed in eastern Suffolk County commute from other parts of the New York Market.[13] The high level of commuting between eastern Suffolk County and the rest of the New York Market indicates substantial economic integration between the two areas, including access to alternative providers of financial services.[14]

In previous cases, the Board also has used the Ranally Metropolitan Area ("RMA") as a guide in defining the relevant geographic banking market.[15] In this instance, the New York RMA extends into eastern Suffolk County and to within five miles of the town of Riverhead, the principal business center in eastern Suffolk County outside the New York RMA.[16] Moreover, the town of Riverhead is connected to the New York RMA by an interstate highway, and the Riverhead business center is less than 20 miles along major highways from full

7. This area comprises the townships of East Hampton, Riverhead, Shelter Island, Southampton, and Southold. According to Protestant, this area is characterized by seasonal economic activity, including agriculture, fishing, and tourism, a relatively low population density, and predominantly small businesses. Protestant asserts that these characteristics distinguish the financial needs of this area from those of the adjoining metropolitan area.

8. Protestant also asserts that any definition of the relevant banking market larger than eastern Suffolk County would not adequately take into consideration the competitive consequences of this proposal for small business borrowers in this area. For reasons explained in previous orders, the Board continues to believe that the competitive analysis of banking expansionary proposals should be based on the availability of the cluster of banking services to a range of customers in the local banking market. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991); *see also United States v. Philadelphia National Bank*, 374 U.S. 321 (1963).

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

10. The Board received comments from 47 individuals and small businesses in Suffolk County who assert that the proposal would result in monopolistic market power by North Fork that would reduce the availability and increase the cost of banking products and services, reduce the quality and convenience of available banking products and services, and discourage other competitors from entering the market. These commenters also assert that the proposal would reduce employment in eastern Suffolk County.

11. The Metropolitan New York-New Jersey banking market includes New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and a portion of Mercer Counties in New Jersey; Pike County in Pennsylvania; and portions of Fairfield and Litchfield Counties in Connecticut.

12. The Board has previously recognized that commuting patterns are a significant factor in the determination of a relevant geographic banking market. *See Crestar Bank*, 81 *Federal Reserve Bulletin* 200, 201 fn. 5 (1995); *St. Joseph Valley Bank, supra*, at 674; *U.S. Bancorp*, 67 *Federal Reserve Bulletin* 60, 61 fn. 2 (1981).

13. The Board notes that eastern Suffolk County provides more jobs to the rest of the New York Market than the rest of the New York Market provides to eastern Suffolk County. The net surplus of jobs in eastern Suffolk County is especially noteworthy in view of the disparity in population between eastern Suffolk County and even its closest neighbors in the New York Market. For example, based on 1990 census data, Brookhaven township alone, which adjoins eastern Suffolk County to the west, has nearly four times as large a population. The Board considers the role of eastern Suffolk County as a source of employment for the rest of the New York Market to be a significant indicator of economic integration between eastern Suffolk County and the rest of the New York Market.

14. The Board notes that Suffolk, in its 1993 annual report to shareholders, frequently described its "primary lending market" as all of Suffolk County, and, in its 1993 Form 10-K report to the Securities and Exchange Commission, included the town of Brookhaven, in Brookhaven township, in its "main service area." Nearly all commercial banks and thrift institutions operating in eastern Suffolk County also maintain branches in Brookhaven township.

15. An RMA generally consists of a defined geographical area with a relatively high population density that is demographically and commercially integrated by commuting, retail, and wholesale trade patterns. It typically includes a central city or cities and all adjacent continuously built up areas and certain other areas. *See St. Joseph Valley Bank, supra* at 674.

16. The Board notes that the current definition of the New York RMA is based on 1980 census data, and that certain data subsequently collected suggest that the updated RMA could extend even further into eastern Suffolk County. For example, wholesale trade in Suffolk County increased 36.2 percent between 1982 and 1987, compared to 8.6 percent for the entire state, and the population in Suffolk County increased 4 percent between 1990 and 1994, compared to 1.4 percent for the entire state.

service branches of several large banking organizations serving all of Suffolk County. The record indicates that several banks have assigned loan officers located outside of eastern Suffolk County to make business calls in eastern Suffolk County or accept walk-in loan applications from customers from eastern Suffolk County. Overall, 14 commercial banks, including several large regional, national, and international banking organizations, and nine thrift institutions compete in eastern Suffolk County and Brookhaven township. Substantial lending capacity exists within the immediate geographical area to respond to the banking needs of eastern Suffolk County.

After review of these data and other facts of record, including Protestant's comments and comments from Suffolk's customers, the Board concludes that the record indicates that customers in eastern Suffolk County can practicably turn to providers of banking services in the New York Market. On this basis, the Board disagrees with Protestant's contention that the geographic market in this case should be limited to eastern Suffolk County. Instead, based on all the facts of record, including Protestant's comments and those of Suffolk's customers and studies conducted by the Reserve Bank, the Board finds that the relevant geographic market in this case is the New York Market, including eastern Suffolk County.

North Fork and Suffolk compete directly in the New York Market. North Fork is the 22d largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of approximately $2.3 billion, representing less than 1 percent of total deposits in depository institutions in the market ("market deposits").[17] Suffolk is the 54th largest depository institution in the market, controlling deposits of approximately $723 million, representing less than 1 percent of market deposits. If considered as a combined organization, North Fork would become the 19th largest depository institution in the New York Market, controlling total deposits of approximately $3 billion, representing less than 1 percent of market deposits. The Herfindahl-Hirschman Index ("HHI") would increase less than 1 point to 531.[18]

As in other cases, the Board also has sought comments from the United States Attorney General's office, 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, OCC, and FDIC did not object to consummation of the proposal or indicate that the proposal would have any significantly adverse competitive effects in the New York Market.

In light of the unconcentrated nature of the New York Market as measured by the HHI, the number of competitors that would remain in the market, and other facts of record, the Board concludes that, even if North Fork could alter the market behavior of both organizations in an anti-competitive manner, this proposal is not likely to result in any significantly adverse effect on competition in the New York Market.

Other Considerations

The Board also has reviewed information about the financial and managerial resources[19] and future prospects[20] of North Fork, Suffolk, and their respective subsidiaries, and other supervisory factors the Board must

17. Market share data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

18. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is less than 1000 is considered to be unconcentrated. The Department of Justice has informed the Board, that, as a general matter, a bank merger or acquisition will not be challenged, in the absence of other factors indicating anticompetitive effects, unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by 200 points. The Department of Justice has stated that the higher-than-average HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

19. Protestant alleges that certain officers and directors of North Fork acted in concert with North Fork to acquire less than 1 percent of Suffolk voting stock which, when combined with the 4.9 percent of Suffolk's voting stock directly owned by North Fork, would result in North Fork's controlling in excess of 5 percent of the outstanding voting stock of Suffolk without prior Board approval as required by section 3 of the BHC Act. Based on all the facts of record, the Board believes that the ownership of shares of Suffolk's voting stock by North Fork and its officers and directors is consistent with the requirements of the BHC Act. For example, all the shares were acquired by gift or purchase in small amounts at various times over several years, without financing or advice from North Fork or arrangements with North Fork for their disposition. Moreover, at the time the shares were acquired, North Fork owned less than 5 percent of Suffolk voting stock and, therefore, these acquisitions were not subject to the regulatory presumption of control by North Fork. *See* 12 C.F.R. 225.31(d)(2)(ii).

20. Several commenters raised questions about the financial stability of North Fork and objected to the acquisition of an independent, locally owned bank. The Board has reviewed the most recent reports of examination of North Fork by the Reserve Bank and of North Fork's wholly owned subsidiary, North Fork Bank, Mattituck, New York ("Bank"), by Bank's primary federal banking supervisor, the FDIC, and by the New York Superintendent of Banking. The Board notes that these examination reports assess the financial and managerial resources of North Fork and Bank and do not support the commenters' allegations. Based on all the facts of record, the Board does not believe that these allegations warrant denial of this proposal.

consider under section 3 of the BHC Act, and concludes that these factors are consistent with approval of this proposal.[21]

North Fork also has given notice of its intention under section 4(c)(8) of the BHC Act indirectly to acquire an interest in Suffolk's data processing subsidiary, Island Computer, as a result of North Fork's purchase of shares of Suffolk. The Board has previously determined by regulation that the data processing activities of Island Computer are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[22] Protestant alleges that consummation of this proposal would result in adverse effects by impairing the ability of Island Computer to compete effectively in the market for the sale of its data processing services to other financial institutions. Protestant believes that prospective clients would hesitate to enter into long-term arrangements with Island Computer while it appeared to be subject to a change of control in the near future.

North Fork states that its proposal would have the public benefit of stabilizing and possibly increasing the market value of Suffolk's voting stock and thereby providing Suffolk with greater and less costly access to capital markets. North Fork would only indirectly acquire ownership of Island Computer as a result of its interest in Suffolk. Moreover, as discussed previously in this order, the Board has determined, on the basis of the commitments North Fork has made to the Board, that consummation of this proposal would not permit North Fork to control Suffolk, and, therefore, North Fork would be unable to influence the activities of Island Computer. In addition, North Fork is prohibited under the BHC Act from acquiring any shares of Suffolk's voting stock other than the shares approved in this proposal without the prior approval of the Board, and North Fork has not requested any such approval. The Board believes that these restrictions substantially mitigate any potential adverse effects and address concerns that Island Computer may not be able to compete independently in the market for data processing services. If North Fork were to seek Board approval for such an acquisition in the future, the Board would consider the effects of such a proposal on the public interest at that time. The record in this case also indicates that there are numerous providers of the nonbanking services provided by Island Computer and that consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Conclusion

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

The Board's determination as to the nonbanking activities to be conducted by North Fork are subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.23(b) (12 C.F.R. 225.7 and 225.23(b)), 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 it finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and

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21. Protestant requested that the Board hold a public hearing to determine the circumstances under which certain officers and directors of North Fork acquired Suffolk's voting stock. Section 3(b) of the BHC Act does not require the Board to hold a public 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 of Procedure, 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 Protestant's request in light of all the facts of record. In the Board's view, Protestant has had ample opportunity to submit its views, and has in fact submitted substantial written materials that have been considered by the Board in acting on this proposal. In the case of Suffolk's voting shares owned by North Fork's officers and directors, Protestant's request fails to demonstrate why its written submissions do not adequately present its allegations, what substantial evidence it would produce at an oral hearing, or why a public hearing is otherwise warranted in this case. Moreover, after a careful review of all the facts of record, including detailed information from North Fork concerning the acquisition of Suffolk's voting stock by North Fork's officers and directors by gift or cash purchase in small amounts at various times over several years, without financing or advice from North Fork or arrangements with North Fork for their disposition, the Board concludes that Protestant's request disputes the weight that should be accorded to, and the conclusions that may be drawn from, the existing facts of record, and does not identify any genuine dispute about the facts that are material to the Board's decision. Based on all the facts of record, the Board has determined that a public hearing is not necessary to clarify the factual record, and is not otherwise warranted in this case. Accordingly, Protestant's request for a public hearing on this matter is denied.

22. *See* 12 C.F.R. 225.25(b)(7).

decision, and as such may be enforced in proceedings under applicable law.

The acquisition of shares of Suffolk's voting stock shall not be consummated before the fifteenth day following the effective date of this order, and not later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

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

(1) Exercise or attempt to exercise a controlling influence over the management or policies of Suffolk or any of its subsidiaries;
(2) Have or seek to have any employees or representative serve as an officer, agent, or employee of Suffolk or any of its subsidiaries;
(3) Take any action causing Suffolk or any of its subsidiaries to become a subsidiary of North Fork or any of its subsidiaries;
(4) Acquire or retain shares that would cause the combined interests of North Fork or any of its subsidiaries and its officers, directors, and affiliates to equal or exceed 25 percent of the outstanding voting shares of Suffolk or any of its subsidiaries;
(5) Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or board of directors of Suffolk or any of its subsidiaries;
(6) Attempt to influence the dividend policies or practices of Suffolk or any of its subsidiaries;
(7) Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Suffolk or any of its subsidiaries;
(8) Attempt to influence the loan and credit decisions or policies of Suffolk and its banking subsidiary, the pricing of services, any personnel decision, the location of any offices, branching, the hours of operation, or similar activities of Suffolk or any of its subsidiaries;
(9) Dispose or threaten to dispose of shares of Suffolk or any of its subsidiaries in any manner as a condition of specific action or nonaction by Suffolk or any of its subsidiaries;
(10) Enter into any banking or nonbanking transactions with Suffolk or any of its subsidiaries, except that North Fork may establish and maintain deposit accounts with any banking subsidiaries of Suffolk; provided that the aggregate balance of all such accounts does not exceed $500,000 and that the accounts are maintained on substantially the same terms as those prevailing for comparable accounts of persons unaffiliated with Suffolk or any of its subsidiaries;
(11) Seek or accept representation on the board of directors of Suffolk or any of its subsidiaries;
(12) Exercise any enhanced shareholder rights that it would acquire at any time as a result of its ownership of more than 5 percent of Suffolk voting shares to obtain nonpublic information concerning the performance, condition, or business plans of Suffolk, to participate in Suffolk decisionmaking, or to communicate with other Suffolk shareholders; or
(13) Make reference to Suffolk or its interest in Suffolk in any future advertising or solicitation of customers by North Fork and its subsidiaries.

ORDERS ISSUED UNDER FEDERAL RESERVE ACT

Marine Midland Bank
Buffalo, New York

Order Approving Establishment of a Branch

Marine Midland Bank, Buffalo, New York ("Bank"), a state member bank, has given notice of its intention to establish a branch office under section 9 of the Federal Reserve Act ("Act") (12 U.S.C. § 321 *et seq.*) at 4191 North Buffalo Street, Orchard Park, New York.

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

Bank is the fifth largest commercial banking organization in New York, controlling deposits of $12.8 billion, which represent 5.2 percent of the total deposits in commercial banks in the state.[1] Bank is wholly owned by HSBC Holdings plc, London, England, which also wholly owns Hongkong and Shanghai Banking Corporation Limited, Hong Kong.

1. Deposit data are as of December 31, 1994.

Community Reinvestment Act Performance Record

In acting on branch applications, the Board is required to take into account the bank's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of branch applications.[2]

The Board has received comments from the Broome County CRA Coalition, Binghamton, New York ("Protestant"), criticizing Bank's CRA performance record. In particular, Protestant alleges that no banks in Broome County, including Bank, are in compliance with the CRA. Protestant maintains that the banks have historically neglected certain census tracts in Binghamton and elsewhere in Broome County, and that the products and services offered inherently exclude residents of low- to moderate-income neighborhoods.[3]

The Board has carefully reviewed the entire record of Bank's CRA performance, the comments received, Bank's response to those comments, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Agency CRA Statement.[4]

The Board recently reviewed Bank's CRA performance record in connection with its applications to establish a branch office in Syracuse, New York, and an off-site electronic facility in Rochester, New York. This review included consideration of Bank's special mortgage programs, small business lending, community development activities, ascertainment and marketing efforts, and other CRA programs and policies in light of comments received. For reasons set forth in the order approving those applications, and specifically incorporated by reference herein, the Board concluded that Bank's overall performance record was generally consistent with approval of the applications.[5]

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports on these examinations will be given great weight in the applications process.[6] The Board notes that Bank received a "satisfactory" rating from the Office of the Comptroller of the Currency for CRA performance as of March 31, 1992, and a "satisfactory" rating from the Federal Reserve Bank of New York[7] ("Reserve Bank") for CRA performance as of January 31, 1994 (the "1994 Examination").

B. HMDA Data and Lending Practices

In light of Protestant's allegations,[8] the Board has reviewed Bank's 1993 and preliminary 1994 data[9] filed under the Home Mortgage Disclosure Act ("HMDA")[10] for Broome County. These data show that, in low- and moderate-income tracts, loan origination rates increased and denial rates decreased from 1993 to 1994. These data also reflect some variations in the rate of loan originations, denials, and applications by income level.

The 1994 Examination found that Bank's loan policies and underwriting criteria were reasonable and did not discriminate on any prohibited basis. Specifically, examiners noted that the loan terms, qualifying ratios and underwriting guidelines for residential mortgage loans were reasonable and comparable with industry standards. The examination also noted that Bank used a second review program for all declined residential mortgage applications, in which underwriting supervisors reviewed the original underwriter's decision and had to concur in the proposed denial of an application.

The 1994 Examination did not find any practices that were intended to discourage credit applications. Examiners noted that Bank solicited credit applications from all segments of its communities, including low- and

2. 12 U.S.C. § 2903.

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

4. 54 *Federal Register* 13,742 (1989).

5. *See Marine Midland Bank*, 81 *Federal Reserve Bulletin* 310 (1995).

6. 54 *Federal Register* at 13,745.

7. Bank has been a state member bank of the Federal Reserve System since December 31, 1993.

8. Protestant has also generally questioned Bank's record of lending to minorities in Broome County.

9. The Board's review included HMDA data for both Bank and Marine Midland Mortgage Corporation.

10. 12 U.S.C. § 2801 *et seq.*

moderate-income areas. Moreover, the examination found that Bank's credit practices complied with antidiscrimination laws and regulations. Examiners also found that Bank generally had a reasonable geographic distribution of residential mortgage and home improvement loans and applications from low- and moderate-income census tracts throughout its delineated service areas.

Bank offers several special mortgage programs, including nine affordable housing programs, to assist in meeting the housing credit needs of its communities. For example, Bank has participated since 1990 in the Federal National Mortgage Association's Community Homebuyers and FannieNeighbors programs, both of which provide flexible down payment methods for borrowers who do not exceed the Department of Housing and Urban Development's median income guidelines. In addition, Bank recently initiated its own Affordable Housing Loan Program for low- and moderate-income borrowers who do not qualify for other residential lending programs and has committed $10 million to this program to finance residential mortgage loans and an additional $300,000 to assist in financing down payments. In Broome County, Bank is developing a home ownership counseling program in conjunction with four other banks, and the banks have agreed to work with Consumer Credit Counseling Services to provide the counseling services and with three local groups to provide community outreach. Bank has also dedicated a mobile mortgage originator to serving the Binghamton area. In 1994, Bank introduced a low minimum amount personal installment loan program and a secured credit card program.

Bank also participates in several governmentally insured loan programs. Bank offers Veterans' Administration ("VA"), Federal Housing Agency ("FHA") 203B,[11] and State of New York Mortgage Association ("SONYMA") loans to borrowers who meet the programs' income requirements. Bank has been named one of the top two Small Business Administration ("SBA") lenders for New York State during 1992 and 1993, and continues to hold the SBA's preferred lender status for its commitment to small business lending. In Binghamton, Bank has scheduled another Downtown Loan program for the summer of 1995, repeating the program it held in 1993 in conjunction with the city's Department of Housing and Planning. This program focusses on small businesses that are located in or willing to relocate to downtown Binghamton, and offers loans at interest rates below the prime rate.

The 1994 Examination found that Bank participates in various community development programs in New York State and provides loans and lines of credit to a wide variety of local organizations that support housing, economic development, rehabilitation or small business development. From July 1992 to July 1994, the bank's community development financing totalled $27.2 million. Examiners also found that many of Bank's officers and employees provided technical assistance to organizations located throughout the state that promote community development programs.

C. Ascertainment and Marketing

Bank ascertains community credit needs in various ways. For example, Bank has a directed call program, and its officers and employees participate in a number of community organizations.[12] Moreover, in June 1993, Bank conducted a CRA survey in five New York State markets using a random sample of customers residing in low- and moderate-income zip codes to determine the level of awareness of Bank and its products and services. In Binghamton, Bank representatives have recently met with the mayor, the director of the Urban League, and other community development leaders, and have scheduled meetings with various community groups. Bank has also committed to sponsor this spring the City Living Sundays program in Binghamton, which is an educational outreach effort focussed on credit and affordable housing.

Bank markets its products and services primarily through advertisements in daily newspapers, local weekly news and trade publications, and some journals and special audience publications that focus on specific minority groups and low- and moderate-income areas. Bank also conducts free seminars throughout its delineated community. During the 18 months covered by the 1994 Examination, Bank conducted 16 first-time home buyer seminars, one SONYMA seminar, and three seminars entitled "Women and Investing." Bank has also participated in housing fairs sponsored by the Long Island Board of Realtors, the Federal National Mortgage Association and the New York State Housing Coalition. In Binghamton, Bank's representatives recently conducted a seminar for new business owners focusing on the commercial loan process, financing options, depository services and trade finance and conducted several seminars at area high schools focusing on credit and banking. In addition, Bank regularly conducts homebuyer seminars in Binghamton. During the period covered by the 1994 Examination, Bank also advertised in publications and annual reports by not-for-profit agencies.

11. A fixed-rate, HUD-insured loan product only available in New York.

12. In addition, the 1994 Examination noted that the directed call program reached 66 organizations involved with affordable housing development, community development, and rehabilitation.

D. Branch Locations

As of February 1995, Bank had 313 branch offices. Branch hours vary by location and are based on customer convenience and local competition. In Broome County, 20 percent of Bank's branches are in low- to moderate-income census tracts. The 1994 Examination concluded that Bank has an adequate branch closing policy that requires Bank to take actions to minimize the impact of a branch closing on the local community.

E. Conclusion

The Board has carefully considered the entire record, including Protestant's comments, Bank's responses, and Bank's CRA record of performance. In light of all the facts of record, the Board concludes that Bank's record of performance under the CRA in helping to meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, is consistent with approval.

Other Considerations

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

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

By order of the Board of Governors, effective May 25, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Orders Issued Under International Banking Act

Banco Bandeirantes, S.A.
Sao Paulo, Brazil

Order Approving Establishment of Representative Office

Banco Bandeirantes, S.A. ("Bank"), Sao Paulo, Brazil, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Miami, Florida (*Miami Herald*, May 1, 1992). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately \$2.5 billion, is a commercial bank chartered in Brazil.[1] Bank operates approximately 300 branches and agencies in Brazil; a branch in New York, New York; and a branch and subsidiary in Grand Cayman. Bank also owns subsidiaries in Brazil engaged, among other things, in investment banking, insurance, and leasing activities. Administradora Clemente de Faria ("ACF"), Ltda., a Brazilian corporation, owns 7.5 percent of Bank directly, and an additional 70 percent indirectly through its subsidiary Bandeirantes Participacoes e Administraceos ("BPA"), S.A.

Bank, ACF, and BPA are subject to the requirements of the Bank Holding Company Act by virtue of Bank's New York branch, and each is a qualifying foreign banking organization under Regulation K (12 C.F.R. 211.23(b)).

The proposed representative office would engage in representational functions, including acting as liaison between Bank's head office and customers in the United States, and providing information to potential customers about services offered by Bank.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside of the United States, has furnished to the Board the information it needs to assess adequately the application, and

1. Data are as of December 31, 1994, unless otherwise noted.

is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24). The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4)); 12 C.F.R. 211.24(c)).

The Board has previously stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office, because a representative office does not engage in a banking business and cannot take deposits or make loans.[2] In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to the following considerations. With respect to supervision by home country authorities, a foreign bank that proposes to establish a representative office must be subject to a significant degree of supervision by its home country supervisor.[3] A foreign bank's financial and managerial resources are reviewed to determine whether its financial condition and performance demonstrate that it is capable of complying with applicable laws and has an operating record that would be consistent with the establishment of a representative office in the United States. All foreign banks, whether operating through branches, agencies, or representative offices, will be required to provide adequate assurances of access to information on their operations and those of their affiliates necessary to determine compliance with U.S. laws.

In this case, with respect to the issue of supervision by home country authorities, the Board has considered the following information. The Central Bank of Brazil ("Central Bank") is the bank supervisory authority in Brazil, and, as such, is the home country supervisor of Bank. The Central Bank has authorized Bank to establish the proposed representative office.

The Central Bank supervises Bank through review of periodic reports, on-site inspections, and review of external auditors' reports. The Central Bank requires Bank to file periodic reports that address, among other things, Bank's liquidity, reserve ratios, adequacy of compulsory reserves, information on major borrowers and creditors, financial ratios, past due loans, foreign currency operations, and the financial condition of Bank's foreign branches and its Cayman subsidiary. Regular on-site inspections are conducted by auditors of the Central Bank's inspection division according to a predetermined schedule. Unannounced spot inspections address particular operations thought to be problematic.

2. *See* 58 *Federal Register* 6348, 6351 (1993).

3. *See Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).

Bank's independent external auditors are required regularly to audit Bank's financial statements. These auditors are required to submit to the Central Bank copies of their audit opinions as well as copies of reports on Bank's internal controls and compliance with financial and accounting requirements. If necessary, the Central Bank may also inspect the external auditor's work papers.

The Central Bank's supervisory procedures are generally directed to banking activities conducted within Brazil. The Central Bank also receives quarterly reports on earnings, reserves, and degree of leverage of Bank's foreign operations, and semiannual balance sheets, income statements, and statements of changes in equity.

Bank monitors its worldwide operations through internal audits of the head office, foreign branches, and subsidiaries. Bank's internal controls are reviewed by its external auditors.

Based on all the facts of record, which include the information described above, the Board concludes that factors relating to the supervision of Bank by its home country supervisor are consistent with approval of the proposed representative office.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, the Central Bank has authorized Bank to establish the proposed representative office. In addition, the Central Bank may share information on Bank's operations with other supervisors, including the Board.

With respect to the financial and managerial resources of Bank, given Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, the Board has also determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office, and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Bank and its ultimate parent have each committed to make available to the Board such information on the operations of Bank and its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that disclosure of such information may be prohibited by law, Bank and its ultimate parent have committed to cooperate with the Board in obtaining any necessary consents or waivers that might be required for the Board to gain access to information that the Board may request. The Board has reviewed the restrictions on disclosure of information by banks in jurisdictions in which Bank has material operations. In light of the commitments made by Bank and its ultimate parent, other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

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

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

Donghwa Bank
Seoul, Korea

Order Approving Establishment of a Branch

Donghwa Bank ("Bank"), Seoul, Korea, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to convert its New York representative office to a state-licensed branch. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*New York Times*, June 27, 1994). The time for filing comments has expired and all comments have been considered.

Bank, with assets of $12.1 billion, is the 12th largest bank in Korea.[1] No individual shareholder owns more than 10 percent of the shares of Bank. Bank operates 59 branches and 16 other deposit-taking offices throughout Korea and has one affiliate, Donghwa Leasing Company, Ltd. ("Donghwa Leasing"), Incheon, Korea. In addition to its office in New York, Bank operates representative offices in London, Tokyo, and Hong Kong.

The activities of the proposed branch would include providing financing and other banking-related services to individuals and U.S.-based companies engaged in business with Korea. Bank does not engage directly or indirectly in any nonbanking activities in the United States, and would be a qualifying foreign banking organization within the meaning of Regulation K after establishing the proposed branch (12 C.F.R. 211.23(b)).

Bank has received approvals to establish the proposed branch from the Korean Ministry of Finance ("Ministry") and the Office of Bank Supervision ("OBS") of the Bank of Korea, conditioned upon approval of the proposed branch by the relevant regulatory authorities in the United States. The New York State Banking Department has approved the establishment of the proposed branch, conditioned on the Board's approval of the proposal.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to adequately assess the application. The Board must also

1. All data are as of December 31, 1994, unless otherwise noted.

determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1)). The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)).

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

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[2] In making its determination under this standard, the Board has considered the following information.

Bank's primary supervisor is the OBS, which monitors Bank's compliance with all banking laws and regulations and conducts examinations of Bank. In addition, the Ministry has legal authority over Bank's international operations, including approval of the establishment, regulation, and examination of foreign banking offices. The Ministry has delegated its examination authority for the international activities of Bank to the OBS.

The Board has previously determined, in connection with an application involving another Korean bank, that the bank was subject to home country supervision on a consolidated basis.[3] In this case, the Board has determined that Bank is supervised by the OBS on the same terms and conditions as set forth in the earlier order. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisors.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. (*See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of the Ministry and the OBS to establish the proposed state-licensed branch.

Bank must comply with risk-based capital standards adopted by Korea.[4] Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for the proposed branch in order to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Bank has committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with the disclosure of certain information. In addition, subject to certain conditions, the Ministry and the OBS may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a state-

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

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

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

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

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

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

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

3. *See KorAm Bank*, 80 *Federal Reserve Bulletin* 184 (1994).

4. The Bank of Korea has required Korean banks to meet transitional risk-based capital standards until January 1, 1996, when Korean banks must be in conformance with the Basle minimum capital standards. For the period of January 1, 1994, to December 31, 1995, Korean banks must maintain, at a minimum, a total risk-based capital ratio of at least 7.25 percent. Bank is currently in full compliance with the 1996 standards.

licensed branch should be, and hereby is, approved.[5] If any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or compliance by Bank or its affiliates with applicable Federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions in this order. The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices and its affiliates.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

Taiwan Business Bank
Taipei, Taiwan

Order Approving Establishment of a Branch

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

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Los Angeles, California (*Los Angeles Times*, September 18, 1994). The time for filing comments has expired and all comments have been considered.

Bank, with assets of $25 billion, is the seventh largest commercial bank in Taiwan.[1] Bank is owned by the Provincial Government of Taiwan ("Provincial Government"), an arm of the Taiwanese central government, which holds its interest in Bank both directly and through its ownership of several other Taiwanese banks that own voting shares of Bank. Bank of Taiwan, which is owned by the Provincial Government, owns approximately 42 percent of the voting shares of Bank.[2]

Bank operates 108 branches throughout Taiwan and one subsidiary, Union Real Estate Management Corporation ("Union"), Taipei, Taiwan.[3] Bank's existing representative office in Los Angeles, California, was established in June 1993.[4] In addition, Bank operates representative offices in the Netherlands and Hong Kong and an offshore banking unit in Taiwan.

Bank's primary purpose for converting the existing representative office to a branch is to better serve its existing clients through the provision of banking services tailored to trade with Taiwan. In addition to making loans and accepting wholesale deposits, the proposed branch would offer other services for Taiwanese companies. Bank does not engage directly or indirectly in any nonbanking activities in the United States, and would be a qualifying foreign banking organization within the meaning of Regulation K after establishing the proposed branch (12 C.F.R. 211.23(b)).

Bank has received approval to establish the proposed branch from the Ministry of Finance of Taiwan ("Ministry"). Bank also has applied to the California State Banking Department for approval to establish the proposed branch.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to adequately assess the application. The Board must also determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2)). The Board may also take into account additional stan-

1. All data are as of December 31, 1994, unless otherwise noted.

2. The Board previously approved the establishment of a branch by Bank of Taiwan. *See Bank of Taiwan*, 79 *Federal Reserve Bulletin* 541 (1993).

3. Union, with assets of $16 million, engages in construction plan consultation and financial auditing, real estate property appraisal and investigation, real estate brokerage, and escrow services.

4. Bank, formerly known as the Medium Business Bank of Taiwan, received Board approval to establish its Los Angeles representative office on June 25, 1993. *See Medium Business Bank of Taiwan*, 79 *Federal Reserve Bulletin* 807 (1993).

dards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

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

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[5] In making its determination under this standard, the Board has considered the following information.

Bank is supervised and regulated by the Ministry and the Taiwanese Central Bank ("Central Bank"), which share responsibility for the supervision of Taiwanese banks. The Banking Law of Taiwan grants the Ministry overall authority for the regulation and supervision of Taiwanese banks, including commercial banks, such as Bank.[6] The Ministry has delegated the authority to the Central Bank to act as the primary examiner of banks in Taiwan, in which capacity the Central Bank conducts mandatory annual examinations.[7]

The Board has previously determined, in connection with applications involving other Taiwanese banks, including Bank's parent, Bank of Taiwan, that these banks were subject to home country supervision on a consolidated basis.[8] In this case, Bank is supervised by the Ministry and the Central Bank on the same terms and conditions as Bank of Taiwan. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisors.

The Board has also taken into account the additional standards set forth in section 7 of the IBA (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of its home country authorities to establish the proposed state-licensed branch. In addition, the Ministry may share information on Bank's operations with other supervisors, including the Board.

Bank must comply with the minimum capital standards of the Basle Accord, as implemented by Taiwan. Bank's capital exceeds these minimum standards and can be considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for the proposed branch in order to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain conditions, the Ministry and the Central Bank may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms

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

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

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

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

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

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

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

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

7. Bank receives additional oversight by its owner, the Provincial Government, and by the Ministry of Audit, an auditor of government agencies and government owned enterprises. This oversight is secondary to supervision by the Ministry and the Central Bank.

8. *See Taipei Bank*, 79 *Federal Reserve Bulletin* 143 (1993); *United World Chinese Commercial Bank*, 79 *Federal Reserve Bulletin* 146 (1993); *Chiao Tung Bank*, 79 *Federal Reserve Bulletin* 543 (1993); *Bank of Taiwan, supra*.

and conditions set forth in this order, the Board has determined that Bank's application to establish a state-licensed branch should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions in this order.[9] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices and its affiliates.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (JANUARY 1, 1995–MARCH 31, 1995)

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
Banc One Corporation, Columbus, Ohio CoreStates Financial Corp, Philadelphia, Pennsylvania PNC Bank Corp., Pittsburgh, Pennsylvania KeyCorp, Cleveland, Ohio	National City Corporation, Cleveland, Ohio Electronic Payment Services, Inc., Wilmington, Delaware	March 1, 1995	81, 491
Banco Santander, S.A., Madrid, Spain	Santander Investment Securities Inc., New York, New York	March 27, 1995	81, 501
Bank of Ireland, Dublin, Ireland Bank of Ireland First Holdings, Inc., Manchester, New Hampshire First NH Bank, Manchester, New Hampshire	Great Bay Bancshares, Inc., Dover, New Hampshire Constitution Trust Company, Dover, New Hampshire	March 6, 1995	81, 511
The Bank of Tokyo, Ltd., Tokyo, Japan	The Chicago-Tokyo Bank, Chicago, Illinois	January 30, 1995	81, 279
Banque Nationale de Paris, Paris, France	BNP/Cooper Neff, Inc., Radnor, Pennsylvania	February 9, 1995	81, 386
Banque Nationale de Paris, Paris, France	To establish state-licensed branches in Los Angeles and San Francisco, California	March 27, 1995	81, 515
Battle Creek State Company, Battle Creek, Nebraska	Battle Creek State Bank, Battle Creek, Nebraska	January 30, 1995	81, 281

Index of Orders—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
BNCCorp, Inc., Bismarck, North Dakota	JMS Systems, Inc., Bismarck, North Dakota	January 9, 1995	81, 295
Boatmen's Bancshares, Inc., St. Louis, Missouri	Worthen Banking Corporation, Little Rock, Arkansas	January 18, 1995	81, 299
Carbon County Holding Company, Englewood, Colorado	Hanifen, Imhoff Management Co., Inc., Denver, Colorado	March 6, 1995	81, 504
Chase Manhattan Corporation, New York, New York	Chase Savings Bank, New York, New York	March 13, 1995	81, 467
Cheyenne Banking Corporation, Cheyenne, Oklahoma	Security State Bank, Cheyenne, Oklahoma	February 15, 1995	81, 375
Cho Hung Bank, Seoul, Korea	Seoul Bank of California, Los Angeles, California	March 1, 1995	81, 475
Coal City Corporation, Coal City, Illinois Manufacturers National Corporation, Chicago, Illinois	Peterson Bank, Chicago, Illinois	January 17, 1995	81, 283
Comerica Incorporated, Detroit, Michigan Comerica California Incorporated, San Jose, California	University Bank & Trust Company, Palo Alto, California	March 1, 1995	81, 476
Commerce Bancshares, Inc., Kansas City, Missouri CBI-Illinois, Inc., Kansas City, Missouri	Peoples Mid-Illinois Corporation, Bloomington, Illinois	February 21, 1995	81, 376
Commercial Bancorp, Salem, Oregon	West Coast Bancorp, Newport, Oregon	February 13, 1995	81, 378
Credit Commercial de France S.A., Paris, France Berliner Handels-und Frankfurther Bank, Frankfurt am Main, Germany	Charterhouse North America Inc., New York, New York	February 21, 1995	81, 390
First Bancshares of Valley City, Inc., Valley City, North Dakota	Insurance by Strehlow, Inc., Casselton, North Dakota	January 11, 1995	81, 286
First Commerce Corporation, New Orleans, Louisiana	City Bancorp, Inc., New Iberia, Louisiana First Bancshares, Inc., Slidell, Louisiana	February 2, 1995	81, 379
First Interstate Bank of California, Los Angeles, California	First Trust Bank, Ontario, California	March 3, 1995	81, 515
Illinois Financial Services, Inc., Chicago, Illinois	Alpha Financial Corporation, Chicago, Illinois Alpha Bancorp, Chicago, Illinois	March 13, 1995	81, 480
Investors Banking Corporation, Salem, Oregon	BKLA Bancorp, West Hollywood, California	March 6, 1995	81, 483

Index of Orders—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
Irving National Bancshares, Inc., Dallas, Texas	Irving National Bank, Irving, Texas First Continental Bank of Grand Prairie, N.A., Grand Prairie, Texas	March 13, 1995	81, 484
Johnson International, Inc., Racine, Wisconsin	Seaboard Savings Bank, F.S.B., Stuart, Florida	March 27, 1995	81, 507
KeyCorp, Cleveland, Ohio	Casco Northern Bank, N.A., Portland, Maine	January 17, 1995	81, 286
Manufacturers and Traders Trust Company, Buffalo, New York	To establish seven branch offices in Tops Markets stores in the Rochester, New York, area	February 27, 1995	81, 394
Marine Midland Bank, Buffalo, New York	P&C Store #130, Syracuse, New York	January 25, 1995	81, 310
Northern Trust Corporation, Chicago, Illinois Northern Trust of Florida Corporation, Miami, Florida	Beach One Financial Services, Inc., Vero Beach, Florida	March 1, 1995	81, 486
North Fork Bancorporation, Inc., Mattituck, New York	Sunrise Bancorp, Inc., Farmingdale, New York	March 29, 1995	81, 509
Peak Banks of Colorado, Inc., Nederland, Colorado	Peak National Bank, Nederland, Colorado	January 30, 1995	81, 289
Southern National Corporation, Lumberton, North Carolina	BB&T Financial Corporation, Wilson, North Carolina	January 17, 1995	81, 307
South Texas Capital Group, Inc., San Antonio, Texas	Plaza Bank, N.A., San Antonio, Texas	February 8, 1995	81, 384
Standard Bank of South Africa, Johannesburg, South Africa	To establish a representative office in New York, New York	March 22, 1995	81, 517
State Street Boston Corporation, Boston, Massachusetts	IFTC Holdings, Inc., Kansas City, Missouri	January 30, 1995	81, 297
Turkiye Vakiflar Bankasi, T.A.O., Ankara, Turkey	To establish a state-licensed branch in New York, New York	January 4, 1995	81, 313
The Union Bank of Switzerland, Zurich, Switzerland	UBS Community Development Corporation, New York, New York	February 13, 1995	81, 392
West Merchant Bank Limited, London, England	To establish a state-licensed agency in New York, New York	March 29, 1995	81, 519
Whitney Holding Corporation, New Orleans, Louisiana	Whitney Bank of Alabama, Mobile, Alabama Peoples Bank, Elba, Alabama	January 24, 1995	81, 290
Woodforest Bancshares, Inc., Houston, Texas	Sun Belt Bancshares Corporation, Conroe, Texas	February 15, 1995	81, 385

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
SouthTrust Corporation, Birmingham, Alabama SouthTrust of Florida, Inc., Jacksonville, Florida	FBC Holding Company, Inc., Crestview, Florida	May 12, 1995

Section 4

Applicant(s)	Bank(s)	Effective Date
Dacotah Banks, Inc., Aberdeen, South Dakota	Huron Title Company, Huron, South Dakota	May 31, 1995
First National of Nebraska, Inc., Omaha, Nebraska	To engage *de novo* in providing data processing and courier services in connection with the provision of lockbox services.	May 12, 1995
Signet Banking Corporation, Richmond, Virginia	Sheffield Management Company, Richmond, Virginia Sheffield Investments, Inc., Richmond, Virginia	May 5, 1995

