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# Monetary Policy Report to the Congress

*Report submitted to the Congress on February 21, 1995, pursuant to the Full Employment and Balanced Growth Act of 1978*[1]

## MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1995

The U.S. economy turned in a strong performance in 1994. Real gross domestic product increased 4 percent over the four quarters of the year. The employment gains associated with this rise in production outpaced growth of the labor force by a sizable margin, and the unemployment rate thus declined substantially. Price increases picked up in some sectors of the economy in 1994 as labor and product markets tightened, but broader measures of price change showed inflation holding fairly steady: The consumer price index increased about 2¾ percent over the year, the same as the rise during 1993. Signs that growth is moderating have emerged in the past month or so, but the bulk of the evidence suggests that the economy continues to advance at an appreciable pace.

Federal Reserve policy during 1994 and early 1995 was aimed at fostering a financial environment conducive to sustained economic growth. As the economy moved back toward high rates of resource utilization, pursuit of this aim necessitated acting to prevent a buildup of inflationary pressures. Federal Reserve policy had remained very accommodative in 1993 in order to offset factors that had been inhibiting economic growth. By early 1994, however, the expansion clearly had gathered momentum, and maintenance of the prevailing stance of policy would eventually have led to rising inflation that, in turn, would have jeopardized economic and financial stability. Taking account of anticipated lags in the effects of policy changes, the Federal Reserve began to firm money market conditions last February. The Federal Reserve continued to tighten policy over the course of the year and into 1995, as economic growth remained unexpectedly strong, eroding remaining margins of unused resources and intensifying price increases at early stages of production. Developments in financial markets—for example, easier credit availability through banks and a decline in the foreign exchange value of the dollar—may have muted the effects of the tightening of monetary policy.

Short-term interest rates have increased about 3 percentage points since the start of 1994, with the federal funds rate rising from 3 percent to 6 percent. Other market interest rates have risen between 1½ percentage points and 3 percentage points, on net, with the largest increases coming at intermediate maturities. Through much of the year, intermediate- and long-term rates were lifted by more rapid actual and expected economic growth, fears of a pickup in inflation, and market expectations of additional policy moves. However, a further substantial tightening in November and some tentative signs of moderation in economic activity around year-end and in early 1995 appeared to reduce market concerns about increased inflation pressures and additional Federal Reserve policy actions. As a result, long-term rates declined, on net, from mid-November through mid-February.

The foreign exchange value of the dollar in terms of other Group of Ten (G-10) currencies declined almost 6½ percent last year, even as the economy picked up and interest rates rose. The positive effects on the dollar that would normally have been expected from higher U.S. interest rates were offset in large part by upward movements in long-term interest rates abroad. Indeed, foreign long-term rates increased as much on average as U.S. rates during 1994, owing to much more rapid than expected growth abroad, especially in Europe. Concerns about U.S inflation may have contributed to the weakness in the dollar in the middle part of last year; late in the year, the dollar rallied for a

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

time, as tighter monetary policy apparently reduced investors' inflation fears. The dollar weakened again, however, in early 1995, perhaps reflecting the emerging indicators of moderating growth in the United States. In addition, financial markets were roiled early this year by severe financial difficulties in Mexico. A sharp depreciation of the peso had adverse effects not only in Mexico but also in a number of other countries, and these developments also may have contributed to the weakness of the dollar.

Despite the rise in U.S. interest rates in 1994, private-sector borrowing, abetted in part by more aggressive lending by intermediaries, picked up in support of increased spending. The debts of both households and businesses grew at their fastest rates in five years. The step-up in growth of private debt was accompanied by changes in its composition. Businesses shifted toward short-term funding sources as bond yields rose, increasing their bank borrowing and commercial paper issuance, while cutting back on new bond issues. Similarly, households turned increasingly to adjustable-rate mortgages as rates on fixed-rate mortgages increased substantially. Banks encouraged the shift of households and businesses to bank borrowing by easing lending standards and not allowing all of the rise in market rates to show through to loan rates. By contrast, federal borrowing was slowed in 1994 by policies adopted in previous years to narrow the federal deficit, as well as by the effects of the strong economy on tax receipts and spending. Taken together, the debt of all nonfinancial sectors expanded 5¼ percent, about the same as the increase of a year earlier and a figure that was in the middle portion of the 1994 monitoring range of 4 percent to 8 percent.

Growth in the broad monetary aggregates remained subdued in 1994. M3 expanded about 1½ percent, well within its 0 percent to 4 percent target range and slightly more than its increase in 1993. M3 was buoyed by growth of more than 7 percent in large time deposits, as banks turned to wholesale markets to fund credit expansion. For the year, M2 rose only 1 percent, an increase that was at the lower bound of its 1 percent to 5 percent target range. In contrast to 1992 and 1993, the slow growth in M2, and the resulting further substantial increase in its velocity (the ratio of nominal GDP to the money stock), was not a consequence of unusually large shifts from M2 deposits to bond and stock mutual funds. Rather, it seemed to reflect behavior similar to that in earlier periods of rising short-term market interest rates. During such periods, changes in the rates available on retail deposits usually lag changes in market rates, providing an incentive to redirect savings from these deposits to market instruments. These shifts tend to have an especially marked effect on M1 because yields on its components either cannot adjust or adjust quite slowly to shifts in market rates. M1 growth last year was 2¼ percent; it had been 10½ percent in 1993. Only continued strong growth in currency, much of which likely reflected increased use abroad, supported M1.

### *Money and Debt Ranges for 1995*

At its most recent meeting, the Federal Open Market Committee (FOMC) reaffirmed the 1995 growth ranges for money and debt that were chosen on a provisional basis last July. The money ranges—1 percent to 5 percent for M2 and 0 percent to 4 percent for M3—are consistent with the Committee members' expectations of a slowing of nominal income growth as the expansion moves to a more sustainable pace but also rest on the anticipation of further increases in the velocities of these aggregates. The velocity of M2 is likely to be boosted by lagged effects of the increases in short-term interest rates during 1994 and early 1995 and possibly by increased flows from M2 deposits into long-term mutual funds, as investor concerns about capital market volatility recede. The M2 range also provides an indication of the longer-run growth that could be expected under conditions of reasonable price stability if that aggregate's velocity resumes its historical pattern of no long-term trend. M3 velocity has been on a steep upward path in

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

Percent

| Aggregate | 1993 | 1994 | 1995 |
|---|---|---|---|
| M2 | 1–5 | 1–5 | 1–5 |
| M3 | 0–4 | 0–4 | 0–4 |
| Debt[2] | 4–8 | 4–8 | 3–7 |

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.

2. Monitoring range for debt of domestic nonfinancial sectors.

recent years, but the rate of increase might be expected to slow in the near term. Part of the increase in M3 velocity in the early 1990s resulted from weak growth of bank credit, in part reflecting substantial loan losses and consequent capital impairment, and the contraction of the thrift sector as failed institutions were liquidated. However, the recent strength in bank credit and the end of the contraction in thrift sector credit suggest that M3 growth could pick up, perhaps appreciably, and its velocity could begin to level out. The resumption of a more normal relationship between M3 and nominal income might call for a technical adjustment of the target range for M3 at mid-year or in 1996.

The monitoring range for growth in the debt aggregate in 1995 is 3 percent to 7 percent. This range is 1 percentage point lower than the monitoring range in 1994, reflecting the more moderate path anticipated for expansion in nominal spending and borrowing. Private-sector debt growth will likely remain fairly strong in the coming year, boosted by substantial capital investment as well as merger and acquisition activity. Credit availability is unlikely to constrain private-sector borrowing, as banks continue to be eager to lend and as quality spreads in financial markets remain relatively narrow. The outlook for the federal deficit suggests that Treasury borrowing will be comparable to that in 1994.

The monetary and debt aggregates will continue to be among the variables monitored by the Committee to inform its policy deliberations. Given the uncertainties about the behavior of the velocities of the aggregates, however, the Committee will also need to continue assessing a wide variety of other financial and economic indicators.

## *Economic Projections for 1995*

The members of the Board of Governors and the Reserve Bank presidents, all of whom participate in the deliberations of the Federal Open Market Committee, expect the economy to settle into a pattern of more moderate expansion in 1995, after a burst of growth that has brought rates of resource utilization to the highest levels since the latter part of the 1980s. Most of the Board members and Reserve Bank presidents expect the rise in real GDP over the four quarters of 1995 to be in a range of 2 percent to 3 percent.

Effects of the past year's increases in interest rates probably will show through more strongly in the coming year, reflecting the typical lags between Federal Reserve policy actions and changes in the pace of economic growth. Residential building, especially of single-family units, is the part of the economy in which those effects are likely to emerge earliest and stand out most clearly, but reactions to the higher rates probably will be showing up in other interest-sensitive sectors as well.

Other influences also will be working to moderate the rate of growth. For example, large increases in real outlays for consumer durables over the past three years, partly financed in recent quarters by unsustainably rapid growth in the volume of consumer credit, probably have exhausted most of the pent-up demand that had accumulated when the economy was sluggish early in the 1990s. Similarly, business investment in new equipment has been rising extremely rapidly for some time and has moved to quite a high level; businesses likely will be shifting to more moderate rates of spending growth before too long. Inventory investment seems likely to moderate as well, as sustained additions to stocks at the pace of recent quarters would almost surely generate an unwanted backup of inventories at some point.

In other areas, however, increased strength may be forthcoming. Nonresidential construction, which often tends to lag other sectors of the economy over the course of the business cycle, now appears

2. Economic projections for 1995
Percent

| Indicator | Federal Reserve Governors and Reserve Bank presidents | | Administration |
|---|---|---|---|
| | Range | Central tendency | |
| *Change, fourth quarter to fourth quarter*[1] | | | |
| Nominal GDP | 4¾–6½ | 5–6 | 5.4 |
| Real GDP | 2–3¼ | 2–3 | 2.4 |
| Consumer price index[2] | 2¾–3¾ | 3–3½ | 3.2 |
| *Average level, fourth quarter* | | | |
| Unemployment rate | 5¼–6 | About 5½ | 5.5–5.8[3] |

1. Change from average for fourth quarter of preceding year to average for fourth quarter of 1995.
2. All urban consumers.
3. Annual average.

to be picking up steam. In addition, net exports may be a less negative factor in coming quarters than they were in 1994. Many foreign industrial economies entered the new year with considerable forward momentum; that should keep real exports of goods and services on a solid uptrend, even allowing for lower exports to Mexico as a consequence of the peso's devaluation and the likelihood of little or no growth in that country in 1995. Imports, meanwhile, should begin to slow as growth of demand in this country eases.

The Board members and Reserve Bank presidents expect that output growth of the magnitude they anticipate will be accompanied by moderate increases in employment and little change in the unemployment rate. Forecasts of the unemployment rate for the fourth quarter of 1995 are tightly clustered around 5½ percent.

An especially encouraging development in 1994 was that inflation remained relatively quiescent even as the economy moved to high rates of resource utilization. However, the costs of materials and components have been rising rapidly, squeezing profit margins in some sectors, and anecdotal reports of pressures on wages and finished goods prices have proliferated in recent months; increases in average hourly earnings and consumer prices picked up in January. Assessing the prospects, members of the Board of Governors and the Reserve Bank presidents think that the most likely outcome for this year is that inflation will run somewhat higher than in 1994. Such an outcome would be consistent with patterns of price change during earlier periods when the economy was operating at levels of resource utilization like those seen recently. The central tendency of the Federal Reserve officials' CPI forecasts, measured in terms of the change from the final quarter of 1994 to the final quarter of 1995, spans a range of 3 percent to 3½ percent.

The economic prospects anticipated by the governors and Reserve Bank presidents for 1995 appear to be closely in line with those of the Administration. The Administration's forecasts of real GDP growth and inflation are in the middle of the Federal Reserve's central tendency ranges, and the Federal Reserve forecasts of the unemployment rate are centered near the low end of the annual range that was published in the *Economic Report of the President*.

Over the coming year, the Federal Reserve will seek to foster continued economic expansion while avoiding the provision of so much liquidity that the expected near-term step-up in inflation develops sustained momentum. Much progress has been made over the past couple of business cycles in reducing the role that inflation plays in the economic decisions of households and businesses. Moving ahead, the challenge will be to preserve and extend this progress, given that the Federal Reserve can best contribute to long-run prosperity by establishing an environment of effective price stability.

Economic prospects for the long run will be further enhanced if the Congress and the Administration succeed in making further progress in reducing the federal budget deficit. An improved outlook for the federal deficit over the remainder of this decade and beyond could have significant, favorable effects in financial markets, including a shift in long-term interest rates to a trajectory lower than that which would otherwise prevail. Such a shift in long-term rates would be an essential part of a process in which a larger share of the nation's limited supply of savings would be channeled to productivity-improving investment, thereby boosting growth in output and living standards.

## *The Performance of the Economy*

The economy recorded a third year of strong expansion in 1994. Real GDP grew 4 percent over the four quarters of the year, industrial output rose nearly 6 percent, and the number of jobs on nonfarm payrolls increased about 3½ million, the largest gain in ten years. Labor and product markets tightened appreciably. Price pressures intensified in the markets for materials, but broader measures of price change showed inflation holding steady.

As in 1992 and 1993, the economic advance during 1994 was driven mainly by sharp increases in the real expenditures of households and businesses. Consumer purchases of motor vehicles rose further in 1994, and purchases of other consumer durables increased even faster than they had in the two previous years. Residential investment posted a small gain, on net, over the four quarters of the year, despite sharp increases in mortgage interest rates. Business investment in office and computing equipment slowed from the spectacular pace of 1993 but continued to rise rapidly nonetheless, and business investment in other types of equipment accelerated. Real outlays for nonresidential construction, which had been a weak sector of the economy in previous years, picked up in 1994; outlays for office construction ended a long slide that had stretched well back into the 1980s. Business investment in inventories, which had been quite restrained in previous years of the expansion, increased appreciably in 1994. Much of the inventory buildup apparently was intentional and reflected the desires of firms to stock up in anticipation of continued strength in sales or to build stronger buffers against potential delays in supply.

In contrast to the strength in private expenditures, government purchases of goods and services edged down on net over the four quarters of 1994. Federal purchases of goods and services, which had declined sharply in 1993, fell further in 1994 as a consequence of actions taken in recent years to reduce the size of the federal deficit. Meanwhile, the real purchases of state and local governments rose only modestly. Although the expanding economy has provided states and localities with a stronger revenue base, many of these jurisdictions are striving to hold spending in check; a number of states have chosen to cut taxes.

As in the two previous years, a significant portion of the rise in domestic spending in 1994 went for imports of goods and services, which increased about 15 percent in real terms during the year. Meanwhile, growth of real exports of goods and services picked up noticeably, with gains cumulating to about 10 percent over the year. Foreign economies strengthened in 1994, and the price competitiveness of this country's products in world markets was aided by a subdued rate of rise in production costs and a somewhat lower exchange value of the U.S. dollar.

Labor and product markets tightened in 1994. After ticking up in January of last year in conjunction with the introduction of a new labor market survey, the civilian unemployment rate fell sharply over the remainder of the year, to 5.4 percent in December. The level of the unemployment rate in January of this year—5.7 percent—was a full percentage point below that of a year earlier. In manufacturing, gains in production exceeded the growth of capacity by a sizable margin during 1994, and the rate of capacity utilization climbed nearly 3 percentage points. Its level in recent months has been essentially in line with the highest level achieved during the economic expansion of the 1980s.

Inflation pressures picked up in some markets in 1994. Prices of raw industrial commodities rose even more rapidly than in 1993, and price increases for intermediate materials accelerated sharply, especially after midyear. However, the inflation impulse in these markets did not carry through with any visible force to the consumer level, probably because unit labor costs, which make up by far the largest part of value added in production and marketing, continued to rise at a modest rate. The employment cost index of hourly compensation in private nonfarm industries actually slowed noticeably from the pace of 1993, and productivity gains in 1994 held close to the pace of the previous year. As for retail prices, 1994 was the fourth year in a row in which the rise in the total CPI has been around 3 percent. The CPI excluding food and energy rose just 2.8 percent over the four quarters of 1994, after an increase of 3.1 percent in 1993; the rate of rise in this index, which is widely used as an indicator of underlying inflation trends, fell almost half from 1990 to 1994.

### *The Household Sector*

Real personal consumption expenditures advanced nearly 3½ percent over the four quarters of 1994, about in line with the average pace of the two previous years. Support for the rise in spending came from rapid income growth, and, according to surveys, sharp increases in consumer confidence. Outlays for durable goods continued to rise especially rapidly, seemingly little affected by rising interest rates. Nor did spending appear to be much affected, in the aggregate, by poor performance of the stock and bond markets, which cut into the real value of household assets. Credit generally was readily available during 1994, and growth of consumer installment debt picked up substantially, to a pace comparable with some of the larger increases that were observed during the expansions of the 1970s and 1980s.

Real consumer expenditures for durable goods increased about 8 percent in 1994, bringing the cumulative rise in these outlays over the past three years to nearly 30 percent. The stock of durable goods that households wish to hold apparently continued to rise quite rapidly in 1994, and at least some households probably were still making up for purchases that had been put off earlier in the 1990s when the economy was sluggish and concerns about job prospects were widespread. Real expenditures for motor vehicles moved up an additional 3 percent over the four quarters of 1994, after gains of about 9 percent in each of the two preceding years; increases in sales of vehicles in 1994 might have been a bit stronger still but for capacity constraints and various supply disruptions that sometimes limited the availability of certain models. Real outlays for durable goods other than motor vehicles rose about 11½ percent over the four quarters of 1994, a pickup from the already rapid rates of expansion of the two previous years. Purchases of personal computers and other electronic equipment continued to surge in 1994, and spending on furniture and household appliances moved up further.

Consumer expenditures for nondurables and services exhibited mixed patterns of change in 1994. Real outlays for nondurables increased 3 percent over the year, a pickup from the subdued rate of growth recorded in the previous year and, for this category, a larger-than-average advance by historical standards. By contrast, real expenditures for services increased roughly 2¼ percent, a slightly smaller gain than that of 1993; growth of outlays for services was held down, to some degree, by a decline in real outlays for energy, as warm weather late in 1994 reduced the amount of fuel needed for heating.

Real disposable personal income rose 4¼ percent during 1994. Except for a couple of occasions in previous years when income growth was boosted temporarily by special factors, the rise in real disposable income in 1994 was the largest increase since the 1983–84 period. Growth of wages and salaries accelerated in 1994 in conjunction with the step-up of employment growth. Income from capital also rose: Dividends moved up along with corporate profits, and interest income turned back up after three years of decline. By contrast, transfer payments, the growth of which tends to slow as the economy strengthens, registered the smallest annual increase since 1987. The net income of nonfarm proprietors appears to have about kept pace with the average rate of growth in other types of income. Farm income rose moderately on an annual average basis, as an increase in the volume of output more than offset the effects of sharp declines in farm output prices that developed over the course of the year.

Consumers' perceptions of economic and financial conditions brightened considerably during 1994. By year-end, the composite measures of consumer confidence that are prepared by the Conference Board and the University of Michigan Survey Research Center had both moved to new highs for the current business expansion. Consumers became more optimistic over the year in regard to both current and future economic conditions. Perceptions of employment prospects also improved, with a growing proportion of respondents saying that jobs were plentiful and a reduced proportion saying that jobs were hard to find. Surveys taken early this year indicate that confidence remains high.

In contrast to most other indicators for the household sector of the economy, household balance sheets—which had strengthened appreciably in previous years—showed no further improvement in 1994. According to preliminary data, the aggregate net worth of households appears to have recorded a relatively small increase in nominal terms over the year, and, in real terms, net worth probably declined slightly. Household assets rose only moderately in nominal terms, and the growth of nominal liabilities picked up somewhat, as a result of the sharp increase in use of consumer credit. Early this year, stock and bond prices have risen, on net, giving some renewed lift to household wealth.

With personal income growing faster than net worth during 1994, the ratio of wealth to income fell over the course of the year. In the past, declines in this ratio sometimes have prompted households to boost the proportion of current income that is saved, in an attempt to restore wealth to more desirable levels, and this same tendency may have been at work, to some extent, in 1994. After dipping in the first quarter of the year to the lowest level of the current expansion, the personal saving rate rose a full percentage point over the remainder of the year, to a fourth-quarter level of 4.6 percent. Even then, however, the saving rate remained quite low by historical standards. Rising levels of income and employment and increased confidence in the outlook apparently convinced consumers to push ahead with increases in outlays, most notably those on consumer durables. In addition, although improvement in household balance sheets apparently flagged, signs of outright stress in household financial conditions were not much in evidence: Delinquency rates on mortgages and other household loans generally remained quite low relative to their historical ranges.

Residential investment held up remarkably well in 1994 in the face of sharp increases in mortgage interest rates. Preliminary data indicate that, in real terms, these investment outlays were up about 2 percent, on net, over the four quarters of the year, after gains of 17 percent and 8 percent, respectively, in 1992 and 1993. Although starts and sales of single-family houses fell back from the exceptionally high peaks that were reached briefly in late 1993, they remained at elevated levels. In total, 1.20 million single-family units were started in 1994, topping, very slightly, the highest annual total of the 1980s. Sales of existing homes were about the same as the previous annual peak, set in 1978, and although sales of new homes remained well short of previous highs, their annual total was closely in line with the brisk pace of 1993. Only in the past month or so have indications of a weakening in housing activity started to show up more consistently in the incoming data.

Declines in the starts and sales of single-family houses in early 1994 basically reversed the huge gains of late 1993. Whatever tendency there may have been for these indicators to exhibit at least a temporary setback after a period of unusual strength was probably reinforced by the initial reactions of builders and homebuyers to increases in mortgage interest rates that had begun in the final quarter of 1993. Exceptionally severe winter weather in the Northeast and Midwest early in 1994, coming on the heels of favorable conditions in late 1993, probably also helped to account for the sharpness of the downturn. In any event, starts of single-family homes ticked back up a bit in the second quarter of the year, sales of existing homes flattened out, and the rate of decline in sales of new homes slowed.

In the second half of the year, the signals were mixed: Sales of existing homes trended down at a moderate pace during this period; however, single-family starts and sales of new single-family homes changed little, on net, from the second quarter to the fourth quarter. Sizable gains in employment and income and rising optimism about the future of the economy apparently helped to blunt the effects of increases in interest rates during the second half of the year. In addition, the availability of a widening variety of alternative mortgage instruments and, perhaps, some easing of loan qualification standards may have permitted some buyers who otherwise would not have been able to obtain financing to go ahead with their purchases.

Late in 1994 and in early 1995, a softer tone seems to have taken hold in key indicators of single-family housing activity. Sales of new homes tailed off toward the end of last year, and the ratio of the number of unsold homes to the number of sales, which had turned up early in 1994, continued to rise. The ratio in December was slightly to the high side of the long-run average for this series. Starts of new single-family houses, which had increased in November and December, fell sharply in January, to a level noticeably below the lower bound of the range of monthly readings reported during 1994.

Various measures of house prices showed small-to-moderate increases in 1994. The median transaction prices of new and existing homes that were sold in the first half of the year were roughly 3½ percent above the level of a year earlier, and a similar rise was reported during that period in price indexes that adjust for changes in the quality and regional mix of homes that are sold. After midyear, the four-quarter changes in transaction prices slowed, but the rate of rise in the quality-adjusted indexes picked up somewhat. All told, prices have been firmer in the past couple of years than they were earlier in the 1990s.

After falling to exceptionally low levels in late 1992 and early 1993, construction of multifamily housing units increased throughout 1994. Although the level of activity in this part of the housing sector was not especially high, gains during the year were large in percentage terms: Starts of these units moved up about 65 percent from the fourth quarter of 1993 to the fourth quarter of 1994, at which point they were more than double the lows of a couple years ago. The national average vacancy rate for multifamily rental units remained relatively high in 1994, but markets in some areas of the country had tightened enough to make construction of new multifamily units economically attractive. Reauthorization in August 1993 of a tax credit on low-income housing units also provided some incentive for new construction. The financing of multifamily projects was facilitated through more ready availability of credit and increased equity investment.

### *The Business Sector*

Robust expansion was evident in 1994 in most of the economic indicators for the business sector of the economy. Real output of nonfarm businesses increased about 4¼ percent over the four quarters of the year, nearly matching the large gain of 1993. For a second year, business investment in fixed capital advanced exceptionally rapidly. Inventory investment also picked up appreciably, spurred by large, sustained increases in sales. Business finances remained on a sound footing: Investment expenditures continued to be financed predominantly with internal funds, and signs of financial stress were largely absent.

Industry entered 1994 with considerable momentum, and expansion was maintained at a rapid pace throughout the year. Industrial production rose nearly 6 percent over the four quarters of 1994, a rate of expansion exceeded in only one of the past ten years. The production of business equipment advanced especially rapidly, buoyed by rising investment in the domestic economy and further large increases in exports of capital goods. Production of intermediate products—which consist mainly of supplies used in business and construction—also moved up substantially during 1994, as did the output of materials, especially those used as inputs in the production of durable goods. The industrial sector also appears to have had a strong start in 1995, as industrial production rose 0.4 percent in January.

The rate of capacity utilization in industry increased about 2½ percentage points over the twelve months of 1994. In manufacturing, the operating rate rose about 3 percentage points during the year. By year-end, utilization rates in some industries had moved to exceptionally high levels. Most notably, the average operating rate among manufacturers engaged in primary processing (basically, the producers of materials) had climbed to the highest level since the end of 1973, surpassing, by small margins, the peaks of the late 1970s and late 1980s.

After rising 23½ percent over the four quarters of 1993, corporate profits increased another 4 percent over the first three quarters of 1994. The profits earned by nonfinancial corporations from their domestic operations increased about 7½ percent over the first three quarters of 1994, after a gain of 21½ percent in 1993. Although the 1994 gain in these profits was partly the result of increased volume, profits per unit of output also rose. In the second and third quarters, before-tax profits of nonfinancial corporations amounted to nearly 11 percent of the gross domestic output of those businesses—the highest that this measure of the profit share has been since the late 1970s. A shift in the capital structure of corporations toward reduced reliance on debt, as well as cyclical recovery of the economy, has helped to push the profit share to this high level. In contrast to the experience of nonfinancial corporations, the profits of private financial institutions from their domestic operations fell about 7 percent on net over the first three quarters of the year, as net interest margins narrowed. The decline reversed some of the large rise in profits that these institutions had reported in 1993.

Business fixed investment increased 13 percent in real terms over the four quarters of 1994, after a gain of 16 percent during 1993. Outlays for office and computing equipment, which had registered an astonishing gain in 1993, slowed in 1994, but the rise in these outlays still amounted to nearly 20 percent in real terms. Meanwhile, the growth of real expenditures for most other types of business equipment picked up.

Business investment in motor vehicles rose about 18½ percent over the four quarters of 1994. With the gains of 1994 coming on the heels of big increases in each of the two previous years, annual business outlays for vehicles reached a level about one-third higher than the peak year of the 1980s. Outlays for communications equipment also scored an especially big gain in 1994, more than 25 percent in real terms. Business purchases of industrial equipment advanced about 13 percent during 1994, one of the larger gains of the past two decades. By contrast, commercial aircraft once again was a notable area of weakness; the investment cycle in that sector has been sharply out of phase with those of most other industries, owing to persistent excess capacity and poor profitability in the airline business.

Business investment in nonresidential structures rose about 4 percent during 1994, after an increase of 1½ percent in 1993 and declines in each of the three years preceding 1993. Investment in industrial structures rose for the first time since 1990, more than likely a response to high—and rising—rates of capacity utilization. Investment in office buildings also turned up in 1994, after a long string of declines that, in total, had brought spending on these structures down about 60 percent from the peak of the mid-1980s; declining vacancy rates and a firming of property values provided additional evidence of improvement in this sector of the economy in 1994. The investment data for other types of structures showed a mix of pluses and minuses: Expenditures on commercial structures other than offices moved up further, after large gains in 1992 and 1993; however, outlays for drilling declined for a fourth year, to the lowest level since the early 1970s.

Because a large share of the growth in business fixed investment in recent years has gone for items that depreciate relatively quickly—computers being a prime example—net additions to the stock of productive capital have not been as impressive as the data on gross investment expenditures might seem to indicate. Nonetheless, with the further increase in gross investment in 1994, net additions to the capital stock appear to have become more substantial. Still unclear is the degree to which these increases in the capital stock will ultimately translate into higher rates of increase in output per worker and faster rates of increase in living standards; as discussed in more detail below, the trend of growth in labor productivity, which is affected by the amount and quality of capital that workers have available, seems to have picked up in recent years but by a relatively small amount.

Business investment in inventories picked up sharply in 1994. Earlier in the expansion, firms had refrained from building stocks, even as the economy strengthened. Increased reliance on "just-in-time" systems of inventory control reduced the level of stocks that firms needed to maintain their normal operations, and, with a degree of slack still present in the economy, businesses usually were able to obtain goods quickly from their suppliers and thus were probably reluctant to hold stocks in house. At the end of 1993, the level of real inventories in the nonfarm business sector was only 2 percent larger than it had been at the start of the recovery in early 1991.

Circumstances changed in 1994, however. Markets tightened as demand continued to surge, and supplies became more difficult to obtain on a timely basis. Anticipation of further growth in demand and increased concern about possible bottlenecks apparently prompted businesses to begin investing more heavily in inventories. Some firms may also have been trying to stock up on materials in advance of anticipated price increases. For the year as a whole, accumulation of nonfarm inventories was more than twice what it had been in 1993. This additional accumulation brought to a halt the previous downtrend in the ratio of nonfarm inventories to business sales, but the ratio remained quite low by the standards of the past quarter-century.

Inventory accumulation in the farm sector of the economy also picked up in 1994. Stocks of farm products had been drawn down in 1993, when farm production fell sharply because of floods in the Midwest and droughts in some other regions of the country. However, crop conditions in 1994 were unusually favorable throughout the year, and the output of some major crops climbed to levels considerably above previous peaks. With the demand for farm output rising much less rapidly than production, inventories of crops increased sharply. Livestock production also rose appreciably in 1994; inventories of livestock, which consist mainly of the cattle and hogs on farms and ranches, continued to expand.

### *The Government Sector*

Federal purchases of goods and services, the part of federal spending that is included in GDP, fell 6.2 percent in real terms over the four quarters of 1994. Real outlays for defense remained on a sharp downtrend, and nondefense outlays, which had risen rapidly early in the 1990s, declined moderately for a second year.

Total federal outlays, measured in nominal dollars in the unified budget, increased 3.7 percent in fiscal 1994, after a rise of 2.0 percent the previous fiscal year. These increases are among the smallest of recent decades. Nominal outlays for defense fell again in fiscal 1994. In addition, the growth of outlays for income security (a category that includes the expenditures on unemployment compensation and welfare benefits) slowed further as the economy continued to strengthen. Increases in social security outlays also slowed somewhat in fiscal 1994; the rise was about 1 percentage point less than that of nominal GDP. Outlays for Medicaid slowed as well, but the rate of rise in those expenditures continued to exceed the growth of nominal GDP by a large margin.

Federal receipts were up 9 percent in fiscal 1994, the largest rise in several years. With rapid expansion of the economy giving a strong boost to almost all types of income, the major categories of federal receipts all showed sizable gains. Combined receipts from individual income taxes and social insurance taxes increased a bit more than 7 percent in fiscal 1994, after moving up 5.4 percent in the previous fiscal year. Receipts from taxes on corporate profits increased nearly 20 percent, slightly more than the gain of 1993.

The federal budget deficit declined to $203 billion in fiscal 1994, an amount that was equal to 3.1 percent of nominal GDP. Earlier in the 1990s, when the economy was sluggish, the federal deficit had climbed to a cyclical peak of 4.9 percent of nominal GDP. The previous cyclical low in the ratio of the deficit to nominal GDP, 2.9 percent, was reached in fiscal 1989. Since fiscal 1989, defense spending as a share of GDP has dropped appreciably, but this source of deficit reduction has been essentially offset by increased outlays for health and social insurance. Thus, the ratio of total federal outlays to GDP has changed little, on net; it was about 22 percent in both fiscal 1989 and fiscal 1994. The ratio of federal receipts to nominal GDP was about 19 percent in both of those fiscal years.

The stronger economy of recent years has provided state and local governments with a growing revenue base and a broadening set of fiscal options. Some governments have responded to these developments by cutting taxes, in most cases by small amounts. Effective tax rates of state and local governments appear to have edged down a bit, on average, over the four quarters of 1994, and nominal receipts apparently rose somewhat less rapidly than nominal GDP over that period.

Many states and localities also have been trying to restrain the growth of expenditures, but success on that score has been difficult to achieve because of increased outlays for entitlements and rising demand for many of the public services that traditionally have been provided by state and local governments. Transfers of income from state and local governments to persons rose about 9 percent in nominal terms over the four quarters of 1994, roughly the same as the rise during 1993 but less than the increases of previous years; from 1988 to 1992, the average compound rate of growth in these transfers was about 15 percent a year. In categories other than transfers, increases in spending have been fairly restrained in recent years; nominal purchases of goods and services (which account for about 80 percent of the total expenditures of state and local governments) have been trending up less rapidly than nominal GDP since the early 1990s.

In real terms, the 1994 rise in purchases of goods and services by state and local governments amounted to just 2 percent. Compensation of employees, which accounts for about two-thirds of total state and local purchases, increased 1½ percent in real terms over the four quarters of 1994, a gain that was roughly in line with the growth of state and local employment over that period. Construction outlays declined slightly in real terms during 1994, as gains over the final three quarters of the year were not sufficient to offset a first-quarter plunge. Nonetheless, real outlays for structures remained at high levels; a strong uptrend in construction expenditures over the past ten or twelve years has more than reversed a long contraction that began in the latter half of the 1960s and bottomed out in the first half of the 1980s.

The deficit in the combined operating and capital accounts of all state and local governments (a measure that excludes the surpluses in state and local social insurance funds) amounted to about 0.6 percent of nominal GDP in calendar 1994, little changed from the corresponding figure for 1993 and down only slightly from a cyclical peak of 0.8 percent in 1991. The recent cyclical peak in this measure was larger than the peaks reached in recessions of the 1970s and 1980s, and declines in the deficit during this expansion have not been as large as the declines that occurred during other recent expansions. Historically, the combined operating and capital accounts of state and local governments have been in deficit more often than they have been in surplus; as a share of nominal GDP, the annual surpluses and deficits since World War II have averaged out to a deficit of 0.3 percent.

### *The External Sector*

When adjusted for differing rates of increase in consumer prices, the trade-weighted average foreign exchange value of the U.S. dollar declined 5½ percent against the currencies of the other G-10 countries in 1994. This depreciation was slightly smaller than the almost 6½ percent nominal depreciation of the dollar, as U.S. inflation exceeded foreign inflation by a small amount. An index of exchange rates that also includes the currencies of several of the major U.S. trading partners in Latin America and East Asia showed about the same degree of real depreciation as did the index for the currencies of the G-10 countries. In the first few weeks of 1995, the dollar has weakened, on balance, in nominal terms against the currencies of the G-10 countries, but it has moved up in terms of the Mexican peso.

Growth of real GDP in the major foreign industrial countries rebounded sharply during 1994, significantly exceeding the pace of recovery widely expected at the start of the year. In the United Kingdom and Canada, where recovery was already well established, growth continued to be vigorous. In Germany, France, and other continental European countries, where activity had been sluggish during 1993, strong expansion of real GDP resumed and strengthened as the year progressed. Recovery was evident in Japan as well, but the pace of expansion there remained somewhat subdued relative to that of the other industrial countries. Although most of these economies clearly had moved past the troughs of their recessions, considerable slack remained. As a result, consumer price inflation remained low and, in some cases, fell further. On average, in the ten major foreign industrial countries, consumer prices rose 2 percent during the year, even less than the price increase in the United States.

Economic growth in the major developing countries in 1994 continued at about the strong pace of 1993. In Asia, the newly industrializing economies grew rapidly, as external demand was sustained by lagged effects of depreciation of their currencies against the yen and by recovery in the industrial countries. Growth in China, although still quite rapid, was somewhat slower than that in 1992–93, as credit conditions were tightened somewhat further and various controls were imposed to damp demand.

In Mexico, real GDP growth rose markedly during the second and third quarters of 1994 from its near-zero rate in 1993, in part because of fiscal stimulus. However, the economic policy program put in place at the end of the year in response to the peso crisis is likely to restrain growth once again in the coming year. The Mexican macroeconomic stabilization program is designed to maintain wage restraint, reduce government spending and development bank lending, and result in significant improvement in the current account deficit in 1995. The program includes guidelines on increases in wages, guidelines on increases in final energy product prices to consumers and to industry, net cuts in public expenditures, and a reduction of lending by development banks. Mexico has committed to maintain the current floating exchange rate regime, and the Bank of Mexico has agreed to restrain the growth of money. Structural reform measures include continued privatization and lessened restrictions on foreign investment. Further measures could be required if inflation and the exchange rate do not respond as projected.

The nominal U.S. trade deficit in goods and services increased to about $110 billion in 1994, compared with $75 billion in 1993. Imports grew noticeably faster than exports, as U.S. growth about equaled that of U.S. trading partners and as the lagged effects of dollar appreciation during 1993 continued to be felt. The current account deficit averaged about $150 billion at an annual rate over the first three quarters. Net investment income moved from a small positive to a moderately negative figure in 1994, reflecting recovery of foreign earnings on direct investment in the United States and the effects of higher interest rates on high and rising U.S. net external indebtedness.

Based on initial estimates for the fourth quarter, exports of goods and services grew 10 percent in real terms during 1994. Computer exports continued to rise rapidly in real terms, about 30 percent for the year; this gain contributed significantly to the double-digit growth in total exports. After declining in 1993, agricultural exports bounced back last year; the much-improved harvest of 1994 eased supply constraints that previously had been limiting shipments of farm products. Other categories of merchandise exports averaged more than 8 percent real growth during the year, as the pace of activity in the economies of U.S. trading partners improved significantly. Geographically, the increase in U.S. merchandise exports was accounted for by increased shipments both to developing countries in Latin America and Asia and to Canada and Japan.

Imports of goods and services rose about 15 percent in real terms over the four quarters of 1994, reflecting the vigorous growth of U.S. income during the year. Imports of computers continued to expand extremely rapidly in real terms. Of the other import categories, imports of machinery and automotive products were particularly buoyant. Import prices rose about 4 percent in 1994, influenced by depreciation of the U.S. dollar, increases in world commodity prices, and a rebound in oil prices, which had declined in 1993 and early 1994.

In the first three quarters of 1994, recorded net capital inflows were substantially larger than those of 1993, an increase that coincided not only with the growing current account deficit, but also with a sharp swing in unrecorded transactions in the U.S. international accounts, from a positive figure in 1993 to a negative one in the first three quarters of 1994.[2]

Among the recorded capital flows, increases in foreign official assets in the United States were substantial in 1994 but were somewhat smaller than in 1993. In particular, the large reserve accumulations in 1993 by certain developing countries in Latin America experiencing massive private capital inflows were not repeated in 1994.

U.S. net purchases of foreign securities, particularly bonds, fell sharply from record 1993 levels. Private foreign net purchases of U.S. securities also fell, but only slightly. Rising interest rates on bonds denominated in dollars and many other major currencies produced capital losses for U.S. holders of long-term bonds and resulted in flows out of U.S. global bond funds. In the first three quarters of 1994, U.S. investors made heavy net purchases of stocks in Japan; Japan alone accounted for more than one-third of all U.S. net foreign stock purchases. In developing countries, those that received the largest net equity inflows from U.S. investors in 1993 (Hong Kong, Mexico, Argentina, Brazil, and Singapore) were less favored by investors in 1994, while interest picked up in a wide assortment of other developing countries, including South Korea, Chile, Indonesia, China, India, and Peru.

The first three quarters of 1994 also witnessed a revival of foreign direct investment in the United States while U.S. direct investment abroad remained at near-record levels. The direct investment inflow was swelled by takeovers of U.S. companies and by the revival of profits and reinvested earnings reported by affiliates of foreign companies in the United States.

### *Labor Markets*

Employment rose substantially in 1994. The total number of jobs in the nonfarm sector of the economy increased 3.5 million over the twelve months ended in December, after a gain of 2.3 million during 1993.[3] About a quarter of a million of the rise in jobs during 1994 was in the government sector, mostly at the local level. Job growth in the private nonfarm sector amounted to 3.2 million, the largest gain since 1984. Increases in employment at nonfarm establishments were sizable in each quarter of 1994. A further gain in payroll employment, smaller than the average increase of the past year, was reported in January of this year; however, total labor input rose considerably faster than employment in January as the workweek lengthened.

Producers of goods boosted employment more than half a million in 1994. The job count in construction increased about 300,000 over the year; employment at general building contractors rose

2. In effect, recorded net capital inflows in the first three quarters of 1994 were larger than necessary to balance the rising current account deficit. Moreover, outflows of currency to foreigners, an item that is not reflected in recorded transactions and, therefore, is a part of unrecorded net inflows in the international accounts, increased substantially in 1994, suggesting that the other unrecorded outflows of capital may have been even larger than the published data on errors and omissions indicate.

3. The Bureau of Labor Statistics has announced that the level of nonfarm payroll employment in March 1994 will be raised 760,000 when revised estimates are released this summer. The revision may lead to larger estimates of job growth in both 1993 and 1994.

briskly for a second year, as did the number of jobs at firms involved in special trades related to construction. The number of jobs in manufacturing increased about 275,000 during 1994, after five years of decline. Producers of durables accounted for most of the rise in manufacturing employment; among these producers, job gains were widespread. Employment at factories that produce nondurables rose slightly in total, as advances in some industries—such as printing and publishing and rubber and plastics—were partly offset by continued secular declines in the number of jobs in industries such as apparel, tobacco, and leather goods. The average workweek in manufacturing, which had stretched out in 1992 and 1993 when factory employment was declining, lengthened further in 1994, rising to new highs for the postwar period. The high fixed costs that are associated with adding new workers probably continued to be an important factor in firms' decisions to rely still more heavily on a longer workweek as a way to boost labor input. Growth of factory output surpassed the rise in labor input by a sizable amount in 1994, a reflection of substantial gains in productivity that were realized in this sector of the economy in the most recent year.

Employment in the private service-producing sector rose nearly 2¾ million during 1994, after a gain of 2 million in 1993. The number of jobs in retail trade increased about 800,000 over the year. Auto dealers, stores that sell building materials, and those that sell general merchandise were among the retail outlets that reported impressive gains. Hiring at eating and drinking places also moved up briskly; after three years of slow growth around the start of the decade, hiring at these establishments has increased substantially in each of the past three years. Employment at firms that supply services to other businesses rose about 710,000 in 1994, even more than in 1993. Once again, job growth within this category was especially rapid at personnel supply firms—those that essentially lease the services of their workers to other employers, often on a temporary basis. Employment at businesses that supply health services increased a quarter of a million in 1994, about the same as the gain in 1993; hiring at hospitals has flattened out over the past couple of years, but elsewhere in the health sector job growth has continued at a rapid clip.

Strength also was evident in 1994 in data from the monthly survey of households. After ticking up in January 1994, when a redesigned household survey was implemented and new population estimates were introduced, the civilian unemployment rate turned back down in February and declined in most months thereafter. The rate increased last month, to 5.7 percent, but was still a full percentage point below that of a year earlier.[4] Appreciable net declines in unemployment rates have been reported over the past year for nearly all occupational and demographic groups.

Data on the reasons why individuals are unemployed seem to be tracing out patterns fairly similar to those seen in previous business cycles. Most notably, the number of persons who are unemployed because they lost their last job has declined sharply, on net, over the past year. The number of individuals in this category had soared earlier in the 1990s, when the economy was struggling to gain momentum and many large companies were restructuring their operations. However, with the more recent decline, the number of these "job losers," measured as a percentage of the labor force, has moved back toward the lows of the late 1980s. Much of the decline in the number of job losers this past year has been among workers who were permanently separated from their previous jobs. The number of persons unemployed for reasons other than the loss of a job (that is, the sum of "job leavers" and new entrants or re-entrants unable to find work) has also declined over the past year. As in other business cycles, the number of these individuals, measured relative to the size of the labor force, has been displaying a cyclical pattern considerably more muted than that of job losers.

Growth of the civilian labor force—which consists of the individuals who are employed and those who are seeking employment but have not yet found it—picked up a bit in the second half of 1994 and in early 1995. However, even with these

4. Research undertaken by the Bureau of Labor Statistics suggests that the unemployment rate would have run about two-tenths of a percentage point lower in 1994 but for the changes that were introduced in January of last year. Other series from the household survey were also affected by the introduction of the new survey and the revised population estimates; therefore, data for the period starting in January 1994 are not directly comparable with those for the period ended in December 1993.

increases, the cumulative rise in the labor force in the current business expansion has been relatively small compared with the gains recorded in other recent expansions; growth of the working-age population has been slower this decade than it was in the expansions of the 1970s and 1980s, and the share of the population participating in the labor force, which trended up in earlier expansions, has changed little, on net, during this one.

According to preliminary data, output per hour of labor input in the nonfarm business sector increased 1.4 percent over the four quarters of 1994, after a rise of 1.8 percent in 1993 and still larger gains in 1992 and 1991. Over the business cycle, productivity gains typically are largest in the early years of expansion, and, in that regard, the recent experience does not appear to be unusual. Abstracting from cyclical variation, the trend of productivity growth in recent years seems to have picked up somewhat from the unusually sluggish pace that prevailed through much of the 1970s and 1980s, but, at the same time, the pickup has not been nearly so large as some anecdotal reports might appear to suggest. For example, from late 1988 to late 1994, an interval of time that is long enough to capture all the phases that productivity goes through during the business cycle, the average rate of rise in output per hour in the nonfarm business sector amounted to slightly more than 1¼ percent, up only modestly from an average rate of rise of about ¾ percent during most of the 1970s and 1980s.[5]

The rate of increase in hourly compensation moved down another notch in 1994. The employment cost index for private industry, a measure of hourly labor costs that comprises both wages and benefits, rose 3.1 percent during the twelve months ended in December 1994, after increases of 3.6 percent in 1993 and 3.5 percent in 1992. The rise in the wage component of compensation was slightly less than that of 1993, and the rate of increase in hourly benefits slowed appreciably. Increases in benefits were restrained, in large part, by another year of deceleration in health care costs and a further slowing in workers' compensation insurance costs. The rise in nominal compensation per hour in 1994 was the smallest yearly increase in the fifteen-year history of the series, the previous low of 3.2 percent having come midway through the expansion of the 1980s. Toward the end of that decade, as bidding for labor resources intensified, increases in compensation moved up for a time to around 5 percent a year.

Unit labor costs in the nonfarm business sector rose 2.0 percent over the four quarters of 1994, after an increase of just 0.6 percent over the four quarters of 1993. In manufacturing, a sector of the economy in which productivity has advanced quite rapidly in recent years, a rise in output per hour of 4.6 percent during 1994 more than offset a modest increase in hourly compensation, and unit labor costs declined noticeably for a second year.

### *Price Developments*

Although price increases picked up in some parts of the economy in 1994, the broader measures of price change continued to yield readings that were quite favorable. The rise in the total CPI was about 2¾ percent in 1994, the same as the increase during 1993. The CPI excluding food and energy also rose about 2¾ percent over the four quarters of 1994, after increasing slightly more than 3 percent in 1993. The producer price index for finished goods increased 1¼ percent during 1994, after edging up just ¼ percent during the previous year. As in 1992 and 1993, the past year's increases in all these price indexes were among the lowest readings of the past quarter-century. Measures of inflation expectations held steady in 1994, but continued to show readings that were somewhat higher, on average, than the actual rates of price increase. Price data for January of this year were less favorable than those of 1994: The total CPI moved up 0.3 percent last month, and the CPI excluding food and energy jumped 0.4 percent, the largest monthly rise in that measure since late 1992.

5. Whether even this small degree of improvement in the productivity trend will stand up through future revisions of the data is not clear. For example, among the many difficult issues that are involved in the measurement of productivity is the choice of an appropriate set of prices to be used in valuing the output of goods and services. Currently, aggregate output is tallied by using the prices of 1987, but some major changes in relative prices have taken place since then, the most notable of which is a huge decline in the price of office and computing equipment. Using the prices of a more recent year to gauge real output would result in less weight being given to office and computing equipment and, in turn, a smaller contribution from this rapidly growing category to growth of real output. All else equal, the growth of productivity would also be negatively affected by switching to the prices of a more recent year.

The pickup of price increases last year was confined largely to markets for materials. Prices of primary industrial inputs, which had moved up sharply during 1993, continued to surge in 1994, and price increases for intermediate materials accelerated as the year progressed. Prices of imports also picked up somewhat, influenced by the depreciation in the exchange value of the dollar; as was true in the domestic economy, the largest price increases for imported goods were those for materials. Gains in productivity apparently enabled manufacturers of finished goods to absorb these increases in the costs of domestically produced and imported materials without raising their own prices very much.

Early this year, materials prices continued to surge. The producer price index for crude materials other than food and energy jumped 3 percent in January, to a level about 17½ percent above that of a year earlier. Further along in the production chain, the PPI for intermediate materials other than food and energy rose 1 percent last month; the index has moved up 6 percent during the past twelve months, the largest such rise since the late 1980s, when the twelve-month rate of increase in intermediate materials prices topped out at slightly more than 7 percent. By contrast, the PPI for finished goods other than food and energy again showed only a modest increase in January. Since mid-January, the prices of a number of industrial commodities have backed away from earlier highs, but, given the volatility that these prices sometimes exhibit, the experience of a few weeks may not signal the emergence of a new trend.

In the CPI, the prices of commodities other than food and energy rose 1½ percent over the four quarters of 1994, about the same as the rise of 1993. Prices of new cars and new trucks, responding to strong demand and, at times, shortages in the supply of some models, moved up faster than prices in general; prices of used cars rose especially rapidly for a third year. The prices of tobacco products, which had fallen sharply in 1993 when producers made steep one-time price reductions, turned back up in 1994, rising moderately over the four quarters of the year. By contrast, prices of home furnishings changed little over the year, and the CPI for apparel fell noticeably. In January 1995, the CPI for goods other than food and energy jumped 0.4 percent; this rise followed a string of months in which the index had increased very slowly.

The CPI for non-energy services, a category that accounts for about half of the total CPI, rose slightly less than 3½ percent over the four quarters of 1994, after an increase of about 3¾ percent in 1993. The increase in these prices in 1994 was just a bit more than half the rise that was recorded in 1990, when CPI inflation hit its most recent peak. Prices of medical services continued to slow in 1994, and airline fares, which have been an especially volatile category in the CPI in recent years, fell appreciably after having risen sharply the previous year. However, auto finance charges turned up, and the rate of rise in owners' equivalent rent, a category that has a weight of nearly 20 percent in the total CPI, rose slightly faster over the four quarters of 1994 than it had during the corresponding period of 1993. Like the prices of goods, the CPI for non-energy services accelerated sharply in January of this year.

In 1994, for a fourth year, neither food prices nor energy prices provided much impetus to the inflation process. The consumer price index for food rose a shade more than 2½ percent over the four quarters of 1994, about the same as the rise of 1993. Food prices in 1994 were restrained, in part, by sharp declines in the prices of domestically produced farm products, which, in turn, were pulled down by the huge increases in crop and livestock production noted previously. With beef and pork prices declining over the year, the CPI for meats, poultry, fish, and eggs changed little in total. Retail prices of dairy products rose only a small amount. Prices of foods that are more heavily influenced by the costs of nonfarm inputs also showed only small to moderate advances in 1994: The increase in the CPI for prepared foods amounted to about 2½ percent, slightly less than the previous year's increase, and, for a third year, the rise in the price index for food away from home was less than 2 percent. Coffee was the only item in the CPI for food to show sustained price acceleration; freeze damage to the crop in Brazil caused world prices of raw coffee to surge and led to a price rise of more than 50 percent at retail over the four quarters of 1994. Fresh vegetable prices, which tend to be especially sensitive to short-run supply developments, took a jump toward year-end after Hurricane Gordon had damaged crops in

Florida, but the run-up was partly reversed last month.

The CPI for energy rose about 1½ percent during 1994, after edging down ½ percent in 1993. Gasoline prices increased 4½ percent over the four quarters of 1994, reversing the decline of the previous year. Much of the increase in gasoline prices came in the third quarter and followed, with a short lag, a second-quarter rise in crude oil prices, which were moving back up from the low levels of late 1993 and early 1994. Prices of other energy products exhibited brief periods of rapid increase, but sustained upward pressures in these prices did not materialize. Fuel oil prices shot up temporarily early in 1994, when stocks were pulled down for a time by cold weather in the Midwest and the Northeast; later in the year, however, stocks were replenished and the earlier price increases were more than reversed. Natural gas prices followed a pattern similar to the price of fuel oil, rising sharply in the first quarter of the year but falling back thereafter, to a fourth-quarter level that was about 2¼ percent lower than that of a year earlier. Electricity prices rose only slightly during the year. In January of this year, energy prices were up moderately in the CPI.

With the favorable inflation performance of the past year, the average rate of rise in the total CPI since the business cycle trough in early 1991 has been 2.9 percent at an annual rate. Excluding food and energy, the rate of rise has been 3.3 percent at an annual rate. Inflation rates lower than these have not been sustained through the first few years of any business expansion since that of the 1960s, when both the CPI and the CPI excluding food and energy showed average rates of increase of less than 1.5 percent during the first four years after the business cycle trough of early 1961. Average rates of price increase during the current expansion have been much smaller than those reported during the expansion that began in the mid-1970s. They also have been somewhat smaller than those reported during the first few years of the expansion that began in late 1982, a period when price increases were braked in part by unusually steep declines in oil prices. In measuring the progress that has been made toward bringing the economy closer to the goal of long-run price stability, the ratcheting down of the rate of price advance from cycle to cycle since the 1970s is perhaps an even more meaningful indicator than the favorable trends in the annual price data of recent years.

## *Monetary and Financial Developments*

With the economy generally strong, financial markets in 1994 and early 1995 have been characterized by somewhat more rapid growth in private debt and by higher interest rates. The increase in interest rates reflected, in part, the policy actions of the Federal Reserve. Concerned about inflationary pressures resulting from rapid economic growth and dwindling margins of available resources, the Federal Reserve firmed policy on seven occasions. These actions were taken to foster a financial environment more likely to be consistent with sustained economic growth and low inflation. In total, the policy tightenings raised the federal funds rate by a cumulative 3 percentage points between early February 1994 and early February 1995. Other short-term rates rose by similar amounts. Over this span, the Board of Governors hiked the discount rate on four occasions by a total of 2¼ percentage points.

Longer-term rates increased 1½ percentage points to 3 percentage points on balance since January 1994, with the largest increases posted at intermediate maturities. In addition to the policy actions, these rates were boosted through much of 1994 by greater-than-expected underlying strength in the economy and the resulting higher demand for credit, as well as by upward revisions to expectations in financial markets about the policy tightenings that would be required to counter an incipient increase in inflation. Since late last fall, however, the extent of Federal Reserve actions, along with incoming data suggesting some moderation in the pace of expansion, have calmed inflation fears and trimmed estimates of the eventual rise in short-term interest rates. As a consequence, longer-term rates have retraced some of their earlier upward movements.

Increases in intermediate- and long-term rates over the course of the year caused significant capital losses for some investors. Well-publicized losses at a number of investment funds in the first half of the year, along with substantial portfolio reallocations in view of the changed economic and financial outlook, may have contributed to increased financial market volatility at that time. On the whole, however, risk premiums remained modest, and volatility ebbed over the course of the year. Late in the year, the tax-exempt securities market dipped following the bankruptcy of Orange County that resulted from mounting losses in its investment fund, but the effects, beyond those on the fund's investors, proved to be small and short-lived.

One consequence of the higher and more volatile long-term interest rates was a shift in business borrowing away from the capital markets and toward shorter-term sources, such as banks. This shift, which reversed the move toward long-term financing that occurred as bond yields fell in 1992 and 1993, was marked by the first annual increase in bank business loans in several years. Consumer lending also accelerated in 1994, as the improved economic outlook encouraged increased use of consumer credit. Higher interest rates likely held down household mortgage debt growth, in that the resulting decline in refinancing activity limited the ability of households to "cash out" some of the equity in their homes. Higher rates also encouraged households to shift to adjustable-rate mortgages, which offered lower initial interest costs. The debt of all nonfinancial sectors increased 5¼ percent in 1994, about the same increase as in 1993, as the pickup in business and household borrowing was offset by lower growth in government debt. The effects of the strong economy on government expenditures and receipts, policy moves to reduce the federal deficit, and retirements of tax-exempt securities that had been advance-refunded all contributed to the slowdown in government borrowing.

Banks funded much of the pickup in their loans with nondeposit funds and, in the second half of the year, with sales of securities. As a result, the doubling of loan growth was not reflected in significantly stronger expansion of the monetary aggregates. M3, which was boosted by relatively heavy issuance of large CDs, rose 1½ percent, a somewhat larger increase than in 1993. With banks pricing savings and small time deposits unaggressively as market interest rates rose, M2 grew 1 percent over the year, somewhat below its 1¾ percent pace in 1993. The increase in market interest rates relative to rates on transaction deposits slowed the growth of M1 to just 2¼ percent from the double-digit increases posted in 1992 and 1993.

The foreign exchange value of the dollar declined in terms of the other G-10 currencies last year, even as the U.S. economy expanded briskly and interest rates rose. In part, the weakness was the result of unexpectedly strong growth abroad, especially in Europe, where the recovery in many countries was more rapid than had been anticipated. As a result, long-term interest rates in many of the other G-10 countries increased by amounts similar to rates in the United States. Heightened concerns about inflation prospects in the United States may also have contributed to the weakness of the dollar. Indeed, the dollar rebounded late in the fall when tighter monetary policy evidently eased those concerns. The dollar declined, however, in early 1995 amid the signs of slower U.S. growth and concerns about the implications for the United States of turmoil in Mexican financial markets.

### *The Course of Policy and Interest Rates*

In early 1994, short-term interest rates remained at the very low levels reached in late 1992, with the federal funds rate fluctuating around 3 percent—roughly in line with the rate of inflation. The Federal Reserve had maintained an accommodative policy stance throughout 1993. This stance was unusual so far into the expansion phase of a business cycle, but it was believed to be necessary because of a number of extraordinary factors that seemed to be inhibiting growth. These factors included efforts by households, firms, and financial intermediaries to repair strained balance sheets, business restructuring activities, and the fiscal contraction associated, in part, with the downsizing of defense industries.

During the recovery and expansion, however, considerable progress had been made by households and businesses in decreasing their debt-service burdens, and lending institutions had succeeded in rebuilding their capital positions. By late 1993, the economy was expanding rapidly, and incoming data early last year suggested that much of that momentum had likely carried over into 1994. In the circumstances, continued accommodative policy risked pushing the demands on productive resources to levels that ultimately would be associated with increased inflation. Consequently, the FOMC, at its meeting in early February 1994, agreed that policy should be moved to a less stimulative stance.

The pace at which the adjustment to policy should be made was less clear: A rapid shift in policy stance would minimize the risk of allowing inflation pressures to build, while a more gradual move would allow financial markets time to adjust to the changed environment. Although many market participants seemed to anticipate a firming move fairly soon, it would be the first tightening in many years, and some investors would undoubtedly reconsider their portfolio strategies, possibly causing sharp movements in bond and stock prices. In addition, a slower initial shift would allow more time to assess the strength of the economy and the effects of the change in policy.

In the event, the Committee tightened policy gradually through the winter and early spring. Pressures on reserve positions were increased by relatively small amounts in February, March, and April; once market participants seemed to have made substantial adjustments to the new direction of policy, a larger tightening move was implemented in May. Taken together, the four policy actions raised the federal funds rate about 1¼ percentage points. The May policy action was accompanied by an increase of ½ percentage point in the discount rate, voted by the Board of Governors.

Other interest rates moved up between 1 percentage point and 2 percentage points as a result of these policy moves, with the largest increases coming at intermediate maturities. Besides the effect of the policy actions, longer-term rates were boosted by incoming data suggesting continued robust growth, which heightened market concerns about a pickup in inflation and expectations of further tightening by the Federal Reserve. In addition, uncertainty about the timing and magnitude of future policy actions, as well as the capital losses that followed the tightenings, encouraged investors to shorten the maturity of their investments and reduce their degree of leverage. The resulting portfolio adjustments likely contributed to increased market volatility and may have intensified the upward pressure on longer-term interest rates.

Incoming data in the late spring and early summer suggested that the economy continued to expand significantly, led by sales of business equipment, a rebound in nonresidential construction following bad weather earlier in the year, and a pickup in inventory investment. Inflation was of growing concern, as commodity prices increased rapidly, and measures of slack suggested that the economy was entering a range in which pressures on broad price indexes might begin to build. In part reflecting this concern, long-term rates moved up, and the dollar weakened. Given the relatively large policy action in May, however, the Committee decided to take no action at the July meeting and to wait for more information on the performance of the economy. The Committee saw the possible need for tighter policy, however, and issued an asymmetric directive to the Federal Reserve Bank of New York suggesting that policy would respond promptly to evidence of increased inflation pressures.

In the interval between the Committee meetings in early July and mid-August, the economy continued to expand robustly, and, coming into the August meeting, it appeared that the markets expected a small further increase in reserve pressures. At its meeting, the Committee agreed that a prompt further tightening move was needed to provide greater assurance that inflationary pressures in the economy would remain subdued, and the members chose a tightening action somewhat larger than had been expected by the markets. A rise of ½ percentage point in the discount rate, voted by the Board of Governors, was allowed to show through fully to the federal funds rate. Short-term market rates rose following the policy move, while long-term yields declined slightly, perhaps as a result of downward revisions to expectations of future tightening.

In advance of the meeting in late September, most market rates increased as incoming economic data were seen in the market as raising the likelihood of higher inflation and the resulting need for tighter reserve conditions. The data suggested that the economy had not yet been greatly affected by the tightening in monetary policy: Employment was growing strongly, and final sales, especially of consumer goods, appeared to have firmed. Manufacturing activity had continued to expand rapidly, boosted in part by an increase in motor vehicle production. Given the uncertain duration of lags between changes in monetary policy and the resulting effects on the economy, however, it was not clear whether the effects of the earlier interest rate increases were smaller than had been expected or were still in train. Another possibility was that the underlying momentum of the expansion was greater than had been evident earlier. Given these uncertainties, the Committee took no immediate tightening action at its September meeting. As in July, however, the Committee agreed to an asymmetric directive suggesting that the likely direction of any move over the intermeeting period was toward additional restraint.

Broad measures of inflation remained moderate through the fall in spite of continued substantial economic growth in an economy that was running close to its estimated potential. Nonetheless, strong economic data and continued upward pressure on prices at earlier stages of production apparently heightened investors' inflation concerns, as well as expectations of future policy tightenings. Consequently, most market interest rates rose appreciably between the September and November meetings, with the largest increases occurring at intermediate maturities. At the November meeting, the Committee members agreed that the stance of policy was not sufficiently restrained given the clear risks of higher inflation. As a result, they chose a sizable firming of monetary policy, tightening reserve conditions in line with the increase of ¾ percentage point in the discount rate approved by the Federal Reserve Board.

The yield curve flattened appreciably in response to the larger-than-expected policy action. The increase in the federal funds rate pushed up most short-term interest rates. Long-term rates increased initially, but in late November and early December these rates more than reversed the earlier increases. Evidently, market participants ultimately interpreted the substantial policy tightening as demonstrating the Committee's intention to take the actions necessary to contain inflation at relatively low levels. By contrast, intermediate-term rates increased over the weeks following the November meeting as a variety of incoming data indicated that the economy's growth had accelerated further in the fourth quarter and additional tightenings might be required to slow growth to a more sustainable pace. By the time of the December meeting, rates on two-year Treasury notes were only a little below those on thirty-year Treasury bonds, although both yields remained well above short-term rates.

Financial markets were focused in early December on the failure of an investment fund run by Orange County, California, and the subsequent bankruptcy of the county itself. The municipal securities market bore the brunt of these developments, with rates rising for a time relative to those on comparable Treasury issues. The failure had a substantial effect on the finances of the municipalities that had invested in the fund. In addition, investors had to consider the likelihood of other state and local governments having similar investment difficulties. Over the following days and weeks, however, only a few other problem situations emerged, and they were on a much smaller scale.

In the period leading up to the December meeting, incoming data continued to show robust growth and subdued inflation. The Committee felt that the effects on economic activity of the policy actions during the year, and especially the substantial tightening moves in the second half of the year, were not yet visible, owing to the lags in the effects of monetary policy on the economy. As a result, the Committee decided to take no further policy action at the meeting, and to await additional information on the underlying strength in the economy and the effects of the earlier policy actions. This decision was reinforced by concerns that the financial markets might be somewhat unsettled owing both to the usual year-end adjustments and to uncertainty about the effects and incidence of the sizable market losses sustained by some investors over the year. In view of the substantial strength evident in the incoming data, however, the Committee again chose an asymmetric directive pointing toward further restraint.

In advance of the Committee meeting at the end of January, broad measures of inflation remained modest, although anecdotal reports suggested that some firms intended to raise prices early in the new year. Incoming data on production and employment continued to be upbeat, with healthy growth reported in virtually all industries and regions. Some indicators, however, raised the possibility of a slowing in the pace of the expansion. Nonetheless, output growth in the fourth quarter was the fastest of the year, and the Committee felt that, with output and employment at or even beyond estimates of their sustainable levels, the risks of rising inflation were still considerable. As a result, the Board of Governors voted an increase of ½ percentage point in the discount rate, and the Committee agreed to allow the increase to be fully reflected in the federal funds rate. Because it had been widely anticipated in the financial markets, other interest rates and the foreign exchange value of the dollar were little affected by the policy action. Interest rates turned down subsequently, as additional information on the economy seemed to reinforce the possibility that a slowdown was in process.

At the same meeting, the Committee also formally adopted two practices that had been followed on a provisional basis during 1994. First, the Committee voted to continue to announce any change in the stance of policy on the day the decision is made. These announcements, which had followed each of the policy tightenings agreed to in 1994, are intended to minimize any confusion and uncertainty about the stance of policy. In addition, a public announcement ensures that all financial market participants have the same access to information regarding changes in monetary policy. Second, the Committee agreed to continue releasing the transcripts of Committee meetings with a five-year delay. The published minutes of Committee meetings, which are available soon after the subsequent meeting, provide a relatively complete summary of the arguments presented and the reasons for a policy choice. The transcripts provide additional information, however, that may be of use to those interested in the details of the policy process. The Committee decided that a five-year delay struck an appropriate balance between the right of interested members of the public to obtain this added detail and the Committee's need to debate policy issues openly and without the sort of restraint that more rapid disclosure might generate.

## *Credit and Money Flows in 1994*

The debt of all nonfinancial sectors grew 5¼ percent in 1994, somewhat below the middle of its monitoring range of 4 percent to 8 percent, and about the same increase as that of a year earlier. More rapid growth of private-sector debt was offset by slower growth of public-sector debt. As long-term rates rose well above their late 1993 lows, private-sector borrowing shifted toward shorter-term sources of funds. In part as a result of this shift, financial intermediaries supplied a larger share of new debt than they had for several years. Much of the depository credit growth was funded with nondeposit funds, however, and growth in the broad monetary aggregates, which consist primarily of deposits, remained subdued.

Debt growth both in the federal and in the state and local government sectors slowed last year. Growth of federal government debt was smaller because of the narrowing of the federal budget deficit. The outstanding volume of state and local government debt actually declined as bonds that previously had been refunded in advance of their earliest call date were retired. Much of the bulge in tax-exempt issues in 1993 had been for the advance refunding of higher-cost debt issued in the 1980s. These offerings subsided early in 1994, as the amount of bonds eligible for advance refunding dwindled and borrowing costs rose.

Household debt growth increased modestly in 1994, as an acceleration in consumer credit was partly offset by slower growth in mortgage debt. The pickup in consumer debt reflected, in part, increased demand for consumer durables. In addition, responses to Federal Reserve surveys of banks indicated that many respondents were more willing to extend credit to households last year, which may have led them to ease terms and standards on consumer loans. Indeed, spreads between consumer loan rates and market rates narrowed significantly last year, as increases in loan rates lagged those in market interest rates. Consumer credit may also have been boosted somewhat by the increased use of credit cards offering rebates or other incentives. Rising mortgage rates in 1994 greatly reduced the volume of mortgage refinancings from the very high levels reached in 1993. The refinancings had contributed to an increase in mortgage debt because some households had taken the opportunity afforded by refinancing to cash out a portion of the equity in their properties. Higher rates on fixed-rate mortgages also induced many borrowers to shift to adjustable-rate mortgages that carried much lower initial rates. Concessional starting rates and the growing use of adjustable-rate contracts with initial fixed-rate periods lasting several years also may have contributed to this shift. Over the last few months of the year about half of all new home mortgages were of the adjustable-rate variety. The shift to adjustable-rate mortgages and the sluggish adjustment of consumer loan rates mitigated the effect of higher market interest rates on household debt-service burdens.

The debt of nonfinancial businesses expanded in 1994 after three years of stagnation. Earlier efforts to restructure balance sheets by increasing equity capital and refinancing higher-cost credit appeared to leave businesses in a better position to increase debt in 1994, as the sector's debt-service burden had fallen about one-third from its peak five years earlier. A decline in equity issuance, perhaps resulting from the lackluster performance of the stock market, may also have boosted business borrowing. Business financing needs were strengthened by increased spending on capital and inventories, as well as merger and acquisition activity. The total value of mergers and acquisitions increased substantially last year, and the share of such activity requiring cash payments to shareholders—rather than swaps of shares—rose sharply, although it remained below the levels reached in the late 1980s.

Rising and more volatile long-term interest rates encouraged businesses to rely more heavily on short-term debt in 1994. This shift was reinforced by changes in supply conditions in various markets. Capital losses early in the year likely caused some of those supplying long-term funds to become more cautious; for example, some savers backed away from bond mutual funds. At the same time, banks were loosening terms on business loans as well as easing their underwriting standards. Banks attributed the easing of loan terms and standards to increased competition for business customers from other banks and also from nonbank lenders. The competitive posture of banks likely reflected, in part, the high level of profits earned by banks in recent years and the resultant strengthening of their balance sheets. As a result of these factors, bank business loans increased more than 9 percent, their first annual increase in several years. Other sources of short-term business finance, including commercial paper and finance company loans, also expanded over the year.

The effect of the pickup in business and consumer loans on bank credit growth was partially offset by slower growth in bank securities holdings. Early in the year, banks purchased a significant volume of government securities, and reported levels of other securities holdings were boosted by an accounting change.[6] Much of this growth was reversed later in the year, however, as banks used sales of securities to fund loan growth. Reported securities growth was also damped by declining securities prices.[7]

In 1994 thrift sector credit expanded for the first time in several years, as the Resolution Trust Corporation virtually completed its liquidation of insolvent thrift institutions. In part, the increase in thrift sector credit also likely reflected the shift by households toward adjustable-rate mortgages. Thrift institutions and banks find holding adjustable-rate mortgages less risky than holding fixed-rate mortgages, and so adjustable-rate loans are less likely to be securitized and sold.

With bank credit growth picking up and thrift sector credit rising, growth of depository credit in 1994 nearly matched that of total nonfinancial debt. Thus, the share of credit provided by these intermediaries stabilized last year after having declined substantially since 1988. Despite the growth in depository credit, the broad monetary aggregates continued to expand sluggishly. Domestic banks funded much of their credit expansion from nondeposit sources, such as borrowings from their foreign offices, that are not included in the monetary aggregates. Funds from these sources are not subject to deposit insurance premiums, which may help account for their recent rise. The broadest monetary aggregate, M3, did pick up a bit as banks turned, in part, to large time deposits to fund asset growth. M3 expanded about 1½ percent, well above the lower bound of its 0 percent to 4 percent annual range and a somewhat larger increase than that in 1993. Growth in large time deposits topped 7 percent for the year, marking the first annual increase in this component since 1989. Much of the increase in large time deposits was in senior bank notes, which are not subject to deposit insurance premiums.

6. New Financial Accounting Standards Board rules, effective at the start of the year, limited the ability of banks to net off-balance-sheet items for reporting purposes. The new rules affected items such as swaps and options, the cash values of which are reported on balance sheets in the other securities category.

7. A Financial Accounting Standards Board rule implemented at the start of the year required each bank to divide its investment account securities into those that it intended to hold to maturity, which could be reported at book value, and those that were available for sale, which had to be marked to market.

M2 grew 1 percent in 1994—the lower bound of its annual range. The slow growth reflected, in part, relatively sluggish upward adjustment of retail deposit rates. Rates on savings accounts and other checkable deposits (OCDs), including NOW accounts, responded about as slowly as they have in the past to the increase in market rates, while the response of rates on small time deposits was sluggish relative to historical norms. Evidently, banks believed that generating increased retail deposits would be more expensive than raising wholesale funds given that higher retail rates would have to be paid on existing liquid deposits and on time deposits as they were rolled over, as well as on any new deposits. Increasing retail deposits would also require higher advertising, administrative, and deposit insurance costs.

In contrast to the previous several years, M2 behavior in 1994 was roughly consistent with its long-run historical relation with movements in nominal income and opportunity costs as traditionally defined—that is, the difference between rates on short-term instruments (for example, Treasury bills) and those offered on retail balances. This consistency suggests that, unlike the past few years, the slow growth in M2 last year was not the result of portfolio shifts toward bond and equity mutual funds. Indeed, the growth in M2 plus long-term mutual funds ran slightly below the 1 percent pace of M2 growth. Net sales of equity mutual funds continued at a high level in 1994, although the pace of sales slowed somewhat late in the year. Equity fund sales were partly offset, however, by outflows from bond mutual funds in the last three quarters of the year. Apparently, falling bond prices and greater market uncertainty, and, perhaps, reports of derivatives losses at some funds, led households to scale back their holdings of bond mutual funds in favor of investments that posed less risk of capital loss. With deposit rates lagging, however, these outflows did not translate into faster M2 growth. Some of the withdrawals from bond funds may have been invested directly in Treasury securities. Reflecting such portfolio shifts, net noncompetitive tenders for Treasury bills, which had been negative in 1993, totaled more than $16 billion last year, and net noncompetitive tenders for Treasury notes also increased substantially.[8]

8. The Treasury permits noncompetitive bids at its auctions to make it easier for smaller, less sophisticated bidders to participate.

3. Growth of money and debt
Percent

| Period | M1 | M2 | M3 | Domestic nonfinancial debt |
|---|---|---|---|---|
| *Year*[1] | | | | |
| 1980 | 7.4 | 8.9 | 9.6 | 9.1 |
| 1981 | 5.4 (2.5[2]) | 9.3 | 12.4 | 9.9 |
| 1982 | 8.8 | 9.2 | 9.9 | 9.6 |
| 1983 | 10.4 | 12.2 | 9.9 | 11.8 |
| 1984 | 5.5 | 8.1 | 10.9 | 14.4 |
| 1985 | 12.0 | 8.7 | 7.6 | 14.1 |
| 1986 | 15.5 | 9.3 | 8.9 | 13.5 |
| 1987 | 6.3 | 4.3 | 5.7 | 10.2 |
| 1988 | 4.3 | 5.3 | 6.3 | 9.0 |
| 1989 | .6 | 4.8 | 3.8 | 8.0 |
| 1990 | 4.2 | 4.0 | 1.7 | 6.5 |
| 1991 | 7.9 | 2.9 | 1.2 | 4.6 |
| 1992 | 14.3 | 2.0 | .5 | 4.7 |
| 1993 | 10.5 | 1.7 | 1.0 | 5.2 |
| 1994 | 2.3 | 1.0 | 1.4 | 5.3 |
| *Quarter (annual rate)*[3] | | | | |
| 1994: 1 | 5.5 | 1.8 | .6 | 5.3 |
| 2 | 2.6 | 1.7 | 1.3 | 5.6 |
| 3 | 2.4 | .8 | 2.0 | 4.4 |
| 4 | −1.2 | −.4 | 1.7 | 5.5 |

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Adjusted for shifts to NOW accounts in 1981.
3. From average for preceding quarter to average for quarter indicated.

Consistent with its historical behavior, M1 growth slowed sharply last year in response to widening differentials between market interest rates and those offered on transaction deposits. M1 expanded only 2¼ percent—down substantially from the double-digit increases recorded the previous two years. Following the typical pattern, demand deposits and OCDs were especially responsive to the rise in short-term interest rates. On balance, demand deposits edged up only ½ percent, compared with growth of 13¼ percent in 1993, as higher market rates encouraged deposit holders to economize on these non-interest-earning assets. In addition, the turnaround reflected the decline in home mortgage refinancing activity last year: Demand deposits had been boosted in 1993 because prepayments of securitized mortgages were held primarily in such deposits for a time before they were distributed. The rates offered on OCD accounts adjusted slowly to higher market rates last year, encouraging households to shift funds into higher-yielding assets. OCD growth also was depressed by the introduction of sweep account programs at some large banks. In these programs, the portion of customers' OCD balances in excess of a predetermined level are swept into money market deposit accounts at the end of each day.

Those submitting noncompetitive tenders are assured of receiving the security, and the yield on the security they obtain is the average issue rate established at the auction. The level of net noncompetitive tenders during a period is the dollar volume of securities purchased under noncompetitive tenders less the volume of repayments of maturing securities that had been purchased under noncompetitive tenders.

4. Net sales of shares in long-term mutual funds[1]
Millions of dollars (monthly average)

| Period | Total | Equity funds | Bond funds |
|---|---|---|---|
| *Year* | | | |
| 1991 | 10,820 | 3,821 | 7,000 |
| 1992 | 16,844 | 7,268 | 9,576 |
| 1993 | 23,445 | 11,832 | 11,634 |
| 1994 | 9,674 | 11,073 | −1,399 |
| *Quarter* | | | |
| 1994: 1 | 17,438 | 13,744 | 3,694 |
| 2 | 10,128 | 10,935 | −808 |
| 3 | 9,826 | 11,166 | −1,340 |
| 4 | 1,306 | 8,447 | −7,141 |

1. Gross sales of shares less redemptions.
SOURCE. Investment Company Institute.

In contrast to transaction deposits, the currency component of M1 continued to register strong growth last year. Currency increased 10¼ percent, the same rise as 1993 and close to the record increase in 1990. As has been the case since 1990, much of the currency growth appeared to reflect rapid expansion in U.S. currency circulating abroad. Informal reports suggest that foreign demand was particularly strong in 1994 in Russia and the other former Soviet republics.

### *Foreign Exchange Developments*

The trade-weighted foreign exchange value of the dollar in terms of the other G-10 currencies declined nearly 6½ percent on balance from December 1993 to December 1994. After displaying some strength at the start of 1994, the weighted-average foreign exchange value of the dollar fell about 10 percent from February through early November. Although U.S. growth continued to be stronger than expected, market perceptions about the strength of economic activity in the other industrial countries were also revised sharply higher as the year progressed. These changed perceptions led market participants to raise their expectations of market interest rates abroad, which, together with increased concerns over potential inflation pressures in the U.S. economy, put downward pressure on the dollar against most foreign currencies. The dollar rebounded somewhat at the end of the year as the greater-than-expected tightening action by the Federal Reserve in November reassured market participants that U.S. inflation risks were being addressed. In early 1995, however, with U.S. growth appearing to moderate and the turmoil in Mexican financial markets raising concerns about possible implications for the United States, the dollar declined on balance, nearly reaching its fall 1994 low.

Long-term interest rates in major foreign industrial countries generally rose during the year. On average, yields on foreign government issues with maturities of ten years increased 200 basis points in the twelve months to December, about the same as in the United States. In Japan, where the evidence for a buoyant recovery remained somewhat mixed, long-term rates rose less. In contrast to long-term rates, foreign short-term rates were little changed on average and even declined slightly in several countries, including France and Germany. Major exceptions were Canada, where short-term market rates rose about 300 basis points, and the United Kingdom, where they rose 100 basis points. In both countries, official lending rates were increased during the year to contain inflation risks in the face of vigorous economic growth. During the first few weeks of this year, foreign long-term rates on average rose slightly further, but they have since retraced most of that rise.

During 1994, the dollar depreciated 8 percent in terms of the mark and declined by similar amounts in terms of the other currencies in the exchange rate mechanism (ERM) of the European Monetary System. The German economy expanded over the year, and the growth of the targeted monetary aggregate, M3, remained above target until the very end of the year. Market participants trimmed their expectations of further declines in official Bundesbank lending rates, and German long-term interest rates rose. The dollar depreciated by lesser amounts in terms of sterling and the lira, both of which had been withdrawn from the ERM in 1992. The persistent strength of the U.K. recovery raised concerns of renewed inflation pressures there, and the political uncertainties in Italy and, to a lesser extent, in the United Kingdom held back market enthusiasm for the two currencies.

The dollar also depreciated about 8 percent in terms of the yen during the year. At times, the dollar–yen rate fluctuated in response to developments in U.S.–Japanese trade talks. The dollar reached a historic low of 96.11 yen in November and was very weak against the German mark as well, and the Federal Reserve joined the U.S. Treasury in intervention purchases of dollars against yen and marks at that time. Subsequently, the dollar rebounded somewhat in terms of the yen and European currencies. In early 1995 the dollar weakened further, especially against the mark, in part because that currency attracted funds from markets upset by the peso crisis.

In contrast to its experience in terms of the ERM currencies and the yen, the dollar appreciated in terms of the Canadian dollar nearly 4½ percent during 1994. The relative weakness of the Canadian currency appeared to reflect pressures arising from the increases in U.S. short-term rates, concerns over the large fiscal deficits of the central government and the provinces, and, at times, perceived risks associated with possible secession by Quebec. In the first few weeks of 1995, the Canadian dollar weakened further, as markets apparently became more concerned about the large outstanding Canadian federal and provincial debt and the persistent federal government deficit. As a result, market interest rates have risen further, and the Bank of Canada has moved up overnight rates several times, including an increase to match the upward shift in the U.S. federal funds rate following the most recent FOMC meeting. In response, the Canadian dollar strengthened but, more recently, has given up some of these gains.

The dollar depreciated nearly 5 percent in 1994 against the currencies of major U.S. trading partners in Latin America and East Asia when adjusted for relative changes in consumer prices. The dollar appreciated sharply against the Mexican peso, however, first in March and more significantly during the final two weeks of the year and in early 1995.

In response to continuing downward pressures on the peso and sizable losses of international reserves over the course of 1994, the Bank of Mexico announced on December 20 a 13 percent change in the lower bound of the range that it unilaterally had set for the peso–dollar exchange rate. The peso immediately fell to the new lower limit, from about 3.5 to 4 pesos per dollar, and reserve losses continued. As a consequence, the Bank of Mexico on December 22 permitted the peso to float and activated the North American Swap Facility, which provides up to $6 billion of short-term funds to the Bank of Mexico, evenly split between the Federal Reserve and the Treasury, and an additional C$1 billion from the Bank of Canada.

During the following days the peso remained volatile on exchange markets, fluctuating in a range between 5 and nearly 6 pesos to the dollar. On January 2, a package was announced totaling $18 billion in international financial support for Mexico, including an increase from $6 billion to $9 billion in the swap facilities extended by the United States (again split between the Federal Reserve and the Treasury), an additional C$500 million in the swap facility of the Bank of Canada, $5 billion in credit supported by other central banks acting through the Bank for International Settlements (BIS), and $3 billion in credit from commercial banks. On January 6 the IMF began talks with Mexico on a standby arrangement in support of Mexico's economic reform program, and on January 12, against the background of increased turbulence in international capital markets, the Clinton Administration, with the support of the bipartisan leadership of the Congress, announced a proposal to provide $40 billion in guarantees on securities to be issued by Mexico in an effort to restore investor confidence.

Subsequently, the peso weakened further as support within the Congress for the guarantee proposal appeared to decline. The Mexican stock market also continued to slide, and short-term peso interest rates rose sharply. In late January the peso reached a new low of 6.55 pesos to the dollar amid signs that problems in Mexico were having effects on financial markets in other countries. In particular, equity markets in Argentina and Brazil had declined in volatile trading. More generally, investors appeared to be retreating from investments in a variety of emerging market economies, some of which have substantial current account deficits, while others maintain fixed exchange rates that pose the risk of becoming overvalued. On January 31 the Administration withdrew the request for approval of the guarantee program and, with the support of the bipartisan leadership of the Congress, announced a new plan to provide $20 billion to support financial stabilization in Mexico using the resources of the Exchange Stabilization Fund (ESF) and, in the short run, the Federal Reserve. On February 1, the Federal Reserve's swap line with the Bank of Mexico was increased further to $6 billion as part of this package. The package will consist of short-term swaps, which will be provided by the Federal Reserve and the ESF, and swaps with maturities of three to five years and securities guarantees with maturities of five to ten years provided by the ESF. Repayment will be assured from the proceeds of exports of Mexican oil. Additional multilateral support for Mexico included an increase from $7.8 billion to $17.8 billion in the funds provided by the International Monetary Fund under a standby arrangement that was approved on February 1 and an increase from $5 billion to $10 billion in the short-term credit supported by the central banks of a number of major industrial countries acting through the BIS.

The peso rebounded during the week following the announcement of the January 31 program and, on net, has since held most of that gain in volatile trading. Through mid-February, the dollar on balance has appreciated substantially against the peso since December 19, the day before the peso's devaluation. □

# Treasury and Federal Reserve Foreign Exchange Operations

*This quarterly report describes Treasury and System foreign exchange operations for the period from October through December 1994. It was prepared by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager for Foreign Operations, System Open Market Account. Carol Osler was primarily responsible for preparation of the report.*[1]

During the fourth quarter of 1994, the dollar fell 0.1 percent against the German mark but rose 0.5 percent against the Japanese yen and 1.0 percent on a trade-weighted basis.[2] On November 2, the U.S. monetary authorities purchased $800 million against the German mark and an equal amount against the Japanese yen, and Treasury Secretary Lloyd Bentsen issued a statement affirming the Administration's support for a stronger dollar. On November 3, the U.S. monetary authorities intervened again, this time purchasing $500 million against the German mark and an equal amount against the Japanese yen. In other operations, the U.S. and Mexican monetary authorities activated their $6 billion swap facility after Mexico announced, before the market opened on December 22, that the peso would be allowed to float.

## *The Dollar Declines during October*

Having closed the previous period at DM1.5510, the dollar traded fairly steadily against the German mark. Against the Japanese yen, the dollar rose briefly from ¥99.10, its close at the end of the previous quarter after a partial trade agreement between the United States and Japan was announced on October 1. Soon thereafter, however, the dollar started to decline against both currencies.

Early in the period, continued signs of robust growth in the U.S. economy led market participants to question the Federal Reserve's decision not to raise rates at its September 27 meeting, and concern that the stance of monetary policy was inadequate to contain price pressures began to grow. At the same time, market participants perceived short-term and long-term U.S. rates as too low relative to comparable foreign rates and found in these differentials an explanation for the dollar's weakness during the year and a reason for further dollar weakness.

Against the mark, the dollar started to decline sharply on October 13. This decline occurred as expectations rose that the coalition government of Chancellor Helmut Kohl would be returned to office in Germany's October 16 federal elections and as German bond and stock markets rallied. The dollar's downward movement accelerated as it breached a number of important technical points. From its closing level of DM1.5405 on October 12, the dollar fell to DM1.4937 on October 17. After this abrupt decline, market discomfort with the level of U.S. interest rates grew more pronounced and market participants began to express the view that the U.S. Administration was becoming less concerned about the dollar. At the same time, the dollar also began to decline against the yen, particularly as a result of heavy dollar sales by Japanese exporters.

