VOLUME 79 □ NUMBER 3 □ MARCH 1993

FEDERAL RESERVE BULLETIN

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

Table of Contents

Monetary Policy Report to the Congress

Report submitted to the Congress on February 19, 1993, pursuant to the Full Employment and Balanced Growth Act of 1978[1]

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1993

Last July, when the Federal Reserve Board presented its semiannual monetary policy report to the Congress, there was considerable uncertainty about the prospects for the economy in the second half of 1992. After a promising start at the beginning of the year, growth of the economy had slowed once again in the spring, and various structural adjustments that had been impeding the pace of the expansion retained considerable force. However, with drag from the structural adjustments expected to diminish gradually over time and with the economy continuing to benefit from the substantial easing of money market conditions that the System had implemented over the years, the most likely prospect for the economy was thought to be one of moderate growth in the second half of the year.

In the event, economic growth did indeed proceed at an improved pace in the second half of 1992, although the pickup did not start to become evident in the incoming economic data until well into the autumn. Fueled by strong increases in household and business spending, real gross domestic product rose at an annual rate of 3.6 percent in the second half of the year. The increase over the four quarters of the year amounted to 2.9 percent. This was the largest gain in output since 1988, and, while far from robust by the standards of past cyclical upswings in activity, it was a much stronger performance than many analysts—inside and outside government—had thought likely, given the extraordinary headwinds with which the economy had to contend. Indeed, the performance of the U.S. economy stands in sharp contrast to that of a number of major foreign industrial economies that appear still to be laboring to regain forward momentum.

Employment has grown since the middle of last year, but at only a gradual pace. Hiring has been damped by the ability of firms to meet their output objectives through hefty increases in productivity. The unemployment rate, which had risen in the first half of 1992 in conjunction with a surge in the share of the working-age population in the labor force, turned down thereafter as labor force participation fell back. The unemployment rate in January of this year was 7.1 percent, more than half a percentage point below the peak rate of last summer.

Price developments remained favorable in the second half of 1992, and the rise in the consumer price index over the four quarters of the year amounted to about 3 percent, matching the low rate achieved in the previous year. Consumer energy prices turned back up in 1992, but the prices of other goods and services that enter into the CPI generally rose less rapidly than they had in 1991. Although the CPI spurted ½ percent this past month, the underlying trends in labor costs and prices remain encouraging. The success to date in keeping inflation in check, while restoring growth, has had highly salutary effects on financial markets and on the process of financial reconstruction, the continuing progress of which is essential to the achievement of renewed and sustainable prosperity.

The hesitant pace of the economy evident in incoming information throughout much of last year, along with notable weakness in the monetary and credit aggregates and steady gains against inflation, prompted the Federal Reserve to ease monetary conditions three times, bringing short-term rates down another full percentage point over the year. The discount rate was reduced to 3 percent, and short-term rates generally are now at their lowest levels since the early 1960s.

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

Long-term rates also fell, on balance. Declines were limited at times, however, by concerns about prospective federal budget deficits and about the possibility that inflation might begin to move higher as the expansion proceeded. Notable decreases in long rates were registered in late 1992 and early 1993, as inflation remained subdued and as statements by Administration officials suggested that they would seek only limited near-term fiscal stimulus and that proposals to make substantial cuts in the federal budget deficit over time were under serious consideration. The trade-weighted foreign exchange value of the dollar in terms of the other Group of Ten currencies appreciated on balance over the course of 1992 and rose further during the first weeks of 1993. The dollar benefited from the improved performance of the U.S. economy relative to conditions in other industrial countries.

Growth of the monetary aggregates slowed last year despite an acceleration in nominal spending and income. For the year, M2 advanced 1.9 percent, below the 2½ percent lower end of its target range. M3 also came in under its 1 percent to 5 percent target range, growing only 0.5 percent. The Federal Reserve did not make greater efforts to boost growth to within these ranges because, as the year went on, it became increasingly clear that slow growth of the broad money aggregates did not indicate that financial market conditions were impeding the expansion of spending and income. In fact, growth of nominal GDP exceeded that of M2 by 3½ percentage points last year and that of M3 by 4¾ percentage points. Not only did data on spending itself show a firming trend over the year, but narrow money (M1) and reserves were expanding rapidly—suggesting to some that liquidity was quite ample—and the growth of debt, while restrained, was considerably in excess of that of the broader monetary aggregates.

Nominal GDP growth last year, which picked up to 5.4 percent from 3.5 percent in 1991, was fueled by spending that was financed largely outside banks and other depositories, whose liabilities constitute the lion's share of the monetary aggregates. Spurred in part by advances in equity prices and by declines in longer-term interest rates, businesses and households strengthened their balance sheets by raising funds in bond, mortgage, and equity markets and repaying bank loans and other short-term debt. This shift in the focus of financing efforts toward the capital markets, a process that has been in progress for the last couple of years, has helped to redress financial distortions that accompanied the buildup of debt and the rapid rise in some asset prices in the 1980s.

The low level of credit demanded from depositories has meant that these institutions have not needed to seek large volumes of deposits. As a consequence, rates paid on deposits have been adjusted downward rapidly as short-term market rates have declined. Savers, reacting to the lower deposit rates and to attractive returns on bonds and equity, have shifted funds from M2 deposits into the capital markets. One method savers have used to capture these higher capital market yields has been the purchase of bond and stock mutual funds, which are not included in the monetary aggregates and which together experienced record inflows in 1992. Moreover, consumer loan rates have fallen by less than deposit rates, and households appear to be using M2 assets to repay consumer debt or restrain its growth. The combination of rate incentives, desires to strengthen balance sheets, and the greater availability at low transaction cost of a broadened array of savings vehicles beyond traditional deposits appear to have distorted, at least for a time, the traditional relationship between levels of M2 and M3 assets and given levels of spending.

Although growth of M2 and M3 was very weak last year, M1 accelerated to 14.3 percent, the second fastest annual increase recorded in the official series, which begins with 1959. This pickup owed in part to the expansion of spending, but it mainly reflected the tendency for rates on liquid deposits to adjust downward less rapidly than those on time deposits. In response, savers shifted substantial volumes of funds from maturing time deposits to NOW accounts. In addition, businesses boosted their demand deposits substantially. To support this growth in transactions deposits, the Federal Reserve added substantial volumes of reserves in 1992. Total reserves increased 20 percent last year, and the monetary base, which includes currency outstanding as well as reserves, increased 10.5 percent, the highest rate ever registered in the official series.

Decisions to strengthen balance sheets had a smaller but significant effect on debt growth. The debt of nonfinancial sectors is estimated to have expanded 4.6 percent, only slightly faster than in 1991 and just above the lower end of its monitoring range. With debt growing less rapidly than income and with declines in market interest rates allowing higher-cost debt to be rolled over at lower rates, households and businesses made substantial further progress in reducing debt-service burdens.

Monetary Objectives for 1993

The aim of the Federal Open Market Committee in 1993 is to promote financial conditions that will help to maintain the greater momentum that the economy developed in 1992 and to consolidate the trend toward lower inflation. The objectives for the monetary aggregates in 1993 were set with that aim in mind.

At its July 1992 meeting, the Committee had provisionally chosen the same ranges for 1993 as it was confirming for 1992—2½ percent to 6½ percent for M2 and 1 percent to 5 percent for M3, with a monitoring range for the nonfinancial debt aggregate of 4½ percent to 8½ percent. At that time, the Committee noted that the extent and duration of deviations of money growth from historical relationships remained highly uncertain and that the actual setting, in February, of 1993 ranges consistent with the basic policy objectives would need to be made in light of additional experience and analysis.

At its February meeting, in reviewing the ranges provisionally chosen for 1993, the Committee noted that nominal spending had accelerated considerably in 1992 despite the quite-sluggish growth of M2 and M3 throughout the year. The Committee viewed this development as underscoring the importance that special, and historically anomalous, forces have had in restraining the growth of broad money relative to spending. Although the intensity of some of these forces might diminish in 1993, as borrowers and lenders achieve more comfortable balance sheet positions, the forces are unlikely to disappear. For example, the substantial volume of liquid securities on banks' balance sheets suggested that banks will not become vigorous bidders for deposits in 1993 even if, as expected, lending picks up. In addition, the yield curve, although it had begun to flatten a bit early in the new year, is likely to continue to provide savers an incentive to shift funds out of monetary assets and into capital markets—a process facilitated by the growing availability of mutual funds at banks and thrift institutions.

Given that these and other forces tending to channel funds around depository institutions and hence to raise velocity (the ratio of nominal GDP to money) seem likely to persist in 1993, a downward adjustment of the money ranges is appropriate to take account of the expected atypical behavior of velocity: Money growth lower than normally expected would be sufficient to support substantial growth in income. With this in mind, the Committee made a technical downward adjustment in the target growth ranges for M2 and M3, reducing the upper and lower ends of each range by ½ percentage point (table 1).

The strength of the influences depressing money growth relative to income remains somewhat uncertain, however. If they persist in 1993 to the same extent as in 1992, growth of M2 and M3 in the lower portions of their reduced target ranges would be consistent with substantial further growth of nominal spending. Alternatively, the upper ends of the target ranges would accommodate ample provision of liquidity to support further economic expansion, even if the growth of money and income were to begin coming into more normal alignment and the recent high rate of increase in velocity were to slow. The Committee will continue to examine money growth as the year unfolds for evidence on developing economic and financial conditions. As in the past, the Federal Reserve will also be guided by a careful assessment of a wide variety of other financial and economic indicators. The Committee's primary concern, as in 1992, will remain fostering financial conditions conducive to sustained economic expansion and a noninflationary environment.

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

Aggregate	1991	1992	1993
M2	2½–6½	2½–6½	2–6
M3	1–5	1–5	½–4½
Debt[2]	4½–8½	4½–8½	4½–8½

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated. Ranges for monetary aggregates are targets; range for debt is a monitoring range.

2. Domestic nonfinancial sector.

For debt growth, which has been less damped by special forces than has the expansion of the broader monetary aggregates, last year's range was retained for 1993. Federal debt growth again is likely to be substantial. Growth of the debt of nonfederal sectors is expected to accelerate somewhat as borrowers' balance sheets continue to improve, as intermediaries become more willing to lend, and as the economy expands. Nevertheless, the growth of nonfederal debt is expected to remain below that of nominal GDP, a development the Committee sees as contributing to building the sound financial foundation crucial to a sustained economic expansion.

Economic Projections for 1993

Although the economy and the financial markets continue to face difficult adjustments, the governors and Bank presidents think that the most likely prospect for 1993 is that economic growth will proceed at a moderate pace. The growth of output probably will be supported by further gains in productivity, the ultimate source of increased real income and improved living standards over the long run. In addition, increases in employment are expected to be large enough to bring further gradual declines in the unemployment rate over the course of 1993. Inflation is expected to remain subdued, boding well for sustained expansion in 1993 and beyond.

The governors' and Bank presidents' forecasts of real GDP growth over the four quarters of 1993 span a range of 2½ percent to 4 percent, with the central tendency of the forecasts in a range of 3 percent to 3¼ percent (table 2). In considering the possible outcomes for 1993, the governors and Bank presidents cited the degree of momentum that appears to have developed in the economy in the latter part of 1992 and early 1993. The various balance sheet problems that apparently retarded growth of the economy during the early phases of the current expansion, while by no means fully resolved, seem to be receding. In addition, such sectors as residential construction, business investment, and consumer durables clearly are benefiting from the declines that have occurred in interest rates.

However, impediments to more rapid expansion are still present. Government spending for defense appears likely to continue to decline for some time to come. More broadly, balance sheet repair and business restructuring, which have exerted major restraint on economic activity in recent years, are still in process, despite the apparent improvement in business finances in 1992. Indeed, the new year has brought additional announcements of business restructurings in a variety of industries, both defense-related and other. These changes are leading to an economy that is more productive and competitive, but at the cost of some dislocation and disruption in the short run. The magnitude of structural changes like these is a special uncertainty in the economic outlook for the remainder of the year. With regard to the external sector, many foreign industrial countries are experiencing prolonged economic weakness. Under the circumstances, the growth of U.S. exports, while remaining positive, may well fall short of the growth of imports again in 1993, exerting a drag on real GDP in contrast to the substantial impetus in the period up to early 1991.

Despite the job cutbacks at some large companies, other firms, especially smaller ones, are add-

2. Economic projections for 1993

Measure	Memo: 1992 actual	FOMC members and other FRB presidents	
		Range	Central tendency
Percentage change, fourth quarter average to fourth quarter average			
Nominal GDP	5.4	5¼–6¼	5½–6
Real GDP	2.9	2½–4	3–3¼
Consumer price index [1]	3.1	2½–3	2½–2¾
Average level, fourth quarter (percent)			
Unemployment rate [2]	7.3	6½–7	6¾–7

1. All urban consumers.
2. Percentage of civilian labor force.

ing to payrolls, albeit cautiously, and total employment has been rising modestly. The governors and Bank presidents expect this pattern to persist, with net gains in employment during 1993 likely to be sufficient to bring the unemployment rate down somewhat further over the year. The central tendency of the unemployment rate forecasts for the fourth quarter of 1993 extends from 6¾ percent to 7 percent; the remaining forecasts of the System officials range down to about 6½ percent.

The governors' and Bank presidents' forecasts of the rise in the consumer price index over the four quarters of 1993 extend from a low of 2½ percent to a high of 3 percent. Within that range, a large majority of the forecasts are clustered in the span of 2½ percent to 2¾ percent. The considerable progress that has been made in bringing down inflation during the past decade is providing one of the essential underpinnings for the sustained growth of real living standards over the long run.

However, achieving a satisfactory economic performance in 1993—and in the years thereafter—will depend on initiatives in many types of policy other than monetary policy. In coming months, the Congress and the new Administration will be grappling with a host of issues, including those related to fiscal policy, regulatory policy, and foreign trade policy. Farsighted approaches are needed in all those areas if the economy is to perform at its full potential over the long haul. In framing regulatory policy and foreign trade policy, the Congress and the Administration will need to keep an eye on potential costs and rigidities that could sap the vigor of a market economy. With regard to fiscal policy, credible action to reduce the prospective size of future federal budget deficits could yield a very direct and meaningful payoff in the form of lower long-term interest rates than otherwise would prevail. Such action would encourage capital investment and would go far toward relieving anxieties that many of the nation's citizens still have about longer-run economic prospects.

THE PERFORMANCE OF THE ECONOMY IN 1992

The economy began to exhibit renewed firmness in 1992, overcoming a host of impediments that have been working to retard the growth of activity. With the strengthening of growth in the second half, to a 3.6 percent rate, the rise in real GDP over the year cumulated to 2.9 percent, the strongest gain since 1988. Employment also picked up in 1992, but rather slowly; the unemployment rate continued to move up in the first half of the year, but thereafter followed a course of gradual decline. Inflation continued to trend lower in 1992, with most broad price indexes showing increases that were among the smallest since the mid-1960s.

The growth of household and business expenditures picked up appreciably in 1992. Households, for their part, began to spend more freely on motor vehicles and other goods, and their purchases of homes also strengthened, spurring additional gains in residential construction. Businesses began investing more heavily in new equipment; much of the gain went for computers and other electronic equipment embodying new technologies. Business outlays for nonresidential construction declined, on net, over the year, but by a much smaller amount than in 1991. In total, the final purchases of households and businesses rose about 4¼ percent in real terms in 1992, after declining in each of the two previous years; the 1992 gain matched that of 1988 and otherwise was the largest in eight years. By contrast, governments at all levels continued to be burdened by huge budget deficits in 1992, and for a second year their combined purchases of goods and services changed little in real terms. In addition, export growth was slowed by weakness of activity in several foreign industrial economies; despite improvement in the second half, the rise in real exports of goods and services over the year, 3½ percent, was only about half as large as the annual gains in 1990 and 1991. Meanwhile, the faster growth of domestic spending pushed up the growth in imports of goods and services to 9¼ percent in 1992.

Further progress was made in reducing inflation last year. The consumer price index excluding food and energy—a measure widely used in gauging the underlying trend of inflation—increased about 3½ percent over the four quarters of 1992; this was a full percentage point less than the increase during 1991. The total CPI rose about 3 percent over the four quarters of 1992, the same as in the previous year; energy prices, which had fallen sharply in 1991, turned up slightly this past year, while increases in food prices were quite small for the second year in a row. Except for 1986, when the CPI was pulled down by a collapse of world oil prices, the increases of the past two years are the smallest in a quarter century.

The Household Sector

The financial condition of households improved in 1992. Income growth picked up a little in the aggregate, the strains on household balance sheets eased a bit, and the spirits of consumers brightened markedly toward year-end. Growth in consumer spending followed a stop-and-go pattern through midsummer, but the gains thereafter were steadier and fairly sizable overall. Spending for residential investment also advanced over the year, by a considerable amount in total.

The aggregate wealth of households appears to have increased further during 1992. With stock prices increasing, the value of households' financial assets rose moderately, and the value of residential real estate also moved up, on average. On the liability side, households remained cautious in taking on new debt in 1992, and the burden of carrying debt continued to ease, owing both to slow growth in the volume of debt outstanding and to the further reductions in interest rates, which facilitated the ongoing substitution of new, lower-cost debt for old, higher-cost obligations. The incidence of households experiencing loan-repayment difficulties diminished over the year.

Income growth picked up moderately in 1992. Wages and salaries rose about 4¼ percent in nominal terms, after a gain of only 2¼ percent in 1991. In addition, proprietors' incomes benefited from the strengthening of economic activity, and, with corporate profits on the rise, the dividends paid to shareholders more than reversed their decline of the previous year. Transfer payments, which had soared as the economy softened in 1990 and 1991, continued to grow rapidly in 1992. By contrast, interest income trended sharply lower, as the rates of return on household deposits and other financial assets fell further. Total after-tax income got a temporary boost in 1992 from an adjustment of federal tax withholdings that took effect at the start of March. With inflation low, real disposable personal income increased nearly 2½ percent over the year—not a large gain by past cyclical standards, but nonetheless the biggest since 1988.

Real personal consumption expenditures rose about 3¼ percent over the four quarters of 1992, after essentially no gain over the two previous years. For a considerable part of 1992, the increases in spending were interspersed with stretches of sluggishness. A surge in consumer expenditures early in the year was followed by listlessness during the spring, and a second jump in spending around midyear was followed by still another bout of slow growth during the summer. However, the last few months of the year brought fairly sizable advances, boosting the growth of consumption expenditures to a rate of more than 4 percent in the fourth quarter.

Consumer expenditures for motor vehicles increased about 9 percent over the four quarters of 1992. More than half the gain came in the fourth quarter, when sales of new vehicles were boosted by special promotional incentives and, apparently, by a growing perception among consumers that better economic conditions lay ahead. At the start of 1993, after some of the more highly publicized promotional programs had ended, sales of cars and light trucks fell sharply for a brief time, but they since appear to have regained strength. More than likely, some fundamental support for sales is coming from the replacement needs of persons who had put off buying new vehicles during the recession and the early phases of the recovery.

Spending picked up during the second half of 1992 for many items other than motor vehicles, with notable gains in categories in which an element of discretion typically enters into households' purchasing decisions. Real outlays for furniture and household equipment rose at an annual rate of nearly 15 percent in the second half of 1992, and real expenditures for apparel climbed at nearly a 10 percent rate. In total, spending for consumer durables other than motor vehicles grew about 9 percent in real terms over the four quarters of 1992, after declining in each of the two previous years. Real outlays for nondurables, which also had fallen in both 1990 and 1991, rose almost 3 percent in the latest year. Real expenditures for services increased about 2 percent during 1992, slightly faster than in other recent years.

The personal saving rate—the share of disposable income not used for consumption or other outlays—rose moderately in the first half of the year, when concerns of households about the prospects for the economy apparently led them to adopt more cautious attitudes toward spending. The rate then turned down in the second half of the year as consumers began to spend more freely. The fourth-quarter rate was slightly below the average for 1992, but it was well within the range of quarterly observations seen over the past several years.

Real outlays for residential investment rose 15 percent during 1992, climbing to a fourth-quarter level nearly 25 percent above their recession low of early 1991. Most of the 1992 rise in residential investment came in the form of increased construction of single-family housing units, which benefited from the further net reduction in mortgage interest rates over the course of the year. Outlays for home improvements, which make up about one-fifth of total residential investment, also increased in 1992, after declining in each of the three previous years; repair of the damage caused by Hurricane Andrew accounted for part of that gain. By contrast, multifamily housing remained depressed; high vacancy rates and unfavorable demographic trends continued to be big obstacles to new construction activity in that portion of the market.

As with consumer spending, the gains in single-family housing activity tended to come in intermittent bursts through much of 1992. Sales of new homes surged early in the year, weakened in the spring, surged again during the summer, and then fell back just a touch in the fourth quarter; on net, the increase over the year amounted to 12 percent. Mortgage interest rates, although lower than in 1991, exhibited some mild swings during 1992, and these swings appear to have contributed to the fluctuations in home sales. Proposals early in the year for a tax credit for first-time homebuyers also may have affected the timing of purchases to some degree.

Construction activity in the single-family sector also had its ups and downs in 1992, influenced by unusual weather patterns as well as by the fluctuations in sales. Nonetheless, the trend over the year as a whole was decidedly upward, and the average level of starts in the fourth quarter was about 20 percent above that of a year earlier. In January, single-family starts fell back somewhat; volatility in the monthly data on starts is not unusual at this time of year, however.

Despite the large gains seen in 1992, starts in the single-family sector have retraced only part of the decline that took place in the late 1980s and early 1990s. Strong impetus for recovery has come from declines in mortgage interest rates, which have been considerably lower this past year than they were in 1986, when single-family starts were at their most recent annual peak. However, a number of other developments have continued to retard the recovery of housing activity. Uncertainties about job prospects no doubt have deterred some buyers from taking advantage of the lower rates on home mortgages. More broadly, recent demographic trends have been less favorable to growth in the demand for single-family housing than were the trends of the mid-1980s. The declines in house prices in a number of regions in recent years—and the more general lack of any real price appreciation to speak of—also may have affected demand to some extent; certainly, housing is no longer viewed by potential buyers as the sure-fire, high-yield investment that it was once thought to be.

Builders, for their part, have remained a little cautious, as have the lenders who finance new construction. In many cases, houses are being started only when a buyer is lined up; eagerness to build in anticipation of future sales is not widely apparent.

In the multifamily sector, the number of units started in 1992 was about 75 percent below the peak rates of the mid-1980s; the sector accounted for only 6 percent of total residential investment this past year. The overbuilding that occurred in the multifamily sector in the mid-1980s led to high vacancy rates that have stymied activity ever since. In that regard, little progress was made in reducing vacancy rates for multifamily rental units in 1992, despite the greatly diminished level of new construction. The speed at which the excess supply of space can be worked off is being limited by declines in the population of young adults, as well as by the slow rate of depreciation of these long-lived structures.

The Business Sector

The past year brought moderate increases in activity in the business sector of the economy. Production, sales, and orders rose, on net, over the year, and business profits continued to swing back up from the recession lows of 1991. Many businesses continued to undertake major structural changes designed to cut costs and enhance efficiency. The changes were manifest both through reorganization of existing operations and through investment in new technologies. Businesses also continued to shore up their finances, trimming away debt and building equity. Financial pressures persisted in the business sector in 1992, but, in general, they seemed to become less acute as the year progressed.

Industrial output rose nearly 3 percent from December 1991 to December 1992. Production fell in the first month of 1992 but then picked up, rising about ½ percent per month from February through May. During the summer, the expansion of activity seemed to be losing momentum; orders and shipments fell slightly, on net, from May to August, factory inventories backed up a little, and industrial production essentially flattened out over a four-month stretch. However, orders and shipments began moving up once again in September, and they increased considerably in the fourth quarter. Industrial production also picked up once again in the fourth quarter, and a further gain, amounting to 0.4 percent, was recorded in January of this year.

Business profits, which had taken a turn for the better late in 1991, improved further during 1992. The operating profits earned by nonfinancial corporations from their domestic operations rose 18 percent from the final quarter of 1991 to the third quarter of 1992, and a further gain seems implicit in the available data for the fourth quarter. (An actual estimate of fourth-quarter profits will not be published by the Commerce Department until late March.) Profits of these firms have been lifted, in part, by increases in the volume of output since the end of the recession. In addition, tight control over costs has led to increases in profits per unit of output. Unit labor costs of nonfinancial corporations have risen only slightly since the start of the current economic expansion, and their net interest costs have declined sharply, owing to lower interest rates and restraint in the use of debt. The domestic profits of financial corporations were strong in the first half of 1992 but were severely depressed in the third quarter by the unprecedented losses that insurance companies suffered in the wake of Hurricane Andrew; in the absence of the hurricane, profits in the financial sector would have increased in the third quarter.

The economic condition of smaller companies also seemed to improve somewhat in 1992. The past year's estimated rise in the profits of nonfarm proprietors was the largest annual gain since the mid-1980s; increases had been relatively small over the three previous years.

The net income of farm proprietors turned back up in 1992 after a moderate decline in 1991. Farm output rose to a record high in 1992, with strong gains for both crops and livestock. Prices, meanwhile, lagged year-earlier levels through much of 1992, but most of that slippage in farm prices already had taken place by the start of the year; the average level of farm prices in December 1992 actually was about the same as that a year earlier. Farm production expenses edged down for a second year as farm operators, like their nonfarm counterparts, continued to maintain tight control over costs.

Business investment in fixed capital rose about 8 percent in real terms during 1992, more than reversing the decline of the previous year. Spending for equipment increased in each quarter of 1992, and the gains cumulated to nearly 12 percent by the fourth quarter; with spare capacity still extensive in most industries in 1992, much of the gain in equipment spending over the year probably was a result of the desire of businesses to modernize their operations. Meanwhile, nonresidential construction spending, which had plunged 14 percent in 1991, fell by a much smaller amount in 1992—1½ percent according to the estimate in the most recent GDP report.

Spending for computers was at the forefront of the rise in equipment outlays in 1992. In terms of annual averages, the nominal outlays for office and computing equipment rose about 17 percent; the gains in real terms were much greater still, as technological advances and competitive market conditions combined to continue driving down the price of real, effective computing power. Businesses also boosted their outlays for telecommunications equipment, especially in the second half of 1992. Spending for motor vehicles strengthened in 1992, and investment in industrial equipment edged up after three years of decline. Spending for aircraft traced out a volatile pattern during 1992 and, for the year as a whole, was down only moderately from the high level of 1991; however, these outlays closed out the year on a weak note, and prospects for 1993 are not encouraging, given the losses that have been experienced by airline companies and the related cancellations and stretch-outs of orders.

The small decline in nonresidential construction outlays during 1992 reflected some widely divergent trends across the various types of construction activity. Spending for new office buildings fell sharply further during the year, to a fourth-quarter level that was about 60 percent below the peak of the mid-1980s. In addition, real outlays for industrial structures declined in 1992 for the second year in a row, influenced, no doubt, by the current high levels of unused industrial capacity and by the ongoing trend toward tighter control of inventories and concomitant reductions in needed storage space. Annual outlays for oil and gas drilling also fell further in 1992; a rise in drilling in the year's final quarter probably was prompted mainly by a year-end phaseout of certain tax incentives, although some drillers may also have been responding to an upturn in natural gas prices over the year.

Other types of construction activity fared better in 1992. Spending for commercial structures other than office buildings moved up over the year, after sharp declines in both 1990 and 1991, and the outlays of utilities rose appreciably, boosted by environmental requirements as well as by further moderate additions to capacity. Increases in construction spending also were reported for various types of institutional structures, such as religious facilities and hospitals.

The Government Sector

Government purchases of goods and services, the portion of government spending that is included in GDP, increased slightly in real terms over the course of 1992, after declining slightly during 1991. Federal purchases fell ½ percent in real terms over the year, as a further decline in real defense purchases more than offset another year of increase in real nondefense purchases. State and local purchases of goods and services increased about 1½ percent during 1992, a rise slightly larger than in 1991 but still well below the rates of increase seen through much of the 1980s.

Governments at all levels continued to be plagued by severe budgetary imbalances in 1992. At the federal level, the unified budget deficit rose about $20 billion in fiscal year 1992, to a level of $290 billion. With the economy gradually strengthening, the rate of increase in federal receipts picked up a little, to 3½ percent, from only 2¼ percent in fiscal 1991. However, spending once again rose faster than receipts; total federal outlays were up 4½ percent in fiscal 1992, after a rise of nearly 5¾ percent in the previous fiscal year.

The rates of growth in total spending in 1991 and 1992 may well understate the degree of upward momentum in federal outlays in those years. In 1991, total spending was held down considerably by a convention used in the federal budget to account for the flow of contributions to the United States from its allies in the Gulf War. Those contributions were counted as negative defense outlays rather than additions to receipts. Additional contributions from the allied countries were received in fiscal year 1992, but they were much smaller than in 1991. Another important factor at work in 1992, however, was a delay in funding the activities of the Resolution Trust Corporation, which kept the 1992 outlays for deposit insurance programs much lower than they otherwise would have been.

Excluding the outlays for deposit insurance and the effect of the allied contributions on reported levels of defense spending, federal expenditures rose about 6½ percent in nominal terms in fiscal year 1992, after an increase of nearly 9 percent in fiscal year 1991. Spending for entitlements, especially those related to health care and income support, continued to grow very rapidly in 1992. In the health area, federal outlays for Medicaid increased nearly 30 percent, and spending for Medicare rose 14 percent. Spending for income security was boosted in 1992 by further large increases in unemployment benefits and food stamp disbursements. In dollar terms, the combined rise in outlays for health care and income security amounted to about $60 billion. Increased expenditures for social security added almost another $20 billion.

Combined spending for all other programs rose only slightly in fiscal year 1992. Within that broad and diverse grouping, defense outlays fell sharply in nominal terms, once adjustment is made for the allied contributions, but some nondefense functions posted large increases in outlays.

State and local governments saw no relief from budgetary pressures in 1992. The combined deficit in their operating and capital accounts, net of social insurance funds, widened a bit over the first three quarters of the year, reversing the small improvement that had been achieved in the latter part of 1991. As is true at the federal level, a rapidly rising level of mandated transfer payments to individuals for health and income support is at the core of the budget difficulties of many states and localities; in nominal terms, transfer payments in the fourth quarter were about 16 percent above the level of a year earlier.

Construction spending by state and local governments picked up in 1992. According to preliminary data, the real gain in these outlays amounted to about 3½ percent over the four quarters of the year. Spending for highways increased considerably in 1992, and outlays for buildings other than schools were strong in the first half of the year. Construction of educational facilities, which has been boosted by increases in the school-age population in recent years, rose further in 1992, but the increase was small, both in absolute terms and relative to the gains in most other recent years.

Growth in other major categories of state and local expenditures was restrained. Compensation of employees, which accounts for more than half of total state and local expenditures, increased about 1½ percent in real terms over the four quarters of 1992; in nominal terms, the rise over the year amounted to about 4½ percent, similar to that of 1991 but much less than the nominal increases seen in the years before 1991. Restraint on wage growth was widespread in the state and local sector in 1992, and although total employment in the sector grew a little faster than in 1991, hiring freezes, furloughs, and layoffs continued to be reported in some hard-pressed jurisdictions. State and local purchases of durable and nondurable goods—such things as equipment and supplies—apparently grew little in real terms over the course of 1992. Real purchases of services from outside suppliers apparently edged down for the third year in a row.

Many states and localities have implemented tax increases in recent years in an effort to bolster receipts. In addition, grants-in-aid from the federal government have been rising rapidly, and, in 1992, improvement in the economy helped boost receipts to some degree. In total, state and local receipts rose 7½ percent in annual average terms in 1992, outpacing the growth of nominal GDP by a considerable amount. However, for the third year in a row, the increase in receipts fell short of the annual rise in nominal expenditures, which amounted to 8 percent in 1992.

The External Sector

The trade-weighted foreign exchange value of the U.S. dollar, measured in terms of the other G-10 currencies, rose nearly 6 percent on balance from December 1991 to December 1992. The dollar increased over the first three months of 1992 amid expectations of strengthening economic recovery in the United States and slowing economic growth abroad. Over the summer, however, the dollar declined to a point below the previous year's low as growth of the U.S. economy was perceived to be more sluggish than expected and as the Federal Reserve eased short-term interest rates further. The dollar reversed direction again in the fall, strengthening sharply in the wake of turmoil in the European Monetary System and, more important, on evidence of increased momentum in the U.S. economic expansion and sluggish conditions in foreign industrial economies. The dollar's rise continued into the early weeks of 1993.

On a bilateral basis, the net rise in the weighted average dollar over 1992 primarily reflected sharp increases in the dollar's value against several European currencies and against the Canadian dollar. Denmark's rejection of the Maastricht Treaty in early June called into question the future of European monetary and political union and led to pressures on the exchange rate mechanism (ERM) of the European Monetary System. In September, those pressures intensified enough to force Italy and the United Kingdom to withdraw from the ERM, and their currencies depreciated sharply. For the year as a whole, the dollar appreciated against those two currencies by 19 percent and 18 percent respectively. Several other European currencies, including those of Spain, Portugal, and the Scandinavian countries, also depreciated sharply against the dollar in the autumn. The parity of the French franc with the German mark was maintained within the ERM, but at the cost of relatively high French short-term interest rates in the face of a sluggish French economy and rising unemployment.

The dollar fell more than 7 percent against the German mark from December 1991 to August 1992, as German monetary policy, responding to relatively high German money growth and inflation, remained tight longer than market participants had expected. That decline of the dollar was more than reversed during the fall and winter, however, as it became clear that German economic activity had turned significantly downward and as German monetary policy was eased somewhat. By mid-February 1993, the dollar was about 5 percent higher against the mark than it had been in December 1991.

The dollar depreciated about 6 percent on balance against the Japanese yen during 1992 and early 1993, despite a noticeable decline in Japanese GDP during the second and third quarters and a significant reduction in Japanese interest rates. The net strengthening of the yen probably can be attributed, at least in part, to market reactions to a substantial widening of Japan's external surplus.

The U.S. merchandise trade deficit widened to about $84 billion in 1992, compared with $65 billion in 1991 (Census basis). Imports grew about twice as fast as exports as the U.S. economic recovery gained some momentum, while economic growth in U.S. markets abroad was sluggish on average. Early in the year, the deficit narrowed somewhat when a drop in oil prices lowered the value of imports. The deficit widened sharply in the second quarter, however, when imports surged and exports remained about unchanged. During the second half of 1992, imports continued to expand somewhat more rapidly than exports, and the deficit increased further.

The current account balance worsened substantially more than the trade deficit, moving from near balance in 1991 to a deficit of $51 billion at an annual rate over the first three quarters of 1992. However, one-time cash transfers associated with the Gulf War accounted for most of the difference; these transfers had reduced the current account deficit by $42 billion in 1991, but they reduced it by only about $2 billion at an annual rate during the first three quarters of 1992. Excluding these transfers, the current account deficit weakened somewhat less than the trade deficit, owing to a strengthening of net service receipts.

U.S. merchandise exports grew 4½ percent in real terms over the four quarters of 1992. Most of the increase occurred in the second half of the year and consisted largely of stronger shipments of agricultural goods, computers, other machinery, and automotive products. Excluding agricultural products and computers, the quantity of exports grew only 1 percent in 1992, compared with a rise of 6½ percent in 1991; the slowdown was mainly a reflection of sluggish demand in key industrial countries. By region of the world, most of the increase in exports during 1992 went to areas that continued to register moderate to fairly strong rates of economic growth—primarily developing countries in Asia and Latin America. Exports to Japan and to European countries, whose growth rates probably averaged less than 1 percent when weighted by the shares of those countries in U.S. exports, actually declined in 1992.

Merchandise imports grew 10½ percent in real terms during 1992. Two categories—oil and computers, the latter of which includes peripherals and parts—accounted for a significant portion of that rise. Oil imports rose 13 percent over the four quarters of 1992 as U.S. consumption of petroleum products recovered from depressed levels in 1991 and as domestic oil production resumed its long-run downtrend. U.S. domestic sales of computers were very strong beginning in the summer, fueled by price wars and by a push on the part of U.S. businesses to upgrade PCs and workstations to take advantage of improvements in software. Most of the sales were at the lower end of the spectrum of computer products—items that often are imported. Imports of products other than oil and computers increased 5¼ percent in 1992 as domestic demand in the United States picked up. The strongest increases were in a wide range of consumer goods, especially from China and various other developing countries in Asia. Imports of telecommunications equipment, electric machinery, and other types of machinery also showed significant increases in 1992, for the first time since 1988.

For the first three quarters of 1992, the substantial current account deficit was more than matched by recorded net capital inflows, both official and private. Net official inflows amounted to more than $30 billion at an annual rate, despite substantial net outflows associated with intervention sales of dollars by major foreign industrial countries. Net private inflows were almost as large, with banks accounting for a large part of these inflows. The agencies and branches of Japanese-based banks used funds from abroad to substitute for a runoff in CDs outstanding in the United States, while other foreign-based banks used funds from abroad to help finance asset expansion in the United States. A reduction in the holdings of Euro-deposits by U.S. residents also contributed to the net private capital inflow during the first three quarters of the year, but that reduction was partially reversed in the fourth quarter.

Although securities transactions contributed little to the net inflow of capital in the first three quarters of 1992, the continued impact of the globalization of financial markets was apparent. U.S. net purchases of foreign stocks and bonds were very strong, accompanied by a near-record pace of foreign bond issues in the United States. During the same period, foreigners added substantially to their holdings of U.S. government and corporate bonds; however, they made net sales of U.S. equities.

U.S. direct investment abroad was very strong in the first three quarters of 1992. Outflows to Europe remained high, while outflows to Latin America and Asia grew. In contrast, foreign direct investment in the United States fell further, producing a net outflow. The rate of new foreign direct investment in the United States has declined dramatically in recent years from large inflows recorded during the latter part of the 1980s, partly reflecting the sharp drop in mergers and acquisitions in the U.S. business sector. In addition, the very low rates of return reported by foreign direct investors on their holdings in the United States in recent years may have helped discourage new investment.

Labor Market Developments

The labor market remained relatively sluggish in 1992. Some large companies continued to undergo major restructurings or reorganizations, and these changes led in many cases to permanent work force reductions at those firms. More generally, businesses remained hesitant to take on new workers, even as the recovery progressed. The still-sluggish pace of output growth in the first half of the year tended to limit labor requirements during that period. Later on, when firms started to expand output more rapidly, they were able to do so without making major long-term hiring commitments. Needs for additional workers were met, in many cases, through use of temporary-help firms, rather than through permanent additions to companies' own payrolls.

Nonetheless, the tilt of the overall employment trend was positive, rather than negative as it had been in 1990 and 1991. Payroll employment, a measure that is derived from a monthly survey of business establishments, was up about 600,000 during 1992 and an additional 100,000 in January. The number of jobs in manufacturing fell further in 1992, but not as much as in either of the two previous years; small increases in the number of factory jobs were reported toward year-end and in early 1993. In addition, employment in construction changed little in 1992, after two years of sharp decline.

About 900,000 new jobs were created in the service-producing sector of the economy in 1992. The number of jobs in retail trade turned up a little, on net, after dropping about one-half million over the two previous years. In addition, firms that provide services to other businesses recorded strong employment growth in 1992; more than likely, these firms were the ones that benefited most from the tendency of businesses to purchase labor and services from other firms rather than hire additional workers of their own. Employment in health services, which had remained on a strong upward trend right through the recession, continued to grow rapidly in 1992.

The employment measure that is derived from the monthly survey of households was stronger than the payroll measure in 1992; it showed an increase of about 1½ million in the number of persons holding jobs and by year-end had moved back close to the previous cyclical peak of mid-1990. Reasons for the stronger performance of the household series are not entirely clear. Differences in coverage between the household survey and the payroll survey accounted for only a small part of the 1992 gap, and other possible explanations are little more than conjecture at this point. A portion of the gap between the two series was eliminated in January, as the rise in jobs reported in the payroll survey in that month was accompanied by a decline in the household measure of employment.

The number of unemployed persons increased in the first half of 1992, to a peak in June of nearly 9.8 million. Job losses—many of them apparently permanent—continued to mount in the first half of the year, and new job opportunities did not open up fast enough to fully absorb either those workers or others entering the work force for the first time. As a result, the unemployment rate rose more than ½ of a percentage point in the first half of the year, to a June level of 7.7 percent.

The second-half outcome was more favorable. The number of unemployed persons declined about one-half million from June to December, and the unemployment rate moved down over that period, to a level of 7.3 percent at year-end. Some of the workers who had been laid off temporarily were recalled in the second half of the year. In addition, the number of unemployed workers not expecting to be recalled—the so-called permanent job losers—also declined; presumably, these workers either found new jobs elsewhere in the economy or dropped out of the labor force altogether. A similar story applied to unemployed new entrants, a category of jobless workers whose ranks were a little thinner at the end of 1992 than they had been at midyear. In January of this year, the number of unemployed persons fell further, and the unemployment rate edged down to 7.1 percent.

In the aggregate, the civilian labor force—the sum of those persons who are employed and those who are looking for work—rose sharply in the first half of 1992 but changed relatively little thereafter. Its level in January of 1993 was up about one million from that of a year earlier. The labor force participation rate—the proportion of the working-age population that is in the labor force—fell over the second half of the year and into January of 1993, leaving it about where it had been at the end of 1991.

Against a backdrop of slack in labor markets and in the context of reduced inflation, the rate of rise in workers' hourly compensation continued to slow in 1992. The employment cost index for private industry—a measure of labor cost that includes both wages and benefits and that covers the entire nonfarm business sector—increased 3½ percent from December of 1991 to December of 1992. The index had risen nearly 4½ percent in the previous twelve-month period, and as recently as mid-1990 its twelve-month rate of change had exceeded 5 percent. The employment cost index for wages and salaries increased only 2.6 percent during 1992; this was the smallest annual rise ever reported in this measure, which dates back to 1975. The rate of rise in the cost of benefits provided by firms to their employees also slowed in 1992, but the size of the increase—5¼ percent—was still relatively large. Many firms, both large and small, continued to be pressured by the rising cost of medical care for their employees and by the increased cost of workers compensation insurance; the difficulty of bringing these costs under control may well have been a serious deterrent to increased hiring in 1992.

Despite the further slowdown in nominal compensation per hour in 1992, the purchasing power of an hour's labor appears to have risen in real terms, as the nominal increase in hourly wages and benefits, as measured by the employment cost index, outpaced the rise in consumer prices for the second year in a row. Real compensation, computed in this manner, had declined sharply in 1990, and the increase in 1989 had been barely positive.

Sustained increases in real living standards depend ultimately on achieving advances in the productivity of the work force, and on that score the economy performed well in 1992. Output per hour worked in the nonfarm business sector jumped 3 percent over the year, the largest annual gain since 1975. Although a portion of this large rise is no doubt a reflection of normal cyclical tendencies, longer-range improvement in productivity growth also may be in progress. The jump in output per hour in 1992, combined with the slowing of compensation gains, held the annual increase in unit labor costs to just 0.7 percent.

Price Developments

The consumer price index rose 3 percent over the four quarters of 1992, the same as in the previous year. Energy prices, which had fallen in 1991, turned up a little in 1992, but price increases elsewhere in the economy were generally smaller than those of the previous year. The limited rise in labor costs in 1992 was one important factor exerting restraint on the rate of price increase. In addition, the cost of materials used in production rose only moderately over the year, as did the prices of goods imported from abroad. Although inflation expectations, as reported in various surveys of consumers and business officials, have remained a step or so above actual inflation rates, they too appear to have moved lower over time. On average, their recent levels are about in line with—or, according to some surveys, less than—the lower bound of the range of inflation expectations reported during the 1980s. In view of these recent trends in prices, labor costs, and inflation expectations, the January rise of 0.5 percent in the CPI appears to be something of an aberration.

The CPI for food increased a bit less than 1¾ percent in 1992, the same as in 1991. Not since the 1960s has there been a two-year period in which the cumulative increase in food prices was so small. This low rate of food price inflation in 1991 and 1992 was, in part, a reflection of the same factors that were working to pull inflation down in other parts of the economy. In addition, food prices have been restrained by favorable supply conditions in the farm sector. Meat production rose further in 1992, and the output of crops soared. Dryness in some regions imparted temporary volatility to crop prices in late spring. Thereafter, growing conditions turned exceptionally favorable and remained so through the summer and into early autumn. Unusually wet conditions in some regions later on in the autumn apparently made only a small dent in the eventual size of the harvest.

The rise in consumer energy prices over the four quarters of 1992 amounted to about 2½ percent. The previous year, energy prices had fallen 8 percent. With no major supply or demand shocks springing up in world oil markets in 1992, the price of West Texas Intermediate stayed in the relatively narrow trading range of about $18 to $23 per barrel; the price has remained in that range in the early part of 1993. At the retail level, price changes for petroleum products were mixed in 1992; the price of gasoline rose about 3 percent, while fuel oil prices declined moderately. The CPI for natural gas rose about 5 percent in 1992, considerably more than in other recent years. Although much of that rise in gas prices came in the second half of the year in the wake of supply disruptions caused by Hurricane Andrew, prices of gas at the wellhead had already moved up considerably before the hurricane hit, in response to a somewhat tighter supply–demand balance than had existed over the previous year or so.

The CPI excluding food and energy rose 3.4 percent over the four quarters of 1992, a percentage point less than it had risen in 1991. The slowdown was widespread among the various categories of goods and services that are included in this measure of core inflation. The rate of rise in the cost of shelter—the single most important category in the CPI, with a weight equal to more than one-fourth of the total—slowed further in 1992; rents for both apartments and houses apparently were damped by the large amount of vacant housing that was available in many parts of the country. The prices of other services that are included in the CPI—which collectively make up another one-fourth of the total index—also slowed appreciably in 1992; nonetheless, their overall rate of increase remained relatively high. The costs of medical care services and tuition continued to rise much faster than prices in general in 1992, and airfares rebounded from their 1991 decline. The CPI for commodities other than food and energy rose 2½ percent during 1992, after an increase of more than 4 percent over the four quarters of 1991. Price increases for this broad category of goods were restrained by the cost and price developments in manufacturing: Unit labor costs in manufacturing actually declined in 1992, and the producer price index for finished goods rose less than 2 percent.

After falling sharply from mid-1990 to the end of 1991, the prices of industrial commodities generally changed little, on balance, during 1992. By the end of 1992, however, prices for some industrial metals had begun to tilt up, consistent with the pickup in the pace of industrial expansion toward year-end, and additional price increases have been reported in some of these markets in early 1993. The prices of lumber and plywood—following a path considerably different from that of most other commodities—rose substantially during 1992, and further steep increases have been evident in early 1993. The surge in prices of these products appears to be a reflection of the uptrend in single-family housing construction, weather-related supply disturbances in some timber regions, and adjustment of the logging industry to environmental restrictions that have been implemented in some areas of the country. Prices of some other wood products, such as pulp, also rose sharply at the producer level in 1992.

The recent increases in prices of these raw materials have shown through to some extent to broader measures of producer prices. For example, the producer price index for intermediate materials excluding food and energy—a price index that encompasses a wide range of production materials—rose 1 percent during 1992 after declining about ¾ of a percentage point during 1991, and the past couple of months have seen some further pickup in that measure of price change. From an economywide perspective, however, that pickup in materials prices has not been sufficient to dominate the deceleration in labor costs, which account for a far greater share of total production costs.

MONETARY AND FINANCIAL DEVELOPMENTS IN 1992

Federal Reserve policy in 1992 was directed at promoting and extending the recovery from the 1990–91 recession, in the context of continued progress toward price stability. The difficulty of designing and implementing constructive monetary policies during this period has been exceptional. In 1992, as earlier, economic activity was held back to an unusual degree by the efforts of households, nonfinancial businesses, and some key providers of credit to the economy, including commercial banks, to strengthen their balance sheets. These forces have tended to alter the normal relations between financial flows—particularly those reflected in movements in M2 and M3—and the behavior of the economy. Under the circumstances, the Federal Reserve has had to take a flexible approach to the use of money and credit aggregates as intermediate policy targets; specifically, in light of evidence that expansion in economic activity was being financed to an unusual extent in capital markets rather than through banks and other depositories, the System tolerated shortfalls of M2 and M3 from their target ranges.

The Federal Reserve judged it appropriate to ease reserve conditions on three occasions in 1992, when financial and economic data suggested that the economy might be losing momentum. The extent of the easings last year was considerably less than in 1991, however, as the underlying trend of the economy overall was more positive. Partly as a result of the cumulative effect of the monetary easings of recent years, economic activity accelerated in 1992 to its fastest pace since 1988. This pickup was achieved even as various measures of inflation evidenced further slowing, with the "core" inflation rate falling to levels last seen in the early 1970s. Thus, 1992 was a year not only of financial repair, but also of improved aggregate economic performance in the United States.

The Implementation of Monetary Policy

The year 1992 began with short-term interest rates at their lowest levels in more than a quarter of a century, following a series of actions by the Federal Reserve in the latter part of 1991 that reduced the discount rate and the level around which the federal funds rate was expected to trade to 3½ percent and 4 percent respectively. Long-term rates were also at lower levels, reflecting the policy actions and a weakening of economic activity in the final quarter of 1991.

Evidently in the expectation that these rate cuts would revive the recovery, the stock market began the year with strong upward momentum, and the dollar appreciated. However, other evidence that the economy was picking up remained scanty in the initial part of the year, despite the significant monetary stimulus already in place and the positive developments in equity and capital markets. Apart from rising housing starts, a phenomenon in part related to special weather and tax factors, the economy appeared sluggish and confidence levels were low. Spending by households and businesses seemed to be restrained by efforts to strengthen financial positions, and banks had done little to reverse the substantial tightening of lending standards that occurred in 1990 and 1991. In view of the still-tentative nature of the recovery and the solid progress against inflation that had been made to that point, the Federal Open Market Committee at its first meeting of 1992 instructed the Manager of the Open Market Account at the Federal Reserve Bank of New York to remain especially alert to evidence that money market conditions might need to be eased before the next scheduled meeting of the Committee. Such a policy stance biased toward ease had prevailed over much of 1991.

M2 and M3, which had posted moderate gains in January, surged in February, owing partly to stronger income and earlier sharp declines in short-term interest rates and partly to special factors—above-average tax refunds and a jump in mortgage refinancing, which results in funds being held temporarily in demand deposits. Underlying money growth remained very weak, however, and well below that consistent with expectations based on the historical relationship of money with income, deposit rates, and market interest rates. In March, as the influence of the special factors abated, M2 was about flat and M3 contracted.

The economy seemed to be improving during much of the first quarter: Retail sales and housing starts were strong, industrial production turned up, and confidence levels of the business and household sectors were rising, as was the quality of their balance sheets. The signs of recovery and the market view that the prospects for further near-term monetary ease had faded caused long-term interest rates to increase, and the dollar rose on foreign exchange markets as well. Increases in private interest rates were less than increases in rates on Treasuries, likely reflecting perceived reductions in the riskiness of private debt as the economy strengthened coupled with concerns about enlarged Treasury demands on credit markets stemming from discussions of possible fiscal stimulus. Areas of weakness in the economy remained, however—some attributable to the substantially overbuilt commercial real estate sector and some to the transition to a smaller defense sector. In addition, the backup in long-term interest rates threatened to slow the pace of balance sheet adjustment and could damp housing and its related industries as well as business investment spending, and the outlook for exports clouded.

In early April, the System eased reserve conditions again. The action was taken on indications that the monetary aggregates, already at the bottom of their target ranges after their flat performance in March, were beginning to contract, that the balance of evidence was beginning to suggest a slowing of the economic expansion, and that inflation was continuing to recede. Short-term interest rates fell more than the ¼ percentage point drop in the trading level of the federal funds rate, as market participants judged the economy sufficiently weak to make further near-term monetary easing moves likely. The easing buoyed the stock market, but long-term rates showed a limited response and remained well above year-end levels.

In the weeks following the easing, the economy appeared to improve a bit, but the evidence continued to be mixed. Single-family housing starts, which had contracted in March, fell considerably further in April, and retail sales were little changed on balance between February and April. On the other hand, nonfarm payroll employment and industrial production continued to expand. Weakness in the monetary aggregates persisted into April, but concerns on this front were allayed to some degree by evidence that this was importantly related to the ongoing rechanneling of credit away from depository institutions and into capital markets, and by expectations that this rechanneling and other financial restructuring would continue to damp money growth considerably more than economic activity. Moreover, what restraint balance sheet restructuring was exerting on spending was seen as likely to abate in view of the considerable progress that by then had been made in this area, both by the borrowing sectors and by depository institutions, as banks added rapidly to capital. At its mid-May meeting, the Committee determined that its bias toward ease in assessing possible intermeeting policy changes was no longer appropriate.

Data becoming available over subsequent weeks, however, suggested that the forces restraining economic expansion continued to be quite strong. The contraction of consumer credit accelerated, and bank loans more generally began to run off. With the forces that had been constraining money growth intensifying, all three monetary aggregates contracted in June.

Nonfinancial data confirmed that the economy remained slack. Although both nonfarm payroll employment and industrial production increased in May for the fourth straight month, the unemployment rate rose sharply, owing to a rising labor force participation rate. Moreover, homebuying and retail sales, other than of automobiles, slowed from the pace earlier in the year, and demand for U.S. exports was held down as growth in some foreign industrial countries slowed or turned negative while other countries struggled to recover from their downturns in 1991 or remained in recession.

With the tenor of incoming economic news having become distinctly negative, long-term Treasury rates, which had been little changed over most of May and June, turned down around midyear, although they remained above year-end lows. In light of these developments, and with the downward trend in inflation continuing, the System reinstated its bias toward ease at its midyear meeting. Immediately after that meeting, on July 2, with evidence of a weakening economy confirmed by a further rise in the unemployment rate, to 7¾ percent in June, the Federal Reserve reduced both the discount rate and the federal funds rate by ½ percentage point, to 3 percent and 3¼ percent respectively. Banks lowered their prime rate, also by ½ percentage point, to 6 percent, leaving its unusually wide spread over market rates intact.

Long-term interest rates fell in response to the employment data and the monetary easing, and they moved down further into early August as the incoming economic news continued to be poor.

The drop in yields brought long-term rates to the lowest levels since the early 1970s, and the dollar continued to retreat from its peak levels reached in April.

In early September, with another weak labor report and in the context of contracting industrial production and expansion in the monetary and credit aggregates that, while now positive, was weaker than had been expected, reserve conditions were eased further and the federal funds rate fell to around 3 percent. Shorter-term market rates dropped on this action, bringing them to the neighborhood of zero in real terms. Despite the poor economic news and expectations that further easing moves were in the offing, long-term rates, although they initially declined, drifted back up on renewed concerns that the federal deficit would be enlarged by fiscal actions taken to stimulate the economy.

Throughout the late summer and early fall, policy was conducted against a background of tension in foreign exchange markets; a strong deutsche mark had caused several European countries to raise interest rates sharply to preserve fixed exchange rate relationships with and within the exchange rate mechanism of the European Monetary System at a time when aggregate demand in these countries was slowing or sluggish. The dollar continued to decline into early September but then began to firm. The rise in long-term rates contributed to the reversal, as did actions by several European countries to devalue their currencies, in some cases dropping out of the ERM, and to lower interest rates.

With short-term interest rates in the United States lower, the monetary aggregates continued to expand in September. The implications of the strength of M2 were difficult to assess, however, because it reflected to an uncertain degree the impact of mortgage refinancing on demand deposits as well as strong foreign demands for U.S. currency. Stronger income also appeared to be contributing to money growth, as private employment edged up and the unemployment rate declined in September. Nevertheless, the outlook for the economy remained uncertain. Final demand seemed weak and was being met in part through higher imports, holding down industrial production and employment, and business and consumer sentiment remained relatively depressed.

In these circumstances, the Committee established a strong bias toward ease at its early October meeting. In the event, however, an improvement in economic indicators immediately after the meeting, along with evidence of some strength in M2 and bank credit, stayed any further easing actions. Because anticipation of further easing had been built into the structure of interest rates, short-term rates backed up after the meeting. Rates also rose at the long end, responding to growing expectations that fiscal stimulus could follow the upcoming presidential election, as well as to the indications of improved economic performance.

Evidence of greater economic strength continued to accumulate in a variety of indicators of production and spending over the fourth quarter. Although this news initially put further upward pressures on longer-term interest rates, these came to be muted and then reversed as the better economic prospects, along with statements and actions of the incoming Administration, began to be viewed as reducing the likelihood of outsized fiscal stimulus. Also helping to lower longer-term rates was continuing good news on inflation. These factors, buttressed by an increasing focus in public discourse on reducing the federal deficit, continued to play an important role as long-term rates fell further into the new year.

With the better economic news, the Federal Reserve kept reserve conditions and short-term interest rates unchanged as the year ended, and the Committee at its December meeting decided to move back to a symmetric policy stance. Reflecting the improved economic outlook, a stock market rally developed that rivaled in strength the rally at the beginning of the year, and the dollar rose further.

Although the monetary aggregates strengthened a bit in the fourth quarter, the depressing effects of balance sheet restructuring continued to be important, a fact that became clearer once the hard-to-measure temporary boost to deposits deriving from higher mortgage refinancing abated after October. The velocities of both M2 and M3 rose significantly further in the final quarter of the year, contributing to the exceptional velocity increases posted by both measures for the year as a whole.

Monetary and Credit Flows

Credit flows again were quite damped in 1992, and money growth was exceptionally weak. Despite an appreciable pickup in nominal GDP growth last year, the broad monetary aggregates decelerated further, and expansion of the nonfinancial debt aggregate edged up only a bit. As had been the case for the last couple of years, considerable efforts by key sectors of the economy to improve balance sheets had a significant restraining effect on credit and, especially, on money growth—a much greater effect than they had on spending itself. Growth of the debt of nonfinancial borrowers other than the federal government edged up only ¼ percentage point from 1991, to 2½ percent, as businesses and households restrained borrowing by financing spending out of cash flow and equity issuance and by limiting accumulation of financial assets. The expansion of federal debt slowed slightly to a still-rapid 10¾ percent, held down by the lack of activity by the Resolution Trust Corporation (RTC) after April, when it exhausted its legislative authority to fund losses at savings and loans. Reflecting the slowdown in the activities of the RTC and the improving health of depositories, federal outlays attributable to deposit insurance activity fell from around $50 billion in 1991 to nil last year. The total nonfinancial debt aggregate expanded about 4½ percent last year, at the lower end of its monitoring range.

The sluggishness in credit and money growth last year appeared to represent mainly weak demand, rather than any new tightening of credit supply terms. At banks, loan flows were depressed, and, in the absence of appreciable credit demands, bank asset growth mainly took the form of security acquisitions. Some have argued that the shift to government securities over recent years has been motivated by the Basle risk-weighted capital standards, which require capital against loans but not against many government securities. However, the effect of these standards appears to be relatively minor. As in 1990 and 1991, banks that had already achieved adequate capital positions were the major purchasers of U.S. Treasury and agency securities last year, and loan flows were depressed at these banks as well. Moreover, other regulatory factors may be contributing to a reduction in willingness to take deposits and make loans, including rising deposit insurance premiums and the tighter regulations and requirements of new laws governing banks and thrift institutions in recent years. A similar pattern of asset growth concentrated in government securities occurred at credit unions, which are not subject to the Basle capital standards. Although loan growth at banks remained lackluster, it strengthened in the final quarter of the year as the economy began to expand more rapidly. At the same time, the growth of bank holdings of government securities, which had been very rapid all year, slowed.

To be sure, the pickup of bank lending toward year-end seemed primarily related to stronger demand. Banks gave little indication in Federal Reserve surveys that they had begun to ease the tighter lending standards and terms that they had put in place in 1990 and 1991, and the unusually wide spread of the prime rate over market rates persisted. Banks do seem better positioned to meet increases in demand than they were a few years ago. Not only has their liquidity improved with the acquisition of government securities, but they have made substantial progress in improving capital positions, including leverage ratios—which are unaffected by asset composition—as both profits and debt and equity issuance reached record levels in 1992. Moreover, the quality of their assets showed some scattered signs of improvement last year; the delinquency rate for bank loans, though still high, began to turn down, as did the rate of charge-offs.

Other financial intermediaries also have taken steps to strengthen balance sheets, and the availability of credit from these lenders also remains somewhat constrained—though probably not more so than in 1991. Life insurance companies, for example, have suffered from an abundance of bad loans and remain saddled with poor-quality commercial real estate loans. Such firms have been limiting acquisitions primarily to high-quality, easily marketable assets, meaning that, as in 1991, some medium-sized, below-investment-grade companies found credit from life insurance companies difficult to obtain in 1992. Some business finance companies also have experienced high and rising levels of nonperforming loans, many of which were secured by commercial real estate, with effects on their willingness to make new loans.

Downgradings of the manufacturing parents of automobile sales finance companies have led to some increases in their funding costs. To date, however, there has been little or no effect on the cost or availability of consumer credit, as these finance companies have increased the volume of loans they have securitized. The availability of credit at thrift institutions likely improved a bit last year. Reflecting the declines in interest rates, profits of private sector savings and loan associations had reached a record level as of the third quarter, sustained by a wide spread between interest earned on assets and the cost of funds as well as by a decline in the industry's still high level of troubled assets.

Weak credit demand and constraints on some sources of supply have produced generally sluggish borrowing in each major nonfinancial sector other than the federal government. Overall household borrowing accelerated slightly but continued moderate, as demand was depressed by insecurity about employment as well as by efforts to restructure balance sheets. Declines in mortgage rates promoted only about a ½ percentage point boost to net home mortgage growth, but they spurred a substantial volume of refinancing. Some of the proceeds of mortgage refinancings likely were used to pay down higher-cost consumer credit. Consumer credit also was held down last year as households apparently used funds that otherwise would have been held in low-yielding deposits to reduce high-cost debt.

With the pace of debt accumulation by the household sector damped, and with rates on consumer debt falling and mortgage debt being refinanced at lower rates, the ratio of debt-servicing payments to household income declined considerably further last year. Another sign of improving household financial conditions has been recent trends in delinquency rates. Consumer loan delinquency rates mostly fell last year, although they remain at high levels. Home mortgage delinquency rates were little changed on balance last year and still somewhat above their pre-recession levels, but well below those of the mid-1980s.

Business debt grew only slightly last year as internally generated funds exceeded investment spending. Taking advantage of the strong stock and bond markets, nonfinancial corporations stepped up their equity issuance and refinanced large volumes of longer-term debt at more favorable rates. In part, the proceeds of these issues were used to pay down short-term debt, particularly bank loans, thereby lengthening liability structures.

The hospitality of the capital markets extended even to lower-graded business borrowers, which issued substantially more bonds than in recent years. Overall public gross bond issuance by nonfinancial corporations was well above the 1991 level. Likewise, gross equity issuance by nonfinancial corporations also rose from the already high pace of 1991 and was four times that of the late 1980s and early 1990s. As a result of debt refinancing and sales of equity, corporate net interest payments as a percentage of cash flow fell for the second year. As declining interest rates allowed firms to reduce debt burdens, and as the economy advanced, corporate debt ratings began to improve and quality spreads narrowed.

The state and local sector also benefited from the rate declines last year, with large amounts of debt being refinanced, including a large volume that was called. Net debt growth continued to be moderate, however, as this sector's spending remained constrained.

Although balance sheet restructuring has damped credit flows and spending, its greatest impact has been on the monetary aggregates, as an unusually high proportion of spending in recent years has been financed outside the depository system, whose liabilities make up the bulk of the monetary aggregates. Some of this spending has been supported through sources other than borrowing, for example, by issuing equity or restraining the accumulation of liquid assets. Depository credit expanded last year, following two years of contraction, but it continued to shrink as a share of nonfinancial debt as borrowers concentrated their credit demands in long-term securities markets—bonds for corporations and fixed-rate mortgages for households.

The sluggish expansion of depository credit was echoed in M3, which comprises most—though not all—of the instruments depositories use to finance their credit extensions. In fact, growth of M3 slowed last year to ½ percent despite the pickup in depository credit, as depositories relied much more on equity issuance and sales of subordinated debt, which are not in M3. Large time deposits at banks and thrift institutions fell rapidly. The tendency for spending to be financed outside of depositories, along with the latter's reliance on non-M3 funds, produced a sizable increase in M3 velocity last year—at a rate far above that of recent years. The rise in velocity of M3 would have been even greater had it not been for strong inflows into institution-only money funds over the first three quarters of the year. The attractiveness of these funds increases when short-term interest rates are falling, a phenomenon caused by the fact that the funds do not mark to market, so that their yields tend to exceed market rates when those rates are declining.

M2 increased about 2 percent last year, below the 2½ percent lower end of its target range (table 3). M2 registered modest growth in the first and last quarters of the year but was about flat over the middle quarters. The underlying weak money growth appeared to stem from several important factors, many related to the unattractiveness of holding funds in M2 assets relative to other possible uses of savings.

Contributing to the relative attractiveness of nonmonetary assets was the rapidity with which banks adjusted down offering rates on retail deposits as market rates declined last year. Banks' unaggressive pricing of deposits reflected substantial paydowns of bank debt by households and businesses, which kept loan demand low and banks' need for funds to finance them quite limited. In addition, banks and thrift institutions have been discouraged from going after deposits by the rising cost of issuing deposits to make loans; among the factors accounting for this increase have been increases in deposit insurance rates and higher capital ratios occasioned by market and regulatory forces.

The prompt declines and low level of deposit rates have combined with several other factors to induce savers to cut back on holdings of assets in M2. One important influence was the unprecedented steepness of the yield curve, which was pulling deposit funds into capital markets. An important method for accomplishing this portfolio shift was mutual funds, which experienced record inflows last year. Not only were yields on these funds attractive, but they have become increasingly available through banks and thrift institutions. Assets in bond and equity mutual funds (apart from those held by institutions and those in IRA and Keogh accounts) increased $125 billion last year, up from $117 billion in 1991 and an average of $30 billion over the previous five years. In 1991 and 1992 for the first time, increases in mutual fund assets exceeded increases in M2.

Money growth has also weakened as consumer loan rates have moved downward less rapidly than deposit rates. As a consequence, households face a considerable interest rate incentive, particularly after taking account of changes in the tax deductibility of consumer interest payments, to use funds in deposit accounts to pay down, or limit the accumulation of, debt. In fact, the rise in consumption has been accompanied by an unusually small increase in debt, implying that consumption has been financed to a large extent by reducing or limiting holdings of financial assets.

The cuts in bank deposit rates were particularly evident for larger (and presumably more interest sensitive) accounts and at longer maturities. Small time deposits ran off throughout the year. Some of these funds appeared to flow into more-liquid deposit accounts, as rates on small time deposits fell faster than those on savings and checkable

3. Growth of money and debt
Percent

Measurement period	M1	M2	M3	Debt of domestic nonfinancial sectors
Year[1]				
1980	7.4	8.9	9.5	9.5
1981	5.4 (2.5[2])	9.3	12.3	10.0
1982	8.8	9.1	9.9	9.3
1983	10.4	12.2	9.9	11.4
1984	5.5	8.1	10.8	14.3
1985	12.0	8.7	7.6	13.8
1986	15.5	9.3	8.9	14.0
1987	6.3	4.3	5.8	10.1
1988	4.3	5.3	6.4	9.2
1989	0.6	4.7	3.7	8.1
1990	4.3	4.0	1.8	6.9
1991	8.0	2.8	1.1	4.3
1992	14.3	1.9	0.5	4.6
Quarter (annual rate)[3]				
1992: 1	15.5	3.3	2.0	4.3
2	10.6	0.6	−0.3	5.4
3	11.6	0.8	0.1	4.2
4	16.8	2.9	0.2	4.2

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.

2. Adjusted for shift to NOW accounts in 1981.

3. From average for preceding quarter to average for quarter indicated.

deposits. General purpose and broker–dealer money market mutual funds (MMMFs) also contracted over the year, despite the yield advantage these assets offered vis-à-vis other money market rates in an environment of declining yields. This appeared to be another example of the attraction that bond and equity mutual funds and other capital market instruments provided to investors last year. MMMFs grew in October and November, however, perhaps reflecting capital losses in bond funds resulting from the rise in long-term rates in September and October.

The overall effect of the unusual forces that have been influencing M2 is summed up by the behavior of its velocity, which accelerated for the second year in a row, to a 3½ percent rate, despite the sharp downward trend in short-term interest rates over this period. Over previous decades, the velocity of M2 and short-term rates had moved together in a reasonably predictable way. This occurred because deposit rates lagged market rates. When, for example, short-term rates fell, deposit rates dropped by less, providing an incentive to shift assets from market instruments to deposits and depressing velocity. However, because of the unusual configuration of forces discussed above, these incentives to hold M2 have not followed their usual pattern in the current cycle. As noted, despite the drop in short-term interest rates, a combination of the steep yield curve, sluggish adjustment of loan rates, and other factors has *decreased*, not increased, the incentives to hold M2 in the last year. In other words, the opportunity cost—the earnings given up—in holding M2 actually has widened, rather than narrowed as has happened in the past when market interest rates fell, and this helps to explain why M2 velocity has risen atypically.

Another indication of the unusual behavior of the velocity of M2 is the recent performance of the Board staff's P* model in predicting inflation. The model is premised on reasonably stable M2 velocity over time and under this premise predicts the price level and inflation rates that are consistent with M2 growth. If the velocity of M2 is rising atypically, slow growth of M2 would not be associated with the degree of disinflationary pressures that would be predicted by the P* model, which assumes normal velocity behavior. In fact, consistent with the notion that velocity is behaving abnormally, the model, using actual M2 growth, underpredicted inflation in 1992.

The growth of M2 over the year was entirely attributable to its currency and transactions deposit components, as M1 growth surged to about 14¼ percent in 1992. This performance reflected the advance in income growth but stemmed mainly from declines in both short- and long-term interest rates. Long-term rate declines prompted large volumes of mortgage-rate refinancings, particularly in the first and last quarters. Because a large portion of prepayments are held in demand deposits until the mortgage servicer remits the funds, the level of demand deposits is temporarily boosted by mortgage refinancings. Falling short-term rates boosted demand deposits by lowering the opportunity cost of holding them and by increasing the amount of deposits businesses needed to hold under compensating balance arrangements. In addition, NOW accounts were boosted by funds shifted from small time deposits, as rates on the latter fell faster than those offered on the former. Growth in NOW accounts last year accelerated from the already brisk pace of 1991, and demand deposits posted the largest increase since at least 1959.

To accommodate the growth in transactions deposits associated with the process of easing reserve conditions, the Federal Reserve supplied large volumes of new reserves in 1992. Total reserves grew at around 20 percent, more than twice the rate of increase in 1991. Currency growth also was rapid, in part owing to shipments abroad, and as a consequence the monetary base increased 10½ percent last year—the highest growth rate in the Board's official series, which begins in 1959. □

The Herfindahl–Hirschman Index

Stephen A. Rhoades, of the Board's Division of Research and Statistics, prepared this technical note.

The Herfindahl–Hirschman index, better known as the Herfindahl index, is a statistical measure of concentration. It has achieved an unusual degree of visibility for a statistical index because of its use by the Department of Justice and the Federal Reserve in the analysis of the competitive effects of mergers. The Herfindahl index can be used to measure concentration in a variety of contexts. For example, it can be used to measure the concentration of income (or wealth) in U.S. households and also market concentration, that is, the degree of concentration of the output of firms in banking or industrial markets. It is useful in analyzing horizontal mergers because such mergers affect market concentration, and economic theory and considerable empirical evidence suggest that, other things equal, the concentration of firms in a market is an important element of market structure and a determinant of competition. However, despite its visibility, the Herfindahl index is sometimes not understood in terms of its use, measurement, or interpretation in merger analysis.

To facilitate and simplify the application of the antitrust laws regarding mergers, in 1982 the Department of Justice published formal numerical guidelines for horizontal mergers (those between firms operating in the same product and geographic markets) based on the Herfindahl index (HHI).[1] In 1985, the Justice Department proposed somewhat modified numerical guidelines for mergers in the banking industry and published revised guidelines in 1992. These numerical guidelines are used by the Federal Reserve as the first step in analyzing the effect on competition of bank mergers. The guidelines, as applied to banking, specify that if a bank merger would result (1) in a post-merger HHI in a market of less than 1,800 or (2) in a change in the HHI of less than 200 (less than 50 in other industries), it is likely that the market structure would not reach a concentration level, or concentration would not increase enough, such that firms in the market would have the market power to maintain prices above the competitive level for a significant period.

The HHI is only one element in the analysis of the competitive effects of bank mergers. However, because of the importance attached to market concentration as an indicator of competition and the relative ease of calculating the HHI, this index serves as an efficient screening device for regulators and as a planning tool for bankers. At the Federal Reserve, the HHI is calculated by including 100 percent of the deposits of commercial banks in a market and at least 50 percent of the deposits of thrift institutions. If the post-merger HHI does not exceed the numerical guidelines, it is *generally* presumed that the merger would not be seriously anticompetitive, and no further analysis is conducted. If, on the other hand, the post-merger HHI exceeds the numerical guidelines, a detailed economic analysis of competition is undertaken to determine whether other factors, such as potential competition, indicate that the market would be more (or less) competitive than the HHI alone suggests.