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT
By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
1st Jackson Bancshares, Inc., Stevenson, Alabama	The North Jackson Bank, Inc., Stevenson, Alabama	Atlanta	May 12, 1995
Ace Gas, Inc., Deshler, Nebraska Gibbon Exchange Company, Gibbon, Nebraska	Nebraska National Bank, Kearney, Nebraska	Kansas City	May 15, 1995
Ameribank Corporation, Shawnee, Oklahoma	United Oklahoma Bankshares, Inc., Del City, Oklahoma	Kansas City	April 27, 1995
American River Holdings, Sacramento, California	American River Bank, Sacramento, California	San Francisco	April 28, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
BancFirst Ohio Corp., Zanesville, Ohio	Bellbrook Bancorp, Inc., Bellbrook, Ohio	Cleveland	April 19, 1995
Bank of Colorado Holding Company, Vail, Colorado	Snow Bankcorp, Inc., Dillon, Colorado	Kansas City	April 28, 1995
BB&T Bancshares Corp., Bloomingdale, Illinois	Bloomingdale Bank and Trust, Bloomingdale, Illinois	Chicago	May 12, 1995
Blumberg BancUnits, Limited Partnership, Seguin, Texas Blumberg Family Partnership, Limited Partnership, Seguin, Texas	Seguin State Bank & Trust Company, Seguin, Texas	Dallas	May 19, 1995
Centura Banks, Inc., Rocky Mount, North Carolina	Southern Bancorp, Inc., Asheboro, North Carolina	Richmond	April 21, 1995
Commerce Bancshares, Inc., Kansas City, Missouri	CBI Security Corporation, Kansas City, Missouri Kansas-CBI, Inc., Kansas City, Missouri CBI-Kansas, Inc., Kansas City, Missouri	Kansas City	May 23, 1995
Community Financial Corporation, Topeka, Kansas	Community National Bank, Topeka, Kansas	Kansas City	May 1, 1995
Community First Bankshares, Inc., Fargo, North Dakota	Snow Bankcorp, Inc., Dillon, Colorado	Minneapolis	April 28, 1995
CRACO, Inc., Vinita, Oklahoma	The First National Bank of Grove, Grove, Oklahoma	Kansas City	May 25, 1995
Duke Financial Group, Inc., St. Paul, Minnesota	First National Bank of North County, Carlsbad, California	Minneapolis	May 15, 1995
Firstar Corporation, Milwaukee, Wisconsin Firstar Corporation of Wisconsin, Milwaukee, Wisconsin	Firstar Credit Card Bank, N.A., Waukegan, Illinois	Chicago	May 11, 1995
First Financial Bancorp., Hamilton, Ohio	Peoples Bank and Trust Company, Sunman, Indiana	Cleveland	April 25, 1995
First Mariner Bancorp, Towson, Maryland	First Mariner Bank, Towson, Maryland	Richmond	May 5, 1995
First Mountain Company, Montrose, Colorado	First Mountain State Bank, Montrose, Colorado	Kansas City	April 26, 1995
First Security Bancorp, Searcy, Arkansas	Farmers Investment Corporation, Little Rock, Arkansas	St. Louis	April 21, 1995
First Southern Bancshares, Inc., Florence, Alabama	First Southern Bank, Florence, Alabama	Atlanta	May 23, 1995
First Southern Bancshares, Inc., Lithonia, Georgia	First Southern Bank, Lithonia, Georgia	Atlanta	May 16, 1995
GreatBanc, Inc., Aurora, Illinois	GreatBank, Algonquin, Illinois	Chicago	April 21, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Mountain Bancshares, Inc., Los Alamos, New Mexico	Mountain Community Bank of Los Alamos, Los Alamos, New Mexico	Kansas City	May 4, 1995
Mountain Parks Financial Corp., Minneapolis, Minnesota	Financial Holdings, Inc., Louisville, Colorado	Kansas City	May 15, 1995
New Central Illinois Financial Co., Inc., Champaign, Illinois	BankIllinois Financial Co., Champaign, Illinois Central Illinois Financial Corporation, Champaign, Illinois	Chicago	May 17, 1995
North Fork Bancorporation, Inc., Mattituck, New York	Great Neck Bancorp, Great Neck, New York	New York	May 12, 1995
Norwest Corporation, Minneapolis, Minnesota	Comfort Bancshares, Inc., Comfort, Texas	Minneapolis	May 12, 1995
Norwest Corporation, Minneapolis, Minnesota	Dickinson Bancorporation, Inc., Dickinson, North Dakota Liberty Bank and Trust, N.A., Dickinson, North Dakota	Minneapolis	May 17, 1995
Peoples Independent Bancshares, Inc., Boaz, Alabama	Randolph Bancshares, Inc., Roanoke, Alabama	Atlanta	April 21, 1995
Pikeville National Corporation, Pikeville, Kentucky	Commercial Bank, Middlesboro, Kentucky	Cleveland	May 15, 1995
Pikeville National Corporation, Pikeville, Kentucky Pikeville Acquisition Corp., Pikeville, Kentucky	Woodford Bancorp, Inc., Versailles, Kentucky	Cleveland	May 12, 1995
Pleasant Hope Bancshares, Inc., Pleasant Hope, Missouri	Premier Bancshares, Inc., Jefferson City, Missouri	St. Louis	April 28, 1995
Premier Bancshares, Inc., Jefferson City, Missouri	Premier Bank, Jefferson City, Missouri	St. Louis	April 28, 1995
Security Richland Bancorporation, Miles City, Montana Hansen-Lawrence Agency, Inc., Worden, Montana	FirstWest Bank, Billings, Montana	Minneapolis	April 21, 1995
Suburban Illinois Bancorp, Inc., Elmhurst, Illinois	Suburban Bank of Elmhurst, Elmhurst, Illinois	Chicago	May 24, 1995
Sun Capital Bancorp, St. George, Utah	Sun Capital Bank, St. George, Utah	San Francisco	May 18, 1995
Union Illinois Company Employee Stock Ownership Trust, Swansea, Illinois	Union Illinois Company, Swansea, Illinois	St. Louis	April 27, 1995
Vail Bank, Vail, Colorado	Snow Bank, N.A., Dillon, Colorado	Kansas City	April 28, 1995
Whitewater Bancshares, Inc., Whitewater, Kansas	Bank of Whitewater, Whitewater, Kansas	Kansas City	May 23, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banco de Sabadell, S.A., Sabadell, Spain	PRS International Investment Advisory Services, Inc., Miami, Florida PRS International Brokerage, Inc., Miami, Florida	Atlanta	May 15, 1995
Brannen Banks of Florida, Inc., Inverness, Florida	To engage *de novo* in data processing activities	Atlanta	May 10, 1995
Brazosport Corporation, Corpus Christi, Texas Brazosport Corporation-Nevada, Inc., Carson City, Nevada	First Commerce Mortgage Corporation, Corpus Christi, Texas	Dallas	May 17, 1995
First American Corporation, Nashville, Tennessee	Heritage Federal Bancshares, Inc., Kingsport, Tennessee	Atlanta	May 8, 1995
First Union Corporation, Charlotte, North Carolina	Coral Gables Fedcorp, Coral Gables, Florida	Richmond	April 21, 1995
Fleet Financial Group, Inc., Providence, Rhode Island	Plaza Home Mortgage Servicing Corporation, Albuquerque, New Mexico Fleet Real Estate Funding Corp., Columbia, South Carolina	Boston	May 5, 1995
KeyCorp, Cleveland, Ohio Key Bancshares of Wyoming, Cheyenne, Wyoming	To engage in consumer and mortgage lending activities	Cleveland	May 8, 1995
MSB Holding Company, Moorhead, Iowa	To commence or to engage *de novo* either directly or indirectly, in making and servicing loans	Chicago	May 2, 1995
New Era Bancorporation, Inc., Fredericktown, Missouri	St. Francois County Financial Corp., Farmington, Missouri	St. Louis	April 21, 1995
Pointe Financial Corporation, Boca Raton, Florida	To engage *de novo* in mortgage processing activities for unaffiliated third parties	Atlanta	May 2, 1995
Societe Generale, Paris, France	Societe Generale Asset Management Corp., New York, New York	New York	May 22, 1995
South Valley Bancorporation, Morgan Hill, California	To directly engage *de novo* in the making, acquiring, or servicing of loans or other extensions of credit	San Francisco	May 10, 1995
Summit Financial Corporation, Greenville, South Carolina	Woodman Enterprises, Inc., Greenville, South Carolina	Richmond	May 11, 1995
Union-Calhoun Investments, Ltd., Rockwell City, Iowa	To engage in insurance and tax preparation activities	Chicago	April 26, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Executive Auto Lease, Inc., Andover, Massachusetts	Fidelity Bank & Trust Company, Salem, New Hampshire	Boston	May 12, 1995
First Mutual Bancorp, Inc., Decatur, Illinois	First Mutual Bank, S.B., Decatur, Illinois	Chicago	April 26, 1995
Moundville Bancshares, Inc., Moundville, Alabama	To engage *de novo* in credit insurance activities	Atlanta	May 25, 1995

APPLICATIONS APPROVED UNDER BANK MERGER 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.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Manufacturers and Traders Trust Company, Buffalo, New York	The Chase Manhattan Bank, N.A., New York, New York	New York	May 4, 1995

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Centura Bank, Rocky Mount, North Carolina	First Southern Savings Bank, Inc., SSB, Asheboro, North Carolina	Richmond	April 21, 1995
Westamerica Bank, San Rafael, California	CapitolBank Sacramento, Sacramento, California	San Francisco	May 2, 1995

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Board of Governors v. Scott, Misc. No. 95–127 (LFO/PJA) (D. D.C., filed April 14, 1995). Application to enforce investigatory subpoenas for documents and testimony. Oral argument is scheduled for June 8, 1995.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. On May 1, 1995, Banc One, CoreStates, PNC, KeyCorp, National City Corporation, and Electronic Payment Services, Inc., moved to intervene in the case. Also on May 1, 1995, Money Station filed a separate petition for review of the Board's March 31, 1995, denial of Money Station's request for reconsideration of the Board's March 1 order (D.C. Cir., No. 95-1243).

Jones v. Board of Governors, No. 95-1142 (D.C. Cir., filed March 3, 1995). Petition for review of a Board order dated February 2, 1995, approving the applications by First Commerce Corporation, New Orleans, Louisiana, to merge with City Bancorp, Inc., New Iberia, Louisiana, and First Bankshares, Inc., Slidell, Louisiana. Petitioner filed a motion for injunctive relief on April 3, 1995. On April 17, 1995, the Board filed its opposition to the motion.

Board of Governors v. Interamericas Investments, Ltd., No. H-95-565 (S.D. Texas, filed February 24, 1995). Action to freeze certain assets of a company pending administrative adjudication of civil money penalty. On March 1, 1995, the court issued a stipulated order requiring the company to deposit $1 million into the registry of the court.

In re Subpoena Duces Tecum, No. 95-5034 (D.C. Cir., filed January 26, 1995). Appeal of partial denial of plaintiff's motion to compel production of examination and other supervisory material in connection with a shareholder derivative action against a bank holding company. Oral argument is scheduled for November 7, 1995.

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

Zemel v. Board of Governors, No. 95-5007 (D.C. Cir., filed December 30, 1994). Appeal of district court's dismissal of Age Discrimination in Employment Act case. On March 8, 1995, the court granted appellant's motion to withdraw the appeal and dismissed the action.

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

Cavallari v. Board of Governors, No. 94-4183 (2d Cir., filed October 17, 1994). Petition for review of Board order of prohibition against a former outside counsel to a national bank (80 *Federal Reserve Bulletin* 1046 (1994)). The case was consolidated with a petition for review of orders of the Comptroller of the Currency imposing a civil money penalty and cease and desist order against petitioner (*Cavallari v. OCC*, No. 94-4151). Oral argument was heard on March 23, 1995. On May 11, 1995, the Court of Appeals upheld the Board's prohibition order and the Comptroller's civil money penalty order, and remanded to the Comptroller for further proceedings regarding the order to cease and desist.

Beckman v. Greenspan, No. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994. On April 24, 1995, the court granted the Board's motion and dismissed the case. Plaintiffs filed a notice of appeal on May 4, 1995.

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

Final Enforcement Orders Issued by the Board of Governors

A.G. Cummings
Lampasas, Texas

The Federal Reserve Board announced on May 9, 1995, the issuance of an Order of Assessment of a Civil Money Penalty against A.G. Cummings, Chairman of the board of directors and President of Lometa Bancshares, Inc., and Chairman of the board of directors, President, sole director, and principal shareholder of Mid-Texas Bancshares, Inc., both of Lampasas, Texas.

Texas Coastal Bank
Pasadena, Texas

The Federal Reserve Board announced on May 30, 1995, the issuance of a Cease and Desist Order against the Texas Coastal Bank, Pasadena, Texas; and Charles R. Vickery, Jr., the principal shareholder of the bank; G. Warren Coles, Jr., former chairman of the board and a director of the bank; and B.F. Holcomb, chairman of the board and the president of the bank.

Financial and Business Statistics

CONTENTS

A3 *Guide to Tabular Presentation*

Domestic Financial Statistics

MONEY STOCK AND BANK CREDIT

A4 Reserves, money stock, liquid assets, and debt measures
A5 Reserves of depository institutions, Reserve Bank credit
A6 Reserves and borrowings—Depository institutions
A7 Selected borrowings in immediately available funds—Large member banks

POLICY INSTRUMENTS

A8 Federal Reserve Bank interest rates
A9 Reserve requirements of depository institutions
A10 Federal Reserve open market transactions

FEDERAL RESERVE BANKS

A11 Condition and Federal Reserve note statements
A12 Maturity distribution of loan and security holdings

MONETARY AND CREDIT AGGREGATES

A13 Aggregate reserves of depository institutions and monetary base
A14 Money stock, liquid assets, and debt measures
A16 Deposit interest rates and amounts outstanding—commercial and BIF-insured banks
A17 Bank debits and deposit turnover

COMMERCIAL BANKING INSTITUTIONS

A18 Assets and liabilities, Wednesday figures

WEEKLY REPORTING COMMERCIAL BANKS

Assets and liabilities
A21 Large reporting banks
A23 Branches and agencies of foreign banks

FINANCIAL MARKETS

A24 Commercial paper and bankers dollar acceptances outstanding
A25 Prime rate charged by banks on short-term business loans
A26 Interest rates—money and capital markets
A27 Stock market—Selected statistics

FEDERAL FINANCE

A28 Federal fiscal and financing operations
A29 U.S. budget receipts and outlays
A30 Federal debt subject to statutory limitation
A30 Gross public debt of U.S. Treasury—Types and ownership
A31 U.S. government securities dealers—Transactions
A32 U.S. government securities dealers—Positions and financing
A33 Federal and federally sponsored credit agencies—Debt outstanding

SECURITIES MARKETS AND CORPORATE FINANCE

A34 New security issues—Tax-exempt state and local governments and corporations
A35 Open-end investment companies—Net sales and assets
A35 Corporate profits and their distribution
A35 Nonfarm business expenditures on new plant and equipment
A36 Domestic finance companies—Assets and liabilities, and consumer, real estate, and business credit

Domestic Financial Statistics—Continued

REAL ESTATE

A37 Mortgage markets
A38 Mortgage debt outstanding

CONSUMER INSTALLMENT CREDIT

A39 Total outstanding
A39 Terms

FLOW OF FUNDS

A40 Funds raised in U.S. credit markets
A42 Summary of financial transactions
A43 Summary of credit market debt outstanding
A44 Summary of financial assets and liabilities

Domestic Nonfinancial Statistics

SELECTED MEASURES

A45 Nonfinancial business activity—Selected measures
A45 Labor force, employment, and unemployment
A46 Output, capacity, and capacity utilization
A47 Industrial production—Indexes and gross valu
A49 Housing and construction
A50 Consumer and producer prices
A51 Gross domestic product and income
A52 Personal income and saving

International Statistics

SUMMARY STATISTICS

A53 U.S. international transactions—Summary
A54 U.S. foreign trade
A54 U.S. reserve assets
A54 Foreign official assets held at Federal Reserve Banks
A55 Selected U.S. liabilities to foreign official institutions

REPORTED BY BANKS IN THE UNITED STATES

A55 Liabilities to and claims on foreigners
A56 Liabilities to foreigners
A58 Banks' own claims on foreigners
A59 Banks' own and domestic customers' claims on foreigners
A59 Banks' own claims on unaffiliated foreigners
A60 Claims on foreign countries—Combined domestic offices and foreign branches

REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES

A61 Liabilities to unaffiliated foreigners
A62 Claims on unaffiliated foreigners

SECURITIES HOLDINGS AND TRANSACTIONS

A63 Foreign transactions in securities
A64 Marketable U.S. Treasury bonds and notes—Foreign transactions

INTEREST AND EXCHANGE RATES

A65 Discount rates of foreign central banks
A65 Foreign short-term interest rates
A66 Foreign exchange rates

A67 *Guide to Statistical Releases and Special Tables*

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
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

General Information

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

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1994 Dec.	1995[r] Jan.	1995[r] Feb.	1995[r] Mar.	1995[r] Apr.
Reserves of depository institutions[2]									
1 Total	-3.1	-1.9	-3.3	-3.7	-1.2	-4.4	-4.2	-7.5	-12.2
2 Required	-2.3	-1.9	3.0	4.0	-4.5	-8.0	3.9	-4.5	-11.5
3 Nonborrowed	-4.2	-3.5	-2.1	-2.4	-.4	-2.9	-2.6	-7.7	-13.0
4 Monetary base[3]	8.4	7.5	6.9	6.4	4.1	8.1	3.6	8.6	7.8
Concepts of money, liquid assets, and debt[4]									
5 M1	2.7	2.4	-1.2	.0	.3	1.0	1.8	.8	1.9
6 M2	1.7	.9	-.3[r]	1.7[r]	1.6[r]	3.9	-1.4	2.5	4.2
7 M3	1.3	2.1	1.7	4.3	3.7[r]	6.5	2.2	5.8	5.8
8 L	1.6	1.9	3.6[r]	9.1	11.2[r]	7.5	11.0	11.2	n.a.
9 Debt	4.8	4.7	5.5	5.5	4.3	5.3	6.9	5.3	n.a.
Nontransaction components									
10 In M2[5]	1.3	.2	.1[r]	2.4[r]	2.1[r]	5.3	-1.2	3.3	5.2
11 In M3 only[6]	-1.3	8.6[r]	13.2[r]	18.4[r]	14.6[r]	19.8	21.1	22.5	14.0
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	-3.7	-4.6	8.5	-13.2[r]	-10.9	-13.1	-16.0	-17.8	-12.1
13 Small time[7]	.3	9.4	16.0	24.2[r]	20.4	23.9	27.2	31.1	23.0
14 Large time[8,9]	.8	13.1	19.4[r]	12.5[r]	18.4[r]	-5.6	27.9	17.8	.4
Thrift institutions									
15 Savings, including MMDAs	-.4	-11.5	-17.6	-20.5[r]	19.9	-19.3	24.9	-19.1	-16.8
16 Small time[7]	-5.8	.2	10.6[r]	21.4[r]	5.7[r]	21.2	31.6	33.7	28.9
17 Large time[8]	-3.5	6.8	12.0	23.6[r]	7.5	33.6	27.2	33.7	19.0
Money market mutual funds									
18 General purpose and broker–dealer	11.9	5.7	7.5	7.9[r]	17.8	9.6	1.8	-1.8	15.7
19 Institution-only	-15.7	-4.5	7.3	10.0	2.0	36.5	-38.0	57.2	24.8
Debt components[4]									
20 Federal	5.4	3.9	5.9	5.2	1.1	2.5	10.6	7.4	n.a.
21 Nonfederal	4.5	4.9	5.3	5.6	5.4	6.3	5.5	4.6	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1995			1995						
	Feb.	Mar.	Apr.	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr 12	Apr 19	Apr. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	400,034	404,515[r]	411,558	404,383	404,192[r]	406,148[r]	408,984	409,370	412,102	414,992
U.S. government securities[2]										
2 Bought outright—System account	361,651	364,433	367,512	364,415	364,029	365,474	364,317	368,652	367,303	368,234
3 *Held under repurchase agreements*	46	1,560	4,257	2,103	1,558	1,925	4,826	1,763	4,627	6,779
Federal agency obligations										
4 *Bought outright*	3,542	3,478	3,404	3,491	3,491	3,455	3,408	3,408	3,408	3,402
5 Held under repurchase agreements	1	438	462	61	843	845	724	193	409	564
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	23	18	30	15	17	24	22	9	31	50
8 Seasonal credit	32	51	81	49	55	62	60	61	76	103
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	651	545[r]	533	420	448[r]	387[r]	329	323	1,158	466
11 Other Federal Reserve assets	34,086	33,991	35,278	33,830	33,751	33,975	35,298	34,962	35,091	35,394
12 Gold stock	11,050	11,052	11,054	11,051	11,053	11,053	11,053	11,053	11,055	11,055
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency *outstanding*	23,111[r]	23,187[r]	23,261	23,176[r]	23,196[r]	23,215[r]	23,234	23,248	23,262	23,276
ABSORBING RESERVE FUNDS										
15 Currency in circulation	396,662[r]	400,531[r]	405,066	401,289[r]	401,290[r]	401,056[r]	402,521	404,768	406,009	405,805
16 Treasury cash holdings	339	352	361	349	353	358	362	367	363	356
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,753	5,141	6,155	5,175	6,000	4,600	5,138	4,978	6,178	7,065
18 Foreign	183	197	198	173	221	184	259	175	207	190
19 Service-related balances and adjustments	4,349	4,325	4,107	4,371	4,395	4,304	4,227	4,019	4,002	4,050
20 Other	426	393	360	384	404	385	411	369	367	318
21 Other Federal Reserve liabilities and capital	12,705	12,996	13,498	12,850	12,806	12,789	14,191	14,362	12,922	12,839
22 Reserve balances with Federal Reserve Banks[3]	21,797	22,837[r]	24,146	22,037	20,989[r]	24,757[r]	24,181	22,652	24,389	26,718
	End-of-month figures			Wednesday figures						
	Feb.	Mar.	Apr.	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	405,235	409,448[r]	411,549	411,183	404,816[r]	408,224[r]	408,449	412,365	412,606	419,666
U.S. government securities[2]										
2 Bought outright—System account	365,631	363,707	368,554	363,318	364,094	367,394	364,375	369,820	366,014	368,366
3 Held under repurchase agreements	0	5,593	2,750	9,018	1,935	1,930	4,450	3,356	7,346	10,012
Federal agency obligations										
4 Bought outright	3,491	3,408	3,388	3,491	3,491	3,408	3,408	3,408	3,408	3,388
5 Held under repurchase agreements	0	1,105	500	325	900	1,171	500	450	400	1,550
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	18	25	43	18	17	52	16	5	25	75
8 Seasonal credit	36	59	112	53	57	63	59	66	84	116
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	1,892	57[r]	393	1,204	387[r]	55[r]	693	549	254	289
11 Other Federal Reserve assets	34,167	35,494[r]	35,809	33,757	33,935	34,150	34,948	34,711	35,074	35,870
12 Gold stock	11,050	11,053	11,055	11,051	11,053	11,053	11,053	11,054	11,055	11,055
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	23,138[r]	23,234[r]	23,290	23,176[r]	23,196[r]	23,215[r]	23,234	23,248	23,262	23,276
ABSORBING RESERVE FUNDS										
15 Currency in circulation	397,753[r]	401,630[r]	405,272	402,347[r]	401,836[r]	402,375[r]	404,259	406,386	407,017	406,475
16 Treasury cash holdings	340	361	356	352	358	361	367	364	356	356
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,890	4,543	8,241	5,470	4,413	4,389	5,007	4,410	5,923	8,128
18 Foreign	188	370	166	165	162	185	167	187	158	165
19 Service-related balances and adjustments	4,171	4,227[r]	4,395	4,371	4,395	4,304	4,227	4,019	4,002	4,050
20 Other	325	398	339	413	392	397	416	350	335	323
21 Other Federal Reserve liabilities and capital	13,710	14,449	13,095	12,761	12,581	12,558	14,072	12,748	12,707	12,636
22 Reserve balances with Federal Reserve Banks[3]	24,062	25,776	22,048	27,550	22,947[r]	25,942[r]	22,238	26,221	24,443	29,882

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1992	1993	1994	1994			1995			
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	24,745	24,715	24,658	22,291	21,758	22,649	24,218
2 Total vault cash[3]	34,541	36,818	40,365	38,231	38,933	40,365	42,291	39,795[r]	38,518	38,099
3 Applied vault cash[4]	31,172	33,484	36,682	34,745	35,291	36,682	38,230	35,941	34,934	34,656
4 Surplus vault cash[5]	3,370	3,334	3,683	3,486	3,642	3,683	4,061[r]	3,855[r]	3,584	3,442
5 Total reserves[6]	56,540	62,858	61,340	59,490	60,006	61,340	60,521	57,699	57,583	58,875
6 Required reserves	55,385	61,795	60,172	58,686	58,999	60,172	59,182	56,752	56,789	58,121
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	804	1,008	1,168	1,339	946	794	753
8 Total borrowings at Reserve Banks[8]	124	82	209	380	249	209	136	59	69	111
9 Seasonal borrowings	18	31	100	339	164	100	46	33	51	82
10 Extended credit[9]	1	0	0	0	0	0	4	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1995									
	Jan. 4	Jan. 18	Feb. 1	Feb 15	Mar. 1	Mar. 15	Mar. 29[r]	Apr. 12[r]	Apr. 26	May 10
1 Reserve balances with Reserve Banks[2]	25,189	23,958	19,603	21,028	22,710	22,316	22,869	23,412	25,542	22,003
2 Total vault cash[3]	39,967	42,165	43,143[r]	41,295[r]	37,924[r]	39,318[r]	37,773	38,433	37,481	39,261
3 Applied vault cash[4]	36,429	38,223	38,793	37,274	34,286	35,636	34,278	34,941	34,158	35,549
4 Surplus vault cash[5]	3,539	3,942	4,350[r]	4,021[r]	3,638[r]	3,682[r]	3,496	3,492	3,323	3,712
5 Total reserves[6]	61,618	62,181	58,396	58,302	56,995	57,952	57,147	58,353	59,700	57,552
6 Required reserves	60,451	60,822	57,026	57,329	56,111	57,385	56,077	57,939	58,737	56,515
7 Excess reserve balances at Reserve Banks[7]	1,167	1,360	1,370	973	885	566	1,070	414	963	1,037
8 Total borrowings at Reserve Banks[8]	246	68	176	51	60	59	79	76	130	148
9 Seasonal borrowings	95	38	41	31	36	44	59	61	90	124
10 Extended credit[9]	0	0	10	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.

2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements

5. Total vault cash (line 2) less applied vault cash (line 3).

6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).

7. Total reserves (line 5) less required reserves (line 6).

8. Also includes adjustment credit.

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

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

Millions of dollars, averages of daily figures

Source and maturity	1995, week ending Monday								
	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	69,701	72,625	74,398	69,882	68,115	72,699	73,555	73,752	72,251
2 For all other maturities	14,853	15,823	16,308	16,714	17,463	18,120	19,323	22,179	17,752
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,988	18,601	18,407	18,882	21,227	21,250	20,049	18,994	22,459
4 For all other maturities	24,916	25,283	28,095	29,647	29,805	28,469	24,448	29,665	30,673
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	21,324	21,213	21,790	27,744	27,267	24,955	24,738	20,415	23,646
6 For all other maturities	34,532	32,729	33,540	34,323	35,356	32,770	35,084	39,301	38,332
All other customers									
7 For one day or under continuing contract	37,337	37,718	36,792	36,743	37,187	37,820	37,252	33,711	36,468
8 For all other maturities	18,981	18,979	18,752	17,898	18,557	17,433	16,302	20,032	16,982
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	65,706	66,526	63,537	65,881	60,591	62,801	57,092	61,151	62,282
10 To all other specified customers[2]	28,604	28,920	25,916	27,201	27,888	26,972	26,557	26,021	27,114

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 6/2/95	Effective date	Previous rate	On 6/2/95	Effective date	Previous rate	On 6/2/95	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	6.00	5/25/95	6.05	6.50	5/25/95	6.55
New York	↑	2/1/95	↑	↑	↑	↑	↑	↑	↑
Philadelphia		2/2/95							
Cleveland		2/9/95							
Richmond		2/1/95							
Atlanta		2/2/95							
Chicago		2/1/95							
St. Louis		2/1/95							
Minneapolis		2/2/95							
Kansas City		2/1/95							
Dallas	↓	2/2/95	↓	↓	↓	↓	↓	↓	↓
San Francisco	5.25	2/1/95	4.75	6.00	5/25/95	6.05	6.50	5/25/95	6.55

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10-11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14

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

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

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1994, the exemption was raised from $4.0 million to $4.2 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1994				1995		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	0	518	6,109	444	0	0	0
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	380,327	29,668	29,361	36,543	29,883	37,122	31,530	36,449
4 Redemptions	1,600	0	0	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	1,096	1,223	1,238	151	450	0	125	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	36,662	31,368	0	961	460	1,790	−2,430	2,835	5,872	0
8 Exchanges	−30,543	−36,582	−21,444	−2,203	0	−5,795	1,680	−3,167	−4,881	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	13,118	10,350	9,168	2,530	0	200	2,208	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−34,478	−27,140	−6,004	−837	−460	−1,123	2,430	−2,145	−5,115	0
13 Exchanges	25,811	0	17,801	2,203	0	4,192	−1,680	3,167	3,031	0
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	938	0	0	660	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−1,915	0	−3,145	−125	0	−278	0	−690	−757	0
17 Exchanges	3,532	0	2,903	0	0	1,603	0	0	1,150	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	840	0	0	1,252	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−269	0	−918	0	0	−389	0	0	0	0
21 Exchanges	1,200	0	775	0	0	0	0	0	700	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	4,459	968	6,309	4,689	0	0	0
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	0	979	0	0	621	0	0
Matched transactions										
25 Gross purchase	1,480,140	1,475,941	1,700,836	151,029	136,556	148,425	166,648	160,465	178,877	168,800
26 Gross sales	1,482,467	1,475,085	1,701,309	151,589	137,242	147,858	166,007	167,676	176,232	170,724
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	4,975	17,088	35,456	29,406	32,201	1,300	22,070
28 Gross sales	386,257	470,723	311,898	9,354	15,613	32,561	26,351	39,756	3,310	16,477
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	−479	778	9,771	8,385	−15,387	634	3,669
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	632	774	1,002	31	62	70	37	91	55	83
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	3,620	2,868	8,615	5,090	5,243	25	4,926
34 Gross sales	14,486	34,669	52,696	4,982	2,838	7,360	5,720	4,948	1,345	3,821
35 Net change in federal agency obligations	−554	−380	−1,002	−1,393	−32	1,185	−667	204	−1,375	1,022
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**−1,872**	**746**	**10,956**	**7,718**	**−15,183**	**−741**	**4,691**

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

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

Millions of dollars

Account	Wednesday 1995					End of month 1995		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26	Feb. 28	Mar. 31	Apr. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,053	11,053	11,054	11,055	11,055	11,050	11,053	11,055
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	415	416	412	414	399	429	434	417
Loans								
4 To depository institutions	115	75	71	109	191	54	84	155
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	3,408	3,408	3,408	3,408	3,388	3,491	3,408	3,388
8 Held under repurchase agreements	1,171	500	450	400	1,550	0	1,105	500
9 Total U.S. Treasury securities	**369,324**	**368,825**	**373,176**	**373,360**	**378,378**	**365,631**	**369,300**	**371,304**
10 Bought outright[2]	367,394	364,375	369,820	366,014	368,366	365,631	363,707	368,554
11 Bills	180,874	177,855	178,774	175,338	177,690	179,111	177,187	177,878
12 Notes	143,773	143,773	146,824	146,454	146,454	143,773	143,773	146,454
13 Bonds	42,747	42,747	44,222	44,222	44,222	42,747	42,747	44,222
14 Held under repurchase agreements	1,930	4,450	3,356	7,346	10,012	0	5,593	2,750
15 Total loans and securities	**374,019**	**372,808**	**377,105**	**377,277**	**383,507**	**369,176**	**373,897**	**375,347**
16 Items in process of collection	4,693	5,699	5,352	5,616	5,273	9,161	3,611	4,312
17 Bank premises	1,081	1,081	1,083	1,085	1,085	1,078	1,080	1,085
Other assets								
18 Denominated in foreign currencies[3]	23,657	24,549	24,017	24,034	24,054	24,743	25,286	24,405
19 All other[4]	9,407	9,329	9,969	9,974	10,747	8,388	9,129	10,309
20 Total assets	**432,342**	**432,953**	**437,010**	**437,474**	**444,140**	**432,044**	**432,508**	**434,948**
LIABILITIES								
21 Federal Reserve notes	379,936	381,808	383,914	384,525	383,954	375,385	379,191	382,754
22 Total deposits	**35,519**	**31,920**	**35,539**	**34,995**	**42,626**	**36,469**	**35,320**	**35,085**
23 Depository institutions	30,548	26,330	30,591	28,618	34,011	28,754	30,009	26,338
24 U.S. Treasury—General account	4,389	5,007	4,410	5,923	8,128	6,890	4,543	8,241
25 Foreign—Official accounts	185	167	187	158	165	188	370	166
26 Other	397	416	350	335	323	325	398	339
27 Deferred credit items	4,330	5,153	4,809	5,247	4,923	6,479	3,549	4,014
28 Other liabilities and accrued dividends[5]	4,544	4,360	4,687	4,667	4,596	4,510	4,578	4,578
29 Total liabilities	**424,328**	**423,242**	**428,949**	**429,434**	**436,099**	**422,843**	**422,638**	**426,432**
CAPITAL ACCOUNTS								
30 Capital paid in	3,781	3,789	3,793	3,793	3,793	3,768	3,786	3,794
31 Surplus	3,683	3,683	3,683	3,683	3,683	3,683	3,683	3,683
32 Other capital accounts	549	2,239	585	564	564	1,749	2,401	1,039
33 Total liabilities and capital accounts	**432,342**	**432,953**	**437,010**	**437,474**	**444,140**	**432,044**	**432,508**	**434,948**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	429,710	433,735	445,790	447,937	438,611	418,667	429,759	440,236
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	453,497	453,666	455,652	456,960	458,900	457,095	452,980	459,648
36 LESS: Held by Federal Reserve Banks	73,561	71,857	71,738	72,435	74,946	81,710	73,790	76,894
37 Federal Reserve notes, net	379,936	381,808	383,914	384,525	383,954	375,385	379,191	382,754
Collateral held against notes, net								
38 Gold certificate account	11,053	11,053	11,054	11,055	11,055	11,050	11,053	11,055
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	360,864	362,737	364,842	365,452	364,881	356,317	360,119	363,681
42 Total collateral	**379,936**	**381,808**	**383,914**	**384,525**	**383,954**	**375,385**	**379,191**	**382,754**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.

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

3. Valued monthly at market exchange rates.

4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.

5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1995					1995		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26	Feb. 28	Mar. 31	Apr. 30
1 **Total loans**	**116**	**75**	**71**	**109**	**191**	**54**	**86**	**153**
2 Within fifteen days[1]	110	28	24	105	184	38	82	146
3 Sixteen days to ninety days	6	47	48	5	7	16	4	7
		0	0	0	0			0
9 **Total U.S. Treasury securities**	**367,396**	**368,825**	**373,176**	**373,360**	**378,378**	**365,631**	**363,707**	**368,554**
10 Within fifteen days[1]	21,375	21,543	17,100	22,528	27,972	11,471	9,764	11,454
11 Sixteen days to ninety days	84,013	89,046	89,164	84,370	83,895	89,928	94,316	94,921
12 Ninety-one days to one year	112,742	109,973	116,328	116,665	116,715	113,264	111,365	112,383
13 One year to five years	86,730	85,728	88,277	87,850	87,850	87,864	85,728	87,850
14 Five years to ten years	26,990	26,990	25,623	25,263	25,263	27,561	26,990	25,263
15 More than ten years	35,545	35,545	36,683	36,683	36,683	35,545	35,545	36,683
16 ***Total federal agency obligations***	**3,409**	**3,908**	**3,857**	**3,808**	**4,937**	**3,491**	**3,408**	**3,388**
17 Within fifteen days[1]	216	500	470	550	1,680	255	215	160
18 Sixteen days to ninety days	524	524	729	599	617	448	524	587
19 Ninety-one days to one year	782	997	802	802	831	888	782	831
20 One year to five years	1,405	1,405	1,415	1,415	1,368	1,418	1,405	1,368
21 Five years to ten years	457	457	417	417	417	457	457	417
22 More than ten years	25	25	25	25	25	25	25	25

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

NOTE. Total acceptances data have been deleted from this table because data are no longer available.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.54	54.35	60.50	59.34	59.79	59.50	59.40	59.34	59.12	58.92	58.55	57.96
2 Nonborrowed reserves[4]	45.34	54.23	60.42	59.13	59.31	59.12	59.15	59.13	58.99	58.86	58.48	57.85
3 Nonborrowed reserves plus extended credit[5]	45.34	54.23	60.42	59.13	59.31	59.12	59.15	59.13	58.99	58.86	58.48	57.85
4 Required reserves	44.56	53.20	59.44	58.17	58.73	58.69	58.39	58.17	57.79	57.97	57.76	57.21
5 Monetary base[6]	317.43	351.12	386.60	418.22	411.34	413.85	416.79	418.22	421.05	422.31	425.35	428.12
	Not seasonally adjusted											
6 Total reserves[7]	46.98	56.06	62.37	61.13	59.73	59.24	59.73	61.13	60.52	57.72	57.62	58.93
7 Nonborrowed reserves	46.78	55.93	62.29	60.92	59.24	58.86	59.48	60.92	60.38	57.66	57.55	58.82
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.92	59.24	58.86	59.48	60.92	60.39	57.66	57.55	58.82
9 Required reserves[8]	46.00	54.90	61.31	59.96	58.67	58.44	58.72	59.96	59.18	56.78	56.83	58.18
10 Monetary base[9]	321.07	354.55	390.59	422.51	411.37	413.15	417.08	422.51	421.84	419.25	423.27	428.73
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	59.95	59.49	60.01	61.34	60.52	57.70	57.58	58.88
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	59.47	59.11	59.76	61.13	60.39	57.64	57.51	58.76
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	59.47	59.11	59.76	61.13	60.39	57.64	57.51	58.76
14 Required reserves	54.55	55.39	61.80	60.17	58.89	58.69	59.00	60.17	59.18	56.75	56.79	58.12
15 Monetary base[12]	333.61	360.90	397.62	427.25	416.70	418.19	421.90	427.25	426.31	423.57	427.56	432.79
16 Excess reserves[13]	.98	1.16	1.06	1.17	1.06	.80	1.01	1.17	1.34	.95	.79	.75
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.49	.38	.25	.21	.14	.06	.07	.11

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1995			
					Jan.[r]	Feb[r]	Mar.[r]	Apr.
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,147.8	1,148.8	1,147.1	1,147.9	1,149.7
2 M2	3,457.9	3,515.3	3,583.6	3,615.1[r]	3,626.9	3,622.7	3,630.3	3,642.9
3 M3	4,176.0	4,182 9	4,242.5	4,304.5[r]	4,327.7	4,335.8	4,356.8	4,377.9
4 L	4,990.9	5,061.1	5,150.3	5,294.0[r]	5,327.0	5,375.8	5,426.0	n.a.
5 Debt	11,171.1	11,706.1	12,335.3	12,965.0	13,021.9	13,096.8	13,154.9	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354 5	357.7	358.8	362.5	365.7
7 Travelers checks[4]	7.7	8.1	7.9	8 4	8.4	8.4	8.8	9.2
8 Demand deposits[5]	289.5	338.9	383.9	382 0	383.4	384.0	383.2	381.2
9 Other checkable deposits[6]	332.7	384.6	414.7	402 9	399.3	395.9	393.3	393.6
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,467 2[r]	2,478.1	2,475.6	2,482.4	2,493.2
11 In M3[8] only	718.1	667.6	658.9	689 4[r]	700.8	713 1	726.5	735.0
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	744.1	734.2	723.3	716.0
13 Small time deposits[9]	602.5	508.1	468.6	502.4	512.4	524.0	537.6	547.9
14 Large time deposits[10, 11]	333.3	286.7	271.2	298 3[r]	296.9	303.8	308.3	308.4
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.9	385.6	377.6	371.6	366.4
16 Small time deposits[9]	464.1	361.1	316.5	317.3[r]	322.9	331.4	340.7	348.9
17 Large time deposits[10]	83.3	67.1	61.6	64.3	66.1	67.6	69.5	70.6
Money market mutual funds								
18 General purpose and broker–dealer	374.2	356.9	360.1	389.0	392.1	391.5	390.9	396.0
19 Institution-only	180.0	200.2	198.1	180.8	186.3	180.4	189.0	192.9
Debt components								
20 Federal debt	2,763.3	3,067.9	3,328.0	3,497.4	3,504.7	3,535 8	3,557.5	n.a.
21 Nonfederal debt	8,407.8	8,638.1	9,007.3	9,467.6	9,517.2	9,561.0	9,597.4	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.5	1,158.5	1,134.2	1,138.0	1,158.7
23 M2	3,472.7	3,533.6	3,606.1	3,638.6[r]	3,633.4	3,609.0	3,628.3	3,659.3
24 M3	4,189.4	4,201.4	4,266.3	4,330.6[r]	4,337.4	4,324.5	4,352.6	4,389.7
25 L	5,015.5	5,090.8	5,184.9	5,331.7[r]	5,350.1	5,367.5	5,425.4	n a.
26 Debt	11,168.5	11,708.9	12,327.4	12,956.8	12,996.6	13,043.9	13,106.6	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	355.9	357.1	361.4	365.5
28 Travelers checks[4]	7.4	7.8	7.6	8.1	8.1	8.1	8.4	8.8
29 Demand deposits[5]	302.4	354.4	401.8	400.1	388.7	374.9	374.0	382.0
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	405.7	394.1	394.2	402.4
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.4	2,465.1[r]	2,475.0	2,474.8	2,490.2	2,500.6
32 In M3[8]	716.7	667.7	660.2	692.0[r]	704 0	715.6	724.3	730.4
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	739.5	729.8	723.4	717.8
34 Small time deposits[9]	601.9	507.8	468.2	502.0	512.9	524.1	537.4	547.3
35 Large time deposits[10, 11]	332.6	286.2	270.8	298.0[r]	295.5	302.3	306.2	306.2
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	391.2	383.2	375.3	371.6	367.4
37 Small time deposits[9]	463.7	360.9	316.2	317.1[r]	323.2	331.5	340.6	348.5
38 Large time deposits[10]	83.1	67.0	61.5	64.3	65.8	67.2	69.1	70.1
Money market mutual funds								
39 General purpose and broker–dealer	372.2	355.1	358.3	387.1	392.8	396.3	399.8	404.8
40 Institution-only	180.8	201.7	200.0	183.1	192.4	188.8	190.8	191.3
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	116.7[r]	123.4	117.8	117.6	114.9
42 Term	132.7	127.8	144.1	159.0	164 0	170.5	171 4	176.1
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,499.0	3,525.0	3,551.1	n.a.
44 Nonfederal debt	8,403.5	8,639.1	8,997.9	9,457.7	9,497.6	9,518.9	9,555.5	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	1992 Dec.	1993 Dec.	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.85	1.87	1.88	1.92	1.96	1.98	2.01	2.00	2.00
2 Savings deposits[3]	2.88	2.46	2.63	2.67	2.72	2.81	2.91	2.98	3.09	3.14	3.15
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.90	2.65	3.29	3.36	3.47	3.65	3.81	3.96	4.19	4.24	4.28
4 92 to 182 days	3.16	2.91	3.61	3.75	3.93	4.22	4.44	4.67	4.83	4.97	4.95
5 183 days to 1 year	3.37	3.13	4.11	4.27	4.50	4.85	5.12	5.39	5.57	5.60	5.60
6 More than 1 year to 2½ years	3.88	3.55	4.61	4.80	5.08	5.42	5.74	6.00	6.12	6.12	6.05
7 More than 2½ years	4.77	4.29	5.33	5.47	5.77	6.09	6.30	6.47	6.52	6.45	6.36
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.89	1.91	1.88	1.91	1.95	1.99	2.04	1.99	2.02
9 Savings deposits[3]	3.20	2.63	2.74	2.78	2.76	2.83	2.88	2.91	2.95	2.94	2.95
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.13	2.70	3.03	3.11	3.32	3.51	3.80	3.98	4.17	4.21	4.20
11 92 to 182 days	3.44	3.02	3.69	3.87	4.10	4.42	4.89	5.13	5.33	5.37	5.36
12 183 days to 1 year	3.61	3.31	4.24	4.47	4.80	5.18	5.52	5.75	5.94	5.94	5.89
13 More than 1 year to 2½ years	4.02	3.66	4.83	5.04	5.39	5.70	6.09	6.29	6.37	6.32	6.23
14 More than 2½ years	5.00	4.62	5.47	5.64	5.79	6.18	6.43	6.68	6.75	6.68	6.59
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	286,541	305,223	295,320	286,787	294,072	294,282	303,724	291,355	290,188	292,811	287,068
16 Savings deposits[3]	738,253	766,413	764,035	755,249	751,183	746,605	734,519	723,295	714,955	713,440	699,196
17 Personal	578,757	597,838	600,892	595,175	590,875	584,628	578,459	569,619	564,877	564,086	551,193
18 Nonpersonal	159,496	168,575	163,143	160,074	160,308	161,977	156,060	153,676	150,078	149,354	148,002
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	38,474	29,455	27,959	28,312	31,447	31,077	32,375	32,154	31,777	31,623	31,702
20 92 to 182 days	127,831	110,069	98,085	96,398	95,359	94,692	95,901	96,895	98,248	95,583	94,556
21 183 days to 1 year	163,098	146,565	155,964	157,253	158,753	159,645	161,831	163,939	169,103	176,657	179,579
22 More than 1 year to 2½ years	152,977	141,223	150,807	152,514	155,111	158,382	162,486	168,515	176,877	183,275	190,197
23 More than 2½ years	169,708	181,528	186,490	190,209	188,479	189,741	190,897	190,215	191,383	194,722	193,324
24 IRA and Keogh plan deposits	147,350	143,985	142,617	142,700	142,896	143,075	143,428	143,900	145,040	145,959	146,649
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	10,871	11,151	11,016	10,769	11,120	11,002	11,317	11,127	10,950	11,218	11,006
26 Savings deposits[3]	81,786	80,115	75,108	74,659	73,416	72,622	70,642	71,639	69,982	68,595	67,349
27 Personal	78,695	77,035	72,040	71,525	70,215	69,412	67,673	68,760	67,144	65,692	64,445
28 Nonpersonal	3,091	3,079	3,068	3,134	3,201	3,211	2,969	2,878	2,837	2,902	2,904
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	3,867	2,793	2,523	2,402	2,245	2,209	2,166	2,041	2,086	1,943	1,864
30 92 to 182 days	17,345	12,946	12,292	12,276	11,987	11,913	11,793	12,084	11,953	11,707	11,420
31 183 days to 1 year	21,780	17,426	17,593	17,928	18,123	18,509	18,753	19,336	19,979	20,277	20,547
32 More than 1 year to 2½ years	18,442	16,546	16,824	17,287	17,519	17,999	17,842	20,460	21,870	22,648	23,350
33 More than 2½ years	18,845	20,464	21,531	21,923	21,624	21,687	21,600	21,888	22,275	22,446	22,934
34 IRA and Keogh plan accounts	21,713	19,356	19,445	19,532	19,550	19,532	19,325	19,802	20,099	20,221	20,420