By October 25, the dollar had declined to ¥96.40 and a period low of DM1.4860. The release on October 28 of gross domestic product data containing encouraging news about the U.S. price deflator provided a brief respite, but as November began, pressure on the dollar intensified once again.

1. The charts for the report are available on request from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. The dollar's movements on a trade-weighted basis in terms of other Group of Ten (G-10) currencies are measured using an index developed by staff at the Board of Governors of the Federal Reserve System.

### *U.S. Monetary Authorities Enter the Market To Buy Dollars against the Mark and the Yen*

On the morning of Wednesday, November 2, the dollar fell to a new postwar low of ¥96.11 and was trading at DM1.4910. Shortly after 11:00 a.m., the Federal Reserve Bank of New York's Foreign Exchange Desk entered the market, purchasing dollars for the U.S. monetary authorities. During the course of the day, the Desk purchased $800 million against the mark and $800 million against the yen.

As the intervention began, Treasury Secretary Bentsen issued the following statement:

> I believe that recent movements in the dollar are inconsistent with the fundamentals of a strong investment-led recovery in the United States and the greatly enhanced ability of U.S. firms to compete around the world. This Administration is committed to sound economic policies that expand the economy's capacity and sustain recovery with low inflation. Continuation of recent foreign exchange trends would be counterproductive for the United States and the world economy. A stronger dollar will reduce inflation pressures, improve American living standards, and promote investment. We will continue to monitor developments closely in cooperation with our G-7 (Group of Seven) partners.

Later that day Bundesbank President Hans Tietmeyer expressed support for the U.S. operation, saying "I welcome the fact that the American monetary authorities have clearly expressed their interest in a stronger dollar and want to back this with an appropriate policy. This statement (by Secretary Bentsen) is likely to contribute to bringing the value of the dollar on markets more into line with the fundamental data." After reaching intraday highs of DM1.5220 and ¥98.00, the dollar closed at DM1.5149 and ¥97.60.

Shortly after 11:00 a.m. on Thursday, November 3, with the dollar trading at DM1.5145 and ¥97.65, the Desk intervened a second time on behalf of the U.S. monetary authorities. During the course of the day, the Desk purchased $500 million against the mark and $500 million against the yen. The dollar reached intraday highs of DM1.5260 and ¥98.30 before closing at DM1.5185 and ¥97.73.

On both days of intervention, the yen operations of the U.S. monetary authorities were coordinated with the operations of the monetary authorities of another country. All the dollar purchases of the U.S. monetary authorities were divided equally between the Federal Reserve and the Exchange Stabilization Fund (ESF) of the Department of the Treasury.

### *The Dollar Continues To Strengthen during November*

After the intervention, the dollar continued to rise against the mark as market participants became increasingly confident that the Federal Reserve would raise official U.S. interest rates at the November 15 meeting of the Federal Open Market Committee (FOMC). On November 9, in Asian and early European trading hours, the dollar rose abruptly in response to the results of the previous day's U.S. elections, in which the Republican party took control of both the House and the Senate. From its closing levels the day before, the dollar rose nearly two pfennigs to DM1.5265 and about half a yen to ¥97.70 by the time the New York market opened on November 9, then traded around these levels for the rest of the day.

By the eve of the November 15 FOMC meeting, the dollar had risen further, reaching DM1.5441 and ¥98.28. In the event, the Federal Reserve's decision to raise the federal funds and discount rates 75 basis points surprised many market participants, who had generally expected the Federal Reserve to raise rates only 50 basis points. The dollar spiked higher in response. The perceived aggressiveness of the action also encouraged some market participants to anticipate additional tightening in December.

The dollar's rally continued through the end of November, as the notable widening of short-term

1. Foreign exchange holdings of U.S. monetary authorities at period-end

Millions of dollars

| Item | Federal Reserve | U.S. Treasury Exchange Stabilization Fund |
|---|---|---|
| German marks | 13,405.2 | 7,500.6 |
| Japanese yen | 8,510.0 | 11,801.0 |
| **Total** | **21,915.2** | **19,301.6** |

Note. Figures may not sum to totals because of rounding.

interest rate differentials encouraged market participants to accumulate dollar positions. Market behavior began to reflect the perception that the Federal Reserve would bring short-term interest rates to levels that were high enough to restrain incipient inflationary pressures. Indeed, the dollar rose on stronger-than-expected U.S. data on consumer confidence, third-quarter GDP, and November nonfarm payrolls. Market participants also came to view U.S. rates as sufficiently high to compensate investors for the continued risk of dollar decline. For example, three-month U.S. rates, which had only moved above equivalent German rates in September, had come to surpass German rates by about 100 basis points. For foreign exchange market participants, the stability and subsequent decline of long-term U.S. bond yields during late November also helped to support the dollar because these developments suggested good demand for long-term U.S. paper. The dollar closed the month at DM1.5692 and ¥98.90, up 4.4 percent and 2.1 percent respectively over its values at the end of October.

### *The Dollar Trades Quietly Against the Mark and Yen during Most of December*

The dollar's rise came to an end in early December and, with the volume of transactions reduced by the holiday season, the currency traded for most of the month around the DM1.57 and ¥100 levels. Expectations among some market participants that the Federal Reserve would raise interest rates in late December—a view partly based on Chairman Greenspan's December 7 testimony before Congress, in which he characterized U.S. growth as stronger than expected—helped support the dollar. At the same time, however, strong German GDP data for the third quarter and volatility in U.S. interest rate markets, caused by the liquidation of the financing positions of the Orange County investment pool and of other portfolios, appeared to limit the dollar's upside. At its December 20 meeting, the Federal Reserve left U.S. interest rates unchanged, a decision that had no immediate impact on the dollar. By the end of the period, however, the dollar was nearly three pfennigs and about half a yen lower, with most of the decline coming on December 28 in thin market conditions. The dollar closed the quarter at DM1.5490 and ¥99.55.

### *The Canadian Dollar Declines Steadily*

After opening at C$1.3450, the Canadian dollar weakened steadily against the U.S. currency and finished the quarter at C$1.4025, down 4.2 percent. International investors were discouraged from purchasing Canadian dollars by short-term interest rate differentials that, for much of the period, favored the U.S. currency, especially after the mid-November rise in U.S. short-term rates. These investors also expressed concern about large Canadian government budget deficits at the federal and provincial levels, and about political uncertainty stemming from Quebec's quest for sovereignty.

### *Mexican Authorities Allow the Peso To Float*

Over the quarter, the peso declined 30 percent against the dollar from its initial level of 3.3930 new pesos (NP) per dollar. The move began as a gradual depreciation within the permissible range set by the government. The peso remained within its band through November and for a few weeks past President Zedillo's December 1 inauguration, despite considerable financial market pressures and increasing concern among market participants about possible inconsistencies within the Mexican economic strategy. The view increasingly took hold

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations, based on historical cost-of-acquisition exchange rates

Millions of dollars

| Period and item | Federal Reserve | U.S. Treasury Exchange Stabilization Fund |
|---|---|---|
| Valuation profits and losses on outstanding assets and liabilities as of Sept. 30, 1994 | 4,973.4 | 4,356.7 |
| Realized profits and losses, Sept. 30, 1994–Dec. 31, 1994 | 313.7 | 270.9 |
| Valuation profits and losses on outstanding assets and liabilities as of Dec. 31, 1994 | 4,577.6 | 4,054.1 |

Note. Data are on a value-date basis.

3. Federal Reserve reciprocal currency arrangements
Millions of dollars

| Institution | Amount of facility, Dec. 31, 1994 | Drawings during period |
|---|---|---|
| Austrian National Bank | 250 | 0 |
| National Bank of Belgium | 1,000 | |
| Bank of Canada | 2,000 | |
| National Bank of Denmark | 250 | |
| Bank of England | 3,000 | |
| Bank of France | 2,000 | |
| Deutsche Bundesbank | 6,000 | |
| Bank of Italy | 3,000 | |
| Bank of Japan | 5,000 | |
| Bank of Mexico | 3,000 | |
| Netherlands Bank | 500 | |
| Bank of Norway | 250 | |
| Bank of Sweden | 300 | |
| Swiss National Bank | 4,000 | |
| *Bank for International Settlements* | | |
| Dollars against Swiss francs | 600 | |
| Dollars against other authorized European currencies | 1,250 | 0 |
| **Total** | **32,400** | **0** |

that, even at the lower limit of the band, the peso was overvalued given Mexico's past inflation and a current account deficit estimated at nearly 8 percent of the country's GDP. Nevertheless, investors remained hopeful that Mexico would not ultimately be required to change its exchange rate policy.

From the start of the quarter through Monday, December 19, the peso declined 2 percent to reach 3.4632. On the morning of December 20, the Mexican financial authorities, in agreement with representatives of labor and business, changed the peso's lowest permissible value against the dollar by 0.53 pesos, to NP4.0016 from NP3.4712 the previous day. Market participants reacted negatively, and the peso was quickly pushed to its new limit. The peso's value against the dollar dropped 12.5 percent on the day. With pressure on the peso continuing unabated, the Mexican financial authorities announced before the market opened on December 22 that "the supply and demand for currency would freely determine the exchange rate until the exchange market stabilized." It was also announced that Mexican and U.S. monetary authorities had jointly activated a pre-existing swap facility of $6 billion. The peso closed the day at NP4.70, 15.7 percent below its close on December 20.

During the rest of December the peso remained volatile as foreign investors continued to reduce their peso exposure. The peso closed the year at NP4.85 per dollar.

## *Treasury and Federal Reserve Foreign Exchange Reserves*

The U.S. monetary authorities intervened twice during the period, purchasing a total of $2,600 million against German marks and Japanese yen. This amount was divided equally between the Federal Reserve and the Treasury Department's Exchange Stabilization Fund (ESF). The Federal Reserve and the ESF realized profits of $313.7 million and $270.9 million respectively on this intervention activity. These profits are based on historical cost-of-acquisition exchange rates.

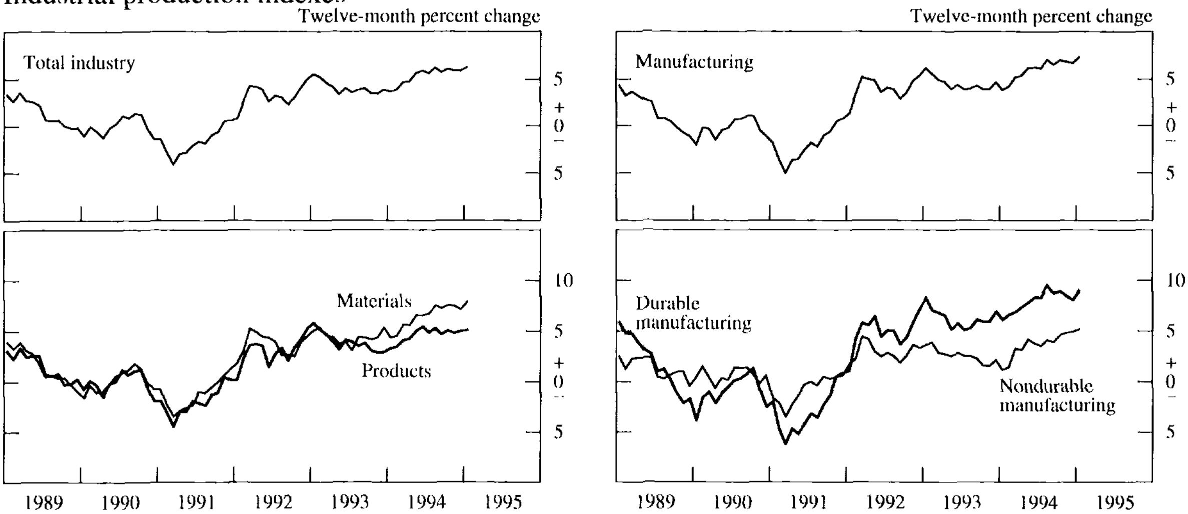
At the end of the period, the current values of the foreign exchange reserve holdings of the Federal Reserve and the ESF were $21.9 billion and $19.3 billion respectively. The U.S. monetary authorities regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. A portion of the balances is invested in securities issued by foreign governments. As of December 31, the Federal Reserve and the ESF held, either directly or under repurchase agreement, $9.2 billion and $12.5 billion respectively in foreign government securities. □

# Industrial Production and Capacity Utilization for January 1995

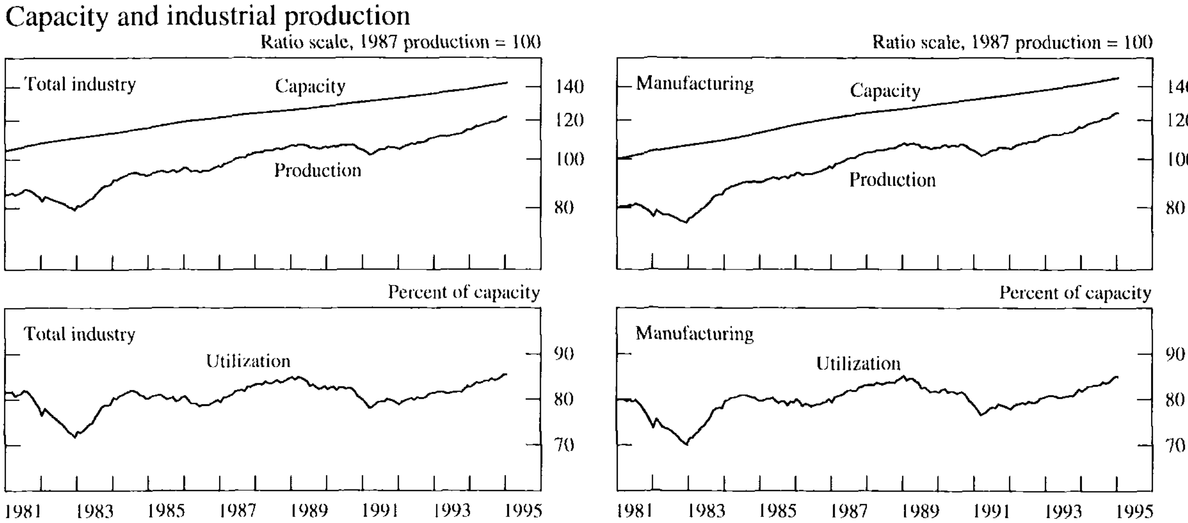
*Released for publication February 14*

Industrial production rose 0.4 percent in January, about half as much as in November and December. The slowing was widespread in manufacturing. In contrast, with the arrival of more normal winter temperatures, the output at utilities rose after some recent weakness. Industrial production in January was at 121.9 percent of its 1987 average and 6.2 percent higher than it was in January 1994.

## Industrial production indexes




## Capacity and industrial production




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

Industrial production and capacity utilization, January 1995

| Category | Industrial production, index, 1987 = 100 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1994 | | | 1995 | Percentage change | | | | |
| | | | | | 1994[1] | | | 1995 | Jan. 1994 to Jan. 1995 |
| | Oct.[r] | Nov.[r] | Dec.[r] | Jan.[p] | Oct.[r] | Nov.[r] | Dec.[r] | Jan.[p] | |
| **Total** | **119.5** | **120.4** | **121.4** | **121.9** | **.4** | **.8** | **.9** | **.4** | **6.2** |
| Previous estimate | 119.4 | 120.3 | 121.4 | . . . | .4 | .7 | 1.0 | . . . | . . . |
| *Major market groups* | | | | | | | | | |
| Products, total[2] | 116.9 | 117.6 | 118.5 | 118.9 | .4 | .6 | .8 | .4 | 5.1 |
| Consumer goods | 113.0 | 113.9 | 115.0 | 115.4 | .0 | .8 | 1.0 | .3 | 3.6 |
| Business equipment | 150.9 | 151.4 | 153.1 | 154.5 | 1.0 | .3 | 1.1 | .9 | 10.1 |
| Construction supplies | 109.7 | 109.7 | 110.6 | 110.7 | 1.1 | .0 | .8 | .1 | 7.5 |
| Materials | 123.4 | 124.6 | 125.9 | 126.4 | .4 | 1.0 | 1.1 | .4 | 7.9 |
| *Major industry groups* | | | | | | | | | |
| Manufacturing | 121.5 | 122.6 | 123.8 | 124.2 | .5 | 1.0 | 1.0 | .3 | 7.3 |
| Durable | 128.0 | 129.2 | 131.0 | 131.9 | .6 | .9 | 1.4 | .6 | 9.0 |
| Nondurable | 114.2 | 115.3 | 115.9 | 115.7 | .4 | 1.0 | .5 | .2 | 5.2 |
| Mining | 99.2 | 98.4 | 99.9 | 100.2 | –.9 | –.8 | 1.5 | .3 | 2.4 |
| Utilities | 117.2 | 116.9 | 116.0 | 117.6 | .5 | –.2 | –.7 | 1.3 | –2.2 |

| | Capacity utilization, percent | | | | | | | | Memo Capacity, percentage change, Jan. 1994 to Jan. 1995 |
|---|---|---|---|---|---|---|---|---|---|
| | Average, 1967–94 | Low, 1982 | High, 1988–89 | 1994 | 1994 | | | 1995 | |
| | | | | Jan. | Oct.[r] | Nov.[r] | Dec.[r] | Jan.[p] | |
| **Total** | **82.0** | **71.8** | **84.9** | **82.7** | **84.4** | **84.8** | **85.4** | **85.5** | **2.8** |
| Previous estimate | . . . | . . . | . . . | . . . | 84.3 | 84.7 | 85.4 | . . . | . . . |
| Manufacturing | 81.3 | 70.0 | 85.2 | 81.8 | 83.8 | 84.4 | 85.0 | 85.1 | 3.1 |
| Advanced processing | 80.7 | 71.4 | 83.5 | 80.1 | 82.1 | 82.4 | 83.0 | 83.2 | 3.6 |
| Primary processing | 82.5 | 66.8 | 89.0 | 85.9 | 88.3 | 89.4 | 90.2 | 89.7 | 2.1 |
| Mining | 87.4 | 80.6 | 86.5 | 87.7 | 89.0 | 88.3 | 89.6 | 89.9 | .0 |
| Utilities | 86.7 | 76.2 | 92.6 | 89.5 | 86.4 | 86.1 | 85.4 | 86.4 | 1.2 |

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.

1. Change from preceding month.

2. Contains components in addition to those shown.

r Revised.

p Preliminary.

Capacity utilization edged up 0.1 percentage point, to 85.5 percent, its highest level since October 1979.

When analyzed by market group, the data show that the output of both durable and nondurable consumer goods slowed noticeably. The production of durable consumer goods rose 0.6 percent, compared with 2.2 percent in December; the production of automotive products, which had risen a total of more than 5 percent over the preceding two months, advanced 0.7 percent. The output of other consumer durables rose 0.6 percent, half as much as in December; in particular, the output of appliances fell back. The production of consumer nondurables gained 0.3 percent as declines in clothing, paper products, and gasoline partly offset gains in residential utilities, foods and tobacco products, and drugs and medicines.

The production of business equipment increased 0.9 percent, a growth rate roughly in line with those of the past few months and the past year. With the notable exception of the commercial aircraft industry, the advances in business equipment continued to be quite broadly based. The output of defense and space equipment, which had recovered a bit in November and December, edged down 0.1 percent; the cumulative drop over the past twelve months was 7.3 percent.

The output of construction supplies edged up, while that of business supplies fell 0.4 percent because paper business supplies and job printing had weakened somewhat. The production of materials, which had risen about 1 percent in November and again in December, increased 0.4 percent. The output of durable goods materials and energy materials rose roughly 0.7 percent, while nondurable materials declined nearly as much. Within durable goods materials, the production of semiconductors and inputs for consumer goods rose again, but the output of steel fell.

When analyzed by industry group, the data show that manufacturing output rose 0.3 percent, to a level 7.3 percent higher than that of January 1994. The production in nondurable manufacturing industries declined 0.2 percent; among these, the output of only the chemicals and tobacco products industries rose noticeably. The strength in durable manufacturing continued to be centered in machinery, equipment, and motor vehicles. The output of steel and lumber fell back after gains in December, while the long decline in aerospace and miscellaneous transportation equipment resumed.

Factories operated at 85.1 percent of capacity, still just below the recent cyclical peak reached in January 1989. Although the utilization rate in the primary-processing industries fell 0.5 percentage point, to 89.7 percent, it remained above the cyclical high reached in January 1989 and equaled the high of November 1978. Utilization for advanced-processing industries rose 0.2 percentage point, to 83.2 percent, but remained 0.3 percentage point below the January 1989 high.

With the end of unusually mild weather, operating rates at utilities rebounded 1 percentage point, to 86.4 percent, a level still below the 1994 average of 87.2 percent. Operating rates at mines rose, with gains in coal, metal ores, stone and earth minerals, and oil and gas well drilling. □

# Statements to the Congress

*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, January 5, 1995*

I am pleased to be here today with the other members of the President's Working Group on Financial Markets to discuss issues involving municipal, corporate, and individual users of derivative products and highly leveraged investment strategies. Over the past year, losses by some institutions, including corporations and governmental units, have attracted considerable attention. Much of this attention has been on so-called "derivative" instruments, although that term is poorly defined, and it is by no means clear that these losses have been attributable solely, or in some cases, even primarily, to financial instruments that would typically be called derivatives.

We need to view these issues in a broad context. The decline in the value of many portfolios has been a consequence of the rise in interest rates over the past year. This rise was a by-product of a strong economic expansion and of the efforts by the Federal Reserve to foster conditions that will sustain the expansion. Many investors and borrowers had established positions that were especially vulnerable to higher rates. These positions were taken during a prolonged period of recession and subpar economic growth in which interest rates were relatively low and declining and the yield curve was steeply upward sloped. Furthermore, interest rate volatility was relatively low throughout this period. This unusual environment encouraged some investors to adopt riskier positions to boost the returns they were getting or to reduce the costs of borrowing. These positions often rested on the presumption that the unusual configuration of yields and subdued volatility would persist. Even experienced investors forgot the axiom that all investment yields in excess of the short-term riskless rate of interest are, by definition, risky.

That derivatives have been implicated in many recent losses should not be surprising. Losses to holders of bonds amounted to many hundreds of billions of dollars in 1994. Derivatives transfer risk from one market participant to another, and in such a market they inevitably will be involved in large gross losses. Of necessity, they also accounted for large gross gains because contracts tend to cancel each other, net, but the gains are less newsworthy.

Although the convenience and low cost of using derivative instruments to meet portfolio objectives may have facilitated some investors reaching for more unconventional and possibly riskier strategies, it would be a serious mistake to respond to these developments by singling out derivative instruments for special regulatory treatment. Such a response would create artificial incentives to structure transactions on the basis of regulatory rules rather than of the economic characteristics of the transactions themselves. For example, restrictions on investments in derivative instruments could be circumvented by investing in other financial instruments that provide similar returns and entail similar risks, though presumably at somewhat higher transaction costs. A shift to the use of less efficient instruments as a substitute for derivatives would mean greater cost to hedgers as well as speculators and a net loss in market efficiency.

You have raised several issues regarding derivatives, leverage, and related issues. As I have described in detail in previous testimony and correspondence with members of the Congress, the Federal Reserve has been addressing many of these issues in its role as supervisor of state member banks and bank holding companies. In the remainder of my testimony today, I would like to focus on one aspect of the market for financial transactions that has drawn considerable attention in the wake of recent losses—the relationship between dealers in financial markets and their customers.

Markets function most efficiently when both parties to financial transactions are free to enter into transactions at their own discretion, unhampered by any perceived need to serve the interests of their counterparties. To date, losses in the financial markets have not led to broader systemic problems. Moreover, both dealers and their customers, somewhat shaken by the volatility of recent markets, are responding to these events by exercising greater caution. If discipline from incurring losses from mistakes were mitigated, vigilance would be relaxed, the market's natural adaptive response would be blunted, and the value of decentralized market decisions as allocators of scarce capital resources would be reduced. I believe that we should start with the principle that parties to financial transactions are responsible for their own decisions and only use regulation to adjust the balance of responsibilities between the parties cautiously after the benefit has been clearly established.

We are not saying that financial markets should operate without rules or that any and all behavior in the sales or marketing of transactions is acceptable. Misrepresentation or fraud in financial transactions cannot be tolerated. Moreover, in some cases, a dealer in financial transactions may assume responsibilities beyond the role of a mere counterparty. For example, a dealer that provides its customers with advisory services may have a duty to ensure that its advice is not tainted by its own profit or loss in any transactions it undertakes with those customers.

In addition, there may be cases in which certain customers can, in principle, use complex instruments to reduce risk or enhance yield but, in practice, cannot reasonably be expected to understand the instruments and the risks sufficiently well to achieve these objectives without assistance. For such customers, a way must be found to ensure that transactions are used effectively for the purposes for which they are intended. The approaches to ensuring safe and efficient use of the financial markets by the unsophisticated vary and include restricting their access to certain markets, providing guidance for their investment and risk management practices, encouraging them to obtain independent advice, encouraging diversification of their portfolios, and shifting some of the risk of loss from the unsophisticated customers to the dealer by establishing special responsibilities for dealers' transactions with their less sophisticated customers. Each of these approaches has its own costs and benefits; the approach that may appear easiest, however—placing additional responsibilities on the dealer community—may entail considerable indirect costs to the economy in terms of interfering with liquid and efficient markets. Rules that create a duty on the part of dealers in derivative instruments to ensure that these transactions are being appropriately used by their customers may serve as a means for customers to shift the risks of the transaction back to the dealer retroactively through legal actions. If such legal risks are exacerbated, dealers will likely charge an additional premium to compensate them for the uncertainties of future legal claims, and some dealers may move their activities offshore or withdraw from the market—in any case causing their investments to incur higher costs.

With these considerations in mind, the Federal Reserve, in its role as a supervisor of banking institutions, has recently taken several actions that bear on relationships between dealers and their customers. The Board has had long-standing risk-management guidance for banks that are users of sophisticated instruments. In the wake of losses on investments in structured notes, the Board recently reiterated the applicability of this guidance to investments in such instruments. Although the Board has suggested steps that institutions should take to control their risk from financial market transactions, it has not prohibited the use of any types of transactions and leaves the institution responsible for choosing specific transactions.

The Board has also issued guidance for banks that act as dealers in sophisticated risk-management instruments. The primary purpose of this guidance is to assure that dealing in financial market transactions is conducted safely and soundly. The guidance encourages dealers to ensure that the counterparties understand the nature of, and the risks inherent in, the agreed transactions. When the counterparties are unsophisticated, either generally or with respect to a particular type of transaction, the guidance encourages additional steps to ensure that counterparties are made aware of the risks attendant in the specific type of transaction. The guidance notes that counterparties are ultimately responsible for the transactions that they choose to enter into, but when a bank recommends specific transactions for an unsophisticated counterparty, the guidance encourages the bank to ensure that it has adequate information regarding its counterparty on which to base its recommendation.

In an action consistent with this guidance, the Federal Reserve recently entered into a written supervisory agreement with Bankers Trust Corporation. The agreement focuses on Bankers Trust's policies and procedures for marketing practices and affiliate transactions in its leveraged derivative transaction business. Basically, the agreement reflects our conclusion that Bankers Trust had not put in place adequate procedures and controls to ensure that its employees' dealings with its customers met applicable standards and would not damage the company's business by detracting from its reputation as a reliable financial intermediary. This action was specific to Bankers Trust and was based on a particular group of the transactions in which Bankers Trust had engaged and the practices followed in these transactions. Thus, the provisions of the Bankers Trust agreement should not be taken as new general guidelines for the derivatives dealers. Rather, this action should be viewed as implementing existing guidance in the context of this institution's particular circumstances. Each institution needs to have effective procedures and controls tailored to that institution's own products and practices.

Finally, as you are aware, the Government Securities Act Amendments of 1993 gave the Board the authority to adopt sales practice rules for state member banks that are government securities brokers or dealers. Many of the recent losses in the financial markets, particularly losses by governmental entities, have involved investments in securities issued by government-sponsored enterprises, which are defined as government securities for the purposes of this act. Although we have no evidence of sales practice abuses involving these securities by state member banks, we are currently exploring with the other bank regulators the possible adoption of sales practice rules for these dealers. In this process, we will be carefully assessing the benefits of adopting rules that parallel the rules currently under development for nonbank brokers and dealers. □

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*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before a Joint Hearing of the Senate and House Committees on the Budget, January 10, 1995*

I am pleased to appear here today to address some of the most important issues involved in producing the budget of the U.S. government. The views I will be expressing are my own and not necessarily those of the Federal Reserve Board.

The budget process has improved significantly in recent years. The caps on discretionary spending and the pay-as-you-go rules have restrained deficit-expanding programs far better than many had anticipated. Budget scoring is crucial to this process. Unless estimates of the outlays and revenues from budget initiatives are credible, the current system cannot work effectively. This joint hearing of the Congress's budget committees, unprecedented in my experience, attests to the importance of budget scoring.

Accurate estimates of the effects of tax and spending policies on the budget are difficult to make, some more than others. In particular, concern has been raised that current methods are too "static." As other witnesses have indicated, current scoring procedures already allow for some response in the spending, saving, and investment behavior of individuals and firms. Indeed, although it is difficult to measure, the budget-scoring process has become increasingly dynamic over the years, and estimating techniques have improved. What is still generally not taken into account, however, is the effect of fiscal initiatives on macroeconomic variables like gross domestic product, total labor compensation, and aggregate investment. Concerns that current estimating procedures do not fully track the effects of changes in behavior on aggregate economic activity, and hence on overall budget receipts and outlays, are justified. The current method is admittedly incomplete, especially for policy initiatives with broad economic impacts.

One central issue with respect to a more dynamic scoring is whether cyclical, aggregate demand effects of fiscal changes should be taken into account—or only permanent effects on aggregate supply. There are a number of ways of looking at this, but I would suggest that including aggregate demand effects would be confusing, if not misleading, in many contexts. Among other things, the scope for realizing such demand effects on economic activity would be a function of the particular phase of the business cycle and could be viewed in a sense as transitory. Particularly when we are addressing the problem of the long-run structural deficit, the focus should be on how fiscal actions affect the potential of the economy to produce greater output and taxable income on a sustained, ongoing basis. Thus, if a more dynamic scoring were to be adopted, I would recommend limiting the analysis to appropriate supply-side effects.

Apart from that consideration, full dynamic estimates of individual budget initiatives should be our goal. Unfortunately, the analytical tools required to achieve it are deficient. In fact, the goal ultimately may be unreachable. The estimation of full dynamic effects requires a model that both captures microeconomic and macroeconomic processes and produces reliable long-run forecasts of economic outcomes. Unfortunately, no such model exists. Indeed, no model currently in use can predict macroeconomic developments without substantial ad hoc adjustments that effectively override the internal structure of the model. We should not assume that models can capture the long-run dynamic effects of specific tax and outlay changes any better than they can forecast the economy.

Even current procedures require relatively sophisticated techniques to determine the budget consequences of particular tax and outlay programs. Changes in the tax structure alter economic incentives in ways that may be extraordinarily complex. For entitlement programs, one has to assess, for example, how greater public awareness of the existence of such a program will affect participation and how behavior will change to take advantage of the entitlement. The disappointing history of projections for Medicare and Medicaid attests to the difficulty of pinning down such responses. The assumptions required for realistic estimates, in many instances, constitute little more than informed guesses, largely because accurate information is scarce and our understanding of human behavior is limited. Not surprisingly, objective analysts often reach quite different conclusions about the impact of a specific outlay or tax program, even without trying to trace the feedback effects on the budget estimates from resulting changes in GDP and other macroeconomic variables.

This does not mean we have no judgments about the dynamic effect of various policy proposals. Martin Feldstein and others have already made useful contributions to our understanding of the long-run effects of the tax structure on work, saving, and federal revenues. Thus, we may know, or suspect, the direction of a long-run response. But our knowledge of its magnitude and timing is imprecise. For example, although the empirical evidence is admittedly mixed, I strongly suspect that the elimination of, or a major reduction in, the rate of taxation on capital gains would entail little, if any, loss of total tax revenue over the long run. However, it is currently not possible to estimate with any degree of precision the impact of such a proposal on the deficit within the horizon of the current budget process.

If, as many advocate, outlays are reduced well below current service levels in the years ahead, the debate over scoring will likely move off center stage. This will occur because the outlay cuts will free up significant revenues for tax cuts, regardless of whether the current or a more dynamic scoring is employed. And, if total revenues turn out to be greater than current procedures project, deficits will trend lower than estimated. If we inadvertently produce a budget surplus by such miscalculations, the implications will be positive for long-run economic growth. More to the point, if we fail to achieve adequate reductions in outlays, budget scoring will not substitute for hard political choices.

Clearly, our political process has a bias toward deficit spending. Accordingly, we should be especially cautious about adopting technical scoring procedures that might be susceptible to overly optimistic assessments of the budgetary consequences of fiscal actions. Currently, real long-term interest rates remain relatively high, partly because of the expected growth of budget deficits later in this decade and thereafter. Upward revisions to market expectations of deficits resulting from a perception that tax and outlay choices were being driven by optimistic scoring would only exacerbate this trend, with negative consequences for financial stability and economic growth. In current circumstances, the risks of more conservative assessments, which might overstate the loss in revenues, for example, seem modest. Moreover, should the budget deficit turn out smaller than expected, the resultant favorable effect on real interest rates would tend to stimulate private investment.

We must avoid resting key legislative decisions on controversial estimates of revenues and outlays. Should financial markets lose confidence in the integrity of our budget-scoring procedures, the rise in inflation premiums and interest rates could more than offset any statistical difference between so-called static and more dynamic scoring.

In summary, the current, relatively straightforward scoring system has served us well in many regards. In particular, its very straightforwardness may limit the possibilities for major estimating differences. Nevertheless, current scoring does fail to reflect potentially important long-term structural supply-side benefits and accordingly unfavorably biases the choice of fiscal programs. At a minimum, these supply-side effects should be estimated. Thus, even if not officially scored, they might influence policy choices. The Congress may choose to pass a tax cut with highly favorable supply-side effects on the economy and be willing to cut spending to accommodate it. In any event, in the longer run, we should seek to find a way to embody such effects in our official scoring.

Let me reiterate that, although scoring is a major factor in the budget process, process does not mean much if real deficit control is not achieved. I do not intend to get into the deeper programmatic issues involved in deficit reduction—and I probably could not add very much to the knowledge of these committees in that regard. I would, however, like to comment briefly on the sensitivity of deficits to the particular cost-of-living measure used to index entitlement programs and the income tax structure. Many difficulties have arisen in the past and doubtless will continue to arise in the future. For example, as you may know, the Bureau of Labor Statistics made a significant change in how it calculates the consumer price index (CPI) in 1983, when it shifted from a method in which the price index for housing was constructed as if each household were paying the current home price and mortgage rate on its residence to one that is a more realistic measure of the cost of home occupancy. Because of the run-up in house prices and interest rates between the late 1960s and early 1980s, the official CPI rose about 9 percent more than indicated by the newer, superior measure. By the time the index was changed, this overstatement had added substantially to the level of outlays in the large indexed federal programs—social security, Supplemental Security Income, veterans' pensions, military retirement, and civilian pensions. Once the additional interest outlays required to finance the cumulatively higher federal debt are added in, a rough estimate suggests that, all else equal, the deficit for fiscal year 1994 would have been smaller by $50 billion if the overindexing had not occurred.

Although little can be done to remedy errors of the past, greater efforts should be made in the future to ensure that the indexing of spending and tax programs accurately reflects trends in the cost of living. In that regard, concerns have been raised that, for a variety of reasons, the official CPI may currently be overstating the increase in the true cost of living by perhaps ½ percent to 1½ percent per year. To be sure, the overstatement may be a little less for retirees, whose spending patterns differ from those of younger age groups and who are the main recipients of indexed federal benefits. But even for this group, it doubtless remains significant. Thus, when the Congress reviews the methods of indexing spending programs and taxes, attention should be given to the biases in the price indexes that are used. Removing the bias in the CPI would have a very large impact on the deficit. For example, if the annual inflation adjustments to indexed programs and taxes were reduced 1 percentage point—and making the admittedly strong assumption that there are no other changes in the economy—the level of the deficit will be lower by about $55 billion in the fifth year, including the effects of lower debt levels. The cumulative five-year savings, I might add, would approximate $150 billion. □

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*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, January 25, 1995*

I am pleased to be able to appear here today, to offer my thoughts on the economic backdrop for your policy discussions.

The U.S. economy has recorded some notable achievements over the past few years, but there is nonetheless much left to be accomplished. The fiscal decisions made by the Congress in the next several months will play a critical role in determining the economic welfare of our citizens over the years—indeed, the decades—to come.

I perhaps should begin with a brief review of the current condition of the economy. There is no question that the past year was one of remarkable progress along many dimensions of macroeconomic performance. The official estimates for the fourth quarter are not yet available, but it is clear that real gross domestic product expanded about 4 percent over the course of 1994—the best gain in some time, and one that surpassed most expectations. Importantly, we saw an accelerated expansion of employment as well. Cumulatively, payrolls have now increased roughly 6 million over the past couple of years, belying in dramatic fashion the notion that had developed earlier in this decade that our economy had lost its job-generating ability. With the rapid growth of employment, the national unemployment rate has fallen sharply, to less than 5½ percent this past month.

The economic gains have been broad. They have encompassed almost all major segments of industry and all parts of the country. The expansion in recent quarters has been paced by growth of business investment and exports, and, as a consequence, we have seen not only a continuation of robust increases in service sector employment but also a significant upturn in job creation in the manufacturing sector. Manufacturing output increased 6.8 percent last year, and *measured* factory employment rose almost 300,000. I say "measured" because it has been true for some time now that manufacturers have relied to an increasing degree on workers supplied by temporary help firms, which are recorded separately in the service industry. But it is clear that last year saw a significant gain in the overall factory work force. Moreover, I would note the reports in the recent "Beige Book" survey assembled by our regional Reserve Banks that manufacturers now are expressing a greater inclination to add workers directly to their payrolls. This is a sign of the greater confidence that firms now have that future levels of activity will remain high.

Geographically, contractions in some sectors such as defense and finance have left their negative imprint on certain locales, but rising activity and improving job opportunities have characterized most areas of the country. Notably, California—accounting for roughly one-eighth of the nation's economy—appears to be in the process of turning around. Unemployment rates have fallen in all regions and are now lower in most than they were at the peak of the last business cycle expansion. Moreover, the gains in employment have benefited all major demographic segments of the labor force as well.

Of crucial importance to the sustainability of these gains, they have been achieved without a deterioration in the overall inflation rate. The consumer price index (CPI) rose 2.7 percent last year, the same as in 1993. Inflation at the retail level, as measured by the CPI, has been a bit less than 3 percent for three years running now—the first time that has occurred since the early 1960s. This is a signal accomplishment, for it marks a move toward a more stable economic environment in which households, businesses, and governmental units can plan with greater confidence and operate with greater efficiency. When we consider the probable upward bias of the CPI, it would appear that we have gotten close to achieving effective price stability, though we are not there yet.

In 1994, we had a difficult reversal in monetary policy to navigate. The overhang of debt and the strains that emerged among our financial intermediaries, especially out of the commercial real estate collapse of the late 1980s, required a heavy dose of monetary ease beginning in 1989 to alleviate a significant credit crunch. The danger of overstaying that policy of ease was clear, particularly as we moved through 1993, but the right time to change course was difficult to determine. Judging from the developments of the past year, it appears that our policy reversal last February was timely—but we will not know for sure except in retrospect.

As I have stated many times in congressional testimony, I believe firmly that a key ingredient in achieving the highest possible levels of productivity, real incomes, and living standards is the achievement of price stability. Thus, I see it as crucial that we extend the recent trend of low and, hopefully, declining inflation in the years ahead. The prospects in this regard are fundamentally good, but there are reasons for some concern, at least with respect to the nearer term. Those concerns relate primarily to the fact that resource utilization rates already have risen to high levels by recent historical standards. The current unemployment rate, for example, is comparable to the average of the late 1980s, when wages and prices accelerated appreciably. The same is true of the capacity utilization rate in the industrial sector.

Clearly, one factor in judging the inflationary risks in the economy is the potential for expansion of our productive capacity. If "potential GDP" is growing rapidly, actual output can also continue to grow rapidly without intensifying pressures on resources. In this regard, many commentators, myself included, have remarked that there is something of a more-than-cyclical character to the evident improvement of America's competitive capabilities in recent years. Our dominance in computer software, for example, has moved us back to a position of clear leadership in advanced technology after some faltering in the 1970s. But, although most analysts have increased their estimates of America's long-term productivity growth, it is still too soon to judge whether that improvement is a few tenths of a percentage point annually, or even more, perhaps moving us much closer to the more vibrant pace that characterized the early post–World War II period. It is fair to note, however, that the fact that labor and factory utilization rates have risen as much as they have in the past year or so does argue that the rate of increase in potential is appreciably below the 4 percent growth rate of 1994.

Knowing in advance our true growth potential obviously would be useful in setting policy because history tells us that economies that strain labor force and capital stock limits tend to engender inflationary instabilities, which undermine growth. Moreover, in such an environment asset prices can begin to rise unsustainably, contributing to an unstable financial and economic environment. It is true, however, that in modern economies output levels may not be so rigidly constrained in the short run as they used to be when large segments of output were governed by facilities such as the old open hearth steel furnaces that had rated capacities that could not be exceeded for long without breakdown. Rather, the appropriate analogy is a flexible ceiling that can be stretched when pressed, but as the degree of pressure increases, the extent of flexibility diminishes. It is possible for the economy to exceed "potential" for a time without adverse consequences by extending workhours, by deferring maintenance, and by forgoing longer-term projects. Moreover, as world trade expands, access to foreign sources of supply augments to a degree the flexibility of domestic productive facilities for goods and some services.

Aggregative indicators, such as the unemployment rate and capacity utilization, may be suggestive of emerging inflation and asset price instability problems. But, they cannot be determinative. History shows clearly that given levels of resource utilization can be associated with a wide range of inflation rates. Accordingly, policymakers must monitor developments on an ongoing basis to gauge when economic potential actually is beginning to become strained—irrespective of where current unemployment rates or capacity utilization rates may lie. If we are endeavoring to fend off instability before it becomes debilitating to economic growth, direct evidence of the emerging process is essential. Consequently, one must look beyond broad indicators to gauge the inflationary tendencies in the economy.

In this context, aggregate measures of pressure in labor and product markets do seem to be validated by finer statistical and anecdotal indications of tensions. In the manufacturing sector, for example, purchasing managers report slower supplier deliveries and increasing shortages of materials. Indeed, firms appear to have been building their inventories of materials in recent months so as to ensure that they will have adequate supplies on hand to meet their production schedules. These pressures have been mirrored in a sharp rise over the past year in the prices of raw materials and intermediate components. There are increasing reports that firms are considering marking up the prices of final goods to offset those increased costs. In the labor market, anecdotal reports of "shortages" of workers have become more common—as indicated, for example, in our Beige Book last week—and there are vague signs of upward pressures on wages. To be sure, increased wages are a good thing if they can be achieved without commensurate acceleration in prices, but they are not beneficial if they are merely a part of a general pickup in inflation. A hopeful sign in this regard, however, is that to date the trends in money and credit expansion have remained subdued. They do not suggest that what I have referred to elsewhere as the "financial tinder" needed to support an ongoing inflation process is in place.

That kind of ongoing process also would be expected to involve a different expectational climate than seems to prevail today. Despite the marked improvement in consumer confidence overall, the survey readings on consumers' views of whether jobs are easy to get fall far short of the previous cyclical peak in 1989. Moreover, there is evidence that the number of people voluntarily leaving their jobs is subnormal currently. This suggests that the deep-seated fear of job insecurity has not fully dissipated despite ample evidence of strong job growth recently.

Some analysts attribute this phenomenon to workers' concerns about losing health insurance and, for some, pension coverage if they change jobs. Whatever the cause, the lingering sense of insecurity doubtless has been a factor damping wage growth and overall labor costs. Because the latter, on a consolidated basis, account for roughly two-thirds of overall costs in our economy, slower wage growth combined with strong cyclical productivity growth has restrained increases in unit labor costs and hence in prices of final goods and services.

As overall output growth of necessity slows in an environment of high resource utilization, however, so will cyclical productivity growth. Moreover, if labor market tightness assuages fears of job insecurity, pressures to raise wages will intensify and unit labor costs could accelerate. In the later stages of previous business cycles, profit margins were squeezed, but some of the increases in the underlying unit labor cost were nonetheless passed through into final goods prices and inflation picked up. Thus far in the current cycle, any tendency toward the emergence of this kind of process has been muted by a prevailing concern among firms that, despite capacity pressures, enough slack and subdued unit costs remain in the system to foster competitive inroads on those who try to price above the market. But this form of discipline may also become less effective as pressures on resources persist. Consequently, it may be that these pressures will lead to some deterioration in the price picture in the near term, but any such deterioration should be contained if the Federal Reserve remains vigilant.

The actions of the Congress and the Administration in the fiscal sphere will also be important in maintaining public confidence that inflation will be subdued. There can be no doubt that the persistence of large federal budget deficits represents in the minds of many individuals a potential risk. Although we clearly have avoided it in recent years, history is replete with examples of fiscal pressures leading to monetary excesses and then to greater inflation. Currently, I strongly suspect that investors here and abroad are exacting from issuers of dollar-denominated debt an extra inflation risk premium that reflects not their estimate of the most likely rate of price level increase over the life of the obligation but the possibility that it could prove to be significantly greater. This inflation risk premium is costly because it raises the hurdle that must be surpassed when looking at the expected returns on possible investment projects.

But the influence of the fiscal imbalance of the federal government on capital formation is broader than that. The federal deficit drains off a large share of a regrettably small pool of domestic private saving, thus contributing further—and perhaps to an even greater degree—to the elevation of real rates of interest in the economy. Admittedly, there is some uncertainty about the causes of what seem to be relatively high real long-term rates around the world, as was noted by leaders of the largest industrial nations at their summit meeting last year. But the vast majority of analysts would agree that in the United States the current sizable federal deficits, and the projected growth of those deficits over the decades ahead, are a significant element in the story.

In sum, the recent performance of the macroeconomy has been encouraging. But much of the improvement is in the nature of cyclical developments, and we all have our work cut out for us if we are to extend these gains and foster long-term trends that enhance the welfare of all of our citizens. The central role of the Federal Reserve today is to ensure that our economy remains on a sustainable, noninflationary path. For the Congress, a crucial focus should be continuing the process of fiscal consolidation and rectifying the secular shortfall in domestic saving that is limiting the growth of our nation's productive potential. □

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*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, January 26, 1995*

I am pleased to be able to appear here today to offer my thoughts on the economic and fiscal backdrop for your policy discussions.

The U.S. economy has recorded some notable achievements over the past few years, but there is nonetheless much left to be accomplished. The fiscal decisions made by the Congress in the next several months will play a critical role in determining the economic welfare of our citizens over the years—indeed, the decades—to come.

I perhaps should begin with a brief review of the current condition of the economy. In 1994, we had a difficult reversal in monetary policy to navigate. The overhang of debt and the strains that emerged among our financial intermediaries, especially out of the commercial real estate collapse of the late 1980s, required a heavy dose of monetary ease beginning in 1989 to alleviate a significant credit crunch. The danger of overstaying that policy of ease was clear, particularly as we moved through 1993, but the right time to change course was difficult to determine. Judging from the developments of the past year, it appears that our policy reversal last February was timely—but we will not know for sure except in retrospect.

There is no question that the past year was one of remarkable progress along many dimensions of macroeconomic performance. The official estimates for the fourth quarter are not yet available, but it is clear that real gross domestic product expanded 4 percent over the course of 1994—the best gain in some time and one that surpassed most expectations. Importantly, we saw an accelerated expansion of employment as well. Cumulatively, payrolls have now increased roughly 6 million over the past couple of years, belying in dramatic fashion the notion that had developed earlier in this decade that our economy had lost its job-generating ability. With the rapid growth of employment, the national unemployment rate has fallen sharply, to less than 5½ percent this past month.

Of crucial importance to the sustainability of these gains, they have been achieved without a deterioration in the overall inflation rate. The consumer price index (CPI) rose 2.7 percent last year, the same as in 1993. Inflation at the retail level, as measured by the CPI, has been a bit less than 3 percent for three years running now—the first time that has occurred since the early 1960s. This is a signal accomplishment, for it marks a move toward a more stable economic environment in which households, businesses, and governmental units can plan with greater confidence and operate with greater efficiency. When we consider the probable upward bias of the CPI, it would appear that we have made considerable progress toward achieving price stability.

I have stated many times in congressional testimony that I believe firmly that a key ingredient in achieving the highest possible levels of productivity, real incomes, and living standards is the achievement of price stability. Thus, I see it as crucial that we extend the recent trend of low and, hopefully, declining inflation in the years ahead. The prospects in this regard are fundamentally good, but there are reasons for some concern, at least with respect to the nearer term. Those concerns relate primarily to the fact that resource utilization rates already have risen to high levels by recent historical standards. The current unemployment rate, for example, is comparable to the average of the late 1980s, when wages and prices accelerated appreciably. The same is true of the capacity utilization rate in the industrial sector. It may be that these pressures will lead to some deterioration in the price picture in the near term, but any such deterioration should be contained if the Federal Reserve remains vigilant.

The actions of the Congress and the Administration in the fiscal sphere will also be important to the outlook for prices and the economy. There can be no doubt that the persistence of large federal budget deficits represents in the minds of many individuals a potential risk. Although we clearly have avoided it in recent years, history is replete with examples of fiscal pressures leading to monetary excesses and then to greater inflation. Currently, I strongly suspect that investors here and abroad are exacting from issuers of dollar-denominated debt an extra inflation risk premium that reflects not their estimate of the most likely rate of price level increase over the life of the obligation but the possibility that it could prove to be significantly greater. This inflation risk premium is costly because it raises the hurdle that must be surpassed when looking at the expected returns on possible investment projects.

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I am sure that you are aware of the general picture with respect to the flows of saving and investment in the economy, but it may be worth spending a few minutes to review the recent data. I have attached a couple of charts to my statement to aid you in following my description.[1] As you can see in the upper chart, there has been a dramatic decline over the past couple of decades in the ratio of net domestic nonfederal saving to net domestic product. The ratio last year, based on data for the first three quarters of the year, was about 6 percent, as compared with more than 9 percent, on average, during the 1960s and the 1970s. In the past few years, net business saving has moved up, as corporate profitability has experienced a cyclical improvement, but the personal saving rate has

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

been running at its lowest levels in nearly half a century. The causes of the low private saving rate are hotly debated by economists, and it is fair to say that it is not yet understood. Americans have not always been low savers, but—for whatever reasons—that has been the pattern recently and it is a reality with important implications for the financial markets.

If we were a high-saving nation, we might be in a position to better tolerate the federal fiscal imbalance. But the federal deficit has generally been absorbing half or more of the available domestic saving since the early 1980s. Even with the decline in the federal deficit last year, it amounted to almost 45 percent of domestic nonfederal saving.

How then, one might ask, has it been possible for the United States to experience the impressive growth in business fixed investment that it has of late? There are several arithmetic components to the answer, but I shall focus on two particularly central points. The first is that while *gross* investment has been rising rapidly and has been accounting for a substantial share of GDP, *net* investment has only recently reached appreciable dimensions. The difference between gross and net investment is, of course, depreciation, and the fact is that depreciation has been rising steeply because of the shift in the composition of the capital stock toward equipment—especially computers—with shorter useful lives. Another ingredient in the reconciliation of the domestic saving and investment balance is saving from abroad. Our nation has been running persistent and often sizable deficits in its current account position vis à vis the rest of the world; once a leading provider of capital to other nations, we have become a net importer of capital.

In today's more open and integrated international capital markets, it is easier to finance investment abroad. And economic efficiency may be served by the tendency for capital to flow across borders to where the potential returns on real investment appear highest and the risks the lowest. But this does not mean that we should view the pattern of U.S. external deficits as sustainable in the long run. Looking back at the history of the past century or more, the record would suggest that nations ultimately must rely on their domestic savings to support domestic investment.

The challenge for the United States over the coming decades is clear. We must sustain higher levels of investment if we are to achieve healthy increases in productivity and be strong and successful competitors in the international marketplace. To support that investment, we shall need to raise the level of domestic saving. Absent a rise in private saving, it will be necessary to eliminate the structural deficit in the federal budget. Indeed, it has long been my judgment that it would be wise to target achievement of at least a modest surplus down the road.

If the Congress were to pass a balanced budget amendment, the need for aiming at a structural surplus would become even more important. Unless there were a surplus to provide some cushion, the inevitable cyclical fluctuations in economic activity would create pressures either to set aside the requirements of the amendment or to take budgetary actions that are inimical to economic stability. It should not be necessary to raise taxes or cut spending in response to a transitory weakening of the economy.

I recognize that the achievement of structural balance, let alone surplus, is no small political challenge. Moreover, as the Kerrey–Danforth entitlement commission recently documented, the problem that must be addressed is not one with a 2002 endpoint. The outlook is for a mounting fiscal imbalance during the twenty-first century, given current programs and likely population and labor force trends. We should not be seduced by the mounting trust fund surpluses today into thinking that we can postpone dealing with the entitlement gap; the cost of waiting is going to be far more painful adjustments, which could be avoided by moderate actions legislated today to become effective after the turn of the century.

This longer-range perspective obviously has relevance for the tax and spending measures the Congress will be considering. Some basic economic principles must be observed if you are to maximize the federal government's contribution to the fostering of high real incomes and to alleviating the entitlement problem. Most importantly, not all taxes or expenditures are equal in terms of their influence on the productive capacity of the economy. Although, as I testified recently, I would caution against major changes in budget-scoring techniques at this time, I do not mean that the Congress should not give a good deal of attention to the effects of its fiscal actions on the incentives faced by private decisionmakers.

In sum, the recent performance of the macroeconomy has been encouraging. But much of the improvement is in the nature of cyclical developments, and we all have our work cut out for us if we are to extend these gains and foster long-term trends that enhance the welfare of all of our citizens. The central role of the Federal Reserve today is to ensure that our economy remains on a sustainable, noninflationary path. For the Congress, a crucial focus should be continuing the process of fiscal consolidation and rectifying the secular shortfall in domestic saving that is limiting the growth of our nation's productive potential. ☐

*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Foreign Relations, U.S. Senate, January 26, 1995*

I am pleased to appear before this committee today to review the Mexican economic and financial situation and the important efforts under way to avoid a major international financial disruption and to restore market confidence in Mexico.

Mexico's current financial difficulties are best understood in the context of much broader trends in international finance during the past ten to fifteen years—the globalization of finance—in which Mexico in recent years has participated and from which it has benefited. As a result of very rapid increases in telecommunications and computer-based technologies and products, a dramatic expansion in financial flows across borders and within countries has emerged. The pace has become truly remarkable. These positive technology-based pressures have affected the behavior of markets to a point where governments, even reluctant ones, increasingly felt compelled to deregulate and free up internal credit and financial markets.

Although there can be little doubt that these extraordinary changes in global finance have, on balance, been beneficial in facilitating significant improvements in economic structures and living standards throughout the world, they also have some potential negative consequences. In fact, although the speed of transmission of positive economic events has been an important plus for the world in recent years, it is becoming increasingly obvious—and Mexico is the first major case—that significant mistakes in macroeconomic policy also reverberate around the world at a prodigious pace. In any event, progress—and indeed developments affecting the emerging global financial system are truly that—is not reversible. We must learn to live with it.

Mexico, which had been hobbled for a number of years after the debt crisis of 1982, has more recently gone through a major economic metamorphosis toward significant improvement in its economic and financial structure. As a consequence, Mexico has been able to broaden its participation in the global economic and financial environment.

Over the past decade Mexico has made major strides. It has shed what was an inflation-prone, highly unstable economic structure with excessive government involvement and has taken on the characteristics of a vibrant economy oriented toward open markets. As a result, in 1990 Mexico was able to reenter the international credit markets on a significant scale. Foreign investors began voluntarily lending to Mexico substantial amounts for the first time since 1982. Shortly thereafter, as is characteristic of the new global financial system, foreign capital investment in Mexico began to accelerate. Indeed, in 1992 and 1993 the inflow of capital was so considerable that the Bank of Mexico had to *buy* dollars on a substantial scale to prevent the peso from becoming too strong. As a consequence, Mexico's international reserves increased to well over $25 billion at their peak in early 1994 from under $10 billion in 1990. Nonetheless, Mexico's trade deficit soared, and its current account deficit reached approximately 6 percent of gross domestic product in 1993.

As part of efforts to accelerate its move toward status as an industrial country, the government of Mexico endeavored to link the peso to the U.S. dollar. It adopted a complex exchange rate regime through which the Mexican peso was linked to the U.S. dollar via a moving exchange rate band. Like many nations that have tried to "import" the anti-inflationary policies of another country by locking their exchange rates, to a greater or lesser extent, to the currency of a major trading partner, Mexico hoped to gain quick benefits through significant reductions in inflation. And indeed, Mexico was remarkably successful for several years. The inflation rate fell sharply from almost 160 percent in 1987 to 7 percent by 1994, but at the same time Mexico was losing international competitiveness and its current deficit widened.

However, the exchange rate policy adopted by Mexico was risky, with little tolerance for policy error or capacity to absorb shocks. This fact is especially relevant in the context of a world in which portfolio investments can shift rapidly into and out of a country. At a minimum, a close adherence to the monetary policy of the host nation is required. The breakdown of the Exchange Rate Mechanism of the European Monetary System in 1992 was a particularly striking case of trying to lock exchange rates together when comparable economic forces were not close to being identical among the countries.

Moreover, a considerable part of the surge of capital into Mexico in the 1990s has been in portfolio investments, which may move in quite rapidly but also can try to move out just as rapidly, as has been demonstrated in recent months.

Investors' appreciation of the momentum behind Mexico's transformation began to wane in early 1994, at least in substantial part as a consequence of noneconomic events—the Chiapas uprising, political assassination, and the August election. Foreign investors at times became somewhat hesitant. Such hesitation presented problems because Mexico needed to continue to finance the large excess of its imports over its exports, which emerged initially as a consequence of the earlier spontaneous capital inflows. Moreover, Mexico needed not only to attract new portfolio and direct investments but also to hold on to the portfolio investments it already had. Direct investment by its very nature, of course, is largely immobile, but portfolio investments are less so. In this context, simply allowing the trade balance to adjust precipitously to the reversals of capital inflows could well destabilize Mexico's economic and trading relations.

As 1994 progressed, private foreign investment inflows slowed. In their endeavor to support the exchange rate and to finance the very large current account deficit, the Mexican authorities drew down Mexico's foreign exchange reserves. At the same time, Mexico borrowed short term in dollars and in Tesobonos, which are debt obligations the peso value of which is linked to the peso–dollar exchange rate. Mexican authorities evidently believed, or fervently hoped, that the reduction in foreign investor interest was temporary and that after the uncertainty of the August election was behind them, confidence and private capital inflows would reemerge. If so, they were tragically mistaken.

Meanwhile, it became increasingly clear to many observers during the autumn that the prevailing level of Mexico's exchange rate could not be sustained short of a significant further tightening of monetary policy. But by then it was by no means clear that the degree of tightening required to support the peso was consistent with economic growth. Mexican authorities were apparently loath to risk recession, hoping instead for a spontaneous return of foreign confidence and capital. But in retrospect it is clear that even if private capital inflows had again accelerated, it was unrealistic to expect them to match the pace of 1993, which was arguably unsustainable. The chosen alternative to a dramatically tightened monetary policy—borrowing via Tesobonos and drawing on reserves to intervene in the foreign exchange market—had a limit. Indeed, that limit was reached on December 20, and the defense of the peso came to an abrupt end.

Had the adjustment of the peso been made much earlier in the context of a much tighter monetary regime, it would likely have resulted in a more limited decline rather than in the abrupt collapse that Mexico experienced.

I suspect that if this episode had played out, say a couple of decades ago, when the global financial system was far less sophisticated, the immediate decline in the peso's value would have been far smaller than the more than 30 percent decline experienced since December 20. The ability of foreign and, no doubt, domestic portfolio capital to flee into dollars was far less twenty years ago. Conversely, it probably would not have been possible for Mexico to have attracted so much foreign portfolio capital in the first place.

Looking back, the moving exchange rate band for the peso apparently failed to compensate fully for the widening differential in prices of tradable goods denominated in dollars compared to such prices denominated in pesos. Accordingly, the peso exchange rate at 3.5 to the U.S. dollar was arguably not sustainable indefinitely—short of an unrealistically massive increase in domestic saving in Mexico or a continuation of the very large foreign capital inflows of 1992 and 1993 with such inflows being heavily invested in cost-reducing capital formation. It is imaginable that such a continuation of private flows could have sustained the exchange rate while bringing the underlying Mexican cost structure into line with 3.5 pesos to the dollar. But the needed level of private capital inflows that would have to have been invested in capital formation—rather than being devoted to increased consumption—could not credibly be sustained. In the end, Mexico's high-risk exchange rate strategy failed.

As a consequence of Mexico's financial difficulties, and the potential movement of vast financial resources around the world, the problem that we now face is that there have been withdrawals of capital from a number of widely dispersed nations—industrial as well as developing. If economically advanced Mexico is having difficulties, it is being argued, perhaps the outlook for other nations dependent on foreign capital inflows is more suspect generally. Financial markets in Brazil and Argentina have already felt the repercussions of Mexico's problems. There is also some evidence that similar pressures have emerged in other developing countries, those not even remotely related to Mexico, for example, in Asia and in central Europe, as well as in a few industrial countries.

Financial officials both here and abroad initially thought it possible that the difficulties in Mexico would reach a climax and resolve themselves and that market adjustments would quickly be made, removing the threat of widespread contagion affecting the international financial system. Mexican financial markets and the peso continued to fester and showed no evidence of stabilizing, and we at the Treasury and the Federal Reserve concluded that a resolution of the situation was not imminent, short of more dramatic action to confront Mexico's confidence problem.

The situation had moved beyond one capable of being addressed by short-term lending facilities provided by the Exchange Stabilization Fund of the U.S. Treasury, the swap arrangement of the Federal Reserve System, and other central banks acting through the Bank for International Settlements. The decision to implement the type of guarantees of credit market borrowings by Mexico that now appears to be necessary has broad implications that can only be addressed appropriately by the political leadership of this country.

The objective of the proposed guarantee program is to halt the erosion in Mexico's financing capabilities before it has dramatic impacts far beyond those already evident around the world. This program, in my judgment, is the least worst of the various initiatives that present themselves as possible solutions to a very unsettling international financial problem. Our concerns are not so much with potential losses to the U.S. taxpayer, which we believe will be minimized, but with what economists call moral hazard—when the active involvement of an external guarantor distorts the incentives perceived by investors. Thus, appropriate conditionality must be associated with the guarantees to underline the fact that they are being provided at high cost and on rigorous terms in exceptional circumstances. Moreover, Mexico's economic policies are the key to ensuring that the guarantee facility actually does help to stabilize the Mexican economic and financial situation; ultimately only sound policies that are sustained over time will restore investors' confidence in Mexico. External guarantees can only offer temporary support. Nonetheless, I see no viable alternative to the type of program that is being presented to the Congress if the financial erosion is to be stanched before it threatens to become a wider problem.

I want to emphasize that once the Mexican situation is stabilized, it will be important for the authorities of leading governments to examine closely the lessons to be learned from this latest episode in international finance, and to determine how to deal with similar emerging financial problems that have implications for the health of our free market-based international financial system.

I have no doubt that, as a consequence of the Mexican episode, other developing nations have become sensitized to the problems of depending too heavily on large inflows of foreign portfolio capital. This tendency of the new global financial system should, as a consequence, become largely self-correcting in much the same manner that recent losses on derivative instruments have helped to condition those markets.

What happens to Mexico is of particular importance to the United States. Because of the extensive interchanges across our common border, our economic destinies are closely intertwined. Mexico is the third largest market for U.S. exports and the third largest source of U.S. imports, with about $50 billion shipped each way last year. Illegal immigration from Mexico is inversely related to economic growth and progress in Mexico. It is important to the United States politically as well as economically, therefore, that Mexico succeed in reestablishing sustained noninflationary growth. To achieve this, market confidence in Mexico's economic potential and financial stability must be restored.

However, what happens in Mexico must also be viewed from a larger, historical perspective. The developments of recent weeks also need to be evaluated in the context of the Cold War and its aftermath.

It became particularly evident to developing countries over the past decade that the economic and political regime that characterized the Soviet Union was fatally flawed and that the economic structure of the United States and the rest of the industrial world based on free markets and private ownership was clearly a superior model for developing nations to emulate. Indeed, in recent years there has been a remarkable trend in that direction characterized by pervasive privatization, price and wage decontrol, and the development of financial structures as developing countries endeavored to replicate elements of the advanced free-market economies.

The model of economic and political transition from a rigid state-directed system toward a free-market structure was perceived to be Mexico. Starting from a low base in the mid-1980s, Mexico managed to turn itself around in such an extraordinary way that many of the finance ministers and central bankers of the developing nations looked to, and consulted with, their counterparts in Mexico to learn the mechanisms that the Mexican authorities had employed to achieve near-first-world status. Indeed, in 1994 Mexico was admitted to the Organization for Economic Cooperation and Development, the organization of industrial nations, a de facto badge of first-world status.

Unless Mexico's efforts to restore economic stability and financial market confidence succeed, years of economic reforms in Mexico would be threatened by pressures to reimpose controls in many areas of its economy and to reestablish governmental interference in Mexico's increasingly vibrant private sector. In addition, a reversal of Mexico's economic reforms and a spread of Mexico's financial difficulties to other emerging markets could halt, or even reverse, the global trend toward market-oriented reform and democratization. This would be a tragic setback not only for these countries but for the United States and the rest of the world as well. □

*Chairman Greenspan presented identical testimony before the Committee on Banking and Financial Services, U.S. House of Representatives, January 25, 1995, and before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, January 31, 1995.*

# Announcements

## *CHANGE IN THE DISCOUNT RATE*

The Federal Reserve Board approved on February 1, 1995, an increase in the discount rate from 4¾ percent to 5¼ percent, effective that day.

In a related move, the Federal Open Market Committee agreed that this increase should be reflected fully in interest rates in the reserve markets.

Despite tentative signs of some moderation in growth, economic activity has continued to advance at a substantial pace, while resource utilization has risen further. In these circumstances, the Federal Reserve views these actions as necessary to keep inflation contained, and thereby foster sustainable economic growth.

In taking the discount action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Richmond, Chicago, St. Louis, Kansas City, and San Francisco. Subsequently, the Board approved actions by the Boards of Directors of the Federal Reserve Banks of Philadelphia, Atlanta, Minneapolis, and Dallas, effective February 2, and by the Federal Reserve Bank of Cleveland, effective February 9, increasing the discount rates of those banks from 4¾ percent to 5¼ percent. The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve Banks.

## *ADOPTION OF PROCEDURE FOR DISCLOSING POLICY DECISIONS BY THE FEDERAL OPEN MARKET COMMITTEE*

The Federal Reserve announced on February 2, 1995, adoption of formal procedures for disclosing policy decisions made by the Federal Open Market Committee (FOMC) and for the release of transcripts of future FOMC meetings.

Procedures adopted by the Committee are the same as those followed on a provisional basis during the past year. These procedures, now standard, are the following:

1. Announce each change in the stance of monetary policy, including intermeeting changes, on the day they are made. When no change is made at a meeting, the Committee will normally just announce when the meeting ended and that there are no further announcements. However, in some infrequent circumstances, the Committee might decide to issue a statement even when no policy action is taken.
2. Transcripts of FOMC meetings for an entire year will be released with a five-year lag. Transcripts will be lightly edited, as they are now, to enhance readability and redact confidential material.

No change was made in the procedure for release of FOMC minutes, which will continue to be available, with dissenting statements, at 4:30 p.m. on the Friday after the next meeting.

## *INCREASE IN THE RECIPROCAL CURRENCY ARRANGEMENT WITH THE BANK OF MEXICO*

The Federal Reserve announced on February 1, 1995, that its reciprocal currency "swap" arrangement with the Bank of Mexico had been increased from \$4.5 billion to \$6 billion. This temporary increase is part of the Multilateral Program to Restore Financial Stability in Mexico.

A swap arrangement is a renewable, short-term facility under which a central bank agrees to exchange on request its own currency for the currency of the other party up to a specified amount over a limited period of time.

In all swap arrangements, the Federal Reserve Bank of New York acts on behalf of the Federal Reserve under the direction of the Federal Open Market Committee.

## *APPOINTMENT OF NEW MEMBERS TO THE CONSUMER ADVISORY COUNCIL*

The Federal Reserve Board on January 13, 1995, named thirteen new members to its Consumer Advisory Council to replace those members whose terms had expired and designated a new Chairman and Vice Chairman of the council for 1995.

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.

James L. West, President of Jim West Financial Group, Inc. in Tijeras, New Mexico, was designated Chairman. His term will run through December 1995. Katharine W. McKee, Transition Director for the Community Development Financial Institutions Fund in Washington, D.C., was designated Vice Chairman. She is the former Associate Director of the Center for Community Self-Help in Durham, North Carolina. Her term on the council expires in December 1996.

The thirteen new members are the following:

Thomas R. Butler
Riverwoods, Illinois

Mr. Butler is President and Chief Operating Officer of Discover Card Services. He oversees marketing, sales, operations, and credit policy administration for Discover Card, which is the credit and financial services card issued by Dean Witter, Discover & Co. Mr. Butler also serves as chairman of Greenwood Trust Company in Greenwood, Delaware, the issuing bank for the Discover Card.

Robert A. Cook
Baltimore, Maryland

Mr. Cook is a partner in the law firm of Venable, Baetjer and Howard, where he concentrates in the areas of banking and consumer financial transactions. Mr. Cook chairs the Truth in Lending Subcommittee of the American Bar Association's Committee on Consumer Financial Services. He has served as chairman of the Consumer Credit Committee of the Maryland State Bar Association.

Emanuel Freeman
Philadelphia, Pennsylvania

Mr. Freeman is President of the Greater Germantown Housing Development Corporation, which was founded in 1977 to revitalize local urban neighborhoods by rehabilitating or constructing safe, affordable housing units for lower-income families and individuals. Under Mr. Freeman's leadership, the corporation identifies and develops affordable housing properties and offers an array of home ownership and employment counseling services to prospective residents of those properties. The corporation also recently developed the Freedom Square Shopping Center, a 20,000-square-foot retail center, which has provided jobs and shopping opportunities for neighborhood residents.

David C. Fynn
Cleveland, Ohio

Mr. Fynn is Senior Vice President of National City Bank and Manager of Regulatory Risk for National City Corporation, a $31 billion bank holding company with offices in Ohio, Kentucky, and Indiana. He manages the regulatory compliance responsibilities of the corporation, including its performance under the Community Reinvestment Act. He has also served for six years as treasurer of Neighborhood Housing Services in Cleveland.

Robert G. Greer
Houston, Texas

Mr. Greer is Chairman of the Board of Tanglewood Bank, a financial institution with $220 million in assets located in the Tanglewood and Memorial sections of Houston. The bank recently has developed affordable, low-to-moderate-income mortgage and home improvement products and continues to support the programs of area schools. Mr. Greer co-chairs the Development Board of "I Have a Dream–Houston," a group that tutors, mentors, and provides college scholarships for minority children in Houston's inner city. Mr. Greer has served as a director of the Federal Reserve Bank of Dallas and as a member of its Advisory Council on Financial Institutions. He is also a past president of the Texas Bankers Association.

Kenneth R. Harney
Chevy Chase, Maryland

Mr. Harney is a journalist associated with the Washington Post Writers Group and for the past fifteen years has written a nationally syndicated, consumer-oriented column called "The Nation's Housing." Since 1982, he has also managed an independent business that offers services in connection with continuing education programs and seminars—typically involving fair lending, community development, and real estate issues—for the legal, accounting, commercial and residential housing, and mortgage finance industries. Mr. Harney is writing a book about the American system of consumer credit.

Gail K. Hillebrand
San Francisco, California

*Ms. Hillebrand is Litigation Counsel for the West Coast* Regional Office of Consumers Union of U.S., Inc. She oversees litigation and directs and performs legislative and administrative advocacy efforts for low- and moderate-income consumers in the areas of credit, finance, banking, the Commercial Code, and the impact on consumers of changes to the legal system. Ms. Hillebrand also is involved in negotiating for commitments by financial institutions in connection with their performance under the Community Reinvestment Act and in monitoring their progress in implementing those commitments. Ms. Hillebrand is a founding incorporator and serves on the executive committee of the California Reinvestment Committee. She also serves as a fellow to the American Bar Association's Committee on Consumer Financial Services and as an observer to the Drafting Committees on Articles 2 and 9 of the National Conference on Uniform State Laws.

Terry Jorde
Cando, North Dakota

*Ms. Jorde is President and Chief Executive Officer* of Towner County State Bank, a $24 million bank in an agricultural community of about 1,600 residents. Ms. Jorde serves on the executive committee of the Independent Bankers Association of America and on North Dakota's State Banking Board. She is also a past president of the Independent Community Bankers of North Dakota.

Eugene I. Lehrmann
Madison, Wisconsin

Mr. Lehrmann is President of the American Association of Retired Persons (AARP), a national membership group for individuals aged fifty and over that is headquartered in Washington, D.C. The AARP provides legislative advocacy, research, informative programs, and community services through a network of local chapters and volunteers around the country. Mr. Lehrmann has testified, on behalf of AARP, before numerous congressional committees representing the interests of older Americans. Until his retirement in 1979, Mr. Lehrmann was a teacher of vocational education and a school administrator.

Ronald A. Prill
Minneapolis, Minnesota

Mr. Prill is Vice President, Credit, for Mervyn's, a 280-store retail chain that operates in fifteen states. He oversees all aspects of Mervyn's credit card marketing, credit standards, and credit operations. Later this year, Mr. Prill will assume responsibility for all credit card operations of the Dayton Hudson Corporation. He will head up an office in Minneapolis that will manage the accounts for about 7 million active credit cards issued for Target, Mervyn's, Dayton's, Hudson's, and Marshall Field's stores around the country.

Lisa Rice-Coleman
Toledo, Ohio

Ms. Rice-Coleman is Executive Director of the Fair Housing Center, which was created in 1975 to eliminate discriminatory housing practices in the Toledo area. She oversees all complaint investigations, administrative filings, and complaint litigation by the center. Ms. Rice-Coleman also provides consulting and educational services on behalf of the center to both housing professionals and individuals seeking housing. As the center's general operating manager, she handles fiscal management matters and fund-raising activities. Ms. Rice-Coleman is a member of the board of directors for the National Fair Housing Alliance and serves on its Legal Issues Committee. She has also been appointed by Governor Voinovich to the Ohio Housing Trust Fund Advisory Committee.

John R. Rines
Detroit, Michigan

Mr. Rines is President of General Motors Acceptance Corporation, one of the largest financial services companies in the United States. He oversees GMAC's activities worldwide, including its insurance and mortgage subsidiaries. Mr. Rines joined General Motors in 1970 and held a succession of positions until being named President of GMAC in 1992 and elected as a Vice President of General Motors last year.

Julia M. Seward
Richmond, Virginia

Ms. Seward is Vice President and Corporate Community Reinvestment Officer for Signet Bank, a $10.8 billion bank with 250 branches in Virginia, Maryland, and the District of Columbia. She coordinates all aspects of the bank's performance under the Community Reinvestment Act. Ms. Seward also co-chairs the Community Reinvestment Committee of the Consumer Bankers Association and chairs the Virginia Bankers Community Reinvestment Task Force. Previously she was a staff member of the Richmond Urban Institute and worked as a private community reinvestment consultant to both financial institutions and community groups.

Other council members, whose terms continue through 1995 and 1996, are listed below, together with the expiration date of each one's term of office.

D. Douglas Blanke, Director of Consumer Policy, Office of the Attorney General, St. Paul, Minnesota, December 31, 1995

Alvin J. Cowans, President and CEO, McCoy Federal Credit Union, Orlando, Florida, December 31, 1996

Michael Ferry, Staff Attorney, Consumer Unit, Legal Services of Eastern Missouri, Inc., St. Louis, Missouri, December 31, 1995

Elizabeth G. Flores, Senior Vice President, Laredo National Bank, Laredo, Texas, December 31, 1996

Norma L. Freiberg, Community Activist, New Orleans, Louisiana, December 31, 1995

Lori Gay, Executive Director, Los Angeles Neighborhood Housing Services, Los Angeles, California, December 31, 1995

Ronald A. Homer, Chairman and CEO, Boston Bank of Commerce, Boston, Massachusetts, December 31, 1995

Thomas L. Houston, Executive Director, The Dallas Black Chamber of Commerce, Dallas, Texas, December 31, 1995

Anne B. Shlay, Associate Director, Institute for Public Policy Studies, Temple University, Philadelphia, Pennsylvania, December 31, 1996

Reginald J. Smith, President, United Missouri Mortgage Company, Kansas City, Missouri, December 31, 1996

John E. Taylor, President and CEO, The National Community Reinvestment Coalition, Washington, D.C., December 31, 1996

Lorraine VanEtten, Vice President and Community Lending Officer, Standard Federal Bank of Troy, Troy, Michigan, December 31, 1996

Grace W. Weinstein, Financial Writer and Consultant, Englewood, New Jersey, December 31, 1995

Lily K. Yao, Chairman and CEO, Pioneer Federal Savings Bank, Honolulu, Hawaii, December 31, 1996

Robert O. Zdenek, Senior Program Officer, Annie E. Casey Foundation, Greenwich, Connecticut, December 31, 1995.

## *PROPOSED ACTION*

The Federal Reserve Board on January 26, 1995, requested public comment on a proposal to amend its capital adequacy guidelines for state member banks and bank holding companies (banking organizations) with regard to the regulatory capital treatment of certain transfers of assets with recourse. Comments are requested by February 27, 1995.

## *PUBLICATION OF THE* EXAMINATION MANUAL FOR U.S. BRANCHES AND AGENCIES OF FOREIGN BANKING ORGANIZATIONS

The 1995 *Examination Manual for U.S. Branches and Agencies of Foreign Banking Organizations* has been published by the Board's Division of Banking Supervision and Regulation and is now available for purchase by the public. The *Manual* will serve as a primary reference source of uniform guidelines and procedures to be used by examiners at U.S. state and federal banking agencies in conducting examinations of foreign bank branches and agencies operating in the United States.

The *Manual* provides a comprehensive overview of the broad range of banking activities that are conducted by foreign bank branches and agencies and specific guidance on how to evaluate these activities at a branch and agency in the context of the foreign banking organization of which it is an integral part. It includes the newly adopted ROCA rating system that examiners will use to assess the condition of foreign bank branches and agencies and to identify and address any of the unique supervisory issues raised by these offices.

The *Manual* may be obtained from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, at a cost of $40.00. Charge orders paid by Visa and Mastercard may be sent by fax to (202) 728-5886. Updates will be available periodically at a cost to be determined at the time they become available.

## *AVAILABILITY OF REVISED LISTS OF OTC STOCKS AND OF FOREIGN STOCKS SUBJECT TO MARGIN REGULATIONS*

The Federal Reserve Board published on January 27, 1995, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations (OTC List). The Board also published a revised list of foreign equity securities (Foreign List) that meet the margin criteria in Regulation T (Credit by Brokers and Dealers). The lists are published for the information of lenders and the general public.

The lists were effective February 13, 1995, and supersede the previous lists that were effective November 14, 1994. The next revision of these lists is scheduled to be effective in May 1995.

The changes that have been made to the revised OTC list, which now contains 4,074 OTC stocks, are as follows:

- One hundred forty-three stocks have been included for the first time, 110 under National Market System (NMS) designation.
- Fifty-three stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing.
- Seventy-two stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The OTC list is composed of OTC stocks that have been determined by the Board to be subject to margin requirements in Regulations G (Securities Credit by Persons Other Than Banks, Brokers, or Dealers), T, and U (Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks). It includes OTC stocks qualifying under Board criteria and also includes all OTC stocks designated as NMS securities. Additional NMS securities may be added in the interim between quarterly Board publications; these securities are immediately marginable upon designation as NMS securities.

The foreign list specifies those foreign equity securities that are eligible for margin treatment at broker–dealers. There are no additions to, and only one deletion from, the foreign list, which now contains 687 foreign equity securities.

## *CHANGE IN BOARD STAFF*

The Board of Governors has approved the appointment of Sheila Clark to the position of EEO Programs Director. Ms. Clark succeeds Portia Thompson who was assigned the new position of Equal Employment Opportunity Programs Adviser, Office of Board Members. Ms. Clark assumed her duties with the Board on February 13, 1995. She will have overall responsibility for the Board's Equal Employment Opportunity (EEO) and Affirmative Action (AA) planning programs.

Ms. Clark had been employed since 1987 by Dow Jones and Company, New York, with responsibility for work/family, college recruiting, and EEO/AA programs. She holds a B.A. in Management from Marymount College, Tarrytown, New York. □

# 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; List of Foreign Margin Stocks). The List of Marginable OTC Stocks (OTC List) is composed 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) is composed of 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 deletions from the previous Foreign List.

Effective February 13, 1995, accordingly, pursuant to the authority of 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 one deletion from the Foreign List.