The HHI accounts for the number of firms in a market, as well as concentration, by incorporating the relative size (that is, market share) of all firms in a market. It is calculated by squaring the market shares of all firms in a market and then summing the squares, as follows:

$$HHI = \sum_{i=1}^{n}(MS_i)^2,$$

1. The index was developed independently by the economists A.O. Hirschman (in 1945) and O.C. Herfindahl (in 1950). Hirschman presented the index in his book, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945). Herfindahl's index was presented in his unpublished doctoral dissertation, "Concentration in the U.S. Steel Industry" (Columbia University, 1950). For more detail on the background of the index, see Albert O. Hirschman, "The Paternity of an Index," *American Economic Review* (September 1964), pp. 761–62.

where MS_i represents the market share of firm i and there are n firms in the market. The following example of calculating the HHI before and after a merger illustrates the use of the formula. Assume that there are four banks in a market. Bank A holds 40 percent of bank deposits in the market, Bank B holds 30 percent, Bank C holds 20 percent, and Bank D holds 10 percent. Substituting these values in the formula gives the HHI for bank deposits in this market:

$$(40)^2 + (30)^2 + (20)^2 + (10)^2.$$

Completing this calculation gives the before-merger HHI:

$$1{,}600 + 900 + 400 + 100 = 3{,}000.$$

Next assume that Bank C, with 20 percent of the market, acquires Bank D, which has 10 percent of the market. The HHI after the merger would be

$$(40)^2 + (30)^2 + (20 + 10)^2.$$

Completing this calculation gives the post-merger HHI:

$$1{,}600 + 900 + 900 = 3{,}400.$$

The merger therefore increased the HHI by 400, from 3,000 to 3,400.

Further examination of this example reveals that the HHI gives much heavier weight to firms with large market shares than to firms with small shares as a result of *squaring* the market shares. This feature of the HHI corresponds to the theoretical notion in economics that the greater the concentration of output in a small number of firms (a high HHI), the greater the likelihood that, other things equal, competition in a market will be weak. In contrast, if concentration is low, reflecting a large number of firms with small market shares (a low HHI), competition will tend to be vigorous. The HHI reaches a maximum value of 10,000 when a monopoly exists in which one firm has 100 percent of the market, that is, the HHI = $(100)^2 = 10{,}000$. In contrast, the HHI takes on a very small value, theoretically approaching zero, in a purely competitive market in which there are many firms with small market shares. For example, in a market with 100 firms that each have a 1 percent share of the market, the HHI = $(1_1)^2 + (1_2)^2 \ldots (1_{100})^2 = 100$.

The following table provides a sense of what different values of the HHI imply for the concentration of a market, assuming that all firms in the market have the same market share. For example, row 2 of the table indicates that a market with five firms of equal size (that is, each with 20 percent of the market) would have an HHI of 2,000.

HHI	Number of firms of equal size in the market	Market share of each firm (percent)
1,000	10	10.0
2,000	5	20.0
3,300	3	33.3
5,000	2	50.0

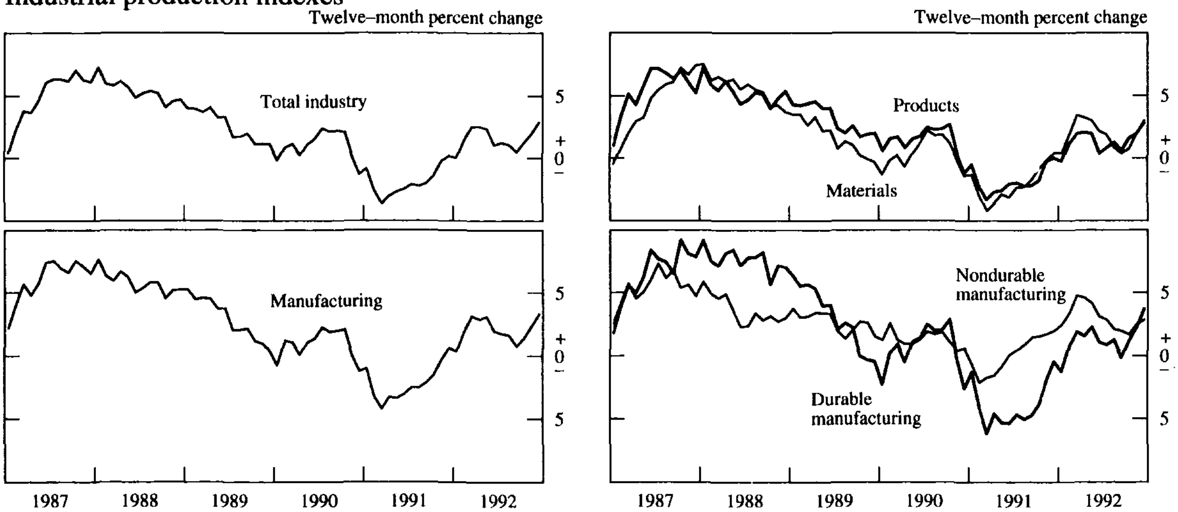
In conclusion, note that, although the HHI is a useful tool in merger analysis, particularly as an initial screening device, other factors are considered in an economic analysis of competition. □

Industrial Production and Capacity Utilization

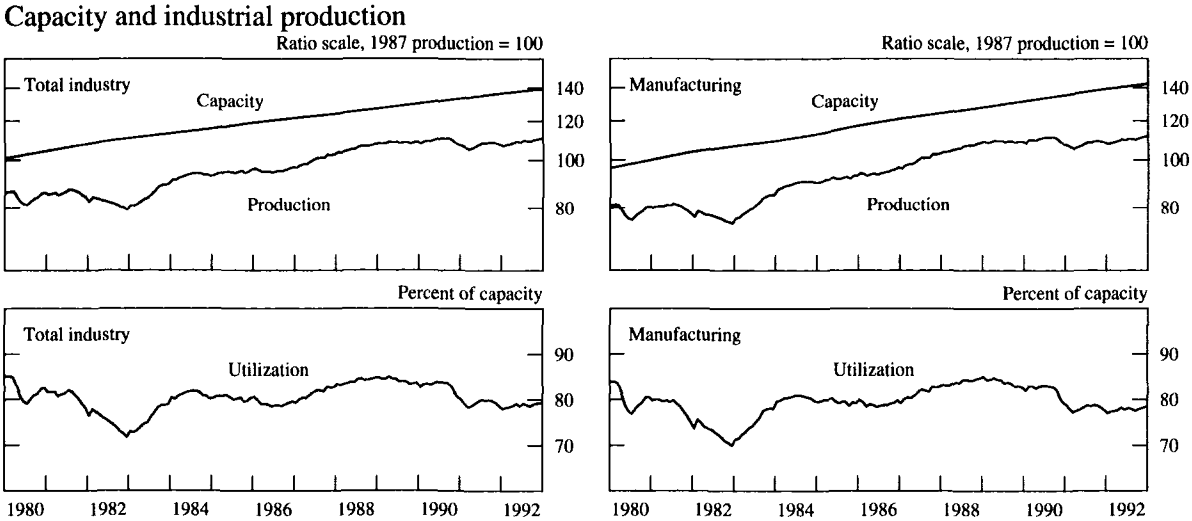
Released for publication January 15

Industrial production rose 0.3 percent in December, compared with an upward-revised gain of 0.7 percent in October and a rise of 0.4 percent in November. The December rise of 5.0 percent in the output of motor vehicles and parts accounted for much of the overall gain. The production of business equipment advanced further, but the output of energy-related products and materials, as well as of construction supplies, declined. For the fourth quarter as a whole, total industrial production grew at a 3.7 percent annual rate; the gain in the previous quarter was 2.3 percent. At 110.5 percent of its 1987 average, total industrial production in December was 2.9 percent above its year-ago level. Total

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization

Category	Industrial production, index, 1987 = 100[1]								
	1992				Percentage change				
					1992[2]				Dec. 1991 to Dec. 1992
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**108.9**	**109.7**	**110.1**	**110.5**	**–.2**	**.7**	**.4**	**.3**	**2.9**
Previous estimate	108.8	109.3	109.7	. . .	–.3	.5	.4	. . .	. . .
Major market groups									
Products, total	109.6	110.7	111.1	111.4	–.2	1.0	.3	.3	2.8
Consumer goods	110.7	111.9	112.0	112.4	–.1	1.2	.1	.3	3.0
Business equipment	125.4	126.8	128.3	129.4	–.4	1.2	1.1	.9	6.6
Construction supplies	97.1	98.6	98.8	98.4	–1.4	1.6	.2	–.4	3.6
Materials	107.9	108.2	108.7	108.9	–.2	.3	.4	.2	3.0
Major industry groups									
Manufacturing	109.8	110.6	111.1	111.7	–.3	.7	.5	.5	3.3
Durable	108.2	109.5	110.2	111.0	–.9	1.2	.7	.7	3.7
Nondurable	111.8	111.9	112.3	112.6	.4	.2	.4	.2	2.8
Mining	98.3	99.1	99.8	100.0	–.5	.8	.8	.2	1.2
Utilities	110.2	110.9	109.7	107.6	1.3	.6	–1.0	–1.9	–.2

Category	Capacity utilization, percent								Memo Capacity, percentage change, Dec. 1991 to Dec. 1992
	Average, 1967–92	Low, 1982	High, 1988–89	1991	1992				
				Dec.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**82.0**	**71.8**	**85.0**	**78.7**	**78.6**	**79.0**	**79.2**	**79.3**	**2.1**
Manufacturing	81.3	70.0	85.1	77.7	77.5	77.9	78.2	78.4	2.4
Advanced processing	80.8	71.4	83.6	76.6	76.0	76.4	76.5	76.8	2.9
Primary processing	82.3	66.8	89.0	80.2	81.3	81.8	82.4	82.5	1.0
Mining	87.4	80.6	87.2	86.2	85.6	86.3	87.0	87.1	.1
Utilities	86.6	76.2	92.3	83.4	84.6	85.1	84.1	82.5	1.0

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

r Revised.
p Preliminary.

industrial capacity utilization edged up in December, to 79.3 percent, the highest rate since November 1991.

When analyzed by market group, the data show that the December output of consumer goods excluding motor vehicles was about unchanged from the preceding month as declines in consumer energy products, particularly gasoline and utility output for residential use, offset gains in goods for the home, such as appliances. The production of most other major sectors within consumer goods was little changed. The output of business equipment other than autos and trucks increased 0.5 percent as production of information processing equipment and industrial equipment advanced further. The output of materials, led by widespread gains within durables, increased 0.2 percent; however, the production of energy materials fell sharply, mainly as a result of reduced utility output. The production of nondurable materials changed little in December as a decline in paper materials about offset increases in textiles and chemicals.

When analyzed by industry group, the data show that output in manufacturing increased 0.5 percent in December and grew at a 4.0 percent annual rate in the fourth quarter. Factory utilization rose 0.2 percentage point in December, to 78.4 percent, and has risen nearly 1 percentage point since September. In the past few months, operating rates have grown strongly in both primary and advanced processing industries. Among primary processing industries, large advances that occurred in primary metals and fabricated metals at least partly reflected the recent strength in motor vehicles. The overall rise in the utilization rate for advanced processing industries was concentrated in nonelectrical equipment and in motor vehicles and parts.

In December, output at utilities fell sharply and was little changed from a year ago. The December decline in utility output is based on preliminary data that show a large decline in electricity generation during the month. Production at mines increased slightly, as activity at coal mines and oil and gas well drilling activity rose further. □

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, U.S. Congress, January 27, 1993

The Federal Reserve will submit its semiannual report on monetary policy to the Congress in just a few weeks, after our upcoming Federal Open Market Committee meeting. At that time, I will be in a position to address more specifically our expectations for economic growth and inflation and also the ranges of money and credit expansion that we anticipate to be consistent with the achievement of our goal of maintaining maximum sustainable growth in the economy by fostering a stable, noninflationary financial environment. Under the circumstances, my opening remarks this morning will focus primarily on identifying the major tendencies visible in our economy today.

The available data suggest that economic activity has been increasing at a firmer pace of late. After having risen at only about a 1½ percent annual rate, on average, over the first five quarters of the expansion, real gross domestic product increased at about a 3½ percent rate in the third quarter of 1992. The advance estimate of the Bureau of Economic Analysis for fourth-quarter growth, which will be released tomorrow, is expected by many analysts to show a substantial gain as well. Meanwhile, industrial production posted a healthy advance over the final three months of 1992, with solid growth for a broad range of industries.

The recent news on the inflation front has also been quite favorable, as businesses have continued their efforts to contain production costs and to boost efficiency. All told, the increase in the consumer price index excluding food and energy—a measure that is widely used as a rough proxy for the underlying trend of inflation—was just 3.3 percent over the twelve-month period ending in December, a full percentage point less than during 1991.

Although several economic indicators are distinctly encouraging, this is not to say that we have clear sailing ahead. As I indicated when I appeared before this committee last March, households and businesses have been struggling to redress structural imbalances unparalleled in the postwar period. The speculative bidding-up of real estate and other asset prices over the course of the 1980s fostered an excessive accumulation of debt and assets. The subsequent weakening of asset prices in the early 1990s left the balance sheets of many households and businesses strained with debt overload. Banks and other intermediaries that had financed the buildup suffered losses that severely eroded capital. The pressures to work down debt, reinforced by understandably more conservative lending practices, slowed economic growth. Some time ago I likened these pressures to headwinds of 50 miles per hour.

Those headwinds have now slackened somewhat. But they have not disappeared. The process of balance sheet adjustment, while becoming less of a restraint on the economy, will doubtless be with us for some time. In addition, we are coping with a sizable retrenchment in the national defense area. And, although U.S. domestic demand appears to be improving, many of our key trading partners are experiencing disappointing economic performance, which is acting as a drag on our exports and our output.

Much of the strength suggested by the incoming U.S. data has been in the consumer sector. The speedup in consumption comes after a period of more conservative spending behavior, when many households seem to have focused on paying down debts and shoring up balance sheets, so badly pressured by the events of recent years. The relative strength of spending, thus, may reflect the improvement that has been achieved to date in the financial health of households. Debt-to-income ratios have fallen slightly, and debt-servicing burdens have declined quite noticeably, in large part because of the reductions in interest rates. At the same time, the value of household financial assets has been buoyed by the rise in stock prices last year. Moreover, concerns about housing prices, which probably were a key reason why consumers were so distressed for much of the past few years, seem to have lessened.

The strengthening of the housing market may also be important in a more specific way. Sales of single-family homes have picked up, and when existing homes are sold, the capital gains that usually have accumulated over time can be realized. The buyer of the home typically takes out a mortgage that is greater than that paid off by the seller. The difference largely reflects the realized capital gain of the seller who receives unencumbered cash, only part of which is apparently added to a down payment on a subsequent home purchase. Such cash provides the seller with additional liquid funds to spend on consumer goods and services.

History suggests that this is just what has been happening. The marked rise in existing home sales in recent months has added to households' purchasing power by enabling them to realize capital gains at an increasing rate, thereby helping to fuel the growth in consumer spending. Homeowners also have an opportunity to liquify capital gains when refinancing an existing mortgage, and refinancing surged in the latter part of 1992. Realized or liquified capital gains are not accounted for in the computation of the official saving rate; therefore the recent decline in the official saving rate probably overstates the drop in the flow of saving as perceived by households. However, unless home sales, mortgage refinancing, and the associated equity extraction continue to rise, there is a limit to how much longer this factor can fuel the growth of consumer spending. The measured personal saving rate is at a relatively low level, and further outsized increases in consumption are not very likely in the absence of a sustained pickup in income growth.

Consequently, a significant consideration, in terms of the outlook for consumer demand, is the employment picture. The optimism revealed in the recent surveys of consumer attitudes may prove fleeting if overall labor market conditions remain subdued. Indeed, despite signs of modest improvement in the past few months, since the recession trough in March 1991, employment has shown essentially no net change on the payroll basis and only a modest increase in the household series.

Of course, the softness in employment in the current expansion is partly the counterpart of another development—namely, a dramatic improvement in productivity. Since the recession ended in early 1991, productivity has grown at an average annual rate of about 2½ percent, a better-than-expected performance given the relatively slow pace of the economic recovery to date.

The corporate restructuring and downsizing efforts that have been associated with the recent productivity gains have in part been a response to the profit squeeze that emerged during the 1990–91 recession. These efforts also have been spurred by increasing costs of health insurance and other fringe benefits, which have restrained hiring and encouraged a surge in the use of temporary workers. But restructuring also seems to have reflected an effort to capitalize on new opportunities for greater efficiency. Although we cannot be sure how or why these new opportunities have arisen, I suspect they are the product of the accelerating advances in computer software and applications. Past large accumulations of computer hardware did not seem to have the expected effects on productivity. But a new synergy of hardware and software applications may finally be showing through in a significant increase in labor productivity.

These far-reaching changes in the production processes in manufacturing and in the means by which services are produced and distributed have apparently yet to run their course, although one must assume that the pace of restructuring will surely slow. Accordingly, we may see less of a tapering off in productivity gains in coming quarters than past cyclical experience would suggest. That prospect is highly favorable in terms of the longer-run potential output of the economy and our international competitiveness, but it would also imply some continuing adjustments in the work force in the near term.

The push to acquire state-of-the-art technology has also been providing a discernible thrust to capital spending in recent quarters—and likely will continue to do so. Real outlays for office and computing equipment have soared as firms continue the transition to the more powerful and cost-effective machines that are now available, and purchases of communications equipment continue to be boosted by, among other things, the shift to fiber-optic networks. Demand for other, more traditional types of equipment now appears to be growing as well. The improved pace of economic expansion has doubtless lifted sales expectations, and the marked increases in profits and cash flow over the past year are providing funds for new purchases.

Problems, however, remain in several areas, although with some lessening of concern. Chief among them are the ongoing difficulties in the credit area. Depressed demand is doubtless the major explanation for weak loan growth at banks and many other intermediaries. However, increased regulation presumably has also played a role. Moreover, lenders, seeking to protect their capital positions, have been extremely cautious. Although they seem to have stopped tightening credit terms, a significant easing is not yet evident.

Commercial real estate has accounted for much of the asset quality problems at financial institutions. Until real estate values clearly stabilize, banks and other intermediaries are not apt to become substantially more eager lenders. The liquidity of real estate markets remains impaired, and lenders are uncertain about the value of collateral and the appropriate level of reserves against nonperforming loans. The risk that further reserving may be necessary has led banks to bolster book capital, widen lending margins, and approach new credits with caution. It is not necessary for real estate values to rise to reduce this risk, but lenders need to be more confident that prices will not continue to fall and that, if necessary, they can sell collateral expeditiously at reasonably predictable prices. Although there are some initial signs that commercial real estate markets in some regions are finding a bottom, uncertainty remains high. Having accumulated substantial liquid assets and rebuilt capital, banks seem well positioned to meet increased loan demand, especially once collateral uncertainty diminishes. Endeavors by both the Resolution Trust Corporation and private parties to encourage the development of a secondary market in commercial mortgages will help liquify the market in commercial real estate itself. However, if problems in commercial real estate persist, credit conditions for small and riskier business may ease only gradually for some time.

Soft property prices, engendered by high vacancy rates and sluggish demand for space, are likely to continue to restrain commercial construction spending in 1993, and the prospects for multifamily housing are not much better. In addition, budgetary pressures on state and local governments remain intense.

Meanwhile, we must continue to work through the sizable adjustment in military spending that has been under way since the late 1980s. From a longer-run perspective, the defense cutbacks carry the anticipation of substantial benefits for the U.S. economy. By freeing up resources that can then be devoted to improving the nation's stock of productive physical and human capital, they should ultimately lead to higher living standards. In the short run, of course, lower defense spending is a depressant on economic activity and on jobs and incomes. For industries and regions that rely heavily on military spending, the dislocations may well be sizable. In industries that depend on defense expenditures for at least 50 percent of their output, employment has fallen more than 20 percent (300,000 jobs) since 1987. And in California, where the share of civilian employment in defense-related jobs may be almost twice the national average, the unemployment rate has risen to about 10 percent, nearly 3 percentage points above the national average.

In addition, our export performance is being restrained by developments abroad. Countries that earlier had been growing at least moderately have shown clear signs of slower growth, or outright declines, in economic activity. In both Germany and Japan, real output fell for part of 1992, and growth for the year as a whole was substantially less than in 1991. Many of the other countries of continental Europe have recorded only weak growth. And in Canada and the United Kingdom, signs of recovery from prolonged recession have ranged between weak and elusive.

Foreign officials have reacted to these developments with measures intended to boost spending and to promote recovery. In Japan, official interest rates have been lowered nearly 3 percentage points since the start of 1991, and a supplementary budget of additional government spending has just been passed. In Germany, the choice of policy steps has been complicated by the special circumstances associated with the massive task of unifying the economies of eastern and western Germany. Monetary conditions have been eased somewhat, but continued rapid money growth and persistent inflation have made officials cautious. In the other European countries tied to Germany through the exchange rate commitments of the European Monetary System, scope for aggressive monetary easing has been limited. This has led some countries to relax that commitment, at least for a time, and to ease monetary policy.

I will, of course, be discussing Federal Reserve monetary policy in detail when I present the Federal Reserve System's Humphrey–Hawkins Report to the Congress next month. However, let me comment briefly on an issue that has arisen recently regarding the ranges for monetary growth in 1993. The issue, as I indicated in my letter to Senator Sasser earlier this month, is that an unusual portion of aggregate spending has continued to be financed by credit that is granted outside of banks and other depositories—evidently a side effect of the balance sheet restructuring process that I referred to earlier.[1] Should the phenomenon persist in 1993, it implies that growth in M2 consistent with our broader economic objectives would be slower than indicated by normal historical relationships of money and spending—and that a technical adjustment to our monetary growth ranges might thus be in order. That assessment is wholly technical and should not be interpreted as indicative of any change in monetary policy per se. Partly in view of these developments, the Federal Reserve cannot rely exclusively on money supply growth relative to its targets in formulating monetary policy. In any event, the Federal Open Market Committee will reexamine this issue, along with other, broader considerations, when it meets next week to set monetary policy goals for 1993.

Regardless of the specific ranges established for the growth of money and credit over the coming year, the objectives of monetary policy remain unchanged: We are seeking to foster financial conditions that will encourage maximum sustainable growth in the economy. As I, and my colleagues, have stressed, a noninflationary environment is a precondition to such a goal. For the coming year we will continue to play a constructive role in supporting an extension of the recent more hopeful signs of solid growth, while endeavoring to avoid any excesses that might lead to a flare-up of inflationary pressures down the road. Such a course will help the economy emerge from the financial difficulties of recent years, maintain the progress toward price stability that has been achieved thus far, and thereby promote a sustainable economic expansion. □

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

Chairman Greenspan presented identical testimony before the Committee on the Budget, U.S. Senate, January 28, 1993.

Announcements

STATEMENT BY CHAIRMAN GREENSPAN

Chairman Alan Greenspan, on behalf of the Federal Reserve Board, issued on January 5, 1993, the following statement regarding the announcement that E. Gerald Corrigan planned to step down as President of the Federal Reserve Bank of New York:

> President Corrigan has had an extraordinary career in central banking and public service. His unique grasp of financial markets and their operation, both domestically and internationally, and his expertise in crisis management has served the nation exceedingly well during his tenure as President of the Federal Reserve Bank of New York and earlier, as President of the Federal Reserve Bank of Minneapolis, and in other roles in the System. His contributions to monetary and financial policy, to banking supervision and regulation and to international cooperation and coordination in these areas are legion. His wise judgment and practical advice will be sorely missed by the Board, by the Federal Reserve System generally and by the nation as well. We wish him well in whatever future endeavor he undertakes.
>
> On a personal note, I will miss him as a friend and confidant whose judgment I have valued highly during my years as Federal Reserve Chairman.

APPOINTMENT OF NEW MEMBERS TO THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board named on January 19, 1993, ten new members to its Consumer Advisory Council to replace those members whose terms have expired and designated a new Chairman and Vice Chairman of the council for 1993.

The Consumer Advisory Council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. The thirty-member council, with staggered three-year terms of office, meets three times a year.

Denny D. Dumler, Senior Vice President of the Colorado National Bank in Denver, Colorado, was designated Chairman. His term will run through December 1993. Jean Pogge, Vice President of South Shore Bank in Chicago, Illinois, was designated Vice Chairman. Her term on the council expires in December 1994.

The ten new members are the following:

Douglas D. Blanke
St. Paul, Minnesota

Mr. Blanke is the Director of Consumer Policy for the State of Minnesota's Office of Attorney General. He has been with the Attorney General's Office since 1978 and in his current position since 1991. He is responsible for the overall development of consumer protection policy and priorities, legislative and regulatory initiatives, consumer education, and strategic planning on consumer issues, including credit-related activities. Mr. Blanke recently joined with the International Credit Association to prepare a teaching unit called "I'm CreditWise" to help high school students learn the importance of handling credit responsibly.

Michael Ferry
St. Louis, Missouri

Mr. Ferry has been a Staff Attorney in the Consumer Unit of Legal Services of Eastern Missouri since 1979. The majority of Mr. Ferry's work for Legal Services is in the field of consumer law, particularly consumer credit, although he has litigated cases in other areas, including shelter for the homeless and prison conditions. As community education coordinator, he oversees the program's educational efforts in the community. Mr. Ferry also supervises clinical and work-study law students from the law schools at both St. Louis University and Washington University, where he is an Adjunct Professor of Law. He writes a weekly newspaper column on legal topics for the *St. Louis Post-Dispatch.*

Norma L. Freiberg
New Orleans, Louisiana

Ms. Freiberg has been the Executive Director of the New Orleans Neighborhood Development Foundation since 1988. Her responsibilities include administration of a non-profit education and advocacy program for low- and moderate-income homebuyers. She is also responsible for the administration of an annual operating budget of approximately $240,000. Ms. Freiberg is in charge of the Foundation's fundraising for operating expenses and permanent financing for clients. She identifies and negotiates revenue-producing projects and is also the negotiator and liaison with appropriate offices and departments of the city government.

Lori Gay
Los Angeles, California

Ms. Gay is the Executive Director of the Los Angeles Neighborhood Housing Service. She has worked for NHS since 1985 and in the community development field for fifteen years. Her efforts have been focused on rebuilding impoverished communities and creating mechanisms for community empowerment and ownership. The mission of NHS is to rebuild neighborhoods within the city of Los Angeles for the primary benefit of the residents, using a public–private partnership that includes financial institutions, insurance companies, local businesses, government, and community residents.

Bonnie Guiton
Charlottesville, Virginia

Ms. Guiton is Dean of the McIntire School of Commerce, University of Virginia. Previously she was Secretary of the State and Consumer Services Agency of California where she had oversight of fourteen state departments. Ms. Guiton served as Special Adviser for Consumer Affairs and Director of the U.S. Office of Consumer Affairs for President Bush. She also headed the U.S. Delegation to the Committee on Consumer Policy of the Organisation for Economic Co-operation and Development. For President Reagan, Ms. Guiton served as an Assistant Secretary in the U.S. Department of Education and as Vice-Chair of the U.S. Postal Rate Commission.

Ronald Homer
Boston, Massachusetts

Mr. Homer has been the Chairman and Chief Executive Officer of the Boston Bank of Commerce since 1983. In 1990 he was named chairman of the board of directors of the bank. During 1979–83, Mr. Homer was affiliated with Freedom National Bank of New York, first as a senior vice president and senior loan officer and subsequently as executive vice president and chief operating officer. He is a past president of the American Bankers Association and currently serves as chairman of its Steering Committee for the Center for Community Development. Mr. Homer also serves as a director for New England Telephone and the New England Student Loan Marketing Corporation (NellieMac).

Thomas L. Houston
Dallas, Texas

Mr. Houston has been the Executive Director of the Dallas Black Chamber of Commerce since 1982. Under his leadership, the chamber has grown to more than 1,000 members and is the largest black chamber of commerce in the country. The Dallas Black Chamber of Commerce is nationally recognized for its initiatives and successes and is frequently called on to provide counsel, training, and direction to the 250-plus other minority chambers of commerce representing thousands of small business owners throughout the country. Mr. Houston began his career when he was recruited into a bank management program by Chase Manhattan Bank in 1968. He left banking in 1978 to start his own business.

Jim West
Tijeras, New Mexico

Mr. West is President of Jim West Financial Group, a firm that he started in 1987. Mr. West specializes in business development, financial planning, budget and cash flow analysis, government and board training, and economic development. Previously he was the vice president of the American Indian National Bank. His duties included commercial lending, credit and finance, business development, project evaluation, and financial planning.

Grace W. Weinstein
Englewood, New Jersey

Ms. Weinstein, a financial writer and consultant, is currently a columnist for *Good Housekeeping* magazine and consulting editor for the New Jersey Investor Section of the *Star-Ledger*, Newark, New Jersey. She is the author of nine books, including the *Lifetime Book of Money Management*. She has written feature articles, primarily on personal finance and business topics, for a variety of magazines, including *Money*, *Working Mother*, *Woman's Day*, and *Kiplinger's Personal Finance*. Ms. Weinstein receives letters from all over the country, and many of them have questions about consumer financial services and credit—how to establish it, how to manage it, and how to understand its accompanying rights and responsibilities. She is a frequent guest on radio and television call-in shows.

Robert O. Zdenek
Washington, DC

Since 1980 Mr. Zdenek has been the President of the National Congress for Community Economic Development (the trade association of community development corporations). He designs and participates in a range of public policy initiatives that have significantly increased the stature of community-based development organizations. Mr. Zdenek developed and implemented a diversified fundraising campaign that raises more than $1 million yearly from twenty to thirty foundations and corporations. He has given numerous speeches and published more than thirty articles and chapters on community development and other topics.

Other Council members whose terms continue through 1993 and 1994 are listed below (together with the expiration date of each one's term of office).

Barry Abbott, Partner, Morrison & Foerster, San Francisco, California, December 31, 1994

John R. Adams, Corporate Vice President and Compliance Officer, CoreStates Financial Corporation, Philadelphia, Pennsylvania, December 31, 1994

John A. Baker, Senior Vice President, Equifax, Inc., Atlanta, Georgia, December 31, 1994

Veronica E. Barela, Executive Director, NEWSED Community Development Corporation, Denver, Colorado, December 31, 1993

Mulugetta Birru, Executive Director, Urban Redevelopment Authority of Pittsburgh, Pittsburgh, Pennsylvania, December 31, 1994

Genevieve Brooks, Deputy Borough President, Office of the Bronx Borough President, Bronx, New York, December 31, 1994

Toye L. Brown, Director, Massachusetts Bay Transportation Authority, Boston, Massachusetts, December 31, 1993

Edmund Mierzwinski, Consumer Advocate, U.S. Public Interest Research Group, Washington, D.C., December 31, 1994

John V. Skinner, President & Chief Executive Officer, Jewelers Financial Services, Inc., Irving, Texas, December 31, 1994

Cathy Cloud, Enforcement Program Director, National Fair Housing Alliance, Washington, D.C., December 31, 1994

Michael D. Edwards, President, Prairie Security Bank, Yelm, Washington, December 31, 1994

Donald A. Glas, President, First State Federal Savings and Loan Association, Hutchinson, Minnesota, December 31, 1993

Joyce Harris, President and Chief Executive Officer, Teleco Community Credit Union, Madison, Wisconsin, December 31, 1993

Gary S. Hattem, Vice President, Community Development Group, New York, New York, December 31, 1994

Julia E. Hiler, Executive Vice President, Sunshine Mortgage Corporation, Marietta, Georgia, December 31, 1993

Henry Jaramillo, Jr., President, Ranchers State Bank, Belen, New Mexico, December 31, 1993

Lowell N. Swanson, President (Retired), United Finance Company, Portland, Oregon, December 31, 1994

Michael W. Tierney, Director, Local Initiatives Support Corporation, Washington, D.C., December 31, 1994

Issuance of Final Rule to Carry Out Provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991

The Federal Reserve Board issued on January 5, 1993, a final rule to carry out provisions of section 202(d) and 210 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) that affect bank holding companies and foreign banking organizations with operations in the United States.

The final rule, which is effective February 4, 1993, replaces an interim rule adopted in April 1992 and amends Regulation Y (Bank Holding Companies and Change in Bank Control) to specify additional factors that the Federal Reserve must consider in acting on applications submitted under the Bank Holding Company Act to acquire a bank.

Issuance of Final Rule to Implement Portions of the Foreign Bank Supervision Enhancement Act of 1991

The Federal Reserve Board issued on January 12, 1993, a final rule implementing portions of the Foreign Bank Supervision Enhancement Act of 1991. The final rule amends the Board's Regulation K (International Banking Operations) and Regulation Y (Bank Holding Companies and Change in Bank Control). The rule is effective immediately and replaces an interim regulation issued in April 1992.

The amendments to Regulation K reflect the Board's new authority to supervise and regulate foreign banks that conduct or seek to conduct a banking business in the United States. The rule requires that foreign banks seeking to conduct direct banking operations in the United States must be subject to comprehensive supervision by their home-country authorities on a consolidated basis.

The amendment to Regulation Y requires a foreign banking organization to file an application with the Board to acquire more than 5 percent of the shares of a U.S. bank or bank holding company.

The Board is also requesting additional comments on the definition of representative office and the types of activities such an office may conduct. These comments must be received by March 15, 1993.

DECISION ON MSA DESIGNATIONS

The Federal Reserve Board announced on January 22, 1993, that lenders covered by Regulation C (Home Mortgage Disclosure) should continue to use, through 1993, the Metropolitan Statistical Area (MSA) designations that were in place during most of 1992.

The Office of Management and Budget issued new designations before year-end 1992, and lenders covered by the Home Mortgage Disclosure Act ordinarily would be required to use the new MSA boundaries for identifying property locations beginning January 1, 1993. The Board, however, has decided to delay implementing this change in MSA designations so that lenders have adequate time to make the necessary programming changes for data collection.

APPROVAL OF AN ALTERNATIVE METHOD TO ADJUST THE 10 PERCENT REVENUE TEST

The Federal Reserve Board announced on January 26, 1993, approval of an alternative method to adjust the 10 percent revenue test limiting ineligible securities activities of section 20 subsidiaries of bank holding companies.

The alternative method is effective immediately and is designed to accommodate changes in the level and structure of interest rates since the revenue test was last examined in September 1989 and to preserve the same level of activity.

Section 20 of the Glass–Steagall Act prohibits a member bank from being affiliated with a company that is "engaged principally" in underwriting and dealing in bank ineligible securities. The current test is based on the revenue earned from ineligible and total securities activities. The alternative test will index revenue to interest rate changes, comparing current interest rates for various portfolio durations with rates of corresponding durations in September 1989.

A company can elect to use either the original 10 percent revenue standard or the alternative indexed revenue test for purposes of calculating compliance.

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on January 6, 1993, proposed amendments to its Regulations H (Membership of State Banking Organizations in the Federal Reserve System), K (International Banking Operations), and Y (Bank Holding Companies and Change in Bank Control) to implement a uniform multiagency criminal referral form. Comments were requested by February 10, 1993.

PRELIMINARY FIGURES AVAILABLE ON OPERATING INCOME OF THE FEDERAL RESERVE BANKS

Preliminary figures released on January 13, 1993, indicate that operating income of the Federal Reserve Banks amounted to $20.234 billion during 1992. Net income before payment of dividends, additions to surplus, and payments to the Treasury totaled $17.348 billion. About $16.774 billion was paid to the U.S. Treasury during 1992.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. Income from the provision of financial services amounted to $757 million.

Operating expenses of the twelve Reserve Banks and their branches totaled $1.440 billion. Also, $175 million for earnings credits were granted to depository institutions under the Monetary Control Act of 1980. Assessments to Reserve Banks for Board expenditures totaled $129 million, and the cost of currency amounted to $295 million.

Net deductions from income amounted to $959 million. Net deductions from income resulted primarily from unrealized losses on assets denominated in foreign currencies to reflect current market exchange rates. These unrealized losses were partially offset by gains on the sales of assets denominated in foreign currencies and securities from the System Open Market Account. Statutory dividends to member banks were $172 million.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury as interest on Federal Reserve notes.

REVISED LISTS OF MARGINABLE OTC STOCKS AND OF FOREIGN MARGIN STOCKS NOW AVAILABLE

The Federal Reserve Board published on January 22, 1992, a revised List of Marginable OTC Stocks for over-the-counter (OTC) stocks that are subject to its margin regulations. Also published was the List of Foreign Margin Stocks for foreign equity securities that are subject to Regulation T (Credit by Brokers and Dealers). The lists were effective February 9, 1993, and superseded the previous lists that were effective November 9, 1992.

The foreign list specifies those foreign equity securities that are eligible for margin treatment at broker–dealers. There were no deletions to the foreign list, and the one addition brings the number of foreign equity securities on the list to 302.

The changes that have been made to the revised OTC list, which now contains 3,160 OTC stocks, are as follows:

- One hundred eighteen stocks have been included for the first time, 103 under National Market System (NMS) designation
- Thirty-six stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- Thirty-eight stocks have been removed for reasons such as listing on an national securities exchange or involvement in an acquisition.

The OTC List is published by the Board for the information of lenders and the general public. It includes all OTC securities designated by the Board pursuant to its established criteria as well as all OTC stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for March 1993.

Besides NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the OTC List. □

Legal Developments

FINAL RULE—AMENDMENTS TO REGULATIONS G, T, U AND X

The Board of Governors is amending 12 C.F.R. Parts 207, 220, 221, and 224, its Regulations G, T, U, and X (Securities Credit Transactions; List of Marginable OTC Stocks; and List of Foreign Margin Stocks). The List of Marginable OTC Stocks (OTC List) is comprised of stocks traded over-the-counter (OTC) in the United States that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List of Foreign Margin Stocks (Foreign List) represents foreign equity securities that have met the Board's eligibility criteria under Regulation T. The OTC List and the Foreign List are published four times a year by the Board. This document sets forth additions to and deletions from the previous OTC List and an addition to the Foreign List. Both Lists were last published on October 29, 1992, and effective on November 9, 1992.

Effective February 8, 1993, accordingly, pursuant to sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g and 78w), and in accordance with 12 C.F.R. 207.2(k) and 207.6 (Regulation G), 12 C.F.R. 220.2(u) and 220.17 (Regulation T), and 12 C.F.R. 221.2(j) and 221.7 (Regulation U), there is set forth below a listing of deletions from and additions to the OTC List and an addition to the Foreign List.

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

Action Auto Rental, Inc.: $.01 par common
Adtec, Inc.: $.01 par common
Aegis Group PLC: American Depositary Receipts
Aero Systems, Inc.: $.02 par common
Artel Communications Corporation: $.01 par common

Burritt Interfinancial Bancorporation: $1.00 par common

CBL Medical Inc.: Warrants (expire 12-21-93)
Cencor, Inc.: $1.00 par common
Congress Street Properties, Inc.: $.10 par common
CrownAmerica, Inc.: No par common
Crystal Oil Company: Series A, $.01 par convertible preferred

Eastland Financial Corporation: $.01 par common

First Bank of Philadelphia: $2.00 par common
First New York Bank for Business: $.10 par common
FLS Holdings, Inc.: Series A, $.01 par convertible preferred

Hotelecopy, Inc.: $.01 par common

ILIO, Inc.: $.01 par common; Warrants (expire 08-31-93)
Indiana Financial Investors, Inc.: No par common

KMS Industries, Inc.: $.08 par common

Marine Drilling Company: Rights (expire 12-23-92)
Meritor Savings Bank: $1.00 par common

Networks Electronic Corporation: $.25 par common
Newport Electronics, Inc.: $.01 par common

Piedmont Federal Corporation: $.01 par common

Quartz Mountain Gold Corp.: No par common

Rocky Mount Undergarment Co., Inc.: $.01 par common

Sanborn, Inc.: Series A, convertible preferred stock; Warrants (expire 08-07-96)
Second National Bancorporation: $1.00 par common
Sheffield Industries, Inc.: $.01 par common
Simtek Corporation: $.01 par common; Warrants (expire 03-06-96)
Sun Microsystems, Inc.: 6⅜% convertible subordinated debentures
Symbolics, Inc.: $.01 par common

Stocks Removed for Listing on a National Securities Exchange or Being Involved in an Acquisition

Advanced Telecommunications Corporation: $.02 par common
Affiliated Bankshares of Colorado, Inc.: $5.00 par common
American Biodyne, Inc.: $.01 par common
American Funeral Services Corp.: $.06 par common
Archive Corporation: $.01 par common

Betz Laboratories, Inc.: $.10 par common
Brandon Systems Corporation: $.10 par common

Carmike Cinemas, Inc.: Class A, $.03 par common
CCNB Corporation: $1.00 par common
Century Medicorp, Inc.: No par common
Chesapeake Utilities Corporation: $.48⅔ par common
CK Federal Savings Bank: $1.00 par common
Compusa, Inc.: No par common

First Commercial Bancshares, Inc.: $1.00 par common
First Florida Banks, Inc.: $1.00 par common
Flagship Financial Corporation: $.01 par common
Fleer Corporation: $.01 par common

Hadson Energy Resources Corp.: $.10 par common
Healthsource, Inc.: $.10 par common
Home Financial Corporation: $1.00 par common
HomeTrust Bank of Georgia: $1.00 par common
Horizon Industries, Inc.: No par common

INB Financial Corporation: No par common
Insituform Group, Ltd.: Ordinary shares, par ½ pence

Moorco International, Inc.: $.01 par common

Patlex Corporation: $.10 par common
Phoenix Resource Companies, Inc.: $.01 par common

Ramsey - HMO, Inc.: $.001 par common

Savannah Foods & Industries, Inc.: $.25 par common
Summit Holding Corporation: $.625 par common
Sunair Electronics, Inc.: $.10 par common

Tejas Gas Corporation: $.25 par common

Ultra Bancorp: $.01 par common
Uni-Marts, Inc.: Class A, $.10 par common

Value Health, Inc.: No par common
Viratek, Inc.: $.10 par common

Western Capital Investment Corp.: $1.00 par common
Wetterau Incorporated: $1.00 par common

Additions to the List of Marginable OTC Stocks

Aaron Rents, Inc.: Class B, $.50 par common
Ace Cash Express, Inc.: $.01 par common
ACX Technologies, Inc.: $.01 par common
Alpha-Beta Technology, Inc.: $.01 par common
American Educational Products, Inc.: $.01 par common
Amfed Financial, Inc.: $.01 par common
ANB Corporation: No par common
Autofinance Group, Inc.: No par common

BankUnited, A Savings Bank (Florida): Class A, $.01 par common
Belize Holdings Inc.: $.01 par non-voting ordinary shares
Books-A-Million, Inc.: $.01 par common
Boomtown, Inc.: $.01 par common
BPI Environmental, Inc.: Warrants (expire 10-08-94); Warrants (expire 10-08-96)
Brooktrout Technology, Inc.: $.01 par common

Canterbury Educational Services, Inc.: $.001 par common
Casino Magic Corporation: $.01 par common
Celebrity, Inc.: $.01 par common
Central Mortgage Bancshares, Inc. (Missouri): $1.00 par common
Citation Computer Systems, Inc.: $.01 par common
Citizens National Corporation (Florida): $2.50 par common
Commercial Bancorp (Oregon): $2.50 par common
Comptronix Corporation: 6¾% convertible subordinated debentures
Compuware Corporation: $.01 par common
Continental Savings of America, A Federal Savings & Loan Association (California): Series A, non-cumulative convertible preferred
Copley Pharmaceutical, Inc.: $.01 par common
Corel Corporation: No par common
Cortech, Inc.: $.002 par common; Units (expire 05-24-94)
Creative Biomolecules, Inc.: $.01 par common

Danka Business Systems, PLC: American Depositary Receipts
DEP Corporation: Class A, $.01 par common
Dial Page, Inc.: $.01 par common

E-Z-EM, Inc.: Class B; $.10 par common
Edmark Corporation: No par common

Edusoft Ltd.: Ordinary shares (NIS .1 par)
Embrace Systems Corporation: $.001 par common
Energy Research Corporation: $.0001 par common
Environmental Technologies Corporation: $.01 par common; Warrants (expire 12–17–97)
Exstar Financial Corporation: $.01 par common

F.N.B. Corporation: Series B convertible preferred, $25.00 stated value
Financial Security Corporation: $.01 par common
FONIC, Inc.: $.01 par common; Warrants (expire 05–01–93)
Fortune Bancorp, Inc. (Florida): Series A, 8% par convertible preferred
Fresh Choice, Inc.: $.001 par common
Fritz Companies, Inc.: $.01 par common

GBC Technologies, Inc.: $.01 par common
Gray Communications Systems, Inc.: No par common

Ha-Lo Industries, Inc.: No par common
Haggar Corporation: $.10 par common
HCC Insurance Holdings, Inc.: $1.00 par common
Health Management Systems, Inc.: $.01 par common
Home Savings Bank, F.S.B. (Florida): $1.00 par common
HS Resources, Inc.: $.001 par common
Hyal Pharmaceutical Corporation: No par common

ImageAmerica, Inc.: $.01 par common
Infu-Tech, Inc.: $.01 par common
Interfirst Bankcorp, Inc. (Michigan): $.01 par common
IQ Software Corporation: $.00033 par common
ISG International Software Group, Ltd.: Ordinary shares (NIS .1)

Kankakee Bancorp, Inc. (Illinois): $.01 par common
Kemet Corporation: $.01 par common
Kendall International, Inc.: $.01 par common

Landoptics Ltd.: Ordinary shares (NIS .02)
Ligand Pharmaceuticals Incorporated: Convertible Class A, $.001 par common
Liposome Company, Inc., The: Depositary shares

Main Street & Main, Inc.: $.001 par common; Warrants (expire 09–04-96)
Matritech, Inc.: $.01 par common
Mayflower Group, Inc.: No par common
MB Communications, Inc.: $.001 par common
Media Vision, Inc.: $.001 par common
Memtec Limited: American Depositary Receipts
Micro Warehouse, Inc.: $.01 par common
Microtest, Inc.: $.001 par common
Midland Financial Group, Inc.: No par common
Miles Homes, Inc.: $.10 par common

Neoprobe Corporation: $.001 par common; Class E, Warrants (expire 11-10–96)
Networth, Inc.: $.01 par common
NPM Healthcare Products, Inc.: $.01 par common
NU Horizons Electronics Corporation: $.01 par common

Olicom A/S: DKK $.25 par common
Olympic Financial Ltd. (Minnesota): $.01 par common
Orion Pictures Corporation: $.25 par common

Patterson Dental Company: $.01 par common
Peoplesoft, Inc.: $.01 par common
Physicians Clinical Laboratory, Inc.: $.01 par common
Platinum Software Corporation: $.001 par common
President Riverboat Casinos, Inc.: $.01 par common
Purolator Products Company: $.01 par common

Rand Capital Corporation: $.10 par common
Raven Industries, Inc.: $1.00 par common
Res-Care, Inc.: No par common
Rottlund Company, Inc., The: $.01 par common

Seacor Holdings, Inc.: $.01 par common
Simmons First National Corporation (Arkansas): Class A, $5.00 par common
Snapple Beverage Corporation: $.01 par common
Sport Chalet, Inc.: $.01 par common
St. Mary Land & Exploration Company: $.01 par common
Sterling Bancshares, Inc. (Texas): $1.00 par common
Syratech Corporation: $.01 par common

Taco Cabana, Inc.: Class A, $.01 par common
Tracor, Inc.: $.01 par common; Warrants (expire 12–31–2001)
Trident Microsystems, Inc.: $.001 par common

U.S. Physical Therapy, Inc.: $.01 par common
Ultralife Batteries, Inc.: $.10 par common
United Waste Systems, Inc.: $.001 par common
USA Classic, Inc.: $.01 par common

Vision-Sciences, Inc.: $.01 par common

Washington Mutual Savings Bank: Series C, $1.00 par non-cumulative perpetual preferred; Series D, $1.00 par convertible perpetual preferred
Western Water Company: No par common
Whitman Medical Corporation: No par common
Wholesome & Hearty Foods, Inc.: No par common

Addition to the List of Foreign Margin Stocks

Jefferson Smurfit Group, PLC: Ordinary shares, £.25 par value

FINAL RULE—AMENDMENT TO REGULATION K

The Board of Governors is amending 12 C.F.R. Parts 211, 225, 263, and 265, its Regulation K (International Banking Operations) and Regulation Y (Banking Holding Companies and Change in Bank Control), implementing portions of the Foreign Bank Supervision Enhancement Act of 1991 (FBSEA), Subtitle A of Title II of the Federal Deposit Insurance Corporation Improvement Act of 1991, which made changes to the authority of the Board of Governors of the Federal Reserve System (Board) under the International Banking Act of 1978 (IBA). These changes generally provided the Board with new authority to approve the establishment of U.S. offices by foreign banks and to regulate and supervise the U.S. operations of foreign banks. The final rule replaces the previous interim rule and reflects the Board's authority with respect to the supervision and regulation of foreign banks that conduct or seek to conduct a banking business in the United States. The Board has also requested additional comment on aspects of the final rule concerning representative offices of foreign banks. Lastly, the final rule amends Regulation Y to reflect the requirement that a foreign banking organization must file an application with the Board under the Bank Holding Company Act (BHC Act) in order to acquire more than 5 percent of the shares of a U.S. bank or bank holding company.

Effective January 28, 1993, 12 C.F.R. Parts 211, 225, 263, and 265 are amended as follows:

Part 211—International Banking Operations

1. The authority citation for 12 C.F.R. Part 211 continues to read as follows:

Authority: Federal Reserve Act (12 U.S.C. 221 *et seq.*); Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 *et seq.*); the International Banking Act of 1978 (Pub. L. 95-369; 92 Stat. 607; 12 U.S.C. 3101 *et seq.*); the Bank Export Services Act (title II, Pub. L. 97–290, 96 Stat. 1235); the International Lending Supervision Act (title IX, Pub. L. 98–181, 97 Stat. 1153; 12 U.S.C. 3901 *et seq.*); and the Export Trading Company Act Amendments of 1988 (title III, Pub. L. 100–418, 102 Stat. 1384 (1988)).

2. Section 211.2 is amended by revising paragraph (t) to read as follows:

Section 211.2—Definitions.

* * * * *

(t) *Representative office* means an office that:

(1) Engages solely in representational and administrative functions, such as soliciting new business or acting as liaison between the organization's head office and customers in the United States; and

(2) Does not have authority to make any business decision (other than decisions relating to the premises or personnel of the representative office) for the account of the organization it represents, including contracting for any deposit or deposit-like liability on behalf of the organization.

* * * * *

3. Section 211.21 is redesignated as section 211.20. Newly designated section 211.20 is amended by revising paragraphs (b)(3) through (b)(8) and by adding new paragraphs (b)(9) and (c) to read as follows:

Section 211.20—Authority, purpose, and scope.

* * * * *

(b) * * *

(3) Board approval of the establishment of an office of a foreign bank in the United States under sections 7(d) and 10(a) of the IBA (12 U.S.C. 3105(d), 3107(a));

(4) The termination by the Board of a foreign bank's representative office, state branch, state agency, or commercial lending company subsidiary under sections 7(e) and 10(b) of the IBA (12 U.S.C. 3105(e), 3107(b)) and the transmission of a recommendation to the Office of the Comptroller of the Currency to terminate a federal branch or federal agency under section 7(e)(5) of the IBA (12 U.S.C. 3105(e)(5));

(5) The examinaion of an office or affiliate of a foreign bank in the United States as provided in sections 7(c) and 10(c) of the IBA (12 U.S.C. 3105(c), 3107(c));

(6) The disclosure of supervisory information to a foreign supervisor under section 15 of the IBA (12 U.S.C. 3109);

(7) The limitations on loans to one borrower by state branches and state agencies of a foreign bank under section 7(h)(2) of the IBA (12 U.S.C. 3105(h)(2));

(8) The limitation of a state branch and a state agency to conducting only activities that are permis-

(8) ...sible for a federal branch under section 7(h)(1) of the IBA (12 U.S.C. 3105(h)(1)); and

(9) The deposit insurance requirement for retail deposit taking by a foreign bank under section 6 of the IBA (12 U.S.C. 3104).

(c) *Additional requirements.* Compliance by a foreign bank with the requirements of this subpart and the laws administered and enforced by the Board does not relieve the foreign bank of responsibility to comply with the laws and regulations administered by the licensing authority.

4. Section 211.22 is redesignated as section 211.21 and is revised to read as follows:

Section 211.21—Definitions.

The definitions contained in section 211.2 in subpart A of this part apply to this subpart except as a term is otherwise defined in this section:

(a) *Affiliate*, of a foreign bank or of a parent of a foreign bank, means any company that controls, is controlled by, or is under common control with, the foreign bank or the parent of the foreign bank.

(b) *Agency* means any place of business of a foreign bank, located in any state, at which credit balances are maintained, checks are paid, money is lent, or, to the extent not prohibited by state or federal law, deposits are accepted from a person or entity that is not a citizen or resident of the United States. Obligations shall not be considered credit balances unless they are:

(1) Incidental to, or arise out of the exercise of, other lawful banking powers;

(2) To serve a specific purpose;

(3) Not solicited from the general public;

(4) Not used to pay routine operating expenses in the United States such as salaries, rent, or taxes;

(5) Withdrawn within a reasonable period of time after the specific purpose for which they were placed has been accomplished; and

(6) Drawn upon in a manner reasonable in relation to the size and nature of the account.

(c) *Banking subsidiary*, with respect to a specified foreign bank, means a bank that is a subsidiary as the terms *bank* and *subsidiary* are defined in section 2 of the BHC Act (12 U.S.C. 1841).

(d) *Branch* means any place of business of a foreign bank, located in any state, at which deposits are received and that is not an agency, as that term is defined in paragraph (b) of this section.

(e) *Change the status* of an office means convert a representative office into a branch or an agency, an agency into a branch, a federal branch into a state branch, or a federal agency into a state agency, but does not include renewal of the license of an existing office.

(f) *Commercial lending company* means an organization, other than a bank or an organization operating under section 25 of the Federal Reserve Act (FRA) (12 U.S.C. 601–604a), organized under the laws of any state, that maintains credit balances permissible for an agency and engages in the business of making commercial loans. *Commercial lending company* includes any company chartered under Article XII of the banking law of the State of New York.

(g) *Comptroller* means the Office of the Comptroller of the Currency.

(h) *Control* has the same meaning assigned to it in section 2 of the BHC Act (12 U.S.C. 1841), and the terms *controlled* and *controlling* shall be construed consistently with the term *control*.

(i) *Domestic branch* means any place of business of a foreign bank, located in any state, that may accept domestic deposits and deposits that are incidental to or for the purpose of carrying out transactions in foreign countries.

(j) A foreign bank *engages directly in the business of banking outside of the United States* if the foreign bank engages directly in banking activities usual in connection with the business of banking in the countries where the foreign bank is organized or operating.

(k) To *establish* means to:

(1) Open and conduct business through an office;

(2) Acquire directly, through merger, consolidation, or similar transaction with another foreign bank, the operations of an office that is open and conducting business;

(3) Acquire an office through the acquisition of a foreign bank subsidiary that will cease to operate in the same corporate form following the acquisition;

(4) Change the status of an office; or

(5) Relocate an office from one state to another.

(l) *Federal agency, federal branch, state agency*, and *state branch* have the same meanings as in section 1 of the IBA (12 U.S.C. 3101).

(m) *Foreign bank means an organization* that is organized under the laws of a foreign country and that engages directly in the business of banking outside of the United States. The term foreign bank does not include a central bank of a foreign country that does not engage or seek to engage in a commercial banking business in the United States through an office.

(n) *Foreign banking organization* means a foreign bank, as defined in section 1(b)(7) of the IBA (12 U.S.C. 3101(7)), that operates a branch, agency, or commercial lending company subsidiary in the United States, or that controls a bank in the United States, and any company of which the foreign bank is a subsidiary.

(o) *Home country*, with respect to a foreign bank, means the country in which the foreign bank is chartered or incorporated.

(p) *Home country supervisor*, with respect to a foreign bank, means the governmental entity or entities in the foreign bank's home country with responsibility for the supervision and regulation of the foreign bank.

(q) *Licensing authority* means:

(1) The relevant state supervisor, with respect to an application to establish a state branch, state agency, commercial lending company, or representative office of a foreign bank; or

(2) The Comptroller, with respect to an application to establish a federal branch or federal agency.

(r) *Office* or *office of a foreign bank* means any branch, agency, representative office, or commercial lending company subsidiary of a foreign bank in the United States.

(s) The *parent* of a foreign bank means any company of which the foreign bank is a subsidiary; the *immediate parent* of a foreign bank is the company of which the foreign bank is a direct subsidiary; and the *ultimate parent* of a foreign bank is the parent of the foreign bank that is not the subsidiary of any other company.

(t) *Regional administrative office* means a representative office that:

(1) Is established by a foreign bank that operates one or more branches, agencies, commercial lending companies, or banks in the United States;

(2) Is located in the same city as one or more of the foreign bank's branches, agencies, commercial lending companies, or banks in the United States; and

(3) Manages, supervises, or coordinates the operations of the foreign bank or its affiliates, if any, in a particular geographic region.

(u) *Relevant state supervisor* means the state entity that is authorized to supervise and regulate a state branch, state agency, commercial lending company, or representative office.

(v) *Representative office* means any place of business of a foreign bank, located in any state, that is not a branch, agency, or subsidiary of the foreign bank.

(w) *State* means any state of the United States or the District of Columbia.

(x) *Subsidiary* means any organization 25 percent or more of whose voting shares is directly or indirectly owned, controlled, or held with the power to vote by a company, including a foreign bank or foreign banking organization, or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization.

5. Section 211.23 is redesignated as section 211.22.

6. Section 211.24 is redesignated as section 211.23, paragraphs (a) through (h) of newly designated section 211.23 are redesignated as paragraphs (b) through (i) respectively, and a new paragraph (a) is added and reserved.

7. Sections 211.25 through 211.29 are redesignated as sections 211.24 through 211.28, respectively, and are revised to read as follows:

Section 211.24—Approval of offices of foreign banks; procedures for applications; standards for approval; representative office activities and standards for approval; preservation of existing authority.

(a) *Board approval of offices of foreign banks—*

(1) *Prior Board approval of branches, agencies, or commercial lending companies of foreign banks.*

(i) Except as otherwise provided in paragraph (a)(3) of this section, a foreign bank shall obtain the approval of the Board before it:

(A) Establishes a branch, agency, or commercial lending company subsidiary in the United States; or

(B) Acquires ownership or control of a commercial lending company subsidiary.

(2) *Prior Board approval of representative offices of foreign banks.* Except as otherwise provided in paragraphs (a)(2) or (a)(3) of this section, a foreign bank shall obtain the approval of the Board before it establishes a representative office in the United States.

(i) *Prior notice for regional administrative offices.* After providing 45 days' prior written notice to the Board, a foreign bank may establish a regional administrative office. The Board may waive the 45-day period if it finds that immediate action is required by the circumstances presented. The notice period shall commence at the time the notice is accepted. The Board may suspend the period or require Board approval prior to the establishment of such an office if the notification raises significant policy, prudential, or supervisory concerns.

(ii) *General consent for representative offices.* The Board grants its general consent for a foreign bank to establish a representative office that solely engages in limited administrative functions that are clearly defined, are performed in connection with the banking activities of the foreign bank, and that do not involve contact or liaison with customers or potential customers (such as separately maintaining back office support systems), provided that the foreign bank notifies the

Board in writing within 30 days of the establishment of the representative office.

(3) *After-the-fact Board approval.* Where a foreign bank proposes to establish a branch, agency, representative office, or commercial lending company in the United States through the acquisition of, or merger or consolidation with, a foreign bank with an office in the United States, the Board may, in its discretion, allow the acquisition, merger, or consolidation to proceed before an application to establish the office has been filed or acted upon under this section if:

(i) The foreign bank or banks resulting from the acquisition, merger, or consolidation will not directly or indirectly own or control more than 5 percent of any class of the voting securities of, or control, a U.S. bank;

(ii) The Board is given reasonable advance notice of the proposed acquisition, merger, or consolidation;

(iii) Prior to consummation of the acquisition, merger, or consolidation, each of the relevant foreign banks commits in writing to comply with the procedures for an application under this section within a reasonable period of time or has already filed an application; and

(iv) Each of the relevant foreign banks commits in writing to abide by the Board's decision on the application, including, if necessary, a decision to terminate the activities of any such U.S. office, as the Board or the Comptroller may require.

(4) *Notice of change in ownership or control or conversion of existing office.* A foreign bank with a U.S. office shall notify the Board in writing within 10 days of either:

(i) A change in the foreign bank's ownership or control where the foreign bank is acquired or controlled by another foreign bank or company and the acquired foreign bank with a U.S. office continues to operate in the same corporate form as prior to the change in ownership or control; or

(ii) The conversion of a branch to an agency or representative office, an agency to a representative office, a state branch to a federal branch, or a state agency to a federal agency.

(5) *Transactions subject to approval under Regulation Y.* Subpart B of the Board's Regulation Y (12 C.F.R. 225.11-225.14) governs the acquisition by a foreign banking organization of direct or indirect ownership or control of any voting securities of a bank or bank holding company in the United States if the acquisition results in the foreign banking organization's ownership or control of more than 5 percent of any class of voting securities of a U.S. bank or bank holding company, including through acquisition of a foreign bank or foreign banking organization that owns or controls more than 5 percent of any class of the voting securities of a U.S. bank or bank holding company.

(b) *Procedures for application*—(1) *Filing application.* An application for the Board's approval pursuant to this section shall be filed in the manner prescribed by the Board.

(2) *Publication requirement*—(i) *General.* Except with respect to a proposed transaction where more extensive notice is required by statute or as otherwise provided in paragraphs (b)(2)(ii) and (b)(2)(iii) of this section, the applicant shall publish a notice in a newspaper of general circulation in the community in which the applicant proposes to engage in business. The notice shall state that an application is being filed as of the date of the notice and provide the name of the applicant, the subject matter of the application, the place where comments should be sent, and the date by which comments are due pursuant to paragraph (b)(3) of this section. The applicant shall furnish with its application to the Board a copy of the notice, the date of its publication, and the name and address of the newspaper in which it was published.

(ii) *Exception.* The Board may modify the publication requirement of paragraph (b)(2)(i) of this section in appropriate circumstances.

(iii) *Federal branch or federal agency.* In the case of an application to establish a federal branch or federal agency, compliance with the publication procedures of the Comptroller shall satisfy the publication requirement of this section. Comments regarding the application should be sent to the Board and the Comptroller.

(3) *Written comments.* Within 30 days after publication as required in paragraph (b)(2) of this section, any person may submit to the Board written comments and data on an application. The Board may extend the 30-day comment period if the Board determines that additional relevant information is likely to be provided by interested persons or if other extenuating circumstances exist.

(4) *Board action on application*—(i) *Time limits.* The Board shall act on an application from a foreign bank within 60 calendar days after the foreign bank has been notified that its application has been accepted, unless the Board determines that the public interest will be served by providing additional time to review the application and notifies the applicant that the 60-day period is being extended.

(ii) *Additional information.* The Board may request any information in addition to that supplied in the application when the Board believes that additional information is necessary for its decision.

(5) *Coordination with other regulators.* Upon receipt of an application by a foreign bank under this section, the Board shall promptly notify, consult with, and consider the views of the licensing authority.

(c) *Standards for approval*—(1) *Mandatory standards*—(i) *General.* As specified in section 7(d) of the IBA (12 U.S.C. 3105(d)), the Board may not approve an application to establish a branch or an agency, or to establish or acquire ownership or control of a commercial lending company, unless it determines that:

(A) Each of the foreign bank and any parent foreign bank engages directly in the business of banking outside the United States and is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor; and

(B) The foreign bank has furnished to the Board the information that the Board requires in order to assess the application adequately.

(ii) *Basis for determining comprehensive supervision or regulation on a consolidated basis.* In determining whether a foreign bank and any parent foreign bank is subject to comprehensive supervision or regulation on a consolidated basis, the Board shall determine whether the foreign bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank (including the relationships of the bank to any affiliate) to assess the foreign bank's overall financial condition and compliance with law and regulation. In making such a determination, the Board shall assess, among other factors, the extent to which the home country supervisor:

(A) Ensures that the foreign bank has adequate procedures for monitoring and controlling its activities worldwide;

(B) Obtains information on the condition of the foreign bank and its subsidiaries and offices outside the home country through regular reports of examination, audit reports, or otherwise;

(C) Obtains information on the dealings and relationships between the foreign bank and its affiliates, both foreign and domestic;

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

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

(2) *Discretionary standards.* In acting on any application under this subpart, the Board may take into account:

(i) *Consent of home country supervisor.* Whether the home country supervisor of the foreign bank has consented to the proposed establishment of a branch, agency, or commercial lending company subsidiary;

(ii) *Financial resources.* The financial resources of the foreign bank (including the foreign bank's capital position, projected capital position, profitability, level of indebtedness, and future prospects) and the condition of any U.S. office of the foreign bank;

(iii) *Managerial resources.* The managerial resources of the foreign bank, including the competence, experience, and integrity of the officers and directors; the integrity of its principal shareholders; management's experience and capacity to engage in international banking; and the record of the foreign bank and its management of complying with laws and regulations, and of fulfilling any commitments to, and any conditions imposed by, the Board in connection with any prior application;

(iv) *Sharing information with supervisors.* Whether the foreign bank's home country supervisor and the home country supervisor of any parent of the foreign bank share material information regarding the operations of the foreign bank with other supervisory authorities;

(v) *Assurances to Board.* Whether the foreign bank has provided the Board with adequate assurances that information will be made available to the Board on the operations or activities of the foreign bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, and other applicable federal banking statutes; these assurances shall include a statement from the foreign bank describing the laws that would restrict the foreign bank or any of its parents from providing information to the Board;

(vi) *Compliance with U.S. law.* Whether the foreign bank and its U.S. affiliates are in compliance with applicable U.S. law, and whether the applicant has established adequate controls and procedures in each of its offices to ensure continuing compliance with U.S. law, including controls directed to detection of money laundering and other unsafe or unsound banking practices.

(3) *Additional factor.* In acting on an application, the Board may consider the needs of the community and the history of operation of the foreign bank and its relative size in its home country, provided, however, that the size of the foreign bank shall not be the sole factor in determining whether an office of a foreign bank should be approved.

(4) *Board conditions on approval.* The Board may impose such conditions on its approval as it deems necessary, including a condition which may permit future termination of any activities by the Board or, in the case of a federal branch or a federal agency, by the Comptroller, based on the inability of the foreign bank to provide information on its activities or those of its affiliates that the Board deems necessary to determine and enforce compliance with U.S. banking laws.

(d) *Representative offices*—(1) *Activities.* A representative office may engage in:

(i) Representational and administrative functions in connection with the banking activities of the foreign bank which may include soliciting new business for the foreign bank, conducting research, acting as liaison between the foreign bank's head office and customers in the United States, performing any of the activities described in 12 C.F.R. 250.141(h), or performing back office functions, but shall not include contracting for any deposit or deposit-like liability, lending money, or engaging in any other banking activity for the foreign bank; and

(ii) Other functions for or on behalf of the foreign bank or its affiliates, such as operating as a regional administrative office of the foreign bank, but only to the extent that such other functions are not banking activities and are not prohibited by applicable federal or state law or by ruling or order of the Board.

(2) *Standards for approval of representative offices.* As specified in section 10(a)(2) of the IBA (12 U.S.C. 3107(a)(2)), in acting on the application of a foreign bank to establish a representative office, the Board shall take into account to the extent it deems appropriate the standards for approval set out in paragraph (c) of this section.

(3) *Additional requirements.* The Board may impose any additional requirements that it determines to be necessary to carry out the purposes of the IBA.

(e) *Preservation of existing authority.* Nothing in this subpart shall be construed to relieve any foreign bank or foreign banking organization from any otherwise applicable requirement of federal or state law, including any applicable licensing requirement.

Section 211.25—Termination of offices of foreign banks.

(a) *Grounds for termination*—(1) *General.* Under sections 7(e) and 10(b) of the IBA (12 U.S.C. 3105(e), 3107(b)), the Board may order a foreign bank to terminate the activities of its representative office, state branch, state agency, or commercial lending company subsidiary if the Board finds that:

(i) The foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor in accordance with section 211.24(c)(1) of this subpart; or

(ii) (A) There is reasonable cause to believe that the foreign bank or any of its affiliates has committed a violation of law or engaged in an unsafe or unsound banking practice in the United States; and

(B) As a result of such violation or practice, the continued operation of the foreign bank's representative office, state branch, state agency, or commercial lending company subsidiary would not be consistent with the public interest or with the purposes of the IBA, the BHC Act, or the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. 1811 *et seq.*).

(2) *Additional ground.* The Board may also enforce any condition imposed in connection with an order issued under section 211.24 of this subpart.

(b) *Factor.* In making its findings under this section, the Board may take into account the needs of the community as well as the history of operation of the foreign bank and its relative size in its home country, provided, however, that the size of the foreign bank shall not be the sole determining factor in a decision to terminate an office.

(c) *Consultation with relevant state supervisor.* Except in the case of termination pursuant to paragraph (d)(3) of this section, before issuing an order terminating the activities of a state branch, state agency, representative office, or commercial lending company subsidiary under this section, the Board shall request and consider the views of the relevant state supervisor.

(d) *Termination procedures*—(1) *Notice and hearing.* Except as otherwise provided in paragraph (d)(3) of this section, an order issued under paragraph (a)(1) of this section shall be issued only after notice to the relevant state supervisor and the foreign bank and after an opportunity for a hearing.

(2) *Procedures for hearing.* Hearings under this section shall be conducted pursuant to the Board's Rules of Practice for Hearings (12 C.F.R. part 263).

(3) *Expedited procedure.* The Board may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in

order to protect the public interest. When the Board finds that it is necessary to act without providing an opportunity for a hearing, the Board, solely in its discretion, may provide the foreign bank that is the subject of the termination order with notice of the intended termination order, grant the foreign bank an opportunity to present a written submission opposing issuance of the order, or take any other action designed to provide the foreign bank with notice and an opportunity to present its views concerning the order.

(e) *Termination of federal branch or federal agency.* The Board may transmit to the Comptroller a recommendation that the license of a federal branch or federal agency be terminated if the Board has reasonable cause to believe that the foreign bank or any affiliate of the foreign bank has engaged in conduct for which the activities of a state branch or state agency may be terminated pursuant to this section.

(f) *Voluntary termination.* A foreign bank shall notify the Board at least 30 days prior to terminating the activities of any office. Notice pursuant to this paragraph is in addition to, and does not satisfy, any other federal or state requirements relating to the termination of an office or the requirement for prior notice of the closing of a branch pursuant to section 39 of the FDI Act (12 U.S.C. 1831p).

Section 211.26—Examination of offices and affiliates of foreign banks.

(a) *Conduct of examinations*—(1) *Examination of branches, agencies, commercial lending companies, and affiliates.* The Board may examine any branch or agency of a foreign bank, any commercial lending company or bank controlled by one or more foreign banks or one or more foreign companies that control a foreign bank, and any other office or affiliate of a foreign bank conducting business in any state.

(2) *Examination of representative offices.* The Board may examine any representative office in the manner and with the frequency it deems appropriate.

(b) *Coordination of examinations.* To the extent possible, the Board shall coordinate its examinations of the U.S. offices and U.S. affiliates of a foreign bank with the licensing authority and, in the case of an insured branch, the Federal Deposit Insurance Corporation (FDIC), including through simultaneous examinations of the U.S. offices and U.S. affiliates of a foreign bank.

(c) *Annual on-site examinations.* Each branch, agency, or commercial lending company subsidiary of a foreign bank shall be examined on-site at least once during each 12-month period (beginning on the date the most recent examination of the office ended) by:

(1) The Board;

(2) The FDIC, if the branch of the foreign bank accepts or maintains insured deposits;

(3) The Comptroller, if the branch or agency of the foreign bank is licensed by the Comptroller; or

(4) The state supervisor, if the office of the foreign bank is licensed or chartered by the state.

Section 211.27—Disclosure of supervisory information to foreign supervisors.

(a) *Disclosure by Board.* The Board may disclose information obtained in the course of exercising its supervisory or examination authority to a foreign bank regulatory or supervisory authority if the Board determines that disclosure is appropriate for bank supervisory or regulatory purposes and will not prejudice the interests of the United States.

(b) *Confidentiality.* Before making any disclosure of information pursuant to paragraph (a) of this section, the Board shall obtain, to the extent necessary, the agreement of the foreign bank regulatory or supervisory authority to maintain the confidentiality of such information to the extent possible under applicable law.

Section 211.28—Limitation on loans to one borrower.

(a) *Limitation.* Except as otherwise provided in paragraph (b) of this section, the total loans and extensions of credit by all the state branches and agencies of a foreign bank outstanding to a single borrower at one time shall be aggregated with the total loans and extensions of credit by all federal branches and federal agencies of the same foreign bank outstanding to such borrower at the time and shall be subject to the limitations and other provisions of section 5200 of the Revised Statutes (12 U.S.C. 84), and the regulations promulgated thereunder, in the same manner that extensions of credit by a federal branch or federal agency are subject to section 4(b) of the IBA (12 U.S.C. 3102(b)) as if such state branches and agencies were federal branches and agencies.

(b) *Preexisting loans and extensions of credit.* Any loans or extensions of credit to a single borrower that were originated prior to December 19, 1991, by a state branch or state agency of the same foreign bank and that, when aggregated with loans and extensions of credit by all other branches and agencies of the foreign bank, exceed the limits set forth in paragraph (a) of this section, may be brought into compliance with such limitations through routine repayment, provided that any new loans or extensions of credit, including renewals of existing unfunded credit lines or extensions of the dates of maturity of existing loans, to the same borrower shall comply with the limits set forth in paragraph (a) of this section.

8. A new section 211.29 is added and reserved to read as follows:

Section 211.29—Applications by state-licensed branches and agencies to conduct activities not permissible for federal branches—

[Reserved].

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for 12 C.F.R. part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1843(c)(8), 1844(b), 1972(l), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. Section 225.11 is amended by revising paragraph (f) to read as follows:

Section 225.11—Transactions requiring Board approval.

* * * * *

(f) *Transactions by foreign banking organization.* Any transaction described in paragraphs (a) through (e) of this section by a foreign banking organization (as defined in 12 C.F.R. 211.21(n)) that involves the acquisition of an interest in a U.S. bank or in a bank holding company for which application would be required if the foreign banking organization were a bank holding company.