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

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

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1992[2]	1993[2]	1994[2]	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.[r]	1995 Feb.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	313,128.1	334,245.6	367,129.2	368,276.6	352,375.9	369,211.3	371,048.0	364,951.0	381,731.4
2 Major New York City banks	165,447.7	171,227.3	191,169.8	186,074.2	179,396.2	186,350.6	187,955.6	183,419.3	195,142.7
3 Other banks	147,680.4	163,018.3	175,959.4	182,202.4	172,979.7	182,860.7	183,092.4	181,531.6	186,588.7
4 Other checkable deposits[4]	3,780.3	3,467.1	3,831.4	3,905.1	3,896.7	4,116.4	4,199.0	4,056.6	3,984.6
5 Savings deposits (including MMDAs)[5]	3,309.1	3,508.8	3,737.1	3,760.0	3,639.6	3,835.7	4,033.1	3,861.2	3,954.3
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	825.9	785.3	813.0	815.5	783.6	826.5	820.6	810.0	851.2
7 Major New York City banks	4,795.3	4,198.1	4,481.6	4,502.1	4,414.6	4,544.7	4,490.8	4,337.5	4,662.4
8 Other banks	428.7	423.6	430.3	444.1	422.9	450.7	446.3	444.7	458.9
9 Other checkable deposits[4]	14.4	11.8	12.8	13.0	13.0	13.9	14.2	13.8	13.6
10 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	4.9	4.8	5.1	5.4	5.3	5.5
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	313,344.9	334,354.6	367,218.8	365,063.0	352,548.5	359,229.9	384,218.7	363,926.8	353,562.1
12 Major New York City banks	165,595.0	171,283.5	191,226.1	186,161.8	181,406.6	184,656.3	194,120.1	181,602.7	181,697.8
13 Other banks	147,749.9	163,071.0	175,992.8	178,901.2	171,141.8	174,573.5	190,098.6	182,324.1	171,864.3
14 Other checkable deposits[4]	3,783.6	3,467.5	3,827.9	3,960.9	3,797.1	3,845.9	4,365.1	4,404.5	3,671.0
15 Savings deposits (including MMDAs)[5]	3,310.0	3,509.5	3,734.9	3,716.4	3,472.2	3,640.4	4,244.8	4,036.4	3,579.2
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	826.1	785.4	813.8	811.9	774.5	785.9	814.9	791.1	806.7
17 Major New York City banks	4,803.5	4,197.9	4,490.3	4,539.5	4,435.8	4,391.6	4,343.4	4,128.1	4,334.9
18 Other banks	428.8	423.8	430.6	437.8	413.1	420.6	445.4	438.2	433.6
19 Other checkable deposits[4]	14.4	11.8	12.7	13.3	12.9	13.0	14.5	14.6	12.5
20 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	4.9	4.6	4.8	5.7	5.5	4.9

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

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

2. Annual averages of monthly figures.

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

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

5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994[r]				1995[r]				1995			
	Apr.	Oct.	Nov.	Dec	Jan.	Feb.	Mar	Apr.	Apr. 5	Apr. 12	Apr. 19	Apr. 26
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,203.2	3,289.4	3,297.6	3,316.1	3,349.1	3,362.2	3,385.1	3,424.5	3,406.8	3,414.9	3,428.0	3,435.7
2 Securities in bank credit	967.9	959.0	951.4	946.9	945.5	936.9	939.2	951.6	945.9	951.8	955.4	952.8
3 U.S. government securities	756.7	731.8	724.3	720.2	721.7	716.8	704.5	704.4	704.0	704.1	704.5	705.1
4 Other securities	211.2	227.1	227.1	226.7	223.8	220.1	234.7	247.2	242.0	247.7	251.0	247.8
5 Loans and leases in bank credit[2]	2,235.3	2,330.5	2,346.2	2,369.1	2,403.6	2,425.3	2,445.9	2,472.9	2,460.9	2,463.1	2,472.5	2,482.9
6 Commercial and industrial	603.2	633.9	639.6	644.6	657.7	669.6	673.1	682.0	675.6	680.7	680.9	685.5
7 Real estate	948.5	985.9	991.6	999.8	1,015.1	1,022.8	1,028.4	1,036.0	1,032.2	1,033.9	1,036.3	1,038.7
8 Revolving home equity	73.3	75.1	75.7	76.2	76.7	77.0	77.2	78.0	77.6	77.8	78.1	78.2
9 Other	875.2	910.8	915.8	923.6	938.5	945.9	951.2	958.0	954.6	956.1	958.2	960.5
10 Consumer	408.2	441.6	445.8	452.2	457.5	459.5	465.1	471.0	470.2	470.5	471.2	471.0
11 Security[3]	79.0	70.4	69.7	70.9	68.6	67.8	69.7	73.2	72.9	68.3	74.2	74.8
12 Other	196.4	198.6	199.6	201.6	204.6	205.5	209.6	210.6	209.9	209.6	209.9	212.9
13 Interbank loans[4]	149.9	165.6	172.3	175.0	179.0	177.7	180.0	178.5	174.0	177.2	175.2	187.0
14 Cash assets[5]	210.6	208.9	205.9	208.9	219.4	216.0	207.1	208.6	201.4	207.3	207.0	218.4
15 Other assets[6]	221.9	221.2	221.1	227.6	236.7	242.3	244.4	253.3	252.7	252.1	253.9	253.0
16 **Total assets**[7]	**3,728.3**	**3,828.5**	**3,840.7**	**3,871.4**	**3,927.2**	**3,941.6**	**3,960.2**	**4,007.8**	**3,978.0**	**3,994.6**	**4,007.0**	**4,037.1**
Liabilities												
17 Deposits	2,507.2	2,526.5	2,522.6	2,528.7	2,544.0	2,547.2	2,548.2	2,556.7	2,546.4	2,552.3	2,554.7	2,568.1
18 Transaction	803.4	804.9	797.7	797.6	808.6	804.9	795.6	791.3	792.7	791.9	789.2	795.0
19 Nontransaction	1,703.8	1,721.7	1,724.9	1,731.1	1,735.3	1,742.2	1,752.6	1,765.4	1,753.7	1,760.4	1,765.5	1,773.2
20 Large time	336.6	354.1	358.3	361.4	365.7	373.0	379.4	385.1	378.7	383.6	385.2	389.3
21 Other	1,367.2	1,367.6	1,366.6	1,369.7	1,369.6	1,369.3	1,373.2	1,380.4	1,375.0	1,376.8	1,380.3	1,383.9
22 Borrowings	569.3	583.6	590.6	606.5	640.1	642.4	647.6	672.7	649.1	661.9	676.6	695.3
23 From banks in the U.S.	152.3	165.4	169.3	176.8	181.1	178.5	182.0	181.5	177.4	181.6	177.4	191.0
24 From nonbanks in the U.S.	417.1	418.2	421.3	429.7	459.0	464.0	465.6	491.2	471.7	480.3	499.1	504.3
25 Net due to related foreign offices	174.2	214.6	213.5	225.6	244.9	252.5	241.3	235.0	238.5	229.3	238.7	236.2
26 Other liabilities[8]	174.4	179.7	177.4	181.2	175.7	179.7	197.2	218.5	213.6	216.7	221.1	218.8
27 **Total liabilities**	**3,425.1**	**3,504.5**	**3,504.2**	**3,542.0**	**3,604.7**	**3,621.8**	**3,634.2**	**3,682.8**	**3,647.6**	**3,660.2**	**3,691.0**	**3,718.4**
28 Residual (assets less liabilities)[9]	303.2	324.0	336.5	329.4	322.5	319.8	326.0	325.0	330.5	334.4	316.0	318.7
	Not seasonally adjusted											
Assets												
29 Bank credit	3,203.9	3,289.8	3,306.1	3,332.0	3,345.1	3,358.0	3,385.6	3,425.7	3,409.2	3,413.8	3,436.4	3,429.5
30 Securities in bank credit	973.6	957.8	952.8	942.2	939.5	935.7	946.9	958.3	958.5	960.2	963.0	953.6
31 U.S. government securities	761.2	731.2	725.3	719.1	715.6	712.4	709.4	708.7	711.6	709.1	709.7	706.2
32 Other securities	212.4	226.6	227.5	223.2	224.0	223.2	237.4	249.5	246.9	251.0	253.2	247.4
33 Loans and leases in bank credit[2]	2,230.3	2,331.9	2,353.3	2,389.8	2,405.6	2,422.4	2,438.7	2,467.4	2,450.7	2,453.6	2,473.5	2,475.9
34 Commercial and industrial	607.1	631.7	639.7	645.3	654.4	668.2	676.3	686.5	680.8	682.4	686.9	689.5
35 Real estate	944.8	988.6	996.3	1,006.2	1,013.5	1,019.0	1,023.6	1,031.8	1,027.4	1,029.7	1,032.1	1,034.2
36 Revolving home equity	72.8	75.8	76.1	76.3	76.6	76.6	76.5	77.5	76.7	77.0	77.6	77.9
37 Other	872.0	912.8	920.2	930.0	936.8	942.3	947.0	954.4	950.7	952.7	954.5	956.2
38 Consumer	405.4	441.7	446.0	457.2	462.2	460.7	461.6	467.8	465.4	466.0	468.2	469.2
39 Security[3]	79.9	70.1	71.3	75.5	70.8	71.0	70.9	74.0	68.7	69.6	78.8	75.5
40 Other	193.2	199.8	200.0	205.6	204.8	203.5	206.3	207.3	208.4	205.9	207.4	207.5
41 Interbank loans[4]	150.1	163.8	173.9	185.7	185.9	179.8	178.3	178.0	180.0	179.5	175.2	179.4
42 Cash assets[5]	207.0	209.4	212.4	222.8	224.8	212.6	201.4	204.9	198.9	203.8	206.5	207.8
43 Other assets[6]	218.2	223.1	223.9	233.3	236.5	240.0	239.7	248.8	248.5	246.6	248.3	247.1
44 **Total assets**[7]	**3,722.2**	**3,829.5**	**3,859.7**	**3,917.3**	**3,935.8**	**3,933.8**	**3,948.3**	**4,000.6**	**3,980.1**	**3,987.1**	**4,009.6**	**4,007.1**
Liabilities												
45 Deposits	2,510.9	2,522.1	2,537.7	2,561.5	2,547.9	2,537.9	2,538.4	2,559.6	2,568.2	2,569.4	2,562.8	2,538.0
46 Transaction	808.6	802.1	811.9	833.3	818.9	796.0	783.4	796.1	808.8	805.4	802.5	774.0
47 Nontransaction	1,702.3	1,720.0	1,725.8	1,728.2	1,728.9	1,741.8	1,755.0	1,763.5	1,759.3	1,763.9	1,760.3	1,764.1
48 Large time	335.7	352.0	357.5	359.9	362.5	373.2	380.6	383.7	377.1	381.0	383.5	388.2
49 Other	1,366.7	1,368.0	1,368.3	1,368.3	1,366.4	1,368.6	1,374.5	1,379.8	1,382.2	1,382.9	1,376.8	1,375.9
50 Borrowings	556.9	591.5	603.9	619.2	633.0	638.6	636.8	655.2	635.2	643.3	663.7	667.8
51 From banks in the U.S.	150.2	163.5	173.6	185.7	185.9	179.8	178.3	178.0	180.0	179.5	175.2	179.4
52 From nonbanks in the U.S.	406.7	428.0	430.3	433.4	447.2	458.8	458.5	477.1	455.2	463.8	488.5	488.4
53 Net due to related foreign offices	175.5	214.4	213.2	230.3	251.5	249.6	245.2	237.5	231.6	227.9	234.6	253.6
54 Other liabilities[8]	170.4	181.6	182.6	184.2	178.6	180.4	196.3	213.3	210.2	211.5	214.0	213.0
55 **Total liabilities**	**3,413.6**	**3,509.6**	**3,537.5**	**3,595.2**	**3,611.0**	**3,606.4**	**3,616.8**	**3,665.6**	**3,645.1**	**3,652.0**	**3,675.0**	**3,672.4**
56 Residual (assets less liabilities)[9]	308.6	319.9	322.3	322.1	324.8	327.5	331.5	335.0	335.0	335.1	334.6	334.7

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994[r]				1995[r]				1995			
	Apr.	Oct.	Nov.	Dec.	Jan	Feb	Mar.	Apr.	Apr 5	Apr. 12	Apr. 19	Apr. 26
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,854.0	2,940.0	2,950.0	2,966.0	2,997.5	3,000.6	3,019.2	3,051.0	3,038.7	3,044.0	3,054.3	3,058.6
58 Securities in bank credit	884.7	875.5	871.0	868.6	864.3	848.3	851.6	860.5	855.6	860.9	863.5	861.6
59 U.S. government securities	694.8	674.8	670.6	669.0	668.4	656.7	646.1	643.1	643.5	644.0	642.7	642.8
60 Other securities	189.9	200.7	200.4	199.5	195.9	191.5	205.6	217.3	212.1	216.9	220.8	218.8
61 Loans and leases in bank credit[2]	1,969.3	2,064.5	2,079.0	2,097.4	2,133.2	2,152.3	2,167.6	2,190.5	2,183.1	2,183.0	2,190.9	2,197.1
62 Commercial and industrial	448.3	473.6	476.7	480.3	492.1	499.0	502.3	510.3	505.9	509.1	510.1	513.0
63 Real estate	904.2	944.4	950.2	958.7	974.6	982.8	988.9	997.3	993.6	995.0	997.6	999.9
64 Revolving home equity	73.3	75.1	75.7	76.2	76.7	77.0	77.2	78.0	77.6	77.8	78.1	78.2
65 Other	830.9	869.3	874.5	882.5	897.9	905.8	911.6	919.2	916.0	917.2	919.5	921.7
66 Consumer	408.2	441.6	445.8	452.2	457.5	459.5	465.1	471.0	470.2	470.5	471.2	471.0
67 Security[3]	50.6	45.5	46.0	45.4	45.5	46.5	45.9	45.4	46.2	42.4	46.4	45.9
68 Other	158.0	159.3	160.2	160.8	163.6	164.4	165.5	166.5	167.2	166.1	165.6	167.2
69 Interbank loans[4]	125.1	140.6	148.6	151.4	155.0	155.1	156.4	157.2	153.5	159.4	152.9	162.3
70 Cash assets[5]	184.0	185.1	181.4	181.7	192.1	190.2	181.0	181.3	175.4	180.8	179.6	189.8
71 Other assets[6]	173.3	167.4	167.3	167.8	171.5	173.2	168.2	165.6	166.9	165.9	166.9	164.4
72 **Total assets[7]**	**3,279.2**	**3,376.4**	**3,391.1**	**3,410.8**	**3,459.3**	**3,462.7**	**3,468.5**	**3,498.1**	**3,477.6**	**3,493.3**	**3,496.7**	**3,518.1**
Liabilities												
73 Deposits	2,363.1	2,371.2	2,367.8	2,370.8	2,390.3	2,395.7	2,393.9	2,396.0	2,391.6	2,393.7	2,393.6	2,402.2
74 Transaction	793.0	795.0	787.8	787.4	798.6	794.7	784.9	780.9	782.1	781.2	778.9	784.6
75 Nontransaction	1,570.1	1,576.2	1,580.0	1,583.5	1,591.7	1,601.0	1,609.1	1,615.2	1,609.4	1,612.5	1,614.7	1,617.5
76 Large time	207.2	212.9	217.3	218.7	226.1	235.2	239.8	240.9	238.5	240.2	241.4	241.5
77 Other	1,362.9	1,363.3	1,362.7	1,364.8	1,365.6	1,365.9	1,369.3	1,374.3	1,370.9	1,372.3	1,373.3	1,376.0
78 Borrowings	466.9	484.3	491.0	505.4	540.0	539.1	536.7	560.0	541.6	551.3	563.6	579.1
79 From banks in the U.S	133.2	149.6	154.2	162.3	164.5	161.4	164.3	162.5	159.0	163.3	158.5	170.5
80 From nonbanks in the U.S.	333.7	334.7	336.8	343.2	375.5	377.7	372.5	397.6	382.6	388.0	405.0	408.6
81 Net due to related foreign offices	20.3	65.4	66.4	77.4	91.5	87.9	85.2	82.3	77.4	78.5	81.3	90.7
82 Other liabilities[8]	132.8	134.6	133.2	129.3	121.0	122.1	132.1	142.9	139.8	143.2	145.0	143.0
83 **Total liabilities**	**2,983.2**	**3,055.5**	**3,058.4**	**3,083.0**	**3,142.8**	**3,144.8**	**3,148.0**	**3,181.2**	**3,150.4**	**3,166.7**	**3,183.5**	**3,215.0**
84 Residual (assets less liabilities)[9]	296.0	320.9	332.7	327.8	316.5	317.9	320.5	316.8	327.2	326.5	313.2	303.1
	Not seasonally adjusted											
Assets												
85 Bank credit	2,857.7	2,942.0	2,958.1	2,973.6	2,988.4	2,996.0	3,018.5	3,055.2	3,043.9	3,047.6	3,063.0	3,056.4
86 Securities in bank credit	891.6	873.9	871.6	862.3	856.8	847.4	858.4	868.3	868.0	870.6	872.6	864.5
87 U.S. government securities	700.3	673.9	670.4	665.9	660.9	653.6	650.4	648.5	651.4	650.3	649.3	645.5
88 Other securities	191.2	200.0	201.2	196.4	195.9	193.8	208.0	219.8	216.6	220.3	223.3	219.0
89 Loans and leases in bank credit[2]	1,966.1	2,068.1	2,086.5	2,111.3	2,131.6	2,148.5	2,160.1	2,186.9	2,175.8	2,177.0	2,190.4	2,192.0
90 Commercial and industrial	452.0	472.5	476.9	480.0	488.5	498.5	505.0	514.6	510.2	511.3	515.2	517.2
91 Real estate	900.8	947.0	954.9	965.1	973.0	978.8	984.0	993.4	989.0	991.1	993.7	995.9
92 Revolving home equity	72.8	75.8	76.1	76.2	76.6	76.6	76.5	77.5	76.7	77.0	77.6	77.9
93 Other	828.0	871.3	878.8	888.9	896.4	902.2	907.4	915.9	912.2	914.1	916.2	918.0
94 Consumer	405.4	441.7	446.0	457.2	462.2	460.7	461.6	467.8	465.4	466.0	468.2	469.2
95 Security[3]	52.0	46.0	47.2	45.9	44.9	47.8	46.6	46.8	44.8	44.8	49.4	46.4
96 Other	155.9	160.9	161.5	163.1	163.0	162.7	163.0	164.3	166.6	163.8	163.9	163.2
97 Interbank loans[4]	125.5	137.9	150.3	159.7	160.4	158.1	155.8	157.0	159.6	162.5	153.9	153.9
98 Cash assets[5]	181.2	184.8	188.0	195.4	198.0	187.8	176.0	178.4	173.8	178.1	179.7	180.1
99 Other assets[6]	170.8	169.6	169.0	170.1	171.0	171.0	165.2	163.2	165.6	163.1	163.2	161.1
100 **Total assets[7]**	**3,278.3**	**3,377.8**	**3,408.9**	**3,442.3**	**3,461.4**	**3,456.3**	**3,458.9**	**3,497.1**	**3,486.4**	**3,494.7**	**3,503.1**	**3,494.9**
Liabilities												
101 Deposits	2,367.7	2,370.4	2,384.4	2,403.7	2,394.6	2,385.7	2,382.3	2,400.2	2,414.4	2,413.6	2,403.6	2,372.4
102 Transaction	798.6	792.0	802.0	822.8	808.8	785.8	773.1	786.1	798.7	795.2	792.8	763.9
103 Nontransaction	1,569.1	1,578.4	1,582.5	1,580.9	1,585.8	1,599.9	1,609.1	1,614.1	1,615.7	1,618.4	1,610.7	1,608.5
104 Large time	206.6	213.8	217.5	217.1	224.0	235.4	238.6	240.2	237.4	239.9	240.4	240.8
105 Other	1,362.5	1,364.7	1,365.0	1,363.8	1,361.9	1,364.5	1,370.5	1,373.9	1,378.4	1,378.6	1,370.4	1,367.7
106 Borrowings	454.6	492.1	504.5	516.7	533.9	537.6	527.7	542.6	525.9	532.2	549.6	554.4
107 From banks in the U.S.	132.2	148.3	158.0	169.8	168.7	163.1	160.6	160.0	160.6	161.7	156.9	162.1
108 From nonbanks in the U.S.	322.5	343.8	346.6	347.0	365.2	374.6	367.1	382.6	365.3	370.5	392.7	392.4
109 Net due to related foreign offices	21.9	63.2	64.9	74.3	90.2	88.7	90.1	84.6	77.2	78.6	80.1	99.4
110 Other liabilities[8]	129.9	137.1	137.7	130.5	122.8	121.8	132.5	139.8	139.0	140.3	140.5	139.1
111 **Total liabilities**	**2,974.1**	**3,062.8**	**3,091.6**	**3,125.2**	**3,141.5**	**3,133.8**	**3,132.5**	**3,167.3**	**3,156.5**	**3,164.7**	**3,173.7**	**3,165.4**
112 Residual (assets less liabilities)[9]	304.2	315.0	317.3	317.1	319.9	322.5	326.4	329.9	329.9	330.0	329.4	329.5

Footnotes appear on following page.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1995								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
ASSETS									
1 Cash and balances due from depository institutions	129,932	106,190	125,045	104,838	106,016	106,557	110,336	112,903	114,476
2 U.S. Treasury and government securities	295,502	297,838	300,048	295,306	291,970	298,336	297,192	295,545	292,260
3 Trading account	23,281	25,365	26,306	22,061	19,201	23,809	22,272	22,663	21,814
4 Investment account	272,221	272,473	273,741	273,245	272,769	274,527	274,920	272,882	270,445
5 Mortgage-backed securities[1]	95,123[r]	95,471[r]	94,625[r]	93,350[r]	93,100[r]	93,384	92,714	93,228	93,568
All others, by maturity									
6 One year or less	46,023	46,401	45,796	46,598	45,866	47,505	47,613	46,996	46,383
7 One year through five years	69,015	68,507	71,705	72,127	72,397	71,752	72,942	71,699	69,991
8 More than five years	62,060[r]	62,094[r]	61,615[r]	61,170[r]	61,406[r]	61,886	61,650	60,959	60,504
9 Other securities	112,120	121,795	123,381	122,865	125,987	131,935	134,997	138,909	134,169
10 Trading account	1,858	1,812	1,721	1,561	1,462	1,323	1,341	1,348	1,469
11 Investment account	60,720	60,525	60,317	60,397	60,285	60,585	60,920	60,830	60,538
12 State and local government, by maturity	20,311	20,326	20,269	20,307	20,402	20,287	20,262	20,264	20,145
13 One year or less	5,475	5,557	5,505	5,553	5,606	5,586	5,553	5,542	5,549
14 *More than one year*	14,836	14,769	14,764	14,754	14,796	14,702	14,709	14,722	14,595
15 Other bonds, corporate stocks, and securities	40,408	40,199	40,048	40,090	39,884	40,298	40,658	40,566	40,393
16 Other trading account assets	49,543	59,458	61,342	60,907	64,240	70,027	72,735	76,731	72,163
17 Federal funds sold[2]	119,155	104,567	115,754	103,465	103,143	98,015	103,134	99,747	106,922
18 To commercial banks in the United States	79,993	68,265	81,113	69,309	71,282	65,849	71,025	66,270	74,419
19 To nonbank brokers and dealers in securities	30,870	27,987	27,341	27,724	24,706	25,906	25,685	27,676	26,035
20 To others[3]	8,292	8,315	7,299	6,432	7,155	6,260	6,424	5,801	6,467
21 Other loans and leases, gross	1,184,836	1,180,286	1,181,666	1,180,668	1,187,229	1,196,249	1,195,815	1,203,945	1,203,507
22 *Commercial and industrial*	332,966	331,151	333,523	333,440[r]	333,299[r]	336,853	337,405	340,365	341,604
23 Bankers acceptances and commercial paper	2,109	2,136	1,945	1,802	1,822	1,834	1,969	2,103	2,015
24 All other	330,857	329,015	331,578	331,638[r]	331,477[r]	335,019	335,436	338,262	339,590
25 U.S. addressees	328,649[r]	326,844[r]	329,391[r]	329,361[r]	329,211[r]	332,657	333,156	335,858	337,155
26 Non-U.S. addressees	2,207[r]	2,171[r]	2,187[r]	2,277[r]	2,266	2,362	2,280	2,404	2,435
27 Real estate loans	468,204	468,119	468,515	468,992	470,201[r]	471,696	473,161	474,304	475,251
28 Revolving, home equity	46,701	46,647	46,652	46,630	46,644[r]	46,750	46,902	47,281	47,449
29 All other	421,502	421,471	421,863	422,362	423,557[r]	424,946	426,259	427,023	427,802
30 To individuals for personal expenditures	237,384	237,066	236,696	237,485	238,412	239,516	239,763	240,097	239,706
31 To depository and financial institutions	54,353	55,167	54,157	52,507	55,606	57,221	56,937	57,356	56,160
32 Commercial banks in the United States	34,685	35,311	34,373	33,395	36,156	37,501	37,172	37,386	36,390
33 Banks in foreign countries	3,233[r]	3,202[r]	3,313[r]	2,822[r]	2,924[r]	2,785	3,094	3,291	3,191
34 Nonbank depository and other financial institutions	16,434[r]	16,654[r]	16,471[r]	16,290[r]	16,526[r]	16,934	16,671	16,679	16,579
35 For purchasing and carrying securities	15,547	14,506	14,469	14,315	14,668	13,314	13,628	16,397	15,551
36 To finance agricultural production	6,185	6,155	6,194	6,243[r]	6,241[r]	6,222	6,247	6,329	6,278
37 To states and political subdivisions	11,204	11,101	11,121	11,050	11,124	11,243	11,205	11,082	11,039
38 To foreign governments and official institutions	1,091	1,187	864	940	1,017	906	927	886	1,020
39 All other loans[4]	25,147	22,965	23,189	22,673	23,332[r]	26,085	23,244	23,760	23,429
40 Lease-financing receivables	32,756	32,870	32,938	33,024	33,327	33,192	33,298	33,370	33,469
41 LESS: Unearned income	1,670	1,678	1,673	1,697	1,678	1,630	1,648	1,644	1,648
42 Loan and lease reserve[5]	34,409	34,541	34,583	34,513	34,408	34,311	34,354	34,406	34,276
43 Other loans and leases, net	1,148,758	1,144,068	1,145,409	1,144,458	1,151,143	1,160,307	1,159,813	1,167,895	1,167,583
44 All other assets	140,559	136,293	135,217	134,906	131,797	136,604	135,691	136,759	131,783
45 **Total assets**[6]	**1,946,025**	**1,910,752**	**1,944,853**	**1,905,836**	**1,910,056**	**1,931,755**	**1,941,162**	**1,951,758**	**1,947,193**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1995								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
LIABILITIES									
46 Deposits	1,175,713	1,151,016	1,173,017	1,135,696	1,136,903r	1,164,474	1,165,030	1,161,198	1,141,058
47 Demand deposits[7]	310,264	284,158	306,997	275,934	279,339	295,589	294,713	294,013	285,060
48 Individuals, partnerships, and corporations	259,089	241,524	253,698	232,871	236,362r	251,574	249,668	246,286	237,513
49 Other holders	51,175	42,635	53,299	43,062	42,978r	44,015	45,045	47,727	47,547
50 States and political subdivisions	9,226	7,412	8,485	8,893	7,465	8,112	7,973	8,243	8,612
51 U.S. government	3,123	1,720	8,236	1,796	1,782r	2,270	2,482	4,670	3,453
52 Depository institutions in the United States	23,734	18,840	21,827	16,744	17,210r	19,337	18,805	19,496	18,778
53 Banks in foreign countries	5,317	5,096	5,278	5,394	5,362	4,565	4,797	4,784	5,688
54 Foreign governments and official institutions	899	674	748	645	756	646	795	744	775
55 Certified and officers' checks	8,877	8,893	8,726	9,590	10,403	9,086	10,194	9,790	10,241
56 Transaction balances other than demand deposits[4]	128,363	127,383	127,194	124,445	123,798	131,289	130,526	132,109	123,819
57 Nontransaction balances	737,086	739,474	738,826	735,317	733,765r	737,596	739,791	735,076	732,179
58 Individuals, partnerships, and corporations	713,612	715,445	715,269	711,778	710,398r	714,229	716,347	711,875	708,186
59 Other holders	23,474	24,029	23,557	23,539	23,367	23,367	23,444	23,202	23,993
60 States and political subdivisions	19,151	19,868	19,477	19,477	19,436	19,443	19,554	19,507	19,921
61 U.S. government	1,873	1,804	1,869	1,860	1,852	2,155	2,155	2,080	2,136
62 Depository institutions in the United States	2,095	1,949	1,801	1,784	1,661	1,360	1,333	1,309	1,625
63 Foreign governments, official institutions, and banks	355	409	410	418	418	409	402	305	311
64 Liabilities for borrowed money[5]	390,935	373,801r	381,686	379,856r	379,534r	381,330	386,962	398,540	399,340
65 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	0	0	0
66 Treasury tax and loan notes	17,069	6,964	5,041r	7,468r	4,768r	6,904	3,840	23,739	18,830
67 Other liabilities for borrowed money[6]	373,866	366,837r	376,645	372,388r	374,766r	374,426	383,122	374,800	380,510
68 Other liabilities (including subordinated notes and debentures)	200,672	206,465r	211,855	211,723r	215,243r	206,904	209,701	211,644	226,282
69 **Total liabilities**	**1,767,320**	**1,731,282**	**1,766,557**	**1,727,275**	**1,731,679**	**1,752,708**	**1,761,693**	**1,771,382**	**1,766,680**
70 Residual (total assets less total liabilities)[7]	178,706	179,470	178,296	178,562	178,377	179,047	179,470	180,376	180,513
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,596,936	1,600,911	1,605,362	1,599,599	1,600,891	1,621,185	1,622,941	1,634,490	1,626,049
72 Time deposits in amounts of $100,000 or more	109,224r	109,152r	108,764	107,267	105,678	105,209	107,121	107,648	107,312
73 Loans sold outright to affiliates[9]	572	570	568	567	566	551	551	549	560
74 Commercial and industrial	295	295	295	295	295	294	294	294	294
75 Other	277	275	273	272	271	257	257	255	265
76 Foreign branch credit extended to U.S. residents[10]	23,784	23,601	23,529	23,444	23,593	24,007	24,213	24,496	24,679
77 Net owed to related institutions abroad	81,260	81,929	87,174	87,535	88,935	73,383	74,935	76,401	95,124

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

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

Millions of dollars, Wednesday figures

Account	1995								
	Mar 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
ASSETS									
1 Cash and balances due from depository institutions	14,847	15,327	15,820	15,325	16,251	15,347	15,749	16,344	16,931
2 U.S. Treasury and government agency securities	42,243	40,303	40,984	39,989	40,893	41,343	40,286	41,367	41,621
3 Other securities	14,269	14,151	14,059	13,972	14,152	14,448	14,667	14,214	13,526
4 Federal funds sold[1]	26,442	25,507	28,188	25,741	29,425	25,310	25,125	30,719	33,538
5 To commercial banks in the United States	5,702	6,087	6,813	4,722	7,638	4,511	3,223	5,582	7,614
6 To others[2]	20,740	19,419	21,375	21,020	21,787	20,799	21,902	25,136	25,924
7 Other loans and leases, gross	171,226	171,500	171,997	172,612	170,847	169,262	168,889	170,246	170,638
8 Commercial and industrial	111,151	110,112	110,781	110,884	110,432	109,646	109,775	109,935	110,054
9 Bankers acceptances and commercial paper	3,439	3,430	3,269	3,250	3,229	3,101	3,371	3,171	3,080
10 All other	107,712	106,682	107,511	107,634	107,203	106,546	106,404	106,764	106,975
11 U.S. addressees	103,439	102,298	102,780	102,915	102,629	101,905	101,752	102,057	102,119
12 Non-U.S. addressees	4,274	4,384	4,731	4,720	4,575	4,641	4,652	4,707	4,856
13 Loans secured by real estate	25,041	25,048	25,039	25,057	24,275	23,978	24,004	23,860	23,845
14 Loans to depository and financial institutions	26,041	27,444	27,665	27,734	26,964	27,385	26,850	27,649	28,158
15 Commercial banks in the United States	4,994	4,820	4,975	5,206	5,332	5,904	5,421	5,096	5,092
16 Banks in foreign countries	2,212	2,943	2,214	2,296	2,104	2,113	1,976	2,281	2,321
17 Nonbank financial institutions	18,835	19,681	20,476	20,232	19,529	19,368	19,453	20,273	20,745
18 For purchasing and carrying securities	4,636	4,190	4,157	4,700	4,511	3,672	3,673	4,333	4,149
19 To foreign governments and official institutions	446	576	412	416	413	409	393	390	378
20 All other	3,912	4,130	3,943	3,821	4,252	4,172	4,193	4,079	4,054
21 Other assets (claims on nonrelated parties)	51,692	55,220	51,619	51,287	52,828	59,555	59,905	60,926	61,854
22 **Total assets**[3]	**345,435**	**344,795**	**345,977**	**343,514**	**347,116**	**350,753**	**349,152**	**360,400**	**366,163**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	95,007	97,075	98,251	98,592	100,387	97,136	97,250	100,133	103,948
24 Demand deposits[4]	3,870	3,717	3,962	3,815	4,516	3,944	3,959	3,643	3,837
25 Individuals, partnerships, and corporations	3,166	2,937	3,143	3,077	3,325	3,124	2,843	2,737	2,737
26 Other	705	780	819	738	1,191	820	1,116	906	1,100
27 Nontransaction accounts	91,137	93,357	94,290	94,777	95,872	93,193	93,291	96,490	100,111
28 Individuals, partnerships, and corporations	62,633	65,059	65,202	65,462	65,335	63,386	64,273	64,993	67,915
29 Other	28,504	28,298	29,088	29,316	30,537	29,807	29,018	31,497	32,195
30 Borrowings from other than directly related institutions	83,958	79,963	87,176	83,005	81,277	82,352	83,544	86,578	86,186
31 Federal funds purchased[5]	47,280	40,792	48,299	43,406	40,973	43,191	45,198	47,317	46,431
32 From commercial banks in the United States	8,878	6,093	10,957	7,286	7,325	9,387	7,791	8,852	7,731
33 From others	38,402	34,699	37,341	36,120	33,648	33,804	37,407	38,465	38,700
34 Other liabilities for borrowed money	36,678	39,171	38,878	39,599	40,304	39,161	38,345	39,261	39,755
35 To commercial banks in the United States	5,828	5,756	5,769	5,930	6,028	6,473	6,281	6,235	5,860
36 To others	30,850	33,415	33,108	33,668	34,276	32,689	32,064	33,026	33,895
37 Other liabilities to nonrelated parties	48,454	52,166	49,049	48,052	48,484	55,868	55,143	57,359	57,471
38 **Total liabilities**[6]	**345,435**	**344,795**	**345,977**	**343,514**	**347,116**	**350,753**	**349,152**	**360,400**	**366,163**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	243,485	240,553	243,440	242,386	242,348	239,948	240,323	245,868	246,616
40 Net owed to related institutions abroad	93,300	92,804	88,190	89,276	94,248	89,909	88,683	89,746	90,503

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1994			1995		
	1990	1991	1992	1993	1994	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**595,382**	**588,271**	**580,510**	**595,382**	**612,554**	**619,150**	**632,842**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	214,706	212,999	226,456	218,947	223,038	222,019	215,733	223,038	231,318	232,231	243,467
3 Bank-related (not seasonally adjusted)[3]	n.a	n.a.	n a.	n.a.	n a.	n a.	n.a.	n.a.	n.a	n.a.	n.a.
Directly placed paper[4]											
4 Total	200,036	182,463	171,605	180,389	207,701	206,264	203,584	207,701	215,423	218,570	218,269
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	147,914	133,370	147,558	155,739	164,643	159,988	161,193	164,643	165,813	168,349	171,106
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**	**30,413**	**29,760**	**29,835**			
By holder											
8 Accepting banks	9,017	11,017	10,555	12,421	11,783	11,061	11,689	11,783			
9 Own bills	7,930	9,347	9,097	10,707	10,462	9,931	10,548	10,462			
10 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321	1,130	1,142	1,321			
Federal Reserve Banks[7]											
11 Foreign correspondents	918	1,739	1,276	725	410	332	234	410	n.a.	n.a.	n.a.
12 Others	44,836	31,014	26,364	19,202	17,642	19,020	17,836	17,642			
By basis											
13 Imports into United States	13,095	12,843	12,209	10,217	10,062	10,674	10,272	10,062			
14 Exports from United States	12,703	10,351	8,096	7,293	6,355	6,754	6,688	6,355			
15 All other	28,973	20,577	17,890	14,838	13,417	12,986	12,800	13,417			

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending, insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances will be reported annually in September.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account

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

Percent per year

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1992	1993	1994	1995				1995, week ending				
				Jan.	Feb.	Mar.	Apr.	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	5.53	5.92	5.98	6.05	6.06	6.20	5.98	6.07	5.99
2 Discount window borrowing[2,4]	3.25	3.00	3.60	4.75	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Commercial paper[3,5,6]												
3 1-month	3.71	3.17	4.43	5.86	6.05	6.07	6.06	6.08	6.08	6.08	6.05	6.05
4 3-month	3.75	3.22	4.66	6.22	6.15	6.15	6.12	6.15	6.15	6.13	6.09	6.09
5 6-month	3.80	3.30	4.93	6.63	6.38	6.30	6.19	6.25	6.26	6.23	6.14	6.14
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	5.76	5.95	5.95	5.96	5.96	5.99	5.96	5.95	5.95
7 3-month	3.65	3.16	4.53	6.10	6.04	6.03	6.01	6.02	6.05	6.02	6.00	5.99
8 6-month	3.63	3.15	4.56	6.25	6.10	6.04	6.01	6.03	6.06	6.02	5.98	5.97
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	6.12	6.05	6.04	6.00	6.05	6.03	6.00	5.99	5.99
10 6-month	3.67	3.21	4.83	6.45	6.22	6.14	6.06	6.13	6.11	6.08	6.03	6.03
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	5.84	6.01	6.02	6.01	6.04	6.03	6.01	6.01	5.99
12 3-month	3.68	3.17	4.63	6.24	6.16	6.15	6.11	6.15	6.15	6.12	6.10	6.09
13 6-month	3.76	3.28	4.96	6.71	6.44	6.34	6.27	6.34	6.33	6.29	6.23	6.22
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	6.23	6.14	6.15	6.13	6.16	6.18	6.14	6.11	6.09
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	5.71	5.77	5.73	5.65	5.69	5.70	5.63	5.61	5.67
16 6-month	3.54	3.12	4.64	6.21	6.03	5.89	5.77	5.81	5.84	5.78	5.71	5.76
17 1-year	3.71	3.29	5.02	6.59	6.28	6.03	5.88	5.98	5.99	5.90	5.80	5.85
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	5.81	5.80	5.73	5.67	5.64	5.76	5.70	5.56	5.66
19 6-month	3.57	3.14	4.66	6.31	6.10	5.91	5.80	5.80	5.90	5.84	5.69	5.75
20 1-year	3.75	3.33	4.98	6.86	6.59	6.16	6.02	n.a.	6.02	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	7.05	6.70	6.43	6.27	6.38	6.38	6.28	6.17	6.24
22 2-year	4.77	4.05	5.94	7.51	7.11	6.78	6.57	6.73	6.69	6.61	6.46	6.52
23 3-year	5.30	4.44	6.27	7.66	7.25	6.89	6.68	6.84	6.80	6.72	6.58	6.64
24 5-year	6.19	5.14	6.69	7.76	7.37	7.05	6.86	7.01	6.96	6.89	6.78	6.81
25 7-year	6.63	5.54	6.91	7.79	7.44	7.14	6.95	7.11	7.04	6.98	6.90	6.90
26 10-year	7.01	5.87	7.09	7.78	7.47	7.20	7.06	7.15	7.12	7.08	7.03	7.03
27 20-year	n.a.	6.29	7.49	7.97	7.73	7.57	7.45	7.51	7.48	7.46	7.46	7.41
28 30-year	7.67	6.59	7.37	7.85	7.61	7.45	7.36	7.40	7.38	7.37	7.37	7.33
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	7.93	7.69	7.52	7.41	7.48	7.45	7.42	7.41	7.37
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	6.55	6.05	5.91[r]	5.74	5.90	5.73	5.75	5.68	5.80
31 Baa	6.48	5.83	6.17	7.05	6.61	6.50[r]	6.01	6.00	6.00	6.02	5.95	6.08
32 *Bond Buyer* series[14]	6.44	5.60	6.18	6.53	6.22	6.10	6.02	6.07	6.03	6.01	5.96	6.06
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	8.71	8.50	8.35	8.25	8.30	8.27	8.26	8.24	8.22
Rating group												
34 Aaa	8.14	7.22	7.97	8.46	8.26	8.12	8.03	8.08	8.05	8.04	8.02	8.00
35 Aa	8.46	7.40	8.15	8.60	8.39	8.24	8.12	8.19	8.15	8.13	8.12	8.09
36 A	8.62	7.58	8.28	8.70	8.48	8.33	8.23	8.28	8.25	8.25	8.23	8.21
37 Baa	8.98	7.93	8.63	9.08	8.85	8.70	8.60	8.65	8.62	8.62	8.60	8.57
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	8.75	8.55	8.40	8.31	8.40	8.34	8.29	8.29	8.29
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.99	2.78	2.82	2.87	2.81	2.76	2.68	2.69	2.68	2.67	2.69	2.65