### *Deletions from the List of Marginable OTC Stocks*

### Stocks Removed for Failing Continued Listing Requirements

Absolute Entertainment, Inc.: No par common
Applied Carbon Technology, Inc.: No par common

Baker Hughes Incorporated: Warrants (expire 03–31–95)
Base Ten Systems, Inc.: Series B, rights expire 11–10–94
Breakwater Resources, Ltd.: No par common

C-Tec Corporation: *Transferable subscription rights*
Centocor, Inc.: Warrants (expire 12–31–94)
Communications & Entertainment Corporation: Class A, $.05 par common
Community Health Computing Corp.: $.01 par common
Computer Concepts Corporation: $.0001 par common
Comstock Bank (Nevada): $.50 par common
Continental Savings of America, A Federal Savings Bank: Series A, noncumulative convertible preferred
CPI Aerostructures, Inc.: Warrants (expire 09–16–95)

Delphi Information Systems, Inc.: $.10 par common
Digital Products Corporation: $.025 par common; Class A, Warrants (expire 02–07–95); Class B, Warrants (expire 02–07–97)

Enzon, Inc.: Warrants (expire 11–01–94)
Equivest Finance, Inc.: $.05 par common
Erox Corporation: No par common

Gateway Industries, Inc.: No par common
Genzyme Corporation: Warrants (expire 12–31–94)
Global Spill Management, Inc.: $.001 par common
Great American Recreation, Inc.: $1.00 par common
Greenwich Pharmaceuticals, Inc.: $.10 par common

Highwood Resources Ltd.: No par capital
Hoenig Group Inc.: Class A, Warrants (expire 10–31–94)

Inotek Technologies Corporation: $.01 par common

Jackpot Enterprises, Inc.: Warrants (expire 01–31–96)
JB Oxford Holdings Inc.: $.01 par common

Kendall Square Research Corp.: $.01 par common

Media Vision Technology, Inc.: Convertible subordinated debentures due 2003
Menley & James, Inc.: $.01 par common
Microcarb, Inc.: $.01 par common
MPTV, Inc.: $.005 par common
MRV Communications, Inc.: Warrants (expire 12–07–97)

Nahama & Weagant Energy Company: No par common
National Convenience Stores, Inc.: Warrants (expire 03–09–98)
National Diagnostics, Inc.: No par common; Warrants (expire 09–19–97)
NYCAL Corporation: No par common

Opto Mechanik, Inc.: $.10 par common

P & F Industries, Inc.: $10.00 par cumulative convertible preferred

Price Reit, Inc., The: $.01 par common
Puroflow Incoprorated: $.06-2/3 par common

SGI International: No par common
Sports/Leisure, Inc.: $.01 par common

TAT Technologies Ltd.: Class A, Warrants (expire 03–30–95)
Telios Pharmaceuticals, Inc.: Warrants (expire 09–26–96)
TJ Systems Corporation: Series A, $.01 par convertible preferred

U.S. Capital Group, Inc.: $.10 par common
United States Exploration, Inc.: $.0001 par common

Vest, H.D., Inc.: Class B; Warrants (expire 11–21–94)

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

Agnico-Eagle Mines Limited: No par common
Amerifed Financial Corporation (Illinois): $.01 par common
Amity Bancshares, Inc. (Illinois): $.01 par common
Amvestors Financial Corp.: No par common
Anchor Bancorp, Inc. (New York): $.01 par common
Associated Communications Corp.: Class A, $.10 par common; Class B, $.10 par common

Babbage's, Inc.: $.10 par common
Banyan Mortgage Investors L.P.: Depositary units of limited partnership interest
Barrett Resources Corporation: $.01 par common
Biosurface Technology, Inc.: $.01 par common
Brock Candy Company: Class A, $.01 par common

Carenetwork, Inc.: $.01 par common
Carson Pirie Scott & Co.: $.01 par common
Central Indiana Bancorp: No par common
Central Jersey Bancorp: $2.50 par common
Charter FSB Bancorp Inc.: $.01 par common
Coastal Healthcare Group, Inc.: $.01 par common
Commerce Bank (Virginia): $2.50 par common
Corrections Corporation of America: $1.00 par common; Warrants (expire 09–14–97)

Datasouth Computer Corporation: $.01 par common
Digidesign, Inc.: $.001 par common

Eastover Corporation: No par shares of beneficial interest

F & C Bancshares, Inc. (Florida): $1.00 par common
F & M National Corporation: $2.00 par common
First Western Financial Corporation: $1.00 par common

Galey & Lord, Inc.: $.01 par common
Gencare Health Systems, Inc.: $.02 par common
General Atlantic Resources, Inc.: $.01 par common
Germantown Savings Bank (Pennsylvania): $.10 par common
Grenada Sunburst System Corporation: $1.00 par common

Home Federal Savings Bank (Washington, D.C.): $.01 par common

IDB Communications Group, Inc.: $.01 par common
Information America, Inc.: $.01 par common
Input/Output, Inc.: $.01 par common
Intergroup Healthcare Corporation: $.001 par common
Ithaca Bancorp, Inc. (New York): $1.00 par common

Jones Spacelink, Ltd.: Class A, $.01 par common

Keptel, Inc.: No par common
Kirschner Medical Corporation: $.10 par common
Knowledgeware, Inc.: No par common
Koll Management Services, Inc.: $.01 par common

Laser Precision Corporation: $.10 par common
LCI International, Inc.: $.01 par common; 5% cumulative convertible exchangeable preferred

Medstat Group, Inc., The: $.01 par common

National Convenience Stores, Inc.: $.01 par common

Orthomet, Inc.: $.10 par common

Palmer Tube Mills Limited: American Depositary Receipts
Premiere Page, Inc.: $.01 par common
Price Reit, Inc., The: Series B, $.01 par common
Providential Corporation: $.0001 par common
Purolator Products Company: $.01 par common

Quincy Savings Bank (Massachusetts): $.10 par common

Relife, Inc.: Class A, $.01 par common
RHNB Corporation: $2.50 par common
Rock Financial Corporation: $3.33-1/3 par common

Scott's Liquid Gold, Inc.: $.10 par common
Seagate Technology, Inc.: $.01 par common; 6-3/4% convertible subordinated debentures
Services Fracturing Company: $1.00 par common
Snapple Beverage Corporation: $.01 par common
Soricon Corporation: $.01 par common
Summit Bancorp, Inc. (Washington): $.01 par common
Synergen, Inc.: $.01 par commom
Synoptics Communications, Inc.: $.01 par common

Trico Products Corporation: No par common
Triconex Corporation: No par common

UNSL Financial Corp.: $1.00 par common

Winston Furniture Company, Inc.: $.01 par common

Zenith Laboratories, Inc.: No par common

*Additions to the List of Marginable OTC Stocks*

7th Level, Inc.: $.01 par common

Aber Resources Ltd.: No par common
Adia S.A.: American Depositary Receipts
Alabama National Bancorporation: $1.00 par common
Amerco: $.25 par common
American Cinema Stores, Inc.: $.001 par common
American Resources of Delaware, Inc.: $.00001 par common
American Sensors, Inc.: No par common
Andyne Computing Ltd.: No par common
Apollo Group, Inc.: Class A; No par common
Applied Voice Technology, Inc.: $.01 par common
Applix, Inc.: $.0025 par common
Arel Communications & Software Ltd.: Ordinary shares; Series A; Warrants (expire 12–01–96)
Ark Restaurants Corporation: $.01 par common
Aspen Technology, Inc.: $.01 par common
Associated Group, Inc., The: Class A, $.10 par common; Class B, $.10 par common
Avert, Inc.: No par common; Warrants (expire 12–22–95)

B.U.M. International, Inc.: $.02 par common
Barry's Jewelers, Inc.: No par common; Warrants (expire 07–01–2002)
Bitwise Designs, Inc.: $.001 par common
Bolle America, Inc.: $.01 par common
Bonso Electronics International, Inc.: $.0005 par common; Warrants (expire 12–16–99)
Bridgeport Machines, Inc.: $.01 par common
BTG, Inc.: No par common

Camco Financial Corporation: $1.00 par common
Cannondale Corporation: $.01 par common
Carver Federal Savings Bank (New York): $.01 par common
Century Communications Corporation: Class A, $.01 par common
Cincinnati Microwave, Inc.: Warrants (expire 12–31–98)
Clucker's Wood Roasted Chicken, Inc.: $.01 par common
Community Financial Holding Corp.: $5.00 par common
Community Savings, F.A. (Florida): $1.00 par common
Concordia Paper Holdings, Ltd.: American Depositary Shares
Conestoga Enterprises, Inc.: $5.00 par common
Covenant Bank for Savings (New Jersey): $5.00 par common
Covenant Transport, Inc.: Class A, $.01 par common
Crocker Realty Investors, Inc.: $.001 par common

D & K Wholesale Drug, Inc.: $.01 par common
Diplomat Corporation: Warrants (expire 11–04–98)
Duckwall-Alco Stores, Inc.: $.0001 par common

East Texas Financial Services, Inc.: $.01 par common
Edelbrock Corporation: $.01 par common
Elron Electronic Industries, Ltd.: Warrants (expire 09–01–98)
Emcare Holdings Inc.: $.01 par common
Epic Design Technology, Inc.: No par common
Equity Corporation: $.01 par common

FB&T Financial Corporation: $1.25 par common
Family Golf Centers, Inc.: $.01 par common
Fidelity Southern Corporation: No par common
First American Health Concepts, Inc.: No par common
First Savings Bank of New Jersey, S.L.A.: $.10 par common
FirstFederal Financial Services Corporation: Series B, 6-½ No par cumulative convertible preferred
Flores & Rucks Inc.: $.01 par common
Florsheim Shoe Company, The: No par common
FPA Medical Management, Inc.: $.001 par common
FSB Financial Corporation: $.01 par common

Genzyme Corproation (Tissue Repair): $.01 par common
Goran Capital, Inc.: No par common
Gyrodyne Company of America, Inc.: $1.00 par common

Harcor Energy Company: $.10 par common
Haskel International, Inc.: Class A, No par common
Health-Mor Inc.: $1.00 par common
Herzfeld Caribbean Basin Fund, Inc., The: $.001 par common

ICC Technologies, Inc.: $.01 par common
Innovative Tech Systems, Inc.: $.001 par common
International Verifact, Inc.: No par common; Warrants (expire 01–05–98)
Interstate National Dealer Services, Inc.: $.01 par common
Isolyser Company, Inc.: $.001 par common
ITI Technologies, Inc.: $.01 par common
IWI Holding, Limited: No par common

JP Foodservice, Inc.: $.01 par common

KFX Inc.: $.001 par common
Knight Transportation, Inc.: $.01 par common
KS Bancorp, Inc. (North Carolina): No par common

LIN Television Corporation: $.01 par common
LTX Corporation: 13-½% convertible debentures

Manhattan Bagel Company: No par common
Medcath Incorporated: $.01 par common
Medplus, Inc.: No par common
Micrel, Incorporated: No par common
Micrion Corporation: No par common
Microtec Research, Inc.: $.001 par common
Mid-States PLC: American Depositary Receipts
Multi-Market Radio, Inc.: Class A, $.01 par common; Class A, Warrants (expire 03-23-99); Class B, Warrants (expire 03-23-99)

National Gaming Corporation: $.01 par common
Netcom On-Line Communication Services, Inc.: $.01 par common
New England Community Bancorp, Inc.: Class A, $.10 par common
New England Realty Assoiates Limited Partnership: Depositary Receipts
Northwest Savings Bank (Pennsylvania): $.01 par common
Novametrix Medical Systems, Inc.: Class A, Warrants (expire 12-08-97); Class B, Warrants (expire 12-08-99)

OIS Optical Imaging Systems, Inc.: $.01 par common
Old York Road Bancorp, Inc. (Pennsylvania): $1.00 par common
Orbit Semiconductor, Inc.: $.001 par common
Ortel Corporation: $.001 par common
Orthodontic Centers of America, Inc.: $.01 par common
Owosso Corporation: $.01 par common

Panda Project, Inc., The: $.01 par common
Phamis, Inc.: $.0025 par common
Physicial Reliance Network, Inc.: No par common
Pinnacle Systems, Inc.: No par common
Plasma-Therm, Inc.: $.01 par common
Price Enterprises, Inc.: $.0001 par common
Pulaski Bank, A Savings Bank: $1.00 par common

Quality Semiconductor, Inc.: $.001 par common

Republic Bank (Florida): $2.00 par common
Ride Snowboard Company: No par common

Santa Fe Financial Corporation: $.10 par common
Security Dynamics Technologies, Inc.: $.01 par common
Shiva Corporation: $.01 par common
Singing Machine Company, Inc., The: $.01 par common; Warrants (expire 11-10-99)
SMC Corporation: No par common
Sparta Pharmaceuticals, Inc.: $.001 par common
Specialty Teleconstructors, Inc.: Warrants (expire 11-02-99)
Sport-Haley, Inc.: No par common
Stillwater Mining Company: $.01 par common

Tele-Matic Corporation: $.01 par common
Telemundo Group, Inc.: Series A, $.01 par common
Telewest Communications PLC: American Depositary Receipts
Teltronics, Inc.: $.001 par common
Thompson PBE, Inc.: $.01 par common
TMBR/Sharp Drilling, Inc.: $.10 par common
Tower Semiconductor Ltd.: Ordinary Shares (NIS $1.00)
Trans World Gaming Corporation: $.001 par common; Warrants (expire 12-15-99)
Transport Corporation of America, Inc.: $.01 par common

Unitech Industries, Inc.: No par common

Veeco Instruments, Inc.: $.01 par common
Videonics, Inc.: No par common

Wavephore, Inc.: No par common
Wescast Industries, Inc.: Class A, No par common
Williams, Controls, Inc.: $.01 par common

Xenova Group PLC: American Depositary Shares

Young Broadcasting, Inc.: Class A, $.01 par common

*Deletion from the List of Foreign Margin Stocks*

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

### *Final Rule—Amendment to Rules Regarding Access to Personal Information Under the Privacy Act*

The Board of Governors is amending 12 C.F.R. Part 261a, its Rules Regarding Access to Personal Information Under the Privacy Act, as part of its regulatory review and improvement process.

Effective February 16, 1995, 12 C.F.R. Part 261a is amended as follows:

#### *Part 261a—Rules Regarding Access to Personal Information Under the Privacy Act of 1974*

#### *Subpart A—General Provisions*

Section 261a.1—Authority, purpose and scope.
Section 261a.2—Definitions.
Section 261a.3—Custodian of records; delegations of authority.
Section 261a.4—Fees.

*Subpart B—Procedures for Requests by Individual to Whom Record Pertains*

Section 261a.5—Request for access to record.

Section 261a.6—Board procedures for responding to request for access.

Section 261a.7—Special procedures for medical records.

Section 261a.8—Request for amendment to record.

Section 261a.9—Agency review of request for amendment of record.

Section 261a.10—Appeal of adverse determination of request for access or amendment.

*Subpart C—Disclosure to Person Other than Individual to Whom Record Pertains*

Section 261a.11—Restrictions on disclosure.
Section 261a.12—Exceptions.

*Subpart D—Exempt Records*

Section 261a.13—Exemptions.

*Authority:* 5 U.S.C. 552a.

*Subpart A—General Provisions*

## Section 261a.1—Authority, purpose and scope.

(a) *Authority.* This part is issued by the Board of Governors of the Federal Reserve System (the Board) pursuant to the Privacy Act of 1974 (5 U.S.C. 552a).
(b) *Purpose.* The purpose of this part is to implement the provisions of the Privacy Act of 1974 (5 U.S.C. 552a) with regard to the maintenance, protection, disclosure, and amendment of records contained within systems of records maintained by the Board.
(c) *Scope.* This part covers requests for access to, or amendment of, records concerning individuals that are contained in systems of records maintained by the Board.

## Section 261a.2—Definitions.

For the purposes of this part, the following definitions apply:
(a) *Business day* means any day except Saturday, Sunday or a legal Federal holiday.
(b) *Designated system of records* means a system of records maintained by the Board that has been listed in the *Federal Register* pursuant to the requirements of 5 U.S.C. 552a(e).
(c) *Guardian* means the parent of a minor, or the legal guardian of any individual who has been declared to be incompetent due to physical or mental incapacity or age by a court of competent jurisdiction.
(d) *Individual* means a natural person who is either a citizen of the United States or an alien lawfully admitted for permanent residence.
(e) *Maintain* includes maintain, collect, use, disseminate, or control.
(f) *Record* means any item, collection, or grouping of information about an individual maintained by the Board that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint, voice print, or photograph.
(g) *Routine use* means, with respect to disclosure of a record, the use of such recor ' for a purpose that is compatible with the purpose for whi ı it was collected or created.
(h) *System of records* means ı group of any records under the control of the Board from vhich information is retrieved by the name of the indivi..al or by some identifying number, symbol, or other identifying particular assigned to the individual.

## Section 261a.3—Custodian of records; delegations of authority.

(a) *Custodian of records.* The Secretary of the Board is the official custodian of all records of the Board in the possession or control of the Board.
(b) *Delegated authority of Secretary.* With regard to this regulation, the Secretary of the Board is delegated the authority to:
(1) Respond to requests for access or amendment to records contained in a system of records, except for such requests regarding systems of re ords maintained by the Board's Office of the Inspector G. eral (OIG);
(2) Approve the publication of ı / systems of records and amend existing systems of records, except systems of records exempted pursuant to sections 261a.13(b), (c) and (d);
(3) File the biennial reports required by the Privacy Act.
(c) *Delegated authority of designee.* Any action or determination required or permitted by this part to be done by the Secretary of the Board may be done by an Associate Secretary or other responsible employee of the Board who has been duly designated for this purpose by the Secretary.
(d) *Delegated authority of Inspector General.* With regard to systems of records maintained by the OIG, the Inspector General is delegated the authority to respond to requests for access or amendment.

## Section 261a.4—Fees.

(a) *Copies of records.* Copies of rec..ds requested pursuant to section 261a.5 of this part shall be provided at the same cost charged for duplication of records and/or production of computer output under the Board's Rules Regarding Availability of Information, section 261.10 of this part.

(b) *No fee.* Documents may be furnished without charge where total charges are less than $5.
(c) *Waiver of fees.* In connection with any request by an employee, former employee, or applicant for employment, for records for use in prosecuting a grievance or complaint of discrimination against the Board, fees shall be waived where the total charges (including charges for information provided under the Freedom of Information Act) are $50 or less; but the Secretary may waive fees in excess of that amount.

### *Subpart B—Procedures for Requests by Individual to Whom Record Pertains*

### Section 261a.5—Request for access to record.

(a) *Procedures for making request.* (1) Any individual (or guardian of an individual) other than a current Board employee desiring to learn of the existence of, or to gain access to, his or her record in a designated system of records shall submit a request in writing to the Secretary of the Board, Board of Governors of the Federal Reserve System, 20th and Constitution Avenue, N.W., Washington, DC 20551.
(2) A request by a current Board employee for that employee's own personnel records may be made in person during regular business hours at the Division of Human Resources, Board of Governors of the Federal Reserve System, 20th and Constitution Avenue, N.W., Washington, DC 20551.
(3) A request by a current Board employee for information other than personnel information may be made in person during regular business hours at the Freedom of Information Office, Board of Governors of the Federal Reserve System, 20th and Constitution Avenue, N.W., Washington, DC 20551.
(4) Requests for information contained in a system of records maintained by the Board's OIG shall be submitted in writing to the Inspector General, Board of Governors of the Federal Reserve System, 20th and Constitution Avenue, N.W., Washington, DC 20551.
(b) *Contents of request.* A request made pursuant to paragraph (a) of this section shall include the following:
(1) A statement that it is made pursuant to the Privacy Act of 1974;
(2) The name of the system of records expected to contain the record requested or a concise description of such system of records.
(3) Necessary information to verify the identity of the requester pursuant to paragraph (c) of this section; and
(4) Any other information that may assist in the rapid identification of the record for which access is being requested (*e.g.*, maiden name, dates of employment, etc.).
(c) *Verification of identity.* The Board shall require proof of identity from a requester and reserves the right to determine the adequacy of such proof. In general, the following shall be considered adequate proof of identity:
(1) For a current Board employee, his or her Board identification card; or
(2) For an individual other than a current Board employee, either:
(i) Two forms of identification, one of which has a picture of the individual requesting access; or
(ii) A notarized statement attesting to the identity of the requester.
(d) *Verification of identity not required.* No verification of identity shall be required of individuals seeking access to records that are otherwise available to any person under 5 U.S.C. 552, Freedom of Information Act.
(e) *Request for accounting of previous disclosures.* An individual making a request pursuant to paragraph (a) of this section may also include a request for an accounting (pursuant to 5 U.S.C. 552a(c)) of previous disclosures of records pertaining to such individual in a designated system of records.

### Section 261a.6—Board procedures for responding to request for access.

(a) *Compliance with Freedom of Information Act.* Every request made pursuant to section 261a.5 of this part shall also be handled by the Board as a request for information pursuant to the Freedom of Information Act (5 U.S.C. 552), except that the time limits set forth in paragraph (b) of this section and the fees specified in section 261a.4 of this part shall apply to such requests.
(b) *Time limits.* Every request made pursuant to section 261a.5 of this part shall be acknowledged or, where practicable, substantially responded to within 10 business days from receipt of the request.
(c) *Disclosure.* (1) Information to be disclosed pursuant to this part and the Privacy Act, except for information maintained by the Board's OIG, shall be made available for inspection and copying during regular business hours at the Board's Freedom of Information Office.
(2) Information to be disclosed that is maintained by the Board's OIG shall be made available for inspection and copying at the OIG.
(3) When the requested record cannot reasonably be put into a form for individual inspection (e.g., computer tapes), or when the requester asks that the information be forwarded, copies of such information shall be mailed to the requester.
(4) Access to or copies of requested information shall be promptly provided after the acknowledgement as provided in paragraph (b) of this section, unless good cause for delay is communicated to the requester.

(d) *Other authorized presence.* The requester of information may be accompanied in the inspection of that information by a person of the requester's own choosing upon the requester's submission of a written and signed statement authorizing the presence of such person.
(e) *Denial of request.* A denial of a request made pursuant to section 261a.5 of this part shall include a statement of the reason(s) for denial and the procedures for appealing the denial.

## Section 261a.7—Special procedures for medical records.

Medical or psychological records requested pursuant to section 261a.5 of this part shall be disclosed directly to the requester unless such disclosure could, in the judgment of the Privacy Officer, in consultation with the Board's physician, have an adverse effect upon the requester. Upon such determination, the information shall be transmitted to a licensed physician named by the requester, who will disclose those records to the requester in a manner the physician deems appropriate.

## Section 261a.8—Request for amendment of record.

(a) *Procedures for making request.* (1) An individual desiring to amend a record in a designated system of records that pertains to him or her shall submit a request in writing to the Secretary of the Board (or to the Inspector General for records in a system of records maintained by the OIG) in an envelope clearly marked "Privacy Act Amendment Request."
(2) Each request for amendment of a record shall:
(i) Identify the system of records containing the record for which amendment is requested;
(ii) Specify the portion of that record requested to be amended; and
(iii) Describe the nature of and reasons for each requested amendment.
(3) Each request for amendment of a record shall be subject to verification of identity under the procedures set forth in section 261a.5(c) of this part, unless such verification has already been made in a related request for access or amendment.
(b) *Burden of proof.* The request for amendment of a record shall set forth the reasons the individual believes the record is not accurate, relevant, timely, or complete. The burden of proof for demonstrating the appropriateness of the requested amendment rests with the requester, and the requester shall provide relevant and convincing evidence in support of the request.

## Section 261a.9—Board review of request for amendment of record.

(a) *Time limits.* The Board shall acknowledge a request for amendment of a record within 10 business days of receipt of the request. Such acknowledgement may request additional information necessary for a determination on the request for amendment. To the extent possible, a determination upon a request to amend a record shall be made within 10 business days after receipt of the request.
(b) *Contents of response to request for amendment.* The response to a request for amendment shall include the following:
(1) The decision to grant or deny, in whole or in part, the request for amendment; and
(2) If the request is denied:
(i) The reasons for denial of any portion of the request for amendment;
(ii) The requester's right to appeal any denial; and
(iii) The procedures for appealing the denial to the appropriate official.

## Section 261a.10—Appeal of adverse determination of request for access or amendment.

(a) *Appeal.* A requester may appeal a denial of a request made pursuant to section 261a.5 or section 261a.8 of this part to the Board, or any official designated by the chairman of the Board, within 10 business days of issuance of notification of denial. The appeal shall:
(1) Be made in writing to the Secretary of the Board, with the words "PRIVACY ACT APPEAL" written prominently on the first page;
(2) Specify the previous background of the request; and
(3) Provide reasons why the initial denial is believed to be in error.
(b) *Determination.* The Board or an official designated by the Chairman of the Board shall make a determination with respect to such appeal not later than 30 business days from its receipt, unless the time is extended for good cause shown.
(1) If the Board or designated official grants an appeal regarding a request for amendment, the Board shall take the necessary steps to amend the record, and, when appropriate and possible, notify prior recipients of the record of the Board's action.
(2) If the Board or designated official denies an appeal, the Board shall inform the requester of such determination, give a statement of the reasons therefor, and inform the requester of the right of judicial review of the determination.
(c) *Statement of disagreement.* (1) Upon receipt of a denial of an appeal regarding a request for amendment, the requester may file a concise statement of disagreement with the denial. Such statement shall be maintained with the record the requester sought to amend, and any disclo-

sure of the record shall include a copy of the statement of disagreement.

(2) When practicable and appropriate, the Board shall provide a copy of the statement of disagreement to any person or other agency to whom the record was previously disclosed.

*Subpart C—Disclosure to Person Other than Individual to Whom Record Pertains*

Section 261a.11—Restrictions on disclosure.

No record contained in a designated system of records shall be disclosed to any person or agency without the prior written consent of the individual to whom the record pertains unless the disclosure is authorized by section 261a.12 of this part.

Section 261a.12—Exceptions.

The restrictions on disclosure in section 261a.11 of this part do not apply to any disclosure:

(a) To those officers and employees of the Board who have a need for the record in the performance of their duties;

(b) That is required under the Freedom of Information Act (5 U.S.C. 552);

(c) For a routine use listed with respect to a designated system of records;

(d) To the Bureau of the Census for purposes of planning or carrying out a census or survey or related activity pursuant to the provisions of title 13 of the United States Code;

(e) To a recipient who has provided the Board with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, and the record is to be transferred in a form that is not individually identifiable;

(f) To the National Archives of the United States as a record that has sufficient historical or other value to warrant its continued preservation by the United States government, or for evaluation by the administrator of General Services or his designee to determine whether the record has such value;

(g) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the Board specifying the particular portion desired and the law enforcement activity for which the record is sought;

(h) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual;

(i) To either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof, any joint committee of Congress or subcommittee of any such joint committee;

(j) To the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office;

(k) Pursuant to the order of a court of competent jurisdiction; or

(l) To a consumer reporting agency in accordance with 31 U.S.C. 3711(f).

*Subpart D—Exempt Records*

Section 261a.13—Exemptions.

(a) *Information compiled for civil action.* Nothing in this regulation shall allow an individual access to any information compiled in reasonable anticipation of a civil action or proceeding.

(b) *Law enforcement information.* Pursuant to section (k)(2) of the Privacy Act of 1974 (5 U.S.C. 552a(k)(2)), the Board has deemed it necessary to exempt certain designated systems of records maintained by the Board from the requirements of the Privacy Act concerning access to accountings of disclosures and to records, maintenance of only relevant and necessary information in files, and certain publication provisions, respectively, 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f), and sections 261a.5, 261a.7 and 261a.8 of this part. Accordingly, the following designated systems of records are exempt from these provisions, but only to the extent that they contain investigatory materials compiled for law enforcement purposes:

(1) BGFRS-1 Recruiting and Placement Records.

(2) BGFRS-2 Personnel Background Investigation Reports.

(3) BGFRS-4 General Personnel Records.

(4) BGFRS-5 EEO Discrimination Complaint File.

(5) BGFRS-9 Consultant and Staff Associate File.

(6) BGFRS-16 Regulation G Reports.

(7) BGFRS-18 Consumer Complaint Information System.

(8) BGFRS-21 Supervisory Tracking and Reference System.

(9) BGFRS/OIG-1 OIG Investigatory Records.

(c) *Confidential references.* Pursuant to section (k)(5) of the Privacy Act of 1974 (5 U.S.C. 552a(k)(5)), the Board has deemed it necessary to exempt certain designated systems of records maintained by the Board from the requirements of the Privacy Act concerning access to accountings of disclosures and to records, maintenance of only relevant and necessary information in files, and certain publication provisions, respectively 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f), and sections 261a.5, 261a.7 and 261a.8 of this part. Accordingly, the following systems of records are exempt from these provisions, but only to the extent that they contain investigatory material compiled to determine an individual's suitability, eligibility, and qualifications for Board employment or access to classified information, and the disclosure of such material would reveal the identity of a source who furnished information to the Board under a promise of confidentiality.

(1) BGFRS-1 Recruiting and Placement Records.

(2) BGFRS-2 Personnel Background Investigation Reports.

(3) BGFRS-4 General Personnel Records.

(4) BGFRS-9 Consultant and Staff Associate File.

(5) BGFRS-10 General File on Board Members.

(6) BGFRS-11 Official General Files.

(7) BGFRS-13 General File of Examiners and Assistant Examiners at Federal Reserve Banks.

(8) BGFRS-14 General File of Federal Reserve Bank and Branch Directors.

(9) BGFRS-15 General Files of Federal Reserve Agents, Alternates and Representatives at Federal Reserve Banks.

(10) BGFRS/OIG-2 OIG Personnel Records.

(d) *Criminal law enforcement information.* Pursuant to 5 U.S.C. 552a(j)(2), the Board has determined that portions of the OIG Investigatory Records (BGFRS/OIG-1) shall be exempt from any part of the Privacy Act (5 U.S.C. 552a), except the provisions regarding disclosure, the requirement to keep an accounting, certain publication requirements, certain requirements regarding the proper maintenance of systems of records, and the criminal penalties for violation of the Privacy Act, respectively, 5 U.S.C. 552a(b), (c)(1), and (2), (e)(4)(A) through (F), (e)(6), (e)(7), (e)(9), (e)(10), (e)(11) and (i). This designated system of records is maintained by the OIG, a Board component that performs as its principal function an activity pertaining to the enforcement of criminal laws. The exempt portions of the records consist of:

(1) Information compiled for the purpose of identifying individual criminal offenders and alleged offenders;

(2) Information compiled for the purpose of a criminal investigation, including reports of informants and investigators, and associated with an identifiable individual; or

(3) Reports identifiable to an individual compiled at any stage of the process of enforcement of the criminal laws from arrest or indictment through release from supervision.

## *ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT*

### *Orders Issued Under Section 3 of the Bank Holding Company Act*

### The Bank of Tokyo, Ltd.
### Tokyo, Japan

*Order Approving an Application to Acquire a Commercial Bank*

The Bank of Tokyo, Ltd., Tokyo, Japan ("BOT"), 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 up to 100 percent of the voting shares of The Chicago-Tokyo Bank, Chicago, Illinois ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 12,927 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

BOT, with total consolidated assets equivalent to approximately $271.9 billion, is the 16th largest banking organization in Japan and the 23d largest banking organization in the world.[2] In the United States, BOT controls banks in New York, New York, and San Francisco, California. In addition, BOT operates branches in Portland, Oregon; Seattle, Washington; and Chicago, Illinois; agencies in New York, New York; Atlanta, Georgia; Coral Gables, Florida; Dallas, Texas; Honolulu, Hawaii; and Los Angeles and San Francisco, California; and representative offices in Houston, Texas; and Washington, D.C. BOT also engages directly and through subsidiaries in permissible nonbanking activities in the United States and abroad.

*Douglas Amendment Analysis*

For purposes of section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, BOT is a California bank holding company because its subsidiary bank in California is its largest U.S. bank. California also is BOT's home state under section 5 of the International Banking Act (12 U.S.C. § 3103) ("IBA"). The Board previously has determined that the interstate banking statutes of Illinois permit a California bank holding company to acquire banking organizations located in Illinois.[3] In addition, the Illinois Commissioner of Banks and Trust Companies has approved this transaction. Accordingly, based on all the facts of record, consummation of this proposal is not prohibited by the Douglas Amendment or the IBA.

*Competitive Considerations*

BOT and Bank both operate in the Chicago, Illinois, banking market, where each has a relatively small market share.[4] Based on all the facts of record, consummation of this proposal would not have a significantly adverse effect on competition in the Chicago, Illinois, banking market or any other relevant banking market.

1. BOT currently owns approximately 4.93 percent of Bank's total outstanding voting shares.

2. Asset data are as of March 31, 1994. Ranking data are as of December 1994.

3. *See BankAmerica Corporation*, 80 *Federal Reserve Bulletin* 832 (1994).

4. The Chicago, Illinois, banking market is approximated by Cook, Du Page, and Lake Counties, all in Illinois.

*Supervisory Considerations*

In order to approve an application by a foreign bank to acquire a U.S bank or bank holding company, the BHC Act and the Board's Regulation Y require the Board to determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[5] The Board also must determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with applicable law.[6]

The Board considers a foreign bank to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the bank's relationship to any affiliate, to assess the bank's overall financial condition and compliance with law and regulation.[7] In making its determination on this application, the Board considered the following information.

The Ministry of Finance (the "MOF") is BOT's lead regulator and has extensive regulatory authority over the bank under the banking laws of Japan. The MOF is responsible for licensing banks, approving branch openings, approving the formation of and investments in subsidiaries (both in Japan and abroad), providing administrative guidance on legal and regulatory matters, and inspecting financial institutions and their affiliated companies. The MOF provides administrative guidance, which banks are required to follow, regarding the establishment of branches, the scope of business activities, and the conduct of banking business. The Bank of Japan (the "BOJ"), which is the central bank of Japan, also monitors and supervises banks that use its services. The BOJ gives guidance to banks within the private sector regarding lending policies and related matters. In addition, in its capacity as the central bank, the BOJ maintains communications with almost all major financial institutions with respect to domestic and inter-bank settlements and money transfers for these financial institutions. The MOF's and BOJ's supervision of BOT is conducted on a consolidated basis and consists of on-site examinations and the review of required periodic financial reports.

The MOF has primary examination authority for Japanese banks and examines Japanese banks once every three to four years and as deemed necessary. Examination powers extend to foreign branches and wholly owned subsidiaries of BOT, both domestic and foreign, and include on-site examinations of such operations. The primary objective of MOF examinations is an evaluation of management's ability to manage risk. Examinations and inspections focus on capital adequacy, asset quality, management, earnings, liquidity, compliance with applicable laws, and risk management. Examinations and inspections also involve an assessment of foreign trade and foreign exchange transactions.

The BOJ also conducts examinations of BOT on a regular basis. The BOJ's examination powers extend to BOT's wholly owned subsidiaries, both domestic and foreign, and include on-site examinations of such subsidiaries. Like those of the MOF, the BOJ examinations evaluate management's ability to manage risk.

The MOF and BOJ also review BOT's operations through the periodic receipt of consolidated financial reports and the MOF may request financial information from banks and their wholly owned subsidiaries whenever deemed necessary. Annual reports submitted by BOT to the MOF and the BOJ include balance sheets and income statements on both a parent-only and a consolidated basis.[8] Semiannually, BOT submits to the MOF and the BOJ a report that includes an unconsolidated balance sheet, an income statement, information on major shareholders, and information detailing profits, losses, loan loss reserves, expenses, trading account securities, and capital.[9]

BOT's transactions with its affiliates[10] are monitored by the MOF and the BOJ through reporting requirements and lending restrictions. BOT submits annual reports to the MOF and the BOJ on its domestic related parties[11]

5. *See* 12 U.S.C. § 1842(c)(3)(B); 12 C.F.R.225.13(b)(5).

6. *See* 12 U.S.C. § 1842(c)(3)(A); 12 C.F.R.225.13(b)(4).

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

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

(ii) 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;

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

(iv) 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; and

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

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

8. The consolidated financial statements include the accounts of BOT and all of its majority-owned subsidiaries, including its subsidiary banks, Bank of Tokyo Trust Company, New York, New York, and Union Bank, San Francisco, California. All of BOT's affiliates which are 20 percent to 50 percent owned are accounted for by the equity method of accounting.

9. While not consolidated, these semiannual reports include data on losses at all bank affiliates, both foreign and domestic.

10. "Affiliates" as used in this section refers to domestic "related parties" and controlled off-shore entities, as described below.

11. "Related parties" for the purposes of these reports include wholly owned domestic subsidiaries whose activities are incidental to the business of banking, and "associated" companies whose activities are considered to be peripheral to the business of banking (*e.g.*, leasing, venture capital,

which include information on the total amount of revenue the affiliate derives from its transactions with BOT, as well as the balance and terms of the affiliate's borrowings from BOT. BOT also submits annual reports to the MOF for all foreign entities in which BOT holds a majority interest or otherwise exercises management authority. In addition, transactions with affiliates are reviewed as part of the examination process. Examinations may include a review of all aspects of such transactions, including fund placement, lending, and securities purchases and sales between the bank and its affiliated companies. The MOF may use a variety of administrative sanctions against Japanese banks to ensure compliance with applicable law or regulation.

The MOF and the BOJ ensure that BOT has adequate procedures for monitoring and controlling its activities worldwide through their review of BOT's internal controls and procedures as part of their regular examinations. BOT monitors its worldwide activities through several divisions of its head office which perform on-site inspections of its offices, provide internal consulting services to its offices to ensure the maintenance of proper operational procedures, and monitor expenses, asset quality, funding and foreign exchange operations, portfolio investments, and internal controls. Internal audits of all offices are conducted by the auditing department of that office or by the auditing department of a larger BOT office in the region. Furthermore, all of BOT's offshore affiliates must submit to the head office annual financial statements that are audited by independent certified public accountants.

Based on all the facts of record, the Board concludes that BOT is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has reviewed relevant provisions of Japanese law and has communicated with the appropriate government authorities concerning access to information about BOT's operations. BOT has committed that it will make available to the Board information on the operations of BOT, and any affiliate of BOT, that the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited or impeded by law, BOT has committed to cooperate with the Board in obtaining any necessary consents or waivers that might be required from third parties for disclosure. In light of these commitments and other facts of record, and subject to the conditions of this order, the Board concludes that BOT has provided adequate assurances of access to any necessary information the Board may request.

management consulting). Japanese banks' investments in such associated companies are limited to 5 percent of the company's equity.

*Other Considerations*

The Board also considers the financial condition of a foreign bank involved in a section 3 application.[12] BOT must comply with capital standards that conform to the Basle Accord, as implemented by Japan. BOT's capital exceeds these minimum standards, and is equivalent to capital that would be required of a U.S. banking organization.

Based on the foregoing and all facts of record, the Board has determined that the financial and managerial resources and future prospects of BOT, its subsidiaries, and Bank, and the other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of the proposal. In addition, the convenience and needs of the communities to be served, the supervision of BOT, and the Board's access to information, are all consistent with approval of BOT's proposal.

*Conclusion*

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

This acquisition shall not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 30, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Battle Creek State Company
## Battle Creek, Nebraska

*Order Approving the Formation of a Bank Holding Company*

Battle Creek State Company, Battle Creek, Nebraska ("Battle Creek"), has applied under section 3 of the Bank

12. *See* 12 C.F.R. 225.13(b)(1).

Holding Company Act (12 U.S.C. § 1842 *et seq.*) ("BHC Act"), to become a bank holding company by acquiring 80.7 percent of the voting shares of Battle Creek State Bank, Battle Creek, Nebraska ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 60,361 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Battle Creek is a nonoperating company formed for the purpose of acquiring Bank. Bank is the 290th largest commercial banking organization in Nebraska, controlling deposits of $11.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Based on all the facts of record, the Board believes that consummation of the proposal would not result in any significantly adverse effects on competition or concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval of this application.

A minority shareholder of Bank ("Protestant") alleges that consummation of this proposal would have a detrimental effect on the financial condition of Bank.[2] The Board has carefully reviewed this comment in light of all the facts of record, including relevant reports of examination, information provided by Bank's primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), and information provided by Battle Creek.

The Board notes that Battle Creek would be formed through an exchange of shares, and that no debt would be incurred as part of this transaction. The Board has considered the level of dividends payable on the preferred shares that would be issued as part of this proposal, and Battle Creek's commitment to pay no dividend that would jeopardize the capital position of Bank. The Board also notes that the Nebraska Director of Banking and Finance has approved this proposal, and the FDIC has indicated that it has no objection to consummation of this proposal. In this light, and based on all the facts of record, including the financial condition of Bank and relevant examination information, the Board concludes that considerations relating to the financial and managerial resources and future prospects of Battle Creek and Bank are consistent with approval of this proposal. The Board also concludes that considerations relating to the convenience and needs of the community to be served and other supervisory factors the Board is required to consider under section 3 of the BHC Act also are consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved.[3] The Board's approval is specifically conditioned on compliance with all the commitments made by Battle Creek in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceeding under applicable law.

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

By order of the Board of Governors, effective January 30, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

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1. All banking data are as of June 30, 1993.

2. Protestant also alleges that this proposal would substantially dilute the influence of Bank's minority shareholders over Bank's operations and management, enrich some principal shareholders through excessive exchange ratios for their Bank stock, and diminish Protestant's opportunities to persuade holding company shareholders to support Protestant's positions on issues involving Bank. Protestant also asserts that Protestant was excluded from participating in the bank holding company formation and in the pricing of Bank's shares prior to the share exchange. Battle Creek responds that Protestant was offered the same price as other Bank shareholders under the terms of the share exchange, and that issues related to the management structure effected by the holding company formation were presented to Bank's shareholders at the time they approved the transaction.

The courts have determined that the Board is precluded from considering stock pricing, exchange ratios, and similar matters except as they relate to a factor specifically enumerated in the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). In this case, the matters questioned by Protestant have been resolved by the majority vote of Bank's shareholders. Based on this, and after considering the other facts of record, including relevant examination reports and other information, the Board concludes that these matters do not reflect adversely on factors that the Board is required to consider under the BHC Act. *See id.*

3. Protestant has requested that the Board hold a public meeting or hearing on this application. Section 3(b) of the BHC Act does not require the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. No supervisory agency has recommended denial of the proposal.

Generally, under its 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). In the Board's view, all interested parties have had ample opportunity to submit their views, and substantial written submissions have been received. Protestant supports this request for a hearing by posing several questions and providing conclusory statements without identifying disputed material facts necessary to resolve these issues. Protestant also identifies written materials and unspecified oral testimony that would be produced at a hearing. In the Board's view, Protestant has failed to demonstrate why the issues raised in Protestant's request for a hearing cannot be resolved with written submissions in lieu of a hearing as required by the Board's rules. 12 C.F.R. 225.14(f) and 262.3(e). For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, Protestant's request for a public hearing or meeting on this application is denied.

## Coal City Corporation
## Coal City, Illinois

## Manufacturers National Corporation
## Chicago, Illinois

*Order Approving the Acquisition of a Bank*

Coal City Corporation, Coal City, Illinois ("CCC") and its subsidiary, Manufacturers National Corporation, Chicago, Illinois ("MNC") (together "Applicant"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire at least 82.35 percent of the voting shares of Peterson Bank, Chicago, Illinois.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 52,792 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Applicant is the 63d largest commercial banking organization in Illinois, controlling deposits of $286.5 million, representing less than 1 percent of total deposits in commercial banks in the state.[1] Peterson Bank is the 125th largest commercial banking organization in Illinois, controlling approximately $153.4 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposal, Applicant would become the 44th largest commercial banking organization in Illinois, controlling approximately $439.9 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.

Applicant and Peterson Bank compete directly in the Chicago, Illinois, banking market.[2] After consummation of this proposal, numerous competitors would remain in the market, the market would remain unconcentrated, and the increase in market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), would not exceed the Department of Justice merger guidelines.[3] Based on all the facts of record, the Board concludes that consummation of this proposal is not likely to result in significantly adverse effects on competition or the concentration of banking resources in the Chicago banking market or any other relevant banking market.

*Convenience and Needs Considerations*

In acting on applications to acquire a depository institution, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institutions," and to take that record into account in its evaluation of these applications.[4]

The Board has reviewed comments submitted by an individual ("Protestant") criticizing the record of Applicant's subsidiary bank, Manufacturers Bank, Chicago, Illinois, under the CRA. Protestant alleges that Manufacturers Bank has insufficient lending in its delineated community; lacks participation in government-sponsored programs; engages in a low level of lending to low- and moderate-income and minority residents; and provides insufficient mortgage funding. Protestant also questions whether Allied Bank of Coal City, N.A., Coal City, Illinois ("Allied Bank"), which is owned by Applicant, and Peterson Bank meet the credit needs of their respective communities.[5]

The Board has carefully reviewed the entire CRA performance record of Applicant's subsidiary banks, Allied Bank, and Manufacturers Bank, as well as Peterson Bank, all comments received on these applications, Applicant's re-

1. Deposit and state data are as of June 30, 1993.

2. The Chicago banking market is approximated by Cook, Du Page, and Lake Counties in Illinois.

3. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 is considered to be unconcentrated. In such markets, the Justice Department is unlikely to challenge a merger. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities. In this case, the HHI for the Chicago banking market would not increase as a result of this transaction, and the post-merger HHI would remain at 595.

4. 12 U.S.C. § 2903.

5. Protestant also alleges that Applicant did not comply with the representations and commitments it made in its 1992 application to acquire MNC. In particular, Protestant alleges that Manufacturers Bank represented in 1992 that it would expand its mortgage lending and participation in the secondary mortgage market.

Since 1992, the Federal Reserve Bank of Chicago has monitored compliance by Applicant with the commitments made in connection with the 1992 application to acquire MNC. The record indicates that Manufacturers Bank has expanded its mortgage lending activities, and Applicant has participated in the secondary market for mortgage loans through Allied Bank. In addition, in June 1993, the bank's primary supervisor, the Federal Deposit Insurance Corporation ("FDIC"), examined the bank and determined that the bank's CRA performance is satisfactory. Based on the examination report, Applicant's compliance reports, and other facts of record, the Board believes Applicant is in compliance with the representations and commitments that it made to the Board in the 1992 application.

sponse to these comments, and all other relevant facts of record, in light of the CRA, the Board's regulations and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[6]

## A. Record of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[7] The Board notes that Applicant's subsidiary banks each received a "satisfactory" rating at their most recent examination for CRA performance. Allied Bank received a "satisfactory" rating for its CRA performance from the Office of the Comptroller of the Currency ("OCC") dated October 25, 1991, and, as noted above, Manufacturers Bank received a "satisfactory" CRA rating from the FDIC in June 1993 ("1993 Examination"). In addition, Peterson Bank received a "satisfactory" rating from its primary regulator, the FDIC, at its most recent examination as of March 22, 1993.

## B. Lending Activities

Manufacturers Bank is a relatively small bank, with approximately $316 million in total assets, and operates in the Chicago, Illinois, banking market, primarily as a commercial lender. The record indicates that the bank has extended commercial loans throughout its community, including in predominantly minority and low- and moderate-income areas. Between December 31, 1992, and September 30, 1994, Manufacturers Bank increased the number of loans that it extended to borrowers in its delineated community from 50 to 88 and the dollar volume of these loans increased from $9.9 million to $26.7 million. Approximately 75 percent of these commercial loans were to borrowers in predominantly minority census tracts and approximately 90 percent were extended to borrowers in low- and moderate-income census tracts. More than 90 percent of the loans are extended to small businesses that operate in Manufacturers Bank's community.[8]

In 1993, Manufacturers Bank began to offer consumer loans. More than $1 million in consumer loans have been made since 1993. Manufacturers Bank has actively marketed these loans in its delineated community and has originated such loans in 17 low- and moderate-income tracts. Manufacturers Bank also developed a used-car loan program, and offers student loans in cooperation with a third-party lender.

The Board has carefully reviewed the data filed by Manufacturers Bank under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") from 1991 through 1994, in light of Protestant's allegations that the bank engages in low levels of lending for low- and moderate-income individuals, minorities, and affordable housing. The HMDA data indicate that there are some disparities in the application and denial rates for low- and moderate-income and minority mortgage loan applicants compared with other groups.[9]

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

The 1993 examination of Manufacturers Bank found no evidence of illegal discrimination or of practices intended to discourage credit applications. The examination concluded that Manufacturers Bank was in compliance with anti-discrimination laws and regulations. The examinations for Allied Bank and Peterson Bank did not find any discriminatory practices on the part of either bank, and the examinations indicate that both banks are active lenders in all areas of their communities.

Although Manufacturers Bank is primarily a commercial lender,[10] it has taken steps to enhance its levels of housing-related lending in the low- and moderate-income community. From June 1993 to June 1994, Manufacturers Bank has increased its 1–4 family residential lending by 12.8 percent. From 1991 to 1993, the number of HMDA-related applications from low- and moderate-income areas increased from six to 34 applications. Between 1992 and 1993, the total of HMDA loans extended within its delineated community increased from $1.1 million to $2.6 million.

Manufacturers Bank also seeks to improve its provision of mortgage credit by increasing the types of products it offers and participating in community development organizations. Manufacturers Bank has an arrangement under

6. 54 *Federal Register* 13,742 (1989).

7. *Id.* at 13,745.

8. Applicant defines a small business as one with annual sales of less than $5 million.

9. The 1993 Examination found Manufacturers Bank's delineated community to be reasonable. The bank's delineated community is comprised almost entirely of low- and moderate-income census tracts. In September 1994, the bank expanded its delineated community to include four new census tracts and to exclude one census tract.

10. Only 9.8 percent of Manufacturers Bank's loan portfolio is in residential lending and consumer loans.

which it refers candidates for government-sponsored programs to a qualified local mortgage company. Since June 1994, Manufacturers Bank has offered a five-year and a ten-year home improvement loan, and has made a $500,000 commitment to the Community Investment Corporation, which focuses its programs on the construction of multi-family dwellings. Twenty-four loans, totalling $68,000 have been originated under the Community Investment Corporation program. Manufacturers Bank also purchased a $100,000 security from the Illinois Housing Development Authority. This year Manufacturers Bank will initiate a new loan program called the Chicago West Town Purchase/Rehab Loan Program to develop a low-income home lending and home improvement program for the western part of Manufacturers Bank's delineated community.

The record indicates that Applicant's subsidiary bank, Allied Bank, meets the credit needs of its community. Allied Bank extends almost all of its commercial loans to small business owners. As of January 9, 1995, Allied had made 110 loans with $11.4 million outstanding to small businesses. In addition, Allied Bank participates in the Illinois Guaranteed Student Loan Program and has over $475,000 in loans outstanding. Allied Bank also has extended $200,000 in loans as part of the State of Illinois Agriculture Program. Allied Bank makes most of its HMDA-related loans to borrowers in its delineated community and its originations increased from $4.4 million in 1992 to $5.9 million in 1993. In 1994, over 80 percent of its applications came from within its community. The percentage of HMDA-related applications Allied Bank received from low- and moderate-income areas increased to 6.6 percent of all applications in 1993 from 3.7 percent in 1992.[11]

### Conclusion

The Board has carefully considered all the facts of record, including the comments received, in reviewing the CRA records of performance for Manufacturers Bank, Allied Bank, and Peterson Bank. Based on a review of the entire record, including the information from Protestant and Applicant, and relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA records of performance of all three banks are consistent with approval of this application. The Board expects Manufacturers Bank to continue its efforts to increase lending within its delineated community.

11. Since 1992, Allied Bank sold over 200 loans to FNMA and serviced an additional 197 loans, totalling $12.2 million, for FNMA. Peterson Bank also participates in the secondary mortgage market by selling loans through an independent FHA and VA lender.

## C. Other Considerations

Protestant also alleges that consummation of the proposal would result in a decline in Applicant's capital and that Applicant would not be able to service the debt that it would incur as part of this proposal. The Board has reviewed the effects of this transaction on Applicant's financial resources and the resources of the subsidiary banks. Applicant's debt service projections appear reasonable and are consistent with the Board's guidelines. In addition, Applicant, its subsidiary banks, and Peterson Bank would remain "well capitalized" after consummation of this transaction.[12]

Accordingly, the Board concludes that financial and managerial resources and future prospects of CCC, MNC, and their respective subsidiary banks, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[13]

12. Applicant is purchasing shares of Peterson Bank that are subject to a voting agreement, and Protestant asserts that the agreement results in a bank holding company that has not obtained the necessary Board approval. Protestant bases this assertion on the fact that one party to the agreement previously had participated in another voting agreement.

The Board has reviewed the voting agreement in light of the Board's statement on Voting Trusts and Buy-Sell Agreements ("Policy Statement"). Secretary Letter to the Presidents of the Reserve Banks no. 2196, 2 FRRS ¶ 4.185 (May 4, 1972). In its Policy Statement, the Board determined that in most cases, a voting trust or buy-sell agreement would not be viewed as a "company" under section 2(b) of the BHC Act if the agreement:

(1) Relates only to the shares of a single bank;

(2) Terminates within 25 years;

(3) Engages in no other activity except to hold and vote the shares of a single bank; and

(4) Involves parties who are not participants in any other similar arrangement with respect to any other bank or nonbank business.

The Board's review of the agreement indicates that the agreement meets all the Policy Statement's criteria. The Board does not believe, as Protestant alleges, that the participation by a single member of this voting agreement in an agreement with a different group of individuals regarding an unrelated bank would cause the voting agreement involving Peterson Bank to constitute a "company" for purposes of the BHC Act. In addition, the Board notes that the Peterson Bank agreement does not involve Applicant or its shareholders, and terminates after consummation of this proposal. Based on these and all the other facts of record, the Board concludes that the voting agreement involving Peterson Bank does not violate the BHC Act.

Protestant also asserts that the participation of Peterson Bank's ESOP as a party to the agreement violates the Employees Retirement Income Security Act of 1974 ("ERISA"). The Department of Labor, which is the agency responsible for enforcing ERISA, has informed the Board that ERISA does not prohibit the ESOP from owning securities that are subject to the restrictions of the voting agreement.

Protestant also alleges that Peterson Bank and its officers and directors breached their fiduciary duty to the minority shareholders of Peterson Bank in negotiating and accepting Applicant's offer, as structured. These questions raise matters under state law governing shareholder rights and the fiduciary duty of corporate officers and directors. The courts have determined that the Board does not have authority under the BHC Act to consider these matters unless they directly relate to a factor specified in the BHC Act. *Western Bancshares, Inc., v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). After considering the managerial and financial resources of the Applicant, and reviewing the relevant examinations of Applicant's bank subsidiaries and Peterson Bank, the Board concludes that Protestant's comments on these matters do not reflect so adversely on the factors the Board is required to consider under the BHC Act as to warrant denial of this proposal.

13. The Protestant also alleges that a new issue of preferred shares may be purchased by controlling shareholders and that the shareholders have not made the appropriate filings under the Change in Bank Control Act ("CIBC

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 is expressly conditioned on Applicant's compliance with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 17, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## First Bancshares of Valley City, Inc.
## Valley City, North Dakota

*Order Approving the Merger of Bank Holding Companies*

First Bancshares of Valley City, Inc., Valley City, North Dakota ("First Bancshares"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of Insurance by Strehlow, Inc. ("Strehlow"), and thereby indirectly acquire The First State Bank of Casselton, both of Casselton, North Dakota.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 47,336 (1994)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

First Bancshares is the 25th largest commercial banking organization in North Dakota, controlling deposits of $57.1 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Strehlow is the 55th largest commercial banking organization in North Dakota, controlling deposits of $26.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Bancshares would become the 16th largest commercial banking organization in North Dakota, controlling deposits of $84 million, representing approximately 1.2 percent of total deposits in commercial banking organizations in the state.

First Bancshares and Strehlow do not compete directly in any relevant banking markets. Based on all the facts of record, the Board concludes that the acquisition of Strehlow and its subsidiary bank would not result in any significantly adverse effects on competition or concentration of banking resources in any relevant banking market. The Board also concludes that the financial and managerial resources and future prospects of First Bancshares, Strehlow, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of this application.

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

The acquisition of Strehlow shall not be consummated before the fifteenth calendar day following the effective date of this order, and neither transaction shall be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 11, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## KeyCorp
## Cleveland, Ohio

*Order Approving Acquisition of a Bank*

KeyCorp, Cleveland, Ohio ("KeyCorp"), and its wholly owned subsidiary, Key Bancshares of Maine, Inc., Portland,

Act"). Applicant has not issued the shares at this time, and thus it is uncertain whether a CIBC Act filing would be required.

1. Strehlow does not engage directly or indirectly in any nonbanking activities.

2. Asset and state deposit data are as of June 30, 1994.

Maine ("Key Maine"), both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Casco Northern Bank, N.A., Portland, Maine ("Bank"), and thereby indirectly acquire Bank's subsidiaries.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 52,306 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

KeyCorp, through Key Maine, is the second largest commercial banking organization in Maine, controlling deposits of $2 billion, representing 29.3 percent of total deposits in commercial banking organizations in the state.[2] Bank is the third largest commercial banking organization in Maine, controlling $895.5 million in deposits, representing 13.5 percent of total deposits in commercial banking organizations in the state.

*Douglas Amendment Analysis*

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside its 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 KeyCorp is Ohio.

The statute laws of Maine permit an out-of-state bank holding company, such as KeyCorp, to acquire a bank located in Maine.[4] Based on a review of the relevant state statutes, the Board has concluded that approval of this proposal is not prohibited by the Douglas Amendment. The Board's action on this proposal is specifically conditioned upon KeyCorp's receiving all required state approvals.

*Competitive Considerations*

KeyCorp and Casco compete directly in ten banking markets in Maine and one in New Hampshire. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets, in light of all the facts of record, including the characteristics of these markets, the increase in the concentration of total deposits in depository institutions[5] in these markets as measured by the Herfindahl-Hirschman Index ("HHI"),[6] and commitments made by KeyCorp.

In five banking markets in Maine, specifically Bridgton, Sanford, Augusta, Lewiston-Auburn, and Brunswick, an increase in the concentration of total deposits in depository institutions in the market, as measured by the HHI, indicates that the proposal could result in significantly adverse competitive effects. In order to mitigate the potential that this proposal may result in adverse competitive effects in these markets, KeyCorp has committed to divest branches in these five banking markets[7] to an acquiror that could purchase the branches without substantially lessening of competition in these markets.[8] After consummation of this proposal and the divestiture of the branch offices in these five banking markets, the competitive effect of this proposal in these markets would be consistent with the merger guidelines established by the Justice Department and the parameters applied by the Board in previous decisions.[9]

1. Bank controls twelve wholly owned subsidiaries that are engaged in holding assets acquired in the ordinary course of collecting a debt previously contracted in good faith.

2. State deposit data are as of June 30, 1994.

3. 12 U.S.C. § 1842(d). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

4. *See* Me. Rev. Stat. Ann. tit. 9-B, § 1013 (1993).

5. Market data are as of June 30, 1993. In this context, depository institutions include commercial banks, savings banks, and savings associations. 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 WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990), *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. The Bridgton banking market consists of the Cumberland County townships of Bridgton and Harriston, and the Oxford County townships of Denmark and Sweden. The Sanford banking market consists of the York County townships of Acton, Alfred, Limerick, Newfield, Sanford, Shapleigh, and Waterboro. The Augusta banking market consists of the Augusta RMA plus the Somerset County townships of Canaan and Smithfield; the Waldo County townships of Freedom, Palermo, Thorndike, Troy, and Unity; the Lincoln County townships of Jefferson, Somerville, Whitefield, and Hibberts Gore; the Knox County townships of Washington; and the Kennebec County townships of Albion, Belgrade, China, Clinton, Fayette, Litchfield, Monmouth, Mount Vernon, Rome, Sydney, Smithfield, Vienna, Wayne, and Windsor. The Lewiston-Auburn banking market consists of the Lewiston-Auburn RMA plus the Androscoggin County townships of Durham, Leeds, Turner and Wales; the Oxford County township of Hebron; and the Cumberland County township of New Gloucester. The Brunswick banking market consists of the Brunswick/Bath RMA plus the Sagadahoc County townships of Arrowsic, Bowdoin, Georgetown, Phippsburg, and Woolwich; and the Lincoln County townships of Alna, Dresden, Westport, and Wiscasset.

8. KeyCorp has committed to sell these branches either to an organization that does not currently operate in these markets or to certain in-market competitors.

9. Taking the proposed divestitures into account, upon consummation of this proposal, the HHI in these five banking markets would not increase by more than the following amounts: Bridgton would remain at 3547; Sanford

KeyCorp and Bank also compete in the Portland and Bangor banking markets. In the Portland banking market,[10] KeyCorp would, absent divestitures, become the largest depository institution in the market upon the acquisition of Bank, controlling $1.1 billion in deposits, representing approximately 33.3 percent of total deposits in depository institutions in the market. In connection with this proposal, KeyCorp has committed to divest branches in these markets to an out-of-market competitor, or to a specific in-market, full-service competitor. Upon consummation of this proposal, and after completing the proposed divestitures, the HHI would increase by no more than 368 points to 2167.[11] A number of factors indicate that the increase in concentration levels in the Portland banking market, as measured by the HHI, tend to overstate the competitive effects of this proposal. For example, upon consummation of this proposal, 13 depository institutions would remain in the market, several with significant market shares. The divestiture of approximately $127 million of deposits and $118 million of loans in this market would create a strong competitor to replace Bank. In addition, the Portland banking market is relatively attractive for entry, with two new banks having entered this market between 1991 and 1994. Finally, credit unions have a competitive effect on banking services offered in the Portland banking market.[12]

In the Bangor banking market,[13] KeyCorp would become the second largest depository institution after acquiring Bank, controlling $174 million of deposits, representing approximately 22.7 percent of total deposits in depository institutions in the banking market. The HHI would increase by 214 points to 2076. A number of factors indicate that the increase in concentration levels in the Bangor banking market, as measured by the HHI, tend to overstate the competitive effects of this proposal. Upon consummation of this proposal, eight depository institutions would remain in this market, several of which would have a significant market share. In addition, the market is relatively attractive for entry as evidenced by the entry to this market of one new bank and two *de novo* entrants during 1991 and 1992, and credit unions also have a competitive effect on banking services offered in this market.[14]

Consummation of this proposal in the remaining banking markets where KeyCorp and Bank compete would not exceed Justice Department guidelines and numerous competitors would remain in each of these banking markets.[15] In accordance with the BHC Act, the Board has sought comments from the Justice Department on the competitive effects of this proposal. The Justice Department has indicated that, in light of the proposed divestitures, this proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. Based on all the facts of record, including the facts discussed above and the divestitures proposed by KeyCorp,[16] the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.[17]

The Board also has concluded that the financial and managerial resources and future prospects of KeyCorp and Bank and their respective subsidiaries, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[18]

would remain at 2165; Augusta would increase by 199 points to 2083; Lewiston-Auburn would increase by 199 points to 2212; and Brunswick would increase by 414 points to 1763.

10. The Portland banking market consists of the Portland RMA plus the Cumberland County townships of Baldwin, Casco, Naples, Pownal, Sebago; and the York County townships of Dayton, Hollis, Kennebunkport, Limington, Lyman, North Kennebunkport, and the city of Biddeford.

11. Market share data are based on calculations in which the deposits of Peoples Heritage Savings Bank, Portland, Maine ("Peoples Bank") are included at 100 percent. The deposits of all other thrifts in this market are included at 50 percent. The Board previously has indicated that Peoples Bank offers all or virtually all of the cluster of banking products and services, including commercial loans, and, thus, is a full competitor of commercial banks. *See Peoples Heritage Financial Group*, 80 *Federal Reserve Bulletin* 755 (1994); *Fleet/Norstar Financial Group, Inc.*, 77 *Federal Reserve Bulletin* 750 (1991). In the Portland banking market, Peoples Bank ranks second in market deposits, and non-real-estate commercial loans outstanding as of June 30, 1994, accounted for 9.7 percent of total assets.

12. There are 28 credit unions in this market, controlling approximately 19 percent of the combined deposits in depository institutions and credit unions in the market, which is substantially higher than the 5.6 percent national average of deposits controlled by credit unions.

13. The Bangor banking market consists of the Bangor RMA plus the Penobscot County townships of Alton, Amherst, Argyle, Bradford, Bradley, Carmel, Charleston, Clifton, Corinth/East Corinth, Dixmont, Etna, Greenbush, Greenfield, Hudson, LaGrange, Levant, Milford, Newburgh, and Stetson; the Hancock County townships of Bucksport, Castine, Dedham, Orland, Otis, and Verona; the Waldo County townships of Frankfort, Prospect, and Stockton Springs; and the unorganized townships T1N.D. and T32M.D.

14. There are 11 credit unions in this market, controlling approximately 17 percent of the combined deposits in depository institutions and credit unions in the market.

15. The changes in the HHI in the three remaining banking markets in Maine would be as follows: Damariscotta would increase by 59 points to 3615; Ellsworth would increase by 70 points to 2195; and Rockland would increase by 77 points to 3250. The HHI in the Portsmouth-Dover-Rochester, New Hampshire, banking market would increase 7 points to 1090.

16. As part of its commitment to divest branches in the Bridgton, Sanford, Augusta, Lewiston-Auburn, Brunswick and Portland banking markets, KeyCorp has committed to execute sales agreements for each of the proposed divestitures prior to consummation of this proposal, and to complete these divestitures within 180 days of consummation. KeyCorp also has committed that in the event it is unsuccessful in completing these divestitures within 180 days of consummation of the proposal, it will transfer these branch offices to an independent trustee that will be instructed to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991).

17. The Board received comments from an individual ("Protestant") alleging that this proposal would have anti-competitive effects on banking services in Maine. For the reasons set forth above, the Board concludes that competitive considerations are consistent with approval of this application.

18. In evaluating financial and managerial resource considerations, the Board carefully considered comments received from Protestant alleging that lax management and supervision by KeyCorp have resulted in excessive expenses for its Maine operations. Protestant has provided no evidence to support these allegations. The Board has carefully reviewed these allegations in light of all facts of record, including relevant reports of examination. The Board notes that the findings and conclusions in these examinations do not support Protestant's allegations. The Protestant also commented on other

Considerations relating to convenience and needs of the communities to be served also are consistent with approval.[19]

Based on the foregoing and all the other facts of record, the Board has determined that the application should be, and hereby is, approved.[20] The Board's approval of this proposal is expressly conditioned on KeyCorp's compliance with all the commitments made in connection with this application, and on the receipt by KeyCorp and its subsidiary banks of all necessary approvals from federal and state regulators. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 17, 1995.

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

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*Deputy Secretary of the Board*

aspects of the operations of KeyCorp and its subsidiary banks, including their record under the Community Reinvestment Act and transactions and dealings between the Protestant and KeyCorp's subsidiary banks. All of these concerns were carefully reviewed and considered by the Board in connection with KeyCorp's application to acquire BANKVERMONT Corporation. *See BANKVERMONT Corporation*, 81 *Federal Reserve Bulletin* 160 (1995). For the reasons explained in that order, and based on all facts of record, the Board does not believe that the comments warrant denial of this proposal.

19. In connection with this application, the Board received 21 comments from individuals, organizations, local businesses and public officials supporting this proposal and commending KeyCorp for its commitment to its community, and, in particular, its commitment to meeting the credit and banking needs of local citizens and businesses.

20. Protestant has requested that the Board hold a public meeting or hearing on this application. Section 3(b) of the BHC Act does not require the Board to hold a public 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 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 Protestant's request. In the Board's view, Protestant has had ample opportunity to present written submissions, and Protestant has submitted substantial written comments that have been considered by the Board in connection with this application and KeyCorp's application to acquire BANKVERMONT Corporation. In light of the foregoing and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record on this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on this application is denied.

## Peak Banks of Colorado, Inc.
## Nederland, Colorado

*Order Approving Formation of a Bank Holding Company*

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

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 35,122 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Applicant is a nonoperating corporation formed for the purpose of acquiring Bank. Bank is the 97th largest commercial banking organization in Colorado, controlling deposits of approximately $40 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Based on all the facts of record, including the fact that this transaction constitutes a corporate reorganization, the Board believes 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. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board also concludes that the financial and managerial resources and future prospects of Applicant and Bank, and the convenience and needs and other supervisory factors that the Board is required to consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is expressly conditioned on compliance with all the commitments made by Applicant, including commitments made by the principals of Applicant, 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 transaction shall not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months after the effective date of

1. This transaction constitutes a reorganization of interests by the shareholders of Bank. After consummation of this transaction, all shareholders of Bank would become shareholders of Applicant.

2. Deposit data are as of September 30, 1994.

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 30, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Whitney Holding Corporation
## New Orleans, Louisiana

*Order Approving the Acquisition of a Bank*

Whitney Holding Corporation, New Orleans, Louisiana ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of Whitney Bank of Alabama, Mobile, Alabama ("Alabama Bank"), a *de novo* bank. Following consummation of this transaction, Alabama Bank would acquire substantially all the assets and assume substantially all the liabilities of five of the nine branches of Peoples Bank, Elba, Alabama ("Peoples Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 53,988 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

Applicant, a one-bank holding company, is the fourth largest commercial banking organization in Louisiana, controlling approximately $2.4 billion in deposits, representing approximately 7.2 percent of total deposits in commercial banks in the state.[1] Peoples Bank is the 19th largest commercial banking organization in Alabama, controlling deposits of approximately $174.3 million, representing less than 1 percent of total deposits in commercial banking organizations in Alabama. Upon consummation of the proposal, Applicant would become the 43d largest commercial banking organization in Alabama, controlling approximately $92 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.

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

*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 control of 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."[2] For purposes of the Douglas Amendment, Applicant's home state is Louisiana.[3]

Alabama[4] and Louisiana[5] have enacted banking statutes that permit out-of-state bank holding companies to acquire banks in their respective states, provided that the home state of the acquiring bank holding company permits the acquisition of banks in that state on a reciprocal basis. The Alabama state banking supervisor concluded that Applicant's proposal is authorized under Alabama law and has approved this transaction. In light of the foregoing, and based on an analysis of the interstate banking statutes involved, the Board has determined that its approval of this proposal is not prohibited by the Douglas Amendment.

*Convenience and Needs Considerations*

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

The Board received comments from the Plaisance Development Corporation ("Protestant"), maintaining that Applicant and its subsidiary bank, Whitney National Bank, New Orleans, Louisiana ("Whitney"), have failed to meet the banking needs of all segments of Whitney's delineated

1. Banking data are as of September 30, 1994.

2. 12 U.S.C. § 1842(d).

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

4. Ala. Code § 5-31A-1 *et seq.* (West Supp. 1994).

5. La. Rev. Stat. Ann. § 6:531 *et seq.* (West Supp. 1994).

6. 12 U.S.C. § 2903.

communities,[7] especially African Americans, and to comply with fair lending laws.[8] Protestant also contends that disparities in the rates of home-related loan applications from and loan originations to African Americans compared with those for white residents in Whitney's 1992 and 1993 data collected under the Home Mortgage Disclosure Act ("HMDA") indicate illegal discrimination.[9]

The Board has carefully reviewed the CRA performance record of Whitney, all comments received on this application, including Whitney's response to these comments, and all other facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[10]

*Record of CRA Performance*

## A. Evaluation of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[11] The Board notes that Whitney received a "satisfactory" rating from its primary federal supervisor, the Office of the Comptroller of the Currency ("OCC"), at its most recent examination for CRA performance as of November 16, 1994 ("1994 CRA Examination"). Peoples Bank also received a "satisfactory" rating from its primary federal supervisor, the Federal Deposit Insurance Corporation, at its most recent CRA performance examination as of January 18, 1994.

## B. HMDA Data and Lending Practices

The Board has carefully reviewed Whitney's 1992, 1993, and preliminary 1994 HMDA data in light of Protestant's comments. In general, these data indicate an improvement in Whitney's record of HMDA-reported loans to African Americans in its delineated communities. For example, the 1993 HMDA data indicate an increase in the number and percentages of HMDA-reported loans originated to African Americans in Whitney's New Orleans and Lafayette delineated communities. The preliminary 1994 HMDA data indicate an increase in loan applications from and loan originations to African Americans in each of Whitney's New Orleans, Baton Rouge and Lafayette delineated communities.[12] However, these data also reflect disparities at Whitney in the rate of loan originations, denials, and applications by racial group or income level.

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

The Board has carefully reviewed Protestant's allegations regarding Whitney's record in lending to minorities, particularly African Americans, in light of information from its primary supervisor, the OCC. The report of the 1994 CRA Examination ("1994 CRA Examination Report") stated that examiners found no evidence of prohibited discrimination or any practices or procedures that would discourage applications for available credit from any segment of Whitney's delineated communities, or other illegal credit practices. Examiners also found that Whitney was in compliance with the substantive provisions of the fair lending laws. Moreover, examiners reported that the geographic distribution of Whitney's HMDA-reported loan applications, approvals, and denials represents a reasonable penetration of all segments of its delineated communities, including low- and moderate-income areas. In addition, the OCC conducted a fair lending review as part of its 1994 CRA Examination of Whitney and found no evidence of illegal discriminatory treatment of minority applicants. The 1994 CRA Examination Report also noted that Whitney has adopted adequate policies, procedures, and training pro-

7. Whitney's three delineated communities include New Orleans (Orleans, Jefferson, and St. Tammany Parishes), Baton Rouge (East Baton Rouge Parish), and Lafayette (Lafayette Parish).

8. In particular, Protestant alleges that Applicant and Whitney have failed to:

(1) Develop and implement CRA policies;

(2) Provide capital and financing to African American homeowners;

(3) Provide funds, grants, and loans to African American community organizations;

(4) Provide capital to businesses owned by African Americans,

(5) Participate in community development projects to improve economic opportunities in African American communities; and

(6) Locate branches in African-American communities.

9. Protestant also maintains that several factors contribute to Applicant's and Whitney's alleged failure to comply with fair lending laws, including the following: delineation of service areas to exclude the African-American community; solicitation of real estate agents and developers serving predominately white residential areas; employment of few African American loan officers; use of a compensation program for lending officers that provides incentives to solicit and originate mortgages only on higher-priced homes; failure to use media and images oriented to the African American community in advertising its loan products; and infrequent marketing of its Federal Housing Administration, Veterans Administration, and Small Business Administration loan products in the African American community.

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

11. *Id.* at 13,745.

12. Beginning in 1994, Whitney has excluded data on loans sold into the secondary market in its HMDA reporting at the request of the OCC. The Board's analysis of Whitney's preliminary 1994 HMDA data includes such loans for purposes of comparison with prior years.

grams, including fair lending training, to support nondiscriminatory lending decisions.[13]

Whitney has taken several steps to increase its lending to minority and low- and moderate-income borrowers. For example, Whitney has a second review process for all mortgage, small business, and consumer loan applications recommended for denial to determine whether a denial is justified, and to determine whether there are alternative means of meeting the applicant's credit needs. This process is designed to ensure that all applicants, including minority and low- and moderate-income applicants, receive equitable consideration in credit decisions.

In addition, in late 1993, Whitney initiated a special loan product through its Neighborhood Housing Program that focuses on low- and moderate-income borrowers. This product, which is available in each of Whitney's delineated communities, offers a below-market interest rate for borrowers with income under 80 percent of median income, and offers an even lower rate for borrowers with income under 50 percent of median income. The product also provides for higher than standard debt-to-income ratios, non-traditional methods of establishing credit histories, and reduced down payments and closing costs, and requires no private mortgage insurance, discount points or origination fees. The 1994 CRA Examination Report found that, as of October 1994, Whitney had made 144 loans under its Neighborhood Housing Program, totalling more than $7 million. Seventy-six of these loans, totalling $3.4 million, were to African Americans.

In 1994, Whitney began underwriting loans through Federal Housing Administration ("FHA") and Veterans Administration ("VA") loan programs. Examiners reported that, as of October 1994, Whitney had made FHA and VA loans totalling more than $850,000. In addition, in 1994, Whitney began participating in the Louisiana Housing Finance Agency Bond Program. The Board notes that Whitney also implemented a goal-oriented, incentive-based compensation plan as part of its efforts to encourage housing-related loans to low- and moderate-income residents.

Whitney also assists in meeting the affordable housing needs of minority and low- and moderate-income residents throughout its delineated communities through active participation in various affordable housing programs and projects of government agencies, non-profit organizations, and private businesses. For example, through its Neighborhood Housing Program, Whitney works closely with several non-profit housing organizations that offer homebuyer training programs for low- to moderate-income residents, including Neighborhood Housing Services ("NHS") of New Orleans, Inc., St. Tammany Community Homeowner Counseling Center, and various housing authorities in its New Orleans community; NHS of Lafayette LA, Inc., in its Lafayette community; and Mid City Redevelopment Alliance and Second Chance Academy in its Baton Rouge community. Since October 1993, Whitney has funded 60 mortgage loans, totalling $3.2 million, to clients of NHS of New Orleans, Inc., and nine mortgage loans, totalling approximately $427,000, to clients of NHS of Lafayette, LA, Inc., both non-profit corporations that assist minorities and low- and moderate-income residents in obtaining flexible-term mortgage loans and meeting down payment and closing costs. During this same period, Whitney also made 25 mortgage loans totalling approximately $1.2 million to low- and moderate-income graduates of the Neighborhood Development Foundation's Homebuyer Training Program.

In addition, Whitney has financed 36 mortgage loans to African-American borrowers, totalling more than $865,000, through the New Orleans Home Mortgage Authority PRIDE Program ("NOHMA"), which provides interest-free loans for up to one-half of the down payment and closing costs in connection with Whitney mortgage loans. Whitney also participates in a program sponsored by the City of New Orleans, "Inner-City Vision: A Plan for Today and Tomorrow," which has designated 12 inner-city neighborhoods for redevelopment.[14] In addition, Whitney extended a line of credit to a community-based organization in Baton Rouge for the purchase of houses formerly owned by the U.S. Department of Housing and Urban Development that will be sold to low-income residents. Moreover, Whitney extended a line of credit to a minority mortgage company that focuses on lending in minority neighborhoods in New Orleans.

In the past four years, Whitney has extended a line of credit to a developer to fund the rehabilitation of more than 150 residences in New Orleans that he subsequently sold to low- and moderate-income homeowners, including African Americans. In addition, in the last two years, Whitney loaned up to $3 million to renovate 124 affordable housing rental units in a New Orleans apartment complex in which the majority of the residents are African Americans. In its Baton Rouge community, Whitney has loaned more than $530,000 to purchase and renovate four low- and moderate-income apartment complexes, with predominantly African-American residents. Whitney also has made annual contributions exceeding $250,000 to various neighborhood, housing, and other organizations, including those that pri-

13. Whitney responded to Protestant's comments that Whitney employs few minority lending officers by noting that the managers of Whitney's Mortgage Loan Operations, its Neighborhood Housing Program, and many of its branches are minorities. In addition, Whitney notes that, in September 1994, it hired a minority as the full-time mortgage lending officer for the Baton Rouge community.

14. Whitney also donated funds to cover start-up costs to help establish New Orleans and Baton Rouge offices of the Local Initiatives Support Corporation ("LISC"), a national nonprofit organization that assists in organizing community development companies to redevelop low- and moderate-income neighborhoods.

marily benefit African Americans, in its delineated communities.

To help meet consumer credit needs of low- and moderate-income residents, including minorities, Whitney offers its "Opportunity Loan" product, which provides smaller loan amounts and flexible underwriting criteria to assist low- and moderate-income borrowers who otherwise might not qualify for credit. Since the product's inception in December 1993, Whitney has made 108 loans totalling $232,000, including 46 loans totalling $101,000 in predominantly minority census tracts. In addition, Whitney offers a secured credit card to assist persons who have had difficulties establishing or re-establishing credit. Whitney also offers a Senior Economic Checking Account, which has no monthly charges, as well as government check cashing services.

## C. Small Business Lending

Whitney also actively engages in small business lending, with special programs focusing on minority-owned businesses and businesses in low- and moderate-income areas. Whitney has established an Economic Development Lending Department, which specializes in making loans to entrepreneurs and owners of existing small businesses, who do not meet all the requirements for conventional commercial bank financing. Whitney also participates in numerous federal and state government-related small business loan programs. For example, Whitney began participating in Small Business Administration ("SBA") loan programs in 1993. As a certified SBA lender, Whitney participates in various SBA lending programs, including the SBA Women Prequalified Loan Program and the SBA Small Loan Pilot Program, and had SBA loans outstanding totalling approximately $4.9 million as of October 1994.

In addition, Whitney invested $250,000 in the New Orleans Small Business and Industrial Development Corporation, Inc., a private community development financial institution that makes loans to small businesses within the city, and funded three such loans totalling $400,000, including two loans to African Americans. As of year end 1994, Whitney had made seven loans totalling $500,000 through the Jefferson Parish Economic Development Commission ("JEDCO"). In addition, Whitney committed $1 million to the JEDCO Loan Pool, the first commercial bank pool for small business loans in southern Louisiana. Whitney also made 15 loans totalling approximately $5 million in conjunction with the Regional Loan Corporation ("RLC"), which administers a number of economic development loan programs for the City of New Orleans and surrounding parishes. In 1994, Whitney donated funds to help establish the Louisiana Capital Certified Development Corporation, the certified development corporation for Lafayette Parish, and loaned approximately $93,000 through the corporation.

As of October 1994, Whitney had approximately $25 million in loans outstanding under these and other government-related small business loan programs, including $2.8 million in loans through the Louisiana Small Business Linked-Deposit Program, through which small business borrowers receive loans with below-market interest rates, and $9 million in industrial revenue bond loan participations. In addition, Whitney loaned $100,000 for the organizational expenses of a new minority-owned depository institution in New Orleans.

## D. Ascertainment and Marketing

Whitney uses various methods to ascertain community credit needs and to reach all segments of its delineated communities. The 1994 CRA Examination Report stated that Whitney established a formal ascertainment program that is administered by the Community Affairs Officer and supervised by the CRA Officer. In 1993, Whitney implemented a Needs Ascertainment Program, under which Whitney's calling officers have made 140 community contacts and have held many meetings with government representatives.

The 1994 CRA Examination Report stated that bank employees also participated in numerous trade shows, special events, and bank fairs throughout Whitney's delineated communities, featuring home buyer, affordable housing, and small business lending programs. In addition, Whitney participated in affordable housing seminars for real estate professionals. Whitney also has conducted educational workshops and credit seminars in cooperation with a university and various community organizations that primarily serve the African-American community, including workshops and seminars in minority churches, and has contacted residents of local housing projects.

In addition, examiners reported that Whitney's marketing program is designed to reach all segments of its delineated communities. Whitney markets its products and services through a variety of advertising methods, including print and broadcast media and billboards. These activities include marketing efforts directed toward African Americans and Hispanics, such as advertising in newspapers circulated primarily in the African-American and Hispanic communities. Whitney also has increased the use of minority models in its advertising. In April 1994, Whitney began a cultural diversity media campaign, including a series of advertisements in minority publications, which features many African Americans and the diverse cultures of the region.

## E. Community Delineation and Branch Locations

The 1994 CRA Examination Report indicated that Whitney's delineation of its three communities using parish boundaries is reasonable, is consistent with Whitney's size and resources, and does not arbitrarily exclude low- and moderate-income areas. Examiners noted that Whitney's branches are reasonably accessible to all segments of its community, including low- and moderate-income neighborhoods.

The Board notes that, of Whitney's 44 branches, 18 are located in or immediately adjacent to low- and moderate-income census tracts, which also represent predominantly African-American neighborhoods. In addition, examiners reported that Whitney added loan officers in various branches, including branches in Lafayette and Baton Rouge, to make mortgage lending services more accessible and extended business hours at 27 branches to accommodate all segments of its delineated community. The Board notes that Whitney had only one branch in its Baton Rouge delineated community until March 1994, when it acquired six additional branches, of which three are located in or adjacent to predominantly African-American census tracts.

The 1994 CRA Examination Report also indicated that Whitney has a comprehensive branch closing policy, which requires an assessment of the adverse impact that a closing would have on the branch's community. The Board notes that Whitney has not closed any branches in the last nine years.

## F. CRA Policies and Procedures

Whitney has adopted and implemented formal CRA policies and procedures consistent with an effective CRA program. The 1994 CRA Examination Report stated that Whitney's board of directors has adopted a CRA strategic plan that outlines CRA goals and objectives and provides specific strategies to achieve them. Examiners also reported that the CRA Committee has adopted CRA action plans for each of Whitney's three delineated communities.

In addition, examiners reported that the board of directors maintains active oversight of Whitney's CRA program through various reporting mechanisms, including monthly reports on Whitney's CRA activities, quarterly CRA monitoring reports that inform the board of directors and senior management of progress in implementing the CRA strategic plan, and annual CRA self-assessment reports that evaluate Whitney's CRA activities and recommend improvements. The board of directors also receives needs ascertainment reports that identify community needs and actions taken to address such needs, and geographic loan distribution analyses that report Whitney's loans and deposits by census tract. In addition, examiners noted that Whitney provides fair lending and cultural diversity training to its employees at all levels, including the board of directors.[15]

*Conclusion on Convenience and Needs Factors*

On the basis of all the facts of record, including information provided by the Protestant, Applicant's responses, and the relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA performance records of the institutions involved in the proposal, are consistent with approval of this application. The Board will monitor and assess the success of Whitney's continued efforts to increase its lending to minorities and low- and moderate-income borrowers in, and to residents in minority and low- and moderate-income areas of, each of its delineated communities, especially its Baton Rouge and Lafayette communities, in connection with future applications by Applicant to expand its deposit-taking facilities.

*Other Considerations*

The Board also has reviewed information concerning the financial and managerial resources and future prospects of Applicant and Alabama Bank and the other supervisory factors the Board must consider under section 3 of the BHC Act, and concludes that these factors are consistent with approval of this proposal.

*Conclusion*

Based on the foregoing, including all the facts of record, the Board has determined that this application should be, and hereby is, approved.[16] The Board's approval is conditioned on Applicant's compliance with all commitments made in connection with this application. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions

15. Applicant has committed to implement its CRA program at Alabama Bank. In particular, Applicant has committed to adopt a CRA strategic plan and a CRA action plan tailored to the needs of Alabama Bank's delineated community, which include elements that address active involvement of Alabama Bank's board of directors and its CRA Committee in CRA planning and implementation; effective ascertainment of the credit needs of Alabama Bank's delineated community; affordable housing programs and consumer loan products targeted to low- and moderate-income residents, including minorities; government-related small business products; implementation of a second review process substantially similar to Whitney's second review process, discussed above; marketing and media plans and significant outreach and educational efforts by Alabama Bank's staff to reach all segments of Alabama Bank's delineated community; analyses of the geographic distribution of Alabama Bank's loans and deposits with action plans to take appropriate steps to provide Alabama Bank's products and services to all segments of its delineated community; and fair lending and cultural diversity training for all of Alabama Bank's employees.

16. Protestant also appears to maintain that Applicant and Whitney discriminate against African Americans in their employment practices. The Board notes that, because Whitney employs more than 50 people, serves as a depository of government funds, and acts as agent in selling or redeeming U.S. savings bonds and notes, Applicant and its subsidiaries are subject to regulations enforceable by the Department of Labor that require:

(1) The filing of annual reports with the Equal Employment Opportunity Commission; and

(2) A written affirmative action compliance program which states efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel. *See* 41 C.F.R. 50-1.7(a), 60-1.40.

imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 24, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## *Orders Issued Under Section 4 of the Bank Holding Company Act*

## BNCCORP, INC.
## Bismarck, North Dakota

### *Order Approving Notice to Conduct Data Processing Activities*

BNCCORP, INC., Bismarck, North Dakota ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) of its intention to acquire all the voting shares of JMS Systems, Inc., Bismarck, North Dakota ("Company"), and thereby engage in data processing and data transmission activities pursuant to section 225.25(b)(7) of Regulation Y for depository institutions such as banks and savings associations ("financial institutions") and for other customers. Company's activities would be limited to data processing and transmission services, and would not include the provision of management assistance or advice to any financial institution or other customer.[1]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 30,587, 61,895 (1994)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with $144.4 million in total consolidated assets, is the 11th largest commercial banking organization in North Dakota, controlling $119.8 million in deposits.[2] Applicant operates three subsidiary banks in North Dakota. Company is a going concern with offices in Bismarck, North Dakota.

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has previously determined that certain data processing activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act. In particular, Regulation Y permits bank holding companies to provide data processing and transmission services, facilities, data bases, or access to such services, facilities, or data bases by any technological means, so long as the data to be processed or furnished are "financial, banking, or economic" in nature.[3] Applicant proposes to provide comprehensive data processing services needed in the operation of a financial institution.[4] Except as discussed below, all of Company's proposed activities would specifically involve financial, banking, or economic data, and Applicant has committed that Company will conduct its data processing and transmission activities in accordance with the requirements set forth in Regulation Y, including the limitation on the nature of the data to be processed or furnished.[5]

Company's proposed activities would include processing certain nonfinancial data, such as personnel information, for financial institutions in their internal operations. Services relating to such nonfinancial data would be provided only as part of a larger package of data processing services to a financial institution, and would not be offered on a stand-

1. For example, in providing data processing services to financial institutions for loan processing and credit analysis, Company would not make lending or credit decisions for its customers, would not process loan or credit applications using the underwriting or credit standards of a bank affiliated with Company, and would not provide software that incorporates the underwriting or credit standards of any such affiliated bank.

2. Asset and deposit data are as of September 30, 1994.

3. *See* 12 C.F.R.225.25(b)(7). Regulation Y also requires that the services be provided pursuant to a written agreement, and places certain limitations on the facilities and hardware provided with the data processing services. In particular, the facilities must be designed, marketed, and operated for the processing and transmission of financial, banking, or economic data; hardware must be provided only in conjunction with permissible software; and general purpose hardware must not constitute more than 30 percent of the cost of any packaged offering. *See id.*

4. These data processing activities are described in the Appendix, and include services relating to matters such as deposit account transactions and securities recordkeeping. Company also proposes to provide data processing services that the Board has previously determined are permissible for bank holding companies to provide to nonfinancial customers, such as accounts receivable and payable services. These services also are described in the Appendix.

5. The data processing activities that Company would conduct pursuant to section 225.25(b)(7) of Regulation Y are described in the Appendix. Company also would provide data processing and transmission services for affiliates pursuant to section 4(c)(1)(C) of the BHC Act and section 225.22(a) of Regulation Y. In addition, as an incident to its data processing activities conducted pursuant to section 225.25(b)(7) of Regulation Y, Company would provide excess capacity, by-products of permissible data processing activities, and data processing services not otherwise reasonably available in the relevant market area in accordance with the Board's regulations and interpretations. *See* 12 C.F.R. 225.21(a)(2); 12 C.F.R. 225.123(e).

alone basis or to customers other than financial institutions. Applicant notes that nonfinancial data processing would constitute a relatively small portion of Company's services, but contends that this aspect of the proposal would permit Company to offer competitively complete data processing services to financial institutions.

Data processing services for financial institutions relate largely to financial and banking data. However, financial institutions must also process some nonfinancial information to support their internal operations. These data typically represent a relatively small percentage of the data processing activities of financial institutions. The Board believes that processing nonfinancial data is a necessary part of providing general data processing services to financial institutions. The Board has concluded that the proposed activity is incidental to providing data processing services for financial institutions, and, therefore, is permissible under section 4 of the BHC Act and Regulation Y.[6]

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board also considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on those resources.[7] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

In order to approve this notice, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the performance of the proposed activities by Applicant through Company "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that the participation of Company in the market for the proposed data processing services would maintain or increase the level of competition among providers of those services. The Board also anticipates that Company's proposed activities would result in a wider range of services and products, enhanced efficiency, and increased convenience for customers. In addition, there is no evidence in the record that consummation of the proposed activities would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has concluded that the balance of the public interest factors it is required to consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable, and consistent with approval of this notice.

6. *See* 12 C.F.R. 225.21(a)(2).

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

Based on all the facts of record, the Board has determined that the notice should be, and hereby is, approved.[8] The Board's approval is specifically conditioned on compliance with the commitments made in connection with this notice and with the conditions referred to in this order. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 9, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Appendix

(1) Company would provide data processing services to financial institutions relating to the following areas of operation: opening and closing customer accounts; deposits, loan payments, and other account transactions; account reconciliation, the calculation of account balances, fees, and interest payments, and the preparation of account statements; the issuance of certificates of deposit; credit analysis and financial modeling; monitoring of data processing costs; access to financial and economic data bases; bill payments and other home banking transactions (for example, opening or closing accounts, or transferring funds between accounts); check collection and processing; loan processing and documentation; trade finance; cash management; bank retail operations; tax documentation; signature verification;

8. Company also may develop additional data processing and transmission services not described in the notice. Applicant has committed that it will consult with the Federal Reserve System before Company commences any new activity not described in the notice to ensure that the activity satisfies the criteria set forth in the BHC Act and Regulation Y, and to allow the Federal Reserve System to consider whether a separate notice should be reviewed in any particular case.

lockbox operations; securities recordkeeping; and general recordkeeping.
(2) Company would provide data processing services to other customers relating to the following areas: billing and payroll; accounts receivable and payable; inventory; accounting and bookkeeping; economic forecasting; and access to financial and economic data bases.
(3) Company would provide on-line data processing and transmission services; home banking and bill payment services; data processing services with computer output to optical digital disks, and related storage, retrieval, processing, and transmission capabilities; and on-site data processing and transmission facilities.
(4) As an incident to the foregoing activities, Company would purchase, sell, rent, and maintain electronic equipment used to perform permissible data processing and transmission services subject to the specific limits in section 225.25(b)(7) of Regulation Y.