3. Section 225.12 is amended by revising paragraph (f) to read as follows:

Section 225.12—Transactions not requiring Board approval.

* * * * *

(f) *Acquisition of foreign banking organization.* The acquisition of a foreign banking organization (as defined in 12 C.F.R. 211.21(n)) where the foreign banking organization does not directly or indirectly own or control a bank in the United States, unless the acquisition is also by a foreign banking organization and otherwise subject to section 225.11(f) of this subpart.

Part 263—Rules of Practice for Hearings

1. The authority citation for 12 C.F.R. part 263 is revised to read as follows:

Authority: 5 U.S.C. 504; 12 U.S.C. 248, 324, 504, 505, 1817(j), 1818, 1828(c), 1847(b), 1847(d), 1884(b), 1972(2)(F), 3105, 3107, 3108, 3907, 3909; 15 U.S.C. 21, 78o-4, 78o-5, and 78u-2.

2. Section 263.51 is amended by revising paragraph (c) to read as follows:

Section 263.51—Definitions.

* * * * *

(c) *Institution* has the same meaning as that assigned to it in section 263.3(f) of subpart A, and includes any foreign bank with a representative office in the United States.

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for 12 C.F.R. part 265 continues to read as follows:

Authority: 12 U.S.C. 248(i) and (k).

2. Section 265.6 is amended by revising paragraph (b)(2) and by adding a new paragraph (f) to read as follows:

Section 265.6—Functions delegated to General Counsel.

* * * * *

(b) * * *

(2) *Disclosure to foreign authorities.* To make the determinations required for disclosure of information to a foreign bank regulatory or supervisory authority, and to obtain, to the extent necessary, the agreement of such authority to maintain the confidentiality of such information to the extent possible under applicable law (12 C.F.R. 211.27).

* * * * *

(f) *International banking.* (1) With the concurrence of the Board's Director of the Division of Banking Supervision and Regulation, to grant a request by a foreign bank to establish a branch, agency, commercial lending company, or representative office through certain acquisitions, mergers, consolidations, or similar transactions, and to file an after-the-fact application for the Board's approval to establish that office pursuant to section 211.24(a)(3) of Regulation K (12 C.F.R. 211.24(a)(3)); and

(2) To modify the requirement that a foreign bank that has applied to establish a branch, agency, commercial lending company, or representative office pursuant to section 211.24(a) of Regulation K (12 C.F.R. 211.24(a)) shall publish notice of the application in a newspaper of general circulation in the community in which the applicant proposes to engage in business as provided in section 211.24(b)(2)(ii) of Regulation K (12 C.F.R. 211.24(b)(2)(ii)).

3. Section 265.7 is amended by revising paragraph (d)(8) to read as follows:

Section 265.7—Functions delegated to Director of Division of Banking Supervision and Regulation.

* * * * *

(d) * * *

(8) *Conduct and coordination of examinations.* To authorize the conduct of examinations of the U.S. offices and affiliates of foreign banks as provided in sections 7(c) and 10(c) of the IBA (12 U.S.C. 3105(c), 3107(c)), and, where appropriate, to coordinate those examinations with examinations of the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the state entity that is authorized to supervise or regulate a state branch, state agency, commercial lending company, or representative office.

* * * * *

4. Section 265.11 is amended by adding paragraph (d)(11) to read as follows:

Section 265.11—Functions delegated to Federal Reserve Banks.

* * * * *

(d) * * *

(11) *Establishment of additional office by foreign bank—*

(i) Additional branch, agency, or commercial lending company. To approve an application by a foreign bank to establish an additional branch, agency, or commercial lending company in the United States pursuant to section 211.24 of Regulation K (12 C.F.R. 211.24), provided that:

(A) The foreign bank previously received approval from the Board to establish a branch, agency, or commercial lending company in the United States pursuant to section 211.24 of Regulation K (12 C.F.R. 211.24); and

(B) The application raises no significant policy or supervisory issues.

(ii) *Representative office.* To approve an application by a foreign bank to establish a representative office in the United States pursuant to section 211.24 of Regulation K (12 C.F.R. 211.24), provided that:

(A) The foreign bank previously received approval from the Board to establish a branch, agency, commercial lending company, or representative office in the United States pursuant to section 211.24 of Regulation K (12 C.F.R. 211.24); and

(B) The application raises no significant policy or supervisory issues.

* * * * *

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

FCFT, Inc. Princeton, West Virginia

Order Approving Acquisition and Merger of a Bank and Establishment of Branches

FCFT, Inc., Princeton, West Virginia ("FCFT"), 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 Peoples Bank of Richwood, Inc., Richwood, West Virginia ("Peoples Bank"). A subsidiary bank of FCFT, First Community Bank, Inc., Princeton, West Virginia ("FCFT Bank"), also has applied to merge Peoples Bank into FCFT Bank pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act"), and to establish branches at the present offices of Peoples

Bank pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 338).[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 48,385 (1992)) and given in accordance with applicable law. As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in the BHC Act, the Bank Merger Act, and the Federal Reserve Act.

FCFT is the sixth largest commercial banking organization in West Virginia, controlling deposits of $527.4 million, representing 3.3 percent of the total deposits in commercial banking organizations in the state.[2] Peoples Bank controls deposits of $31.9 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, FCFT would become the fifth largest commercial banking organization in West Virginia, controlling deposits of $559.3 million, representing 3.5 percent of the total deposits in commercial banking organizations in the state.

FCFT and Peoples Bank compete directly in the Nicholas County banking market in West Virginia.[3] FCFT is the third largest commercial banking or thrift organization (together "depository institutions"), controlling deposits of $52.8 million, representing approximately 22.3 percent of total deposits in depository institutions in the market ("market deposits").[4] Peoples Bank is the fourth largest depository institution in the Nicholas County banking market, controlling deposits of $32.7 million, representing approximately 14 percent of market deposits. Upon consummation of this proposal, FCFT would become the largest depository institution in the Nicholas County banking market, controlling deposits of $85.5 million, representing approximately 36.3 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for this market would increase by 625 points to 3261.[5]

The BHC Act and the Bank Merger Act prohibit the Board from approving the FCFT proposal if the effect of this proposal would be to substantially lessen competition in the Nicholas County banking market unless the Board finds "that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served."[6] The courts have concluded that a proposed transaction does not substantially lessen competition in a banking market if the proposal involves a troubled financial institution and there is no reasonable alternative to the proposal that would result in less injury to competition.[7]

Initially, the Board notes that a number of factors indicate that the competitive effects of the proposal may be overstated by the increase in HHI. Peoples is experiencing financial weakness and has not been a viable competitor. Following consummation, two other commercial banks will remain in the market. These banks are subsidiaries of the two largest West Virginia commercial banking institutions[8] and each controls at least 30 percent of the deposits held by depository institutions in the Nicholas County banking market.

The Board has also carefully considered the public benefits associated with this proposal, including the financial condition of Peoples Bank and potential costs associated with the bank's resolution. In this regard, FCFT's proposal will resolve financial difficulties experienced by Peoples without any federal government assistance and will ensure that communities previously served by Peoples Bank will continue to be served by a viable competitor in the market.

The facts of record also indicate that these benefits are not likely to result from other means less injurious to competition. In this case, Peoples Bank undertook substantial efforts to find a buyer both in and out of the

1. These branches are at: 16 West Main Street, Richwood; Red Oak Plaza, Craigsville; and Route 39, Nettie, all in West Virginia.

2. State banking data are as of June 30, 1992. Market deposit data are as of June 30, 1991.

3. The Nicholas County banking market is approximated by Nicholas County, West Virginia.

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

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The 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 increases the HHI by 200 points. The Justice Department has stated that the higher-than-normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. *See* 12 U.S.C. §§ 1842(c)(2) and 1828(c)(6).

7. *See United States v. Third National Bank in Nashville*, 390 U.S. 171, 189 (1967); *Fleet/Norstar Financial Group, Inc.*, 77 *Federal Reserve Bulletin* 750 (1991).

8. These institutions are One Valley Bancorp and Key Centurion.

state. FCFT has emerged as the only purchaser for the bank. Nicholas County is a rural banking market and is relatively unattractive for entry, because of low employment and poor commercial and population growth prospects.

The Department of Justice has informed the Board that it has no objection to the proposal. The West Virginia Bank Commissioner has approved the acquisition on the grounds that the benefits of the acquisition to the public outweigh any adverse competitive effects. Based on all the facts of record, the Board concludes that the competitive effects in the Nicholas County banking market are not significantly adverse and in any event are outweighed by the public benefits associated with FCFT's acquisition of Peoples Bank. In reaching this conclusion, the Board has considered comments from several residents ("Protestants") alleging that the proposal would result in a reduction in competition.

The financial and managerial resources and future prospects of FCFT, FCFT Bank, and Peoples Bank are consistent with approval. The Board also finds that considerations relating to the convenience and needs of the communities to be served and the other supervisory factors the Board must consider under section 3 of the BHC Act and the Bank Merger Act are also consistent with approval of this proposal.[9]

FCFT Bank also has applied under section 9 of the Federal Reserve Act to establish branches at some of the present offices of Peoples Bank. The Board has considered the factors it is required to consider when reviewing applications pursuant to section 9 of the Federal Reserve Act and finds those factors to be consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically conditioned upon compliance by FCFT and its subsidiaries with the commitments made in connection with these applications. For purposes of this action, commitments and conditions will both be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

The West Virginia Bank Commissioner has indicated that an emergency exists requiring expeditious action. Accordingly, as provided in section 11 of the BHC Act and section 18(c)(6) of the Bank Merger Act, the transaction may be consummated on or after the fifth calendar day following the effective date of this Order, but not 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, pursuant to delegated authority.

By order of the Board of Governors, effective January 19, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

9. Protestants have also commented that the proposal would result in increased unemployment in the Richwood, West Virginia, area. In response to this allegation, FCFT has indicated that due to its anticipated consolidation of existing physical facilities, approximately one-third fewer employees would be needed to operate Peoples Bank and First Community Bank, Inc., Princeton, West Virginia, the subsidiary of FCFT that under the proposal would merge with Peoples Bank. Based on all the facts of record, the Board does not find that these comments cause the balance of the convenience and needs factors to be inconsistent with approval of this proposal.

FCNB Corp
Frederick, Maryland

Order Approving the Acquisition of Shares of a Bank Holding Company

FCNB Corp, Frederick, Maryland ("FCNB"), 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 14.9 percent of the voting shares of HomeTown Bancorp, Inc., Myersville, Maryland ("HomeTown").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (57 *Federal Register* 54,792 (1992)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

FCNB is the 18th largest commercial banking organization in Maryland, controlling deposits of $292.7 million, representing less than 1 percent of total deposits in commercial banks in the state.[2] HomeTown is the 60th largest commercial banking organization in Maryland, controlling deposits of $48.8 million, representing less than 1 percent of total deposits in commercial banks in the state.

FCNB has indicated that it does not intend to control HomeTown and has proposed to acquire the voting shares of HomeTown as a passive investment. As part of this proposal, FCNB has made a number of

1. FCNB currently holds approximately 4.9 percent of HomeTown's voting stock, and proposes to acquire an additional 10 percent of HomeTown's shares. HomeTown is a bank holding company by virtue of its ownership of 100 percent of the voting shares of Myersville Bank, Myersville, Maryland ("Bank").

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

commitments, previously accepted by the Board in similar proposals,[3] in order to ensure that FCNB will not control HomeTown as a result of the proposed share acquisitions. In particular, FCNB 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 HomeTown or its bank subsidiaries;

(2) Have or seek to have any employee or representative serve as an officer, agent or employee of HomeTown or its bank subsidiaries;

(3) Take any action causing HomeTown or its bank subsidiaries to become a subsidiary of FCNB;

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

(5) Seek or accept representation on the board of directors of HomeTown;

(6) 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 HomeTown;

(7) Attempt to influence the dividend policies or practices of HomeTown or its bank subsidiaries;

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

(9) Attempt to influence the loan and credit decisions or policies of HomeTown and its bank subsidiaries, the pricing of services, any personnel decision, the location of any offices, branching, the hours of operation, or similar activities of HomeTown and its bank subsidiaries;

(10) Dispose or threaten to dispose of shares of HomeTown in any manner as a condition of specific action or nonaction by HomeTown; or

(11) Enter into any other banking or nonbanking transactions with HomeTown, except that FCNB may establish and maintain deposit accounts with bank subsidiaries of HomeTown, provided that the aggregate balances of all such accounts do not exceed $500,000 and that the accounts are maintained on substantially the same terms as those prevailing for comparable accounts of persons unaffiliated with HomeTown.

Based on the facts of record and FCNB's commitments, the Board has concluded that FCNB would not acquire control or the ability to exercise a controlling influence over HomeTown upon consummation of this proposal.

The Board's inquiry does not end, however, with its finding that FCNB would not control HomeTown. The Board is required under section 3(c) of the BHC Act to consider, among other factors, the competitive effects of the proposal, the financial and managerial resources and future prospects of the companies and banks concerned, and the effect of the proposal on the convenience and needs of the communities to be served.

In this regard, the Board has received comments from HomeTown and several individuals (collectively, "Protestants") who have objected to FCNB's proposal, alleging that the application is opposed by community leaders and by management, shareholders, and customers of HomeTown and Bank. In particular, Protestants assert that:

(1) FCNB has failed to disclose its intention to acquire control of HomeTown;

(2) The proposal will cause adverse competitive effects and an adverse impact on HomeTown's financial condition;

(3) HomeTown represents a poor investment opportunity for FCNB; and

(4) FCNB's application has disrupted HomeTown's business plans.

Protestants also have commended Bank's operations, financial condition, banking services, and customer and community relations, and contend that these positive features of Bank will be diminished if Bank is acquired by a larger institution located outside the community.[4]

The Board has carefully considered Protestants' comments in light of the factors the Board must

3. *See, e.g., Summit Bancorp, Inc.*, 77 *Federal Reserve Bulletin* 952 (1991); *The Summit Bancorporation*, 75 *Federal Reserve Bulletin* 712 (1989); *United Counties Bancorporation*, 75 *Federal Reserve Bulletin* 714 (1989).

4. Certain of the Protestants also have alleged that FCNB currently controls 6.6 percent of HomeTown's voting shares without having obtained prior approval from the Federal Reserve System. These Protestants believe that FCNB's current 4.9 percent ownership interest should be aggregated with the 1.7 percent of HomeTown's voting shares which Protestants allege are controlled by an FCNB shareholder ("Shareholder"). Protestants' argument appears to be based upon the fact that both Shareholder and FCNB purchased interests in HomeTown from the same seller in October 1991. In response to Protestants' allegations, FCNB has represented that:

(1) Shareholder owns less than 5 percent of FCNB's outstanding common shares;

(2) Shareholder is not an officer or director of FCNB or any of its subsidiaries or affiliates; and

(3) FCNB does not control these shares in any respect, directly or indirectly, and does not have any agreement, arrangement, or understanding with Shareholder concerning the voting, acquisition, or disposition of the HomeTown stock.

FCNB also has stated that it has no knowledge as to whether Shareholder still controls the HomeTown stock in question. In light of all of the facts of record, including representations made by FCNB, the Board has concluded that these allegations do not warrant denial of this application.

consider under section 3(c) of the BHC Act. FCNB has indicated that it does not intend to alter the operations of HomeTown or Bank in any respect upon consummation of the share acquisitions, and has proposed to invest in HomeTown on a passive basis. In this regard, FCNB has made a number of commitments, discussed above, to ensure that FCNB does not exercise a controlling influence over the operations of HomeTown. The Board also notes that FCNB is required to obtain prior Board approval before altering the nature of its passive investment or increasing its share ownership, and that Protestants would have an opportunity at that time to present their views as to whether FCNB should be permitted to exercise control over HomeTown.

The Board previously has noted that one company need not acquire control of another in order to lessen competition between them substantially.[5] In this case, however, FCNB and HomeTown do not compete with each other in any banking market. On the basis of all of the facts of record, including the considerations discussed above, the Board has concluded that consummation of this proposal would not result in a significantly adverse effect on competition in any relevant banking market.

The Board also has reviewed the financial resources of FCNB in light of the size and nature of the proposed investment, and has concluded on the basis of all of the facts of record that these resources, as well as other considerations relating to the financial and managerial resources and future prospects of FCNB, HomeTown, and their respective subsidiaries, are consistent with approval of this application. The Board also has concluded that the other factors it is required to consider under section 3(c) of the BHC Act, including convenience and needs considerations, are consistent with approval of this application.[6]

5. *See* note 3, *supra*, and cases cited therein.

6. Some Protestants have requested that the Board hold a public meeting or hearing on this application. The Board is not required under section 3 of the BHC Act to hold a public meeting or hearing unless the primary supervisor for the bank to be acquired disapproves the proposal. In this case, the primary supervisor for the institution to be acquired has not objected to FCNB's proposal.

Under its rules, 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 Protestants' requests, and the written comments submitted by Protestants. In the Board's view, interested parties have had ample opportunity to submit and have submitted substantial written comments that have been considered by the Board. In light of the foregoing and all of the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

Based on the foregoing and other facts of record, and subject to and in reliance upon representations and commitments made by FCNB, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by FCNB with all of the commitments made in connection with this application and with the conditions referenced in this Order. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 25, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

KeyCorp
Albany, New York

Key Bancshares of New York, Inc.
Albany, New York

Order Approving Acquisition of a Savings Bank

KeyCorp and Key Bancshares of New York, Inc., both of Albany, New York (together, "KeyCorp"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of The National Savings Bank of Albany, Albany, New York ("National").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 49,084 (1992)). The time for filing comments has expired, and the Board

1. In connection with KeyCorp's proposed acquisition of National, KeyCorp has requested Board approval under section 3 of the BHC Act to acquire an option to purchase up to 19.9 percent of the voting shares of National. This option will become moot upon consummation of KeyCorp's application to acquire National.

has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

KeyCorp is the sixth largest commercial banking organization in New York, controlling two banking subsidiaries with $11 billion in deposits, representing 4.3 percent of the total deposits in commercial banking organizations in the state.[2] National is the 44th largest thrift organization in New York, controlling $574.6 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this transaction, KeyCorp would remain the sixth largest commercial banking organization in New York, controlling $11.6 billion in deposits, representing 4.5 percent of the total deposits in commercial banking organizations in the state.

Competitive Effects

KeyCorp and National compete directly in the Plattsburgh[3] and Albany[4] banking markets in New York. In the Plattsburgh banking market, KeyCorp is the largest commercial banking or thrift organization ("depository institution"), controlling deposits of $298.5 million, representing 33.6 percent of total deposits in depository institutions in the market ("market deposits").[5] National is the fifth largest depository institution in the market, controlling deposits of $63.1 million, representing 7.1 percent of market deposits. Upon consummation of this proposal, KeyCorp would remain the largest depository institution in the Plattsburgh banking market, controlling deposits of $424 million, representing 44.6 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 732 points to 2503.[6]

In order to mitigate the anticompetitive effects that would result from consummation of this proposal in the Plattsburgh banking market, KeyCorp has committed to divest several branches in this market that hold, in the aggregate, at least $98 million in deposits.[7] Accounting for these divestitures, the share of the Plattsburgh banking market controlled by KeyCorp will increase by less than one percent.[8] KeyCorp has further committed that, in the event the divestitures cannot be effected as proposed, its divestitures will not result in an increase in market concentration that would exceed the Department of Justice guidelines. In light of the relatively small increase in market concentration after the proposed divestiture, the fact that ten depository institution competitors would remain in the market, and other facts of record, the Board concludes that consummation of this proposal, with the proposed divestitures, would not have a significantly adverse competitive effect in the Plattsburgh market.

KeyCorp is the largest depository institution in the Albany banking market, controlling deposits of $1.9 billion, representing 15.3 percent of total deposits held by depository institutions in the market. National is the 16th largest depository institution in the market, controlling deposits of $203.3 million, representing 1.6 percent of total deposits held by depository institutions in the market. Upon consummation of this proposal, KeyCorp would remain the largest depository institution in the market, controlling total deposits of $2.3 billion, representing 18.2 percent of the total deposits in depository institutions in the Albany market. The HHI would increase 95 points to a level of 841, and 38 depository institutions would remain in the market.

Based on all the facts of record, and for the reasons discussed above, the Board believes that consummation of this proposal would not have a significantly

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

3. The Plattsburgh banking market is approximated by Clinton and Essex Counties in New York.

4. The Albany banking market is approximated by Albany, Columbia, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren and Washington Counties in New York.

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

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

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

8. KeyCorp would remain the largest depository institution in the Plattsburgh banking market, controlling approximately $326.6 million in deposits, representing approximately 34.3 percent of market deposits.

adverse effect on competition in the Plattsburgh, Albany, or any other relevant banking markets.

Other Considerations

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

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

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

By order of the Board of Governors, effective January 19, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Meridian Bancorp, Inc.
Reading, Pennsylvania

Order Approving Acquisition of a Bank

Meridian Bancorp, Inc., Reading, Pennsylvania ("Meridian"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to establish a *de novo* bank, Meridian Bank, New Jersey, Cherry Hill, New Jersey ("Bank"), for the purpose of acquiring Cherry Hill National Bank, Medford, New Jersey ("Cherry Hill").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 45,060 (1992)). The time for filing comments has expired, and the Board has considered this application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Meridian, with approximately $11.9 billion in consolidated assets, controls two subsidiary banks located in Pennsylvania and one subsidiary bank located in Delaware.[2] Cherry Hill is the 50th largest commercial banking organization in New Jersey, controlling deposits of $110.0 million, representing less than 1 percent of the deposits in commercial banking organizations in the state.

Douglas Amendment

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[3] For purposes of the Douglas Amendment, the home state of Meridian is Pennsylvania.[4] The New Jersey interstate banking statute expressly authorizes an out-of-state bank holding company, such as Meridian, to acquire a New Jersey bank, such as Bank and Cherry Hill, subject to certain conditions.[5] After careful review of the relevant statutes, and in light of the facts of record, the Board concludes that Meridian's acquisition of Cherry Hill complies with the New Jersey interstate banking statute, and that Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon Meridian receiving all required state regulatory approvals.

1. Cherry Hill will merge into Bank, with Bank to be the surviving entity. This merger will require regulatory review and approval by the FDIC under the Bank Merger Act, 12 U.S.C. § 1828(c).

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

3. 12 U.S.C. § 1842(d).

4. A bank holding company's home state is that state in which the total deposits of all banking subsidiaries of the bank holding company were largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. *Id.*

5. *See*, *National Westminster Bank PLC*, 74 *Federal Reserve Bulletin* 142 (1988); *CoreStates Financial Corporation*, 72 *Federal Reserve Bulletin* 798 (1986).

Competitive, Financial, Managerial and Supervisory Considerations

Meridian does not currently operate a banking subsidiary in New Jersey. Based on all of the facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. The Board also concludes, based on all of the facts of record in this case, that the financial and managerial resources[6] and future prospects of Meridian, its subsidiary banks, Bank, and Cherry Hill, and the other supervisory factors that the Board must consider under the BHC Act, are consistent with approval of this proposal.

Convenience and Needs Considerations

In considering this application, the Board is required under the CRA to take into account the records of Meridian, its subsidiary banks, and Cherry Hill under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The Board has received more than twenty comments from a variety of community organizations located in Pennsylvania supporting the efforts of Meridian to help meet the credit needs of the entire communities it serves.[7] For example, commenters commend Meridian for its participation and efforts in a variety of lending and community development activities, including providing home mortgages on flexible terms and credit counseling to low- and moderate-income homebuyers, loans and grants to community organizations for the acquisition, rehabilitation, construction, and operation of affordable housing, bridge funding to community organizations involved in government assisted redevelopment projects, and leadership and technical assistance through the service of numerous Meridian officers and employees on the boards and committees of these organizations. Two of these commenters also urge the Board to approve Meridian's application on the basis of Meridian's CRA activities, and believe that Meridian should be encouraged to continue its current level of CRA activities.

The Board also has received comments from New Jersey Citizen Action ("Protestant") criticizing the CRA performance of Meridian and of Cherry Hill. In general, Protestant asserts that Meridian's level of CRA performance in New Jersey will not be equal to its CRA performance in Pennsylvania, because Meridian has not sufficiently considered the needs of the communities to be served in New Jersey.[8]

Record of Performance Under the CRA

A. CRA Performance Examination

The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take this record into account in its evaluation of bank holding company applications."[9] The CRA and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement")[10] indicate that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[11]

The Board notes that Meridian Bank, Reading, Pennsylvania ("Meridian Bank"), Meridian's lead banking subsidiary, accounting for approximately 87 percent of Meridian's consolidated assets, received an "outstanding" rating from its primary federal reg-

6. The Board has considered a comment alleging that a subsidiary bank of Meridian has employed wrongful demand and collection procedures in connection with loans made to a minority-owned partnership. On the basis of all the facts of record, including the Federal Reserve Bank of Philadelphia's investigation and relevant reports of examination by the Reserve Bank, the Board concludes that this comment does not raise issues that would warrant a denial of this application. *See also Meridian Bancorp, Inc.*, 78 *Federal Reserve Bulletin* 942 (1992).

7. Commenters in support of Meridian's application include the following: The Allegheny West Foundation, a community development corporation that rehabilitates deteriorated housing and develops large-scale, tax-assisted rental housing projects; Greater Germantown Housing Development Corporation, a community development corporation that has undertaken a large-scale, mixed-use redevelopment project; Philadelphia Neighborhood Housing Services, which provides home improvement loans, housing rehabilitation assistance, and financial counseling to individuals; Community Action Agency of Delaware County, Inc., which encourages urban homesteading; and the Redevelopment Authority of the City of Bethlehem.

8. Protestant also criticizes Meridian's failure to enter into a reinvestment agreement with Protestant that would provide specific lending goals and a monitoring process by a community organization. Protestant also alleges that Meridian's proposed CRA activities for Cherry Hill lack specificity and are deficient in the following areas:

(1) Community contacts to ascertain credit needs;
(2) Marketing and advertising programs;
(3) Types of credit products for low- and moderate-income consumers; and
(4) Participation in community development projects and charitable contributions.

9. 12 U.S.C. § 2903.

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

11. *Id.* at 13,745.

ulator, the Federal Reserve Bank of Philadelphia, at its most recent examination for CRA performance as of July 1, 1991.[12] The Board also has recently concluded that the CRA performance records of Meridian's subsidiary banks are generally consistent with approval of an application under the convenience and needs factor in the BHC Act.[13] Cherry Hill, which will account for less than 1 percent of Meridian's consolidated assets, received a "needs to improve" CRA performance rating from the OCC as of September 30, 1991, and previously as of December 31, 1989.

B. Corporate Policies

Meridian has committed to implement at Bank the Meridian Community Partnership Loan Program ("MCPLP") that has been in place at Meridian's current subsidiary banks since 1988. Under MCPLP, Meridian has appointed a CRA officer at each subsidiary bank, who is in charge of a Corporate Community Affairs Department, to implement and administer the program. Each bank also has established a CRA Monitoring Committee, which includes senior officers of the bank, to meet quarterly to review the bank's CRA performance, to make CRA-related policy decisions, and to make regular presentations of CRA matters to the bank's board of directors.

Meridian also has committed to establish a new geographic operating division for New Jersey and a new advisory committee at Bank for that division, corresponding to the six geographic divisions and advisory committees that currently exist at Meridian's subsidiary banks in Pennsylvania and Delaware. The advisory committees are composed of leaders from non-profit, public sector, minority, and religious organizations, in addition to Meridian employees. The advisory committees review loan data and marketing information, and have the authority and the ability to organize themselves to respond to more specific credit needs.[14] The staff of the Corporate Community Affairs Department reviews the minutes of these meetings to assist it in evaluating and developing the subsidiary banks' products.

Meridian has further committed that Bank will target specific low- and moderate-income neighborhoods in New Jersey, participate in New Jersey state and local loan programs and FHA and VA home mortgage programs, enter into projects with local housing groups on a case-by-case basis, and utilize the income levels and purchase price maximums set by the New Jersey Housing and Mortgage Finance Agency in developing and administering loan products targeted at low- and moderate-income borrowers.

C. Ascertainment and Marketing Efforts

Meridian uses a variety of methods to gather and analyze information concerning the credit needs of the communities it serves, to develop products, services, and marketing programs to serve those needs, including the needs of minority and low- and moderate-income individuals in those communities, and to measure the receptivity of those communities to those marketing efforts. Meridian's methods include an extensive program of calls on community organizations and public sector agencies, focus group sessions among customers, non-customers, and employees,[15] surveys of customers and non-customers, demographic research, including the use of census tract

12. Meridian's remaining subsidiary banks have been rated as follows: Delaware Trust Company, Wilmington, Delaware, received an "outstanding" performance rating from the FDIC on July 20, 1990; and The First National Bank of Pike County, Milford, Pennsylvania, received a "satisfactory" performance rating from the OCC on August 30, 1992.

The CRA examination of Meridian Bank noted some areas for improvement in its record of CRA performance in the Harrisburg, Pennsylvania MSA. Even noting these weaknesses, Meridian Bank received an "outstanding" CRA performance rating. In Protestant's view, Meridian's CRA performance in Cherry Hill, without Protestant's proposed reinvestment agreement, will suffer the same weaknesses found in Harrisburg because Protestant believes the Harrisburg MSA demographically resembles the areas of New Jersey served by Cherry Hill. Meridian did not begin its lending operations in the Harrisburg MSA until late 1990, following its acquisition of three branches of a failed savings association. Accordingly, its CRA programs are not as well-established in this service area as in other service areas in Pennsylvania. However, Meridian Bank has initiated several steps designed to assist in meeting the credit needs of all communities in the Harrisburg MSA. For example, Meridian Bank has hired additional staff and instituted CRA training programs at the Harrisburg branches. Meridian Bank also has supported the credit counseling and homebuyer workshop programs of the Harrisburg Fair Housing Council through financial contributions and the participation of Meridian officers. The bank also has contributed to the South Central Pennsylvania Housing Development Fund, to support the renovation of 60 homes in downtown Harrisburg, and is negotiating with the Tri-County Housing Development Corporation concerning its credit needs for a multi-phase rehabilitation project in downtown Harrisburg. In addition, Meridian Bank has sponsored a regional minority small business trade fair in Harrisburg.

13. *Meridian Bancorp Inc., supra.*

14. In one division in Pennsylvania, the advisory committee has formed four subcommittees, each of which focuses on a separate developmental objective. The small business sub-committee helped establish a small business loan program for minority businesses. In another division, the advisory committee established a Community Credit Committee, composed of senior lending officers and community leaders, to help meet credit needs in Berks County, Pennsylvania. The committee meets monthly, and decides as a group whether to approve or decline loan requests generated by community groups in that area. As of May 1992, there were outstanding 15 loans approved by the committee in the aggregate amount of approximately $86,000, with no delinquencies.

15. Meridian recently hired a bilingual focus group consultant to conduct research among black and Hispanic individuals. This consultant's work has been used in a video, radio, and print advertising campaign for mortgage lending.

data, and on-going analysis of loan data.[16] MCPLP staff also meet with Meridian's divisional advisory committees to learn about community needs. The Meridian Community Forum, a speakers bureau designed to educate the communities Meridian serves about its credit products, also serves as a means for Meridian to learn from these communities about their credit needs.

The Meridian marketing program is approved, monitored, and analyzed by senior management, and reaches all communities it serves. Advertising directed to minority and low- and moderate-income individuals is a distinct part of its advertising program, and Meridian uses minority newspapers, business directories, and radio stations to deliver these marketing programs to these persons. Many materials have been produced in Spanish, Spanish language radio and print advertising and ATMs have been used, and a toll-free bilingual mortgage information line has been established. Mass mailings have been made to Hispanic civic, community, and service organizations. In Harrisburg, Meridian has used direct mail advertising to realtors doing business in low- and moderate-income areas to encourage the use of Pennsylvania Housing Finance Agency low-interest mortgage loans, and a video and print media campaign targeted at individuals with limited income was conducted in the fall of 1992 to promote mortgage lending. Meridian also has advertised at special events in Philadelphia, including DiversCity, an annual celebration of Black History Month, and events sponsored by the United Black Business Association of Philadelphia and the Philadelphia Hispanic Chamber of Commerce.

In New Jersey, Meridian has developed a list of media that effectively reach low- and moderate-income areas, and has initiated a calling program to meet with local groups involved in creating affordable housing, shelter and social services for the homeless, and economic development. Meridian has helped to form the Collaborative Lending Initiative of Camden, which will provide over $1 million in construction, bridge, and permanent financing to qualified community development groups. Meridian also has met with a number of community groups in New Jersey, including Jersey Counseling and Housing Development, Inc., Camden Peace Mission, Volunteers of America, Camden Neighborhood Housing Services, and St. Joseph's Carpenters Society, and with several small business owners.

16. On the basis of this data, Meridian Bank introduced a new loan product, NEED (Necessary Emergency Expense Disbursement) Loans, in amounts up to $1,500, repayable at an interest rate one-half percent below the prevailing consumer loan rate.

D. Lending and Other Activities

Meridian offers a variety of products and services under MCPLP, including fourteen permanent mortgage loan types, four construction loan and permanent financing facilities, and various special credit programs, designed to meet the credit needs of low- and moderate-income homebuyers. Meridian participates in federal and state programs, such as FHA and Pennsylvania Housing Finance Agency loan programs, and has developed its own lending programs as well. For example, the Meridian Community Partnership Mortgage offers first-time homebuyers a reduced interest rate, a reduced application fee, and financing for up to 95 percent of the purchase price. Meridian has begun negotiations with the appropriate housing finance and community development agencies in New Jersey to participate in their programs of governmentally insured, guaranteed, or subsidized loan programs as well.

In addition, Meridian has committed that Bank will help meet the credit needs of communities, including low- and moderate-income neighborhoods, in the service area of Bank in New Jersey. For example, Bank will make a minimum of $5 million in loans in the aggregate over three years in New Jersey in a number of areas intended to serve low- and moderate-income members of the community. This includes at least $3 million in residential mortgage and home improvement loans utilizing flexible underwriting criteria, reduced down payments, and New Jersey Housing and Mortgage Finance Agency funding programs. At least $1 million will be invested in low-income housing tax credits, and at least $500 thousand will be invested in community development organizations for the acquisition and rehabilitation of housing, for new construction of affordable housing, and for economic development projects. Another $500 thousand will be earmarked for start-up small businesses that provide goods and services to low- and moderate-income communities, stabilize and revitalize deteriorated neighborhoods, and create long-term job employment opportunities.

E. HMDA Data and Lending Practices

The Board has reviewed the 1990 and 1991 HMDA data reported by Meridian in light of Protestant's comments, including comments relating to the effectiveness of certain MCPLP programs and the level of Meridian's commitment to compliance with CRA outside of the state of Pennsylvania. Data cited by Protestant indicate disparities in rates of housing-related loan applications and in application approvals that vary by racial or ethnic group in Harrisburg and in Delaware.

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

The most recent examinations of Meridian Bank and of Delaware Trust Company, Wilmington, Delaware, for CRA performance found no evidence of illegal discrimination. In addition, the examination of Meridian Bank found that its board of directors and senior management periodically assess the adequacy of its implemented nondiscriminatory policies, procedures, and training programs through internal reviews and management reporting systems. Meridian Bank's policies and procedure manuals were found to contain information that is intended to inform operating personnel of the provisions of the various consumer regulations adopted to prevent discriminatory or illegal credit practices. Many of the staff meet directly with community groups to review needs and discuss products and programs. Each mortgage loan application that is declined is reviewed by a senior mortgage lender, and a senior MCPLP lender meets approximately every 45 days with the Meridian mortgage lending department staff to further review the files of declined applications. Meridian's mortgage denial figures also are discussed with the bank's advisory committees.[17]

Meridian also has taken a number of other steps designed to enhance a loan applicant's ability to obtain a residential mortgage loan or other loan products. These programs have primarily involved participation with community development organizations in providing credit counseling and personal financial management workshops. For example, for several years Meridian has provided board representation, counseling materials, and financial support to the Philadelphia Council for Community Advancement in its programs of credit counseling. Meridian has provided personnel, counseling materials, and technical assistance to the Bucks County Tenant Association to develop a similar program. In 1991, together with other community lenders, Meridian created a comprehensive loan counselor training program for community groups, in order to develop a sustained supply of qualified applicants under the Delaware Valley Mortgage Plan.

G. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all of the facts of record, including the comments filed in this case, in reviewing Meridian's CRA record under the BHC Act. Based on a review of the entire record of performance, including information provided by Protestant and the other commenters, the performance examinations by the banks' primary regulators, and Meridian's plans for instituting its CRA program at Cherry Hill in New Jersey, the Board believes that the efforts of Meridian and its subsidiary banks to help meet the credit needs of all segments of the community served by these banks, including low- and moderate-income neighborhoods, are consistent with approval of this application.[18]

The CRA requires insured depository institutions in a multi-state banking organization to meet their CRA responsibilities in every state in which the organization operates an insured depository institution, not just in the home state of the lead bank subsidiary. In this case, Protestant has raised concerns principally regarding Meridian's dedication following its acquisition of Cherry Hill to meeting the credit needs of low- and moderate-income neighborhoods in New Jersey. Many of the CRA policies and programs to be implemented in New Jersey are modeled on programs currently in place at Meridian's subsidiary banks in Pennsylvania and Delaware. The Board believes that the "outstanding" rating for CRA performance af-

17. Meridian denies Protestant's assertion that the decline in loan volume under certain MCPLP programs last year reflects a lack of commitment by Meridian to these programs, and attributes the decline to general economic conditions. Meridian also maintains that its emphasis on lending programs for first-time homebuyers as opposed to refinancings reflects the assessment of credit needs by its advisory committees and community leaders.

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

Generally, under the Board's 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 this request. In the Board's view, Protestant has had ample opportunity to present written submissions, and Protestant has submitted lengthy written comments that have been considered by the Board. On the basis of all of the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the request for a public meeting or hearing on this application is denied.

forded these banks reflects Meridian's willingness to assist in meeting credit needs in each community in which it is located, and to address promptly areas where improvements can be made to help meet community credit needs. Meridian has committed to implement at Bank the corporate policies and programs currently in place at Meridian Bank, and to undertake additional initiatives in New Jersey specifically designed to assist in meeting the credit needs of all of its service communities. The Board expects Meridian to fulfill its CRA responsibilities in New Jersey, and will continue to review its performance in the applications process.

Based on the foregoing, including the conditions and commitments described in this Order and those made in this application, and all of the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with the commitments made by Meridian in connection with this application. All of the commitments and conditions relied upon by the Board in reaching its decision are commitments imposed in writing by the Board in connection with its findings and decision, and may be enforced in proceedings under applicable laws. This approval also is conditioned upon Meridian receiving all necessary Federal and state approvals. The transactions approved in this Order shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Federal Reserve Bank of Philadelphia, pursuant to delegated authority.

By order of the Board of Governors, effective January 4, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

NationsBank Corporation
Charlotte, North Carolina

Order Approving Applications to Engage in Consumer and Commercial Lending

NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), for its wholly owned subsidiary, NationsBanc Financial Services Corporation, Tucker, Georgia ("NBFSC"), to acquire certain assets and assume certain liabilities of Chrysler First Inc., Allentown, Pennsylvania ("CFI"), and of certain subsidiaries and affiliates of CFI and thereby engage in general consumer and commercial lending pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).[1]

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 57,067 (1992)). The time for filing comments has expired, and the Board has considered these applications and all comments received in light of the factors set forth in sections 4(c)(8) and 4(c)(13) of the BHC Act.

NationsBank, with total consolidated assets of $118.7 billion, is the fourth largest banking organization in the United States. NationsBank operates eleven subsidiary banks and engages directly and through subsidiaries in a variety of permissible nonbanking activities.[2]

NationsBank proposes to acquire loan receivables of approximately $1.1 billion, as well as certain mortgage and other loan servicing rights and certain incidental assets. NationsBank would engage through NBFSC in consumer lending and commercial lending, as well as in the servicing of consumer and commercial loans, both for itself and others. The Board previously has determined by regulation that these activities are closely related to banking. 12 C.F.R. 225.25(b)(1).

Under section 4 of the BHC Act, the Board also is required to determine that the performance of the proposed activities by NationsBank "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). Consummation of this proposal can reasonably be expected to result in public benefits, including an increased capacity to fund loans, increased efficiency, and reduced operating expenses.

1. NationsBank also proposes under section 4(c)(13) of the BHC Act for NBFSC, either through a United States or Canadian subsidiary or subsidiaries, to acquire certain assets and assume certain liabilities of Chrysler First Commercial Corporation Inc. and Chrysler Credit Canada Ltd., both of Ontario, Canada, and to engage in consumer and commercial lending activities in Canada that are substantially similar to the activities to be engaged in by NBFSC in the United States.

2. Data are as of September 30, 1992.

The record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by the public benefits. The Board has received comments from two organizations expressing concern that a substantial portion of the mortgage loans held by CFI may have arisen from lending transactions in which the party originating the loan engaged in unfair or unscrupulous practices. In response to these concerns, NationsBank has indicated that NBFSC will apply its own underwriting criteria and operating guidelines to the origination and servicing of loans after consummation of the proposal and that these criteria and guidelines will be in full compliance with all applicable laws and regulations. The administrative procedures, lending policies, and personnel training of NationsBank appear to be satisfactory to assure compliance by NBFSC with all applicable consumer lending laws and regulations and to address any instances of noncompliance in a prompt and effective manner.

On the basis of all of the facts of record, including the commitments made by Applicant in this case, the Board has determined that the balance of public interest factors that it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Based upon the foregoing and all of the other facts of record, including commitments made by NationsBank, the Board has determined that the applications should be, and hereby are, approved. The Board's determination is subject to all of the commitments made in connection with these applications as well as all of the conditions set forth in the Board's Regulation Y, including 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 thereunder. All of the commitments and conditions relied upon by the Board in reaching its decision are conditions imposed in writing in connection with the Board's findings and decision and, as such, may be enforced in proceedings under applicable law.

The transaction approved in this Order shall not be consummated 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 January 13, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Order Approving Modifications to Section 20 Orders

Order Approving Modifications to Section 20 Orders to Allow Use of Alternative Index Revenue Test to Measure Compliance with the 10 Percent Limit on Bank-Ineligible Securities Activities

Beginning in 1987 the Board has approved, under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)), applications by a number of bank holding companies to establish separate subsidiaries ("section 20 subsidiaries") to underwrite and deal in securities that a bank may not underwrite or deal in directly ("ineligible securities").[1] In order to ensure compliance with section 20 of the Glass–Steagall Act, which prohibits a member bank from being affiliated with a company that is "engaged principally" in underwriting and dealing in securities,[2] the Board found that a section 20 subsidiary's underwriting and dealing in ineligible securities may not be a substantial activity of the subsidiary. In particular, the Board provided that the amount of revenue the subsidiary may derive in any quarter from such ineligible securities activities may not exceed 10 percent of the total revenue of the subsidiary for that quarter, when revenue is averaged over a rolling 8-quarter period.

I. Proposed Modifications to the 10 Percent Revenue Limit

On July 23, 1992, the Board requested public comment on two methods for creating an alternative to the 10 percent revenue test.[3] The Board took this action in response to historically unusual changes in the level and structure of interest rates, which have distorted the revenue test as a measure of the relative importance of ineligible securities activities in a manner that was not anticipated when the Board established the 10 percent limit in September 1989. The Board noted that short-term interest rates had declined sharply in recent months but that there had been very little correspond-

1. *E.g.*, *Citicorp*, 73 *Federal Reserve Bulletin* 473 (1987); *J.P. Morgan & Co.*, 75 *Federal Reserve Bulletin* 192 (1989). As of December 31, 1992, 30 bank holding companies are authorized under section 4(c)(8) to underwrite and deal in ineligible securities.
2. 12 U.S.C. § 377.
3. 57 *Federal Register* 33,507.

ing decline in longer term rates, producing an unusually wide difference between short- and long-term rates.

In its request for public comment, the Board noted that since eligible securities[4] tend to be shorter term than ineligible securities, recent revenue data suggested that the current unusually sharp increase in the steepness of the yield curve has caused the revenue earned by at least some section 20 subsidiaries from holding eligible securities to decline in relation to ineligible revenue, even though the relative proportion of eligible and ineligible securities activities being conducted by these subsidiaries has remained essentially unchanged. Thus, the Board found that this decline in the eligible revenue base of section 20 subsidiaries could be attributed to extraordinary factors beyond the control of the subsidiary rather than to an increase in the relative importance of its ineligible activities. Accordingly, the Board stated that the results produced by the revenue test, due to their dependence on interest rates, may not be as reliable as the Board had anticipated when the 10 percent limit was established.

The Board proposed two alternatives to the current revenue test designed to take into account the current unforeseen alteration in historic interest rate relationships. First, the Board proposed that current interest and dividend revenue from eligible and ineligible securities could be adjusted to approximate the revenue that would have been derived if interest rate conditions were those that existed in September 1989. Under this proposed modification, current interest and dividend revenue for each quarter would be increased or decreased by an adjustment factor provided by the Board according to the average duration of a subsidiary's eligible and ineligible securities portfolios. The adjustment factor would represent the ratio of interest rates on Treasury securities in September 1989 to average interest rates on Treasury securities in the most recent quarter for obligations having that particular duration. On July 29, 1992, as supplemental information to the request for public comment, the Board published a table of adjustment factors based on interest rates prevailing in the second quarter of 1992 that could be used under the proposed indexing method.

Second, the Board proposed an alternative test under which compliance with the current 10 percent limit would be computed based on assets rather than revenue.[5]

II. Adoption of Alternative Indexed Revenue Test

After review of relevant information, the Board has decided to modify its section 20 orders to allow section 20 subsidiaries to measure compliance with the "engaged principally" test in section 20 on the basis of an indexed revenue test, as described in the request for public comment. To use the indexed revenue test as an alternative to the current revenue test section 20 subsidiaries must notify the Federal Reserve of such an election and may not alter that election for two years.

Compliance with the Glass–Steagall Act

The Board believes that measuring compliance with the "engaged principally" standard based on a test that indexes revenues according to interest rate conditions prevailing when the current 10 percent revenue test was adopted is fully consistent with section 20 of the Glass–Steagall Act. As noted above, the Board in 1987 concluded that a bank affiliate would not be "engaged principally" in ineligible securities activities for purposes of section 20 if those activities are not "substantial" relative to other activities of the subsidiary, *i.e.*, do not exceed 10 percent of the subsidiary's total activities.[6] This view was upheld by the courts.[7]

Although the statutorily-imposed "engaged principally" limitation on ineligible activities represents a "hard and fast limit" that may not be administratively modified,[8] nothing in section 20 itself dictates what criteria must be used to determine compliance with that limit. Indeed, the statutory term "engaged principally" is "intrinsically ambiguous."[9] Thus, the statute gives the Board discretion in selecting the criteria

4. Bank-eligible or "eligible" securities are those securities that a national bank may underwrite or deal in pursuant to 12 U.S.C. § 24(7), and include obligations of the United States, and obligations of states and their political subdivisions.

5. Under the proposed asset-based test, a section 20 subsidiary would be viewed as in compliance with section 20 for any quarter if the average daily assets held in connection with underwriting and dealing in ineligible securities for that quarter, when added to the average daily assets held in connection with ineligible securities activities for the previous seven quarters, does not exceed 10 percent of the average daily total assets of the subsidiary for that quarter and the previous seven quarters.

6. *Bankers Trust New York Corp.*, 73 *Federal Reserve Bulletin* 139, 140–45 (1986); *Citicorp*, *supra*, 73 *Federal Reserve Bulletin* at 481–86 (1986).

7. *Securities Industry Association v. Board of Governors*, 839 F.2d 47, 62–67 (2d Cir.), *cert. denied*, 486 U.S. 1059 (1988); *Securities Industry Association v. Board of Governors*, 847 F.2d 890, 894–99 (D.C. Cir. 1988).

8. *Securities Industry Association v. Board of Governors*, 839 F.2d at 68.

9. *Id.*, at 63; *See Securities Industry Association v. Board of Governors*, 847 F.2d at 894.

for determining when ineligible securities activities become substantial.

In the Board's view, the proposed indexed revenue test is consistent with the language and purposes of section 20 and is a permissible means to measure compliance with the "engaged principally" standard set forth in that section. When the revenue limit was initially established, the Board found that revenue is an appropriate factor for assessing whether a section 20 subsidiary is engaged principally in ineligible activities because revenue is an "objective and meaningful measure of the importance of the activity to the enterprise as a whole and reflects the level of risk involved in the activity."[10] As noted above, the 10 percent revenue limit has been judicially upheld as a reasonable interpretation of the language of section 20. As explained below, the proposed indexing modification is designed to treat current interest and dividend revenue as if such revenue had been earned under interest rate conditions that prevailed in September 1989, when the existing 10 percent revenue limit was established. There can be no reasonable dispute that the 10 percent revenue limit, as applied under those interest rate conditions, is consistent with the terms and purposes of the "engaged principally" test.

Indexed Revenue Test as an Appropriate Measure of Substantial Activity

The Board finds that the proposed indexed revenue test is a reasonably reliable method for measuring the substantiality of ineligible securities activities in light of the current highly unusual interest rate structure. First, it is not disputed that the size of the recent decline in short-term interest rates as compared to the decline in long-term rates is historically significant, and has resulted in a steepness of the yield curve that is highly unusual. The comments also confirm that current interest rate conditions have, at least for some section 20 subsidiaries, caused an artificial decline in the eligible revenue base and that this in turn has made the revenue test a less reliable indicator of the relative mix of eligible and ineligible activities than the Board had anticipated when the 10 percent limit was adopted in 1989.

The commenters also do not contest that the method proposed by the Board of indexing eligible and ineligible revenue, which adjusts revenue based on comparable rates on Treasury securities based for categories of average portfolio duration, will reasonably approximate what current revenue would be if the interest rate conditions prevailing in 1989 exist during the current quarter.

For this reason, the Board finds no merit in the allegations of commenter the Securities Industry Association (the "SIA") that the indexed revenue test would permit the ineligible securities activities of section 20 subsidiaries to become substantial in violation of section 20. Rather than allowing the relative level of ineligible securities activities to increase, as the SIA asserts, the index formula represents a more refined method for measuring whether a section 20 subsidiary has exceeded the level of ineligible activity that the Board believed to be substantial when it set the 10 percent limit.[11]

The Board also finds that the fact that the current unusual yield curve may have an impact on only some section 20 subsidiaries does not preclude the adoption of the indexed revenue test, since the Board believes that the current test does in fact produce less reliable results than the indexed adjustment for those companies.

The Proposed Alternative Asset-Based Test

The Board does not find it necessary at this time to decide whether to adopt the proposed alternative asset-based test because the Board is unable to determine satisfactorily at this time the potential practical effect of such a test.

Continued Use of Current Revenue Test

Many banking organizations that commented on the proposed modifications to the 10 percent limit stated that the proposed indexing of the current revenue test, which would adjust revenue according to the duration of the eligible and ineligible securities portfolio, would impose additional costly and burdensome recordkeeping and compliance requirements. For example, a number of banking organizations stated that their section 20 subsidiaries do not have in place computer systems to calculate the duration of all of the securities in their portfolio on a regular basis.

Accordingly, the Board believes that it is appropriate to allow section 20 subsidiaries the option of continuing to use the current unadjusted revenue test

---

10. *Bankers Trust New York Corporation*, 73 *Federal Reserve Bulletin* at 145; *Citicorp*, 73 *Federal Reserve Bulletin* at 484.

11. The Board also finds without merit the SIA's concerns that under the current revenue test some section 20 subsidiaries have made incursions into underwriting markets traditionally dominated by nonbank firms. Although the Board initially imposed a separate market share test because of perceived weaknesses in using revenue alone as the sole measure of "engaged principally" (*Bankers Trust New York Corporation*, 73 *Federal Reserve Bulletin* at 146), the market share test was rejected by the court on judicial review as inconsistent with the statute and a revenue-only measure was upheld. *Securities Industry Association v. Board of Governors*, 839 F.2d at 67–68.

to measure compliance with the "engaged principally" standard. Each existing section 20 subsidiary that elects to use the indexed revenue test for the current quarter shall notify the relevant Federal Reserve Bank of this fact within 30 days of publication of this order. Thereafter, any existing section 20 subsidiary that elects to use the indexed revenue test shall notify the appropriate Reserve Bank no later than 30 days prior to the beginning of the calendar quarter during which the indexed test will be used. Upon making this selection, the subsidiary will be required to continue using the indexed revenue test for a period of at least two years. After such a period, the subsidiary may change its compliance measurement if it chooses. The Board believes that it is necessary to require a section 20 subsidiary to continue to comply with the test that it chooses for a set period of time in order to guard against potential manipulation that may occur should a subsidiary be permitted to continually switch between the two alternative tests.

Operation of the Indexed Revenue Test

As with the current revenue test, under the indexed revenue test a subsidiary will be in compliance with section 20 for any quarter if adjusted revenue from ineligible securities underwriting and dealing activities for that quarter, when added to the adjusted revenue from ineligible securities activities for the seven previous quarters, do not exceed 10 percent of adjusted total gross revenues of the subsidiary for that quarter and the previous seven quarters.

Under the indexing method, current revenue will be adjusted by a series of factors supplied by the Board that vary according to the average duration of the securities portfolio of the section 20 subsidiary. For each category of average duration the adjustment factor represents the ratio of interest rates in September 1989 on Treasury securities to the average interest rates in the most recent quarter. These adjustment factors will then be applied to current interest and dividend revenue.

To use the indexing method in conjunction with the tables to be provided for any given quarter, a section 20 subsidiary must adhere to the following procedure.

1. The subsidiary calculates the average duration of its eligible assets and of its ineligible assets.[12]

2. The subsidiary determines the appropriate adjustment factor corresponding to the duration of the eligible and ineligible assets from the table of adjustment factors published by the Board for that quarter.

3. The subsidiary adjusts its current interest and dividend revenue from its eligible and its ineligible activities by the appropriate adjustment factors.

4. The subsidiary adds the adjusted eligible and ineligible interest and dividend revenue to the other types of revenue earned by the subsidiary to calculate an adjusted ratio of ineligible to total revenue for that quarter.

Several commenters have raised various technical questions with regard to the method for computing average duration of assets for purposes of this formula. Specifically, the Board is aware that there may be diversity of opinion with respect to calculating duration of certain securities, such as obligations containing explicit options (*e.g.*, callable securities) and those with imbedded options (*e.g.*, collateralized mortgage obligations ("CMOs") with prepayment options). To ensure uniformity, the Board's staff will attempt to address these issues in revising the FR Y-20 and in responding to specific inquiries.

To reduce burden and ensure uniform treatment, the staff has been directed, to the extent possible, to rely on regulatory precedent in addressing these types of issues. For example, callable bonds would be considered to have a maturity equivalent to the first call date.[13] Alternatively, it would be proper, where feasible, to use the methodology contained in the Federal Financial Institutions Examination Council policy statement on investments (*i.e.*, the so-called "stress test") to calculate appropriate duration for CMOs and similar products.[14]

With regard to the timing of the Board's publication of the table of adjustment factors, the Board intends to publish the table applicable to each quarter at the beginning of that quarter based on average interest rates prevailing during the immediately prior quarter. Although the use of prior quarter rates will not necessary produce adjustments that directly mirror the interest rate conditions likely to be faced by section 20 subsidiaries in the coming quarter, the differences in rates from quarter to quarter are unlikely to be highly significant, and publication of the applicable adjust-

12. In the proposal for modifications of the 10 percent revenue limit, the Board noted that computation of duration on a daily basis appeared to be the most appropriate method, since interest and dividends are earned on securities held as of the end of the day. Several commenters said that daily computation of duration would be unduly burdensome and suggested monthly or quarterly computation. After considering the comments as well as other facts of record, the Board is requiring that section 20 subsidiaries that choose to use the indexing method compute duration on a weekly basis.

13. *See* Municipal Securities Rulemaking Board Rule G-15, Customer Confirmations.

14. *See Federal Reserve Regulatory Service*, pages 3-484.8 through 3-484.11.

ment factors at the beginning of the quarter should provide for greater predictability in meeting the limits. A table of the factors that will be used to adjust revenue earned during the first quarter of 1993 is attached to this Order.

The Board recognizes that some section 20 subsidiaries do not currently have available sufficient prior data related to the duration of their assets to initially measure compliance with an indexed revenue test over past quarters. Accordingly, while the Board will retain the eight-quarter rolling average method of measuring compliance with the "engaged principally" test, the indexed revenue test will be implemented on a prospective basis only. Accordingly, to determine compliance with the indexed revenue test during the first two-year period after election of this test, adjusted revenues from ineligible securities activities for each quarter during this two-year period, when added to the adjusted revenues from ineligible securities activities for each previous quarter during the period, may not exceed 10 percent of the section 20 subsidiary's adjusted total gross revenues for that quarter and all previous quarters during the initial two-year period. After the end of the initial two-year period, compliance would be measured on the rolling eight-quarter average basis described above.

The Board is in the process of modifying the FR Y-20 (Financial Statements for a Bank Holding Company Subsidiary Engaged in Ineligible Securities Underwriting and Dealing) instructions and reporting form to take into account the adoption of an indexed revenue test. The FR Y-20 is used by the Board to collect data for off-site monitoring of compliance with the Board's revenue test and certain Board conditions, and monitoring of general financial condition.

Other comments

Two commenters cite recent allegations that some banking organizations unlawfully tied credit services with investment banking services offered by their section 20 subsidiaries and assert that adoption of the proposed adjustment would increase the possibility for illegal tying. However, as explained above, this proposal is not designed to expand ineligible activities and allegations of illegal tying are currently under review by Board staff.

Procedural issues

The SIA, in initially commenting on the Board's proposal, requested that the Board extend the original comment period by 90 days and hold a public hearing to discuss the proposal. The SIA also requested that the Board disclose the data on operations of section 20 subsidiaries upon which the Board relied in proposing the alternative tests. The SIA believed that access to such data is essential in order to allow it to adequately assess the proposal.

The Board does not believe that it is necessary to extend the comment period or hold a public hearing on this proposal. The Board previously held a public hearing on defining the term "engaged principally" in section 20 of the Glass–Steagall Act in connection with the Board's first section 20 order in *Citicorp*. This interpretation is only a modest procedural adjustment, however, and does not involve the major policy issues the Board faced in initially allowing bank holding companies to engage in ineligible securities underwriting and dealing. In addition, the Board has generally only held public hearings on matters when written submissions are an inadequate means for the public to express an opinion on a proposal. The Board believes that in this case, written submissions have been an adequate means for the public to comment on the proposal.

As for the data to which the SIA requested access, it appears that the release of data on the level of ineligible securities activities for a specific section 20 subsidiary would not be warranted. The Board and other federal agencies generally do not disclose to the public commercial or financial information about a person that could harm that person's competitive position in the marketplace.[15] In this case, data about the composition of the portfolios of various section 20 subsidiaries could be potentially harmful to the competitive position of these subsidiaries, since their competitors could learn the relative mix of their eligible and ineligible activities and whether the ineligible activities might have to be curtailed because of the 10 percent limit. The Board notes that the factual circumstances that prompted the decision to modify the current revenue test, the current unusual interest rate conditions, are a matter of public record. In addition, in order to assist the section 20 subsidiaries and the public in assessing how the indexed revenue test would operate in practice, the Board has published a sample table of adjustment factors, based on historic interest rate data, that could be used in applying the indexed revenue test.

A final procedural issue relates to the process under which a section 20 subsidiary may change its method of compliance with the "engaged principally" test. The Board's Regulation Y requires a notice to be filed with the Board to alter a nonbanking activity in any material respect from that considered by the Board in acting on the application to engage in the activity.[16] As

15. *See, e.g.*, 5 U.S.C. § 552(b)(4).
16. 12 C.F.R. 225.23(b)(3).

noted above, the Board views the changes adopted to the revenue test as procedural adjustments to account for distortion caused by changes in interest rates. It is not the Board's intention, and the Board does not believe, that its action will materially alter the activity of engaging in ineligible securities underwriting and dealing for those section 20 subsidiaries that choose to adopt an indexed revenue test. Accordingly, the Board will not require a section 20 subsidiary that adopts the indexed revenue test to file a formal notice pursuant to Regulation Y before making this change, but merely to notify the relevant Federal Reserve Bank of the test it is choosing to measure its compliance with the "engaged principally" standard.

III. Raising the Percentage Limitation

A large number of commenters who favored adjusting the current revenue test also suggested that the Board raise the current percentage limitation from 10 percent to as high as 25 percent. Because this suggestion goes beyond the scope of the Board's current proposal, no action is now being taken with respect to the 10 percent limit.

IV. Conclusion

Accordingly, for the reasons and subject to the conditions set forth in this Order, the Board concludes that the proposed indexed revenue test, as an alternative to the existing 10 percent revenue limit on the ineligible securities activities of section 20 subsidiaries, is consistent with section 20 of the Glass–Steagall Act. Accordingly, the Board modifies its prior section 20 orders to permit section 20 subsidiaries to use this indexed revenue test under the conditions prescribed in this Order. This modification applies to all section 20 subsidiaries and is effective immediately. This modification does not affect in any other way the authorizations to engage in securities underwriting and dealing granted by the Board in its prior section 20 Orders and is subject to the Board's continuing authority to reexamine limitations on such activities established on section 20 subsidiaries in these prior Orders.

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

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

WILLIAM W. WILES
Secretary of the Board

Dissenting Statement of Governors Mullins and Angell

We believe that the indexed revenue test is an unduly complex and burdensome solution to the problem it is intended to address, *i.e.*, the unreliability of the current 10 percent revenue limit on the ineligible securities activities of section 20 subsidiaries due to the unusual structure of interest rates at the present. As indicated by many of the comments on this proposal, the indexed revenue test will impose extensive new recordkeeping and reporting obligations.

Rather than merely fine-tuning the current test, we believe that a more fundamental and efficient approach to this problem is appropriate. In light of the unreliability of the current revenue test, the Board should directly consider an increase in the 10 percent level. As the Board's Order recognizes, the specific limits of the statutory directive that a section 20 subsidiary not be engaged principally, or substantially, in ineligible securities activities are by no means precise. Therefore, the Board has, in our judgment, a considerable degree of latitude in selecting the appropriate quantitative level for applying the engaged principally standard.

The Board selected the 10 percent level without the benefit of the recent experience with unanticipated interest rate relationships, which have now shown the unreliability of the current test. Moreover, the Board has now had considerable experience in reviewing the overall operations of the section 20 subsidiaries, and in light of this experience we believe that it is now appropriate to revisit the issue of the proper measure for determining whether a section 20 subsidiary is engaged principally in ineligible securities activities. In our view, addressing the issue of whether an increase

Factors to adjust interest income
Ratio of interest rates in September 1989 to fourth quarter 1992

Duration	Factor
Months	
1	2.70
3	2.52
6	2.42
12	2.30
Years	
2	1.83
3	1.62
4	1.43
5	1.35
6	1.28
7	1.25
10	1.14
20	1.03
30	0.97

NOTE: Adjustment factors were calculated using secondary-market quotes of the yields on Treasury bills for durations of three, six, and twelve months and on STRIPSs, or zero-coupon Treasury securities, for durations two years and greater. Data are averages of Wednesday observations.

in the quantitative level of activity should be permitted to take into account this recent experience would be consistent with the basic objectives of the Glass–Steagall Act.

January 26, 1993

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

First Union Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank Holding Company

First Union Corporation, Charlotte, North Carolina ("First Union"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Dominion Bankshares Corporation, Roanoke, Virginia ("Dominion"), and thereby indirectly acquire its six subsidiary banks: Dominion Bank, N.A., Roanoke, Virginia; Dominion Bank of Washington, N.A., Washington, D.C.; Dominion Bank of Maryland, N.A., Rockville, Maryland; Dominion Bank of Middle Tennessee, Nashville, Tennessee; Merchants & Planters Bank, Newport, Tennessee; and Citizens Union Bank, Rogersville, Tennessee.[1] First Union also has applied under section 4(c)(8) of the BHC Act (12 U.S.C § 1843(c)(8)) to acquire the nonbanking subsidiaries of Dominion.[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 52,776 (1992)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.

First Union has consolidated assets of approximately $48.3 billion, and controls five banks in Florida, Georgia, South Carolina, North Carolina, and Tennessee.[3] Upon consummation of this proposal, First Union would become the fourth largest commercial banking organization in Virginia, controlling deposits of $5.6 billion, representing approximately 10.2 percent of the deposits in commercial banks in the state.[4]

Douglas Amendment

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[5] For the purposes of the Douglas Amendment, the home state of First Union is North Carolina.[6] The Board has previously determined that the interstate banking statutes of Maryland, Tennessee, Virginia and the District of Columbia permit a North Carolina bank holding company to acquire banking organizations in those jurisdictions.[7] In considering this proposal, the Board has analyzed the interstate banking statutes of all the states involved and of the District of Columbia and has concluded that First Union is authorized under these statutes to acquire the banking subsidiaries of Dominion located in these states and the District of Columbia.[8] Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal, however, is conditioned

1. Upon consummation of this proposal, Dominion will merge with and into First Union Corporation of Virginia, a wholly owned subsidiary of First Union. In connection with the proposed acquisition, First Union has also requested Board approval under section 3 of the BHC Act to acquire an option to purchase 19.9 percent of the voting shares of Dominion. This option will become moot upon consummation of First Union's application to acquire Dominion.

2. First Union has applied to acquire the following Dominion nonbanking subsidiaries:

(1) Dominion Bankshares CDC, Inc., Roanoke, Virginia, and thereby engage in community development activities pursuant to section 225.25(b)(6) of the Board's Regulation Y;

(2) Dominion Trust Company, Roanoke, Virginia, and Dominion Trust Company of Tennessee, Nashville, Tennessee, and thereby engage in trust company activities within the Commonwealth of Virginia and the State of Tennessee, respectively, pursuant to section 225.25(b)(3) of the Board's Regulation Y; and

(3) Old Dominion Leasing, Inc., Roanoke, Virginia, and thereby engage in leasing personal property pursuant to section 225.25(b)(5), and in making and servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y.

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

4. State deposit data are as of June 30, 1992. Market deposit data are as of June 30, 1991.

5. 12 U.S.C. § 1842(d).

6. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. The operations of a bank holding company are considered principally conducted in that state in which the total deposits of all such banking subsidiaries are largest.

7. *See NCNB Corporation*, 78 *Federal Reserve Bulletin* 141 (1992).

8. Each of these state statutes permit a bank holding company located in North Carolina to acquire a bank in each respective state. *See* Md. Fin. Inst. Code Ann. § 5–1001 *et seq.*; Va. Code Ann. § 6.1–399; D.C. Code Ann. §§ 26–801, 802(a)(1); Tenn. Code Ann. §§ 45–12–102, 103. The Tennessee statute conditions entry on the requirement that the out-of-state bank holding company not hold more than 16.5 percent of the total deposits held by all federally insured financial institutions located in Tennessee. Upon consummation of this transaction, First Union would hold approximately 4.3 percent of the federally insured deposits in Tennessee.

upon First Union's receiving all required state regulatory approvals.[9]

Competitive, Financial, Managerial and Supervisory Considerations

First Union and Dominion compete directly in the Washington, D.C.[10] and Nashville, Tennessee[11] banking markets. Upon consummation of this proposal, First Union would become the ninth largest commercial bank or thrift organization ("depository institution") in the Washington, D.C. banking market, controlling deposits of $1.6 billion, representing approximately 3.5 percent of total deposits in depository institutions in the Washington, D.C. banking market.[12] First Union would become the fourth largest depository institution in the Nashville banking market, controlling deposits of $806.9 million, representing approximately 8.1 percent of total deposits in depository institutions in the Nashville banking market. After considering the number of competitors remaining in the respective markets, the relatively small increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[13] market share, and all other facts of record, the Board concludes that consummation of the proposal would not result in a significantly adverse effect on competition in the Washington, D.C. banking market, the Nashville banking market, or any other relevant banking market.

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

Convenience and Needs Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[14]

The Board has received comments from several organizations and individuals ("Protestants") that raise issues regarding the efforts by First Union and Dominion to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods.[15] In particular, the Protestants criticize First Union's policies with regard to residential mortgage lending, participation in government-insured loan programs and small business loans. Protestants also raise concerns about First Union's ability to meet the credit needs of communities currently serviced by Dominion, and the absence of an acceptable plan for future community reinvestment. Moreover, Protestants question First Union's record of lending to minorities, citing data filed under the Home Mortgage

9. The appropriate banking supervisors in Maryland, Tennessee, Virginia and the District of Columbia have each indicated preliminarily that First Union's proposed acquisition of banking institutions in its state is not prohibited by the relevant state banking statutes.

10. The Washington, D.C. banking market is defined as the Washington, D.C., Ranally Metropolitan Area.

11. The Nashville banking market is approximated by Davidson, Robertson, Sumner, Williamson, Wilson, and Rutherford Counties in Tennessee.

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

13. First Union's presence in the Washington, D.C. banking market is *de minimis* and the HHI for this market would not increase as a result of this proposal. The HHI in the Nashville banking market would increase 5 points to 1439. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

14. 12 U.S.C. § 2903.

15. One of the Protestants has raised concerns regarding branch closings by First Union in Florida. First Union has responded that almost all branches were closed following in-market acquisitions and that these offices were consolidated into other First Union branches with the result that no low-income areas were deprived of branch operations. In addition, First Union National Bank of Florida has formal procedures for opening and closing offices that were reviewed and found to be adequate by the bank's primary regulator. In this regard, First Union's policy requires that special efforts be made to consult with local community leaders before a formal decision is made to close a branch that will significantly impact a low- and moderate-income community. The Federal Deposit Insurance Corporation Improvement Act of 1991 also requires a bank to provide its customers at least 30 days notice prior to closing any branch, and provide to the bank's primary regulator 90 days' prior notice. 12 U.S.C. § 1831p.

Disclosure Act ("HMDA"), as evidence that First Union's lending is marked by low levels of applications from minorities and low approval rates of loans to minorities.[16]

The Board has carefully reviewed the CRA performance records of First Union, Dominion, and their respective subsidiary banks, as well as all comments received regarding this application, First Union's responses to those comments, and all of the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[17]

Record of Performance Under the CRA

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.[18] The Board notes that all of First Union's subsidiary banks have been examined for CRA performance and have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance. In particular, First Union's lead subsidiary bank, First Union National Bank of North Carolina, Charlotte, North Carolina ("First Union Bank-NC"), received an "outstanding" rating for CRA performance from the Office of the Comptroller of the Currency ("OCC") in May 1992.[19] In addition, all of Dominion's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations for CRA performance.[20]

B. Corporate Policies

First Union has in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program, and will implement these policies in all Dominion banks. The board of directors of First Union has adopted a written CRA plan which includes goals, objectives, and methodology for self-assessment. The First Union board has established a Corporate CRA Steering Committee to supervise and monitor First Union's overall compliance with this plan. In addition, each First Union bank maintains a State CRA Self-Assessment Committee to assess compliance with corporate CRA policy and to assist in developing and implementing action plans to respond to demonstrated needs for change in performance.[21] Each bank has a CRA Coordinator and local advisory boards, comprised of business, community, and education leaders, who discuss current CRA data and issues. First Union and each of its subsidiary banks also conduct regular CRA self-assessments, and actively support CRA training for all bank personnel.

C. Ascertainment and Marketing

First Union ascertains community credit needs through various community outreach programs. For example, First Union representatives conduct regularly scheduled interviews with representatives of community groups and other people knowledgeable about community needs. First Union representatives attend local focus group discussions and make ongoing needs ascertainment calls on businesses, consumers, government agencies, community-based organizations and advocacy groups.[22] Recently there has been an additional emphasis on increased education of members of the public. For example, First Union Bank-NC

16. One of the Protestants also raised concerns about the minority hiring and promotion practices of First Union. First Union maintains that it actively promotes employment opportunities for minorities. While the Board fully supports affirmative programs designed to promote equal opportunity in every aspect of a bank's personnel policies and practices in the employment, development, advancement, and treatment of employees, the Board believes that the alleged deficiencies in First Union's general personnel and employment practices are beyond the scope of the factors that the Board may properly consider under the CRA, or the convenience and needs factor of the BHC Act.

17. 54 *Federal Register* 13,742 (1989).

18. *Id.* at 13,745.

19. First Union's other subsidiary banks have received the following CRA ratings: First Union National Bank of Georgia, Clardston, Georgia, received a "satisfactory" rating from the OCC in April 1992; First Union National Bank of Florida, Jacksonville, Florida, received a "satisfactory" rating from the OCC in April 1992; First Union National Bank of South Carolina, Greenville, South Carolina, received a "satisfactory" rating from the OCC in May 1992; and First Union National Bank of Tennessee, Nashville, Tennessee, received a "satisfactory" rating from the OCC in May 1992.

20. These banks and their CRA examination dates include: Dominion Bank, N.A., Roanoke, Virginia, November 1991; Dominion Bank of Maryland, N.A., Rockville, Maryland, November 1991; Dominion Bank of Washington, N.A., Washington, D.C., September 1991; Dominion Bank of Middle Tennessee, Nashville, Tennessee, August 1990; Merchants and Planters Bank, Newport, Tennessee, February 1991; and Citizens Union Planters Bank, Newport, Tennessee, October 1990. With the exception of Dominion Bank of Middle Tennessee, which was rated "outstanding" for CRA, all of the other Dominion subsidiaries listed above received "satisfactory" CRA ratings from their primary regulators.

21. In its most recent examination of First Union Bank-NC, the OCC noted that First Union's CRA plan has proven to be effective in managing the bank's overall CRA efforts.