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1994 Aug.	Sept.	Oct.	Nov	Dec.	1995 Jan	Feb	Mar.	Apr
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec 31, 1965 = 50)	229.00	249.71	254.16	256.08	257.61	255.22	252.48	248.65	253.56	261.86	266.81	274.38
2 Industrial	284.26	300.10	315.32	316.56	322.19	321.53	319.33	313.92	319.93	328.98	337.96	347.69
3 Transportation	201.02	242.68	247.17	244.67	239.10	230.71	227.44	218.93	230.25	237.29	252.37	254.36
4 Utility	99.48	114.55	104.96	105.61	102.30	101.67	100.07	100.01	100.58	103.87	102.08	104.70
5 Finance	179.29	216.55	209.75	214.77	211.90	203.33	198.38	195.25	201.05	211.76	213.29	219.38
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415.75	451.63	460.42	464.24	466.96	463.81	461.01	455.19	465.25	481.92	493.20	507.91
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	444.89	456.31	456.25	445.16	427.39	436.09	446.37	456.06	471.54
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	277,877	292,356	301,327	297,001	302,049	326,652	333,020	338,733	331,184
9 American Stock Exchange	14,171	18,188	17,951	15,874	18,785	20,731	18,465	18,745	18,829	18,424	17,905	19,404
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker-dealers[3]	**43,990**	**60,310**	**61,160**	**63,070**	**61,630**	**62,150**	**61,000**	**61,160**	**64,380**	**59,800**	**60,270**	**62,520**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	12,090	12,415	12,875	13,635	14,095	13,225	12,380	12,745	12,440
12 Cash accounts	22,510	27,715	28,870	24,400	25,230	24,180	25,625	28,870	26,440	25,860	26,680	26,670

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

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

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

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

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

5. Series initiated in June 1984.

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1992	1993	1994	1994		1995			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. budget[1]									
1 Receipts, total	1,090,453	1,153,226	1,257,187	87,673	130,810	131,801	82,544	92,532	165,392
2 On-budget	788,027	841,292	922,161	62,083	103,859	101,036	54,405	61,971	126,170
3 Off-budget	302,426	311,934	335,026	25,590	26,951	30,765	28,139	30,561	39,222
4 Outlays, total	1,380,856	1,408,532	1,461,067	124,915	134,941	115,172	120,536	142,458	115,673
5 On-budget	1,128,518	1,141,945	1,460,557	99,464	123,643	89,890	94,058	116,508	90,628
6 Off-budget	252,339	266,587	279,372	25,452	11,297	25,282	26,478	25,951	25,045
7 Surplus or deficit (−), total	−290,403	−255,306	−203,370	−37,242	−4,130	16,628	−37,992	−49,927	49,720
8 On-budget	−340,490	−300,653	−259,024	−37,381	−19,783	11,146	−39,653	−54,537	35,542
9 Off-budget	50,087	45,347	55,654	138	15,653	5,483	1,661	4,610	14,178
Source of financing (total)									
10 Borrowing from the public	310,918	248,594	184,998	40,528	−13,316	13,337	38,972	13,645	−27,638
11 Operating cash (decrease, or increase (−))	−17,305	6,283	16,564	9,366	476	−23,264	14,000	17,747	−19,972
12 Other[2]	−3,210	429	1,808	−12,652	16,970	−6,701	−14,980	18,535	−2,110
MEMO									
13 Treasury operating balance (level, end of period)	58,789	52,506	35,942	27,056	26,580	49,844	35,844	18,097	38,069
14 Federal Reserve Banks	24,586	17,289	6,848	5,348	7,161	13,964	6,890	4,543	8,241
15 Tax and loan accounts	34,203	35,217	29,094	21,709	19,419	35,880	28,954	13,554	29,828

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1993	1994	1993		1994		1995		
			H1	H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 **All sources**	**1,153,226**	**1,257,453**	**593,212**	**582,038**	**652,236**	**625,557**	**82,544**	**92,532**	**165,392**
2 Individual income taxes, net	509,680	543,055	255,556	262,073	275,053	273,474	33,863	26,846	76,441
3 Withheld	430,211	459,699	209,517	228,423	225,387	240,062	40,643	44,561	32,447
4 Presidential Election Campaign Fund	28	70	25	2	63	10	4	18	16
5 Nonwithheld	154,989	160,364	113,510	41,768	118,245	42,031	1,061	4,284	64,937
6 Refunds	75,546	77,077	67,468	8,115	68,642	9,207	7,845	22,016	20,959
Corporation income taxes									
7 Gross receipts	131,548	154,205	69,044	68,266	80,536	78,392	3,483	17,238	25,779
8 Refunds	14,027	13,820	7,198	6,514	6,933	7,331	1,423	2,375	2,297
9 Social insurance taxes and contributions, net	428,300	461,475	227,177	206,176	248,301	220,141	38,653	39,379	53,839
10 Employment taxes and contributions[2]	396,939	428,810	208,776	192,749	228,714	206,613	35,667	38,646	50,423
11 Self-employment taxes and contributions[3]	20,604	24,433	16,270	4,335	20,762	4,135	1,718	1,862	12,640
12 Unemployment insurance	26,556	28,004	16,074	11,010	17,301	11,177	2,630	320	3,061
13 Other net receipts[4]	4,805	4,661	2,326	2,417	2,284	2,349	357	413	354
14 Excise taxes	48,057	55,225	23,398	25,994	26,444	30,062	3,485	5,143	4,602
15 Customs deposits	18,802	20,099	8,860	10,215	9,500	11,042	1,435	1,470	1,349
16 Estate and gift taxes	12,577	15,225	6,494	6,617	8,197	7,071	916	1,218	1,906
17 Miscellaneous receipts[5]	18,273	22,041	9,879	9,227	11,170	13,305	2,131	3,612	3,774
OUTLAYS									
18 **All types**	**1,408,532**	**1,461,067**	**673,915**	**727,685**	**710,620**	**751,643[r]**	**120,536**	**142,458**	**115,673**
19 National defense	291,086	281,451	140,535	146,672	133,841	141,092	21,461	26,533	17,753
20 International affairs	16,826	17,249	6,565	10,186	5,800	12,056	1,108	425	95
21 General science, space, and technology	17,030	17,602	7,996	8,880	8,502	8,979	1,374	1,628	1,298
22 Energy	4,319	5,398	2,462	1,663	2,036	3,101[r]	260	569	196
23 Natural resources and environment	20,239	20,902	8,592	11,221	9,934[r]	12,750[r]	1,464[r]	1,951	1,587
24 Agriculture	20,443	15,131	11,872	7,516	7,451	7,697	1,264	1,195	623
25 Commerce and housing credit	-22,725	-4,851	-14,537	1,490	-5,114	-2,678	2,978	1,853	1,092
26 Transportation	35,004	36,835	16,076	19,570	16,754	20,489	2,799	3,167	2,560
27 Community and regional development	9,051	11,877	4,929	4,288	4,748[r]	6,688[r]	138[r]	971	896
28 Education, training, employment, and social services	50,012	44,730	24,080	26,753	19,258	25,887	4,078	4,678	3,647
29 Health	99,415	106,495	49,882	52,958	53,195	54,123	8,918	10,625	9,281
30 Social security and Medicare	435,137	464,314	195,933	223,735	232,777	236,819	39,461	43,209	39,463
31 Income security	207,257	213,972	107,870	102,380	109,080	101,743	20,583	24,708	18,963
32 Veterans benefits and services	35,720	37,637	16,385	19,852	16,686	19,757	3,023	4,642	1,850
33 Administration of justice	14,955	15,283	7,482	7,400	7,718	7,800	1,099	1,488	1,359
34 General government	13,009	11,348	5,205	6,531	5,084	7,393	1,170	1,680	299
35 Net interest[6]	198,811	202,957	99,635	99,914	99,844	109,435	18,002	19,671	20,017
36 Undistributed offsetting receipts[7]	37,386	-37,772	-17,035	20,344	17,308	-20,065	-2,688	-2,829	3,121

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1993				1994				1995
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**4,250**	**4,373**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,800**	**4,864**
2 Public debt securities	4,231	4,352	4,412	4,536	4,576	4,646	4,693	n.a.	n.a.
3 Held by public	3,188	3,252	3,295	3,382	3,434	3,443	3,480	3,543	n.a.
4 Held by agencies	1,043	1,100	1,117	1,154	1,142	1,203	1,213	1,257	n.a.
5 Agency securities	20	21	25	27	26	28	29	27	n.a.
6 Held by public	20	21	25	27	26	27	29	27	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**	**4,775**
9 Public debt securities	4,139	4,256	4,315	4,445	4,491	4,559	4,605	4,711	4,774
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,370	4,900	4,900	4,900	4,900	4,900	4,900	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1991	1992	1993	1994	1994			1995
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**3,801.7**	**4,177.0**	**4,535.7**	n.a.	**4,645.8**	**4,692.8**	n.a.	n.a.
By type								
2 Interest-bearing	3,798.9	4,173.9	4,532.3	4,769.2	4,642.5	4,689.5	4,769 2	4,860.5
3 Marketable	2,471.6	2,754.1	2,989.5	3,126.0	3,051.0	3,091.6	3,126.0	3,227.3
4 Bills	590.4	657.7	714.6	733.8	698.5	697.3	733.8	756.5
5 Notes	1,430.8	1,608.9	1,764.0	1,867.0	1,835.7	1,867.5	1,867.0	1,938.2
6 Bonds	435.5	472.5	495 9	510.3	501.8	511.8	510.3	517.7
7 Nonmarketable[1]	1,327.2	1,419.8	1,542 9	1,643.1	1,591.5	1,597.9	1,643.1	1,633.2
8 State and local government series	159.7	153.5	149.5	132.6	143.4	137.4	132.6	122.9
9 Foreign issues[2]	41.9	37 4	43.5	42.5	42.2	42.0	42.5	41.8
10 Government	41.9	37.4	43.5	42.5	42.2	42.0	42.5	41.8
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	135.9	155 0	169.4	177.8	174.9	176.4	177.8	178.8
13 Government account series[3]	959.2	1,043.5	1,150.0	1,259.8	1,200.6	1,211.7	1,259.8	1,259.2
14 Non-interest-bearing	2.8	3 1	3.4	31.0	3 3	3.2	31.0	3.6
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	968.7	1,047.8	1,153.5	1,257.1	1,203.0	1,213 1	1,257.1	
16 Federal Reserve Banks	281.8	302 5	334.2	374.1	357.7	355 2	374.1	
17 Private investors	2,563.2	2,839.9	3,047.7		3,088.2	3,127.8		
18 Commercial banks	233 4	294.0	316.0		330.7	325.0		
19 Money market funds	80.0	79 4	80.5		59.5	59.9		
20 Insurance companies	168 7	197.5	216.0		244.1	250.0		
21 Other companies	150.8	192 5	213.0		226.3	229 3		
22 State and local treasuries	520.3	534.8	564.0	n.a.	520.1	521.0	n.a.	n.a.
Individuals								
23 Savings bonds	138.1	157.3	171.9		177.1	178.6		
24 Other securities	125.8	131.9	137.9		144.0	148.6		
25 Foreign and international[5]	491.8	549.7	623.3		632.5	653.8		
26 Other miscellaneous investors[6]	651.3	702.4	725.0		754.0	761.6		

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

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

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

Millions of dollars, daily averages

Item	1995 Jan.	1995 Feb.	1995 Mar.	1995, week ending Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	61,020	58,060	49,948	54,360	57,737	48,177	43,883	43,982	62,780	50,629	46,679	43,008
Coupon securities, by maturity												
2 Five years or less	99,720	114,559[r]	96,107	120,038	97,277	93,542	92,597	98,140	91,316	73,740	93,459	91,164
3 More than five years	40,543	54,209[r]	45,128	53,692	43,960	48,317	44,731	43,346	41,242	37,819	39,242	37,199
4 Federal agency	26,320	25,597	23,498	27,499	23,122	22,289	21,670	25,784	24,313	21,446	22,722	20,839
5 Mortgage-backed	27,653	29,731	26,639	20,623	39,430	33,682	19,799	15,160	25,860	38,943	24,649	20,052
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	116,796	131,023	113,505	132,044	120,017	112,382	106,850	110,635	114,578	95,324	104,092	99,410
7 Federal agency	662	964	745	931	761	895	616	631	850	751	713	791
8 Mortgage-backed	10,543	9,433	8,758	6,882	12,172	10,967	6,738	5,825	8,026	11,782	7,967	6,241
With other												
9 U.S. Treasury	84,487	95,805	77,677	96,047	78,957	77,654	74,361	74,831	80,760	66,864	75,288	71,961
10 Federal agency	25,658	24,633	22,753	26,569	22,362	21,395	21,054	25,153	23,463	20,694	22,009	20,047
11 Mortgage-backed	17,111	20,299	17,881	13,741	27,258	22,715	13,061	9,335	17,834	27,162	16,682	13,811
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	1,096	1,627	1,785	1,659	3,308	1,904	1,601	716	876	1,201	568	893
Coupon securities, by maturity												
13 Five years or less	3,016	3,901	3,390	4,802	3,943	3,825	2,883	2,871	2,781	3,010	2,350	2,126
14 More than five years	11,231	14,344	14,516	16,401	14,695	16,291	14,747	12,501	13,146	10,840	13,165	9,908
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	3,257	3,272	2,491	2,714	2,348	3,111	2,317	2,251	2,225	2,691	2,999	2,530
19 More than five years	4,367	4,616	3,872	4,536	3,506	4,420	3,444	4,220	3,280	3,075	2,731	4,433
20 Federal agency	0	0	0	0	0	0	0	0	0	n.a.	0	0
21 Mortgage-backed	669	1,154	760	1,248	732	711	651	688	1,162	801	612	493

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

Dealers report cumulative transactions for each week ending Wednesday.

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

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

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

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

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

Millions of dollars

Item	1995			1995, week ending							
	Jan.	Feb.	Mar.	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	5,473	4,561	10,749	6,252	14,838	14,691	7,662	4,875	16,251	9,184	5,215
Coupon securities, by maturity											
2 Five years or less	−10,046	−11,938	5,840	−3,119	−6,508	−6,877	−9,472	−1,536	−3,582	−2,384	−6,771
3 More than five years	32,608	24,446	−28,898	−25,747	−28,178	−29,981	−29,126	−28,708	29,073	−30,790	−29,279
4 Federal agency	19,998	21,199	23,373	24,196	24,219	25,276	23,574	20,959	21,087	22,121	24,792
5 Mortgage-backed	32,272	32,963	32,766	33,705	33,978	32,513	31,658	33,001	31,995	30,873	30,012
NET FUTURES POSITIONS											
By type of deliverable security											
6 U.S. Treasury bills	−1,900	−5,786[r]	−10,230	−3,896[r]	−7,337[r]	−9,329[r]	−11,898	−12,879	11,569	10,863	−9,908
Coupon securities, by maturity											
7 Five years or less	3,627[r]	1,425[r]	1,095	735[r]	525[r]	531[r]	1,331[r]	1,583	2,716	1,694	3,259
8 More than five years	2,315[r]	−2,213[r]	396	37[r]	1,297[r]	2,260[r]	6[r]	−2,068	892	3,361	2,185
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
	Financing[5]										
Reverse repurchase agreements											
11 Overnight and continuing	240,357	245,656	228,421	251,649	221,724	236,787	241,780	210,876	225,613	226,080	233,383
12 Term	347,704	332,428	363,635	312,527	339,654	358,199	382,645	386,976	343,926	359,782	380,033
Securities borrowed											
13 Overnight and continuing	180,806	178,369	170,809	175,644	171,574	172,561	172,159	167,121	167,771	171,489	167,645
14 Term	50,752	50,906	55,699	52,100	54,938	56,336	57,913	55,062	52,406	54,489	56,333
Securities received as pledge											
15 Overnight and continuing	3,637	3,321	3,374	3,259	3,284	3,257	3,332	3,471	3,956	3,922	3,971
16 Term	177	52	54	64	17	37	72	80	88	22	44
Repurchase agreements											
17 Overnight and continuing	441,838	473,802	469,337	500,915	466,453	492,039	466,609	445,413	477,462	465,802	473,956
18 Term	307,485	279,666	320,370	256,497	287,499	306,140	346,396	358,430	292,858	315,578	341,903
Securities loaned											
19 Overnight and continuing	6,686	5,911	3,927	5,160	4,043	4,082	3,952	3,070	5,267	5,354	4,750
20 Term	1,524	1,301	1,216	659	928	n.a.	1,402	1,091	2,286	2,228	2,338
Securities pledged											
21 Overnight and continuing	33,191	28,665	28,568	30,357	28,338	28,362[r]	28,727	28,827	27,734	29,511	30,173
22 Term	1,684	2,278	3,258	3,016	2,892	3,269	3,391	3,496	3,323	2,995	3,060
Collateralized loans											
23 Overnight and continuing	14,662	15,921	13,998	11,486	14,808	13,174	15,485	12,338	15,908	18,131	16,804
24 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO: Matched book[6]											
Securities in											
25 Overnight and continuing	230,535	227,486	219,569	233,735	211,523	233,798	227,955	204,056	215,786	216,930	218,824
26 Term	321,920	304,497	334,781	286,566	316,804	326,727	354,173	353,860	315,355	331,177	350,856
Securities out											
27 Overnight and continuing	278,583	285,050	282,171	296,216	273,465	291,830	291,749	265,355	297,143	286,119	286,605
28 Term	258,389	227,576	263,970	201,480	234,267	250,048	287,650	299,327	241,270	261,852	284,974

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1990	1991	1992	1993	1994			1995	
					Oct	Nov	Dec	Jan.	Feb.
1 ***Federal and federally sponsored agencies***	***434,668***	***442,772***	***483,970***	***570,711***	***698,792***	***715,782***	***741,992***	***740,521***	***749,285***
2 Federal agencies	42,159	41,035	41,829	45,193	39,037	39,662	39,186	39,196	39,054
3 Defense Department[1]	7	7	7	6	6	6	6	6	6
4 Export Import Bank[2,3]	11,376	9,809	7,208	5,315	3,932	3,932	3,455	3,455	3,455
5 Federal Housing Administration[4]	393	397	374	255	114	117	116	59	60
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	6,948	8,421	10,660	9,732	7,773	8,073	8,073	8,073	7,873
8 Tennessee Valley Authority	23,435	22,401	23,580	29,885	27,212	27,534	27,536	27,603	27,660
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	392,509	401,737	442,141	525,518	659,755	676,120	702,806	701,325	710,231
11 Federal Home Loan Banks	117,895	107,543	114,733	141,577	185,894	193,920	208,881	210,905	208,843
12 Federal Home Loan Mortgage Corporation	30,941	30,262	29,631	49,993	88,680	90,709	93,279	95,060	101,417
13 Federal National Mortgage Association	123,403	133,937	166,300	201,112	242,575	247,743	257,230	250,467	255,719
14 Farm Credit Banks[8]	53,590	52,199	51,910	53,123	53,609	54,800	53,175	55,558	53,846
15 Student Loan Marketing Association[9]	34,194	38,319	39,650	39,784	49,112	49,066	50,335	49,425	50,506
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**179,083**	**185,576**	**154,994**	**128,187**	**106,935**	**105,662**	**103,817**	**101,157**	**100,388**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,370	9,803	7,202	5,309	3,926	3,926	3,449	3,449	3,449
21 Postal Service[6]	6,698	8,201	10,440	9,732	7,773	8,073	8,073	8,073	7,873
22 Student Loan Marketing Association	4,850	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	14,055	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	52,324	48,534	42,979	38,619	33,869	33,719	33,719	33,669	33,574
26 Rural Electrification Administration	18,890	18,562	18,172	17,578	17,322	17,365	17,392	17,309	17,360
27 Other	70,896	84,931	64,436	45,864	40,845	39,379	37,984	35,457	34,932

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994[r]	1994[r]				1995			
				Sept.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issues, new and refunding**[1]	**226,818**	**279,945**	**153,950**	**7,903**	**11,053**	**11,856**	**9,541**	**7,717**	**7,366**	**11,844**	**8,506**
By type of issue											
2 General obligation	78,611	90,599	54,404	2,334	3,202	5,781	2,272	3,770	3,714[r]	5,459[r]	3,545
3 Revenue	136,580	189,346	99,546	5,569	7,851	6,075	7,269	3,947	3,652[r]	6,385[r]	4,961
By type of issuer											
4 State	24,874	27,999	19,186	1,010	1,004	1,530	151	738[r]	1,032	2,315	994
5 Special district or statutory authority[2]	138,327	178,714	88,562	5,155	7,198	6,228	7,352	4,835[r]	4,889[r]	6,572[r]	5,815
6 Municipality, county, or township	63,617	73,232	38,868	1,738	2,851	4,098	2,038	2,144[r]	1,445[r]	2,957[r]	1,697
7 **Issues for new capital**	**101,865**	**91,434**	**105,972**	**6,195**	**9,108**	**9,629**	**8,444**	**5,737**[r]	**5,670**	**10,538**	**6,510**
By use of proceeds											
8 Education	18,852	16,831	21,267	833	1,632	1,780	1,701	1,411	1,464	1,666	1,826
9 Transportation	14,357	9,167	10,836	335	1,380	623	307	625	671	454	615
10 Utilities and conservation	12,164	12,014	10,192	454	979	974	1,292	538	249	633	345
11 Social welfare	16,744	13,837	20,289	1,919	2,060	1,416	2,208	1,182	869	2,556	1,547
12 Industrial aid	6,188	6,862	8,161	428	450	981	1,046	384	215	1,011	482
13 Other purposes	33,560	32,723	35,227	2,226	2,607	3,855	1,890	1,597[r]	2,202	4,218	1,695

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1992	1993	1994	1994					1995[r]		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **All issues**[1]	**559,827**	**754,969**	n.a	**37,870**[r]	**29,407**[r]	**34,481**	**38,811**	**23,261**[r]	**37,016**	**41,527**	**39,379**
2 **Bonds**[2]	**471,502**	**641,498**	n.a	**34,495**	**25,983**	**30,909**	**33,286**	**20,493**	**34,037**	**36,698**	**36,495**
By type of offering											
3 Public, domestic	378,058	486,879	365,050	30,088	22,736	25,192	27,278	17,809	24,078	28,750	32,278
4 Private placement, domestic[3]	65,853	116,240	n.a	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,238	4,406	3,248	5,718	6,008	2,684	9,959	7,948	4,216
By industry group											
6 Manufacturing	82,058	88,002	31,981	2,596	2,167	2,498	2,491	1,508	1,497	4,305	2,171
7 Commercial and miscellaneous	43,111	60,293	27,900	3,570	2,112	2,204	1,578	2,469	2,334	3,038	1,941
8 Transportation	9,979	10,756	4,573	315	229	227	239	269	0	199	403
9 Public utility	48,055	56,272	11,713	575	707	695	744	273	734	215	839
10 Communication	15,394	31,950	11,986	345	526	279	333	419	813	1,122	399
11 Real estate and financial	272,904	394,226	333,135	27,094	20,242	25,007	27,902	15,556	28,659	27,818	30,742
12 **Stocks**[2]	**88,325**	**113,472**	n.a	**3,375**	**3,444**[r]	**3,572**	**4,972**[r]	**2,774**[r]	**2,904**	**4,841**	**2,884**
By type of offering											
13 Public preferred	21,339	18,897	12,504	710	555	713	279	178	430	296	205
14 Common	57,118	82,657	47,884[r]	2,665	2,888[r]	2,859	4,693[r]	2,595[r]	2,474	4,544	2,679
15 Private placement[3]	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	22,723	22,271	↑	569	908[r]	745	1,963	1,203	1,086	1,583	1,009
17 Commercial and miscellaneous	20,231	25,761		838	821	1,105	1,789[r]	857[r]	392	1,421	888
18 Transportation	2,595	2,237	n.a.	50	154	79	76	0	19	15	60
19 Public utility	6,532	7,050		180	78	4	333	165	134	258	137
20 Communication	2,366	3,439		0	0	0	20[r]	21	496	0	23
21 Real estate and financial	33,879	52,021	↓	1,734	1,481[r]	1,639	791[r]	527[r]	776	1,564	768

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

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

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

Millions of dollars

Item	1993	1994	1994					1995		
			Aug.	Sept.	Oct	Nov	Dec.	Jan	Feb.[r]	Mar.
1 **Sales of own shares**[2]	**851,885**	**841,286**	**64,833**	**62,263**	**59,285**	**56,849**	**73,183**	**75,099**	**59,121**	**69,898**
2 Redemptions of own shares	567,881	699,823	53,242	53,383	53,743	55,757	70,747	63,737	50,738	60,970
3 Net sales[3]	284,004	141,463	1,592	8,880	5,543	1,092	2,436	11,362	8,383	8,928
4 **Assets**[4]	**1,510,209**	**1,550,490**	**1,604,961**	**1,588,277**	**1,601,363**	**1,549,186**	**1,550,490**	**1,563,187**	**1,619,705**	**1,657,370**
5 Cash[5]	100,209	121,296	120,315	121,575	126,766	125,843	121,296	124,351	126,307	121,424
6 Other	1,409,838	1,429,195	1,484,646	1,466,702	1,474,597	1,423,344	1,429,195	1,438,836	1,493,399	1,535,946

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

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1993			1994				1995
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	542.7	473.1	493.5	533.9	508.2	546.4	556.0	560.3	n.a.
2 Profits before taxes	395.9	462.4	524.5	456.6	458.7	501.7	483.5	523.1	538.1	553.5	n.a.
3 Profits-tax liability	139.7	173.2	202.5	171.8	169.9	191.5	184.1	201.7	208.6	215.6	n.a.
4 Profits after taxes	256.2	289.2	322.0	284.8	288.9	310.2	299.4	321.4	329.5	337.9	n.a.
5 Dividends	171.1	191.7	205.2	190.7	193.2	194.6	196.3	202.5	207.9	213.9	217.1
6 Undistributed profits	85.1	97.5	116.9	94.1	95.6	115.6	103.0	118.9	121.6	124.0	n.a.
7 Inventory valuation	6.4	6.2	19.5	10.0	3.0	6.5	12.3	14.1	19.6	32.1	36.5
8 Capital consumption adjustment	15.7	29.5	37.7	26.5	31.7	38.8	37.0	37.4	37.5	38.8	38.1

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1993				1994			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**546.60**	**586.73**	**638.37**	**563.48**	**578.95**	**594.56**	**604.51**	**619.34**	**637.08**	**651.92**	**645.13**
Manufacturing											
2 Durable goods industries	73.32	81.45	92.78	78.19	80.33	82.74	83.64	86.03	91.71	98.97	94.44
3 Nondurable goods industries	100.69	98.02	99.77	95.80	97.22	99.74	98.51	99.02	102.28	98.39	99.39
Nonmanufacturing											
4 Mining	8.88	10.08	11.24	8.98	9.10	11.09	10.92	11.43	10.70	11.57	11.27
Transportation											
5 Railroad	6.67	6.14	6.72	6.16	5.94	5.89	6.55	7.46	5.36	6.65	7.40
6 Air	8.93	6.42	3.95	7.26	6.63	6.70	5.06	4.23	4.53	3.86	3.16
7 Other	7.04	9.22	10.53	8.96	8.92	8.74	10.23	10.77	9.70	10.22	11.42
Public utilities											
8 Electric	48.22	52.55	52.25	49.98	50.61	52.96	55.60	48.68	53.55	54.15	52.60
9 Gas and other	23.99	23.43	24.20	23.79	23.83	22.98	23.27	24.51	22.96	24.35	24.97
10 Commercial and other[2]	268.84	299.44	336.93	284.35	296.35	303.74	310.73	327.20	336.28	343.76	340.48

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1992	1993	1994[r]	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4[r]
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	473.7	474.0	482.8	494.5	511.3	524.1	551.0
2 Consumer	118.3	116.5	134.8	110.6	111.0	116.5	120.1	124.3	130.3	134.8
3 Business	301.3	294.6	337.6	291.8	291.9	294.6	302.3	313.2	317.2	337.6
4 Real estate	72.2	71.7	78.5	71.4	71.1	71.7	72.1	73.8	76.6	78.5
5 LESS: Reserves for unearned income	53.2	50.7	51.6	49.7	49.5	50.7	51.2	51.9	51.1	51.6
6 Reserves for losses	16.2	11.2	11.6	10.8	11.2	11.2	11.6	12.1	12.1	11.6
7 Accounts receivable, net	422.4	420.9	487.7	413.2	413.3	420.9	431.7	447.3	460.9	487.7
8 All other	142.5	170.9	180.8	151.5	163.9	170.9	171.2	174.6	177.2	180.8
9 **Total assets**	**564.9**	**591.8**	**668.5**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**668.5**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	29.4	25.8	25.3	24.2	23.3	21.6	21.2
11 Commercial paper	156.4	159.2	184.6	144.5	149.9	159.2	165.9	171.2	171.0	184.6
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	39.5	42.7	50.8	45.0	44.6	42.7	41.1	44.7	50.0	50.8
15 Not elsewhere classified	196.3	206.0	237.2	199.9	204.2	206.0	211.7	219.6	228.2	237.2
16 All other liabilities	68.0	87.1	99.1	77.8	83.8	87.1	90.5	89.9	95.0	99.1
17 Capital, surplus, and undivided profits	67.1	71.4	75.5	68.1	68.9	71.4	69.5	73.2	72.3	75.5
18 **Total liabilities and capital**	**564.9**	**591.8**	**668.5**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**668.5**

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

2. Before deduction for unearned income and losses.

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

Millions of dollars, amounts outstanding, end of period

Type of credit	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan	1995 Feb.	1995 Mar.
	Seasonally adjusted								
1 **Total**	**540,679**	**546,020**	**610,710**	**596,397**	**602,463**	**610,710**	**619,785[r]**	**624,526[r]**	**629,386**
2 Consumer	157,857	160,802	174,059	173,178	174,324	174,059	176,358[r]	174,779[r]	175,739
3 Real estate[2]	72,496	71,991	78,774	76,971	77,991	78,774	79,097	80,539	80,033
4 Business	310,325	313,226	357,877	346,248	350,148	357,877	364,329[r]	369,208	373,614
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,387**	**615,758**	**596,054**	**603,305**	**615,758**	**619,171[r]**	**624,161[r]**	**630,356**
6 Consumer	159,558	162,770	176,316	172,813	174,118	176,316	177,353[r]	175,623[r]	176,628
7 Motor vehicles	57,259	56,057	61,609	60,750	61,372	61,609	62,321	61,067	61,256
8 Other consumer[3]	61,020	60,396	73,221	70,812	71,502	73,221	75,147[r]	73,691[r]	74,534
9 Securitized motor vehicles[4]	29,734	36,024	31,861	31,592	31,494	31,861	30,261	31,303	32,155
10 Securitized other consumer[4]	11,545	10,293	9,625	9,659	9,750	9,625	9,624	9,562	8,683
11 Real estate[2]	72,243	71,727	78,479	77,235	77,907	78,479	79,592	80,754	79,425
12 Business	312,890	315,890	360,963	346,006	351,280	360,963	362,226[r]	367,784	374,303
13 Motor vehicles	89,011	95,173	118,197	110,089	113,222	118,197	118,979	121,818	126,345
14 Retail[5]	20,541	18,091	21,514	21,645	22,113	21,514	21,809	21,577	21,652
15 Wholesale[6]	29,890	31,148	35,037	29,302	30,614	35,037	34,493	36,759	38,868
16 Leasing	38,580	45,934	61,646	59,142	60,495	61,646	62,677	63,482	65,825
17 Equipment	151,424	145,452	157,953	152,675	154,312	157,953	158,820[r]	159,333	161,306
18 Retail	33,521	35,513	39,680	38,584	38,912	39,680	40,387	40,329	42,024
19 Wholesale[6]	8,680	8,001	9,678	9,134	9,484	9,678	9,372	9,462	8,913
20 Leasing	109,223	101,938	108,595	104,957	105,916	108,595	109,061[r]	109,542	110,369
21 Other business[7]	60,856	53,997	61,495	59,314	59,893	61,495	61,304	63,339	62,420
22 Securitized business assets[4]	11,599	21,268	23,318	23,928	23,853	23,318	23,123	23,294	24,232
23 Retail	1,120	2,483	3,065	2,956	2,853	3,065	2,901	2,764	2,612
24 Wholesale	5,756	10,584	14,499	15,173	15,311	14,499	14,621	15,144	16,435
25 Leasing	4,723	8,201	5,754	5,799	5,689	5,754	5,601	5,386	5,185

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	173.4	178.2	184.9	176.5	175.6	173.3	174.7
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	131.9	136.2	136.2	134.2	135.6	132.6	134.6
3 Loan-to price ratio (percent)	76.6	78.0	78.8	78.3	78.0	76.9	78.0	79.3	78.2	79.2
4 Maturity (years)	25.6	26.1	27.5	27.6	27.9	28.0	28.0	28.3	28.6	28.1
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.22	1.30	1.38	1.31	1.32	1.18	1.14
Yield (percent per year)										
6 Contract rate[1]	7.98	7.03	7.26	7.55	7.59	7.61	7.96	8.07	8.02	7.96
7 Effective rate[1,3]	8.25	7.24	7.47	7.76	7.81	7.83	8.18	8.28	8.21	8.15
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	9.19	9.34	9.32	9.11	8.79	8.60	8.44
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	9.23	9.53	9.54	9.10	9.05	8.60	8.56
10 GNMA securities[6]	7.71	6.65	7.96	8.67	8.86	8.76	8.69	8.38	8.08	7.96
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	218,479	220,377	222,057	222,774	223,137	223,956	226,197
12 FHA/VA insured	22,593	23,857	28,377	26,226	27,118	28,377	28,368	28,420	28,672	28,664
13 Conventional	135,526	167,004	194,499	192,253	193,259	194,499	195,170	195,439	195,998	198,161
Mortgage transactions (during period)										
14 Purchases	75,905	92,037	62,389	5,003	3,549	3,399	2,154	1,802	2,390	3,709
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	3,421	2,696	2,910	1,720	1,683	3,372	3,277
16 To sell[8]	10,493	5,097	1,820	48	20	55	57	82	64	22
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	69,340	70,757	72,693	73,553	75,184	77,313	79,147
18 FHA/VA insured	352	321	276	284	279	276	272	270	266	262
19 Conventional	33,313	54,691	72,416	69,057	70,477	72,416	73,281	74,914	77,047	78,885
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	8,351	3,022	4,890	3,254	5,537	4,609	4,530
21 Sales	179,208	208,723	117,110	8,139	2,865	3,769	2,862	4,806	3,546	3,805
Mortgage commitments (during period)[9]										
22 Contracted	261,637	274,599	136,067	7,288	3,454	2,412	6,541	7,741	12,704	13,437

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1991	1992	1993	1993	1994			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**3,926,154**	**4,056,233**	**4,215,480**	**4,215,480**	**4,242,350**	**4,300,086**	**4,361,119**	**4,409,390**
By type of property								
2 One- to four-family residences	2,781,327	2,963,391	3,147,255	3,147,255	3,181,125	3,234,663	3,291,915	3,339,190
3 Multifamily residences	306,551	295,417	290,489	290,489	289,236	290,807	292,180	292,151
4 Commercial	759,154	716,687	696,542	696,542	690,718	692,764	694,736	695,548
5 Farm	79,122	80,738	81,194	81,194	81,272	81,853	82,288	82,500
By type of holder								
6 Major financial institutions	1,846,726	1,769,187	1,767,835	1,767,835	1,746,474	1,763,296	1,786,171	1,813,751
7 Commercial banks[2]	876,100	894,513	940,444	940,444	937,944	956,840	981,365	1,004,237
8 One- to four-family	483,623	507,780	556,538	556,538	553,894	569,512	592,021	609,521
9 Multifamily	36,935	38,024	38,635	38,635	38,690	38,609	38,004	39,289
10 Commercial	337,095	328,826	324,409	324,409	324,106	326,800	328,931	332,859
11 Farm	18,447	19,882	20,862	20,862	21,254	21,918	22,408	22,567
12 Savings institutions[3]	705,367	627,972	598,330	598,330	584,531	585,671	587,538	596,035
13 One- to four-family	538,358	489,622	469,959	469,959	458,057	462,219	466,697	477,144
14 Multifamily	79,881	69,791	67,362	67,362	66,924	66,281	65,530	64,557
15 Commercial	86,741	68,235	60,704	60,704	59,253	56,872	55,019	54,048
16 Farm	388	324	305	305	297	299	291	286
17 Life insurance companies	265,258	246,702	229,061	229,061	223,999	220,785	217,269	213,479
18 One- to four-family	11,547	11,441	9,458	9,458	9,245	9,107	8,956	8,794
19 Multifamily	29,562	27,770	25,814	25,814	25,232	24,855	24,442	24,002
20 Commercial	214,105	198,269	184,305	184,305	180,152	177,463	174,514	171,368
21 Farm	10,044	9,222	9,484	9,484	9,370	9,360	9,357	9,315
22 Federal and related agencies	266,146	286,263	317,486	317,486	323,464	327,690	334,359	335,228
23 Government National Mortgage Association	19	30	22	22	20	12	12	6
24 One- to four-family	19	30	15	15	13	12	12	6
25 Multifamily	0	0	7	7	7	0	0	0
26 Farmers Home Administration[4]	41,713	41,695	41,386	41,386	41,209	41,370	41,587	41,781
27 One- to four-family	18,496	16,912	15,303	15,303	14,870	14,459	14,084	13,826
28 Multifamily	10,141	10,575	10,940	10,940	11,037	11,147	11,243	11,319
29 Commercial	4,905	5,158	5,406	5,406	5,399	5,526	5,608	5,670
30 Farm	8,171	9,050	9,739	9,739	9,903	10,239	10,652	10,966
31 Federal Housing and Veterans' Administrations	10,733	12,581	12,215	12,215	11,344	11,169	10,533	10,964
32 One- to four-family	4,036	5,153	5,364	5,364	4,738	4,826	4,321	4,753
33 Multifamily	6,697	7,428	6,851	6,851	6,606	6,343	6,212	6,211
34 Resolution Trust Corporation	45,822	32,045	17,284	17,284	14,241	13,908	15,403	10,428
35 One- to four-family	14,535	12,960	7,203	7,203	6,308	6,045	6,998	5,200
36 Multifamily	15,018	9,621	5,327	5,327	4,208	4,230	4,569	2,859
37 Commercial	16,269	9,464	4,754	4,754	3,726	3,633	3,836	2,369
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	112,283	137,584	166,642	166,642	172,343	175,377	177,200	178,059
40 One- to four-family	100,387	124,016	151,310	151,310	156,576	159,437	161,255	162,160
41 Multifamily	11,896	13,568	15,332	15,332	15,767	15,940	15,945	15,899
42 Federal Land Banks	28,767	28,664	28,460	28,460	28,181	28,475	28,538	28,565
43 One- to four-family	1,693	1,687	1,675	1,675	1,658	1,675	1,679	1,681
44 Farm	27,074	26,977	26,785	26,785	26,523	26,800	26,859	26,885
45 Federal Home Loan Mortgage Corporation	26,809	33,665	51,476	51,476	56,127	57,379	61,087	65,424
46 One- to four-family	24,125	31,032	48,929	48,929	53,571	54,799	58,432	62,594
47 Multifamily	2,684	2,633	2,547	2,547	2,556	2,580	2,655	2,830
48 Mortgage pools or trusts[5]	1,250,666	1,425,546	1,550,818	1,550,818	1,604,449	1,643,627	1,668,496	1,683,946
49 Government National Mortgage Association	425,295	419,516	414,066	414,066	423,446	435,709	444,976	450,934
50 One- to four-family	415,767	410,675	404,864	404,864	414,194	426,363	435,511	441,198
51 Multifamily	9,528	8,841	9,202	9,202	9,251	9,346	9,465	9,736
52 Federal Home Loan Mortgage Corporation	359,163	407,514	443,029	443,029	459,949	470,183	469,062	467,071
53 One- to four-family	351,906	401,525	438,494	438,494	455,779	466,361	465,614	463,945
54 Multifamily	7,257	5,989	4,535	4,535	4,170	3,822	3,448	3,126
55 Federal National Mortgage Association	371,984	444,979	495,525	495,525	507,376	514,855	523,512	530,343
56 One- to four-family	362,667	435,979	486,804	486,804	498,489	505,730	514,375	520,763
57 Multifamily	9,317	9,000	8,721	8,721	8,887	9,125	9,137	9,580
58 Farmers Home Administration[4]	47	38	28	28	26	22	20	19
59 One- to four-family	11	8	5	5	5	4	4	3
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	19	17	13	13	12	10	9	9
62 Farm	17	13	10	10	9	8	7	7
63 Private mortgage conduits	94,177	153,499	198,171	198,171	213,653	222,858	230,926	235,579
64 One- to four-family	84,000	132,000	164,000	164,000	177,000	179,500	182,300	183,600
65 Multifamily	3,698	6,305	8,701	8,701	9,202	11,514	13,891	14,850
66 Commercial	6,479	15,194	25,469	25,469	27,451	31,844	34,735	37,129
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	562,616	575,237	579,341	579,341	567,963	565,473	572,092	576,465
69 One- to four-family	370,157	382,572	387,334	387,334	376,728	374,612	379,656	384,001
70 Multifamily	83,937	85,871	86,516	86,516	86,700	87,014	87,638	87,893
71 Commercial	93,541	91,524	91,482	91,482	90,621	90,617	92,084	92,096
72 Farm	14,981	15,270	14,009	14,009	13,915	13,229	12,714	12,474