## State Street Boston Corporation
## Boston, Massachusetts

*Order Approving Acquisition of a Nonbanking Company*

State Street Boston Corporation, Boston, Massachusetts ("State Street"), 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) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to acquire IFTC Holdings, Inc., and its wholly owned subsidiary, Investors Fiduciary Trust Company ("Company"), both of Kansas City, Missouri, and thereby engage in providing trust and custody services and transfer, paying, clearing, and settlement agency services to mutual funds and other entities pursuant to section 225.25(b)(3) of Regulation Y (12 C.F.R. 225.25(b)(3)). Company also proposes to engage in providing administrative services to mutual funds.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 64,427 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4 of the BHC Act.

State Street, with total consolidated assets of approximately $22.4 billion, operates one commercial bank subsidiary, State Street Bank and Trust Company, Boston, Massachusetts ("Bank"). Through offices in 32 locations worldwide, State Street also provides a broad range of financial asset services, such as corporate trusteeship, domestic and global custody arrangements, and portfolio accounting.

Company is a Missouri state-chartered trust company insured by the Federal Deposit Insurance Corporation ("FDIC") that engages in trust and fiduciary activities, as well as activities that are not permitted for trust companies under the BHC Act, including significant nonfiduciary deposit-taking, incidental commercial lending, offering FDIC-insured deposits through its affiliates, and using the Federal Reserve System's payment services. Company operates under a special exemption from the definition of "bank" under the BHC Act.[2] The BHC Act provides that Company loses its special exemption upon a change in ownership.[3]

State Street proposes to operate Company as a trust company and not as a bank as defined in the BHC Act.[4] State Street has made a number of commitments to conform Company's activities to those of a trust company. In particular, Company proposes to divest all its nonfiduciary and demand deposit accounts within 90 days after its acquisition by State Street, and to cease marketing FDIC-insured deposits through its affiliates immediately after its acquisition by State Street. Moreover, within one year of consummation, Company proposes to terminate all deposit taking, terminate its FDIC deposit account insurance, and cease to be an insured bank under section 3(h) of the FDI Act (12 U.S.C. § 1813(h)). Within a year, Company also proposes to terminate making incidental commercial loans to its mutual fund clients and using the Federal Reserve payment system.[5] Company's long-standing operations have been conducted under a specific legislative grant of authority, and State Street contends that a shorter divestiture period would cause significant operational difficulties. The Board believes, in light of the facts in this case, that permitting Company a year to conform the activities of

1. A list of the proposed administrative services is included in the Appendix.

2. The Competitive Equality Banking Act of 1987 ("CEBA") amended the definition of "bank" in section 3 of the BHC Act to include any organization that is an insured bank within the meaning of the Federal Deposit Insurance Act ("FDI Act"). *See* 12 U.S.C. § 1841(c)(1)(A). CEBA also enacted section 2(c)(2)(I) of the BHC Act that specifically exempts Company by name from this amended definition. *See* 12 U.S.C. § 1841(c)(2)(I).

3. 12 U.S.C. § 1841(c)(2)(I). Company does not qualify for the exception from the definition of bank that is provided in section 2(c)(2)(D) of the BHC Act (12 U.S.C. § 1841(c)(2)(D)).

4. The law of Company's home state (Missouri) does not authorize the acquisition of Missouri banks by Massachusetts bank holding companies.

5. Company would continue to make certain interest-free advances to unit investment trusts and retirement plans in its capacity as trustee for those plans. These advances would not be outstanding for more than three days and are for the payment of ordinary operating expenses of the plan or for a purpose incidental to the ordinary operation of the plan. The legislative history of the provision creating Company's exemption indicates that Congress considered these advances to be in the nature of normal and customary advances in a trust or fiduciary capacity that would not cause Company to be engaged in the business of making commercial loans. *See* H.R. Conf. Rep. No. 261, 100th Cong., 1st Sess. 121 (1987). In light of Company's commitment to terminate its demand deposit taking activities, this lending activity would not cause Company to become a bank for purposes of the BHC Act.

Company to those of a trust company is consistent with section 4 of the BHC Act.[6]

In addition to its trust activities, Company proposes to engage in several activities permissible under section 4 of the BHC Act.[7] In particular, Company would act as a trustee, custodian, paying agent, dividend disbursing agent, securities clearing agent, general transfer agent, and would provide certain settlement services to mutual fund clients. These types of agency activities are traditional activities performed by trust companies under Federal and state law.[8]

Company also proposes to continue to provide administrative services to mutual funds.[9] The administrative services that Company provides to mutual funds include computing the fund's net asset value and performance data, coordinating communications and activities between the investment advisor and the other service providers, accounting and recordkeeping, disbursing payments for the fund's expenses, providing office space for the fund, and preparing and filing regulatory reports for the fund. The Board previously has approved these activities, and Company has committed to conduct these activities involving mutual funds subject to the prudential limitations previously established by the Board.[10] The Board believes that Company's performance of these activities is also consistent with its status as a trust company. Under these circumstances, and for the reasons discussed in *Mellon*, Company's proposed administrative activities for mutual funds are not prohibited by the Glass–Steagall Act (12 U.S.C. §§ 221a and 377) and are permissible nonbanking activities for bank holding companies.[11]

In order to approve this proposal, the Board also must find that the performance of the proposed activities by Company "can reasonably be expected to produce benefits to the public ... that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board has determined previously that the provision of the proposed administrative services within certain parameters is not likely to result in the types of subtle hazards at which the Glass–Steagall Act is aimed or any other adverse effects.[12] The Board believes that the performance of the proposed activities by Company can reasonably be expected to produce benefits to the public such as a wider range of products, increased efficiency, and greater convenience for Company's and State Street's customers. There is no evidence in the record to indicate that consummation of this proposal, subject to the commitments noted above, would result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that are not outweighed by the expected public benefits of the proposal. In making this determination, the Board has considered the financial and managerial resources of State Street and its subsidiaries, and those of Company, and the effect of this proposal upon such resources, and has concluded that these factors are consistent with approval of this application. Based on all the facts of record, the Board finds that the public benefits of Company's proposed activities outweigh any adverse effects and, therefore, the activities are a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

6. *See The Mitsui Bank, Limited*, 76 *Federal Reserve Bulletin* 381 (1990). That application involved an acquisition by a California bank holding company of a New York bank that became a trust company because the laws of New York did not authorize California bank holding companies to acquire New York banks. The trust company was given a year to divest all its impermissible deposits and loans.

7. The conduct of these activities by Company would not cause it to be deemed a bank under the BHC Act. Under the BHC Act, an uninsured company is deemed a bank if it engages both in accepting demand deposits or deposits that the depositor may withdraw by check or similar means and in the business of making commercial loans. As noted above, within 90 days after consummation of this proposal, Company will have ceased collecting demand deposits and other nontrust deposits.

8. Serving as a paying agent, dividend disbursing agent, and securities clearing agent are permissible trust company agency activities. *See* 12 C.F.R. 225.25(b)(3)(ii); 12 C.F.R. 9.20 (national banks as transfer agents) and 12 C.F.R. 208.8(f) (state member banks as transfer agents); *see also* 12 C.F.R. 225.125(i). Company is currently registered with the FDIC as a transfer agent pursuant to 12 C.F.R. Part 241. Company also would continue to invest in a variety of securities, including government or municipal securities, mortgage-backed securities, and corporate debt securities that are sold on the secondary market. State Street has committed that Company will divest all its equity securities before or immediately after consummation of the proposal.

Company would also continue to provide financial data processing and accounting services to its business customers by maintaining inventories and other economic data on domestic and foreign securities, and providing such services as general ledger accounting, recordkeeping, and market valuation for those securities. The Board has previously determined such activities to be closely related to banking. *See BankAmerica Corporation*, 66 *Federal Reserve Bulletin* 511 (1980); *Citicorp (Citishare)*, 68 *Federal Reserve Bulletin* 505 (1982); *see also* 12 C.F.R. 225.25(b)(7).

9. Company would not provide any administrative services to mutual funds the shares of which are sold or marketed primarily to customers of Bank.

10. *See Mellon Bank Corporation*, 79 *Federal Reserve Bulletin* 626 (1993) ("*Mellon*"). In particular, the distributor of the funds would not be affiliated with Company or State Street, and neither State Street nor Company will be involved in the distribution of the shares of any mutual fund. Company would also not be involved in the promotion or sale of the shares of any mutual fund, and State Street has committed that Company would not engage in any marketing, sales or advertising activities relative to any mutual fund. Company would provide the distributor of a fund with performance and portfolio data, and Company would review marketing materials prepared by the distributor for the sole purpose of ensuring compliance with all pertinent regulatory requirements. State Street would not acquire for its own account more than 5 percent of the shares of any fund administered by Company.

11. State Street does not propose to have any director or senior officer interlocks between Company, State Street, or any of its subsidiaries and any fund that Company administers. Company would provide junior level officers and employees to some of its mutual fund clients under the circumstances permitted in *Mellon*. State Street also will comply with the Investment Company Act of 1940 (15 U.S.C. §§ 80a-2, 80a-10), which requires that at least 40 percent of the board of directors of a mutual fund consist of disinterested individuals who are not affiliated with the investment advisor, with any person that the SEC has determined to have a material business or professional relationship with the fund, with any employee or officer of the fund, with any registered broker or dealer, or with any other interested or affiliated person.

12. *See Mellon*.

Based on the foregoing and all the facts of record, including all of State Street's commitments and representations, and subject to all the terms and conditions set forth in this order, the Board has determined that the application should be, and hereby is, approved. The Board's determination is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b)(3) of Regulation Y (12 C.F.R. 225.7 and 225.23(b)(3)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on State Street's compliance with all the commitments and representations made in connection with this application, including the commitments and conditions discussed in this order. The commitments, representations, and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 30, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Appendix

*List of Administrative Services*

(1) Maintaining and preserving the records of the fund, including financial and corporate records;
(2) Computing net asset value, dividends, performance data and financial information regarding the fund;
(3) Furnishing statistical and research data;
(4) Preparing and filing with the SEC and state securities regulators registration statements, notices, reports and other material required to be filed under applicable laws;
(5) Preparing reports and other informational materials regarding the fund including proxies and other shareholder communications and reviewing prospectuses;
(6) Providing legal and regulatory advice in connection with its other administrative services;
(7) Providing office facilities and clerical support for the fund;
(8) Developing and implementing procedures for monitoring compliance with regulatory requirements and compliance with the fund's investment objectives, policies, and restrictions as established by the fund's board;
(9) Providing routine fund accounting services and liaison with outside auditors;
(10) Preparing and filing tax returns;
(11) Reviewing and arranging for payment of the fund's expenses;
(12) Providing communication and coordination services with regard to the fund's investment advisor, transfer agent, custodian, distributor and other service organizations that render recordkeeping or shareholder communication services;
(13) Reviewing and providing advice to the distributor, the fund and investment advisor regarding sales literature and marketing plans to assure regulatory compliance;
(14) Providing information to the distributor's personnel concerning the fund's performance and administration;
(15) Participation in seminars, meetings, and conferences designed to present information to brokers and investment companies, but not in connection with the sale of shares of the funds to the public, concerning the operations of the funds, including administrative services provided by Company to the funds;
(16) Assisting existing funds in the development of additional portfolios; and
(17) Providing reports to the fund's board with regard to its activities.

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

### Boatmen's Bancshares, Inc.
### St. Louis, Missouri

*Order Approving the Acquisition of a Bank Holding Company*

Boatmen's Bancshares, Inc., St. Louis, Missouri ("Boatmen's), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Worthen Banking Corporation, Little Rock, Arkansas ("Worthen"), and thereby indirectly acquire the subsidiary banks of Worthen listed in the Appendix.

Boatmen's also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire:

(1) Worthen TrustCompany, Little Rock, Arkansas, and thereby engage in trust company activities pursuant to section 225.25(b)(3) of Regulation Y; and
(2) Consumer Protective Life Insurance Company, Little Rock, Arkansas, and thereby engage in credit-related insurance activities pursuant to section 225.25(b)(8)(i) of Regulation Y.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 52,791 (1994)). 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 and 4 of the BHC Act.

Boatmen's, with total consolidated assets of $28.6 billion, controls 45 depository institutions[1] in eight states.[2] Boatmen's is the seventh largest depository institution in Arkansas, controlling deposits of $774.8 million, representing approximately 2.7 percent of the total deposits in depository institutions in the state. Worthen, with total consolidated assets of $3.5 billion, controls ten banks in Arkansas and one bank in Texas. Worthen is the largest depository institution in Arkansas, controlling deposits of approximately $3 billion, representing approximately 10.8 percent of total deposits in depository institutions in the state. Upon consummation of this proposal, Boatmen's would become the largest depository institution in Arkansas, controlling deposits of approximately $3.7 billion, representing approximately 13.4 percent of total deposits in depository institutions in the state.

Boatmen's is the 13th largest commercial banking organization in Texas, controlling deposits of approximately $1.3 billion, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Worthen is the 170th largest commercial banking organization in Texas, controlling deposits of approximately $102.3 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Boatmen's would become the 12th largest commercial banking organization in Texas, controlling deposits of approximately $1.4 billion, representing less than 1 percent of total deposits in commercial banking organizations in the state.

*Douglas Amendment Analysis*

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of 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 Boatmen's is Missouri.[4]

Missouri[5] and Arkansas[6] have enacted banking statutes that permit out-of-state bank holding companies to acquire banks in these states, provided that the home state of the acquiring bank holding company permits the acquisition of banks in that state on a reciprocal basis. The Board previously has determined that the interstate banking statutes of Texas permit out-of-state bank holding companies to acquire established banking organizations in Texas.[7] The Arkansas and Texas state banking supervisors have informally indicated that the proposed acquisition appears to be expressly authorized under their respective state statutes. In light of the foregoing, and based on an analysis of the interstate banking statutes involved, the Board has determined that its approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned on receipt by Boatmen's of all required state regulatory approvals.

*Competitive Considerations*

Boatmen's and Worthen own depository institutions that compete directly in the Arkansas banking markets of Little Rock, Garland County, Faulkner County, Fayetteville/Springdale, Russellville, and Harrison, and in the Missouri banking market of West Plains. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets in light of all the facts of record, including the number of competitors that would remain in these markets, the increase in the concentration of total deposits in depository institutions[8] in these markets ("market deposits") as mea-

1. Depository institutions include commercial banks, savings banks, and savings associations.

2. All asset data are as of September 30, 1994, and all state deposit data are as of June 30, 1993. These figures are adjusted to reflect mergers approved through December 5, 1994.

3. 12 U.S.C. § 1842(d).

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

5. Mo. Rev. Stat. § 362.925 (Vernon Supp. 1994).

6. Ark. Code Ann. § 23-32-1804(e) (1993). The Arkansas Regional Banking Act also imposes certain conditions. Boatmen's has sought the approval of the Arkansas state banking supervisor and appears to have satisfied the other conditions under Arkansas law.

7. *Boatmen's Bancshares, Inc.*, 79 *Federal Reserve Bulletin* 1179 (1993). Under Texas law, each bank to be acquired must have been in existence for at least five years, and the proposed transaction must not result in the acquiring organization controlling more than 25 percent of total deposits held by depository institutions in Texas. Tex. Rev. Civ. Stat. Ann. Art. 342-916 (West 1992). The proposed acquisition in Texas appears to meet these requirements.

8. Market deposit data are as of June 30, 1993. 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

sured by the Herfindahl–Hirschman Index ("HHI"),[9] and certain commitments made by Boatmen's.

Upon consummation of the proposal, Boatmen's would become the second largest depository institution in both the Faulkner County banking market ("Faulkner banking market")[10] and the Garland County banking market ("Garland banking market").[11] Both markets would be considered highly concentrated under the Department of Justice Merger Guidelines, and Boatmen's would control more than 35 percent of the market deposits in each market.[12] To mitigate the potential that this transaction may have adverse competitive effects in these markets, Boatmen's has committed to divest to an out-of-market depository institution:

(1) A branch of either Worthen or Superior Federal Bank, FSB, Fort Smith, Arkansas ("Superior FSB"), a Boatmen's savings association subsidiary, with at least $17.5 million in total deposits and loans in the Faulkner banking market; and

(2) A branch of either Worthen or Superior FSB with at least $7 million in total deposits and loans in the Garland market.[13]

Under these divestiture commitments, consummation of this proposal would not exceed the threshold levels in the Department of Justice Merger Guidelines and the number of depository institutions that compete in these markets would remain unchanged.[14]

In the Little Rock banking market[15] and the Harrison banking market,[16] Boatmen's would become the largest depository institution, and these banking markets would be considered highly concentrated under the Department of Justice Merger Guidelines upon consummation of the proposal.[17] Currently, Boatmen's is the fourth largest depository institution in the Little Rock banking market and the fifth largest in the Harrison banking market. A number of factors indicate that the increased level of concentration in the Little Rock and Harrison markets, as measured by the HHI, tends to overstate the competitive effects of this proposal. For example, numerous competitors would remain in these markets after consummation of this proposal.[18] Both of these markets also are attractive for entry. In the Little Rock banking market, which encompasses the state's capital and largest city, the population growth rate from 1980 to 1992 increased at almost twice the rate of the state's population growth as a whole. The per capita income in the Little Rock banking market also is substantially higher than any other area of the state. Five *de novo* banks have entered this market in the last six years, demonstrating the attractiveness of this market for new entrants. In the Harrison banking market, the population growth, per capita income, and ratios of population and deposits per banking office exceed the average of other rural counties in Arkansas, which also makes this market attractive for new entrants. The Department of Justice has not objected to consummation of this proposal or indicated that the proposal would have any significantly adverse competitive effects.

In the Arkansas banking markets of Russellville and Fayetteville/Springdale and in the Missouri banking market of West Plains,[19] consummation of this proposal would not

(1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

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

10. The Faulkner County banking market is approximated by Faulkner County.

11. The Garland County banking market is approximated by Garland County.

12. Without any divestiture, the HHI in the Faulkner banking market would increase by 475 points to 3791, and Boatmen's would control approximately 44 percent of market deposits upon consummation. In the Garland banking market, consummation of the proposal would increase the HHI by 232 points to 3990 without any divestiture, and Boatmen's would control approximately 37 percent of market deposits.

13. Boatmen's has committed to submit to the Board, prior to consummation of its acquisition of Worthen, a binding contract acceptable to the Board for the sale of these branches. Boatmen's also has committed that, if it does not consummate such divestiture transactions within 180 days after consummation of the acquisition of Worthen, it will transfer these branches to an independent trustee, who will be authorized to supervise the operations of these branches and instructed to promptly find a suitable buyer. In addition, Boatmen's has committed to submit to the Board, before consummation of the acquisition of Worthen, an executed trust agreement acceptable to the Board stating the terms of this divestiture. The Board's action on the application is expressly conditioned on compliance with these commitments.

14. Upon completion of the proposed divestitures, in the Faulkner banking market, Boatmen's would control approximately 40 percent of the total market deposits, and the HHI would increase by no more than 173 points to 3489. In the Garland banking market, Boatmen's would control approximately 36 percent of the total market deposits, and the HHI would increase by no more than 165 points to 3923.

15. The Little Rock banking market is approximated by Pulaski and Saline Counties; Butler, Caroline, Magness, Oak Grove, Ward, and York townships in Lonoke County; and El Paso, Royal and Union townships in White County.

16. The Harrison banking market is approximated by Boone, Marion, Newton and Searcy Counties.

17. In the Little Rock banking market, the HHI would increase 249 points to 2159, and Boatmen's would control approximately 32.3 percent of market deposits. In the Harrison banking market, the HHI would increase 344 points to 1854, and Boatmen's would control approximately 27.6 percent of market deposits.

18. In the Little Rock banking market, 18 competitors would remain, including the second and third largest banking organizations in the market, which would have market shares of approximately 28 percent and 16 percent, respectively. In the Harrison market, seven competitors would remain in the market after consummation of this proposal, including the second, fourth and eighth largest commercial banking organizations operating in the state.

19. The Russellville, Arkansas, banking market is approximated by Pope and Yell Counties in Arkansas; the Fayetteville/Springdale, Arkansas, bank-

exceed the threshold standards in the Department of Justice Merger Guidelines.[20] In addition, numerous competitors would remain in all these markets.

Based on all the facts of record, including the proposed divestitures, the attractiveness of these markets to potential entrants, and the number of competitors that would remain, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or concentration of banking resources in any relevant banking market.

*Convenience and Needs Considerations*

In acting on 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 expansion proposals.[21]

The Board received a number of comments on the proposal, including comments from 30 community groups, government officials, and development organizations that support the proposal. These commenters note the active involvement of Boatmen's in various affordable housing and community development programs and small business development projects throughout its delineated community and support approval of this proposal. In addition, the Midwestern District Office of the Office of the Comptroller of the Currency ("OCC"), which supervises 20 Boatmen's bank subsidiaries, submitted a comment supporting the proposal, stressing that Boatmen's, through its subsidiary banks, has demonstrated a strong commitment to meeting the needs of its communities, including low- and moderate-income neighborhoods. In particular, the OCC states that Boatmen's has demonstrated substantial flexibility through product innovations and has provided substantial community support.

The Board also received comments from the national office of the Association of Community Organization for Reform Now ("ACORN") in Washington, D.C., and ACORN members in St. Louis, Missouri; Little Rock, Arkansas; Kansas City, Missouri; Dallas, Texas; Philadelphia, Pennsylvania; Chicago, Illinois; Boston, Massachusetts; and Minneapolis, Minnesota (collectively, "Protestant"), which generally criticize the performance and commitment of Boatmen's under the CRA in helping to meet the credit needs of minority and low- and moderate-income communities. In particular, Protestant maintains that 1993 data collected under the Home Mortgage Disclosure Act ("HMDA") indicate disparities in the rates of HMDA-reported loans originated to African-American and Hispanic loan applicants as compared to rates of loan originations to white loan applicants at several Boatmen's subsidiaries, including its lead bank subsidiary, The Boatmen's National Bank of St. Louis, St. Louis, Missouri ("Boatmen's St. Louis").[22] Protestant also questions Superior FSB's efforts to ascertain its delineated community's credit needs and criticizes its outreach to minority neighborhoods. In addition, Protestant contends that Sunwest Albuquerque does not have enough branches in predominantly minority areas.[23]

The Board has carefully reviewed the CRA performance records of Boatmen's and its subsidiary depository institutions; all comments received regarding these applications; information provided by Boatmen's on its CRA activities; and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[24]

ing market is approximated by Benton and Washington Counties in Arkansas; and the West Plains, Missouri, banking market is approximated by Howell and Oregon Counties in Missouri; and Fulton County in Arkansas.

20. Boatmen's would become the largest depository institution in the Russellville banking market, controlling 25.4 percent of market deposits, and the HHI would increase by 195 points to 1927. In the Fayetteville/Springdale banking market, Boatmen's would become the second largest depository institution, controlling 19.2 percent of market deposits, and the HHI would increase by 31 points to 2353. Boatmen's would remain the largest depository institution in the West Plains, Missouri, banking market, controlling approximately 30 percent of market deposits, and the HHI would increase by 118 points to 1551.

21. 12 U.S.C. § 2903.

22. The other Boatmen's subsidiaries that were the subject of Protestant's comments include: Boatmen's mortgage subsidiary, Boatmen's Mortgage Company, St. Louis, Missouri ("Boatmen's Mortgage"); Sunwest Bank of Albuquerque, N.A., Albuquerque, New Mexico ("Sunwest Albuquerque"); Boatmen's First National Bank of Kansas City, Kansas City, Missouri ("Boatmen's Kansas City"); Boatmen's First National Bank of Oklahoma, Oklahoma City, Oklahoma ("Boatmen's Oklahoma"); Boatmen's Bank of Tennessee, Memphis, Tennessee ("Boatmen's Tennessee"); Sunwest Bank of El Paso, El Paso, Texas ("Sunwest El Paso"); and Superior FSB.

23. The Board also received comments relating to two loan transactions at Boatmen's St. Louis and a loan transaction at Superior FSB. The Board has carefully reviewed these comments, in light of the relevant reports of examination of the institutions and other available information. The complaints have been referred to the institutions' primary federal supervisors, which have authority to investigate and resolve claims of this type. Based on all facts of record, the Board does not believe that these comments warrant denial of the applications under the statutory factors that the Board must consider under the BHC Act.

24. 54 *Federal Register* 13,742 (1989).

### *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 reports of these examinations will be given great weight in the applications process.[25] The Board notes that Boatmen's St. Louis, which represents approximately 37 percent of Boatmen's total assets, received three consecutive "outstanding" ratings from its primary federal supervisor, the OCC, in its last three CRA performance examinations, including its most recent examination as of August 26, 1994. All the other depository institution subsidiaries of Boatmen's that were discussed by Protestant were examined recently for CRA performance by their primary federal supervisors. Five of these institutions received "outstanding" ratings and one received a "satisfactory" rating.[26] The remaining Boatmen's depository institution subsidiaries received either "outstanding" or "satisfactory" ratings at their most recent examinations for CRA performance.[27] Each of Worthen's bank subsidiaries also received either "outstanding" or "satisfactory" ratings from their primary federal supervisor, the OCC, in the most recent examinations of their CRA performance.[28]

#### B. HMDA Data and Lending Practices

The Board has carefully reviewed the 1992 and 1993 HMDA data of Boatmen's St. Louis and Boatmen's Mortgage,[29] Boatmen's Albuquerque, Boatmen's Kansas City, Boatmen's Oklahoma, Sunwest El Paso, Boatmen's Tennessee, and Superior FSB in light of Protestant's concerns. In general, the 1993 HMDA data indicate that Boatmen's St. Louis and Boatmen's Mortgage, Sunwest Albuquerque, Boatmen's Kansas City, Boatmen's Tennessee, and Superior FSB have improved their lending records of home mortgage loans to African-American and/or Hispanic loan applicants. For example, these data of Boatmen's St. Louis and Boatmen's Mortgage, Boatmen's Kansas City, Boatmen's Tennessee, and Superior FSB indicate an increase in loan applications from African Americans and loans originated to African Americans. The 1993 HMDA data of Boatmen's Oklahoma and Sunwest El Paso similarly indicate an increase in loan applications from and loans to Hispanics. In addition, the 1993 HMDA data of Superior FSB, which Boatmen's acquired in 1992, indicate a decrease in the percentage of denied loan applications from African-American applicants. The 1993 HMDA data of Sunwest Albuquerque, similarly, indicate a decrease in the percentage of denied loan applications from Hispanic loan applicants since Boatmen's acquired the bank in 1992. However, these data also reflect some disparities at Boatmen's subsidiaries in the rate of loan origination, denials, and applications by racial group or income level.

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

The Board has carefully reviewed Protestant's allegations regarding the record of Boatmen's lending to minorities, particularly African Americans and Hispanics, and to low- and moderate-income residents in light of information from the OCC, the primary federal supervisor of Boatmen's St. Louis, Sunwest Albuquerque, Boatmen's Kansas City, and Boatmen's Oklahoma; from the FDIC, the primary federal supervisor of Boatmen's Tennessee and Sunwest El Paso; and from the OTS, the primary federal supervisor of Superior FSB. The 1994 CRA performance examinations of these institutions found no evidence of prohibited discrimination or any practices or procedures that would discourage applications for available credit from any segment of their respective delineated communities, or other illegal credit practices. Moreover, the Board notes that the examinations of all these institutions found that the geographic distribution of HMDA-reported loans represents a reasonable penetration of their respective delineated communities. In addition, the OCC compared a sample of African-American and

25. *Id.* at 13,745.

26. The following Boatmen's subsidiary institutions received "outstanding" ratings at their most recent CRA performance examinations: Sunwest Albuquerque (OCC May 5, 1994); Boatmen's Kansas City (OCC March 14, 1994); Sunwest El Paso (*Federal Deposit Insurance Corporation* ("FDIC") July 17, 1994); and Superior FSB (Office of Thrift Supervision ("OTS") August 8, 1994). Boatmen's Tennessee received an "outstanding" rating from the FDIC at its CRA performance examination as of November 23, 1992, and the FDIC indicated that this rating likely will not change as a result of its most recent CRA examination as of December 12, 1994. Boatmen's Oklahoma received a "satisfactory" rating from the OCC at its most recent CRA performance examination as of July 21, 1994.

27. Of Boatmen's remaining depository institution subsidiaries, 17 received "outstanding" ratings and 21 received "satisfactory" ratings at their most recent examinations for CRA performance.

28. Of these institutions, nine received a CRA performance rating of "satisfactory," and two received a CRA performance rating of "outstanding."

29. Historically, Boatmen's Mortgage has operated principally in the St. Louis area, originating a majority of its loans through a relationship with Boatmen's St. Louis. Before 1994, all Boatmen's loans in the St. Louis area that met secondary market eligibility standards were originated by Boatmen's Mortgage and sold into the secondary market, with Boatmen's Mortgage retaining the servicing rights. Loan applications failing to meet secondary market eligibility standards were referred back to Boatmen's St. Louis for further underwriting using the bank's non-conforming loan products. In 1994, Boatmen's St. Louis began originating all its mortgage loans and selling mortgage loans eligible for the secondary market to Boatmen's Mortgage for further packaging and sale into the secondary market.

white applicants for mortgage loans during its 1994 CRA performance examination of Boatmen's St. Louis and found no evidence of discrimination or other illegal credit practices. The OCC also conducted a fair lending examination as part of its 1994 CRA performance evaluations of Sunwest Albuquerque and Boatmen's Oklahoma, which included a comparison of a sample of home-related loan applications from African Americans and/or Hispanics with other applicants, and found no evidence of discrimination or other illegal credit practices.

Through each of its depository institution subsidiaries and their branch offices, Boatmen's offers various lending programs designed to enhance its lending to minorities and to residents of low- and moderate-income communities. For example, Boatmen's has a second review process at its subsidiaries for HMDA-reportable loan applications prior to denial. This process is designed to ensure that all applicants, including minority and low- and moderate-income applicants, receive equitable consideration in credit decisions. Boatmen's has committed to continue Worthen's second review process, which is substantially similar to the second review process implemented at Boatmen's subsidiaries.

In addition, Boatmen's St. Louis offers special home purchase loan products, through its CRP BASIC mortgage program ("BASIC mortgage program"), that focus on low- and moderate-income borrowers. These BASIC mortgages offer flexible terms such as higher loan-to-value and debt-to-income ratios than standard mortgage loans, the elimination of private mortgage insurance requirements, and lower closing costs. The 1994 CRA performance examination of Boatmen's St. Louis notes that, in 1993 and the first eight months of 1994, the bank originated 442 residential mortgage loans under its BASIC mortgage program, totalling more than $24 million.

Boatmen's Kansas City, Boatmen's Oklahoma, Sunwest El Paso, and Boatmen's Tennessee offer similar mortgage products targeted to low- and moderate-income borrowers, which offer more flexible terms and underwriting standards and lower costs than conventional mortgage products.[30] In addition, Sunwest Albuquerque has developed a "Sweat Equity" Loan Program in response to community needs through which home improvement loans are extended to low- and moderate-income residents who use their own labor to replace a traditional down payment. In 1994, Sunwest Albuquerque extended loans totalling more than $450,000 under this program.

Boatmen's also assists in meeting the affordable housing needs of low- and moderate-income residents throughout its delineated community through a variety of community development programs with government agencies, non-profit organizations, and private developers. These projects include the participation of Boatmen's Community Development Corporation ("BCDC") in the St. Louis Equity Fund ("SLEF"), a not-for-profit corporation that promotes low-income housing development in St. Louis. Since 1993, BCDC has invested at least $1 million in SLEF and has loaned $1.9 million to three of SLEF's low-income, multi-family housing projects.[31] Boatmen's intends to enhance Worthen's current community development efforts by providing additional support services and capital for low-income housing development, expansion of businesses owned by women and minorities, and other community and economic development initiatives.

Other Boatmen's subsidiary institutions also have actively engaged in community development programs. Sunwest Albuquerque has loaned more than $7.5 million to develop affordable rent-subsidized housing and affordable housing for families headed by single women. Boatmen's Kansas City has contributed $2 million to a newly formed consortium of banks that will provide $14 million for flexible mortgage loans to low- and moderate-income borrowers in the Kansas City area.[32] In 1993, Boatmen's Oklahoma provided $1.2 million in loans for the purchase and rehabilitation of a 160-unit apartment complex for low- and moderate-income persons.[33] Similarly, Sunwest El Paso has provided approximately $800,000 in financing for the rehabilitation and construction of two low-income housing projects, and has committed to finance approximately 30 mortgage loans for low- and moderate-income residents through the Lower Valley Housing Corporation's 1994 Self-Help Housing Project. In addition, Boatmen's Tennessee, together with another lending institution, has provided approximately $5.5 million in loans to finance the reconstruction of a 484-unit apartment complex in Whitehaven, a primarily minority and low- and moderate-income neighborhood in Memphis. Boatmen's Tennessee also has pro-

30. For example, Boatmen's Kansas City made at least 217 of such loans in 1993 and 1994, totalling more than $8.4 million.

31. The 1994 CRA performance examination of Boatmen's St. Louis also reports that the bank participates in programs of the Missouri Housing Development Commission, which provides various types of assistance to borrowers primarily for residential mortgage lending. Examiners also report that, in the first eight months of 1994, Boatmen's St. Louis provided more than 18 construction loans and other financing for several federal programs that provide gap and rehabilitation financing for low-income single-family housing. In addition, Boatmen's St. Louis has provided financing to the Technical Assistance Corporation (and its related partnerships), formed by the Mayor of St. Louis to promote redevelopment, affordable housing, and job creation, including a $960,000 loan to renovate low-income and student housing units.

32. The 1994 CRA performance examination of Boatmen's Kansas City reports that, as of November 30, 1993, the bank originated 23 loans, totalling approximately $875,000 under Kansas City's "70/30" and "80/20" Programs, through which first-time, low- and moderate-income home buyers receive partially subsidized mortgages. Boatmen's Kansas City also provided $1.7 million in funding for the acquisition and construction or rehabilitation of two low-income, multi-family housing complexes. In 1993, BCDC invested $5.8 million in an 84-unit apartment complex in a low- and moderate-income neighborhood in Kansas City.

33. The 1994 CRA performance examination of Boatmen's Oklahoma also reports that the bank has committed $200,000 to the Central Oklahoma Clearing House Association Low-Income Residential Loan Program, which has lent over $2 million to low- and moderate-income home purchasers.

vided funding and operating expenses for the Cooper/Young Development Corporation, which is rehabilitating 12 houses in the Cooper Young neighborhood, another primarily minority and low- and moderate-income neighborhood in Memphis. The bank has provided low-interest housing and commercial loans to residents and businesses in the Cooper Young neighborhood, totalling more than $2.4 million.[34]

The 1994 CRA performance examination of Superior FSB reported that Superior FSB also actively engages in affordable housing programs, including the provision of more than $800,000 in financing for the rehabilitation of 25 houses in low-income neighborhoods in Little Rock; contributions to the Local Initiatives Support Corporation, a loan pool formed by local depository institutions to provide financing for two multi-family, low-income housing projects in Little Rock; participation in numerous Habitat for Humanity programs throughout its delineated community; and a $1.2 million loan for a low-income housing complex in Conway, Arkansas.

Boatmen's also has designed special products to meet the consumer needs of low- and moderate-income residents. For example, the 1994 CRA performance examination of Boatmen's St. Louis notes that the bank, together with Grace Hill Neighborhood Services, a community redevelopment organization operating in 11 low-income neighborhoods in St. Louis, developed the MORE Cache Card pilot program through which the bank has provided Grace Hill residents personal bank accounts, with no minimum balance requirement or service charges, and automated teller machine ("ATM") and health care record access devices. In addition, other Boatmen's subsidiary institutions offer free and/or low-cost checking accounts and government check cashing services for non-account customers.

Boatmen's also actively engages in small business lending with special programs focusing on minority-owned businesses and businesses in low- and moderate-income areas. For example, the 1994 CRA performance examination of Boatmen's St. Louis noted that the bank has hired a Specialized Small Business Lender to help meet the needs of small businesses owned by minorities and women through active participation in various city, state, and federal small business lending programs. Examiners reported that, in the first eight months of 1994, Boatmen's St. Louis made 23 loans to such businesses, totalling more than $5 million and, since 1992, made 91 Small Business Administration ("SBA") loans totalling over $10 million. The 1994 CRA performance examination of Boatmen's Oklahoma reports that, in 1993, the bank extended SBA loans totalling $10 million in Tulsa, 44 percent of which were made to businesses in low- and moderate-income areas. Examiners also report that, in 1993, Sunwest El Paso made 23 SBA loans totalling over $2.4 million.

Boatmen's also actively participates in public and private joint ventures to help meet the small business needs of minority-owned businesses and businesses located in low- and moderate-income areas. For example, Boatmen's St. Louis recently invested in the St. Louis Business Development Fund, a newly formed multi-bank lending consortium that will provide special financing for minority-owned businesses, and in the St. Louis Local Development Company Contractor Revolving Loan Program, which provides working capital at below-market interest rates to small and minority contractors. In addition, Boatmen's St. Louis is the largest participant in lending through the Business Consortium Fund, Inc., which provides capital and loans at reasonable interest rates to minority-owned firms. Boatmen's St. Louis also has taken a leadership role in the development and organization of a Specialized Small Business Investment Company, which will use private capital and SBA funding to provide venture capital loans for small businesses and minority entrepreneurs.[35]

In addition, the 1992 CRA performance examination of Boatmen's Tennessee reports that the bank participates in the Minority Purchasing Council Revolving Loan Fund. Examiners also report that Sunwest El Paso has committed funds to a micro lending program, Accion International, which is designed to meet the particular credit needs of small businesses in El Paso.

Boatmen's has committed to add relevant programs to Worthen's existing programs designed to meet the credit needs of minority and low- and moderate-income communities. In addition, Boatmen's has committed to incorporate its CRA, diversity, and fair lending training programs into Worthen's staff training curriculum.[36]

34. Boatmen's Tennessee, in participation with the City of Memphis, also helped establish the Housing Resource Center, which, when it opens in 1995, will provide credit and home purchase counselling and minor home repairs for low-income residents in Memphis.

35. Since 1992, Boatmen's St. Louis also has made at least 11 loans totalling more than $38 million under the Mo-Bucks Program, a low interest-linked-deposit loan program administered by the Missouri State Treasurer's office to assist in creating and sustaining jobs for Missouri businesses. The 1994 CRA performance examination report of Boatmen's Kansas City reports that the bank has made commercial and residential loans totalling over $500,000, through Kansas City's Linked-Deposit Program, to borrowers in city-designated low- and moderate-income census tracts.

36. Protestant also objects to the failure of Boatmen's to continue negotiating a lending agreement with Protestant. The Board has indicated in previous orders and in the Agency CRA Statement that communication by depository institutions with community groups provides a valuable method of assessing and determining how best to address the credit needs of the community. However, neither the CRA nor the Agency CRA Statement require depository institutions to enter into agreements with particular organizations. Accordingly, the Board's review has focused on the programs and policies that Boatmen's has in place to serve the credit needs of its entire community. *See First Empire State Corporation*, 80 *Federal Reserve Bulletin* 1111 (1994); *Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

## C. Ascertainment and Outreach Efforts

Boatmen's uses various methods to ascertain community credit needs, including direct contacts, community outreach programs, credit and homebuyer seminars, and membership in numerous public and private organizations. In addition, Boatmen's conducts annual focus group meetings with members of the African-American, Hispanic and other minority communities as well as women entrepreneurs in its various markets to discuss their financial needs and expectations. Boatmen's uses input from these focus groups to market suitable products and services more effectively to such segments of its delineated community. For example, as a result of such focus groups, Sunwest Albuquerque has launched a comprehensive marketing effort in Hispanic and Native-American communities.

Each of Boatmen's subsidiary institutions, including Superior FSB, also ascertains community credit needs through active involvement with various community organizations. The 1994 CRA performance examination of Superior FSB reports that the institution communicates regularly with local community development, affordable housing, minority, and government agencies within its delineated community, and actively participates in numerous affordable housing seminars conducted by government and affordable housing agencies. In addition, Superior FSB co-sponsored two bank fairs, in 1994, designed to introduce low- and moderate-income residents to home loan, consumer finance, and additional bank services of Superior and other area institutions.

In addition, Boatmen's markets its products and services through a variety of advertising activities, including print media, direct mail, and radio and television.[37] These activities include marketing efforts directed toward African-American and Hispanic consumers. For example, Boatmen's St. Louis, Boatmen's Kansas City, and Superior FSB advertise in newspapers circulated primarily in the African-American community and on minority radio stations. Sunwest Albuquerque and Sunwest El Paso advertise in Spanish on billboards, on Spanish-speaking radio stations and television channels, and in Spanish language publications.

## D. Branch Locations

The 1994 CRA performance examination of Sunwest Albuquerque found that Sunwest Albuquerque operated full-service branches, motor bank offices, ATMs, and a mobile branch at locations reasonably accessible to all segments of its community, including low- and moderate-income neighborhoods. Examiners reported that products and services provided at these facilities were suitable for the needs of the community. Examiners also reported that the bank had a comprehensive branch closing policy, but had not closed any branches since 1992. In addition, the Board notes that 11 of Sunwest Albuquerque's 35 branches are in predominantly minority census.

### *Conclusion Regarding Convenience and Needs Factors*

On the basis of all the facts of record, including information provided by commenters supporting the proposal and the Protestant, the responses of Boatmen's, and the relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA performance records of the institutions involved in the proposal, are consistent with approval of these applications.[38]

### *Other Considerations*

The Board also has reviewed information about the financial and managerial resources and future prospects of Boatmen's, Worthen, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, and concludes that these factors are consistent with approval of this proposal.

Boatmen's also has applied, pursuant to section 4(c)(8) of the BHC Act, to engage in trust company and credit-related insurance activities. The Board has previously determined by regulation that these activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[39] Boatmen's has committed that it will conduct these activities in accordance with the Board's regulations. The record in this case indicates that there

37. Other examples of Boatmen's ascertainment and outreach efforts include the Neighborhood Partnership Program ("NPP") administered by Boatmen's St. Louis. The NPP is a grant program to promote development in low- and moderate-income neighborhoods through which the bank has extended grants totalling more than $200,000 to 20 organizations since 1992. In response to suggestions from NPP participants and others in the community, Boatmen's St. Louis developed and revised the CRP BASIC mortgage program, discussed above, to respond to community affordable housing needs.

38. The Protestant has requested that the Board hold a public hearing or public meeting to consider the record of Boatmen's in meeting its responsibilities under the CRA. Section 3(b) of the BHC Act does not require the Board to hold a hearing or meeting on an application unless the appropriate supervisory authority of the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Board has not received such a recommendation. Generally, under the Board's Rules of Procedure, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered the Protestant's request. In the Board's view, the Protestant has had an opportunity to present written submissions, and has submitted substantial written comments that have been considered by the Board. In addition, a number of other public comments have been submitted. Boatmen's and Protestant also have held several private meetings to discuss Boatmen's CRA performance. In light of all the facts of record, the Board has determined that a public hearing or meeting is not necessary to clarify the factual record in this application, and is not otherwise warranted in this case. Accordingly, the Protestant's request for a public hearing or meeting on this application is denied.

39. *See* 12 C.F.R. 225.25(b)(3) and (b)(8)(i).

are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

*Conclusion*

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

The Board's determinations as to the nonbanking activities to be conducted by Boatmen's are subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.23(b) (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

The acquisition of Worthen's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and the nonbanking transactions shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 18, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Appendix

*Worthen Subsidiary Banks*

Worthen National Bank of Arkansas,
Little Rock, Arkansas
Worthen National Bank of Batesville,
Batesville, Arkansas
Worthen National Bank of South Arkansas,
Camden, Arkansas
Worthen National Bank of Conway,
Conway, Arkansas
Worthen National Bank of Harrison,
Harrison, Arkansas
Worthen National Bank of Hot Springs,
Hot Springs, Arkansas
Worthen National Bank of Newark,
Newark, Arkansas
Worthen National Bank of Northwest Arkansas,
Fayetteville, Arkansas
Worthen National Bank of Pine Bluff,
Pine Bluff, Arkansas
Worthen National Bank of Russellville,
Russellville, Arkansas
Worthen National Bank of Texas,
Austin, Texas

## Southern National Corporation
## Lumberton, North Carolina

*Order Approving Merger of Bank Holding Companies*

Southern National Corporation, Lumberton, North Carolina ("Southern"), 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 BB&T Financial Corporation, Wilson, North Carolina ("BB&T"), and thereby indirectly acquire Branch Banking and Trust Company, Wilson, North Carolina; Branch Banking and Trust Company of South Carolina, Greenville, South Carolina; Lexington State Bank, Lexington, South Carolina; and Community Bank of South Carolina, Varnville, South Carolina.[1] Southern also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and the Board's Regulation Y (12 C.F.R. 225.25) to:

(1) Acquire 15 percent of the voting shares of Southeast Switch, Inc., Maitland, Florida ("Switch"), and thereby engage in providing data processing services and man-

1. In connection with these applications, both Southern and BB&T have requested approval to acquire options to purchase up to 19.9 percent of the voting shares of the other organization. These options will terminate upon consummation of this proposal.

agement consulting advice pursuant to sections 225.25(b)(7) and (b)(11) of Regulation Y;[2] and
(2) Engage in community development activities pursuant to section 225.25(b)(6) of Regulation Y.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 52,306 (1994)). 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 and 4 of the BHC Act.

Southern is the sixth largest commercial banking organization in North Carolina, controlling deposits of $4 billion, representing 6.7 percent of total deposits in commercial banking organizations in the state,[3] and is the third largest commercial banking organization in South Carolina, controlling deposits of $2 billion, representing 9 percent of total deposits in commercial banking organizations in the state. BB&T is the fourth largest commercial banking organization in North Carolina, controlling deposits of $6.2 billion, representing 10.3 percent of total deposits in commercial banking organizations in the state, and is the sixth largest commercial banking organization in South Carolina, controlling deposits of $1 billion, representing 4.7 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Southern would become the fourth largest commercial banking organization in North Carolina, controlling deposits of $10.2 billion, representing 17 percent of total deposits in commercial banking organizations in the state, and it would remain the third largest commercial banking organization in South Carolina, controlling $3 billion in deposits, representing 13.7 percent of total deposits in commercial banking organizations in the state.

Southern and BB&T compete directly in 22 banking markets in North Carolina and South Carolina. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets in light of all the facts of record, including the characteristics of the markets, the increase in the concentration of total deposits in depository institutions[4] in the markets as measured by the Herfindahl–Hirschman Index ("HHI"),[5] and commitments made by Southern.

The acquisition of BB&T by Southern would significantly increase market concentration in the Goldsboro, Moore County, Mount Airy, Sanford, and Statesville banking markets,[6] as measured by the HHI. In order to mitigate the potential adverse competitive effects that may result from this acquisition, Southern has committed to divest branches in each of these markets to an acquiror that could purchase the branches without substantially lessening competition in these markets.[7] After consummation of this proposal and the divestiture of the branch offices in the Goldsboro, Moore County, Mount Airy, Sanford, and Statesville banking markets, the competitive effect of this proposal in those markets would be consistent with the merger guidelines established by the Justice Department and the parameters applied by the Board in previous decisions.[8] Based on these proposed divestitures, the Justice Department has indicated that this proposal is not likely to have a significantly adverse effect on competition in these banking markets.

Consummation of this proposal in the remaining banking markets where Southern and BB&T compete would not exceed Justice Department guidelines and numerous competitors would remain in each of these banking markets.[9] Based on these and all the facts of record, including the proposed divestitures,[10] the Board concludes that consummation of this proposal is not likely to have a significantly

2. The data processing services are provided to federally insured depository institutions who participate in Switch's shared electronic funds transfer network, or who participate in other electronic funds transfer networks.

3. All banking data are as of June 30, 1994.

4. Market data are as of June 30, 1994. In this context, depository institutions include commercial banks, savings banks, and savings associations. 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 WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is 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.

6. The Goldsboro banking market consists of the Goldsboro, North Carolina RMA, the remainder of Wayne County, and La Grange in Lenoir County, North Carolina; the Moore County banking market consists of Moore County, North Carolina; the Mount Airy banking market consists of Surry County, North Carolina, plus the adjoining portions of Carroll and Patrick Counties in Virginia; the Sanford banking market consists of Lee County, North Carolina; and the Statesville banking market consists of Iredell County, North Carolina, excluding the town of Mooresville.

7. Southern has committed to sell these branches either to a commercial banking organization that does not currently operate in these markets or to a current market competitor whose acquisition of these branches would not exceed the Justice Department merger guidelines.

8. Taking the proposed divestitures into account, upon consummation of this proposal, the HHI in these five banking markets would not increase by more than the following amounts: Goldsboro by 166 points to 2087; Moore County by 569 points to 1799; Mount Airy by 172 points to 1867; Sanford by 172 points to 1961; and Statesville by 194 points to 2070.

9. The changes in the HHI in the 17 remaining banking markets are set forth in the Appendix.

10. Southern has committed to execute a sales agreement for the proposed divestitures before consummation of this proposal, and to complete these divestitures within 180 days of consummation of this proposal. Southern also has committed that, in the event it is unsuccessful in completing these divestitures within 180 days of consummation of the proposal, it will transfer these branch offices to an independent trustee that will be instructed to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve*

adverse effect on competition or on the concentration of resources in any relevant banking market.

The Board also has concluded that the financial and managerial resources and future prospects of Southern and BB&T and their respective subsidiaries, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[11] Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Southern also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire 15 percent of the voting shares of Switch, and thereby provide data processing and transmission services and bank management consulting advice to depository institutions, and to engage in community development activities. As noted above, the Board previously has determined that these activities are closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y,[12] and Southern proposes to conduct these activities in accordance with the Board's regulations.

In order to approve this proposal, the Board also must find that the performance of the proposed activities by Southern "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that the continuation of these activities by Southern would maintain the level of competition among providers of these services. In addition, there is no evidence in the record that consummation of this proposal would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Southern's section 4 application.

Based on the foregoing and all the other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval of this proposal is expressly conditioned on compliance with all the commitments made by Southern in connection with these applications, and on receipt by Southern and its subsidiary banks of all necessary approvals from federal and state regulators. The determination on the nonbanking activities is subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.23(b) (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective January 17, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## Appendix

*Markets in which Southern and BB&T currently compete in which the post-merger increase in HHI is within the Justice Department Merger Guidelines.*

(1) The Burlington RMA banking market consists of Alamance County and Gibsonville, North Carolina. The HHI would increase by 30 points to 1322.

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*Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991).

11. In evaluating the financial resources of Southern and BB&T, the Board carefully considered comments received from several of Southern's shareholders, and several members of the public criticizing a post-employment consulting agreement and non-compete agreement entered into by Southern and its current chief executive officer. The Atlanta Regional Office of the Federal Deposit Insurance Corporation also recommended that the Board carefully review these agreements. Southern has argued that it is in the best interest of the surviving entity to have only one chief executive officer, and that the post-employment remuneration package is fair and reasonable payment for an agreement to terminate the individual's employment prematurely, and for the individual to refrain from competing with the surviving entity.

The complete terms of the arrangement with this individual were disclosed to the shareholders of Southern and BB&T in proxy solicitation material explaining the merger, and the shareholders of both institutions overwhelmingly approved the merger. Two independent benefit consulting firms have indicated that the present value of the post-employment remuneration package is less than the present value of payments required by the individual's current employment agreement. After considering the size of the companies involved, the current employment contract of the individual and comparably situated individuals, the individual's continuing service to the surviving entity, the capitalization and the financial strength of the surviving entity, the agreement not to compete, the analysis of the benefit consulting firms, and all the other facts of record, the Board concludes that the post-employment consulting and non-compete agreement does not reflect so adversely on the managerial or financial resources of Southern as to warrant denial of this proposal.

12. 12 C.F.R. 225.25(b)(6), (b)(7) and (b)(11)

(2) The Charlotte RMA banking market consists of Mecklenburg and York Counties, Mooresville, Indian Trial, Harrisburg, Midland, Denver, and Stanley, North Carolina. The HHI would increase by 14 points to 2273.
(3) The Durham RMA banking market consists of Durham and Orange Counties and Creedmore, and Butner, North Carolina. The HHI would increase by 15 points to 1704.
(4) The Fayetteville RMA banking market consists of Cumberland County and Parkton, North Carolina. The HHI would increase by 290 points to 1470.
(5) The Gastonia RMA banking market consists of Gaston County and Kings Mountain, North Carolina, excluding Stanley. The HHI would increase by 457 points to 1725.
(6) The Greensboro RMA banking market consists of Guildord and Davidson Counties, excluding Gibsonville, and Northern Randolph and Southern Rockingham Counties, North Carolina. The HHI would increase by 218 points to 1361.
(7) The Hickory RMA banking market consists of Alexander, Burke, Caldwell and Catawba Counties, North Carolina. The HHI would increase by 351 points to 1623.
(8) The Kinston banking market consists of Lenoir County, North Carolina, excluding La Grange, Hookerton, and Snow Hill, North Carolina. The HHI would increase by 93 points to 2297.
(9) The Raleigh RMA banking market consists of Wake, Harnett, Johnston, and Franklin Counties, North Carolina. The HHI would increase by 79 points to 1181.
(10) The Rockingham County market consists of Rockingham County, North Carolina, excluding the southern portion of the Greensboro RMA. The HHI would increase by 316 points to 1677.
(11) The Rocky Mount banking market consists of Wilson, Nash, and Edgecomb Counties, North Carolina. The HHI would increase by 135 points to 2236.
(12) The Wilmington RMA banking market consists of New Hanover, Brunswick, and Pender Counties, North Carolina. The HHI would increase by 61 points to 1285.
(13) The Winston-Salem RMA banking market consists of Forsyth, Stokes, and Davie Counties, North Carolina. The HHI would increase by 156 points to 3194.
(14) The Columbia RMA banking market consists of Richland and Lexington Counties, South Carolina. The HHI would increase by 142 points to 1885.
(15) The Greenville RMA banking market consists of Greenville, and Pickens Counties, South Carolina, and Pelzer, Powdersville, and Piedmont, South Carolina. The HHI would increase by 311 points to 1378.
(16) The Oconee County banking market consists of Oconee County, South Carolina. The HHI would increase by 30 points to 1545.
(17) The Spartanburg RMA banking market consists of Spartanburg County, South Carolina, excluding the Greenville, South Carolina, RMA. The HHI would increase by 54 points to 1315.

## *Orders Issued Under Federal Reserve Act*

### Marine Midland Bank
### Buffalo, New York

*Order Approving Establishment of a Branch and an Offsite Electronic Facility*

Marine Midland Bank, Buffalo, New York ("Bank"), a state member bank, has applied under section 9 of the Federal Reserve Act ("Act") (12 U.S.C. § 321 *et seq.*) to establish a branch office at P&C Store # 130, 3577 West Genesee Street, Syracuse, New York ("Syracuse Branch") and an Offsite Electronic Facility on the first floor of the Wilson Commons Building at the University of Rochester, Rochester, New York ("Rochester ATM").

Notice of the applications, affording interested persons an opportunity to submit comments, has been published. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors contained in the Federal Reserve Act.

Bank is the fifth largest commercial banking organization in New York State, controlling deposits of $12.4 billion, which represent 5.1 percent of the total deposits in commercial banks in the state.[1] Bank is wholly owned by HSBC Holdings plc, London, England, which also wholly owns Hongkong and Shanghai Banking Corporation Limited, Hong Kong.

*Community Reinvestment Act Performance Record*

In acting on branch applications,[2] the Board is required to take into account the bank's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of branch applications.

The Board has received comments from the Greater Rochester Community Reinvestment Coalition, Rochester, New York ("Protestant"), that criticize Bank's CRA performance record. Protestant maintains that Rochester needs additional branches in low- and moderate-income areas, as does Syracuse, and opposes Bank's proposed Syracuse

1. Deposit data are as of September 30, 1994.
2. The Board has determined that electronic facilities, such as ATMs, are included in the term "branch".

branch because it is located in a suburb of Syracuse. Protestant also alleges that Bank's data filed under the Home Mortgage Disclosure Act ("HMDA") show insufficient lending in low- and moderate-income census tracts in the Rochester Metropolitan Statistical Area ("MSA")[3] in 1992 and 1993 and indicate the possibility of illegal discrimination in that MSA in 1993.

The Board has carefully reviewed the entire record of Bank's CRA performance, the comments received, Bank's response to those comments, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[4]

The Board notes that Bank's overall CRA performance record was recently reviewed in connection with its application to acquire six retail branch banking offices of Hongkong and Shanghai Banking Corporation Limited in New York, New York. This review included consideration of Bank's special mortgage programs, small business lending, community development activities, and ascertainment and marketing efforts. For reasons set forth in the order approving that application, the Board concluded that Bank's overall performance record was generally consistent with approval of the acquisition.[5]

## A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports on these examinations will be given great weight in the applications process.[6] The Board notes that Bank received a "satisfactory" rating from the Office of the Comptroller of the Currency for CRA performance as of March 31, 1992, and a "satisfactory" rating from the Federal Reserve Bank of New York[7] ("Reserve Bank") for CRA performance as of January 31, 1994.

## B. HMDA Data and Lending Practices

The Board has reviewed Bank's 1992 and 1993 HMDA data[8] for Rochester and Syracuse. These data reflect some disparities in the rate of loan originations, denials, and applications by racial group or income level.[9] The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and it believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal discrimination in lending.

Bank's most recent CRA examination as of January 31, 1994 (the "1994 Examination"), found that its loan policies and underwriting criteria were reasonable and did not discriminate on any prohibited basis. Specifically, examiners noted that the loan terms, qualifying ratios and underwriting guidelines for residential mortgage loans were reasonable and comparable with industry standards. The examination also noted that Bank used a second review program for all declined residential mortgage applications, in which underwriting supervisors reviewed the original underwriter's decision and had to concur in the denial of an application.

The 1994 Examination did not find any practices that were intended to discourage credit applications. Examiners noted that Bank solicited credit applications from all segments of its communities, including low- and moderate-income areas. Moreover, the examination found that Bank's credit practices complied with antidiscrimination laws and regulations. Examiners also found that Bank generally had a reasonable geographic distribution of residential mortgage and home improvement loans and applications from low- and moderate-income census tracts throughout its delineated service areas.

Bank offers several special mortgage programs to its communities. Since 1990, Bank has participated in the Federal National Mortgage Association's Community Homebuyers and FannieNeighbors programs, both of which provide flexible down payment methods for borrowers who do not exceed the Department of Housing and Urban Development's median income guidelines. In addition, Bank recently started its own Affordable Housing Loan Program for low- and moderate-income borrowers who do not qualify for other residential lending programs; Bank has committed \$10 million to this program to finance residential mortgage loans and an additional \$300,000 to assist in financing down payments. In Rochester, Bank participates with the City of Rochester and Rochester Neighborhood Housing Services in a city-wide housing rehabilitation initiative, to which it has offered \$100,000 at very low rates for the loan pool and will commit \$1 million in below-market home improvement loans with flexible credit standards. In 1994, Bank introduced a low minimum amount personal installment loan program and a secured credit card program.

3. Protestant also believes that similar issues are raised by the HMDA data for the Syracuse area. In addition, Protestant asked the Board to review the HMDA data for Binghamton and Buffalo, New York.

4. 54 *Federal Register* 13,742 (1989).

5. *See Marine Midland Bank*, 81 *Federal Reserve Bulletin* 56 (1995).

6. *Id.* at 13,745.

7. Bank has been a state member bank of the Federal Reserve System since December 31, 1993.

8. The Board's review included HMDA data for both Bank and Marine Midland Mortgage Corporation.

9. Data for Binghamton and Buffalo showed generally similar patterns.

Bank also participates in several governmentally insured loan programs. Bank has been named one of the top two Small Business Administration ("SBA") lenders for New York State during 1992 and 1993, and continues to hold the SBA's preferred lender status for its commitment to small business lending. In addition to SBA lending, Bank offers VA, FHA 203B,[10] and State of New York Mortgage Association ("SONYMA") loans to borrowers who meet the programs' income requirements.

The 1994 Examination found that Bank participates in various community development programs in New York State and provides loans and lines of credit to a wide variety of local organizations that support housing, economic development, rehabilitation or small business development. From July 1992 to July 1994, the bank's community development financing totalled $27.2 million. Examiners also found that many of Bank's officers and employees provided technical assistance to organizations located throughout the state that promote community development programs.

In the Rochester area, Bank opened a $1.97 million line of credit to a not-for-profit corporation for construction of a low-income housing project. Bank also had working capital lines of credit to not-for-profit organizations. For example, Bank had a working capital line to a housing development corporation that provides weatherization services for low-income housing, and one to a housing council that assists in solving housing problems in Rochester and throughout Monroe County. In addition, Bank provided capitalization funding to a local minority enterprise small business association for businesses owned by women and minorities in the area, in which funds provided for direct loans and investments are leveraged three times by the SBA. Bank also had loans outstanding for renovation of a low-income apartment complex, to a developer of affordable housing, to a not-for-profit agency for a homeless shelter/community residence, to a not-for-profit corporation operating low- and moderate-income housing projects, and to a not-for-profit low- and moderate-income housing project on city-owned land.

In Syracuse, Bank has granted a $1.2 million credit line to a not-for-profit corporation that revives low-income residential areas. Bank has also made a loan for rehabilitation and permanent financing to an organization that provides affordable housing, and has funded a commitment to a not-for-profit agency that purchases homes and refurbishes them for affordable housing. In addition, Bank has committed $200,000 annually to an association of five local banks and a non-profit business development corporation, which will focus on and service small business loans under $50,000 and will emphasize businesses owned by women and minorities.

10. A fixed-rate, HUD-insured loan product only available in New York.

## C. Ascertainment and Marketing

Bank ascertains community credit needs in various ways. For example, Bank has a directed call program, and its officers and employees participate in a number of community organizations.[11] Moreover, in June 1993, Bank conducted a CRA survey in five New York State markets using a random sample of customers residing in low- and moderate-income zip codes to determine the level of awareness of Bank and its products and services.

Bank markets its products and services primarily through advertisements in daily newspapers, local weekly news and trade publications, and some journals and special audience publications that focus on specific minority groups and low- and moderate-income areas including two in the Rochester region. Bank also conducts free seminars throughout its delineated community. During the 18 months covered by the 1994 Examination, Bank conducted 16 first-time home-buyer seminars, one SONYMA seminar, and three seminars entitled "Women and Investing." Bank's representatives actively marketed its student loan and educational financing options throughout New York State, and participated in housing fairs sponsored by the Long Island Board of Realtors, the Federal National Mortgage Association and the New York State Housing Coalition. Bank also advertised in publications and annual reports by not-for-profit agencies including Kensington-Bailey Neighborhood Housing Services, People's Equal Action and Community Effort (P.E.A.C.E.) Inc., Spanish Action Coalition, Inc., The Ibero-American Action League, Inc., and Syracuse Housing Partnership, among others.

## D. Branch Locations

As of the 1994 Examination date, Bank had 312 branch offices and 309 ATM locations in New York State. Bank opened two offices in 1992, none in 1993, and subsequent to the Examination date, acquired six branches in 1994. Examiners concluded that Bank has an adequate branch closing policy that requires Bank to take actions to minimize the impact of a branch closing on the local community. Branch hours vary by location and are based on customer convenience and local competition. In the Rochester MSA, 36 percent of Bank's branches are in low- to moderate-income census tracts, including five branches in the areas identified by Protestant, more than any other bank. In the Syracuse MSA, 29 percent of its branches are in low- to moderate-income census tracts.

11. In addition, the 1994 Examination noted that the directed call program reached 66 organizations involved with affordable housing development, community development, and rehabilitation.

## E. Conclusion

The Board has carefully considered the entire record, including Protestant's comments and Bank's CRA record of performance. In light of all the facts of record, the Board believes that Bank's efforts to help meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, are consistent with approval of these applications and that Protestant's comments do not warrant their denial.

*Other Considerations*

The Board has also concluded that the factors it is required to consider under section 9 of the Federal Reserve Act and regulations thereunder, including Bank's financial condition, the general character of its management, and the proposed exercise of corporate powers, are consistent with approval of these applications.

Based on the foregoing and all other facts of record, including commitments made by Bank, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned on all commitments made in connection with applications. The commitments and conditions relied on by the Board are deemed conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law. This approval is subject to completion of the facilities and their being in operation within one year of the date of this order, and to approval by the appropriate state authorities.

By order of the Board of Governors, effective January 25, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

## *ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT*

### Turkiye Vakiflar Bankasi, T.A.O.
### Ankara, Turkey

*Order Approving Establishment of a Branch*

Turkiye Vakiflar Bankasi, T.A.O. ("Bank"), Ankara, Turkey, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*New York Post*, October 22, 1992). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with assets of $2.7 billion,[1] is the seventh largest bank in Turkey. It operates more than 300 branch offices in Turkey, and has representative offices in Germany and Austria. The General Directorate of Foundations, an agency of the Turkish government, owns 80 percent of Bank's shares. Bank's pension fund owns the remainder of Bank's shares.

Bank currently operates a representative office in New York. Bank does not engage in nonbanking activities in the United States and would be a qualifying foreign banking organization within the meaning of Regulation K after establishing the proposed branch. 12 C.F.R. 211.23(b).

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside the United States and has furnished the Board with the information it needs to assess adequately the application. The Board also must determine that each of the foreign bank applicant and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors. 12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1). The IBA and Regulation K also permit the Board to take into account additional standards. 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2).

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

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the bank's worldwide operations, including its relationship to any affiliate, to assess the bank's overall financial condition and its compliance with law and regulation. 12 C.F.R.

1. Financial data are as of September 30, 1994, unless otherwise noted.

211.24(c)(1).[2] In making its determination under this standard, the Board has considered the following information.

Bank is supervised primarily by the Turkish Undersecretariat of Treasury and Foreign Trade (the "Treasury") through its Banking Directorate and the Board of Sworn Auditors ("Auditors"), as well as by the Central Bank of Turkey ("Central Bank"). The Treasury serves as Bank's primary home country supervisor. As a state-owned institution, Bank is also subject to supervision by the Prime Ministry Supreme Board of Supervisors ("Board of Supervisors"). To monitor the condition of Bank, these supervisory authorities use information obtained through on-site examinations, periodic financial and other reporting, meetings with Bank management, and information exchanges among the authorities.

The Treasury assumes the leading role in the supervision of Bank through annual on-site targeted or comprehensive examinations. These examinations are conducted by the Auditors and include review of Bank's capital adequacy, asset quality, managerial resources, and compliance with applicable banking regulations. The Auditors also conduct periodic special examinations and audits of institutions that engage in or are suspected of engaging in questionable activities.

The Treasury and the Central Bank also monitor Bank's condition through review of periodic financial reports. Bank is required to submit to the Treasury and to the Central Bank various weekly, monthly, quarterly, and annual financial statements, including balance sheets and income statements for Bank's headquarters and domestic and foreign branches. Bank also is required to submit annual reports to the Treasury, the Turkish Ministry of Industry and Commerce, and the Central Bank on the financial position and transactions of all branches abroad. Recently enacted amendments to Turkish banking law will require Bank to submit separate audited balance sheets and income statements for all affiliated companies to the Treasury on an annual basis.[3] The Board of Supervisors receives regulatory reports prepared by Bank, including those relating to affiliates, and has the authority to investigate, inspect, and audit affiliates.

Bank's internal auditors conduct annual audits of individual branches, departments, and units of Bank. At least two auditors who represent the interests of Bank's shareholders hold non-voting seats on Bank's board of directors. These auditors review and approve all quarterly and annual financial statements that are submitted to the Treasury and the Central Bank. Bank's annual financial reports also must be reviewed by an independent external auditor that has been certified by the Turkish Board of Independent Auditors. The auditor's report assesses whether Bank has conformed to international generally accepted accounting principles, and reviews asset quality, liquidity, adequacy of loan loss reserves, and capitalization. All external audit reports must be submitted to the Treasury and the Central Bank.

The Treasury obtains information and monitors the condition of Bank's affiliates through review of periodic financial statements, consultation with other regulatory entities, and through examination, if necessary. In addition, Turkish law imposes lending and other limits on Bank's transactions with affiliates. The Treasury monitors Bank's compliance with these limits through regular reports submitted by Bank. Turkish banking law also limits Bank's investments in nonfinancial companies.

A single directorate within the Treasury has overall responsibility for supervising Bank's banking, leasing, insurance, factoring, and capital markets activities and affiliates. The Treasury exercises its supervisory authority over these affiliates by reviewing quarterly and annual balance sheets and income statements, and by conducting on-site examinations, if necessary. The Turkish Board of Securities also regulates Bank's affiliates engaged in capital markets activities, and shares information with the Treasury concerning the condition of these affiliates. Bank's internal auditors submit reports to the Treasury on their reviews of affiliates in which Bank holds a controlling interest.

The Central Bank receives substantially similar reporting from Bank and consults regularly with the Treasury on the condition and activities of Bank and its affiliates engaged in financial activities. In addition, the Board of Supervisors notifies the Treasury of problems identified during inspections of Bank and its affiliates.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. *See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2). Bank has received the consent of the Treasury to establish the proposed state-licensed branch. In addition, subject to certain conditions, the Treasury may share information on Bank's operations with other supervisors, including the Board.

Bank is in compliance with risk-based capital standards adopted by Turkey, which conform generally to the Basle

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

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

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

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

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

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

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

3. Under Turkish banking law, an ownership interest of 10 percent or more of a company's voting stock triggers certain reporting obligations and requirements governing transactions with affiliates.

Capital Accord, with some variation for Turkish accounting practices. In addition, Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval in light of commitments and conditions reflected in the record. Bank appears to have the experience and capacity to support the proposed branch and has established controls and procedures for its U.S. offices to ensure compliance with U.S. law.

Finally, Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent not prohibited by law or regulation. The Board has reviewed the restrictions on disclosure in Turkey and has communicated with certain government authorities concerning access to information. Bank has committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information that may be requested by the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to all commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a state-licensed branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or compliance by Bank or its affiliates with applicable Federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions in this order.[4] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, including its offices and its affiliates.

By order of the Board of Governors, effective January 4, 1995.

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

JENNIFER J. JOHNSON
*Deputy Secretary of the Board*

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

## *ACTIONS TAKEN UNDER SECTIONS 5(D)(3) AND 18(C) OF THE FEDERAL DEPOSIT INSURANCE 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.

| Acquiring Bank(s) | Acquired Thrift | Approval Date |
| --- | --- | --- |
| SouthTrust Bank of West Florida, St. Petersburg, Florida | Anchor Savings Bank, Federal Savings Bank, Hewlett, New York | January 11, 1995 |

*Actions Taken Under Sections 5(d)(3) and 18(c) of the Federal Deposit Insurance 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.

| Acquiring Bank(s) | Acquired Thrift | Reserve Bank | Approval Date |
|---|---|---|---|
| Crestar Bank,<br>Richmond, Virginia | TideMark Bank,<br>Newport News, Virginia | Richmond | January 19, 1995 |

*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 |
|---|---|---|
| Bank of Boston Corporation,<br>Boston, Massachusetts<br>BancBoston Holdings, Inc.,<br>Boston, Massachusetts | Bank of Boston (Maine),<br>National Association,<br>South Portland, Maine | January 30, 1995 |
| Paladon Management Co., Inc.,<br>Panhandle, Texas<br>Paladon Investments, Ltd.,<br>Panhandle, Texas | Panhandle Bancshares, Inc.,<br>Panhandle, Texas<br>First National Bank of Panhandle,<br>Panhandle, Texas | January 18, 1995 |

Section 4

| Applicant(s) | Bank(s) | Effective Date |
|---|---|---|
| Bank of Boston Corporation,<br>Boston, Massachusetts | Ganis Credit Corporation,<br>Newport Beach, California<br>Thor Credit Corporation,<br>Newport Beach, California | January 20, 1995 |
| Dacotah Bank Holding Co.,<br>Aberdeen, South Dakota | Grue Abstract Company,<br>Webster, South Dakota | January 27, 1995 |
| Signet Banking Corporation,<br>Richmond, Virginia | Signet Strategic Capital Corporation,<br>Richmond, Virginia | January 6, 1995 |

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT*

*By Federal Reserve Banks*

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

Section 3

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| The Aurora Holding Company, Aurora, Minnesota | State Bank of Aurora, Aurora, Minnesota | Minneapolis | January 13, 1995 |
| Bancook Corporation, Cook, Nebraska | The First National Bank of Summerfield, Summerfield, Kansas | Kansas City | January 4, 1995 |
| Boatmen's Bancshares, Inc., St. Louis, Missouri | Salem Community Bancorp, Inc., Salem, Illinois | St. Louis | January 23, 1995 |
| Boatmen's-Illinois, Inc., St. Louis, Missouri | Boatmen's Bank of South Central Illinois, Mt. Vernon, Illinois | St. Louis | January 23, 1995 |
| Citizens National Corporation, Wisner, Nebraska | The First National Bank of Attica, Attica, Kansas | Kansas City | January 12, 1995 |
| CNB Bancshares, Inc., Evansville, Indiana | The Bank of Orleans, Orleans, Indiana | St. Louis | January 11, 1995 |
| Commerce Bancshares, Inc., Kansas City, Missouri | Cotton Exchange Bancshares, Inc., Kennett, Missouri | Kansas City | January 18, 1995 |
| Commerce Bancshares, Inc., Kansas City, Missouri | UBI Financial Services, Inc., Wichita, Kansas | Kansas City | January 24, 1995 |
| Commerce Bancshares, Inc., Kansas City, Missouri | Union Bancshares, Inc., Wichita, Kansas | Kansas City | January 24, 1995 |
| Community First BancShares, Inc., Forest, Ohio | Community First Bank, N.A., Forest, Ohio | Cleveland | January 5, 1995 |
| FBOP Corporation, Oak Park, Illinois | North Houston Bank, Houston, Texas | Chicago | January 20, 1995 |
| Firstar Corporation, Milwaukee, Wisconsin<br>Firstar Corporation of Iowa, Des Moines, Iowa | First Moline Financial Corp., Moline, Illinois | Chicago | January 9, 1995 |
| First Banks, Inc., Clayton, Missouri | CCB Bancorp, Inc., Santa Ana, California | St. Louis | January 13, 1995 |

Section 3—Continued

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| First Bank System, Inc., Minneapolis, Minnesota | First Bank, Fergus Falls, National Association, Fergus Falls, Minnesota<br>First Bank Grand Rapids, National Association, Grand Rapids, Minnesota<br>First Bank Maple Grove, National Association, Maple Grove, Minnesota<br>First Bank Minneapolis South, National Association, Minneapolis, Minnesota<br>First Bank Saint Cloud, National Association, Saint Cloud, Minnesota | Minneapolis | January 10, 1995 |
| First State Bancshares, Inc., Scottsbluff, Nebraska | Liberty Industrial Bank, Colorado Springs, Colorado | Kansas City | January 18, 1995 |
| Heritage Bancorp, Inc., Burlington, Kentucky | Heritage Bank, Inc., Burlington, Kentucky | Cleveland | January 4, 1995 |
| HF Limited Partnership, Marshall, Missouri | Wood & Huston Bancorporation, Inc., Marshall, Missouri | Kansas City | January 3, 1995 |
| KeyCorp, Cleveland, Ohio | OmniBancorp, Denver, Colorado | Cleveland | January 4, 1995 |
| Marshall & Ilsley Corporation, Milwaukee, Wisconsin | Financial Services Corporation of the Midwest, Rock Island, Illinois | Chicago | January 13, 1995 |
| Menard Bancshares, Inc., Menard, Texas | Menard National Bank, Menard, Texas | Dallas | December 30, 1994 |
| Mission-Heights Management Company, Ltd., Channelview, Texas | Prime Bancshares, Inc., Channelview, Texas | Dallas | December 30, 1994 |
| Norwest Corporation, Minneapolis, Minnesota | First National Bank of Bay City, Bay City, Texas | Minneapolis | January 5, 1995 |
| Norwest Corporation, Minneapolis, Minnesota | Independent Bancorp of Arizona, Inc., Phoenix, Arizona | Minneapolis | January 12, 1995 |
| Pea River Capital Corporation, Elba, Alabama | The Peoples Bank of Coffee County, Elba, Alabama | Atlanta | January 6, 1995 |
| Philipps Investment Company Limited Partnership, Spring Hill, Florida | Gratiot Bancshares, Inc., Gratiot, Wisconsin | Chicago | January 5, 1995 |

Section 3—Continued

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| Philipps Investments Limited Partnership, Wapiti, Wyoming | Gratiot Bancshares, Inc., Gratiot, Wisconsin | Chicago | January 5, 1995 |
| Shawmut National Corporation, Hartford, Connecticut<br>Shawmut National Corporation, Boston, Massachusetts<br>Northeast Federal Corp., Hartford, Connecticut | Shawmut Bank New York, National Association, Schenectady, New York | Boston | January 24, 1995 |
| Tilden Bancshares, Inc., Tilden, Nebraska | Tilden Enterprises, Inc., Tilden, Nebraska | Kansas City | January 4, 1995 |
| Triangle Bancorp, Inc., Raleigh, North Carolina | Atlantic Community Bancorp, Inc., Rocky Mount, North Carolina | Richmond | January 23, 1995 |
| Union Bancshares, Inc., Wichita, Kansas | CBI-Central Kansas, Inc., Kansas City, Missouri | Kansas City | January 24, 1995 |
| West Bancorp, Inc., Denver, Colorado | Bankers' Bank of the West, Denver, Colorado | Kansas City | January 20, 1995 |
| Wes-Tenn Bancorp, Inc., Covington, Tennessee | West Tennessee Financial Corporation, Selmer, Tennessee | St. Louis | January 10, 1995 |
| Winton Jones Limited Partnership, Wayzata, Minnesota<br>Anchor Bancorp, Inc., Wayzata, Minnesota | First National Bank of Farmington, Farmington, Minnesota | Minneapolis | January 19, 1995 |

Section 4

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| American National Corporation, Chicago, Illinois | ANB Mezzanine Corporation, Chicago, Illinois | Chicago | December 30, 1994 |
| Associated Bank-Corp, Green Bay, Wisconsin | Associated Investment Services, Inc., Green Bay, Wisconsin<br>Associated Brokerage, Inc., Green Bay, Wisconsin<br>Associated Financial Center, Ltd., Menomonee Falls, Wisconsin | Chicago | January 19, 1995 |

Section 4—Continued

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| BanPonce Corporation, Hato Rey, Puerto Rico | Popular International Bank, Hato Rey, Puerto Rico<br>BanPonce Financial, Inc., Mt. Laurel, New Jersey<br>Banco Popular, Federal Savings Bank, Newark, New Jersey | New York | January 20, 1995 |
| Cabot Bankshares, Inc., Cabot, Arkansas | Bank of Cabot Mortgage Company, Cabot, Arkansas | St. Louis | January 19, 1995 |
| Crestar Financial Corporation, Richmond, Virginia | TideMark Bancorp, Inc., Newport News, Virginia | Richmond | January 19, 1995 |
| Firstar Corporation, Milwaukee, Wisconsin<br>Firstar Corporation of Minnesota, Bloomington, Minnesota | Investors Insurance Agency, Inc., Wayzata, Minnesota | Chicago | January 26, 1995 |
| First United Bancorporation, Anderson, South Carolina | Eagle Finance Company, Inc., Hartsville, South Carolina | Richmond | December 30, 1994 |
| Huxley Bancorp, Huxley, Iowa | to engage in the activity of making and servicing loans by purchasing loan participations, in an aggregate amount, up to $500 thousand | Chicago | December 30, 1994 |
| Norwest Corporation, Minneapolis, Minnesota | Norwest Investment Services, Inc., Minneapolis, Minnesota | Minneapolis | January 5, 1995 |
| Premier Bankshares Corporation, Bluefield, Virginia | Premier Trust Company, Bluefield, Virginia | Richmond | December 29, 1994 |
| Security State Agency of Aitkin, Inc., Aitkin, Minnesota | Norshor Agency, Inc., Aitkin, Minnesota | Minneapolis | January 12, 1995 |

Sections 3 and 4

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| Stearns Financial Services, Inc., Employee Stock Ownership Plan, Albany, Minnesota | Stearns Financial Services, Inc., Albany, Minnesota | Minneapolis | January 18, 1995 |

*APPLICATIONS APPROVED UNDER BANK MERGER ACT*

*By Federal Reserve Banks*

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

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| BancFirst, Oklahoma City, Oklahoma | State National Bank, Marlow, Oklahoma | Kansas City | January 24, 1995 |
| First Interstate Bank of Commerce, Billings, Montana | First Citizens Bank of Bozeman, Bozeman, Montana | Minneapolis | January 12, 1995 |
| Triangle East Bank, Raleigh, North Carolina | Standard Bank and Trust Company, Dunn, North Carolina<br>Columbus National Bank, Whiteville, North Carolina | Richmond | January 10, 1995 |
| Triangle East Bank, Raleigh, North Carolina | Unity Bank & Trust Company, Rocky Mount, North Carolina | Richmond | January 23, 1995 |

*PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

*This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.*

*Kuntz v. Board of Governors*, No. 95–3044 (6th Cir., filed January 12, 1995). Petition for review of a Board order dated December 19, 1994, approving an application by KeyCorp, Cleveland, Ohio, to acquire BANKVERMONT Corp., Burlington, Vermont.

*In re Subpoena Duces Tecum*, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking pre-decisional supervisory documents. The Board filed its opposition on January 20, 1995.

*Cavallari v. Board of Governors*, No. 94–4183 (2d Cir., filed October 17, 1994). Petition for review of Board order of prohibition against a former outside counsel to a national bank (80 *Federal Reserve Bulletin* 1046 (1994)). The case was consolidated with a petition for review of orders of the Comptroller of the Currency imposing a civil money penalty and cease and desist order against petitioner (*Cavallari v. OCC*, No. 94–4151). The agencies filed their consolidated brief on January 17, 1995.

*Jackson v. Board of Governors*, No. 94–16789 (9th Cir., filed September 22, 1994). Appeal of dismissal of *pro se* action for violation of a prisoner's civil rights. On December 1, 1994, the court dismissed the appeal.

*Board of Governors v. MacCallum*, No. 94 Civ. 5652 (WK) (S.D. New York, filed August 3, 1994). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On August 3, 1994, the court issued an order temporarily restraining the transfer or disposition of the individual's assets. On December 22, 1994, the order was dissolved by agreement of the parties.

*In re Subpoena Duces Tecum*, No. 94-MS-214 (D. D.C., filed June 27, 1994). Subpoena enforcement case in which the plaintiff in a securities fraud class action seeks examination reports and internal Board memos. The Board's opposition to subpoena was filed on July 8, 1994.

*National Title Resource Agency v. Board of Governors*, No. 94–2050 (8th Cir., filed April 28, 1994). Petition for review of Board's order, issued under section 4 of the Bank Holding Company Act, approving the application of Norwest Corp., Minneapolis, Minnesota, to acquire Double Eagle Financial Corp., Phoenix, Arizona, and its subsidiary, United Title Agency, Inc., and thereby engage in title insurance agency activities and real estate settlement services (80 *Federal Reserve Bulletin* 453 (1994)). On January 10, 1995, the court denied the petition and affirmed the Board's order.

*Beckman v. Greenspan*, No. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994.

*Scott v. Board of Governors*, No. 94-0104 (D. D.C., filed January 21, 1994). Petition for review of a Board order approving the application of Society Corporation, Cleveland, Ohio, to merge with KeyCorp, Albany, New York (80 *Federal Reserve Bulletin* 253 (1994)). On December 7, 1994, the court granted the Board's motion to dismiss.

*In re Subpoena Duces Tecum*, Misc. Nos. 93-261 and 93-260 (D. D.C., filed August 17, 1993). Subpoena enforcement case in which plaintiff seeks examination and other supervisory material in connection with a shareholder derivative action against a bank holding company. On January 25, 1995, the court granted in part and denied in part the plaintiff's motion to compel production. On January 26, 1995, the plaintiff filed his notice of appeal.

*Bennett v. Greenspan*, No. 93-1813 (D. D.C., filed April 20, 1993). Employment discrimination action. A jury verdict for the plaintiff was rendered on October 13, 1994. The Board's motion for a new trial on the issue of damages was denied on January 9, 1995.

*Zemel v. Board of Governors*, No. 92-1056 (D. D.C., filed May 4, 1992). Age Discrimination in Employment Act case. On November 29, 1994, the court granted the Board's motion for summary judgment.

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

## *Final Enforcement Orders Issued by the Board of Governors*

### DLG Financial Corp.
### The Woodlands, Texas

The Federal Reserve Board announced on January 18, 1995, the issuance of a Combined Consent Order of Assessment of Civil Money Penalties against DLG Financial Corp., The Woodlands, Texas, and an Order of Prohibition against Daniel S. De La Garza, the president and sole shareholder of DLG Financial.

### Sunnie S. Kim
### Los Angeles, California

The Federal Reserve Board announced on January 18, 1995, the joint issuance with the Office of the Comptroller of the Currency of a Cease and Desist Order against Sunnie S. Kim, a former officer of the NARA Bank, N.A., Los Angeles, California, and the California Center Bank, Los Angeles, California.

## *Written Agreements Approved by Federal Reserve Banks*

### P.T. Bank Ekspor Impor Indonesia (Persero)
### Jakarta, Indonesia

The Federal Reserve Board announced on January 18, 1995, the execution of a Written Agreement between the Federal Reserve Bank of New York, the Superintendent of Banks of the State of New York, and the P.T. Bank Ekspor Impor Indonesia (Persero), Jakarta, Indonesia.

### P.T. Bank Niaga
### Jakarta, Indonesia

The Federal Reserve Board announced on January 26, 1995, the execution of a Second Amendment to the Written Agreement, dated January 8, 1993, involving the Federal Reserve Bank of San Francisco, and the P.T. Bank Niaga, Jakarta, Indonesia, and its Los Angeles Agency.