22. In the past 24 months, First Union has made over 6,000 needs ascertainment calls to help determine how First Union can best meet the needs of its local communities, especially the needs of low- and moderate-income neighborhoods.

conducts seminars for consumers and small business owners throughout the state.

In addition, First Union uses various market research programs to formally ascertain the credit needs of low- and moderate-income communities. On a periodic basis, all consumer loans and consumer deposits are geocoded. Each institution analyzes the geographic distribution of all consumer loans and deposits to help determine the extent to which First Union is serving all areas of its communities, with particular emphasis on service to low- and moderate-income areas. First Union also analyzes the results of the ascertainment process and census tract data in its efforts to determine unmet credit needs, and outlines remedial actions if the analysis indicates inadequate CRA performance.

First Union markets its products and services through a variety of advertising activities, including print advertising in media targeted to low- and moderate-income individuals and minorities, brochures promoting financial seminars, flyers, and doorhangers promoting bank credit products. Bank subsidiaries also purchase advertising on radio stations targeted to minority and low- and moderate-income individuals. This marketing program has been enhanced by mail inserts in bank statements to all bank customers, and direct mail campaigns to religious leaders outlining banking products available to members of the community. First Union State Advertising Managers review all advertising efforts to assure that they are informative and responsive to low- and moderate-income communities. First Union also solicits business through outreach to community groups, realtors and other organizations that can assist in soliciting new business in low- and moderate-income communities.

D. Lending and Other Activities

First Union participates in a number of governmental programs designed to help meet the housing-related credit needs of low- and moderate-income borrowers. For example, First Union is an active participant in the HUD/Farmers Home Administration, FHA, and VA government insured lending programs. In addition, First Union Mortgage Corporation, Charlotte, North Carolina, First Union's mortgage subsidiary, has produced approximately $42 million in loans through the North Carolina Finance Agency's single-family first-time homebuyer program since the program began in 1985.

With respect to small business lending, First Union participates in a number of Small Business Administration loan programs and actively supports local small business development. For example, during 1991, First Union Bank-NC made 2,401 small business and farm loans totalling $85 million. Of this total, 353 loans (15%) were extended to small businesses that were in low- and moderate-income areas. First Union Bank-NC has recently committed to provide additional funding to local small businesses and to vest future loan approvals for this fund with the loan committee of the West Charlotte Business Incubator. In addition, in its most recent examination, the OCC rated First Union Bank-NC "outstanding" with regard to marketing and types of credit offered, citing these and other programs.

With regard to residential lending, First Union actively provides residential mortgage loans, housing rehabilitation loans, and home improvement loans. For example, in December 1989, First Union Bank-NC introduced the affordable home mortgage loan for people earning 80 percent or less of the county's median household income. In addition, First Union Bank-NC's Charlotte office markets opportunities for credit to 35 low-income census tracts within its delineated community, and from January through October 1992 successfully originated $21.2 million in various types of consumer and mortgage loans in these census tracts.

First Union actively participates in the Charlotte-Mecklenburg Housing Partnership, a consortium of local banks that was established to facilitate making mortgage loans in low-income areas. This partnership concentrates on low-income housing consisting of new single-family residences, new multi-family residences, and the rehabilitation of existing housing. In order to facilitate these purchases, below-market interest rate loans are made available through this partnership.[23]

The Raleigh office of First Union Bank-NC has recently purchased the entire $3 million issue of special purchase bonds issued by the North Carolina Housing Finance Agency. These bonds will fund second mortgages on low-income, first-time homeowner properties throughout North Carolina. First Union Bank-NC also offers flexible underwriting criteria and relaxed credit terms for its home improvement loan program.

E. HMDA Data and Lending Practices

The Board has reviewed the 1990 and 1991 HMDA data reported by First Union in light of Protestants' comments. Data cited by the Protestants indicate disparities in rates of housing-related loan applications and in approvals and denials that vary by racial and ethnic group in areas served by First Union.

23. In response to one of the Protestants comments concerning Dominion's community development efforts, First Union has committed to continue and expand these programs.

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

The most recent CRA examinations of all First Union bank subsidiaries found no evidence of illegal discrimination. In this regard, the OCC's examination of First Union's lead subsidiary bank, First Union Bank-NC, took into account preliminary 1991 HMDA data. First Union also periodically assesses the adequacy of the implementation of its nondiscriminatory policies, procedures, and training programs through internal review and management reporting systems. First Union reviews all forms, disclosures, contracts and other legal documents for potential discriminatory factors. In addition, each State CRA Coordinator, regulatory compliance division, and the corporate auditors of First Union review bank lending areas to ensure that no discriminatory practices are present.

First Union has undertaken a number of steps to improve its lending to minorities and low- and moderate-income neighborhoods. For example, First Union has an ongoing Fair Lending Program designed to ensure that all applicants, regardless of race, have equal access to credit. First Union also aggressively markets its credit opportunities to potential consumers in low- and moderate-income areas.

F. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record of performance, including information provided by Protestants and by the bank's primary regulators, and the commitments made by First Union, the Board believes that the efforts of First Union and Dominion to help meet the credit needs of all segments of the communities served by First Union and Dominion, including low- and moderate-income neighborhoods, are consistent with approval. In this light, and on the basis of all of the facts of record, the Board concludes that the convenience and needs considerations, including the CRA performance records of all bank subsidiaries, are consistent with approval of this application.[24]

Nonbanking Activities

First Union has also applied, pursuant to section 4(c)(8) of the BHC Act, to engage in community development, trust, personal property leasing, and loan servicing activities. As noted above, these activities are permissible for bank holding companies under the Board's Regulation Y, and First Union proposes to conduct these activities in accordance with the Board's regulations.

In light of the facts of record, the Board concludes that First Union's acquisition of Dominion's nonbanking subsidiaries would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practice. 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 First Union's application to acquire Dominion's nonbanking subsidiaries.

Conclusion

Based on the foregoing, including the conditions and commitments described in this Order and those made in this application, and all of the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by First Union with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law. This approval is also conditioned upon First

24. One Protestant has raised concerns regarding potential unemployment in the Roanoke County, Virginia, area. First Union has responded that it will reduce its work force in the short term, but that these reductions will be phased in throughout 1993. In addition, First Union intends to create new jobs in the Roanoke area by consolidating future acquisitions into its Roanoke headquarters and by transferring positions into the Roanoke area. Based on all the facts of record, the Board does not believe that these comments cause the balancing of the convenience and needs factors to be inconsistent with approval of this proposal.

Union's receiving all necessary Federal and state approvals.

The determinations as to the nonbanking activities are subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

The banking acquisitions should not be consummated before the thirtieth calendar day following the effective date of this Order, and the banking and nonbanking acquisitions shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 11, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Order Issued Under Bank Merger Act

1st Source Bank
South Bend, Indiana

Order Approving Acquisition of Branches

1st Source Bank, South Bend, Indiana ("1st Source Bank"), a state member bank, has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to acquire the assets and liabilities of two branches of 1st Source Bank of Starke County, Hamlet, Indiana ("Starke County Bank").[1] These branches are located in Portage and Michigan City, both in Indiana. 1st Source Bank also has applied for the Board's approval, pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321), to establish and operate a branch office at each of the Portage and Michigan City locations of these branches.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the proposal were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in the Bank Merger Act and the Federal Reserve Act.

1st Source Bank, with total assets of approximately $1.4 billion, is the 11th largest commercial banking institution in Indiana.[2] Starke County Bank, with total assets of approximately $44.3 million, is the 129th largest commercial banking institution in Indiana.

Competitive, Financial, and Managerial Considerations

This proposal represents a reorganization of existing offices of depository institutions that already are controlled by the same bank holding company. The Board notes that competitive considerations were reviewed when 1st Source Bank acquired Farmers State Bank of Wyatt, Wyatt, Indiana,[3] a competitor in the LaPorte County, Indiana banking market[4] with Starke County Bank, which at that time also was owned by 1st Source.[5] This acquisition did not result in any significantly adverse competitive effects in the LaPorte County, Indiana banking market. On the basis of all the facts of record, the Board has concluded that consummation of this proposal would not result in a significantly adverse effect on competition in any relevant banking market.

The financial and managerial resources and future prospects of 1st Source Bank and Starke County Bank also are consistent with approval of this proposal.

1. 1st Source Bank and Starke County Bank are subsidiaries of 1st Source Corporation, South Bend, Indiana ("1st Source"). Under the proposed transaction, Starke County Bank would transfer to 1st Source Bank approximately $6.0 million in assets, and 1st Source Bank would assume liabilities of approximately $6.9 million.

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

3. *See* 78 *Federal Reserve Bulletin* 574 (1992).

4. The LaPorte County, Indiana banking market is approximated by LaPorte County, except for New Durham, Clinton, Cass, Dewey, and Prairie Townships; Olive and Warren Townships in St. Joseph County; and Pine Township in Porter County, all in Indiana; plus New Buffalo, Three Oaks, Galien, and Weesaw Townships in Berrien County, Michigan.

5. *See* 73 *Federal Reserve Bulletin* 755 (1987).

Convenience and Needs Considerations

In considering the convenience and needs of the communities to be served by these institutions under the Bank Merger Act, the Board has taken into account the records of 1st Source Bank and Starke County Bank 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 consistently with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution", and to take that record into account in its consideration of applications for deposit facilities.[6]

In connection with these applications, the Board has received comments from an organization ("Protestant") alleging that 1st Source Bank's housing-related lending in low- and moderate-income communities in the South Bend, Indiana area is inadequate. Protestant also maintains that 1st Source Bank has made a disproportionately low number of home mortgage loans to low-income minorities as compared with the number of such loans made to low-income whites on the basis of 1990 data filed under the Home Mortgage Disclosure Act ("HMDA").

The Board has carefully reviewed the CRA performance records of 1st Source Bank and Starke County Bank and all of the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[7]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[8] In this regard, 1st Source Bank received a "satisfactory" rating at the examination for CRA performance conducted by the Federal Reserve Bank of Chicago as of February 3, 1992 ("February Examination").

B. Lending and Other Activities

1st Source Bank offers several loan products and programs designed to assist in meeting the housing-related credit needs of all the communities it serves, including low- and moderate-income borrowers. For example, single-family home credit products include special products offered through the bank's Home Ownership Opportunity Program ("HOOP")[9] in addition to conventional mortgage loans and products offered in government-sponsored loan programs through agencies such as the Federal Housing Administration.[10] 1st Source Bank is a founding member of the Community Home Buyers Corporation, which is a non-profit entity currently being organized to provide loans to low- and moderate-income borrowers who do not qualify for customary mortgage financing.[11] 1st Source Bank also participates in the "Gold Leaf Mortgage Program" of the Indiana Housing Finance Authority, which provides low interest rate mortgages for first time home buyers and persons purchasing homes in targeted inner-city areas. In addition, 1st Source Bank offers home improvement loan products both on standard terms and through the HOOP program, and a full range of other consumer credit products, including credit cards, installment and home equity loans, and student loan products.

1st Source Bank also offers a full range of traditional commercial loan products, which include small business and other CRA-related lending programs. 1st Source Bank is a significant lender to small businesses in its service communities, including low- and moderate-income areas. In 1991, the bank made 31 percent of its business development calls in low- and moderate-income census tracts, which resulted in approximately $2 million in small business loan originations. 1st Source Bank also is an active participant in loan programs sponsored by the Small Business Administration, having made 22 SBA loans in 1991 totalling approximately $3.4 million. In addition, the bank is actively involved in community development efforts through affiliations with community groups, the purchase of municipal and industrial revenue bonds, and loans made in urban enterprise zones, and to churches

6. *See* 12 U.S.C. § 2903.
7. 54 *Federal Register* 13,742 (1989).
8. *Id.* at 13,745.

9. The HOOP program covers both conventional and government-sponsored loan products for both home purchase and home improvement, and offers special features including reduced down payment requirements and more flexible underwriting criteria.
10. The February Examination concluded that 1st Source Bank actively participates in government-sponsored loan programs.
11. 1st Source Bank has $3 million committed to this initiative over a three-year period.

and other non-profit organizations. The Board notes that the February Examination concluded that the bank's aggregate loan volume for all types of loans, including small business, consumer, and housing-related loans, was reasonable.

C. HMDA Data and Lending Practices

The Board has reviewed the 1990 and 1991 HMDA data reported by 1st Source Bank in light of Protestant's comments[12] and the February Examination.[13] The Board notes that the February Examination found no evidence of illegal discrimination or other illegal credit practices at 1st Source Bank. In this regard, the examination specifically considered the results of the 1990 HMDA data and the preliminary results of the 1991 HMDA data.[14] The Board notes that in 1991, 1st Source Bank made 4.8 percent of its conventional mortgage loans, 15.4 percent of its government-sponsored mortgage loans, and 16.7 percent of its home improvement loans in the South Bend area to minority credit applicants. The Board also notes that minority residents constitute approximately 11.3 percent of the population of the South Bend, Indiana MSA.

1st Source Bank has implemented a number of measures designed to increase the volume of its housing-related lending in low-and moderate-income and minority areas. 1st Source Bank recently has instituted a special loan review process for low- and moderate-income and minority customers, and has opened a new branch office in a city neighborhood to serve low- and moderate-income and minority segments of its community. In addition, 1st Source Bank has increased its marketing efforts directed toward low- and moderate-income customers, become a member of the Community Home Buyers Corporation, and instituted the HOOP program for low- and moderate-income borrowers. The Board expects that these measures, when fully implemented, will result in further improvements in the CRA lending record of 1st Source Bank in low- and moderate-income and minority areas.

12. In this regard, the Board notes that the data discussed in Protestant's comments do not report all of 1st Source Bank's HMDA-related lending activity for 1990. Corrected data were submitted to the Board and furnished to Protestant.

13. Under the HMDA, banks are required to report information regarding both loan approvals and denials to banking agencies and the public. This information includes data on the race, gender and income of individual applicants, as well as the location of the property securing the potential loan and the disposition of the application.

14. The Board previously has stated that HMDA data alone provide only a limited measure of an institution's lending in the communities it serves. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

1st Source Bank's ascertainment and marketing efforts also are designed to assist in meeting housing-related credit needs in these areas. Ascertainment efforts include bank representatives' personal contacts with members of the community and affiliations with community organizations, as well as a formal business development program. These ascertainment activities have resulted in the creation of a special loan program targeted at low-income segments of the bank's community. Marketing efforts, similarly, are varied and thorough and include media designed to reach the bank's entire delineated community. These efforts are part of 1st Source Bank's formal CRA program. In general, 1st Source Bank has instituted the types of policies and procedures that the Board and the other federal bank supervisory agencies have indicated contribute to an effective CRA program. The bank has appointed a CRA officer and a CRA committee to monitor CRA compliance and to assure that senior management and the board of directors are informed of CRA issues and the institution's CRA performance. In addition, 1st Source Bank has appointed a CRA Advisory Board comprised of members of senior management and community representatives. The bank also has adopted a detailed CRA plan and a formal CRA policy statement.

Conclusion on Convenience and Needs Factor

The Board has carefully considered all of the facts of record, including the comments filed in this case, in reviewing the convenience and needs factor under the Bank Merger Act. Based on a review of the entire record of these applications, including the most recent CRA performance examinations of the institutions involved in this case, the Board believes that the efforts of 1st Source Bank and of Starke County Bank to help meet the credit needs of all segments of the communities served by these institutions, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of these applications.

The Board recognizes that the record compiled in these applications points to some areas for possible improvement in the CRA performance of 1st Source Bank. The Board expects 1st Source Bank to continue its progress in addressing the housing-related credit needs of low- and moderate-income and minority neighborhoods in its service communities, and of other segments of such communities, and to implement fully the CRA plans and programs discussed in this Order and in 1st Source Bank's response to Protestant's comments. 1st Source Bank's progress in these areas will be considered in future applications by 1st Source or its subsidiaries to expand their deposit-taking facilities.

Other Factors

1st Source Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the present sites of Starke County Bank in Portage and Michigan City, both in Indiana. The Board has considered the factors it is required to consider in applications for establishing and operating branches, and has concluded that the financial condition of 1st Source Bank, the general character of its management, and the proposed exercise of corporate powers, as well as CRA and other convenience and needs considerations, are consistent with approval and the purposes of section 9 of the Federal Reserve Act.[15]

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically conditioned upon compliance by 1st Source Bank with all of the commitments made in connection with these applications and with the conditions referenced in this Order. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law. The acquisition shall not be consummated before the thirtieth calendar day after the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 4, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

15. *See* 12 U.S.C. §§ 322, 2903.

The Jackson State Bank
Jackson, Wyoming

Order Approving the Merger of Banks

The Jackson State Bank, Jackson, Wyoming ("Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with The State Bank, West, Jackson, Wyoming ("State Bank"), an affiliated bank, with Bank as the surviving entity.[1] Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish a branch at the current location of State Bank.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the Bank Merger Act and in section 9 of the Federal Reserve Act.

United Bancorporation, with total consolidated assets of \$307 million,[2] operates three banking subsidiaries in Wyoming.[3] United Bancorporation is the fourth largest commercial banking organization in Wyoming, controlling approximately \$263.6 million in commercial bank deposits, representing approximately 6.3 percent of total deposits in commercial banking organizations in the state.[4]

In view of the fact that Bank and State Bank are subsidiaries of the same bank holding company, and based on all the other facts of record, the Board concludes that the proposed transaction would have no adverse effect on existing competition, and would not increase the concentration of resources, in any relevant banking market.

The Board has received comments from a bank in Jackson ("Protestant") alleging that Bank's proposal represents the establishment of a *de novo* branch in Jackson in contravention of Wyoming law.[5]

1. Both Bank and State Bank are wholly owned subsidiaries of United Bancorporation of Wyoming, Inc., Jackson, Wyoming ("United Bancorporation"). In June 1992, the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority, approved United Bancorporation's application to acquire 100 percent of the stock of State Bank. *See* letter dated June 15, 1992, from Thomas M. Hoenig, President, Federal Reserve Bank of Kansas City, to W. Richard Scarlett, Chairman, United Bancorporation, Inc.

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

3. In addition to Bank and State Bank, United Bancorporation owns 99.9 percent of the outstanding voting shares of Shoshone First National Bank, Cody, Wyoming.

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

5. Protestant also raises concerns regarding the competitive effects of the proposal. Since the proposal represents the corporate reorganization of the parent holding company's existing ownership interest, the merger would not result in significantly adverse anticompetitive effects. In examining State Bank's charter application, the Wyoming

Wyoming branching law prohibits a state bank from establishing a *de novo* branch in any community where another bank already exists.[6] Since there are four banking institutions located in Jackson, Bank would appear to be prohibited from establishing a *de novo* branch in this community.

A separate provision of Wyoming law authorizes a bank that merges with a second bank to retain, operate and maintain the offices of the second bank and to continue to provide services or functions at these locations.[7] Applicant argues that this provision governs the merger proposed in this case and authorizes Bank to retain the branch in Jackson.

Protestant disputes the applicability of the branch-by-merger provision to this proposal and contends that to permit the establishment of a branch under its provisions would constitute an evasion of Wyoming's branch limitations. Bank's parent holding company had stated for the record that it intended to establish a branch in the future at State Bank's Jackson location. Protestant notes that State Bank has only been operating for six months, and that Bank and State Bank have the same directors.

The Attorney General for the State of Wyoming and the State Banking Commissioner have both indicated that Wyoming law provides separate statutory authorizations for establishing branches and that Bank may establish a branch in Jackson by merging with State Bank notwithstanding Wyoming's limitation on *de novo* branching.[8] Protestant's arguments were fully presented in the initial proceedings to charter State Bank and renewed in Bank's application to merge with State Bank. In each proceeding, Protestant's arguments were rejected by the State banking regulators, and Bank's proposal was found to be consistent with Wyoming law.[9]

Interpretations by state officials, as well as the specific statutory provisions, support the conclusion that Wyoming law provides separate means of establishing branches. For example, the branch-by-merger authorization, enacted by the Wyoming legislature prior to the *de novo* branching authorization, specifies that its provisions do not authorize *de novo* branching.[10] The Board believes that by interpreting each provision as providing a separate authorization for establishing a branch — either *de novo* or by merger — both statutory provisions may be given full effect.[11]

The facts of record also indicate that the proposal involves the merger of separately incorporated, chartered and capitalized institutions.[12] State Bank's officers and employees do not directly perform any services for customers of Bank other than those services that would be provided for customers of other area banks.[13] State Bank also maintains its own separate books of account, issues its own distinctive checks and uses its own stationery. Moreover, State Bank's customers are able to deposit and withdraw their funds with respect to their accounts only at State Bank. The Board has previously found that such factors are useful in determining that a bank has been operated as a stand-alone institution and not as a *de facto* branch of an affiliate.[14] For the reasons stated above, the Board concludes that Bank's proposal is consistent

State Banking Commissioner was required under Wyoming law to consider, among other factors, the ability of the Jackson community to support State Bank. Wyo. Stat. Ann. § 13-2-207 *et seq.* (Supp. 1992). The order approving State Bank's charter on February 14, 1992, by the Wyoming State Banking Board, took Protestant's competitive concerns into account.

6. Wyo. Stat. Ann. § 13-2-702.

7. Wyo. Stat. Ann. § 13-4-104. The context of the statutory reference to "banking house" and "office" indicates that these terms include a "branch." Wyo. Stat. Ann. § 13-4-104(b).

8. *See* letter dated January 5, 1993, from Joseph B. Meyer, Attorney General, State of Wyoming, to Sue E. Mecca, State Banking Commissioner, Wyoming Division of Banking. In previously considering the effect of a State law, the Board has examined the statute itself, judicial interpretations of that law and, in the absence of judicial interpretations, the opinions of the State's Attorney General or the State's relevant administrative agency. When the Board has concluded that the opinion of the State authority is well reasoned, consistent with the statutory language and not inconsistent with the apparent intent of the statute or its legislative history, the Board has accorded deference to the State authority. *See Bancorp of Mississippi*, 72 *Federal Reserve Bulletin* 257 (1986).

9. *See* Bank Charter Decision dated February 14, 1992, by the Wyoming State Banking Board, and letter dated October 30, 1992, from Sue E. Mecca, State Banking Commissioner, Wyoming Division of Banking, to W. Richard Scarlett, Chairman, The Jackson State Bank, approving Bank's branch application.

10. Wyo. Stat. Ann. § 13-4-104(c).

11. Protestant disputes this construction and argues that the requirement in the branch-by-merger provision that retained offices provide services in the same manner as "had the consolidation or merger not occurred" was intended to prevent a branch not otherwise authorized under Wyoming law from being retained. *See* Wyo. Stat. Ann. § 13-4-104(b). This construction however, conflicts with the Attorney General's conclusion that the *de novo* and branch-by-merger provisions of Wyoming law provide separate means of establishing a branch in Wyoming.

12. State Bank was chartered in February 1992, and has been in operation six months. In its most recent consolidated report of condition, filed with the Wyoming Department of Audit, State Bank reported receiving deposits in excess of $3 million between July 1992 and September 1992.

13. In this regard, State Bank has public notices declaring that State Bank is not a branch of Bank, and does not conduct transactions on behalf of Bank.

14. *See Grandview Bank and Trust Co. v. Board of Governors of the Federal Reserve System*, 550 F.2d 415 (8th Cir. 1977), *cert. denied*, 434 U.S. 821 (1977); *North Hills Bank v. Board of Governors of the Federal Reserve System*, 506 F.2d 623 (8th Cir. 1974). *See also Commerce Bancshares, Inc.*, 64 *Federal Reserve Bulletin* 803 (1978); *United Banks of Colorado, Inc.*, 64 *Federal Reserve Bulletin* 37 (1978); *First International Bancshares, Inc.*, 63 *Federal Reserve Bulletin* 744 (1977).

with Wyoming's authorization for retaining a branch after a bank merger.

The financial and managerial resources and future prospects of Bank, State Bank and United Bancorporation are consistent with approval. The Board also finds that considerations relating to the convenience and needs of the community to be served are consistent with approval. The Board also has considered the factors it is required to consider when approving applications for establishment of branches pursuant to section 9 of the Federal Reserve Act and finds those factors to be consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved.[15] The Board's approval is specifically conditioned upon compliance by Bank with all the commitments made in its application. For purposes of this action, the commitments discussed in this order are considered conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 25, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

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

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

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

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

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
Grenada Sunburst System Corporation, Grenada, Mississippi	Eastover Bank for Savings, Jackson, Mississippi	Sunburst Bank, Grenada, Mississippi	January 22, 1993

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant(s)	Bank(s)	Effective Date
Texas East BanCorp, Inc., Jacksonville, Texas	CBC, Inc., Shreveport, Louisiana TFC, Inc., Shreveport, Louisiana WhiFin, Inc. Shreveport, Louisiana Cherokee Bancorp, Inc., Longview, Texas Timpson Financial Corporation, Timpson, Texas Whitehouse Financial Corporation, Whitehouse, Texas	January 29, 1993

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Citizens Bancshares of Woodville, Inc., Woodville, Wisconsin	Elmwood Financial Services, Inc., Elmwood, Wisconsin	Minneapolis	December 31, 1992
CNB Financial Corporation, Kansas City, Kansas	Security State Bank of Fort Scott, Fort Scott, Kansas	Kansas City	January 7, 1993
The Employees Stock Ownership Plan and Trust of Southwest Georgia Financial Corporation, Moultrie, Georgia	Southwest Georgia Financial Corporation, Moultrie, Georgia	Atlanta	December 30, 1992
The First National Bank of Berryville Employee Stock Ownership Trust, Berryville, Arkansas	The First National Bank of Berryville, Berryville, Arkansas	St. Louis	January 12, 1993
First National Bank of Sauk Centre Retirement Savings Plan and Trust, Sauk Centre, Minnesota	Sauk Centre Financial Services, Inc., Sauk Centre, Minnesota	Minneapolis	January 14, 1993
First Rushmore Bancorporation, Inc., Worthington, Minnesota	First Rushmore Bancshares, Inc., Rushmore, Minnesota	Minneapolis	January 8, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Wilton Bancshares, Ltd., Wilton, North Dakota	First State Bank of Wilton, Wilton, North Dakota	Minneapolis	December 28, 1992
Florida Barnett Corporation, Jacksonville, Florida	Barnett Bank of Hillsborough County, Tampa, Florida	Atlanta	January 13, 1993
F.S.B. Properties, Inc., ESOP, Quinton, Oklahoma	F.S.B. Properties, Inc., Quinton, Oklahoma	Kansas City	January 8, 1993
Hopeton Bancshares, Inc., Hopeton, Oklahoma	The Hopeton State Bank, Hopeton, Oklahoma	Kansas City	December 31, 1992
Lucan Bancshares, Inc., Lucan, Minnesota	State Bank of Lucan, Lucan, Minnesota	Minneapolis	January 8, 1993
Mark Twain Bancshares, Inc., St. Louis, Missouri	First Shawnee Bancshares, Inc., Shawnee, Kansas	St. Louis	December 30, 1992
Mercantile Bancorporation Inc., St. Louis, Missouri	The First National Bank of Flora, Flora, Illinois	St. Louis	January 22, 1993
Northome Bancshares, Inc., Northome, Minnesota	First State Bank of Northome, Northome, Minnesota	Minneapolis	January 4, 1993
OMNIBANCORP, Denver, Colorado	Met-State Corp., Kansas City, Missouri	Kansas City	December 30, 1992
Prairie State Bancshares, Inc., Oakley, Kansas	Jent, Inc., Oakley, Kansas	Kansas City	January 13, 1993
United Missouri Bancshares, Inc., Kansas City, Missouri United Subsidiary, Inc., Kansas City, Missouri	Farmers Banshares of Abilene, Inc., Abilene, Kansas	Kansas City	January 6, 1993
United Missouri Bancshares, Inc., Kansas City, Missouri United Subsidiary, Inc., Kansas City, Missouri	Overland Park Bancshares, Inc., Overland Park, Kansas	Kansas City	January 6, 1993
Upper Rio Grande Bank Corporation, Del Norte, Colorado	The Rio Grande County Bank, Del Norte, Colorado	Kansas City	January 8, 1993
Wally Bancorp, Inc., Parker, Colorado	Community Bank of Parker, Parker, Colorado	Kansas City	January 8, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BankAmerica Corporation, San Francisco, California	First Associates Financial, Inc., Tampa, Florida	San Francisco	December 30, 1992
Barnett Merger Corporation, Jacksonville, Florida	Barnett Banks Trust Company, N.A., Jacksonville, Florida	Atlanta	January 28, 1993
Citizens Bankshares, Inc., Shawano, Wisconsin	Wisconsin Finance Corporation, Shawano, Wisconsin	Chicago	December 30, 1992
Norwest Corporation, Minneapolis, Minnesota	Boris Systems, Inc., East Lansing, Michigan	Minneapolis	January 14, 1993
Norwest Corporation, Minneapolis, Minnesota	Norwest Insurance Wyoming, Inc., Wheatland, Wyoming	Minneapolis	January 7, 1993
Withee Bank Shares, Inc., Withee, Wisconsin	to engage *de novo* in the ownership and development of a low-income housing project	Chicago	January 21, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Tower Bancshares, Inc., Cloquet, Minnesota	Tower Soudan Agency, Inc., Tower, Minnesota State Bank of Tower, Tower, Minnesota	Minneapolis	January 8, 1993

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)	Effective Date
Suntrust Banks, Inc., Atlanta, Georgia	Sun Bank/Gulf Coast, Sarasota, Florida	January 26, 1993

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Fifth Third Bank, Cincinnati, Ohio	The First National Bank, Dayton, Ohio	Cleveland	January 7, 1993
First Florida Bank, Tampa, Florida	Barnett Bank of Hillsborough County, Tampa, Florida	Atlanta	January 13, 1993
First Florida Bank, Tampa, Florida	Barnett Bank of Tampa, N.A., Tampa, Florida	Atlanta	January 13, 1993

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Sisti v. Board of Governors, No. 93–0033 (D.D.C., filed January 6, 1993). Challenge to Board staff interpretation with respect to margin accounts.

U.S. Check v. Board of Governors. No. 92–2892 (D.D.C., filed December 30, 1992). Challenge to partial denial of request for information under the Freedom of Information Act.

CBC, Inc. v. Board of Governors. No. 92–9572 (10th Cir., filed December 2, 1992). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements.

DLG Financial Corporation v. Board of Governors. No. 392 Civ. 2086-G (N.D. Texas, filed October 9, 1992). Action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and seeking money damages on a variety of tort and contract theories. On October 9, 1992, the court denied plaintiffs' motion for a temporary restraining order. On November 20, 1992, the Board filed a motion to dismiss. On December 17, 1992, plaintiffs filed an amended complaint.

Zemel v. Board of Governors. No. 92–1057 (D. District of Columbia, filed May 4, 1992). Age Discrimination in Employment Act case.

Fields v. Board of Governors. No. 92–3920 (6th Cir., filed September 14, 1992). Federal Tort Claims Act complaint alleging misrepresentation during the application process. The district court for the Northern District of Ohio granted the Board's motion to dismiss on August 10, 1992. On September 14, 1992, the plaintiff filed a notice of appeal. The action was voluntarily dismissed by plaintiff/appellant on December 18, 1992.

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

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

First Interstate BancSystem of Montana, Inc. v. Board of Governors, No. 91–1525 (D.C. Cir., filed November 1, 1991). Petition for review of Board's order denying on Community Reinvestment Act grounds the petitioner's application under section 3 of the Bank Holding Company Act to merge with Commerce BancShares of Wyoming, Inc. On December 14, 1992, the court granted the parties' joint motion to dismiss the case.

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

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

Fields v. Board of Governors. No. 3:91CV069 (N.D. Ohio, filed February 5, 1991). Appeal of denial of request for information under the Freedom of Information Act. The Board's motion for summary judgment was granted in part and its motion to dismiss was denied on June 23, 1992. The action was dismissed on January 15, 1993.

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

In the Matter of
CBC, INC.,
Clovis, New Mexico and
LYNELL G. SKARDA, LANGDON L. SKARDA, and KENT CARRUTHERS
Institution-Affiliated Parties of

CBC, Inc.,
Clovis, New Mexico

Respondents.

Docket Nos. 90–033-CMP-BHC
90–033-CMP-I1
90–033-DMP-I2
90–033-CMP-I3

Final Decision and Order

This is an administrative civil money penalty action by the Board of Governors of the Federal Reserve System (the "Board") against a bank holding company, CBC, Inc. ("CBC"), and three officers and directors of CBC, Lynell G. Skarda, Langdon L. Skarda, and Kent Carruthers (collectively "Respondents").

On April 5, 1991, the Board issued Notices of Assessment of Civil Money Penalties (the "Notices") against each of the Respondents pursuant to 12 U.S.C. § 1818(i)(2) and 12 U.S.C. § 1847(b). The Notices alleged, *inter alia*, that the individual Respondents have been responsible for CBC's failure to file annual reports with the Board containing consolidated financial statements for the year 1988 that have been certified by an independent public accountant, as required by the Board's Regulation Y and Form FR Y-6.[1] As explained in the Notices, CBC failed to comply with the Board's requirements in connection with the 1988 and 1989 Y-6 reports filed by CBC in March, 1989 and March, 1990, respectively, even though on August 30, 1988, those requirements were upheld by the United States Court of Appeals for the Tenth Circuit in litigation commenced by CBC against the Board.[2]

The Board's Notices assessed penalties in the amounts of $10,000 each against CBC and Lynell Skarda and $5,000 each against Langdon Skarda and Kent Carruthers. Respondents opposed the Board's assessments and requested a hearing. The case was subsequently referred to Administrative Law Judge Paul S. Cross.

In this case, the material facts are not disputed by the parties. Instead, respondents dispute whether, in light of the uncontested facts, an assessment of civil money penalties is warranted. Respondents also contest the amount of the penalties that should be assessed. Accordingly, the parties entered into written stipulations as to the relevant facts upon which these matters should be decided. After the parties submitted proposed findings of fact and conclusions of law, an oral argument was held before the Administrative Law Judge on June 1, 1992.

1. The Board's Form Y-6 requires each bank holding company to submit an annual report within 90 days of the end of the company's fiscal year. The report must include the company's most recent two year comparative financial statements. Thus, financial statements for 1988 would be submitted with both the 1988 and 1989 Y-6 reports.

In addition, a company with total consolidated assets of $150 million or more must file consolidated financial statements that are certified by an independent public accountant and that are prepared in accordance with generally accepted accounting principles.

2. *CBC, Inc. v. Board of Governors*, 855 F.2d 688 (10th Cir. 1988), *cert. denied*, 489 U.S. 1096 (1989).

Based on the stipulated facts, the pleadings submitted, and the arguments made at the hearing, the Administrative Law Judge issued a recommended decision and order on June 9, 1992, in which he recommended that the Board impose penalties against each of the Respondents in the amounts set forth in the Notices. The Judge also adopted proposed findings of fact and conclusions of law. On July 15, 1992, Respondents filed exceptions to the Judge's recommended decision and order and to his proposed findings and conclusions.

Upon review of the administrative record, including the exceptions filed by Respondents, the Board hereby issues its Final Decision and Order. The Board adopts, and incorporates herein by reference, the Administrative Law Judge's Decision and Recommended Order and proposed Findings of Fact and Conclusions of Law, as supplemented below, together with the reasoning and citations contained therein. Accordingly, the Board hereby assesses civil money penalties in the amounts of $10,000 each against CBC and Lynell G. Skarda; and $5,000 each against Langdon L. Skarda and Kent Carruthers.

Pursuant to the applicable statutes, the Board must take into account the appropriateness of the penalties with respect to several mitigating factors: the size of financial resources and good faith of each of the Respondents; the gravity of the violations, the history of previous violations and such other matters as justice may require. 12 U.S.C. §§ 1847(b)(2), 1818(i)(2)(G). In light of the fact that the parties have stipulated to the material facts and because the legal issues were determined previously by the Court of Appeals, the Board has focused particular attention on those factors.

In considering the "gravity" of the violations, the Board notes that its reporting requirements are central to its responsibility to supervise bank holding companies. The requirement of certified financial statements ensures that the accounting systems and internal controls of a holding company will be reviewed by independent experts. The certification provides the Board with an increased measure of reliability regarding the financial statements. *See CBC, Inc. v. Board of Governors, supra*, 855 F.2d at 691. The independent audit makes it easier to uncover fraud, misappropriation, or negligence in the operation of the institution. Respondents' refusals to comply with the applicable reporting requirements, were not trivial, nor were they technical deficiencies. Penalties are warranted in order to deter Respondents and others from future noncompliance.

Respondents' willful and continuing noncompliance following CBC's unsuccessful legal challenge evidences a lack of good faith. The record reflects that in March, 1987 the Board expressly denied CBC's request for a stay of the certification requirement while the litigation was pending. CBC never sought a stay of the Board's requirements from the court. Thus, after the Board's requirements were upheld by the Court of Appeals in 1988, good faith required that Respondents abide by the Court of Appeals' ruling with respect to the 1988 financial statements.

CBC's financial statements for subsequent years have been certified in compliance with the Board's requirements. This has been considered as a mitigating factor that weighs against assessing larger penalties in this case, but it is not sufficient in light of the other factors discussed below to lead the Board to conclude that no penalties should be assessed in this case.

The Board is also authorized to consider "such other factors as justice may require." 12 U.S.C. §§ 1847(b)(2), 1818(i)(2)(G). The Board believes that one such factor is whether the parties involved in the violations derived any economic benefit from the misconduct. *See* 12 C.F.R. 263.62. Respondents submitted evidence for the record indicating the likely cost of obtaining certified financial statements for the 1988 fiscal year. This cost was estimated by an accounting firm to be approximately $30,000 to $60,000. CBC also asserted that it actually paid about $10,000 to obtain non-certified statements from an independent accounting firm. Thus, CBC saved between approximately $20,000 and $50,000 in auditor's fees. Under these circumstances, the penalties assessed by the Board, which total $30,000, are reasonably calculated to ensure that Respondents do not derive substantial economic benefit from the violations.[3]

Respondents attempt to compare the Board's assessments in this case to the amounts assessed in other cases. Such comparisons are of little relevance. A determination as to the appropriate amount of any monetary penalty necessarily depends on the facts and circumstances of the particular case. Thus, the amounts assessed in the cases cited by Respondents are not useful in this case.

The Board also offered Respondents an opportunity to demonstrate that their financial resources warranted the assessment of smaller amounts. On June 21, 1990, the Board's General Counsel wrote to Respondents to advise them that the Board's staff intended to recommend the assessment of civil money penalties against them. At that time, Respondents were requested to submit financial statements and any evidence that would mitigate against the assessment of a civil money penalty. On July 5, 1990, a reply was submitted on behalf of all of the Respondents, but no financial

3. There is no authority to support Respondents' claim that the Board must consider as a mitigating factor, the amounts that they have expended in defending this proceeding.

information was included. Respondents also failed to submit any such information to the Administrative Law Judge.

Evidence concerning the size of a respondent's financial resources is inherently within the control of the respondent. Consequently, the Board does not carry the entire burden of proof concerning the Respondents' financial condition. *See Stanley v. Board of Governors*, 940 F.2d 267, 274 (7th Cir. 1991). After giving Respondents an opportunity to supplement the record, which they did not take, the Board has based its assessments on the information available to it from reports of inspections of CBC and from reports of examinations of CBC's subsidiary bank.

Together, Lynell and Langdon Skarda own over 99 percent of CBC's shares. CBC's assets largely consist of its investment in its subsidiary bank. CBC's total equity was $18.2 million as of December 31, 1990 and was $15.3 million as of June 30, 1991.[4] CBC has received substantial dividends from its subsidiary bank in recent years, which in turn have been used by CBC to pay substantial dividends to its shareholders. The record also reflects that as the president of CBC's subsidiary bank, Kent Carruthers receives compensation adequate to support the penalty assessed against him. Thus, the amounts assessed are consistent with each Respondent's financial resources and do not constitute any undue burden.

There are mitigating factors weighing in Respondents' favor, such as the fact that for 1989 and all subsequent years, CBC has complied with the certification requirements. However, the relatively small amounts assessed are consistent with this fact and the fact that Respondents do not have a history of other violations.

The violations charged in this case are continuing. They have been outstanding since March 29, 1989, the date on which CBC's Y-6 report for 1988 was filed. Consequently, as of April 5, 1991, the date that the Board's Notices were issued, the total amount that could have been assessed against each of the Respondents was over $600,000. After consideration of the required factors, however, the Board has assessed penalties representing only a fraction of the maximum amount authorized by the statute. Nevertheless, the assessments reflect the Board's judgment that the imposition of penalties for the Respondents' knowing violation of the Board's reporting requirements is appropriate in order to deter future noncompliance.

The greater amounts imposed upon CBC and Lynell Skarda are warranted because CBC is the principal offender along with Lynell Skarda, who as controlling shareholder of CBC has played the leading role in orchestrating CBC's noncompliance.

4. The June 30, 1991 data was not yet available at the time the Board's Notices were issued.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to section 8(i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)), and section 8(b) of the Bank Holding Company Act, as amended (12 U.S.C. § 1847(b)), that the below-named respondents are hereby assessed, and shall forfeit and pay as hereinafter provided, civil money penalties in the amounts specified below:

1. CBC, Inc. is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Ten Thousand Dollars ($10,000);
2. Lynell G. Skarda is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Ten Thousand Dollars ($10,000);
3. Langdon L. Skarda is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Five Thousand Dollars ($5,000); and
4. Kent Carruthers is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Five Thousand Dollars ($5,000).

IT IS FURTHER ORDERED, that payment of the assessed penalties set forth herein shall be made on or before the sixtieth day following the effective date of this Order, payable in full to the order of the Board of Governors of the Federal Reserve System, who shall make remittance of the same to the Treasury of the United States as required by statute. Payment of the assessed penalty shall be transmitted to:

William W. Wiles, Secretary
Board of Governors of the Federal
Reserve System
20th and C Streets, N.W.
Washington, D.C. 20551.

By order of the Board of Governors, effective this 17th day of November, 1992.

WILLIAM W. WILES
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Joe R. Clarke, III
Forest, Mississippi

The Federal Reserve Board announced on January 26, 1993, the issuance of an Order of Assessment of a Civil Money Penalty against Joe R. Clarke, III, an institution-affiliated party of the Bank of Forest, Forest, Mississippi.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Daingerfield Bancshares, Inc.
Daingerfield, Texas

The Federal Reserve Board announced on January 12, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Dallas and Daingerfield Bancshares, Inc., Daingerfield, Texas.

PT Bank Niaga
Jakarta, Indonesia

The Federal Reserve Board announced on January 14, 1993, the execution of a Written Agreement between the Federal Reserve Bank of San Francisco and the PT Bank Niaga, Jakarta, Indonesia, and its Los Angeles Agency.

Financial and Business Statistics

CONTENTS

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
SMSA	Standard metropolitan statistical area
VA	Veterans Administration

GENERAL INFORMATION

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary and credit aggregate	1992				1992				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.	Dec.
Reserves of depository institutions[2]									
1 Total	23.4	14.9	9.3	27.9	20.2	24.4	42.0	20.9r	9.1
2 Required	23.5	15.4	9.9	27.4	21.3	23.4	40.9	22.1r	6.8
3 Nonborrowed	24.0	14.8	8.4	29.2	21.1	23.7	45.6	21.8	8.7
4 Monetary base[3]	9.2	7.1	10.5	13.4	16.6	16.7	14.3	8.7	9.2
Concepts of money, liquid assets, and debt[4]									
5 M1	16.5	9.8	10.3	17.6	15.7	19.1	22.7r	13.9r	6.2
6 M2	4.2	.4	.2	3.6	3.3	3.7	5.3r	3.5	−1.2
7 M3	2.2	−1.3	−.1	.9	3.9	1.9r	.5r	1.9r	−4.4
8 L	1.5	.6r	1.1r	n.a.	4.1r	4.2r	2.0r	5.4	n.a.
9 Debt	4.3	5.4	4.2	n.a.	3.9	3.3	2.7	6.4	n.a.
Nontransaction components									
10 In M2[5]	−.1	−3.0	−3.6	−1.8	−1.4	−2.4r	−1.6r	−.7r	−4.2
11 In M3 only[6]	−7.4	−9.3	−1.6	−12.2	6.5	−6.6	−23.4r	−6.5r	−20.9
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	19.1	12.0	10.0	13.2	13.4	16.7	14.7	10.5r	5.4
13 Small time[7]	−18.9	−13.3	−16.7	−16.9	−19.4	−16.8	−18.0	−18.0	−10.8
14 Large time[8,9]	−18.2	−14.8	−16.0	−16.8	−10.2	−16.7	−25.8r	−11.8r	−8.7
Thrift institutions									
15 Savings, including MMDAs	22.4	18.8	8.4	9.3	9.2	10.8	8.8	10.4r	5.6
16 Small time[7]	−24.3	−29.4	−17.7	−20.9	−17.2	−15.9	−26.6	−20.9r	−20.6
17 Large time[8,9]	−29.7	−36.7	−17.1	−11.9	−22.4	−3.5	−1.8	−24.7	−23.5
Money market mutual funds									
18 General purpose and broker-dealer	−.3	−4.0	−8.2	−1.0	−6.8	−17.2	10.1	3.8	−5.2
19 Institution-only	26.9	20.0	40.0	−24.1	54.9	.0	−64.1	−12.3	−54.3
Debt components[4]									
20 Federal	10.0	14.4	10.8	n.a.	9.7	5.0	−1.4	10.5	n.a.
21 Nonfederal	2.5	2.5	1.9	n.a.	1.9	2.7	4.1	5.0	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1992			1992						
	Oct.	Nov.	Dec.	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	321,292	327,923r	335,875	327,866	329,972	330,125	329,388	333,627	338,688	342,157
U.S. government securities[2]										
2 Bought outright—System account	282,073	288,434	295,258	286,364	291,828	292,902	293,520	294,929	296,138	297,076
3 Held under repurchase agreements	858	2,640	3,780	4,402	2,092	1,301	470	1,865	6,119	6,432
Federal agency obligations										
4 Bought outright	5,534	5,534	5,477	5,534	5,534	5,534	5,534	5,485	5,450	5,434
5 Held under repurchase agreements	69	145	174	177	122	63	6	0	103	546
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	29	81	62	49	153	134	11	20	59	78
8 Seasonal credit	115	39	18	39	34	26	17	18	20	18
9 Extended credit	0	0	1	0	0	0	0	2	1	0
10 Float	572	575r	1,311	624	333	636	441	1,592	831	2,386
11 Other Federal Reserve assets	32,041	30,474r	29,795	30,677	29,876	29,529	29,389	29,717	29,969	30,187
12 Gold stock	11,059	11,059	11,057	11,059	11,059	11,059	11,058	11,057	11,057	11,056
13 Special drawing rights certificate account	10,018	10,018	8,663	10,018	10,018	10,018	10,018	8,304	8,018	8,018
14 Treasury currency outstanding	21,361r	21,396r	21,447	21,395r	21,404r	21,413	21,427	21,441	21,455	21,469
ABSORBING RESERVE FUNDS										
15 Currency in circulation	320,222r	324,505r	330,563	324,927r	325,584r	327,253	328,045	329,149	331,166	334,120
16 Treasury cash holdings	518	504	515	500	495	525	521	517	512	510
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,946	5,617	6,011	5,184	5,787	5,602	5,076	5,002	7,764	6,320
18 Foreign	330	284	201	247	199	183	177	203	220	207
19 Service-related balances and adjustments	5,782	5,898	5,953	6,006	5,756	6,066	5,788	5,845	5,780	6,335
20 Other	286	293	295	301	284	292	270	293	313	290
21 Other Federal Reserve liabilities and capital	8,108	7,834	8,109	7,887	8,177	7,984	7,728	8,052	8,399	8,402
22 Reserve balances with Federal Reserve Banks[3]	23,540	25,460	25,394	25,286	26,169	24,709	24,286	25,369	25,063	26,518

Factor	End-of-month figures			Wednesday figures						
	Oct.	Nov.	Dec.	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	320,055	331,113r	342,513	321,990	329,480	329,617	328,943	334,709	347,401	343,648
U.S. government securities[2]										
2 Bought outright—System account	282,877	292,696	295,011	286,719	292,340	293,076	293,426	297,995	296,066	296,212
3 Held under repurchase agreements	0	3,256	7,463	150	343	1,415	75	0	13,132	5,130
Federal agency obligations										
4 Bought outright	5,534	5,534	5,413	5,534	5,534	5,534	5,534	5,450	5,450	5,413
5 Held under repurchase agreements	0	254	631	0	0	0	5	0	277	646
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	11	10	671	155	834	11	14	15	87	39
8 Seasonal credit	70	25	4	39	30	22	17	22	19	16
9 Extended credit	0	0	0	0	0	0	3	2	0	1
10 Float	500	−20r	3,255	100	707	247	323	1,501	2,181	5,906
11 Other Federal Reserve assets	31,064	29,358r	30,067	29,293	29,692	29,312	29,546	29,724	30,190	30,286
12 Gold stock	11,060	11,059	11,056	11,059	11,059	11,059	11,058	11,057	11,056	11,056
13 Special drawing rights certificate account	10,018	10,018	8,018	10,018	10,018	10,018	10,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,377r	21,413r	21,483	21,395r	21,404r	21,413	21,427	21,441	21,455	21,469
ABSORBING RESERVE FUNDS										
15 Currency in circulation	320,363r	327,261r	334,737	325,111r	326,970r	327,659	328,654	329,863	333,200	335,001
16 Treasury cash holdings	505	525	508	490	525	522	518	513	510	508
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,413	6,985	7,492	6,504	6,074	4,760	4,605	6,958	6,568	7,270
18 Foreign	415	229	206	162	185	167	196	221	178	254
19 Service-related balances and adjustments	6,039	6,066	6,183	6,006	5,756	6,066	5,788	5,845	5,780	6,335
20 Other	317	296	372	288	278	294	273	266	305	266
21 Other Federal Reserve liabilities and capital	7,271	7,759	7,984	7,903	8,088	7,552	7,848	8,069	8,344	8,278
22 Reserve balances with Federal Reserve Banks[3]	23,186	24,481r	25,590	17,998	24,084	25,087	23,563	23,490	33,045	26,279

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1992						
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	21,223	21,206	21,272	22,627	23,626	25,462	25,368
2 Total vault cash[3]	31,786	32,513	34,535	31,729	32,145	32,457	32,343	32,992[r]	32,457	34,535
3 Applied vault cash[4]	28,884	28,872	31,170	28,273	28,617	28,890	28,894	29,510	29,205	31,170
4 Surplus vault cash[5]	2,903	3,641	3,365	3,456	3,528	3,567	3,448	3,482[r]	3,252	3,365
5 Total reserves[6]	59,120	55,532	56,538	49,496	49,823	50,162	51,521	53,136	54,666	56,538
6 Required reserves	57,456	54,553	55,389	48,584	48,857	49,227	50,527	52,062	53,624	55,389
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,150	913	965	935	994	1,074	1,043	1,150
8 Total borrowings at Reserve Banks[8]	326	192	124	229	284	251	287	143	104	124
9 Seasonal borrowings	76	38	18	149	203	223	193	114	40	18
10 Extended credit[9]	23	1	1	0	0	0	0	0	0	1

Reserve classification	Biweekly averages of daily figures for weeks ending									
	1992									
	Sept. 2	Sept. 16	Sept. 30	Oct. 14	Oct. 28	Nov. 11	Nov. 25	Dec. 9[r]	Dec. 23	Jan. 6
1 Reserve balances with Reserve Banks[2]	20,991	23,439	22,048	23,810	23,031	25,535	25,730	24,548	25,209	26,569
2 Total vault cash[3]	32,541	31,625	33,033	32,929	33,334[r]	31,689[r]	32,398[r]	34,315	34,770	34,374
3 Applied vault cash[4]	28,896	28,438	29,351	29,438	29,790	28,539	29,117	30,918	31,373	31,099
4 Surplus vault cash[5]	3,645	3,187	3,682	3,491	3,544[r]	3,151[r]	3,281[r]	3,397	3,397	3,275
5 Total reserves[6]	49,887	51,876	51,399	53,248	52,821	54,074	54,846	55,466	56,582	57,668
6 Required reserves	48,820	51,081	50,217	52,099	51,750	53,346	53,485	54,625	55,357	56,304
7 Excess reserve balances at Reserve Banks[7]	1,067	795	1,182	1,149	1,071	728	1,361	841	1,225	1,364
8 Total borrowings at Reserve Banks[8]	258	321	259	185	118	66	138	95	60	269
9 Seasonal borrowings	226	187	196	146	95	53	37	22	19	12
10 Extended credit[9]	0	0	0	0	0	0	0	0	2	0

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

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

Millions of dollars, averages of daily figures

Source and maturity	1992, week ending Monday								
	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	76,088	73,095	74,222	67,637	67,714	73,286	72,781	72,061	73,350
2 For all other maturities	13,207	14,234	14,254	14,797	15,148	15,385	16,007	15,626	16,355
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	17,986r	16,750	22,663	23,327	19,074	18,264	18,965	22,633	17,881
4 For all other maturities	19,541	18,368	17,428	18,688	17,500	18,309	19,459	20,839	19,294
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	11,440r	11,333	14,483	13,088	15,647	14,849	12,884	13,790	11,784
6 For all other maturities	17,946r	18,789r	18,906r	20,719r	20,699	20,852	20,203	21,173	20,397
All other customers									
7 For one day or under continuing contract	25,847r	24,517	23,481	23,164	23,464	22,855	22,846	23,570	20,912
8 For all other maturities	12,271r	12,631	12,159	12,719	13,206	12,731	12,882	12,860	15,722
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	47,192	40,377	41,392	37,812	40,066	38,858	40,289	34,923	37,285
10 To all other specified customers[2]	26,564	22,468	19,175	20,103	17,793	18,799	21,181	21,060	20,546

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 1/29/93	Effective date	Previous rate	On 1/29/93	Effective date	Previous rate	On 1/29/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.15	1/21/93	3.15	3.65	1/21/93	3.65
New York		7/2/92			1/21/93			1/21/93	
Philadelphia		7/2/92			1/21/93			1/21/93	
Cleveland		7/6/92			1/21/93			1/21/93	
Richmond		7/2/92			1/21/93			1/21/93	
Atlanta		7/2/92			1/21/93			1/21/93	
Chicago		7/2/92			1/21/93			1/21/93	
St. Louis		7/7/92			1/21/93			1/21/93	
Minneapolis		7/2/92			1/21/93			1/21/93	
Kansas City		7/2/92			1/21/93			1/21/93	
Dallas		7/2/92			1/21/93			1/21/93	
San Francisco	3	7/2/92	3.5	3.15	1/21/93	3.15	3.65	1/21/93	3.65

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1981—May 5	13–14	14	1986—Aug. 21	5.5–6	5.5
			8	14	14	22	5.5	5.5
1978—Jan. 9	6–6.5	6.5	Nov. 2	13–14	13			
20	6.5	6.5	6	13	13	1987—Sept. 4	5.5–6	6
May 11	6.5–7	7	Dec. 4	12	12	11	6	6
12	7	7						
July 3	7–7.25	7.25	1982—July 20	11.5–12	11.5	1988—Aug. 9	6–6.5	6.5
10	7.25	7.25	23	11.5	11.5	11		
Aug. 21	7.75	7.75	Aug. 2	11–11.5	11			
Sept. 22	8	8	3	11	11	1989—Feb. 24	6.5–7	7
Oct. 16	8–8.5	8.5	16	10.5	10.5	27	7	7
20	8.5	8.5	27	10–10.5	10			
Nov. 1	8.5–9.5	9.5	30	10	10	1990—Dec. 19	6.5	6.5
3	9.5	9.5	Oct. 12	9.5–10	9.5			
			13	9.5	9.5	1991—Feb. 1	6–6.5	6
1979—July 20	10	10	Nov. 22	9–9.5	9	4	6	6
Aug. 17	10–10.5	10.5	26	9	9	Apr. 30	5.5–6	5.5
20	10.5	10.5	Dec. 14	8.5–9	9	May 2	5.5	5.5
Sept. 19	10.5–11	11	15	8.5–9	8.5	Sept. 13	5–5.5	5
21	11	11	17	8.5	8.5	Sept. 17	5	5
Oct. 8	11–12	12				Nov. 6	4.5–5	4.5
10	12	12	1984—Apr. 9	8.5–9	9	7	4.5	4.5
			13	9	9	Dec. 20	3.5–4.5	3.5
1980—Feb. 15	12–13	13	Nov. 21	8.5–9	8.5	24	3.5	3.5
19	13	13	26	8.5	8.5			
May 29	12–13	13	Dec. 24	8	8	1992—July 2	3–3.5	3
30	12	12				7	3	3
June 13	11–12	11	1985—May 20	7.5–8	7.5			
16	11	11	24	7.5	7.5			
29	10	10				In effect Jan. 29, 1993	3	3
July 28	10–11	10	1986—Mar. 7	7–7.5	7			
Sept. 26	11	11	10	7	7			
Nov. 17	12	12	Apr. 21	6.5–7	6.5			
Dec. 5	12–13	13	July 11	6	6			

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

	Type of deposit[2]	Requirements	
		Percent of deposits	Effective date
	Net transaction accounts[3]		
1	$0 million–$46.8 million	3	12/15/92
2	More than $46.8 million[4]	10	12/15/92
3	Nonpersonal time deposits[5]	0	12/27/90
4	Eurocurrency liabilities[6]	0	12/27/90

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

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 15, 1992, the exemption was raised from $3.6 million to $3.8 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 15, 1992, for institutions reporting quarterly, and Dec. 24, 1992, for institutions reporting weekly, the amount was increased from $42.2 million to $46.8 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,284	24,739	20,158	4,110	306	0	271	595	4,072	1,064
2 Gross sales	12,818	7,291	120	0	0	0	0	0	0	0
3 Exchanges	231,211	241,086	277,314	24,275	22,392	27,755	25,041	22,268	28,907	25,468
4 Redemptions	12,730	4,400	1,000	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	327	425	3,043	0	0	0	0	550	0	511
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	28,848	25,638	24,454	3,754	2,152	687	5,415	0	0	0
8 Exchanges	−25,783	−27,424	−28,090	−5,225	−1,854	−1,669	−4,617	0	0	0
9 Redemptions	500	0	1,000	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	1,436	250	6,583	200	2,278	0	400	3,325	200	4,122
11 Gross sales	490	200	0	0	0	0	0	0	0	0
12 Maturity shifts	−25,534	−21,770	−21,211	−2,113	−3,447	−216	−4,036	0	0	0
13 Exchanges	23,250	25,410	24,594	4,311	1,854	1,478	3,567	0	0	0
Five to ten years										
14 Gross purchases	287	0	1,280	0	597	0	0	725	0	1,176
15 Gross sales	29	100	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,231	−2,186	−2,037	−346	0	−471	−412	0	0	0
17 Exchanges	1,934	789	2,894	614	0	191	700	0	0	0
More than ten years										
18 Gross purchases	284	0	375	0	655	0	195	731	0	947
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,086	−1,681	−1,209	0	0	0	0	0	0	0
21 Exchanges	600	1,226	600	300	0	0	350	0	0	0
All maturities										
22 Gross purchases	16,617	25,414	31,439	4,310	3,836	0	866	5,927	4,272	7,820
23 Gross sales	13,337	7,591	120	0	0	0	0	0	0	0
24 Redemptions	13,230	4,400	1,000	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	1,323,480	1,369,052	1,570,456	118,972	126,977	127,051	104,873	116,331	116,024	115,020
26 Gross purchases	1,326,542	1,363,434	1,571,534	117,524	129,216	126,137	102,575	115,579	114,917	117,020
Repurchase agreements[2]										
27 Gross purchases	129,518	219,632	310,084	38,777	10,792	12,224	39,484	68,697	18,698	42,373
28 Gross sales	132,688	202,551	311,752	38,533	11,036	12,224	31,868	59,628	35,383	39,117
29 Net change in U.S. government securities	−10,055	24,886	29,729	3,107	5,831	−914	6,184	14,244	−13,520	13,075
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	5	0	0	0	0	0	0	0
32 Redemptions	442	183	292	160	40	85	54	37	0	0
Repurchase agreements[2]										
33 Gross purchases	38,835	41,836	22,807	1,281	402	94	601	3,222	1,778	2,760
34 Gross sales	40,411	40,461	23,595	1,281	402	94	548	1,800	3,253	2,506
35 Net change in federal agency obligations	−2,018	1,192	−1,085	−160	−40	−85	−1	1,385	−1,475	254
36 Total net change in System Open Market Account	**−12,073**	**26,078**	**28,644**	**2,946**	**5,791**	**−1,000**	**6,183**	**15,629**	**−14,995**	**13,329**

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

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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

Millions of dollars

Account	Wednesday					End of month		
	1992					1992		
	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30	Oct. 31	Nov. 30	Dec. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,059	11,058	11,057	11,056	11,056	11,060	11,059	11,056
2 Special drawing rights certificate account	10,018	10,018	8,018	8,018	8,018	10,018	10,018	8,018
3 Coin	476	485	487	476	455	519	491	446
Loans								
4 To depository institutions	33	34	39	107	56	80	35	675
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	5,534	5,534	5,450	5,450	5,413	5,534	5,534	5,413
8 Held under repurchase agreements	0	5	0	277	646	0	254	631
9 **Total U.S. Treasury securities**	**294,491**	**293,501**	**297,995**	**309,198**	**301,342**	**282,877**	**295,952**	**302,474**
10 Bought outright[2]	293,076	293,426	297,995	296,066	296,212	282,877	292,696	295,011
11 Bills	140,160	140,210	144,779	142,850	142,996	136,716	139,780	141,794
12 Notes	117,879	118,179	118,179	118,179	118,179	112,576	117,879	118,179
13 Bonds	35,037	35,037	35,037	35,037	35,037	33,584	35,037	35,037
14 Held under repurchase agreements	1,415	75	0	13,132	5,130	0	3,256	7,463
15 **Total loans and securities**	**300,058**	**299,074**	**303,484**	**315,031**	**307,456**	**288,491**	**301,775**	**309,192**
16 Items in process of collection	6,452	5,780	9,594	8,418	11,756	5,136	1,912	8,378
17 Bank premises	1,029	1,026	1,026	1,028	1,028	1,024	1,029	1,026
Other assets								
18 Denominated in foreign currencies[3]	22,157	22,179	22,200	21,832	21,852	23,067	22,150	21,514
19 All other[4]	6,134	6,408	6,634	7,529	7,468	7,020	6,245	7,738
20 **Total assets**	**357,384**	**356,027**	**362,499**	**373,387**	**369,089**	**346,334**	**354,679**	**367,368**
LIABILITIES								
21 Federal Reserve notes	307,244	308,230	309,421	312,731	314,494	300,010	306,863	314,208
22 **Total deposits**	**36,705**	**34,765**	**37,384**	**46,228**	**40,960**	**34,484**	**37,840**	**40,148**
23 Depository institutions	31,484	29,690	29,963	39,177	33,170	29,339	30,348	32,079
24 U.S. Treasury—General account	4,760	4,605	6,958	6,568	7,270	4,413	6,985	7,492
25 Foreign—Official accounts	167	196	221	178	254	415	229	206
26 Other	294	273	266	305	266	317	296	372
27 Deferred credit items	5,882	5,184	7,624	6,084	5,356	4,568	2,216	5,028
28 Other liabilities and accrued dividends[5]	1,818	1,781	1,780	1,990	1,873	1,805	1,894	1,876
29 **Total liabilities**	**351,649**	**349,960**	**356,210**	**367,033**	**362,683**	**340,868**	**348,814**	**361,260**
CAPITAL ACCOUNTS								
30 Capital paid in	3,029	3,029	3,049	3,054	3,054	3,040	3,028	3,054
31 Surplus	2,542	2,592	2,618	2,640	2,649	2,419	2,546	3,054
32 Other capital accounts	164	446	622	660	702	8	291	0
33 **Total liabilities and capital accounts**	**357,384**	**356,027**	**362,499**	**373,387**	**369,089**	**346,334**	**354,679**	**367,368**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	289,879	294,508	287,761	288,854	290,166	293,014	285,765	291,393
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	360,239	363,102	365,832	364,870	363,714	357,540	359,274	363,479
36 LESS: Held by Federal Reserve Bank	52,995	54,872	56,411	52,139	49,220	57,530	52,410	49,271
37 Federal Reserve notes, net	307,244	308,230	309,421	312,731	314,494	300,010	306,863	314,208
Collateral held against notes, net:								
38 Gold certificate account	11,059	11,058	11,057	11,056	11,056	11,060	11,059	11,056
39 Special drawing rights certificate account	10,018	10,018	8,018	8,018	8,018	10,018	10,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	286,167	287,155	290,346	293,657	295,420	278,933	285,787	295,134
42 **Total collateral**	**307,244**	**308,230**	**309,421**	**312,731**	**314,494**	**300,010**	**306,863**	**314,208**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding [1]

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1992					1992		
	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30	Oct. 30	Nov. 30	Dec. 31
1 **Total loans**	**33**	**34**	**39**	**107**	**56**	**80**	**35**	**675**
2 Within fifteen days	14	18	37	107	55	35	23	673
3 Sixteen days to ninety days	20	16	2	0	1	46	12	1
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**294,491**	**293,501**	**297,995**	**309,199**	**308,435**	**282,877r**	**295,952**	**302,474**
10 Within fifteen days[2]	13,981	11,646	15,213	22,913	18,785	3,203r	8,620	12,824
11 Sixteen days to ninety days	68,541	69,629	72,049	71,996	70,610	73,197r	75,398	70,610
12 Ninety-one days to one year	95,604	95,561	94,069	97,624	103,582	93,205r	95,569	103,582
13 One year to five years	69,757	69,957	69,957	69,957	68,750	69,627r	69,757	68,750
14 Five years to ten years	18,803	18,903	18,903	18,903	18,903	17,014	18,803	18,903
15 More than ten years	27,805	27,805	27,805	27,805	27,805	26,631	27,805	27,805
16 **Total federal agency obligations**	**5,534**	**5,539**	**5,450**	**5,727**	**6,059**	**5,534**	**5,788**	**6,044**
17 Within fifteen days[2]	55	60	37	504	836	114	647	821
18 Sixteen days to ninety days	886	886	959	769	810	843	548	810
19 Ninety-one days to one year	1,109	1,109	1,024	1,024	1,064	1,198r	1,109r	1,064
20 One year to five years	2,608	2,608	2,592	2,592	2,511	2,503	2,608	2,511
21 Five years to ten years	722	722	696	696	696	722r	722	696
22 More than ten years	154	154	142	142	142	154	154	142

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1992 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	40.56	41.83	45.60	54.48	49.49	49.23	49.49	50.32	51.35	53.14	54.07	54.48
2 Nonborrowed reserves[4]	40.29	41.51	45.41	54.35	49.34	49.01	49.21	50.07	51.06	53.00	53.97[r]	54.35
3 Nonborrowed reserves plus extended credit[5]	40.31	41.53	45.41	54.35	49.34	49.01	49.21	50.07	51.06	53.00	53.97[r]	54.35
4 Required reserves	39.64	40.17	44.62	53.33	48.49	48.32	48.52	49.39	50.35	52.07	53.03[r]	53.33
5 Monetary base[6]	267.77	293.29	317.25	350.78	328.58	329.64	332.26	336.87	341.55	345.61	348.11	350.78
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.10	48.62	49.25	49.52	49.81	51.11	52.66	54.13	56.10
7 Nonborrowed reserves	41.51	42.74	46.78	55.98	48.47	49.02	49.24	49.56	50.83	52.52	54.03	55.98
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.98	48.47	49.02	49.24	49.56	50.83	52.52	54.03	55.98
9 Required reserves[8]	40.85	41.40	46.00	54.95	47.62	48.33	48.56	48.88	50.12	51.59	53.09	54.95
10 Monetary base[9]	271.18	296.68	321.07	354.59	328.37	330.94	334.09	336.59	340.11	343.66	347.92[r]	354.59
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	48.83	49.50	49.82	50.16	51.52	53.14	54.67[r]	56.54
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	48.67	49.27	49.54	49.91	51.23	52.99	54.56	56.42
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	48.67	49.27	49.54	49.91	51.23	52.99	54.56	56.42
14 Required reserves	61.89	57.46	54.55	55.39	47.83	48.58	48.86	49.23	50.53	52.06	53.62	55.39
15 Monetary base[12]	292.55	313.70	333.61	360.91	333.79	336.43	339.87	342.49	346.21	349.81	354.25[r]	360.91
16 Excess reserves[13]	.92	1.66	.98	1.15	1.00	.91	.97	.94	.99	1.07	1.04	1.15
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.16	.23	.28	.25	.29	.14	.10	.12

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Monetary and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.
2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10)
3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).
4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).
5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).
8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).
9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with changes in reserve requirements.
11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.
12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of changes in reserve requirements (CRR), currency and vault cash figures have been measured over the computation periods ending on Mondays.
13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.
	Seasonally adjusted							
Measures[2]								
1 M1	794.1	826.1	898.1	1,024.3	988.6	1,007.3[r]	1,019.0	1,024.3
2 M2	3,227.3	3,339.0	3,439.8	3,504.0	3,481.9	3,497.2[r]	3,507.4[r]	3,504.0
3 M3	4,059.8	4,114.6	4,171.0	4,175.9	4,183.0[r]	4,184.7[r]	4,191.2[r]	4,175.9
4 L	4,890.6	4,965.2	4,988.1	n.a.	5,041.6[r]	5,049.9[r]	5,072.5	n.a.
5 Debt	10,076.7	10,751.3	11,201.3	n.a.	11,596.5	11,622.8[r]	11,684.7	n.a.
M1 components								
6 Currency[3]	222.6	246.8	267.3	292.5	286.4	288.4	290.0[r]	292.5
7 Travelers checks[4]	7.4	8.3	8.2	8.6	8.3	8.6	8.6	8.6
8 Demand deposits[5]	279.0	277.1	289.5	338.9	327.8	336.2	339.2	338.9
9 Other checkable deposits[6]	285.1	293.9	333.2	384.3	366.1	374.0	381.2	384.3
Nontransaction components								
10 In M2[7]	2,433.2	2,512.9	2,541.7	2,479.7	2,493.2[r]	2,489.9[r]	2,488.4[r]	2,479.7
11 In M3[8]	832.5	775.6	731.2	671.9	701.2	687.5[r]	683.8[r]	671.9
Commercial banks								
12 Savings deposits, including MMDAs	541.5	581.9	664.9	753.3	734.4	743.4	749.9[r]	753.3
13 Small time deposits[9]	531.0	606.4	598.5	507.0	527.3	519.4	511.6	507.0
14 Large time deposits[10, 11]	398.2	374.0	354.0	300.1	312.0	305.3[r]	302.3[r]	300.1
Thrift institutions								
15 Savings deposits, including MMDAs	349.7	338.8	377.7	433.9	425.1	428.2	431.9[r]	433.9
16 Small time deposits[9]	617.5	562.3	464.5	366.3	387.9	379.3	372.7[r]	366.3
17 Large time deposits[10]	161.1	120.9	83.1	65.2	68.0	67.9	66.5	65.2
Money market mutual funds								
18 General purpose and broker-dealer	316.3	348.9	360.5	347.2	344.7	347.6	348.7	347.2
19 Institution-only	107.2	133.7	179.1	194.3	217.2	205.6	203.5	194.3
Debt components								
20 Federal debt	2,249.5	2,493.4	2,764.8	n.a.	3,004.8	3,001.4	3,027.7	n.a.
21 Nonfederal debt	7,827.2	8,258.0	8,436.5	n.a.	8,591.7	8,621.4[r]	8,657.1	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.9	844.1	917.3	1,046.2	983.0	1,001.2	1,021.9	1,046.2
23 M2	3,240.0	3,351.9	3,453.6	3,520.5	3,473.3	3,492.4[r]	3,510.8[r]	3,520.5
24 M3	4,070.3	4,124.7	4,181.7	4,189.4	4,174.2	4,175.2[r]	4,193.3[r]	4,189.4
25 L	4,909.9	4,984.9	5,008.3	n.a.	5,031.3[r]	5,038.8[r]	5,079.6	n.a.
26 Debt	10,063.6	10,739.9	11,191.4	n.a.	11,569.0	11,600.9[r]	11,665.6	n.a.
M1 components								
27 Currency[3]	225.3	249.5	270.0	295.1	284.7	287.0	290.1	295.1
28 Travelers checks[4]	6.9	7.8	7.7	8.2	8.9	8.7	8.3	8.2
29 Demand deposits[5]	291.5	289.9	303.0	354.9	325.4	336.0	343.4	354.9
30 Other checkable deposits[6]	288.1	296.9	336.5	388.1	364.0	369.5	380.1	388.1
Nontransaction components								
31 In M2[7]	2,428.1	2,507.8	2,536.3	2,474.3	2,490.3	2,491.2[r]	2,488.8[r]	2,474.3
32 In M3[8]	830.3	772.8	728.0	669.0	700.9	682.8[r]	682.6[r]	669.0
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.0	662.4	750.2	733.4	742.1	749.5[r]	750.2
34 Small time deposits[9]	529.5	606.3	598.7	507.3	527.0	520.4	512.1	507.3
35 Large time deposits[10, 11]	397.1	373.0	352.8	299.0	313.2	305.4	301.9[r]	299.0
Thrift institutions								
36 Savings deposits, including MMDAs	347.6	337.7	376.3	432.0	424.6	427.5	431.6	432.0
37 Small time deposits[9]	616.0	562.2	464.6	366.5	387.6	380.1	373.1[r]	366.5
38 Large time deposits[10]	162.0	120.6	82.8	65.0	68.3	67.9	66.4	65.0
Money market mutual funds								
39 General purpose and broker-dealer	314.6	346.8	358.1	344.7	343.5	345.9	347.6	344.7
40 Institution-only	107.8	134.4	180.3	195.5	210.0	199.8	202.2	195.5
Repurchase agreements and eurodollars								
41 Overnight	77.5	74.7	76.2	73.5	74.2	75.2[r]	74.8[r]	73.5
42 Term	178.5	158.3	127.7	127.9	123.7	125.5[r]	128.4[r]	127.9
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	n.a.	2,993.9	2,998.1	3,028.3	n.a.
44 Nonfederal debt	7,816.2	8,248.6	8,426.4	n.a.	8,575.0	8,602.9[r]	8,637.4	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

5. Demand deposits at commercial banks and foreign-related institutions other than those 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) MMDAs, and (4) savings and small time deposits.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1989[2]	1990[2]	1991[2]	1992					
				May	June	July	Aug.	Sept.	Oct.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	256,150.4	277,916.3	281,050.1	292,177.4	302,259.2	336,868.4	298,612.4	340,723.8	328,491.6
2 Major New York City banks	129,319.9	131,784.0	140,905.5	154,225.3	149,743.3	179,593.4	154,231.2	184,557.7	177,490.5
3 Other banks	126,830.5	146,132.3	140,144.6	137,952.1	152,515.9	157,275.0	144,381.2	156,166.1	151,001.1
4 ATS–NOW accounts[4]	2,910.5	3,349.6	3,624.6	3,552.6	4,070.7	4,024.0	3,594.2	3,940.5	3,637.9
5 Savings deposits[5]	547.5	558.8	1,377.4	3,241.4	3,838.9	3,724.9	2,995.9	3,274.9	2,957.1
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	735.1	800.6	817.6	771.2	814.2	910.5	779.4	880.7	823.4
7 Major New York City banks	3,421.5	3,804.1	4,391.9	4,438.0	4,470.1	5,425.1	4,445.7	5,350.4	4,900.0
8 Other banks	408.3	467.7	449.6	400.9	451.6	466.9	414.4	443.2	416.3
9 ATS–NOW accounts[4]	15.2	16.5	16.1	13.7	15.6	15.3	13.5	14.7	13.3
10 Savings deposits[5]	3.0	2.9	3.3	4.4	5.1	5.0	4.1	4.6	4.2
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	256,133.2	277,400.0	280,922.8	290,950.2	311,175.8	336,160.9	310,646.4	329,854.7	336,605.4
12 Major New York City banks	129,400.1	131,784.7	140,563.0	153,163.7	154,953.8	178,555.6	162,973.4	178,998.2	182,584.2
13 Other banks	126,733.0	145,615.3	140,359.7	137,786.5	156,222.0	157,605.3	147,673.1	150,856.4	154,021.2
14 ATS–NOW accounts[4]	2,910.7	3,342.2	3,622.4	3,515.5	4,032.5	3,925.6	3,669.6	3,938.9	3,660.0
15 MMDAs[6]	2,677.1	2,923.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Savings deposits[5]	546.9	557.9	1,408.3	3,031.2	3,472.9	3,461.5	3,110.6	3,317.2	3,395.4
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	735.4	799.6	817.5	785.8	842.5	903.0	824.6	852.6	842.5
18 Major New York City banks	3,426.2	3,810.0	4,370.1	4,551.3	4,668.3	5,312.2	4,867.0	5,205.2	5,023.1
19 Other banks	408.0	466.3	450.6	409.3	464.7	465.4	430.2	428.0	424.1
20 ATS–NOW accounts[4]	15.2	16.4	16.1	13.7	15.6	15.2	14.0	14.9	13.6
21 MMDAs[6]	7.9	8.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Savings deposits[5]	2.9	2.9	3.4	4.3	4.9	4.8	4.3	4.6	4.6

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear on the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).