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

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

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1994 Oct	1994 Nov.	1994 Dec	1995 Jan	1995 Feb.[r]	1995 Mar.
	Seasonally adjusted								
1 **Total**	**731,098**	**794,300**	**911,311**	**891,603**	**904,757**	**911,311**	**920,338[r]**	**928,010**	**941,815**
2 Automobile	257,678	282,036	324,519	318,036	323,447	324,519	324,855	327,720	330,405
3 Revolving	257,304	287,875	337,694	327,707	334,843	337,694	343,184	349,487	356,161
4 Other	216,117	224,389	249,098	245,860	246,467	249,098	252,299[r]	250,803	255,250
	Not seasonally adjusted								
5 **Total**	**747,690**	**812,782**	**932,890**	**891,442**	**906,436**	**932,890**	**929,330[r]**	**928,123**	**936,936**
By major holder									
6 Commercial banks	330,088	368,549	434,790	414,833	421,790	434,790	431,745	432,883	436,102
7 Finance companies	118,279	116,453	134,830	131,562	132,874	134,830	136,699[r]	134,439	135,790
8 Credit unions	91,694	101,634	120,158	116,325	117,984	120,158	120,668	121,116	122,565
9 Savings institutions	37,049	37,855	38,750	38,122	38,275	38,750	39,250	39,399	39,500
10 Nonfinancial business	49,184	57,637	64,944	56,020	58,247	64,944	61,382	59,169	57,863
11 Pools of securitized assets[2]	121,396	130,654	139,418	134,580	137,266	139,418	139,586[r]	141,117	145,116
By major type of credit[3]									
12 Automobile	258,226	282,825	325,536	320,182	323,714	325,536	324,826	326,770	329,598
13 Commercial banks	109,623	123,358	148,117	146,456	148,004	148,117	147,319	148,355	148,733
14 Finance companies	57,259	56,057	61,609	60,750	61,372	61,609	62,321	61,067	61,256
15 Pools of securitized assets[2]	33,888	39,490	34,515	34,394	34,301	34,515	32,902	33,936	34,587
16 Revolving	271,368	303,444	355,859	325,872	336,575	355,859	350,035	349,185	352,249
17 Commercial banks	132,966	149,527	180,530	165,561	171,318	180,530	176,635	177,241	177,389
18 Nonfinancial business	43,974	52,113	58,870	50,332	52,475	58,870	55,405	53,257	51,986
19 Pools of securitized assets[2]	74,931	79,887	93,545	88,762	91,469	93,545	95,015	95,734	99,851
20 Other	218,096	226,513	251,495	245,388	246,117	251,495	254,469[r]	252,168	255,089
21 Commercial banks	87,499	95,664	106,143	102,816	102,468	106,143	107,791	107,287	109,980
22 Finance companies	61,020	60,396	73,221	70,812	71,502	73,221	74,378[r]	73,372	74,534
23 Nonfinancial business	5,210	5,524	6,074	5,688	5,772	6,074	5,977	5,912	5,877
24 Pools of securitized assets[2]	12,577	11,277	11,358	11,424	11,496	11,358	11,669[r]	11,447	10,678

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

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

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1994 Sept.	1994 Oct	1994 Nov.	1994 Dec	1995 Jan	1995 Feb.	1995 Mar.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	n.a.	n.a.	8.75	n.a.	n.a.	9.70	n.a.
2 24-month personal	14.04	13.47	13.19	n.a.	n.a.	13.59	n.a.	n.a.	14.10	n.a.
Credit card plan										
3 All accounts	n.a.	n.a.	15.91	n.a.	n.a.	15.91	n.a.	n.a.	16.24	n.a.
4 Accounts assessed interest	n.a.	n.a.	15.74	n.a.	n.a.	15.74	n.a.	n.a.	15.29	n.a.
Auto finance companies										
5 New car	9.93	9.48	9.79	10.13	10.39	10.53	10.72	11.35	11.89	11.95
6 Used car	13.80	12.79	13.49	13.98	14.01	14.19	14.48	14.57	15.06	15.10
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	54.3	54.9	54.6	53.9	53.9	54.1	54.5
8 Used car	47.9	48.8	50.2	50.2	50.2	50.3	50.3	52.0	52.0	52.1
Loan-to-value ratio										
9 New car	89	91	92	93	92	93	92	92	92	92
10 Used car	97	98	99	100	100	100	100	99	99	99
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	15,419	15,827	15,971	16,187	16,068	15,774	15,826
12 Used car	9,119	9,875	10,709	10,906	10,554	11,202	11,309	11,185	11,181	11,220

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
	Nonfinancial sectors											
1 Total net borrowing by domestic nonfinancial sectors	**635.6**	**475.8**	**536.1**	**628.1**	**619.5**	**740.5**	**613.3**	**677.2**	**657.1**	**550.6**	**620.8**	**649.5**
By sector and instrument												
2 U.S. government	246.9	278.2	304.0	256 1	155.9	336.4	173.4	274.2	210.5	122.9	135 0	155.0
3 Treasury securities	238.7	292 0	303.8	248 3	155 7	332.3	157.2	266.5	211.8	118.2	130 7	162.1
4 Budget agency issues and mortgages	8.2	13.8	.2	7.8	2	4.1	16.2	7 7	1.3	4.7	4.3	- 7.1
5 Private	388.7	197 5	232.1	372 0	463 7	404.1	439.9	403.0	446.6	427.7	485 8	494 5
By instrument												
6 Tax-exempt obligations	48.7	68.7	31.1	78 1	15.1	130.3	66.2	27.4	22.6	9.8	41.2	32.1
7 Corporate bonds	47.1	78.8	67.5	75 2	21.9	75.7	72.0	67 4	35.5	35.8	14.0	2.4
8 Mortgages	199 5	161 4	123.9	155.7	194 1	152 2	222.2	148.5	163.0	188.6	239.8	185 0
9 Home mortgages	185.6	163 8	179 5	183 9	191.9	193.5	236.5	184.5	191.2	172.3	224 8	179 5
10 Multifamily residential	4.8	- 3.1	- 11.2	- 6 1	1.7	- 11.4	- 4.9	2 6	5.1	6.1	5 5	.4
11 Commercial	9 3	4	45 5	22 5	9	30.9	9.9	- 33.6	-23.4	7.8	7.8	4 3
12 Farm	3	4	1.1	.5	1 3	1.0	4	2	.3	2.3	1.7	.8
13 Consumer credit	16 0	15 0	5 5	62.3	117.5	41 6	76.2	111.3	72.7	121.9	125.9	149 4
14 Bank loans n.e.c.	4	40 9	13.8	5 0	77.6	.2	7.8	28.5	68.2	57.9	89 4	94 8
15 Commercial paper	9.7	18 4	8 6	10.0	21.4	33.2	17 2	3.8	8.0	16.4	33.8	27.2
16 Other loans	67.4	37.1	9.2	14.4	46.3	28.6	21.7	16.2	76.5	16.9	24 1	67.8
By borrowing sector												
17 Household	218 9	170 9	217 7	284.5	349.6	264.1	368.5	337.7	304.3	316.0	387.7	390.5
18 *Nonfinancial business*	*123.7*	*35.9*	*2.0*	*21.9*	*143.3*	*26.7*	*24.1*	*48.2*	*135.8*	*139.9*	*146.8*	*150.7*
19 Farm	2.3	2.1	1.0	2.0	2.3	2.7	4.1	3.6	2.6	8 1	1 7	3.2
20 Nonfarm noncorporate	10.1	- 28.5	- 43.9	26.0	19.8	33.4	−26.2	15.6	8.4	18.5	28.9	23.2
21 Corporate	111.3	9.6	40.9	45.8	121.2	57.4	46.3	60.2	124.7	113.2	116 2	130.7
22 State and local government	46 0	62 6	16 4	65.7	29.3	113.2	47 3	17.1	6.5	28.2	- 48 7	46.6
23 Foreign net borrowing in United States	23 9	13 9	21 3	46.9	12.1	42.8	83 1	22.9	66.3	10.1	4.1	23.9
24 Bonds	21 4	14 1	14 4	59.4	17.1	45.3	84.5	41.4	29.0	9.4	4.9	25.2
25 Bank loans n.e.c.	- 2.9	3.1	2.3	.7	1.4	6.6	1.0	6.3	6.0	4.5	4 7	5
26 Commercial paper	12.3	6.4	5.2	9.0	- 27.3	- .6	- 1.6	- 12.0	- 101.8	5.2	8.1	5.9
27 U.S. government and other loans	- 7.0	9.8	6	4.2	3.3	8 4	.8	- .1	.5	- 9.8	2.8	6.6
28 Total domestic plus foreign	**659.4**	**489.6**	**557.4**	**675.0**	**607.4**	**783.3**	**696.4**	**700.2**	**590.8**	**540.5**	**624.9**	**673.4**
	Financial sectors											
29 Total net borrowing by financial sectors	**202.9**	**152.6**	**237.1**	**286.1**	**419.9**	**175.5**	**438.9**	**349.8**	**488.9**	**343.5**	**367.7**	**479.6**
By instrument												
30 U.S. government-related	167.4	145.7	155.8	161.2	268.2	56.6	287.3	131.3	320.8	245.2	224.9	281.7
31 Government-sponsored enterprises securities	17.1	9.2	40.3	80 6	177.2	68.8	167.8	53.4	160.0	146.6	152.1	250 2
32 Mortgage pool securities	150.3	136.6	115.6	80 6	95.7	12 2	119.5	77.9	180.0	98.6	72.8	31.5
33 Loans from U.S. government	.1	.0	.0	.0	4.8	.0	.0	.0	19 2	.0	.0	.0
34 Private	35.5	6.8	81.3	125.0	151.8	118.9	151.6	218 5	168 2	98.3	142.8	197.9
35 Corporate bonds	46.3	67.6	78.5	118.3	103.3	92.4	143.4	138.3	154.5	91.9	84.3	82.8
36 Mortgages	.6	5	.6	3 6	- 2	1.4	6.2	5.5	.2	.6	.1	1.5
37 Bank loans n.e.c.	4.7	8.8	2.2	14.0	15.8	12.8	16.1	18.0	12.3	30.1	14.6	- 6.2
38 Open market paper	8.6	32.0	.7	6.2	41.6	-16.2	-9.4	76.0	36.6	3.6	42.3	84.0
39 Loans from Federal Home Loan Banks	24.7	- 38.0	.8	23.3	22.8	28.4	27.4	16.8	10.8	32.3	30.7	38.8
By borrowing sector												
40 Government-sponsored enterprises	17 0	9 1	40.2	80 6	172.4	68.8	167.8	53.4	140.8	146.6	152.1	250.2
41 Federally related mortgage pools	150 3	136.6	115 6	80.6	95.7	12.2	119.5	77.9	180.0	98.6	72.8	31.5
42 Private	35 5	6.8	81.3	125.0	151.8	118.9	151 6	218.5	168.2	98.3	142.8	197.9
43 Commercial banks	−.7	- 11.7	8.8	5.6	10.0	11.3	6.5	1.2	2.0	12 4	22.8	2.9
44 Bank holding companies	27.7	2.5	2.3	8.8	8.4	1.3	.5	12.2	3.5	10.1	11.5	8.5
45 Funding corporations	15 4	-6.5	13.2	2.9	25.8	1.6	7.9	36.7	48.2	-17 9	46.5	26.3
46 Savings institutions	30.2	44.5	- 6.7	11.1	12.8	12.6	13.5	8.8	5 6	5 8	14.8	36.1
47 Credit unions	.0	.0	.0	.2	.2	.3	.3	.1	.1	.2	.5	.2
48 Life insurance companies	0	0	0	2	.3	.6	- 1	.4	.0	.0	.0	1.3
49 Finance companies	24.0	18.6	-3.6	.2	50.3	13.6	17.5	16.3	63.3	67.0	16.9	54.0
50 Mortgage companies	0	2 4	8.0	1 0	-13.0	32 4	- .8	- 10.4	- 21.6	18.2	7.0	5.0
51 Real estate investment trusts (REITs)	.8	1.2	.3	3.5	1.7	1 3	6.0	6.2	1.2	2.2	2.3	1.1
52 Issuers of asset-backed securities (ABSs)	52.3	51.0	56.3	81 5	54.7	60.5	85.8	117.6	86.9	36.5	42.2	53.1

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

Transaction category or sector	1990	1991	1992	1993	1994	1993			1994			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
53 **Total net borrowing, all sectors**	**862.3**	**642.2**	**794.5**	**961.2**	**1,027.3**	**958.8**	**1,135.3**	**1,050.0**	**1,079.7**	**884.0**	**992.6**	**1,153.0**
54 U.S. government securities	414.4	424.0	459.8	417.3	428.8	393.0	460.7	405.5	550.5	368.1	359.9	436.7
55 Tax-exempt securities	48.7	68.7	31.1	78.1	15.1	130.3	66.2	27.4	22.6	9.8	-41.2	-32.1
56 Corporate and foreign bonds	114.7	160.5	160.4	252.9	142.4	213.4	299.9	247.1	219.0	137.0	103.1	110.3
57 Mortgages	200.1	161.9	124.5	159.2	193.9	153.5	228.3	154.0	163.2	189.1	239.9	183.5
58 Consumer credit	16.0	15.0	5.5	62.3	117.5	41.6	76.2	111.3	72.7	121.9	125.9	149.4
59 Bank loans n.e.c.	2.2	29.1	9.4	8.3	63.2	19.2	7.3	4.2	61.9	23.3	79.5	88.1
60 Open market paper	30.7	44.0	13.1	5.1	35.7	16.4	6.3	67.7	57.2	14.8	68.0	117.1
61 Other loans	35.6	84.9	9.5	4.7	61.0	8.7	4.9	32.9	47.0	39.4	57.6	100.0
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**19.7**	**215.4**	**296.0**	**437.1**	**159.8**	**471.9**	**498.0**	**434.5**	**312.3**	**236.4**	**126.7**	**−36.0**
63 Mutual funds	65.3	151.5	211.9	317.0	128.3	358.0	348.9	292.0	204.5	167.0	129.3	12.3
64 Corporate equities	-45.6	64.0	84.1	120.1	31.6	113.9	149.1	142.4	107.8	69.4	2.6	48.3
65 Nonfinancial corporations	63.0	18.3	27.0	21.3	40.9	23.2	32.3	21.5	9.6	2.0	50.0	102.0
66 *Financial corporations*	10.0	15.1	26.4	38.2	28.6	38.6	38.2	40.9	47.9	24.8	23.7	17.9
67 Foreign shares purchased in United States	7.4	30.7	30.7	60.6	43.9	52.1	78.6	80.0	69.4	46.7	23.7	35.7

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	1990	1991	1992	1993	1994	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**862.3**	**642.2**	**794.5**	**961.2**	**1,027.3**	**958.8**	**1,135.3**	**1,050.0**	**1,079.7**	**884.0**	**992.6**	**1,153.0**
2 Private domestic nonfinancial sectors	190.1	7.5	72.0	4.8	296.5	-4.6	-39.5	86.3	391.3	340.1	152.0	302.5
3 Households	157.2	39.6	70.7	-11.5	378.3	-76.5	-69.7	174.7	394.3	408.3	246.6	464.1
4 Nonfarm noncorporate business	-1.7	3.7	-1.1	-3.2	2.0	-3.2	3.3	3.5	3.6	-1.8	1.9	-.5
5 Nonfinancial corporate business	3.7	6.7	29.2	18.0	18.2	17.3	41.2	16.0	22.3	16.9	21.8	11.7
6 State and local governments	38.3	29.2	-26.8	1.5	-98.0	57.7	-7.7	-101.0	-21.6	-83.2	-114.4	-172.7
7 U.S. government	33.7	10.5	-11.9	-18.4	19.6	-27.1	-15.4	-7.9	-40.8	11.1	-.9	-25.7
8 Foreign	85.5	26.6	100.5	126.0	129.0	93.4	123.5	221.2	127.6	49.4	119.6	219.6
9 Financial sectors	553.0	612.5	633.9	848.8	621.4	897.1	1,066.6	750.4	601.6	505.5	721.9	656.6
10 Government sponsored enterprises	13.9	15.2	69.0	90.2	118.9	128.0	144.8	71.2	92.4	101.1	125.6	156.5
11 Federally related mortgage pools	150.3	136.6	115.6	80.6	95.7	-12.2	119.5	77.9	180.0	98.6	72.8	31.5
12 Monetary authority	8.1	31.1	27.9	36.2	31.5	35.7	28.2	38.5	48.8	17.9	24.0	35.4
13 *Commercial banking*	*125.1*	*80.8*	*95.3*	*142.2*	*162.1*	*133.4*	*146.7*	*188.1*	*184.7*	*109.1*	*191.3*	*163.3*
14 U.S. commercial banks	94.9	35.7	69.5	149.6	148.1	137.4	160.3	197.3	120.6	128.4	164.6	178.7
15 Foreign banking offices	28.4	48.5	16.5	9.8	11.0	-14.3	16.9	-6.5	59.0	21.5	22.1	-15.7
16 Bank holding companies	2.8	-1.5	5.6	.0	1.1	7.9	1.2	4.8	3.1	.2	2.7	-1.5
17 Banks in U.S. affiliated areas	4.5	-1.9	3.7	2.4	1.9	2.4	2.2	2.1	2.1	1.9	1.9	1.8
18 Funding corporations	16.1	15.8	23.5	18.1	12.6	1.1	32.4	42.6	17.8	35.3	21.4	-24.1
19 Thrift institutions	-154.0	-123.5	-61.3	1.7	35.6	16.1	21.0	-13.3	13.6	42.6	52.0	34.1
20 Life insurance companies	94.4	83.2	79.1	105.1	55.4	109.4	111.8	86.4	53.7	6.1	83.4	78.3
21 Other insurance companies	26.5	32.6	12.8	33.3	21.1	36.0	37.6	32.1	27.9	20.8	16.0	19.7
22 Private pension funds	17.2	85.7	37.3	40.2	-42.8	11.1	91.9	-60.1	-97.7	-30.7	-17.5	-25.5
23 State and local government retirement funds	34.9	46.0	34.4	25.5	43.8	47.5	27.4	36.9	30.3	51.2	41.5	52.1
24 Finance companies	29.0	-12.7	1.7	9.0	66.8	-34.7	9.4	22.6	72.1	49.8	58.9	86.4
25 Mortgage companies	.0	11.2	.1	.0	-26.0	65.1	-1.6	-13.3	43.5	-36.3	-14.0	-10.0
26 Mutual funds	41.4	90.3	123.7	164.0	-14.0	194.4	174.6	138.4	18.0	11.3	-18.7	-66.5
27 Closed-end funds	.2	14.7	17.4	10.2	3.5	10.5	5.9	7.7	8.3	3.2	1.4	1.0
28 Money market funds	80.9	30.1	1.3	14.7	30.5	33.3	25.3	57.3	-44.5	33.7	54.4	78.4
29 Real estate investment trusts (REITs)	.7	-.7	1.1	.6	.7	.8	1.0	.2	.7	.7	.7	.7
30 Brokers and dealers	2.8	17.5	6.9	9.2	-32.0	52.5	-7.8	-82.8	-56.1	-52.6	-11.8	-7.6
31 Asset-backed securities issuers (ABSs)	51.1	48.9	53.8	80.1	51.8	59.4	88.6	111.1	86.0	38.7	37.4	45.1
32 Bank personal trusts	15.9	10.0	8.0	9.5	6.3	10.0	9.9	8.9	9.3	5.2	2.9	7.7
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**862.3**	**642.2**	**794.5**	**961.2**	**1,027.3**	**958.8**	**1,135.3**	**1,050.0**	**1,079.7**	**884.0**	**992.6**	**1,153.0**
Other financial sources												
34 Official foreign exchange	2.0	5.9	1.6	.8	-5.6	4.0	1.7	2.2	.2	-14.6	.2	-7.8
35 Special drawing rights certificates	1.5	.0	2.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency	1.0	.0	.2	.4	.7	.4	.4	.7	.7	.6	.8	.7
37 Life insurance reserves	25.7	25.7	27.3	35.2	20.1	35.3	36.6	35.5	20.0	8.1	23.8	28.7
38 Pension fund reserves	165.1	360.3	249.7	309.2	113.9	313.7	349.9	251.6	-8.8	64.3	214.4	185.6
39 Interbank claims	35.4	3.9	61.7	44.7	85.0	128.9	5.0	-13.7	150.9	184.9	26.6	30.8
40 Checkable deposits and currency	43.3	86.4	113.8	117.3	-10.3	214.4	73.1	81.9	173.1	-66.1	-87.4	-60.6
41 Small time and savings deposits	63.7	1.5	-57.2	-70.3	-39.8	-67.8	-68.1	-36.6	2.5	-62.4	-56.4	-42.9
42 Large time deposits	-66.1	-58.5	73.2	23.5	20.7	-26.8	-59.5	13.7	39.6	-4.4	83.8	42.9
43 Money market fund shares	70.3	41.2	3.9	15.3	46.3	61.8	.6	45.7	-33.5	67.8	50.3	100.8
44 Security repurchase agreements	-24.2	-16.5	35.5	65.5	79.1	37.9	67.8	-14.4	14.3	175.9	76.9	49.3
45 Foreign deposits	38.2	-16.7	-7.2	-11.0	13.1	-17.1	-50.7	35.7	16.4	14.6	-8.4	29.6
46 Mutual fund shares	65.3	151.5	211.9	317.0	128.3	358.0	348.9	292.0	204.5	167.0	129.3	12.3
47 Corporate equities	-45.6	64.0	84.1	120.1	31.6	113.9	149.1	142.4	107.8	69.4	-2.6	-48.3
48 Security credit	3.5	51.4	4.2	61.9	3.0	40.0	76.6	86.5	29.7	-17.5	-61.7	37.3
49 Trade debt	37.0	3.6	41.5	49.0	75.6	51.0	49.6	51.9	35.6	87.2	92.2	87.4
50 Taxes payable	-4.8	-6.2	8.5	4.6	2.3	7.3	1.8	4.9	14.2	-11.6	2.7	3.9
51 Noncorporate proprietors' equity	28.3	3.3	18.4	-10.2	-44.8	-14.9	6.3	25.6	-50.3	-44.6	-40.7	-43.8
52 Investment in bank personal trusts	29.7	16.1	-7.1	1.6	4.6	-7.2	.1	17.6	15.4	-15.5	6.7	11.9
53 Miscellaneous	135.7	197.2	257.6	289.7	260.0	402.1	221.4	342.0	359.6	272.3	289.2	118.9
54 **Total financial sources**	**1,410.6**	**1,530.2**	**1,764.5**	**2,278.5**	**1,805.1**	**2,585.6**	**2,332.5**	**2,364.0**	**2,092.0**	**1,759.5**	**1,679.0**	**1,689.9**
Floats not included in assets (−)												
55 U.S. government checkable deposits	3.3	13.1	.7	1.5	-4.7	2.9	2.1	-15.5	2.4	-1.4	15.2	-30.3
56 Other checkable deposits	8.5	4.5	1.6	-1.3	-2.8	8.3	-5.2	-6.2	.6	-1.1	-6.2	-4.3
57 Trade credit	9.1	9.7	4.1	16.5	-.9	25.7	22.2	12.5	-25.7	5.6	14.1	2.3
Liabilities not identified as assets (−)												
58 Treasury currency	.2	-.6	-.2	.2	.2	.2	-.2	-.2	-.2	-.2	-.2	-.2
59 Interbank claims	1.6	26.2	-4.9	4.2	-2.7	.5	10.4	24.0	29.1	5.3	11.3	1.7
60 Security repurchase agreements	-24.0	6.2	27.9	82.2	41.7	60.8	66.6	21.6	4.4	117.3	62.1	-17.1
61 Taxes payable	.1	1.3	14.0	1.0	-1.1	18.2	1.2	-8.6	-.3	4.2	-4.6	-3.8
62 Miscellaneous	35.4	-45.3	-46.0	-41.9	-7.3	-98.0	-20.9	48.2	-66.0	-171.5	147.5	61.0
63 **Total identified to sectors as assets**	**1,447.2**	**1,541.2**	**1,767.2**	**2,219.5**	**1,783.2**	**2,567.4**	**2,277.1**	**2,288.2**	**2,210.9**	**1,801.3**	**1,439.9**	**1,680.5**

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	1991	1992	1993	1994	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,181.5**	**11,720.7**	**12,363.1**	**12,982.5**	**12,008.9**	**12,155.3**	**12,363.1**	**12,487.0**	**12,633.0**	**12,780.4**	**12,982.5**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,201.2	3,247.3	3,336.5	3,387.7	3,395.4	3,432.6	3,492.3
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,180.6	3,222.6	3,309.9	3,361.4	3,368.0	3,404.1	3,465.6
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	20.6	24.7	26.6	26.3	27.4	28.5	26.7
5 Private	8,405.1	8,640.4	9,026.6	9,490.2	8,807.7	8,908.1	9,026.6	9,099.3	9,237.6	9,347.7	9,490.2
By instrument											
6 Tax-exempt obligations	1,108.6	1,139.7	1,217.8	1,202.7	1,202.2	1,210.0	1,217.8	1,222.3	1,229.5	1,209.9	1,202.7
7 Corporate bonds	1,086.9	1,154.4	1,229.6	1,251.6	1,194.8	1,212.8	1,229.6	1,238.5	1,247.5	1,251.0	1,251.6
8 Mortgages	3,920.0	4,043.9	4,206.5	4,400.6	4,109.9	4,166.6	4,206.5	4,233.3	4,290.9	4,351.9	4,400.6
9 Home mortgages	2,780.0	2,959.6	3,147.3	3,339.2	3,038.1	3,098.3	3,147.3	3,181.1	3,234.7	3,291.9	3,339.2
10 Multifamily residential	304.8	293.6	287.5	289.2	289.4	288.2	287.5	286.3	287.8	289.1	289.2
11 Commercial	755.8	710.3	690.6	689.7	701.4	699.0	690.6	684.7	686.6	688.6	689.7
12 Farm	79.3	80.4	81.2	82.5	81.0	81.1	81.2	81.3	81.9	82.3	82.5
13 Consumer credit	797.4	803.0	866.5	984.0	800.2	824.3	866.5	863.6	895.3	931.8	984.0
14 Bank loans n.e.c.	686.0	672.1	677.2	754.7	666.3	665.6	677.2	687.3	707.4	726.4	754.7
15 Commercial paper	98.5	107.1	117.8	139.2	124.0	123.2	117.8	129.9	135.7	138.7	139.2
16 Other loans	707.8	720.2	711.1	757.4	710.2	705.5	711.1	724.3	731.2	738.1	757.4
By borrowing sector											
17 Household	3,784.7	4,002.3	4,292.0	4,641.3	4,093.0	4,190.9	4,292.0	4,331.7	4,425.0	4,527.1	4,641.3
18 Nonfinancial business	3,709.3	3,710.5	3,741.5	3,885.0	3,729.8	3,729.1	3,741.5	3,774.0	3,816.3	3,845.8	3,885.0
19 Farm	135.0	136.0	138.3	140.6	136.7	138.7	138.3	136.6	141.3	142.8	140.6
20 Nonfarm noncorporate	1,116.4	1,074.1	1,049.1	1,068.8	1,059.4	1,052.2	1,049.1	1,050.4	1,055.6	1,062.2	1,068.8
21 Corporate	2,458.0	2,500.4	2,554.1	2,675.6	2,533.7	2,538.3	2,554.1	2,586.9	2,619.3	2,640.9	2,675.6
22 State and local government	911.1	927.5	993.2	963.9	984.9	988.0	993.2	993.6	996.3	974.8	963.9
23 **Foreign credit market debt held in United States**	**298.8**	**310.9**	**357.8**	**345.8**	**332.0**	**351.3**	**357.8**	**340.3**	**339.2**	**338.8**	**345.8**
24 Bonds	129.5	143.9	203.4	220.4	171.9	193.0	203.4	210.6	212.9	214.2	220.4
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	25.9	26.2	24.6	26.2	25.1	26.3	26.1
26 Commercial paper	81.8	77.7	68.7	41.4	72.1	71.7	68.7	43.3	42.0	39.9	41.4
27 U.S. government and other loans	65.9	65.3	61.1	57.8	62.0	60.3	61.1	60.3	59.2	58.4	57.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,480.3**	**12,031.6**	**12,720.8**	**13,328.3**	**12,340.9**	**12,506.6**	**12,720.8**	**12,827.3**	**12,972.2**	**13,119.2**	**13,328.3**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**2,752.1**	**3,004.7**	**3,297.3**	**3,722.4**	**3,096.6**	**3,204.7**	**3,297.3**	**3,415.3**	**3,507.6**	**3,597.7**	**3,722.4**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,881.1	2,149.3	1,774.5	1,845.2	1,881.1	1,954.5	2,021.1	2,075.9	2,149.3
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.9	468.4	510.3	523.7	563.7	600.3	638.3	700.9
32 Mortgage pool securities	1,156.5	1,272.0	1,352.6	1,448.4	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6	1,448.4
33 Loans from U.S. government	4.8	4.8	4.8	.0	4.8	4.8	4.8	.0	.0	.0	.0
34 Private	1,187.9	1,284.8	1,416.1	1,573.2	1,322.2	1,359.5	1,416.1	1,460.9	1,486.6	1,521.8	1,573.2
35 Corporate bonds	640.0	724.8	844.1	944.9	774.8	810.5	844.1	880.8	904.5	925.4	944.9
36 Mortgages	4.8	5.4	8.9	8.8	6.0	7.6	8.9	9.0	9.1	9.2	8.8
37 Bank loans n.e.c.	78.4	80.5	66.5	50.7	73.3	69.2	66.5	61.8	54.1	50.5	50.7
38 Open market paper	385.7	394.3	393.5	442.8	375.9	374.2	393.5	408.8	410.3	420.5	442.8
39 Loans from Federal Home Loan Banks	79.1	79.9	103.1	125.9	92.1	98.9	103.1	100.4	108.5	116.2	125.9
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.9	473.2	515.1	528.5	563.7	600.3	638.3	700.9
41 Federally related mortgage pools	1,156.5	1,272.0	1,352.6	1,448.4	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6	1,448.4
42 Private financial sectors	1,187.9	1,284.8	1,416.1	1,573.2	1,322.2	1,359.5	1,416.1	1,460.9	1,486.6	1,521.8	1,573.2
43 Commercial banks	65.0	73.8	79.5	89.5	76.6	77.9	79.5	78.4	82.1	87.5	89.5
44 Bank holding companies	112.3	114.6	123.4	131.8	120.2	120.3	123.4	124.2	126.8	129.6	131.8
45 Funding corporations	139.1	161.6	169.9	200.9	166.5	166.3	169.9	190.6	191.1	200.1	200.9
46 Savings institutions	94.6	87.8	99.0	111.7	93.4	96.8	99.0	97.6	99.0	102.7	111.7
47 Credit unions	.0	.0	.2	.5	.1	.2	.2	.3	.3	.4	.5
48 Life insurance companies	.0	.0	.2	.6	.2	.1	.2	.3	.3	.3	.6
49 Finance companies	393.0	389.4	390.5	440.8	373.8	380.0	390.5	401.9	414.2	420.9	440.8
50 Mortgage companies	22.2	30.2	29.2	16.3	32.0	31.8	29.2	23.8	19.3	17.5	16.3
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	19.1	14.4	15.8	17.4	17.7	18.3	18.8	19.1
52 Issuers of asset-backed securities (ABSs)	329.1	391.7	473.2	527.8	422.3	443.8	473.2	494.9	504.0	514.5	527.8
					All sectors						
53 **Total credit market debt, domestic and foreign**	**14,232.3**	**15,036.3**	**16,018.1**	**17,050.7**	**15,437.5**	**15,711.3**	**16,018.1**	**16,242.6**	**16,479.8**	**16,716.9**	**17,050.7**
54 U.S. government securities	4,335.7	4,795.5	5,212.8	5,641.6	4,970.9	5,087.7	5,212.8	5,342.2	5,416.5	5,508.6	5,641.6
55 Tax-exempt securities	1,108.6	1,139.7	1,217.8	1,202.7	1,202.2	1,210.0	1,217.8	1,222.3	1,229.5	1,209.9	1,202.7
56 Corporate and foreign bonds	1,856.5	2,023.1	2,277.0	2,416.9	2,141.5	2,216.3	2,277.0	2,329.9	2,364.9	2,390.5	2,416.9
57 Mortgages	3,924.8	4,049.3	4,215.5	4,409.4	4,116.0	4,174.2	4,215.5	4,242.4	4,300.1	4,361.1	4,409.4
58 Consumer credit	797.4	803.0	866.5	984.0	800.2	824.3	866.5	863.6	895.3	931.8	984.0
59 Bank loans n.e.c.	785.9	776.6	768.4	831.6	765.5	761.0	768.4	775.4	786.6	803.2	831.6
60 Open market paper	565.9	579.0	580.0	623.5	572.0	568.2	580.0	582.0	587.9	599.2	623.5
61 Other loans	857.5	870.2	880.1	941.1	869.1	869.6	880.1	884.9	898.9	912.7	941.1

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	1991	1992	1993	1994	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**14,232.3**	**15,036.3**	**16,018.1**	**17,050.7**	**15,437.5**	**15,711.3**	**16,018.1**	**16,242.6**	**16,479.8**	**16,716.9**	**17,050.7**
2 Private domestic nonfinancial sectors	2,240.2	2,318.0	2,338.9	2,663.4	2,296.1	2,284.8	2,338.9	2,432.9	2,513.8	2,551.1	2,663.4
3 Households	1,446.5	1,523.1	1,525.9	1,932.3	1,473.3	1,459.6	1,525.9	1,631.1	1,723.4	1,789.3	1,932.3
4 Nonfarm noncorporate business	44.1	42.9	39.7	37.7	41.4	40.6	39.7	38.8	38.4	37.9	37.7
5 Nonfinancial corporate business	196.2	225.4	248.1	266.2	227.3	234.7	248.1	243.8	250.9	253.9	266.2
6 State and local governments	553.3	526.5	525.2	427.2	554.2	549.9	525.2	519.2	501.1	470.0	427.2
7 U.S. government	246.9	235.0	216.6	197.0	223.1	218.8	216.6	206.3	204.0	203.3	197.0
8 Foreign	958.1	1,052.7	1,175.1	1,304.1	1,084.0	1,118.1	1,175.1	1,206.8	1,218.5	1,251.3	1,304.1
9 Financial sectors	10,787.2	11,430.6	12,287.5	12,886.2	11,834.2	12,089.6	12,287.5	12,396.5	12,543.5	12,711.1	12,886.2
10 Government-sponsored enterprises	390.7	459.7	549.8	668.7	495.5	531.8	549.8	572.0	597.9	629.4	668.7
11 Federally related mortgage pools	1,156.5	1,272.0	1,352.6	1,448.4	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6	1,448.4
12 Monetary authority	272.5	300.4	336.7	368.2	318.2	324.2	336.7	341.5	351.6	356.8	368.2
13 Commercial banking	2,853.3	2,948.6	3,090.8	3,252.9	2,998.8	3,036.4	3,090.8	3,120.2	3,156.2	3,204.2	3,252.9
14 U.S. commercial banks	2,502.5	2,571.9	2,721.5	2,869.6	2,628.5	2,670.2	2,721.5	2,743.8	2,780.3	2,822.4	2,869.6
15 Foreign banking offices	319.2	335.8	326.0	337.0	327.1	322.3	326.0	331.8	330.8	335.5	337.0
16 Bank holding companies	11.9	17.5	17.5	18.6	18.4	18.7	17.5	18.2	18.3	19.0	18.6
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	27.8	24.8	25.3	25.8	26.4	26.8	27.3	27.8
18 Funding corporations	51.5	75.0	93.1	105.6	74.3	82.4	93.1	97.5	106.3	111.7	105.6
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,168.3	1,130.0	1,136.5	1,132.7	1,134.2	1,146.1	1,160.1	1,168.3
20 Life insurance companies	1,199.6	1,278.8	1,383.9	1,439.3	1,343.9	1,372.1	1,383.9	1,404.2	1,409.1	1,430.3	1,439.3
21 Other insurance companies	376.6	389.4	422.7	443.8	405.3	414.6	422.7	429.6	434.8	438.8	443.8
22 Private pension funds	693.0	730.4	770.6	727.7	762.6	785.6	770.6	746.2	738.5	734.1	727.7
23 State and local government retirement funds	479.9	514.3	542.6	586.4	526.5	533.4	542.6	550.2	563.0	573.3	586.4
24 Finance companies	484.9	486.6	482.8	549.6	473.7	474.0	482.8	494.5	511.3	524.1	549.6
25 Mortgage companies	60.3	60.5	60.4	34.5	64.1	63.8	60.4	49.5	40.4	37.0	34.5
26 Mutual funds	450.5	574.2	738.2	701.6	659.9	703.6	738.2	720.1	722.9	718.2	701.6
27 Closed-end funds	50.3	67.7	77.9	81.4	74.5	76.0	77.9	80.0	80.8	81.1	81.4
28 Money market funds	402.7	404.1	418.8	449.2	403.9	400.6	418.8	422.2	422.0	425.1	449.2
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	9.3	8.3	8.6	8.6	8.8	9.0	9.1	9.3
30 Brokers and dealers	124.0	117.1	126.3	94.3	149.0	147.1	126.3	112.3	99.2	96.2	94.3
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.0	509.8	408.1	430.2	458.0	479.5	489.2	498.5	509.8
32 Bank personal trusts	223.5	231.5	240.9	247.2	236.2	238.7	240.9	243.3	244.6	245.3	247.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**14,232.3**	**15,036.3**	**16,018.1**	**17,050.7**	**15,437.5**	**15,711.3**	**16,018.1**	**16,242.6**	**16,479.8**	**16,716.9**	**17,050.7**
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	53.9	55.6	53.4	56.4	54.9	55.5	53.2
35 Special drawing rights certificates	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
36 Treasury currency	16.3	16.5	17.0	17.6	16.7	16.8	17.0	17.1	17.3	17.5	17.6
37 Life insurance reserves	405.7	433.0	468.2	488.4	450.2	459.4	468.2	473.2	475.2	481.2	488.4
38 Pension fund reserves	4,138.3	4,516.5	4,974.7	5,061.2	4,730.8	4,887.8	4,974.7	4,923.0	4,915.8	5,045.5	5,061.2
39 Interbank claims	96.4	132.8	177.7	263.8	145.2	166.9	177.7	204.2	223.8	243.4	263.8
40 Deposits at financial institutions	5,044.8	5,059.1	5,152.4	5,261.5	5,097.1	5,088.5	5,152.4	5,158.9	5,180.5	5,198.2	5,261.5
41 Checkable deposits and currency	1,020.6	1,134.4	1,251.7	1,241.4	1,168.0	1,181.9	1,251.7	1,220.5	1,229.7	1,205.4	1,241.4
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,183.4	2,255.0	2,236.6	2,223.2	2,233.8	2,214.1	2,198.9	2,183.4
43 Large time deposits	488.4	415.2	391.7	412.4	401.1	389.4	391.7	382.6	379.0	402.9	412.4
44 Money market fund shares	539.6	543.6	558.9	605.3	549.8	547.9	558.9	576.2	570.3	579.9	605.3
45 Security repurchase agreements	355.8	392.3	457.8	536.9	450.4	472.5	457.8	472.7	510.6	536.4	536.9
46 Foreign deposits	289.6	280.1	269.1	282.1	272.8	260.2	269.1	273.2	276.8	274.7	282.1
47 Mutual fund shares	813.9	1,042.1	1,429.3	1,463.0	1,225.8	1,342.4	1,429.3	1,438.7	1,443.6	1,505.7	1,463.0
48 Security credit	188.9	217.3	279.3	276.2	234.7	254.5	279.3	282.7	278.0	263.3	276.2
49 Trade debt	935.9	977.4	1,026.4	1,102.0	989.7	1,009.6	1,026.4	1,023.6	1,045.7	1,076.6	1,102.0
50 Taxes payable	71.2	79.6	84.2	86.5	81.2	82.8	84.2	89.0	82.4	85.4	86.5
51 Investment in bank personal trusts	608.3	629.6	660.9	655.6	637.6	651.2	660.9	655.3	640.2	656.8	655.6
52 Miscellaneous	2,992.2	3,160.2	3,402.3	3,687.8	3,248.3	3,314.6	3,402.3	3,510.9	3,571.1	3,662.8	3,687.8
53 **Total liabilities**	**29,609.6**	**31,360.1**	**33,751.8**	**35,475.6**	**32,356.5**	**33,049.4**	**33,751.8**	**34,083.7**	**34,416.5**	**35,016.8**	**35,475.6**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.0	20.3	20.1	20.4	20.8	21.0	21.1
55 Corporate equities	4,863.6	5,462.9	6,186.5	6,048.8	5,683.7	5,941.7	6,186.5	6,052.2	5,877.7	6,135.1	6,048.8
56 Household equity in noncorporate business	2,444.4	2,411.5	2,421.7	2,485.0	2,407.1	2,420.3	2,421.7	2,460.2	2,473.6	2,482.9	2,485.0
Floats not included in assets (−)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	3.5	2.2	5.6	.3	.9	1.2	3.4
58 Other checkable deposits	40.4	42.0	40.7	38.0	41.6	33.7	40.7	36.3	38.7	30.6	38.0
59 Trade credit	−129.3	−124.6	−101.7	−102.3	−135.0	−130.4	−101.7	−121.2	−130.7	−127.2	−102.3
Liabilities not identified as assets (−)											
60 Treasury currency	4.8	4.9	−5.1	−5.4	−5.0	−5.1	−5.1	−5.2	−5.2	−5.3	−5.4
61 Interbank claims	−4.2	−9.3	4.7	−6.5	−5.7	−7.8	−4.7	−7.7	−7.4	−3.5	−6.5
62 Security repurchase agreements	9.2	38.1	120.2	162.3	108.0	132.6	120.2	133.4	160.0	186.1	162.3
63 Taxes payable	17.8	25.2	26.2	25.1	24.3	24.3	26.2	15.3	21.7	21.0	25.1
64 Miscellaneous	330.7	398.4	−477.2	519.4	−436.1	−480.5	−477.2	−491.2	−461.4	−481.2	−519.4
65 **Total identified to sectors as assets**	**37,337.6**	**39,679.1**	**42,776.1**	**44,435.1**	**40,871.8**	**41,862.8**	**42,776.1**	**43,056.7**	**43,171.9**	**44,034.1**	**44,435.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1992	1993	1994	1994					1995[r]			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Industrial production**[1]	**107.6**	**112.0**	**118.1**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.0**	**121.6**	**121.1**
Market groupings												
2 Products, total	106.5	110.7	115.9	116.7	116.4	116.9	117.5	118.7	119.1	119.0	118.6	118.0
3 Final, total	109.0	113.4	118.4	119.2	118.9	119.2	119.8	121.2	121.6	121.7	121.2	120.7
4 Consumer goods	105.9	109.4	113.2	113.8	113.0	113.0	113.9	115.5	115.7	115.7	114.7	114.1
5 Equipment	113.4	119.3	126.5	127.5	128.0	128.8	128.9	130.1	130.9	131.0	131.3	131.0
6 Intermediate	98.8	102.4	108.1	109.2	108.6	109.9	110.6	110.9	111.3	110.8	110.5	109.8
7 Materials	109.2	114.1	121.5	122.8	122.9	123.4	124.6	126.3	126.5	126.5	126.2	126.0
Industry groupings												
8 Manufacturing	108.0	112.9	119.7	120.9	120.9	121.5	122.6	124.2	124.5	124.2	124.0	123.3
9 Capacity utilization, manufacturing (percent)[2]	79.2	80.9	83.4	83.8	83.6	83.8	84.4	85.2	85.2	84.7	84.3	83.5
10 Construction contracts[3]	97.7	104.4	108.8[r]	110.0	109.0	107.0	111.0	101.0	104.0	111.0	108.0	99.0
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	111.7	112.0	112.2	112.7	112.9	113.1	113.4	113.6	113.6
12 Goods-producing, total	94.2	94.3	95.6	95.8	95.9	96.1	96.6	96.8	97.1	97.0	97.3	97.1
13 Manufacturing, total	95.3	94.8	95.1	95.2	95.3	95.5	95.7	95.9	96.2	96.3	96.2	96.1
14 Manufacturing, production workers	94.9	94.9	96.1	96.3	96.4	96.7	97.1	97.3	97.6	97.8	97.8	97.6
15 Service-producing	110.5	112.9	116.3	116.8	117.1	117.3	117.8	118.1	118.2	118.6	118.8	118.9
16 Personal income, total	135.6	141.4	150.0	150.7	151.7	153.7	153.7	154.7	156.0	156.8	157.7	n.a.
17 Wages and salary disbursements	131.6	136.2	145.0	145.5	146.4	148.2	148.1	149.0	150.0	150.6	150.9	n.a.
18 Manufacturing	118.0	120.0	126.0	126.2	126.7	128.8	127.9	128.6	129.1	131.2	130.7	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	151.6	152.6	154.8	154.7	155.8	156.9	157.7	158.6	n.a.
20 Retail sales[5]	126.4	134.7	145.1[r]	146.5	147.6	149.3	149.8	150.0	150.7	149.6	150.8	150.2
Prices[6]												
21 Consumer (1982–84=100)	140.3	144.5	148.2	149.0	149.4	149.5	149.7	149.7	150.3	150.9	151.4	151.9
22 Producer finished goods (1982=100)	123.2	124.7	125.5	126.5	125.6	125.8	126.1	126.2	126.5	126.9	126.9	127.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1992	1993	1994	1994				1995[r]			
				Sept	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	131,291	131,646	131,718	131,725	132,136	132,308	132,511	132,737
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	120,233	120,647	120,903	121,038	121,064	121,469	121,576	121,478
3 Agriculture	3,207	3,074	3,409	3,411	3,494	3,500	3,532	3,575	3,656	3,698	3,594
Unemployment											
4 Number	9,384	8,734	7,996	7,647	7,505	7,315	7,155	7,498	7,183	7,237	7,665
5 Rate (percent of civilian labor force)	7.4	6.8	6.1	5.8	5.7	5.6	5.4	5.7	5.4	5.5	5.8
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**114,186**	**114,348**	**114,882**	**115,113**	**115,282**	**115,637**	**115,814**	**115,805**
7 Manufacturing	18,104	18,003	18,064	18,096	18,142	18,183	18,226	18,271	18,291	18,280	18,252
8 Mining	635	611	604	605	599	600	597	595	592	592	589
9 Contract construction	4,492	4,642	4,916	4,972	4,974	5,044	5,050	5,092	5,062	5,130	5,110
10 Transportation and public utilities	5,721	5,787	5,842	5,865	5,867	5,888	5,911	5,913	5,931	5,940	5,953
11 Trade	25,354	25,675	26,362	26,565	26,629	26,772	26,887	26,939	27,029	27,007	27,028
12 Finance	6,602	6,712	6,789	6,794	6,786	6,791	6,785	6,779	6,782	6,795	6,796
13 Service	29,052	30,278	31,805	32,138	32,231	32,414	32,506	32,564	32,786	32,906	32,912
14 Government	18,653	18,817	19,041	19,151	19,120	19,190	19,151	19,129	19,164	19,164	19,165