# Financial and Business Statistics

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*Domestic Financial Statistics—Continued*

*REAL ESTATE*



*CONSUMER INSTALLMENT CREDIT*



*FLOW OF FUNDS*



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*International Statistics*

*SUMMARY STATISTICS*



*REPORTED BY BANKS IN THE UNITED STATES*



*REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES*



*SECURITIES HOLDINGS AND TRANSACTIONS*



*INTEREST AND EXCHANGE RATES*

# Guide to Tabular Presentation

## *SYMBOLS AND ABBREVIATIONS*

| | |
|---|---|
| c | Corrected |
| e | Estimated |
| n.a. | Not available |
| n.e.c. | Not elsewhere classified |
| p | Preliminary |
| r | Revised (Notation appears on column heading when about half of the figures in that column are changed.) |
| * | Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions) |
| 0 | Calculated to be zero |
| . . . | Cell not applicable |
| ATS | Automatic transfer service |
| BIF | Bank insurance fund |
| CD | Certificate of deposit |
| CMO | Collateralized mortgage obligation |
| FFB | Federal Financing Bank |
| FHA | Federal Housing Administration |
| FHLBB | Federal Home Loan Bank Board |
| FHLMC | Federal Home Loan Mortgage Corporation |
| FmHA | Farmers Home Administration |
| FNMA | Federal National Mortgage Association |
| FSLIC | Federal Savings and Loan Insurance Corporation |
| G-7 | Group of Seven |
| G-10 | Group of Ten |
| GNMA | Government National Mortgage Association |
| GDP | Gross domestic product |
| HUD | Department of Housing and Urban Development |
| IMF | International Monetary Fund |
| IO | Interest only |
| IPCs | Individuals, partnerships, and corporations |
| IRA | Individual retirement account |
| MMDA | Money market deposit account |
| MSA | Metropolitan statistical area |
| NOW | Negotiable order of withdrawal |
| OCD | Other checkable deposit |
| OPEC | Organization of Petroleum Exporting Countries |
| OTS | Office of Thrift Supervision |
| PO | Principal only |
| REIT | Real estate investment trust |
| REMIC | Real estate mortgage investment conduit |
| RP | Repurchase agreement |
| RTC | Resolution Trust Corporation |
| SAIF | Savings Association Insurance Fund |
| SCO | Securitized credit obligation |
| SDR | Special drawing right |
| SIC | Standard Industrial Classification |
| VA | Department of Veterans Affairs |

## *GENERAL INFORMATION*

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

## 1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

| Monetary or credit aggregate | 1994 | | | | 1994 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Aug. | Sept. | Oct.[r] | Nov.[r] | Dec. |
| *Reserves of depository institutions*[2] | | | | | | | | | |
| 1 Total | 3.1 | −4.4 | −2.5 | −3.7 | −6.0 | −.7 | −6.3 | −3.2 | −.2 |
| 2 Required | 2.5 | −3.6 | 2.6 | −3.2 | −4.0 | −1.9 | 1.2 | −7.4 | −3.1 |
| 3 Nonborrowed | 3.7 | −5.4 | −4.2 | −2.4 | −6.3 | −1.1 | −4.2 | −.6 | .6 |
| 4 Monetary base[3] | 10.2 | 8.4 | 7.3 | 6.4 | 6.4[r] | 5.5[r] | 6.8 | 8.9 | 1.8 |
| *Concepts of money, liquid assets, and debt*[4] | | | | | | | | | |
| 5 M1 | 6.0 | 1.9 | 3.0 | −1.4 | −2.2 | .9[r] | −3.5 | −.9 | .0 |
| 6 M2 | 2.1[r] | 1.7[r] | .9[r] | −.5 | −1.9 | −.4 | −1.7 | .5 | 1.9 |
| 7 M3 | .5[r] | .5[r] | 1.9[r] | 1.9 | −1.9 | 1.4[r] | 2.5 | 2.1 | 4.3 |
| 8 L | 2.6[r] | 1.3[r] | 1.3[r] | n.a. | −1.6 | −1.2[r] | 6.6 | 2.8 | n.a. |
| 9 Debt | 5.3 | 5.6 | 4.4 | n.a. | 6.2 | 5.7 | 4.4 | 6.3 | n.a. |
| *Nontransaction components* | | | | | | | | | |
| 10 In M2[5] | .3[r] | 1.6[r] | .0[r] | −.1 | −1.8 | −1.1[r] | .7 | 1.3 | 2.8 |
| 11 In M3 only[6] | −8.0 | −5.6[r] | 7.4[r] | 15.1 | −2.2[r] | 11.7[r] | 25.0 | 10.6 | 17.1 |
| *Time and savings deposits* | | | | | | | | | |
| Commercial banks | | | | | | | | | |
| 12 Savings, including MMDAs | 4.3 | −3.3 | −4.1 | −8.5 | −2.8 | 3.6 | −12.1 | −9.9 | −11.5 |
| 13 Small time[7] | −5.2 | .1 | 8.9 | 16.8 | 15.1 | 12.6 | 17.5 | 17.5 | 21.4 |
| 14 Large time[8,9] | −2.6 | −2.1[r] | 9.3[r] | 20.4 | 12.1[r] | 19.3[r] | 21.5 | 23.7 | 17.5 |
| Thrift institutions | | | | | | | | | |
| 15 Savings, including MMDAs | .5 | .2 | −11.1 | −17.7 | −16.7 | −16.9 | −15.7 | −21.5 | −21.0 |
| 16 Small time[7] | −10.7[r] | −5.9[r] | −2.1[r] | 9.6 | −3.5[r] | 2.0[r] | 13.4 | 19.8 | 5.7 |
| 17 Large time[8] | −8.5 | −4.5[r] | 6.8[r] | 14.2 | −5.8[r] | 23.4[r] | 23.0 | 5.6 | 5.6 |
| *Money market mutual funds* | | | | | | | | | |
| 18 General purpose and broker–dealer | 1.2[r] | 13.2[r] | 2.1[r] | 8.3 | −2.0 | −2.0 | 9.3 | 15.9 | 20.9 |
| 19 Institution-only | −26.7 | −22.8 | −6.0 | 15.3 | −11.2 | −9.9 | 52.9 | 2.1 | 6.8 |
| *Debt components*[4] | | | | | | | | | |
| 20 Federal | 7.3 | 5.4 | 3.9 | n.a. | 6.1 | 6.0 | 5.4 | 8.5 | n.a. |
| 21 Nonfederal | 4.6 | 5.6 | 4.6 | n.a. | 6.3 | 5.5[r] | 4.1 | 5.5 | n.a. |

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

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

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

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

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

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

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

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

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

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

Millions of dollars

| Factor | Average of daily figures | | | Average of daily figures for week ending on date indicated | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1994 | | | 1994 | | | | | | |
| | Oct. | Nov. | Dec. | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 Reserve Bank credit outstanding | 394,856 | 399,252[r] | 405,187 | 399,576 | 400,702 | 400,887[r] | 400,295 | 402,024 | 405,775 | 410,034 |
| U.S. government securities[2] | | | | | | | | | | |
| 2 Bought outright– System account | 354,275 | 357,686 | 364,374 | 358,166 | 359,509 | 359,214 | 363,847 | 364,693 | 364,572 | 364,225 |
| 3 Held under repurchase agreements | 1,648 | 2,899 | 3,278 | 2,743 | 3,553 | 3,134 | 0 | 718 | 3,086 | 6,832 |
| Federal agency obligations | | | | | | | | | | |
| 4 Bought outright | 3,772 | 3,730 | 3,653 | 3,744 | 3,744 | 3,684 | 3,674 | 3,661 | 3,644 | 3,642 |
| 5 Held under repurchase agreements | 349 | 969 | 648 | 807 | 1,193 | 1,694 | 0 | 300 | 1,157 | 1,046 |
| 6 Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans to depository institutions | | | | | | | | | | |
| 7 Adjustment credit | 20 | 103 | 87 | 40 | 57 | 97 | 111 | 28 | 133 | 65 |
| 8 Seasonal credit | 344 | 159 | 101 | 164 | 140 | 127 | 97 | 91 | 104 | 118 |
| 9 Extended credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Float | 559 | 720[r] | 825 | 705 | 764 | 674[r] | 874 | 575 | 834 | 1,480 |
| 11 Other Federal Reserve assets | 33,890 | 32,987 | 32,220 | 33,208 | 31,743 | 32,264 | 31,692 | 31,957 | 32,244 | 32,626 |
| 12 Gold stock | 11,054 | 11,052 | 11,051 | 11,052 | 11,052 | 11,051 | 11,051 | 11,051 | 11,051 | 11,051 |
| 13 Special drawing rights certificate account | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 |
| 14 Treasury currency outstanding | 22,825[r] | 22,905[r] | 22,972 | 22,899[r] | 22,917[r] | 22,934[r] | 22,948 | 22,962 | 22,976 | 22,990 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 Currency in circulation | 388,884[r] | 393,906[r] | 398,876 | 394,309[r] | 394,280[r] | 396,145[r] | 396,044 | 397,003 | 398,301 | 401,975 |
| 16 Treasury cash holdings | 367 | 379 | 350 | 371 | 396 | 390 | 383 | 347 | 342 | 335 |
| Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 17 Treasury | 5,553 | 5,250 | 6,113 | 5,225 | 4,821 | 5,351 | 4,337 | 6,044 | 6,697 | 6,973 |
| 18 Foreign | 192 | 192 | 195 | 181 | 197 | 224 | 175 | 189 | 178 | 219 |
| 19 Service-related balances and adjustments | 4,849 | 4,612[r] | 4,573 | 4,685 | 4,537 | 4,451[r] | 4,454 | 4,876 | 4,546 | 4,463 |
| 20 Other | 336 | 316 | 342 | 318 | 310 | 302 | 317 | 320 | 317 | 278 |
| 21 Other Federal Reserve liabilities and capital | 11,724 | 12,020 | 12,000 | 11,755 | 12,098 | 11,902 | 11,246 | 11,706 | 12,403 | 12,584 |
| 22 Reserve balances with Federal Reserve Banks[3] | 24,848 | 24,553[r] | 24,778 | 24,701 | 26,049 | 24,125[r] | 25,356 | 23,570 | 25,035 | 25,266 |
| | End-of-month figures | | | Wednesday figures | | | | | | |
| | Oct. | Nov. | Dec. | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 Reserve Bank credit outstanding | 395,756 | 402,176[r] | 411,369 | 399,901 | 403,171 | 402,176[r] | 398,397 | 402,658 | 408,235 | 413,613 |
| U.S. government securities[2] | | | | | | | | | | |
| 2 Bought outright– System account | 352,313 | 359,190 | 364,519 | 358,817 | 359,627 | 359,190 | 360,535 | 364,100 | 365,323 | 364,942 |
| 3 Held under repurchase agreements | 3,615 | 6,510 | 9,565 | 3,310 | 4,306 | 6,510 | 0 | 1,675 | 5,120 | 6,020 |
| Federal agency obligations | | | | | | | | | | |
| 4 Bought outright | 3,744 | 3,674 | 3,637 | 3,744 | 3,744 | 3,674 | 3,674 | 3,644 | 3,644 | 3,637 |
| 5 Held under repurchase agreements | 400 | 1,655 | 1,025 | 850 | 2,050 | 1,655 | 0 | 700 | 100 | 1,000 |
| 6 Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans to depository institutions | | | | | | | | | | |
| 7 Adjustment credit | 17 | 31 | 148 | 16 | 338 | 31 | 720 | 22 | 811 | 53 |
| 8 Seasonal credit | 247 | 113 | 75 | 163 | 131 | 113 | 93 | 97 | 104 | 114 |
| 9 Extended credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Float | 579 | -424[r] | 715 | 1,317 | 930 | 424[r] | 1,541 | 244 | 657 | 5,061 |
| 11 Other Federal Reserve assets | 34,841 | 31,428 | 33,115 | 31,685 | 32,046 | 31,428 | 31,834 | 32,177 | 32,476 | 32,785 |
| 12 Gold stock | 11,053 | 11,052 | 11,051 | 11,052 | 11,052 | 11,052 | 11,051 | 11,051 | 11,051 | 11,051 |
| 13 Special drawing rights certificate account | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 |
| 14 Treasury currency outstanding | 22,865[r] | 22,934[r] | 23,004 | 22,899[r] | 22,917[r] | 22,934[r] | 22,948 | 22,962 | 22,976 | 22,990 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 Currency in circulation | 389,682[r] | 396,795[r] | 403,853 | 394,665[r] | 395,885[r] | 396,795[r] | 397,278 | 398,354 | 400,566 | 404,504 |
| 16 Treasury cash holdings | 363 | 389 | 335 | 397 | 391 | 389 | 347 | 344 | 335 | 335 |
| Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 17 Treasury | 5,164 | 5,348 | 7,161 | 4,250 | 4,532 | 5,348 | 4,970 | 5,977 | 8,751 | 7,677 |
| 18 Foreign | 223 | 230 | 250 | 184 | 198 | 230 | 166 | 206 | 192 | 173 |
| 19 Service-related balances and adjustments | 4,782 | 4,451[r] | 4,464 | 4,685 | 4,537 | 4,451[r] | 4,454 | 4,876 | 4,546 | 4,463 |
| 20 Other | 392 | 302 | 876 | 331 | 290 | 302 | 324 | 314 | 319 | 271 |
| 21 Other Federal Reserve liabilities and capital | 12,584 | 11,133 | 11,959 | 11,567 | 11,905 | 11,133 | 11,354 | 11,837 | 12,376 | 12,273 |
| 22 Reserve balances with Federal Reserve Banks[3] | 24,502 | 25,532[r] | 24,543 | 25,792 | 27,420 | 25,532[r] | 21,519 | 22,782 | 23,194 | 25,977 |

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

## 1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

| Reserve classification | Prorated monthly averages of biweekly averages | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1991 | 1992 | 1993 | 1994 | | | | | | |
| | Dec. | Dec. | Dec | June | July | Aug. | Sept. | Oct. | Nov.[r] | Dec. |
| 1 Reserve balances with Reserve Banks[2] | 25,368 | 29,374 | 24,637 | 26,502 | 25,996 | 25,284 | 25,157 | 24,745 | 24,715 | 24,637 |
| 2 Total vault cash[3] | 34,542 | 36,812 | 40,363 | 36,898 | 37,635 | 37,614 | 38,431 | 38,231 | 38,931 | 40,363 |
| 3 Applied vault cash[4] | 31,172 | 33,484 | 36,682 | 33,422 | 34,096 | 34,052 | 34,794 | 34,745 | 35,291 | 36,682 |
| 4 Surplus vault cash[5] | 3,370 | 3,328 | 3,681 | 3,476 | 3,539 | 3,562 | 3,637 | 3,486 | 3,640 | 3,681 |
| 5 Total reserves[6] | 56,540 | 62,858 | 61,319 | 59,924 | 60,092 | 59,337 | 59,951 | 59,490 | 60,006 | 61,319 |
| 6 Required reserves | 55,385 | 61,795 | 60,171 | 58,819 | 58,985 | 58,333 | 58,891 | 58,686 | 58,999 | 60,171 |
| 7 Excess reserve balances at Reserve Banks[7] | 1,155 | 1,063 | 1,147 | 1,105 | 1,107 | 1,004 | 1,060 | 804 | 1,008 | 1,147 |
| 8 Total borrowings at Reserve Banks[8] | 124 | 82 | 209 | 333 | 458 | 469 | 487 | 380 | 249 | 209 |
| 9 Seasonal borrowings | 18 | 31 | 100 | 226 | 364 | 445 | 444 | 339 | 164 | 100 |
| 10 Extended credit[9] | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Biweekly averages of daily figures for two week periods ending on dates indicated | | | | | | | | | |
| | 1994 | | | | | | | | | |
| | Aug. 31 | Sept. 14 | Sept. 28 | Oct. 12 | Oct. 26 | Nov. 9 | Nov. 23 | Dec. 7[r] | Dec. 21 | Jan. 4 |
| 1 Reserve balances with Reserve Banks[2] | 25,099 | 25,720 | 24,641 | 24,824 | 25,025 | 23,771 | 25,360 | 24,638 | 24,288 | 25,124 |
| 2 Total vault cash[3] | 36,913 | 38,451 | 38,397 | 38,539 | 37,608 | 39,236 | 38,235 | 39,934 | 40,862 | 39,965 |
| 3 Applied vault cash[4] | 33,455 | 34,839 | 34,700 | 35,138 | 34,137 | 35,506 | 34,677 | 36,245 | 37,082 | 36,428 |
| 4 Surplus vault cash[5] | 3,458 | 3,612 | 3,697 | 3,401 | 3,472 | 3,730 | 3,558 | 3,689 | 3,780 | 3,538 |
| 5 Total reserves[6] | 58,554 | 60,559 | 59,341 | 59,962 | 59,161 | 59,276 | 60,037 | 60,883 | 61,370 | 61,551 |
| 6 Required reserves | 57,559 | 59,643 | 58,138 | 58,907 | 58,587 | 58,435 | 59,092 | 59,538 | 60,291 | 60,449 |
| 7 Excess reserve balances at Reserve Banks[7] | 995 | 917 | 1,204 | 1,055 | 574 | 841 | 945 | 1,346 | 1,080 | 1,103 |
| 8 Total borrowings at Reserve Banks[8] | 498 | 447 | 535 | 433 | 346 | 351 | 201 | 216 | 179 | 246 |
| 9 Seasonal borrowings | 468 | 437 | 458 | 403 | 326 | 223 | 152 | 112 | 98 | 95 |
| 10 Extended credit[9] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1. Data in this table also appear in the Board's H 3 (502) weekly statistical release. For ordering address, see inside front cover.

2 Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

5. Total vault cash (line 2) less applied vault cash (line 3).

6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).

7. Total reserves (line 5) less required reserves (line 6).

8. Also includes adjustment credit.

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

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

Millions of dollars, averages of daily figures

| Source and maturity | 1994, week ending Monday | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Oct. 31 | Nov. 7 | Nov. 14 | Nov. 21 | Nov. 28 | Dec. 5 | Dec. 12 | Dec. 19 | Dec. 26 |
| *Federal funds purchased, repurchase agreements, and other selected borrowings* | | | | | | | | | |
| From commercial banks in the United States | | | | | | | | | |
| 1 For one day or under continuing contract | 69,873 | 75,143 | 72,603 | 76,387 | 75,368 | 81,910 | 78,942 | 78,752 | 77,920 |
| 2 For all other maturities | 15,923 | 16,685 | 14,817 | 17,343 | 15,334 | 13,801 | 13,651 | 14,003 | 14,640 |
| From other depository institutions, foreign banks and official institutions, and U.S. government agencies | | | | | | | | | |
| 3 For one day or under continuing contract | 16,902 | 17,835 | 18,979 | 20,140 | 18,621 | 18,989 | 17,824 | 17,600 | 22,326 |
| 4 For all other maturities | 22,242 | 22,074 | 22,471 | 21,515 | 21,441 | 20,252 | 20,683 | 20,087 | 20,816 |
| *Repurchase agreements on U.S. government and federal agency securities* | | | | | | | | | |
| Brokers and nonbank dealers in securities | | | | | | | | | |
| 5 For one day or under continuing contract | 22,000 | 22,406 | 23,109 | 25,838 | 17,864 | 24,632 | 19,819 | 20,422 | 20,530 |
| 6 For all other maturities | 32,215 | 31,392 | 29,513 | 27,429 | 33,284 | 28,624 | 31,472 | 31,867 | 26,825 |
| All other customers | | | | | | | | | |
| 7 For one day or under continuing contract | 32,802 | 34,363 | 33,299 | 35,679 | 34,426 | 35,109 | 35,426 | 35,089 | 34,904 |
| 8 For all other maturities | 17,134 | 16,875 | 16,955 | 17,389 | 19,759 | 17,824 | 18,391 | 18,726 | 19,546 |
| 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 | 59,630 | 60,309 | 61,075 | 60,169 | 63,006 | 64,465 | 63,841 | 70,480 | 73,660 |
| 10 To all other specified customers[2] | 21,842 | 22,347 | 22,091 | 22,698 | 22,601 | 23,074 | 22,093 | 21,769 | 20,361 |

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 2/3/95 | Effective date | Previous rate | On 2/3/95 | Effective date | Previous rate | On 2/3/95 | Effective date | Previous rate |
| Boston | 5.25 | 2/1/95 | 4.75 | 5.90 | 2/2/95 | 5.85 | 6.40 | 2/2/95 | 6.35 |
| New York | | 2/1/95 | | | | | | | |
| Philadelphia | | 2/2/95 | | | | | | | |
| Cleveland | | 2/9/95 | | | | | | | |
| Richmond | | 2/1/95 | | | | | | | |
| Atlanta | | 2/2/95 | | | | | | | |
| Chicago | | 2/1/95 | | | | | | | |
| St. Louis | | 2/1/95 | | | | | | | |
| Minneapolis | | 2/2/95 | | | | | | | |
| Kansas City | | 2/1/95 | | | | | | | |
| Dallas | | 2/2/95 | | | | | | | |
| San Francisco | 5.25 | 2/1/95 | 4.75 | 5.90 | 2/2/95 | 5.85 | 6.40 | 2/2/95 | 6.35 |

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

| Effective date | Range (or level)— All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| In effect Dec. 31, 1977 | 6 | 6 |
| 1978—Jan. 9 | 6–6.5 | 6.5 |
| 20 | 6.5 | 6.5 |
| May 11 | 6.5–7 | 7 |
| 12 | 7 | 7 |
| July 3 | 7–7.25 | 7.25 |
| 10 | 7.25 | 7.25 |
| Aug. 21 | 7.75 | 7.75 |
| Sept. 22 | 8 | 8 |
| Oct. 16 | 8–8.5 | 8.5 |
| 20 | 8.5 | 8.5 |
| Nov. 1 | 8.5–9.5 | 9.5 |
| 3 | 9.5 | 9.5 |
| 1979—July 20 | 10 | 10 |
| Aug. 17 | 10–10.5 | 10.5 |
| 20 | 10.5 | 10.5 |
| Sept. 19 | 10.5–11 | 11 |
| 21 | 11 | 11 |
| Oct. 8 | 11–12 | 12 |
| 10 | 12 | 12 |
| 1980—Feb. 15 | 12–13 | 13 |
| 19 | 13 | 13 |
| May 29 | 12–13 | 13 |
| 30 | 12 | 12 |
| June 13 | 11–12 | 11 |
| 16 | 11 | 11 |
| July 28 | 10–11 | 10 |
| 29 | 10 | 10 |
| Sept. 26 | 11 | 11 |
| Nov. 17 | 12 | 12 |
| Dec. 5 | 12–13 | 13 |
| 8 | 13 | 13 |
| 1981—May 5 | 13–14 | 14 |
| 8 | 14 | 14 |

| Effective date | Range (or level)— All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| 1981—Nov. 2 | 13–14 | 13 |
| 6 | 13 | 13 |
| Dec. 4 | 12 | 12 |
| 1982—July 20 | 11.5–12 | 11.5 |
| 23 | 11.5 | 11.5 |
| Aug. 2 | 11–11.5 | 11 |
| 3 | 11 | 11 |
| 16 | 10.5 | 10.5 |
| 27 | 10–10.5 | 10 |
| 30 | 10 | 10 |
| Oct. 12 | 9.5–10 | 9.5 |
| 13 | 9.5 | 9.5 |
| Nov. 22 | 9–9.5 | 9 |
| 26 | 9 | 9 |
| Dec. 14 | 8.5–9 | 9 |
| 15 | 8.5–9 | 8.5 |
| 17 | 8.5 | 8.5 |
| 1984—Apr. 9 | 8.5–9 | 9 |
| 13 | 9 | 9 |
| Nov. 21 | 8.5–9 | 8.5 |
| 26 | 8.5 | 8.5 |
| Dec. 24 | 8 | 8 |
| 1985—May 20 | 7.5–8 | 7.5 |
| 24 | 7.5 | 7.5 |
| 1986—Mar. 7 | 7–7.5 | 7 |
| 10 | 7 | 7 |
| Apr. 21 | 6.5–7 | 6.5 |
| 23 | 6.5 | 6.5 |
| July 11 | 6 | 6 |
| Aug. 21 | 5.5–6 | 5.5 |
| 22 | 5.5 | 5.5 |

| Effective date | Range (or level)— All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| 1987—Sept. 4 | 5.5–6 | 6 |
| 11 | 6 | 6 |
| 1988—Aug 9 | 6–6.5 | 6.5 |
| 11 | 6.5 | 6.5 |
| 1989—Feb. 24 | 6.5–7 | 7 |
| 27 | 7 | 7 |
| 1990—Dec. 19 | 6.5 | 6.5 |
| 1991—Feb. 1 | 6–6.5 | 6 |
| 4 | 6 | 6 |
| Apr. 30 | 5.5–6 | 5.5 |
| May 2 | 5.5 | 5.5 |
| Sept. 13 | 5–5.5 | 5 |
| 17 | 5 | 5 |
| Nov. 6 | 4.5–5 | 4.5 |
| 7 | 4.5 | 4.5 |
| Dec. 20 | 3.5–4.5 | 3.5 |
| 24 | 3.5 | 3.5 |
| 1992—July 2 | 3–3.5 | 3 |
| 7 | 3 | 3 |
| 1994—May 17 | 3–3.5 | 3.5 |
| 18 | 3.5 | 3.5 |
| Aug. 16 | 3.5–4 | 4 |
| 18 | 4 | 4 |
| Nov. 15 | 4–4.75 | 4.75 |
| 17 | 4.75 | 4.75 |
| 1995—Feb. 1 | 4.75–5.25 | 5.25 |
| 9 | 5.25 | 5.25 |
| In effect Feb. 3, 1995 | 4.75–5.25 | 5.25 |

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

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

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

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

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

## 1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

| Type of deposit[2] | Requirement | |
|---|---|---|
| | Percentage of deposits | Effective date |
| *Net transaction accounts*[3] | | |
| 1 $0 million–$54.0 million | 3 | 12/20/94 |
| 2 More than $54.0 million[4] | 10 | 12/20/94 |
| 3 Nonpersonal time deposits[5] | 0 | 12/27/90 |
| 4 Eurocurrency liabilities[6] | 0 | 12/27/90 |

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn St Germain Depository Institutions Act of 1982 requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease On Dec. 20, 1994, the exemption was raised from $4.0 million to $4.2 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks (accounts subject to such limits are considered savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 20, 1994, the amount was increased from $51.9 million to $54.0 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 5).

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

| Type of transaction and maturity | 1991 | 1992 | 1993 | 1994 May | June | July | Aug. | Sept. | Oct. | Nov. |
|---|---|---|---|---|---|---|---|---|---|---|
| U.S. TREASURY SECURITIES | | | | | | | | | | |
| *Outright transactions (excluding matched transactions)* | | | | | | | | | | |
| Treasury bills | | | | | | | | | | |
| 1 Gross purchases | 20,158 | 14,714 | 17,717 | 1,395 | 4,143 | 0 | 1,610 | 0 | 518 | 6,109 |
| 2 Gross sales | 120 | 1,628 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Exchanges | 277,314 | 308,699 | 332,229 | 29,807 | 39,484 | 29,559 | 36,281 | 29,668 | 29,361 | 36,543 |
| 4 Redemptions | 1,000 | 1,600 | 0r | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others within one year | | | | | | | | | | |
| 5 Gross purchases | 3,043 | 1,096 | 1,223 | 155 | 0 | 0 | 0 | 151 | 450 | 0 |
| 6 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Maturity shifts | 24,454 | 36,662 | 31,368 | 5,413r | 1,197 | 1,692 | 6,131 | 961 | 460 | 1,790 |
| 8 Exchanges | −28,090 | −30,543 | −36,582 | 917r | −3,192 | −1,626 | −4,089 | −2,203 | 0 | −5,795 |
| 9 Redemptions | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| One to five years | | | | | | | | | | |
| 10 Gross purchases | 6,583 | 13,118 | 10,350 | 0 | 0 | 0 | 0 | 2,530 | 0 | 200 |
| 11 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Maturity shifts | 21,211 | −34,478 | −27,140 | −3,449r | −1,197 | −1,692 | −5,506 | −837 | −460 | −1,123 |
| 13 Exchanges | 24,594 | 25,811 | 0 | −917r | 3,192 | 1,626 | 2,889 | 2,203 | 0 | 4,192 |
| Five to ten years | | | | | | | | | | |
| 14 Gross purchases | 1,280 | 2,818 | 4,168 | 0 | 0 | 0 | 0 | 938 | 0 | 0 |
| 15 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Maturity shifts | −2,037 | 1,915 | 0 | −1,510r | 0 | 0 | −549 | −125 | 0 | −278 |
| 17 Exchanges | 2,894 | 3,532 | 0 | 0 | 0 | 0 | 750 | 0 | 0 | 1,603 |
| More than ten years | | | | | | | | | | |
| 18 Gross purchases | 375 | 2,333 | 3,457 | 0 | 0 | 0 | 0 | 840 | 0 | 0 |
| 19 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Maturity shifts | −1,209 | −269 | 0 | 0 | 0 | 0 | −76 | 0 | 0 | −389 |
| 21 Exchanges | 600 | 1,200 | 0 | −453r | 0 | 0 | 450 | 0 | 0 | 0 |
| All maturities | | | | | | | | | | |
| 22 Gross purchases | 31,439 | 34,079 | 36,915 | 155r | 4,143 | 0 | 1,610 | 4,459 | 968 | 6,309 |
| 23 Gross sales | 120 | 1,628 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 Redemptions | 1,000 | 1,600 | 767r | 0 | 0 | 302r | 0 | 0r | 979r | 0 |
| *Matched transactions* | | | | | | | | | | |
| 25 Gross sales | 1,570,456 | 1,482,467 | 1,475,085 | 135,796 | 133,939 | 125,181 | 170,356 | 151,589 | 137,242 | 147,858 |
| 26 Gross purchases | 1,571,534 | 1,480,140 | 1,475,941 | 137,195 | 133,075 | 126,677 | 169,018 | 151,029 | 136,556 | 148,425 |
| *Repurchase agreements* | | | | | | | | | | |
| 27 Gross purchases | 310,084 | 378,374 | 475,447 | 21,517 | 10,059 | 28,085 | 44,948 | 4,975 | 17,088 | 35,456 |
| 28 Gross sales | 311,752 | 386,257 | 470,723 | 17,112 | 4,405 | 35,374 | 41,199 | 9,354 | 15,613 | 32,561 |
| 29 Net change in U.S. Treasury securities | 29,729 | 20,642 | 41,729r | 5,691r | 8,933 | −6,095r | 4,022 | −479r | 778r | 9,771 |
| FEDERAL AGENCY OBLIGATIONS | | | | | | | | | | |
| *Outright transactions* | | | | | | | | | | |
| 30 Gross purchases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Gross sales | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Redemptions | 292 | 632 | 774r | 70 | 58 | 20r | 63 | 31r | 62r | 70 |
| *Repurchase agreements* | | | | | | | | | | |
| 33 Gross purchases | 22,807 | 14,565 | 35,063 | 4,195 | 580 | 9,472 | 8,491 | 3,620 | 2,868 | 8,615 |
| 34 Gross sales | 23,595 | 14,486 | 34,669 | 2,895 | 1,300 | 8,702 | 8,109 | 4,982 | 2,838 | 7,360 |
| 35 Net change in federal agency obligations | 1,085 | 554 | −380r | 1,230 | −778 | 750r | 319 | −1,393r | −32r | 1,185 |
| **36 Total net change in System Open Market Account** | **28,644** | **20,089** | **41,348** | **6,921r** | **8,155** | **−5,345** | **4,341** | **−1,872** | **746** | **10,956** |

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

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

Millions of dollars

| Account | Wednesday | | | | | End of month | | |
|---|---|---|---|---|---|---|---|---|
| | 1994 | | | | | 1994 | | |
| | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 | Oct. 31 | Nov. 30 | Dec. 31 |
| | Consolidated condition statement | | | | | | | |
| ASSETS | | | | | | | | |
| 1 Gold certificate account | 11,052 | 11,051 | 11,051 | 11,051 | 11,051 | 11,053 | 11,052 | 11,051 |
| 2 Special drawing rights certificate account | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 |
| 3 Coin | 321 | 330 | 341 | 341 | 321 | 360 | 321 | 320 |
| *Loans* | | | | | | | | |
| 4 To depository institutions | 144 | 813 | 119 | 915 | 168 | 264 | 144 | 223 |
| 5 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Acceptances held under repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Federal agency obligations* | | | | | | | | |
| 7 Bought outright | 3,674 | 3,674 | 3,644 | 3,644 | 3,637 | 3,744 | 3,674 | 3,637 |
| 8 Held under repurchase agreements | 1,655 | 0 | 700 | 100 | 1,000 | 400 | 1,655 | 1,025 |
| **9 Total U.S. Treasury securities** | **365,700** | **360,535** | **365,775** | **370,443** | **370,962** | **355,928** | **365,700** | **374,084** |
| 10 Bought outright[2] | 359,190 | 360,535 | 364,100 | 365,323 | 364,942 | 352,313 | 359,190 | 364,519 |
| 11 Bills | 176,294 | 173,394 | 176,959 | 178,182 | 177,801 | 169,617 | 176,294 | 177,378 |
| 12 Notes | 141,150 | 144,143 | 144,143 | 144,143 | 144,143 | 140,860 | 141,150 | 144,143 |
| 13 Bonds | 41,746 | 42,998 | 42,998 | 42,998 | 42,998 | 41,836 | 41,746 | 42,998 |
| 14 Held under repurchase agreements | 6,510 | 0 | 1,675 | 5,120 | 6,020 | 3,615 | 6,510 | 9,565 |
| **15 Total loans and securities** | **371,172** | **365,022** | **370,237** | **375,102** | **375,767** | **360,336** | **371,172** | **378,969** |
| 16 Items in process of collection | 4,983 | 7,171 | 6,085 | 7,038 | 11,921 | 2,477 | 4,983 | 4,688 |
| 17 Bank premises | 1,067 | 1,068 | 1,071 | 1,072 | 1,075 | 1,068 | 1,067 | 1,076 |
| *Other assets* | | | | | | | | |
| 18 Denominated in foreign currencies[3] | 21,909 | 21,925 | 21,941 | 21,959 | 21,974 | 23,922 | 21,909 | 22,031 |
| 19 All other[4] | 8,373 | 8,794 | 9,140 | 9,423 | 9,853 | 9,848 | 8,373 | 10,333 |
| **20 Total assets** | **426,895** | **423,379** | **427,884** | **434,002** | **439,979** | **417,080** | **426,895** | **436,487** |
| LIABILITIES | | | | | | | | |
| 21 Federal Reserve notes | 374,571 | 375,008 | 376,077 | 378,266 | 382,170 | 367,540 | 374,571 | 381,505 |
| **22 Total deposits** | **36,554** | **31,534** | **34,474** | **37,489** | **38,769** | **35,050** | **36,554** | **39,075** |
| 23 Depository institutions | 30,674 | 26,074 | 27,983 | 28,227 | 30,648 | 29,271 | 30,674 | 30,789 |
| 24 U.S. Treasury—General account | 5,348 | 4,970 | 5,977 | 8,751 | 7,677 | 5,164 | 5,348 | 7,161 |
| 25 Foreign—Official accounts | 230 | 166 | 206 | 192 | 173 | 223 | 230 | 250 |
| 26 Other | 302 | 324 | 314 | 319 | 271 | 392 | 302 | 876 |
| 27 Deferred credit items | 4,637 | 5,483 | 5,496 | 5,871 | 6,767 | 1,906 | 4,637 | 3,948 |
| 28 Other liabilities and accrued dividends[5] | 4,210 | 4,026 | 4,187 | 4,610 | 4,473 | 3,992 | 4,210 | 4,592 |
| **29 Total liabilities** | **419,973** | **416,051** | **420,233** | **426,236** | **432,179** | **408,488** | **419,973** | **429,120** |
| CAPITAL ACCOUNTS | | | | | | | | |
| 30 Capital paid in | 3,668 | 3,682 | 3,675 | 3,680 | 3,685 | 3,643 | 3,668 | 3,683 |
| 31 Surplus | 3,178 | 3,336 | 3,390 | 3,401 | 3,401 | 3,401 | 3,178 | 3,683 |
| 32 Other capital accounts | 77 | 310 | 585 | 686 | 714 | 1,548 | 77 | 0 |
| **33 Total liabilities and capital accounts** | **426,895** | **423,379** | **427,884** | **434,002** | **439,979** | **417,080** | **426,895** | **436,487** |
| MEMO | | | | | | | | |
| 34 Marketable U.S. Treasury securities held in custody for foreign and international accounts | 416,344 | 415,332 | 413,713 | 418,499 | 411,727 | 407,851 | 416,344 | 410,405 |
| | Federal Reserve note statement | | | | | | | |
| 35 Federal Reserve notes outstanding (issued to Banks) | 453,444 | 455,963 | 457,181 | 456,900 | 455,472 | 449,946 | 453,444 | 454,642 |
| 36 LESS: Held by Federal Reserve Banks | 78,873 | 80,955 | 81,105 | 78,634 | 73,302 | 82,406 | 78,873 | 73,137 |
| 37 Federal Reserve notes, net | 374,571 | 375,008 | 376,077 | 378,266 | 382,170 | 367,540 | 374,571 | 381,505 |
| *Collateral held against notes, net* | | | | | | | | |
| 38 Gold certificate account | 11,052 | 11,051 | 11,051 | 11,051 | 11,051 | 11,053 | 11,052 | 11,051 |
| 39 Special drawing rights certificate account | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 | 8,018 |
| 40 Other eligible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 U.S. Treasury and agency securities | 355,502 | 355,938 | 357,008 | 359,197 | 363,101 | 348,469 | 355,502 | 362,437 |
| **42 Total collateral** | **374,571** | **375,008** | **376,077** | **378,266** | **382,170** | **367,540** | **374,571** | **381,505** |

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.

2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.

3. Valued monthly at market exchange rates.

4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.

5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

| Type of holding and maturity | Wednesday | | | | | End of month | | |
|---|---|---|---|---|---|---|---|---|
| | 1994 | | | | | 1994 | | |
| | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 | Oct. 31 | Nov. 30 | Dec. 31 |
| 1 **Total loans** | **144** | **813** | **119** | **915** | **168** | **264** | **224** | **223** |
| 2 Within fifteen days[1] | 65 | 731 | 32 | 914 | 159 | 133 | 201 | 202 |
| 3 Sixteen days to ninety days | 79 | 82 | 87 | 2 | 8 | 131 | 23 | 21 |
| 4 Ninety-one days to one year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 **Total acceptances** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| 6 Within fifteen days[1] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Sixteen days to ninety days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Ninety-one days to one year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 **Total U.S. Treasury securities** | **359,196** | **360,535** | **364,102** | **365,328** | **364,948** | **352,313** | **359,196** | **364,519** |
| 10 Within fifteen days[1] | 15,444 | 12,205 | 15,299 | 14,413 | 18,210 | 10,538 | 15,444 | 11,685 |
| 11 Sixteen days to ninety days | 83,053 | 83,236 | 87,927 | 85,581 | 81,254 | 83,281 | 83,053 | 87,450 |
| 12 Ninety-one days to one year | 111,940 | 112,165 | 107,946 | 112,405 | 112,555 | 109,980 | 111,940 | 112,455 |
| 13 One year to five years | 87,773 | 90,031 | 90,031 | 90,031 | 90,031 | 88,463 | 87,773 | 90,031 |
| 14 Five years to ten years | 27,036 | 28,053 | 28,053 | 28,053 | 28,053 | 25,711 | 27,036 | 28,053 |
| 15 More than ten years | 33,950 | 34,845 | 34,845 | 34,845 | 34,845 | 34,339 | 33,950 | 34,845 |
| 16 **Total federal agency obligations** | **3,675** | **3,674** | **3,644** | **3,644** | **3,638** | **3,744** | **3,675** | **3,637** |
| 17 Within fifteen days[1] | 334 | 0 | 8 | 232 | 253 | 119 | 334 | 252 |
| 18 Sixteen days to ninety days | 494 | 749 | 742 | 517 | 573 | 725 | 494 | 573 |
| 19 Ninety-one days to one year | 915 | 992 | 992 | 992 | 912 | 747 | 915 | 912 |
| 20 One year to five years | 1,390 | 1,390 | 1,390 | 1,390 | 1,387 | 1,603 | 1,390 | 1,387 |
| 21 Five years to ten years | 518 | 518 | 488 | 488 | 488 | 525 | 518 | 488 |
| 22 More than ten years | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

## 1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

| Item | 1991 Dec. | 1992 Dec. | 1993 Dec. | 1994 Dec. | 1994 May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | | | | |
| ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2] | | | | | | | | | | | | |
| 1 Total reserves[3] | 45.53 | 54.34 | 60.48 | 59.00 | 59.91 | 59.71 | 59.82 | 59.52 | 59.48 | 59.17 | 59.01 | 59.00 |
| 2 Nonborrowed reserves[4] | 45.34 | 54.22 | 60.39 | 58.79 | 59.71 | 59.37 | 59.36 | 59.05 | 59.00 | 58.79 | 58.76 | 58.79 |
| 3 Nonborrowed reserves plus extended credit[5] | 45.34 | 54.22 | 60.39 | 58.79 | 59.71 | 59.37 | 59.36 | 59.05 | 59.00 | 58.79 | 58.76 | 58.79 |
| 4 Required reserves | 44.55 | 53.19 | 59.41 | 57.86 | 59.00 | 58.60 | 58.71 | 58.51 | 58.42 | 58.37 | 58.00[r] | 57.86 |
| 5 Monetary base[6] | 317.12 | 350.61 | 385.86 | 417.08 | 401.73 | 404.32 | 407.04 | 409.20[r] | 411.08[r] | 413.40[r] | 416.46[r] | 417.08 |
| | Not seasonally adjusted | | | | | | | | | | | |
| 6 Total reserves[7] | 46.98 | 56.06 | 62.37 | 60.81 | 58.97 | 59.56 | 59.66 | 58.84 | 59.39 | 58.87 | 59.32 | 60.81 |
| 7 Nonborrowed reserves | 46.78 | 55.93 | 62.29 | 60.61 | 58.77 | 59.22 | 59.20 | 58.37 | 58.90 | 58.49 | 59.07 | 60.61 |
| 8 Nonborrowed reserves plus extended credit[5] | 46.78 | 55.93 | 62.29 | 60.61 | 58.77 | 59.22 | 59.20 | 58.37 | 58.90 | 58.49 | 59.07 | 60.61 |
| 9 Required reserves[8] | 46.00 | 54.90 | 61.31 | 59.67 | 58.06 | 58.45 | 58.55 | 57.84 | 58.33 | 58.06 | 58.32 | 59.67 |
| 10 Monetary base[9] | 321.07 | 354.55 | 390.59 | 422.22 | 400.26 | 404.72 | 408.17 | 408.97[r] | 411.10[r] | 412.85[r] | 416.75[r] | 422.22 |
| NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10] | | | | | | | | | | | | |
| 11 Total reserves[11] | 55.53 | 56.54 | 62.86 | 61.32 | 59.27 | 59.92 | 60.09 | 59.34 | 59.95 | 59.49 | 60.01 | 61.32 |
| 12 Nonborrowed reserves | 55.34 | 56.42 | 62.78 | 61.11 | 59.07 | 59.59 | 59.63 | 58.87 | 59.47 | 59.11 | 59.76 | 61.11 |
| 13 Nonborrowed reserves plus extended credit[5] | 55.34 | 56.42 | 62.78 | 61.11 | 59.07 | 59.59 | 59.64 | 58.87 | 59.47 | 59.11 | 59.76 | 61.11 |
| 14 Required reserves | 54.55 | 55.39 | 61.80 | 60.17 | 58.36 | 58.82 | 58.99 | 58.33 | 58.89 | 58.69 | 59.00 | 60.17 |
| 15 Monetary base[12] | 333.61 | 360.90 | 397.62 | 427.19 | 406.59 | 410.94 | 414.39 | 414.92[r] | 416.70[r] | 418.19[r] | 421.90[r] | 427.19 |
| 16 Excess reserves[13] | .98 | 1.16 | 1.06 | 1.15 | .92 | 1.11 | 1.11 | 1.00 | 1.06 | .80 | 1.01 | 1.15 |
| 17 Borrowings from the Federal Reserve | .19 | .12 | .08 | .21 | .20 | .33 | .46 | .47 | .49 | .38 | .25 | .21 |

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the impact on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

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

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

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

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

Billions of dollars, averages of daily figures

| Item | 1991 Dec. | 1992 Dec. | 1993 Dec. | 1994 Dec. | 1994 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Sept.[r] | Oct.[r] | Nov.[r] | Dec. |
| | Seasonally adjusted | | | | | | | |
| *Measures[2]* | | | | | | | | |
| 1 M1 | 897.7 | 1,024.8 | 1,128.4 | 1,147.6 | 1,151.9 | 1,148.5 | 1,147.6 | 1,147.6 |
| 2 M2 | 3,455.2 | 3,509.0 | 3,567.9 | 3,600.0 | 3,597.6 | 3,592.6 | 3,594.2 | 3,600.0 |
| 3 M3 | 4,180.4 | 4,183.0 | 4,232.0 | 4,282.4 | 4,250.9 | 4,259.6 | 4,267.0 | 4,282.4 |
| 4 L | 4,992.9 | 5,057.1 | 5,135.0 | n.a. | 5,176.9 | 5,205.5 | 5,217.8 | n.a. |
| 5 Debt | 11,171.1 | 11,706.1 | 12,335.4 | n.a. | 12,809.5 | 12,856.8 | 12,924.3 | n.a. |
| *M1 components* | | | | | | | | |
| 6 Currency[3] | 267.1 | 292.2 | 321.4 | 353.6 | 347.4 | 350.0 | 352.9 | 353.6 |
| 7 Travelers checks[4] | 7.7 | 8.1 | 7.9 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 |
| 8 Demand deposits[5] | 290.0 | 339.6 | 384.8 | 383.3 | 388.0 | 385.8 | 383.4 | 383.3 |
| 9 Other checkable deposits[6] | 332.8 | 384.9 | 414.3 | 402.3 | 408.2 | 404.3 | 402.8 | 402.3 |
| *Nontransaction components* | | | | | | | | |
| 10 In M2[7] | 2,557.5 | 2,484.2 | 2,439.5 | 2,452.5 | 2,445.6 | 2,444.1 | 2,446.7 | 2,452.5 |
| 11 In M3[8] only | 725.2 | 674.0 | 664.1 | 682.4 | 653.3 | 666.9 | 672.8 | 682.4 |
| *Commercial banks* | | | | | | | | |
| 12 Savings deposits, including MMDAs | 665.5 | 754.6 | 785.3 | 752.3 | 773.7 | 765.9 | 759.6 | 752.3 |
| 13 Small time deposits[9] | 602.9 | 508.7 | 468.6 | 502.7 | 479.8 | 486.8 | 493.9 | 502.7 |
| 14 Large time deposits[10, 11] | 342.4 | 292.8 | 277.2 | 299.1 | 284.0 | 289.1 | 294.8 | 299.1 |
| *Thrift institutions* | | | | | | | | |
| 15 Savings deposits, including MMDAs | 375.6 | 429.0 | 430.2 | 393.2 | 412.9 | 407.5 | 400.2 | 393.2 |
| 16 Small time deposits[9] | 464.5 | 361.8 | 317.1 | 315.5 | 305.5 | 308.9 | 314.0 | 315.5 |
| 17 Large time deposits[10] | 83.4 | 67.5 | 61.8 | 64.5 | 62.7 | 63.9 | 64.2 | 64.5 |
| *Money market mutual funds* | | | | | | | | |
| 18 General purpose and broker-dealer | 370.4 | 352.0 | 348.8 | 374.5 | 360.5 | 363.3 | 368.1 | 374.5 |
| 19 Institution-only | 181.0 | 201.5 | 197.0 | 176.6 | 167.9 | 175.3 | 175.6 | 176.6 |
| *Debt components* | | | | | | | | |
| 20 Federal debt | 2,763.3 | 3,067.9 | 3,328.0 | n.a. | 3,454.0 | 3,469.4 | 3,494.0 | n.a. |
| 21 Nonfederal debt | 8,407.8 | 8,638.1 | 9,007.4 | n.a. | 9,355.5 | 9,387.3 | 9,430.3 | n.a. |
| | Not seasonally adjusted | | | | | | | |
| *Measures[2]* | | | | | | | | |
| 22 M1 | 916.7 | 1,046.7 | 1,153.8 | 1,173.5 | 1,146.0 | 1,147.3 | 1,155.3 | 1,173.5 |
| 23 M2 | 3,470.3 | 3,527.6 | 3,590.5 | 3,623.5 | 3,587.1 | 3,591.0 | 3,603.8 | 3,623.5 |
| 24 M3 | 4,191.9 | 4,198.2 | 4,251.4 | 4,302.9 | 4,240.2 | 4,254.1 | 4,279.9 | 4,302.9 |
| 25 L | 5,018.0 | 5,087.6 | 5,169.9 | n.a. | 5,164.9 | 5,197.8 | 5,241.6 | n.a. |
| 26 Debt | 11,168.5 | 11,708.9 | 12,327.6 | n.a. | 12,765.8 | 12,816.3 | 12,895.4 | n.a. |
| *M1 components* | | | | | | | | |
| 27 Currency[3] | 269.9 | 295.0 | 324.9 | 357.7 | 347.1 | 349.7 | 353.3 | 357.7 |
| 28 Travelers checks[4] | 7.4 | 7.8 | 7.6 | 8.1 | 8.8 | 8.5 | 8.2 | 8.1 |
| 29 Demand deposits[5] | 303.1 | 355.1 | 402.6 | 401.1 | 385.6 | 388.8 | 391.7 | 401.1 |
| 30 Other checkable deposits[6] | 336.3 | 388.9 | 418.6 | 406.6 | 404.5 | 400.3 | 402.0 | 406.6 |
| *Nontransaction components* | | | | | | | | |
| 31 In M2[7] | 2,553.7 | 2,480.8 | 2,436.7 | 2,450.0 | 2,441.1 | 2,443.6 | 2,448.5 | 2,450.0 |
| 32 In M3[8] | 721.6 | 670.6 | 660.9 | 679.4 | 653.1 | 663.1 | 676.1 | 679.4 |
| *Commercial banks* | | | | | | | | |
| 33 Savings deposits, including MMDAs | 664.0 | 752.9 | 783.9 | 751.1 | 772.4 | 765.2 | 761.3 | 751.1 |
| 34 Small time deposits[9] | 601.9 | 507.8 | 467.6 | 501.5 | 481.2 | 487.7 | 493.1 | 501.5 |
| 35 Large time deposits[10, 11] | 341.3 | 291.7 | 276.0 | 297.9 | 285.0 | 288.8 | 295.2 | 297.9 |
| *Thrift institutions* | | | | | | | | |
| 36 Savings deposits, including MMDAs | 374.8 | 428.1 | 429.4 | 392.6 | 412.2 | 407.1 | 401.1 | 392.6 |
| 37 Small time deposits[9] | 463.7 | 361.1 | 316.4 | 314.8 | 306.4 | 309.5 | 313.5 | 314.8 |
| 38 Large time deposits[10] | 83.1 | 67.2 | 61.6 | 64.3 | 62.9 | 63.8 | 64.2 | 64.3 |
| *Money market mutual funds* | | | | | | | | |
| 39 General purpose and broker-dealer | 368.5 | 350.2 | 347.2 | 372.9 | 355.8 | 359.2 | 366.0 | 372.9 |
| 40 Institution-only | 180.4 | 200.4 | 195.8 | 175.5 | 165.1 | 170.5 | 175.0 | 175.5 |
| *Repurchase agreements and Eurodollars* | | | | | | | | |
| 41 Overnight and continuing | 80.6 | 80.7 | 92.3 | 117.2 | 113.1 | 114.9 | 113.6 | 117.2 |
| 42 Term | 130.1 | 126.8 | 143.8 | 157.3 | 154.8 | 155.5 | 158.0 | 157.3 |
| *Debt components* | | | | | | | | |
| 43 Federal debt | 2,765.0 | 3,069.8 | 3,329.5 | n.a. | 3,438.4 | 3,448.7 | 3,485.3 | n.a. |
| 44 Nonfederal debt | 8,403.5 | 8,639.1 | 8,998.1 | n.a. | 9,327.3 | 9,367.6 | 9,410.1 | n.a. |

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

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

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

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

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

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

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

| Item | 1992 Dec. | 1993 Dec. | 1994 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov.[r] | Dec. |
| | Interest rates (annual effective yields)[2] | | | | | | | | | | |
| INSURED COMMERCIAL BANKS | | | | | | | | | | | |
| 1 Negotiable order of withdrawal accounts | 2.33 | 1.86 | 1.81 | 1.83 | 1.82 | 1.83 | 1.85 | 1.87 | 1.88 | 1.92 | 1.96 |
| 2 Savings deposits[3] | 2.88 | 2.46 | 2.45 | 2.50 | 2.54 | 2.57 | 2.63 | 2.67 | 2.72 | 2.81 | 2.91 |
| *Interest-bearing time deposits with balances of less than $100,000, by maturity* | | | | | | | | | | | |
| 3 7 to 91 days | 2.90 | 2.65 | 2.87 | 2.99 | 3.08 | 3.17 | 3.29 | 3.36 | 3.47 | 3.68 | 3.81 |
| 4 92 to 182 days | 3.16 | 2.91 | 3.13 | 3.28 | 3.36 | 3.44 | 3.61 | 3.75 | 3.93 | 4.22 | 4.44 |
| 5 183 days to 1 year | 3.37 | 3.13 | 3.42 | 3.64 | 3.76 | 3.88 | 4.11 | 4.27 | 4.49 | 4.85 | 5.12 |
| 6 More than 1 year to 2½ years | 3.88 | 3.55 | 3.87 | 4.12 | 4.26 | 4.39 | 4.61 | 4.80 | 5.08 | 5.42 | 5.74 |
| 7 More than 2½ years | 4.77 | 4.29 | 4.67 | 4.89 | 5.02 | 5.14 | 5.33 | 5.47 | 5.76 | 6.09 | 6.30 |
| BIF-INSURED SAVINGS BANKS[4] | | | | | | | | | | | |
| 8 Negotiable order of withdrawal accounts | 2.45 | 1.87 | 1.86 | 1.86 | 1.88 | 1.89 | 1.89 | 1.91 | 1.88 | 1.91 | 1.95 |
| 9 Savings deposits[3] | 3.20 | 2.63 | 2.65 | 2.67 | 2.69 | 2.67 | 2.74 | 2.78 | 2.76 | 2.83 | 2.89 |
| *Interest-bearing time deposits with balances of less than $100,000, by maturity* | | | | | | | | | | | |
| 10 7 to 91 days | 3.13 | 2.70 | 2.72 | 2.77 | 2.84 | 2.98 | 3.03 | 3.11 | 3.31 | 3.49 | 3.78 |
| 11 92 to 182 days | 3.44 | 3.02 | 3.13 | 3.21 | 3.41 | 3.53 | 3.69 | 3.87 | 4.09 | 4.41 | 4.88 |
| 12 183 days to 1 year | 3.61 | 3.31 | 3.47 | 3.67 | 3.92 | 4.02 | 4.24 | 4.47 | 4.78 | 5.15 | 5.49 |
| 13 More than 1 year to 2½ years | 4.02 | 3.66 | 3.96 | 4.12 | 4.38 | 4.56 | 4.83 | 5.04 | 5.36 | 5.68 | 6.06 |
| 14 More than 2½ years | 5.00 | 4.62 | 4.85 | 5.08 | 5.24 | 5.35 | 5.47 | 5.64 | 5.78 | 6.16 | 6.40 |
| | Amounts outstanding (millions of dollars) | | | | | | | | | | |
| INSURED COMMERCIAL BANKS | | | | | | | | | | | |
| 15 Negotiable order of withdrawal accounts | 286,541 | 305,223 | 293,888 | 292,797 | 290,220 | 290,631 | 295,320 | 286,787 | 294,069 | 294,276 | 303,712 |
| 16 Savings deposits[3] | 738,253 | 766,413 | 771,869 | 773,170 | 767,539 | 765,751 | 764,035 | 755,249 | 751,300 | 746,618 | 734,489 |
| 17 Personal | 578,757 | 597,838 | 611,720 | 612,648 | 608,132 | 605,881 | 600,892 | 595,175 | 591,304 | 584,645 | 578,529 |
| 18 Nonpersonal | 159,496 | 168,575 | 160,149 | 160,522 | 159,407 | 159,870 | 163,143 | 160,074 | 159,996 | 161,973 | 155,961 |
| *Interest-bearing time deposits with balances of less than $100,000, by maturity* | | | | | | | | | | | |
| 19 7 to 91 days | 38,474 | 29,455 | 29,467 | 29,950 | 28,763 | 28,659 | 27,959 | 28,312 | 31,387 | 31,312 | 32,495 |
| 20 92 to 182 days | 127,831 | 110,069 | 105,615 | 104,400 | 102,439 | 100,424 | 98,085 | 96,398 | 95,328 | 94,573 | 95,729 |
| 21 183 days to 1 year | 163,098 | 146,565 | 146,733 | 148,102 | 151,165 | 152,216 | 155,964 | 157,253 | 158,564 | 159,697 | 161,900 |
| 22 More than 1 year to 2½ years | 152,977 | 141,223 | 139,313 | 140,764 | 144,686 | 146,875 | 150,807 | 152,514 | 155,251 | 158,417 | 162,461 |
| 23 More than 2½ years | 169,708 | 181,528 | 181,977 | 180,381 | 181,843 | 182,944 | 186,490 | 190,209 | 188,456 | 189,243 | 190,958 |
| 24 IRA and Keogh plan deposits | 147,350 | 143,985 | 142,448 | 142,047 | 142,513 | 142,649 | 142,617 | 142,700 | 142,742 | 143,075 | 143,321 |
| BIF-INSURED SAVINGS BANKS[4] | | | | | | | | | | | |
| 25 Negotiable order of withdrawal accounts | 10,871 | 11,151 | 11,051 | 11,052 | 10,792 | 10,925 | 11,016 | 10,769 | 11,136 | 10,998 | 11,317 |
| 26 Savings deposits[3] | 81,786 | 80,115 | 78,982 | 78,817 | 77,289 | 77,337 | 75,108 | 74,659 | 73,416 | 72,597 | 70,643 |
| 27 Personal | 78,695 | 77,035 | 75,717 | 75,474 | 74,121 | 74,064 | 72,040 | 71,525 | 70,215 | 69,387 | 67,674 |
| 28 Nonpersonal | 3,091 | 3,079 | 3,265 | 3,344 | 3,168 | 3,273 | 3,068 | 3,134 | 3,201 | 3,210 | 2,969 |
| *Interest-bearing time deposits with balances of less than $100,000, by maturity* | | | | | | | | | | | |
| 29 7 to 91 days | 3,867 | 2,793 | 2,697 | 2,702 | 2,614 | 2,531 | 2,523 | 2,402 | 2,258 | 2,205 | 2,166 |
| 30 92 to 182 days | 17,345 | 12,946 | 13,058 | 12,822 | 12,515 | 12,511 | 12,292 | 12,276 | 11,896 | 11,895 | 11,793 |
| 31 183 days to 1 year | 21,780 | 17,426 | 17,504 | 17,444 | 17,310 | 17,591 | 17,593 | 17,928 | 18,213 | 18,483 | 18,753 |
| 32 More than 1 year to 2½ years | 18,442 | 16,546 | 16,453 | 16,477 | 16,493 | 16,901 | 16,824 | 17,287 | 17,521 | 17,932 | 17,802 |
| 33 More than 2½ years | 18,845 | 20,464 | 21,454 | 21,546 | 21,079 | 21,573 | 21,531 | 21,923 | 21,625 | 21,652 | 21,598 |
| 34 IRA and Keogh plan accounts | 21,713 | 19,356 | 19,860 | 19,772 | 19,511 | 19,757 | 19,445 | 19,532 | 19,550 | 19,521 | 19,312 |

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 77 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S branches and agencies of foreign banks.

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

## 1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

| Bank group, or type of deposit | 1991[2] | 1992[2] | 1993[2] | 1994 May[r] | 1994 June[r] | 1994 July[r] | 1994 Aug.[r] | 1994 Sept.[r] | 1994 Oct. |
|---|---|---|---|---|---|---|---|---|---|
| DEBITS | Seasonally adjusted | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 1 All insured banks | 277,741.7 | 313,179.6 | 334,375.0 | 376,214.2 | 371,498.9 | 345,258.7 | 384,044.9 | 370,520.1 | 346,126.1 |
| 2 Major New York City banks | 137,337.2 | 165,484.6 | 171,310.7 | 200,277.1 | 195,079.6 | 182,408.2 | 196,505.6 | 186,294.9 | 176,701.9 |
| 3 Other banks | 140,404.5 | 147,695.1 | 163,064.2 | 175,937.1 | 176,419.3 | 162,850.5 | 187,539.3 | 184,225.2 | 169,424.2 |
| 4 Other checkable deposits[4] | 3,643.1 | 3,780.7 | 3,468.9 | 3,884.1 | 3,861.3 | 3,508.5 | 3,873.5 | 3,925.7 | 3,826.4 |
| 5 Savings deposits (including MMDAs)[5] | 3,206.4 | 3,310.6 | 3,511.0 | 3,498.9 | 3,784.9 | 3,405.8 | 3,852.0 | 3,802.7 | 3,545.8 |
| DEPOSIT TURNOVER | | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 6 All insured banks | 803.7 | 825.8 | 785.4 | 834.0 | 828.6 | 756.3 | 852.3 | 820.1 | 766.8 |
| 7 Major New York City banks | 4,267.1 | 4,794.5 | 4,200.5 | 4,714.8 | 4,480.9 | 4,074.6 | 4,635.6 | 4,503.6 | 4,300.5 |
| 8 Other banks | 448.1 | 428.7 | 423.7 | 430.6 | 435.8 | 395.5 | 459.4 | 448.9 | 412.9 |
| 9 Other checkable deposits[4] | 16.2 | 14.4 | 11.8 | 12.9 | 12.8 | 11.5 | 12.8 | 13.0 | 12.8 |
| 10 Savings deposits (including MMDAs)[5] | 5.2 | 4.7 | 4.6 | 4.5 | 4.9 | 4.4 | 5.0 | 5.0 | 4.7 |
| DEBITS | Not seasonally adjusted | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 11 All insured banks | 277,752.4 | 313,344.9 | 334,354.6 | 364,448.1 | 387,201.1 | 347,403.9 | 394,394.4 | 365,063.0 | 352,652.7 |
| 12 Major New York City banks | 137,307.2 | 165,595.0 | 171,283.5 | 188,885.2 | 204,251.8 | 182,452.9 | 202,845.6 | 186,161.8 | 181,406.6 |
| 13 Other banks | 140,445.2 | 147,749.9 | 163,071.0 | 175,563.0 | 182,949.3 | 164,951.0 | 191,548.8 | 178,901.2 | 171,246.1 |
| 14 Other checkable deposits[4] | 3,645.2 | 3,783.6 | 3,467.5 | 3,700.5 | 3,918.9 | 3,515.0 | 3,861.2 | 3,960.9 | 3,797.0 |
| 15 Savings deposits (including MMDAs)[5] | 3,209.2 | 3,310.0 | 3,509.5 | 3,535.3 | 3,906.8 | 3,521.8 | 3,873.3 | 3,716.4 | 3,472.3 |
| DEPOSIT TURNOVER | | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 16 All insured banks | 803.6 | 826.1 | 785.4 | 823.3 | 868.5 | 761.9 | 889.5 | 811.9 | 774.8 |
| 17 Major New York City banks | 4,269.0 | 4,803.5 | 4,197.9 | 4,449.3 | 4,878.2 | 4,150.3 | 4,960.2 | 4,539.5 | 4,435.8 |
| 18 Other banks | 448.1 | 428.8 | 423.8 | 438.7 | 452.9 | 400.4 | 475.9 | 437.8 | 413.4 |
| 19 Other checkable deposits[4] | 16.2 | 14.4 | 11.8 | 12.4 | 13.1 | 11.8 | 13.0 | 13.3 | 12.9 |
| 20 Savings deposits (including MMDAs)[5] | 5.2 | 4.7 | 4.6 | 4.5 | 5.0 | 4.6 | 5.0 | 4.9 | 4.6 |

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.
5. Money market deposit accounts.

## 1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

| Account | Monthly averages | | | | | | | | Wednesday figures | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994[r] | | | | | | | 1994 | | | |
| | Dec. | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| ALL COMMERCIAL BANKING INSTITUTIONS | Seasonally adjusted | | | | | | | | | | | |
| *Assets* | | | | | | | | | | | | |
| 1 Bank credit | 3,105.3[r] | 3,224.0 | 3,260.3 | 3,270.8 | 3,280.3 | 3,287.6 | 3,297.1 | 3,323.3 | 3,308.8 | 3,313.9 | 3,330.5 | 3,333.8 |
| 2 Securities in bank credit | 911.6[r] | 974.6 | 979.5 | 971.8 | 968.0 | 957.5 | 950.6 | 950.5 | 947.5 | 952.7 | 948.6 | 953.3 |
| 3 U.S. government securities | 727.3 | 750.9 | 751.5 | 746.7 | 740.9 | 727.9 | 719.9 | 717.7 | 716.9 | 718.0 | 716.2 | 718.4 |
| 4 Other securities | 184.4[r] | 223.7 | 228.0 | 225.1 | 227.0 | 229.7 | 230.7 | 232.8 | 230.6 | 234.7 | 232.4 | 234.9 |
| 5 Loans and leases in bank credit[2] | 2,193.6[r] | 2,249.4 | 2,280.8 | 2,298.9 | 2,312.3 | 2,330.1 | 2,346.5 | 2,372.8 | 2,361.3 | 2,361.2 | 2,382.0 | 2,380.5 |
| 6 Commercial and industrial | 583.4[r] | 610.4 | 618.9 | 623.6 | 628.1 | 634.1 | 639.4 | 644.3 | 641.5 | 642.8 | 646.8 | 645.1 |
| 7 Real estate | 940.8[r] | 956.0 | 962.9 | 971.6 | 979.1 | 984.0 | 990.4 | 1,000.0 | 996.2 | 997.8 | 1,002.5 | 1,001.7 |
| 8 Revolving home equity | 73.2 | 74.1 | 74.2 | 74.4 | 74.7 | 75.0 | 75.6 | 76.0 | 75.8 | 75.8 | 76.0 | 76.1 |
| 9 Other | 867.6[r] | 881.9 | 888.7 | 897.2 | 904.4 | 908.9 | 914.8 | 924.0 | 920.4 | 921.9 | 926.5 | 925.6 |
| 10 Consumer | 391.2[r] | 416.3 | 424.3 | 430.3 | 435.2 | 442.1 | 444.9 | 450.2 | 447.1 | 448.7 | 450.3 | 453.5 |
| 11 Security[1] | 87.7 | 76.2 | 77.7 | 75.0 | 69.1 | 72.1 | 73.3 | 76.6 | 77.1 | 72.4 | 81.6 | 75.5 |
| 12 Other | 190.5[r] | 190.5 | 197.1 | 198.4 | 200.8 | 197.8 | 198.5 | 201.7 | 199.3 | 199.5 | 200.8 | 204.9 |
| 13 Interbank loans[4] | 152.9 | 156.7 | 160.2 | 158.5 | 159.2 | 163.6 | 171.7 | 174.6 | 173.0 | 170.6 | 178.0 | 176.5 |
| 14 Cash assets[5] | 219.2 | 214.5 | 210.9 | 203.3 | 202.4 | 209.7 | 204.8 | 208.3 | 203.8 | 202.3 | 206.3 | 212.5 |
| 15 Other assets[6] | 213.4[r] | 219.2 | 226.1 | 227.5 | 221.1 | 221.6 | 223.9 | 234.8 | 233.4 | 236.2 | 236.0 | 233.2 |
| 16 **Total assets[7]** | **3,632.4[r]** | **3,757.4** | **3,800.1** | **3,802.8** | **3,805.6** | **3,825.1** | **3,840.7** | **3,884.1** | **3,862.4** | **3,866.3** | **3,893.8** | **3,899.1** |
| *Liabilities* | | | | | | | | | | | | |
| 17 Deposits | 2,537.6 | 2,507.0 | 2,513.5 | 2,517.1 | 2,520.5 | 2,534.6 | 2,530.9 | 2,537.5 | 2,537.0 | 2,536.5 | 2,533.9 | 2,539.9 |
| 18 Transaction | 819.0 | 808.8 | 809.8 | 807.6 | 803.1 | 806.9 | 798.1 | 797.0 | 797.3 | 795.8 | 791.4 | 799.0 |
| 19 Nontransaction | 1,718.6 | 1,698.2 | 1,703.6 | 1,709.5 | 1,717.4 | 1,727.7 | 1,732.8 | 1,740.5 | 1,739.7 | 1,740.7 | 1,742.5 | 1,741.0 |
| 20 Large time | 349.8 | 334.4 | 339.2 | 342.7 | 349.0 | 357.9 | 362.6 | 365.8 | 367.5 | 369.0 | 365.4 | 363.2 |
| 21 Other | 1,368.8 | 1,363.8 | 1,364.4 | 1,366.8 | 1,368.4 | 1,369.8 | 1,370.2 | 1,374.7 | 1,372.3 | 1,371.7 | 1,377.1 | 1,377.7 |
| 22 Borrowings | 523.9 | 568.8 | 572.2 | 567.9 | 577.0 | 576.2 | 578.2 | 604.7 | 565.6 | 588.3 | 627.7 | 633.6 |
| 23 From banks in the U.S. | 154.1 | 155.2 | 161.7 | 158.1 | 156.0 | 164.7 | 171.4 | 176.8 | 176.0 | 175.5 | 177.7 | 176.8 |
| 24 From nonbanks in the U.S. | 369.8 | 413.6 | 410.5 | 409.7 | 421.0 | 411.5 | 406.8 | 428.0 | 389.6 | 412.8 | 450.0 | 456.8 |
| 25 Net due to related foreign offices | 118.9 | 184.6 | 200.7 | 211.2 | 215.6 | 213.9 | 208.4 | 221.4 | 221.2 | 212.6 | 224.9 | 220.0 |
| 26 Other liabilities[8] | 143.0 | 172.6 | 178.8 | 174.1 | 173.6 | 175.0 | 174.4 | 183.0 | 181.9 | 185.9 | 184.3 | 181.0 |
| 27 **Total liabilities** | **3,323.5** | **3,433.0** | **3,465.2** | **3,470.2** | **3,486.7** | **3,499.7** | **3,492.0** | **3,546.7** | **3,505.7** | **3,523.3** | **3,570.7** | **3,574.5** |
| 28 Residual (assets less liabilities)[9] | 308.9[r] | 324.4 | 334.8 | 332.6 | 319.0 | 325.4 | 348.7 | 337.4 | 356.7 | 343.0 | 323.1 | 324.6 |
| | Not seasonally adjusted | | | | | | | | | | | |
| *Assets* | | | | | | | | | | | | |
| 29 Bank credit | 3,120.9[r] | 3,219.1 | 3,243.9 | 3,262.6 | 3,280.6 | 3,291.4 | 3,309.6 | 3,337.6 | 3,326.3 | 3,332.1 | 3,342.7 | 3,344.1 |
| 30 Securities in bank credit | 911.2[r] | 971.1 | 973.2 | 971.2 | 969.4 | 962.1 | 957.7 | 947.9 | 952.1 | 951.9 | 945.3 | 943.8 |
| 31 U.S. government securities | 726.8 | 748.5 | 745.8 | 746.0 | 742.5 | 729.5 | 723.6 | 717.4 | 721.8 | 721.0 | 715.9 | 712.6 |
| 32 Other securities | 184.4[r] | 222.6 | 227.3 | 225.3 | 226.9 | 232.6 | 234.1 | 230.5 | 230.2 | 230.9 | 229.4 | 231.1 |
| 33 Loans and leases in bank credit[2] | 2,209.7[r] | 2,248.0 | 2,270.7 | 2,291.3 | 2,311.2 | 2,329.3 | 2,351.9 | 2,389.7 | 2,374.2 | 2,380.2 | 2,397.4 | 2,400.4 |
| 34 Commercial and industrial | 585.4[r] | 611.4 | 616.7 | 619.8 | 624.3 | 631.9 | 640.2 | 646.4 | 641.6 | 642.6 | 650.3 | 649.5 |
| 35 Real estate | 944.0 | 956.4 | 963.7 | 970.6 | 979.3 | 985.7 | 993.4 | 1,003.1 | 1,001.1 | 1,002.9 | 1,003.6 | 1,004.1 |
| 36 Revolving home equity | 73.5 | 73.9 | 74.0 | 74.4 | 75.0 | 75.7 | 76.1 | 76.2 | 76.3 | 76.1 | 76.2 | 76.1 |
| 37 Other | 870.5[r] | 882.5 | 889.7 | 896.2 | 904.3 | 910.0 | 917.3 | 926.9 | 924.8 | 926.8 | 927.3 | 928.0 |
| 38 Consumer | 395.5 | 414.4 | 421.6 | 429.6 | 436.3 | 441.8 | 445.0 | 455.1 | 448.7 | 452.5 | 456.1 | 460.8 |
| 39 Security[3] | 89.6 | 74.3 | 72.5 | 72.4 | 68.3 | 70.9 | 73.3 | 78.6 | 79.2 | 78.4 | 81.7 | 75.9 |
| 40 Other | 195.2[r] | 191.5 | 196.2 | 198.9 | 202.9 | 198.9 | 199.9 | 206.6 | 203.7 | 203.8 | 205.7 | 210.0 |
| 41 Interbank loans[4] | 161.2[r] | 154.4 | 155.6 | 155.0 | 156.4 | 161.6 | 171.9 | 184.1 | 182.7 | 182.3 | 185.3 | 184.3 |
| 42 Cash assets[5] | 232.5 | 212.2 | 207.5 | 197.7 | 204.0 | 209.0 | 211.5 | 221.2 | 203.8 | 211.6 | 216.9 | 237.3 |
| 43 Other assets[6] | 217.4[r] | 216.5 | 224.4 | 225.8 | 222.3 | 224.0 | 227.0 | 239.6 | 237.5 | 240.9 | 238.9 | 239.1 |
| 44 **Total assets[7]** | **3,673.2[r]** | **3,745.3** | **3,774.7** | **3,783.9** | **3,806.0** | **3,829.0** | **3,862.9** | **3,925.2** | **3,893.1** | **3,909.5** | **3,926.5** | **3,947.6** |
| *Liabilities* | | | | | | | | | | | | |
| 45 Deposits | 2,566.4 | 2,508.6 | 2,507.3 | 2,505.5 | 2,517.3 | 2,525.7 | 2,541.3 | 2,564.8 | 2,553.7 | 2,555.2 | 2,555.0 | 2,574.7 |
| 46 Transaction | 853.5 | 807.2 | 801.9 | 792.4 | 799.7 | 800.6 | 809.6 | 830.2 | 813.2 | 817.5 | 821.5 | 846.1 |
| 47 Nontransaction | 1,713.0 | 1,701.4 | 1,705.4 | 1,713.1 | 1,717.6 | 1,725.1 | 1,731.7 | 1,734.6 | 1,740.4 | 1,737.7 | 1,733.5 | 1,728.6 |
| 48 Large time | 346.0 | 337.2 | 339.6 | 344.2 | 348.6 | 353.8 | 359.3 | 361.8 | 364.4 | 365.1 | 361.0 | 359.1 |
| 49 Other | 1,366.9 | 1,364.2 | 1,365.9 | 1,368.8 | 1,369.0 | 1,371.2 | 1,372.4 | 1,372.8 | 1,376.0 | 1,372.6 | 1,372.5 | 1,369.5 |
| 50 Borrowings | 534.0 | 575.1 | 580.1 | 583.5 | 588.7 | 590.5 | 602.9 | 618.4 | 608.4 | 609.2 | 634.1 | 623.2 |
| 51 From banks in the U.S. | 161.4 | 154.6 | 156.0 | 155.1 | 156.4 | 161.6 | 171.9 | 184.1 | 182.7 | 182.3 | 185.3 | 184.3 |
| 52 From nonbanks in the U.S. | 372.6 | 420.4 | 424.1 | 428.5 | 432.3 | 428.9 | 431.0 | 434.3 | 425.6 | 426.9 | 448.8 | 438.9 |
| 53 Net due to related foreign offices | 126.0 | 179.8 | 192.9 | 200.4 | 203.7 | 212.6 | 211.6 | 229.3 | 217.1 | 226.6 | 226.3 | 240.8 |
| 54 Other liabilities[8] | 146.5 | 168.7 | 175.1 | 173.5 | 174.2 | 178.5 | 181.8 | 187.5 | 187.5 | 190.8 | 187.5 | 185.3 |
| 55 **Total liabilities** | **3,373.0** | **3,432.1** | **3,455.3** | **3,462.9** | **3,483.9** | **3,507.3** | **3,537.6** | **3,599.9** | **3,566.7** | **3,581.8** | **3,602.9** | **3,624.0** |
| 56 Residual (assets less liabilities)[9] | 300.2[r] | 313.2 | 319.4 | 321.0 | 322.2 | 321.6 | 325.3 | 325.3 | 326.4 | 327.7 | 323.6 | 323.6 |

Footnotes appear on last page.

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

Billions of dollars

| Account | Monthly averages | | | | | | | | Wednesday figures | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994[r] | | | | | | | 1994 | | | |
| | Dec. | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| DOMESTICALLY CHARTERED COMMERCIAL BANKS | Seasonally adjusted | | | | | | | | | | | |
| *Assets* | | | | | | | | | | | | |
| 57 Bank credit | 2,772.5[r] | 2,877.2 | 2,903.0 | 2,914.3 | 2,921.4 | 2,931.5 | 2,942.3 | 2,962.2 | 2,947.1 | 2,957.1 | 2,967.9 | 2,968.7 |
| 58 Securities in bank credit | 834.3[r] | 885.7 | 892.1 | 883.2 | 876.9 | 868.1 | 865.4 | 866.5 | 863.4 | 870.2 | 865.2 | 867.5 |
| 59 U.S. government securities | 673.9 | 690.2 | 691.6 | 686.3 | 679.7 | 669.7 | 665.5 | 665.7 | 664.4 | 668.0 | 664.9 | 665.0 |
| 60 Other securities | 160.5[r] | 195.5 | 200.5 | 196.9 | 197.2 | 198.4 | 199.9 | 200.7 | 199.0 | 202.1 | 200.3 | 202.5 |
| 61 Loans and leases in bank credit[2] | 1,938.2[r] | 1,991.5 | 2,010.9 | 2,031.1 | 2,044.5 | 2,063.3 | 2,076.9 | 2,095.7 | 2,083.7 | 2,086.9 | 2,102.7 | 2,101.2 |
| 62 Commercial and industrial | 435.6[r] | 455.8 | 461.0 | 464.4 | 468.2 | 472.1 | 474.7 | 478.5 | 475.3 | 475.6 | 480.5 | 480.5 |
| 63 Real estate | 894.6[r] | 912.8 | 920.6 | 929.5 | 937.3 | 943.3 | 949.8 | 959.4 | 955.8 | 957.0 | 961.6 | 961.0 |
| 64 Revolving home equity | 73.2 | 74.0 | 74.2 | 74.4 | 74.7 | 75.0 | 75.6 | 75.9 | 75.8 | 75.8 | 76.0 | 76.1 |
| 65 Other | 821.4[r] | 838.7 | 846.4 | 855.1 | 862.7 | 868.3 | 874.2 | 883.5 | 880.0 | 881.2 | 885.7 | 884.9 |
| 66 Consumer | 391.2[r] | 416.3 | 424.3 | 430.3 | 435.2 | 442.1 | 444.9 | 450.2 | 447.1 | 448.7 | 450.3 | 453.5 |
| 67 Security[3] | 58.2 | 49.6 | 46.5 | 47.0 | 43.3 | 46.7 | 47.4 | 46.7 | 46.4 | 45.4 | 50.0 | 44.5 |
| 68 Other | 158.6[r] | 157.0 | 158.6 | 159.9 | 160.4 | 159.2 | 160.1 | 160.8 | 159.2 | 160.3 | 160.2 | 161.8 |
| 69 Interbank loans[4] | 133.4 | 131.6 | 133.7 | 134.0 | 135.7 | 138.9 | 148.8 | 152.7 | 150.5 | 149.6 | 156.2 | 153.7 |
| 70 Cash assets[5] | 193.8 | 188.6 | 185.5 | 179.6 | 180.7 | 187.0 | 181.6 | 182.6 | 179.5 | 176.9 | 180.2 | 186.3 |
| 71 Other assets[6] | 171.2[r] | 166.4 | 170.6 | 172.3 | 167.6 | 167.0 | 168.3 | 170.5 | 168.5 | 170.3 | 172.7 | 170.2 |
| **72 Total assets[7]** | **3,212.6[r]** | **3,306.8** | **3,335.5** | **3,342.9** | **3,348.1** | **3,367.0** | **3,384.3** | **3,411.1** | **3,389.0** | **3,397.3** | **3,420.0** | **3,421.9** |
| *Liabilities* | | | | | | | | | | | | |
| 73 Deposits | 2,379.2 | 2,369.0 | 2,371.4 | 2,371.9 | 2,368.4 | 2,374.9 | 2,371.0 | 2,374.0 | 2,371.3 | 2,371.1 | 2,371.4 | 2,377.4 |
| 74 Transaction | 808.1 | 798.4 | 799.9 | 797.8 | 793.2 | 797.4 | 788.9 | 787.7 | 787.8 | 787.2 | 782.2 | 788.9 |
| 75 Nontransaction | 1,571.1 | 1,570.6 | 1,571.5 | 1,574.2 | 1,575.2 | 1,577.4 | 1,582.1 | 1,586.4 | 1,583.5 | 1,583.9 | 1,589.2 | 1,588.4 |
| 76 Large time | 208.9 | 210.1 | 211.4 | 212.5 | 211.3 | 214.7 | 218.9 | 220.3 | 219.6 | 220.0 | 221.1 | 220.2 |
| 77 Other | 1,362.2 | 1,360.5 | 1,360.1 | 1,361.6 | 1,363.9 | 1,362.8 | 1,363.1 | 1,366.0 | 1,363.9 | 1,363.9 | 1,368.0 | 1,368.2 |
| 78 Borrowings | 416.9 | 462.4 | 462.2 | 461.0 | 473.5 | 477.6 | 476.0 | 497.2 | 459.9 | 484.6 | 520.1 | 519.4 |
| 79 From banks in the U.S. | 122.6 | 131.9 | 140.6 | 139.1 | 138.3 | 148.4 | 154.2 | 159.8 | 158.4 | 160.9 | 159.6 | 159.5 |
| 80 From nonbanks in the U.S. | 294.3 | 330.5 | 321.6 | 321.9 | 335.2 | 329.2 | 321.8 | 337.5 | 301.4 | 323.7 | 360.6 | 359.9 |
| 81 Net due to related foreign offices | 1.7 | 32.6 | 44.6 | 53.4 | 59.9 | 64.6 | 64.6 | 77.6 | 71.1 | 70.8 | 78.0 | 83.4 |
| 82 Other liabilities[8] | 105.1 | 129.8 | 132.5 | 127.6 | 128.4 | 128.1 | 126.8 | 124.5 | 122.8 | 125.8 | 126.2 | 124.3 |
| **83 Total liabilities** | **2,902.9** | **2,993.9** | **3,010.8** | **3,013.9** | **3,030.1** | **3,045.2** | **3,038.4** | **3,073.4** | **3,025.2** | **3,052.2** | **3,095.8** | **3,104.5** |
| 84 Residual (assets less liabilities)[9] | 309.6[r] | 312.9 | 324.8 | 329.0 | 317.9 | 321.8 | 345.8 | 337.6 | 363.8 | 345.0 | 324.2 | 317.4 |
| | Not seasonally adjusted | | | | | | | | | | | |
| *Assets* | | | | | | | | | | | | |
| 85 Bank credit | 2,779.3[r] | 2,876.2 | 2,895.1 | 2,910.0 | 2,925.6 | 2,937.8 | 2,952.9 | 2,967.1 | 2,957.0 | 2,964.5 | 2,972.1 | 2,968.8 |
| 86 Securities in bank credit | 831.7[r] | 885.1 | 887.8 | 884.0 | 879.8 | 873.1 | 871.1 | 861.9 | 866.3 | 866.9 | 860.1 | 856.4 |
| 87 U.S. government securities | 671.2 | 689.8 | 687.7 | 686.8 | 682.4 | 671.4 | 667.8 | 663.1 | 667.5 | 667.7 | 662.2 | 657.1 |
| 88 Other securities | 160.5[r] | 195.3 | 200.1 | 197.2 | 197.3 | 201.7 | 203.3 | 198.8 | 198.8 | 199.1 | 197.9 | 199.4 |
| 89 Loans and leases in bank credit[2] | 1,947.6[r] | 1,991.0 | 2,007.4 | 2,026.0 | 2,045.8 | 2,064.7 | 2,081.8 | 2,105.1 | 2,090.8 | 2,097.6 | 2,111.9 | 2,112.4 |
| 90 Commercial and industrial | 435.6[r] | 456.9 | 459.6 | 461.5 | 465.7 | 471.5 | 475.6 | 478.4 | 474.4 | 474.9 | 481.0 | 481.3 |
| 91 Real estate | 897.9[r] | 913.5 | 921.4 | 928.4 | 937.5 | 944.9 | 952.7 | 962.6 | 960.4 | 962.2 | 963.1 | 963.7 |
| 92 Revolving home equity | 73.5 | 73.9 | 74.0 | 74.4 | 75.0 | 75.7 | 76.0 | 76.2 | 76.3 | 76.1 | 76.2 | 76.1 |
| 93 Other | 824.5 | 839.6 | 847.4 | 854.0 | 862.5 | 869.2 | 876.7 | 886.5 | 884.1 | 886.1 | 886.9 | 887.6 |
| 94 Consumer | 395.5 | 414.4 | 421.6 | 429.6 | 436.3 | 441.8 | 445.0 | 455.1 | 448.7 | 452.5 | 456.1 | 460.8 |
| 95 Security[3] | 57.5 | 48.8 | 45.7 | 46.0 | 43.6 | 46.0 | 47.3 | 46.1 | 46.3 | 46.4 | 49.3 | 42.7 |
| 96 Other | 161.1[r] | 157.5 | 159.0 | 160.5 | 162.7 | 160.5 | 161.2 | 162.9 | 161.0 | 161.6 | 162.4 | 163.9 |
| 97 Interbank loans[4] | 138.7 | 130.7 | 129.6 | 131.9 | 132.6 | 136.3 | 148.9 | 158.8 | 158.5 | 157.6 | 161.3 | 155.9 |
| 98 Cash assets[5] | 206.8 | 186.1 | 182.4 | 173.4 | 181.4 | 185.3 | 188.2 | 195.3 | 179.7 | 186.2 | 190.7 | 209.9 |
| 99 Other assets[6] | 173.2[r] | 165.3 | 170.1 | 170.9 | 169.0 | 169.4 | 169.5 | 172.3 | 168.8 | 171.7 | 173.0 | 174.2 |
| **100 Total assets[7]** | **3,239.3[r]** | **3,301.4** | **3,320.7** | **3,329.1** | **3,351.3** | **3,371.9** | **3,402.5** | **3,436.4** | **3,406.8** | **3,422.6** | **3,439.8** | **3,451.6** |
| *Liabilities* | | | | | | | | | | | | |
| 101 Deposits | 2,411.2 | 2,366.7 | 2,364.1 | 2,360.3 | 2,366.7 | 2,372.2 | 2,385.6 | 2,404.3 | 2,392.6 | 2,393.4 | 2,394.9 | 2,413.5 |
| 102 Transaction | 842.4 | 796.9 | 791.9 | 782.8 | 789.4 | 791.0 | 800.4 | 820.6 | 804.2 | 808.6 | 812.0 | 835.6 |
| 103 Nontransaction | 1,568.8 | 1,569.8 | 1,572.3 | 1,577.5 | 1,577.2 | 1,581.1 | 1,585.3 | 1,583.7 | 1,588.4 | 1,584.9 | 1,582.9 | 1,577.9 |
| 104 Large time | 207.5 | 209.6 | 211.1 | 213.9 | 212.3 | 215.8 | 219.4 | 218.8 | 220.0 | 219.4 | 218.8 | 217.3 |
| 105 Other | 1,361.3 | 1,360.2 | 1,361.2 | 1,363.6 | 1,364.9 | 1,365.3 | 1,365.9 | 1,364.8 | 1,368.4 | 1,365.5 | 1,364.0 | 1,360.6 |
| 106 Borrowings | 425.6 | 468.3 | 469.8 | 475.6 | 483.7 | 489.7 | 500.4 | 510.8 | 500.4 | 506.4 | 525.8 | 511.4 |
| 107 From banks in the U.S. | 127.5 | 132.1 | 134.6 | 135.8 | 137.9 | 145.5 | 154.5 | 165.9 | 164.1 | 165.8 | 166.5 | 165.9 |
| 108 From nonbanks in the U.S. | 298.1 | 336.2 | 335.2 | 339.7 | 345.9 | 344.2 | 345.9 | 344.9 | 336.3 | 340.6 | 359.3 | 345.5 |
| 109 Net due to related foreign offices | 1.8 | 32.9 | 43.5 | 51.0 | 55.4 | 62.3 | 64.1 | 73.9 | 66.6 | 71.1 | 72.0 | 81.6 |
| 110 Other liabilities[8] | 107.8 | 126.3 | 129.9 | 127.3 | 129.1 | 131.9 | 132.8 | 127.7 | 126.6 | 129.7 | 129.2 | 127.2 |
| **111 Total liabilities** | **2,942.8** | **2,994.2** | **3,007.4** | **3,014.1** | **3,034.9** | **3,056.0** | **3,083.0** | **3,116.7** | **3,086.1** | **3,100.6** | **3,121.9** | **3,133.7** |
| 112 Residual (assets less liabilities)[9] | 296.5[r] | 307.2 | 313.3 | 315.0 | 316.4 | 315.9 | 319.5 | 319.6 | 320.7 | 322.0 | 317.9 | 317.9 |

Footnotes appear on following page.