5. Excludes ATS and NOW accounts.

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
	Seasonally adjusted											
1 **Total loans and securities[1]**	**2,852.0**	**2,854.8**	**2,863.1**	**2,877.5**	**2,877.6**	**2,883.7**	**2,884.4**	**2,898.6**	**2,914.4**	**2,923.8**	**2,935.7**	**2,944.9**
2 U.S. government securities	566.2	571.2	579.5	592.3	601.7	611.7	619.5	634.1	639.0	645.4	652.8	661.3
3 Other securities	179.7	180.5	178.1	178.5	177.1	175.5	177.8	178.1	178.2	179.7	178.7	176.1
4 Total loans and leases[1]	2,106.1	2,103.1	2,105.5	2,106.7	2,098.8	2,096.5	2,087.1	2,086.4	2,097.2	2,098.7	2,104.1	2,107.5
5 Commercial and industrial	617.3	613.2	610.9	609.2	607.3	604.6[r]	602.7	601.0	603.4	602.6	605.3	602.9
6 Bankers acceptances held[2]	7.2	7.2	6.9	6.5	6.6	6.1	6.7	6.5	6.3	7.3	7.7	7.2
7 Other commercial and industrial	610.1	606.0	603.9	602.7	600.7	598.6	596.0	594.5	597.1	595.4	597.7	595.7
8 U.S. addressees[3]	603.7	599.5	597.3	595.8	593.5	591.6[r]	588.7	587.0	589.2	587.3	589.7	587.7
9 Non-U.S. addressees[3]	6.5	6.5	6.7	6.9	7.1	6.9[r]	7.3	7.5	7.8	8.1	7.9	8.0
10 Real estate	873.5	877.5	879.4	881.4	882.6	881.3[r]	879.1	879.2	883.1	886.7	889.1	889.8
11 Individual	363.1	363.6	362.2	360.7	358.9	359.1[r]	358.7	357.3	356.6	355.1	354.6	354.8
12 Security	59.4	57.1	60.4	64.9	61.6	63.9	60.7	62.5	66.1	65.7	64.4	66.0
13 Nonbank financial institutions	40.8	42.6	43.7	42.7	43.0	42.0	40.8	41.7	44.3	44.3	45.2	45.0
14 Agricultural	33.7	33.5	34.3	34.4	34.3	34.8	34.9	35.3	35.4	35.0	34.7	34.6
15 State and political subdivisions	28.0	28.1	28.0	27.7	27.2	26.8	26.3	26.0	26.0	25.5	25.2	24.9
16 Foreign banks	7.2	6.7	6.5	6.5	6.9	7.5	7.8	7.1	8.0	7.2	6.8	6.9
17 Foreign official institutions	2.3	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.5	2.5
18 Lease-financing receivables	31.5	31.6	31.5	31.6	31.7	31.8[r]	30.8	30.7	30.8	30.6	30.5	30.5
19 All other loans	49.2	47.1	46.5	45.6	43.3	42.5[r]	43.2	43.4	41.7	43.8	45.8	49.4
	Not seasonally adjusted											
20 **Total loans and securities[1]**	**2,848.8**	**2,857.4**	**2,864.0**	**2,876.6**	**2,873.1**	**2,884.5[r]**	**2,876.8**	**2,895.0**	**2,913.7**	**2,926.3**	**2,941.3**	**2,950.4**
21 U.S. government securities	565.7	575.1	584.9	594.5	601.8	610.7	616.7	631.8	636.8	644.0	654.0	656.3
22 Other securities	180.3	180.5	178.2	178.1	176.8	175.6[r]	176.9	178.2	178.2	180.0	178.9	176.3
23 Total loans and leases[1]	2,102.8	2,101.8	2,100.8	2,104.0	2,094.6	2,098.3[r]	2,083.2	2,085.0	2,098.7	2,102.3	2,108.4	2,117.8
24 Commercial and industrial	614.2	612.4	613.5	612.1	609.6	606.6[r]	602.5	599.3	600.6	601.1	604.1	604.4
25 Bankers acceptances held[2]	7.2	7.4	6.9	6.3	6.6	6.2	6.3	6.3	6.3	7.3	7.9	7.5
26 Other commercial and industrial	606.9	605.0	606.7	605.8	603.0	600.4[r]	596.2	593.0	594.3	593.9	596.2	596.9
27 U.S. addressees[3]	600.0	598.1	599.8	598.6	595.9	593.1[r]	588.9	585.6	586.6	586.4	588.8	589.3
28 Non-U.S. addressees[3]	6.9	6.9	6.9	7.2	7.1	7.3[r]	7.3	7.4	7.7	7.5	7.4	7.6
29 Real estate	872.9	874.5	875.9	880.2	883.2	881.6	880.3	881.2	884.0	888.1	890.6	890.0
30 Individual	367.4	363.6	359.7	358.1	357.3	357.0[r]	356.1	356.4	357.9	356.0	356.0	359.4
31 Security	59.0	61.7	62.2	66.4	58.2	63.8	58.7	60.7	64.0	65.9	65.1	67.3
32 Nonbank financial institutions	41.3	42.3	43.1	42.3	42.3	42.3	41.0	42.0	43.7	43.8	45.4	46.6
33 Agricultural	33.2	32.7	33.0	33.4	33.9	35.0	35.6	36.2	36.4	35.9	35.1	34.6
34 State and political subdivisions	28.4	28.2	28.0	27.6	27.3	26.8	26.1	25.9	25.9	25.5	25.2	24.8
35 Foreign banks	7.0	6.6	6.4	6.4	6.8	7.2	7.7	7.0	8.0	7.5	7.2	7.4
36 Foreign official institutions	2.3	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.5	2.5
37 Lease-financing receivables	31.8	31.7	31.7	31.6	31.7	31.6[r]	30.6	30.6	30.7	30.7	30.6	30.5
38 All other loans	45.4	46.0	45.2	44.0	42.3	44.3[r]	42.6	43.7	45.4	45.6	46.8	50.3

1. Adjusted to exclude loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. United States includes the fifty states and the District of Columbia.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
	Seasonally adjusted											
1 Total nondeposit funds[2]	283.1	286.8	287.0	290.0	289.6	292.0	292.4	297.9[r]	304.7	304.2	308.1	312.4
2 Net balances due to related foreign offices[3]	43.4	42.0	45.1	49.3	54.2	60.2	61.8	59.0	61.9	65.4	68.6	71.4
3 Borrowings from other than commercial banks in United States[4]	239.6	244.8	241.9	240.7	235.4	231.9	230.6	238.9	242.8	238.7	239.5	241.0
4 Domestically chartered banks	156.5	159.8	155.8	152.8	147.6	144.3	142.8	149.1	150.8	151.9	150.8	151.5
5 Foreign-related banks	83.1	84.9	86.1	87.9	87.8	87.5	87.7	89.8	91.9	86.8	88.7	89.5
	Not seasonally adjusted											
6 Total nondeposit funds[2]	279.0	287.4	290.9	287.2	295.4	293.5	288.9	294.9	302.1[r]	305.5	312.8	310.6
7 Net balances due to related foreign offices[3]	44.1	42.2	45.5	47.8	56.7	59.8	58.3	57.4	61.3[r]	64.7	69.7	74.9
8 Domestically chartered banks	-4.6	-.7	-.7	-5.0	-4.3	-6.4	-7.0	-9.3	-11.0	-12.8	-11.7	-15.0
9 Foreign-related banks	48.7	42.9	46.3	52.9	60.9	66.2	65.3	66.6	72.3	77.5	81.3	89.8
10 Borrowings from other than commercial banks in United States[4]	234.9	245.2	245.4	239.4	238.8	233.7	230.6	237.5	240.8	240.8	243.2	235.7
11 Domestically chartered banks	152.2	160.3	158.9	150.8	150.2	144.5	141.4	147.4	149.8	152.9	155.2	150.3
12 Federal funds and security RP borrowings[5]	148.8	156.8	155.7	147.4	146.4	140.4	137.2	143.5	146.0	149.4	151.1	146.4
13 Other[6]	3.4	3.5	3.3	3.4	3.9	4.1	4.2	3.9	3.8	3.6	4.1	4.0
14 Foreign-related banks[6]	82.7	84.9	86.5	88.5	88.5	89.2	89.2	90.2	91.0	87.9	87.9	85.4
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	416.0	413.7	406.9	399.9	396.7	392.4	386.1	384.6	381.2	373.4[r]	370.1	365.1
16 Not seasonally adjusted	413.6	412.6	407.4	398.8	398.0	393.7	385.9	386.2	382.4	373.4	369.7	364.0
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	27.8	19.5	21.8	19.9	17.0	25.8	21.9	32.6	25.4	22.4	19.4	20.5
18 Not seasonally adjusted	33.1	25.2	20.1	17.7	21.0	25.2	19.7	22.4	28.7	21.9	16.5	19.5

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.

2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own International Banking Facilities (IBFs).

4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.

5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly averages of daily data and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

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

Millions of dollars

Account	1992								
	Nov. 4[r]	Nov. 11[r]	Nov. 18[r]	Nov. 25[r]	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,102,194	3,110,375	3,104,864	3,113,179	3,124,835	3,128,500	3,126,879	3,116,138	3,118,734
2 Investment securities	787,211	789,910	787,653	788,833	796,728	794,734	793,218	795,589	798,474
3 U.S. government securities	623,344	626,806	624,739	625,592	633,984	632,474	631,188	633,187	635,476
4 Other	163,867	163,103	162,915	163,241	162,744	162,260	162,030	162,402	162,998
5 Trading account assets	42,073	41,533	45,636	42,819	41,976	39,281	37,490	35,476	35,076
6 U.S. government securities	25,497	25,564	28,987	27,780	27,610	25,660	24,295	21,293	20,755
7 Other securities	3,375	3,300	3,097	2,727	2,653	2,655	2,743	3,191	2,935
8 Other trading account assets	13,202	12,669	13,553	12,312	11,713	10,965	10,452	10,991	11,386
9 Total loans	2,272,909	2,278,932	2,271,574	2,281,527	2,286,131	2,294,486	2,296,171	2,285,073	2,285,183
10 Interbank loans	165,458	172,880	165,943	171,418	172,013	178,924	179,369	168,628	161,498
11 Loans excluding interbank	2,107,452	2,106,052	2,105,631	2,110,109	2,114,118	2,115,562	2,116,802	2,116,446	2,123,685
12 Commercial and industrial	603,132	602,577	603,563	605,552	605,658	601,806	604,450	604,795	606,185
13 Real estate	891,076	892,805	889,967	889,217	889,734	891,583	891,599	889,021	888,562
14 Revolving home equity	73,413	73,511	73,513	73,452	73,381	73,418	73,352	73,109	73,219
15 Other	817,663	819,293	816,454	815,765	816,353	818,165	818,247	815,912	815,343
16 Individual	356,343	355,021	355,843	356,073	357,203	357,045	358,083	360,692	361,940
17 All other	256,901	255,649	256,257	259,267	261,523	265,129	262,671	261,938	266,998
18 Total cash assets	210,395	223,068	207,168	220,501	223,599	204,635	219,622	233,909	236,138
19 Balances with Federal Reserve Banks	27,764	28,813	20,818	26,321	28,329	25,566	26,428	35,116	29,078
20 Cash in vault	28,919	30,963	32,578	31,198	33,128	32,526	32,437	31,351	36,339
21 Demand balances at U.S. depository institutions	30,209	32,531	29,263	32,138	31,053	29,650	30,734	34,099	35,478
22 Cash items	80,060	87,125	79,980	86,883	86,083	72,810	87,261	92,096	93,614
23 Other cash assets	43,443	43,637	44,530	43,961	45,005	44,128	42,743	41,142	41,834
24 Other assets	302,193	299,996	293,728	288,974	293,899	294,384	300,286	295,681	296,473
25 Total assets	**3,614,781**	**3,633,439**	**3,605,760**	**3,622,654**	**3,642,332**	**3,627,518**	**3,646,787**	**3,645,728**	**3,651,345**
Liabilities									
26 Total deposits	2,517,443	2,522,843	2,495,139	2,515,315	2,531,353	2,512,200	2,537,228	2,529,217	2,541,635
27 Transaction accounts	747,568	752,622	734,553	754,824	769,001	748,327	776,012	780,688	799,332
28 Demand, U.S. government	3,392	2,442	2,820	4,287	3,518	2,919	5,904	5,208	5,901
29 Demand, depository institutions	40,109	42,244	38,688	43,541	41,209	38,575	41,985	43,298	43,534
30 Other demand and all checkable deposits	704,068	707,936	693,046	706,997	724,274	706,833	728,123	732,182	749,897
31 Savings deposits (excluding checkable)	747,962	751,324	744,406	743,576	747,634	751,797	752,146	741,783	740,900
32 Small time deposits	643,966	642,110	639,993	638,829	638,404	637,568	637,757	636,240	634,829
33 Time deposits over $100,000	377,947	376,787	376,187	378,086	376,315	374,508	371,314	370,507	366,575
34 Borrowings	499,408	514,068	500,974	491,902	503,142	508,197	497,930	501,147	498,988
35 Treasury tax and loan notes	8,097	18,701	6,924	6,965	13,481	6,016	23,348	18,020	29,773
36 Other	491,311	495,367	494,050	484,937	489,661	502,181	474,582	483,127	469,215
37 Other liabilities	332,570	331,105	344,713	349,903	341,074	339,678	345,665	349,763	342,903
38 Total liabilities	**3,349,421**	**3,368,016**	**3,340,825**	**3,357,120**	**3,375,569**	**3,360,075**	**3,380,822**	**3,380,127**	**3,383,526**
39 Residual (assets less liabilities)[3]	265,361	265,423	264,935	265,534	266,763	267,443	265,965	265,601	267,818

Footnotes appear on the following page.

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

Millions of dollars

Account	1992								
	Nov. 4[r]	Nov. 11[r]	Nov. 18[r]	Nov. 25[r]	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,753,949	2,755,782	2,749,112	2,753,601	2,765,984	2,763,408	2,763,606	2,746,699	2,750,768
41 Investment securities	726,177	727,787	726,164	726,785	733,311	731,828	729,438	731,933	733,344
42 U.S. government securities	583,774	585,714	583,880	584,554	591,872	590,909	588,545	591,031	592,588
43 Other	142,403	142,074	142,285	142,231	141,440	140,919	140,892	140,902	140,756
44 Trading account assets	42,073	41,533	45,636	42,819	41,976	39,281	37,490	35,476	35,076
45 U.S. government securities	25,497	25,564	28,987	27,780	27,610	25,660	24,295	21,293	20,755
46 Other securities	3,375	3,300	3,097	2,727	2,653	2,655	2,743	3,191	2,935
47 Other trading account assets	13,202	12,669	13,553	12,312	11,713	10,965	10,452	10,991	11,386
48 Total loans	1,985,698	1,986,462	1,977,311	1,983,997	1,990,697	1,992,300	1,996,678	1,979,291	1,982,347
49 Interbank loans	144,252	146,687	138,998	143,606	146,391	149,887	153,166	140,843	139,414
50 Loans excluding interbank	1,841,446	1,839,775	1,838,314	1,840,391	1,844,307	1,842,413	1,843,512	1,838,448	1,842,934
51 Commercial and industrial	440,951	440,225	439,809	441,164	440,535	437,054	438,318	437,155	438,799
52 Real estate	838,460	840,169	837,337	836,558	837,634	839,343	839,256	836,726	836,899
53 Revolving home equity	73,413	73,511	73,513	73,452	73,381	73,418	73,352	73,109	73,219
54 Other	765,047	766,658	763,824	763,106	764,253	765,925	765,904	763,617	763,680
55 Individual	356,343	355,021	355,843	356,073	357,203	357,045	358,083	360,692	361,940
56 All other	205,692	204,360	205,325	206,596	208,934	208,971	207,854	203,875	205,296
57 Total cash assets	182,982	195,592	178,932	192,364	196,328	178,146	193,263	207,261	210,263
58 Balances with Federal Reserve Banks	27,364	28,021	20,345	25,643	27,855	24,830	25,963	34,263	28,626
59 Cash in vault	28,885	30,926	32,542	31,163	33,093	32,492	32,398	31,313	36,303
60 Demand balances at U.S. depository institutions	28,744	31,005	27,904	30,782	29,678	28,277	29,263	32,511	33,928
61 Cash items	77,884	84,816	77,686	84,573	83,870	70,657	84,884	89,926	91,415
62 Other cash assets	20,105	20,824	20,456	20,205	21,834	21,936	20,737	19,142	20,196
63 Other assets	179,741	179,027	171,132	170,853	175,446	178,021	180,028	175,905	177,233
64 Total assets	**3,116,672**	**3,130,401**	**3,099,175**	**3,116,818**	**3,137,759**	**3,119,576**	**3,136,897**	**3,129,866**	**3,138,264**
Liabilities									
65 Total deposits	2,358,265	2,363,536	2,336,013	2,353,840	2,370,994	2,352,255	2,376,687	2,367,568	2,381,492
66 Transaction accounts	736,810	742,082	724,189	744,277	758,379	738,006	765,093	769,721	788,351
67 Demand, U.S. government	3,392	2,441	2,819	4,286	3,518	2,919	5,894	5,207	5,901
68 Demand, depository institutions	37,413	39,843	36,329	41,120	38,653	36,135	39,516	40,680	40,993
69 Other demand and all checkable deposits	696,006	699,798	685,041	698,870	716,208	698,952	719,683	723,834	741,458
70 Savings deposits (excluding checkable)	743,142	746,449	739,677	738,796	742,887	746,978	747,401	737,219	736,379
71 Small time deposits	641,352	639,500	637,406	636,238	635,816	634,980	635,173	633,673	632,279
72 Time deposits over $100,000	236,961	235,505	234,742	234,528	233,913	232,291	229,022	226,954	224,483
73 Borrowings	363,596	373,713	366,576	364,896	369,956	373,200	367,774	370,431	366,604
74 Treasury tax and loan notes	8,097	18,701	6,924	6,965	13,481	6,016	23,348	18,020	29,773
75 Other	355,499	355,012	359,652	357,931	356,475	367,184	344,426	352,411	336,831
76 Other liabilities	133,024	131,302	135,225	136,122	133,620	130,251	130,044	129,840	125,923
77 Total liabilities	**2,854,884**	**2,868,552**	**2,837,814**	**2,854,857**	**2,874,569**	**2,855,706**	**2,874,505**	**2,867,838**	**2,874,019**
78 Residual (assets less liabilities)[3]	261,787	261,849	261,362	261,961	263,190	263,870	262,392	262,028	264,245

1. Excludes assets and liabilities of International Banking Facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1992								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
ASSETS									
1 Cash and balances due from depository institutions	108,767[r]	115,447[r]	105,584[r]	114,987[r]	117,322	104,461	116,371	126,932	126,520
2 U.S. Treasury and government securities	271,276	272,236	274,025	273,052	278,047	274,311	270,960	266,867	267,390
3 Trading account	22,714	23,108	26,016	25,096	25,049	22,347	21,605	18,717	18,509
4 Investment account	248,562	249,128	248,008	247,955	252,999	251,964	249,356	248,151	248,880
5 Mortgage-backed securities[1]	81,130	81,048	79,697	82,286	83,439	83,217	82,132	81,644	81,676
All others, by maturity									
6 One year or less	27,639	28,115	28,925[r]	29,321[r]	29,363	30,427	29,598	29,848	30,942
7 One year through five years	76,981	77,436	78,035[r]	76,163[r]	77,433	76,233	76,193	76,317	75,350
8 More than five years	62,811	62,528	61,351	60,186	62,764	62,087	61,433	60,342	60,913
9 Other securities	55,567[r]	55,375[r]	55,191[r]	54,771[r]	54,594	54,562	54,673	55,055	54,462
10 Trading account	3,270	3,196	2,993	2,624	2,552	2,554	2,659	3,091	2,834
11 Investment account	52,297[r]	52,180[r]	52,198[r]	52,147[r]	52,042	52,008	52,014	51,964	51,628
12 State and political subdivisions, by maturity	20,634	20,621	20,613	20,586	20,485	20,497	20,471	20,448	20,398
13 One year or less	3,220	3,217	3,213	3,223	3,216	3,276	3,271	3,264	3,258
14 More than one year	17,414	17,405	17,399	17,364	17,269	17,221	17,200	17,184	17,139
15 Other bonds, corporate stocks, and securities	31,663[r]	31,559[r]	31,585[r]	31,561[r]	31,557	31,511	31,542	31,516	31,230
16 Other trading account assets	12,974	12,449	13,334	12,086	11,487	10,741	10,230	10,767	11,157
17 Federal funds sold[2]	82,011	84,964	79,924	82,073	86,492	89,244	92,013	79,033	80,080
18 To commercial banks in the United States	54,221	56,981	49,537	53,874	55,827	57,321	63,043	54,734	54,599
19 To nonbank brokers and dealers	22,699	22,805	25,468	23,919	25,152	26,261	23,932	19,412	20,781
20 To others[3]	5,091	5,179	4,919	4,281	5,513	5,661	5,037	4,888	4,701
21 Other loans and leases, gross	980,063[r]	979,466[r]	977,710[r]	982,253[r]	982,607	980,339	985,361	984,798	987,319
22 Commercial and industrial	279,647[r]	278,903[r]	279,126[r]	280,797[r]	280,242	277,122	278,558	277,121	278,560
23 Bankers acceptances and commercial paper	2,146	2,328	2,349	2,649	2,463	2,516	2,459	2,246	2,068
24 All other	277,500[r]	276,575[r]	276,777[r]	278,148[r]	277,780	274,606	276,099	274,875	276,492
25 U.S. addressees	275,730[r]	274,901[r]	275,127[r]	276,397[r]	275,928	272,783	274,316	273,192	274,869
26 Non-U.S. addressees	1,771	1,673	1,650	1,751	1,852	1,823	1,784	1,683	1,623
27 Real estate loans	401,025[r]	402,796[r]	400,777[r]	399,776[r]	400,248	402,199	402,476	399,945	399,724
28 Revolving, home equity	42,974[r]	43,143[r]	43,117[r]	43,060[r]	43,001	43,047	43,006	42,769	42,772
29 All other	358,052[r]	359,654[r]	357,660[r]	356,716[r]	357,247	359,152	359,470	357,176	356,952
30 To individuals for personal expenditures	176,742	175,966	176,346	176,711[r]	177,383	177,831	180,228	181,925	182,545
31 To financial institutions	39,360[r]	39,179[r]	39,374[r]	39,919[r]	40,610	38,780	37,538	37,496	38,284
32 Commercial banks in the United States	14,477[r]	14,793[r]	15,383[r]	15,166[r]	15,400	14,929	13,879	13,839	14,516
33 Banks in foreign countries	1,976	1,927	1,758	2,459	2,517	2,245	2,424	2,448	2,160
34 Nonbank financial institutions	22,906[r]	22,459[r]	22,233[r]	22,294[r]	22,693	21,607	21,235	21,209	21,608
35 For purchasing and carrying securities	14,492	14,818	14,056	16,323	13,556	15,944	15,205	16,988	15,605
36 To finance agricultural production	6,116	6,015	5,957	5,901	5,846	5,796	5,887	5,805	5,962
37 To states and political subdivisions	15,067[r]	15,057[r]	14,988[r]	14,987[r]	14,807	14,725	14,677	14,676	14,727
38 To foreign governments and official institutions	1,426	1,337	1,397	1,326	1,447	1,299	1,421	1,342	1,384
39 All other loans[4]	21,820	21,166	21,511	22,354	24,310	22,528	25,247	25,351	26,061
40 Lease-financing receivables	24,367[r]	24,229[r]	24,180[r]	24,160[r]	24,157	24,114	24,124	24,149	24,468
41 LESS: Unearned income	2,647	2,638	2,363	2,329	2,293	2,259	2,286	2,289	2,290
42 Loan and lease reserve[5]	37,399	37,449	37,507	37,401	37,470	37,663	37,616	37,362	36,469
43 Other loans and leases, net	940,017[r]	939,379[r]	937,841[r]	942,523[r]	942,844	940,417	945,459	945,147	948,561
44 Other assets	163,695	163,139	157,612	157,349[r]	160,398	164,073	166,401	162,076	160,679
45 **Total assets**	**1,634,305**	**1,642,990**	**1,623,511**	**1,636,842[r]**	**1,651,184**	**1,637,808**	**1,656,107**	**1,645,877**	**1,648,847**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1992								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
LIABILITIES									
46 Deposits	1,123,989	1,126,347	1,109,473	1,123,858[r]	1,136,181	1,120,485	1,143,025	1,132,683	1,142,988
47 Demand deposits	264,307	268,261	260,881	275,801[r]	282,192	265,626	287,067	287,827	300,331
48 Individuals, partnerships, and corporations	214,953[r]	219,424[r]	212,104[r]	221,752[r]	228,485	216,581	230,749	230,367	241,787
49 Other holders	49,354[r]	48,837[r]	48,777[r]	54,049[r]	53,707	49,044	56,318	57,460	58,544
50 States and political subdivisions	9,032	8,406	8,481	9,867	10,754	9,611	10,466	10,049	9,947
51 U.S. government	2,070	1,471	1,703	2,677	2,129	1,824	3,623	3,318	3,416
52 Depository institutions in the United States	22,802[r]	24,535[r]	22,132[r]	25,769[r]	23,526	21,674	24,082	25,132	25,797
53 Banks in foreign countries	5,144	5,127	5,000	5,714	5,927	5,578	5,876	6,096	6,011
54 Foreign governments and official institutions	882	718	698	682	907	861	619	653	558
55 Certified and officers' checks	9,424	8,580	10,763	9,339	10,464	9,497	11,652	12,212	12,815
56 Transaction balances other than demand deposits[4]	116,118	114,698	113,443	113,745	117,007	116,446	117,184	118,457	119,813
57 Nontransaction balances	743,564	743,389	735,149	734,312	736,981	738,414	738,774	726,400	722,843
58 Individuals, partnerships, and corporations	716,627	716,508	708,176	707,490	710,666	711,972	712,697	701,103	698,804
59 Other holders	26,936	26,880	26,973	26,822	26,315	26,442	26,077	25,297	24,039
60 States and political subdivisions	22,236	22,136	22,279	22,065	21,643	21,799	21,425	20,691	20,614
61 U.S. government	2,355	2,363	2,385	2,354	2,336	2,338	2,343	2,332	1,240
62 Depository institutions in the United States	2,036	2,069	1,993	2,088	2,029	1,979	1,976	1,952	1,873
63 Foreign governments, official institutions, and banks	310	312	316	316	307	325	332	321	312
64 Liabilities for borrowed money[5]	271,436	278,776	272,522	271,604	274,936	280,458	276,782	276,992	272,582
65 Borrowings from Federal Reserve Banks	0	0	125	783	0	0	0	0	0
66 Treasury tax and loan notes	6,606[r]	15,770[r]	5,187	5,151[r]	11,144	4,424	19,877	14,526	24,929
67 Other liabilities for borrowed money[6]	264,830	263,006[r]	267,210	265,669[r]	263,791	276,034	256,905	262,467	247,654
68 Other liabilities (including subordinated notes and debentures)	104,173	102,714	106,564	107,309	104,682	101,079	100,958	100,610	96,462
69 **Total liabilities**	**1,499,597**	**1,507,837**	**1,488,559**	**1,502,770[r]**	**1,515,798**	**1,502,022**	**1,520,765**	**1,510,286**	**1,512,032**
70 Residual (total assets less total liabilities)[7]	134,708	135,152	134,952	134,071	135,386	135,786	135,342	135,592	136,816
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,333,193	1,332,716[r]	1,335,264[r]	1,335,196[r]	1,342,000	1,336,947	1,336,315	1,327,948	1,331,293
72 Time deposits in amounts of $100,000 or more	123,005	121,893	121,532	121,719	121,573	120,149	117,682	115,908	113,940
73 Loans sold outright to affiliates[9]	1,061	1,060	1,040	1,014	1,007	999	970	962	954
74 Commercial and industrial	476	477	476	465	460	457	457	456	452
75 Other	585	583	563	549	547	542	513	506	502
76 Foreign branch credit extended to U.S. residents[10]	24,887	24,919	24,670	25,001	24,813	24,939	24,799	24,614	24,318
77 Net due to related institutions abroad	−15,530	−14,202	−13,777	−10,893	−15,298	−19,739	−17,005	−16,446	−16,885

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

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

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

Millions of dollars, Wednesday figures

Account	1992								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
1 Cash and balances due from depository institutions	18,468	18,513	19,050	18,980	18,367	17,815	17,723	17,927	17,381
2 U.S. Treasury and government agency securities	24,947	25,916	25,767	25,882	26,565	26,216	26,904	26,596	27,064
3 Other securities	8,307	8,130	7,967	8,122	8,242	8,257	8,172	8,318	8,618
4 Federal funds sold[1]	20,230	22,959	22,560	24,260	22,902	27,300	22,244	25,954	22,331
5 To commercial banks in the United States	4,647	7,089	7,431[r]	7,908[r]	7,081	8,734	6,995	8,111	4,940
6 To others[2]	15,582	15,870	15,130[r]	16,352[r]	15,820	18,566	15,249	17,844	17,391
7 Other loans and leases, gross	161,280	162,078	163,627	164,107	164,014	164,171	167,227	167,695	169,255
8 Commercial and industrial	97,667[r]	97,777[r]	98,631[r]	99,018[r]	99,460	99,237	100,023	100,938	100,772
9 Bankers acceptances and commercial paper	2,650	2,749	2,837	2,695	2,697	2,513	2,494	2,540	2,451
10 All other	95,017[r]	95,028[r]	95,793[r]	96,323[r]	96,763	96,724	97,529	98,398	98,320
11 U.S. addressees	92,042[r]	92,132[r]	92,842[r]	93,395[r]	93,788	93,655	94,507	95,404	95,231
12 Non-U.S. addressees	2,975	2,896	2,951	2,927	2,975	3,069	3,022	2,994	3,089
13 Loans secured by real estate	34,882	34,895	34,891	34,910	34,540	34,632	34,701	34,669	34,249
14 To financial institutions	22,896[r]	23,373[r]	23,701[r]	23,892[r]	23,667	23,542	24,754	24,371	26,148
15 Commercial banks in the United States	6,046	6,276	6,435	6,320	5,892	5,923	6,457	5,908	6,164
16 Banks in foreign countries	2,240[r]	2,137[r]	2,094[r]	2,281[r]	2,158	2,200	2,075	2,101	2,119
17 Nonbank financial institutions	14,609	14,960	15,172	15,291	15,617	15,419	16,221	16,362	17,866
18 For purchasing and carrying securities	3,355	3,509	3,816	3,829	3,656	4,269	5,163	5,122	5,219
19 To foreign governments and official institutions	363	353	354	356	376	366	365	375	364
20 All other	2,118	2,171	2,234	2,102	2,315	2,124	2,221	2,221	2,503
21 Other assets (claims on nonrelated parties)	31,908	31,852	30,885	30,505	30,791	30,423	31,224	30,712	30,730
22 **Total assets**[3]	**308,838**	**311,999**	**314,273**	**313,793**	**312,983**	**315,145**	**316,394**	**320,224**	**318,440**
23 Deposits or credit balances due to other than directly related institutions	102,280	102,228	102,670	104,805	103,964	104,931	105,761	105,603	104,983
24 Demand deposits[4]	3,614	3,689	3,658	3,817	3,794	3,581	4,164	3,898	4,079
25 Individuals, partnerships, and corporations	2,898	2,976	2,976	3,074	2,948	2,803	3,096	3,014	3,252
26 Other	716	713	681	743	847	778	1,068	883	827
27 Nontransaction accounts	98,666	98,539	99,012	100,988	100,170	101,350	101,597	101,705	100,904
28 Individuals, partnerships, and corporations	71,297	70,462	70,502	72,072	70,872	70,850	71,241	71,315	71,043
29 Other	27,370	28,077	28,511	28,916	29,298	30,499	30,356	30,390	29,861
30 Borrowings from other than directly related institutions	94,723	97,909	93,730	88,545	92,880	94,150	90,755	91,148	92,318
31 Federal funds purchased[5]	46,807	48,966	44,681	41,874	46,626	46,602	46,244	44,625	49,349
32 From commercial banks in the United States	13,640	15,198	12,870	14,521	16,271	15,867	18,926	12,891	14,748
33 From others	33,167	33,768	31,811	27,353	30,354	30,734	27,319	31,733	34,601
34 Other liabilities for borrowed money	47,915	48,943	49,049	46,672	46,254	47,549	44,511	46,523	42,969
35 To commercial banks in the United States	9,537	9,532[r]	10,683	10,272	9,635	9,982	10,184	10,427	10,357
36 To others	38,378	39,411[r]	38,367	36,399	36,619	37,567	34,327	36,096	32,611
37 Other liabilities to nonrelated parties	30,917	32,258	30,303	30,874	30,847	30,688	29,984	30,954	31,772
38 **Total liabilities**[6]	**308,838**	**311,999**	**314,273**	**313,793**	**312,983**	**315,145**	**316,394**	**320,224**	**318,440**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	204,071	205,718	206,056[r]	208,142[r]	208,749	211,286	211,095	214,545	216,164
40 Net due to related institutions abroad	37,220	37,053	43,153	47,631	43,190	44,412	46,994	49,498	46,307

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1992					
	1987	1988	1989	1990	1991	June	July	Aug.	Sept.	Oct.	Nov.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**358,997**	**458,464**	**525,831**	**561,142**	**530,300**	**542,205**	**547,242**	**545,801**	**549,731**	**558,468**	**561,909**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	102,742	159,777	183,622	215,123	214,445	234,212	226,943	231,586	233,977	231,132	231,384
3 Bank-related (not seasonally adjusted)[3]	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	174,332	194,931	210,930	199,835	183,195	171,321	179,725	173,772	179,731	182,059	180,177
5 Bank-related (not seasonally adjusted)[3]	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	81,923	103,756	131,279	146,184	132,660	136,672	140,574	140,443	136,023	145,277	150,348
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**70,565**	**66,631**	**62,972**	**54,771**	**43,770**	**37,767**	**37,733**	**37,090**	**37,814**	**37,599**	**37,651**
Holder											
8 Accepting banks	10,943	9,086	9,433	9,017	11,017	9,680	9,225	9,372	10,436	10,236	10,301
9 Own bills	9,464	8,022	8,510	7,930	9,347	8,129	7,808	7,927	9,073	8,764	9,156
10 Bills bought	1,479	1,064	924	1,087	1,670	1,551	1,417	1,446	1,363	1,472	1,145
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	965	1,493	1,066	918	1,739	1,338	1,269	1,851	1,803	1,204	1,289
13 Others	58,658	56,052	52,473	44,836	31,014	26,749	27,239	25,866	25,575	26,159	26,061
Basis											
14 Imports into United States	16,483	14,984	15,651	13,095	12,843	11,569	11,825	11,600	12,227	12,116	12,133
15 Exports from United States	15,227	14,410	13,683	12,703	10,351	9,062	9,015	7,861	8,051	7,849	7,673
16 All other	38,854	37,237	33,638	28,973	20,577	17,135	16,893	17,628	17,536	17,633	17,846

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Bank-related series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers acceptances are gathered from institutions whose acceptances total $100 million or more annually. The reporting group is revised every January. In January 1988, the group was reduced from 155 to 111 institutions. The current group, totaling approximately 100 institutions, accounts for more than 90 percent of total acceptances activity.

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

Percent per year

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1990	1991	1992	1992				1992, week ending				
				Sept.	Oct.	Nov.	Dec.	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.22	3.10	3.09	2.92	3.10	3.37	2.94	2.93	2.94
2 Discount window borrowing[2,4]	6.98	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	8.15	5.89	3.71	3.25	3.22	3.25	3.71	3.22	3.70	3.80	3.75	3.62
4 3-month	8.06	5.87	3.75	3.24	3.33	3.66	3.67	3.79	3.86	3.72	3.68	3.58
5 6-month	7.95	5.85	3.80	3.26	3.33	3.67	3.70	3.79	3.86	3.73	3.71	3.63
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.13	3.14	3.20	3.68	3.19	3.66	3.74	3.70	3.61
7 3-month	7.87	5.71	3.65	3.08	3.24	3.59	3.58	3.70	3.74	3.58	3.56	3.51
8 6-month	7.53	5.60	3.63	3.11	3.23	3.56	3.52	3.64	3.68	3.53	3.51	3.50
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.10	3.19	3.51	3.44	3.60	3.65	3.48	3.42	3.34
10 6-month	7.80	5.67	3.67	3.13	3.19	3.51	3.47	3.60	3.65	3.48	3.43	3.39
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.14	3.11	3.23	3.57	3.33	3.97	3.72	3.50	3.34
12 3-month	8.15	5.83	3.68	3.13	3.26	3.58	3.48	3.67	3.73	3.54	3.44	3.35
13 6-month	8.17	5.91	3.76	3.17	3.27	3.60	3.55	3.69	3.75	3.56	3.53	3.47
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.15	3.30	3.67	3.50	3.78	3.80	3.54	3.48	3.38
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	2.91	2.86	3.13	3.22	3.24	3.30	3.24	3.21	3.18
16 6-month	7.46	5.44	3.54	2.96	3.04	3.34	3.36	3.43	3.45	3.36	3.38	3.32
17 1-year	7.35	5.52	3.71	3.06	3.17	3.52	3.55	3.60	3.64	3.55	3.60	3.49
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	2.97	2.84	3.14	3.25	3.27	3.31	3.29	3.26	3.16
19 6-month	7.47	5.49	3.57	3.01	2.98	3.35	3.39	3.45	3.46	3.37	3.43	3.32
20 1-year	7.36	5.54	3.75	3.02	3.12	3.61	3.57	n.a.	n.a.	n.a.	3.57	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.18	3.30	3.68	3.71	3.76	3.82	3.72	3.76	3.64
22 2-year	8.16	6.49	4.77	3.89	4.08	4.58	4.67	4.69	4.78	4.65	4.72	4.63
23 3-year	8.26	6.82	5.30	4.42	4.64	5.14	5.21	5.24	5.35	5.19	5.25	5.14
24 5-year	8.37	7.37	6.19	5.38	5.60	6.04	6.08	6.12	6.20	6.04	6.10	6.03
25 7-year	8.52	7.68	6.63	5.96	6.15	6.49	6.46	6.52	6.59	6.43	6.47	6.39
26 10-year	8.55	7.86	7.01	6.42	6.59	6.87	6.77	6.86	6.91	6.77	6.79	6.68
27 30-year	8.61	8.14	7.67	7.34	7.53	7.61	7.44	7.56	7.56	7.44	7.44	7.36
Composite												
28 More than 10 years (long-term)	8.74	8.16	7.52	7.08	7.26	7.43	7.30	7.41	7.44	7.30	7.31	7.22
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	6.96	6.56	n.a.	5.92	6.10	6.05	n.a.	6.05	5.89	n.a.	n.a.	n.a.
30 Baa	7.29	6.99	n.a.	6.27	6.51	6.46	n.a.	6.46	6.24	n.a.	n.a.	n.a.
31 *Bond Buyer* series[14]	7.27	6.92	6.44	6.25	6.41	6.36	6.22	6.26	6.28	6.22	6.25	6.19
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.77	9.23	8.55	8.26	8.41	8.51	8.35	8.47	8.46	8.37	8.36	8.30
Rating group												
33 Aaa	9.32	8.77	8.14	7.92	7.99	8.10	7.98	8.06	8.06	8.00	7.99	7.93
34 Aa	9.56	9.05	8.46	8.17	8.32	8.40	8.24	8.36	8.36	8.26	8.24	8.18
35 A	9.82	9.30	8.62	8.31	8.49	8.58	8.37	8.54	8.48	8.39	8.37	8.32
36 Baa	10.36	9.80	8.98	8.62	8.84	8.96	8.81	8.91	8.92	8.82	8.82	8.75
37 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	8.11	8.40	8.51	8.27	8.48	8.35	8.27	8.24	8.18
MEMO: Dividend–price ratio[17]												
38 Preferred stocks	8.96	8.17	7.46	7.14	7.22	7.43	7.45	7.45	7.50	7.49	7.43	7.41
39 Common stocks	3.61	3.26	2.99	3.00	3.07	2.98	2.90	2.94	2.94	2.90	2.91	2.86

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

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1990	1991	1992	1992 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	224.55	228.55	224.68	228.17	230.07	230.13	226.97	232.84	239.47
2 Industrial	226.06	258.16	284.26	281.60	285.17	279.54	281.90	284.44	285.76	279.70	287.80	290.77
3 Transportation	158.80	173.97	201.02	201.28	207.88	202.02	198.36	191.31	191.61	192.30	204.63	212.35
4 Utility	90.72	92.64	99.48	94.92	98.24	97.23	101.18	103.41	102.26	101.62	101.13	103.85
5 Finance	133.21	150.84	179.29	171.05	175.89	174.82	180.96	180.47	178.27	181.36	189.27	196.87
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	407.41	414.81	408.27	415.05	417.93	418.48	412.50	422.84	435.64
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	388.06	392.63	385.56	384.07	385.80	382.67	371.27	387.75	392.69
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	206,251	182,027	195,089	194,138	174,003	191,774	204,787	208,221	222,736
9 American Stock Exchange	13,155	12,486	n.a.	14,096	13,455	11,216	10,722	11,875	11,198	11,966	14,925	16,523
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker-dealers[3]	**28,210**	**36,660**	**43,990**	**38,750**	**39,890**	**39,690**	**39,640**	**39,940**	**41,250**	**41,590**	**43,630**	**43,990**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	8,780	7,700	7,780	7,920	8,060	8,060	8,355	8,500	8,970
12 Cash accounts	19,285	19,255	22,510	16,400	18,695	19,610	18,775	18,305	19,650	18,700	19,310	22,510

Margin requirements (percent of market value and effective date)[6]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1990	1991	1992 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
	SAIF-insured institutions											
1 **Assets**	**1,084,821**	**919,979**	**909,014**	**906,142**	**883,407**	**872,026**	**870,334**	**861,508[r]**	**856,371**	**856,146**	**847,367**	**846,679**
2 Mortgages	633,385	551,322	545,728	541,734	529,158	524,954	521,911	516,616[r]	512,264	512,077	508,835	502,690
3 Mortgage-backed securities	155,228	129,461	127,371	127,766	125,272	124,763	124,225	123,454	122,368	120,421	120,231	120,215
4 Contra-assets to mortgage assets[1]	16,897	12,307	11,917	11,608	10,979	10,959	11,120	11,273[r]	11,044	11,164	11,064	10,631
5 Commercial loans	24,125	17,139	16,827	16,050	15,400	15,075[r]	14,607	14,024[r]	13,929	13,525	13,425	13,635
6 Consumer loans	48,753	41,775	40,857	39,908	38,717	37,999	37,868[r]	37,403	37,230	37,111	36,742	35,956
7 Contra-assets to nonmortgage loans[1]	1,939	1,239	1,314	1,115	−1,008	980	949	946	910	920	975	922
8 Cash and investment securities	146,644	120,077	118,610	121,969	119,543	116,462	120,763	119,384	120,220	124,140	120,196	126,590
9 Other[2]	95,522	73,751	72,653	71,637	67,387	64,711	63,029[r]	62,843[r]	62,315	60,956	59,987	59,146
10 **Liabilities and net worth**	**1,084,821**	**919,979**	**909,014**	**906,142**	**883,407**	**872,026**	**870,334**	**861,508[r]**	**856,371**	**856,146**	**847,367**	**846,679**
11 Savings capital	835,496	731,937	721,099	717,026	703,811	689,777	688,199	682,535	676,141	672,354	667,027	660,682
12 Borrowed money	197,353	121,923	119,915	118,554	110,031	111,262	110,126	108,943	109,036	110,109	110,020	114,124
13 FHLBB	100,391	65,842	62,642	63,138	62,628	62,268	61,439	62,760	62,359	62,225	64,103	63,065
14 Other	96,962	56,081	57,273	55,416	47,403	48,994	48,687	46,183	46,677	47,884	45,917	51,059
15 Other	21,332	17,560	18,941	21,329	18,295	18,883	19,626	17,751	18,570	20,523	18,037	19,872
16 Net worth	30,640	48,559	49,009	49,233	51,271	52,103	52,383	52,279[r]	52,624	53,159	52,282	52,002

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage assets, mortgage loans, contracts, and pass-through securities—include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
2. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE. Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE. *Savings Association Insurance Fund (SAIF)-insured institutions:* Estimates by the Office of Thrift Supervision (OTS) for all institutions insured by the SAIF and based on the OTS thrift institution Financial Report.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1990	Fiscal year 1991	Fiscal year 1992[r]	Calendar year 1992 July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,265	1,091,631	79,080	78,218	118,344	76,833	74,635	113,757
2 On-budget	749,654	760,382	789,205	55,977	55,434	92,813	55,057	51,221	89,661
3 Off-budget	281,654	293,883	302,426	23,103	22,784	25,531	21,776	23,414	24,096
4 Outlays, total	1,251,766	1,323,757	1,381,791	122,226	102,920	112,943	125,621[r]	107,365	152,702
5 On-budget	1,026,701	1,082,072	1,129,475	99,935	79,128	86,709	103,781[r]	83,446	116,641
6 Off-budget	225,064	241,685	252,316	22,291	23,792	26,235	21,841	23,919	36,061
7 Surplus or deficit (−), total	−220,458	−269,492	−290,160	−43,146	−24,702	5,400	−48,788[r]	−32,730	−38,945
8 On-budget	−277,047	−321,690	−340,270	−43,958	−23,694	6,104	−48,724[r]	−32,225	−26,980
9 Off-budget	56,590	52,198	50,110	812	−1,008	−704	−65	−505	−11,965
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	26,839	38,841	9,853	−1,552	61,969	21,078
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	9,542	1,523	−22,807	39,420	−7,346	−3,175
12 Other[2]	−461	−5,981	−3,453	6,765	−15,662	7,554	10,920[r]	−21,893	21,042
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	37,505	35,982	58,789	19,369	26,715	29,890
14 Federal Reserve Banks	7,638	7,928	24,586	6,923	6,232	24,586	4,413	6,985	7,492
15 Tax and loan accounts	32,517	33,556	34,203	30,581	29,749	34,203	14,956	19,729	22,399

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act also moved two social security trust funds (federal old-age survivors insurance and federal disability insurance) off budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.
2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* (MTS) and the *Budget of the U.S. Government.*

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

Millions of dollars

Source or type	Fiscal year 1991	Fiscal year 1992[r]	Calendar year 1991 H1	Calendar year 1991 H2[r]	Calendar year 1992 H1	Calendar year 1992 H2	Calendar year 1992 Oct.	Calendar year 1992 Nov.	Calendar year 1992 Dec.
RECEIPTS									
1 **All sources**	**1,054,265**	**1,091,631**	**540,504**	**519,293**	**561,125**	**540,867**	**76,833**	**74,635**	**113,757**
2 Individual income taxes, net	467,827	476,465	232,389	234,949	237,052	246,965	37,288	33,099	51,172
3 Withheld	404,152	408,352	193,440	210,552	198,868	215,591	34,515	33,085	48,189
4 Presidential Election Campaign Fund	32	30	31	1	19	10	0	0	0
5 Nonwithheld	142,693	149,342	109,405	33,296	112,328	39,377	3,583	1,775	3,666
6 Refunds	79,050	81,259	70,487	8,900	74,163	8,011	809	1,760	683
Corporation income taxes									
7 Gross receipts	113,599	117,951	58,903	54,016	61,681	58,022	4,291	2,312	23,721
8 Refunds	15,513	17,680	7,904	8,649	9,402	7,219	2,194	833	772
9 Social insurance taxes and contributions, net	396,011	413,689	214,303	185,839	224,569	192,599	29,594	32,900	31,918
10 Employment taxes and contributions[2]	370,526	385,491	199,727	175,802	208,110	180,758	28,135	30,264	31,252
11 Self-employment taxes and contributions[3]	25,457	24,421	22,150	3,306	20,433	3,988	0	0	0
12 Unemployment insurance	20,922	23,410	12,296	8,721	14,070	9,397	1,034	2,270	245
13 Other net receipts[4]	4,563	4,788	2,279	2,317	2,389	2,445	426	366	421
14 Excise taxes	42,430	45,570	20,703	24,629	22,389	23,456	3,670	4,082	4,014
15 Customs deposits	15,921	17,359	7,488	8,694	8,145	9,497	1,666	1,503	1,539
16 Estate and gift taxes	11,138	11,143	5,631	5,507	5,701	5,733	1,027	954	959
17 Miscellaneous receipts[5]	22,852	27,195	8,991	13,508	10,992	11,815	1,491	618	1,206
OUTLAYS									
18 **All types**	**1,323,757**	**1,381,791**	**632,153**	**694,474**	**705,068**	**723,777[r]**	**125,621[r]**	**107,365**	**152,702**
19 National defense	272,514	298,361	122,089	147,669	146,963	155,501	27,412	20,819	30,010
20 International affairs	16,167	16,106	7,592	7,691	8,464	9,911	2,126	4,018	1,170
21 General science, space, and technology	15,946	16,409	7,496	8,472	7,952	8,521	1,410	1,612	1,571
22 Energy	2,511	4,509	1,235	1,698	1,442	3,109	607	529	525
23 Natural resources and environment	18,708	20,017	8,324	11,130	8,625	11,617	3,341	1,801	1,540
24 Agriculture	14,864	14,997	7,684	7,418	7,514	8,881	2,270	2,139	3,428
25 Commerce and housing credit	75,639	9,514	17,992	36,534	15,583	−7,843	−2,262	−2,417	−1,874
26 Transportation	31,531	33,337	14,748	17,093	15,681	18,477	2,933	2,981	2,983
27 Community and regional development	7,432	7,411	3,552	3,783	3,901	4,540	1,028	728	774
28 Education, training, employment, and social services	41,479	45,248	21,234	21,114	23,224	20,922	3,797	3,882	4,393
29 Health	71,183	89,570	35,608	41,459	43,698	47,223	8,021	7,420	8,191
30 Social security and medicare	373,495	406,512	190,247	193,098	205,443	232,109	35,320	33,346	59,837
31 Income security	171,618	198,073	88,778	87,805	105,911	99,272	18,300	14,188	18,689
32 Veterans benefits and services	31,344	34,133	14,326	17,425	15,597	18,561	4,078	1,743	4,148
33 Administration of justice	12,295	14,450	6,187	6,574	7,438	7,283	1,121	1,277	1,236
34 General government	11,358	12,939	5,212	6,794	5,538	8,138	2,529	106	2,306
35 Net interest[6]	195,012	199,429	98,556	99,149	100,324	98,549	16,463	16,148	16,559
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−18,702	−20,436	−18,229	−20,914	−2,796	−2,954	−2,783

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Consists of rents and royalties for the outer continental shelf and U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1993*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1990	1991				1992			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**3,397**	**3,492**	**3,563**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	n.a.
2 Public debt securities	3,365	3,465	3,538	3,665	3,802	3,881	3,985	4,065	4,177
3 Held by public	2,537	2,598	2,643	2,746	2,833	2,918	2,977	3,048	n.a.
4 Held by agencies	828	867	895	920	969	964	1,008	1,016	n.a.
5 Agency securities	33	27	25	18	19	16	16	18	n.a.
6 Held by public	32	26	25	18	19	16	16	18	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,282**	**3,377**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,085**
9 Public debt securities	3,281	3,377	3,450	3,569	3,706	3,783	3,890	3,972	4,085
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145

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

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

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

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**3,881.3**	**3,984.7**	**4,064.6**	**4,177.0**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	3,878.5	3,981.8	4,061.8	4,173.9
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,552.3	2,605.1	2,677.5	2,754.1
4 Bills	430.6	527.4	590.4	657.7	615.8	618.2	634.3	657.7
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,477.7	1,517.6	1,566.4	1,608.9
6 Bonds	348.2	388.2	435.5	472.5	443.8	454.3	461.8	472.5
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,326.2	1,376.7	1,384.3	1,419.8
8 State and local government series	163.3	160.8	159.7	153.5	157.8	161.9	157.6	153.5
9 Foreign issues[2]	6.8	43.5	41.9	37.4	42.0	38.7	37.0	37.4
10 Government	6.8	43.5	41.9	37.4	42.0	38.7	37.0	37.4
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	139.9	143.2	148.3	155.0
13 Government account series[3]	695.6	813.8	959.2	1,043.5	956.1	1,002.5	1,011.0	1,043.5
14 Non-interest-bearing	21.2	2.8	2.8	3.1	2.8	2.9	2.8	3.1
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	n.a.	963.7	1,007.9	1,016.3	n.a.
16 Federal Reserve Banks	228.4	259.8	281.8	n.a.	267.6	276.9	296.4	n.a.
17 Private investors	2,015.8	2,288.3	2,563.2	n.a.	2,664.0	2,712.4	2,765.5	n.a.
18 Commercial banks	164.9	171.5	233.4r	n.a.	256.6r	267.2	270.0	n.a.
19 Money market funds	14.9	45.4	80.0	n.a.	84.0r	79.4	79.4	n.a.
20 Insurance companies	125.1	142.0	168.7r	n.a.	176.9r	181.3	185.0	n.a.
21 Other companies	93.4	108.9	150.8	n.a.	166.0	175.0	180.8	n.a.
22 State and local treasuries	487.5	490.4	520.3r	n.a.	521.8r	528.5	530.0	n.a.
Individuals								
23 Savings bonds	117.7	126.2	138.1	n.a.	142.0	145.4	150.3	n.a.
24 Other securities	98.7	107.6	125.8	n.a.	126.1	129.7	130.9	n.a.
25 Foreign and international[5]	392.9	421.7	455.0r	n.a.	471.2r	492.9	499.0	n.a.
26 Other miscellaneous investors[6]	520.7	674.5	691.1r	n.a.	719.5r	713.1	740.0	n.a.

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

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

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

Millions of dollars, daily averages

Item	1992			1992, week ending								
	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	41,374	46,771	44,020[r]	38,757	43,157	48,055	45,226	40,542	48,336	44,201	37,314	39,419
Coupon securities, by maturity												
2 Less than 3.5 years	41,727	49,532	52,718	46,690	55,239	58,383	52,940	41,997	43,175	36,669	39,085	21,867
3 3.5 to 7.5 years	37,765[r]	45,749	39,539	39,983	32,844	44,604	43,507	29,678	35,377	30,726	29,754	16,245
4 7.5 to 15 years	20,476	20,425	18,198	16,570	21,160	21,250	14,912	15,299	18,371	12,126	12,070	7,594
5 15 years or more	14,240	14,672	13,861	12,805	14,747	19,200	9,967	10,064	14,803	10,468	10,792	8,358
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	4,979	4,824	5,451	5,378	4,642	5,850	5,941	4,960	6,356	5,431	5,674	5,229
7 3.5 to 7.5 years	588	718	471	619	562	444	412	286	901	494	502	345
8 7.5 years or more	803	1,040	751	661	862	818	683	671	775	774	827	932
Mortgage-backed												
9 Pass-throughs	13,673	15,889	17,254[r]	14,440	21,114[r]	20,003	14,719	13,217	19,565	14,763	13,252	8,435
10 All others[3]	4,218	3,232	3,545	2,143	2,076	3,095	4,845	6,457	2,753	2,119	3,438	3,007
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	98,684	115,212	106,461	100,125	104,753	119,618	106,005	87,625	99,672	81,542	78,631	55,879
Federal agency securities												
12 Debt	1,371	1,697	1,191	1,201	1,057	1,415	1,037	1,271	1,527	1,366	1,201	805
13 Mortgage-backed	7,552	8,254	9,763[r]	8,069	11,456[r]	10,563	8,920	9,023	10,366	7,995	7,679	4,532
Customers												
14 U.S. Treasury securities	56,898[r]	61,936	61,875[r]	54,679	62,394	71,874	60,547	49,955	60,390	52,648	50,384	37,603
Federal agency securities												
15 Debt	4,999	4,885	5,483	5,457	5,009	5,696	5,999	4,645	6,505	5,333	5,802	5,700
16 Mortgage-backed	10,339	10,867	11,035[r]	8,513	11,734[r]	12,535	10,644	10,651	11,952	8,887	9,011	6,910
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	2,969	3,689	3,245	2,332	4,354	3,306	3,148	2,488	4,923	2,421	1,004	1,087
Coupon securities, by maturity												
18 Less than 3.5 years	1,915	2,253	2,235	2,106	2,493	2,444	2,120	1,680	1,960	1,548	1,840	1,570
19 3.5 to 7.5 years	1,853	1,309[r]	1,969	1,906	1,250	2,019	2,323	2,490	1,734	1,150	995	480
20 7.5 to 15 years	2,950	3,050	3,548	3,219	3,202	3,818	3,683	3,719	3,253	2,262	2,277	1,028
21 15 years or more	10,091	10,612	8,782	8,545	8,963	10,917	7,232	7,315	8,645	6,455	6,033	3,929
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	67	67	161	65	201	185	202	58	25	108	198	86
23 3.5 to 7.5 years	88	66	117	127	102	50	144	235	38	37	4	NA
24 7.5 years or more	13	20	16	20	23	11	12	23	31	16	17	7
Mortgage-backed												
25 Pass-throughs	16,571	17,852[r]	15,801	16,596	19,744	19,000	10,842	11,124	17,078	15,575	9,145	3,811
26 Others[3]	2,476	1,772	1,132	1,541	691	1,899	748	444	843	1,152	1,070	365
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,084	1,317	1,683	1,452	2,582	1,549	1,041	2,167	2,640	1,192	945	976
28 3.5 to 7.5 years	618	837	824	1,201	1,389	450	727	305	717	214	313	72
29 7.5 to 15 years	825	742	817	827	664	561	1,320	493	309	313	363	227
30 15 years or more	2,009	1,623	1,607	1,786	1,331	1,409	2,172	975	1,191	726	922	253
Federal agency, mortgage-backed securities												
31 Pass-throughs	452	299	344	331	377	250	458	243	523	328	279	173

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

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

Millions of dollars

Item	1992 Sept.	1992 Oct.	1992 Nov.	1992, week ending Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23
						Positions[2]					
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	14,539	11,475	17,896	7,010	18,995	16,273	16,193	29,725	21,574	19,434	14,136
Coupon securities, by maturity											
2 Less than 3.5 years	-1,572	804	1,755	-3,377	1,837	-36	5,415	3,131	2,369	-3,290	2,760
3 3.5 to 7.5 years	-13,702	-13,685	-12,280	-9,605	-12,851	-15,583	-10,483	-11,515	-8,953	-8,366	-4,713
4 7.5 to 15 years	-10,785	-13,207	-9,567	-14,128	-7,500	-9,597	-8,945	-9,643	-10,755	-9,477	-9,475
5 15 years or more	5,795	6,617	5,040	4,893	3,918	5,642	5,461	5,295	7,865	6,647	6,870
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	6,040	6,724r	6,384	6,778	6,657	6,963	5,349	6,325	4,854	4,271	4,339
7 3.5 to 7.5 years	3,033	2,955	3,127	2,850	3,115	3,262	3,090	3,230	3,434	3,338	3,270
8 7.5 years or more	4,284	4,190	3,418	3,795	3,363	3,406	3,444	3,173	3,186	2,891	3,561
Mortgage-backed											
9 Pass-throughs	29,518	32,278	27,626	22,742	32,924	35,699	25,404	15,923	25,614	31,688	26,285
10 All others[4]	27,455	26,559	25,622	28,469	27,048	24,480	23,715	25,614	24,948	23,931	24,951
Other money market instruments											
11 Certificates of deposit	3,852	3,501	3,006	2,922	3,309	2,883	2,959	2,886	2,619	2,770	2,915
12 Commercial paper	6,389	6,374	6,930	6,598	6,182	6,155	8,163	7,603	7,557	7,952	6,963
13 Bankers acceptances	1,053	790	864	955	1,036	825	771	737	633	745	737
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	-5,557	-2,336	2,797	861	1,760	3,670	4,048	2,825	-3,416	-2,250	-1,839
Coupon securities, by maturity											
15 Less than 3.5 years	1,448	731	2,105	1,950	2,894	1,683	2,292	1,455	213	676	805
16 3.5 to 7.5 years	2,078	2,286	1,206	1,075	1,155	3,408	-88	113	-475	164	653
17 7.5 to 15 years	526	2,882	2,614	4,274	2,620	2,459	1,605	2,908	3,005	1,207	679
18 15 years or more	-4,380	-4,237	-5,164	-3,731	-2,929	-4,550	-7,444	-7,107	-8,435	-7,225	-7,320
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	-10	134	1	47	-49	-77	67	52	-25	-48	-107
20 3.5 to 7.5 years	-73	-21	91	-15	53	36	179	184	-42	-150	-186
21 7.5 years or more	-44	-1	-6	3	-60	20	-2	22	48	-72	2
Mortgage-backed											
22 Pass-throughs	-13,731	-14,399	-7,047	-3,487	-13,725	-13,350	-4,891	5,258	-3,089	-8,007	-2,167
23 All others[4]	6,241	5,757	1,911	2,796	2,051	2,436	2,312	-291	301	270	1,059
24 Certificates of deposit	-242,241	-172,555	-125,734	-164,770	-145,399	-119,575	-105,692	-103,656	-98,216	-61,988	-60,495
						Financing[6]					
Reverse repurchase agreements											
25 Overnight and continuing	209,905	214,066	212,407	215,839	215,108	220,611	195,045	218,703	214,392	212,857	198,940
26 Term	310,234	341,487r	334,946r	344,226r	348,937	317,222	348,655	313,556	342,095	331,503	345,100
Repurchase agreements											
27 Overnight and continuing	369,411	383,324	362,658	364,770	373,293	390,803	308,595	382,367	372,052	389,052	337,172
28 Term	285,332	317,708	329,023r	322,515	324,063	299,795	393,142	292,323	327,548	312,390	362,823
Securities borrowed											
29 Overnight and continuing	100,438	101,102	104,323	102,129	102,475	107,833	105,872	101,581	102,386	101,888	103,292
30 Term	42,957	44,031r	44,288	42,728	44,206	42,295	47,876	43,419	46,363	46,610	48,108
Securities loaned											
31 Overnight and continuing	5,791	6,186	5,033	5,519	5,692	4,561	4,825	4,672	4,736	5,184	5,797
32 Term	850	772r	552r	586	605	491	543	551	507	808	1,530
Collateralized loans											
33 Overnight and continuing	17,750	17,160	15,145	15,992	15,387	16,502	14,333	13,364	17,503	16,147	18,446
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	144,415	146,398	153,621	148,347	151,507	158,088	149,643	160,115	162,231	162,453	153,369
35 Term	267,773	295,545r	286,973r	288,973r	300,868	271,120	299,366	270,766	298,925	288,629	298,748
Repurchase agreements											
36 Overnight and continuing	188,263	196,777	188,995	183,458	190,071	206,694	163,019	203,508	195,252	206,104	176,149
37 Term	215,996	240,478r	244,151r	245,976r	251,280	218,975	278,568	219,775	247,556	234,114	267,633

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1988	1989	1990	1991	1992				
					June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**457,662**	**457,369**	**464,773**	**475,606**	**479,978**
2 Federal agencies	35,668	35,664	42,159	41,035	40,388	39,773	40,034	41,319	41,470
3 Defense Department[1]	8	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	11,033	10,985	11,376	9,809	8,156	8,156	8,156	7,698	7,698
5 Federal Housing Administration[4]	150	328	393	397	432	194	229	301	309
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,142	6,445	6,948	8,421	10,123	10,123	10,123	10,123	10,123
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	21,670	21,293	21,519	23,190	23,333
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	345,832	375,428	392,509	401,737	417,274	417,596	424,739	434,287	438,508
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	106,050	107,343	108,564	110,830	112,436
12 *Federal Home Loan Mortgage Corporation*	22,797	26,148	30,941	30,262	32,479	33,959	34,295	36,750	34,108
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	149,013	147,377	150,280	155,232	159,764
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	51,805	49,241	52,137	52,734	52,510
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	38,020	39,765	39,552	38,830	39,766
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt[13]**	**142,850**	**134,873**	**179,083**	**185,576**	**180,848**	**177,700**	**174,003**	**164,422**	**159,899**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	8,150	8,150	8,150	7,692	7,692
21 Postal Service[6]	5,892	6,195	6,698	8,201	9,903	9,903	9,903	9,903	9,903
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,820	4,820	4,820	4,820	4,790
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	9,025	8,475	7,275	7,175	7,175
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	44,784	43,209	43,009	42,979	42,979
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,199	18,227	18,238	18,143	18,172
27 Other	26,324	23,724	70,896	84,931	85,967	84,916	82,608	73,710	69,188

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1989	1990	1991	1992 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues, new and refunding**[1]	**113,646**	**120,339**	**154,402**	**16,935**	**24,084**	**17,386**	**19,774**	**18,698**	**21,092**	**14,133**	**19,577**
By type of issue											
2 General obligation	35,774	39,610	55,100	5,995	8,806	7,136	7,005	7,461	7,733	5,203	6,024
3 Revenue	77,873	81,295	99,302	10,940	15,278	10,250	12,769	11,237	13,359	8,930	13,553
By type of issuer											
4 State	11,819	15,149	24,939	1,165	2,063	2,836	2,933	1,710	2,742	861	2,141
5 Special district or statutory authority[2]	71,022	72,661	80,614	11,031	16,477	10,040	11,203	11,054	13,113	9,619	11,946
6 Municipality, county, or township	30,805	32,510	48,849	4,739	5,544	4,510	n.a.	5,934	5,237	3,653	5,490
7 **Issues for new capital**	**84,062**	**103,235**	**116,953**	**9,259**	**14,096**	**7,565**	**11,993**	**10,496**	**13,760**	**8,028**	**8,010**
By use of proceeds											
8 Education	15,133	17,042	21,121	1,651	2,132	1,747	1,737	1,237	2,083	1,800	
9 Transportation	6,870	11,650	13,395	1,669	2,618	571	2,130	1,977	1,364	531	
10 Utilities and conservation	11,427	11,739	21,039	771	1,851	629	2,604	2,265	3,340	960	
11 Social welfare	16,703	23,099	25,648	2,045	4,266	887	767	1,869	2,365	1,070	n.a.
12 Industrial aid	5,036	6,117	8,376	133	724	91	503	1,176	367	581	
13 Other purposes	28,894	34,607	30,275	2,990	2,505	3,640	4,252	1,972	4,241	3,086	

1. Par amounts of long-term issues based on date of sale.
2. Since 1986, has included school districts.

SOURCES. *Investment Dealer's Digest* beginning April 1990. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1989	1990	1991	1992 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues**[1]	**377,836**	**339,052**	**465,389**	**28,953**[r]	**44,947**	**47,985**	**46,107**[r]	**36,872**[r]	**43,028**[r]	**38,604**[r]	**34,395**
2 **Bonds**[2]	**319,965**	**298,814**	**389,968**	**23,615**[r]	**38,031**	**38,988**	**39,630**[r]	**31,596**[r]	**37,718**[r]	**31,638**[r]	**29,896**
By type of offering											
3 Public, domestic	179,694	188,778	287,076	22,241[r]	35,059	35,960	37,705[r]	28,342[r]	36,371[r]	30,500[r]	28,300
4 Private placement, domestic[3]	117,420	86,982	74,930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	22,851	23,054	27,962	1,373	2,972	3,027	1,924	3,254	1,347	1,909[r]	2,197
By industry group											
6 Manufacturing	74,736	51,779	86,627	4,170	6,046	7,263	5,509	4,720	5,974[r]	7,975[r]	3,105
7 Commercial and miscellaneous	50,268	40,719	36,681	2,351	2,472	1,630	3,488[r]	2,139[r]	2,374[r]	2,781[r]	2,393
8 Transportation	10,221	12,776	13,598	140	621	899	766	393	677	290	0
9 Public utility	18,611	17,621	23,949	3,467[r]	3,041	4,251	6,834[r]	4,509[r]	5,216[r]	3,638[r]	1,254
10 Communication	9,276	6,687	9,431	1,205	1,590	1,028	2,081	1,053	1,191[r]	427[r]	374
11 Real estate and financial	156,853	169,231	219,682	12,282	24,261	23,916	20,951	18,783	22,285	16,528[r]	22,769
12 **Stocks**[2]	**57,870**	**40,165**	**75,467**	**5,338**	**6,916**	**8,997**	**6,477**	**5,276**	**5,310**	**6,966**	**4,499**
By type of offering											
13 Public preferred	6,194	4,360[r]	17,408	334	1,552	2,933	2,413	1,148	1,233	2,901	1,540
14 Common	26,030	n.a.[r]	47,860	5,004	5,364	6,090	4,064	4,129	4,077	4,065	2,958
15 Private placement[3]	25,647	16,736	10,109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	9,308	5,649	24,154	1,586	2,499	3,000	857	713	307	1,779	288
17 Commercial and miscellaneous	7,446	10,171	19,418	1,099	2,080	1,079	1,599	1,315	602	940	1,366
18 Transportation	n.a.	n.a.	n.a.	122	176	1,064	n.a.	0	59	53	475
19 Public utility	3,090	416	3,474	577	826	610	564	921	595	359	150
20 Communication	n.a.	n.a.	n.a.	211	12	0	n.a.	0	1,051	99	22
21 Real estate and financial	34,028	19,738	25,507	1,743	1,324	3,271	3,457	2,327	2,695	3,735	2,369

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

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and, before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets

Millions of dollars

Item[1]	1990	1991	1992 Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **Sales of own shares**[2]	**344,420**	**464,488**	**52,309**	**48,127**	**51,457**	**54,915**	**50,627**	**50,039**	**52,214**	**52,019**
2 Redemptions of own shares	288,441	342,088	39,302	31,409	37,457	34,384	35,223	37,862	37,134	34,126
3 Net sales[3]	55,979	122,400	13,007	16,718	14,000	20,703	15,404	12,177	15,080	17,893
4 **Assets**[4]	**568,517**	**807,001**	**870,011**	**897,211**	**911,218**	**951,806**	**957,145**	**978,507**	**983,151**	**1,020,092**
5 Cash[5]	48,638	60,937	67,632	67,270	69,508	72,732	77,245	76,498	75,808	79,765
6 Other	519,875	746,064	802,379	829,941	841,710	879,074	879,900	902,009	907,343	940,327