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**117.4**	**118.8**	**120.5**	**121.8**	**140.0**	**140.9**	**141.9**	**143.1**	**83.8**	**84.3**	**84.9**	**85.1**
2 *Manufacturing*	118.9	120.5	122.7	124.2	143.1	144.2	145.3	146 6	83.1	83 6	84.5	84.7
3 Primary processing[3]	114.7	115.9	118.4	119.3	131.0	131.6	132.3	133 2	87.6	88 1	89.5	89.6
4 Advanced processing[4]	120.9	122 7	124.8	126.5	148.7	150 0	151.3	152.9	81.3	81.8	82.5	82.8
5 Durable goods	124.1	126.5	129 4	131.5	150.2	151.6	153.1	154.9	82.6	83.4	84.6	84.9
6 Lumber and products	105.4	106.6	107.9	108.8	115.5	116 0	116.5	117.1	91.2	91.9	92.7	92.9
7 Primary metals	114.4	114.1	119 4	120.0	125 0	125.2	125.4	126.7	91.6	91.1	95.2	94.7
8 Iron and steel	120.2	115.8	123.3	125.4	127.9	128.4	128.8	130.9	93.9	90.2	95.8	95.8
9 Nonferrous	106.9	111.4	113.9	112.9	120.5	120.5	120.5	120.9	88.7	92.4	94.5	93.4
10 Industrial machinery and equipment	157.6	162.6	167.5	171 5	179.0	181.6	184.1	187.8	88.0	89.6	91.0	91.3
11 Electrical machinery	156.8	163.5	169.4	173.8	179.9	184.1	188.5	193.8	87.1	88.8	89.9	89.7
12 Motor vehicles and parts	133.3	135.0	141.5	146.2	158.5	160.3	162.2	164.2	84 1	84.2	87.2	89.0
13 Aerospace and miscellaneous transportation equipment	84.2	82.1	80.8	80.5	129.8	129.4	129.1	128 8	64.9	63.5	62 6	62.5
14 Nondurable goods	113.1	113.8	115 3	116.1	134.8	135.5	136.3	137.1	83.9	84.0	84 6	84.7
15 Textile mill products	108.7	108.9	111.6	111.8	120.8	121.4	122.0	122.7	90.1	89.7	91.4	91.1
16 Paper and products	115.9	118.5	120.6	120 0	126.6	127.1	127.7	128.4	91.6	93.2	94.4	93.5
17 Chemicals and products	123 6	124.4	126 0	129.3	151 9	153.3	154.7	156.2	81.4	81 1	81 4	82.8
18 Plastics materials	124.3	126.9	130.2	...	130.0	130.8	131.6	...	95.6	97.0	98.9	...
19 Petroleum products	106 3	104.9	106.5	108 5	115.3	115.2	115 1	115.1	92 2	91.1	92.5	94.3
20 Mining	100 7	100.1	99.2	100.2	111.5	111.5	111.4	111.4	90.3	89.8	89.0	89.9
21 Utilities	117 2	118.1	116 3	116.8	135 0	135.4	135.8	136.3	86.8	87.2	85 6	85.7
22 Electric	118 0	118.2	117.3	117.4	132.6	133.1	133.6	134.1	89.0	88.8	87.8	87.5

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1994 Apr.	1994 Nov.	1994 Dec	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.	1995 Apr.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**83.6**	**84.8**	**85.5**	**85.5**	**85.2**	**84.7**	**84.1**
2 Manufacturing	88.9	70 8	87.3	70.0	85.2	76.6	83.0	84.4	85.2	85.2	84.7	84.3	83.5
3 Primary processing[3]	92.2	68 9	89.7	66 8	89.0	77.9	87.2	89.5	90.8	90.2	89.4	89.2	88.3
4 Advanced processing[4]	87.5	72 0	86.3	71.4	83 5	76.2	81.3	82.4	83.0	83.2	82.8	82.4	81.6
5 Durable goods	88.8	68 5	86.9	65.0	84.0	73.7	82.6	84.3	85.4	85.3	84.9	84.4	83.3
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.3	90.0	91.6	94.7	94 3	92.4	91.9	90.0
7 Primary metals	100.6	66 2	102.4	46.8	92.8	74.0	91.9	95 0	98.0	95.6	94.0	94 5	93.5
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.1	95.1	94.6	100.3	96.5	94.9	96.1	94.9
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.0	88.1	95.6	95.2	94.6	93.0	92.6	91.7
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84 0	72.5	87.6	91 0	91.1	92.0	91.2	90.8	90.3
11 Electrical machinery	87 8	63.8	89.4	71.1	84.9	76.6	86 4	89.6	90.8	90.1	89.7	89.2	88.4
12 Motor vehicles and parts	93.4	51.1	93.0	44 5	85.1	57.6	86.2	87.2	88.8	89.4	89.7	88.0	83.7
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	79.4	64.7	62.6	62.5	62.4	62 5	62.5	62.6
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.4	83.6	84.6	85.2	85.1	84.7	84.3	84.0
15 Textile mill products	92.0	60 4	91.7	73.8	92.1	78.9	90.1	91.7	91.8	92.5	90.1	90.7	90.2
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.5	90.5	95.0	95.2	93.5	93.5	93.4	94.1
17 Chemicals and products	87.9	69.9	85 1	70.1	85 9	78.9	80.8	81.6	82.5	83.8	82.6	82.1	81.8
18 Plastics materials	102.0	50.6	90 9	63.4	97 0	74.8	92 7	98 5	105.0	105.6	100 6	...	...
19 Petroleum products	96.7	81.1	89 5	68.2	88.5	83.7	93.2	93.5	93.7	93.4	93.5	95.9	95.9
20 Mining	94.4	88.4	96.6	80.6	86.5	86.0	90.3	88.2	89.8	89.7	90.3	89.8	90.0
21 Utilities	95.6	82.5	88 3	76.2	92.6	83 2	85.1	85.8	84 7	85.6	86.8	84.7	85.9
22 Electric	99.0	82 7	88.3	78 7	94.8	86.5	87.9	88.0	87.1	87.5	88.7	86.4	87.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16 26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187 204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978 80; monthly lows, 1982.

6. Monthly highs, 1988 89; monthly lows, 1990 91

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 pro-portion	1994 avg.	1994 Apr.	1994 May	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.	1995 Apr.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.1**	**116.7**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.0**	**121.6**	**121.1**
2 Products	60.9	115.9	114.7	115.3	115.9	116.2	116.7	116.4	116.9	117.5	118.7	119.1	119.0	118.6	118.0
3 Final products	46.6	118.4	117.3	117.8	118.4	118.5	119.2	118.9	119.2	119.8	121.2	121.6	121.7	121.2	120.7
4 Consumer goods, total	28.5	113.2	112.3	112.8	113.5	113.3	113.8	113.0	113.0	113.9	115.5	115.7	115.7	114.7	114.1
5 Durable consumer goods	5.5	119.4	117.8	116.4	118.0	118.0	120.7	119.1	119.4	120.5	123.4	124.5	123.8	121.3	118.0
6 Automotive products	2.5	125.5	124.1	120.1	121.0	119.5	124.9	123.8	124.5	127.1	131.1	131.7	133.2	130.2	125.1
7 Autos and trucks	1.6	125.4	125.0	118.1	118.5	115.0	126.0	122.5	122.3	126.5	131.4	132.7	134.8	131.4	124.5
8 Autos, consumer	.9	94.9	96.0	90.4	89.6	86.5	91.7	90.2	92.9	94.0	100.5	103.6	103.6	103.1	93.6
9 Trucks, consumer	.7	180.7	177.2	168.0	170.7	166.6	189.0	181.5	175.5	185.8	187.3	184.6	191.0	181.7	180.6
10 Auto parts and allied goods	.9	123.2	119.8	121.9	123.8	126.6	120.0	123.9	126.6	125.7	127.8	126.9	127.0	125.2	123.9
11 Other	3.0	114.1	112.5	113.2	115.4	116.7	117.1	115.2	115.2	115.0	116.8	118.3	115.9	113.8	111.9
12 Appliances, televisions, and air conditioners	.7	126.0	120.7	125.6	132.8	129.7	135.1	130.2	124.9	126.9	131.5	132.1	125.7	121.3	118.6
13 Carpeting and furniture	.8	105.0	104.5	103.3	103.6	108.4	106.9	104.1	107.4	105.9	108.0	110.2	107.9	106.2	104.6
14 Miscellaneous home goods	1.5	113.8	113.2	113.1	114.2	115.3	114.6	114.6	114.9	114.5	114.9	116.5	115.7	114.4	112.8
15 Nondurable consumer goods	23.0	111.8	111.0	112.0	112.5	112.2	112.2	111.7	111.5	112.4	113.7	113.6	113.8	113.2	113.3
16 Foods and tobacco	10.3	110.5	110.2	110.9	110.5	110.6	111.2	111.9	112.2	112.4	114.3	113.1	113.8	113.3	112.8
17 Clothing	2.4	95.9	96.4	97.2	96.3	96.5	95.9	95.5	96.2	96.2	96.8	96.1	94.7	94.3	92.9
18 Chemical products	4.5	129.7	128.4	129.5	131.4	131.1	129.8	127.5	127.2	130.5	134.0	137.0	135.0	133.9	134.7
19 Paper products	2.9	104.7	105.1	105.6	105.8	105.2	105.9	105.2	103.6	104.6	104.3	103.4	104.1	104.2	105.0
20 Energy	2.9	113.9	110.0	112.4	115.5	114.3	113.1	110.5	109.8	110.6	109.6	110.4	112.7	110.9	112.8
21 Fuels	.9	106.7	108.3	107.4	106.5	105.8	105.8	107.4	103.9	109.8	107.4	107.4	109.1	113.7	112.5
22 Residential utilities	2.1	116.8	110.5	114.4	119.3	117.8	116.1	111.8	112.2	110.7	110.3	111.6	114.2	109.5	112.7
23 Equipment	18.1	126.5	124.9	125.4	125.8	126.4	127.5	128.0	128.8	128.9	130.1	130.9	131.0	131.3	131.0
24 Business equipment	14.0	146.7	143.5	144.5	145.5	146.9	148.9	149.5	150.9	151.0	152.6	153.7	154.1	154.7	154.1
25 Information processing and related	5.7	176.4	170.2	171.8	173.7	177.1	179.7	181.1	183.2	184.2	188.3	188.7	189.0	191.6	192.8
26 Computer and office equipment	1.5	284.2	270.8	271.6	276.5	282.6	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	338.4
27 Industrial	4.0	120.9	119.2	120.7	120.6	122.1	122.3	123.0	124.4	124.1	124.1	125.9	126.5	126.3	126.0
28 Transit	2.6	137.9	138.0	135.3	136.1	132.6	137.9	136.8	137.1	137.5	137.8	139.7	140.9	139.5	135.2
29 Autos and trucks	1.2	148.0	145.9	140.0	141.7	138.2	149.4	147.7	149.2	151.6	152.6	157.2	158.5	155.4	146.7
30 Other	1.7	129.4	127.1	129.4	130.5	132.6	133.5	133.3	134.3	133.1	133.1	133.5	132.9	132.6	130.8
31 Defense and space equipment	3.4	71.0	73.6	72.4	71.3	69.9	69.2	68.8	68.7	69.0	68.7	68.6	68.0	68.0	67.9
32 Oil and gas well drilling	.5	90.8	93.2	94.6	94.2	93.7	89.6	93.9	88.3	86.0	86.0	86.7	89.1	85.7	89.2
33 Manufactured homes	.2	137.3	132.4	135.2	137.8	133.3	134.5	138.4	142.0	143.1	153.6	153.6	147.4	148.3	...
34 Intermediate products, total	14.3	108.1	106.9	107.7	108.5	109.1	109.2	108.6	109.9	110.6	110.9	111.3	110.8	110.5	109.8
35 Construction supplies	5.3	106.8	104.7	106.1	106.4	107.9	108.2	108.6	109.7	109.8	111.6	112.2	111.3	111.4	109.7
36 Business supplies	9.0	*109.1*	*108.5*	*108.8*	*110.1*	*110.0*	*109.9*	*108.7*	*110.1*	*111.3*	*110.7*	*110.9*	*110.6*	*110.2*	*110.0*
37 Materials	39.1	121.5	119.7	120.5	121.2	121.4	122.8	122.9	123.4	124.6	126.3	126.5	126.5	126.2	126.0
38 Durable goods materials	20.6	131.2	129.2	129.8	130.0	130.9	132.6	133.3	134.2	136.0	138.6	139.1	139.0	139.0	138.3
39 Durable consumer parts	3.9	132.2	130.1	129.7	129.2	130.4	133.2	133.1	133.8	135.8	139.7	139.1	138.9	137.3	134.7
40 Equipment parts	7.5	143.1	139.6	140.5	142.1	143.8	145.2	146.7	149.0	150.7	152.3	153.6	155.1	156.1	156.6
41 Other	9.1	121.3	120.4	121.2	120.8	121.1	122.3	122.8	122.7	124.6	127.3	127.6	126.5	126.5	125.5
42 Basic metal materials	3.0	119.7	119.7	120.0	119.6	118.8	119.3	121.1	121.3	123.2	126.0	125.6	124.1	124.7	123.9
43 Nondurable goods materials	8.9	118.4	115.9	118.2	118.1	118.6	120.3	119.8	120.3	121.5	122.8	122.3	121.6	121.7	121.7
44 Textile materials	1.1	105.3	104.4	104.2	104.8	104.8	105.7	105.9	106.9	110.3	108.7	109.8	107.9	108.9	109.1
45 Paper materials	1.8	118.7	116.1	118.9	118.4	117.5	122.5	121.5	120.5	122.1	121.3	120.8	122.0	122.8	124.6
46 Chemical materials	4.0	123.2	120.6	123.8	122.9	123.4	124.8	124.0	124.6	125.9	127.5	128.6	128.1	127.9	127.1
47 Other	2.0	116.9	113.3	114.8	116.5	118.6	118.1	118.2	119.5	119.3	123.4	119.1	116.9	116.3	116.2
48 Energy materials	9.6	105.2	104.8	104.6	106.7	105.2	106.1	105.6	105.2	104.9	105.3	105.6	106.4	105.1	105.7
49 Primary energy	6.3	100.3	100.9	100.4	100.2	100.3	100.9	100.8	100.3	100.7	101.7	101.7	102.0	100.8	101.2
50 Converted fuel materials	3.3	114.9	112.5	112.8	119.9	114.9	116.3	115.1	115.1	113.4	112.3	113.4	115.1	113.4	114.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	117.6	116.2	117.1	117.7	118.1	118.7	118.6	119.1	119.8	121.1	121.4	121.3	121.0	120.8
52 Total excluding motor vehicles and parts	95.2	117.1	115.7	116.6	117.3	117.7	118.2	118.0	118.5	119.2	120.5	120.8	120.7	120.4	120.2
53 Total excluding computer and office equipment	98.3	115.4	114.1	114.8	115.4	115.5	116.4	116.1	116.6	117.4	118.7	118.9	118.8	118.3	117.8
54 Consumer goods excluding autos and trucks	26.9	112.4	111.5	112.4	113.2	113.2	113.0	112.4	112.4	113.1	114.5	114.6	114.5	113.6	113.4
55 *Consumer goods excluding energy*	25.6	113.1	112.5	112.8	113.2	113.2	113.8	113.3	113.3	114.2	116.2	116.3	116.1	115.1	114.2
56 Business equipment excluding autos and trucks	12.8	146.5	143.2	144.8	145.7	147.7	148.8	149.5	151.0	150.9	152.5	153.3	153.6	154.6	154.7
57 Business equipment excluding computer and office equipment	12.5	130.7	128.5	129.4	130.0	131.1	132.7	132.7	133.8	133.6	134.7	135.4	135.3	135.4	134.2
58 Materials excluding energy	29.5	127.3	125.1	126.2	126.4	127.2	128.8	129.2	129.9	131.6	133.8	134.0	133.7	133.7	133.2

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

Group	SIC code[2]	1992 proportion	1994 avg.	1994 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1995 Jan.[r]	Feb.[r]	Mar.	Apr.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**116.7**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.0**	**121.6**	**121.1**
60 Manufacturing	..	85.5	119.7	118.4	119.0	119.3	119.8	120.9	120.9	121.5	122.6	124.2	124.5	124.2	124.0	123.3
61 Primary processing	...	26.5	115.3	114.0	115.2	114.7	115.3	116.3	116.2	116.6	118.4	120.3	119.8	119.1	119.0	118.2
62 Advanced processing	..	59.0	121.8	120.5	120.8	121.5	121.9	123.1	123.1	123.8	124.6	126.0	126.6	126.6	126.4	125.8
63 Durable goods	...	45.1	125 5	123.7	124.0	124.6	125.2	127.0	127 2	128.0	129.1	131.2	131.6	131.5	131.4	130.3
64 Lumber and products	24	2 0	106.0	103.9	106.0	106.2	106.8	105.5	107.6	106.7	106.7	110.4	110.2	108.3	107.9	105.9
65 Furniture and fixtures	25	1.4	111.4	110.2	110.1	111.8	114.0	115.5	112.4	114.8	113.0	114.7	116.0	115.5	113.7	111 9
66 Stone, clay, and glass products	32	2.1	104.9	105.0	105.5	104.4	104 3	105 8	105.8	105.4	106.9	110.1	108.7	107.4	108.2	107.1
67 Primary metals	33	3.1	114.5	114.8	114.8	113.7	112.7	113.5	116.0	115.9	119.1	123.0	120.9	119.2	120.0	118.9
68 Iron and steel	331,2	1.7	118.3	121.5	120.9	118.2	116.1	113.0	118.2	118.8	121.9	129.3	125.9	124.2	126.0	124.7
69 Raw steel	...	1	107.9	105.3	105.7	106.3	104.7	107.0	109.9	109.0	114.2	121.9	114.6	117.2	117.2	...
70 Nonferrous	333 6,9	1.4	109.3	106.2	106.9	107 6	108.0	113.6	112.7	111.8	115.2	114.8	114.2	112.4	112.1	111.3
71 Fabricated metal products	34	5 0	110.8	109.6	110.0	110.2	111.7	112.4	111.6	112.2	113.3	115.3	115 3	114 9	114.0	112.5
72 Industrial machinery and equipment	35	7 9	159.9	156.1	157.7	158.9	160.6	162.6	164.6	166.5	167.5	168.5	171.4	171.2	172.0	172.5
73 Computer and office equipment	357	1 7	284.2	270.8	271 6	276.5	282.6	288.9	295 8	300.5	305.7	311.9	318.0	325.3	331.8	338.4
74 Electrical machinery	36	7 3	160.0	154.3	156 5	159.5	161.5	164.1	165 0	166.9	168.8	172.5	172.9	173.8	174.7	174.9
75 Transportation equipment	37	9.6	109.7	109.5	107.6	107.5	105.7	109 5	108.8	109.0	110.5	111.9	112.6	113.2	112.1	109.0
76 Motor vehicles and parts	371	4.8	137.9	136.2	131 6	132.2	129.6	138.1	137.4	138.4	141.4	144.6	146.1	147.3	145.1	138.8
77 Autos and light trucks	371	2.5	131.9	131.7	124.4	124.6	120.8	131.9	128.4	128.6	132.7	138.4	140.0	142.0	138.8	130.9
78 Aerospace and miscellaneous transportation equipment	372- 6,9	4.8	82.6	84.1	84.6	83.8	82.8	82.3	81.4	80.8	80.9	80.6	80.4	80.5	80.5	80.5
79 Instruments	38	5.4	107.4	106.6	106.4	106.8	108.5	108.7	108.0	108.2	107 7	108.9	108.4	107.9	108.1	108.1
80 Miscellaneous	39	1.3	116.2	115 2	115.4	115.8	118.6	117 1	117.0	118.4	118.6	117.6	119 1	120.2	118.7	117.2
81 Nondurable goods	...	40.5	113.3	112 4	113.4	113.4	113.6	114.0	113.7	114.2	115.4	116.4	116.5	116.1	115.8	115.6
82 Foods	20	9.4	112.8	111 9	112.8	112.8	113.4	113.7	114.6	113.4	113.9	114.7	115.9	115.6	115.4	114.6
83 Tobacco products	21	1.6	96.5	98 1	98.5	95.9	93.7	96 2	96.1	104.5	101.5	108.0	97.3	101.7	100.4	102.2
84 Textile mill products	22	1.8	109.0	108.6	108 9	108.7	109.4	109.0	108.3	110.6	112.0	112.2	113.3	110.6	111.5	111.2
85 Apparel products	23	2.2	96.3	96 2	97.1	97.0	97.0	96.8	96.8	96.9	96.8	97.0	96.6	95.7	94.8	93.3
86 Paper and products	26	3.6	117.4	114.4	116.7	116.6	116.6	120.2	118.7	118.9	121.3	121.7	119.8	120.1	120.2	121.3
87 Printing and publishing	27	6.8	101 1	101.7	101.6	102.4	102.1	101.5	100.9	101.4	102.0	101.6	101.3	100.8	100.7	101.0
88 Chemicals and products	28	9.9	124 1	122.4	124.0	124.4	124.7	124.7	123.7	123.8	126.2	128.0	130.4	129.0	128.6	128.5
89 Petroleum products	29	1.4	105 3	107.5	107.0	104.5	104.3	105.2	105.3	104.0	107.6	107.7	107.4	107.7	110.4	110.5
90 Rubber and plastic products	30	3.5	133.5	130.8	132.4	132.8	134.5	134.5	134.7	136.7	138.3	140.0	140.2	140.5	138.7	137.4
91 Leather and products	31	.3	85.8	87.6	85.9	85.5	86.3	85.5	85.4	85.6	84.5	84.4	82.9	82.7	82.8	81.3
92 Mining	..	6.8	99.8	100.7	100.7	100.6	100.1	100.0	100.1	99.2	98.3	100.1	100.0	100.6	100.0	100.2
93 Metal	10	.4	159.4	157.0	156.4	162.8	159.5	156.6	160.0	158.9	154.3	156.2	158.5	161.2	161.6	162.4
94 Coal	12	1.0	112.0	118.3	111.5	113.4	108.6	111.4	110.7	110.2	110.1	117.8	117.9	118.6	117.4	114.1
95 Oil and gas extraction	13	4.7	93.0	93.2	94.3	93.8	93.9	93.5	93.7	92.2	91.2	92.2	91.2	92.3	91.2	92.5
96 Stone and earth minerals	14	.6	107.0	105.9	108.1	105.6	107.9	106.6	106.7	109.3	109.9	109.9	115.1	111.4	115.3	111.1
97 Utilities	...	7.7	118.1	114.7	115.8	121.1	119.0	118.8	116.5	117.2	116.5	115.2	116.5	118.3	115.5	117.3
98 Electric	491,3PT	6.1	117.8	116.4	116.2	121.4	119.0	118.4	117.1	117.9	117.5	116.5	117.2	119.0	116.0	117.7
99 Gas	492,3PT	1.6	119.2	107.9	114.1	120.0	118.9	120.4	114.2	114.4	112.3	109.8	113.7	115.7	113.5	115.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.7	118.6	117.3	118.2	118.6	119.2	119.8	119.9	120.5	121.5	122.9	123.2	122.8	122.8	122.4
101 Manufacturing excluding office and computing machines	..	83.8	116.5	115.3	115.9	116.2	116.6	117.6	117.5	118 1	119.1	120.6	120.8	120.5	120.2	119.5
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**2,006.2**	**1,985.8**	**1,990.7**	**2,002.5**	**2,002.1**	**2,020.2**	**2,015.6**	**2,020.4**	**2,037.2**	**2,056.5**	**2,063.2**	**2,064.8**	**2,061.1**	**2,048.3**
103 Final	...	1,314.6	1,576.3	1,559.9	1,561.7	1,571.1	1,569.3	1,586.6	1,584.2	1,584.4	1,598.4	1,615.1	1,621.1	1,625.2	1,622.8	1,612.6
104 Consumer goods	...	866.6	982.5	976.0	977.1	983 0	979.0	987.3	981.5	977 0	988.5	999.6	1,000.2	1,001.6	997.1	988.8
105 Equipment	...	448.0	593.8	583.9	584.5	588.1	590.3	599.3	602.7	607.3	609.9	615.5	620.9	623.6	625.6	623.8
106 Intermediate	...	392.5	429.8	425.9	429.0	431.4	432.9	433.5	431.4	436.0	438.8	441.4	442.0	439.6	438.4	435.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994 See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187 204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1994							1995		
				June	July	Aug.	Sept.	Oct	Nov	Dec	Jan[r]	Feb.[r]	Mar
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,372[r]	1,350[r]	1,347	1,386[r]	1,426[r]	1,401[r]	1,358[r]	1,420[r]	1,293	1,282	1,235
2 One-family	911	987	1,068[r]	1,062[r]	1,049[r]	1,063[r]	1,066[r]	1,046[r]	1,025[r]	1,105[r]	990	931	911
3 Two-family or more	184	213	303[r]	288[r]	298[r]	323[r]	360[r]	355[r]	333[r]	315[r]	303	351	324
4 Started	1,200	1,288	1,457	1,370	1,440	1,463	1,511	1,451	1,536	1,545	1,366	1,319	1,231
5 One-family	1,030	1,126	1,198	1,174	1,219	1,174	1,235	1,164	1,186	1,250	1,055	1,048	984
6 Two-family or more	170	162	259	196	221	289	276	287	350	295	311	271	247
7 Under construction at end of period[1]	612	680	762	751	757	770	773	779	787	791	792	800	774
8 One-family	473	543	558	585	585	589	590	587	587	584	578	581	558
9 Two-or-more-family	140	137	204	166	172	181	183	192	200	207	214	219	216
10 Completed	1,158	1,193	1,347	1,333	1,280	1,337	1,400	1,376	1,371	1,388	1,436	1,305	1,433
11 One-family	964	1,040	1,160	1,151	1,157	1,144	1,158	1,169	1,136	1,173	1,209	1,084	1,204
12 Two-or-more-family	194	153	187	182	123	193	242	207	235	215	227	221	229
13 Mobile homes shipped	210	254	304	295	289	295	307	314	322	347	361	335	333
Merchant builder activity in one-family units													
14 Number sold	610	666	670	632	630	672	691	707	642	627[r]	640	560	577
15 Number for sale at end of period[1]	265	293	338[r]	313	317	322	328	330	335	338[r]	342	347	349
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.4	133.5	124.4	133.3	129.7	132.0	129.9	135.0	127.5	133.9	130.0
17 Average	144.9	147.6	153.7[r]	158.4	144.4	154.9	157.2	153.0	155.4	159.6[r]	147.0	159.0	158.5
EXISTING UNITS (one family)													
18 Number sold	3,520	3,800	3,946	4,010	3,940	3,910	3,870	3,820	3,690	3,760	3,610	3,420	3,620
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	113.3	112.4	113.0	108.9	107.5	108.7	109.1	108.1	107.0	107.9
20 Average	130.8	133.1	136.4	141.3	139.7	141.2	135.8	133.0	134.7	135.6	135.3	133.4	134.5
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**435,355**	**466,365**	**506,315**	**506,144**	**505,445**	**505,470**	**514,197**	**519,336**	**522,106**	**528,613**	**527,314**	**527,178**	**525,127**
22 Private	316,115	341,101	377,136	379,345	376,463	376,216	382,287	383,044	390,729	393,171	394,037	393,643	392,544
23 Residential	187,870	210,455	237,767	240,694	237,775	236,871	238,529	239,136	241,320	243,768	244,628	244,850	240,116
24 Nonresidential	128,245	130,646	139,369	138,651	138,688	139,345	143,758	143,908	149,409	149,403	149,409	148,793	152,428
25 Industrial buildings	20,720	19,533	21,600	20,960	21,117	22,012	22,621	22,190	25,050	23,074	23,316	24,962	25,505
26 Commercial buildings	41,523	42,627	48,268	48,410	48,607	48,185	50,180	50,583	51,993	53,272	54,247	54,798	56,356
27 Other buildings	21,494	23,626	23,835	24,439	23,838	23,648	24,784	24,103	24,325	24,851	24,430	24,723	24,060
28 Public utilities and other	44,508	44,860	45,666	44,842	45,126	45,500	46,173	47,032	48,041	48,206	47,416	44,310	46,507
29 Public	119,238	125,262	129,175	126,799	128,982	129,255	131,910	136,292	131,377	135,443	133,277	133,535	132,584
30 Military	2,502	2,454	2,315	2,277	2,351	2,357	2,364	2,329	2,247	2,481	2,629	2,677	2,206
31 Highway	34,899	37,355	40,185	40,300	40,305	40,057	40,797	41,685	40,011	39,256	39,193	38,742	39,895
32 Conservation and development	6,021	5,976	6,236	4,605	5,935	5,754	7,521	7,135	6,658	7,765	6,927	7,216	7,100
33 Other	75,816	79,477	80,439	79,617	80,391	81,087	81,228	85,143	82,461	85,941	84,528	84,900	83,383

1. Not at annual rates.
2. Not seasonally adjusted
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C 30 76 5), issued by the Census Bureau in July 1976.

SOURCES. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994

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. 1995[1]
	1994 Apr.	1995 Apr.	1994			1995	1994	1995				
			June	Sept.	Dec.	Mar.	Dec.	Jan.	Feb.	Mar.	Apr.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.4**	**3.1**	**2.7**	**3.6**	**1.9**	**3.2**	**.2**	**.3**	**.3**	**.2**	**.4**	**151.9**
2 Food	2.0	3.5	2.8	5.1	3.9	0	.8	.3	.3	0	.7	148.4
3 Energy items	1.1	1.9	3.0	9.2	.4	1.1	.1	.3	.1	.5	.4	103.9
4 All items less food and energy	2.8	3.1	3.1	2.6	2.0	4.1	.1	.4	.3	.3	.4	160.7
5 Commodities	.9	1.8	3.9	.9	.3	2.6	.1	.4	.1	.1	.2	139.7
6 Services	3.7	3.7	2.7	3.6	2.6	4.8	.2	.5	.4	.4	.4	172.7
PRODUCER PRICES (1982=100)												
7 Finished goods	.4	2.3	0	1.9	2.2	2.6	.3	.3	.3	.0	.5	127.6
8 Consumer foods	.5	1.1	5.5	1.9	9.2	1.8	1.3	.6	.3	.2	.2	128.5
9 Consumer energy	3.6	4.4	2.6	3.2	.0	9.1	.9	2.3	.4	.5	2.3	78.8
10 Other consumer goods	1.1	2.0	2.0	1.7	.6	2.6	.2	.1	.3	.2	.3	141.3
11 Capital equipment	2.0	1.9	3.0	2.1	.3[r]	2.4[r]	.3[r]	.4[r]	.3	.1	.3	136.3
Intermediate materials												
12 Excluding foods and feeds	.3	7.3	2.8	6.2	7.2[r]	9.9[r]	.4[r]	1.1[r]	1.0	.3	.8	125.4
13 Excluding energy	1.0	7.8	3.9	6.8	8.3	9.8	.5	1.0	1.0	.4	.7	135.2
Crude materials												
14 Foods	2.4	9.9	–18.0	13.5	1.2[r]	5.0[r]	.1[r]	.0[r]	1.2	2.4	.9	101.9
15 Energy	7.1	.6	21.0	19.2	7.6[r]	3.9[r]	.9[r]	1.9[r]	1.7	.9	5.3	72.9
16 Other	9.0	17.9	.8	20.3	27.9[r]	20.0[r]	2.2[r]	2.8[r]	1.4	.5	1.2	180.7