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker-dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

7. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

9. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

NOTE. Data have been benchmarked to the September 1994 Call Report. Earlier tables were benchmarked to the June 1994 Call Report. In addition, seasonally adjusted data reflect new seasonal factors.

## 1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

| Account | 1994 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Nov 2 | Nov 9 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| ASSETS | | | | | | | | | |
| 1 Cash and balances due from depository institutions | 114,500 | 102,414 | 119,851 | 120,520 | 119,636 | 109,554 | 115,474 | 117,958 | 132,014 |
| 2 U.S. Treasury and government securities | 305,139 | 300,233 | 302,400 | 299,623 | 302,617 | 303,847 | 303,528 | 299,048 | 293,571 |
| 3 Trading account | 26,700 | 22,978 | 26,552 | 21,680 | 24,125 | 24,765 | 23,768 | 21,152 | 17,116 |
| 4 Investment account | 278,439 | 277,256 | 275,848 | 277,944 | 278,492 | 279,082 | 279,760 | 277,896 | 276,455 |
| 5 Mortgage-backed securities[1] | 91,636 | 91,499 | 92,735 | 92,528 | 93,608 | 93,801 | 94,786 | 95,055 | 94,343 |
| All others, by maturity | | | | | | | | | |
| 6 One year or less | 43,096 | 42,541 | 41,135 | 44,240 | 45,063 | 45,730 | 44,878 | 43,420 | 43,583 |
| 7 *One year through five years* | 78,029 | 77,235 | 75,071 | 74,177 | 74,093 | 73,822 | 74,726 | 74,677 | 73,890 |
| 8 More than five years | 65,677 | 65,980 | 66,907 | 66,998 | 65,728 | 65,728 | 65,370 | 64,743 | 64,639 |
| 9 Other securities | 120,038 | 117,339 | 116,326 | 115,692 | 114,482 | 112,148 | 111,921 | 110,942 | 112,176 |
| 10 Trading account | 1,846 | 1,721 | 1,830 | 1,775 | 1,849 | 1,660 | 1,758 | 2,053 | 2,135 |
| 11 Investment account | 62,499 | 62,743 | 62,623 | 62,904 | 62,746 | 62,441 | 62,433 | 62,219 | 62,177 |
| 12 State and local government, by maturity | 21,706 | 21,684 | 21,730 | 21,829 | 21,817 | 21,567 | 21,426 | 21,413 | 21,441 |
| 13 One year or less | 5,400 | 5,439 | 5,419 | 5,424 | 5,502 | 5,496 | 5,457 | 5,482 | 5,472 |
| 14 More than one year | 16,306 | 16,245 | 16,311 | 16,404 | 16,315 | 16,071 | 15,969 | 15,931 | 15,969 |
| 15 Other bonds, corporate stocks, and securities | 40,793 | 41,060 | 40,894 | 41,075 | 40,930 | 40,874 | 41,007 | 40,805 | 40,736 |
| 16 *Other trading account assets* | 55,693 | 52,875 | 51,872 | 51,014 | 49,887 | 48,046 | 47,730 | 46,669 | 47,864 |
| 17 Federal funds sold[2] | 99,136 | 99,777 | 97,740 | 105,780 | 107,882 | 105,518 | 105,276 | 111,556 | 107,395 |
| 18 To commercial banks in the United States | 68,342 | 70,180 | 68,877 | 72,972 | 77,877 | 74,436 | 74,867 | 80,354 | 79,484 |
| 19 To nonbank brokers and dealers in securities | 25,600 | 23,794 | 23,333 | 27,298 | 24,406 | 25,029 | 24,761 | 26,209 | 21,551 |
| 20 *To others*[3] | 5,193 | 5,803 | 5,529 | 5,510 | 5,599 | 6,053 | 5,647 | 4,994 | 6,361 |
| 21 Other loans and leases, gross | 1,129,609 | 1,129,041 | 1,134,465 | 1,134,335 | 1,142,808[r] | 1,137,188 | 1,142,977 | 1,154,995 | 1,156,139 |
| 22 Commercial and industrial | 309,275 | 308,155 | 310,205 | 311,316 | 311,378 | 308,962 | 309,655 | 314,656 | 314,176 |
| 23 Bankers acceptances and commercial paper | 3,270 | 3,143 | 3,273 | 3,295 | 3,420[r] | 3,252 | 2,976 | 3,019 | 2,680 |
| 24 All other | 306,005 | 305,012 | 306,932 | 308,021 | 307,958[r] | 305,710 | 306,679 | 311,638 | 311,496 |
| 25 U.S. addressees | 304,034[r] | 302,977 | 304,731 | 305,899[r] | 305,683[r] | 303,406 | 304,495 | 309,556 | 309,416 |
| 26 Non-U.S. addressees | 1,970 | 2,035 | 2,201 | 2,121 | 2,275 | 2,304 | 2,184 | 2,082 | 2,080 |
| 27 Real estate loans | 448,517 | 449,586 | 449,948 | 450,716 | 453,289 | 455,192 | 456,407 | 456,900 | 456,401 |
| 28 Revolving, home equity | 46,303 | 46,318 | 46,357 | 46,584 | 46,812 | 46,858 | 46,720 | 46,774 | 46,686 |
| 29 All other | 402,214 | 403,268 | 403,591 | 404,132 | 406,477 | 408,334 | 409,687 | 410,126 | 409,716 |
| 30 To individuals for personal expenditures | 234,561 | 235,525 | 234,684 | 234,508 | 237,353[r] | 232,834 | 235,029 | 237,853 | 240,776 |
| 31 To depository and financial institutions | 47,330[r] | 46,498 | 47,923 | 48,783 | 48,237 | 50,964 | 50,844 | 52,160 | 52,805 |
| 32 Commercial banks in the United States | 27,325 | 27,123 | 28,145 | 28,749 | 27,923 | 31,444 | 31,607 | 32,516 | 32,792 |
| 33 Banks in foreign countries | 3,063 | 2,334 | 2,835 | 3,217 | 3,614 | 2,803 | 2,703 | 2,890 | 2,851 |
| 34 *Nonbank depository and other financial institutions* | 16,941 | 17,041 | 16,942 | 16,817 | 16,700 | 16,717 | 16,534 | 16,754 | 17,162 |
| 35 For purchasing and carrying securities | 16,296 | 17,041 | 17,006 | 16,004 | 18,628 | 15,668 | 16,059 | 17,636 | 16,050 |
| 36 To finance agricultural production | 6,357 | 6,335 | 6,344 | 6,300 | 6,347 | 6,236 | 6,232 | 6,286 | 6,389 |
| 37 To states and political subdivisions | 11,453 | 11,373 | 11,296 | 11,392 | 11,493 | 11,396 | 11,324 | 11,338 | 11,299 |
| 38 To foreign governments and official institutions | 917 | 921 | 1,087 | 906 | 1,070 | 916 | 923 | 880 | 934 |
| 39 All other loans[4] | 24,531 | 23,031 | 25,374 | 23,661 | 24,048 | 23,975 | 25,124 | 25,745 | 25,564 |
| 40 Lease-financing receivables | 30,372 | 30,575 | 30,598 | 30,749 | 30,965 | 31,044 | 31,382 | 31,540 | 31,743 |
| 41 LESS: Unearned income | 1,597 | 1 598 | 1,609 | 1,611 | 1,595 | 1,606 | 1,756 | 1,769 | 1,764 |
| 42 Loan and lease reserve[5] | 34,606 | 34,826 | 34,765 | 34,704 | 34,721 | 34,616 | 34,554 | 34,460 | 34,267 |
| 43 Other loans and leases, net | 1,093,406 | 1,092,617 | 1,098,092 | 1,098,020 | 1,106,492[r] | 1,100,966 | 1,106,667 | 1,118,766 | 1,120,108 |
| 44 All other assets | 141,350 | 138,946 | 136,734 | 134,852 | 140,643[r] | 136,410 | 138,650 | 140,928 | 136,366 |
| 45 **Total assets**[6] | **1,873,568** | **1,851,326** | **1,871,142** | **1,874,487** | **1,891,753** | **1,868,442** | **1,881,514** | **1,899,198** | **1,901,630** |

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

| Account | 1994 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Nov. 2 | Nov. 9 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| LIABILITIES | | | | | | | | | |
| 46 Deposits | 1,149,509 | 1,138,825 | 1,157,563 | 1,150,053 | 1,158,859 | 1,153,177 | 1,157,592 | 1,159,222 | 1,173,858 |
| 47 Demand deposits[7] | 299,232 | 287,119 | 308,311 | 302,406 | 308,991 | 298,539 | 306,960 | 307,963 | 327,647 |
| 48 Individuals, partnerships, and corporations | 250,961 | 244,352 | 257,254 | 253,224 | 259,552 | 252,689 | 259,483 | 259,175 | 274,439 |
| 49 Other holders | 48,272 | 42,767 | 51,058 | 49,182 | 49,439 | 45,850 | 47,477 | 48,789 | 53,208 |
| 50 States and political subdivisions | 8,755 | 7,607 | 9,180 | 8,976 | 9,648 | 8,809 | 9,375 | 10,405 | 9,845 |
| 51 U.S. government | 2,554 | 2,262 | 3,157 | 2,867 | 2,345 | 1,821 | 3,058 | 2,506 | 2,144 |
| 52 Depository institutions in the United States | 21,485 | 18,171 | 22,064 | 20,748 | 20,655 | 20,071 | 19,260 | 19,631 | 23,143 |
| 53 Banks in foreign countries | 5,424 | 4,811 | 5,508 | 6,115 | 6,508 | 5,574 | 5,772 | 5,538 | 5,910 |
| 54 Foreign governments and official institutions | 756 | 693 | 774 | 1,466 | 680 | 761 | 598 | 846 | 816 |
| 55 Certified and officers' checks | 9,298 | 9,223 | 10,374 | 9,010 | 9,603 | 8,813 | 9,414 | 9,862 | 11,350 |
| 56 Transaction balances other than demand deposits[4] | 125,644 | 125,756 | 125,659 | 125,070 | 125,698 | 128,755 | 126,770 | 128,378 | 127,581 |
| 57 Nontransaction balances | 724,632 | 725,950 | 723,593 | 722,577 | 724,170 | 725,883 | 723,861 | 722,880 | 718,630 |
| 58 Individuals, partnerships, and corporations | 704,023 | 705,467 | 703,312 | 701,736 | 703,073 | 706,123 | 704,552 | 702,696 | 698,678 |
| 59 Other holders | 20,609 | 20,483 | 20,281 | 20,841 | 21,097 | 19,760 | 19,309 | 20,185 | 19,952 |
| 60 States and political subdivisions | 16,932 | 16,968 | 16,941 | 17,242 | 17,372 | 17,341 | 17,015 | 16,965 | 16,833 |
| 61 U.S. government | 1,725 | 1,545 | 1,423 | 1,402 | 1,426 | 304 | 301 | 1,278 | 1,279 |
| 62 Depository institutions in the United States | 1,519 | 1,492 | 1,477 | 1,671 | 1,773 | 1,592 | 1,470 | 1,409 | 1,327 |
| 63 Foreign governments, official institutions, and banks | 433 | 478 | 439 | 526 | 526 | 523 | 523 | 533 | 513 |
| 64 Liabilities for borrowed money[5] | 369,587[r] | 358,219[r] | 358,147[r] | 364,079[r] | 380,588[r] | 365,098 | 366,424 | 383,294 | 365,997 |
| 65 Borrowings from Federal Reserve Banks | 0 | 54 | 0 | 100 | 0 | 607 | 0 | 765 | 0 |
| 66 Treasury tax and loan notes | 20,506[r] | 6,177 | 4,513[r] | 4,320 | 15,354 | 137 | 2,786 | 27,985 | 9,835 |
| 67 Other liabilities for borrowed money[6] | 349,081[r] | 351,988[r] | 353,634[r] | 359,658[r] | 365,234[r] | 364,355 | 363,639 | 354,543 | 356,163 |
| 68 Other liabilities (including subordinated notes and debentures) | 180,970[r] | 180,378[r] | 181,822[r] | 186,966[r] | 178,471[r] | 175,594 | 182,373 | 183,364 | 187,867 |
| 69 **Total liabilities** | **1,700,066** | **1,677,422** | **1,697,531** | **1,701,097** | **1,717,918** | **1,693,869** | **1,706,389** | **1,725,879** | **1,727,722** |
| 70 Residual (total assets less total liabilities)[7] | 173,502 | 173,904 | 173,611 | 173,390 | 173,835 | 174,573 | 175,125 | 173,318 | 173,908 |
| MEMO | | | | | | | | | |
| 71 Total loans and leases, gross, adjusted, plus securities[8] | 1,558,253 | 1,549,087 | 1,553,908 | 1,553,710 | 1,561,989[r] | 1,552,821 | 1,557,228 | 1,563,671 | 1,557,006 |
| 72 Time deposits in amounts of $100,000 or more | 99,739[r] | 99,298[r] | 98,666[r] | 99,654[r] | 100,141[r] | 99,650 | 98,973 | 98,311 | 97,481 |
| 73 Loans sold outright to affiliates[9] | 681 | 677 | 669 | 667 | 670 | 660 | 668 | 667 | 617 |
| 74 Commercial and industrial | 339 | 339 | 338 | 337 | 340 | 340 | 340 | 339 | 298 |
| 75 Other | 342 | 338 | 331 | 330 | 330 | 320 | 328 | 328 | 319 |
| 76 Foreign branch credit extended to U.S. residents[10] | 22,743 | 22,662 | 22,646 | 23,034 | 23,211 | 23,138 | 23,123 | 23,108 | 22,936 |
| 77 Net owed to related institutions abroad | 51,274 | 55,984 | 58,042 | 67,078 | 56,131 | 60,516 | 64,502 | 65,832 | 75,100 |

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

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

Millions of dollars, Wednesday figures

| Account | 1994 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Nov. 2 | Nov. 9 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| **ASSETS** | | | | | | | | | |
| 1 Cash and balances due from depository institutions | 14,700 | 14,984 | 14,954 | 15,677 | 15,481 | 15,723 | 16,633 | 17,115 | 17,987 |
| 2 *U.S. Treasury and government agency securities* | 38,659 | 37,688 | 38,494 | 37,868 | 37,757 | 36,749 | 35,999 | 36,386 | 37,678 |
| 3 Other securities | 12,494 | 12,351 | 12,261 | 12,624 | 12,550 | 12,605 | 12,775 | 12,696 | 12,791 |
| 4 Federal funds sold[1] | 25,981 | 26,238 | 23,403 | 26,462 | 30,071 | 33,324 | 31,769 | 29,973 | 35,824 |
| 5 To commercial banks in the United States | 6,786 | 5,686 | 4,921 | 6,514 | 10,018 | 7,230 | 7,181 | 6,614 | 9,094 |
| 6 To others[2] | 19,195 | 20,552 | 18,482 | 19,948 | 20,053 | 26,094 | 24,588 | 23,359 | 26,730 |
| 7 Other loans and leases, gross | 162,554 | 163,066 | 164,471 | 164,837 | 166,162 | 166,958 | 168,189 | 172,187 | 170,760 |
| 8 Commercial and industrial | 104,021 | 104,491 | 105,521 | 105,967 | 106,891[r] | 106,511 | 106,882 | 108,268 | 107,588 |
| 9 Bankers acceptances and commercial paper | 2,889 | 3,096 | 3,143 | 3,180 | 3,101 | 3,179 | 3,328 | 3,620 | 3,668 |
| 10 All other | 101,131 | 101,396 | 102,378 | 102,787 | 103,790[r] | 103,332 | 103,553 | 104,649 | 103,920 |
| 11 U.S. addressees | 97,116 | 97,402 | 98,368 | 98,656 | 99,692[r] | 99,289 | 99,485 | 100,397 | 99,746 |
| 12 Non-U.S. addressees | 4,015 | 3,994 | 4,010 | 4,131 | 4,098 | 4,043 | 4,069 | 4,251 | 4,174 |
| 13 Loans secured by real estate | 26,135 | 26,096 | 26,134 | 26,093 | 26,079 | 25,902 | 25,914 | 25,845 | 25,788 |
| 14 Loans to depository and financial institutions | 24,761 | 24,898 | 25,119 | 25,496 | 25,288[r] | 26,415 | 27,044 | 28,714 | 28,625 |
| 15 Commercial banks in the United States | 5,094 | 5,129 | 5,190 | 5,386 | 5,361 | 5,417 | 5,736 | 6,013 | 5,806 |
| 16 Banks in foreign countries | 1,998 | 2,005 | 1,994 | 1,949 | 1,800 | 1,987 | 1,912 | 2,052 | 2,097 |
| 17 *Nonbank financial institutions* | 17,669 | 17,764 | 17,935 | 18,160 | 18,127[r] | 19,011 | 19,395 | 20,649 | 20,722 |
| 18 For purchasing and carrying securities | 3,463 | 3,677 | 3,799 | 3,432 | 4,057 | 3,923 | 4,305 | 5,070 | 4,671 |
| 19 To foreign governments and official institutions | 335 | 338 | 380 | 369 | 372 | 356 | 395 | 423 | 378 |
| 20 All other | 3,840 | 3,566 | 3,518 | 3,480 | 3,476 | 3,850 | 3,650 | 3,867 | 3,710 |
| 21 Other assets (claims on nonrelated parties) | 36,344[r] | 36,901[r] | 36,581 | 37,506[r] | 38,679 | 45,231 | 45,571 | 43,442 | 42,775 |
| 22 **Total assets**[3] | **318,204**[r] | **320,672**[r] | **318,253** | **321,610**[r] | **325,715** | **337,310** | **338,716** | **338,782** | **343,193** |
| **LIABILITIES** | | | | | | | | | |
| 23 Deposits or credit balances owed to other than directly related institutions | 96,149 | 98,385 | 97,645 | 99,184 | 98,952 | 101,054 | 102,211 | 99,722 | 99,639 |
| 24 Demand deposits[4] | 4,046 | 4,198 | 4,173 | 3,878 | 3,864 | 3,892 | 3,885 | 4,126 | 4,737 |
| 25 Individuals, partnerships, and corporations | 3,414 | 3,412 | 3,464 | 3,198 | 3,253 | 3,120 | 3,184 | 3,211 | 3,911 |
| 26 Other | 632 | 786 | 709 | 680 | 611 | 772 | 701 | 915 | 826 |
| 27 Nontransaction accounts | 92,103 | 94,187 | 93,472 | 95,306 | 95,088 | 97,162 | 98,326 | 95,596 | 94,902 |
| 28 Individuals, partnerships, and corporations | 62,702 | 64,076 | 63,670 | 64,322 | 63,757 | 64,854 | 65,416 | 63,580 | 64,012 |
| 29 Other | 29,400 | 30,110 | 29,803 | 30,984 | 31,331 | 32,308 | 32,910 | 32,016 | 30,890 |
| 30 Borrowings from other than directly related institutions | 72,563 | 74,574 | 72,846 | 75,449 | 75,076 | 78,632 | 75,112 | 77,236 | 79,948 |
| 31 Federal funds purchased[5] | 37,099 | 37,905 | 36,653 | 37,824 | 38,259 | 42,585 | 39,217 | 40,877 | 43,489 |
| 32 From commercial banks in the United States | 6,511 | 7,547 | 6,065 | 6,373 | 7,894 | 7,443 | 6,633 | 7,556 | 6,620 |
| 33 From others | 30,588 | 30,358 | 30,588 | 31,451 | 30,365 | 35,142 | 32,584 | 33,320 | 36,869 |
| 34 Other liabilities for borrowed money | 35,464 | 36,669 | 36,193 | 37,624 | 36,817 | 36,046 | 35,895 | 36,360 | 36,459 |
| 35 To commercial banks in the United States | 6,591 | 6,394 | 6,387 | 5,929 | 6,232 | 5,838 | 5,765 | 6,746 | 6,425 |
| 36 To others | 28,873 | 30,275 | 29,806 | 31,695 | 30,585 | 30,209 | 30,130 | 29,614 | 30,034 |
| 37 Other liabilities to nonrelated parties | 34,060 | 33,784[r] | 33,390 | 34,665[r] | 35,844 | 42,825 | 43,190 | 40,588 | 40,192 |
| 38 **Total liabilities**[6] | **318,204**[r] | **320,672**[r] | **318,253** | **321,610**[r] | **325,715** | **337,310** | **338,716** | **338,782** | **343,193** |
| MEMO | | | | | | | | | |
| 39 Total loans (gross) and securities, adjusted[7] | 227,807 | 228,529 | 228,518 | 229,892 | 231,160 | 236,989 | 235,815 | 238,615 | 242,153 |
| 40 Net owed to related institutions abroad | 87,960[r] | 84,486[r] | 86,284 | 85,677[r] | 90,827 | 88,079 | 90,423 | 94,253 | 98,037 |

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

## 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Item | Year ending December | | | | | 1994 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1989 | 1990 | 1991 | 1992 | 1993 | June | July | Aug. | Sept. | Oct. | Nov. |
| | Commercial paper (seasonally adjusted unless noted otherwise) | | | | | | | | | | |
| 1 **All issuers** | **525,831** | **562,656** | **528,832** | **545,619** | **555,075** | **563,454** | **572,925** | **564,639** | **574,471** | **592,518** | **580,673** |
| Financial companies[1] | | | | | | | | | | | |
| *Dealer-placed paper*[2] | | | | | | | | | | | |
| 2 Total | 183,622 | 214,706 | 212,999 | 226,456 | 218,947 | 214,313 | 222,780 | 214,769 | 214,349 | 224,280 | 215,748 |
| 3 Bank-related (not seasonally adjusted)[3] | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *Directly placed paper*[4] | | | | | | | | | | | |
| 4 Total | 210,930 | 200,036 | 182,463 | 171,605 | 180,389 | 199,555 | 199,561 | 199,031 | 203,573 | 207,296 | 202,781 |
| 5 Bank-related (not seasonally adjusted)[3] | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 6 Nonfinancial companies[5] | 131,279 | 147,914 | 133,370 | 147,558 | 155,739 | 149,586 | 150,584 | 150,839 | 156,549 | 160,942 | 162,144 |
| | Bankers dollar acceptances (not seasonally adjusted)[6] | | | | | | | | | | |
| 7 **Total** | **62,972** | **54,771** | **43,770** | **38,194** | **32,348** | **30,659** | **30,390** | **30,448** | **31,164** | **30,413** | **29,760** |
| *By holder* | | | | | | | | | | | |
| 8 Accepting banks | 9,433 | 9,017 | 11,017 | 10,555 | 12,421 | 12,334 | 11,608 | 11,543 | 11,299 | 11,061 | 11,689 |
| 9 Own bills | 8,510 | 7,930 | 9,347 | 9,097 | 10,707 | 11,273 | 10,838 | 10,824 | 10,475 | 9,931 | 10,548 |
| 10 Bills bought from other banks | 924 | 1,087 | 1,670 | 1,458 | 1,714 | 1,061 | 770 | 719 | 824 | 1,130 | 1,142 |
| Federal Reserve Banks[7] | | | | | | | | | | | |
| 11 Foreign correspondents | 1,066 | 918 | 1,739 | 1,276 | 725 | 453 | 386 | 325 | 388 | 332 | 234 |
| 12 Others | 52,473 | 44,836 | 31,014 | 26,364 | 19,202 | 17,872 | 18,396 | 18,580 | 19,477 | 19,020 | 17,836 |
| *By basis* | | | | | | | | | | | |
| 13 Imports into United States | 15,651 | 13,095 | 12,843 | 12,209 | 10,217 | 10,625 | 10,956 | 10,486 | 10,985 | 10,674 | 10,272 |
| 14 Exports from United States | 13,683 | 12,703 | 10,351 | 8,096 | 7,293 | 6,576 | 6,399 | 6,458 | 6,575 | 6,754 | 6,688 |
| 15 All other | 33,638 | 28,973 | 20,577 | 17,890 | 14,838 | 13,458 | 13,035 | 13,505 | 13,604 | 12,986 | 12,800 |

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

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

Percent per year

| Date of change | Rate | Period | Average rate | Period | Average rate | Period | Average rate |
|---|---|---|---|---|---|---|---|
| 1992—Jan. 1 | 6.50 | 1992 | 6.25 | 1993—Jan. | 6.00 | Apr. | 6.45 |
| July 2 | 6.00 | 1993 | 6.00 | Feb. | 6.00 | May | 6.99 |
| | | 1994 | 7.15 | Mar. | 6.00 | June | 7.25 |
| 1994—Mar. 24 | 6.25 | | | Apr. | 6.00 | July | 7.25 |
| Apr. 19 | 6.75 | 1992—Jan. | 6.50 | May | 6.00 | Aug. | 7.51 |
| May 17 | 7.25 | Feb. | 6.50 | June | 6.00 | Sept. | 7.75 |
| Aug. 16 | 7.75 | Mar. | 6.50 | July | 6.00 | Oct. | 7.75 |
| Nov. 15 | 8.50 | Apr. | 6.50 | Aug. | 6.00 | Nov. | 8.15 |
| | | May | 6.50 | Sept. | 6.00 | Dec. | 8.50 |
| 1995—Feb. 1 | 9.00 | June | 6.50 | Oct. | 6.00 | | |
| | | July | 6.02 | Nov. | 6.00 | 1995—Jan. | 8.50 |
| | | Aug. | 6.00 | Dec. | 6.00 | | |
| | | Sept. | 6.00 | | | | |
| | | Oct. | 6.00 | 1994—Jan. | 6.00 | | |
| | | Nov. | 6.00 | Feb. | 6.00 | | |
| | | Dec. | 6.00 | Mar. | 6.06 | | |

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

## 1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

| Item | 1992 | 1993 | 1994 | 1994 | | | | 1994, week ending | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Dec. 2 | Dec. 9 | Dec. 16 | Dec. 23 | Dec. 30 |
| MONEY MARKET INSTRUMENTS | | | | | | | | | | | | |
| 1 Federal funds[1,2,3] | 3.52 | 3.02 | 4.21 | 4.73 | 4.76 | 5.29 | 5.45 | 5.85 | 5.47 | 5.48 | 5.56 | 5.45 |
| 2 Discount window borrowing[2,4] | 3.25 | 3.00 | 3.60 | 4.00 | 4.00 | 4.40 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| *Commercial paper*[3,5,6] | | | | | | | | | | | | |
| 3 1-month | 3.71 | 3.17 | 4.43 | 4.90 | 5.02 | 5.40 | 6.08 | 5.79 | 6.09 | 6.12 | 6.05 | 6.06 |
| 4 3-month | 3.75 | 3.22 | 4.66 | 5.02 | 5.51 | 5.81 | 6.26 | 6.05 | 6.26 | 6.30 | 6.25 | 6.29 |
| 5 6-month | 3.80 | 3.30 | 4.93 | 5.32 | 5.70 | 6.01 | 6.62 | 6.30 | 6.58 | 6.67 | 6.63 | 6.70 |
| *Finance paper, directly placed*[3,5,7] | | | | | | | | | | | | |
| 6 1-month | 3.62 | 3.12 | 4.33 | 4.79 | 4.91 | 5.30 | 5.93 | 5.68 | 5.94 | 6.02 | 5.90 | 5.86 |
| 7 3-month | 3.65 | 3.16 | 4.53 | 4.89 | 5.36 | 5.67 | 6.12 | 5.95 | 6.11 | 6.18 | 6.12 | 6.11 |
| 8 6-month | 3.63 | 3.15 | 4.56 | 4.99 | 5.30 | 5.58 | 6.17 | 5.95 | 6.13 | 6.24 | 6.18 | 6.19 |
| *Bankers acceptances*[3,5,8] | | | | | | | | | | | | |
| 9 3-month | 3.62 | 3.13 | 4.56 | 4.95 | 5.41 | 5.71 | 6.18 | 5.99 | 6.17 | 6.20 | 6.14 | 6.23 |
| 10 6-month | 3.67 | 3.21 | 4.83 | 5.24 | 5.59 | 5.93 | 6.53 | 6.26 | 6.51 | 6.55 | 6.53 | 6.61 |
| *Certificates of deposit, secondary market*[3,9] | | | | | | | | | | | | |
| 11 1-month | 3.64 | 3.11 | 4.38 | 4.85 | 4.98 | 5.38 | 6.01 | 5.85 | 6.04 | 6.07 | 5.95 | 5.96 |
| 12 3-month | 3.68 | 3.17 | 4.63 | 5.03 | 5.51 | 5.79 | 6.29 | 6.08 | 6.28 | 6.30 | 6.26 | 6.36 |
| 13 6-month | 3.76 | 3.28 | 4.96 | 5.40 | 5.79 | 6.11 | 6.78 | 6.47 | 6.72 | 6.82 | 6.78 | 6.88 |
| 14 Eurodollar deposits, 3-month[3,10] | 3.70 | 3.18 | 4.63 | 5.01 | 5.52 | 5.78 | 6.27 | 6.06 | 6.28 | 6.28 | 6.24 | 6.34 |
| *U.S. Treasury bills* | | | | | | | | | | | | |
| Secondary market[3,5] | | | | | | | | | | | | |
| 15 3-month | 3.43 | 3.00 | 4.25 | 4.62 | 4.95 | 5.29 | 5.60 | 5.53 | 5.70 | 5.66 | 5.49 | 5.52 |
| 16 6-month | 3.54 | 3.12 | 4.64 | 5.04 | 5.39 | 5.72 | 6.21 | 5.97 | 6.20 | 6.27 | 6.20 | 6.23 |
| 17 1-year | 3.71 | 3.29 | 5.02 | 5.43 | 5.75 | 6.13 | 6.67 | 6.45 | 6.62 | 6.73 | 6.66 | 6.74 |
| Auction average[3,5,11] | | | | | | | | | | | | |
| 18 3-month | 3.45 | 3.02 | 4.29 | 4.64 | 4.96 | 5.25 | 5.64 | 5.44 | 5.83 | 5.76 | 5.59 | 5.56 |
| 19 6-month | 3.57 | 3.14 | 4.66 | 5.02 | 5.39 | 5.69 | 6.21 | 5.86 | 6.33 | 6.32 | 6.30 | 6.24 |
| 20 1-year | 3.75 | 3.33 | 4.98 | 5.38 | 5.72 | 6.09 | 6.75 | n.a. | n.a. | 6.75 | n.a. | n.a. |
| U.S. TREASURY NOTES AND BONDS | | | | | | | | | | | | |
| *Constant maturities*[12] | | | | | | | | | | | | |
| 21 1-year | 3.89 | 3.43 | 5.32 | 5.76 | 6.11 | 6.54 | 7.14 | 6.89 | 7.10 | 7.20 | 7.12 | 7.21 |
| 22 2-year | 4.77 | 4.05 | 5.94 | 6.39 | 6.73 | 7.15 | 7.59 | 7.41 | 7.51 | 7.61 | 7.63 | 7.69 |
| 23 3-year | 5.30 | 4.44 | 6.27 | 6.69 | 7.04 | 7.44 | 7.71 | 7.62 | 7.64 | 7.73 | 7.74 | 7.79 |
| 24 5-year | 6.19 | 5.14 | 6.69 | 7.08 | 7.40 | 7.72 | 7.78 | 7.79 | 7.74 | 7.78 | 7.79 | 7.81 |
| 25 7-year | 6.63 | 5.54 | 6.91 | 7.28 | 7.58 | 7.83 | 7.80 | 7.83 | 7.76 | 7.81 | 7.82 | 7.81 |
| 26 10-year | 7.01 | 5.87 | 7.09 | 7.46 | 7.74 | 7.96 | 7.81 | 7.89 | 7.79 | 7.82 | 7.82 | 7.81 |
| 27 20-year | n.a. | 6.29 | 7.49 | 7.87 | 8.08 | 8.20 | 7.99 | 8.10 | 7.99 | 8.00 | 7.97 | 7.96 |
| 28 30-year | 7.67 | 6.59 | 7.37 | 7.71 | 7.94 | 8.08 | 7.87 | 7.99 | 7.88 | 7.87 | 7.85 | 7.83 |
| *Composite* | | | | | | | | | | | | |
| 29 More than 10 years (long-term) | 7.52 | 6.45 | 7.41 | 7.81 | 8.02 | 8.16 | 7.97 | 8.07 | 7.97 | 7.97 | 7.95 | 7.93 |
| STATE AND LOCAL NOTES AND BONDS | | | | | | | | | | | | |
| *Moody's series*[13] | | | | | | | | | | | | |
| 30 Aaa | 6.09 | 5.38 | 5.77 | 5.87 | 6.05 | 6.57 | 6.62 | 6.65 | 6.55 | 6.62 | 6.65 | 6.65 |
| 31 Baa | 6.48 | 5.82 | 6.17 | 6.23 | 6.37 | 6.89 | 7.17 | 6.96 | 7.15 | 7.15 | 7.18 | 7.18 |
| 32 *Bond Buyer* series[14] | 6.44 | 5.60 | 6.18 | 6.28 | 6.52 | 6.97 | 6.80 | 6.90 | 6.88 | 6.77 | 6.74 | 6.71 |
| CORPORATE BONDS | | | | | | | | | | | | |
| 33 Seasoned issues, all industries[15] | 8.55 | 7.54 | 8.26 | 8.60 | 8.83 | 8.94 | 8.73 | 8.84 | 8.74 | 8.73 | 8.71 | 8.70 |
| *Rating group* | | | | | | | | | | | | |
| 34 Aaa | 8.14 | 7.22 | 7.97 | 8.34 | 8.57 | 8.68 | 8.46 | 8.57 | 8.47 | 8.46 | 8.45 | 8.43 |
| 35 Aa | 8.46 | 7.40 | 8.15 | 8.49 | 8.71 | 8.83 | 8.62 | 8.73 | 8.63 | 8.62 | 8.60 | 8.59 |
| 36 A | 8.62 | 7.58 | 8.28 | 8.61 | 8.82 | 8.94 | 8.73 | 8.84 | 8.75 | 8.74 | 8.71 | 8.70 |
| 37 Baa | 8.98 | 7.93 | 8.63 | 8.98 | 9.20 | 9.32 | 9.10 | 9.21 | 9.11 | 9.10 | 9.08 | 9.08 |
| 38 A-rated, recently offered utility bonds[16] | 8.52 | 7.46 | 8.29 | 8.62 | 8.80 | 8.95 | 8.78 | 8.81 | 8.78 | 8.79 | 8.75 | 8.78 |
| MEMO | | | | | | | | | | | | |
| *Dividend-price ratio*[17] | | | | | | | | | | | | |
| 39 Preferred stocks[18] | 7.46 | 6.89 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 40 Common stocks | 2.99 | 2.78 | 2.82 | 2.80 | 2.82 | 2.86 | 2.91 | 2.91 | 2.93 | 2.91 | 2.90 | 2.89 |

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Preferred stock ratio is based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratio is based on the 500 stocks in the price index.
18. Data for the preferred stock yield was discontinued as of June 29, 1994.

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

## 1.36 STOCK MARKET Selected Statistics

| Indicator | 1992 | 1993 | 1994 | 1994 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) | 229.00 | 249.71 | 254.16 | 247.97 | 249.56 | 251.21 | 249.29 | 256.08 | 257.61 | 255.22 | 252.48 | 248.65 |
| 2 Industrial | 284.26 | 300.10 | 315.32 | 304.48 | 307.58 | 308.66 | 307.34 | 316.56 | 322.19 | 321.53 | 319.33 | 313.92 |
| 3 Transportation | 201.02 | 242.68 | 247.17 | 250.43 | 244.75 | 246.64 | 244.21 | 244.67 | 239.10 | 230.71 | 227.44 | 218.93 |
| 4 Utility | 99.48 | 114.55 | 104.96 | 105.04 | 102.89 | 103.27 | 102.73 | 105.61 | 102.30 | 101.67 | 100.07 | 100.01 |
| 5 Finance | 179.29 | 216.55 | 209.75 | 208.12 | 211.30 | 215.89 | 210.91 | 214.77 | 211.90 | 203.33 | 198.38 | 195.25 |
| 6 Standard & Poor's Corporation (1941–43 = 10)[1] | 415.75 | 451.63 | 460.42 | 447.23 | 450.90 | 454.83 | 451.40 | 464.24 | 466.96 | 463.81 | 461.01 | 455.19 |
| 7 American Stock Exchange (Aug. 31, 1973 = 50)[2] | 391.28 | 438.77 | 449.49 | 437.01 | 437.54 | 436.08 | 430.10 | 444.89 | 456.31 | 456.25 | 445.16 | 427.39 |
| *Volume of trading (thousands of shares)* | | | | | | | | | | | | |
| 8 New York Stock Exchange | 202,558 | 263,374 | 290,652 | 301,242 | 269,812 | 265,341 | 250,382 | 277,877 | 292,356 | 301,327 | 297,001 | 302,049 |
| 9 American Stock Exchange | 14,171 | 18,188 | n.a. | 15,805 | 15,727 | 18,400 | 14,378 | 15,874 | 18,785 | 20,731 | 18,465 | 18,745 |
| | Customer financing (millions of dollars, end-of-period balances) | | | | | | | | | | | |
| **10 Margin credit at broker–dealers[3]** | **43,990** | **60,310** | **61,160** | **60,700** | **59,870** | **60,800** | **61,930** | **63,070** | **61,630** | **62,150** | **61,000** | **61,160** |
| *Free credit balances at brokers[4]* | | | | | | | | | | | | |
| 11 Margin accounts[5] | 8,970 | 12,360 | 14,095 | 13,175 | 12,715 | 12,560 | 12,620 | 12,090 | 12,415 | 12,875 | 13,635 | 14,095 |
| 12 Cash accounts | 22,510 | 27,715 | 28,870 | 24,800 | 23,265 | 28,585 | 25,790 | 24,400 | 25,230 | 24,180 | 25,625 | 28,870 |

| | Margin requirements (percent of market value and effective date)[6] | | | | | |
|---|---|---|---|---|---|---|
| | Mar. 11, 1968 | June 8, 1968 | May 6, 1970 | Dec. 6, 1971 | Nov. 24, 1972 | Jan. 3, 1974 |
| 13 Margin stocks | 70 | 80 | 65 | 55 | 65 | 50 |
| 14 Convertible bonds | 50 | 60 | 50 | 50 | 50 | 50 |
| 15 Short sales | 70 | 80 | 65 | 55 | 65 | 50 |

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

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

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

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| Type of account or operation | Fiscal year | | | Calendar year | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1992 | 1993 | 1994 | 1994 | | | | | |
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| *U.S. budget*[1] | | | | | | | | | |
| 1 Receipts, total | 1,090,453 | 1,153,226 | 1,257,187 | 84,827 | 97,338 | 135,895 | 89,024 | 87,673 | 130,810 |
| 2 On-budget | 788,027 | 841,292 | 922,161 | 60,145 | 70,949 | 105,212 | 65,385 | 62,083 | 103,859 |
| 3 Off-budget | 302,426 | 311,934 | 335,026 | 24,681 | 26,389 | 30,683 | 23,639 | 25,590 | 26,951 |
| 4 Outlays, total | 1,380,856 | 1,408,532 | 1,460,557 | 118,025 | 121,608 | 131,903 | 121,480[r] | 125,131 | 134,874 |
| 5 On-budget | 1,128,518 | 1,141,945 | 1,181,185 | 93,164 | 95,279 | 103,189 | 95,307[r] | 99,464 | 123,490 |
| 6 Off-budget | 252,339 | 266,587 | 279,372 | 24,861 | 26,329 | 28,714 | 26,174 | 25,668 | 11,383 |
| 7 Surplus or deficit (−), total | −290,403 | −255,306 | −203,370 | −33,198 | −24,270 | 3,993 | −32,457[r] | −37,458 | −4,063 |
| 8 On-budget | −340,490 | −300,653 | −259,024 | −33,018 | −24,330 | 2,024 | −29,922[r] | −37,381 | −19,631 |
| 9 Off-budget | 50,087 | 45,347 | 55,654 | −180 | 60 | 1,969 | −2,535 | −78 | 15,568 |
| *Source of financing (total)* | | | | | | | | | |
| 10 Borrowing from the public | 310,918 | 248,594 | 184,998 | −3,245 | 52,350 | −11,996 | 32,457 | 40,528 | −13,316 |
| 11 Operating cash (decrease, or increase (−)) | 17,305 | 6,283 | 16,564 | 30,705 | −9,802 | −5,855 | −480 | 9,366 | 476 |
| 12 Other[2] | −3,210 | 429 | 1,808 | 5,737 | −18,374 | 13,858 | 480[r] | −12,436 | 16,903 |
| MEMO | | | | | | | | | |
| 13 Treasury operating balance (level, end of period) | 58,789 | 52,506 | 35,942 | 20,285 | 30,087 | 35,942 | 36,422 | 27,056 | 26,580 |
| 14 Federal Reserve Banks | 24,586 | 17,289 | 6,848 | 3,683 | 5,994 | 6,848 | 5,164 | 5,348 | 7,161 |
| 15 Tax and loan accounts | 34,203 | 35,217 | 29,094 | 16,603 | 24,093 | 29,094 | 31,258 | 21,709 | 19,419 |

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

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

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

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

Millions of dollars

| Source or type | Fiscal year | | Calendar year | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994 | 1993 | | 1994 | | 1994 | | |
| | | | H1 | H2 | H1 | H2 | Oct. | Nov. | Dec. |
| RECEIPTS | | | | | | | | | |
| 1 **All sources** | **1,153,226** | **1,257,453** | **593,212** | **582,038** | **652,236** | **625,557** | **89,024** | **87,673** | **130,810** |
| 2 Individual income taxes, net | 509,680 | 543,055 | 255,556 | 262,073 | 275,053 | 273,474 | 43,239 | 37,414 | 54,315 |
| 3 Withheld | 430,211 | 459,699 | 209,517 | 228,423 | 225,387 | 240,062 | 40,480 | 37,882 | 50,680 |
| 4 Presidential Election Campaign Fund | 28 | 70 | 25 | 2 | 63 | 10 | 0 | 2 | 0 |
| 5 Nonwithheld | 154,989 | 160,364 | 113,510 | 41,768 | 118,245 | 42,031 | 3,919 | 1,857 | 3,635 |
| 6 Refunds | 75,546 | 77,077 | 67,468 | 8,115 | 68,642 | 9,207 | 1,160 | 2,327 | 579 |
| Corporation income taxes | | | | | | | | | |
| 7 Gross receipts | 131,548 | 154,205 | 69,044 | 68,266 | 80,536 | 78,392 | 5,513 | 2,682 | 32,616 |
| 8 Refunds | 14,027 | 13,820 | 7,198 | 6,514 | 6,933 | 7,331 | 2,043 | 1,185 | 700 |
| 9 Social insurance taxes and contributions, net | 428,300 | 461,475 | 227,177 | 206,176 | 248,301 | 220,141 | 32,687 | 37,387 | 36,358 |
| 10 Employment taxes and contributions[2] | 396,939 | 428,810 | 208,776 | 192,749 | 228,714 | 206,613 | 31,263 | 33,786 | 35,708 |
| 11 Self-employment taxes and contributions[3] | 20,604 | 24,433 | 16,270 | 4,335 | 20,762 | 4,135 | 464 | 0 | 0 |
| 12 Unemployment insurance | 26,556 | 28,004 | 16,074 | 11,010 | 17,301 | 11,177 | 1,073 | 3,249 | 230 |
| 13 Other net receipts[4] | 4,805 | 4,661 | 2,326 | 2,417 | 2,284 | 2,349 | 351 | 352 | 420 |
| 14 Excise taxes | 48,057 | 55,225 | 23,398 | 25,994 | 26,444 | 30,062 | 4,275 | 5,518 | 4,587 |
| 15 Customs deposits | 18,802 | 20,099 | 8,860 | 10,215 | 9,500 | 11,042 | 1,848 | 1,827 | 1,747 |
| 16 Estate and gift taxes | 12,577 | 15,225 | 6,494 | 6,617 | 8,197 | 7,071 | 1,206 | 1,220 | 1,092 |
| 17 Miscellaneous receipts[5] | 18,273 | 22,041 | 9,879 | 9,227 | 11,170 | 13,305 | 2,300 | 2,811 | 1,375 |
| OUTLAYS | | | | | | | | | |
| 18 **All types** | **1,408,532** | **1,461,067** | **673,915** | **727,685**[r] | **710,620**[r] | **753,255** | **121,480** | **125,131** | **134,874** |
| 19 National defense | 291,086 | 281,451 | 140,535 | 146,672[r] | 133,739 | 141,092 | 18,801 | 22,428 | 26,348 |
| 20 International affairs | 16,826 | 17,249 | 6,565 | 10,186 | 5,800 | 12,056 | 4,339 | 2,177 | 1,334 |
| 21 General science, space, and technology | 17,030 | 17,602 | 7,996 | 8,880 | 8,502 | 8,979 | 1,115 | 1,673 | 1,529 |
| 22 Energy | 4,319 | 5,398 | 2,462 | 1,663 | 2,036 | 2,949 | 525 | 166 | 417 |
| 23 Natural resources and environment | 20,239 | 20,902 | 8,592 | 11,221[r] | 9,179 | 12,373 | 3,418 | 1,797 | 1,622 |
| 24 Agriculture | 20,443 | 15,131 | 11,872 | 7,516 | 7,451 | 7,697 | 2,048 | 2,784 | 1,938 |
| 25 Commerce and housing credit | 22,725 | 4,851 | -14,537 | 1,490 | 5,114 | 2,678 | 858 | -1,244 | -2,166 |
| 26 Transportation | 35,004 | 36,835 | 16,076 | 19,570[r] | 16,772 | 20,489 | 3,434 | 3,506 | 3,021 |
| 27 Community and regional development | 9,051 | 11,877 | 4,929 | 4,288 | 5,592 | 7,070 | 1,171 | 1,109 | 1,102 |
| 28 Education, training, employment, and social services | 50,012 | 44,730 | 24,080 | 26,753[r] | 18,976 | 25,887 | 3,705 | 4,025 | 5,779 |
| 29 Health | 99,415 | 106,495 | 49,882 | 52,958 | 53,121 | 54,123 | 8,631 | 9,525 | 9,246 |
| 30 Social security and Medicare | 435,137 | 464,314 | 195,933 | 223,735 | 232,777 | 236,819 | 37,801 | 39,299 | 41,216 |
| 31 Income security | 207,257 | 213,972 | 107,870 | 102,380[r] | 109,103 | 101,743 | 15,275 | 16,151 | 19,331 |
| 32 Veterans benefits and services | 35,720 | 37,637 | 16,385 | 19,852 | 16,686 | 19,757 | 1,677 | 3,337 | 4,277 |
| 33 Administration of justice | 14,955 | 15,283 | 7,482 | 7,400 | 7,718 | 7,800 | 1,340 | 1,176 | 1,278 |
| 34 General government | 13,009 | 11,348 | 5,205 | 6,531 | 5,076 | 7,393 | 1,261 | 1,556 | 1,972 |
| 35 Net interest[6] | 198,811 | 202,957 | 99,635 | 99,914 | 99,844 | 109,435 | 18,669 | 18,242 | 19,302 |
| 36 Undistributed offsetting receipts[7] | 37,386 | 37,772 | -17,035 | -20,344 | 17,308 | 20,065 | 2,596 | 2,575 | -2,671 |

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1995*.

## 1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

| Item | 1992 | 1993 | | | | 1994 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dec. 31 | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 | Sept. 30 | Dec. 31 |
| 1 **Federal debt outstanding** | **4,196** | **4,250** | **4,373** | **4,436** | **4,562** | **4,602** | **4,673** | **4,721[r]** | **4,800** |
| 2 Public debt securities | 4,177 | 4,231 | 4,352 | 4,412 | 4,536 | 4,576 | 4,646 | 4,693 | n.a. |
| 3 Held by public | 3,129 | 3,188 | 3,252 | 3,295 | 3,382 | 3,434 | 3,443[r] | 3,480 | n.a. |
| 4 Held by agencies | 1,048 | 1,043 | 1,100 | 1,117 | 1,154 | 1,142 | 1,203[r] | 1,213 | n.a. |
| 5 Agency securities | 19 | 20 | 21 | 25 | 27 | 26 | 28[r] | 29 | n.a. |
| 6 Held by public | 19 | 20 | 21 | 25 | 27 | 26 | 27 | 29 | n.a. |
| 7 Held by agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| 8 **Debt subject to statutory limit** | **4,086** | **4,140** | **4,256** | **4,316** | **4,446** | **4,491** | **4,559** | **4,605** | **4,711** |
| 9 Public debt securities | 4,085 | 4,139 | 4,256 | 4,315 | 4,445 | 4,491 | 4,559 | 4,605 | 4,711 |
| 10 Other debt[1] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MEMO | | | | | | | | | |
| 11 Statutory debt limit | 4,145 | 4,145 | 4,370 | 4,900 | 4,900 | 4,900 | 4,900 | 4,900 | 4,900 |

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

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

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

Billions of dollars, end of period

| Type and holder | 1991 | 1992 | 1993 | 1994 | 1994 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 |
| 1 **Total gross public debt** | **3,801.7** | **4,177.0** | **4,535.7** | n.a | **4,575.9** | **4,645.8** | **4,692.8** | n.a. |
| *By type* | | | | | | | | |
| 2 Interest-bearing | 3,798.9 | 4,173.9 | 4,532.3 | 4,769.2 | 4,572.6 | 4,642.5 | 4,689.5 | 4,769.2 |
| 3 Marketable | 2,471.6 | 2,754.1 | 2,989.5 | 3,126.0 | 3,042.9 | 3,051.0 | 3,091.6 | 3,126.0 |
| 4 Bills | 590.4 | 657.7 | 714.6 | 733.8 | 721.2 | 698.5 | 697.3 | 733.8 |
| 5 Notes | 1,430.8 | 1,608.9 | 1,764.0 | 1,867.0 | 1,802.5 | 1,835.7 | 1,867.5 | 1,867.0 |
| 6 Bonds | 435.5 | 472.5 | 495.9 | 510.3 | 504.2 | 501.8 | 511.8 | 510.3 |
| 7 Nonmarketable[1] | 1,327 2 | 1,419.8 | 1,542.9 | 1,643.1 | 1,529.7 | 1,591.5 | 1,597.9 | 1,643.1 |
| 8 State and local government series | 159.7 | 153.5 | 149.5 | 132.6 | 145.5 | 143.4 | 137.4 | 132.6 |
| 9 Foreign issues[2] | 41.9 | 37.4 | 43.5 | 42.5 | 42.7 | 42 2 | 42.0 | 42.5 |
| 10 Government | 41.9 | 37.4 | 43.5 | 42.5 | 42.7 | 42.2 | 42.0 | 42.5 |
| 11 Public | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12 Savings bonds and notes | 135.9 | 155.0 | 169.4 | 177.8 | 172 6 | 174.9 | 176.4 | 177.8 |
| 13 Government account series[3] | 959.2 | 1,043.5 | 1,150.0 | 1,259.8 | 1,138 4 | 1,200.6 | 1,211.7 | 1,259.8 |
| 14 Non-interest-bearing | 2.8 | 3.1 | 3.4 | 31.0 | 3.3 | 3.3 | 3.2 | 31.0 |
| *By holder*[4] | | | | | | | | |
| 15 U.S. Treasury and other federal agencies and trust funds | 968.7 | 1,047.8 | 1,153.5 | | 1,141.7 | 1,203.0 | 1,213.1 | |
| 16 Federal Reserve Banks | 281.8 | 302.5 | 334.2 | | 342 6 | 357.7 | 355.2 | |
| 17 Private investors | 2,563 2 | 2,839.9 | 3,047.7 | | 3,094.6 | 3,088.2 | 3,127.8 | |
| 18 Commercial banks | 233.4 | 294.0 | 316.0 | | 345.0[r] | 330.7[r] | 325.0 | |
| 19 Money market funds | 80.0 | 79.4 | 80.5 | | 70.5 | 59.5 | 59.9 | |
| 20 Insurance companies | 168.7 | 197 5 | 216.0 | n.a. | 236.9[r] | 244.1[r] | 250.0 | n.a. |
| 21 Other companies | 150.8 | 192.5 | 213.0 | | 216.3 | 226.3 | 229.3 | |
| 22 State and local treasuries | 520.3 | 534.8 | 564.0 | | 517.4[r] | 520.1[r] | 521.0 | |
| Individuals | | | | | | | | |
| 23 Savings bonds | 138.1 | 157.3 | 171.9 | | 175.0 | 177.1 | 178.6 | |
| 24 Other securities | 125.8 | 131.9 | 137.9 | | 140.1 | 144.0 | 148.6 | |
| 25 Foreign and international[5] | 491.8 | 549.7 | 623.3 | | 632.7[r] | 632.5[r] | 653.8 | |
| 26 Other miscellaneous investors[6] | 651.3 | 702.4 | 725 0 | | 760.7[r] | 754.0[r] | 761.6 | |

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

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

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

*Millions of dollars, daily averages*

| Item | 1994 | | | 1994, week ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. | Oct | Nov. | Nov. 2 | Nov. 9 | Nov 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 | Dec. 28 |
| OUTRIGHT TRANSACTIONS[2] | | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | | |
| 1 U.S. Treasury bills | 52,362 | 53,226 | 53,350 | 49,072 | 44,646[r] | 69,320 | 54,915 | 46,232 | 57,812 | 58,332 | 58,271 | 49,130 |
| Coupon securities, by maturity | | | | | | | | | | | | |
| 2 Five years or less | 80,253[r] | 87,677[r] | 101,637 | 94,390[r] | 95,546[r] | 108,153 | 108,468 | 97,280 | 115,203 | 91,013 | 80,604 | 56,838 |
| 3 More than five years | 40,275 | 42,801[r] | 52,337 | 49,959[r] | 52,267[r] | 59,668 | 51,878 | 46,486 | 50,510 | 38,323 | 28,754 | 26,223 |
| 4 Federal agency | 17,398 | 17,787 | 19,003 | 19,748 | 16,133 | 18,394 | 19,681 | 21,507 | 23,080 | 22,669 | 22,369 | 25,442 |
| 5 Mortgage-backed | 34,616 | 38,452 | 31,733 | 26,645 | 42,862 | 35,861 | 31,400 | 18,842 | 31,638 | 36,313 | 23,603 | 11,179 |
| *By type of counterparty* | | | | | | | | | | | | |
| With interdealer broker | | | | | | | | | | | | |
| 6 U.S. Treasury | 99,684[r] | 106,361[r] | 121,000 | 112,898[r] | 114,555[r] | 136,995 | 127,867 | 107,823 | 131,712 | 111,298 | 95,694 | 73,710 |
| 7 Federal agency | 732 | 650 | 544 | 825 | 511 | 470 | 557 | 527 | 468 | 683 | 485 | 399 |
| 8 Mortgage-backed | 13,004 | 14,137 | 10,683 | 9,300 | 13,453 | 12,226 | 11,266 | 6,339 | 9,305 | 11,065 | 9,975 | 3,380 |
| With other | | | | | | | | | | | | |
| 9 U.S. Treasury | 73,205[r] | 77,342[r] | 86,325[r] | 80,524[r] | 77,904[r] | 100,146 | 87,395 | 82,175 | 91,813 | 76,370 | 71,934 | 58,482 |
| 10 Federal agency | 16,665 | 17,137 | 18,459 | 18,924 | 15,622 | 17,924 | 19,124 | 20,980 | 22,612 | 21,987 | 21,884 | 25,043 |
| 11 Mortgage-backed | 21,613 | 24,316 | 21,050 | 17,345 | 29,409 | 23,634 | 20,134 | 12,503 | 22,333 | 25,247 | 13,628 | 7,798 |
| FUTURES TRANSACTIONS[3] | | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | | |
| 12 U.S. Treasury bills | 1,157 | 1,080 | 1,667 | 606 | 873 | 2,522 | 2,024 | 1,675 | 2,672 | 1,442 | 843 | 865 |
| Coupon securities, by maturity | | | | | | | | | | | | |
| 13 Five years or less | 3,521 | 2,593 | 3,642 | 2,490 | 2,082 | 4,268 | 3,951 | 4,728 | 5,549 | 2,806 | 2,658 | 1,714 |
| 14 More than five years | 13,548 | 12,402 | 14,287 | 13,582 | 12,179 | 16,870 | 14,178 | 14,202 | 17,302 | 11,238 | 8,474 | 5,509 |
| 15 Federal agency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Mortgage-backed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPTIONS TRANSACTIONS[4] | | | | | | | | | | | | |
| *By type of underlying security* | | | | | | | | | | | | |
| 17 U.S. Treasury bills | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Coupon securities, by maturity* | | | | | | | | | | | | |
| 18 Five years or less | 3,566 | 4,712 | 2,722 | 2,729 | 2,203 | 3,748 | 3,070 | 1,866 | 1,877 | 864 | 1,548 | 1,063 |
| 19 More than five years | 4,714 | 5,527 | 5,327 | 4,605 | 4,902 | 6,568 | 6,043 | 4,084 | 3,649 | 3,201 | 2,825 | 2,034 |
| 20 Federal agency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 Mortgage-backed | 523 | 559 | 463 | 753 | 364 | 422 | 494 | 458 | 468 | 267 | 236 | 324 |

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

Dealers report cumulative transactions for each week ending Wednesday.

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

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

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

NOTE. "n.a." indicates that data are not published because of insufficient activity.

*Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.*

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

Millions of dollars

| Item | 1994 | | | 1994, week ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. | Oct. | Nov. | Nov. 2 | Nov. 9 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 7 | Dec. 14 | Dec. 21 |
| | Positions[2] | | | | | | | | | | |
| NET OUTRIGHT POSITIONS[3] | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | |
| 1 U.S. Treasury bills | 1,906 | 3,177 | 12,980 | 4,251 | 6,260 | 16,778 | 12,958 | 18,418 | 16,225 | 22,114 | 15,696 |
| Coupon securities, by maturity | | | | | | | | | | | |
| 2 Five years or less | −16,175 | −16,957 | −6,941 | −14,383 | −7,634 | −8,299 | −2,146 | −7,560 | −8,827 | −12,994 | −4,305 |
| 3 More than five years | −22,799 | −27,282 | −30,270 | −28,513 | −27,736 | −33,172 | −32,612 | −28,060 | −32,519 | −30,407 | −31,539 |
| 4 Federal agency | 21,306 | 22,584 | 20,097 | 22,739 | 22,151 | 18,761 | 20,745 | 17,977 | 21,742 | 19,650 | 19,508 |
| 5 Mortgage-backed | 37,645 | 37,701 | 36,127 | 38,947 | 35,102 | 37,598 | 36,077 | 34,926 | 32,397 | 32,061 | 34,996 |
| NET FUTURES POSITIONS | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | |
| 6 U.S. Treasury bills | −2,829 | −776 | −275 | −2,752 | −1,313 | 717 | 604 | 1,035 | −383 | −1,691 | −1,612 |
| Coupon securities, by maturity | | | | | | | | | | | |
| 7 Five years or less | 8,285 | 8,205[r] | 7,470 | 8,517[r] | 8,162 | 7,406 | 6,747 | 7,264 | 8,240 | 6,901 | 3,916 |
| 8 More than five years | −1,681 | 83[r] | 2,308 | 5[r] | 1,871 | 5,106 | 1,347 | 1,566 | 1,506 | 342 | 345 |
| 9 Federal agency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Mortgage-backed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Financing*[5] | | | | | | | | | | |
| *Reverse repurchase agreements* | | | | | | | | | | | |
| 11 Overnight and continuing | 261,844 | 259,660 | 248,670 | 258,797 | 241,378 | 269,105 | 223,898 | 257,407 | 267,953 | 245,936 | 227,393 |
| 12 Term | 387,958 | 388,809 | 343,089 | 385,956 | 391,524 | 312,801 | 355,649 | 300,136 | 364,244 | 374,706 | 353,877 |
| *Securities borrowed* | | | | | | | | | | | |
| 13 Overnight and continuing | 174,381 | 181,291 | 180,702 | 183,089 | 179,611 | 187,161 | 178,637 | 176,715 | 183,995 | 176,735 | 183,162 |
| 14 Term | 44,574 | 45,783 | 46,394 | 51,228 | 54,201 | 40,062 | 48,052 | 41,881 | 44,203 | 48,395 | 45,331 |
| *Securities received as pledge* | | | | | | | | | | | |
| 15 Overnight and continuing | 2,015 | 2,058 | 2,392 | 2,100 | 1,915 | 1,933 | 2,658 | 3,146 | 3,472 | 3,258 | 3,016 |
| 16 Term | 129 | 53 | 32 | n.a. | 32 | n.a. | n.a. | n.a. | n.a. | n.a. | 26 |
| *Repurchase agreements* | | | | | | | | | | | |
| 17 Overnight and continuing | 473,761 | 461,787 | 438,464 | 461,525 | 452,491 | 482,294 | 365,714 | 446,770 | 462,503 | 447,454 | 423,925 |
| 18 Term | 359,336 | 360,693 | 338,786 | 363,599 | 373,293 | 289,697 | 402,988 | 282,076 | 343,304 | 362,227 | 345,402 |
| *Securities loaned* | | | | | | | | | | | |
| 19 Overnight and continuing | 5,402 | 5,592 | 6,262 | 5,828 | 5,904 | 6,847 | 5,968 | 6,454 | 6,407 | 6,119 | 5,403 |
| 20 Term | 922 | 1,234 | 1,285 | 1,743 | 1,609 | 1,476 | 1,018 | 904 | 1,631 | 1,355 | 1,351 |
| *Securities pledged* | | | | | | | | | | | |
| 21 Overnight and continuing | 32,972 | 34,263 | 33,695 | 34,786 | 31,205 | 31,165 | 36,266 | 35,831 | 38,562 | 33,544 | 34,771 |
| 22 Term | 4,525 | 4,095 | 3,416 | 4,610 | 4,516 | 4,027 | 2,159 | 2,619 | 1,646 | 1,753 | 1,450 |
| *Collateralized loans* | | | | | | | | | | | |
| 23 Overnight and continuing | 18,407 | 19,273 | 17,871 | 20,729 | 18,093 | 18,472 | 16,333 | 17,771 | 16,354 | 13,060 | 11,828 |
| 24 Term | 6,130 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| MEMO: Matched book[6] | | | | | | | | | | | |
| *Securities in* | | | | | | | | | | | |
| 25 Overnight and continuing | 225,440 | 228,104 | 224,758 | 232,463 | 223,740 | 249,760 | 209,480 | 213,850 | 246,477 | 228,039 | 217,211 |
| 26 Term | 355,640 | 363,804 | 323,287 | 364,511 | 368,392 | 293,829 | 336,610 | 282,540 | 336,578 | 341,469 | 325,317 |
| *Securities out* | | | | | | | | | | | |
| 27 Overnight and continuing | 283,925 | 276,523 | 260,138 | 268,206 | 280,615 | 290,586 | 215,238 | 251,808 | 280,575 | 261,263 | 244,323 |
| 28 Term | 294,295 | 301,669 | 272,124 | 306,609 | 309,287 | 234,890 | 310,998 | 223,467 | 280,174 | 294,017 | 284,788 |

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright postitions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

*Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.*

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

| Agency | 1990 | 1991 | 1992 | 1993 | 1994 June | 1994 July | 1994 Aug. | 1994 Sept. | 1994 Oct. |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Federal and federally sponsored agencies** | **434,668** | **442,772** | **483,970** | **570,711** | **646,661** | **659,206** | **674,020** | **0** | **0** |
| 2 Federal agencies | 42,159 | 41,035 | 41,829 | 45,193 | 43,040 | 43,416 | 43,861 | 42,544 | 39,037 |
| 3 Defense Department[1] | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| 4 Export-Import Bank[2,3] | 11,376 | 9,809 | 7,208 | 5,315 | 4,389 | 4,389 | 4,389 | 3,932 | 3,932 |
| 5 Federal Housing Administration[4] | 393 | 397 | 374 | 255 | 138 | 82 | 101 | 112 | 114 |
| 6 Government National Mortgage Association certificates of participation[5] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Postal Service[6] | 6,948 | 8,421 | 10,660 | 9,732 | 9,473 | 9,473 | 9,773 | 8,973 | 7,773 |
| 8 Tennessee Valley Authority | 23,435 | 22,401 | 23,580 | 29,885 | 29,037 | 29,466 | 29,592 | 29,521 | 27,212 |
| 9 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Federally sponsored agencies[7] | 392,509 | 401,737 | 442,141 | 525,518 | 603,621 | 615,790 | 630,159 | 0 | 0 |
| 11 Federal Home Loan Banks | 117,895 | 107,543 | 114,733 | 141,577 | 160,822 | 166,137 | 169,284 | 174,414 | 185,894 |
| 12 Federal Home Loan Mortgage Corporation | 30,941 | 30,262 | 29,631 | 49,993 | 73,340 | 78,929 | 81,270 | 83,947 | 88,680 |
| 13 Federal National Mortgage Association | 123,403 | 133,937 | 166,300 | 201,112 | 227,897 | 230,484 | 237,564 | 239,320 | 242,575 |
| 14 Farm Credit Banks[8] | 53,590 | 52,199 | 51,910 | 53,123 | 53,692 | 52,276 | 53,844 | 54,333 | 53,609 |
| 15 Student Loan Marketing Association[9] | 34,194 | 38,319 | 39,650 | 39,784 | 47,940 | 48,069 | 48,313 | 49,692 | 0 |
| 16 Financing Corporation[10] | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 |
| 17 Farm Credit Financial Assistance Corporation[11] | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 |
| 18 Resolution Funding Corporation[12] | 23,055 | 29,996 | 29,996 | 29,996 | 29,996 | 29,996 | 29,996 | 29,996 | 29,996 |
| MEMO | | | | | | | | | |
| 19 **Federal Financing Bank debt**[13] | **179,083** | **185,576** | **154,994** | **128,187** | **115,603** | **113,689** | **112,804** | **109,357** | **106,935** |
| *Lending to federal and federally sponsored agencies* | | | | | | | | | |
| 20 Export-Import Bank[3] | 11,370 | 9,803 | 7,202 | 5,309 | 4,383 | 4,383 | 4,383 | 3,926 | 3,926 |
| 21 Postal Service[6] | 6,698 | 8,201 | 10,440 | 9,732 | 9,473 | 9,473 | 9,773 | 8,973 | 7,773 |
| 22 Student Loan Marketing Association | 4,850 | 4,820 | 4,790 | 4,760 | 0 | 0 | 0 | 0 | 0 |
| 23 Tennessee Valley Authority | 14,055 | 10,725 | 6,975 | 6,325 | 4,375 | 4,375 | 4,375 | 3,400 | 3,200 |
| 24 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Other lending*[14] | | | | | | | | | |
| 25 Farmers Home Administration | 52,324 | 48,534 | 42,979 | 38,619 | 35,999 | 35,104 | 34,594 | 34,129 | 33,869 |
| 26 Rural Electrification Administration | 18,890 | 18,562 | 18,172 | 17,578 | 17,357 | 17,372 | 17,402 | 17,316 | 17,322 |
| 27 Other | 70,896 | 84,931 | 64,436 | 45,864 | 44,016 | 42,982 | 42,322 | 41,613 | 40,845 |

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. On-budget since Sept. 30, 1976.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.

8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.

9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

## 1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

| Type of issue or issuer, or use | 1991 | 1992 | 1993 | 1994 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| 1 **All issues, new and refunding**[1] | **154,402** | **226,818** | **279,945** | **13,563** | **15,076** | **13,400** | **12,175** | **7,810** | **10,537** | **11,685** | **9,502** |
| *By type of issue* | | | | | | | | | | | |
| 2 General obligation | 55,100 | 78,611 | 90,599 | 4,029 | 5,556 | 7,110 | 4,177 | 2,309 | 2,891 | 5,592 | 2,261 |
| 3 Revenue | 99,302 | 136,580 | 189,346 | 8,359 | 9,223 | 5,340 | 8,133 | 5,325 | 6,899 | 6,093 | 7,241 |
| *By type of issuer* | | | | | | | | | | | |
| 4 State | 24,939 | 24,874 | 27,999 | 1,158 | 1,733 | 4,686 | 1,675 | 1,009 | 952 | 1,528 | 151 |
| 5 Special district or statutory authority[2] | 80,614 | 138,327 | 178,714 | 8,085 | 9,335 | 4,931 | 7,963 | 4,962 | 6,511 | 6,148 | 7,270 |
| 6 Municipality, county, or township | 48,849 | 63,617 | 73,232 | 3,145 | 3,711 | 2,833 | 2,672 | 1,663 | 2,327 | 4,009 | 2,081 |
| 7 **Issues for new capital** | **116,953** | **101,865** | **91,434** | **9,465** | **9,913** | **10,843** | **10,479** | **6,155** | **8,893** | **10,137** | **8,486** |
| *By use of proceeds* | | | | | | | | | | | |
| 8 Education | 21,121 | 18,852 | 16,831 | 1,933 | 1,945 | 1,147 | 2,075 | 883 | 1,596 | 1,716 | 1,725 |
| 9 Transportation | 13,395 | 14,357 | 9,167 | 1,037 | 2,033 | 290 | 1,088 | 334 | 1,135 | 799 | 299 |
| 10 Utilities and conservation | 21,039 | 12,164 | 12,014 | 423 | 856 | 694 | 784 | 433 | 1,887 | 644 | 1,244 |
| 11 Social welfare | 25,648 | 16,744 | 13,837 | 2,136 | 1,312 | 1,698 | 2,117 | 1,897 | 1,887 | 1,535 | 2,172 |
| 12 Industrial aid | 8,376 | 6,188 | 6,862 | 657 | 935 | 959 | 1,128 | 403 | 420 | 688 | 1,007 |
| 13 Other purposes | 30,275 | 33,560 | 32,723 | 2,939 | 2,645 | 5,560 | 3,401 | 2,011 | 2,396 | 4,750 | 2,039 |

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

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

## 1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

| Type of issue, offering, or issuer | 1991 | 1992 | 1993 | 1994 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Apr. | May | June | July | Aug. | Sept. | Oct.[r] | Nov. |
| 1 **All issues**[1] | **465,246** | **559,827** | **764,509** | **35,110** | **44,263** | **49,457** | **29,153**[r] | **38,437**[r] | **29,406**[r] | **32,161** | **33,566** |
| 2 **Bonds**[2] | **389,822** | **471,502** | **641,498** | **29,645** | **40,589** | **43,126** | **25,489**[r] | **35,061**[r] | **25,973**[r] | **28,600** | **28,100** |
| *By type of offering* | | | | | | | | | | | |
| 3 Public, domestic | 286,930 | 378,058 | 486,879 | 26,436 | 33,414 | 38,387 | 21,772[r] | 30,655[r] | 22,726[r] | 24,000 | 23,300 |
| 4 Private placement, domestic[3] | 74,930 | 65,853 | 116,240 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 Sold abroad | 27,962 | 27,591 | 38,379 | 3,209 | 7,175 | 4,738 | 3,718 | 4,406 | 3,248 | 4,600 | 4,800 |
| *By industry group* | | | | | | | | | | | |
| 6 Manufacturing | 86,628 | 82,058 | 88,002 | 2,229 | 3,266 | 2,093 | 1,857[r] | 2,251 | 2,165 | 2,500 | 2,600 |
| 7 Commercial and miscellaneous | 36,666 | 43,111 | 60,443 | 990 | 2,496 | 3,177 | 1,413 | 3,604[r] | 2,052[r] | 2,039 | 2,302 |
| 8 Transportation | 13,598 | 9,979 | 10,756 | 97 | 150 | 1,082 | 248 | 315 | 229 | 327 | 339 |
| 9 Public utility | 23,944 | 48,055 | 56,272 | 546 | 1,071 | 681 | 472 | 520[r] | 707 | 1,601 | 1,649 |
| 10 Communication | 9,431 | 15,394 | 31,950 | 1,298 | 944 | 618 | 429 | 345 | 526 | 379 | 421 |
| 11 Real estate and financial | 219,555 | 272,904 | 394,076 | 24,484 | 32,662 | 35,475 | 21,070[r] | 28,027[r] | 20,294[r] | 21,754 | 20,789 |
| 12 **Stocks**[2] | **75,424** | **88,325** | **113,472** | **5,465** | **3,674** | **6,331** | **3,664** | **3,376**[r] | **3,433**[r] | **3,561** | **5,466** |
| *By type of offering* | | | | | | | | | | | |
| 13 Public preferred | 17,085 | 21,339 | 18,897 | 2,248 | 695 | 1,366 | 599 | 710 | 555 | 1,191 | 279 |
| 14 Common | 48,230 | 57,118 | 82,657 | 3,218 | 2,979 | 4,965 | 3,065 | 2,666[r] | 2,877[r] | 2,370 | 5,187 |
| 15 Private placement[3] | 10,109 | 9,867 | 11,917 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *By industry group* | | | | | | | | | | | |
| 16 Manufacturing | 24,111 | 22,723 | 22,271 | 2,696 | 956 | 1,056 | 489 | 569 | 904[r] | 745 | 1,970 |
| 17 Commercial and miscellaneous | 19,418 | 20,231 | 25,761 | 773 | 850 | 1,853 | 708 | 838 | 821[r] | 1,105 | 1,717 |
| 18 Transportation | 2,439 | 2,595 | 2,237 | 106 | 105 | 449 | 75 | 50 | 223 | 79 | 76 |
| 19 Public utility | 3,474 | 6,532 | 7,050 | 75 | 239 | 297 | 0 | 180 | 78 | 4 | 333 |
| 20 Communication | 475 | 2,366 | 3,439 | 0 | 32 | 28 | 0 | 0 | 0 | 0 | 0 |
| 21 Real estate and financial | 25,507 | 33,879 | 49,889 | 1,815 | 1,492 | 2,647 | 2,386 | 1,734[r] | 1,407[r] | 1,628 | 1,350 |

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

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

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

Millions of dollars

| Item | 1992 | 1993 | 1994 Apr. | 1994 May | 1994 June | 1994 July | 1994 Aug. | 1994 Sept. | 1994 Oct.[r] | 1994 Nov. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Sales of own shares**[2] | **647,055** | **851,885** | **71,164** | **65,179** | **65,333** | **59,258** | **64,833** | **62,263** | **59,285** | **56,849** |
| 2 Redemptions of own shares | 447,140 | 567,881 | 61,925 | 55,036 | 56,068 | 50,275 | 53,242 | 53,383 | 53,743 | 55,757 |
| 3 Net sales[3] | 199,915 | 284,004 | 9,239 | 10,144 | 9,265 | 8,983 | 1,592 | 8,880 | 5,543 | 1,092 |
| 4 **Assets**[4] | **1,056,310** | **1,510,209** | **1,510,827** | **1,529,478** | **1,509,998** | **1,552,652** | **1,604,961** | **1,588,277** | **1,601,363** | **1,549,186** |
| 5 Cash[5] | 73,999 | 100,209 | 118,221 | 119,982 | 114,885 | 120,129 | 120,315 | 121,575 | 126,766 | 125,843 |
| 6 Other | 982,311 | 1,409,838 | 1,392,606 | 1,409,496 | 1,395,113 | 1,432,523 | 1,484,646 | 1,466,702 | 1,474,597 | 1,423,344 |

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.

2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.

5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

## 1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

| Account | 1991 | 1992 | 1993 | 1992 Q4 | 1993 Q1 | 1993 Q2 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Profits with inventory valuation and capital consumption adjustment | 390.3 | 405.1 | 485.8 | 432.5 | 442.5 | 473.1 | 493.5 | 533.9 | 508.2 | 546.4 | 556.0 |
| 2 Profits before taxes | 365.2 | 395.9 | 462.4 | 413.5 | 432.7 | 456.6 | 458.7 | 501.7 | 483.5 | 523.1 | 538.1 |
| 3 Profits-tax liability | 131.1 | 139.7 | 173.2 | 148.6 | 159.8 | 171.8 | 169.9 | 191.5 | 184.1 | 201.7 | 208.6 |
| 4 Profits after taxes | 234.1 | 256.2 | 289.2 | 264.8 | 273.0 | 284.8 | 288.9 | 310.2 | 299.4 | 321.4 | 329.5 |
| 5 Dividends | 160.0 | 171.1 | 191.7 | 182.1 | 188.2 | 190.7 | 193.2 | 194.6 | 196.3 | 202.5 | 207.9 |
| 6 Undistributed profits | 74.1 | 85.1 | 97.5 | 82.7 | 84.7 | 94.1 | 95.6 | 115.6 | 103.0 | 118.9 | 121.6 |
| 7 Inventory valuation | 5.8 | -6.4 | 6.2 | 2.1 | 11.2 | 10.0 | 3.0 | 6.5 | 12.3 | 14.1 | 19.6 |
| 8 Capital consumption adjustment | 19.4 | 15.7 | 29.5 | 16.9 | 21.0 | 26.5 | 31.7 | 38.8 | 37.0 | 37.4 | 37.5 |

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

## 1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

| Industry | 1992 | 1993 | 1994[1] | 1993 Q1 | 1993 Q2 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 | 1994 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Total nonfarm business** | **546.60** | **586.73** | **638.37** | **563.48** | **578.95** | **594.56** | **604.51** | **619.34** | **637.08** | **651.92** | **645.13** |
| *Manufacturing* | | | | | | | | | | | |
| 2 Durable goods industries | 73.32 | 81.45 | 92.78 | 78.19 | 80.33 | 82.74 | 83.64 | 86.03 | 91.71 | 98.97 | 94.44 |
| 3 Nondurable goods industries | 100.69 | 98.02 | 99.77 | 95.80 | 97.22 | 99.74 | 98.51 | 99.02 | 102.28 | 98.39 | 99.39 |
| *Nonmanufacturing* | | | | | | | | | | | |
| 4 Mining | 8.88 | 10.08 | 11.24 | 8.98 | 9.10 | 11.09 | 10.92 | 11.43 | 10.70 | 11.57 | 11.27 |
| Transportation | | | | | | | | | | | |
| 5 Railroad | 6.67 | 6.14 | 6.72 | 6.16 | 5.94 | 5.89 | 6.55 | 7.46 | 5.36 | 6.65 | 7.40 |
| 6 Air | 8.93 | 6.42 | 3.95 | 7.26 | 6.63 | 6.70 | 5.06 | 4.23 | 4.53 | 3.86 | 3.16 |
| 7 Other | 7.04 | 9.22 | 10.53 | 8.96 | 8.92 | 8.74 | 10.23 | 10.77 | 9.70 | 10.22 | 11.42 |
| Public utilities | | | | | | | | | | | |
| 8 Electric | 48.22 | 52.55 | 52.25 | 49.98 | 50.61 | 52.96 | 55.60 | 48.68 | 53.55 | 54.15 | 52.60 |
| 9 Gas and other | 23.99 | 23.43 | 24.20 | 23.79 | 23.83 | 22.98 | 23.27 | 24.51 | 22.96 | 24.35 | 24.97 |
| 10 Commercial and other[2] | 268.84 | 299.44 | 336.93 | 284.35 | 296.35 | 303.74 | 310.73 | 327.20 | 336.28 | 343.76 | 340.48 |

1. Figures are amounts anticipated by business.

2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication.