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1989	1990	1991	1990 Q4	1991 Q1	1991 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3
1 Profits with inventory valuation and capital consumption adjustment	362.8	361.7	346.3	344.0	349.6	347.3	341.2	347.1	384.0	388.4	374.1
2 Profits before taxes	342.9	355.4	334.7	354.7	337.6	332.3	336.7	332.3	366.1	376.8	354.1
3 Profits tax liability	141.3	136.7	124.0	133.7	121.3	122.9	127.0	125.0	136.4	144.1	131.8
4 Profits after taxes	201.6	218.7	210.7	221.0	216.3	209.4	209.6	207.4	229.7	232.7	222.2
5 Dividends	134.6	149.3	146.5	151.9	150.6	146.2	145.1	143.9	143.6	146.6	151.1
6 Undistributed profits	67.1	69.4	64.2	69.1	65.7	63.2	64.5	63.4	86.2	86.1	71.1
7 Inventory valuation	−17.5	−14.2	3.1	−21.2	6.7	9.9	−4.8	.7	−5.4	−15.5	−9.7
8 Capital consumption adjustment	37.4	20.5	8.4	10.5	5.3	5.1	9.3	14.1	23.3	27.0	29.7

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

1.50 NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993[1]	1991 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1[1]
1 **Total nonfarm business**	**528.39**	**547.39**	**576.55**	**525.02**	**526.59**	**529.87**	**535.72**	**540.91**	**547.53**	**565.40**	**576.07**
Manufacturing											
2 Durable goods industries	77.64	74.07	76.08	79.31	74.94	76.40	74.19	74.26	71.84	75.98	77.30
3 Nondurable goods industries	105.17	99.41	106.49	107.20	102.55	102.66	99.79	97.52	100.39	99.95	106.63
Nonmanufacturing											
4 Mining	10.02	9.25	9.97	10.08	10.09	9.99	8.87	9.18	9.09	9.87	10.97
Transportation											
5 Railroad	5.95	6.91	7.43	6.25	6.32	5.44	6.65	6.50	6.87	7.64	6.71
6 Air	10.17	9.69	8.63	9.95	9.61	10.41	8.86	9.75	10.13	10.00	8.80
7 Other	6.54	7.06	7.69	6.67	6.63	6.45	6.37	7.27	7.69	6.90	7.96
Public utilities											
8 Electric	43.76	48.10	54.23	43.09	43.27	44.75	46.06	48.45	47.73	50.15	52.96
9 Gas and other	22.82	24.09	25.59	22.00	23.25	22.67	22.75	24.19	23.92	25.51	24.74
10 Commercial and other[2]	246.32	268.81	280.43	240.46	249.94	251.11	262.17	263.80	269.86	279.42	280.00

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	1989	1990	1991	1991				1992		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross[2]	462.9	492.9	480.3	482.9	488.5	484.7	480.3	475.7	477.0	474.7
2 Consumer	138.9	133.9	121.9	127.1	127.5	125.3	121.9	118.4	116.7	117.4
3 Business	270.2	293.5	292.6	291.7	295.2	293.2	292.6	291.6	293.9	289.3
4 Real estate	53.8	65.5	65.8	64.1	65.7	66.2	65.8	65.8	66.4	68.0
5 LESS: Reserves for unearned income	54.7	57.6	55.1	57.2	58.0	57.6	55.1	53.6	51.2	50.8
6 Reserves for losses	8.4	9.6	12.9	10.7	11.1	13.1	12.9	13.0	12.3	12.0
7 Accounts receivable, net	399.8	425.7	412.3	415.0	419.3	414.1	412.3	409.1	413.6	411.8
8 All other	102.6	113.9	149.0	118.7	122.8	136.4	149.0	145.5	139.4	146.5
9 **Total assets**	**502.4**	**539.6**	**561.2**	**533.7**	**542.1**	**550.5**	**561.2**	**554.6**	**553.0**	**558.4**
LIABILITIES AND CAPITAL										
10 Bank loans	27.0	31.0	42.3	35.6	36.9	39.6	42.3	38.0	37.8	38.3
11 Commercial paper	160.7	165.3	159.5	155.5	156.1	156.8	159.5	154.4	147.7	153.2
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	35.2	37.5	34.5	32.4	34.2	36.5	34.5	34.5	34.8	32.3
15 Not elsewhere classified	162.7	178.2	191.3	182.4	184.5	185.0	191.3	189.8	191.9	191.4
16 All other liabilities	61.5	63.9	69.0	64.3	67.1	68.8	69.0	72.0	73.4	73.7
17 Capital, surplus, and undivided profits	55.2	63.7	64.8	63.4	63.3	63.8	64.8	66.0	67.1	68.1
18 **Total liabilities and capital**	**502.4**	**539.6**	**561.2**	**533.7**	**542.1**	**550.5**	**561.2**	**554.6**	**548.4**	**558.4**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown since they are not on the books.
2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1989	1990	1991	1992					
				June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted								
1 **Total**	**481,436**	**523,023**	**519,573**	**520,804**	**522,834**	**528,117**	**527,858**	**527,323[r]**	**529,232**
2 Consumer	157,766	161,070	154,786	154,850	153,588	154,729	155,618	154,501[r]	156,593
3 Real estate[2]	53,518	65,147	65,388	66,433	66,843	67,753	67,717	68,035	67,838
4 Business	270,152	296,807	299,400	299,521	302,403	305,634	304,523	304,787[r]	304,801
	Not seasonally adjusted								
5 **Total**	**484,566**	**526,441**	**522,853**	**524,587**	**522,686**	**523,448**	**524,999**	**526,874[r]**	**528,895**
6 Consumer	158,542	161,965	155,677	154,859	154,099	155,529	156,416	155,505[r]	157,005
7 Motor vehicles	84,126	75,045	63,413	60,056	60,400	60,393	59,806	59,290	58,286
8 Other consumer[3]	54,732	58,818	58,488	56,634	56,568	56,782	56,808	57,013[r]	58,128
9 Securitized motor vehicles[4]	13,690	19,837	23,166	26,195	25,392	26,852	28,204	27,823	28,964
10 Securitized other consumer[4]	5,994	8,265	10,610	11,974	11,739	11,503	11,598	11,379[r]	11,626
11 Real estate[2]	53,781	65,509	65,764	66,437	67,065	68,104	68,064	68,477	68,016
12 Business	272,243	298,967	301,412	303,291	301,522	299,815	300,519	302,892[r]	303,875
13 Motor vehicles	90,416	92,072	90,319	90,075	87,686	85,745	85,261	86,747	85,621
14 Retail[5]	29,505	26,401	22,507	20,674	21,086	20,743	20,407	20,763	19,708
15 Wholesale[6]	34,093	33,573	31,216	30,505	27,158	n.a.	n.a.	n.a.	n.a.
16 Leasing	26,818	32,098	36,596	38,896	39,443	39,889	39,506	39,536	39,020
17 Equipment	122,246	137,654	141,399	145,994	145,787	145,790	147,319	147,146	148,202
18 Retail	29,828	31,968	30,962	32,610	32,370	32,250	31,571	31,475	31,427
19 Wholesale[6]	6,452	11,101	9,671	9,194	9,128	9,084	8,994	8,928	8,824
20 Leasing	85,966	94,585	100,766	104,190	104,289	104,455	106,754	106,743	107,952
21 Other business[7]	57,560	63,774	60,887	57,586	59,099	59,013	58,493	58,898[r]	59,269
22 Securitized business assets[4]	n.a.	5,467	8,807	9,636	8,951	9,268	9,447	10,101	10,782
23 Retail	710	667	576	178	170	158	152	634	607
24 Wholesale	n.a.	3,281	5,285	5,231	4,649	5,193	5,378	5,593	5,813
25 Leasing	1,311	1,519	2,946	4,227	4,132	3,917	3,917	3,874	4,362

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.
2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.
3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
5. Passenger car fleets and commercial land vehicles for which licenses are required.
6. Credit arising from transactions between manufacturers and dealers, that is, *floor plan financing*.
7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Conventional Mortgages on New Homes

Millions of dollars except as noted

Item	1990	1991	1992	1992 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Terms and yields in primary and secondary markets									
Primary Markets										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	154.4	173.5	148.4	146.0	159.2	165.4	154.0
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	116.1	132.6	113.6	109.3	119.7	117.3	117.7
3 Loan-price ratio (percent)	74.8	75.0	76.6	77.3	77.5	78.7	77.0	77.3	75.3	77.7
4 Maturity (years)	27.3	26.8	25.6	25.0	26.4	24.8	25.7	25.2	24.9	26.1
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.57	1.19	1.62	1.52	1.42	1.54	1.31
6 Contract rate (percent per year)	9.68	9.02	7.98	8.15	7.81	7.72	7.68	7.65	7.81	7.65
Yield (percent per year)										
7 OTS series[3]	10.01	9.30	8.25	8.43	8.00	8.00	7.93	7.90	8.07	7.88
8 HUD series[4]	10.08	9.20	8.43	8.42	8.14	8.01	7.95	8.29	8.38	8.19
Secondary Markets										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	10.17	9.25	8.46	8.56	8.12	8.08	8.06	8.29	8.54	8.12
10 GNMA securities[6]	9.51	8.59	7.77	7.90	7.63	7.28	7.31	7.53	7.90	7.57
	Activity in secondary markets									
Federal National Mortgage Association										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	142,148	142,465	142,246	144,904	149,133	153,306	158,119
12 FHA/VA-insured	21,028	21,702	22,168	22,218	22,263	22,199	22,275	22,399	22,372	22,593
13 Conventional	92,302	101,135	120,664	119,930	120,202	120,047	122,629	126,734	130,934	135,526
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	5,809	4,191	3,651	6,779	8,380	7,980	8,832
Mortgage commitments (during period)[7]										
15 Issued[8]	23,689	40,010	74,970	4,662	4,663	6,053	8,880	8,195	6,084	6,185
16 To sell[9]	5,270	7,608	10,493	1,831	807	10	148	0	237	1,811
Federal Home Loan Mortgage Corporation										
Mortgage holdings (end of period)[9]										
17 Total	20,419	24,131	n.a.	28,621	28,510	29,367	31,629	32,995	n.a.	n.a.
18 FHA/VA-insured	547	484	n.a.	426	419	376	371	365	n.a.	n.a.
19 Conventional	19,871	23,283	n.a.	28,195	28,091	28,990	31,259	32,630	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	75,517	97,727	n.a.	14,222	12,172	13,562	16,391	20,199	n.a.	n.a.
21 Sales	73,817	92,478	177,508	13,740	11,849	12,314	14,267	18,771	18,782	18,274
Mortgage commitments (during period)[10]										
22 Contracted	102,401	114,031	n.a.	19,114	26,488	14,212	17,132	27,380	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of ten years; from Office of Thrift Supervision (OTS).
4. Average contract rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD).
5. Average gross yields on thirty-year, minimum-downpayment, first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements of average yields may reflect market adjustments to changes in maximum permissible contract rates.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to one- to four-family loan commitments accepted in the Federal National Mortgage Association's (FNMA's) free market auction system, and through the FNMA-GNMA tandem plans.
8. Does not include standby commitments issued, but includes standby commitments converted.
9. Includes participation loans as well as whole loans.
10. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1988	1989	1990	1991		1992		
				Q3	Q4	Q1	Q2	Q3
1 **All holders**	**3,288,064**	**3,574,975**	**3,797,727**	**3,904,394**	**3,919,465**	**3,966,775**	**3,992,878**	**4,008,590**
By type of property								
2 One- to four-family residences	2,208,192	2,435,158	2,644,652	2,755,381	2,777,876	2,831,195	2,870,724	2,900,748
3 Multifamily residences	296,585	306,762	310,311	307,846	308,648	308,398	300,509	297,840
4 Commercial	698,040	749,031	758,795	758,002	749,767	744,271	738,066	726,150
5 Farm	85,247	84,025	83,969	83,165	83,173	82,910	83,579	83,853
By type of holder								
6 Major financial institutions	1,831,472	1,931,537	1,914,315	1,860,710	1,846,910	1,825,983	1,806,122	1,794,455
7 Commercial banks[2]	674,003	767,069	844,826	870,937	876,284	880,377	884,598	886,453
8 One- to four-family	334,367	389,632	455,931	478,851	486,572	492,910	496,518	502,935
9 Multifamily	33,912	38,876	37,015	36,398	37,424	37,710	38,314	38,761
10 Commercial	290,254	321,906	334,648	337,365	333,852	330,837	330,229	324,857
11 Farm	15,470	16,656	17,231	18,323	18,436	18,919	19,538	19,900
12 Savings institutions[3]	924,606	910,254	801,628	719,679	705,367	682,338	659,624	648,082
13 One- to four-family	671,722	669,220	600,154	547,799	538,358	524,536	508,545	501,518
14 Multifamily	110,775	106,014	91,806	81,883	79,881	77,166	74,788	73,722
15 Commercial	141,433	134,370	109,168	89,595	86,741	80,278	75,947	72,508
16 Farm	676	650	500	402	388	358	345	334
17 Life insurance companies	232,863	254,214	267,861	270,094	265,258	263,269	261,900	259,920
18 One- to four-family	11,164	12,231	13,005	11,720	11,547	11,214	11,087	11,007
19 Multifamily	24,560	26,907	28,979	29,962	29,562	29,693	29,745	29,525
20 Commercial	187,549	205,472	215,121	218,179	214,105	212,865	211,913	210,293
21 Farm	9,590	9,604	10,756	10,233	10,044	9,497	9,155	9,095
22 Federal and related agencies	200,570	209,498	250,761	282,115	282,856	296,664	297,300	295,874
23 Government National Mortgage Association	26	23	20	20	19	19	23	27
24 One- to four-family	26	23	20	20	19	19	23	27
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	42,018	41,176	41,439	41,566	41,713	41,791	41,628	41,671
27 One- to four-family	18,347	18,422	18,527	18,598	18,496	18,488	17,718	17,292
28 Multifamily	8,513	9,054	9,640	9,990	10,141	10,270	10,356	10,468
29 Commercial	5,343	4,443	4,690	4,829	4,905	4,961	4,998	5,072
30 Farm	9,815	9,257	8,582	8,149	8,171	8,072	8,557	8,839
31 Federal Housing and Veterans' Administrations	5,973	6,087	8,801	10,057	10,733	11,332	11,480	11,768
32 One- to four-family	2,672	2,875	3,593	3,649	4,036	4,254	4,403	4,531
33 Multifamily	3,301	3,212	5,208	6,408	6,697	7,078	7,077	7,236
34 Resolution Trust Corporation	0	0	32,600	52,063	45,822	49,345	44,624	37,099
35 One- to four-family	0	0	15,800	21,957	14,535	15,458	15,032	12,614
36 Multifamily	0	0	8,064	14,451	15,018	16,266	13,316	11,130
37 Commercial	0	0	8,736	15,655	16,269	17,621	16,276	13,356
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	103,013	110,721	116,628	125,451	128,983	136,506	142,148	144,904
40 One- to four-family	95,833	102,295	106,081	113,696	117,087	124,137	129,392	131,835
41 Multifamily	7,180	8,426	10,547	11,755	11,896	12,369	12,756	13,069
42 Federal Land Banks	32,115	29,640	29,416	29,053	28,777	28,776	28,775	28,775
43 One- to four-family	1,890	1,210	1,838	2,124	1,693	1,693	1,693	1,693
44 Farm	30,225	28,430	27,577	26,929	27,084	27,083	27,082	27,082
45 Federal Home Loan Mortgage Corporation	17,425	21,851	21,857	23,906	26,809	28,895	28,621	31,629
46 One- to four-family	15,077	18,248	19,185	21,489	24,125	26,182	26,001	29,039
47 Multifamily	2,348	3,603	2,672	2,417	2,684	2,713	2,620	2,591
48 Mortgage pools or trusts[5]	811,847	946,766	1,110,555	1,229,836	1,262,685	1,302,217	1,339,172	1,364,537
49 Government National Mortgage Association	340,527	368,367	403,613	422,500	425,295	421,977	422,922	422,255
50 One- to four-family	331,257	358,142	391,505	412,715	415,767	412,574	413,828	413,063
51 Multifamily	9,270	10,225	12,108	9,785	9,528	9,404	9,094	9,192
52 Federal Home Loan Mortgage Corporation	226,406	272,870	316,359	348,843	359,163	367,878	382,797	391,762
53 One- to four-family	219,988	266,060	308,369	341,183	351,906	360,887	376,177	385,400
54 Multifamily	6,418	6,810	7,990	7,660	7,257	6,991	6,620	6,362
55 Federal National Mortgage Association	178,250	228,232	299,833	351,917	371,984	389,853	413,226	429,935
56 One- to four-family	172,331	219,577	291,194	343,430	362,667	380,617	403,940	420,835
57 Multifamily	5,919	8,655	8,639	8,487	9,317	9,236	9,286	9,100
58 Farmers Home Administration[4]	104	80	66	52	47	43	43	41
59 One- to four-family	26	21	17	12	11	10	9	9
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	38	26	24	20	19	18	18	18
62 Farm	40	33	26	20	17	16	15	14
63 Private Mortgage Conduits[5]	66,560	77,217	90,684	106,523	106,196	122,465	120,184	120,545
64 One- to four-family	66,560	77,217	90,684	105,023	104,196	119,825	120,184	120,545
65 Multifamily	0	0	0	1,500	2,000	2,640	0	0
66 Commercial	0	0	0	0	0	0	0	0
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	444,175	487,174	522,096	531,734	527,013	541,911	550,284	553,724
69 One- to four-family	266,933	299,986	328,748	333,116	326,860	338,392	346,173	348,405
70 Multifamily	84,389	84,980	87,643	87,149	87,244	86,863	86,538	86,684
71 Commercial	73,423	82,814	86,408	92,360	93,876	97,690	98,687	100,047
72 Farm	19,431	19,395	19,298	19,109	19,034	18,966	18,887	18,588

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by institutions insured by the Federal Savings and Loan Insurance Corporation include loans in process and other contra-assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1989	1990	1991	1992					
				June	July	Aug.	Sept.	Oct.[r]	Nov.
	Seasonally adjusted								
1 **Total**	**716,825**	**735,338**	**727,799**	**722,919**	**721,820**	**720,664**	**722,104**	**722,668**	**723,890**
2 Automobile	292,002	284,993	263,003	257,339	257,743	256,944	257,384	257,101	257,809
3 Revolving	199,308	222,950	242,785	247,418	247,332	248,043	250,017	250,485	250,585
4 Other	225,515	227,395	222,012	218,162	216,744	215,677	214,703	215,082	215,496
	Not seasonally adjusted								
5 **Total**	**728,877**	**748,524**	**742,058**	**719,845**	**718,599**	**721,985**	**724,198**	**723,058**	**725,620**
By major holder									
6 Commercial banks	342,770	347,087	339,565	324,171	323,899	323,866	324,046	324,697	324,833
7 Finance companies	138,858	133,863	121,901	116,690	117,002	117,175	116,650	116,304	116,414
8 Credit unions	93,114	93,057	92,254	92,340	91,778	92,270	92,698	92,686	92,858
9 Retailers	44,154	44,822	44,030	37,438	37,219	38,791	38,778	39,299	40,739
10 Savings institutions	57,253	46,969	40,315	35,782	35,552	35,378	35,069	34,164	33,914
11 Gasoline companies	3,935	4,822	4,362	4,360	4,506	4,542	4,499	4,452	4,365
12 Pools of securitized assets[2]	48,793	77,904	99,631	109,064	108,643	109,963	112,458	111,456	112,497
By major type of credit[3]									
13 Automobile	292,060	285,050	263,108	257,442	258,104	259,128	260,395	259,312	258,608
14 Commercial banks	126,288	124,913	111,912	106,645	107,722	107,978	108,355	108,068	107,697
15 Finance companies	84,126	75,045	63,413	60,056	60,400	60,393	59,806	59,290	58,286
16 Pools of securitized assets[2]	18,185	24,428	28,057	31,024	30,454	30,826	31,971	31,757	32,222
17 Revolving	210,310	235,056	255,895	245,092	244,661	247,051	248,692	248,556	251,387
18 Commercial banks	130,811	133,385	137,968	127,925	127,476	126,922	127,234	127,257	128,140
19 Retailers	39,583	40,003	39,352	32,844	32,617	34,167	34,148	34,654	36,057
20 Gasoline companies	3,935	4,822	4,362	4,360	4,506	4,542	4,499	4,452	4,365
21 Pools of securitized assets[2]	23,477	44,335	60,139	65,784	65,791	66,985	68,252	67,699	68,215
22 Other	226,507	228,418	223,055	217,311	215,834	215,806	215,111	215,190	215,625
23 Commercial banks	85,671	88,789	89,685	89,601	88,701	88,966	88,457	89,372	88,996
24 Finance companies	54,732	58,818	58,488	56,634	56,602	56,782	56,844	57,014	58,128
25 Retailers	4,571	4,819	4,678	4,594	4,602	4,624	4,630	4,645	4,682
26 Pools of securitized assets[2]	7,131	9,141	11,435	12,256	12,398	12,152	12,235	12,000	12,060

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

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

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.	Nov.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	12.07	11.78	11.14	9.52	n.a.	n.a.	9.15	n.a.	n.a.	8.60
2 24-month personal	15.44	15.46	15.18	14.28	n.a.	n.a.	13.94	n.a.	n.a.	13.55
3 120-month mobile home	14.11	14.02	13.70	12.82	n.a.	n.a.	12.57	n.a.	n.a.	12.36
4 Credit card	18.02	18.17	18.23	17.97	n.a.	n.a.	17.66	n.a.	n.a.	17.38
Auto finance companies										
5 New car	12.62	12.54	12.41	10.67	10.24	9.94	8.88	8.65	9.51	9.65
6 Used car	16.18	15.99	15.60	14.01	13.89	13.67	13.49	13.44	13.37	13.37
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.2	54.6	55.1	54.7	54.4	54.4	53.6	53.3	54.1	54.1
8 Used car	46.6	46.0	47.2	47.9	48.0	48.0	47.9	47.7	47.9	47.8
Loan-to-value ratio										
9 New car	91	87	88	89	89	89	90	90	89	89
10 Used car	97	95	96	97	97	97	97	97	97	97
Amount financed (dollars)										
11 New car	12,001	12,071	12,494	13,373	13,369	13,570	13,745	13,889	13,885	14,043
12 Used car	7,954	8,289	8,884	9,247	9,201	9,293	9,238	8,402	9,373	9,475

1. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1987	1988	1989	1990	1991	1991				1992		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**721.2**	**775.8**	**740.8**	**665.0**	**452.7**	**455.4**	**543.3**	**405.6**	**406.3**	**667.5**	**535.1**	**379.9**
By sector and instrument												
2 U.S. government	143.9	155.1	146.4	246.9	278.2	227.4	276.7	288.4	320.4	368.9	351.9	193.4
3 Treasury securities	142.4	137.7	144.7	238.7	292.0	251.4	282.9	317.2	316.6	380.1	351.5	184.4
4 Agency issues and mortgages	1.5	17.4	1.6	8.2	−13.8	−24.0	−6.2	−28.8	3.8	−11.2	.4	9.0
5 Private	577.3	620.7	594.4	418.2	174.4	228.0	266.6	117.2	85.9	298.6	183.2	186.5
By instrument												
6 Debt capital instruments	487.2	474.1	441.8	342.3	254.6	296.1	329.9	182.0	210.6	312.9	218.4	196.4
7 Tax-exempt obligations	83.5	53.7	65.0	51.2	45.8	35.6	48.5	53.5	45.5	52.0	73.0	52.3
8 Corporate bonds	78.8	103.1	73.8	47.1	78.8	76.7	96.5	81.7	60.3	76.3	77.5	61.3
9 Mortgages	325.0	317.3	303.0	244.0	130.0	183.8	184.8	46.8	104.8	184.7	67.9	82.8
10 Home mortgages	235.3	241.8	245.3	219.4	142.2	153.0	158.1	122.4	135.1	209.6	121.6	147.2
11 Multifamily residential	24.4	16.7	16.4	3.7	−2.0	6.3	12.5	−29.4	2.7	−1.3	−31.6	−10.7
12 Commercial	71.6	60.8	42.7	21.0	−9.4	24.6	14.9	−43.8	−33.1	−22.6	−24.9	−54.7
13 Farm	−6.4	−2.1	−1.5	−.1	−.8	−.1	−.7	−2.5	.0	−1.1	2.7	1.1
14 Other debt instruments	90.1	146.6	152.6	75.8	−80.2	−68.0	−63.3	−64.8	−124.7	−14.4	−35.2	−10.0
15 Consumer credit	32.9	50.1	41.7	17.5	−12.5	−10.4	−7.8	−24.0	−8.0	3.1	−12.4	.4
16 Bank loans n.e.c.	9.9	41.0	40.2	4.4	−33.4	−15.0	−34.5	−18.2	−66.1	−26.9	−21.5	−23.3
17 Open market paper	1.6	11.9	21.4	9.7	−18.4	−14.3	−15.9	−36.3	−7.0	12.6	−3.4	1.7
18 Other	45.7	43.6	49.3	44.2	−15.8	−28.3	−5.2	13.7	−43.6	−3.2	2.1	11.2
By borrowing sector												
19 State and local government	83.0	48.9	63.2	48.3	38.5	36.0	38.6	37.6	41.9	46.1	63.4	50.0
20 Household	296.4	318.6	305.6	254.2	158.0	160.8	188.8	136.1	146.3	217.1	143.3	148.1
21 Nonfinancial business	197.8	253.1	225.6	115.6	−22.1	31.2	39.2	−56.5	−102.4	35.4	−23.4	−11.7
22 Farm	−10.6	−7.5	1.6	2.5	.9	3.9	2.1	−.3	−2.2	−1.6	7.1	2.4
23 Nonfarm noncorporate	65.3	61.8	50.4	26.7	−23.6	13.2	9.8	−65.9	−51.5	−20.7	−65.6	−51.4
24 Corporate	143.1	198.8	173.6	86.4	.6	14.0	27.2	9.7	−48.7	57.7	35.2	37.4
25 Foreign net borrowing in United States	6.2	6.4	10.2	23.9	14.1	63.1	−63.2	15.6	41.0	9.9	55.9	30.1
26 Bonds	7.4	6.9	4.9	21.4	14.9	11.1	10.6	15.5	22.3	4.9	22.8	23.2
27 Bank loans n.e.c.	−3.6	−1.8	−.1	−2.9	3.1	8.1	−3.5	1.4	6.5	1.5	14.1	3.4
28 Open market paper	3.8	8.7	13.1	12.3	6.4	46.7	−51.9	16.0	14.9	−7.8	27.7	12.8
29 U.S. government loans	−1.4	−7.5	−7.6	−6.9	−10.2	−2.8	−18.3	−17.2	−2.7	11.4	−8.8	−9.3
30 **Total domestic plus foreign**	**727.4**	**782.2**	**750.9**	**688.9**	**466.8**	**518.5**	**480.1**	**421.2**	**447.3**	**677.3**	**591.0**	**410.1**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**259.0**	**211.4**	**220.1**	**187.1**	**139.2**	**108.9**	**104.0**	**143.4**	**200.5**	**108.9**	**218.4**	**246.2**
By instrument												
32 U.S. government-related	171.8	119.8	151.0	167.4	147.7	154.6	127.4	156.3	152.7	126.8	199.5	152.9
33 Sponsored-credit-agency securities	30.2	44.9	25.2	17.1	9.2	13.1	−29.7	20.6	32.6	11.5	48.3	62.3
34 Mortgage pool securities	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
35 Loans from U.S. government	−.8	.0	.0	−.1	.0	.0	.0	.0	−.1	.0	.0	.0
36 Private	87.2	91.7	69.1	19.7	−8.6	−45.7	−23.4	−12.9	47.8	−17.9	18.9	93.2
37 Corporate bonds	39.1	16.2	46.8	34.4	57.7	41.4	72.4	29.5	87.5	−25.1	25.5	54.5
38 Mortgages	.4	.3	.0	.3	.6	.1	.9	−.2	1.5	.9	.1	.1
39 Bank loans n.e.c.	−3.6	.6	1.9	1.2	3.2	1.0	−2.9	10.2	4.5	8.2	3.9	5.5
40 Open market paper	26.9	54.8	31.3	8.6	−32.0	−52.5	−46.0	−16.7	−12.7	7.6	−16.3	11.8
41 Loans from Federal Home Loan Banks	24.4	19.7	−11.0	−24.7	−38.0	−35.8	−47.7	−35.7	−33.0	−9.5	5.7	21.3
By borrowing sector												
42 Sponsored credit agencies	29.5	44.9	25.2	17.0	9.1	13.1	−29.7	20.6	32.5	11.5	48.3	62.3
43 Mortgage pools	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
44 Private	87.2	91.7	69.1	19.7	−8.6	−45.7	−23.4	−12.9	47.8	−17.9	18.9	93.2
45 Commercial banks	6.2	−3.0	−1.4	−1.1	−13.3	−18.4	−11.7	−9.2	−14.1	7.2	.8	1.6
46 Bank affiliates	14.3	5.2	6.2	−27.7	−2.5	−9.3	−3.5	−6.8	9.6	2.7	−8.2	2.2
47 Savings and loan associations	19.6	19.9	−14.1	−29.9	−39.5	−42.9	−48.7	−41.1	−25.1	−20.3	2.7	10.1
48 Mutual savings banks	8.1	1.9	−1.4	−.5	−3.5	2.0	−1.7	−5.5	−8.7	4.3	.3	8.3
49 Finance companies	−.5	31.5	59.7	35.6	14.5	−10.3	3.4	12.2	52.9	−39.0	−20.9	34.6
50 Real estate investment trusts (REITs)	.4	3.6	−1.9	−1.9	.0	.1	.1	−.9	.8	4.6	.9	−.7
51 Securitized credit obligation (SCO) issuers	39.1	32.5	22.0	45.2	35.6	33.2	38.7	38.5	32.3	22.5	43.2	37.1

1.57—Continued

Transaction category or sector	1987	1988	1989	1990	1991	1991 Q1	1991 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3
	All sectors											
52 **Total net borrowing, all sectors**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0**	**627.4**	**584.1**	**564.6**	**647.7**	**786.2**	**809.4**	**656.2**
53 U.S. government securities	316.4	274.9	297.3	414.4	426.0	382.0	404.1	444.8	473.2	495.7	551.4	346.4
54 State and local obligations	83.5	53.7	65.0	51.2	45.8	35.6	48.5	53.5	45.5	52.0	73.0	52.3
55 Corporate and foreign bonds	125.2	126.3	125.5	102.9	151.4	129.2	179.5	126.6	170.1	56.0	125.9	139.0
56 Mortgages	325.4	317.5	303.0	244.3	130.6	183.9	185.8	46.5	106.2	185.6	67.9	82.9
57 Consumer credit	32.9	50.1	41.7	17.5	-12.5	-10.4	-7.8	-24.0	-8.0	3.1	-12.4	.4
58 Bank loans n.e.c.	2.7	39.9	41.9	2.8	-27.1	-5.9	-40.9	-6.7	-55.1	-17.2	-3.5	-14.3
59 Open market paper	32.3	75.4	65.9	30.7	-44.0	-20.2	-113.8	-37.0	-4.9	12.4	8.1	26.3
60 Other loans	68.0	55.8	30.6	12.4	-64.2	-66.9	-71.2	-39.1	-79.3	-1.3	-1.0	23.3
	External corporate equity funds raised in United States											
61 **Total net share issues**	7.1	-118.4	-65.7	22.1	198.8	112.4	182.3	231.8	268.9	271.7	281.5	305.3
62 Mutual funds	70.2	6.1	38.5	67.9	150.5	98.1	125.6	182.5	195.9	189.8	223.3	249.2
63 All other	-63.2	-124.5	-104.2	-45.8	48.3	14.3	56.7	49.3	72.9	81.9	58.2	56.2
64 Nonfinancial corporations	-75.5	-129.5	-124.2	-63.0	18.3	-6.0	12.0	19.0	48.0	46.0	36.0	11.0
65 Financial corporations	14.5	4.1	2.7	9.8	-.1	-6.7	8.1	-3.8	2.0	6.0	9.7	9.2
66 Foreign shares purchased in United States	-2.1	.9	17.2	7.4	30.2	27.0	36.6	34.1	22.9	29.9	12.5	36.0

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1987	1988	1989	1990	1991	1991 Q1	1991 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0**	**627.4**	**584.1**	**564.6**	**647.7**	**786.2**	**809.4**	**656.2**
2 Private domestic nonfinancial sectors	237.4	226.2	209.6	203.8	21.6	49.4	190.5	-135.3	-18.2	139.2	73.5	-252.7
3 Households	180.7	198.9	179.5	172.3	-13.7	13.3	174.1	-177.9	-64.4	160.0	47.6	-276.4
4 Nonfarm noncorporate business	-5.6	3.1	-.8	-1.4	-1.9	-1.8	-2.0	-1.6	-2.1	-1.9	-2.5	-1.9
5 Nonfinancial corporate business	18.5	5.7	12.9	6.6	20.9	-7.6	29.0	32.2	30.1	-2.9	21.4	38.0
6 State and local governments	43.9	18.6	17.9	26.2	16.3	45.4	-10.6	12.1	18.2	-16.1	7.1	-12.3
7 U.S. government	-7.9	-10.6	-3.1	33.7	10.0	35.2	24.8	-2.1	-17.9	13.9	-25.1	-27.8
8 Foreign	61.8	96.3	74.1	58.4	44.7	19.1	51.4	37.3	71.0	88.4	142.5	58.4
9 Financial sectors	695.0	681.8	690.4	580.2	529.7	523.8	317.4	664.7	612.9	544.7	618.4	878.3
10 Sponsored credit agencies	27.0	37.1	-.5	16.4	14.2	27.4	-22.3	33.7	17.8	93.0	39.9	73.9
11 Mortgage pools	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
12 Monetary authority	24.7	10.5	-7.3	8.1	31.1	58.1	-4.0	48.1	22.3	33.2	9.8	10.8
13 Commercial banking	135.3	157.1	176.8	125.4	84.0	114.4	34.7	82.4	104.3	98.9	58.4	101.5
14 U.S. commercial banks	99.1	127.1	145.7	95.2	38.9	77.0	6.4	26.5	45.6	91.9	.5	105.2
15 Foreign banking offices	34.2	29.4	26.7	28.4	48.5	42.2	33.7	56.7	61.3	.6	58.6	-2.7
16 Bank affiliates	2.0	-.1	2.8	-2.8	-1.5	-4.7	-2.6	2.4	-1.1	6.4	-.6	-1.4
17 Banks in U.S. possession	.1	.7	1.6	4.5	-1.9	-.1	-2.8	-3.3	-1.5	.0	-.1	.4
18 Private nonbank finance	365.8	402.2	395.7	279.9	261.8	182.3	152.0	364.7	348.3	204.4	359.2	601.5
19 Thrift institutions	136.9	119.0	-91.0	-151.9	-144.9	-188.3	-164.8	-176.8	-49.7	-113.3	-81.6	-21.8
20 Savings and loan associations	93.5	87.4	-93.9	-143.9	-140.9	-179.8	-144.0	-156.3	-83.3	-137.9	-92.4	-14.5
21 Mutual savings banks	25.6	15.3	-4.8	-16.5	-15.5	-11.7	-31.1	-30.8	11.5	7.6	-7.4	-17.5
22 Credit unions	17.8	16.3	7.7	8.5	11.5	3.3	10.2	10.3	22.2	17.0	18.3	10.2
23 Insurance	153.5	186.2	207.7	188.5	215.4	236.2	219.5	254.5	151.4	120.4	192.9	224.6
24 Life insurance companies	91.7	103.8	93.1	94.4	83.2	112.9	132.8	73.8	13.2	80.6	92.5	98.7
25 Other insurance companies	39.5	29.2	29.7	26.5	34.7	32.7	37.0	36.8	32.1	33.1	22.2	2.5
26 Private pension funds	-4.7	18.1	36.2	16.6	60.6	42.1	.7	110.5	89.2	-22.5	51.9	88.7
27 State and local government retirement funds	27.0	35.1	48.7	51.0	37.0	48.5	49.0	33.4	17.0	29.2	26.3	34.7
28 Finance n.e.c.	75.4	96.9	278.9	243.3	191.3	134.4	97.4	287.0	246.5	197.2	247.9	398.7
29 Finance companies	38.2	49.2	69.3	41.6	-13.1	-18.5	-14.5	-5.2	-14.1	.8	-23.0	18.9
30 Mutual funds	25.8	11.9	23.8	41.4	90.3	44.0	75.3	117.1	124.8	105.3	156.1	172.3
31 Money market funds	1.8	10.7	67.1	80.9	30.1	134.2	-68.9	1.1	53.9	61.8	-20.9	-16.3
32 Real estate investment trusts (REITs)	1.0	.9	.5	-.7	-.7	-1.6	-.1	-.3	-.9	-.7	2.6	2.6
33 Brokers and dealers	-30.6	-8.2	96.3	34.9	49.0	-56.9	66.8	135.8	50.5	7.5	89.8	184.0
34 Securitized credit obligation (SCOs) issuers	39.1	32.5	22.0	45.2	35.6	33.2	38.7	38.5	32.3	22.5	43.2	37.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0**	**627.4**	**584.1**	**564.6**	**647.7**	**786.2**	**809.4**	**656.2**
Other financial sources												
36 Official foreign exchange	-9.7	4.0	24.8	2.0	-5.9	1.5	-4.8	-15.5	-5.0	3.5	-6.5	2.5
37 Treasury currency and special drawing rights	.5	.5	4.1	2.5	.0	-1.2	.4	.4	.5	.1	.3	.2
38 Life insurance reserves	26.0	25.3	28.8	25.7	22.0	27.9	31.4	19.4	9.2	21.2	30.3	19.9
39 Pension fund reserves	104.5	193.6	221.4	186.8	263.5	284.1	197.9	339.6	232.5	145.9	185.5	312.2
40 Interbank claims	34.8	2.9	-16.5	34.2	-5.0	-3.0	-79.8	99.5	-36.8	48.8	27.4	120.8
41 Deposits at financial institutions	141.1	259.9	290.0	96.8	61.1	244.8	-75.4	27.3	47.8	93.2	-47.4	191.7
42 Checkable deposits and currency	4.1	43.2	6.1	44.2	75.8	76.2	7.9	104.5	114.4	89.0	93.2	202.2
43 Small time and savings deposits	76.3	120.8	96.7	59.9	16.7	97.3	-1.1	-42.4	13.0	-27.7	-88.5	-73.3
44 Large time deposits	50.6	53.6	17.6	-66.7	-60.9	15.1	-63.0	-78.1	-117.4	-81.3	-106.0	-63.5
45 Money market fund shares	24.0	21.9	90.1	70.3	41.3	193.0	-58.7	4.0	26.8	106.1	-38.3	-13.0
46 Security repurchase agreements	-10.9	23.5	78.3	-23.5	-16.4	-160.7	43.1	36.3	16.0	15.5	136.7	135.4
47 Foreign deposits	-3.1	-3.1	1.1	12.6	4.6	24.0	-3.6	3.0	-5.0	-8.3	-44.5	4.0
48 Mutual fund shares	70.2	6.1	38.5	67.9	150.5	98.1	125.6	182.5	195.9	189.8	223.3	249.2
49 Corporate equities	-63.2	-124.5	-104.2	-45.8	48.3	14.3	56.7	49.3	72.9	81.9	58.2	56.2
50 Security credit	-27.4	3.0	15.6	3.5	51.4	-17.5	20.1	82.4	120.7	-70.0	-4.3	73.6
51 Trade debt	57.7	89.2	60.0	44.1	10.3	-39.6	41.1	47.5	-7.7	82.6	45.5	42.1
52 Taxes payable	5.4	5.3	2.0	-.5	-9.1	-34.8	-11.5	13.0	-3.3	-4.4	14.2	-4.3
53 Noncorporate proprietors' equity	-60.9	-31.2	-32.5	-39.3	-1.4	-21.5	-34.1	44.9	5.1	-24.6	12.5	1.1
54 Miscellaneous	241.2	222.3	269.9	120.5	145.0	219.6	65.0	52.3	243.2	124.5	298.9	190.0
55 **Total financial sources**	**1,506.7**	**1,650.2**	**1,772.7**	**1,374.3**	**1,336.8**	**1,400.3**	**916.7**	**1,507.3**	**1,522.9**	**1,478.7**	**1,647.2**	**1,911.4**
Floats not included in assets (-)												
56 U.S. government checking deposits	.0	1.6	8.4	3.3	-13.1	-18.8	15.6	23.9	-73.1	4.4	-11.7	.4
57 Other checkable deposits	.4	.8	-3.2	2.5	2.0	13.3	3.0	-2.1	-6.1	-13.3	-17.5	-23.9
58 Trade credit	-8.5	-.9	.6	21.5	18.3	9.8	40.5	27.1	-4.0	14.7	-12.1	-6.5
Liabilities not identified as assets (-)												
59 Treasury currency	-.1	-.1	-.2	.2	-.6	-1.9	-.3	-.2	-.1	-.4	-.1	-.3
60 Interbank claims	-4.0	-3.0	-4.4	1.6	26.2	55.3	20.8	28.4	.2	13.4	-15.1	-8.4
61 Security repurchase agreements	-21.2	-29.8	23.9	-34.8	10.4	-115.4	76.2	36.9	44.0	-41.1	101.5	67.7
62 Taxes payable	6.7	6.3	2.3	6.5	7.4	-14.4	2.0	23.4	18.5	-18.3	29.5	11.9
63 Miscellaneous	10.0	4.4	-95.6	-13.8	-29.9	-119.9	9.3	-194.2	185.0	-78.0	-64.4	36.3
64 **Totals identified to sectors as assets**	**1,523.4**	**1,670.7**	**1,841.0**	**1,387.5**	**1,316.1**	**1,592.2**	**749.5**	**1,564.2**	**1,358.6**	**1,597.2**	**1,637.2**	**1,834.3**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1988	1989	1990	1991	1991 Q1	1991 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**9,316.3**	**10,087.1**	**10,760.8**	**11,210.8**	**10,832.3**	**10,960.3**	**11,082.5**	**11,210.8**	**11,336.7**	**11,464.8**	**11,583.6**
By lending sector and instrument											
2 U.S. government	2,104.9	2,251.2	2,498.1	2,776.4	2,548.8	2,591.9	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9
3 Treasury securities	2,082.3	2,227.0	2,465.8	2,757.8	2,522.4	2,567.1	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7
4 Agency issues and mortgages	22.6	24.2	32.4	18.6	26.4	24.8	17.6	18.6	15.8	15.9	18.1
5 Private	7,211.4	7,835.9	8,262.6	8,434.5	8,283.5	8,368.3	8,395.3	8,434.5	8,477.0	8,541.5	8,584.8
By instrument											
6 Debt capital instruments	5,119.0	5,577.9	5,936.0	6,190.6	5,997.7	6,087.5	6,138.4	6,190.6	6,256.9	6,319.4	6,373.9
7 Tax-exempt obligations	939.4	1,004.4	1,055.6	1,101.4	1,061.5	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6
8 Corporate bonds	852.2	926.1	973.2	1,052.0	992.3	1,016.5	1,036.9	1,052.0	1,071.0	1,090.4	1,105.7
9 Mortgages	3,327.3	3,647.5	3,907.3	4,037.3	3,943.8	3,998.6	4,012.2	4,037.3	4,074.4	4,100.5	4,122.6
10 Home mortgages	2,257.5	2,515.1	2,760.0	2,902.1	2,788.9	2,836.9	2,869.5	2,902.1	2,945.5	2,985.0	3,023.2
11 Multifamily residential	286.7	304.4	305.8	303.8	307.3	310.4	303.1	303.8	303.5	295.6	292.9
12 Commercial	696.4	742.6	757.6	748.2	763.7	767.4	756.5	748.2	742.6	736.4	722.7
13 Farm	86.8	85.3	84.0	83.2	83.9	83.8	83.1	83.2	82.9	83.6	83.8
14 Other debt instruments	2,092.5	2,258.0	2,326.7	2,243.9	2,285.8	2,280.8	2,256.9	2,243.9	2,220.0	2,222.1	2,210.9
15 Consumer credit	742.1	791.8	809.3	796.7	785.3	786.7	785.9	796.7	775.7	775.8	781.1
16 Bank loans n.e.c.	710.6	760.7	758.0	724.6	748.3	742.0	734.1	724.6	712.5	709.4	699.6
17 Open market paper	85.7	107.1	116.9	98.5	120.8	119.4	107.0	98.5	110.3	111.7	108.3
18 Other	554.1	598.4	642.6	624.1	631.5	632.6	629.8	624.1	621.6	625.1	621.9
By borrowing sector											
19 State and local government	752.5	815.7	864.0	902.5	870.1	878.5	891.4	902.5	911.3	925.9	942.3
20 Household	3,177.3	3,508.2	3,780.6	3,938.6	3,788.3	3,848.3	3,888.7	3,938.6	3,960.8	4,009.9	4,051.6
21 Nonfinancial business	3,281.6	3,512.0	3,618.0	3,593.3	3,625.2	3,641.5	3,615.3	3,593.3	3,604.9	3,605.8	3,590.9
22 Farm	137.6	139.2	140.5	138.8	136.8	139.6	140.4	138.8	136.3	140.2	141.7
23 Nonfarm noncorporate	1,127.1	1,177.5	1,204.2	1,180.6	1,207.1	1,210.8	1,191.0	1,180.6	1,174.9	1,160.0	1,144.0
24 Corporate	2,016.9	2,195.3	2,273.4	2,273.9	2,281.3	2,291.1	2,283.9	2,273.9	2,293.7	2,305.6	2,305.2
25 **Foreign credit market debt held in United States**	**244.6**	**254.8**	**278.6**	**292.7**	**291.3**	**277.6**	**282.2**	**292.7**	**282.4**	**298.5**	**307.0**
26 Bonds	83.1	88.0	109.4	124.2	112.1	114.8	118.6	124.2	125.4	131.1	137.0
27 Bank loans n.e.c.	21.5	21.4	18.5	21.6	20.5	19.7	20.0	21.6	22.0	25.5	26.4
28 Open market paper	49.9	63.0	75.3	81.8	87.0	74.0	78.0	81.8	70.5	77.5	80.7
29 U.S. government loans	90.1	82.4	75.4	65.2	71.6	69.1	65.6	65.2	64.4	64.4	63.1
30 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**9,560.9**	**10,341.9**	**11,039.4**	**11,503.6**	**11,123.6**	**11,237.9**	**11,364.7**	**11,503.6**	**11,619.1**	**11,763.3**	**11,890.7**
	Financial sectors										
31 **Total credit market debt owed by financial sectors**	**2,082.9**	**2,333.0**	**2,524.2**	**2,667.8**	**2,546.3**	**2,571.4**	**2,608.2**	**2,667.8**	**2,686.9**	**2,739.9**	**2,802.6**
By instrument											
32 U.S. government-related	1,098.4	1,249.3	1,418.4	1,566.2	1,452.1	1,482.8	1,524.4	1,566.2	1,592.9	1,641.6	1,682.2
33 Sponsored credit-agency securities	348.1	373.3	393.7	402.9	397.0	389.6	394.7	402.9	405.7	417.8	433.4
34 Mortgage pool securities	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
35 Loans from U.S. government	5.0	5.0	4.9	4.8	4.9	4.9	4.9	4.8	4.8	4.8	4.8
36 Private	984.6	1,083.7	1,105.8	1,101.6	1,094.1	1,088.6	1,083.9	1,101.6	1,094.0	1,098.3	1,120.4
37 Corporate bonds	415.1	491.9	528.2	590.2	545.4	562.2	569.5	590.2	578.2	583.2	597.0
38 Mortgages	3.4	3.4	4.2	4.8	4.2	4.5	4.4	4.8	5.0	5.0	5.1
39 Bank loans n.e.c.	35.6	37.5	38.6	41.8	36.5	37.0	39.0	41.8	41.6	43.7	44.5
40 Open market paper	377.7	409.1	417.7	385.7	400.9	390.1	387.0	385.7	392.9	389.5	393.7
41 Loans from Federal Home Loan Banks	152.8	141.8	117.1	79.1	107.0	94.7	83.9	79.1	76.3	76.9	80.2
By borrowing sector											
42 Sponsored credit agencies	353.1	378.3	398.5	407.7	401.8	394.4	399.5	407.7	410.5	422.6	438.2
43 Mortgage pools	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
44 Private financial sectors	984.6	1,083.7	1,105.8	1,101.6	1,094.1	1,088.6	1,083.9	1,101.6	1,094.0	1,098.3	1,120.4
45 Commercial banks	78.8	77.4	76.3	63.0	68.1	65.9	64.6	63.0	60.8	61.7	63.3
46 Bank affiliates	136.2	142.5	114.8	112.3	114.4	113.3	110.6	112.3	115.0	112.7	112.3
47 Savings and loan associations	159.3	145.2	115.3	75.9	104.2	91.0	79.0	75.9	71.2	70.3	71.0
48 Mutual savings banks	18.6	17.2	16.7	13.2	16.4	16.6	15.2	13.2	13.5	14.3	16.2
49 Finance companies	444.6	504.2	539.8	557.9	539.6	540.4	543.7	557.9	547.1	541.8	550.8
50 Real estate investment trusts (REITs)	11.4	10.1	10.6	11.4	10.8	11.0	11.0	11.4	12.7	13.2	13.2
51 Securitized credit obligation (SCO) issuers	135.7	187.1	232.3	268.0	240.6	250.3	259.9	268.0	273.6	284.4	293.7
	All sectors										
52 **Total credit market debt, domestic and foreign**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3**	**13,669.9**	**13,809.2**	**13,973.0**	**14,171.3**	**14,306.0**	**14,503.3**	**14,693.3**
53 U.S. government securities	3,198.3	3,495.6	3,911.7	4,337.7	3,996.1	4,069.8	4,206.7	4,337.7	4,447.8	4,560.1	4,676.2
54 State and local obligations	939.4	1,004.4	1,055.6	1,101.4	1,061.5	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6
55 Corporate and foreign bonds	1,350.4	1,506.0	1,610.7	1,766.4	1,649.9	1,693.5	1,725.0	1,766.4	1,774.6	1,804.7	1,839.7
56 Mortgages	3,330.7	3,650.9	3,911.5	4,042.1	3,948.1	4,003.1	4,016.7	4,042.1	4,079.4	4,105.5	4,127.6
57 Consumer credit	742.1	791.8	809.3	796.7	785.3	786.7	785.9	796.7	775.7	775.8	781.1
58 Bank loans n.e.c.	767.7	819.6	815.1	788.0	805.3	798.7	793.2	788.0	776.1	778.7	770.4
59 Open market paper	513.4	579.2	609.9	565.9	608.8	583.6	572.0	565.9	573.7	578.7	582.6
60 Other loans	801.9	827.5	839.9	773.2	814.9	801.4	784.2	773.2	767.1	771.2	770.0

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

	Transaction category or sector	1988	1989	1990	1991	1991				1992		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	CREDIT MARKET DEBT OUTSTANDING[2]											
1	**Total credit market assets**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3**	**13,669.9**	**13,809.2**	**13,973.0**	**14,171.3**	**14,306.0**	**14,503.3**	**14,693.3**
2	Private domestic nonfinancial sectors	2,185.5	2,440.5	2,644.2	2,490.8	2,634.3	2,653.8	2,648.2	2,490.8	2,496.1	2,487.1	2,456.8
3	Households	1,485.1	1,710.1	1,882.3	1,693.6	1,875.4	1,882.0	1,875.5	1,693.6	1,716.6	1,690.9	1,665.7
4	Nonfarm noncorporate business	57.2	56.4	55.0	53.1	53.8	53.3	52.9	53.1	51.9	51.3	50.8
5	Nonfinancial corporate business	167.4	180.3	186.9	207.9	174.5	189.7	189.9	207.9	196.2	210.7	211.0
6	State and local governments	475.8	493.7	519.9	536.2	530.6	528.8	530.0	536.2	531.4	534.2	529.4
7	U.S. government	213.2	205.1	238.7	246.2	245.5	252.9	252.0	246.2	250.2	245.2	237.8
8	Foreign	653.2	734.2	792.4	837.2	797.1	810.0	819.3	837.2	859.3	894.9	909.5
9	Financial sectors	8,592.0	9,295.1	9,888.3	10,597.2	9,992.9	10,092.6	10,253.3	10,597.2	10,700.4	10,876.1	11,089.1
10	Sponsored credit agencies	367.7	367.2	383.6	397.7	388.5	382.7	389.5	397.7	419.9	429.0	445.6
11	Mortgage pools	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
12	Monetary authority	240.6	233.3	241.4	272.5	247.3	253.7	264.7	272.5	271.8	282.6	285.2
13	Commercial banking	2,476.3	2,643.9	2,769.3	2,853.3	2,780.2	2,796.6	2,817.8	2,853.3	2,860.6	2,882.9	2,908.9
14	U.S. commercial banks	2,231.9	2,368.4	2,463.6	2,502.5	2,470.8	2,480.0	2,488.7	2,502.5	2,514.0	2,521.9	2,550.0
15	Foreign banking offices	215.6	242.3	270.8	319.2	275.6	284.4	297.5	319.2	313.3	328.2	326.6
16	Bank affiliates	13.4	16.2	13.4	11.9	12.3	11.3	11.6	11.9	13.6	13.1	12.5
17	Banks in U.S. possession	15.4	17.1	21.6	19.7	21.6	20.9	20.0	19.7	19.7	19.7	19.8
18	Private nonbank finance	4,762.1	5,179.7	5,474.1	5,915.1	5,526.7	5,571.2	5,656.5	5,915.1	5,965.8	6,062.6	6,205.3
19	Thrift institutions	1,572.0	1,484.9	1,335.5	1,190.6	1,287.8	1,248.4	1,205.1	1,190.6	1,161.8	1,143.0	1,137.5
20	Savings and loan associations	1,184.2	1,088.9	945.1	804.2	901.3	866.3	826.1	804.2	771.1	748.8	743.2
21	Mutual savings banks	240.6	241.1	227.1	211.5	224.1	216.4	208.7	211.5	213.4	211.6	207.2
22	Credit unions	147.2	154.9	163.4	174.9	162.3	165.7	170.2	174.9	177.2	182.6	187.1
23	Insurance	1,932.6	2,140.3	2,329.1	2,723.8	2,392.0	2,448.8	2,511.7	2,723.8	2,750.5	2,801.0	2,856.2
24	Life insurance companies	920.0	1,013.1	1,116.5	1,199.6	1,148.5	1,183.7	1,201.4	1,199.6	1,224.3	1,249.8	1,273.5
25	Other insurance companies	287.9	317.5	344.0	378.7	352.2	361.4	370.7	378.7	387.0	392.5	393.1
26	Private pension funds	358.5	394.7	431.3	671.1	441.8	442.0	469.6	671.1	657.6	670.5	692.7
27	State and local government retirement funds	366.2	414.9	437.4	474.3	449.5	461.7	470.1	474.3	481.6	488.2	496.9
28	Finance n.e.c.	1,257.5	1,554.5	1,809.4	2,000.7	1,846.9	1,874.0	1,939.7	2,000.7	2,053.6	2,118.6	2,211.6
29	Finance companies	559.2	617.1	658.7	645.6	649.4	651.7	647.4	645.6	641.0	641.6	642.5
30	Mutual funds	283.4	307.2	360.2	450.5	374.6	394.4	421.4	450.5	480.3	520.4	561.2
31	Money market funds	224.7	291.8	372.7	402.8	411.4	389.9	389.5	402.8	423.1	413.5	408.8
32	Real estate investment trusts (REITs)	7.8	8.4	7.7	7.0	7.3	7.3	7.2	7.0	6.8	7.5	8.1
33	Brokers and dealers	46.7	142.9	177.9	226.9	163.6	180.4	214.3	226.9	228.8	251.2	297.3
34	Securitized credit obligation (SCOs) issuers	135.7	187.1	232.3	268.0	240.6	250.3	259.9	268.0	273.6	284.4	293.7
	RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35	**Total credit market debt**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3**	**13,669.9**	**13,809.2**	**13,973.0**	**14,171.3**	**14,306.0**	**14,503.3**	**14,693.3**
	Other liabilities											
36	Official foreign exchange	27.1	53.6	61.3	55.4	56.6	53.6	52.9	55.4	52.7	54.4	55.4
37	Treasury currency and special drawing rights certificates	19.8	23.8	26.3	26.3	26.0	26.1	26.2	26.3	26.3	26.4	26.5
38	Life insurance reserves	325.5	354.3	380.0	402.0	385.0	392.3	397.2	402.0	407.3	414.9	419.8
39	Pension fund reserves	2,755.0	3,210.5	3,303.0	4,235.9	3,520.6	3,555.8	3,720.8	4,235.9	4,251.2	4,304.4	4,439.7
40	Interbank claims	46.9	32.4	64.0	63.9	59.2	35.8	60.7	63.9	64.2	69.2	100.6
41	Deposits at financial institutions	4,354.7	4,644.6	4,741.4	4,802.5	4,776.4	4,765.7	4,769.5	4,802.5	4,801.4	4,797.5	4,841.7
42	Checkable deposits and currency	882.8	888.6	932.8	1,008.5	905.1	933.1	948.3	1,008.5	984.7	1,032.8	1,071.9
43	Small time and savings deposits	2,169.2	2,265.4	2,325.3	2,342.0	2,355.3	2,351.5	2,339.7	2,342.0	2,341.3	2,315.3	2,296.4
44	Large time deposits	596.9	615.4	548.7	487.9	553.1	532.6	517.1	487.9	468.8	437.5	425.5
45	Money market fund shares	338.0	428.1	498.4	539.6	551.7	532.8	533.1	539.6	571.0	557.2	553.2
46	Security repurchase agreements	325.0	403.2	379.7	363.4	348.6	354.0	368.9	363.4	376.4	406.8	445.7
47	Foreign deposits	42.8	43.9	56.6	61.2	62.6	61.7	62.4	61.2	59.1	47.9	48.9
48	Mutual fund shares	478.3	566.2	602.1	812.4	661.6	683.7	744.2	812.4	859.3	936.7	1,013.4
49	Security credit	118.3	133.9	137.4	188.9	132.5	137.5	158.1	188.9	195.1	194.1	212.4
50	Trade debt	838.4	903.9	938.0	940.8	903.5	909.4	935.3	940.8	942.6	949.4	976.2
51	Taxes payable	79.8	81.8	81.4	72.2	75.1	65.8	71.8	72.2	73.5	70.1	72.2
52	Miscellaneous	2,312.0	2,508.3	2,678.8	2,813.7	2,688.6	2,691.0	2,729.0	2,813.7	2,816.2	2,870.5	2,929.0
53	**Total liabilities**	**22,999.5**	**25,188.3**	**26,577.2**	**28,585.4**	**26,954.9**	**27,125.9**	**27,638.6**	**28,585.4**	**28,795.8**	**29,190.9**	**29,780.2**
	Financial assets not included in liabilities (+)											
54	Gold and special drawing rights	40.0	40.3	41.3	41.6	40.7	40.7	41.1	41.6	41.3	41.5	23.2
55	Corporate equities	3,141.6	3,819.7	3,506.6	4,630.0	4,047.2	4,104.7	4,338.5	4,630.0	4,739.7	4,678.8	4,832.4
56	Household equity in noncorporate business	2,373.1	2,524.9	2,449.4	2,372.5	2,478.4	2,509.4	2,495.9	2,372.5	2,381.4	2,362.6	2,335.6
	Floats not included in assets (−)											
57	U.S. government checking deposits	5.9	6.1	15.0	3.8	5.2	8.3	19.8	3.8	.9	1.4	4.1
58	Other checkable deposits	29.6	26.5	28.9	30.9	26.7	29.9	23.6	30.9	22.0	20.1	8.3
59	Trade credit	−164.3	−159.7	−148.0	−134.1	−157.9	−157.7	−154.2	−134.1	−133.3	−148.6	−154.3
	Liabilities not identified as assets (−)											
60	Treasury currency	−4.1	−4.3	−4.1	−4.8	−4.6	−4.7	−4.7	−4.8	−4.9	−4.9	−5.0
61	Interbank claims	−28.5	−31.0	−32.0	−4.2	−15.5	−9.9	−4.7	−4.2	−1.8	−4.0	−7.4
62	Security repurchase agreements	−12.4	11.5	−23.3	−12.9	−39.6	25.8	−10.6	−12.9	−10.1	11.0	32.9
63	Taxes payable	21.4	20.6	21.8	18.8	21.4	11.7	17.5	18.8	16.6	12.4	9.4
64	Miscellaneous	−134.6	−253.3	−249.7	−451.6	−262.4	−244.5	−303.2	−451.6	−441.1	−441.2	−467.8
65	**Totals identified to sectors as assets**	**28,841.1**	**31,956.8**	**32,966.0**	**36,183.5**	**33,947.9**	**34,173.4**	**34,930.5**	**36,183.5**	**36,510.0**	**36,827.5**	**37,551.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 through L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, 1987=100 except as noted

Measure	1990	1991	1992	1992								
				Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
1 **Industrial production**[1]	**109.2**	**107.1**	**108.7**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.9**[r]	**109.7**	**110.1**	**110.5**
Market groupings												
2 Products, total	110.1	108.1	109.4	109.0	109.7	109.0	109.6	109.8	109.6[r]	110.7	111.1	111.4
3 Final, total	110.9	109.6	111.0	110.6	111.4	110.5	111.0	111.5	111.2[r]	112.4	112.9	113.5
4 Consumer goods	107.3	107.5	110.3	110.1	110.8	109.6	110.4	110.8	110.7[r]	111.9	112.0	112.4
5 Equipment	115.5	112.2	112.0	111.3	112.3	111.6	111.8	112.5	111.9	113.0	114.1	114.9
6 Intermediate	107.7	103.4	104.4	103.9	104.4	104.4	105.1	104.4	104.5[r]	105.4	105.4	105.1
7 Materials	107.8	105.5	107.5	106.8	107.7	107.6	109.0	108.1	107.9[r]	108.2	108.7	108.9
Industry groupings												
8 Manufacturing	109.9	107.4	109.7	109.0	109.9	109.6	110.2	110.1	109.8[r]	110.6	111.1	111.7
9 Capacity utilization, manufacturing (percent)[2]	82.3	78.2	77.8	77.7	78.2	77.8	78.1	77.9	77.5[r]	77.9	78.2	78.4
10 Construction contracts[3]	95.3	89.5	n.a.	93.0	86.0	90.0	89.0	90.0	89.0	104.0	92.0	n.a.
11 Nonagricultural employment, total[4]	107.5	106.0	106.1	106.0	106.2	106.1	106.3	106.2	106.2	106.2	106.3	106.4
12 Goods-producing, total	101.0	96.4	94.8	95.2	95.3	95.0	94.9	94.6	94.3	94.2	94.2	94.2
13 Manufacturing, total	100.5	97.0	95.6	96.1	96.1	95.9	95.9	95.4	95.2	94.9	95.0	95.0
14 Manufacturing, production worker	100.1	96.1	95.2	95.7	95.7	95.4	95.5	94.9	94.6	94.3	94.7	94.7
15 Service-producing	109.5	109.0	109.7	109.5	109.6	109.6	109.9	109.9	110.0	110.1	110.2	110.3
16 Personal income, total	122.7	127.0	n.a.	131.9	132.4	132.5	132.8[r]	133.0[r]	133.6	135.2	135.5	n.a.
17 Wages and salary disbursements	121.3	124.4	n.a.	127.8	128.6	128.5	128.7[r]	129.6[r]	129.5[r]	130.4	131.3	n.a.
18 Manufacturing	113.5	113.6	n.a.	115.0	115.5	115.1	115.5[r]	115.3[r]	115.3[r]	116.4	116.0	n.a.
19 Disposable personal income[5]	122.9	128.0	n.a.	133.8	134.2	134.4	134.5[r]	134.6[r]	135.2	136.8	137.0	n.a.
20 Retail sales[6]	118.7	119.8	125.6	123.5	124.1	124.0	125.4	125.5	126.5	129.2	128.5	130.0
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
22 Producer finished goods (1982=100)	119.2	121.7	123.2	122.4	123.2	123.9	123.7	123.6[r]	123.3	124.3	123.9	123.8

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Co., F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Bureau of the Census, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1992							
				May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**190,216**	**191,883**	**193,542**	**193,295**	**193,431**	**193,588**	**193,749**	**193,893**	**194,051**	**194,210**	**194,379**
2 Labor force (including Armed Forces)[1]	126,954	127,421	128,948	129,027[r]	129,274[r]	129,316[r]	129,363[r]	129,220[r]	128,986	129,259	129,461
3 Civilian labor force	124,787	125,303	126,982	127,039[r]	127,298[r]	127,350[r]	127,404[r]	127,274[r]	127,066	127,365	127,591
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	114,394[r]	114,266[r]	114,515[r]	114,562[r]	114,503[r]	114,518	114,855	115,049
5 Agriculture	3,186	3,233	3,207	3,186[r]	3,244[r]	3,207[r]	3,218	3,221[r]	3,169	3,209	3,262
Unemployment											
6 Number	6,874	8,426	9,384	9,459[r]	9,788[r]	9,628[r]	9,624[r]	9,550[r]	9,379	9,301	9,280
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.4[r]	7.7[r]	7.6[r]	7.6	7.5	7.4	7.3	7.3
8 Not in labor force	63,262	64,462	64,594	64,268[r]	64,157[r]	64,272[r]	64,386[r]	64,673[r]	65,065	64,951	64,918
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**109,872**	**108,310**	**108,434**	**108,496**	**108,423**	**108,594**	**108,485**	**108,497**	**108,571**	**108,647**	**108,711**
10 Manufacturing	19,117	18,455	18,192	18,275	18,236	18,242	18,145	18,102	18,046	18,071	18,074
11 Mining	710	691	635	641	634	633	626	620	623	622	620
12 Contract construction	5,133	4,685	4,594	4,632	4,600	4,584	4,591	4,574	4,601	4,584	4,579
13 Transportation and public utilities	5,808	5,772	5,741	5,745	5,745	5,742	5,729	5,738	5,731	5,733	5,737
14 Trade	25,877	25,328	25,120	25,143	25,144	25,156	25,070	25,079	25,115	25,099	25,107
15 Finance	6,729	6,678	6,672	6,681	6,672	6,660	6,661	6,669	6,680	6,669	6,677
16 Service	28,130	28,323	28,903	28,833	28,854	28,971	28,981	29,065	29,152	29,183	29,253
17 Government	18,304	18,380	18,578	18,546	18,538	18,606	18,682	18,650	18,623	18,686	18,664

1. Persons sixteen years of age and older. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
2. Includes self-employed, unpaid family, and domestic service workers.
3. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1984 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1992				1992				1992			
	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]	Q4
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)			
1 **Total industry**	**107.1**	**108.5**	**109.1**	**110.1**	**137.0**	**137.7**	**138.4**	**139.1**	**78.2**	**78.8**	**78.8**	**79.2**
2 Manufacturing	108.0	109.5	110.0	111.1	139.7	140.6	141.4	142.2	77.3	77.9	77.8	78.2
3 Primary processing	104.0	105.4	106.4	107.1	129.3	129.6	129.9	130.3	80.5	81.3	81.9	82.2
4 Advanced processing	109.9	111.4	111.7	113.0	144.6	145.6	146.7	147.7	76.0	76.5	76.2	76.5
5 Durable goods	106.6	108.4	108.8	110.2	143.7	144.4	145.2	146.0	74.2	75.0	74.9	75.5
6 Lumber and products	98.5	96.7	98.5	100.5	125.9	126.1	126.3	126.5	78.2	76.7	78.0	79.5
7 Primary metals	102.2	101.7	104.0	105.3	129.1	128.3	127.5	126.7	79.2	79.2	81.5	83.1
8 Iron and steel	103.8	101.6	104.6	107.4	134.1	132.7	131.2	129.8	77.4	76.6	79.7	82.7
9 Nonferrous	100.0	101.7	103.0	102.4	122.1	122.2	122.3	122.4	81.9	83.3	84.3	83.7
10 Nonelectrical machinery	122.1	125.7	128.8	132.1	164.3	165.9	167.4	168.9	74.3	75.8	76.9	78.2
11 Electrical machinery	110.5	111.8	112.6	113.5	147.9	149.1	150.4	151.6	74.7	75.0	74.9	74.8
12 Motor vehicles and parts	91.7	100.5	98.1	103.6	136.2	136.7	137.2	137.7	67.3	73.5	71.5	75.2
13 Aerospace and miscellaneous transportation equipment	99.3	96.8	94.9	93.7	140.4	140.9	141.5	142.1	70.8	68.7	67.1	65.9
14 Nondurable goods	109.8	110.9	111.6	112.3	134.8	135.6	136.5	137.4	81.5	81.7	81.8	81.7
15 Textile mill products	104.3	106.2	106.6	107.0	118.8	119.2	119.7	120.2	87.9	89.0	89.1	89.0
16 Paper and products	105.8	106.7	108.2	107.4	119.3	119.9	120.5	121.1	88.7	89.0	89.8	88.7
17 Chemicals and products	113.6	116.8	118.0	119.2	143.4	144.3	145.1	146.0	79.2	81.0	81.3	81.6
18 Plastics materials	124.4	129.7	132.4	...	148.7	150.5	152.2	...	83.7	86.2	87.0	...
19 Petroleum products	107.7	109.2	106.9	110.1	121.4	121.5	121.6	121.7	88.7	89.9	87.9	90.5
20 Mining	97.9	98.9	99.2	99.6	114.7	114.7	114.8	114.8	85.3	86.2	86.5	86.8
21 Utilities	107.0	107.4	109.4	109.4	129.5	129.8	130.1	130.4	82.6	82.7	84.1	83.9
22 Electric	109.7	110.3	113.2	112.5	125.6	126.0	126.4	126.8	87.3	87.6	89.5	88.7