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994				1995
				Q1	Q2	Q3	Q4	Q1
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,738.4**	**6,574.7**	**6,689.9**	**6,791.7**	**6,897.2**	**6,982.9**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,628.4	4,535.0	4,586.4	4,657.5	4,734.8	4,780.8
3 Durable goods	492.7	538.0	591.5	576.2	580.3	591.5	617.7	613.4
4 *Nondurable goods*	1,295.5	1,339.2	1,394.3	1,368.9	1,381.4	1,406.1	1,420.7	1,429.5
5 Services	2,348.7	2,501.0	2,642.7	2,589.9	2,624.7	2,659.9	2,696.4	2,737.9
6 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,119.3
7 Fixed investment	785.2	866.7	980.7	942.5	967.0	992.5	1,020.8	1,051.2
8 Nonresidential	561.4	616.1	697.6	665.4	683.3	709.1	732.8	766.6
9 Structures	171.1	173.4	182.8	172.7	181.8	184.6	192.0	199.8
10 Producers' durable equipment	390.3	442.7	514.8	492.7	501.5	524.5	540.7	566.8
11 Residential structures	223.8	250.6	283.0	277.1	283.6	283.4	288.0	284.6
12 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	68.1
13 Nonfarm	-2.7	20.1	45.9	22.3	60.4	53.4	47.4	64.7
14 Net exports of goods and services	-30.3	-65.3	98.2	86.7	97.6	109.6	98.9	-112.9
15 Exports	638.1	659.1	718.7	674.2	704.5	730.5	765.5	770.9
16 Imports	668.4	724.3	816.9	760.9	802.1	840.1	864.4	883.8
17 Government purchases of goods and services	1,125.3	1,148.4	1,175.3	1,159.8	1,166.7	1,188.8	1,185.8	1,195.6
18 Federal	449.0	443.6	437.3	437.8	435.1	444.3	431.9	433.1
19 State and local	676.3	704.7	738.0	722.0	731.5	744.5	753.8	762.6
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,686.2	6,550.6	6,622.5	6,729.1	6,842.4	6,914.8
21 Goods	2,292.0	2,390.4	2,532.4	2,489.1	2,493.7	2,543.6	2,603.3	2,630.8
22 Durable	968.6	1,032.4	1,118.8	1,098.2	1,099.4	1,125.8	1,151.8	1,170.2
23 Nondurable	1,323.4	1,358.1	1,413.6	1,390.9	1,394.3	1,417.8	1,451.5	1,460.6
24 Services	3,227.2	3,405.5	3,576.2	3,503.8	3,555.4	3,603.6	3,641.9	3,682.5
25 Structures	498.1	532.0	577.6	557.7	573.4	581.9	597.3	601.4
26 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	68.1
27 Durable goods	13.0	8.6	34.8	20.6	38.2	44.1	36.3	47.5
28 Nondurable goods	16.0	6.7	17.4	3.5	29.2	18.5	18.5	20.6
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,344.0**	**5,261.1**	**5,314.1**	**5,367.0**	**5,433.8**	**5,471.7**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	**5,458.4**	**5,308.7**	**5,430.7**	**5,494.9**	**5,599.4**	n.a.
31 Compensation of employees	3,591.2	3,780.4	4,004.6	3,920.0	3,979.3	4,023.7	4,095.3	4,157.0
32 Wages and salaries	2,954.8	3,100.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,403.2
33 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	615.6
34 Other	2,387.5	2,517.0	2,676.2	2,612.6	2,655.4	2,689.6	2,747.4	2,787.6
35 Supplement to wages and salaries	636.4	679.6	725.6	711.7	722.0	729.7	738.9	753.8
36 Employer contributions for social insurance	307.7	324.3	344.6	338.5	343.6	346.0	350.2	354.2
37 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
38 Proprietors' income[1]	418.7	441.6	473.7	471.0	471.3	467.0	485.7	493.8
39 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	448.7
40 Farm[1]	44.4	37.3	39.5	47.2	39.3	29.8	41.7	45.1
41 Rental income of persons[2]	-5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.6
42 Corporate profits[1]	405.1	485.8	542.7	508.2	546.4	556.0	560.3	n.a.
43 Profits before tax[3]	395.9	462.4	524.5	483.5	523.1	538.1	553.5	n.a.
44 Inventory valuation adjustment	6.4	-6.2	19.5	-12.3	14.1	19.6	32.1	36.5
45 Capital consumption adjustment	15.7	29.5	37.7	37.0	37.4	37.5	38.8	38.1
46 Net interest	420.0	399.5	409.7	394.2	399.7	415.7	429.2	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment
3. For after tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.7**	**5,555.8**	**5,659.9**	**5,734.5**	**5,856.6**	**5,963.1**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,403.2
3 Commodity-producing industries	757.6	773.8	818.2	801.9	811.6	821.8	837.3	848.8
4 Manufacturing	578.3	588.4	617.5	609.4	612.8	618.3	629.5	638.8
5 Distributive industries	682.3	701.9	748.5	728.6	742.5	753.5	769.6	778.8
6 Service industries	967.6	1,021.4	1,109.5	1,082.0	1,101.2	1,114.3	1,140.5	1,160.0
7 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	615.6
8 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
9 *Proprietors' income*[1]	418.7	441.6	473.7	471.0	471.3	467.0	485 7	493.8
10 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	448.7
11 Farm[1]	44.4	37 3	39.5	47 2	39.3	29.8	41.7	45.1
12 Rental income of persons[2]	−5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.6
13 Dividends	161.0	181.3	194.3	185 7	191.7	196.9	202.7	205.5
14 Personal interest income	665.2	637.9	664.0	631.1	649.4	674.2	701.1	724.5
15 Transfer payments	860.2	915.4	963.4	947.4	957.6	969.0	979.7	1,004.6
16 Old age survivors, disability, and health insurance benefits	414.0	444.4	473.5	463 8	470.7	476.5	483.1	496.2
17 LESS: Personal contributions for social insurance	248.7	261.3	281.4	276.3	279.9	282.9	286.6	293.7
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.7	5,555.8	5,659.9	5,734 5	5,856.6	5,963.1
19 LESS: Personal tax and nontax payments	648.6	686.4	742 1	723.0	746.4	744.1	754.7	774.3
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.6	4,832.8	4,913.5	4,990.3	5,101.9	5,188.8
21 LESS: Personal outlays	4,257.8	4,496.2	4,756.5	4,657.3	4,712.4	4,787.0	4,869.3	4,918.8
22 EQUALS: Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	270.0
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,475.8	20,235.2	20,389.7	20,536.5	20,739.8	20,842.5
24 Personal consumption expenditures	13,110.4	13,390.8	13,715.4	13,639.8	13,650.9	13,716.6	13,853 5	13,872.9
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,535.0	14,625.0	14,697.0	14,927.0	15,057.0
26 *Saving rate (percent)*	5.5	4.1	4.1	3.6	4.1	4.1	4 6	5.2
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	**920.6**	**886.2**	**923.3**	**922.6**	**950.3**	n a
28 Gross private saving	980.8	1,002.5	1,053.5	1,037.3	1,041.4	1,052.7	1,082.7	n.a.
29 Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	270.0
30 Undistributed corporate profits[1]	94.3	120.9	135.1	127.7	142.3	139.5	130.7	n.a.
31 Corporate inventory valuation adjustment	−6.4	−6.2	−19.5	12.3	−14.1	−19.6	32.1	36.5
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	432.2	425.9	432.6	438 0	445.3
33 Noncorporate	261.8	261.2	283.1	301.8	272.1	277.3	281.3	284.8
34 Government surplus, or deficit (−), national income and product accounts	−257.8	−215.0	−132.9	151.1	118.1	−130.1	132.3	n.a.
35 Federal	−282.7	−241.4	−159.1	−176.2	−145.1	154.0	−161.1	n.a.
36 State and local	24.8	26.3	26.2	25.2	27.0	23 9	28.8	n.a.
37 **Gross investment**	**731.7**	**789.8**	**889.7**	**850.2**	**899.3**	**901.5**	**907.9**	n.a.
38 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,119.3
39 Net foreign investment	−56.6	−92.3	−143.2	−116.4	−135 1	−153.6	−167.7	n.a.
40 **Statistical discrepancy**	**8.8**	**2.3**	**−30.9**	**−36.1**	**−24.0**	**−21.1**	**−42.4**	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1992	1993	1994	1993	1994			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	67,886	103,896	155,672	30,587	-32,238	37,827	40,848	-44,758
2 Merchandise trade balance[2]	96,097	-132,575	166,364	-33,169	37,052	41,721	-44,615	-42,976
3 Merchandise exports	440,361	456,866	502,729	119,679	117,848	122,510	127,632	134,739
4 Merchandise imports	-536,458	-589,441	669,093	152,848	154,900	164,231	172,247	177,715
5 Military transactions, net	-3,034	−763	268	444	338	177	230	199
6 Other service transactions, net	58,747	57,613	59,726	13,637	13,070	14,907	15,647	16,102
7 Investment income, net	4,540	3,946	-15,181	590	820	2,819	-4,037	7,504
8 U.S. government grants	15,010	-14,620	14,532	5,591	-2,371	-3,590	−2,839	-5,731
9 U.S. government pensions and other transfers	3,735	−3,785	4,246	987	889	895	1,474	988
10 Private remittances and other transfers	13,297	−13,712	15,343	-3,443	3,838	3,886	-3,760	3,860
11 Change in U.S. government assets other than official reserve assets, net (increase,)	1,652	306	277	321	490	462	270	961
12 Change in U.S. official reserve assets (increase,)	3,901	1,379	5,346	-673	-59	3,537	165	2,033
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	2,316	537	-441	113	101	108	111	121
15 Reserve position in International Monetary Fund	2,692	-44	494	-80	3	251	273	27
16 Foreign currencies	4,277	−797	5,293	480	45	3,394	327	2,181
17 Change in U.S. private assets abroad (increase,)	63,759	146,213[r]	-130,756	62,628	48,887	11,250	25,414	45,208
18 Bank-reported claims[3]	22,314	32,238	2,033	9,293	1,236	15,248	1,268	17,313
19 Nonbank-reported claims	45	598	9,679	303	1,941	4,264	-7,356	...
20 U.S. purchases of foreign securities, net	45,114	119,983	-60,621	30,349	24,605	14,007	8,103	13,906
21 U.S. direct investments abroad, net	41,004	57,870[r]	58,423	22,683	24,987	−8,227	-11,223	13,989
22 Change in foreign official assets in United States (increase, +)	40,858	71,681	38,912	23,962	11,530	8,925	19,460	1,003
23 U.S. Treasury securities	18,454	48,702	30,441	22,856	1,193	6,033	15,841	7,374
24 Other U.S. government obligations	3,949	4,062	5,988	970	50	2,355	2,003	1,580
25 Other U.S. government liabilities[4]	2,572	1,666	2,514	825	938	252	700	624
26 Other U.S. liabilities reported by U.S. banks[3]	16,571	14,666	2,317	587	10,139	1,241	1,695	10,758
27 Other foreign official assets[5]	688	2,585	2,348	102	790	956	779	177
28 Change in foreign private assets in United States (increase, +)	105,646	159,017	275,702	66,200	83,600	40,384	60,794	90,924
29 U.S. bank-reported liabilities[3]	15,461	18,452	106,189	7,370	35,200	25,539	18,353	27,097
30 U.S. nonbank-reported liabilities	13,573	14,282	17,955	4,733	5,867	3,662	8,426	...
31 Foreign private purchases of U.S. Treasury securities, net	36,857	24,849	32,925	7,996	9,260	7,434	5,111	25,988
32 Foreign purchases of other U.S. securities, net	29,867	80,068	58,562	38,008	21,258	13,152	14,168	9,984
33 Foreign direct investments in United States, net	9,888	21,366	60,071	8,093	12,015	5,465	14,736	27,855
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	17,108	21,096	33,255	4,047	14,436	4,231	13,557	-1,027
36 Due to seasonal adjustment	...	...	...	103	5,899	728	-6,686	62
37 Before seasonal adjustment	17,108	21,096	33,255	3,944	20,335	4,959	-6,871	1,089
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase,)	3,901	1,379	5,346	-673	59	3,537	165	2,033
39 Foreign official assets in United States, excluding line 25 (increase, +)	38,286	70,015	36,398	23,137	10,592	8,673	18,760	1,627
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	5,942	3,847	-1,049	229	-1,674	4,149	3,726	1,048

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1992	1993	1994	1994				1995		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 Goods and services, balance	40,384	75,725	106,571	−8,879	−9,996	9,628	−7,261	−11,953	−9,151	−9,115
2 Merchandise	−96,097	−132,575	−166,565	−14,517	−15,117	−15,170	−12,896	−16,853	−14,303	−14,249
3 Services	55,713	56,850	59,994	5,638	5,121	5,542	5,635	4,900	5,152	5,134
4 Goods and services, exports	616,924	641,677	697,877	60,510	59,881	61,909	63,611	60,964	62,251	65,344
5 Merchandise	440,361	456,866	502,590	43,485	43,289	44,814	46,490	44,299	45,421	48,202
6 Services	176,563	184,811	195,287	17,025	16,592	17,095	17,121	16,665	16,830	17,142
7 Goods and services, imports	−657,308	−717,402	804,448	−69,389	−69,877	71,537	−70,872	−72,917	−71,402	−74,459
8 Merchandise	−536,458	−589,441	669,155	58,002	−58,406	−59,984	−59,386	−61,152	−59,724	−62,451
9 Services	−120,850	−127,961	−135,293	11,387	11,471	11,553	−11,486	−11,765	−11,678	−12,008
MEMO										
10 **Balance on merchandise trade, Census basis**	**−84,501**	**−115,568**	**−151,308**	**−13,418**	**−13,845**	**−14,092**	**−11,644**	**−15,910**	**−13,384**	**−12,595**

1. Data show monthly values consistent with quarterly figures in the U.S balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1994				1995			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**	**77,719**	**71,323**	**73,442**	**76,532**	**78,172**	**74,000**	**74,335**	**76,027**	**81,439**	**86,761**	**88,756**
2 Gold stock, including Exchange Stabilization Fund[1]	11,057	11,056	11,053	11,054	11,053	11,052	11,051	11,050	11,050	11,053	11,055
3 Special drawing rights[2,3]	11,240	8,503	9,039	9,971	10,088	10,017	10,039	10,154	11,158	11,651	11,743
4 Reserve position in International Monetary Fund[2]	9,488	11,759	11,818	12,067	12,339	12,037	12,030	12,120	12,853	13,418	14,206
5 Foreign currencies[4]	45,934	40,005	41,532	43,440	44,692	40,894	41,215	42,703	46,378	50,639	51,752

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. *Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.*

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1991	1992	1993	1994				1995			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Deposits**	**968**	**205**	**386**	**342**	**223**	**230**	**250**	**185**	**188**	**370**	166
Held in custody											
2 U.S. Treasury securities[2]	281,107	314,481	379,394	429,819	439,854	444,339	441,866	439,139	447,206	459,694	469,482
3 Earmarked gold[3]	13,303	13,118	12,327	12,044	12,039	12,037	12,033	12,033	12,033	11,964,301	11,897

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. *Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.*

3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1992	1993	1994[r]				1995		
			Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **Total**[1]	**412,624**	**483,002[r]**	**521,316**	**531,397**	**523,915**	**520,204**	**516,713**	**526,678**	**541,784**
By type									
2 Liabilities reported by banks in the United States[2]	54,967	69,808	82,587	79,361	73,507	72,731	74,094	80,041	83,113
3 U.S. Treasury bills and certificates[3]	104,596	151,100	138,451	148,039	143,222	139,570	133,014	134,341	141,716
U.S. Treasury bonds and notes									
4 Marketable	210,931	212,237[r]	247,804	250,695	253,455	254,037	255,784	257,846	261,816
5 Nonmarketable[4]	4,532	5,652	5,990	6,031	6,069	6,109	6,137	6,095	6,135
6 U.S. securities other than U.S. Treasury securities[5]	37,598	44,205[r]	46,484	47,271	47,662	47,757	47,684	48,355	49,004
By area									
7 Europe[1]	189,230	207,121	225,481	222,833	217,018	214,908	212,029	213,518	217,940
8 Canada	13,700	15,285	19,382	18,497	17,528	17,235	18,041	18,655	19,268
9 Latin America and Caribbean	37,973	55,898	44,348	47,765	45,206	41,189	36,979	41,953	39,306
10 Asia	164,690	197,702[r]	223,805	232,871	234,344	236,864	240,054	244,623	256,847
11 Africa	3,723	4,052	4,388	4,232	4,673	4,179	4,335	4,066	4,583
12 Other countries[6]	3,306	2,942	3,910	5,197	5,144	5,827	5,273	3,861	3,838

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1991	1992	1993	1994			
				Mar.	June	Sept.	Dec.
1 Banks' liabilities	75,129	72,796	78,120	86,706	72,490	82,293	89,616[r]
2 Banks' claims	73,195	62,799	60,649	74,670	56,669	59,261	54,448
3 Deposits	26,192	24,240	20,284	21,139	21,490	20,419	19,798
4 Other claims	47,003	38,559	40,365	53,531	35,179	38,842	34,650
5 Claims of banks' domestic customers[2]	3,398	4,432	4,100	4,696	4,732	5,466	10,773[r]

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1992	1993	1994[r]	1994				1995		
				Sept.	Oct	Nov.	Dec.[r]	Jan.[r]	Feb.	Mar.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**810,259**	**921,796**	**1,015,860**	**1,000,200[r]**	**1,012,336[r]**	**989,094[r]**	**1,015,860**	**1,009,899**	**1,017,843**	**1,026,867**
2 Banks' own liabilities	606,444	623,432	721,047	707,452	709,734	686,602	721,047	722,047	723,730	721,787
3 Demand deposits	21,828	21,573	25,831	23,522	24,614	23,954	25,831	23,424	24,083	22,656
4 Time deposits[2]	160,385	175,078	186,392	178,277	181,406	178,348	186,392	187,975	185,715	183,968
5 Other[3]	93,237	110,144	113,850	134,762	133,805	124,309	113,850	123,987	125,231	119,885
6 Own foreign offices[4]	330,994	316,637	394,974	370,891	369,909	359,991	394,974	386,661	388,701	395,278
7 Banks' custodial liabilities[5]	203,815	298,364	294,813	292,748[r]	302,602[r]	302,492[r]	294,813	287,852	294,113	305,080
8 U.S. Treasury bills and certificates[6]	127,644	176,739	162,825	164,555	174,441	169,056	162,825	156,664	160,353	170,190
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	42,177	38,988	37,661	39,834	42,177	40,442	43,378	44,749
10 Other	54,197	85,336	89,811	89,205[r]	90,500[r]	93,602[r]	89,811	90,746	90,382	90,141
11 Nonmonetary international and regional organizations[8]	9,350	10,936	7,474	7,619	7,824	6,207	7,474	9,112	7,854	8,793
12 Banks' own liabilities	6,951	5,639	7,044	6,642	6,047	5,441	7,044	8,646	7,205	8,169
13 Demand deposits	46	15	29	28	83	35	29	24	35	31
14 Time deposits[2]	3,214	2,780	3,198	2,989	3,095	2,817	3,198	3,715	3,484	3,699
15 Other[3]	3,691	2,844	3,817	3,625	2,869	2,589	3,817	4,907	3,686	4,439
16 Banks' custodial liabilities[5]	2,399	5,297	430	977	1,777	766	430	466	649	624
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	767	1,572	501	281	280	407	314
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	205	205	265	149	181	242	307
19 Other	5	0	0	5	0	0	0	5	0	3
20 Official institutions[9]	159,563	220,908	212,301	221,038	227,400	216,729	212,301	207,108	214,382	224,829
21 Banks' own liabilities	51,202	64,231	59,280	72,114	67,505	60,717	59,280	62,082	67,029	68,612
22 Demand deposits	1,302	1,601	1,564	1,691	2,028	1,682	1,564	1,598	1,587	1,705
23 Time deposits[2]	17,939	21,654	23,175	26,920	23,812	20,626	23,175	22,622	25,063	23,615
24 Other[3]	31,961	40,976	34,541	43,503	41,665	38,409	34,541	37,862	40,379	43,292
25 Banks' custodial liabilities[5]	108,361	156,677	153,021	148,924	159,895	156,012	153,021	145,026	147,353	156,217
26 U.S. Treasury bills and certificates[6]	104,596	151,100	139,570	138,451	148,039	143,222	139,570	133,014	134,341	141,716
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	10,407	11,820	12,773	13,245	11,972	12,943	14,351
28 Other	39	95	206	66	36	17	206	40	69	150
29 Banks[10]	547,320	589,077	681,724	652,456[r]	658,315[r]	647,281[r]	681,724	676,071	676,798	683,635
30 Banks' own liabilities	476,117	477,050	568,243	538,600	545,707	532,625	568,243	562,500	560,585	564,174
31 Unaffiliated foreign banks	145,123	160,413	173,269	167,709	175,798	172,634	173,269	175,839	171,884	168,896
32 Demand deposits	10,170	9,719	13,080	10,555	11,023	11,259	13,080	10,243	10,979	10,796
33 Time deposits[2]	90,296	105,192	111,461	101,715	106,646	106,043	111,461	112,193	107,469	107,828
34 Other[3]	44,657	45,502	48,728	55,439	58,129	55,332	48,728	53,403	53,436	50,272
35 Own foreign offices[4]	330,994	316,637	394,974	370,891	369,909	359,991	394,974	386,661	388,701	395,278
36 Banks' custodial liabilities[5]	71,203	112,027	113,481	113,856[r]	112,608[r]	114,656[r]	113,481	113,571	116,213	119,461
37 U.S. Treasury bills and certificates[6]	11,087	10,712	11,218	10,975	10,783	11,792	11,218	10,992	12,328	15,785
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,234	15,343	13,228	13,530	14,234	14,137	15,232	15,192
39 Other	52,561	84,295	88,029	87,538[r]	88,597[r]	89,334[r]	88,029	88,442	88,653	88,484
40 Other foreigners	94,026	100,875	114,361	119,087	118,797	118,877	114,361	117,608	118,809	109,610
41 Banks' own liabilities	72,174	76,512	86,480	90,096	90,475	87,819	86,480	88,819	88,911	80,832
42 Demand deposits	10,310	10,238	11,158	11,248	11,480	10,978	11,158	11,559	11,482	10,124
43 Time deposits[2]	48,936	45,452	48,558	46,653	47,853	48,862	48,558	49,445	49,699	48,826
44 Other[3]	12,928	20,822	26,764	32,195	31,142	27,979	26,764	27,815	27,730	21,882
45 Banks' custodial liabilities[5]	21,852	24,363	27,881	28,991	28,322	31,058	27,881	28,789	29,898	28,778
46 U.S. Treasury bills and certificates[6]	10,053	10,652	11,756	14,362	14,047	13,541	11,756	12,378	13,277	12,375
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	14,549	13,033	12,408	13,266	14,549	14,152	14,961	14,899
48 Other	1,592	946	1,576	1,596	1,867	4,251	1,576	2,259	1,660	1,504
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	19,115	16,793	17,397	17,895	16,442	17,137	16,759

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1] - Continued

Item	1992	1993	1994[r]	1994				1995		
				Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb	Mar.[p]
AREA										
1 **Total, all foreigners**	**810,259**	**921,796**	**1,015,860**	**1,000,200[r]**	**1,012,336[r]**	**989,094[r]**	**1,015,860**	**1,009,899**	**1,017,843**	**1,026,867**
2 **Foreign countries**	**800,909**	**910,860**	**1,008,386**	**992,581[r]**	**1,004,512[r]**	**982,887[r]**	**1,008,386**	**1,000,787**	**1,009,989**	**1,018,074**
3 Europe	307,670	377,193	392,761	406,909	413,440	393,156	392,761	393,587	386,589	380,458
4 Austria	1,611	1,917	3,649	3,014	3,610	4,264	3,649	3,236	4,021	4,012
5 Belgium and Luxembourg	20,567	28,621	21,738	27,568	23,566	22,322	21,738	21,679	22,094	23,886
6 Denmark	3,060	4,517	2,784	2,128	2,374	2,307	2,784	2,662	1,971	2,396
7 Finland	1,299	1,872	1,436	2,319	2,601	1,587	1,436	2,403	1,754	1,223
8 France	41,411	39,746	44,716	43,143	44,209	41,160	44,716	42,325	44,314	41,300
9 Germany	18,630	26,613	27,175	31,889	33,136	31,050	27,175	28,521	27,497	28,276
10 Greece	913	1,519	1,392	1,227	1,711	1,477	1,392	1,231	2,064	2,264
11 Italy	10,041	11,759	10,884	10,975	10,893	9,777	10,884	10,269	12,021	8,673
12 Netherlands	7,365	16,096	16,748	18,754	18,034	17,310	16,748	15,629	15,891	15,784
13 Norway	3,314	2,966	2,338	2,861	3,400	2,807	2,338	2,309	2,147	2,066
14 Portugal	2,465	3,366	2,846	3,023	2,861	2,919	2,846	2,863	4,007	2,810
15 Russia	577	2,511	2,714	2,899	2,337	2,367	2,714	2,047	2,642	3,467
16 Spain	9,793	20,493	14,657	14,198	16,325	15,038	14,657	15,149	11,106	11,671
17 Sweden	2,953	2,572	3,093	4,651	3,467	3,361	3,093	2,258	2,247	2,474
18 Switzerland	39,440	41,561	41,882	41,050	41,834	41,756	41,882	39,516	40,100	39,337
19 Turkey	2,666	3,227	3,341	3,023	3,143	3,032	3,341	3,621	2,701	2,513
20 United Kingdom	111,805	133,936	163,577	160,154	171,938	162,760	163,577	173,870	162,629	159,733
21 Yugoslavia[11]	504	570	245	224	220	240	245	261	258	213
22 Other Europe and other former U.S.S.R.[12]	29,256	33,331	27,746	33,909	27,981	27,822	27,746	23,938	27,325	28,460
23 Canada	22,420	20,227	24,609	24,660	23,115	23,295	24,609	26,498	26,564	27,030
24 Latin America and Caribbean	317,228	358,040	422,768	391,219[r]	391,971[r]	397,141[r]	422,768	407,905	419,496	419,546
25 Argentina	9,477	14,477	17,201	13,783	15,577	15,950	17,201	12,789	11,886	9,957
26 Bahamas	82,284	73,800	106,058	87,007	88,668	90,091	106,058	95,226	98,833	100,457
27 Bermuda	7,079	7,841	8,467	10,334	8,936	7,615	8,467	8,904	8,554	8,711
28 Brazil	5,584	5,301	9,140	5,670	6,196	6,723	9,140	9,001	10,627	10,848
29 British West Indies	153,033	190,445	227,175	213,949[r]	210,248[r]	215,186[r]	227,175	227,816	231,469	233,451
30 Chile	3,035	3,183	3,114	3,407	3,078	3,741	3,114	2,965	3,327	3,587
31 Colombia	4,580	3,171	4,607	4,027	4,475	4,417	4,607	4,308	4,037	3,643
32 Cuba	3	33	13	13	7	7	13	12	5	5
33 Ecuador	993	880	875	823	830	825	875	1,339	1,511	1,117
34 Guatemala	1,377	1,207	1,121	1,103	1,077	1,036	1,121	1,056	1,079	1,061
35 Jamaica	371	410	529	565	589	513	529	447	464	491
36 Mexico	19,454	28,018	12,243	19,941	21,263	19,199	12,243	12,608	16,779	15,749
37 Netherlands Antilles	5,205	4,195	4,539	4,275	4,153	4,845	4,539	3,838	4,498	4,015
38 Panama	4,177	3,582	4,549	4,082	4,077	4,598	4,549	4,832	4,281	4,360
39 Peru	1,080	926	900	1,079	1,027	935	900	901	892	893
40 Uruguay	1,955	1,611	1,596	1,399	1,472	1,190	1,596	1,797	1,609	1,754
41 Venezuela	11,387	12,786	13,979	13,297	13,809	13,833	13,979	13,460	12,970	12,629
42 Other	6,154	6,174	6,662	6,465	6,489	6,437	6,662	6,606	6,675	6,818
43 Asia	143,540	144,575	155,357	158,217	163,316	157,153	155,357	159,465	165,765	178,438
China										
44 People's Republic of China	3,202	4,011	10,063	5,062	5,625	8,017	10,063	12,908	15,658	12,025
45 Republic of China (Taiwan)	8,408	10,627	9,792	8,853	9,473	10,919	9,792	9,135	9,910	10,033
46 Hong Kong	18,499	17,178	17,181	18,750	18,217	17,552	17,181	18,460	18,157	19,935
47 India	1,399	1,114	2,336	2,187	2,376	2,377	2,336	2,293	2,117	2,357
48 Indonesia	1,480	1,986	1,576	1,838	1,734	1,613	1,576	1,601	1,946	2,092
49 Israel	3,773	4,435	5,155	3,204	6,607	5,066	5,155	5,471	4,953	5,021
50 Japan	58,435	61,466	64,039	68,200	66,152	63,309	64,039	61,612	62,951	77,830
51 Korea (South)	3,337	4,913	5,104	4,622	4,740	5,016	5,104	4,771	4,165	4,348
52 Philippines	2,275	2,035	2,714	3,135	3,158	3,064	2,714	2,616	2,363	2,293
53 Thailand	5,582	6,137	6,466	6,503	5,682	5,946	6,466	8,216	9,906	9,559
54 Middle Eastern oil-exporting countries[13]	21,437	15,824	15,474	17,138	17,232	17,678	15,474	16,181	14,934	15,545
55 Other	15,713	14,849	15,457	18,725	22,320	16,596	15,457	16,201	18,705	17,400
56 Africa	5,884	6,633	6,511	6,299	6,389	6,939	6,511	6,363	6,203	6,817
57 Egypt	2,472	2,208	1,867	2,014	1,996	2,097	1,867	1,749	1,830	1,781
58 Morocco	76	99	97	72	66	67	97	92	73	70
59 South Africa	190	451	433	197	245	693	433	285	400	706
60 Zaire	19	12	9	9	9	10	9	10	10	9
61 Oil-exporting countries[14]	1,346	1,303	1,343	1,186	1,176	1,227	1,343	1,409	1,122	1,599
62 Other	1,781	2,560	2,762	2,821	2,897	2,845	2,762	2,818	2,768	2,652
63 Other	4,167	4,192	6,380	5,277	6,281	5,203	6,380	6,969	5,372	5,785
64 Australia	3,043	3,308	5,141	3,966	5,114	4,094	5,141	5,395	4,351	5,024
65 Other	1,124	884	1,239	1,311	1,167	1,109	1,239	1,574	1,021	761
66 Nonmonetary international and regional organizations	9,350	10,936	7,474	7,619	7,824	6,207	7,474	9,112	7,854	8,793
67 International[15]	7,434	6,851	6,467	5,390	5,844	4,358	6,467	7,746	6,701	7,822
68 Latin American regional[16]	1,415	3,218	551	1,108	950	1,094	551	865	582	376
69 Other regional[17]	501	867	456	1,121	1,030	755	456	501	571	595

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

14. Comprises Algeria, Gabon, Libya, and Nigeria.

15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

16. Principally the Inter-American Development Bank.

17. *Asian, African, Middle Eastern, and European regional organizations, except the* Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Area or country	1992	1993	1994	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.[r]	1995 Feb.	1995 Mar.[p]
1 **Total, all foreigners**	**499,437**	**484,584**	**478,213[r]**	**475,742**	**479,426**	**464,360**	**478,213[r]**	**480,606**	**474,639**	**489,343**
2 **Foreign countries**	**494,355**	**482,179**	**473,919[r]**	**472,478**	**477,421**	**463,026**	**473,919[r]**	**477,611**	**473,755**	**486,010**
3 Europe	123,377	121,550	123,689[r]	120,550	131,985	120,045	123,689[r]	125,891	122,609	128,252
4 Austria	331	413	705	293	440	369	705	350	425	612
5 Belgium and Luxembourg	6,404	6,535	6,651	7,279	6,370	6,274	6,651	5,558	4,833	7,280
6 Denmark	707	382	1,039	521	880	668	1,039	488	646	727
7 Finland	1,418	594	695[r]	594	587	718	695[r]	720	456	575
8 France	14,723	11,519	12,186[r]	14,846	16,354	12,906	12,186[r]	12,615	11,958	13,201
9 Germany	4,222	7,703	6,658[r]	8,655	8,501	8,452	6,658[r]	8,530	7,640	6,983
10 Greece	717	679	592	613	520	518	592	668	751	586
11 Italy	9,047	8,918	6,140[r]	5,376	6,693	5,950	6,140[r]	6,703	6,694	6,391
12 Netherlands	2,468	3,073	3,709[r]	2,908	3,402	3,426	3,709[r]	3,741	4,200	4,076
13 Norway	355	396	504	650	903	1,004	504	1,069	988	1,442
14 Portugal	325	834	938	1,182	1,056	1,006	938	988	1,045	907
15 Russia	3,147	2,310	949	1,272	1,220	1,172	949	1,148	759	770
16 Spain	2,755	2,766	3,552	2,211	2,731	2,174	3,552	2,989	2,803	3,205
17 Sweden	4,923	4,086	4,101[r]	3,903	3,156	3,596	4,101[r]	3,831	4,043	3,377
18 Switzerland	4,717	6,566	7,491	5,853	7,670	6,544	7,491	9,025	8,060	7,844
19 Turkey	962	1,294	862	1,046	1,147	914	862	548	869	678
20 United Kingdom	63,430	61,169	65,487[r]	61,084	68,512	62,616	65,487[r]	64,914	64,628	67,898
21 Yugoslavia[2]	569	536	265	258	266	266	265	265	265	645
22 Other Europe and other former U.S.S.R.[3]	2,157	1,777	1,165	2,006	1,577	1,472	1,165	1,741	1,546	1,055
23 Canada	13,845	18,432	17,978	19,239	16,433	17,788	17,978	18,812	18,907	20,255
24 Latin America and Caribbean	218,078	223,649	219,343[r]	219,772	221,055	215,948	219,343[r]	220,387	219,282	223,227
25 Argentina	4,958	4,422	5,776[r]	5,587	5,588	5,718	5,776[r]	5,832	6,304	6,238
26 Bahamas	60,835	64,410	65,951	62,351	64,841	60,786	65,951	63,996	63,787	64,964
27 Bermuda	5,935	8,034	7,482[r]	5,444	5,199	6,710	7,482[r]	14,551	10,900	8,491
28 Brazil	10,773	11,812	9,452	10,299	10,216	9,784	9,452	9,735	9,998	10,748
29 British West Indies	101,507	98,149	94,082[r]	100,840	99,311	95,922	94,082[r]	89,974	91,283	95,860
30 Chile	3,397	3,616	3,787	3,401	3,431	3,628	3,787	3,866	4,190	4,336
31 Colombia	2,750	3,179	4,003	3,463	3,671	3,768	4,003	3,816	3,818	3,975
32 Cuba	0	0	0	0	12	0	0	0	0	0
33 Ecuador	884	680	685	625	628	635	685	712	664	564
34 Guatemala	262	286	366	310	337	335	366	346	349	377
35 Jamaica	162	195	254	204	255	251	254	253	278	262
36 Mexico	14,991	15,834	17,517	16,329	16,954	17,406	17,517	17,306	17,270	17,148
37 Netherlands Antilles	1,379	2,411	1,055	1,332	1,195	1,818	1,055	1,205	1,437	1,188
38 Panama	4,654	2,892	2,179	2,384	2,307	2,304	2,179	2,155	2,340	2,465
39 Peru	730	653	959	946	857	884	959	998	1,055	1,039
40 Uruguay	936	952	485	711	800	652	485	420	390	344
41 Venezuela	2,525	2,907	1,827[r]	2,055	1,934	1,921	1,827[r]	1,702	1,724	1,653
42 Other	1,400	3,217	3,483	3,491	3,519	3,426	3,483	3,520	3,495	3,575
43 Asia	131,789	111,787	106,714[r]	106,261	101,412	103,346	106,714[r]	105,719	106,855	108,562
China										
44 People's Republic of China	906	2,299	835	1,177	822	817	835	923	859	835
45 Republic of China (Taiwan)	2,046	2,628	1,381	1,258	1,464	1,479	1,381	1,245	1,213	1,476
46 Hong Kong	9,642	10,881	9,272	13,057	10,362	11,336	9,272	10,305	11,322	14,464
47 India	529	589	986	972	971	1,021	986	1,103	1,059	1,039
48 Indonesia	1,189	1,527	1,454	1,371	1,328	1,366	1,454	1,488	1,426	1,504
49 Israel	820	826	691	663	863	696	691	673	684	812
50 Japan	79,172	59,945	59,152[r]	53,145	50,140	53,550	59,152[r]	55,251	57,182	55,481
51 Korea (South)	6,179	7,569	10,002[r]	8,932	9,048	8,933	10,002[r]	10,929	10,845	11,552
52 Philippines	2,145	1,408	636	562	639	583	636	564	548	548
53 Thailand	1,867	2,154	2,818	2,698	2,756	2,676	2,818	2,835	2,590	2,727
54 Middle Eastern oil-exporting countries[4]	18,540	15,110	13,732	15,302	15,425	14,454	13,732	14,044	13,341	13,096
55 Other	8,754	6,851	5,755	7,124	7,594	6,435	5,755	6,359	5,786	5,028
56 Africa	4,279	3,867	3,033	3,526	3,177	3,115	3,033	2,966	2,928	2,835
57 Egypt	186	196	225	254	237	229	225	227	234	205
58 Morocco	441	481	429	497	468	480	429	415	442	424
59 South Africa	1,041	633	665	569	480	454	665	657	597	626
60 Zaire	4	4	2	3	3	3	2	2	2	2
61 Oil-exporting countries[5]	1,002	1,139	872	1,133	985	909	872	854	801	730
62 Other	1,605	1,414	840	1,070	1,004	1,040	840	811	852	848
63 Other	2,987	2,894	3,162[r]	3,130	3,359	2,784	3,162[r]	3,836	3,174	2,879
64 Australia	2,243	2,071	2,219[r]	1,810	2,158	1,687	2,219[r]	2,198	1,912	1,758
65 Other	744	823	943	1,320	1,201	1,097	943	1,638	1,262	1,121
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,294[r]	3,264	2,005	1,334	4,294[r]	2,995	884	3,333

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Type of claim	1992	1993	1994[r]	1994				1995		
				Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.	Mar.[p]
1 **Total**	**559,495**	**535,393**	**548,949**	**530,308**	. .	. . .	**548,949**	. . .	. . .	. . .
2 Banks' claims	499,437	484,584	478,213	475,742	479,426	464,360	478,213	480,606	474,639	489,343
3 Foreign public borrowers	31,367	29,115	23,110	24,741	22,373	20,649	23,110	22,992	17,850	23,233
4 Own foreign offices[2]	303,991	286,382	282,393	282,657	286,539	276,040	282,393	278,954	279,203	293,311
5 *Unaffiliated foreign banks*	*109,342*	*98,433*	*109,591*	*101,174*	*107,035*	*103,639*	*109,591*	*104,386*	*105,301*	*103,503*
6 Deposits	61,550	47,167	58,402	50,900	52,914	50,490	58,402	53,786	53,542	52,484
7 Other	47,792	51,266	51,189	50,274	54,121	53,149	51,189	50,600	51,759	51,019
8 All other foreigners	54,737	70,654	63,119	67,170	63,479	64,032	63,119	74,274	72,285	69,296
9 Claims of banks' domestic customers[3]	60,058	50,809	70,736	54,566	. .	.	70,736	. .	. . .	. .
10 Deposits	15,452	20,241	34,863	25,087	. .	.	34,863	.	.	
11 Negotiable and readily transferable instruments[4]	31,474	16,885	22,565	16,263	. . .	. . .	22,565	. . .	. . .	. . .
12 Outstanding collections and other claims	13,132	13,683	13,308	13,216	. .	. . .	13,308	. . .	. . .	. .
MEMO										
13 Customer liability on acceptances	8,655	7,863	8,226	7,614	. .	. .	8,226	. .	.	.
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	26,370	27,347	24,876	23,337	27,912	27,347	27,863	28,690	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1991	1992	1993	1994			
				Mar.	June	Sept.	Dec.[p]
1 **Total**	**195,302**	**195,119**	**196,552**	**194,581**	**186,711**	**191,770**	**194,716**
By borrower							
2 Maturity of one year or less	162,573	163,325	167,919	168,028	161,594	166,244	169,765
3 Foreign public borrowers	21,050	17,813	17,773	16,150	12,951	16,986	15,006
4 All other foreigners	141,523	145,512	150,146	151,878	148,643	149,258	154,759
5 Maturity of more than one year	32,729	31,794	28,633	26,553	25,117	25,526	24,951
6 Foreign public borrowers	15,859	13,266	10,821	9,229	8,051	7,375	7,693
7 All other foreigners	16,870	18,528	17,812	17,324	17,066	18,151	17,258
By area							
Maturity of one year or less							
8 Europe	51,835	53,300	56,605	59,209	51,204	58,406	56,354
9 Canada	6,444	6,091	7,564	7,306	8,285	7,217	7,251
10 Latin America and Caribbean	43,597	50,376	56,755	58,998	56,758	57,034	58,906
11 Asia	51,059	45,709	41,382	36,875	38,891	36,766	40,043
12 Africa	2,549	1,784	1,820	1,613	1,798	1,519	1,364
13 All other[3]	7,089	6,065	3,793	4,027	4,658	5,302	5,847
Maturity of more than one year							
14 Europe	3,878	5,367	4,428	3,842	3,355	3,637	3,641
15 Canada	3,595	3,287	2,553	2,548	2,451	2,607	2,373
16 Latin America and Caribbean	18,277	15,312	13,866	13,009	12,420	12,146	11,992
17 Asia	4,459	5,038	5,402	4,704	4,607	4,838	4,583
18 Africa	2,335	2,380	1,936	2,001	1,849	1,836	1,549
19 All other[3]	185	410	448	449	435	462	813

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1990	1991	1992	1993				1994			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**320.1**	**343.6**	**346.5**	**361.1**	**377.1**	**388.4**	**404.7**	**478.4[r]**	**502.7[r]**	**509.7[r]**	**499.4[r]**
2 G-10 countries and Switzerland	132.2	137.6	132.9	142.5	150.0	153.3	161.6	178.8[r]	174.2[r]	188.4[r]	176.1[r]
3 Belgium and Luxembourg	5.9[r]	6.0	5.6	6.1	7.0	7.1	7.4	8.0[r]	8.8	9.7	6.9[r]
4 France	10.4	11.0	15.3	13.5	14.0	12.3	11.7	16.4	18.8	20.7	19.1
5 Germany	10.6	8.3	9.3	9.9	10.8	12.4	12.6	29.0[r]	26.0[r]	25.2[r]	24.5[r]
6 Italy	5.0	5.6	6.5	6.7	7.9	8.7	7.7	15.5	14.0	11.6	11.8
7 Netherlands	3.0[r]	4.7	2.8	3.6	3.7	3.7	4.7	4.1	3.6	3.5	3.6
8 Sweden	2.2	1.9	2.3	3.0	2.5	2.5	2.5	2.8	2.9	2.6	2.7
9 Switzerland	4.4	3.4	4.8	5.3	4.7	5.6	5.9	6.3	6.5	6.2	6.9
10 United Kingdom	60.9	68.5	60.8	65.7	73.5	74.7	84.7	70.1	63.4	82.8[r]	70.3[r]
11 Canada	5.9	5.8	6.3	8.2	8.0	9.7	6.7	7.7	9.6	9.8	9.5
12 Japan	24.0	22.6	19.3	20.4	17.9	16.8	17.8	18.9	20.5	16.4	20.7
13 Other industrialized countries	22.9	22.8	24.0	25.4	27.2	26.0	24.6	41.2	41.7	41.5	45.2[r]
14 Austria	1.4	.6	1.2	1.2	1.3	.6	.4	1.0	1.0	1.0	1.1
15 Denmark	1.1	.9	.9	.8	1.0	1.1	1.0	1.1	1.1	.8	1.2
16 Finland	.7	.7	.7	.7	.9	.6	.4	1.0	.8	.8	1.0
17 Greece	2.7	2.6	3.0	2.7	3.1	3.2	3.2	3.8	4.6	4.3	4.5
18 Norway	1.6	1.4	1.2	1.8	1.8	2.1	1.7	1.6	1.6	1.6	2.0
19 Portugal	.6	.6	.4	.7	.9	1.0	.8	1.2	1.1	1.0	1.2
20 Spain	8.3	8.3	8.9	9.5	10.5	9.3	8.9	12.3	11.7	13.1	13.6
21 Turkey	1.7	1.4	1.3	1.4	2.1	2.1	2.1	2.4	2.1	1.8	1.6
22 Other Western Europe	1.2	1.8	1.7	2.0	1.7	2.2	2.6	3.0	2.8	1.0	2.7
23 South Africa	1.8	1.9	1.7	1.6	1.3	1.2	1.1	1.2	1.2	1.2	1.0
24 Australia	1.8	2.7	2.9	2.9	2.5	2.8	2.3	12.7	13.7	15.0	15.4[r]
25 OPEC[2]	12.8	14.5	16.1	16.6	15.7	14.8	17.4	22.9	21.5	21.7[r]	22.1
26 Ecuador	1.0	.7	.6	.6	.6	.5	.5	.5	.5	.4	.5
27 Venezuela	5.0	5.4	5.2	5.1	5.5	5.4	5.1	4.7	4.4	3.9	3.7
28 Indonesia	2.7	2.7	3.0	3.1	3.1	2.8	3.3	3.4	3.2	3.3	3.6
29 Middle East countries	2.5	4.2	6.2	6.6	5.4	4.9	7.4	13.2	12.4	13.1[r]	13.4
30 African countries	1.7	1.5	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.0	.9
31 Non-OPEC developing countries	65.4	63.9	72.1	74.4	76.7	77.0	82.6	93.6	94.1	94.3[r]	98.0[r]
Latin America											
32 Argentina	5.0	4.8	6.6	7.1	6.6	7.2	7.7	8.7	9.8	10.5	11.1
33 Brazil	14.4	9.6	10.8	11.6	12.3	11.7	12.0	12.6	11.9	9.2	8.2
34 Chile	3.5	3.6	4.4	4.6	4.6	4.7	4.7	5.1	5.1	5.4	6.1
35 Colombia	1.8	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.4	2.4	2.6
36 Mexico	13.0	15.5	16.0	16.8	16.8	17.5	17.7	18.8	18.5	19.6	18.1
37 Peru	.5	.4	.5	.4	.4	.3	.4	.5	.6	.6	.5
38 Other	2.3	2.1	2.6	2.7	2.7	2.7	3.0	2.7	2.7	2.7	2.5
Asia											
China											
39 Peoples Republic of China	.2	.3	.7	.6	1.6	.5	2.0	.8	.7	1.0	1.1
40 Republic of China (Taiwan)	3.5	4.1	5.2	5.3	5.9	6.4	7.3	7.5	7.1	6.9	9.1
41 India	3.3	3.0	3.2	3.1	3.1	2.9	3.2	3.6	3.7	3.9	4.2
42 Israel	.5	.5	.4	.5	.4	.4	.5	.4	.4	.4	.4
43 Korea (South)	6.2	6.8	6.6	6.5	6.9	6.5	6.7	13.9	14.1	14.1	15.9[r]
44 Malaysia	1.9	2.3	3.1	3.4	3.7	4.1	4.4	5.2	5.2	6.0[r]	4.6[r]
45 Philippines	3.8	3.7	3.6	3.4	2.9	2.6	3.1	3.4	3.2	2.9	3.3
46 Thailand	1.5	1.7	2.2	2.2	2.4	2.8	3.1	2.9	3.3	3.5	3.7
47 Other Asia	1.7	2.0	2.7	2.7	2.6	3.0	2.9	3.1	3.5	3.6	4.8
Africa											
48 Egypt	.4	.4	.2	.2	.2	.2	.4	.4	.5	.3	.3
49 Morocco	.8	.7	.6	.5	.6	.6	.7	.7	.7	.7	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	.7	1.0	.8	.9	.8	.8	1.0	.9	.9	.8
52 Eastern Europe	2.3	2.4	3.1	2.9	3.2	3.0	3.1	3.4	3.0	3.0	2.7[r]
53 Russia[4]	.2	.9	1.9	1.7	1.9	1.7	1.6	1.5	1.2	1.1	.8
54 Yugoslavia[5]	1.2	.9	.6	.6	.6	.6	.6	.5	.5	.5	.5
55 Other	.9	.7	.6	.7	.8	.7	.9	1.4	1.4	1.5	1.4[r]
56 Offshore banking centers	44.7	54.2	58.3	60.3	58.0	67.9	71.9	78.4[r]	76.8[r]	74.9[r]	68.1[r]
57 Bahamas	2.9	11.9	6.9	9.7	7.1	12.7	11.9	15.1[r]	13.5[r]	13.5[r]	9.7
58 Bermuda	4.4	2.3	6.2	4.1	4.5	5.5	8.1	8.4	6.1	5.3	7.4
59 Cayman Islands and other British West Indies	11.7	15.8	21.8	17.6	15.6	15.1	17.0	17.2[r]	20.3	20.2	18.5[r]
60 Netherlands Antilles	7.9	1.2	1.1	1.6	2.5	2.8	2.3	2.8	2.5	1.7	1.0
61 Panama[6]	1.4	1.4	1.9	2.0	2.1	2.1	2.4	2.0	1.9	1.9	1.3[r]
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	14.4	13.8	16.7	16.9	19.1	18.7	19.7	21.7	20.3	19.9
64 Singapore	6.6	7.1	6.5	8.4	9.3	10.4	11.2	13.1	10.7	11.8	10.2[r]
65 Other[7]	.0	.0	.0	.0	.0	.0	.1	.0	.0	.0	.1
66 Miscellaneous and unallocated[8]	39.9	48.0	39.7	38.8	46.2	46.3	43.4	59.9[r]	91.1	85.5[r]	87.0[r]