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

## 1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

| Account | 1991 | 1992 | 1993 | 1993 | | | | 1994 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| ASSETS | | | | | | | | | | |
| 1 Accounts receivable, gross[2] | 484 6 | 491.8 | 482.8 | 477.9 | 473.7 | 474.0 | 482.8 | 494.5 | 511.3 | 524.2 |
| 2 Consumer | 121.7 | 118.3 | 116.5 | 112.6 | 110.6 | 111.0 | 116.5 | 120.1 | 124.3 | 130.3 |
| 3 Business | 295.8 | 301.3 | 294.6 | 292.7 | 291.8 | 291.9 | 294.6 | 302.3 | 313.2 | 317.2 |
| 4 Real estate | 67.1 | 72.2 | 71.7 | 72 5 | 71.4 | 71.1 | 71.7 | 72.1 | 73.8 | 76.6 |
| 5 LESS: Reserves for unearned income | 56.1 | 53.2 | 50.7 | 50.1 | 49.7 | 49.5 | 50.7 | 51.2 | 51.9 | 51.1 |
| 6 Reserves for losses | 13.1 | 16.2 | 11.2 | 15.2 | 10.8 | 11.2 | 11.2 | 11.6 | 12.1 | 12.1 |
| 7 Accounts receivable, net | 415.4 | 422.4 | 420.9 | 412 6 | 413.2 | 413.3 | 420.9 | 431 7 | 447.3 | 460.9 |
| 8 All other | 144.9 | 142.5 | 170.9 | 150.6 | 151.5 | 163.9 | 170.9 | 171.2 | 174.6 | 177.2 |
| 9 **Total assets** | **560.3** | **564.9** | **591.8** | **563.3** | **564.7** | **577.3** | **591.8** | **602.9** | **621.9** | **638.1** |
| LIABILITIES AND CAPITAL | | | | | | | | | | |
| 10 Bank loans | 42.3 | 37 6 | 25.3 | 34.1 | 29.4 | 25.8 | 25.3 | 24.2 | 23.3 | 21.6 |
| 11 Commercial paper | 159.5 | 156.4 | 159.2 | 149.8 | 144.5 | 149.9 | 159 2 | 165.9 | 171.2 | 171.0 |
| *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 5 | 39.5 | 42 7 | 43.1 | 45.0 | 44.6 | 42.7 | 41.1 | 44.7 | 50.0 |
| 15 Not elsewhere classified | 190.2 | 196.3 | 206.0 | 197.3 | 199.9 | 204.2 | 206.0 | 211.7 | 219.6 | 228.2 |
| 16 All other liabilities | 68.4 | 68.0 | 87.1 | 72.5 | 77.8 | 83.8 | 87.1 | 90.5 | 89.9 | 95.0 |
| 17 Capital, surplus, and undivided profits | 64.5 | 67.1 | 71.4 | 66.5 | 68.1 | 68.9 | 71.4 | 69.5 | 73.2 | 72.3 |
| 18 **Total liabilities and capital** | **560.3** | **564.9** | **591.8** | **563.3** | **564.7** | **577.3** | **591.8** | **602.9** | **621.9** | **638.1** |

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

2. Before deduction for unearned income and losses

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

Millions of dollars, amounts outstanding, end of period

| Type of credit | 1991 | 1992 | 1993 | 1994 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | June | July | Aug. | Sept. | Oct. | Nov. |
| | Seasonally adjusted | | | | | | | | |
| 1 **Total** | **523,824** | **540,679** | **546,020** | **576,239** | **571,470** | **579,032** | **590,512** | **596,397** | **603,274** |
| 2 Consumer | 154,389 | 157,857 | 160,802 | 168,531 | 166,639 | 166,921 | 172,547 | 173,178 | 175,135 |
| 3 Real estate[2] | 67,376 | 72,496 | 71,991 | 74,503 | 75,321 | 75,524 | 76,424 | 76,971 | 77,991 |
| 4 Business | 302,060 | 310,325 | 313,226 | 333,205 | 329,510 | 336,587 | 341,542 | 346,248 | 350,148 |
| | Not seasonally adjusted | | | | | | | | |
| 5 **Total** | **527,329** | **544,691** | **550,387** | **577,546** | **568,648** | **575,769** | **588,525** | **596,054** | **604,115** |
| 6 Consumer | 155,671 | 159,558 | 162,770 | 167,909 | 164,749 | 166,501 | 172,002 | 172,813 | 174,928 |
| 7 Motor vehicles | 62,232 | 57,259 | 56,057 | 59,788 | 58,107 | 58,589 | 60,522 | 60,750 | 61,372 |
| 8 Other consumer[3] | 59,468 | 61,020 | 60,396 | 64,530 | 65,095 | 66,608 | 69,784 | 70,812 | 72,312 |
| 9 Securitized motor vehicles[4] | 23,361 | 29,734 | 36,024 | 32,705 | 31,848 | 31,787 | 32,372 | 31,592 | 31,494 |
| 10 Securitized other consumer[4] | 10,610 | 11,545 | 10,293 | 10,886 | 9,699 | 9,517 | 9,324 | 9,659 | 9,750 |
| 11 Real estate[2] | 67,132 | 72,243 | 71,727 | 73,755 | 75,379 | 76,012 | 76,585 | 77,235 | 77,907 |
| 12 Business | 304,526 | 312,890 | 315,890 | 335,882 | 328,520 | 333,256 | 339,938 | 346,006 | 351,280 |
| 13 Motor vehicles | 91,554 | 89,011 | 95,173 | 105,828 | 101,878 | 102,655 | 106,365 | 110,089 | 113,222 |
| 14 Retail[5] | 23,967 | 20,541 | 18,091 | 21,024 | 20,670 | 20,272 | 21,164 | 21,645 | 22,113 |
| 15 Wholesale[6] | 31,164 | 29,890 | 31,148 | 31,188 | 26,154 | 25,875 | 27,201 | 29,302 | 30,614 |
| 16 Leasing | 36,423 | 38,580 | 45,934 | 53,616 | 55,054 | 56,508 | 58,000 | 59,142 | 60,495 |
| 17 Equipment | 140,396 | 151,424 | 145,452 | 151,542 | 151,480 | 151,388 | 152,782 | 152,675 | 154,312 |
| 18 Retail | 30,952 | 33,521 | 35,513 | 39,062 | 39,348 | 39,629 | 39,357 | 38,584 | 38,912 |
| 19 Wholesale[6] | 9,671 | 8,680 | 8,001 | 8,419 | 8,859 | 8,968 | 9,119 | 9,134 | 9,484 |
| 20 Leasing | 99,773 | 109,223 | 101,938 | 104,061 | 103,273 | 102,791 | 104,306 | 104,957 | 105,916 |
| 21 Other business[7] | 63,802 | 60,856 | 53,997 | 55,849 | 54,444 | 56,389 | 58,101 | 59,314 | 59,893 |
| 22 Securitized business assets[4] | 8,774 | 11,599 | 21,268 | 22,663 | 20,718 | 22,824 | 22,690 | 23,928 | 23,853 |
| 23 Retail | 576 | 1,120 | 2,483 | 2,619 | 2,480 | 2,656 | 2,564 | 2,956 | 2,853 |
| 24 Wholesale | 5,285 | 5,756 | 10,584 | 14,240 | 12,817 | 14,147 | 14,411 | 15,173 | 15,311 |
| 25 Leasing | 2,913 | 4,723 | 8,201 | 5,804 | 5,421 | 6,021 | 5,715 | 5,799 | 5,689 |

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

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

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

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

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

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

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

## 1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

| Item | 1992 | 1993 | 1994 | 1994 June | 1994 July | 1994 Aug. | 1994 Sept | 1994 Oct. | 1994 Nov. | 1994 Dec. |
|---|---|---|---|---|---|---|---|---|---|---|
| | Terms and yields in primary and secondary markets | | | | | | | | | |
| PRIMARY MARKETS | | | | | | | | | | |
| *Terms*[1] | | | | | | | | | | |
| 1 Purchase price (thousands of dollars) | 158.1 | 163.1 | 170.4 | 172.6 | 166.0 | 167.6 | 170.6 | 173.4 | 178.2 | 184.9 |
| 2 Amount of loan (thousands of dollars) | 118.1 | 123.0 | 130.8 | 130.0 | 129.0 | 129.3 | 133.7 | 131.9 | 136.2 | 136.2 |
| 3 Loan-to-price ratio (percent) | 76.6 | 78.0 | 78.8 | 78.0 | 79.4 | 79.0 | 79.4 | 78.3 | 78.0 | 76.9 |
| 4 Maturity (years) | 25.6 | 26.1 | 27.5 | 26.5 | 27.5 | 28.0 | 27.9 | 27.6 | 27.9 | 28.0 |
| 5 Fees and charges (percent of loan amount)[2] | 1.60 | 1.30 | 1.29 | 1.30 | 1.35 | 1.38 | 1.36 | 1.22 | 1.30 | 1.38 |
| *Yield (percent per year)* | | | | | | | | | | |
| 6 Contract rate[1] | 7.98 | 7.02 | 7.26 | 7.41 | 7.50 | 7.45 | 7.48 | 7.55 | 7.59 | 7.61 |
| 7 Effective rate[1,3] | 8.25 | 7.24 | 7.47 | 7.62 | 7.71 | 7.67 | 7.70 | 7.76 | 7.81 | 7.83 |
| 8 Contract rate (HUD series)[4] | 8.43 | 7.37 | n.a. | 8.72 | 8.64 | 8.68 | 8.96 | 9.19 | 9.34 | n.a. |
| SECONDARY MARKETS | | | | | | | | | | |
| *Yield (percent per year)* | | | | | | | | | | |
| 9 FHA mortgages (Section 203)[5] | 8.46 | 7.46 | n.a. | 9.03 | 8.65 | 8.66 | 9.10 | 9.23 | 9.53 | n.a. |
| 10 GNMA securities[6] | 7.71 | 6.65 | 7.96 | 8.01 | 8.23 | 8.15 | 8.28 | 8.66 | 8.86 | 8.76 |
| | Activity in secondary markets | | | | | | | | | |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | | | | | | | | | | |
| *Mortgage holdings (end of period)* | | | | | | | | | | |
| 11 Total | 158,119 | 190,861 | 222,057 | 208,180 | 210,666 | 212,680 | 215,249 | 218,479 | 220,377 | 222,057 |
| 12 FHA/VA insured | 22,593 | 23,857 | 28,377 | 25,390 | 25,477 | 25,604 | 25,800 | 26,226 | 27,118 | 28,377 |
| 13 Conventional | 135,526 | 167,004 | 194,499 | 182,790 | 185,189 | 187,076 | 189,449 | 192,253 | 193,259 | 194,499 |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 14 Purchases | 75,905 | 92,037 | 62,389 | 4,386 | 4,628 | 4,077 | 4,266 | 5,003 | 3,549 | 3,399 |
| *Mortgage commitments (during period)* | | | | | | | | | | |
| 15 Issued[7] | 74,970 | 92,537 | 54,038 | 4,268 | 3,798 | 3,776 | 4,880 | 3,421 | 2,696 | 2,910 |
| 16 To sell[8] | 10,493 | 5,097 | 1,820 | 1 | 0 | 0 | 0 | 48 | 20 | 55 |
| FEDERAL HOME LOAN MORTGAGE CORPORATION | | | | | | | | | | |
| *Mortgage holdings (end of period)*[8] | | | | | | | | | | |
| 17 Total | 33,665 | 55,012 | 72,693 | 62,232 | 62,993 | 64,118 | 66,478 | 69,340 | 70,757 | 72,693 |
| 18 FHA/VA insured | 352 | 321 | 276 | 299 | 296 | 291 | 287 | 284 | 279 | 276 |
| 19 Conventional | 33,313 | 54,691 | 72,416 | 61,933 | 62,697 | 63,827 | 66,191 | 69,057 | 70,477 | 72,416 |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 20 Purchases | 191,125 | 229,242 | 124,697 | 8,341 | 6,535 | 6,407 | 5,512 | 8,351 | 3,022 | 4,890 |
| 21 Sales | 179,208 | 208,723 | 117,110 | 8,097 | 6,338 | 5,828 | 5,213 | 8,139 | 2,865 | 3,769 |
| *Mortgage commitments (during period)*[9] | | | | | | | | | | |
| 22 Contracted | 261,637 | 274,599 | 136,067 | 7,252 | 5,820 | 5,649 | 5,035 | 7,288 | 3,454 | 2,412 |

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

## 1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

| | Type of holder and property | 1990 | 1991 | 1992 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | **All holders** | **3,763,628** | **3,926,154** | **4,056,233** | **4,174,202** | **4,215,480** | **4,239,496** | **4,290,640** | **4,346,606** |
| | *By type of property* | | | | | | | | |
| 2 | One- to four-family residences | 2,617,044 | 2,781,416 | 2,963,391 | 3,098,344 | 3,147,255 | 3,178,389 | 3,225,062 | 3,276,039 |
| 3 | Multifamily residences | 309,369 | 306,410 | 295,417 | 290,690 | 290,489 | 288,988 | 290,109 | 291,907 |
| 4 | Commercial | 758,313 | 759,023 | 716,687 | 704,032 | 696,542 | 690,726 | 692,584 | 694,842 |
| 5 | Farm | 78,903 | 79,306 | 80,738 | 81,136 | 81,194 | 81,393 | 82,886 | 83,818 |
| | *By type of holder* | | | | | | | | |
| 6 | Major financial institutions | 1,914,315 | 1,846,726 | 1,769,187 | 1,769,950 | 1,767,835 | 1,746,474 | 1,763,249 | 1,784,191 |
| 7 | Commercial banks[2] | 844,826 | 876,100 | 894,513 | 922,670 | 940,444 | 937,944 | 956,793 | 981,350 |
| 8 | One- to four-family | 455,931 | 483,623 | 507,780 | 537,661 | 556,538 | 554,117 | 570,325 | 590,244 |
| 9 | Multifamily | 37,015 | 36,935 | 38,024 | 37,655 | 38,635 | 38,451 | 37,948 | 38,130 |
| 10 | Commercial | 334,648 | 337,095 | 328,826 | 326,507 | 324,409 | 324,122 | 326,605 | 330,568 |
| 11 | Farm | 17,231 | 18,447 | 19,882 | 20,848 | 20,862 | 21,254 | 21,916 | 22,408 |
| 12 | Savings institutions[3] | 801,628 | 705,367 | 627,972 | 609,654 | 598,330 | 584,531 | 585,671 | 587,375 |
| 13 | One- to four-family | 600,154 | 538,358 | 489,622 | 478,456 | 469,959 | 458,075 | 462,240 | 466,414 |
| 14 | Multifamily | 91,806 | 79,881 | 69,791 | 68,440 | 67,362 | 66,914 | 66,245 | 65,611 |
| 15 | Commercial | 109,168 | 86,741 | 68,235 | 62,439 | 60,704 | 59,245 | 56,887 | 55,058 |
| 16 | Farm | 500 | 388 | 324 | 320 | 305 | 297 | 299 | 292 |
| 17 | Life insurance companies | 267,861 | 265,258 | 246,702 | 237,626 | 229,061 | 223,999 | 220,785 | 215,466 |
| 18 | One- to four-family | 13,005 | 11,547 | 11,441 | 9,835 | 9,458 | 9,245 | 9,107 | 8,877 |
| 19 | Multifamily | 28,979 | 29,562 | 27,770 | 26,844 | 25,814 | 25,232 | 24,855 | 24,227 |
| 20 | Commercial | 215,121 | 214,105 | 198,269 | 191,660 | 184,305 | 180,152 | 177,463 | 172,977 |
| 21 | Farm | 10,756 | 10,044 | 9,222 | 9,287 | 9,484 | 9,370 | 9,360 | 9,385 |
| 22 | Federal and related agencies | 239,003 | 266,146 | 286,263 | 306,578 | 317,486 | 323,464 | 327,690 | 334,284 |
| 23 | Government National Mortgage Association | 20 | 19 | 30 | 43 | 22 | 20 | 12 | 12 |
| 24 | One- to four-family | 20 | 19 | 30 | 37 | 15 | 13 | 12 | 12 |
| 25 | Multifamily | 0 | 0 | 0 | 7 | 7 | 7 | 0 | 0 |
| 26 | Farmers Home Administration[4] | 41,439 | 41,713 | 41,695 | 41,424 | 41,386 | 41,209 | 41,370 | 41,390 |
| 27 | One- to four-family | 18,527 | 18,496 | 16,912 | 15,714 | 15,303 | 14,870 | 14,459 | 14,063 |
| 28 | Multifamily | 9,640 | 10,141 | 10,575 | 10,830 | 10,940 | 11,037 | 11,147 | 11,254 |
| 29 | Commercial | 4,690 | 4,905 | 5,158 | 5,347 | 5,406 | 5,399 | 5,526 | 5,587 |
| 30 | Farm | 8,582 | 8,171 | 9,050 | 9,533 | 9,739 | 9,903 | 10,239 | 10,485 |
| 31 | Federal Housing and Veterans' Administrations | 8,801 | 10,733 | 12,581 | 11,797 | 12,215 | 11,344 | 11,169 | 10,657 |
| 32 | One- to four-family | 3,593 | 4,036 | 5,153 | 4,850 | 5,364 | 4,738 | 4,826 | 4,503 |
| 33 | Multifamily | 5,208 | 6,697 | 7,428 | 6,947 | 6,851 | 6,606 | 6,343 | 6,154 |
| 34 | Resolution Trust Corporation | 32,600 | 45,822 | 32,045 | 19,925 | 17,284 | 14,241 | 13,908 | 15,401 |
| 35 | One- to four-family | 15,800 | 14,535 | 12,960 | 8,381 | 7,203 | 6,308 | 6,045 | 6,984 |
| 36 | Multifamily | 8,064 | 15,018 | 9,621 | 6,002 | 5,327 | 4,208 | 4,230 | 4,528 |
| 37 | Commercial | 8,736 | 16,269 | 9,464 | 5,543 | 4,754 | 3,726 | 3,633 | 3,889 |
| 38 | Farm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 | Federal National Mortgage Association | 104,870 | 112,283 | 137,584 | 160,721 | 166,642 | 172,343 | 175,377 | 177,200 |
| 40 | One- to four-family | 94,323 | 100,387 | 124,016 | 146,009 | 151,310 | 156,576 | 159,437 | 161,255 |
| 41 | Multifamily | 10,547 | 11,896 | 13,568 | 14,712 | 15,332 | 15,767 | 15,940 | 15,945 |
| 42 | Federal Land Banks | 29,416 | 28,767 | 28,664 | 28,810 | 28,460 | 28,181 | 28,475 | 28,538 |
| 43 | One- to four-family | 1,838 | 1,693 | 1,687 | 1,695 | 1,675 | 1,658 | 1,675 | 1,679 |
| 44 | Farm | 27,577 | 27,074 | 26,977 | 27,115 | 26,785 | 26,523 | 26,800 | 26,859 |
| 45 | Federal Home Loan Mortgage Corporation | 21,857 | 26,809 | 33,665 | 43,858 | 51,476 | 56,127 | 57,379 | 61,087 |
| 46 | One- to four-family | 19,185 | 24,125 | 31,032 | 41,314 | 48,929 | 53,571 | 54,799 | 58,432 |
| 47 | Multifamily | 2,672 | 2,684 | 2,633 | 2,544 | 2,547 | 2,556 | 2,580 | 2,655 |
| 48 | Mortgage pools or trusts[5] | 1,079,103 | 1,250,666 | 1,425,546 | 1,517,003 | 1,550,818 | 1,604,449 | 1,643,627 | 1,668,496 |
| 49 | Government National Mortgage Association | 403,613 | 425,295 | 419,516 | 415,076 | 414,066 | 423,446 | 435,709 | 444,976 |
| 50 | One- to four-family | 391,505 | 415,767 | 410,675 | 405,963 | 404,864 | 414,194 | 426,363 | 435,511 |
| 51 | Multifamily | 12,108 | 9,528 | 8,841 | 9,113 | 9,202 | 9,251 | 9,346 | 9,465 |
| 52 | Federal Home Loan Mortgage Corporation | 316,359 | 359,163 | 407,514 | 433,090 | 443,029 | 459,949 | 470,183 | 469,062 |
| 53 | One- to four-family | 308,369 | 351,906 | 401,525 | 428,155 | 438,494 | 455,779 | 466,361 | 465,614 |
| 54 | Multifamily | 7,990 | 7,257 | 5,989 | 4,935 | 4,535 | 4,170 | 3,822 | 3,448 |
| 55 | Federal National Mortgage Association | 299,833 | 371,984 | 444,979 | 481,880 | 495,525 | 507,376 | 514,855 | 523,512 |
| 56 | One- to four-family | 291,194 | 362,667 | 435,979 | 473,599 | 486,804 | 498,489 | 505,730 | 514,375 |
| 57 | Multifamily | 8,639 | 9,317 | 9,000 | 8,281 | 8,721 | 8,887 | 9,125 | 9,137 |
| 58 | Farmers Home Administration[4] | 66 | 47 | 38 | 30 | 28 | 26 | 22 | 20 |
| 59 | One- to four-family | 17 | 11 | 8 | 6 | 5 | 5 | 4 | 3 |
| 60 | Multifamily | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61 | Commercial | 24 | 19 | 17 | 14 | 13 | 12 | 10 | 9 |
| 62 | Farm | 26 | 17 | 13 | 10 | 10 | 9 | 8 | 8 |
| 63 | Private mortgage conduits | 59,232 | 94,177 | 153,499 | 186,927 | 198,171 | 213,653 | 222,858 | 230,926 |
| 64 | One- to four-family | 53,335 | 84,000 | 132,000 | 158,000 | 164,000 | 177,000 | 179,500 | 182,300 |
| 65 | Multifamily | 731 | 3,698 | 6,305 | 7,991 | 8,701 | 9,202 | 11,514 | 13,891 |
| 66 | Commercial | 5,166 | 6,479 | 15,194 | 20,936 | 25,469 | 27,451 | 31,844 | 34,735 |
| 67 | Farm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 68 | Individuals and others[6] | 531,208 | 562,616 | 575,237 | 580,670 | 579,341 | 565,109 | 556,074 | 559,635 |
| 69 | One- to four-family | 350,247 | 370,246 | 382,572 | 388,669 | 387,334 | 373,752 | 364,178 | 365,772 |
| 70 | Multifamily | 85,969 | 83,796 | 85,871 | 86,391 | 86,516 | 86,700 | 87,014 | 87,462 |
| 71 | Commercial | 80,761 | 93,410 | 91,524 | 91,588 | 91,482 | 90,621 | 90,617 | 92,020 |
| 72 | Farm | 14,232 | 15,164 | 15,270 | 14,023 | 14,009 | 14,037 | 14,264 | 14,380 |

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

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

## 1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

| Holder and type of credit | 1991 | 1992 | 1993 | 1994 June | July | Aug. | Sept. | Oct[r] | Nov. |
|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | |
| 1 **Total** | **728,389** | **731,098** | **794,300** | **847,715** | **854,469** | **869,628** | **879,961** | **891,603** | **904,487** |
| 2 Automobile | 259,594 | 257,678 | 282,036 | 303,526 | 305,193 | 309,721 | 315,162 | 318,036 | 322,808 |
| 3 Revolving | 245,281 | 257,304 | 287,875 | 309,472 | 313,591 | 321,365 | 322,823 | 327,707 | 334,428 |
| 4 Other | 223,514 | 216,117 | 224,389 | 234,717 | 235,685 | 238,542 | 241,976 | 245,860 | 247,251 |
| | Not seasonally adjusted | | | | | | | | |
| 5 **Total** | **744,039** | **747,690** | **812,782** | **842,126** | **847,727** | **868,049** | **880,609** | **891,442** | **906,162** |
| *By major holder* | | | | | | | | | |
| 6 Commercial banks | 340,713 | 330,088 | 368,549 | 386,235 | 393,927 | 404,438 | 410,312 | 414,833 | 421,634 |
| 7 Finance companies | 121,700 | 118,279 | 116,453 | 124,318 | 123,202 | 125,197 | 130,306 | 131,562 | 133,684 |
| 8 Credit unions | 90,302 | 91,694 | 101,634 | 108,183 | 109,838 | 113,122 | 114,699 | 116,325 | 118,050 |
| 9 Savings institutions | 41,373 | 37,049 | 37,855 | 38,134 | 38,055 | 37,975 | 37,943 | 38,122 | 38,275 |
| 10 Nonfinancial business | 46,658 | 49,184 | 57,637 | 55,374 | 55,775 | 56,496 | 55,967 | 56,020 | 58,591 |
| 11 Pools of securitized assets[2] | 103,293 | 121,396 | 130,654 | 129,882 | 126,930 | 130,821 | 131,382 | 134,580 | 135,928 |
| *By major type of credit*[3] | | | | | | | | | |
| 12 Automobile | 259,863 | 258,226 | 282,825 | 302,874 | 304,026 | 310,925 | 316,778 | 320,182 | 323,104 |
| 13 Commercial banks | 112,666 | 109,623 | 123,358 | 136,038 | 138,907 | 142,452 | 144,260 | 146,456 | 148,128 |
| 14 Finance companies | 62,232 | 57,259 | 56,057 | 59,788 | 58,107 | 58,589 | 60,522 | 60,750 | 61,372 |
| 15 Pools of securitized assets[2] | 28,588 | 33,888 | 39,490 | 35,817 | 34,436 | 34,584 | 35,149 | 34,394 | 33,664 |
| 16 Revolving | 258,841 | 271,368 | 303,444 | 305,758 | 309,716 | 319,003 | 321,205 | 325,872 | 336,158 |
| 17 Commercial banks | 138,005 | 132,966 | 149,527 | 153,032 | 156,940 | 161,417 | 164,724 | 165,561 | 171,244 |
| 18 Nonfinancial business | 41,658 | 43,974 | 52,113 | 49,845 | 50,218 | 50,873 | 50,314 | 50,332 | 52,819 |
| 19 Pools of securitized assets[2] | 63,333 | 74,931 | 79,887 | 82,075 | 81,704 | 85,644 | 85,051 | 88,762 | 90,775 |
| 20 Other | 225,335 | 218,096 | 226,513 | 233,494 | 233,985 | 238,121 | 242,626 | 245,388 | 246,900 |
| 21 Commercial banks | 90,042 | 87,499 | 95,664 | 97,165 | 98,080 | 100,569 | 101,328 | 102,816 | 102,262 |
| 22 Finance companies | 59,468 | 61,020 | 60,396 | 64,530 | 65,095 | 66,608 | 69,784 | 70,812 | 72,312 |
| 23 Nonfinancial business | 5,000 | 5,210 | 5,524 | 5,529 | 5,557 | 5,623 | 5,653 | 5,688 | 5,772 |
| 24 Pools of securitized assets[2] | 11,372 | 12,577 | 11,277 | 11,990 | 10,790 | 10,593 | 11,182 | 11,424 | 11,489 |

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 | 1991 | 1992 | 1993 | 1994 May | June | July | Aug. | Sept. | Oct. | Nov. |
|---|---|---|---|---|---|---|---|---|---|---|
| INTEREST RATES | | | | | | | | | | |
| *Commercial banks*[2] | | | | | | | | | | |
| 1 48-month new car | 11.14 | 9.29 | 8.09 | 7.76 | n.a. | n.a. | 8.41 | n.a. | n.a. | 8.75 |
| 2 24-month personal | 15.18 | 14.04 | 13.47 | 12.96 | n.a. | n.a. | 13.33 | n.a. | n.a. | 13.59 |
| 3 120-month mobile home | 13.70 | 12.67 | 11.87 | 11.60 | n.a. | n.a. | 12.04 | n.a. | n.a. | n.a. |
| 4 Credit card | 18.23 | 17.78 | 16.83 | 16.15 | n.a. | n.a. | 16.25 | n.a. | n.a. | n.a. |
| *Auto finance companies* | | | | | | | | | | |
| 5 New car | 12.41 | 9.93 | 9.48 | 9.92 | 9.96 | 10.17 | 10.32 | 10.13 | 10.39 | 10.53 |
| 6 Used car | 15.60 | 13.80 | 12.79 | 13.51 | 13.78 | 13.86 | 13.92 | 13.98 | 14.01 | 14.19 |
| OTHER TERMS[3] | | | | | | | | | | |
| *Maturity (months)* | | | | | | | | | | |
| 7 New car | 55.1 | 54.0 | 54.5 | 53.5 | 53.3 | 53.9 | 54.2 | 54.3 | 54.9 | 54.6 |
| 8 Used car | 47.2 | 47.9 | 48.8 | 50.6 | 50.0 | 50.2 | 50.1 | 50.2 | 50.2 | 50.3 |
| *Loan-to-value ratio* | | | | | | | | | | |
| 9 New car | 88 | 89 | 91 | 93 | 94 | 93 | 93 | 93 | 92 | 93 |
| 10 Used car | 96 | 97 | 98 | 99 | 100 | 100 | 100 | 100 | 100 | 100 |
| *Amount financed (dollars)* | | | | | | | | | | |
| 11 New car | 12,494 | 13,584 | 14,332 | 15,194 | 15,180 | 15,319 | 15,283 | 15,419 | 15,827 | 15,971 |
| 12 Used car | 8,884 | 9,119 | 9,875 | 10,606 | 10,656 | 10,735 | 10,755 | 10,906 | 10,554 | 11,202 |

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

| Transaction category or sector | 1989 | 1990 | 1991 | 1992 | 1993 | 1993 Q1 | 1993 Q2 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nonfinancial sectors | | | | | | | | | | | |
| 1 **Total net borrowing by domestic nonfinancial sectors** | **729.0** | **635.6** | **475.8** | **536.1** | **628.1** | **481.4** | **740.5** | **613.3** | **677.2** | **651.2** | **543.4** | **612.3** |
| *By sector and instrument* | | | | | | | | | | | | |
| 2 U.S. government | 146.4 | 246.9 | 278.2 | 304.0 | 256.1 | 240.5 | 336.4 | 173.4 | 274.2 | 210.6 | 122.9 | 134.1 |
| 3 Treasury securities | 144.7 | 238.7 | 292.0 | 303.8 | 248.3 | 237.4 | 332.3 | 157.2 | 266.5 | 211.8 | 118.2 | 129.8 |
| 4 Budget agency issues and mortgages | 1.6 | 8.2 | -13.8 | .2 | 7.8 | 3.2 | 4.1 | 16.3 | 7.7 | -1.3 | 4.7 | 4.4 |
| 5 Private | 582.7 | 388.7 | 197.5 | 232.1 | 372.0 | 240.9 | 404.1 | 439.9 | 403.0 | 440.6 | 420.5 | 478.1 |
| *By instrument* | | | | | | | | | | | | |
| 6 Tax-exempt obligations | 69.8 | 48.7 | 68.7 | 31.1 | 78.1 | 88.7 | 130.3 | 66.2 | 27.4 | 22.6 | -9.8 | -41.2 |
| 7 Corporate bonds | 73.8 | 47.1 | 78.8 | 67.5 | 75.2 | 85.7 | 75.7 | 72.0 | 67.4 | 35.1 | 38.9 | 24.6 |
| 8 Mortgages | 281.2 | 199.5 | 161.4 | 123.9 | 155.6 | 99.8 | 152.2 | 222.1 | 148.5 | 151.5 | 162.2 | 219.4 |
| 9 Home mortgages | 224.5 | 185.6 | 163.8 | 179.5 | 183.9 | 120.9 | 193.5 | 236.5 | 184.5 | 180.2 | 144.9 | 199.6 |
| 10 Multifamily residential | 11.5 | 4.8 | -3.1 | -11.2 | -6.1 | -5.5 | -11.4 | -4.9 | -2.6 | -6.1 | 4.3 | 7.1 |
| 11 Commercial | 47.8 | 9.3 | .4 | -45.5 | -22.5 | -15.7 | -30.9 | -9.9 | -33.6 | -23.4 | 7.1 | 8.9 |
| 12 Farm | -2.5 | -.3 | .4 | 1.1 | .5 | .2 | 1.0 | .4 | .2 | .8 | 6.0 | 3.7 |
| 13 Consumer credit | 45.8 | 16.0 | -15.0 | 5.5 | 62.3 | 20.3 | 41.6 | 76.2 | 111.3 | 72.7 | 121.9 | 127.1 |
| 14 Bank loans n.e.c. | 27.3 | .4 | -40.9 | -13.8 | 5.0 | -16.2 | -.2 | 7.8 | 28.5 | 74.2 | 73.0 | 93.5 |
| 15 Commercial paper | 21.4 | 9.7 | -18.4 | 8.6 | 10.0 | -14.1 | 33.2 | 17.2 | 3.8 | 8.0 | 16.4 | 33.8 |
| 16 Other loans | 63.3 | 67.4 | -37.1 | 9.2 | -14.3 | -23.3 | -28.6 | -21.7 | 16.2 | 76.5 | 17.8 | 20.9 |
| *By borrowing sector* | | | | | | | | | | | | |
| 17 Household | 281.6 | 218.9 | 170.9 | 217.7 | 284.5 | 167.5 | 264.1 | 368.5 | 337.7 | 299.4 | 303.6 | 370.5 |
| 18 Nonfinancial business | 233.1 | 123.7 | -35.9 | -2.0 | 21.9 | -11.6 | 26.7 | 24.1 | 48.2 | 131.4 | 144.7 | 156.4 |
| 19 Farm | .6 | 2.3 | 2.1 | 1.0 | 2.0 | -2.3 | 2.7 | 4.1 | 3.6 | 3.1 | 11.8 | 3.6 |
| 20 Nonfarm noncorporate | 40.3 | 10.1 | -28.5 | -43.9 | -26.0 | -28.6 | -33.4 | -26.2 | -15.6 | 8.4 | 16.5 | 26.9 |
| 21 Corporate | 192.1 | 111.3 | -9.6 | 40.9 | 45.8 | 19.3 | 57.4 | 46.3 | 60.2 | 119.9 | 116.4 | 125.9 |
| 22 State and local government | 68.0 | 46.0 | 62.6 | 16.4 | 65.7 | 85.0 | 113.2 | 47.3 | 17.1 | 9.9 | -27.8 | -48.8 |
| 23 Foreign net borrowing in United States | 10.2 | 23.9 | 13.9 | 21.3 | 46.9 | 38.9 | 42.8 | 83.1 | 22.9 | 66.3 | -1.9 | -3.4 |
| 24 Bonds | 4.9 | 21.4 | 14.1 | 14.4 | 59.4 | 66.5 | 45.3 | 84.5 | 41.4 | 29.0 | 11.1 | 6.6 |
| 25 Bank loans n.e.c. | -.1 | -2.9 | 3.1 | 2.3 | .7 | 1.5 | 6.6 | 1.0 | -6.3 | 6.0 | -.8 | .9 |
| 26 Commercial paper | 13.1 | 12.3 | 6.4 | 5.2 | -9.0 | -21.7 | -.6 | -1.6 | -12.0 | -101.8 | -5.2 | -8.1 |
| 27 U.S. government and other loans | -7.6 | -7.0 | -9.8 | -.6 | -4.2 | -7.5 | -8.4 | -.8 | -.1 | .5 | 7.0 | -2.7 |
| 28 **Total domestic plus foreign** | **739.2** | **659.4** | **489.6** | **557.4** | **675.0** | **520.3** | **783.3** | **696.4** | **700.2** | **584.9** | **541.5** | **608.9** |
| | Financial sectors | | | | | | | | | | | |
| 29 **Total net borrowing by financial sectors** | **225.1** | **202.9** | **152.6** | **237.1** | **286.1** | **180.4** | **175.5** | **438.9** | **349.8** | **477.0** | **294.9** | **345.6** |
| *By instrument* | | | | | | | | | | | | |
| 30 U.S. government-related | 149.5 | 167.4 | 145.7 | 155.8 | 161.2 | 169.4 | 56.6 | 287.3 | 131.3 | 320.8 | 245.2 | 224.9 |
| 31 Government-sponsored enterprises securities | 25.2 | 17.1 | 9.2 | 40.3 | 80.6 | 32.2 | 68.8 | 167.8 | 53.4 | 160.0 | 146.6 | 152.1 |
| 32 Mortgage pool securities | 124.3 | 150.3 | 136.6 | 115.6 | 80.6 | 137.2 | -12.2 | 119.5 | 77.9 | 180.0 | 98.6 | 72.8 |
| 33 Loans from U.S. government | .0 | -.1 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | -19.2 | .0 | .0 |
| 34 Private | 75.7 | 35.5 | 6.8 | 81.3 | 125.0 | 11.0 | 118.9 | 151.6 | 218.5 | 156.2 | 49.7 | 120.7 |
| 35 Corporate bonds | 41.5 | 46.3 | 67.6 | 78.5 | 118.3 | 99.0 | 92.4 | 143.4 | 138.3 | 148.6 | 59.9 | 65.3 |
| 36 Mortgages | .3 | .6 | .5 | .6 | 3.6 | 1.4 | 1.4 | 6.2 | 5.5 | .2 | .6 | .1 |
| 37 Bank loans n.e.c. | 13.5 | 4.7 | 8.8 | 2.2 | -14.0 | -34.6 | 12.8 | -16.1 | -18.0 | -18.3 | -45.1 | -17.6 |
| 38 Open market paper | 31.3 | 8.6 | -32.0 | -.7 | -6.2 | -75.1 | -16.2 | -9.4 | 76.0 | 36.6 | 2.1 | 42.1 |
| 39 Loans from Federal Home Loan Banks | -11.0 | -24.7 | -38.0 | .8 | 23.3 | 20.4 | 28.4 | 27.4 | 16.8 | -10.8 | 32.3 | 30.7 |
| *By borrowing sector* | | | | | | | | | | | | |
| 40 Government-sponsored enterprises | 25.2 | 17.0 | 9.1 | 40.2 | 80.6 | 32.2 | 68.8 | 167.8 | 53.4 | 140.8 | 146.6 | 152.1 |
| 41 Federally related mortgage pools | 124.3 | 150.3 | 136.6 | 115.6 | 80.6 | 137.2 | -12.2 | 119.5 | 77.9 | 180.0 | 98.6 | 72.8 |
| 42 Private | 75.7 | 35.5 | 6.8 | 81.3 | 125.0 | 11.0 | 118.9 | 151.6 | 218.5 | 156.2 | 49.7 | 120.7 |
| 43 Commercial banks | -1.4 | -.7 | -11.7 | 8.8 | 5.6 | 3.5 | 11.3 | 6.5 | 1.2 | 2.0 | 12.4 | 22.8 |
| 44 Bank holding companies | 6.2 | -27.7 | -2.5 | 2.3 | 8.8 | 21.1 | 1.3 | .5 | 12.2 | 3.5 | 8.2 | 11.7 |
| 45 Funding corporations | 12.5 | 15.4 | -6.5 | 13.2 | 2.9 | -31.4 | -1.6 | 7.9 | 36.7 | 47.4 | -17.1 | 47.0 |
| 46 Savings institutions | -15.1 | -30.2 | -44.5 | -6.7 | 11.1 | 9.7 | 12.6 | 13.5 | 8.8 | -5.6 | 5.8 | 14.8 |
| 47 Credit unions | .0 | .0 | .0 | .0 | .2 | .0 | .3 | .3 | .1 | .1 | .2 | .5 |
| 48 Life insurance companies | .0 | .0 | .0 | .0 | .2 | .1 | .6 | -.1 | .4 | .0 | .0 | .0 |
| 49 Finance companies | 27.4 | 24.0 | 18.6 | -3.6 | .2 | -19.6 | -13.6 | 17.5 | 16.3 | 63.3 | 67.0 | 16.9 |
| 50 Mortgage companies | 10.1 | .0 | -2.4 | 8.0 | -1.0 | -25.2 | 32.4 | -.8 | -10.4 | -27.6 | -33.2 | -10.0 |
| 51 Real estate investment trusts (REITs) | 1.4 | .8 | 1.2 | .3 | 3.5 | .4 | 1.3 | 6.0 | 6.2 | 1.2 | 2.2 | 2.3 |
| 52 Issuers of asset-backed securities (ABSs) | 28.3 | 52.3 | 51.0 | 56.3 | 81.5 | 62.0 | 60.5 | 85.8 | 117.6 | 81.8 | 4.0 | 22.3 |

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

| Transaction category or sector | 1989 | 1990 | 1991 | 1992 | 1993 | 1993 | | | | 1994 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| | All sectors | | | | | | | | | | | |
| 53 **Total net borrowing, all sectors** | **964.4** | **862.3** | **642.2** | **794.5** | **961.2** | **700.7** | **958.8** | **1,135.3** | **1,050.0** | **1,061.9** | **836.4** | **954.5** |
| 54 U.S. government securities | 295.8 | 414.4 | 424.0 | 459.8 | 417.3 | 409.9 | 393.0 | 460.7 | 405.5 | 550.5 | 368.1 | 359.0 |
| 55 Tax-exempt securities | 69.8 | 48.7 | 68.7 | 31.1 | 78.1 | 88.7 | 130.3 | 66.2 | 27.4 | 22.6 | -9.8 | -41.2 |
| 56 Corporate and foreign bonds | 120.2 | 114.7 | 160.5 | 160.4 | 252.9 | 251.2 | 213.4 | 299.9 | 247.1 | 212.6 | 109.8 | 96.5 |
| 57 Mortgages | 281.6 | 200.1 | 161.9 | 124.5 | 159.2 | 101.2 | 153.5 | 228.3 | 154.0 | 151.8 | 162.7 | 219.6 |
| 58 Consumer credit | 45.8 | 16.0 | 15.0 | 5.5 | 62.3 | 20.3 | 41.6 | 76.2 | 111.3 | 72.7 | 121.9 | 127.1 |
| 59 Bank loans n.e.c. | 40.7 | 2.2 | -29.1 | -9.4 | -8.3 | -49.2 | 19.2 | 7.3 | 4.2 | 61.9 | 27.1 | 76.8 |
| 60 Open market paper | 65.9 | 30.7 | 44.0 | 13.1 | 5.1 | 110.9 | 16.4 | 6.3 | 67.7 | -57.2 | 13.3 | 67.8 |
| 61 Other loans | 44.7 | 35.6 | -84.9 | 9.5 | 4.7 | -10.4 | -8.7 | 4.9 | 32.9 | 47.0 | 43.1 | 49.0 |
| | Funds raised through mutual funds and corporate equities | | | | | | | | | | | |
| 62 **Total net share issues** | **-60.8** | **19.7** | **215.4** | **296.0** | **436.9** | **343.9** | **471.9** | **498.0** | **434.0** | **214.5** | **218.6** | **117.4** |
| 63 Mutual funds | 37.2 | 65.3 | 151.5 | 211.9 | 316.8 | 268.9 | 358.0 | 348.9 | 291.5 | 114.0 | 152.7 | 131.2 |
| 64 Corporate equities | 98.0 | 45.6 | 64.0 | 84.1 | 120.1 | 75.0 | 113.9 | 149.1 | 142.4 | 100.5 | 65.8 | -13.8 |
| 65 Nonfinancial corporations | -124.2 | -63.0 | 18.3 | 27.0 | 21.3 | 8.2 | 23.2 | 32.3 | 21.5 | -9.6 | -2.0 | 50.0 |
| 66 Financial corporations | 9.0 | 10.0 | 15.1 | 26.4 | 38.2 | 35.2 | 38.6 | 38.2 | 40.9 | 40.7 | 29.0 | 21.6 |
| 67 Foreign shares purchased in United States | 17.2 | 7.4 | 30.7 | 30.7 | 60.6 | 31.6 | 52.1 | 78.6 | 80.0 | 69.4 | 38.9 | 14.6 |

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 | 1989 | 1990 | 1991 | 1992 | 1993 | 1993 Q1 | 1993 Q2 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NET LENDING IN CREDIT MARKETS[2] | | | | | | | | | | | | |
| 1 **Total net lending in credit markets** | **964.4** | **862.3** | **642.2** | **794.5** | **961.2** | **700.7** | **958.8** | **1,135.3** | **1,050.0** | **1,061.9** | **836.4** | **954.5** |
| 2 Private domestic nonfinancial sectors | 137.0 | 190.1 | −7.5 | 72.0 | 6.8 | −23.1 | −3.7 | −39.5 | 93.3 | 458.8 | 346.1 | 208.8 |
| 3 Households | 94.7 | 157.2 | −39.6 | 70.7 | −9.6 | −74.8 | −75.6 | −69.7 | 181.8 | 462.2 | 412.3 | 316.4 |
| 4 Nonfarm noncorporate business | .8 | −1.7 | −3.7 | −1.1 | −3.2 | −3.0 | −3.2 | −3.3 | −3.5 | −3.6 | −1.8 | −1.9 |
| 5 Nonfinancial corporate business | 13.7 | −3.7 | 6.7 | 29.2 | 18.0 | −2.4 | 17.3 | 41.2 | 16.0 | 21.9 | 23.8 | −1.7 |
| 6 State and local governments | 29.3 | 38.3 | 29.2 | −26.8 | 1.5 | 57.0 | 57.7 | −7.7 | −101.0 | −21.6 | −88.2 | −104.0 |
| 7 U.S. government | 3.1 | 33.7 | 10.5 | −11.9 | −18.4 | −23.2 | −27.1 | −15.4 | −7.9 | −40.8 | −8.2 | −6.6 |
| 8 Foreign | 86.6 | 85.5 | 26.6 | 100.5 | 126.0 | 65.9 | 93.4 | 123.5 | 221.2 | 127.5 | 51.9 | 113.1 |
| 9 Financial sectors | 743.8 | 553.0 | 612.5 | 633.9 | 846.8 | 681.1 | 896.2 | 1,066.6 | 743.3 | 516.4 | 446.7 | 639.3 |
| 10 Government sponsored enterprises | −4.1 | 13.9 | 15.2 | 69.0 | 90.2 | 16.7 | 128.0 | 144.8 | 71.2 | 92.4 | 101.1 | 135.6 |
| 11 Federally related mortgage pools | 124.3 | 150.3 | 136.6 | 115.6 | 80.6 | 137.2 | −12.2 | 119.5 | 77.9 | 180.0 | 98.6 | 72.8 |
| 12 Monetary authority | −7.3 | 8.1 | 31.1 | 27.9 | 36.2 | 42.5 | 35.7 | 28.2 | 38.5 | 48.8 | 17.9 | 24.0 |
| 13 Commercial banking | 177.2 | 125.1 | 80.8 | 95.3 | 142.2 | 100.5 | 133.4 | 146.7 | 188.1 | 184.7 | 112.7 | 183.5 |
| 14 U.S. commercial banks | 146.1 | 94.9 | 35.7 | 69.5 | 149.6 | 103.4 | 137.4 | 160.3 | 197.3 | 120.6 | 128.4 | 164.7 |
| 15 Foreign banking offices | 26.7 | 28.4 | 48.5 | 16.5 | 9.8 | −1.4 | −14.3 | −16.9 | −6.5 | 59.0 | −17.8 | 19.2 |
| 16 Bank holding companies | 2.8 | 2.8 | −1.5 | 5.6 | .0 | −4.5 | 7.9 | 1.2 | −4.8 | 3.1 | .2 | −2.4 |
| 17 Banks in U.S. affiliated areas | 1.6 | 4.5 | −1.9 | 3.7 | 2.4 | 3.0 | 2.4 | 2.2 | 2.1 | 2.1 | 1.9 | 1.9 |
| 18 Funding corporations | 8.0 | 16.1 | 15.8 | 23.5 | 18.1 | −3.8 | 1.1 | 32.4 | 42.6 | 17.8 | 35.3 | 18.7 |
| 19 Thrift institutions | 90.0 | −154.0 | −123.5 | −61.3 | −2.0 | −30.7 | 15.2 | 21.0 | 13.3 | 13.5 | 42.1 | 44.7 |
| 20 Life insurance companies | 101.8 | 94.4 | 83.2 | 79.1 | 105.1 | 113.0 | 109.4 | 111.8 | 86.4 | 53.7 | 6.1 | 33.3 |
| 21 Other insurance companies | 29.7 | 26.5 | 32.6 | 12.8 | 33.3 | 27.3 | 36.0 | 37.6 | 32.1 | 27.9 | 20.8 | 16.0 |
| 22 Private pension funds | 81.1 | 17.2 | 85.7 | 37.3 | 40.2 | 118.0 | 11.1 | 91.9 | −60.1 | −97.7 | −30.7 | −13.4 |
| 23 State and local government retirement funds | 46.1 | 34.9 | 46.0 | 34.4 | 25.5 | −9.8 | 47.5 | 27.4 | 36.9 | 45.3 | 51.2 | 41.1 |
| 24 Finance companies | 32.0 | 29.0 | −12.7 | 1.7 | −9.0 | 33.3 | −34.7 | 9.4 | 22.6 | 72.1 | 49.8 | 59.0 |
| 25 Mortgage companies | 20.1 | .0 | 11.2 | .1 | .0 | −50.4 | 65.1 | 1.6 | −13.3 | −55.4 | −66.2 | −20.0 |
| 26 Mutual funds | 23.8 | 41.4 | 90.3 | 123.7 | 164.0 | 148.6 | 194.4 | 174.6 | 138.4 | −72.6 | 11.3 | −18.6 |
| 27 Closed-end funds | 6.6 | 2 | 14.7 | 17.4 | 10.2 | 16.7 | 10.5 | 5.9 | 7.7 | 8.7 | 3.6 | 1.4 |
| 28 Money market funds | 67.1 | 80.9 | 30.1 | 1.3 | 12.9 | 57.3 | 33.3 | 25.3 | 50.3 | −37.4 | 33.7 | 54.4 |
| 29 Real estate investment trusts (REITs) | .5 | −.7 | −.7 | 1.1 | .6 | .2 | .8 | 1.0 | .2 | .7 | .7 | .7 |
| 30 Brokers and dealers | 80.2 | 2.8 | 17.5 | −6.9 | 9.2 | 75.2 | 52.5 | −7.8 | −82.8 | −56.1 | −52.6 | −14.4 |
| 31 Asset-backed securities issuers (ABSs) | 27.1 | 51.1 | 48.9 | 53.8 | 80.1 | 61.5 | 59.4 | 88.6 | 111.1 | 81.0 | 6.2 | 17.5 |
| 32 Bank personal trusts | 19.7 | 15.9 | 10.0 | 8.0 | 9.5 | 9.1 | 10.0 | 9.9 | 8.9 | 9.3 | 5.2 | 2.9 |
| RELATION OF LIABILITIES TO FINANCIAL ASSETS | | | | | | | | | | | | |
| 33 **Net flows through credit markets** | **964.4** | **862.3** | **642.2** | **794.5** | **961.2** | **700.7** | **958.8** | **1,135.3** | **1,050.0** | **1,061.9** | **836.4** | **954.5** |
| *Other financial sources* | | | | | | | | | | | | |
| 34 Official foreign exchange | 24.8 | 2.0 | −5.9 | −1.6 | .8 | 3.4 | −4.0 | 1.7 | 2.2 | −.2 | 11.2 | −.6 |
| 35 Special drawing rights certificates | 3.5 | 1.5 | .0 | −2.0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 36 Treasury currency | .6 | 1.0 | .0 | .2 | .4 | .3 | .4 | .4 | .7 | .7 | .6 | .8 |
| 37 Life insurance reserves | 28.8 | 25.7 | 25.7 | 27.3 | 35.2 | 38.6 | 35.3 | 46.6 | 20.5 | 20.0 | 8.1 | 23.8 |
| 38 Pension fund reserves | 321.2 | 165.1 | 360.3 | 249.7 | 304.7 | 331.7 | 333.7 | 359.9 | 193.6 | −18.8 | 64.3 | 197.8 |
| 39 Interbank claims | −16.2 | 35.4 | −3.9 | 61.7 | 42.1 | 63.8 | 130.2 | −7.6 | −18.1 | 150.8 | 195.7 | −44.5 |
| 40 Checkable deposits and currency | 6.4 | 43.3 | 86.4 | 113.8 | 117.3 | 99.7 | 214.4 | 73.1 | 81.9 | 173.1 | −68.0 | −81.0 |
| 41 Small time and savings deposits | 98.7 | 63.7 | 1.5 | −57.2 | −70.3 | −108.5 | −67.8 | −68.1 | −36.6 | 2.5 | −59.9 | −61.5 |
| 42 Large time deposits | 16.9 | −66.1 | −58.5 | −73.2 | −23.5 | −21.6 | −26.8 | −59.5 | 13.7 | −39.6 | −4.8 | 80.6 |
| 43 Money market fund shares | 90.1 | 70.3 | 41.2 | 3.9 | 15.8 | −46.8 | 61.8 | .6 | 47.7 | −10.9 | 67.8 | 50.3 |
| 44 Security repurchase agreements | 77.8 | −24.2 | −16.5 | 35.5 | 65.5 | 170.7 | 37.9 | 67.8 | −14.4 | 12.8 | 176.3 | 68.3 |
| 45 Foreign deposits | 35.7 | 38.2 | −16.7 | −7.2 | −22.1 | −11.9 | −17.1 | −50.7 | −8.6 | 24.9 | 35.9 | 5.0 |
| 46 Mutual fund shares | 37.2 | 65.3 | 151.5 | 211.9 | 316.8 | 268.9 | 358.0 | 348.9 | 291.5 | 114.0 | 152.7 | 131.2 |
| 47 Corporate equities | 98.0 | −45.6 | 64.0 | 84.1 | 120.1 | 75.0 | 113.9 | 149.1 | 142.4 | 100.5 | 65.8 | −13.8 |
| 48 Security credit | 15.6 | 3.5 | 51.4 | 4.2 | 61.9 | 44.8 | 40.0 | 76.6 | 86.5 | 29.7 | −17.3 | −62.3 |
| 49 Trade debt | 68.2 | 37.0 | 3.6 | 41.5 | 49.0 | 43.4 | 51.0 | 49.6 | 51.9 | 30.3 | 67.2 | 61.6 |
| 50 Taxes payable | 2.4 | −4.8 | −6.2 | 8.5 | 4.6 | 7.9 | 7.3 | −1.8 | 4.9 | 13.7 | −3.4 | 5.9 |
| 51 Noncorporate proprietors' equity | −25.8 | −28.3 | −3.3 | 18.4 | −10.2 | −6.6 | −14.8 | 6.2 | −25.8 | −45.8 | −47.2 | −39.9 |
| 52 Investment in bank personal trusts | 19.6 | 29.7 | 16.1 | −7.1 | 1.6 | −4.2 | −7.2 | .1 | 17.6 | 15.4 | −15.5 | 6.7 |
| 53 Miscellaneous | 313.8 | 135.7 | 197.2 | 257.6 | 302.1 | 197.9 | 404.0 | 222.3 | 384.0 | 279.6 | 204.8 | 316.8 |
| 54 **Total financial sources** | **1,985.7** | **1,410.6** | **1,530.2** | **1,764.5** | **2,273.0** | **1,847.1** | **2,608.9** | **2,350.7** | **2,285.5** | **1,914.8** | **1,648.4** | **1,599.4** |
| *Floats not included in assets* (−) | | | | | | | | | | | | |
| 55 U.S. government checkable deposits | 8.4 | 3.3 | 13.1 | .7 | −1.5 | 4.7 | 2.9 | 2.1 | −15.5 | −2.4 | .3 | 14.7 |
| 56 Other checkable deposits | −2.2 | 8.5 | 4.5 | 1.6 | −1.3 | −2.0 | 8.3 | −5.2 | −6.2 | .6 | −1.1 | −6.2 |
| 57 Trade credit | 7.0 | 9.1 | 9.7 | 4.1 | 16.5 | 5.8 | 25.7 | 22.2 | 12.5 | −27.0 | −10.3 | −2.2 |
| *Liabilities not identified as assets* (−) | | | | | | | | | | | | |
| 58 Treasury currency | .2 | .2 | −.6 | −.2 | −.2 | −.2 | −.2 | −.2 | .2 | −.2 | −.2 | .0 |
| 59 Interbank claims | −4.4 | 1.6 | 26.2 | −4.9 | 4.2 | 2.7 | .5 | −10.4 | 24.0 | −29.1 | 5.3 | 11.4 |
| 60 Security repurchase agreements | 32.4 | 24.0 | 6.2 | 27.9 | 81.1 | 179.6 | 60.8 | 66.6 | 17.3 | 7.1 | 119.1 | 63.8 |
| 61 Taxes payable | 2.7 | .1 | 1.3 | 14.0 | 1.0 | −6.9 | 18.2 | 1.2 | −8.6 | −.7 | 12.4 | −1.4 |
| 62 Miscellaneous | −55.6 | −35.4 | −45.3 | −46.0 | −45.3 | −101.5 | −97.6 | −18.4 | 36.4 | −87.6 | −173.7 | 79.9 |
| 63 **Total identified to sectors as assets** | **1,997.6** | **1,447.2** | **1,541.2** | **1,767.2** | **2,218.5** | **1,765.0** | **2,590.2** | **2,292.9** | **2,225.9** | **2,054.2** | **1,696.6** | **1,439.4** |

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 | 1990 | 1991 | 1992 | 1993 | 1993 | | | | 1994 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| | Nonfinancial sectors | | | | | | | | | | |
| 1 **Total credit market debt owed by *domestic nonfinancial sectors*** | **10,712.6** | **11,181.5** | **11,720.7** | **12,363.1** | **11,816.1** | **12,008.9** | **12,155.3** | **12,363.1** | **12,485.5** | **12,629.7** | **12,775.0** |
| *By sector and instrument* | | | | | | | | | | | |
| 2 U.S. government | 2,498.1 | 2,776.4 | 3,080.3 | 3,336.5 | 3,140.2 | 3,201.2 | 3,247.3 | 3,336.5 | 3,387.7 | 3,395.5 | 3,432.5 |
| 3 Treasury securities | 2,465.8 | 2,757.8 | 3,061.6 | 3,309.9 | 3,120.6 | 3,180.6 | 3,222.6 | 3,309.9 | 3,361.4 | 3,368.0 | 3,403.9 |
| 4 Budget agency issues and mortgages | 32.4 | 18.6 | 18.8 | 26.6 | 19.6 | 20.6 | 24.7 | 26.6 | 26.3 | 27.5 | 28.6 |
| 5 Private | 8,214.5 | 8,405.1 | 8,640.4 | 9,026.6 | 8,675.9 | 8,807.7 | 8,908.1 | 9,026.6 | 9,097.8 | 9,234.3 | 9,342.5 |
| *By instrument* | | | | | | | | | | | |
| 6 Tax-exempt obligations | 1,039.9 | 1,108.6 | 1,139.7 | 1,217.8 | 1,160.7 | 1,202.2 | 1,210.0 | 1,217.8 | 1,222.3 | 1,229.5 | 1,209.9 |
| 7 Corporate bonds | 1,008.2 | 1,086.9 | 1,154.4 | 1,229.6 | 1,175.9 | 1,194.8 | 1,212.8 | 1,229.6 | 1,238.4 | 1,248.1 | 1,254.3 |
| 8 Mortgages | 3,758.5 | 3,920.0 | 4,043.9 | 4,206.5 | 4,061.5 | 4,109.9 | 4,166.6 | 4,206.5 | 4,230.5 | 4,281.5 | 4,337.4 |
| 9 Home mortgages | 2,616.3 | 2,780.0 | 2,959.6 | 3,147.3 | 2,979.3 | 3,038.1 | 3,098.3 | 3,147.3 | 3,178.4 | 3,225.1 | 3,276.0 |
| 10 Multifamily residential | 307.9 | 304.8 | 293.6 | 287.5 | 292.3 | 289.4 | 288.2 | 287.5 | 286.0 | 287.1 | 288.8 |
| 11 Commercial | 755.4 | 755.8 | 710.3 | 690.6 | 709.2 | 701.4 | 699.0 | 690.6 | 684.7 | 686.5 | 688.7 |
| 12 Farm | 78.9 | 79.3 | 80.4 | 81.2 | 80.8 | 81.0 | 81.1 | 81.2 | 81.4 | 82.9 | 83.8 |
| 13 Consumer credit | 812.4 | 797.4 | 803.0 | 866.5 | 788.2 | 800.2 | 824.3 | 866.5 | 863.6 | 895.3 | 932.1 |
| 14 Bank loans n.e.c. | 726.9 | 686.0 | 672.1 | 677.2 | 660.9 | 666.3 | 665.6 | 677.2 | 688.8 | 712.6 | 732.7 |
| 15 Commercial paper | 116.9 | 98.5 | 107.1 | 117.8 | 113.9 | 124.0 | 123.2 | 117.8 | 129.9 | 135.7 | 138.7 |
| 16 Other loans | 751.8 | 707.8 | 720.2 | 711.1 | 714.9 | 710.2 | 705.5 | 711.1 | 724.3 | 731.4 | 737.5 |
| *By borrowing sector* | | | | | | | | | | | |
| 17 Household | 3,614.3 | 3,784.7 | 4,002.3 | 4,292.0 | 4,012.6 | 4,093.0 | 4,190.9 | 4,292.0 | 4,330.4 | 4,420.7 | 4,518.5 |
| 18 Nonfinancial business | 3,751.7 | 3,709.3 | 3,710.5 | 3,741.5 | 3,715.7 | 3,729.8 | 3,729.1 | 3,741.5 | 3,772.9 | 3,816.4 | 3,848.4 |
| 19 Farm | 135.4 | 135.0 | 136.0 | 138.3 | 133.4 | 136.7 | 138.7 | 138.3 | 136.7 | 142.4 | 144.3 |
| 20 Nonfarm noncorporate | 1,147.0 | 1,116.4 | 1,074.1 | 1,049.1 | 1,067.2 | 1,059.4 | 1,052.2 | 1,049.1 | 1,050.4 | 1,055.1 | 1,061.2 |
| 21 Corporate | 2,469.2 | 2,458.0 | 2,500.4 | 2,554.1 | 2,515.1 | 2,533.7 | 2,538.3 | 2,554.1 | 2,585.7 | 2,618.9 | 2,642.9 |
| 22 State and local government | 848.6 | 911.1 | 927.5 | 993.2 | 947.6 | 984.9 | 988.0 | 993.2 | 994.4 | 997.2 | 975.7 |
| 23 **Foreign credit market debt held in United States** | **285.0** | **298.8** | **310.9** | **357.8** | **319.8** | **332.0** | **351.3** | **357.8** | **340.3** | **341.2** | **339.0** |
| 24 Bonds | 115.4 | 129.5 | 143.9 | 203.4 | 160.6 | 171.9 | 193.0 | 203.4 | 210.6 | 213.4 | 215.0 |
| 25 Bank loans n.e.c. | 18.5 | 21.6 | 23.9 | 24.6 | 24.3 | 25.9 | 26.2 | 24.6 | 26.2 | 26.0 | 26.2 |
| 26 Commercial paper | 75.3 | 81.8 | 77.7 | 68.7 | 72.3 | 72.1 | 71.7 | 68.7 | 43.3 | 42.0 | 39.9 |
| 27 U.S. government and other loans | 75.7 | 65.9 | 65.3 | 61.1 | 62.7 | 62.0 | 60.3 | 61.1 | 60.3 | 59.9 | 57.8 |
| 28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign** | **10,997.6** | **11,480.3** | **12,031.6** | **12,720.8** | **12,135.9** | **12,340.9** | **12,506.6** | **12,720.8** | **12,825.8** | **12,971.0** | **13,114.0** |
| | Financial sectors | | | | | | | | | | |
| 29 **Total credit market debt owed by financial sectors** | **2,599.5** | **2,752.1** | **3,004.7** | **3,297.3** | **3,047.0** | **3,096.6** | **3,204.7** | **3,297.3** | **3,412.3** | **3,492.5** | **3,577.1** |
| *By instrument* | | | | | | | | | | | |
| 30 U.S. government-related | 1,418.4 | 1,564.2 | 1,720.0 | 1,881.1 | 1,755.8 | 1,774.5 | 1,845.2 | 1,881.1 | 1,954.5 | 2,021.1 | 2,075.9 |
| 31 Government-sponsored enterprises securities | 393.7 | 402.9 | 443.1 | 523.7 | 451.2 | 468.4 | 510.3 | 523.7 | 563.7 | 600.3 | 638.3 |
| 32 Mortgage pool securities | 1,019.9 | 1,156.5 | 1,272.0 | 1,352.6 | 1,299.8 | 1,301.3 | 1,330.1 | 1,352.6 | 1,390.8 | 1,420.8 | 1,437.6 |
| 33 Loans from U.S. government | 4.9 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | .0 | .0 | .0 |
| 34 Private | 1,181.1 | 1,187.9 | 1,284.8 | 1,416.1 | 1,291.3 | 1,322.2 | 1,359.5 | 1,416.1 | 1,457.9 | 1,471.4 | 1,501.1 |
| 35 Corporate bonds | 572.4 | 640.0 | 724.8 | 844.1 | 751.0 | 774.8 | 810.5 | 844.1 | 879.3 | 895.0 | 911.1 |
| 36 Mortgages | 4.3 | 4.8 | 5.4 | 8.9 | 5.7 | 6.0 | 7.6 | 8.9 | 9.0 | 9.1 | 9.2 |
| 37 Bank loans n.e.c | 69.6 | 78.4 | 80.5 | 66.5 | 70.3 | 73.3 | 69.2 | 66.5 | 60.3 | 48.9 | 44.5 |
| 38 Open market paper | 417.7 | 385.7 | 394.3 | 393.5 | 379.3 | 375.9 | 373.2 | 393.5 | 408.8 | 409.9 | 420.1 |
| 39 Loans from Federal Home Loan Banks | 117.1 | 79.1 | 79.9 | 103.1 | 85.0 | 92.1 | 98.9 | 103.1 | 100.4 | 108.5 | 116.2 |
| *By borrowing sector* | | | | | | | | | | | |
| 40 Government-sponsored enterprises | 398.5 | 407.7 | 447.9 | 528.5 | 456.0 | 473.2 | 515.1 | 528.5 | 563.7 | 600.3 | 638.3 |
| 41 Federally related mortgage pools | 1,019.9 | 1,156.5 | 1,272.0 | 1,352.6 | 1,299.8 | 1,301.3 | 1,330.1 | 1,352.6 | 1,390.8 | 1,420.8 | 1,437.6 |
| 42 Private financial sectors | 1,181.1 | 1,187.9 | 1,284.8 | 1,416.1 | 1,291.3 | 1,322.2 | 1,359.5 | 1,416.1 | 1,457.9 | 1,471.4 | 1,501.1 |
| 43 Commercial banks | 76.7 | 65.0 | 73.8 | 79.5 | 73.1 | 76.6 | 77.9 | 79.5 | 78.4 | 82.1 | 87.5 |
| 44 Bank holding companies | 114.8 | 112.3 | 114.6 | 123.4 | 119.9 | 120.2 | 120.3 | 123.4 | 124.2 | 126.3 | 129.2 |
| 45 Funding corporations | 145.7 | 139.1 | 161.6 | 169.9 | 162.2 | 166.5 | 166.3 | 169.9 | 190.4 | 191.1 | 200.3 |
| 46 Savings institutions | 139.1 | 94.6 | 87.8 | 99.0 | 90.3 | 93.4 | 96.8 | 99.0 | 97.6 | 99.0 | 102.7 |
| 47 Credit unions | .0 | .0 | .0 | .2 | .0 | .1 | .2 | .2 | .3 | .3 | .4 |
| 48 Life insurance companies | .0 | .0 | .0 | .2 | .0 | .2 | .1 | .2 | .3 | .3 | .3 |
| 49 Finance companies | 374.4 | 393.0 | 389.4 | 390.5 | 381.3 | 373.8 | 380.0 | 390.5 | 401.9 | 414.2 | 420.9 |
| 50 Mortgage companies | 24.6 | 22.2 | 30.2 | 29.2 | 23.9 | 32.0 | 31.8 | 29.2 | 22.3 | 14.0 | 11.5 |
| 51 Real estate investment trusts (REITs) | 12.4 | 13.6 | 13.9 | 17.4 | 14.0 | 14.4 | 15.8 | 17.4 | 17.7 | 18.3 | 18.8 |
| 52 Issuers of asset-backed securities (ABSs) | 278.1 | 329.1 | 391.7 | 473.2 | 407.2 | 422.3 | 443.8 | 473.2 | 493.6 | 494.6 | 500.2 |
| | All sectors | | | | | | | | | | |
| 53 **Total credit market debt, domestic and foreign** | **13,597.1** | **14,232.3** | **15,036.3** | **16,018.1** | **15,183.0** | **15,437.5** | **15,711.3** | **16,018.1** | **16,238.1** | **16,463.5** | **16,691.0** |
| 54 U.S. government securities | 3,911.7 | 4,335.7 | 4,795.5 | 5,212.8 | 4,891.2 | 4,970.9 | 5,087.7 | 5,212.8 | 5,342.2 | 5,416.5 | 5,508.3 |
| 55 Tax-exempt securities | 1,039.9 | 1,108.6 | 1,139.7 | 1,217.8 | 1,160.7 | 1,202.2 | 1,210.0 | 1,217.8 | 1,222.3 | 1,229.5 | 1,209.9 |
| 56 Corporate and foreign bonds | 1,696.0 | 1,856.5 | 2,023.1 | 2,277.0 | 2,087.4 | 2,141.5 | 2,216.3 | 2,277.0 | 2,328.3 | 2,356.5 | 2,380.4 |
| 57 Mortgages | 3,762.9 | 3,924.8 | 4,049.3 | 4,215.5 | 4,067.2 | 4,116.0 | 4,174.2 | 4,215.5 | 4,239.5 | 4,290.6 | 4,346.6 |
| 58 Consumer credit | 812.4 | 797.4 | 803.0 | 866.5 | 788.2 | 800.2 | 824.3 | 866.5 | 863.6 | 895.3 | 932.1 |
| 59 Bank loans n.e.c. | 815.0 | 785.9 | 776.6 | 768.4 | 755.4 | 765.5 | 761.0 | 768.4 | 775.4 | 787.5 | 803.5 |
| 60 Open market paper | 609.9 | 565.9 | 579.0 | 580.0 | 565.5 | 572.0 | 568.2 | 580.0 | 582.0 | 587.5 | 598.7 |
| 61 Other loans | 949.4 | 857.5 | 870.2 | 880.1 | 867.4 | 869.1 | 869.6 | 880.1 | 884.9 | 899.8 | 911.5 |

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 | 1990 | 1991 | 1992 | 1993 | 1993 Q1 | 1993 Q2 | 1993 Q3 | 1993 Q4 | 1994 Q1 | 1994 Q2 | 1994 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CREDIT MARKET DEBT OUTSTANDING[2] | | | | | | | | | | | |
| 1 **Total credit market assets** | **13,597.1** | **14,232.3** | **15,036.3** | **16,018.1** | **15,183.0** | **15,437.5** | **15,711.3** | **16,018.1** | **16,238.1** | **16,463.5** | **16,691.0** |
| 2 Private domestic nonfinancial sectors | 2,260.8 | 2,240.2 | 2,318.0 | 2,340.9 | 2,301.4 | 2,296.4 | 2,285.0 | 2,340.9 | 2,429.1 | 2,511.5 | 2,562.9 |
| 3 Households | 1,499.3 | 1,446.5 | 1,523.1 | 1,557.5 | 1,501.8 | 1,501.4 | 1,488.3 | 1,557.5 | 1,657.1 | 1,747.0 | 1,826.8 |
| 4 Nonfarm noncorporate business | 47.8 | 44.1 | 42.9 | 39.7 | 42.2 | 41.4 | 40.6 | 39.7 | 38.8 | 38.4 | 37.9 |
| 5 Nonfinancial corporate business | 189.6 | 196.2 | 225.4 | 248.1 | 220.1 | 227.3 | 234.7 | 248.1 | 243.7 | 252.5 | 249.6 |
| 6 State and local governments | 524.1 | 553.3 | 526.5 | 495.6 | 537.3 | 526.2 | 521.5 | 495.6 | 489.5 | 473.6 | 448.6 |
| 7 U.S. government | 239.0 | 246.9 | 235.0 | 216.6 | 229.4 | 223.1 | 218.8 | 216.6 | 206.3 | 204.7 | 202.6 |
| 8 Foreign | 918.3 | 958.1 | 1,052.7 | 1,175.1 | 1,061.8 | 1,084.0 | 1,118.1 | 1,175.1 | 1,206.8 | 1,219.1 | 1,250.4 |
| 9 Financial sectors | 10,179.0 | 10,787.2 | 11,430.6 | 12,285.5 | 11,590.3 | 11,834.0 | 12,089.4 | 12,285.5 | 12,395.9 | 12,528.2 | 12,675.1 |
| 10 Government-sponsored enterprises | 375.6 | 390.7 | 459.7 | 549.8 | 463.0 | 495.5 | 531.8 | 549.8 | 572.0 | 597.9 | 631.9 |
| 11 Federally related mortgage pools | 1,019.9 | 1,156.5 | 1,272.0 | 1,352.6 | 1,299.8 | 1,301.3 | 1,330.1 | 1,352.6 | 1,390.8 | 1,420.8 | 1,437.6 |
| 12 Monetary authority | 241.4 | 272.5 | 300.4 | 336.7 | 303.6 | 318.2 | 324.2 | 336.7 | 341.5 | 351.6 | 356.8 |
| 13 Commercial banking | 2,772.5 | 2,853.3 | 2,948.6 | 3,090.8 | 2,956.6 | 2,998.8 | 3,036.4 | 3,090.8 | 3,120.2 | 3,157.1 | 3,203.1 |
| 14 U.S. commercial banks | 2,466.7 | 2,502.5 | 2,571.9 | 2,721.5 | 2,589.4 | 2,628.5 | 2,670.2 | 2,721.5 | 2,743.8 | 2,780.3 | 2,822.4 |
| 15 Foreign banking offices | 270.8 | 319.2 | 335.8 | 326.0 | 326.7 | 327.1 | 322.3 | 326.0 | 331.8 | 331.7 | 335.7 |
| 16 Bank holding companies | 13.4 | 11.9 | 17.5 | 17.5 | 16.4 | 18.4 | 18.7 | 17.5 | 18.2 | 18.3 | 17.7 |
| 17 Banks in U.S. affiliated areas | 21.6 | 19.7 | 23.4 | 25.8 | 24.2 | 24.8 | 25.3 | 25.8 | 26.4 | 26.8 | 27.3 |
| 18 Funding corporations | 35.7 | 51.5 | 75.0 | 93.1 | 74.0 | 74.3 | 82.4 | 93.1 | 97.5 | 106.3 | 111.0 |
| 19 Thrift institutions | 1,320.5 | 1,192.6 | 1,134.5 | 1,132.5 | 1,124.8 | 1,129.8 | 1,136.2 | 1,132.5 | 1,134.0 | 1,145.7 | 1,157.9 |
| 20 Life insurance companies | 1,116.5 | 1,199.6 | 1,278.8 | 1,383.9 | 1,313.3 | 1,343.9 | 1,372.1 | 1,383.9 | 1,404.2 | 1,409.1 | 1,417.8 |
| 21 Other insurance companies | 344.0 | 376.6 | 389.4 | 422.7 | 396.3 | 405.3 | 414.6 | 422.7 | 429.6 | 434.8 | 438.8 |
| 22 Private pension funds | 607.4 | 693.0 | 730.4 | 770.6 | 759.8 | 762.6 | 785.6 | 770.6 | 746.2 | 738.5 | 735.1 |
| 23 State and local government retirement funds | 433.9 | 479.9 | 514.3 | 542.6 | 514.6 | 526.5 | 533.4 | 542.6 | 553.9 | 566.7 | 577.0 |
| 24 Finance companies | 497.6 | 484.9 | 486.6 | 482.8 | 477.9 | 473.7 | 474.0 | 482.8 | 494.5 | 511.3 | 524.2 |
| 25 Mortgage companies | 49.2 | 60.3 | 60.5 | 60.4 | 47.9 | 64.1 | 63.8 | 60.4 | 46.6 | 30.0 | 25.0 |
| 26 Mutual funds | 360.2 | 450.5 | 574.2 | 738.2 | 611.4 | 659.9 | 703.6 | 738.2 | 720.0 | 722.9 | 718.2 |
| 27 Closed-end funds | 35.6 | 50.3 | 67.7 | 77.9 | 71.9 | 74.5 | 76.0 | 77.9 | 80.1 | 81.0 | 81.3 |
| 28 Money market funds | 372.7 | 402.7 | 404.1 | 417.0 | 404.5 | 403.9 | 400.6 | 417.0 | 422.2 | 422.0 | 425.1 |
| 29 Real estate investment trusts (REITs) | 7.7 | 7.0 | 8.1 | 8.6 | 8.1 | 8.3 | 8.6 | 8.6 | 8.8 | 9.0 | 9.1 |
| 30 Brokers and dealers | 106.5 | 124.0 | 117.1 | 126.3 | 135.9 | 149.0 | 147.1 | 126.3 | 112.3 | 99.2 | 95.6 |
| 31 Asset-backed securities issuers (ABSs) | 268.9 | 317.8 | 377.9 | 458.0 | 393.3 | 408.1 | 430.2 | 458.0 | 478.2 | 479.8 | 484.2 |
| 32 Bank personal trusts | 213.4 | 223.5 | 231.5 | 240.9 | 233.7 | 236.2 | 238.7 | 240.9 | 243.3 | 244.6 | 245.3 |
| RELATION OF LIABILITIES TO FINANCIAL ASSETS | | | | | | | | | | | |
| 33 **Total credit market debt** | **13,597.1** | **14,232.3** | **15,036.3** | **16,018.1** | **15,183.0** | **15,437.5** | **15,711.3** | **16,018.1** | **16,238.1** | **16,463.5** | **16,691.0** |
| *Other liabilities* | | | | | | | | | | | |
| 34 Official foreign exchange | 61.3 | 55.4 | 51.8 | 53.4 | 54.5 | 53.9 | 55.6 | 53.4 | 56.4 | 54.9 | 55.5 |
| 35 Special drawing rights certificates | 10.0 | 10.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| 36 Treasury currency | 16.3 | 16.3 | 16.5 | 17.0 | 16.6 | 16.7 | 16.8 | 17.0 | 17.1 | 17.3 | 17.5 |
| 37 Life insurance reserves | 380.0 | 405.7 | 433.0 | 468.2 | 442.6 | 451.4 | 463.1 | 468.2 | 473.2 | 475.2 | 481.2 |
| 38 Pension fund reserves | 3,484.2 | 4,138.3 | 4,516.5 | 4,945.1 | 4,652.7 | 4,710.4 | 4,869.4 | 4,945.1 | 4,890.7 | 4,880.8 | 5,016.8 |
| 39 Interbank claims | 95.3 | 96.4 | 132.8 | 175.2 | 135.7 | 144.3 | 165.4 | 175.2 | 201.6 | 223.9 | 238.9 |
| 40 Deposits at financial institutions | 5,005.3 | 5,044.8 | 5,059.1 | 5,141.8 | 5,055.3 | 5,097.1 | 5,088.5 | 5,141.8 | 5,155.8 | 5,182.8 | 5,201.3 |
| 41 Checkable deposits and currency | 934.2 | 1,020.6 | 1,134.4 | 1,251.7 | 1,089.1 | 1,168.0 | 1,181.9 | 1,251.7 | 1,220.5 | 1,229.3 | 1,206.5 |
| 42 Small time and savings deposits | 2,349.2 | 2,350.7 | 2,293.5 | 2,223.2 | 2,275.7 | 2,255.0 | 2,236.6 | 2,223.2 | 2,233.8 | 2,214.7 | 2,198.3 |
| 43 Large time deposits | 546.9 | 488.4 | 415.2 | 391.7 | 410.6 | 401.1 | 389.4 | 391.7 | 382.6 | 378.9 | 402.0 |
| 44 Money market fund shares | 498.4 | 539.6 | 543.6 | 559.4 | 556.6 | 549.8 | 547.9 | 559.4 | 582.4 | 576.4 | 586.1 |
| 45 Security repurchase agreements | 372.3 | 355.8 | 392.3 | 457.8 | 446.2 | 450.4 | 472.5 | 457.8 | 472.4 | 510.3 | 534.0 |
| 46 Foreign deposits | 304.3 | 289.6 | 280.1 | 258.0 | 277.1 | 272.8 | 260.2 | 258.0 | 264.3 | 273.2 | 274.5 |
| 47 Mutual fund shares | 602.1 | 813.9 | 1,042.1 | 1,429.3 | 1,134.6 | 1,225.8 | 1,342.4 | 1,429.3 | 1,439.0 | 1,443.1 | 1,563.7 |
| 48 Security credit | 137.4 | 188.9 | 217.3 | 279.3 | 225.0 | 234.7 | 254.5 | 279.3 | 282.7 | 278.1 | 263.2 |
| 49 Trade debt | 942.2 | 935.9 | 977.4 | 1,026.4 | 976.9 | 989.7 | 1,009.6 | 1,026.4 | 1,022.3 | 1,039.5 | 1,062.5 |
| 50 Taxes payable | 77.4 | 71.2 | 79.6 | 84.2 | 82.9 | 81.2 | 82.8 | 84.2 | 88.8 | 84.4 | 88.1 |
| 51 Investment in bank personal trusts | 522.1 | 608.3 | 629.6 | 660.9 | 639.0 | 637.6 | 651.2 | 660.9 | 655.3 | 640.2 | 656.8 |
| 52 Miscellaneous | 2,820.4 | 2,992.2 | 3,160.2 | 3,414.6 | 3,174.9 | 3,249.9 | 3,316.5 | 3,414.6 | 3,503.2 | 3,550.8 | 3,673.6 |
| 53 **Total liabilities** | **27,751.1** | **29,609.6** | **31,360.1** | **33,721.3** | **31,781.7** | **32,338.1** | **33,035.0** | **33,721.3** | **34,032.4** | **34,342.6** | **35,018.1** |
| *Financial assets not included in liabilities (+)* | | | | | | | | | | | |
| 54 Gold and special drawing rights | 22.0 | 22.3 | 19.6 | 20.1 | 19.8 | 20.0 | 20.3 | 20.1 | 20.4 | 20.8 | 21.0 |
| 55 Corporate equities | 3,530.2 | 4,863.6 | 5,462.9 | 6,186.5 | 5,647.3 | 5,683.7 | 5,941.7 | 6,186.5 | 6,052.2 | 5,877.7 | 6,135.1 |
| 56 Household equity in noncorporate business | 2,529.1 | 2,444.4 | 2,411.5 | 2,427.7 | 2,419.5 | 2,434.2 | 2,445.3 | 2,427.7 | 2,457.8 | 2,478.9 | 2,487.3 |
| *Floats not included in assets (−)* | | | | | | | | | | | |
| 57 U.S. government checkable deposits | 15.0 | 3.8 | 6.8 | 5.6 | 3.4 | 3.5 | 2.2 | 5.6 | .3 | .9 | 1.2 |
| 58 Other checkable deposits | 35.9 | 40.4 | 42.0 | 40.7 | 36.7 | 41.6 | 33.7 | 40.7 | 36.3 | 38.7 | 30.6 |
| 59 Trade credit | −130.3 | −129.3 | −124.6 | −101.7 | −130.9 | −135.0 | 130.4 | −101.7 | −121.6 | 135.1 | −136.0 |
| *Liabilities not identified as assets (−)* | | | | | | | | | | | |
| 60 Treasury currency | −4.1 | −4.8 | 4.9 | −5.1 | 5.0 | −5.0 | −5.1 | −5.1 | −5.2 | 5.2 | −5.3 |
| 61 Interbank claims | −32.0 | −4.2 | −9.3 | −4.7 | −5.8 | 5.7 | −7.8 | −4.7 | −7.7 | −7.4 | −3.5 |
| 62 Security repurchase agreements | 3.0 | 9.2 | 38.1 | 119.2 | 94.9 | 108.0 | 132.6 | 119.2 | 133.0 | 160.3 | 186.3 |
| 63 Taxes payable | 17.8 | 17.8 | 25.2 | 26.2 | 14.5 | 24.3 | 24.3 | 26.2 | 15.2 | 23.6 | 23.8 |
| 64 Miscellaneous | 261.2 | −330.7 | −398.4 | −451.0 | −432.7 | −409.3 | −452.6 | −451.0 | 470.3 | −441.1 | −456.3 |
| 65 **Total identified to sectors as assets** | **34,188.3** | **37,337.6** | **39,679.1** | **42,726.5** | **40,293.1** | **40,853.6** | **41,845.5** | **42,726.5** | **42,982.9** | **43,085.3** | **44,020.8** |

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987 = 100, except as noted

| Measure | 1992 | 1993 | 1994 | 1994 Apr. | May | June | July | Aug. | Sept. | Oct. | Nov | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Industrial production**[1] | **107.6** | **112.0** | **118.1** | **116.7** | **117.4** | **118.0** | **118.2** | **119.1** | **119.0** | **119.4**[r] | **120.3**[r] | **121.4** |
| *Market groupings* | | | | | | | | | | | | |
| 2 Products, total | 106.5 | 110.7 | 115.9 | 114.7 | 115.3 | 115.9 | 116.2 | 116.7 | 116.4 | 116.8[r] | 117.6[r] | 118.5 |
| 3 Final, total | 109.0 | 113.4 | 118.4 | 117.3 | 117.8 | 118.4 | 118.5 | 119.2 | 118.9 | 119.1[r] | 119.8[r] | 121.0 |
| 4 Consumer goods | 105.9 | 109.4 | 113.1 | 112.3 | 112.8 | 113.5 | 113.3 | 113.8 | 113.0[r] | 112.6[r] | 113.6 | 114.6 |
| 5 Equipment | 113.4 | 119.3 | 126.7 | 124.9 | 125.4 | 125.8 | 126.4 | 127.5 | 128.0[r] | 129.2[r] | 129.6 | 130.9 |
| 6 Intermediate | 98.8 | 102.4 | 108.1 | 106.9 | 107.7 | 108.5 | 109.1 | 109.2 | 108.6[r] | 109.9[r] | 110.8[r] | 110.8 |
| 7 Materials | 109.2 | 114.1 | 121.4 | 119.7 | 120.5 | 121.2 | 121.4 | 122.8 | 122.9[r] | 123.4[r] | 124.3[r] | 125.9 |
| *Industry groupings* | | | | | | | | | | | | |
| 8 Manufacturing | 108.0 | 112.9 | 119.7 | 118.4 | 119.0 | 119.3 | 119.8 | 120.9 | 120.9 | 121.4[r] | 122.6 | 123.9 |
| 9 Capacity utilization, manufacturing (percent)[2] | 79.2 | 80.9 | 83.4 | 83.0 | 83.2 | 83.2 | 83.3 | 83.8 | 83.6 | 83.8[r] | 84.4 | 85.1 |
| 10 Construction contracts[3] | 97.7 | 104.4 | 106.9 | 103.0 | 108.0 | 105.0 | 109.0 | 110.0 | 109.0 | 107.0 | 111.0 | 101.0 |
| 11 Nonagricultural employment, total[4] | 106.5 | 108.4 | 111.3 | 110.5 | 110.8 | 111.2 | 111.4 | 111.7 | 112.0 | 112.2 | 112.6[r] | 112.9 |
| 12 Goods-producing, total | 94.2 | 94.3 | 95.6 | 95.3 | 95.3 | 95.6 | 95.6 | 95.8 | 95.9 | 96.1 | 96.6 | 96.7 |
| 13 Manufacturing, total | 95.3 | 94.8 | 95.1 | 94.8 | 94.8 | 95.0 | 95.0 | 95.2 | 95.3 | 95.5 | 95.7 | 96.0 |
| 14 Manufacturing, production workers | 94.9 | 94.9 | 96.1 | 95.7 | 95.7 | 96.0 | 96.0 | 96.3 | 96.4 | 96.7 | 97.0 | 97.5 |
| 15 Service-producing | 110.5 | 112.9 | 116.3 | 115.4 | 115.7 | 116.1 | 116.5 | 116.8 | 117.1 | 117.3 | 117.8[r] | 118.0 |
| 16 Personal income, total | 135.6 | 141.4 | n.a. | 148.3 | 149.0 | 149.3 | 150.0 | 150.7 | 151.7 | 153.9 | 153.6 | n.a. |
| 17 Wages and salary disbursements | 131.6 | 136.2 | n.a. | 143.3 | 144.3 | 144.5 | 145.2 | 145.5 | 146.4 | 148.4 | 148.2 | n.a. |
| 18 Manufacturing | 118.0 | 120.0 | n.a. | 124.8 | 124.9 | 125.3 | 125.6 | 126.2 | 126.7 | 128.9 | 128.0 | n.a. |
| 19 Disposable personal income[5] | 137.0 | 142.5 | n.a. | 148.2 | 149.8 | 150.1 | 150.9 | 151.6 | 152.6 | 154.8 | 154.5 | n.a. |
| 20 Retail sales[5] | 126.9 | 135.2 | 145.3 | 143.1 | 143.0 | 144.3 | 144.5 | 146.6 | 147.8 | 149.6[r] | 149.8[r] | 149.7 |
| *Prices*[6] | | | | | | | | | | | | |
| 21 Consumer (1982–84 = 100) | 140.3 | 144.5 | 148.2 | 147.4 | 147.5 | 148.0 | 148.4 | 149.0 | 149.4 | 149.5 | 149.7 | 149.7 |
| 22 Producer finished goods (1982 = 100) | 123.2 | 124.7 | 125.5 | 125.0 | 125.3 | 125.6 | 126.0 | 126.5[r] | 125.5 | 125.8 | 126.1 | 126.2 |

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

| Category | 1992[r] | 1993[r] | 1994 | 1994 May | June | July | Aug. | Sept. | Oct.[r] | Nov.[r] | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| HOUSEHOLD SURVEY DATA[1] | | | | | | | | | | | |
| 1 Civilian labor force[2] | 126,982 | 128,040 | 131,056 | 130,699[r] | 130,538[r] | 130,774[r] | 131,086[r] | 131,291[r] | 131,646 | 131,718 | 131,725 |
| *Employment* | | | | | | | | | | | |
| 2 Nonagricultural industries[3] | 114,391 | 116,232 | 119,651 | 119,290[r] | 119,341[r] | 119,448[r] | 119,761[r] | 120,233[r] | 120,647 | 120,903 | 121,038 |
| 3 Agriculture | 3,207 | 3,074 | 3,409 | 3,413[r] | 3,294[r] | 3,333[r] | 3,436[r] | 3,411[r] | 3,494 | 3,500 | 3,532 |
| *Unemployment* | | | | | | | | | | | |
| 4 Number | 9,384 | 8,734 | 7,996 | 7,996[r] | 7,903[r] | 7,993[r] | 7,889[r] | 7,647[r] | 7,505 | 7,315 | 7,155 |
| 5 Rate (percent of civilian labor force) | 7.4 | 6.8 | 6.1 | 6.1[r] | 6.1[r] | 6.1 | 6.0[r] | 5.8[r] | 5.7 | 5.6 | 5.4 |
| ESTABLISHMENT SURVEY DATA | | | | | | | | | | | |
| 6 ***Nonagricultural payroll employment***[4] | **108,604** | **110,525** | **113,423** | **112,951** | **113,334** | **113,624** | **113,914** | **114,186** | **114,348** | **114,836** | **115,092** |
| 7 Manufacturing | 18,104 | 18,003 | 18,064 | 18,009 | 18,044 | 18,045 | 18,095 | 18,096 | 18,142 | 18,181 | 18,235 |
| 8 Mining | 635 | 611 | 604 | 603 | 605 | 601 | 603 | 605 | 599 | 597 | 595 |
| 9 Contract construction | 4,492 | 4,642 | 4,916 | 4,907 | 4,927 | 4,944 | 4,942 | 4,972 | 4,974 | 5,047 | 5,041 |
| 10 Transportation and public utilities | 5,721 | 5,787 | 5,842 | 5,843 | 5,849 | 5,857 | 5,866 | 5,865 | 5,867 | 5,881 | 5,906 |
| 11 Trade | 25,354 | 25,675 | 26,362 | 26,190 | 26,328 | 26,439 | 26,484 | 26,565 | 26,629 | 26,735 | 26,837 |
| 12 Finance | 6,602 | 6,712 | 6,789 | 6,787 | 6,798 | 6,797 | 6,801 | 6,794 | 6,786 | 6,790 | 6,793 |
| 13 Service | 29,052 | 30,278 | 31,805 | 31,598 | 31,765 | 31,918 | 32,036 | 32,138 | 32,231 | 32,411 | 32,521 |
| 14 Government | 18,645 | 18,817 | 19,041 | 19,014 | 19,018 | 19,023 | 19,087 | 19,151 | 19,120 | 19,194 | 19,164 |

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

## 2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

| Series | 1994 | | | | 1994 | | | | 1994 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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)[2] | | | |
| 1 **Total industry** | **115.7** | **117.4** | **118.8** | **120.4** | **139.0** | **140.0** | **140.9** | **141.9** | **83.2** | **83.8** | **84.3** | **84.8** |
| 2 Manufacturing | 116.8 | 118.9 | 120.5 | 122.6 | 142.0 | 143.1 | 144.2 | 145.3 | 82.3 | 83.1 | 83.6 | 84.4 |
| 3 Primary processing[3] | 112 4 | 114.7 | 115.9 | 118.0 | 130.3 | 131.0 | 131.6 | 132.3 | 86.3 | 87.6 | 88.1 | 89.2 |
| 4 Advanced processing[4] | 118.9 | 120.9 | 122.7 | 124.8 | 147.4 | 148.7 | 150.0 | 151.3 | 80.7 | 81.3 | 81.8 | 82.5 |
| 5 Durable goods | 122.0 | 124.1 | 126.5 | 129.6 | 148.8 | 150.2 | 151.6 | 153.0 | 82.0 | 82.6 | 83.4 | 84.7 |
| 6 Lumber and products | 104 4 | 105.4 | 106.6 | 108.0 | 115.1 | 115.5 | 116.0 | 116 5 | 90.7 | 91.2 | 91.9 | 92.7 |
| 7 Primary metals | 110 6 | 114.4 | 114.1 | 118.2 | 124.7 | 125.0 | 125.2 | 125.4 | 88.6 | 91.6 | 91.1 | 94.3 |
| 8 Iron and steel | 114 5 | 120.2 | 115.8 | 121.2 | 127.5 | 127.9 | 128.4 | 128.8 | 89.8 | 93.9 | 90.2 | 94.1 |
| 9 Nonferrous | 105.3 | 106.9 | 111 4 | 114.1 | 120.6 | 120.5 | 120.5 | 120.5 | 87.3 | 88.7 | 92.4 | 94.6 |
| 10 Industrial machinery and equipment | 152.1 | 157.6 | 162.6 | 168.1 | 176.5 | 179.0 | 181.6 | 184.1 | 86.2 | 88.0 | 89.6 | 91.3 |
| 11 Electrical machinery | 150.3 | 156.8 | 163.5 | 170.0 | 175.8 | 179.9 | 184.1 | 188.3 | 85.5 | 87.1 | 88.8 | 90.3 |
| 12 Motor vehicles and parts | 140.0 | 133.3 | 135.0 | 141.7 | 156.7 | 158 5 | 160.3 | 162.2 | 89.4 | 84.1 | 84.2 | 87.3 |
| 13 Aerospace and miscellaneous transportation equipment | 83.7 | 84.2 | 82.1 | 82 1 | 130.1 | 129.8 | 129.4 | 129.1 | 64.4 | 64.9 | 63.5 | 63.6 |
| 14 Nondurable goods | 111.0 | 113.1 | 113.8 | 114 8 | 134.0 | 134.8 | 135.5 | 136.3 | 82.9 | 83.9 | 84.0 | 84.3 |
| 15 Textile mill products | 106.8 | 108.7 | 108.9 | 111 7 | 120.1 | 120.8 | 121.4 | 122.0 | 88.9 | 90.1 | 89.7 | 91.5 |
| 16 Paper and products | 115.1 | 115.9 | 118.5 | 120.6 | 126.0 | 126.6 | 127.1 | 127.7 | 91.4 | 91.6 | 93.2 | 94.4 |
| 17 Chemicals and products | 122.1 | 123.6 | 124.4 | 125.1 | 150.5 | 151.9 | 153.3 | 154.7 | 81.1 | 81.4 | 81.1 | 80.9 |
| 18 Plastics materials | 120 6 | 124.3 | 126.9 | ... | 129.2 | 130.0 | 130.8 | ... | 93.4 | 95.6 | 97.0 | ... |
| 19 Petroleum products | 103 7 | 106.3 | 104.9 | 105.8 | 115 4 | 115.3 | 115.2 | 115.1 | 89.9 | 92.2 | 91.1 | 91.9 |
| 20 Mining | 99.3 | 100.7 | 100.1 | 99.2 | 111.5 | 111.5 | 111.5 | 111.4 | 89.1 | 90.3 | 89.8 | 89.0 |
| 21 Utilities | 119.3 | 117 2 | 118.1 | 116.0 | 134.6 | 135.0 | 135.4 | 135.8 | 88.6 | 86.8 | 87.2 | 85.4 |
| 22 Electric | 117.6 | 118 0 | 118.2 | 116.4 | 132 1 | 132.6 | 133.1 | 133.6 | 89.0 | 89.0 | 88.8 | 87.1 |

| Series | 1973 | 1975 | Previous cycle[5] | | Latest cycle[6] | | 1993 | 1994 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | Dec | July | Aug. | Sept.[r] | Oct.[r] | Nov[r] | Dec.[p] |
| | Capacity utilization rate (percent)[2] | | | | | | | | | | | | |
| 1 **Total industry** | **89.2** | **72.6** | **87.3** | **71.8** | **84.9** | **78.0** | **82.9** | **84.1** | **84.5** | **84.2** | **84.3** | **84.7** | **85.4** |
| 2 Manufacturing | 88.9 | 70.8 | 87.3 | 70.0 | 85.2 | 76.6 | 82.2 | 83.3 | 83.8 | 83.6 | 83.8 | 84.4 | 85.1 |
| 3 Primary processing[3] | 92.2 | 68 9 | 89.7 | 66.8 | 89.0 | 77.9 | 86.9 | 87.7 | 88.3 | 88.2 | 88.3 | 89.3 | 90.0 |
| 4 Advanced processing[4] | 87.5 | 72.0 | 86.3 | 71 4 | 83.5 | 76.2 | 80.3 | 81.5 | 82.1 | 81.8 | 82.0 | 82.5 | 83.1 |
| 5 Durable goods | 88.8 | 68.5 | 86.9 | 65.0 | 84 0 | 73.7 | 81.9 | 82.8 | 83.7 | 83.6 | 84.0 | 84.6 | 85.5 |
| 6 Lumber and products | 90.1 | 62.2 | 87 6 | 60.9 | 93.3 | 76.3 | 91 1 | 92.2 | 91.0 | 92.6 | 91.8 | 93.0 | 93.3 |
| 7 Primary metals | 100.6 | 66.2 | 102.4 | 46.8 | 92.8 | 74.0 | 91.0 | 90.0 | 90.7 | 92.6 | 92.4 | 94 0 | 96.4 |
| 8 Iron and steel | 105.8 | 66.6 | 110.4 | 38.3 | 95.7 | 72.1 | 93.2 | 90.5 | 88.0 | 92.0 | 92.2 | 93.2 | 96.8 |
| 9 Nonferrous | 92.9 | 61.3 | 90.5 | 62 2 | 88.7 | 75.0 | 88.4 | 89.6 | 94.2 | 93.5 | 92.7 | 95.2 | 96.0 |
| 10 Industrial machinery and equipment | 96.4 | 74.5 | 92.1 | 64.9 | 84.0 | 72.5 | 86.5 | 88.9 | 89.5 | 90.2 | 90.9 | 91.2 | 91.7 |
| 11 *Electrical machinery* | 87.8 | 63.8 | 89.4 | 71.1 | 84.9 | 76.6 | 85.1 | 88.4 | 89.2 | 88.9 | 89.4 | 90.1 | 91.4 |
| 12 Motor vehicles and parts | 93 4 | 51.1 | 93.0 | 44 5 | 85.1 | 57.6 | 87.3 | 81.1 | 86.1 | 85.3 | 85.7 | 87.2 | 89.1 |
| 13 Aerospace and miscellaneous transportation equipment | 77.0 | 66.6 | 81.1 | 66.9 | 88.4 | 79.4 | 65.1 | 63.9 | 63.6 | 62.9 | 63.1 | 63.5 | 64.2 |
| 14 Nondurable goods | 87 9 | 71.8 | 87.0 | 76.9 | 86.7 | 80.4 | 82.7 | 84.0 | 84.1 | 83.8 | 83 6 | 84.4 | 84.8 |
| 15 Textile mill products | 92.0 | 60.4 | 91.7 | 73.8 | 92.1 | 78.9 | 88.3 | 90.3 | 89 8 | 89.0 | 90.6 | 91.3 | 92.6 |
| 16 Paper and products | 96 9 | 69.0 | 94.2 | 82 0 | 94.8 | 86.5 | 93.6 | 91.8 | 94.6 | 93 2 | 93.2 | 94 9 | 95.0 |
| 17 Chemicals and products | 87.9 | 69.9 | 85.1 | 70.1 | 85.9 | 78.9 | 80.8 | 81.6 | 81.4 | 80.4 | 80.2 | 81.0 | 81.4 |
| 18 Plastics materials | 102.0 | 50 6 | 90.9 | 63.4 | 97.0 | 74.8 | 94.4 | 97.9 | 97.3 | 95.7 | 93.3 | ... | ... |
| 19 Petroleum products | 96.7 | 81 1 | 89.5 | 68.2 | 88.5 | 83.7 | 91.0 | 90.5 | 91.4 | 91.4 | 90.3 | 92.6 | 92.9 |
| 20 Mining | 94.4 | 88.4 | 96 6 | 80.6 | 86.5 | 86.0 | 88.2 | 89.8 | 89.7 | 89.8 | 89.0 | 88.5 | 89.6 |
| 21 Utilities | 95 6 | 82.5 | 88.3 | 76.2 | 92.6 | 83.2 | 86.1 | 88.0 | 87.8 | 86.0 | 86.4 | 85.3 | 84.5 |
| 22 Electric | 99.0 | 82 7 | 88 3 | 78.7 | 94.8 | 86.5 | 87.4 | 89 5 | 89.0 | 87.9 | 88.4 | 87.0 | 86.1 |

1 Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16 26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187 204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978-80; monthly lows, 1982.