Series	Previous cycle[2]		Latest cycle[3]		1991	1992							
	High	Low	High	Low	Dec.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]
	Capacity utilization rate (percent)												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**78.7**	**79.1**	**78.6**	**79.1**	**78.8**	**78.6**	**79.0**	**79.2**	**79.3**
2 Manufacturing	88.9	70.8	87.3	70.0	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.2	78.4
3 Primary processing	92.2	68.9	89.7	66.8	80.2	81.5	81.4	82.7	81.7	81.3	81.8	82.4	82.5
4 Advanced processing	87.5	72.0	86.3	71.4	76.6	76.8	76.3	76.2	76.3	76.0	76.4	76.5	76.8
5 Durable goods	88.8	68.5	86.9	65.0	74.8	75.5	75.0	75.2	75.2	74.4	75.1	75.5	75.9
6 Lumber and products	90.1	62.2	87.6	60.9	75.7	77.2	75.6	79.1	78.3	76.6	79.4	80.0	79.1
7 Primary metals	100.6	66.2	102.4	46.8	78.3	79.5	79.7	82.6	81.8	80.1	81.8	83.2	84.2
8 Iron and steel	105.8	66.6	110.4	38.3	75.5	77.0	77.0	80.8	79.5	78.8	81.5	82.5	84.0
9 Nonferrous	92.9	61.3	90.5	62.2	82.6	83.3	83.9	85.4	85.2	82.2	82.3	84.2	84.5
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	74.7	76.4	76.0	76.6	77.3	76.9	77.5	78.4	78.7
11 Electrical machinery	87.8	63.8	89.4	71.1	75.2	75.3	75.0	75.1	75.1	74.3	74.7	74.9	74.9
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	69.6	75.1	73.3	71.3	72.5	70.8	73.7	74.2	77.8
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	72.3	68.7	68.2	67.7	67.0	66.4	66.3	66.2	65.4
14 Nondurable goods	87.9	71.8	87.0	76.9	81.6	81.8	81.6	82.0	81.6	81.7	81.7	81.8	81.8
15 Textile mill products	92.0	60.4	91.7	73.8	86.5	89.6	88.2	89.6	88.7	88.9	88.2	89.1	89.7
16 Paper and products	96.9	69.0	94.2	82.0	90.0	88.3	89.3	91.1	88.2	90.0	87.8	89.2	89.0
17 Chemicals and products	87.9	69.9	85.1	70.1	78.9	81.1	81.3	81.5	81.1	81.4	81.3	81.8	81.8
18 Plastics materials	102.0	50.6	90.9	63.4	82.5	87.3	85.9	89.8	86.0	85.1	82.8	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	89.5	89.3	89.6	89.8	85.8	88.3	91.5	91.2	88.8
20 Mining	94.4	88.4	96.6	80.6	86.2	86.9	85.4	87.6	86.1	85.6	86.3	87.0	87.1
21 Utilities	95.6	82.5	88.3	76.2	83.4	82.7	82.1	84.1	83.6	84.6	85.1	84.1	82.5
22 Electric	99.0	82.7	88.3	78.7	87.7	87.5	87.0	89.5	89.2	89.9	90.0	89.0	87.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2. Monthly high, 1973; monthly low, 1975.
3. Monthly highs, 1978 through 1980; monthly lows, 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1992 avg.	1991 Dec.	1992 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**108.7**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.9**	**109.7**	**110.1**	**110.5**
2 Products	60.8	109.4	108.4	107.5	108.1	108.5	109.0	109.7	109.0	109.6	109.8	109.6	110.7	111.1	111.4
3 Final products	46.0	111.0	109.9	108.7	109.4	109.8	110.6	111.4	110.5	111.0	111.5	111.2	112.4	112.9	113.5
4 Consumer goods, total	26.0	110.3	109.1	108.1	108.8	109.3	110.1	110.8	109.6	110.4	110.8	110.7	111.9	112.0	112.4
5 Durable consumer goods	5.6	108.0	104.6	101.3	105.3	106.2	107.9	111.1	109.2	108.6	109.2	106.9	108.5	108.7	111.8
6 Automotive products	2.5	106.7	101.3	94.2	101.6	103.6	106.5	110.6	108.0	106.6	106.8	104.5	108.9	109.2	115.4
7 Autos and trucks	1.5	102.0	96.7	84.3	94.3	95.7	102.5	107.8	104.0	100.5	100.6	98.2	105.9	107.2	116.5
8 Autos, consumer	.9	90.0	88.2	79.1	84.8	81.9	93.1	98.6	97.6	92.3	87.2	88.1	88.5	89.4	97.7
9 Trucks, consumer	.6	122.1	111.0	93.0	110.2	118.8	118.3	123.3	114.8	114.3	123.1	115.1	135.1	137.1	148.1
10 Auto parts and allied goods	1.0	113.8	108.2	109.1	112.6	115.5	112.5	114.8	114.0	115.7	116.2	114.0	113.5	112.2	113.8
11 Other	3.1	109.1	107.2	106.9	108.3	108.3	109.1	111.5	110.2	110.3	111.1	108.9	108.2	108.3	108.9
12 Appliances, A/C, and TV	.8	104.8	98.9	99.6	102.9	103.5	103.4	107.4	106.2	102.3	110.6	108.5	104.5	103.1	104.6
13 Carpeting and furniture	.9	102.4	101.5	101.1	102.4	102.5	104.4	105.9	103.2	103.8	103.6	100.9	100.3	100.8	101.5
14 Miscellaneous home goods	1.4	115.8	115.5	114.7	115.0	114.7	115.2	117.3	116.9	118.8	116.1	114.2	115.3	116.0	116.1
15 Nondurable consumer goods	20.4	110.9	110.3	110.0	109.8	110.2	110.7	110.7	109.7	110.8	111.2	111.7	112.9	112.9	112.5
16 Foods and tobacco	9.1	108.4	107.0	107.3	107.4	107.8	107.6	107.7	107.2	108.6	110.1	108.9	109.5	109.5	109.5
17 Clothing	2.6	95.2	96.2	95.0	95.2	95.1	95.3	96.4	95.5	96.8	95.0	95.5	94.9	95.3	95.4
18 Chemical products	3.5	122.2	118.0	118.1	118.3	119.4	120.8	121.4	121.6	121.5	122.0	124.1	126.0	126.9	127.0
19 Paper products	2.5	124.4	126.8	126.8	124.7	124.6	125.1	124.3	121.7	121.9	121.8	124.2	125.6	126.5	126.5
20 Energy	2.7	106.7	109.3	106.8	106.4	107.0	108.9	107.2	104.8	107.4	106.2	108.1	111.9	109.6	106.9
21 Fuels	.7	104.7	104.3	103.8	103.5	103.7	105.1	104.0	104.4	105.3	99.0	103.5	110.3	107.9	105.7
22 Residential utilities	2.0	107.4	111.2	108.0	107.5	108.2	110.3	108.4	105.0	108.2	108.9	109.7	112.4	110.2	107.4
23 Equipment	20.0	112.0	110.9	109.4	110.2	110.4	111.3	112.3	111.6	111.8	112.5	111.9	113.0	114.1	114.9
24 Business equipment	13.9	124.5	121.4	119.9	121.0	121.5	123.0	124.5	124.1	124.4	125.9	125.4	126.8	128.3	129.4
25 Information processing and related	5.6	141.1	134.0	134.1	134.6	136.0	137.9	139.2	140.4	141.9	143.5	143.5	145.6	147.3	148.2
26 Office and computing	1.9	...	159.1	160.6	162.4	164.9	168.2	170.5	174.0	178.0	182.0	184.0	187.0	190.0	...
27 Industrial	4.0	102.3	102.3	100.7	101.3	101.3	101.7	103.4	102.9	103.4	102.7	101.6	102.0	103.9	104.4
28 Transit	2.5	131.4	129.5	124.2	129.2	128.9	131.7	133.3	131.8	128.7	132.6	130.4	133.2	133.7	137.0
29 Autos and trucks	1.2	101.3	96.1	84.9	94.7	95.0	101.3	105.6	101.7	98.1	101.3	99.1	105.6	107.7	114.4
30 Other	1.9	114.2	114.1	113.1	112.2	112.2	113.2	115.0	111.5	112.2	114.4	115.8	116.1	116.8	117.5
31 Defense and space equipment	5.4	83.0	88.1	86.7	86.2	85.6	84.7	84.2	83.6	82.7	81.8	81.1	80.5	80.0	79.4
32 Oil and gas well drilling	.6	78.3	75.8	71.8	73.9	76.2	79.2	79.2	74.6	78.6	75.0	74.4	80.2	85.2	88.5
33 Manufactured homes	.2	...	87.9	98.4	99.7	98.7	100.7	100.3	97.1	112.0	106.1	111.2	119.9	127.1	...
34 Intermediate products, total	14.7	104.4	103.8	103.9	104.0	104.4	103.9	104.4	104.4	105.1	104.4	104.5	105.4	105.4	105.1
35 Construction supplies	6.0	97.4	95.0	95.5	96.0	96.7	96.5	97.8	97.2	98.6	98.5	97.1	98.6	98.8	98.4
36 Business supplies	8.7	109.3	110.0	109.9	109.6	109.7	109.0	109.0	109.4	109.7	108.5	109.6	110.2	110.1	109.8
37 Materials	39.2	107.5	105.8	105.2	105.8	106.1	106.8	107.7	107.6	109.0	108.1	107.9	108.2	108.7	108.9
38 Durable goods materials	19.4	109.9	108.1	107.0	108.1	108.3	108.7	110.4	110.2	111.2	111.1	109.9	110.8	111.7	112.4
39 Durable consumer parts	4.2	100.8	97.0	95.3	97.1	97.9	99.3	102.5	102.9	101.8	103.9	102.3	102.6	102.8	103.3
40 Equipment parts	7.3	116.2	114.2	114.1	115.2	115.1	114.7	116.2	116.2	117.5	117.0	116.4	117.3	118.1	118.9
41 Other	7.9	108.9	108.4	106.7	107.5	107.5	108.1	109.2	108.7	110.2	109.5	108.1	109.2	110.4	111.3
42 Basic metal materials	2.8	108.6	108.1	105.1	107.3	106.3	106.3	108.3	107.7	111.5	110.9	108.1	108.3	111.1	111.9
43 Nondurable goods materials	9.0	109.7	107.1	107.3	107.1	108.9	109.4	109.7	110.4	111.7	110.3	110.5	109.6	110.7	110.8
44 Textile materials	1.2	102.7	98.5	98.9	101.5	102.0	103.2	102.9	102.3	103.9	102.9	103.9	102.7	104.0	104.7
45 Pulp and paper materials	1.9	109.6	109.6	107.4	106.8	107.8	109.2	107.8	110.8	111.8	108.9	112.7	109.6	111.0	110.5
46 Chemical materials	3.8	110.4	107.0	107.6	106.6	109.3	109.9	111.2	110.9	113.4	111.9	110.9	110.3	111.2	111.5
47 Other	2.1	112.4	109.7	111.2	111.2	112.7	112.2	112.4	113.4	112.8	112.6	111.5	112.1	113.2	113.0
48 Energy materials	10.9	101.3	100.4	100.4	100.5	100.1	101.3	101.3	100.6	102.9	100.9	102.0	102.3	101.6	101.2
49 Primary energy	7.2	100.6	100.4	100.5	100.6	98.2	99.8	99.7	99.6	102.3	101.4	101.8	102.5	101.4	101.2
50 Converted fuel materials	3.7	102.6	100.5	100.2	100.4	103.8	104.1	104.3	102.6	104.1	100.0	102.5	102.0	102.1	101.1
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	108.9	107.7	107.3	107.6	107.9	108.3	109.0	108.6	109.6	109.3	109.2	109.8	110.2	110.3
52 Total excluding motor vehicles and parts	95.3	109.2	108.0	107.6	107.8	108.2	108.6	109.2	108.8	109.9	109.6	109.5	110.1	110.5	110.6
53 Total excluding office and computing machines	97.5	107.0	106.1	105.3	105.8	106.1	106.6	107.4	106.8	107.6	107.3	107.0	107.8	108.1	108.4
54 Consumer goods excluding autos and trucks	24.5	110.8	109.8	109.6	109.7	110.2	110.6	110.9	109.9	111.0	111.4	111.4	112.3	112.3	112.1
55 Consumer goods excluding energy	23.3	110.7	109.1	108.3	109.1	109.6	110.3	111.2	110.1	110.7	111.3	111.0	111.9	112.3	113.0
56 Business equipment excluding autos and trucks	12.7	126.8	123.8	123.3	123.6	124.1	125.2	126.4	126.3	127.0	128.3	127.9	128.9	130.3	130.9
57 Business equipment excluding office and computing equipment	12.0	116.1	115.3	113.3	114.3	114.5	115.7	117.1	116.1	115.8	116.8	115.9	117.1	118.3	119.2
58 Materials excluding energy	28.4	109.9	107.8	107.1	107.8	108.5	108.9	110.2	110.3	111.3	110.8	110.1	110.4	111.3	111.9

2.13—Continued

Group	SIC code	1987 proportion	1992 avg.	1991 Dec.	1992 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
1 **Total index**	...	**100.0**	**108.7**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.9**	**109.7**	**110.1**	**110.5**
2 Manufacturing	...	84.4	109.7	108.1	107.4	108.1	108.5	109.0	109.9	109.6	110.2	110.1	109.8	110.6	111.1	111.7
3 Primary processing	...	26.7	105.7	103.5	103.6	103.9	104.5	105.0	105.6	105.6	107.3	106.2	105.7	106.4	107.3	107.6
4 Advanced processing	...	57.7	111.5	110.3	109.2	110.0	110.3	110.8	111.9	111.4	111.6	112.0	111.7	112.5	113.0	113.6
5 Durable goods	...	47.3	108.5	107.1	105.8	107.0	107.0	107.6	109.1	108.5	109.0	109.2	108.2	109.5	110.2	111.0
6 Lumber and products	24	2.0	98.5	95.2	97.4	98.8	99.2	97.2	97.4	95.4	99.8	98.9	96.7	100.3	101.1	100.1
7 Furniture and fixtures	25	1.4	100.4	100.6	98.7	98.1	98.6	101.1	103.3	100.3	101.0	101.7	100.5	100.4	100.1	100.9
8 Clay, glass, and stone products	32	2.5	96.3	93.0	92.8	94.6	95.0	95.6	96.7	96.6	97.1	96.4	96.1	98.0	98.0	99.0
9 Primary metals	33	3.3	103.2	101.3	102.5	102.7	101.4	100.9	102.0	102.1	105.6	104.3	102.0	103.9	105.5	106.5
10 Iron and steel	331,2	1.9	104.3	101.7	105.0	103.7	102.5	100.9	102.2	101.8	106.4	104.4	103.0	106.2	107.1	108.7
11 Raw steel	...	.1	...	97.6	103.3	102.7	98.8	99.9	98.5	101.5	105.3	101.9	99.8	101.7	101.5	...
12 Nonferrous	333–6,9	1.4	101.8	100.8	98.9	101.2	99.9	100.9	101.8	102.5	104.4	104.2	100.5	100.6	103.1	103.5
13 Fabricated metal products	34	5.4	101.6	101.2	99.7	100.5	100.0	100.6	102.2	102.2	102.6	102.5	101.3	102.3	102.5	103.2
14 Nonelectrical machinery	35	8.6	127.2	121.9	121.4	121.9	122.9	124.1	126.7	126.4	127.8	129.3	129.1	130.5	132.5	133.4
15 Office and computing machines	357	2.5	176.5	159.1	160.5	162.4	164.9	168.2	170.5	174.0	178.0	182.0	184.0	187.0	190.0	192.9
16 Electrical machinery	36	8.6	111.9	110.6	110.0	110.7	110.9	111.0	112.3	112.2	112.6	113.0	112.1	112.9	113.6	113.9
17 Transportation equipment	37	9.8	97.4	98.0	93.8	96.8	96.5	98.0	99.6	98.2	96.7	97.0	95.6	97.5	97.9	99.8
18 Motor vehicles and parts	371	4.7	98.7	94.6	87.1	93.8	94.2	98.5	102.7	100.4	97.7	99.4	97.2	101.3	102.1	107.3
19 Autos and light trucks	...	2.3	100.2	95.5	83.5	92.9	93.7	101.1	106.5	103.0	99.3	98.6	96.7	103.3	104.6	113.7
20 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	96.1	101.2	99.8	99.6	98.6	97.4	96.8	96.3	95.7	94.9	94.1	94.1	94.0	93.0
21 Instruments	38	3.3	118.3	119.0	118.3	118.6	118.6	119.0	119.8	118.5	118.5	118.2	118.1	117.6	117.6	117.7
22 Miscellaneous	39	1.2	119.7	121.0	121.2	120.0	120.0	118.9	118.4	117.8	120.4	118.2	118.6	119.5	121.9	121.5
23 Nondurable goods	...	37.2	111.2	109.5	109.5	109.6	110.4	110.7	110.9	111.0	111.7	111.3	111.8	111.9	112.3	112.6
24 Foods	20	8.8	110.0	109.6	109.2	109.6	110.2	109.6	109.3	109.0	109.8	110.6	110.2	110.9	110.8	110.7
25 Tobacco products	21	1.0	105.4	94.7	98.8	99.4	101.3	101.0	102.5	103.6	106.6	115.9	110.5	107.6	108.5	109.6
26 Textile mill products	22	1.8	106.0	102.5	103.1	104.7	105.3	106.3	106.8	105.3	107.1	106.1	106.6	105.9	107.1	107.9
27 Apparel products	23	2.4	97.7	99.0	97.5	97.7	97.8	98.0	99.0	98.1	99.4	97.6	97.6	97.5	97.9	97.5
28 Paper and products	26	3.6	107.0	107.0	107.1	104.6	105.8	107.0	105.8	107.3	109.6	106.3	108.6	106.2	108.1	107.9
29 Printing and publishing	27	6.4	113.3	114.5	114.8	114.4	113.8	113.7	113.4	113.0	112.3	111.4	113.2	113.7	112.8	114.3
30 Chemicals and products	28	8.6	117.1	112.6	112.7	113.4	114.8	115.8	117.0	117.5	118.0	117.6	118.3	118.5	119.4	119.7
31 Petroleum products	29	1.3	108.5	108.6	106.6	106.9	109.7	110.3	108.5	108.9	109.1	104.3	107.4	111.3	110.9	108.1
32 Rubber and plastic products	30	3.0	117.2	113.0	113.2	114.0	115.4	116.5	117.1	117.3	118.5	119.0	117.3	118.2	119.3	120.0
33 Leather and products	31	.3	85.6	83.2	83.0	81.4	82.9	84.1	86.2	86.2	87.1	84.8	86.4	87.0	88.9	87.1
34 Mining	...	7.9	98.9	98.8	97.8	98.4	97.5	99.1	99.7	98.0	100.6	98.8	98.3	99.1	99.8	100.0
35 Metal	10	.3	158.2	154.0	144.2	152.9	155.8	154.2	166.4	154.0	163.7	165.6	158.6	155.8	164.9	163.5
36 Coal	11,12	1.2	105.6	107.6	107.3	107.9	103.0	104.0	107.6	98.6	112.0	107.5	103.7	103.9	107.0	107.7
37 Oil and gas extraction	13	5.7	93.4	93.0	92.4	92.7	91.9	94.2	93.4	93.9	94.0	92.4	93.0	94.2	94.0	94.3
38 Stone and earth minerals	14	.7	105.8	106.4	104.8	103.5	107.4	105.9	108.0	105.6	106.2	106.4	105.2	104.8	105.9	104.8
39 Utilities	...	7.6	107.9	107.9	106.8	106.4	107.7	108.2	107.3	106.7	109.3	108.8	110.2	110.9	109.7	107.6
40 Electric	491,3PT	6.0	111.0	109.9	109.3	109.0	110.7	111.0	110.2	109.7	113.0	112.7	113.8	114.0	112.8	110.6
41 Gas	492,3PT	1.6	96.1	100.5	97.5	96.9	96.7	97.7	96.6	95.3	95.4	94.1	97.0	99.1	98.4	96.4
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts	...	79.8	110.3	108.9	108.6	108.9	109.3	109.6	110.3	110.1	110.9	110.7	110.5	111.1	111.7	112.0
43 Manufacturing excluding office and computing machines	...	82.0	107.7	106.6	105.8	106.5	106.8	107.2	108.1	107.6	108.2	108.0	107.6	108.3	108.8	109.3
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKETS																
44 **Products, total**	...	**1,734.8**	**1,930.8**	**1,888.9**	**1,869.5**	**1,889.7**	**1,902.8**	**1,918.7**	**1,935.5**	**1,920.1**	**1,936.2**	**1,935.9**	**1,937.0**	**1,971.1**	**1,979.7**	**1,986.4**
45 Final	...	1,350.9	1,528.7	1,488.0	1,468.7	1,490.8	1,501.5	1,518.2	1,532.1	1,519.1	1,530.4	1,532.8	1,534.6	1,565.3	1,572.2	1,582.4
46 Consumer goods	...	833.4	907.0	894.5	877.6	890.2	896.2	905.6	912.4	901.3	909.3	905.3	907.1	929.3	928.8	931.4
47 Equipment	...	517.5	621.7	593.5	591.1	600.6	605.3	612.7	619.7	617.8	621.0	627.5	627.5	636.0	643.4	651.0
48 Intermediate	...	384.0	402.1	401.0	400.7	398.9	401.2	400.5	403.4	401.1	405.8	403.1	402.4	405.7	407.6	404.0

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1989	1990	1991	1992									
				Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,339	1,111	949	1,146	1,094	1,058	1,054	1,032	1,080	1,076	1,125	1,139	1,126
2 One-family	932	794	754	946	907	873	879	872	879	877	913	959	955
3 Two-or-more-family	407	317	195	200	187	185	175	160	201	199	212	180	171
4 Started	1,376	1,193	1,014	1,257	1,340	1,086	1,196	1,147	1,100	1,233	1,222	1,223	1,234
5 One-family	1,003	895	840	1,109	1,068	933	1,019	999	956	1,042	1,051	1,077	1,090
6 Two-or-more-family	373	298	174	148	272	153	177	148	144	191	171	146	144
7 Under construction at end of period[1]	850	711	606	629	657	655	653	643	628	633	639	645	640
8 One-family	535	449	434	464	482	484	484	483	476	480	487	494	497
9 Two-or-more-family	315	262	173	165	175	171	169	160	152	153	152	151	143
10 Completed	1,423	1,308	1,091	1,097	1,127	1,067	1,204	1,184	1,229	1,144	1,125	1,158	1,229
11 One-family	1,026	966	838	908	975	889	1,011	982	1,019	955	937	972	1,001
12 Two-or-more-family	396	342	253	189	152	178	193	202	210	189	188	186	228
13 Mobile homes shipped	198	188	171	197	197	199	189	194	211	198	219	226	241
Merchant builder activity in one-family units													
14 Number sold	650	535	507	627	555	546	554	583	616	627	671	616	565
15 Number for sale at end of period[1]	365	321	283	269	277	274	272	272	271	269	268	267	267
Price of units sold (thousands of dollars)[2]													
16 Median	120.4	122.3	120.0	117.2	120.0	120.0	113.0	124.5	118.0	123.5	119.9	122.8	128.8
17 Average	148.3	149.0	147.0	144.8	144.8	145.0	146.0	146.6	137.7	145.3	142.8	149.6	150.5
EXISTING UNITS (one-family)													
18 Number sold	3,346	3,211	3,219	3,490	3,510	3,490	3,460	3,350	3,450	3,310	3,300	3,640	3,830
Price of units sold (thousands of dollars)[2]													
19 Median	92.9	95.2	99.7	102.8	104.0	103.3	102.5	105.1	102.7	104.6	103.4	103.4	103.0
20 Average	118.0	118.3	127.4	128.8	130.2	130.6	130.6	133.7	132.2	132.2	131.0	129.4	129.0
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**443,401**	**442,066**	**400,955**	**411,767**	**421,512**	**427,585**	**427,980**	**426,730**	**425,700[r]**	**419,598**	**429,291**	**432,788**	**441,813**
22 Private	345,327	334,153	290,707	294,758	301,142	309,832	306,999	312,182	305,848[r]	301,984	308,813	314,414	319,644
23 Residential	196,551	182,856	157,837	169,772	172,660	182,644	182,892	184,630	181,162[r]	184,201	186,343	190,758	193,456
24 Nonresidential, total	148,776	151,297	132,870	124,986	128,482	127,188	124,107	127,552	124,686[r]	117,783	122,470	123,656	126,188
25 Industrial buildings	20,412	23,849	22,281	21,651	23,721	21,335	21,008	20,285	20,594[r]	17,862	19,019	18,611	19,009
26 Commercial buildings	65,496	62,866	48,482	41,591	42,108	40,712	39,643	43,310	39,988[r]	37,010	39,333	40,277	40,488
27 Other buildings	19,683	21,591	20,797	20,630	21,479	21,409	21,993	21,991	22,228[r]	21,518	22,068	21,738	23,794
28 Public utilities and other	43,185	42,991	41,310	41,114	41,174	43,732	41,463	41,966	41,876[r]	41,393	42,050	43,030	42,897
29 Public	98,071	107,909	110,247	117,009	120,370	117,753	120,981	114,548	119,853[r]	117,614	120,478	118,374	122,169
30 Military	3,520	2,664	1,837	2,206	2,548	2,329	2,668	2,503	2,372[r]	2,438	3,172	2,299	2,692
31 Highway	28,837	31,154	29,918	32,744	30,895	31,447	32,633	31,496	32,682[r]	33,451	34,651	32,369	36,422
32 Conservation and development	5,009	4,607	4,958	5,283	6,197	5,818	5,767	5,889	5,772[r]	5,382	6,364	6,629	6,896
33 Other	60,705	69,484	73,534	76,776	80,730	78,159	79,913	74,660	79,027[r]	76,343	76,291	77,077	76,159

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Census Bureau in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Dec. 1992[1]
	1991 Dec.	1992 Dec.	1992				1992[1]					
			Mar.	June	Sept.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.1**	**2.9**	**3.5**	**2.6**	**2.6**	**2.9**	**.3**	**.2**	**.4**	**.2**	**.1**	**141.9**
2 Food	1.9	1.5	1.5	−1.2	4.7	.9	.9	.4	.0	.0	.2	138.7
3 Energy items	−7.4	2.0	−6.9	12.5	.4	2.7	−.2	.0	.5	.8	−.6	103.9
4 All items less food and energy	4.4	3.3	4.8	2.8	2.5	3.3	.2	.2	.5	.3	.1	149.2
5 Commodities	4.0	2.5	5.3	2.1	2.1	.6	.2	.2	.3	.1	−.2	133.6
6 Services	4.6	3.7	4.8	2.9	2.6	4.7	.3	.1	.6	.3	.3	158.2
PRODUCER PRICES (1982=100)												
7 Finished goods	−.1	1.6	1.0	3.3	1.6	.0	.1	.3	.1	−.2	.2	123.8
8 Consumer foods	−1.5	1.5	.3	−1.0	3.6	3.3	.9[r]	.2[r]	.1	−.5	1.2	124.1
9 Consumer energy	−9.6	−.1	−7.0	17.9	−.5	−7.8	−.4[r]	.9[r]	1.4	−1.5	−1.9	76.5
10 Other consumer goods	3.4	2.1	3.6	2.4	1.2	1.2	−.2[r]	.3[r]	−.1	.2	.2	138.6
11 Capital equipment	2.5	1.6	3.5	.9	.9	.6	.2	.0	−.2	.1	.2	130.1
Intermediate materials												
12 Excluding foods and feeds	−2.7	1.2	.0	5.4	.3	−.7	.1[r]	−.1[r]	.0	−.2	.0	115.2
13 Excluding energy	−.8	1.1	1.7	1.7	1.0	.0	.2[r]	−.1[r]	−.2	.0	.2	122.3
Crude materials												
14 Foods	−5.8	2.8	11.8	1.9	−6.2	4.3	−.4	.6	.6	−.6	1.1	104.4
15 Energy	−16.6	1.5	−26.6	51.5	16.4	−17.9	−1.6[r]	4.4[r]	−.5	.6	−4.9	79.2
16 Other	−7.6	5.6	15.0	4.8	2.5	1.2	.4[r]	−.6[r]	−1.3	−.9	2.6	129.6

1. Not seasonally adjusted.
2. *Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.*

SOURCE. Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1989	1990	1991	1991		1992		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,250.8**	**5,522.2**	**5,677.5**	**5,713.1**	**5,753.3**	**5,840.2**	**5,902.2**	**5,978.5**
By source								
2 Personal consumption expenditures	3,523.1	3,748.4	3,887.7	3,914.2	3,942.9	4,022.8	4,057.1	4,108.7
3 Durable goods	459.4	464.3	446.1	453.0	450.4	469.4	470.6	482.5
4 Nondurable goods	1,149.5	1,224.5	1,251.5	1,255.3	1,251.4	1,274.1	1,277.5	1,292.8
5 Services	1,914.2	2,059.7	2,190.1	2,205.9	2,241.1	2,279.3	2,309.0	2,333.3
6 Gross private domestic investment	832.3	799.5	721.1	732.8	736.1	722.4	773.2	781.6
7 Fixed investment	798.9	793.2	731.3	732.6	726.9	738.2	765.1	766.6
8 Nonresidential	568.1	577.6	541.1	538.4	528.7	531.0	550.3	549.6
9 Structures	193.3	201.1	180.1	175.6	169.7	170.1	170.3	166.1
10 Producers' durable equipment	374.8	376.5	360.9	362.8	358.9	360.8	380.0	383.5
11 Residential structures	230.9	215.6	190.3	194.2	198.2	207.2	214.8	217.0
12 Change in business inventories	33.3	6.3	−10.2	.2	9.2	−15.8	8.1	15.0
13 Nonfarm	31.8	3.3	−10.3	−1.2	14.5	−13.3	6.4	9.7
14 Net exports of goods and services	−79.7	−68.9	−21.8	−27.1	−16.0	−8.1	−37.1	−36.0
15 Exports	508.0	557.0	598.2	602.3	622.9	628.1	625.4	639.0
16 Imports	587.7	625.9	620.0	629.5	638.9	636.2	662.5	675.0
17 Government purchases of goods and services	975.2	1,043.2	1,090.5	1,093.3	1,090.3	1,103.1	1,109.1	1,124.2
18 Federal	401.6	426.4	447.3	447.2	440.8	445.0	444.8	455.2
19 State and local	573.6	616.8	643.2	646.0	649.5	658.0	664.3	669.0
By major type of product								
20 Final sales, total	5,217.5	5,515.9	5,687.7	5,712.9	5,744.2	5,855.9	5,894.1	5,963.5
21 Goods	2,063.6	2,160.1	2,192.8	2,194.9	2,188.4	2,233.6	2,233.2	2,258.4
22 Durable	891.2	920.6	907.6	910.8	905.7	923.6	932.3	943.8
23 Nondurable	1,172.5	1,239.5	1,285.1	1,284.1	1,282.7	1,310.0	1,300.8	1,314.6
24 Services	2,642.2	2,846.4	3,030.3	3,053.6	3,090.3	3,142.2	3,173.4	3,217.8
25 Structures	511.7	509.4	464.7	464.4	465.5	480.1	487.6	487.3
26 Change in business inventories	33.3	6.3	−10.2	.2	9.2	−15.8	8.1	15.0
27 Durable goods	25.2	−.9	−19.3	−7.0	−8.1	−19.3	9.5	2.7
28 Nondurable goods	8.1	7.2	9.0	7.2	17.3	3.5	−1.4	12.3
MEMO								
29 **Total GDP in 1987 dollars**	**4,838.0**	**4,877.5**	**4,821.0**	**4,831.8**	**4,838.5**	**4,873.7**	**4,892.4**	**4,933.7**
NATIONAL INCOME								
30 **Total**	**4,249.5**	**4,468.3**	**4,544.2**	**4,555.4**	**4,599.1**	**4,679.4**	**4,716.5**	**4,719.6**
31 Compensation of employees	3,100.2	3,291.2	3,390.8	3,407.0	3,433.8	3,476.3	3,506.3	3,534.3
32 Wages and salaries	2,586.4	2,742.9	2,812.2	2,824.4	2,845.0	2,877.6	2,901.3	2,923.5
33 Government and government enterprises	478.5	514.8	543.5	544.3	546.4	554.6	561.4	564.3
34 Other	2,107.9	2,228.0	2,268.7	2,280.0	2,298.6	2,323.0	2,339.9	2,359.1
35 Supplement to wages and salaries	513.8	548.4	578.7	582.6	588.7	598.7	605.0	610.8
36 Employer contributions for social insurance	261.9	277.4	290.4	292.0	293.7	299.4	301.5	302.9
37 Other labor income	251.9	271.0	288.3	290.6	295.0	299.2	303.6	307.9
38 Proprietors' income[1]	347.3	366.9	368.0	367.1	377.9	393.6	398.4	397.4
39 Business and professional[1]	307.0	325.2	332.2	337.6	340.0	353.6	359.9	365.9
40 Farm[1]	40.2	41.7	35.8	29.5	37.9	40.1	38.5	31.5
41 Rental income of persons[2]	−13.5	−12.3	−10.4	−10.3	−6.6	−4.5	3.3	6.4
42 Corporate profits[1]	362.8	361.7	346.3	341.2	347.1	384.0	388.4	374.1
43 Profits before tax[3]	342.9	355.4	334.7	336.7	332.3	366.1	376.8	354.1
44 Inventory valuation adjustment	−17.5	−14.2	3.1	−4.8	.7	−5.4	−15.5	−9.7
45 Capital consumption adjustment	37.4	20.5	8.4	9.3	14.1	23.3	27.0	29.7
46 Net interest	452.7	460.7	449.5	450.5	446.9	430.0	420.0	407.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1989	1990	1991	1991		1992		
				Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,380.3**	**4,664.2**	**4,828.3**	**4,846.2**	**4,907.2**	**4,980.5**	**5,028.9**	**5,062.0**
2 Wage and salary disbursements	2,586.4	2,742.8	2,812.2	2,824.4	2,845.0	2,877.6	2,901.3	2,923.5
3 Commodity-producing industries	724.2	745.6	737.4	738.8	741.5	736.8	743.1	742.4
4 Manufacturing	542.2	556.1	556.9	559.0	563.9	559.9	564.7	565.5
5 Distributive industries	607.0	634.6	647.4	651.1	652.9	660.9	662.9	667.7
6 Service industries	776.8	847.8	883.9	890.2	904.3	925.3	933.9	949.1
7 Government and government enterprises	478.5	514.8	543.6	544.3	546.4	554.6	561.4	564.3
8 Other labor income	251.9	271.0	288.3	290.6	295.0	299.2	303.6	307.9
9 Proprietors' income[1]	347.3	366.9	368.0	367.1	377.9	393.6	398.4	397.4
10 Business and professional[1]	307.0	325.2	332.2	337.6	340.0	353.6	359.9	365.9
11 Farm[1]	40.2	41.7	35.8	29.5	37.9	40.1	38.5	31.5
12 Rental income of persons[2]	−13.5	−12.3	−10.4	−10.3	−6.6	−4.5	3.3	6.4
13 Dividends	126.5	140.3	137.0	135.6	134.3	133.9	136.6	141.0
14 Personal interest income	668.2	694.5	700.6	701.8	703.3	684.8	675.2	663.2
15 Transfer payments	625.0	685.8	771.1	777.1	799.8	842.7	859.7	874.1
16 Old-age survivors, disability, and health insurance benefits	325.1	352.0	382.0	384.2	390.6	405.7	412.1	417.1
17 LESS: Personal contributions for social insurance	211.4	224.8	238.4	240.1	241.5	246.8	249.3	251.5
18 EQUALS: Personal income	4,380.3	4,664.2	4,828.3	4,846.2	4,907.2	4,980.5	5,028.9	5,062.0
19 LESS: Personal tax and nontax payments	593.3	621.3	618.7	618.6	622.3	619.6	617.1	628.8
20 EQUALS: Disposable personal income	3,787.0	4,042.9	4,209.6	4,227.6	4,284.9	4,360.9	4,411.8	4,433.2
21 LESS: Personal outlays	3,634.9	3,867.3	4,009.9	4,036.6	4,065.5	4,146.3	4,179.5	4,229.9
22 EQUALS: Personal saving	152.1	175.6	199.6	191.0	219.4	214.6	232.3	203.3
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,555.6	19,513.0	19,077.1	19,094.0	19,066.0	19,158.5	19,181.8	19,288.4
24 Personal consumption expenditures	13,028.9	13,043.6	12,824.1	12,847.9	12,802.6	12,930.2	12,893.3	12,973.3
25 Disposable personal income	14,005.0	14,068.0	13,886.0	13,876.0	13,913.0	14,017.0	14,021.0	13,998.0
26 Saving rate (percent)	4.0	4.3	4.7	4.5	5.1	4.9	5.3	4.6
GROSS SAVING								
27 **Gross saving**	**741.8**	**718.0**	**708.2**	**679.4**	**698.2**	**677.5**	**682.9**	**696.9**
28 Gross private saving	819.4	854.1	901.5	884.9	934.8	950.1	968.1	992.1
29 Personal saving	152.1	175.6	199.6	191.0	219.4	214.6	232.3	203.3
30 Undistributed corporate profits[1]	86.9	75.7	75.8	69.0	78.3	104.0	97.7	91.2
31 Corporate inventory valuation adjustment	−17.5	−14.2	3.1	−4.8	.7	−5.4	−15.5	−9.7
Capital consumption allowances								
32 Corporate	352.4	368.3	383.0	383.5	386.3	386.1	391.2	407.2
33 Noncorporate	228.0	234.6	243.1	241.4	250.7	245.3	247.0	290.4
34 Government surplus, or deficit (−), national income and product accounts	−77.5	−136.1	−193.3	−205.6	−236.6	−272.6	−285.2	−295.2
35 Federal	−122.3	−166.2	−210.4	−221.0	−258.7	−289.2	−302.9	−304.4
36 State and local	44.8	30.1	17.1	15.4	22.0	16.6	17.7	9.2
37 **Gross investment**	**742.9**	**723.4**	**730.1**	**709.9**	**714.6**	**706.5**	**713.8**	**732.0**
38 Gross private domestic	832.3	799.5	721.1	732.8	736.1	722.4	773.2	781.6
39 Net foreign	−89.3	−76.1	9.0	−22.9	−21.5	−16.0	−59.4	−49.6
40 **Statistical discrepancy**	**1.1**	**5.4**	**21.9**	**30.5**	**16.4**	**29.0**	**30.9**	**35.1**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item	1989	1990	1991	1991		1992		
				Q3	Q4	Q1	Q2	Q3[p]
1 Balance on current account	−101,142	−90,428	−3,682	−11,087	−7,218	−5,903	−17,802	−14,238
2 Merchandise trade balance[2]	−115,668	−108,853	−73,436	−20,174	−18,539	−17,222	−24,558	−26,538
3 Merchandise exports	361,697	388,705	415,962	104,151	107,851	107,946	107,464	110,812
4 Merchandise imports	−477,365	−497,558	−489,398	−124,325	−126,390	−125,168	−132,022	−137,350
5 Military transactions, net	−6,837	−7,818	−5,524	−995	−540	−624	−623	−548
6 Other service transactions, net	32,604	39,873	50,821	13,018	13,676	14,468	13,261	16,173
7 Investment income, net	14,366	19,287	16,429	3,076	2,458	4,474	1,930	3,551
8 U.S. government grants	−10,773	−17,597	24,487	−1,986	78	−2,620	−3,085	−2,490
9 U.S. government pensions and other transfers	−2,517	−2,945	−3,462	−793	−1,080	−858	−1,146	−969
10 Private remittances and other transfers	−12,316	−12,374	−12,996	−3,233	−3,271	−3,521	−3,581	−3,417
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	1,271	2,304	3,397	3,180	−437	−38	−277	−385
12 Change in U.S. official reserve assets (increase, −)	−25,293	−2,158	5,763	3,877	1,225	−1,057	1,464	1,952
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−535	−192	−177	6	−23	−172	−168	−173
15 Reserve position in International Monetary Fund	471	731	−367	−114	17	111	1	−118
16 Foreign currencies	−25,229	−2,697	6,307	3,986	1,232	−996	1,631	2,243
17 Change in U.S. private assets abroad (increase, −)	−90,923	−56,467	−71,379	−17,426	−44,947	−3,155	−1,150	−21,724
18 Bank-reported claims[3]	−51,255	7,469	−4,753	2,403	−23,219	15,859	10,943	−440
19 Nonbank-reported claims	11,398	−2,477	5,526	−298	1,269	4,764	3,137	....
20 U.S. purchases of foreign securities, net	−22,070	−28,765	−45,017	−12,403	−11,305	−8,703	−8,221	−14,103
21 U.S. direct investments abroad, net	−28,996	−32,694	−27,135	−7,128	−11,692	−15,075	−7,009	−7,181
22 Change in foreign official assets in United States (increase, +)	8,489	33,908	18,407	4,115	12,819	21,192	20,895	−7,738
23 U.S. Treasury securities	149	29,576	15,815	5,624	12,619	14,909	11,126	−323
24 Other U.S. government obligations	1,383	667	1,301	474	1,075	540	1,699	912
25 Other U.S. government liabilities[4]	146	1,866	1,600	654	−344	96	598	875
26 Other U.S. liabilities reported by U.S. banks[3]	4,976	3,385	−1,668	−2,732	−914	5,534	7,547	−8,202
27 Other foreign official assets[5]	1,835	−1,586	1,359	95	383	113	−75	−1,000
28 Change in foreign private assets in United States (increase, +)	205,205	65,471	48,573	18,818	36,110	−2,629	26,520	25,024
29 U.S. bank-reported liabilities[3]	63,382	16,370	−13,677	8,508	23,465	−4,474	−551	19,945
30 U.S. nonbank-reported liabilities	5,565	4,906	−405	1,575	725	1,942	1,141	....
31 Foreign private purchases of U.S. Treasury securities, net	29,618	−2,534	16,241	−1,306	1,408	−828	10,286	5,364
32 Foreign purchases of other U.S. securities, net	38,767	1,592	34,918	10,012	4,832	4,551	10,333	3,076
33 Foreign direct investments in United States, net	67,873	45,137	11,498	29	5,680	−3,820	5,311	−3,361
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	2,394	47,370	−1,078	−1,478	2,447	−8,410	−29,650	17,109
36 Due to seasonal adjustment	....	....	....	−6,137	613	4,023	410	−7,680
37 Before seasonal adjustment	2,394	47,370	−1,078	4,659	1,835	−12,433	−30,060	24,789
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−25,293	−2,158	5,763	3,877	1,225	−1,057	1,464	1,952
39 Foreign official assets in United States, excluding line 25 (increase, +)	8,343	32,042	16,807	3,461	13,163	21,096	20,297	−8,613
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	10,738	1,707	−5,604	−4,288	1,023	2,459	−2,125	3,061

1. Seasonal factors not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 6.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.[r]	Nov.[p]
1 Exports of domestic and foreign merchandise, (F.A.S. value), excluding grant-aid shipments	363,812	393,592	421,730	35,718	38,165	37,806	35,799	37,882	39,072	37,970
2 General imports (customs value), including merchandise for immediate consumption plus entries into bonded warehouses	473,211	495,311	487,129	42,903	44,957	45,127	44,796	46,459	46,291	45,558
3 Trade balance	**−109,399**	**−101,718**	**−65,399**	**−7,185**	**−6,792**	**−7,322**	**−8,997**	**−8,577**	**−7,219**	**−7,588**

1. The Census basis data differ from merchandise trade data shown in table 3.10, lines 3–5, U.S. International Transactions Summary, because of coverage and timing. On the *export* side, the largest difference is the exclusion of military sales (which are combined with other military transactions and reported separately in table 3.10, line 6). On the *import* side, this table includes imports of gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately in table 3.10, line 6. Since Jan. 1, 1987, Census data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada. Components may not sum to totals because of rounding.

SOURCE. FT900, *Summary of U.S. Export and Import Merchandise Trade* (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1989	1990	1991	1992						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 Total	**74,609**	**83,316**	**77,719**	**77,092**	**77,370**	**78,474**	**78,527**	**74,207**	**72,231**	**71,323**
2 Gold stock, including Exchange Stabilization Fund[1]	11,059	11,058	11,057	11,059	11,059	11,059	11,059	11,060	11,059	11,056
3 Special drawing rights[2,3]	9,951	10,989	11,240	11,597	11,702	12,193	12,111	11,561	11,495	8,503
4 Reserve position in International Monetary Fund[2]	9,048	9,076	9,488	9,381	9,625	9,762	9,778	9,261	8,781	11,759
5 Foreign currencies[4]	44,551	52,193	45,934	45,055	44,984	45,460	45,579	42,325	40,896	40,005

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; since January 1981, 5 currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1989	1990	1991	1992						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 Deposits	589	369	968	219	264	297	546	415	229	205
Held in custody										
2 U.S. Treasury securities[2]	224,911	278,499	281,107	307,337	316,431	318,328	306,971	311,538	308,959	314,481
3 Earmarked gold[3]	13,456	13,387	13,303	13,268	13,261	13,261	13,241	13,201	13,192	13,686

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.
3. Held for foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1989	1990	1991	1992 May	June	July	Aug.	Sept.	Oct.[r]	Nov.
ASSETS	All foreign countries									
1 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**564,816**	**564,466**	**537,529**	**544,815**	**544,437**	**554,155**	**566,518**
2 Claims on United States	198,835	188,496	176,301	182,554	183,933	171,911	163,039	167,258	175,019	177,527
3 Parent bank	157,092	148,837	137,509	145,974	147,626	136,287	128,267	134,019	139,058	141,526
4 Other banks in United States	17,042	13,296	12,884	11,640	10,418	9,576	9,181	8,083	10,658	10,009
5 Nonbanks	24,701	26,363	25,908	24,940	25,889	26,048	25,591	25,156	25,303	25,992
6 Claims on foreigners	300,575	312,449	303,934	314,569	311,990	311,578	321,631	319,115	318,901	328,306
7 Other branches of parent bank	113,810	135,003	111,729	115,407	115,398	112,177	116,674	118,105	115,589	125,143
8 Banks	90,703	72,602	81,970	86,029	84,534	85,141	87,347	83,912	86,400	85,911
9 Public borrowers	16,456	17,555	18,652	19,194	20,162	19,645	20,423	20,485	20,783	20,378
10 Nonbank foreigners	79,606	87,289	91,583	93,939	91,896	94,615	97,187	96,613	96,129	96,874
11 Other assets	45,956	55,980	68,666	67,693	68,543	54,040	60,145	58,064	60,235	60,685
12 **Total payable in U.S. dollars**	**382,498**	**379,479**	**363,941**	**370,290**	**369,561**	**349,145**	**340,819**	**346,633**	**363,759**	**374,195**
13 Claims on United States	191,184	180,174	169,662	177,311	177,638	166,507	157,405	161,302	169,323	172,022
14 Parent bank	152,294	142,962	133,476	142,874	144,287	133,120	124,737	130,346	136,274	138,408
15 Other banks in United States	16,386	12,513	12,025	11,012	10,016	9,135	8,876	7,476	9,335	9,281
16 Nonbanks	22,504	24,699	24,161	23,425	23,335	24,252	23,792	23,480	23,714	24,333
17 Claims on foreigners	169,690	174,451	167,010	167,054	168,586	162,843	161,500	166,360	173,138	182,061
18 Other branches of parent bank	82,949	95,298	78,114	76,949	76,700	72,250	70,693	72,116	76,106	83,902
19 Banks	48,396	36,440	41,635	42,061	43,307	41,718	40,350	42,281	45,276	45,756
20 Public borrowers	10,961	12,298	13,685	12,994	13,723	13,320	13,661	13,965	13,941	13,995
21 Nonbank foreigners	27,384	30,415	33,576	35,050	34,856	35,555	36,796	37,998	37,815	38,408
22 Other assets	21,624	24,854	27,269	25,925	23,337	19,795	21,914	18,971	21,298	20,112
	United Kingdom									
23 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**174,925**	**171,027**	**159,317**	**165,832**	**161,157**	**168,063**	**168,333**
24 Claims on United States	39,212	45,560	35,257	37,369	38,096	38,763	37,511	35,891	39,558	38,358
25 Parent bank	35,847	42,413	31,931	34,433	35,343	35,542	34,593	32,929	36,413	35,027
26 Other banks in United States	1,058	792	1,267	970	756	1,065	744	1,067	1,400	925
27 Nonbanks	2,307	2,355	2,059	1,966	1,997	2,156	2,174	1,895	1,745	2,406
28 Claims on foreigners	107,657	115,536	109,692	107,795	104,270	105,990	108,895	106,758	109,919	113,193
29 Other branches of parent bank	37,728	46,367	35,735	35,331	36,952	35,359	37,732	37,977	40,594	45,092
30 Banks	36,159	31,604	36,394	37,548	34,783	36,777	37,711	36,196	36,701	34,559
31 Public borrowers	3,293	3,860	3,306	3,165	2,995	3,128	3,046	3,371	3,692	3,370
32 Nonbank foreigners	30,477	33,705	34,257	31,751	29,540	30,726	30,406	29,214	28,932	30,172
33 Other assets	15,078	23,722	30,650	29,761	28,661	14,564	19,426	18,508	18,586	16,782
34 **Total payable in U.S. dollars**	**103,208**	**116,762**	**105,974**	**104,392**	**102,737**	**98,828**	**99,610**	**100,449**	**107,342**	**109,479**
35 Claims on United States	36,404	41,259	32,418	35,185	35,376	36,133	34,948	33,618	37,359	35,956
36 Parent bank	34,329	39,609	30,370	33,059	33,751	33,936	32,786	31,578	35,299	33,765
37 Other banks in United States	843	334	822	677	627	785	625	711	769	438
38 Nonbanks	1,232	1,316	1,226	1,449	998	1,412	1,537	1,329	1,291	1,753
39 Claims on foreigners	59,062	63,701	58,791	56,615	56,888	56,264	55,812	59,099	61,658	65,164
40 Other branches of parent bank	29,872	37,142	28,667	27,482	28,541	26,751	26,825	27,986	30,217	34,434
41 Banks	16,579	13,135	15,219	15,348	15,380	15,930	15,565	16,808	17,269	16,848
42 Public borrowers	2,371	3,143	2,853	2,463	2,474	2,653	2,353	2,604	2,515	2,501
43 Nonbank foreigners	10,240	10,281	12,052	11,322	10,493	10,930	11,069	11,701	11,657	11,381
44 Other assets	7,742	11,802	14,765	12,592	10,473	6,431	8,850	7,732	8,325	8,359
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**167,139**	**168,963**	**153,691**	**144,089**	**145,450**	**153,853**	**155,974**
46 Claims on United States	124,205	112,989	115,244	115,633	114,467	102,850	94,595	96,750	102,619	104,219
47 Parent bank	87,882	77,873	81,520	84,041	83,316	72,107	64,454	68,209	72,185	73,840
48 Other banks in United States	15,071	11,869	10,907	9,729	9,118	8,045	8,060	6,562	8,174	8,272
49 Nonbanks	21,252	23,247	22,817	21,863	22,033	22,698	22,081	21,979	22,260	22,107
50 Claims on foreigners	44,168	41,356	45,229	42,828	45,600	41,886	41,315	41,712	42,514	43,981
51 Other branches of parent bank	11,309	13,416	11,098	9,311	9,392	8,678	8,596	7,753	7,287	8,238
52 Banks	22,611	16,310	20,174	19,658	21,548	18,837	17,570	18,412	19,680	19,947
53 Public borrowers	5,217	5,807	7,161	6,459	7,084	6,728	7,125	7,102	7,120	7,209
54 Nonbank foreigners	5,031	5,823	6,796	7,400	7,576	7,643	8,024	8,445	8,427	8,587
55 Other assets	7,633	7,971	7,853	8,678	8,896	8,955	8,179	6,988	8,720	7,774
56 **Total payable in U.S. dollars**	**170,780**	**158,390**	**163,771**	**162,066**	**163,313**	**147,905**	**138,348**	**139,769**	**148,865**	**151,234**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1989	1990	1991	1992 May	June	July	Aug.	Sept.	Oct.	Nov.
LIABILITIES										
	All foreign countries									
57 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**564,816**	**564,466**	**537,529**	**544,815**	**544,437**	**554,155**	**566,518**
58 Negotiable certificates of deposit (CDs)	23,500	18,060	16,284	14,010	13,040	12,758	14,246	12,389	12,056	12,342
59 To United States	197,239	189,412	198,121	198,897	204,929	192,087	179,246	185,054[r]	188,517	187,800
60 Parent bank	138,412	138,748	136,431	136,195	143,474	133,051	126,794[r]	127,573[r]	132,630	131,619
61 Other banks in United States	11,704	7,463	13,260	13,944	14,009	11,833	10,959[r]	12,386[r]	12,259	13,390
62 Nonbanks	47,123	43,201	48,430	48,758	47,446	47,203	41,493	45,095[r]	43,628	42,791
63 To foreigners	296,850	311,668	288,254	308,394	302,376	301,943	314,910	311,556[r]	315,654	330,313
64 Other branches of parent bank	119,591	139,113	112,033	115,098	116,760	114,226	120,349	119,634	118,019	126,017
65 Banks	76,452	58,986	63,097	68,528	65,983	65,419	68,565	68,537	70,483	74,536
66 Official institutions	16,750	14,791	15,596	19,465	16,399	18,058	18,241	16,724	20,576	20,645
67 Nonbank foreigners	84,057	98,778	97,528	105,303	103,234	104,240	107,755	106,661[r]	106,576	109,115
68 Other liabilities	27,777	37,785	46,242	43,515	44,121	30,741	36,413	35,438	37,928	36,063
69 **Total payable in U.S. dollars**	**396,613**	**383,522**	**370,561**	**373,679**	**374,506**	**354,666**	**346,377**	**346,344**	**364,787**	**372,117**
70 Negotiable CDs	19,619	14,094	11,909	9,643	8,475	8,531	8,755	7,628	6,710	7,503
71 To United States	187,286	175,654	185,286	187,438	192,792	179,395	166,377	170,757[r]	175,548	175,654
72 Parent bank	132,563	130,510	129,669	130,007	136,273	125,647	119,339[r]	119,714[r]	125,122	124,472
73 Other banks in United States	10,519	6,052	11,707	12,840	13,251	10,816	9,866[r]	11,095[r]	11,387	12,244
74 Nonbanks	44,204	39,092	43,910	44,591	43,268	42,932	37,172	39,948[r]	39,039	38,938
75 To foreigners	176,460	179,002	158,993	162,011	158,532	155,352	157,475	155,018[r]	166,126	175,292
76 Other branches of parent bank	87,636	98,128	76,601	76,973	77,604	73,699	74,037	72,947	77,353	82,956
77 Banks	30,537	20,251	24,156	24,090	23,474	22,955	22,973	22,822	25,209	28,404
78 Official institutions	9,873	7,921	10,304	13,102	10,119	11,543	10,713	9,939	12,097	12,342
79 Nonbank foreigners	48,414	52,702	47,932	47,846	47,335	47,155	49,752	49,310[r]	51,467	51,590
80 Other liabilities	13,248	14,772	14,373	14,587	14,707	11,388	13,770	12,941	16,403	13,668
	United Kingdom									
81 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**174,925**	**171,027**	**159,317**	**165,832**	**161,157**	**168,063**	**168,333**
82 Negotiable CDs	20,056	14,256	11,333	8,458	7,612	7,731	8,083	7,266	6,064	5,636
83 To United States	36,036	39,928	37,720	33,236	36,660	37,164	35,527	35,885	35,399	34,532
84 Parent bank	29,726	31,806	29,834	25,637	28,201	29,104	27,695	27,528	27,427	26,471
85 Other banks in United States	1,256	1,505	1,438	1,638	1,326	1,315	1,632	1,670	1,341	1,689
86 Nonbanks	5,054	6,617	6,448	5,961	7,133	6,745	6,200	6,687	6,631	6,372
87 To foreigners	92,307	108,531	98,167	106,603	100,340	100,738	104,892	101,082	109,358	113,395
88 Other branches of parent bank	27,397	36,709	30,054	30,429	31,464	30,205	31,234	29,839	33,696	35,560
89 Banks	29,780	25,126	25,541	27,549	25,315	25,155	26,435	25,823	28,792	30,609
90 Official institutions	8,551	8,361	9,670	12,732	10,167	11,091	10,699	9,131	11,687	11,438
91 Nonbank foreigners	26,579	38,335	32,902	35,893	33,394	34,287	36,524	36,289	35,183	35,788
92 Other liabilities	13,548	22,103	28,379	26,628	26,415	13,684	17,330	16,924	17,242	14,770
93 **Total payable in U.S. dollars**	**108,178**	**116,094**	**108,755**	**102,783**	**101,901**	**97,565**	**99,092**	**95,642**	**104,521**	**105,699**
94 Negotiable CDs	18,143	12,710	10,076	6,967	5,750	6,139	5,890	5,689	4,213	4,494
95 To United States	33,056	34,697	33,003	28,936	32,300	32,178	30,357	30,330	31,266	30,204
96 Parent bank	28,812	29,955	28,260	24,435	26,720	27,351	25,873	25,700	26,021	25,160
97 Other banks in United States	1,065	1,156	1,177	1,184	1,084	857	1,088	992	866	906
98 Nonbanks	3,179	3,586	3,566	3,317	4,496	3,970	3,396	3,638	4,379	4,138
99 To foreigners	50,517	60,014	56,626	57,489	54,262	52,894	54,381	51,677	59,938	62,899
100 Other branches of parent bank	18,384	25,957	20,800	19,497	20,918	18,634	18,983	17,747	22,080	22,896
101 Banks	12,244	9,488	11,069	10,799	9,848	9,399	9,289	9,112	10,956	13,050
102 Official institutions	5,454	4,692	7,156	9,915	7,049	7,808	6,956	6,156	8,142	8,459
103 Nonbank foreigners	14,435	19,877	17,601	17,278	16,447	17,053	19,153	18,662	18,760	18,494
104 Other liabilities	6,462	8,673	9,050	9,391	9,589	6,354	8,464	7,946	9,104	8,102
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**167,139**	**168,963**	**153,691**	**144,089**	**145,450**	**153,853**	**155,974**
106 Negotiable CDs	678	646	1,173	1,646	1,894	1,330	1,814	872	1,394	1,939
107 To United States	124,859	114,738	129,872	128,891	130,815	115,589	105,816	108,966[r]	113,894	116,385
108 Parent bank	75,188	74,941	79,394	76,779	80,998	67,356	64,008[r]	63,057[r]	69,201	71,083
109 Other banks in United States	8,883	4,526	10,231	11,085	11,708	9,641	8,522[r]	9,779[r]	10,281	10,942
110 Nonbanks	40,788	35,271	40,247	41,027	38,109	38,592	33,286	36,130[r]	34,412	34,360
111 To foreigners	47,382	44,444	35,200	35,021	34,637	35,136	34,878	34,054[r]	34,889	35,411
112 Other branches of parent bank	23,414	24,715	17,388	16,842	16,799	17,668	17,315	16,071	15,441	16,287
113 Banks	8,823	5,588	5,662	6,346	6,075	6,390	6,242	6,787	6,987	7,574
114 Official institutions	1,097	622	572	731	770	862	935	984	1,058	932
115 Nonbank foreigners	14,048	13,519	11,578	11,102	10,993	10,216	10,386	10,212[r]	11,403	10,618
116 Other liabilities	3,087	2,488	2,081	1,581	1,617	1,636	1,581	1,558	3,676	2,239
117 **Total payable in U.S. dollars**	**171,250**	**157,132**	**163,603**	**162,280**	**163,951**	**148,744**	**138,864**	**139,963**	**148,881**	**151,325**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.[r]	1992 Nov.[p]
1 **Total**[1]	**344,529**	**360,530[r]**	**394,690[r]**	**401,950[r]**	**404,162[r]**	**406,671[r]**	**393,758[r]**	**405,385**	**396,107**
By type									
2 Liabilities reported by banks in the United States[2]	39,880	38,396[r]	47,452[r]	51,462[r]	48,879[r]	52,078	43,675	60,853	55,257
3 U.S. Treasury bills and certificates[3]	79,424	92,692	111,224	109,278	114,781	113,307	113,634	104,286	100,702
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	208,069	213,477[r]	212,710[r]	213,407[r]	208,924[r]	211,875	211,280
5 Nonmarketable[4]	4,491	4,858	5,021	4,625	4,582	4,476	4,505	4,473	4,503
6 U.S. securities other than U.S. Treasury securities[5]	18,247	20,907	22,924	23,108	23,210	23,403	23,020	23,898	24,365
By area									
7 Western Europe[1]	167,191	168,365	185,406[r]	191,377[r]	194,465[r]	196,061[r]	186,434[r]	194,611	185,416
8 Canada	8,671	7,460	9,347	9,302	9,876	9,990	7,027	8,111	6,396
9 Latin America and Caribbean	21,184	33,554	39,732	39,433	39,146	38,356	37,703	38,504	38,936
10 Asia	138,096	139,465	149,054[r]	150,207[r]	150,043[r]	151,785	151,667	153,555	154,511
11 Africa	1,434	2,092	2,792	3,265	3,218	2,860	3,360	3,481	3,779
12 Other countries[6]	7,955	9,592[r]	8,357[r]	8,364	7,412	7,617	7,565	7,121	7,067

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1988	1989	1990	1991 Dec.[r]	1992 Mar.[r]	1992 June[r]	1992 Sept.[r]
1 Banks' liabilities	74,980	67,835	70,477	75,129	68,071	70,842	85,278
2 Banks' claims	68,983	65,127	66,796	73,195	60,435	58,262	73,174
3 Deposits	25,100	20,491	29,672	26,192	23,270	23,462	29,412
4 Other claims	43,884	44,636	37,124	47,003	37,165	34,800	43,762
5 Claims of banks' domestic customers[2]	364	3,507	6,309	3,398	2,962	4,375	3,908

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1989	1990	1991	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.[r]	1992 Nov.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**736,878**	**759,634**	**756,066[r]**	**784,837**	**786,700**	**777,058**	**768,819[r]**	**793,159[r]**	**791,892**	**800,109**
2 Banks' own liabilities	577,498	577,229	575,374[r]	583,972	587,899	571,516	564,071[r]	585,806[r]	590,805	602,972
3 Demand deposits	22,032	21,723	20,321	19,606	20,930	19,739	21,698	22,474	21,288	21,915
4 Time deposits[2]	168,780	168,017	159,649	150,295	151,965	148,254	144,119	143,768[r]	158,178	158,860
5 Other[3]	67,823	65,822	66,305[r]	82,901	85,656	82,953	86,611[r]	82,484[r]	91,648	96,251
6 Own foreign offices[4]	318,864	321,667	329,099[r]	331,170	329,348	320,570	311,643[r]	337,080[r]	319,691	325,946
7 Banks' custodial liabilities[5]	159,380	182,405	180,692[r]	200,865	198,801	205,542	204,748[r]	207,353[r]	201,087	197,137
8 U.S. Treasury bills and certificates[6]	91,100	96,796	110,734	130,392	128,672	135,579	135,744	134,894	127,993	122,480
9 Other negotiable and readily transferable instruments[7]	19,526	17,578	18,664	18,995	18,020	19,339	18,541	19,341[r]	19,954	21,831
10 Other	48,754	68,031	51,294[r]	51,478	52,109	50,624	50,463[r]	53,118[r]	53,140	52,826
11 Nonmonetary international and regional organizations[8]	4,894	5,918	8,981	11,422	12,851	11,321	12,874[r]	10,810[r]	10,755	9,825
12 Banks' own liabilities	3,279	4,540	6,827	9,467	10,628	8,192	9,767[r]	8,173[r]	7,029	6,892
13 Demand deposits	96	36	43	46	40	24	21	24	73	58
14 Time deposits[2]	927	1,050	2,714	2,520	3,788	3,008	2,630	2,527[r]	1,952	2,570
15 Other[3]	2,255	3,455	4,070	6,901	6,800	5,160	7,116[r]	5,622[r]	5,004	4,264
16 Banks' custodial liabilities[5]	1,616	1,378	2,154	1,955	2,223	3,129	3,107	2,637	3,726	2,933
17 U.S. Treasury bills and certificates[6]	197	364	1,730	1,461	1,687	2,602	2,654	1,991	3,085	2,371
18 Other negotiable and readily transferable instruments[7]	1,417	1,014	424	494	534	527	453	646	641	561
19 Other	2	0	0	0	2	0	0	0	0	1
20 Official institutions[9]	113,481	119,303	131,088[r]	158,676	160,740	163,660	165,385	157,309	165,139	155,959
21 Banks' own liabilities	31,108	34,910	34,411[r]	43,548	47,574	45,334	48,526	40,524	57,145	51,277
22 Demand deposits	2,196	1,924	2,626[r]	1,319	1,630	1,372	1,676	1,761	1,723	1,492
23 Time deposits[2]	10,495	14,359	16,504	19,018	17,570	18,129	18,098	16,238	19,703	18,149
24 Other[3]	18,417	18,628	15,281	23,211	28,374	25,833	28,752	22,525	35,719	31,636
25 Banks' custodial liabilities[5]	82,373	84,393	96,677	115,128	113,166	118,326	116,859	116,785	107,994	104,682
26 U.S. Treasury bills and certificates[6]	76,985	79,424	92,692	111,224	109,278	114,781	113,307	113,634	104,286	100,702
27 Other negotiable and readily transferable instruments[7]	5,028	4,766	3,879	3,717	3,602	3,459	3,466	2,922	3,595	3,784
28 Other	361	203	106	187	286	86	86	229	113	196
29 Banks[10]	515,275	540,805	522,265[r]	527,253	526,453	514,526	501,804[r]	536,759[r]	524,206	543,429
30 Banks' own liabilities	454,273	458,470	459,335[r]	461,025	459,987	448,210	435,147[r]	466,796[r]	454,548	473,778
31 Unaffiliated foreign banks	135,409	136,802	130,236[r]	129,855	130,639	127,640	123,504[r]	129,716[r]	134,857	147,832
32 Demand deposits	10,279	10,053	8,648[r]	9,230	9,705	8,442	9,851	10,443	9,741	10,088
33 Time deposits[2]	90,557	88,541	82,857	77,068	80,118	77,229	73,175	74,447	86,300	89,049
34 Other[3]	34,573	38,208	38,731[r]	43,557	40,816	41,969	40,478[r]	44,826[r]	38,816	48,695
35 Own foreign offices[4]	318,864	321,667	329,099[r]	331,170	329,348	320,570	311,643[r]	337,080[r]	319,691	325,946
36 Banks' custodial liabilities[5]	61,002	82,335	62,930[r]	66,228	66,466	66,316	66,657[r]	69,963[r]	69,658	69,651
37 U.S. Treasury bills and certificates[6]	9,367	10,669	7,471	8,946	8,927	9,444	10,429	10,905	10,481	10,444
38 Other negotiable and readily transferable instruments[7]	5,124	5,341	5,694	7,044	6,647	7,129	6,920	7,373[r]	7,276	7,648
39 Other	46,510	66,325	49,765[r]	50,238	50,892	49,743	49,308[r]	51,685[r]	51,901	51,559
40 Other foreigners	103,228	93,608	93,732[r]	87,486	86,656	87,551	88,756	88,281	91,792	90,896
41 Banks' own liabilities	88,839	79,309	74,801	69,932	69,710	69,780	70,631	70,313	72,083	71,025
42 Demand deposits	9,460	9,711	9,004	9,011	9,555	9,901	10,150	10,246	9,751	10,277
43 Time deposits[2]	66,801	64,067	57,574	51,689	50,489	49,888	50,216	50,556	50,223	49,092
44 Other[3]	12,577	5,530	8,223	9,232	9,666	9,991	10,265	9,511	12,109	11,656
45 Banks' custodial liabilities[5]	14,389	14,299	18,931[r]	17,554	16,946	17,771	18,125	17,968	19,709	19,871
46 U.S. Treasury bills and certificates[6]	4,551	6,339	8,841	8,761	8,780	8,752	9,354	8,364	10,141	8,963
47 Other negotiable and readily transferable instruments[7]	7,958	6,457	8,667	7,740	7,237	8,224	7,702	8,400	8,442	9,838
48 Other	1,880	1,503	1,423[r]	1,053	929	795	1,069	1,204	1,126	1,070
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,203	7,073	7,456	7,642	7,351	6,976	7,279	7,452[r]	7,672	7,716

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts due to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

Item	1989	1990	1991	1992 May r	1992 June r	1992 July r	1992 Aug.	1992 Sept.	1992 Oct. r	1992 Nov. p
AREA										
1 **Total, all foreigners**	**736,878**	**759,634**	**756,066r**	**784,837r**	**786,700r**	**777,058r**	**768,819r**	**793,159r**	**791,892r**	**800,109**
2 **Foreign countries**	**731,984**	**753,716**	**747,085r**	**773,415r**	**773,849r**	**765,737r**	**755,945r**	**782,349r**	**781,137r**	**790,284**
3 Europe	237,501	254,452	249,097r	273,436	279,569r	283,144r	289,388	290,344r	306,499r	313,899
4 Austria	1,233	1,229	1,193	1,337	1,490	1,445	1,427	1,456	1,584	1,358
5 Belgium and Luxembourg	10,648	12,382	13,337	17,346	16,740	16,797	18,449	17,942	21,177r	19,631
6 Denmark	1,415	1,399	937	1,331	1,263	1,348	1,329	1,760	1,788	1,481
7 Finland	570	602	1,341	764	843	720	976	685	949	1,144
8 France	26,903	30,946	31,808	27,005	30,132	28,900	29,456	32,153	34,876r	40,028
9 Germany	7,578	7,485	8,619	8,319	8,068r	8,967	11,032	14,739	13,810	15,205
10 Greece	1,028	934	765	1,254	1,374	998	934	1,069	872	749
11 Italy	16,169	17,735	13,541	10,055	10,362	10,164	10,992	12,236	11,104	12,500
12 Netherlands	6,613	5,350	7,161	9,572	9,456	9,653	10,422	10,397	9,334	8,397
13 Norway	2,401	2,357	1,866	1,429	1,359	1,421	1,341	1,851	1,577	2,014
14 Portugal	2,418	2,958	2,184	2,391	2,530	2,659	2,664	2,245	2,258	2,255
15 Spain	4,364	7,544	11,391	14,316	15,844	15,313	14,904	15,589	14,602	10,382
16 Sweden	1,491	1,837	2,222	2,007	4,125	3,710	4,162	3,194	5,313r	5,210
17 Switzerland	34,496	36,690	37,238	36,663	35,987	39,568	40,569	39,314	38,117	41,511
18 Turkey	1,818	1,169	1,598	1,691	1,580	1,789	2,021	2,087	2,524	2,360
19 United Kingdom	102,362	109,555	100,292r	112,828	111,712	111,913r	111,521	115,747r	114,668r	118,178
20 Yugoslavia	1,474	928	622	524	555	547	554	567	577	575
21 Others in Western Europe[11]	13,563	11,689	9,274	19,961	21,607r	22,743	21,872	12,867	26,978r	26,621
22 U.S.S.R	350	119	241	436	440	609	525	499	450	601
23 Other Eastern Europe[12]	608	1,545	3,467	4,207	4,102	3,880	4,238	3,947	3,941	3,699
24 Canada	18,865	20,349	21,605	22,581r	20,358	22,350	20,410	22,668	21,378	22,052
25 Latin America and Caribbean	311,028	332,997	345,529r	339,386r	339,161r	325,397r	310,989r	315,512r	308,712r	308,358
26 Argentina	7,304	7,365	7,753r	9,374r	9,698r	10,041r	9,397	9,065	9,387r	8,715
27 Bahamas	99,341	107,386	100,622r	100,035r	101,822r	92,546r	82,571r	76,295r	84,657r	85,180
28 Bermuda	2,884	2,822	3,178	3,009	3,598	4,848	4,782	4,275r	5,889r	6,137
29 Brazil	6,351	5,834	5,704r	5,227r	5,397r	5,311r	5,283	5,393	5,828	5,489
30 British West Indies	138,309	147,321	163,620r	158,227r	156,525r	151,591r	148,164r	159,703r	143,265r	142,757
31 Chile	3,212	3,145	3,283r	3,791r	3,701r	3,605r	3,393	3,440	3,253	2,925
32 Colombia	4,653	4,492	4,661r	4,901r	4,721	4,686r	4,711	4,792	4,767	4,677
33 Cuba	10	11	2	6	3	12	9	33	10r	11
34 Ecuador	1,391	1,379	1,232	1,150	1,137	1,074	1,214	1,073	1,026	1,016
35 Guatemala	1,312	1,541	1,594	1,438	1,447	1,420	1,432	1,416	1,376	1,323
36 Jamaica	209	257	231	242	309	271	272	309	274	271
37 Mexico	15,423	16,650	19,957	20,842	19,491	19,642	20,046	19,650	19,226	19,542
38 Netherlands Antilles	6,310	7,357	5,592	5,347	5,313	5,085	4,825	4,751	4,708	6,101
39 Panama	4,362	4,574	4,695	4,100	4,286	4,457	4,302	4,595	4,115	3,970
40 Peru	1,984	1,294	1,249	1,098	1,156	1,131	1,123	1,143	1,124	1,031
41 Uruguay	2,284	2,520	2,096r	2,104r	2,169r	2,163r	2,182	2,019	2,087r	2,092
42 Venezuela	9,482	12,271	13,181	11,705	11,448	11,080	10,802	11,101	11,470	11,013
43 Other	6,206	6,779	6,879r	6,790r	6,940r	6,434r	6,481	6,459	6,250r	6,108
44 Asia	156,201	136,844	120,462r	128,100r	124,553r	124,905r	125,215r	144,145r	134,302r	136,089
China										
45 People's Republic of China	1,773	2,421	2,626	2,364	2,378	2,292	2,508	2,480	2,582	2,550
46 Republic of China (Taiwan)	19,588	11,246	11,491	10,265	9,985	10,277	10,362	9,430	8,617r	8,722
47 Hong Kong	12,416	12,754	14,269	17,885	16,980	16,840	17,775	17,991	17,488r	16,315
48 India	780	1,233	2,418	1,671	1,715	1,567	1,480	1,372	1,234	1,213
49 Indonesia	1,281	1,238	1,463	1,133	1,387	1,256	958	1,507	1,249r	1,232
50 Israel	1,243	2,767	2,015	3,432	2,976	2,850	2,620	2,613	2,208	3,691
51 Japan	81,184	67,076	47,069r	46,200r	44,269r	45,826r	45,683r	64,651r	56,070r	55,374
52 Korea (South)	3,215	2,287	2,587	3,132	2,839	3,288	3,644	3,672	3,531	3,685
53 Philippines	1,766	1,585	2,449	1,630	1,813	1,994	1,920	2,028	2,275	2,222
54 Thailand	2,093	1,443	2,252	6,990	4,586	4,017	4,624	4,517	5,082	5,797
55 Middle Eastern oil-exporting countries[13]	13,370	15,829	15,752	18,297	18,983	19,828	18,938	19,977	19,040	20,266
56 Other	17,491	16,965	16,071	15,101	16,642	14,870	14,703	13,907	14,926	15,022
57 Africa	3,824	4,630	4,825	5,430	5,810	5,516	5,314	5,592	5,843	6,061
58 Egypt	686	1,425	1,621	2,001	2,540	2,324	2,143	2,243	2,598	2,600
59 Morocco	78	104	79	77	87	85	93	100	98	93
60 South Africa	206	228	228	399	248	269	275	190	240	214
61 Zaire	86	53	31	26	29	17	24	14	24	23
62 Oil-exporting countries[14]	1,121	1,110	1,082	1,257	1,232	1,211	1,090	1,339	1,201	1,402
63 Other	1,648	1,710	1,784	1,670	1,674	1,610	1,689	1,706	1,682	1,729
64 Other	4,564	4,444	5,567	4,482	4,398	4,425	4,629	4,088	4,403	3,825
65 Australia	3,867	3,807	4,464	3,211	3,192	3,066	3,322	2,927	2,987	2,654
66 Other	697	637	1,103	1,271	1,206	1,359	1,307	1,161	1,416	1,171
67 Nonmonetary international and regional organizations	4,894	5,918	8,981	11,422r	12,851r	11,321r	12,874r	10,810r	10,755r	9,825
68 International[15]	3,947	4,390	6,485	8,400	9,796	7,402r	9,651r	7,714r	7,708r	6,665
69 Latin American regional[16]	684	1,048	1,181	2,012r	2,436r	2,699	2,319	2,289	2,139	2,257
70 Other regional[17]	263	479	1,315	1,010	619	1,220	904	807	908	903

11. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
12. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