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.
6. Includes Canal Zone.
7. Foreign branch claims only.
8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type of liability, and area or country	1991	1992	1993	1993		1994			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**44,708**	**45,511**	**49,996**	**48,954**	**49,996**	**51,988**	**55,478**	**57,197**	**54,644**
2 Payable in dollars	39,029	37,456	38,758	39,711	38,758	38,549	43,114	42,754	39,700
3 Payable in foreign currencies	5,679	8,055	11,238	9,243	11,238	13,439	12,364	14,443	14,944
By type									
4 Financial liabilities	22,518	23,841	28,586	27,172	28,586	30,344	33,340	35,843	32,848
5 Payable in dollars	18,104	16,960	18,553	19,146	18,553	18,929	22,976	23,282	19,792
6 Payable in foreign currencies	4,414	6,881	10,033	8,026	10,033	11,415	10,364	12,561	13,056
7 Commercial liabilities	22,190	21,670	21,410	21,782	21,410	21,644	22,138	21,354	21,796
8 Trade payables	9,252	9,566	8,811	9,215	8,811	8,974	9,913	9,552	10,013
9 Advance receipts and other liabilities	12,938	12,104	12,599	12,567	12,599	12,670	12,225	11,802	11,783
10 Payable in dollars	20,925	20,496	20,205	20,565	20,205	19,620	20,138	19,472	19,908
11 Payable in foreign currencies	1,265	1,174	1,205	1,217	1,205	2,024	2,000	1,882	1,888
By area or country									
Financial liabilities									
12 Europe	12,003	13,387	18,437	16,886	18,437	20,442	23,627	23,765	20,870
13 Belgium and Luxembourg	216	414	175	278	175	525	524	661	495
14 France	2,106	1,623	2,377	2,077	2,377	2,606	1,590	2,241	1,727
15 Germany	682	889	975	855	975	1,214	939	1,467	1,961
16 Netherlands	1,056	606	534	573	534	564	533	648	552
17 Switzerland	408	569	634	378	634	1,200	631	633	688
18 United Kingdom	6,528	8,610	13,121	12,135	13,121	13,725	18,193	16,800	14,709
19 Canada	292	544	859	663	859	508	698	618	625
20 Latin America and Caribbean	4,784	4,053	3,359	3,719	3,359	3,553	3,282	3,159	3,021
21 Bahamas	537	379	1,148	1,301	1,148	1,157	1,052	1,112	926
22 Bermuda	114	114	0	114	0	120	115	15	80
23 Brazil	6	19	18	18	18	18	18	7	207
24 British West Indies	3,524	2,850	1,533	1,600	1,533	1,613	1,454	1,364	1,160
25 Mexico	7	12	17	15	17	14	13	15	0
26 Venezuela	4	6	5	5	5	5	5	5	5
27 Asia[2]	5,381	5,818	5,689	5,754	5,689	5,650	5,694	8,149	8,147
28 Japan	4,116	4,750	4,620	4,725	4,620	4,638	4,760	6,947	7,013
29 Middle Eastern oil-exporting countries[3]	13	19	23	23	23	24	24	31	35
30 Africa	6	6	133	132	133	133	9	133	135
31 Oil-exporting countries[4]	4	0	123	124	123	124	0	123	123
32 All other[5]	52	33	109	18	109	58	30	19	50
Commercial liabilities									
33 Europe	8,701	7,398	6,835	7,048	6,835	6,550	6,921	6,867	6,855
34 Belgium and Luxembourg	248	298	239	257	239	251	254	287	231
35 France	1,039	700	655	642	655	554	712	742	763
36 Germany	1,052	729	684	571	684	577	670	552	611
37 Netherlands	710	535	688	600	688	628	649	674	723
38 Switzerland	575	350	375	536	375	388	473	391	335
39 United Kingdom	2,297	2,505	2,047	2,319	2,047	2,151	2,311	2,351	2,450
40 Canada	1,014	1,002	879	845	879	1,037	1,070	1,068	1,038
41 Latin America and Caribbean	1,355	1,533	1,666	1,754	1,666	1,908	2,007	1,790	1,865
42 Bahamas	3	3	21	4	21	8	2	6	19
43 Bermuda	310	307	350	340	350	493	418	200	345
44 Brazil	219	209	216	214	216	211	217	148	163
45 British West Indies	107	33	27	35	27	20	24	33	23
46 Mexico	307	457	483	576	483	556	705	673	576
47 Venezuela	94	142	126	173	126	150	194	192	279
48 Asia[2]	9,334	10,594	10,992	10,915	10,992	10,939	10,979	10,514	11,077
49 Japan	3,721	3,612	4,314	3,726	4,314	4,617	4,389	4,235	4,808
50 Middle Eastern oil-exporting countries[3]	1,498	1,889	1,542	1,968	1,542	1,542	1,841	1,688	1,610
51 Africa	715	568	464	641	464	490	523	482	442
52 Oil-exporting countries[4]	327	309	171	320	171	199	247	271	262
53 Other[5]	1,071	575	574	579	574	720	638	633	519

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

Type of claim, and area or country	1991	1992	1993	1993		1994			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**45,262**	**45,073**	**47,643**	**46,030**	**47,643**	**48,404**	**47,925**	**49,830**	**55,269**
2 Payable in dollars	42,564	42,281	44,318	42,342	44,318	44,978	44,324	46,284	52,125
3 Payable in foreign currencies	2,698	2,792	3,325	3,688	3,325	3,426	3,601	3,546	3,144
By type									
4 Financial claims	27,882	26,509	26,995	26,902	26,995	27,814	26,576	28,214	32,227
5 Deposits	20,080	17,695	15,795	14,509	15,795	15,864	15,637	17,510	18,973
6 Payable in dollars	19,080	16,872	15,246	13,503	15,246	15,353	15,009	16,934	18,522
7 Payable in foreign currencies	1,000	823	549	1,006	549	511	628	576	451
8 Other financial claims	7,802	8,814	11,200	12,393	11,200	11,950	10,939	10,704	13,254
9 Payable in dollars	6,910	7,890	9,974	11,282	9,974	10,725	9,711	9,466	12,192
10 Payable in foreign currencies	892	924	1,226	1,111	1,226	1,225	1,228	1,238	1,062
11 Commercial claims	17,380	18,564	20,648	19,128	20,648	20,590	21,349	21,616	23,042
12 Trade receivables	14,468	16,007	17,647	16,150	17,647	17,697	18,530	18,836	20,178
13 Advance payments and other claims	2,912	2,557	3,001	2,978	3,001	2,893	2,819	2,780	2,864
14 Payable in dollars	16,574	17,519	19,098	17,557	19,098	18,900	19,604	19,884	21,411
15 Payable in foreign currencies	806	1,045	1,550	1,571	1,550	1,690	1,745	1,732	1,631
By area or country									
Financial claims									
16 Europe	13,441	9,331	7,187	8,376	7,187	7,118	6,564	8,060	7,606
17 Belgium and Luxembourg	13	8	134	70	134	125	83	114	86
18 France	269	764	785	708	785	753	859	825	780
19 Germany	283	326	526	362	526	466	459	413	540
20 Netherlands	334	515	502	485	502	503	472	503	429
21 Switzerland	581	490	515	512	515	520	495	747	523
22 United Kingdom	11,534	6,252	3,543	5,230	3,543	3,629	3,089	4,370	4,388
23 Canada	2,642	1,833	2,024	2,103	2,024	2,198	3,062	3,156	3,785
24 Latin America and Caribbean	10,717	13,893	15,639	12,965	15,639	15,497	14,279	14,363	18,306
25 Bahamas	827	778	1,006	980	1,006	1,157	1,193	1,006	2,259
26 Bermuda	8	40	125	197	125	34	39	52	27
27 Brazil	351	686	654	590	654	672	466	411	520
28 British West Indies	9,056	11,747	12,448	10,000	12,448	12,371	11,578	11,772	14,466
29 Mexico	212	445	868	882	868	850	614	655	605
30 Venezuela	40	29	161	25	161	26	33	32	35
31 Asia	640	864	1,591	2,754	1,591	2,522	2,210	2,152	1,813
32 Japan	350	668	853	2,213	853	1,655	1,349	662	909
33 Middle Eastern oil-exporting countries[2]	5	3	3	5	3	5	2	19	141
34 Africa	57	83	99	88	99	76	74	87	249
35 Oil-exporting countries[3]	1	9	1	1	1	0	1	1	0
36 All other[4]	385	505	455	616	455	403	387	396	468
Commercial claims									
37 Europe	8,193	8,451	9,077	8,211	9,077	8,734	8,904	8,768	9,562
38 Belgium and Luxembourg	194	189	184	163	184	176	179	174	217
39 France	1,585	1,537	1,947	1,438	1,947	1,827	1,778	1,766	1,886
40 Germany	955	933	1,018	935	1,018	944	937	880	1,046
41 Netherlands	645	552	422	410	422	354	293	329	313
42 Switzerland	295	362	429	377	429	413	685	537	558
43 United Kingdom	2,086	2,094	2,369	2,288	2,369	2,330	2,427	2,483	2,545
44 Canada	1,121	1,286	1,358	1,362	1,358	1,451	1,466	1,501	1,541
45 Latin America and Caribbean	2,655	3,043	3,283	3,073	3,283	3,569	3,901	3,965	4,146
46 Bahamas	13	28	11	20	11	13	18	34	9
47 Bermuda	264	255	182	225	182	222	295	246	234
48 Brazil	427	357	463	407	463	422	502	473	614
49 British West Indies	41	40	71	39	71	58	67	49	83
50 Mexico	842	924	994	866	994	1,013	1,047	1,133	1,244
51 Venezuela	203	345	295	287	295	294	303	392	354
52 Asia	4,591	4,866	5,909	5,544	5,909	5,852	6,145	6,425	6,735
53 Japan	1,899	1,903	2,173	2,519	2,173	2,353	2,359	2,448	2,497
54 Middle Eastern oil-exporting countries[2]	620	693	715	458	715	667	615	615	699
55 Africa	430	554	521	501	521	516	492	462	473
56 Oil-exporting countries[3]	95	78	85	107	85	102	90	68	76
57 Other[4]	390	364	500	437	500	468	441	495	585

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1993[r]	1994[r]	1995 Jan.–Mar.	1994[r] Sept.	1994[r] Oct.	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.	1995 Mar.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,664	350,558	89,649	28,819	27,811	28,696	28,094	24,999	29,428	35,222
2 Foreign sales	298,086	348,648	93,231	30,463	29,852	27,653	29,727	25,893	29,685	37,653
3 **Net purchases, or sales (−)**	**21,578**	**1,910**	**−3,582**	**−1,644**	**−2,041**	**1,043**	**−1,633**	**−894**	**−257**	**−2,431**
4 **Foreign countries**	**21,306**	**1,900**	**−3,543**	**−1,658**	**−2,073**	**1,020**	**−1,635**	**−930**	**−212**	**−2,401**
5 Europe	10,658	6,717	1,955	1,191	1,382	226	1,110	516	25	1,414
6 France	103	201	-532	61	198	25	119	255	27	250
7 Germany	1,642	2,110	455	-104	161	55	158	157	-55	-243
8 Netherlands	602	2,251	696	130	320	265	652	278	232	186
9 Switzerland	2,986	30	942	106	655	551	8	389	78	475
10 United Kingdom	4,559	840	-122	643	542	566	1,265	253	66	309
11 Canada	3,213	1,160	-177	61	415	109	175	129	27	333
12 Latin America and Caribbean	5,719	2,108	1,514	688	536	650	-577	991	766	243
13 Middle East[1]	321	1,142	-228	445	74	1	86	22	133	-73
14 Other Asia	8,198	1,207	2,662	576	346	251	171	1,469	851	342
15 Japan	3,825	1,190	1,722	748	258	262	174	860	541	321
16 Africa	63	29	-46	10	12	-4	25	36	0	10
17 Other countries	202	771	11	19	-24	5	159	7	4	14
18 **Nonmonetary international and regional organizations**	**272**	**10**	**−39**	**14**	**32**	**23**	**2**	**36**	**−45**	**−30**
BONDS[2]										
19 Foreign purchases	283,824	291,193	67,412	19,274	19,932	22,379	18,911	19,267	22,804	25,341
20 Foreign sales	217,824	229,640	46,706	17,012	16,609	15,462	14,760	12,800	16,354	17,552
21 **Net purchases, or sales (−)**	**66,000**	**61,553**	**20,706**	**2,262**	**3,323**	**6,917**	**4,151**	**6,467**	**6,450**	**7,789**
22 **Foreign countries**	**65,462**	**60,668**	**20,869**	**2,295**	**3,324**	**6,933**	**3,811**	**6,263**	**6,504**	**8,102**
23 Europe	22,587	38,585	17,618	2,885	3,285	4,383	2,635	6,653	6,052	4,913
24 France	2,346	242	368	-17	105	106	4	157	296	-85
25 Germany	887	657	1,866	355	449	201	451	1,516	526	176
26 Netherlands	-290	3,322	39	243	19	346	28	241	126	154
27 Switzerland	627	1,055	158	283	5	488	12	-85	304	-61
28 United Kingdom	19,686	33,212	15,406	2,229	1,469	3,529	1,943	5,406	4,815	5,185
29 Canada	1,668	3,054	709	214	496	207	443	245	175	289
30 Latin America and Caribbean	15,691	5,402	150	1,577	-1,189	1,305	662	655	480	1,285
31 Middle East[1]	3,248	771	506	86	51	96	193	59	119	328
32 Other Asia	20,846	12,153	1,717	814	607	1,137	240	28	595	1,150
33 Japan	11,569	5,486	306	325	375	497	174	396	132	570
34 Africa	1,149	49	40	2	19	2	8	8	4	36
35 Other countries	273	654	129	43	55	1	16	19	47	101
36 **Nonmonetary international and regional organizations**	**538**	**885**	**−163**	**−33**	**−1**	**−16**	**340**	**204**	**−54**	**−313**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	62,691	-46,818	4,477	720	-4,427	2,547	-2,212	-210	1,528	2,739
38 Foreign purchases	245,490	386,334	86,229	37,791	29,867	28,444	25,742	27,948	29,180	29,101
39 Foreign sales[3]	308,181	433,152	90,706	37,071	34,294	30,991	27,954	28,158	30,708	31,840
40 Bonds, net purchases, or sales (−)	80,377	5,853	2,747	-1,095	5,200	1,997	1,135	1,246	-2,515	1,478
41 Foreign purchases	745,952	898,550	220,999	78,182	66,202	66,907	68,887	71,948	65,292	83,759
42 Foreign sales	826,329	904,403	223,746	79,277	71,402	68,904	67,752	70,702	67,807	85,237
43 **Net purchases, or sales (−), of stocks and bonds**	**−143,068**	**−52,671**	**−7,224**	**−375**	**−9,627**	**−4,544**	**−1,077**	**1,036**	**−4,043**	**−4,217**
44 **Foreign countries**	**−143,232**	**−53,191**	**−7,035**	**152**	**−9,477**	**−4,497**	**−1,832**	**972**	**−3,879**	**−4,128**
45 Europe	100,872	4,778	1,307	2,532	5,507	-790	857	3,404	-1,165	-932
46 Canada	15,664	-7,525	428	339	-857	525	1,637	-165	877	1,140
47 Latin America and Caribbean	7,600	22,133	5,048	5,079	1,464	2,241	421	436	2,685	-1,927
48 Asia	15,159	-24,080	-3,315	-1,958	1,477	511	2,180	1,749	1,087	479
49 Africa	185	-475	41	22	72	267	96	2	-124	85
50 Other countries	-3,752	3,756	490	-754	100	1,185	85	80	305	265
51 ***Nonmonetary international and*** **regional organizations**	**164**	**520**	**−189**	**−527**	**−150**	**−47**	**755**	**64**	**−164**	**−89**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1993[r]	1994[r]	1995	1994[r]				1995		
			Jan.–Mar.	Sept	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total estimated**	**23,552**	**78,653**	**32,418**	**11,941**	**10,530**	**13,105**	**11,535**	**9,216**	**14,043**	**9,159**
2 Foreign countries	23,368	78,610	32,270	12,029	9,435	13,068	11,938	9,890	13,325	9,055
3 Europe	2,373	38,544	19,234	3,889	1,566	7,763	8,274	2,906	13,271	3,057
4 Belgium and Luxembourg	1,218	1,098	292	−15	32	24	434	134	107	51
5 Germany	9,976	5,709	1,050	243	254	924	725	60	−543	1,533
6 Netherlands	−515	1,254	2,142	−68	954	2	156	2,388	−239	−7
7 Sweden	1,421	794	92	105	−37	211	61	−35	97	30
8 Switzerland	−1,501	456	87	353	−718	1,512	656	166	165	−418
9 United Kingdom	6,197	23,438	13,834	3,577	−1,958	7,706	6,243	299	10,436	3,099
10 Other Europe and former U.S.S.R.	783	5,795	1,911	180	−93	412	1	−106	3,248	1,231
11 Canada	10,309	3,491	5,097	1,610	−420	1,350	559	3,177	1,486	434
12 Latin America and Caribbean	−4,561	10,182	4,964	136	6,710	725	978	636	−3,268	−2,332
13 Venezuela	390	319	505	5	7	43	91	−211	329	387
14 Other Latin America and Caribbean	−5,795	−20,496	3,655	2,308	−419	−2,074	74	3,028	3,325	−3,358
15 Netherlands Antilles	844	10,633	−1,814	2,167	7,122	2,756	813	−2,181	−272	639
16 Asia	20,582	47,087	13,705	6,763	4,435	4,944	3,640	3,567	1,693	8,445
17 Japan	17,070	29,518	9,927	3,225	2,189	4,551	2,067	3,444	2,316	4,167
18 Africa	1,156	240	31	200	135	−11	58	−9	49	−9
19 Other	−1,745	−570	−833	569	141	997	453	387	94	−540
20 Nonmonetary international and regional organizations	184	43	148	88	1,095	37	−403	−674	718	104
21 International	330	170	358	75	1,074	73	322	708	608	458
22 Latin American regional	653	75	174	−1	6	4	3	6	199	367
MEMO										
23 Foreign countries	23,368	78,610	32,270	12,029	9,435	13,068	11,938	9,890	13,325	9,055
24 Official institutions	1,306	41,800	7,779	4,671	2,891	2,760	582	1,747	2,062	3,970
25 Other foreign[2]	22,062	36,810	24,491	7,358	6,544	10,308	11,356	8,143	11,263	5,085
Oil-exporting countries										
26 Middle East[2]	−8,836	38	−297	3	445	623	−405	−360	−89	152
27 Africa[3]	5	0	1	0	0	0	1	0	0	1

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on May 31, 1995		Country	Rate on May 31, 1995		Country	Rate on May 31, 1995	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.0	Mar. 1995	Germany	4.0	Mar. 1995	Norway	4.75	Feb. 1994
Belgium	4.0	Mar. 1995	Italy	8.25	Feb. 1995	Switzerland	3.0	Mar. 1995
Canada	7.64	May 1995	Japan	1.0	Apr. 1995	United Kingdom	12.0	Sept. 1992
Denmark	6.0	Mar. 1995	Netherlands	4.0	Mar. 1995			
France[2]	5.0	July 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1992	1993	1994	1994		1995				
				Nov.	Dec	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	3.70	3.18	4.63	5.78	6.27	6.23	6.14	6.15	6.13	6.03
2 United Kingdom	9.56	5.88	5.45	5.98	6.30	6.50	6.68	6.61	6.64	6.64
3 Canada	6.76	5.14	5.57	5.77	6.75	7.86	8.14	8.32	8.16	7.56
4 Germany	9.42	7.17	5.25	5.10	5.29	5.04	5.00	4.96	4.58	4.49
5 Switzerland	7.67	4.79	4.03	3.86	4.07	3.95	3.77	3.62	3.33	3.29
6 Netherlands	9.25	6.73	5.09	5.15	5.35	5.09	5.03	5.03	4.60	4.41
7 France	10.14	8.30	5.72	5.49	5.82	5.76	5.70	7.77	7.60	7.29
8 Italy	13.91	10.09	8.45	8.72	8.98	9.10	9.07	10.98	10.94	10.38
9 Belgium	9.31	8.10	5.65	5.09	5.42	5.29	5.33	6.21	5.22	5.16
10 Japan	4.39	2.96	2.24	2.33	2.34	2.31	2.27	2.11	1.55	1.31

1. Rates are for three month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1992	1993	1994	1994	1995				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar[2]	73.521	67.993	73.161	77.389	76.469	74.473	73.452	73.564	72.716
2 Austria/schilling	10.992	11.639	11.409	11.063	10.769	10.573	9.898	9.720	9.912
3 Belgium/franc	32.148	34.581	33.426	32.329	31.542	30.908	29.035	28.419	29.009
4 Canada/dollar	1.2085	1.2902	1.3664	1.3893	1.4132	1.4005	1.4077	1.3762	1.3609
5 China, P.R./yuan	5.5206	5.7795	8.6404	8.5119	8.4608	8.4553	8.4483	8.4421	8.3370
6 Denmark/krone	6.0372	6.4863	6.3561	6.1614	6.0311	5.9302	5.6281	5.4391	5.5194
7 Finland/markka	4.4865	5.7251	5.2340	4.8590	4.7506	4.6547	4.3967	4.2884	4.3386
8 France/franc	5.2935	5.6669	5.5459	5.4132	5.2912	5.2252	4.9756	4.8503	4.9869
9 Germany/deutsche mark	1.5618	1.6545	1.6216	1.5716	1.5302	1.5022	1.4061	1.3812	1.4096
10 Greece/drachma	190.81	229.64	242.50	242.96	238.21	236.17	228.53	225.19	228.46
11 Hong Kong/dollar	7.7402	7.7357	7.7290	7.7379	7.7439	7.7314	7.7318	7.7336	7.7351
12 India/rupee	28.156	31.291	31.394	31.389	31.374	31.380	31.587	31.407	31.418
13 Ireland/pound[2]	170.42	146.47	149.69	153.36	155.67	156.20	159.76	162.80	161.98
14 Italy/lira	1,232.17	1,573.41	1,611.49	1,633.71	1,611.53	1,620.58	1,688.99	1,710.89	1,652.78
15 Japan/yen	126.78	111.08	102.18	100.18	99.77	98.24	90.52	83.69	85.11
16 Malaysia/ringgit	2.5463	2.5738	2.6237	2.5626	2.5556	2.5526	2.5464	2.4787	2.4684
17 Netherlands/guilder	1.7587	1.8585	1.8190	1.7601	1.7159	1.6844	1.5774	1.5474	1.5779
18 New Zealand/dollar[2]	53.792	54.127	59.358	63.726	64.018	63.448	64.598	66.723	66.740
19 Norway/krone	6.2142	7.1009	7.0553	6.8561	6.6968	6.5974	6.2730	6.2050	6.2980
20 Portugal/escudo	135.07	161.08	165.93	161.21	157.86	155.36	147.92	145.89	148.40
21 Singapore/dollar	1.6294	1.6158	1.5275	1.4657	1.4532	1.4541	1.4216	1.3986	1.3947
22 South Africa/rand	2.8524	3.2729	3.5526	3.5614	3.5404	3.5629	3.6013	3.6035	3.6574
23 South Korea/won	784.66	805.75	806.93	794.81	793.08	793.19	781.81	770.61	764.43
24 Spain/peseta	102.38	127.48	133.88	132.31	132.62	130.52	128.58	124.14	123.22
25 Sri Lanka/rupee	44.013	48.211	49.170	49.531	49.870	49.895	49.627	49.371	49.558
26 Sweden/krona	5.8258	7.7956	7.7161	7.5161	7.4775	7.3914	7.2787	7.3455	7.3072
27 Switzerland/franc	1.4064	1.4781	1.3667	1.3289	1.2863	1.2715	1.1709	1.1384	1.1693
28 Taiwan/dollar	25.160	26.416	26.465	26.381	26.300	26.339	26.102	25.491	25.537
29 Thailand/baht	25.411	25.333	25.161	25.109	25.133	25.020	24.760	24.572	24.663
30 United Kingdom/pound[2]	176.63	150.16	153.19	155.87	157.46	157.20	160.02	160.73	158.74
MEMO									
31 United States/dollar[3]	86.61	93.18	91.32	89.64	88.30	87.29	83.69	81.81	82.73

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

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

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	June 1995	A76

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

Title and Date	*Issue*	*Page*
Assets and liabilities of commercial banks		
March 31, 1993	August 1993	A70
June 30, 1993	November 1993	A70
September 30, 1993	February 1994	A70
December 31, 1993	May 1994	A68
Terms of lending at commercial banks		
May 1994	August 1994	A68
August 1994	November 1994	A68
November 1994	February 1995	A68
February 1995	May 1995	A68
Assets and liabilities of U.S. branches and agencies of foreign banks		
March 31, 1994	August 1994	A72
June 30, 1994	November 1994	A72
September 30, 1994	February 1995	A72
December 31, 1994	May 1995	A72
Pro forma balance sheet and income statements for priced service operations		
June 30, 1991	November 1991	A80
September 30, 1991	January 1992	A70
March 31, 1992	August 1992	A80
June 30, 1992	October 1992	A70
Assets and liabilities of life insurance companies		
June 30, 1991	December 1991	A79
September 30, 1991	May 1992	A81
December 31, 1991	August 1992	A83
September 30, 1992	March 1993	A71

Index to Statistical Tables

References are to pages A3–A66 although the prefix "A" is omitted in this index

ACCEPTANCES, bankers (*See* Bankers acceptances)
Agricultural loans, commercial banks, 21, 22
Assets and liabilities (*See also* Foreigners)
  Banks, by classes, 18–23
  Domestic finance companies, 36
  Federal Reserve Banks, 11
  Financial institutions, 28
  Foreign banks, U.S. branches and agencies, 23
Automobiles
  Consumer installment credit, 39
  Production, 47, 48

BANKERS acceptances, 11, 12, 21–24, 26
Bankers balances, 18–23. (*See also* Foreigners)
Bonds (*See also* U.S. government securities)
  New issues, 34
  Rates, 26
Branch banks, 23
Business activity, nonfinancial, 45
Business expenditures on new plant and equipment, 35
Business loans (*See* Commercial and industrial loans)

CAPACITY utilization, 46
Capital accounts
  Banks, by classes, 18
  Federal Reserve Banks, 11
Central banks, discount rates, 65
Certificates of deposit, 26
Commercial and industrial loans
  Commercial banks, 21, 22
  Weekly reporting banks, 21–23
Commercial banks
  Assets and liabilities, 18–23
  Commercial and industrial loans, 18–23
  Consumer loans held, by type and terms, 39
  Deposit interest rates of insured, 16
  Loans sold outright, 22
  Real estate mortgages held, by holder and property, 38
  Time and savings deposits, 4
Commercial paper, 24, 26, 36
Condition statements (*See* Assets and liabilities)
Construction, 45, 49
Consumer installment credit, 39
Consumer prices, 45
Consumption expenditures, 52, 53
Corporations
  Profits and their distribution, 35
  Security issues, 34, 65
Cost of living (*See* Consumer prices)
Credit unions, 39
Currency in circulation, 5, 14
Customer credit, stock market, 27

DEBITS to deposit accounts, 17
Debt (*See specific types of debt or securities*)
Demand deposits
  Banks, by classes, 18–23
  Ownership by individuals, partnerships, and corporations, 22, 23
  Turnover, 17

Depository institutions
  Reserve requirements, 9
  Reserves and related items, 4, 5, 6, 13
Deposits (*See also specific types*)
  Banks, by classes, 4, 18–23
  Federal Reserve Banks, 5, 11
  Interest rates, 16
  Turnover, 17
Discount rates at Reserve Banks and at foreign central banks and foreign countries (*See* Interest rates)
Discounts and advances by Reserve Banks (*See* Loans)
Dividends, corporate, 35

EMPLOYMENT, 45
Eurodollars, 26

FARM mortgage loans, 38
Federal agency obligations, 5, 10, 11, 12, 31, 32
Federal credit agencies, 33
Federal finance
  Debt subject to statutory limitation, and types and ownership of gross debt, 30
  Receipts and outlays, 28, 29
  Treasury financing of surplus, or deficit, 28
  Treasury operating balance, 28
Federal Financing Bank, 33
Federal funds, 7, 21, 22, 23, 26, 28
Federal Home Loan Banks, 33
Federal Home Loan Mortgage Corporation, 33, 37, 38
Federal Housing Administration, 33, 37, 38
Federal Land Banks, 38
Federal National Mortgage Association, 33, 37, 38
Federal Reserve Banks
  Condition statement, 11
  Discount rates (*See* Interest rates)
  U.S. government securities held, 5, 11, 12, 30
Federal Reserve credit, 5, 6, 11, 12
Federal Reserve notes, 11
Federally sponsored credit agencies, 33
Finance companies
  Assets and liabilities, 36
  Business credit, 36
  Loans, 39
  Paper, 24, 26
Financial institutions, loans to, 21, 22, 23
Float, 5
Flow of funds, 40, 42, 43, 44
Foreign banks, assets and liabilities of U.S. branches and agencies, 22, 23
Foreign currency operations, 11
Foreign deposits in U.S. banks, 5, 22
Foreign exchange rates, 66
Foreign trade, 54
Foreigners
  Claims on, 55, 58, 59, 60, 62
  Liabilities to, 22, 54, 55, 56, 61, 63, 64

GOLD
  Certificate account, 11
  Stock, 5, 54

Government National Mortgage Association, 33, 37, 38
Gross domestic product, 51

HOUSING, new and existing units, 49

INCOME, personal and national, 45, 51, 52
Industrial production, 45, 47
Installment loans, 39
Insurance companies, 30, 38
Interest rates
  Bonds, 26
  Consumer installment credit, 39
  Deposits, 16
  Federal Reserve Banks, 8
  Foreign central banks and foreign countries, 65
  Money and capital markets, 26
  Mortgages, 37
  Prime rate, 25
International capital transactions of United States, 53–65
International organizations, 55, 56, 58, 61, 62
Inventories, 51
Investment companies, issues and assets, 35
Investments (*See also specific types*)
  Banks, by classes, 18–23
  Commercial banks, 4, 18–23
  Federal Reserve Banks, 11, 12
  Financial institutions, 38

LABOR force, 45
Life insurance companies (*See* Insurance companies)
Loans (*See also specific types*)
  Banks, by classes, 18–23
  Commercial banks, 18–23
  Federal Reserve Banks, 5, 6, 8, 11, 12
  Financial institutions, 38
  Insured or guaranteed by United States, 37, 38

MANUFACTURING
  Capacity utilization, 46
  Production, 46, 48
Margin requirements, 27
Member banks (*See also* Depository institutions)
  Federal funds and repurchase agreements, 7
  Reserve requirements, 9
Mining production, 48
Mobile homes shipped, 49
Monetary and credit aggregates, 4, 13
Money and capital market rates, 26
Money stock measures and components, 4, 14
Mortgages (*See* Real estate loans)
Mutual funds, 35
Mutual savings banks (*See* Thrift institutions)

NATIONAL defense outlays, 29
National income, 51

OPEN market transactions, 10

PERSONAL income, 52
Prices
  Consumer and producer, 45, 50
  Stock market, 27
Prime rate, 25
Producer prices, 45, 50
Production, 45, 47
Profits, corporate, 35

REAL estate loans
  Banks, by classes, 21, 22, 38
  Terms, yields, and activity, 37
  Type of holder and property mortgaged, 38
Repurchase agreements, 7
Reserve requirements, 9
Reserves
  Commercial banks, 18
  Depository institutions, 4, 5, 6, 13
  Federal Reserve Banks, 11
  U.S. reserve assets, 54
Residential mortgage loans, 37
Retail credit and retail sales, 39, 45

SAVING
  Flow of funds, 40, 42, 43, 44
  National income accounts, 51
Savings institutions, 38, 39, 40
Savings deposits (*See* Time and savings deposits)
Securities (*See also specific types*)
  Federal and federally sponsored credit agencies, 33
  Foreign transactions, 63
  New issues, 34
  Prices, 27
Special drawing rights, 5, 11, 53, 54
State and local governments
  Deposits, 21, 22
  Holdings of U.S. government securities, 30
  New security issues, 34
  Ownership of securities issued by, 21, 23
  Rates on securities, 26
Stock market, selected statistics, 27
Stocks (*See also* Securities)
  New issues, 34
  Prices, 27
Student Loan Marketing Association, 33

TAX receipts, federal, 29
Thrift institutions, 4. (*See also* Credit unions *and* Savings institutions)
Time and savings deposits, 4, 14, 16, 18–23
Trade, foreign, 54
Treasury cash, Treasury currency, 5
Treasury deposits, 5, 11, 28
Treasury operating balance, 28

UNEMPLOYMENT, 45
U.S. government balances
  Commercial bank holdings, 18–23
  Treasury deposits at Reserve Banks, 5, 11, 28
U.S. government securities
  Bank holdings, 18–23, 30
  Dealer transactions, positions, and financing, 32
  Federal Reserve Bank holdings, 5, 11, 12, 30
  Foreign and international holdings and transactions, 11, 30, 64
  Open market transactions, 10
  Outstanding, by type and holder, 30, 31
  Rates, 26
U.S. international transactions, 53–66
Utilities, production, 48

VETERANS Administration, 37, 38

WEEKLY reporting banks, 18–23
Wholesale (producer) prices, 45, 50

YIELDS (*See* Interest rates)

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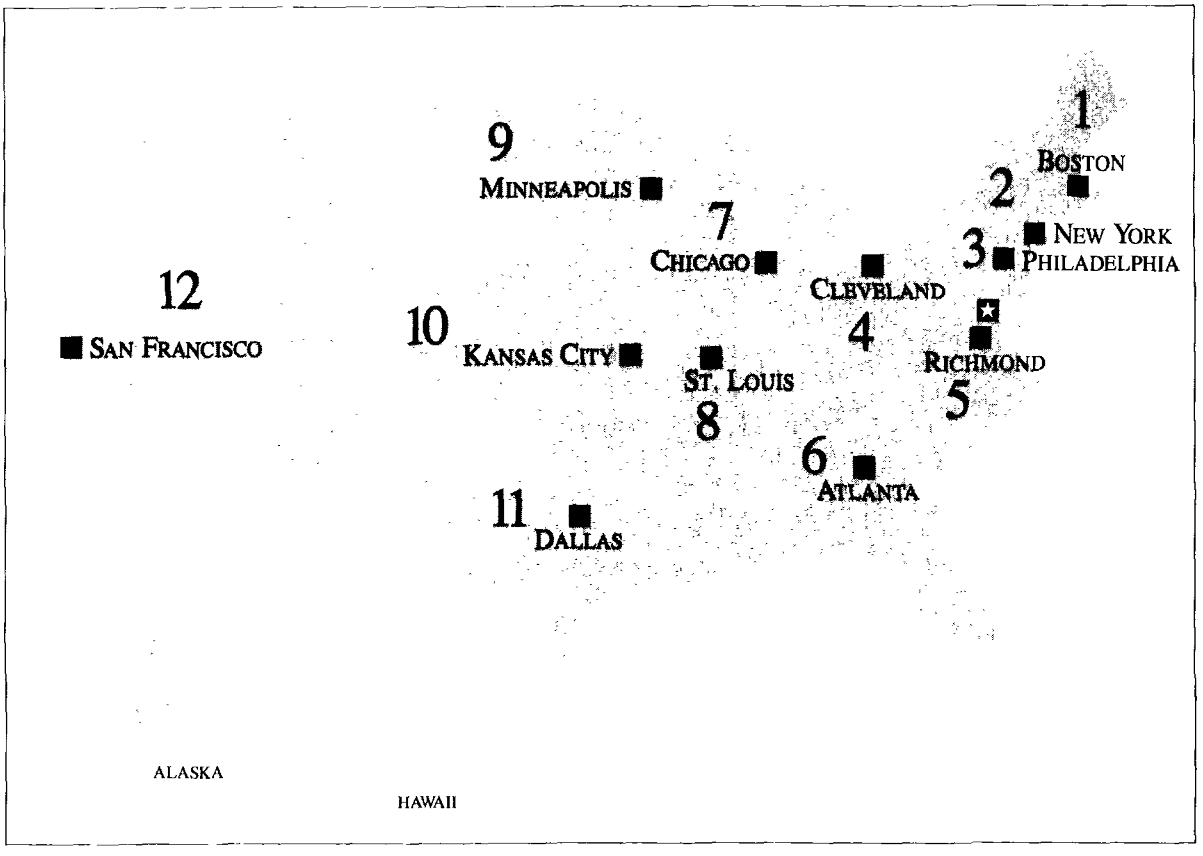


Legend

Both pages

- ■ Federal Reserve Bank city
- ◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

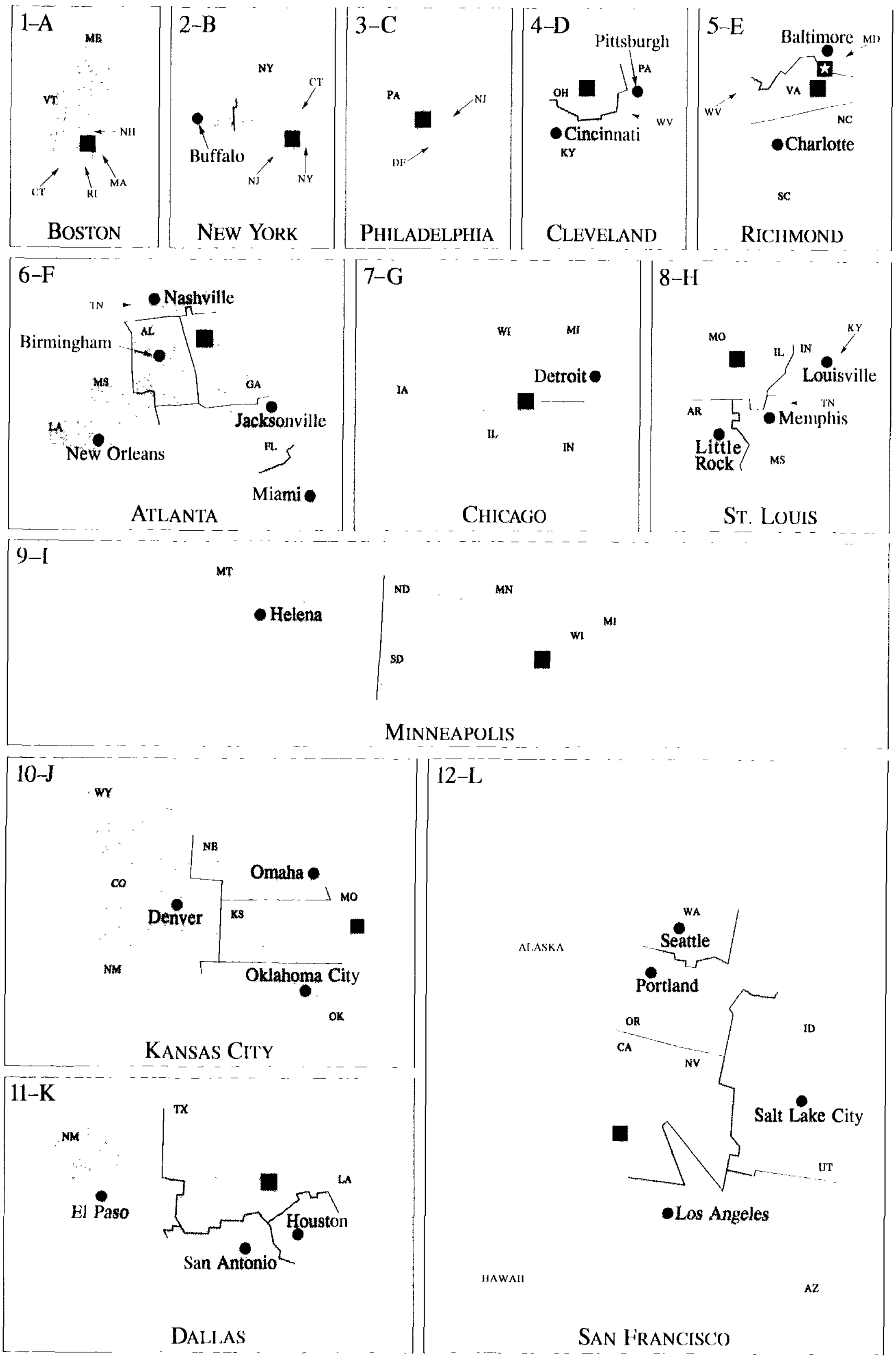
- • Federal Reserve Branch city
- — Branch boundary

Note

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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