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

Millions of dollars, end of period

	Area and country	1989	1990	1991	1992 May	1992 June r	1992 July r	1992 Aug. r	1992 Sept. r	1992 Oct. r	1992 Nov. p
1	**Total, all foreigners**	**534,492**	**511,543**	**514,339r**	**504,567r**	**511,801**	**502,941**	**479,705**	**485,349**	**493,457**	**492,312**
2	**Foreign countries**	**530,630**	**506,750**	**508,056r**	**499,766r**	**505,807**	**499,520**	**475,316**	**481,178**	**490,985**	**488,898**
3	Europe	119,025	113,093	114,310r	120,712r	126,187	124,453	119,126	117,235	126,114	122,322
4	Austria	415	362	327	456	433	647	606	341	373	440
5	Belgium and Luxembourg	6,478	5,473	6,158	6,487	6,166	6,475	6,344	7,524	6,971	6,427
6	Denmark	582	497	686	994	1,436	951	901	1,007	825	1,056
7	Finland	1,027	1,047	1,907r	1,536	1,516	1,269	1,081	1,299	817	1,174
8	France	16,146	14,468	15,112	14,031	14,440	14,154	13,011	15,004	16,081	15,678
9	Germany	2,865	3,343	3,371	4,044	3,311	3,870	4,707	4,074	5,628	5,327
10	Greece	788	727	553	492	506	590	619	606	601	598
11	Italy	6,662	6,052	8,242	10,284r	10,621	10,508	9,876	9,487	9,754	9,443
12	Netherlands	1,904	1,761	2,546	2,647r	2,272	2,042	2,075	1,980	2,334	3,006
13	Norway	609	782	669	731	722	731	707	639	666	435
14	Portugal	376	292	344	398	367	382	387	383	327	365
15	Spain	1,930	2,668	1,881	2,687	3,880	3,730	2,590	3,304	4,630	3,504
16	Sweden	1,773	2,094	2,335	2,982r	6,720	5,967	6,567	5,494	6,698	5,786
17	Switzerland	6,141	4,202	4,540	4,144	3,974	3,683	3,934	3,112	3,698	3,590
18	Turkey	1,071	1,405	1,063	1,131r	988	1,174	1,002	986	1,177	950
19	United Kingdom	65,527	65,151	60,395r	62,499r	63,917	62,800	58,861	56,456	60,196	59,100
20	Yugoslavia	1,329	1,142	825	735	697	693	678	674	668	661
21	Others in Western Europe[2]	1,302	597	789	894	771	1,227	1,356	1,216	964	1,019
22	U.S.S.R.	1,179	530	1,970	2,948	3,035	3,153	3,280	3,199	3,190	3,174
23	Other Eastern Europe[3]	921	499	597	592	415	407	544	450	516	589
24	Canada	15,451	16,091	15,113r	16,449r	16,370	17,429	15,151	15,902	16,826	15,830
25	Latin America and Caribbean	230,438	231,506	246,137r	238,457r	243,472	234,066	217,582	210,329	213,319	217,951
26	Argentina	9,270	6,967	5,869	5,956	5,396	5,614	4,789	4,560	4,568	4,602
27	Bahamas	77,921	76,525	87,138r	84,618r	83,101	74,806	62,615	58,502	64,860	66,454
28	Bermuda	1,315	4,056	2,270r	4,283	4,951	6,099	6,302	3,567	2,798	6,443
29	Brazil	23,749	17,995	11,894r	12,183	12,020	12,186	12,286	11,308	11,558	11,653
30	British West Indies	68,749	88,565	107,846r	100,337r	106,631	104,133	99,775	99,294	96,708	95,438
31	Chile	4,353	3,271	2,805	3,056r	3,228	3,118	3,220	3,320	3,340	3,324
32	Colombia	2,784	2,587	2,425	2,328	2,304	2,398	2,322	2,475	2,595	2,698
33	Cuba	1	0	0	0	0	0	0	0	5	0
34	Ecuador	1,688	1,387	1,053	939	936	950	949	920	936	927
35	Guatemala	197	191	228	171	175	167	189	237	277	255
36	Jamaica	297	238	158	143	150	151	150	160	147	155
37	Mexico	23,376	14,851	16,567	16,910r	16,464	16,341	16,564	17,313	16,666	16,492
38	Netherlands Antilles	1,921	7,998	1,207	904	920	941	966	1,045	1,080	1,529
39	Panama	1,740	1,471	1,560	1,932r	2,208	2,025	2,053	1,945	1,988	2,087
40	Peru	771	663	739	667r	720	708	708	732	721	724
41	Uruguay	929	786	599	717	765	749	799	921	882	877
42	Venezuela	9,652	2,571	2,516	2,046	2,216	2,360	2,585	2,654	2,702	2,880
43	Other	1,726	1,384	1,263	1,267r	1,287	1,320	1,310	1,376	1,488	1,413
44	Asia	157,474	138,722	125,262r	117,225r	112,365	115,933	116,509	130,614	127,290	126,114
	China										
45	People's Republic of China	634	620	747	729	685	642	696	636	1,051	624
46	Republic of China (Taiwan)	2,776	1,952	2,087	1,808	1,778	1,965	1,983	2,054	1,848	1,653
47	Hong Kong	11,128	10,648	9,617	9,127	8,272	9,103	8,015	10,087	9,132	9,272
48	India	621	655	441	475	458	512	528	499	500	539
49	Indonesia	651	933	952	1,132	1,085	1,090	1,108	1,089	1,112	1,135
50	Israel	813	774	860	874	891	901	920	800	826	940
51	Japan	111,300	90,699	84,807r	74,396r	69,231	71,120	71,469	83,201	80,071	77,652
52	Korea (South)	5,323	5,766	6,048	5,785r	5,910	6,063	6,201	6,247	6,113	6,291
53	Philippines	1,344	1,247	1,910	1,618	1,648	1,635	1,775	1,852	1,896	2,033
54	Thailand	1,140	1,573	1,713	1,714r	1,767	1,716	1,691	1,795	1,764	1,873
55	Middle Eastern oil-exporting countries[4]	10,149	10,749	8,284	13,453	14,505	14,323	14,783	14,613	15,488	16,858
56	Other	11,594	13,106	7,796	6,114	6,135	6,863	7,340	7,741	7,489	7,244
57	Africa	5,890	5,445	4,928	4,582	4,548	4,452	4,455	4,333	4,303	4,234
58	Egypt	502	380	294	218	256	261	243	256	229	214
59	Morocco	559	513	575	529	527	496	483	467	452	443
60	South Africa	1,628	1,525	1,235	1,128	1,070	1,047	1,066	1,055	1,036	1,063
61	Zaire	16	16	4	4	4	4	4	4	4	4
62	Oil-exporting countries[5]	1,648	1,486	1,298	1,162	1,159	1,157	1,130	1,067	1,056	1,029
63	Other	1,537	1,525	1,522	1,541	1,532	1,487	1,529	1,484	1,526	1,481
64	Other	2,354	1,892	2,306	2,341r	2,865	3,187	2,493	2,765	3,133	2,447
65	Australia	1,781	1,413	1,665	1,199r	1,727	1,937	1,463	1,765	1,951	1,601
66	Other	573	479	641	1,142	1,138	1,250	1,030	1,000	1,182	846
67	Nonmonetary international and regional organizations[6]	3,862	4,793	6,283	4,801	5,994	3,421	4,389	4,171	2,472	3,414

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
3. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

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

Millions of dollars, end of period

Claim	1989	1990	1991[r]	1992 May[r]	1992 June[r]	1992 July[r]	1992 Aug.[r]	1992 Sept.[r]	1992 Oct.	1992 Nov.[p]
1 **Total**	**593,087**	**579,044**	**579,683**	....	**565,321**	....	....	**552,135**	....	....
2 Banks' claims	534,492	511,543	514,339	504,567	511,801	502,941	479,705	485,349	493,457	492,312
3 Foreign public borrowers	60,511	41,900	37,126	34,641	35,950	32,940	32,263	31,426	31,982	30,876
4 Own foreign offices[2]	296,011	304,315	318,800	308,254	314,599	302,061	287,523	297,590	297,656	291,361
5 Unaffiliated foreign banks	134,885	117,272	116,602	116,789	111,971	113,963	105,987	105,796	112,128	113,409
6 Deposits	78,185	65,253	69,018	70,093	63,521	62,897	56,294	54,316	60,877	62,231
7 Other	56,700	52,019	47,584	46,696	48,450	51,066	49,693	51,480	51,251	51,178
8 All other foreigners	43,085	48,056	41,811	44,883	49,281	53,977	53,932	50,537	51,691	56,666
9 Claims of banks' domestic customers[3]	58,594	67,501	65,344	....	53,520	....	....	66,786	....	....
10 Deposits	13,019	14,375	15,280	....	17,098	....	....	15,348	....	....
11 Negotiable and readily transferable instruments[4]	30,983	41,333	37,125	....	24,114	....	....	38,258	....	....
12 Outstanding collections and other claims	14,592	11,792	12,939	....	12,308	....	....	13,180	....	....
MEMO										
13 Customer liability on acceptances	12,899	13,628	8,974	....	7,584	....	....	8,505	....	....
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	45,767	44,638	39,111	33,432	33,440	34,712	33,223	34,026	34,050	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets held by reporting banks for the account of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area	1988	1989	1990	1991 Dec.[r]	1992 Mar.[r]	1992 June[r]	1992 Sept.[p]
1 **Total**	**233,184**	**238,123**	**206,903**	**195,302**	**194,455**	**196,874**	**187,377**
By borrower							
2 Maturity of one year or less[2]	172,634	178,346	165,985	162,573	161,456	162,402	155,099
3 Foreign public borrowers	26,562	23,916	19,305	21,050	20,231	20,492	17,784
4 All other foreigners	146,072	154,430	146,680	141,523	141,225	141,910	137,315
5 Maturity of more than one year[2]	60,550	59,776	40,918	32,729	32,999	34,472	32,278
6 Foreign public borrowers	35,291	36,014	22,269	15,859	16,189	15,147	13,294
7 All other foreigners	25,259	23,762	18,649	16,870	16,810	19,325	18,984
By area							
Maturity of one year or less[2]							
8 Europe	55,909	53,913	49,184	51,835	52,790	54,955	55,842
9 Canada	6,282	5,910	5,450	6,444	6,907	7,935	5,973
10 Latin America and Caribbean	57,991	53,003	49,782	43,597	48,582	49,138	45,300
11 Asia	46,224	57,755	53,258	51,059	43,645	41,412	40,714
12 Africa	3,337	3,225	3,040	2,549	2,486	2,142	2,199
13 All other[3]	2,891	4,541	5,272	7,089	7,046	6,820	5,071
Maturity of more than one year[2]							
14 Europe	4,666	4,121	3,859	3,878	4,360	6,793	6,663
15 Canada	1,922	2,353	3,290	3,595	3,284	3,153	3,243
16 Latin America and Caribbean	47,547	45,816	25,774	18,277	18,196	16,915	15,156
17 Asia	3,613	4,172	5,165	4,459	4,729	5,007	4,847
18 Africa	2,301	2,630	2,374	2,335	2,191	2,341	2,091
19 All other[3]	501	684	456	185	239	263	278

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Maturity is time remaining to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1988	1989	1990		1991				1992		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**346.2[r]**	**338.8**	**331.5**	**317.8**	**325.3[r]**	**320.4[r]**	**335.7[r]**	**341.5**	**347.6[r]**	**355.2[r]**	**342.2[r]**
2 G-10 countries and Switzerland	152.7	152.9	143.6	132.1	129.9	129.8[r]	134.0	137.2[r]	130.5[r]	135.6	136.4
3 Belgium and Luxembourg	9.0	6.3	6.5	5.9	6.2	6.1	5.8	6.0	5.3	6.2	6.2
4 France	10.5	11.7	11.1	10.4	9.7	10.5	11.1	11.0	10.0	11.9	15.5
5 Germany	10.3	10.5	11.1	10.6	8.8	8.3	9.7	8.3	8.4	8.7	10.9
6 Italy	6.8	7.4	4.4	5.0	4.0	3.6	4.5	5.6	5.4	8.0	6.4
7 Netherlands	2.7	3.1	3.8	3.0	3.3	3.3	3.0	4.7	4.3	3.3	3.7
8 Sweden	1.8	2.0	2.3	2.2	2.0	2.5	2.1	1.9	2.0	1.9[r]	2.2
9 Switzerland	5.4	7.1	5.6	4.4	3.7	3.3	3.9	3.4	3.2	4.6	5.0
10 United Kingdom	66.2	67.2	62.6	60.8	62.3[r]	59.5[r]	64.9	68.5	64.8[r]	65.9	61.6
11 Canada	5.0	5.4	5.0	5.9	6.8	8.2	5.8[r]	5.8[r]	6.5[r]	6.7	6.7
12 Japan	34.9	32.2	31.3	23.9	23.2	24.6	23.2	22.2	20.7	18.3	18.3
13 Other industrialized countries	21.0	20.7	23.0	22.6	23.1	21.1	21.8[r]	22.7	21.2	25.5[r]	24.9
14 Austria	1.5	1.5	1.6	1.4	1.4	1.1	1.0	.6	.8	.8	.7
15 Denmark	1.1	1.1	1.1	1.1	.9	1.2	.9	.9	.8	1.3	1.5
16 Finland	1.1	1.0	.8	.7	1.0	.8	.6[r]	.7	.8	.8	1.0
17 Greece	1.8	2.5	2.8	2.7	2.5	2.4	2.3	2.6	2.3	2.8	3.0
18 Norway	1.8	1.4	1.6	1.6	1.5	1.5	1.4	1.4	1.5	1.7	1.6
19 Portugal	.4	.4	.6	.6	.6	.6	.5	.6	.5	.5	.5
20 Spain	6.2	7.1	8.4	8.3	9.0	7.1	8.3	8.3	7.7	10.1	9.8
21 Turkey	1.5	1.2	1.6	1.7	1.7	1.9	1.6	1.4	1.2	1.5	1.5
22 Other Western Europe	1.3	.7	.7	.9	.8	.9	1.0	1.6	1.3	1.9	1.4
23 South Africa	2.4	2.0	1.9	1.8	1.8	1.8	1.6	1.9	1.8	1.7	1.7
24 Australia	1.8	1.6	2.0	1.8	1.9	2.0	2.4	2.7	2.3	2.3	2.3
25 OPEC[2]	16.6	17.1	14.2	12.8	17.1	14.0	15.6	14.6	15.8	16.2	15.9
26 Ecuador	1.7	1.3	1.1	1.0	.9	.9	.8	.7	.7	.7	.7
27 Venezuela	7.9	7.0	6.0	5.0	5.1	5.3	5.6	5.4	5.4	5.3	5.4
28 Indonesia	1.7	2.0	2.3	2.7	2.8	2.6	2.8	2.8	3.0	3.0	3.0
29 Middle East countries	3.4	5.0	3.1	2.5	6.6	3.7	5.0	4.2	5.3	5.9	5.4
30 African countries	1.9	1.7	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4
31 Non-OPEC developing countries	85.3	77.5	67.1	65.4	66.4	65.0	65.0	64.3	70.6	68.9[r]	73.8
Latin America											
32 Argentina	9.0	6.3	5.0	5.0	4.7	4.6	4.5	4.8	5.0	5.1	6.2
33 Brazil	22.4	19.0	15.4	14.4	13.9	11.6	10.5	9.6[r]	10.8	10.6	10.8
34 Chile	5.6	4.6	3.6	3.5	3.6	3.6	3.7	3.6	3.9	4.0	4.2
35 Colombia	2.1	1.8	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.7
36 Mexico	18.8	17.7	12.8	13.0	13.7	14.3	16.2	15.5	18.2	16.6[r]	17.7
37 Peru	.8	.6	.5	.5	.5	.5	.4	.4	.4	.4	.5
38 Other	2.6	2.8	2.4	2.3	2.2	2.0	1.9	2.1	2.2	2.2	2.5
Asia											
China											
39 Peoples Republic of China	.3	.3	.2	.2	.4	.6	.4	.3	.3	.3	.3
40 Republic of China (Taiwan)	3.7	4.5	4.0	3.5	3.6	4.1	4.1	4.1	4.8	4.6	5.0
41 India	2.1	3.1	3.6	3.3	3.5	3.0	2.8	3.0	3.6	3.8	3.6
42 Israel	1.2	.7	.6	.5	.5	.5	.5	.5	.4	.4	.4
43 Korea (South)	6.1	5.9	6.2	6.2	6.8	6.9	6.5	6.8	6.9	6.9	7.4
44 Malaysia	1.6	1.7	1.8	1.9	2.0	2.1	2.3	2.3	2.5	2.7	3.0
45 Philippines	4.5	4.1	3.9	3.8	3.7	3.7	3.6	3.7	3.6	3.0	3.3
46 Thailand	1.1	1.3	1.5	1.5	1.6	1.7	1.9	1.7	1.7	1.9	2.2
47 Other Asia[3]	.9	1.0	1.6	1.7	2.1	2.3	2.3	2.4	2.7	3.1	3.3
Africa											
48 Egypt	.4	.4	.4	.4	.4	.4	.4	.4	.3	.5	.3
49 Morocco	.9	.9	.9	.8	.8	.7	.7	.7	.7	.7	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.1	1.0	.8	1.0	.8	.8	.8	.7	.7	.6	.9
52 Eastern Europe	3.6	3.5	2.7	2.3	2.1	2.1	1.8	2.4	2.9	3.0	3.1
53 U.S.S.R.	.7	.7	.4	.2	.3	.4	.4	.9	1.4	1.7	1.8
54 Yugoslavia	1.8	1.6	1.3	1.2	1.0	1.0	.8	.9	.8	.7	.7
55 Other	1.1	1.3	1.1	.9	.8	.7	.7	.7	.6	.6	.7
56 Offshore banking centers	44.2	36.6	42.6	42.5	50.0[r]	48.3	52.7[r]	52.0[r]	58.5	56.9	49.6[r]
57 Bahamas	11.0	5.5	8.9	2.8	8.3[r]	6.8	6.7	11.9[r]	14.0[r]	12.0[r]	7.6[r]
58 Bermuda	.9	1.7	4.5	4.4	4.4	4.2	7.1	2.3[r]	3.9	5.1	3.8
59 Cayman Islands and other British West Indies	12.9	9.0	9.3	11.5	14.1	14.9	13.8	15.8[r]	17.4	18.0	15.4
60 Netherlands Antilles	1.0	2.3	2.2	7.9	1.1	1.4	3.9[r]	1.2	1.0	.8	.7
61 Panama[4]	2.5	1.4	1.5	1.4	1.5	1.3	1.3	1.3	1.3	1.4	1.6
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.6	9.7	8.7	7.7	11.6	12.4	12.1	12.2	12.2	13.0	12.9
64 Singapore	6.1	7.0	7.5	6.6	8.9	7.2	7.7	7.1	8.5	6.4	7.4
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	22.6	30.3	38.1	39.8	36.4	39.9	44.6	48.2	48.0	49.1	38.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type and area or country	1988	1989	1990[r]	1991			1992		
				June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**32,952**	**38,764**	**46,169**	**41,774[r]**	**43,256[r]**	**43,244[r]**	**44,170[r]**	**44,231[r]**	**44,979**
2 Payable in dollars	27,335	33,973	40,912	37,258[r]	38,520[r]	37,852[r]	38,719[r]	37,536[r]	36,549
3 Payable in foreign currencies	5,617	4,791	5,257	4,516[r]	4,736[r]	5,392[r]	5,451[r]	6,695[r]	8,430
By type									
4 Financial liabilities	14,507	17,879	21,192	19,562[r]	21,690[r]	21,981[r]	22,339[r]	22,043	23,314
5 *Payable in dollars*	10,608	14,035	17,105	16,202[r]	17,985[r]	17,869[r]	18,111[r]	16,799	16,478
6 Payable in foreign currencies	3,900	3,844	4,087	3,360[r]	3,705[r]	4,112[r]	4,228[r]	5,244	6,836
7 Commercial liabilities	18,445	20,885	24,977	22,212	21,566	21,263	21,831	22,188[r]	21,665
8 Trade payables	6,505	8,070	10,683	8,569	8,313	8,310	8,914	9,516[r]	9,407
9 Advance receipts and other liabilities	11,940	12,815	14,294	13,644	13,253	12,953	12,917	12,672	12,258
10 Payable in dollars	16,727	19,938	23,807	21,056	20,535	19,983	20,608	20,737[r]	20,071
11 Payable in foreign currencies	1,717	947	1,170	1,157	1,031	1,280	1,223	1,451[r]	1,594
By area or country									
Financial liabilities									
12 Europe	9,962	11,660	11,086	10,503[r]	12,343[r]	12,002[r]	12,539[r]	13,091	14,083
13 Belgium and Luxembourg	289	340	394	355	397	217	174	194	256
14 France	359	258	975	937[r]	2,164[r]	2,106[r]	1,997	2,324	2,830
15 Germany	699	464	621	658	682[r]	682[r]	666[r]	836	956
16 Netherlands	880	941	1,081	1,026	1,050	1,056	1,025	979	1,211
17 Switzerland	1,033	541	545	513[r]	497[r]	408[r]	355	490	466
18 United Kingdom	6,533	8,818	6,455	6,018[r]	6,610[r]	6,513[r]	7,415[r]	7,392	7,522
19 Canada	388	610	229	293	305	267	283	337	320
20 Latin America and Caribbean	839	1,357	4,153	3,808	3,883	4,307	4,047	3,308	3,235
21 Bahamas	184	157	371	375	314	537	396	343	192
22 Bermuda	0	17	0	12	0	114	114	114	115
23 Brazil	0	0	0	0	6	6	8	10	18
24 British West Indies	645	724	3,160	2,816	2,961	3,047	2,915	2,167	2,209
25 Mexico	1	6	5	6	6	7	7	8	12
26 Venezuela	0	0	4	4	4	4	4	4	5
27 Asia	3,312	4,151	5,313	4,947[r]	5,155[r]	5,347[r]	5,375[r]	5,218	5,586
28 Japan	2,563	3,299	4,077	3,771[r]	4,006[r]	4,108[r]	4,113[r]	4,122	4,553
29 Middle East oil-exporting countries[2]	3	2	5	4	19	13	13	10	17
30 Africa	2	2	2	9	3	6	7	0	5
31 Oil-exporting countries[3]	0	0	0	7	2	4	6	0	0
32 All other[4]	4	100	409	2	1	52	88	89	85
Commercial liabilities									
33 Europe	7,319	9,071	10,310	8,607	8,084	7,808	7,491	7,144[r]	6,714
34 Belgium and Luxembourg	158	175	275	245	225	248	256	240	173
35 France	455	877	1,218	1,185	992	830	671	659	688
36 Germany	1,699	1,392	1,270	1,040	911	944	878	702[r]	744
37 Netherlands	587	710	844	729	751	709	574	605	601
38 Switzerland	417	693	775	580	492	488	482	400	369
39 United Kingdom	2,079	2,620	2,792	2,289	2,217	2,310	2,444	2,404	2,262
40 Canada	1,217	1,124	1,261	1,208	1,011	990	1,094	1,077	1,055
41 Latin America and Caribbean	1,090	1,224	1,672	1,619	1,512	1,352	1,701	1,803	1,518
42 Bahamas	49	41	12	5	14	3	13	8	3
43 Bermuda	286	308	538	504	450	310	493	409	338
44 Brazil	95	100	145	180	211	219	230	212	115
45 British West Indies	34	27	30	49	46	107	108	73	85
46 Mexico	217	323	475	358	291	304	375	475	322
47 Venezuela	114	164	130	119	102	94	168	279	147
48 Asia	6,915	7,550	9,483	8,752	8,855	9,330	9,889	10,439[r]	10,988
49 Japan	3,094	2,914	3,651	3,411	3,363	3,720	3,548	3,537[r]	3,899
50 Middle Eastern oil-exporting countries[2,5]	1,385	1,632	2,016	1,657	1,780	1,498	1,591	1,778	1,813
51 Africa	576	886	844	596	836	713	644	775	674
52 Oil-exporting countries[3]	202	339	422	226	357	327	253	389	337
53 Other[4]	1,328	1,030	1,406	1,431	1,268	1,070	1,012	950	716

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

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

Millions of dollars, end of period

	Type, and area or country	1988	1989	1990[r]	1991			1992		
					June	Sept.	Dec.[r]	Mar.[r]	June[r]	Sept.[p]
1	**Total**	**33,805**	**33,173**	**35,348**	**37,101[r]**	**38,315[r]**	**42,635**	**42,203**	**41,884**	**38,443**
2	Payable in dollars	31,425	30,773	32,760	35,014[r]	35,952[r]	40,068	39,563	38,915	35,525
3	Payable in foreign currencies	2,381	2,400	2,589	2,087	2,363	2,567	2,640	2,969	2,918
	By type									
4	Financial claims	21,640	19,297	19,874	20,881[r]	22,536[r]	25,463	25,355	24,640	21,347
5	Deposits	15,643	12,353	13,577	12,544[r]	16,188[r]	17,218	16,964	15,116	12,535
6	Payable in dollars	14,544	11,364	12,552	11,758	15,182	16,343	15,803	13,829	11,477
7	Payable in foreign currencies	1,099	989	1,025	786[r]	1,006[r]	875	1,161	1,287	1,058
8	Other financial claims	5,997	6,944	6,297	8,337[r]	6,348[r]	8,245	8,391	9,524	8,812
9	Payable in dollars	5,220	6,190	5,280	7,632[r]	5,611[r]	7,365	7,644	8,799	7,780
10	Payable in foreign currencies	777	754	1,017	704[r]	737[r]	880	747	725	1,032
11	Commercial claims	12,166	13,876	15,475	16,220	15,779	17,172	16,848	17,244	17,096
12	Trade receivables	11,091	12,253	13,657	14,120	13,429	14,447	14,243	14,743	14,528
13	Advance payments and other claims	1,075	1,624	1,817	2,100	2,350	2,725	2,605	2,501	2,568
14	Payable in dollars	11,660	13,219	14,927	15,623	15,159	16,360	16,116	16,287	16,268
15	Payable in foreign currencies	505	657	548	597	620	812	732	957	828
	By area or country									
	Financial claims									
16	Europe	10,278	8,463	9,645	11,873[r]	13,129[r]	13,546	14,207	13,207	11,229
17	Belgium and Luxembourg	18	28	76	74	76	13	12	25	16
18	France	203	153	371	271	255	312	277	786	809
19	Germany	120	152	367	298	434	342	290	381	321
20	Netherlands	348	238	265	429	420	385	727	732	766
21	Switzerland	217	153	357	433	580	591	682	779	602
22	United Kingdom	9,039	7,496	7,971	10,222	10,997	11,251	11,631	8,773	7,707
23	Canada	2,325	1,904	2,934	2,015[r]	2,163[r]	2,679	2,755	2,534	2,256
24	Latin America and Caribbean	8,160	8,020	6,201	5,926	6,289	7,932	7,070	7,260	6,523
25	Bahamas	1,846	1,890	1,090	457	652	758	415	523	1,099
26	Bermuda	19	7	3	4	19	8	12	12	65
27	Brazil	47	224	68	127	137	192	191	181	135
28	British West Indies	5,763	5,486	4,635	4,957	5,106	6,384	5,912	6,018	4,792
29	Mexico	151	94	177	161	176	321	318	343	222
30	Venezuela	21	20	25	29	32	40	34	32	26
31	Asia	623	590	860	742[r]	614[r]	957	966	1,280	995
32	Japan	354	213	523	398	277	385	380	712	481
33	Middle East oil-exporting countries[2]	5	8	8	4	3	5	3	4	4
34	Africa	106	140	37	64	61	57	60	57	66
35	Oil-exporting countries[3]	10	12	0	1	1	1	0	0	1
36	All other[4]	148	180	195	261[r]	280[r]	292	297	302	278
	Commercial claims									
37	Europe	5,181	6,209	7,044	7,464	6,884	7,950	7,894	8,137	7,607
38	Belgium and Luxembourg	189	242	212	220	190	192	181	255	170
39	France	672	964	1,240	1,402	1,330	1,544	1,562	1,563	1,576
40	Germany	669	696	807	958	858	943	936	908	885
41	Netherlands	212	479	555	707	641	643	646	666	588
42	Switzerland	344	313	301	296	258	295	328	399	282
43	United Kingdom	1,324	1,575	1,775	1,817	1,807	2,088	2,086	2,173	1,972
44	Canada	983	1,091	1,074	1,241	1,232	1,174	1,176	1,131	1,168
45	Latin America and Caribbean	2,241	2,184	2,375	2,433	2,494	2,591	2,572	2,672	3,139
46	Bahamas	36	58	14	16	8	11	11	9	7
47	Bermuda	230	323	246	247	255	263	272	291	245
48	Brazil	299	297	326	309	385	418	364	438	395
49	British West Indies	22	36	40	43	37	41	45	32	43
50	Mexico	461	508	661	710	741	829	892	847	968
51	Venezuela	227	147	192	195	196	202	206	251	300
52	Asia	2,993	3,570	4,127	4,201	4,282	4,563	4,351	4,462	4,310
53	Japan	946	1,199	1,460	1,645	1,808	1,869	1,780	1,786	1,797
54	Middle Eastern oil-exporting countries[2]	453	518	460	501	496	621	635	609	512
55	Africa	435	429	488	428	431	418	418	422	427
56	Oil-exporting countries[3]	122	108	67	63	80	95	75	73	66
57	Other[4]	333	393	367	454	456	476	437	420	445

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1990	1991	1992 Jan.–Nov.	1992 May	1992 June	1992 July[r]	1992 Aug.[r]	1992 Sept.[r]	1992 Oct.[r]	1992 Nov.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	173,293	211,207[r]	198,400	18,664	16,525	18,547	13,174	13,884	18,701	17,779
2 Foreign sales	188,419	200,116	205,897	18,602	17,537	18,769	14,841	17,034	18,055	16,502
3 **Net purchases or sales (−)**	**−15,126**	**11,091[r]**	**−7,497**	**62**	**−1,012**	**−222**	**−1,667**	**−3,150**	**646**	**1,277**
4 **Foreign countries**	**−15,197**	**10,522[r]**	**−7,506**	**27**	**−1,170**	**−239**	**−1,622**	**−3,059**	**649**	**1,274**
5 Europe	−8,479	53[r]	−6,483	278	−1,184	−965	−1,089	−1,683	57	345
6 France	−1,234	9	−1,177	−121	−148	10	−46	−234	−92	−50
7 Germany	−367	−63	−226	149	−4	−14	−26	−112	−52	47
8 Netherlands	−397	−227	−514	76	−217	−14	−54	−107	−43	−29
9 Switzerland	−2,866	−131	−78	122	−10	−55	−150	−189	−124	−40
10 United Kingdom	−2,980	−352[r]	−4,000	−11	−691	−742	−652	−869	363	359
11 Canada	886	3,845	1,229	230	74	130	−59	−278	−227	43
12 Latin America and Caribbean	−1,330	2,177	1,791	43	−109	−24	−24	−90	239	649
13 Middle East[1]	−2,435	−134	−157	85	51	4	−14	136	−58	−217
14 Other Asia	−3,477	4,255	−4,042	−557	141	370	−442	−1,064	778	386
15 Japan	−2,891	1,179	−3,796	−401	35	172	−301	−97	191	230
16 Africa	−63	153	17	20	−1	−7	−1	14	−21	−18
17 Other countries	−298	174	139	−72	−142	253	7	−94	−119	86
18 **Nonmonetary international and regional organizations**	**71**	**568**	**9**	**35**	**158**	**17**	**−45**	**−91**	**−3**	**3**
BONDS[2]										
19 Foreign purchases	118,764	153,096	192,337	17,539	16,691	18,343	19,785	17,160	18,404	15,793
20 Foreign sales	102,047	125,637[r]	156,828	13,222	12,407	16,311	16,620	14,452	14,547	14,062
21 **Net purchases or sales (−)**	**16,717**	**27,459[r]**	**35,509**	**4,317**	**4,284**	**2,032**	**3,165**	**2,708**	**3,857**	**1,731**
22 **Foreign countries**	**17,187**	**27,590[r]**	**34,938**	**4,388**	**4,205**	**2,153**	**3,150**	**2,573**	**3,811**	**1,566**
23 Europe	10,079	13,112[r]	15,343	1,920	1,420	1,029	1,516	1,818	1,473	−750
24 France	373	847	1,004	−45	364	161	−5	155	−4	−7
25 Germany	−377	1,577	1,646	67	11	−37	−13	387	−34	−113
26 Netherlands	172	482	474	123	64	177	22	58	133	135
27 Switzerland	284	656	−618	−40	−53	−13	−94	−51	−23	−260
28 United Kingdom	10,383	8,931[r]	11,299	1,496	847	760	1,447	1,319	1,041	−556
29 Canada	1,906	1,623	274	−68	−111	67	−100	48	198	281
30 Latin America and Caribbean	4,328	2,672	8,359	1,022	619	676	878	548	911	510
31 Middle East[1]	3	1,787	2,821	455	376	239	284	−5	314	489
32 Other Asia	1,120	8,459	8,118	1,088	1,904	231	593	171	967	973
33 Japan	727	5,767	−76	324	740	−710	−1,229	−590	470	412
34 Africa	96	52	51	6	−6	22	1	−7	−50	−5
35 Other countries	−344	−116	−28	−35	3	−111	−22	0	−2	68
36 **Nonmonetary international and regional organizations**	**−471**	**−131**	**571**	**−71**	**79**	**−121**	**15**	**135**	**46**	**165**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−9,205	−31,967	−27,595	−909[r]	68[r]	−3,244	−2,959	−2,854	−4,185	−3,554
38 Foreign purchases	122,641	120,598	136,794	13,915[r]	14,638[r]	13,496	9,759	13,580	12,292	11,533
39 Foreign sales[3]	131,846	152,565	164,389	14,824[r]	14,570[r]	16,740	12,718	16,434	16,477	15,087
40 Bonds, net purchases or sales (−)	−22,412	−14,828	−15,594	−2,749[r]	−1,681[r]	−4,280	275	−1,561	−1,966	−831
41 Foreign purchases	314,645	330,311	442,757	33,514[r]	40,332[r]	43,301	45,938	45,747	47,885	51,063
42 Foreign sales	337,057	345,139	458,351	36,263[r]	42,013[r]	47,581	45,663	47,308	49,851	51,894
43 ***Net purchases or sales (−), of stocks and bonds***	**−31,617**	**−46,795**	**−43,189**	**−3,658[r]**	**−1,613[r]**	**−7,524**	**−2,684**	**−4,415**	**−6,151**	**−4,385**
44 **Foreign countries**	**−28,943**	**−46,711**	**−46,586**	**−3,684[r]**	**−1,997[r]**	**−8,383**	**−2,771**	**−4,436**	**−6,178**	**−4,473**
45 Europe	−8,443	−34,452	−33,310	−141[r]	−1,494[r]	−5,333	−1,244	−3,282	−6,438	−5,018
46 Canada	−7,502	−7,004	−5,402	−710	−852	−2,212	207	−136	−1,015	577
47 Latin America and Caribbean	−8,854	759	−2,323	−1,278	−560[r]	1,631	−430	308	1,092	−1,653
48 Asia	−3,828	−7,350	−4,810	−1,235	374[r]	−2,461	−1,376	−1,667	773	1,578
49 Africa	−137	−9	−46	−99	7	14	11	−14	−2	42
50 Other countries	−180	1,345	−695	−221	528	−22	61	355	−588	1
51 **Nonmonetary international and regional organizations**	**−2,673**	**−84**	**3,397**	**26**	**384**	**859**	**87**	**21**	**27**	**88**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.
3. In a July 1989 merger, the former stockholders of a U.S. company received \$5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

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

Millions of dollars

Country or area	1990	1991	1992							
			Jan.–Nov.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**18,927**	**19,865**	**39,365**	**–7,924**	**14,444[r]**	**–1,862**	**6,458**	**–5,995**	**3,538**	**17,710**
2 Foreign countries	18,764	19,687	38,214	–6,945	11,754[r]	–2,286	6,785	–6,204	4,343	17,723
3 Europe	18,455	8,663	16,391	–7,302	3,828	–2,445	3,450	–4,655	4,682	7,180
4 Belgium and Luxembourg	10	523	2,009	289	–49	331	80	–25	229	369
5 Germany	5,880	–4,725	1,178	329	824	–829	255	900	–8	–1,584
6 Netherlands	1,077	–3,735	–2,119	–338	227	–1,046	367	–239	–40	1,827
7 Sweden	1,152	–663	–461	–3	372	–26	–1,289	–843	202	667
8 Switzerland	112	1,007	268	–579	–111[r]	–703	–87	292	769	1,334
9 United Kingdom	–1,259	6,218	21,245	–5,867	1,664	212	3,681	16	4,075	7,096
10 Other Western Europe	11,463	10,024	–6,379	–1,099	701[r]	–581	428	–4,761	–544	–2,747
11 Eastern Europe	13	13	650	–34	200	197	15	5	–1	218
12 Canada	–4,627	–3,019	661	2,627	47	2,520	900	–4,281	458	–1,087
13 Latin America and Caribbean	14,734	10,285	1,143	–320	3,585[r]	–2,869	–1,563	–1,479	–2,002	7,204
14 Venezuela	33	10	528	–196	–149	216	60	31	155	27
15 Other Latin America and Caribbean	3,943	4,179	–2,516	–2,472	1,791[r]	–589	–758	–2,537	–3,315	2,323
16 Netherlands Antilles	10,757	6,097	3,131	2,348	1,943	–2,496	–865	1,027	1,158	4,854
17 Asia	–10,952	3,367	22,641	–2,406	4,129	1,783	4,112	4,004	1,495	4,224
18 Japan	–14,785	–4,081	7,564	1,085	1,638	2,221	1,887	2,448	–371	3,363
19 Africa	313	689	1,103	40	92	149	56	59	–37	119
20 Other	842	–298	–3,725	416	73	–1,424	–170	148	–253	83
21 Nonmonetary international and regional organizations	163	178	1,151	–979	2,690	424	–327	209	–805	–13
22 International	287	–358	942	–747	2,421	365	–133	–31	–903	–38
23 Latin American regional	–2	–72	436	–4	127	–68	–75	201	219	–31
MEMO										
24 Foreign countries	18,764	19,687	38,214	–6,945	11,754[r]	–2,286	6,785	–6,204	4,343	17,723
25 Official institutions	23,218	1,190	7,603	–2,685	5,408[r]	–767	697	–4,483	2,951	–595
26 Other foreign[2]	–4,453	18,496	30,611	–4,260	6,346[r]	–1,519	6,088	–1,721	1,392	18,318
Oil-exporting countries										
27 Middle East[2]	–387	–6,822	4,186	–3,061	947	856	1,093	750	–118	628
28 Africa[3]	0	239	11	0	–56	0	0	4	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Jan. 31, 1993		Country	Rate on Jan. 31, 1993		Country	Rate on Jan. 31, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	7.88	Oct. 1992	Germany	8.25	Sept. 1992	Norway	17.0	Nov. 1992
Belgium	7.5	Oct. 1992	Italy	12.0	Dec. 1992	Switzerland	5.5	Jan. 1993
Canada	6.81	Jan. 1993	Japan	3.25	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	9.5	Dec. 1991	Netherlands	7.5	Jan. 1993			
France[2]	9.0	Dec. 1992						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since Feb. 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Averages of daily figures, percent per year

Type or country	1990	1991	1992	1992						1993
				July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
1 Eurodollars	8.16	5.86	3.70[r]	3.40	3.33	3.15	3.30	3.67	3.50	3.22
2 United Kingdom	14.73	11.47	9.56[r]	10.10	10.27	9.86	8.23	7.16	7.11	6.88
3 Canada	13.00	9.07	6.76	5.58	5.15	5.33	7.57	7.63	7.93	7.03
4 Germany	8.41	9.15	9.42	9.69	9.79	9.37	8.85	8.84	8.93	8.50
5 Switzerland	8.71	8.01	7.67[r]	8.67	8.09	7.20	6.28	6.44	6.13	5.52
6 Netherlands	8.57	9.19	9.25[r]	9.50	9.73	9.23	8.63	8.66	8.55	8.00
7 France	10.20	9.49	10.14	10.11	10.27	10.51	10.82	9.58	10.75	11.69
8 Italy	12.11	12.04	13.91	15.54	15.27	17.54	15.52	14.38	13.60	12.56
9 Belgium	9.70	9.30	9.31	9.54	9.71	9.44	8.70	8.64	8.65	8.19
10 Japan	7.75	7.33	4.39	4.32	3.87	3.89	3.85	3.77	3.76	3.70

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1990	1991	1992	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.
1 Australia/dollar[2]	78.069	77.872	73.521	72.479	72.255	71.481	68.984	68.974	67.297
2 Austria/schilling	11.331	11.686	10.992	10.199	10.214	10.436	11.168	11.130	11.368
3 Belgium/franc	33.424	34.195	32.148	29.824	29.917	30.581	32.661	32.545	33.239
4 Canada/dollar	1.1668	1.1460	1.2085	1.1907	1.2225	1.2453	1.2674	1.2725	1.2779
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.4417	5.5048	5.5486	5.6134	5.8106	5.7796
6 Denmark/krone	6.1899	6.4038	6.0372	5.5851	5.6203	5.7278	6.1166	6.1206	6.2319
7 Finland/markka	3.8300	4.0521	4.4865	3.9773	4.4764	4.7096	5.0615	5.1444	5.4242
8 France/franc	5.4467	5.6468	5.2935	4.9119	4.9378	5.0370	5.3706	5.3974	5.4751
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.4475	1.4514	1.4851	1.5875	1.5822	1.6144
10 Greece/drachma	158.59	182.63	190.81	179.12	182.70	192.50	206.48	209.48	215.97
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7318	7.7298	7.7298	7.7348	7.7416	7.7376
12 India/rupee	17.492	22.712	28.156	28.464	28.476	28.477	28.474	28.979	29.043
13 Ireland/pound[2]	165.76	161.39	170.42	183.26	181.90	177.19	166.17	166.71	163.37
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,100.00	1,176.21	1,309.64	1,364.45	1,412.38	1,491.07
15 Japan/yen	145.00	134.59	126.78	126.23	122.60	121.17	123.88	124.04	124.99
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.4977	2.5029	2.5044	2.5227	2.5710	2.5985
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.6322	1.6348	1.6717	1.7862	1.7788	1.8155
18 New Zealand/dollar[2]	59.619	57.832	53.792	54.057	54.112	53.943	51.996	51.570	51.270
19 Norway/krone	6.2541	6.4912	6.2142	5.7120	5.8116	6.0562	6.4714	6.6804	6.8721
20 Portugal/escudo	142.70	144.77	135.07	124.98	127.86	132.33	141.71	142.05	145.36
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6077	1.5988	1.6081	1.6338	1.6397	1.6527
22 South Africa/rand	2.5885	2.7633	2.8524	2.7629	2.8037	2.8923	2.9959	3.0140	3.0713
23 South Korea/won	710.64	736.73	784.58	792.56	788.76	786.79	787.09	791.75	794.87
24 Spain/peseta	101.96	104.01	102.38	93.05	98.19	105.74	113.83	112.95	114.62
25 Sri Lanka/rupee	40.078	41.200	44.013	44.050	44.159	44.276	44.404	45.046	46.307
26 Sweden/krona	5.9231	6.0521	5.8258	5.2745	5.3685	5.6006	6.2528	6.8903	7.2536
27 Switzerland/franc	1.3901	1.4356	1.4064	1.2966	1.2780	1.3176	1.4291	1.4219	1.4774
28 Taiwan/dollar	26.918	26.759	25.160	25.120	25.227	25.278	25.405	25.452	25.452
29 Thailand/baht	25.609	25.528	25.411	25.265	25.209	25.253	25.462	25.488	25.523
30 United Kingdom/pound[2]	178.41	176.74	176.63	194.34	184.65	165.29	152.68	155.10	153.25
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	80.97	81.98	85.03	90.04	90.50	92.36

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64, August 1978, p. 700).

Guide to Statistical Releases and Special Tables

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

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

Special table follows.

4.33 ASSETS AND LIABILITIES Life Insurance Companies

Millions of dollars

Account	1991 Q1[r]	1991 Q2[r]	1991 Q3[r]	1991 Q4[r]	1992 Q1[r]	1992 Q2	1992 Q3
	Life insurance companies[1]						
1 **Assets**	n.a.	**1,505,318**	**1,538,731**	**1,551,201**	**1,580,733**	**1,611,440**	**1,643,699**
Securities							
2 Government	n.a.	241,289	252,888	269,490	279,675	288,271	302,448
3 United States[2]	n.a.	210,685	221,138	241,935	251,334	257,940	270,085
4 State and local	n.a.	11,329	11,909	10,228	10,355	10,461	11,013
5 Foreign[3]	n.a.	19,275	19,841	17,327	17,986	19,870	21,350
6 Business	n.a.	771,650	786,769	788,030	808,183	831,135	851,667
7 Bonds	n.a.	627,396	635,336	623,515	640,478	658,512	671,671
8 Stocks	n.a.	144,254	151,433	164,515	167,705	172,623	179,996
9 Mortgages	n.a.	271,674	270,094	265,258	263,269	259,266	253,843
10 Real estate	n.a.	45,934	47,164	46,711	47,749	48,523	48,875
11 Policy loans	n.a.	65,391	66,671	66,364	66,900	67,973	69,420
12 Other assets	n.a.	109,380	115,145	115,348	114,957	116,272	117,446

1. Data are no longer available on a monthly basis for life insurance companies.
2. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are included as "Business" securities.
3. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

Source. Estimates by the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "Other assets."

Index to Statistical Tables

References are to pages A3–A71 although the prefix "A" is omitted in this index

Federal Reserve Board of Governors and Official Staff

ALAN GREENSPAN, *Chairman*
DAVID W. MULLINS, JR., *Vice Chairman*

WAYNE D. ANGELL
EDWARD W. KELLEY, JR.

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
THEODORE E. ALLISON, *Assistant to the Board for Federal Reserve System Affairs*
LYNN S. FOX, *Special Assistant to the Board*
WINTHROP P. HAMBLEY, *Special Assistant to the Board*
BOB STAHLY MOORE, *Special Assistant to the Board*
DIANE E. WERNEKE, *Special Assistant to the Board*

LEGAL DIVISION

J. VIRGIL MATTINGLY, JR., *General Counsel*
SCOTT G. ALVAREZ, *Associate General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
KATHLEEN M. O'DAY, *Associate General Counsel*
MARYELLEN A. BROWN, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
JENNIFER J. JOHNSON, *Associate Secretary*
BARBARA R. LOWREY, *Associate Secretary*
ELLEN MALAND, *Assistant Secretary*

DIVISION OF BANKING SUPERVISION AND REGULATION

RICHARD SPILLENKOTHEN, *Director*
STEPHEN C. SCHEMERING, *Deputy Director*
DON E. KLINE, *Associate Director*
WILLIAM A. RYBACK, *Associate Director*
FREDERICK M. STRUBLE, *Associate Director*
HERBERT A. BIERN, *Deputy Associate Director*
ROGER T. COLE, *Deputy Associate Director*
JAMES I. GARNER, *Deputy Associate Director*
HOWARD A. AMER, *Assistant Director*
GERALD A. EDWARDS, JR., *Assistant Director*
JAMES D. GOETZINGER, *Assistant Director*
LAURA M. HOMER, *Assistant Director*
JAMES V. HOUPT, *Assistant Director*
JACK P. JENNINGS, *Assistant Director*
MICHAEL G. MARTINSON, *Assistant Director*
RHOGER H PUGH, *Assistant Director*
SIDNEY M. SUSSAN, *Assistant Director*
MOLLY S. WASSOM, *Assistant Director*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Staff Director*
LARRY J. PROMISEL, *Senior Associate Director*
CHARLES J. SIEGMAN, *Senior Associate Director*
DALE W. HENDERSON, *Associate Director*
DAVID H. HOWARD, *Senior Adviser*
DONALD B. ADAMS, *Assistant Director*
PETER HOOPER III, *Assistant Director*
KAREN H. JOHNSON, *Assistant Director*
RALPH W. SMITH, JR., *Assistant Director*

DIVISION OF RESEARCH AND STATISTICS

MICHAEL J. PRELL, *Director*
EDWARD C. ETTIN, *Deputy Director*
WILLIAM R. JONES, *Associate Director*
THOMAS D. SIMPSON, *Associate Director*
LAWRENCE SLIFMAN, *Associate Director*
DAVID J. STOCKTON, *Associate Director*
MARTHA BETHEA, *Deputy Associate Director*
PETER A. TINSLEY, *Deputy Associate Director*
MYRON L. KWAST, *Assistant Director*
PATRICK M. PARKINSON, *Assistant Director*
MARTHA S. SCANLON, *Assistant Director*
JOYCE K. ZICKLER, *Assistant Director*
JOHN J. MINGO, *Adviser*
LEVON H. GARABEDIAN, *Assistant Director (Administration)*

DIVISION OF MONETARY AFFAIRS

DONALD L. KOHN, *Director*
DAVID E. LINDSEY, *Deputy Director*
BRIAN F. MADIGAN, *Assistant Director*
RICHARD D. PORTER, *Assistant Director*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
GLENN E. LONEY, *Associate Director*
DOLORES S. SMITH, *Associate Director*
MAUREEN P. ENGLISH, *Assistant Director*
IRENE SHAWN MCNULTY, *Assistant Director*

JOHN P. LAWARE
LAWRENCE B. LINDSEY

SUSAN M. PHILLIPS

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
WILLIAM SCHNEIDER, *Special Assignment: Project Director, National Information Center*
PORTIA W. THOMPSON, *Equal Employment Opportunity Programs Officer*

DIVISION OF HUMAN RESOURCES MANAGEMENT

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Associate Director*
ANTHONY V. DIGIOIA, *Assistant Director*
JOSEPH H. HAYES, JR., *Assistant Director*
FRED HOROWITZ, *Assistant Director*

OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*
STEPHEN J. CLARK, *Assistant Controller (Programs and Budgets)*
DARRELL R. PAULEY, *Assistant Controller (Finance)*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
GEORGE M. LOPEZ, *Assistant Director*
DAVID L. WILLIAMS, *Assistant Director*

DIVISION OF INFORMATION RESOURCES MANAGEMENT

STEPHEN R. MALPHRUS, *Director*
BRUCE M. BEARDSLEY, *Deputy Director*
MARIANNE M. EMERSON, *Assistant Director*
PO KYUNG KIM, *Assistant Director*
RAYMOND H. MASSEY, *Assistant Director*
EDWARD T. MULRENIN, *Assistant Director*
DAY W. RADEBAUGH, JR., *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*
RICHARD C. STEVENS, *Assistant Director*

DIVISION OF RESERVE BANK OPERATIONS AND PAYMENT SYSTEMS

CLYDE H. FARNSWORTH, JR., *Director*
DAVID L. ROBINSON, *Deputy Director (Finance and Control)*
CHARLES W. BENNETT, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
JEFFREY C. MARQUARDT, *Assistant Director*
JOHN H. PARRISH, *Assistant Director*
LOUISE L. ROSEMAN, *Assistant Director*
FLORENCE M. YOUNG, *Assistant Director*

OFFICE OF THE INSPECTOR GENERAL

BRENT L. BOWEN, *Inspector General*
DONALD L. ROBINSON, *Assistant Inspector General*
BARRY R. SNYDER, *Assistant Inspector General*

Federal Open Market Committee and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

MEMBERS

ALAN GREENSPAN, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

WAYNE D. ANGELL
EDWARD G. BOEHNE
SILAS KEEHN
EDWARD W. KELLEY, JR.
JOHN P. LAWARE
LAWRENCE B. LINDSEY
ROBERT D. MCTEER, JR.
DAVID W. MULLINS, JR.
SUSAN M. PHILLIPS
GARY H. STERN

ALTERNATE MEMBERS

J. ALFRED BROADDUS, JR.
ROBERT P. FORRESTAL
JERRY L. JORDAN
JAMES H. OLTMAN
ROBERT T. PARRY

STAFF

DONALD L. KOHN, *Secretary and Economist*
NORMAND R.V. BERNARD, *Deputy Secretary*
JOSEPH R. COYNE, *Assistant Secretary*
GARY P. GILLUM, *Assistant Secretary*
J. VIRGIL MATTINGLY, JR., *General Counsel*
ERNEST T. PATRIKIS, *Deputy General Counsel*
MICHAEL J. PRELL, *Economist*
EDWIN M. TRUMAN, *Economist*
RICHARD G. DAVIS, *Associate Economist*
RICHARD W. LANG, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
LARRY J. PROMISEL, *Associate Economist*
ARTHUR J. ROLNICK, *Associate Economist*
HARVEY ROSENBLUM, *Associate Economist*
KARL A. SCHELD, *Associate Economist*
CHARLES J. SIEGMAN, *Associate Economist*
THOMAS D. SIMPSON, *Associate Economist*
LAWRENCE SLIFMAN, *Associate Economist*

WILLIAM J. MCDONOUGH, *Manager of the System Open Market Account*
MARGARET L. GREENE, *Deputy Manager for Foreign Operations*
JOAN E. LOVETT, *Deputy Manager for Domestic Operations*

FEDERAL ADVISORY COUNCIL

E. B. ROBINSON, JR., *President*
JOHN B. MCCOY, *Vice President*

MARSHALL N. CARTER, First District
CHARLES S. SANFORD, JR., Second District
ANTHONY P. TERRACCIANO, Third District
JOHN B. MCCOY, Fourth District
EDWARD E. CRUTCHFIELD, JR., Fifth District
E.B. ROBINSON, JR., Sixth District
EUGENE A. MILLER, Seventh District
ANDREW B. CRAIG, III, Eighth District
JOHN F. GRUNDHOFER, Ninth District
DAVID A. RISMILLER, Tenth District
CHARLES R. HRDLICKA, Eleventh District
RICHARD M. ROSENBERG, Twelfth District

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

CONSUMER ADVISORY COUNCIL

DENNY D. DUMLER, Denver, Colorado, *Chairman*
JEAN POGGE, Chicago, Illinois, *Vice Chairman*

BARRY A. ABBOTT, San Francisco, California
JOHN R. ADAMS, Philadelphia, Pennsylvania
JOHN A. BAKER, Atlanta, Georgia
VERONICA E. BARELA, Denver, Colorado
MULUGETTA BIRRU, Pittsburgh, Pennsylvania
DOUGLAS D. BLANKE, St. Paul, Minnesota
GENEVIEVE BROOKS, Bronx, New York
TOYE L. BROWN, Boston, Massachusetts
CATHY CLOUD, Washington, D.C.
MICHAEL D. EDWARDS, Yelm, Washington
MICHAEL FERRY, St. Louis, Missouri
NORMA L. FREIBERG, New Orleans, Louisiana
LORI GAY, Los Angeles, California
DONALD A. GLAS, Hutchinson, Minnesota
BONNIE GUITON, Charlottesville, Virginia
JOYCE HARRIS, Madison, Wisconsin
GARY S. HATTEM, New York, New York
JULIA E. HILER, Marietta, Georgia
RONALD HOMER, Boston, Massachusetts
THOMAS L. HOUSTON, Dallas, Texas
HENRY JARAMILLO, Belen, New Mexico
EDMUND MIERZWINSKI, Washington, D.C.
JOHN V. SKINNER, Irving, Texas
LOWELL N. SWANSON, Portland, Oregon
MICHAEL W. TIERNEY, Washington, D.C.
GRACE W. WEINSTEIN, Englewood, New Jersey
JAMES L. WEST, Tijeras, New Mexico
ROBERT O. ZDENEK, Washington, D.C.

THRIFT INSTITUTIONS ADVISORY COUNCIL

DANIEL C. ARNOLD, Houston, Texas, *President*
BEATRICE D'AGOSTINO, Somerville, New Jersey, *Vice President*

WILLIAM A. COOPER, Minneapolis, Minnesota
PAUL L. ECKERT, Davenport, Iowa
GEORGE R. GLIGOREA, Sheridan, Wyoming
THOMAS J. HUGHES, Merrifield, Virginia
RICHARD D. JACKSON, Atlanta, Georgia
KERRY KILLINGER, Seattle, Washington
CHARLES JOHN KOCH, Cleveland, Ohio
ROBERT MCCARTER, New Bedford, Massachusetts
STEPHEN W. PROUGH, Irvine, California
THOMAS R. RICKETTS, Troy, Michigan

Federal Reserve Board Publications

For ordering assistance, write PUBLICATIONS SERVICES, MS-138, Board of Governors of the Federal Reserve System, Washington, DC 20551 or telephone (202) 452-3244 or FAX (202) 728-5886. *When a charge is indicated, payment should accompany request and be made payable to the Board of Governors of the Federal Reserve System. Payment from foreign residents should be drawn on a U.S. bank.*

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.

ANNUAL REPORT.

ANNUAL REPORT: BUDGET REVIEW, 1991–92.

FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.

ANNUAL STATISTICAL DIGEST: period covered, release date, number of pages, and price.

1981	October 1982	239 pp.	$ 6.50
1982	December 1983	266 pp.	$ 7.50
1983	October 1984	264 pp.	$11.50
1984	October 1985	254 pp.	$12.50
1985	October 1986	231 pp.	$15.00
1986	November 1987	288 pp.	$15.00
1987	October 1988	272 pp.	$15.00
1988	November 1989	256 pp.	$25.00
1980–89	March 1991	712 pp.	$25.00
1990	November 1991	185 pp.	$25.00
1991	November 1992	215 pp.	$25.00

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $30.00 per year or $.70 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $.80 each.

THE FEDERAL RESERVE ACT and other statutory provisions affecting the Federal Reserve System, as amended through August 1990. 646 pp. $10.00.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $2.25; 10 or more of same volume to one address, $2.00 each.

Introduction to Flow of Funds. 1980. 68 pp. $1.50 each; 10 or more to one address, $1.25 each.

Federal Reserve Regulatory Service. Looseleaf; updated at least monthly. (Requests must be prepaid.)

Consumer and Community Affairs Handbook. $75.00 per year.
Monetary Policy and Reserve Requirements Handbook. $75.00 per year.
Securities Credit Transactions Handbook. $75.00 per year.
The Payment System Handbook. $75.00 per year.
Federal Reserve Regulatory Service. 3 vols. (Contains all four Handbooks plus substantial additional material.) $200.00 per year.
Rates for subscribers outside the United States are as follows and include additional air mail costs:
Federal Reserve Regulatory Service, $250.00 per year.
Each Handbook, $90.00 per year.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTI-COUNTRY MODEL, May 1984. 590 pp. $14.50 each.

WELCOME TO THE FEDERAL RESERVE. March 1989. 14 pp.

INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. $9.00 each.

FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

FINANCIAL SECTORS IN OPEN ECONOMIES: EMPIRICAL ANALYSIS AND POLICY ISSUES. August 1990. 608 pp. $25.00 each.

CONSUMER EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
A Guide to Business Credit for Women, Minorities, and Small Businesses
How to File A Consumer Credit Complaint
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
Organization and Advisory Committees
A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancings
Home Mortgages: Understanding the Process and Your Right to Fair Lending
Making Deposits: When Will Your Money Be Available?
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–145 are out of print.

146. THE ROLE OF THE PRIME RATE IN THE PRICING OF BUSINESS LOANS BY COMMERCIAL BANKS, 1977–84, by Thomas F. Brady. November 1985. 25 pp.
147. REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES, by Helen T. Farr and Deborah Johnson. December 1985. 42 pp.
148. THE MACROECONOMIC AND SECTORAL EFFECTS OF THE ECONOMIC RECOVERY TAX ACT: SOME SIMULATION RESULTS, by Flint Brayton and Peter B. Clark. December 1985. 17 pp.
149. THE OPERATING PERFORMANCE OF ACQUIRED FIRMS IN BANKING BEFORE AND AFTER ACQUISITION, by Stephen A. Rhoades. April 1986. 32 pp.
150. STATISTICAL COST ACCOUNTING MODELS IN BANKING: A REEXAMINATION AND AN APPLICATION, by John T. Rose and John D. Wolken. May 1986. 13 pp.
151. RESPONSES TO DEREGULATION: RETAIL DEPOSIT PRICING FROM 1983 THROUGH 1985, by Patrick I. Mahoney, Alice P. White, Paul F. O'Brien, and Mary M. McLaughlin. January 1987. 30 pp.
152. DETERMINANTS OF CORPORATE MERGER ACTIVITY: A REVIEW OF THE LITERATURE, by Mark J. Warshawsky. April 1987. 18 pp.
153. STOCK MARKET VOLATILITY, by Carolyn D. Davis and Alice P. White. September 1987. 14 pp.
154. THE EFFECTS ON CONSUMERS AND CREDITORS OF PROPOSED CEILINGS ON CREDIT CARD INTEREST RATES, by Glenn B. Canner and James T. Fergus. October 1987. 26 pp.
155. THE FUNDING OF PRIVATE PENSION PLANS, by Mark J. Warshawsky. November 1987. 25 pp.
156. INTERNATIONAL TRENDS FOR U.S. BANKS AND BANKING MARKETS, by James V. Houpt. May 1988. 47 pp.
157. M2 PER UNIT OF POTENTIAL GNP AS AN ANCHOR FOR THE PRICE LEVEL, by Jeffrey J. Hallman, Richard D. Porter, and David H. Small. April 1989. 28 pp.
158. THE ADEQUACY AND CONSISTENCY OF MARGIN REQUIREMENTS IN THE MARKETS FOR STOCKS AND DERIVATIVE PRODUCTS, by Mark J. Warshawsky with the assistance of Dietrich Earnhart. September 1989. 23 pp.
159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
160. BANKING MARKETS AND THE USE OF FINANCIAL SERVICES BY SMALL AND MEDIUM-SIZED BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1990. 35 pp.
161. A REVIEW OF CORPORATE RESTRUCTURING ACTIVITY, 1980–90, by Margaret Hastings Pickering. May 1991. 21 pp.
162. EVIDENCE ON THE SIZE OF BANKING MARKETS FROM MORTGAGE LOAN RATES IN TWENTY CITIES, by Stephen A. Rhoades. February 1992. 11 pp.
163. CLEARANCE AND SETTLEMENT IN U.S. SECURITIES MARKETS, by Patrick Parkinson, Adam Gilbert, Emily Gollob, Lauren Hargraves, Richard Mead, Jeff Stehm, and Mary Ann Taylor. March 1992. 37 pp.

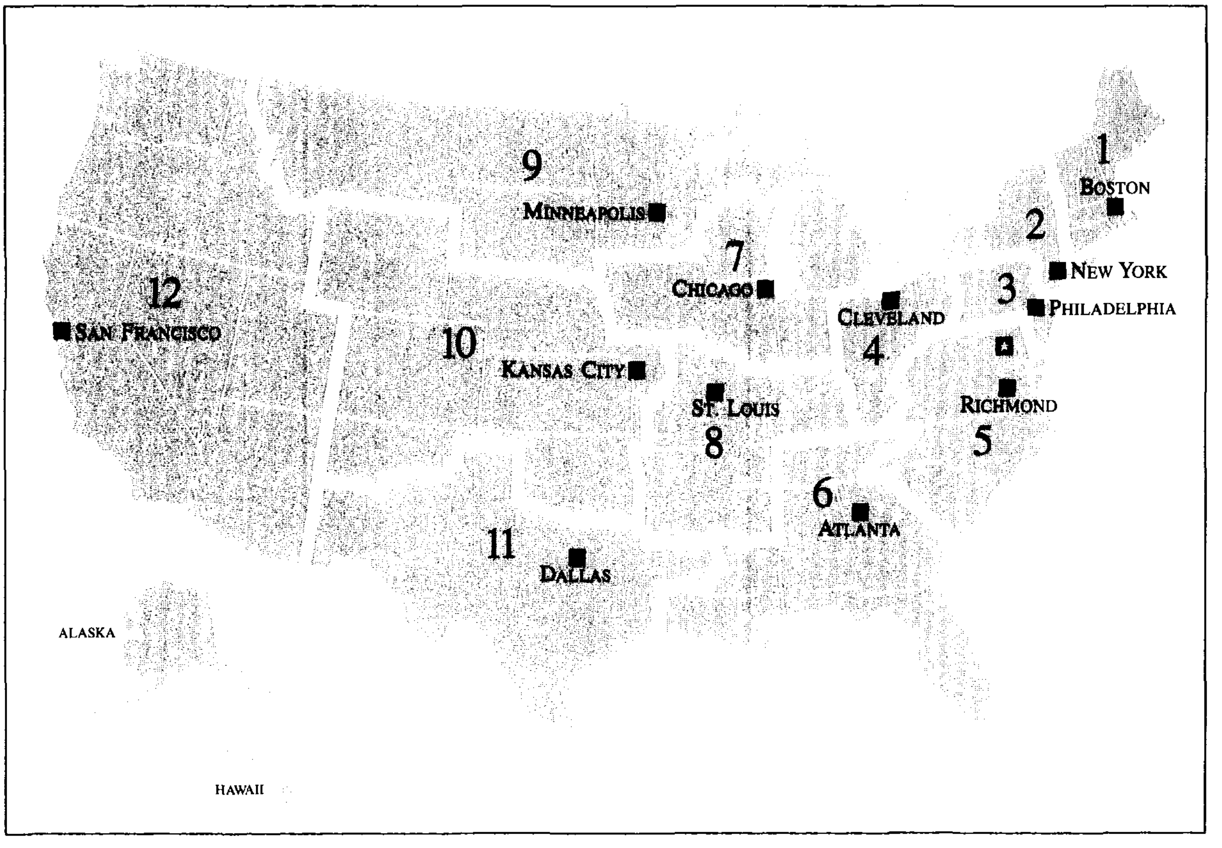
REPRINTS OF SELECTED Bulletin *ARTICLES*

Some Bulletin *articles are reprinted. The articles listed below are those for which reprints are available. Most of the articles reprinted do not exceed twelve pages.*

Limit of ten copies

Recent Developments in the Bankers Acceptance Market. 1/86.
The Use of Cash and Transaction Accounts by American Families. 2/86.
Financial Characteristics of High-Income Families. 3/86.
Prices, Profit Margins, and Exchange Rates. 6/86.
Agricultural Banks under Stress. 7/86.
Foreign Lending by Banks: A Guide to International and U.S. Statistics. 10/86.
Recent Developments in Corporate Finance. 11/86.
Measuring the Foreign-Exchange Value of the Dollar. 6/87.
Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances. 10/87.
Home Equity Lines of Credit. 6/88.
Mutual Recognition: Integration of the Financial Sector in the European Community. 9/89.
The Activities of Japanese Banks in the United Kingdom and in the United States, 1980–88. 2/90.
Industrial Production: 1989 Developments and Historical Revision. 4/90.
Recent Developments in Industrial Capacity and Utilization. 6/90.
Developments Affecting the Profitability of Commercial Banks. 7/90.
Recent Developments in Corporate Finance. 8/90.
U.S. Exchange Rate Policy: Bretton Woods to Present. 11/90.
The Transmission Channels of Monetary Policy: How Have They Changed? 12/90.
Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances. 1/92.
U.S. International Transactions in 1991. 5/92.

Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

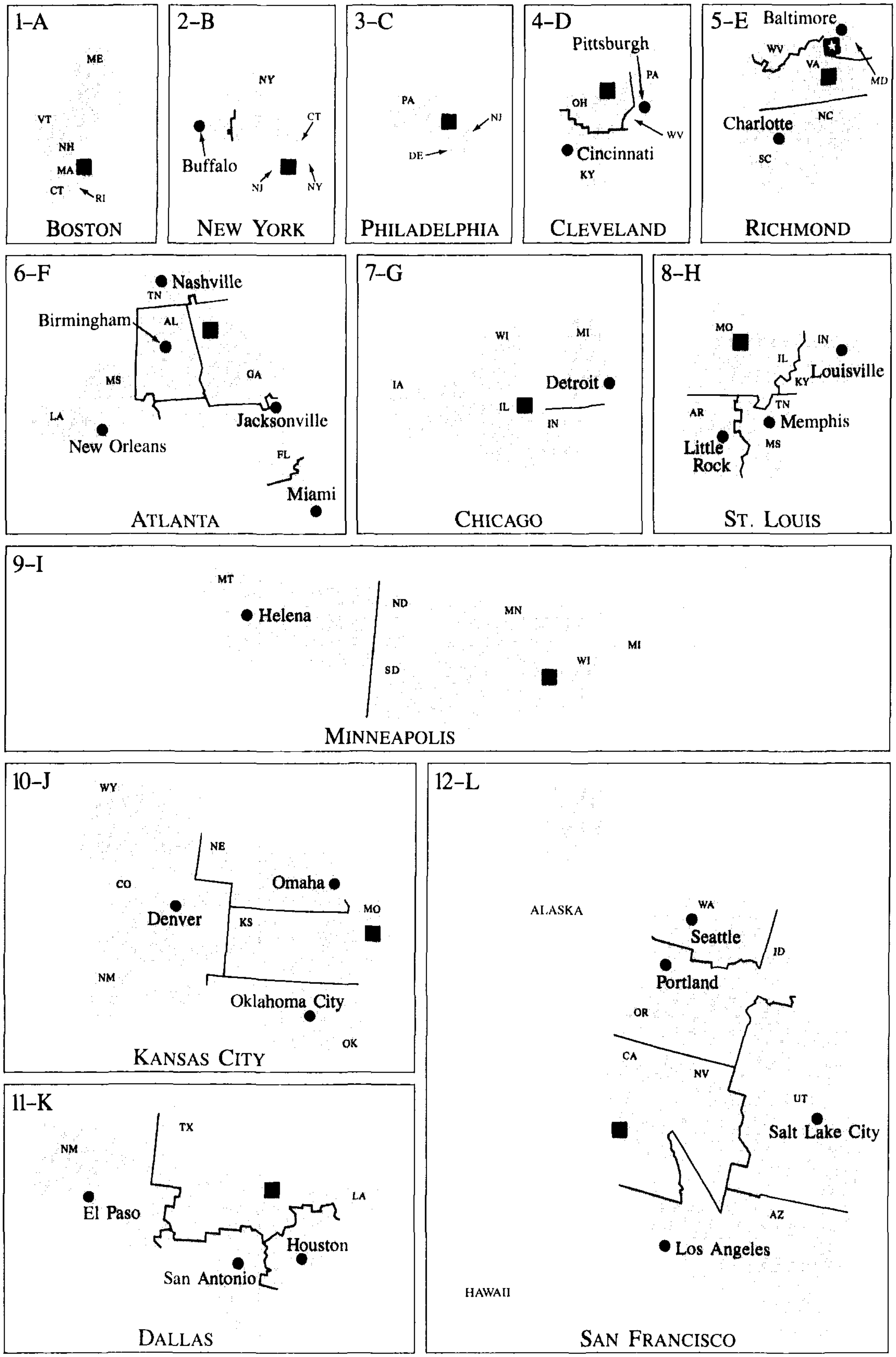
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.


1-A
ME
VT
NH
MA
CT
RI
BOSTON
2-B
NY
CT
Buffalo
NJ
NY
NEW YORK
3-C
PA
NJ
DE
PHILADELPHIA
4-D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5-E
Baltimore
WV
VA
MD
Charlotte
NC
SC
RICHMOND
6-F
Nashville
TN
Birmingham
AL
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7-G
WI
MI
IA
Detroit
IL
IN
CHICAGO
8-H
MO
IN
IL
Louisville
KY
TN
AR
Memphis
Little Rock
MS
ST. LOUIS
9-I
MT
Helena
ND
MN
MI
WI
SD
MINNEAPOLIS
10-J
WY
NE
CO
Omaha
MO
Denver
KS
NM
Oklahoma City
OK
KANSAS CITY
11-K
TX
NM
El Paso
LA
Houston
San Antonio
DALLAS
12-L
ALASKA
WA
Seattle
ID
Portland
OR
CA
NV
UT
Salt Lake City
AZ
Los Angeles
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON*	02106	Jerome H. Grossman	Richard F. Syron	
		To be announced	Cathy E. Minehan	
NEW YORK*	10045	Ellen V. Futter	E. Gerald Corrigan	
		Maurice R. Greenberg	James H. Oltman	
Buffalo	14240	Herbert L. Washington		James O. Aston
PHILADELPHIA	19105	Jane G. Pepper	Edward G. Boehne	
		James M. Mead	William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds	Jerry L. Jordan	
		To be announced	Sandra Pianalto	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino [1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart [1]
RICHMOND*	23219	Anne Marie Whittemore	J. Alfred Broaddus, Jr.	
		Henry J. Faison	Jimmie R. Monhollon	
Baltimore	21203	To be announced		Ronald B. Duncan [1]
Charlotte	28230	Anne M. Allen		Walter A. Varvel [1]
Culpeper Communications and Records Center	*22701*			John G. Stoides [1]
ATLANTA	30303	Edwin A. Huston	Robert P. Forrestal	
		Leo Benatar	Jack Guynn	Donald E. Nelson [1]
Birmingham	35283	Donald E. Boomershine		Fred R. Herr [1]
Jacksonville	32231	Joan D. Ruffier		James D. Hawkins [1]
Miami	33152	R. Kirk Landon		James T. Curry III
Nashville	37203	James R. Tuerff		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
CHICAGO*	60690	Richard G. Cline	Silas Keehn	
		Robert M. Healey	William C. Conrad	
Detroit	48231	J. Michael Moore		Roby L. Sloan [1]
ST. LOUIS	63166	Robert H. Quenon	Thomas C. Melzer	
		Janet McAfee Weakley	James R. Bowen	
Little Rock	72203	Robert D. Nabholz, Jr.		Karl W. Ashman
Louisville	40232	John A. Williams		Howard Wells
Memphis	38101	Seymour B. Johnson		John P. Baumgartner
MINNEAPOLIS	55480	Delbert W. Johnson	Gary H. Stern	
		Gerald A. Rauenhorst	Thomas E. Gainor	
Helena	59601	James E. Jenks		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr.	Thomas M. Hoenig	
		Herman Cain	Henry R. Czerwinski	
Denver	80217	Barbara B. Grogan		Kent M. Scott
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75201	Leo E. Linbeck, Jr.	Robert D. McTeer, Jr.	
		Cece Smith	Tony J. Salvaggio	
El Paso	79999	W. Thomas Beard, III		Sammie C. Clay
Houston	77252	Judy Ley Allen		Robert Smith, III [1]
San Antonio	78295	Erich Wendl		Thomas H. Robertson
SAN FRANCISCO	94120	James A. Vohs	Robert T. Parry	
		Judith M. Runstad	Patrick K. Barron	
Los Angeles	90051	Donald G. Phelps		John F. Moore [1]
Portland	97208	William A. Hilliard		E. Ronald Liggett [1]
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema [1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.