6 Monthly highs, 1988-89; monthly lows, 1990 91.

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

| Group | 1992 proportion | 1994 avg. | 1993 Dec. | 1994[r] Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct | Nov. | Dec.[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR MARKETS | | | | | | | | | | | | | | | |
| 1 **Total index** | **100.0** | **118.1** | **114.7** | **114.7** | **115.6** | **116.6** | **116.7** | **117.4** | **118.0** | **118.2** | **119.1** | **119.0** | **119.4** | **120.3** | **121.4** |
| 2 Products | 60.9 | 115.9 | 112.9 | 113.1 | 114.0 | 114.7 | 114.7 | 115.3 | 115.9 | 116.2 | 116.7 | 116.4 | 116.8 | 117.6 | 118.5 |
| 3 *Final products* | 46.6 | 118.4 | 115.5 | 115.9 | 117.0 | 117.4 | 117.3 | 117.8 | 118.4 | 118.5 | 119.2 | 118.9 | 119.1 | 119.8 | 121.0 |
| 4 Consumer goods, total | 28.5 | 113.1 | 110.9 | 111.5 | 112.4 | 112.9 | 112.3 | 112.8 | 113.5 | 113.3 | 113.8 | 113.0 | 112.6 | 113.6 | 114.6 |
| 5 Durable consumer goods | 5.5 | 119.4 | 117.1 | 118.6 | 121.1 | 119.0 | 117.8 | 116.4 | 118.0 | 118.0 | 120.7 | 119.1 | 119.5 | 120.8 | 123.1 |
| 6 Automotive products | 2.5 | 125.5 | 123.1 | 126.6 | 131.5 | 126.4 | 124.1 | 120.1 | 121.0 | 119.5 | 124.9 | 123.8 | 124.5 | 127.1 | 130.5 |
| 7 Autos and trucks | 1.6 | 125.4 | 125.9 | 128.3 | 134.8 | 127.7 | 125.0 | 118.1 | 118.5 | 115.0 | 126.0 | 122.5 | 122.3 | 126.5 | 131.5 |
| 8 Autos, consumer | .9 | 94.9 | 95.0 | 98.7 | 102.7 | 98.8 | 96.0 | 90.4 | 89.6 | 86 | 91.7 | 90.2 | 92.9 | 94.0 | 100.5 |
| 9 Trucks, consumer | .7 | 180.7 | 181.8 | 181.5 | 192.7 | 179.6 | 177.2 | 168.0 | 170.7 | 166 | 189.0 | 181.5 | 175.5 | 185.8 | 187.3 |
| 10 Auto parts and allied goods | .9 | 123.0 | 114.7 | 120.4 | 121.9 | 121.1 | 119.8 | 121.9 | 123.8 | 126.[illegible] | 120.0 | 123.9 | 126.6 | 125.6 | 125.8 |
| 11 Other | 3.0 | 114.2 | 112.0 | 111.8 | 112.2 | 112.7 | 112.5 | 113.2 | 115.4 | 116.[illegible] | 117.1 | 115.2 | 115.3 | 115.5 | 116.7 |
| 12 *Appliances televisions and air conditioners* | .7 | 126.4 | 127.5 | 124.0 | 121.6 | 124.3 | 120.7 | 125.6 | 132.8 | 129.[illegible] | 135.1 | 130.2 | 125.3 | 129.9 | 132.9 |
| 13 Carpeting and furniture | .8 | 104.9 | 100.9 | 102.3 | 103.5 | 103.1 | 104.5 | 103.3 | 103.6 | 108.4 | 106.9 | 104.1 | 107.6 | 105.5 | 106.4 |
| 14 Miscellaneous home goods | 1.5 | 113.8 | 111.2 | 111.4 | 112.7 | 112.8 | 113.2 | 113.1 | 114.2 | 115.3 | 114.6 | 114.6 | 114.9 | 114.4 | 115.1 |
| 15 Nondurable consumer goods | 23.0 | 111.6 | 109.5 | 109.8 | 110.4 | 111.5 | 111.0 | 112.0 | 112.5 | 112.2 | 112.2 | 111.7 | 111.0 | 111.9 | 112.7 |
| 16 Foods and tobacco | 10.3 | 110.3 | 106.6 | 106.5 | 107.6 | 109.8 | 110.2 | 110.9 | 110.5 | 110.6 | 111.2 | 111.9 | 111.1 | 112.0 | 112.9 |
| 17 Clothing | 2.4 | 95.8 | 95.2 | 93.6 | 94.5 | 95.7 | 96.4 | 97.2 | 96.3 | 96.5 | 95.9 | 95.5 | 96.3 | 95.7 | 95.9 |
| 18 Chemical products | 4.5 | 129.4 | 127.9 | 127.7 | 128.7 | 130.3 | 128.4 | 129.5 | 131.4 | 131.1 | 129.8 | 127.5 | 127.1 | 129.4 | 131.2 |
| 19 Paper products | 2.9 | 104.8 | 104.3 | 104.0 | 103.9 | 103.9 | 105.1 | 105.6 | 105.8 | 105.2 | 105.9 | 105.2 | 103.6 | 104.8 | 105.6 |
| 20 *Energy* | 2.9 | 113.8 | 113.2 | 118.4 | 117.3 | 114.5 | 110.0 | 112.4 | 115.5 | 114.3 | 113.1 | 110.5 | 110.1 | 110.0 | 109.0 |
| 21 Fuels | .9 | 106.5 | 107.9 | 105.8 | 105.4 | 105.8 | 108.3 | 107.4 | 106.5 | 105.8 | 105.8 | 107.4 | 103.9 | 107.9 | 107.4 |
| 22 Residential utilities | 2.1 | 116.9 | 115.3 | 123.6 | 122.2 | 118.1 | 110.5 | 114.4 | 119.3 | 117.8 | 116.1 | 111.8 | 112.6 | 110.8 | 109.6 |
| 23 Equipment | 18.1 | 126.7 | 122.6 | 122.7 | 123.8 | 124.3 | 124.9 | 125.4 | 125.8 | 126.4 | 127.5 | 128.0 | 129.2 | 129.6 | 130.9 |
| 24 Business equipment | 14.0 | 146.9 | 140.0 | 140.4 | 142.0 | 142.6 | 143.5 | 144.5 | 145.5 | 146.9 | 148.9 | 149.5 | 151.4 | 152.0 | 153.7 |
| 25 Information processing and related | 5.7 | 176.5 | 165.0 | 167.1 | 168.5 | 170.0 | 170.2 | 171.8 | 173.7 | 177.1 | 179.7 | 181.1 | 183.7 | 184.8 | 188.1 |
| 26 Computer and office equipment | 1.5 | 284.5 | 262.5 | 265.5 | 267.6 | 270.9 | 270.8 | 271.6 | 276.5 | 282.6 | 288.9 | 295.8 | 301.1 | 307.0 | 313.0 |
| 27 Industrial | 4.0 | 121.1 | 115.7 | 114.6 | 116.4 | 117.8 | 119.2 | 120.7 | 120.6 | 122.1 | 122.3 | 123.0 | 124.6 | 124.9 | 126.0 |
| 28 *Transit* | 2.6 | 138.7 | 139.0 | 140.1 | 142.3 | 139.3 | 138.0 | 135.3 | 136.1 | 132.6 | 137.9 | 136.8 | 138.6 | 140.4 | 141.9 |
| 29 Autos and trucks | 1.2 | 148.0 | 147.9 | 149.1 | 154.6 | 148.1 | 145.9 | 140.0 | 141.7 | 138.2 | 149.4 | 147.7 | 149.2 | 151.7 | 152.6 |
| 30 Other | 1.7 | 129.4 | 122.5 | 121.1 | 122.3 | 123.3 | 127.1 | 129.4 | 130.5 | 132.6 | 133.5 | 133.3 | 134.3 | 132.9 | 132.5 |
| 31 Defense and space equipment | 3.4 | 71.1 | 75.2 | 74.5 | 73.6 | 73.7 | 73.6 | 72.4 | 71.3 | 69.9 | 69.2 | 68.8 | 68.8 | 69.0 | 69.3 |
| 32 Oil and gas well drilling | .5 | 90.8 | 88.1 | 88.9 | 91.9 | 92.1 | 93.2 | 94.6 | 94.2 | 93.7 | 89.6 | 93.9 | 88.3 | 86.0 | 86.0 |
| 33 Manufactured homes | .2 | ... | 128.9 | 132.4 | 131.5 | 135.6 | 132.4 | 135.2 | 137.8 | 133.3 | 134.5 | 138.4 | 142.0 | 143.1 | . |
| 34 Intermediate products, total | 14.3 | 108.1 | 104.7 | 104.6 | 104.9 | 106.3 | 106.9 | 107.7 | 108.5 | 109.1 | 109.2 | 108.6 | 109.9 | 110.8 | 110.8 |
| 35 Construction supplies | 5.3 | 106.7 | 103.7 | 102.9 | 102.7 | 103.2 | 104.7 | 106.1 | 106.4 | 107.9 | 108.2 | 108.6 | 109.6 | 110.2 | 110.4 |
| 36 *Business supplies* | 9.0 | 109.2 | 105.5 | 105.8 | 106.5 | 108.4 | 108.5 | 108.8 | 110.1 | 110.0 | 109.9 | 108.7 | 110.2 | 111.3 | 111.2 |
| 37 Materials | 39.1 | 121.4 | 117.5 | 117.1 | 118.1 | 119.5 | 119.7 | 120.5 | 121.2 | 121.4 | 122.8 | 122.9 | 123.4 | 124.3 | 125.9 |
| 38 Durable goods materials | 20.6 | 131.2 | 125.4 | 125.2 | 126.2 | 128.3 | 129.2 | 129.8 | 130.0 | 130.9 | 132.6 | 133.3 | 134.2 | 136.0 | 138.4 |
| 39 Durable consumer parts | 3.9 | 132.2 | 128.5 | 129.9 | 129.7 | 131.5 | 130.1 | 129.7 | 129.2 | 130.4 | 133.2 | 133.1 | 133.9 | 136.1 | 139.0 |
| 40 Equipment parts | 7.5 | 143.3 | 133.2 | 134.1 | 135.6 | 137.9 | 139.6 | 140.5 | 142.1 | 143.8 | 145.2 | 146.7 | 149.0 | 150.7 | 154.1 |
| 41 Other | 9.1 | 121.2 | 117.8 | 116.0 | 117.1 | 119.3 | 120.4 | 121.2 | 120.8 | 121.1 | 122.3 | 122.8 | 122.6 | 124.3 | 125.8 |
| 42 Basic metal materials | 3.0 | 119.7 | 118.5 | 114.4 | 116.9 | 117.6 | 119.7 | 120.0 | 119.6 | 118.8 | 119.3 | 21.1 | 121.4 | 123.0 | 125.8 |
| 43 Nondurable goods materials | 8.9 | 118.3 | 116.3 | 114.6 | 115.6 | 116.7 | 115.9 | 118.2 | 118.1 | 118.6 | 120.3 | 19.8 | 120.0 | 121.0 | 121.7 |
| 44 *Textile materials* | 1.1 | 105.5 | 101.3 | 101.8 | 102.7 | 104.0 | 104.4 | 104.2 | 104.8 | 104.8 | 105.7 | 105.9 | 106.5 | 109.8 | 112.1 |
| 45 Paper materials | 1.8 | 118.7 | 117.7 | 113.8 | 116.3 | 117.8 | 116.1 | 118.9 | 118.4 | 117.5 | 122.5 | 121.5 | 120.5 | 121.9 | 121.6 |
| 46 Chemical materials | 4.0 | 123.0 | 119.3 | 119.5 | 120.0 | 120.6 | 120.6 | 123.8 | 122.9 | 123.4 | 124.8 | 124.0 | 124.8 | 125.1 | 125.7 |
| 47 Other | 2.0 | 116.3 | 118.0 | 113.4 | 114.0 | 115.6 | 113.3 | 114.8 | 116.5 | 118.6 | 118.1 | 118.2 | 118.4 | 118.6 | 119.7 |
| 48 Energy materials | 9.6 | 105.2 | 103.2 | 103.8 | 104.7 | 105.0 | 104.8 | 104.6 | 106.7 | 105.2 | 106.1 | 105.6 | 105.2 | 104.6 | 105.3 |
| 49 Primary energy | 6.3 | 100.1 | 98.3 | 97.3 | 99.4 | 100.5 | 100.9 | 100.4 | 100.2 | 100.3 | 100.9 | 100.8 | 100.3 | 99.6 | 100.7 |
| 50 Converted fuel materials | 3.3 | 115.2 | 113.1 | 116.9 | 115.2 | 114.0 | 112.5 | 112.8 | 119.9 | 114.9 | 116.3 | 115.1 | 115.1 | 114.6 | 114.4 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | |
| 51 Total excluding autos and trucks | 97.2 | 117.6 | 114.1 | 114.1 | 114.8 | 116.1 | 116.2 | 117.1 | 117.7 | 118.1 | 118.7 | 118.6 | 119.0 | 119.8 | 120.9 |
| 52 Total excluding motor vehicles and parts | 95.2 | 117.1 | 113.6 | 113.5 | 114.3 | 115.5 | 115.7 | 116.6 | 117.3 | 117.7 | 118.2 | 118.0 | 118.4 | 119.2 | 120.2 |
| 53 Total excluding computer and office equipment | 98.3 | 115.3 | 112.2 | 112.2 | 113.1 | 114.0 | 114.1 | 114.8 | 115.4 | 115.5 | 116.4 | 116.1 | 116.5 | 117.3 | 118.4 |
| 54 Consumer goods excluding autos and trucks | 26.9 | 112.3 | 109.9 | 110.4 | 111.0 | 111.9 | 111.5 | 112.4 | 113.2 | 113.2 | 113.0 | 112.4 | 112.0 | 112.7 | 113.5 |
| 55 Consumer goods excluding energy | 25.6 | 113.0 | 110.6 | 110.7 | 111.9 | 112.7 | 112.5 | 112.8 | 113.2 | 113.2 | 113.8 | 113.3 | 112.9 | 114.0 | 115.2 |
| 56 Business equipment excluding autos and trucks | 12.8 | 146.7 | 139.1 | 139.4 | 140.7 | 142.0 | 143.2 | 144.8 | 145.7 | 147.7 | 148.8 | 149.5 | 151.5 | 151.9 | 153.7 |
| 57 *Business equipment excluding computer and office equipment* | 12.5 | 130.9 | 125.4 | 125.6 | 127.2 | 127.6 | 128.5 | 129.4 | 130.0 | 131.1 | 132.7 | 132.7 | 134.3 | 134.5 | 135.8 |
| 58 Materials excluding energy | 29.5 | 127.2 | 122.6 | 121.9 | 122.9 | 124.8 | 125.1 | 126.2 | 126.4 | 127.2 | 128.8 | 129.2 | 129.9 | 131.4 | 133.3 |

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

| Group | SIC code[2] | 1992 proportion | 1994 avg. | 1993 Dec | 1994 Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov.[r] | Dec.[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR INDUSTRIES | | | | | | | | | | | | | | | | |
| 59 **Total index** | ... | **100.0** | **118.1** | **114.7** | **114.7** | **115.6** | **116.6** | **116.7** | **117.4** | **118.0** | **118.2** | **119.1** | **119.0** | **119.4** | **120.3** | **121.4** |
| 60 Manufacturing | ... | 85.5 | 119.7 | 116.1 | 115.8 | 116.7 | 118.0 | 118.4 | 119.0 | 119.3 | 119.8 | 120.9 | 120.9 | 121.4 | 122.6 | 123.9 |
| 61 Primary processing | ... | 26.5 | 115.2 | 112.9 | 111.7 | 112.2 | 113.3 | 114.0 | 115.2 | 114.7 | 115.3 | 116.3 | 116.2 | 116.6 | 118.1 | 119.3 |
| 62 Advanced processing | ... | 59.0 | 121.8 | 117.6 | 117.7 | 118.9 | 120.2 | 120.5 | 120.8 | 121.5 | 121.9 | 123.1 | 123.1 | 123.7 | 124.7 | 126.1 |
| 63 Durable goods | ... | 45.1 | 125.6 | 121.2 | 121.0 | 122.1 | 122.9 | 123.7 | 124.0 | 124.6 | 125.2 | 127.0 | 127.2 | 128.2 | 129.5 | 131.2 |
| 64 Lumber and products | 24 | 2.0 | 106.1 | 104.6 | 105.3 | 103.8 | 104.0 | 103.9 | 106.0 | 106.2 | 106.8 | 105.5 | 107.6 | 106.7 | 108.3 | 108.8 |
| 65 Furniture and fixtures | 25 | 1.4 | 111.1 | 107.0 | 105.8 | 107.6 | 107.7 | 110.2 | 110.1 | 111.8 | 114.0 | 115.5 | 112.4 | 115.0 | 112.7 | 111.7 |
| 66 Stone, clay, and glass products | 32 | 2.1 | 104.8 | 104.4 | 101.8 | 101.8 | 103.7 | 105.0 | 105.5 | 104.4 | 104.3 | 105.8 | 105.8 | 105.5 | 106.9 | 108.1 |
| 67 Primary metals | 33 | 3.1 | 114.2 | 113.4 | 108.0 | 111.6 | 112.1 | 114.8 | 114.8 | 113.7 | 112.7 | 113.5 | 116.0 | 115.8 | 117.9 | 121.0 |
| 68 Iron and steel | 331,2 | 1.7 | 117.8 | 118.6 | 110.8 | 116.0 | 116.7 | 121.5 | 120.9 | 118.2 | 116.1 | 113.0 | 118.2 | 118.6 | 120.1 | 124.8 |
| 69 Raw steel | ... | .1 | ... | 110.9 | 102.0 | 105.8 | 106.0 | 105.3 | 105.7 | 106.3 | 104.7 | 107.0 | 109.9 | 109.0 | 114.2 | ... |
| 70 Nonferrous | 333-6,9 | 1.4 | 109.3 | 106.6 | 104.1 | 105.8 | 106.0 | 106.2 | 106.9 | 107.6 | 108.0 | 113.6 | 112.7 | 111.8 | 114.7 | 115.7 |
| 71 Fabricated metal products | 34 | 5.0 | 110.7 | 107.1 | 107.2 | 106.6 | 108.5 | 109.6 | 110.0 | 110.2 | 111.7 | 112.4 | 111.6 | 112.4 | 113.4 | 114.1 |
| 72 Industrial and commercial machinery and computer equipment | 35 | 7.9 | 160.0 | 151.3 | 150.3 | 151.9 | 154.0 | 156.1 | 157.7 | 158.9 | 160.6 | 162.6 | 164.6 | 166.6 | 167.9 | 169.7 |
| 73 Computer and office equipment | 357 | 1.7 | 284.5 | 262.5 | 265.5 | 267.6 | 270.9 | 270.8 | 271.6 | 276.5 | 282.6 | 288.9 | 295.8 | 301.1 | 307.0 | 313.0 |
| 74 Electrical machinery | 36 | 7.3 | 160.2 | 147.3 | 148.1 | 150.1 | 152.6 | 154.3 | 156.5 | 159.5 | 161.5 | 164.1 | 165.0 | 167.1 | 169.6 | 173.4 |
| 75 Transportation equipment | 37 | 9.6 | 109.9 | 109.8 | 110.8 | 112.3 | 110.7 | 109.5 | 107.6 | 107.5 | 105.7 | 109.5 | 108.8 | 109.3 | 111.1 | 113.2 |
| 76 Motor vehicles and parts | 371 | 4.8 | 138.0 | 135.9 | 138.7 | 142.6 | 138.8 | 136.2 | 131.6 | 132.2 | 129.6 | 138.1 | 137.4 | 138.4 | 141.5 | 145.0 |
| 77 Autos and light trucks | 371 | 2.5 | 131.9 | 132.3 | 135.2 | 141.9 | 134.7 | 131.7 | 124.4 | 124.6 | 120.8 | 131.9 | 128.4 | 128.6 | 132.8 | 138.4 |
| 78 Aerospace and miscellaneous transportation equipment | 372-6,9 | 4.8 | 83.0 | 84.9 | 84.1 | 83.3 | 83.8 | 84.1 | 84.6 | 83.8 | 82.8 | 82.3 | 81.4 | 81.5 | 82.0 | 82.8 |
| 79 Instruments | 38 | 5.4 | 107.5 | 104.9 | 105.9 | 106.3 | 106.9 | 106.6 | 106.4 | 106.8 | 108.5 | 108.7 | 108.0 | 108.6 | 108.1 | 108.7 |
| 80 Miscellaneous | 39 | 1.3 | 116.2 | 112.4 | 112.6 | 113.5 | 114.1 | 115.2 | 115.4 | 115.8 | 118.6 | 117.1 | 117.0 | 118.4 | 118.8 | 118.1 |
| 81 Nondurable goods | ... | 40.5 | 113.2 | 110.4 | 110.0 | 110.7 | 112.5 | 112.4 | 113.4 | 113.4 | 113.6 | 114.0 | 113.7 | 113.8 | 115.0 | 115.8 |
| 82 Foods | 20 | 9.4 | 112.8 | 110.3 | 109.9 | 109.9 | 112.9 | 111.9 | 112.8 | 112.8 | 113.4 | 113.7 | 114.6 | 113.0 | 114.5 | 115.1 |
| 83 Tobacco products | 21 | 1.6 | 94.7 | 86.9 | 87.0 | 93.6 | 93.0 | 98.1 | 98.5 | 95.9 | 93.7 | 96.2 | 96.1 | 97.7 | 95.2 | 97.1 |
| 84 Textile mill products | 22 | 1.8 | 109.0 | 105.7 | 106.0 | 106.4 | 107.9 | 108.6 | 108.9 | 108.7 | 109.4 | 109.0 | 108.3 | 110.4 | 111.4 | 113.3 |
| 85 Apparel products | 23 | 2.2 | 96.2 | 94.7 | 93.5 | 94.9 | 95.7 | 96.2 | 97.1 | 97.0 | 97.0 | 96.8 | 96.8 | 97.1 | 96.4 | 96.9 |
| 86 Paper and products | 26 | 3.6 | 117.4 | 117.6 | 114.0 | 115.7 | 115.7 | 114.4 | 116.7 | 116.6 | 116.6 | 120.2 | 118.7 | 118.9 | 121.3 | 121.6 |
| 87 Printing and publishing | 27 | 6.8 | 101.3 | 98.8 | 98.2 | 98.8 | 101.3 | 101.7 | 101.6 | 102.4 | 102.1 | 101.5 | 100.9 | 101.6 | 102.5 | 102.7 |
| 88 Chemicals and products | 28 | 9.9 | 123.9 | 120.9 | 121.3 | 121.8 | 123.1 | 122.4 | 124.0 | 124.4 | 124.7 | 124.7 | 123.7 | 123.7 | 125.3 | 126.3 |
| 89 Petroleum products | 29 | 1.4 | 105.1 | 105.1 | 104.0 | 103.8 | 103.4 | 107.5 | 107.0 | 104.5 | 104.3 | 105.2 | 105.3 | 103.9 | 106.5 | 106.9 |
| 90 Rubber and plastic products | 30 | 3.5 | 133.4 | 127.4 | 128.3 | 128.2 | 130.9 | 130.8 | 132.4 | 132.8 | 134.5 | 134.5 | 134.7 | 136.3 | 138.2 | 139.8 |
| 91 Leather and products | 31 | .3 | 85.9 | 86.6 | 86.8 | 85.4 | 87.0 | 87.6 | 85.9 | 85.5 | 86.3 | 85.5 | 85.4 | 85.6 | 84.9 | 85.1 |
| 92 Mining | ... | 6.8 | 99.8 | 98.4 | 97.8 | 99.5 | 100.5 | 100.7 | 100.7 | 100.6 | 100.1 | 100.0 | 100.1 | 99.2 | 98.7 | 99.9 |
| 93 Metal | 10 | .4 | 160.5 | 167.8 | 164.2 | 161.6 | 165.2 | 157.0 | 156.4 | 162.8 | 159.5 | 156.6 | 160.0 | 161.4 | 160.3 | 161.5 |
| 94 Coal | 12 | 1.0 | 112.0 | 104.7 | 101.6 | 112.0 | 117.7 | 118.3 | 111.5 | 113.4 | 108.6 | 111.4 | 110.7 | 110.2 | 110.1 | 117.6 |
| 95 Oil and gas extraction | 13 | 4.7 | 92.9 | 92.5 | 92.4 | 92.7 | 92.9 | 93.2 | 94.3 | 93.8 | 93.9 | 93.5 | 93.7 | 92.1 | 91.3 | 91.4 |
| 96 Stone and earth minerals | 14 | .6 | 107.2 | 103.1 | 103.6 | 104.8 | 104.7 | 105.9 | 108.1 | 105.6 | 107.9 | 106.6 | 106.7 | 109.1 | 110.5 | 111.8 |
| 97 Utilities | ... | 7.7 | 118.1 | 115.6 | 120.3 | 119.6 | 117.9 | 114.7 | 115.8 | 121.1 | 119.0 | 118.8 | 116.5 | 117.2 | 115.8 | 114.9 |
| 98 Electric | 491,3PT | 6.1 | 117.6 | 115.2 | 118.1 | 117.5 | 117.2 | 116.4 | 116.2 | 121.4 | 119.0 | 118.4 | 117.1 | 117.9 | 116.2 | 115.2 |
| 99 Gas | 492,3PT | 1.6 | 119.9 | 117.0 | 128.9 | 128.1 | 120.5 | 107.9 | 114.1 | 120.0 | 118.9 | 120.4 | 114.2 | 114.5 | 114.2 | 113.8 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | | |
| 100 Manufacturing excluding motor vehicles and parts | ... | 80.7 | 118.6 | 114.9 | 114.4 | 115.2 | 116.7 | 117.3 | 118.2 | 118.6 | 119.2 | 119.8 | 119.9 | 120.4 | 121.5 | 122.6 |
| 101 Manufacturing excluding office and computing machines | ... | 83.8 | 116.5 | 113.2 | 112.8 | 113.7 | 114.9 | 115.3 | 115.9 | 116.2 | 116.6 | 117.6 | 117.5 | 118.0 | 119.1 | 120.3 |
| | | Gross value (billions of 1987 dollars, annual rates) | | | | | | | | | | | | | | |
| MAJOR MARKETS | | | | | | | | | | | | | | | | |
| 102 **Products, total** | ... | **1,707.0** | **2,006.5** | **1,958.9** | **1,964.4** | **1,977.8** | **1,985.6** | **1,985.8** | **1,990.7** | **2,002.5** | **2,002.1** | **2,020.2** | **2,015.6** | **2,020.8** | **2,039.4** | **2,055.5** |
| 103 Final | ... | 1,314.6 | 1,576.6 | 1,542.4 | 1,547.1 | 1,559.9 | 1,563.6 | 1,559.9 | 1,561.7 | 1,571.1 | 1,569.3 | 1,586.6 | 1,584.2 | 1,584.9 | 1,600.2 | 1,615.0 |
| 104 Consumer goods | ... | 866.6 | 982.0 | 968.8 | 972.5 | 979.6 | 981.3 | 976.0 | 977.1 | 983.0 | 979.0 | 987.3 | 981.5 | 976.0 | 987.0 | 995.2 |
| 105 Equipment | ... | 448.0 | 594.6 | 573.6 | 574.6 | 580.4 | 582.3 | 583.9 | 584.5 | 588.1 | 590.3 | 599.3 | 602.7 | 609.0 | 613.2 | 619.7 |
| 106 Intermediate | ... | 392.5 | 429.8 | 416.5 | 417.3 | 417.8 | 422.0 | 425.9 | 429.0 | 431.4 | 432.9 | 433.5 | 431.4 | 435.9 | 439.2 | 440.5 |

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

| Item | 1991 | 1992 | 1993 | 1994 Feb. | Mar. | Apr. | May | June | July | Aug. | Sept.[r] | Oct.[r] | Nov. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Private residential real estate activity (thousands of units except as noted) | | | | | | | | | | | | |
| NEW UNITS | | | | | | | | | | | | | |
| 1 Permits authorized | 949 | 1,095 | 1,199 | 1,252 | 1,313 | 1,380 | 1,357 | 1,316 | 1,337 | 1,354 | 1,425 | 1,398 | 1,388 |
| 2 One-family | 754 | 911 | 986 | 1,054 | 1,068 | 1,069 | 1,083 | 1,046 | 1,034 | 1,046 | 1,052 | 1,047 | 1,035 |
| 3 Two-family or more | 195 | 184 | 213 | 198 | 245 | 311 | 274 | 270 | 303 | 308 | 373 | 351 | 353 |
| 4 Started | 1,014 | 1,200 | 1,288 | 1,328 | 1,519 | 1,471 | 1,491 | 1,358 | 1,439 | 1,463 | 1,509 | 1,436 | 1,545 |
| 5 One-family | 840 | 1,030 | 1,126 | 1,121 | 1,271 | 1,211 | 1,200 | 1,163 | 1,219 | 1,176 | 1,234 | 1,153 | 1,193 |
| 6 Two-family or more | 174 | 169 | 162 | 207 | 248 | 260 | 291 | 195 | 220 | 287 | 275 | 283 | 352 |
| 7 Under construction at end of period[1] | 606 | 612 | 680 | 720 | 732 | 740 | 748 | 751 | 758 | 768 | 772 | 779 | 795 |
| 8 One-family | 434 | 473 | 543 | 578 | 585 | 585 | 582 | 584 | 585 | 587 | 589 | 588 | 594 |
| 9 Two-or-more-family | 173 | 140 | 137 | 142 | 147 | 155 | 166 | 167 | 173 | 181 | 183 | 191 | 201 |
| 10 Completed | 1,091 | 1,158 | 1,193 | 1,334 | 1,273 | 1,354 | 1,446 | 1,329 | 1,282 | 1,342 | 1,400 | 1,365 | 1,347 |
| 11 One-family | 838 | 964 | 1,040 | 1,185 | 1,115 | 1,192 | 1,257 | 1,151 | 1,160 | 1,145 | 1,157 | 1,155 | 1,112 |
| 12 Two-or-more-family | 253 | 194 | 153 | 149 | 158 | 162 | 189 | 178 | 122 | 197 | 243 | 210 | 235 |
| 13 Mobile homes shipped | 171 | 210 | 254 | 301 | 308 | 290 | 292 | 292 | 286 | 288 | 301 | 310 | 323 |
| *Merchant builder activity in one-family units* | | | | | | | | | | | | | |
| 14 Number sold | 507 | 610 | 666 | 697 | 722 | 673 | 692 | 628 | 630 | 673[r] | 701 | 711 | 693 |
| 15 Number for sale at end of period[1] | 284 | 266 | 294 | 298 | 298 | 298 | 301 | 313 | 317 | 322[r] | 327 | 331 | 336 |
| *Price of units sold (thousands of dollars)*[2] | | | | | | | | | | | | | |
| 16 Median | 120.0 | 121.3 | 126.1 | 129.9 | 132.3 | 129.0 | 129.9 | 133.5 | 124.4 | 133.3 | 129.6 | 130.0 | 128.7 |
| 17 Average | 147.0 | 144.9 | 147.6 | 150.7 | 152.8 | 152.9 | 151.8 | 158.4 | 144.4 | 154.9[r] | 155.8 | 151.3 | 155.2 |
| EXISTING UNITS (one-family) | | | | | | | | | | | | | |
| 18 Number sold | 3,219 | 3,520 | 3,800 | 3,840 | 4,070 | 4,120 | 4,110 | 3,960 | 3,970 | 3,930 | 3,890 | 3,910 | 3,820 |
| *Price of units sold (thousands of dollars)*[2] | | | | | | | | | | | | | |
| 19 Median | 99.7 | 103.6 | 106.5 | 107.2 | 107.6 | 108.9 | 109.8 | 112.8 | 111.7 | 112.4 | 108.4 | 108.0 | 108.1 |
| 20 Average | 127.4 | 130.8 | 133.1 | 133.3 | 134.4 | 135.5 | 136.6 | 140.9 | 139.3 | 140.6 | 135.2 | 133.7 | 134.2 |
| | Value of new construction (millions of dollars)[3] | | | | | | | | | | | | |
| CONSTRUCTION | | | | | | | | | | | | | |
| **21 Total put in place** | **403,644** | **435,355** | **466,365** | **485,894** | **496,042** | **497,035** | **504,356** | **506,144** | **505,445[r]** | **505,470[r]** | **514,197** | **518,937** | **522,689** |
| 22 Private | 293,536 | 316,115 | 341,101 | 361,895 | 371,681 | 374,091 | 378,235 | 379,345 | 376,463[r] | 376,216[r] | 382,287 | 383,205 | 390,628 |
| 23 Residential | 157,837 | 187,870 | 210,455 | 233,322 | 236,767 | 238,049 | 241,162 | 240,694 | 237,775[r] | 236,871[r] | 238,529 | 237,274 | 239,266 |
| 24 Nonresidential | 135,699 | 128,245 | 130,646 | 128,573 | 134,914 | 136,042 | 137,073 | 138,651 | 138,688[r] | 139,345[r] | 143,758 | 145,931 | 151,362 |
| 25 Industrial buildings | 22,281 | 20,720 | 19,533 | 19,972 | 19,905 | 21,221 | 21,338 | 20,960 | 21,117[r] | 22,012[r] | 22,621 | 22,297 | 24,002 |
| 26 Commercial buildings | 48,482 | 41,523 | 42,627 | 42,065 | 46,602 | 47,481 | 47,912 | 48,410 | 48,607[r] | 48,185[r] | 50,180 | 50,909 | 52,732 |
| 27 Other buildings | 20,797 | 21,494 | 23,626 | 22,258 | 23,918 | 23,824 | 23,956 | 24,439 | 23,838[r] | 23,648[r] | 24,784 | 24,059 | 24,972 |
| 28 Public utilities and other | 44,139 | 44,508 | 44,860 | 44,278 | 44,489 | 43,516 | 43,867 | 44,842 | 45,126[r] | 45,500[r] | 46,173 | 48,666 | 49,656 |
| 29 Public | 110,107 | 119,238 | 125,262 | 123,999 | 124,361 | 122,944 | 126,121 | 126,799 | 128,982[r] | 129,255[r] | 131,910 | 135,733 | 132,061 |
| 30 Military | 1,837 | 2,502 | 2,454 | 2,404 | 2,231 | 1,959 | 2,024 | 2,277 | 2,351[r] | 2,357[r] | 2,364 | 2,556 | 2,255 |
| 31 Highway | 32,041 | 34,899 | 37,355 | 36,329 | 38,830 | 39,508 | 40,655 | 40,300 | 40,305[r] | 40,057[r] | 40,797 | 41,809 | 40,887 |
| 32 Conservation and development | 5,010 | 6,021 | 5,976 | 6,731 | 5,206 | 5,851 | 5,677 | 4,605 | 5,935[r] | 5,754[r] | 7,521 | 7,911 | 7,001 |
| 33 Other | 71,219 | 75,816 | 79,477 | 78,535 | 78,094 | 75,626 | 77,765 | 79,617 | 80,391[r] | 81,087[r] | 81,228 | 83,457 | 81,918 |

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCES. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 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. 1994[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 Dec. | 1994 Dec. | 1994 | | | | 1994 | | | | | |
| | | | Mar | June | Sept. | Dec. | Aug. | Sept. | Oct. | Nov. | Dec. | |
| CONSUMER PRICES[2] (1982–84=100) | | | | | | | | | | | | |
| 1 **All items** | **2.7** | **2.7** | **2.5** | **2.5** | **3.6** | **2.2** | **.3** | **.2** | **.1** | **.3** | **.2** | **149.7** |
| 2 Food | 2.9 | 2.9 | −1.1 | 2.8 | 5.1 | 5.0 | .4 | .3 | .0 | .2 | 1.0 | 146.8 |
| 3 Energy items | −1.4 | 2.2 | 4.7 | −4.9 | 10.9 | −1.1 | 1.4 | −.7 | −.7 | .7 | −.3 | 104.7 |
| 4 All items less food and energy | 3.2 | 2.6 | 2.9 | 3.1 | 2.6 | 2.0 | .3 | .2 | .2 | .2 | .1 | 157.9 |
| 5 Commodities | 1.6 | 1.4 | .6 | 4.2 | .6 | .3 | −.1 | .1 | .0 | .1 | .0 | 137.6 |
| 6 Services | 3.9 | 3.2 | 4.2 | 2.4 | 3.6 | 2.6 | .4 | .2 | .2 | .3 | .1 | 169.6 |
| PRODUCER PRICES (1982=100) | | | | | | | | | | | | |
| 7 Finished goods | .2 | 1.7 | 3.6 | −.3 | 2.6 | 1.0 | .5[r] | −.3[r] | −.5 | .5 | .2 | 126.2 |
| 8 Consumer foods | 2.4 | 1.0 | −.6 | −5.5 | 3.9 | 6.8 | .3[r] | .2[r] | .2 | .2 | 1.6 | 128.5 |
| 9 Consumer energy | 4.1 | 3.4 | 15.4 | −1.0 | 3.2 | −2.6 | 1.8 | −2.9 | −1.2 | 2.1 | −1.5 | 75.8 |
| 10 Other consumer goods | −.4 | 1.4 | 2.0 | 1.5 | 2.0 | .3 | .4 | .0[r] | .3 | .2 | .1 | 139.9 |
| 11 Capital equipment | 1.8 | 2.0 | 4.3 | 3.0 | 2.4 | −1.8 | .2[r] | .2[r] | 1.0 | .1 | .4 | 135.1 |
| *Intermediate materials* | | | | | | | | | | | | |
| 12 Excluding foods and feeds | .8 | 4.8 | 2.8 | 3.1 | 5.9 | 7.9 | .7[r] | .2[r] | .4 | 1.1 | .4 | 121.6 |
| 13 Excluding energy | 1.6 | 5.1 | 1.9 | 3.9 | 6.2 | 9.0 | .5[r] | .5[r] | .7 | .9 | .6 | 130.8 |
| *Crude materials* | | | | | | | | | | | | |
| 14 Foods | 7.2 | 9.3 | −4.5 | −20.6 | −12.9 | 2.0 | −1.0[r] | .1[r] | −2.0 | 1.5 | 1.1 | 101.7 |
| 15 Energy | −12.3 | −1.9 | 10.1 | 21.0 | −20.5 | −12.3 | .4[r] | −6.1[r] | .0 | −1.0 | 2.3 | 68.7 |
| 16 Other | 10.7 | 17.0 | 22.7 | −.8 | 18.8 | 30.7 | 1.5[r] | .8[r] | .9 | 3.4 | 2.5 | 168.0 |

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

## 2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

| Account | 1991 | 1992 | 1993 | 1993 | | 1994 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q3 | Q4 | Q1 | Q2 | Q3 |
| GROSS DOMESTIC PRODUCT | | | | | | | | |
| 1 **Total** | **5,724.8** | **6,020.2** | **6,343.3** | **6,359.2** | **6,478.1** | **6,574.7** | **6,689.9** | **6,791.7** |
| *By source* | | | | | | | | |
| 2 Personal consumption expenditures | 3,902.4 | 4,136.9 | 4,378.2 | 4,401.2 | 4,469.6 | 4,535.0 | 4,586.4 | 4,657.5 |
| 3 Durable goods | 456.6 | 492.7 | 538.0 | 541.9 | 562.8 | 576.2 | 580.3 | 591.5 |
| 4 Nondurable goods | 1,257.8 | 1,295.5 | 1,339.2 | 1,340.2 | 1,355.2 | 1,368.9 | 1,381.4 | 1,406.1 |
| 5 Services | 2,188.1 | 2,348.7 | 2,501.0 | 2,519.1 | 2,551.6 | 2,589.9 | 2,624.7 | 2,659.9 |
| 6 *Gross private domestic investment* | 744.8 | 788.3 | 882.0 | 882.2 | 922.5 | 966.6 | 1,034.4 | 1,055.1 |
| 7 Fixed investment | 746.6 | 785.2 | 866.7 | 868.3 | 913.5 | 942.5 | 967.0 | 992.5 |
| 8 Nonresidential | 557.0 | 561.4 | 616.1 | 619.0 | 646.3 | 665.4 | 683.3 | 709.1 |
| 9 Structures | 182.9 | 171.1 | 173.4 | 173.9 | 176.7 | 172.7 | 181.8 | 184.6 |
| 10 Producers' durable equipment | 374.1 | 390.3 | 442.7 | 445.1 | 469.6 | 492.7 | 501.5 | 524.5 |
| 11 Residential structures | 189.6 | 223.8 | 250.6 | 249.3 | 267.2 | 277.1 | 283.6 | 283.4 |
| 12 Change in business inventories | 1.8 | 3.0 | 15.4 | 13.9 | 9.0 | 24.1 | 67.4 | 62.6 |
| 13 Nonfarm | 1.2 | 2.7 | 20.1 | 24.2 | 10.7 | 22.3 | 60.4 | 53.4 |
| 14 Net exports of goods and services | 19.9 | 30.3 | 65.3 | 77.0 | 71.2 | -86.7 | -97.6 | 109.6 |
| 15 Exports | 601.1 | 638.1 | 659.1 | 649.0 | 680.3 | 674.2 | 704.5 | 730.5 |
| 16 Imports | 620.9 | 668.4 | 724.3 | 726.0 | 751.4 | 760.9 | 802.1 | 840.1 |
| 17 Government purchases of goods and services | 1,097.4 | 1,125.3 | 1,148.4 | 1,152.9 | 1,157.2 | 1,159.8 | 1,166.7 | 1,188.8 |
| 18 Federal | 445.8 | 449.0 | 443.6 | 442.7 | 439.8 | 437.8 | 435.1 | 444.3 |
| 19 State and local | 651.6 | 676.3 | 704.7 | 710.2 | 717.4 | 722.0 | 731.5 | 744.5 |
| *By major type of product* | | | | | | | | |
| 20 *Final sales, total* | 5,726.6 | 6,017.2 | 6,327.9 | 6,345.4 | 6,469.2 | 6,550.6 | 6,622.5 | 6,729.1 |
| 21 Goods | 2,225.7 | 2,292.0 | 2,390.4 | 2,381.9 | 2,452.6 | 2,489.1 | 2,493.7 | 2,543.6 |
| 22 Durable | 934.2 | 968.6 | 1,032.4 | 1,026.8 | 1,072.9 | 1,098.2 | 1,099.4 | 1,125.8 |
| 23 Nondurable | 1,291.5 | 1,323.4 | 1,358.1 | 1,355.1 | 1,379.7 | 1,390.9 | 1,394.3 | 1,417.8 |
| 24 Services | 3,028.9 | 3,227.2 | 3,405.5 | 3,429.3 | 3,459.3 | 3,503.8 | 3,555.4 | 3,603.6 |
| 25 Structures | 472.0 | 498.1 | 532.0 | 534.1 | 557.2 | 557.7 | 573.4 | 581.9 |
| 26 Change in business inventories | 1.8 | 3.0 | 15.4 | 13.9 | 9.0 | 24.1 | 67.4 | 62.6 |
| 27 Durable goods | 16.9 | 13.0 | 8.6 | 14.9 | 9.0 | 20.6 | 38.2 | 44.1 |
| 28 Nondurable goods | 15.1 | 16.0 | 6.7 | 1.1 | .0 | 3.5 | 29.2 | 18.5 |
| MEMO | | | | | | | | |
| 29 **Total GDP in 1987 dollars** | **4,867.6** | **4,979.3** | **5,134.5** | **5,139.4** | **5,218.0** | **5,261.1** | **5,314.1** | **5,367.0** |
| NATIONAL INCOME | | | | | | | | |
| 30 **Total** | **4,608.2** | **4,829.5** | **5,131.4** | **5,138.5** | **5,262.0** | **5,308.7** | **5,430.7** | **5,494.9** |
| 31 Compensation of employees | 3,404.8 | 3,591.2 | 3,780.4 | 3,801.7 | 3,845.8 | 3,920.0 | 3,979.3 | 4,023.7 |
| 32 *Wages and salaries* | 2,816.0 | 2,954.8 | 3,100.8 | 3,115.9 | 3,148.4 | 3,208.3 | 3,257.2 | 3,293.9 |
| 33 Government and government enterprises | 545.4 | 567.3 | 583.8 | 586.1 | 587.8 | 595.7 | 601.9 | 604.4 |
| 34 Other | 2,270.6 | 2,387.5 | 2,517.0 | 2,529.8 | 2,560.7 | 2,612.6 | 2,655.4 | 2,689.6 |
| 35 Supplement to wages and salaries | 588.8 | 636.4 | 679.6 | 685.9 | 697.4 | 711.7 | 722.0 | 729.7 |
| 36 Employer contributions for social insurance | 289.8 | 307.7 | 324.3 | 327.0 | 330.6 | 338.5 | 343.6 | 346.0 |
| 37 Other labor income | 299.0 | 328.7 | 355.3 | 358.8 | 366.8 | 373.2 | 378.4 | 383.7 |
| 38 Proprietors' income[1] | 376.2 | 418.7 | 441.6 | 420.3 | 462.9 | 471.0 | 471.3 | 467.0 |
| 39 Business and professional[1] | 339.5 | 374.4 | 404.3 | 404.5 | 418.5 | 423.8 | 431.9 | 437.1 |
| 40 Farm[1] | 36.7 | 44.4 | 37.3 | 15.8 | 44.4 | 47.2 | 39.3 | 29.8 |
| 41 Rental income of persons[2] | 10.5 | 5.5 | 24.1 | 26.3 | 30.3 | 15.3 | 34.1 | 32.6 |
| 42 Corporate profits[1] | 390.3 | 405.1 | 485.8 | 493.5 | 533.9 | 508.2 | 546.4 | 556.0 |
| 43 Profits before tax[3] | 365.2 | 395.9 | 462.4 | 458.7 | 501.7 | 483.5 | 523.1 | 538.1 |
| 44 Inventory valuation adjustment | 5.8 | 6.4 | 6.2 | 3.0 | 6.5 | 12.3 | -14.1 | 19.6 |
| 45 Capital consumption adjustment | 19.4 | 15.7 | 29.5 | 31.7 | 38.8 | 37.0 | 37.4 | 37.5 |
| 46 Net interest | 447.4 | 420.0 | 399.5 | 396.7 | 389.1 | 394.2 | 399.7 | 415.7 |

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 | 1991 | 1992 | 1993 | 1993 | | 1994 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q3 | Q4 | Q1 | Q2 | Q3 |
| PERSONAL INCOME AND SAVING | | | | | | | | |
| 1 **Total personal income** | **4,860.3** | **5,154.3** | **5,375.1** | **5,395.9** | **5,484.6** | **5,555.8** | **5,659.9** | **5,734.5** |
| 2 Wage and salary disbursements | 2,816.1 | 2,974.8 | 3,080.8 | 3,115.9 | 3,148.4 | 3,208.3 | 3,257.2 | 3,293.9 |
| 3 Commodity-producing industries | 738.4 | 757.6 | 773.8 | 781.4 | 791.0 | 801.9 | 811.6 | 821.8 |
| 4 Manufacturing | 557.4 | 578.3 | 588.4 | 594.9 | 601.7 | 609.4 | 612.8 | 618.3 |
| 5 Distributive industries | 648.0 | 682.3 | 701.9 | 709.6 | 712.6 | 728.6 | 742.5 | 753.5 |
| 6 Service industries | 884.2 | 967.6 | 1,021.4 | 1,038.8 | 1,057.0 | 1,082.0 | 1,101.2 | 1,114.3 |
| 7 Government and government enterprises | 545.5 | 567.3 | 583.8 | 586.1 | 587.8 | 595.7 | 601.9 | 604.4 |
| 8 Other labor income | 299.0 | 328.7 | 355.3 | 358.8 | 366.8 | 373.2 | 378.4 | 383.7 |
| 9 Proprietors' income[1] | 376.2 | 418.7 | 441.6 | 420.3 | 462.9 | 471.0 | 471.3 | 467.0 |
| 10 Business and professional[1] | 339.5 | 374.4 | 404.3 | 404.5 | 418.5 | 423.8 | 431.9 | 437.1 |
| 11 Farm[1] | 36.7 | 44.4 | 37.3 | 15.8 | 44.4 | 47.2 | 39.3 | 29.8 |
| 12 Rental income of persons[2] | −10.5 | −5.5 | 24.1 | 26.3 | 30.3 | 15.3 | 34.1 | 32.6 |
| 13 Dividends | 150.5 | 161.0 | 181.3 | 182.8 | 184.1 | 185.7 | 191.7 | 196.9 |
| 14 Personal interest income | 695.1 | 665.2 | 637.9 | 634.1 | 627.7 | 631.1 | 649.4 | 674.2 |
| 15 Transfer payments | 770.1 | 860.2 | 915.4 | 921.6 | 931.0 | 947.4 | 957.6 | 969.0 |
| 16 Old-age survivors, disability, and health insurance benefits | 382.3 | 414.0 | 444.4 | 446.8 | 452.1 | 463.8 | 470.7 | 476.5 |
| 17 LESS: Personal contributions for social insurance | 236.2 | 248.7 | 261.3 | 263.8 | 266.6 | 276.3 | 279.9 | 282.9 |
| 18 EQUALS: Personal income | 4,860.3 | 5,154.3 | 5,375.1 | 5,395.9 | 5,484.6 | 5,555.8 | 5,659.9 | 5,734.5 |
| 19 LESS: Personal tax and nontax payments | 623.7 | 648.6 | 686.4 | 695.4 | 707.0 | 723.0 | 746.4 | 744.1 |
| 20 EQUALS: Disposable personal income | 4,236.6 | 4,505.8 | 4,688.7 | 4,700.5 | 4,777.6 | 4,832.8 | 4,913.5 | 4,990.3 |
| 21 LESS: Personal outlays | 4,025.0 | 4,257.8 | 4,496.2 | 4,518.2 | 4,588.2 | 4,657.3 | 4,712.4 | 4,787.0 |
| 22 EQUALS: Personal saving | 211.6 | 247.9 | 192.6 | 182.3 | 189.4 | 175.5 | 201.1 | 203.3 |
| MEMO | | | | | | | | |
| *Per capita (1987 dollars)* | | | | | | | | |
| 23 Gross domestic product | 19,263.3 | 19,489.7 | 19,878.8 | 19,871.2 | 20,119.1 | 20,235.2 | 20,389.7 | 20,536.5 |
| 24 Personal consumption expenditures | 12,898.9 | 13,110.4 | 13,390.8 | 13,425.1 | 13,518.9 | 13,639.8 | 13,650.9 | 13,716.6 |
| 25 Disposable personal income | 14,003.0 | 14,279.0 | 14,341.0 | 14,338.0 | 14,451.0 | 14,535.0 | 14,625.0 | 14,697.0 |
| 26 Saving rate (percent) | 5.0 | 5.5 | 4.1 | 3.9 | 4.0 | 3.6 | 4.1 | 4.1 |
| GROSS SAVING | | | | | | | | |
| 27 **Gross saving** | **751.4** | **722.9** | **787.5** | **788.9** | **825.8** | **886.2** | **923.3** | **922.6** |
| 28 Gross private saving | 937.3 | 980.8 | 1,002.5 | 989.9 | 1,011.4 | 1,037.3 | 1,041.4 | 1,052.7 |
| 29 Personal saving | 211.6 | 247.9 | 192.6 | 182.3 | 189.4 | 175.5 | 201.1 | 203.3 |
| 30 Undistributed corporate profits[1] | 99.2 | 94.3 | 120.9 | 130.3 | 147.9 | 127.7 | 142.3 | 139.5 |
| 31 Corporate inventory valuation adjustment | 5.8 | 6.4 | −6.2 | 3.0 | −6.5 | −12.3 | −14.1 | −19.6 |
| *Capital consumption allowances* | | | | | | | | |
| 32 Corporate | 383.3 | 396.8 | 407.8 | 413.3 | 411.1 | 432.2 | 425.9 | 432.6 |
| 33 Noncorporate | 243.1 | 261.8 | 261.2 | 264.1 | 263.0 | 301.8 | 272.1 | 277.3 |
| 34 Government surplus, or deficit (−), national income and product accounts | −185.9 | −257.8 | −215.0 | −201.0 | −185.6 | −151.1 | −118.1 | −130.1 |
| 35 Federal | −202.9 | −282.7 | −241.4 | 224.9 | −220.1 | −176.2 | −145.1 | −154.0 |
| 36 State and local | 17.0 | 24.8 | 26.3 | 23.9 | 34.5 | 25.2 | 27.0 | 23.9 |
| 37 **Gross investment** | **752.9** | **731.7** | **789.8** | **783.4** | **809.3** | **850.2** | **899.3** | **901.5** |
| 38 Gross private domestic investment | 744.8 | 788.3 | 882.0 | 882.2 | 922.5 | 966.6 | 1,034.4 | 1,055.1 |
| 39 Net foreign investment | 8.1 | −56.6 | −92.3 | −98.8 | 113.2 | −116.4 | −135.1 | 153.6 |
| 40 **Statistical discrepancy** | **1.5** | **8.8** | **2.3** | **−5.5** | **−16.5** | **−36.1** | **−24.0** | **−21.1** |

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 credits or debits | 1991 | 1992 | 1993 | 1993 | | 1994 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q3 | Q4 | Q1 | Q2[r] | Q3[p] |
| 1 Balance on current account | -6,952 | -67,886 | -103,896 | -27,856 | 30,587 | 32,317 | -37,906 | -41,722 |
| 2 Merchandise trade balance[2] | -74,068 | 96,097 | -132,575 | 36,488 | -33,169 | -36,962 | -41,632 | -44,633 |
| 3 Merchandise exports | 416,913 | 440,361 | 456,866 | 111,736 | 119,679 | 118,018 | 122,683 | 127,817 |
| 4 Merchandise imports | 490,981 | -536,458 | -589,441 | 148,224 | -152,848 | -154,980 | -164,315 | -172,450 |
| 5 Military transactions, net | -5,485 | -3,034 | -763 | -87 | -444 | -338 | 177 | 376 |
| 6 Other service transactions, net | 51,082 | 58,747 | 57,613 | 14,317 | 13,637 | 12,972 | 14,809 | 14,746 |
| 7 Investment income, net | 14,833 | 4,540 | 3,946 | 2,015 | -590 | -811 | -2,809 | 3,948 |
| 8 U.S. government grants | 23,959 | -15,010 | -14,620 | 3,114 | 5,591 | 2,371 | -3,590 | -2,789 |
| 9 U.S. government pensions and other transfers | -3,461 | -3,735 | -3,785 | -986 | -987 | 968 | -974 | -1,550 |
| 10 Private remittances and other transfers | -13,811 | -13,297 | -13,712 | -3,513 | 3,443 | -3,839 | -3,887 | 3,924 |
| 11 *Change in U.S. government assets other than official reserve assets, net (increase, )* | 2,900 | -1,652 | -306 | 192 | -321 | 490 | 462 | 118 |
| 12 Change in U.S. official reserve assets (increase, ) | 5,763 | 3,901 | -1,379 | -545 | 673 | 59 | 3,537 | -165 |
| 13 Gold | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Special drawing rights (SDRs) | -177 | 2,316 | -537 | 118 | 113 | 101 | -108 | 111 |
| 15 Reserve position in International Monetary Fund | -367 | -2,692 | -44 | 48 | -80 | 3 | 251 | 273 |
| 16 Foreign currencies | 6,307 | 4,277 | -797 | 378 | -480 | 45 | 3,394 | -327 |
| 17 Change in U.S. private assets abroad (increase, -) | 60,175 | 63,759 | 146,213 | -34,915 | -62,628 | 48,667 | -11,030 | 20,111 |
| 18 Bank-reported claims[3] | 4,763 | 22,314 | 32,238 | 7,335 | 9,293 | 1,236 | 15,248 | -3,458 |
| 19 Nonbank-reported claims | 11,097 | 45 | -598 | 4,838 | -303 | 1,941 | -4,264 | ... |
| 20 U.S. purchases of foreign securities, net | 44,740 | -45,114 | -119,983 | -40,777 | -30,349 | 24,605 | 14,007 | 7,146 |
| 21 U.S. direct investments abroad, net | -31,295 | -41,004 | 57,871 | 6,311 | -22,683 | 24,767 | -8,007 | -9,507 |
| 22 Change in foreign official assets in United States (increase, +) | 17,199 | 40,858 | 71,680 | 19,259 | 23,962 | 11,530 | 8,925 | 17,496 |
| 23 U.S. Treasury securities | 14,846 | 18,454 | 48,702 | 19,098 | 22,856 | 1,193 | 6,033 | 15,207 |
| 24 Other U.S. government obligations | 1,301 | 3,949 | 4,062 | 1,345 | 970 | 50 | 2,355 | 2,003 |
| 25 Other U.S. government liabilities[4] | 1,177 | 2,572 | 1,666 | 1,121 | 825 | 938 | 252 | 526 |
| 26 Other U.S. liabilities reported by U.S. banks[3] | -1,484 | 16,571 | 14,666 | -2,489 | -587 | 10,139 | 1,241 | 539 |
| 27 Other foreign official assets[5] | 1,359 | -688 | 2,585 | 184 | -102 | -790 | 956 | 779 |
| 28 Change in foreign private assets in United States (increase, +) | 80,935 | 105,646 | 159,017 | 52,675 | 66,200 | 83,548 | 40,332 | 49,943 |
| 29 U.S. bank-reported liabilities[3] | 3,994 | 15,461 | 18,452 | 27,618 | 7,370 | 35,200 | 25,539 | 16,826 |
| 30 U.S. nonbank-reported liabilities | -3,115 | 13,573 | 14,282 | 1,169 | 4,733 | 5,867 | 3,662 | ... |
| 31 Foreign private purchases of U.S. Treasury securities, net | 18,826 | 36,857 | 24,849 | 3,474 | 7,996 | 9,260 | 7,434 | 5,661 |
| 32 Foreign purchases of other U.S. securities, net | 35,144 | 29,867 | 80,068 | 17,445 | 38,008 | 21,258 | 13,152 | 14,162 |
| 33 Foreign direct investments in United States, net | 26,086 | 9,888 | 21,366 | 2,969 | 8,093 | 11,963 | 5,413 | 13,294 |
| 34 Allocation of special drawing rights | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Discrepancy | -39,670 | 17,108 | 21,096 | 8,427 | 4,047 | 14,525 | -4,320 | 5,323 |
| 36 Due to seasonal adjustment | ... | ... | ... | 6,643 | 103 | 5,810 | 639 | 6,919 |
| 37 Before seasonal adjustment | -39,670 | -17,108 | 21,096 | -1,785 | 3,944 | -20,335 | 4,959 | 1,596 |
| MEMO | | | | | | | | |
| *Changes in official assets* | | | | | | | | |
| 38 U.S. official reserve assets (increase, -) | 5,763 | 3,901 | -1,379 | 545 | 673 | 59 | 3,537 | 165 |
| 39 Foreign official assets in United States, excluding line 25 (increase, +) | 16,022 | 38,286 | 70,015 | 18,138 | 23,137 | 10,592 | 8,673 | 16,970 |
| 40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22) | -4,882 | 5,942 | 3,847 | 3,194 | 229 | 1,674 | 4,149 | 3,592 |

1. Seasonal factors are not calculated for lines 12-16, 18-20, 22-34, and 38-40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

## 3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

| Item | 1991 | 1992 | 1993 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| 1 **Goods and services, balance** | −28,472 | −40,384 | −75,725 | −9,219 | −8,845 | −10,953 | −9,060 | −9,354 | −10,097 | −10,531 |
| 2 Merchandise | −74,068 | −96,097 | −132,575 | −14,272 | −14,020 | −15,955 | −14,101 | −14,433 | −15,051 | −15,562 |
| 3 Services | 45,596 | 55,713 | 56,850 | 5,053 | 5,175 | 5,002 | 5,041 | 5,079 | 4,954 | 5,031 |
| 4 Goods and services, exports | 580,127 | 616,924 | 641,677 | 56,258 | 58,333 | 56,297 | 60,292 | 60,063 | 59,847 | 61,160 |
| 5 Merchandise | 416,913 | 440,361 | 456,866 | 40,276 | 42,028 | 40,128 | 44,121 | 43,596 | 43,380 | 44,535 |
| 6 Services | 163,214 | 176,563 | 184,811 | 15,982 | 16,305 | 16,169 | 16,171 | 16,467 | 16,467 | 16,625 |
| 7 Goods and services, imports | −608,599 | −657,308 | 717,402 | −65,477 | −67,178 | −67,250 | −69,352 | 69,417 | −69,944 | −71,691 |
| 8 Merchandise | −490,981 | −536,458 | −589,441 | −54,548 | −56,048 | −56,083 | −58,222 | −58,029 | −58,431 | −60,097 |
| 9 Services | −117,618 | −120,850 | −127,961 | −10,929 | −11,130 | −11,167 | −11,130 | −11,388 | −11,513 | −11,594 |
| MEMO | | | | | | | | | | |
| 10 **Balance on merchandise trade, Census basis** | **−66,723** | **−84,501** | **−115,568** | **−12,885** | **−13,028** | **−14,845** | **−12,758** | **−13,388** | **−13,815** | **−14,521** |

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Asset | 1991 | 1992 | 1993 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | June | July | Aug. | Sept. | Oct. | Nov. | Dec.[p] |
| 1 **Total** | **77,719** | **71,323** | **73,442** | **75,732** | **75,443** | **75,740** | **76,532** | **78,172** | **74,000** | **74,335** |
| 2 Gold stock, including Exchange Stabilization Fund[1] | 11,057 | 11,056 | 11,053 | 11,052 | 11,052 | 11,054 | 11,054 | 11,053 | 11,052 | 11,051 |
| 3 Special drawing rights[2,3] | 11,240 | 8,503 | 9,039 | 9,731 | 9,696 | 9,837 | 9,971 | 10,088 | 10,017 | 10,039 |
| 4 Reserve position in International Monetary Fund[2] | 9,488 | 11,759 | 11,818 | 12,184 | 12,183 | 12,161 | 12,067 | 12,339 | 12,037 | 12,030 |
| 5 Foreign currencies[4] | 45,934 | 40,005 | 41,532 | 42,765 | 42,512 | 42,688 | 43,440 | 44,692 | 40,894 | 41,215 |

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

## 3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

| Asset | 1991 | 1992 | 1993 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | June | July | Aug. | Sept. | Oct. | Nov. | Dec.[p] |
| 1 **Deposits** | **968** | **205** | **386** | **604** | **181** | **188** | **342** | **223** | **230** | **250** |
| *Held in custody* | | | | | | | | | | |
| 2 U.S. Treasury securities[2] | 281,107 | 314,481 | 379,394 | 411,580 | 423,715 | 427,574 | 429,819 | 439,854 | 444,339 | 441,866 |
| 3 Earmarked gold[3] | 13,303 | 13,118 | 12,327 | 12,065 | 12,056 | 12,044 | 12,044 | 12,039 | 12,037 | 12,033 |

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item | 1992 | 1993 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | May[1] | June | July | Aug. | Sept. | Oct.[r] | Nov.[p] |
| 1 **Total**[1] | **412,624** | **482,858**[r] | **489,555** | **501,827** | **516,466**[r] | **518,785**[r] | **520,585**[r] | **530,968** | **523,703** |
| *By type* | | | | | | | | | |
| 2 Liabilities reported by banks in the United States[2] | 54,967 | 69,808 | 78,255 | 80,887[r] | 84,889 | 79,806[r] | 82,582[r] | 79,356 | 73,411 |
| 3 U.S. Treasury bills and certificates[3] | 104,596 | 150,900 | 134,568 | 141,338 | 146,244[r] | 143,400 | 138,261 | 147,849 | 143,132 |
| U.S. Treasury bonds and notes | | | | | | | | | |
| 4 Marketable | 210,931 | 212,253[r] | 226,144 | 228,823[r] | 233,720[r] | 242,936[r] | 247,624[r] | 250,425 | 253,070 |
| 5 Nonmarketable[4] | 4,532 | 5,652 | 5,837 | 5,875 | 5,913 | 5,952 | 5,990 | 6,031 | 6,069 |
| 6 U.S. securities other than U.S. Treasury securities[5] | 37,598 | 44,245 | 44,751 | 44,904 | 45,700 | 46,691 | 46,128 | 47,307 | 48,021 |
| *By area* | | | | | | | | | |
| 7 Europe[1] | 189,230 | 206,921 | 214,880 | 221,957 | 227,466[r] | 226,234[r] | 225,600[r] | 223,162 | 217,404 |
| 8 Canada | 13,700 | 15,285 | 14,505 | 15,996 | 18,656 | 18,597 | 19,287 | 18,402 | 17,339 |
| 9 Latin America and Caribbean | 37,973 | 55,898 | 43,741 | 42,646[r] | 42,749 | 44,224 | 44,427 | 47,847 | 45,306 |
| 10 Asia | 164,690 | 197,758[r] | 209,082 | 211,250[r] | 217,931[r] | 221,100[r] | 222,971[r] | 232,126 | 233,835 |
| 11 Africa | 3,723 | 4,052 | 3,969 | 4,110 | 3,862 | 4,259 | 4,388 | 4,232 | 4,673 |
| 12 Other countries[6] | 3,306 | 2,942 | 3,376 | 5,866 | 5,800 | 4,369 | 3,910 | 5,197 | 5,144 |

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

## 3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

| Item | 1990 | 1991 | 1992 | 1993 | 1994[r] | | |
|---|---|---|---|---|---|---|---|
| | | | | Dec.[r] | Mar. | June | Sept. |
| 1 Banks' liabilities | 70,477 | 75,129 | 72,796 | 78,120 | 86,459 | 72,312 | 82,183 |
| 2 Banks' claims | 66,796 | 73,195 | 62,799 | 59,262 | 72,696 | 55,978 | 58,536 |
| 3 Deposits | 29,672 | 26,192 | 24,240 | 19,404 | 19,684 | 20,499 | 19,623 |
| 4 Other claims | 37,124 | 47,003 | 38,559 | 39,858 | 53,012 | 35,479 | 38,913 |
| 5 Claims of banks' domestic customers[2] | 6,309 | 3,398 | 4,432 | 3,058 | 3,655 | 4,182 | 4,987 |

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 | 1991 | 1992 | 1993 | 1994[r] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| BY HOLDER AND TYPE OF LIABILITY | | | | | | | | | | |
| 1 **Total, all foreigners** | **756,066** | **810,259** | **920,995[r]** | **964,290** | **991,779** | **997,239** | **993,475** | **993,564** | **1,006,237** | **982,450** |
| 2 Banks' own liabilities | 575,374 | 606,444 | 622,847[r] | 666,349 | 685,581 | 697,021 | 692,920 | 706,331 | 708,822 | 685,870 |
| 3 Demand deposits | 20,321 | 21,828 | 21,574[r] | 27,824 | 24,521 | 23,549 | 22,962 | 23,541 | 24,627 | 23,969 |
| 4 Time deposits[2] | 159,649 | 160,385 | 175,116[r] | 182,416 | 183,568 | 185,826 | 184,552 | 178,006 | 181,169 | 178,629 |
| 5 Other[3] | 66,305 | 93,237 | 110,144[r] | 124,769 | 118,657 | 127,500 | 118,816 | 134,614 | 133,678 | 123,849 |
| 6 Own foreign offices[4] | 329,099 | 330,994 | 316,013[r] | 331,340 | 358,835 | 360,146 | 366,590 | 370,170 | 369,348 | 359,423 |
| 7 Banks' custodial liabilities[5] | 180,692 | 203,815 | 298,148[r] | 297,941 | 306,198 | 300,218 | 300,555 | 287,233 | 297,415 | 296,580 |
| 8 U.S. Treasury bills and certificates[6] | 110,734 | 127,644 | 176,523 | 161,145 | 171,315 | 170,064 | 170,592 | 164,341 | 174,291 | 168,667 |
| 9 Other negotiable and readily transferable instruments[7] | 18,664 | 21,974 | 36,289[r] | 48,776 | 49,915 | 46,257 | 46,416 | 39,033 | 37,681 | 40,050 |
| 10 Other | 51,294 | 54,197 | 85,336[r] | 88,020 | 84,968 | 83,897 | 83,547 | 83,859 | 85,443 | 87,863 |
| 11 Nonmonetary international and regional organizations[8] | 8,981 | 9,350 | 10,936[r] | 8,364 | 9,042 | 7,318 | 5,323 | 7,279 | 7,591 | 6,182 |
| 12 Banks' own liabilities | 6,827 | 6,951 | 5,639 | 6,437 | 5,667 | 5,511 | 4,328 | 6,302 | 5,814 | 5,416 |
| 13 Demand deposits | 43 | 46 | 15 | 35 | 31 | 29 | 36 | 28 | 83 | 35 |
| 14 Time deposits[2] | 2,714 | 3,214 | 2,780 | 2,785 | 3,223 | 3,469 | 2,691 | 2,699 | 2,845 | 2,817 |
| 15 Other[3] | 4,070 | 3,691 | 2,844 | 3,617 | 2,413 | 2,013 | 1,601 | 3,575 | 2,886 | 2,564 |
| 16 Banks' custodial liabilities[5] | 2,154 | 2,399 | 5,297[r] | 1,927 | 3,375 | 1,807 | 995 | 977 | 1,777 | 766 |
| 17 U.S. Treasury bills and certificates[6] | 1,730 | 1,908 | 4,275 | 857 | 2,825 | 1,082 | 836 | 767 | 1,572 | 501 |
| 18 Other negotiable and readily transferable instruments[7] | 424 | 486 | 1,022[r] | 1,070 | 548 | 725 | 159 | 205 | 205 | 265 |
| 19 Other | 0 | 5 | 0 | 0 | 2 | 0 | 0 | 5 | 0 | 0 |
| 20 Official institutions[9] | 131,088 | 159,563 | 220,708 | 212,823 | 222,225 | 231,133 | 223,206 | 220,843 | 227,205 | 216,543 |
| 21 Banks' own liabilities | 34,411 | 51,202 | 64,231 | 66,158 | 67,641 | 73,967 | 67,619 | 72,109 | 67,500 | 60,655 |
| 22 Demand deposits | 2,626 | 1,302 | 1,601 | 1,435 | 2,029 | 1,472 | 1,232 | 1,691 | 2,028 | 1,682 |
| 23 Time deposits[2] | 16,504 | 17,939 | 21,654 | 23,644 | 24,925 | 27,497 | 25,948 | 26,909 | 23,801 | 20,634 |
| 24 Other[3] | 15,281 | 31,961 | 40,976 | 41,079 | 40,687 | 44,998 | 40,439 | 43,509 | 41,671 | 38,339 |
| 25 Banks' custodial liabilities[5] | 96,677 | 108,361 | 156,477 | 146,665 | 154,584 | 157,166 | 155,587 | 148,734 | 159,705 | 155,888 |
| 26 U.S. Treasury bills and certificates[6] | 92,692 | 104,596 | 150,900 | 134,568 | 141,338 | 146,244 | 143,400 | 138,261 | 147,849 | 143,132 |
| 27 Other negotiable and readily transferable instruments[7] | 3,879 | 3,726 | 5,482 | 12,053 | 13,112 | 10,863 | 12,054 | 10,407 | 11,820 | 12,739 |
| 28 Other | 106 | 39 | 95 | 44 | 134 | 59 | 133 | 66 | 36 | 17 |
| 29 Banks[10] | 522,265 | 547,320 | 588,448[r] | 629,488 | 646,058 | 649,670 | 652,508 | 646,547 | 652,398 | 640,929 |
| 30 Banks' own liabilities | 459,335 | 476,117 | 476,426[r] | 511,082 | 530,866 | 536,234 | 536,398 | 538,016 | 545,187 | 532,073 |
| 31 Unaffiliated foreign banks | 130,236 | 145,123 | 160,413[r] | 179,742 | 172,031 | 176,088 | 169,808 | 167,846 | 175,839 | 172,650 |
| 32 Demand deposits | 8,648 | 10,170 | 9,719 | 15,551 | 12,323 | 11,792 | 11,837 | 10,555 | 11,023 | 11,259 |
| 33 Time deposits[2] | 82,857 | 90,296 | 105,192 | 109,083 | 108,366 | 106,888 | 107,110 | 101,741 | 106,646 | 106,317 |
| 34 Other[3] | 38,731 | 44,657 | 45,502[r] | 55,108 | 51,342 | 57,408 | 50,861 | 55,550 | 58,170 | 55,074 |
| 35 Own foreign offices[4] | 329,099 | 330,994 | 316,013[r] | 331,340 | 358,835 | 360,146 | 366,590 | 370,170 | 369,348 | 359,423 |
| 36 Banks' custodial liabilities[5] | 62,930 | 71,203 | 112,022[r] | 118,406 | 115,192 | 113,436 | 116,110 | 108,531 | 107,211 | 108,856 |
| 37 U.S. Treasury bills and certificates[6] | 7,471 | 11,087 | 10,707 | 11,407 | 10,834 | 10,138 | 12,249 | 10,951 | 10,771 | 11,586 |
| 38 Other negotiable and readily transferable instruments[7] | 5,694 | 7,555 | 17,020 | 22,081 | 22,347 | 21,446 | 22,049 | 15,388 | 13,248 | 13,654 |
| 39 Other | 49,765 | 52,561 | 84,295[r] | 84,918 | 82,011 | 81,852 | 81,812 | 82,192 | 83,192 | 83,616 |
| 40 Other foreigners | 93,732 | 94,026 | 100,903[r] | 113,615 | 114,454 | 109,118 | 112,438 | 118,895 | 119,043 | 118,796 |
| 41 Banks' own liabilities | 74,801 | 72,174 | 76,551[r] | 82,672 | 81,407 | 81,309 | 84,575 | 89,904 | 90,321 | 87,726 |
| 42 Demand deposits | 9,004 | 10,310 | 10,239[r] | 10,803 | 10,138 | 10,256 | 9,857 | 11,267 | 11,493 | 10,993 |
| 43 Time deposits[2] | 57,574 | 48,936 | 45,490[r] | 46,904 | 47,054 | 47,972 | 48,803 | 46,657 | 47,877 | 48,861 |
| 44 Other[3] | 8,223 | 12,928 | 20,822 | 24,965 | 24,215 | 23,081 | 25,915 | 31,980 | 30,951 | 27,872 |
| 45 Banks' custodial liabilities[5] | 18,931 | 21,852 | 24,352 | 30,943 | 33,047 | 27,809 | 27,863 | 28,991 | 28,722 | 31,070 |
| 46 U.S. Treasury bills and certificates[6] | 8,841 | 10,053 | 10,641 | 14,313 | 16,318 | 12,600 | 14,107 | 14,362 | 14,099 | 13,448 |
| 47 Other negotiable and readily transferable instruments[7] | 8,667 | 10,207 | 12,765 | 13,572 | 13,908 | 13,223 | 12,154 | 13,033 | 12,408 | 13,392 |
| 48 Other | 1,423 | 1,592 | 946 | 3,058 | 2,821 | 1,986 | 1,602 | 1,596 | 2,215 | 4,230 |
| MEMO | | | | | | | | | | |
| 49 Negotiable time certificates of deposit in custody for foreigners | 7,456 | 9,111 | 17,567 | 26,385 | 27,075 | 25,589 | 25,338 | 19,160 | 16,813 | 17,582 |

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

| Item | 1991 | 1992 | 1993 | 1994 May | 1994 June | 1994 July | 1994 Aug. | 1994 Sept. | 1994 Oct.[r] | 1994 Nov.[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| AREA | | | | | | | | | | |
| 1 **Total, all foreigners** | **756,066** | **810,259** | **920,995[r]** | **964,290[r]** | **991,779[r]** | **997,239[r]** | **993,475[r]** | **993,564[r]** | **1,006,237** | **982,450** |
| 2 **Foreign countries** | **747,085** | **800,909** | **910,059[r]** | **955,926[r]** | **982,737[r]** | **989,921[r]** | **988,152[r]** | **986,285[r]** | **998,646** | **976,268** |
| 3 Europe | 249,097 | 307,670 | 376,988[r] | 405,793[r] | 412,178[r] | 422,577[r] | 419,932[r] | 406,937[r] | 413,700 | 393,100 |
| 4 Austria | 1,193 | 1,611 | 1,917 | 3,309 | 3,578 | 3,364 | 3,349 | 3,014 | 3,610 | 4,263 |
| 5 Belgium and Luxembourg | 13,337 | 20,567 | 28,627 | 32,612 | 25,298[r] | 25,145 | 27,159 | 27,593 | 23,591 | 22,346 |
| 6 Denmark | 937 | 3,060 | 4,517 | 3,207 | 3,473 | 2,877 | 2,634 | 2,128 | 2,374 | 2,307 |
| 7 Finland | 1,341 | 1,299 | 1,872 | 1,849 | 2,649 | 2,504 | 1,747 | 2,319 | 2,601 | 1,587 |
| 8 France | 31,808 | 41,411 | 39,741 | 42,131[r] | 43,246 | 41,410 | 41,911 | 43,143 | 44,209 | 41,160 |
| 9 Germany | 8,619 | 18,630 | 26,613 | 28,215[r] | 33,114 | 30,838 | 31,046[r] | 31,889[r] | 33,136 | 31,049 |
| 10 Greece | 765 | 913 | 1,519 | 1,453 | 1,377 | 1,153 | 1,199 | 1,227 | 1,711 | 1,477 |
| 11 Italy | 13,541 | 10,041 | 11,559 | 13,015 | 12,771 | 11,537 | 11,725 | 10,781 | 10,701 | 9,685 |
| 12 Netherlands | 7,161 | 7,365 | 16,096 | 18,500[r] | 18,691[r] | 18,446[r] | 17,199[r] | 18,754[r] | 18,034 | 17,310 |
| 13 Norway | 1,866 | 3,314 | 2,966 | 3,278 | 4,018 | 3,731 | 3,195 | 2,861 | 3,400 | 2,807 |
| 14 Portugal | 2,184 | 2,465 | 3,366 | 2,853 | 2,920 | 2,865 | 2,867 | 3,023 | 2,859 | 2,919 |
| 15 Russia | 241 | 577 | 2,511 | 4,016 | 4,497 | 4,593 | 3,794 | 2,899 | 2,337 | 2,367 |
| 16 Spain | 11,391 | 9,793 | 20,493 | 17,832[r] | 15,839 | 17,137[r] | 15,455[r] | 14,198[r] | 16,324 | 15,037 |
| 17 Sweden | 2,222 | 2,953 | 2,572 | 3,443 | 4,043 | 5,709[r] | 4,149[r] | 4,651[r] | 3,467 | 3,361 |
| 18 Switzerland | 37,238 | 39,440 | 41,555 | 40,174 | 38,075 | 41,378 | 43,486 | 41,050[r] | 41,834 | 41,756 |
| 19 Turkey | 1,598 | 2,666 | 3,227 | 2,759 | 3,250 | 3,515 | 3,238 | 3,013 | 3,133 | 3,032 |
| 20 United Kingdom | 100,292 | 111,805 | 133,936 | 158,961[r] | 163,338[r] | 171,239[r] | 174,078[r] | 160,361[r] | 172,376 | 162,775 |
| 21 Yugoslavia[11] | 622 | 504 | 570 | 424 | 434 | 230 | 227 | 224 | 220 | 240 |
| 22 Other Europe and other former U.S.S.R.[12] | 12,741 | 29,256 | 33,331[r] | 27,762[r] | 31,567 | 34,906 | 31,474 | 33,909[r] | 27,983 | 27,822 |
| 23 Canada | 21,605 | 22,420 | 20,227 | 25,948 | 25,480 | 26,625 | 26,341[r] | 24,660 | 23,115 | 23,295 |
| 24 Latin America and Caribbean | 345,529 | 317,228 | 357,380[r] | 360,056[r] | 381,263[r] | 375,700[r] | 377,864[r] | 384,805[r] | 385,829 | 390,645 |
| 25 Argentina | 7,753 | 9,477 | 14,477 | 13,474 | 13,750 | 14,592 | 14,806[r] | 13,783 | 15,577 | 15,950 |
| 26 Bahamas | 100,622 | 82,284 | 73,150[r] | 79,640[r] | 85,817 | 87,264 | 83,260 | 86,011 | 88,086 | 89,515 |
| 27 Bermuda | 3,178 | 7,079 | 7,830 | 8,182 | 8,975 | 10,103 | 8,422 | 10,334 | 8,936 | 7,615 |
| 28 Brazil | 5,704 | 5,584 | 5,301 | 5,572 | 5,708 | 6,261[r] | 5,697[r] | 5,670[r] | 6,195 | 6,722 |
| 29 British West Indies | 163,620 | 153,033 | 190,446[r] | 189,785[r] | 206,466[r] | 198,471[r] | 204,677[r] | 208,452[r] | 204,625 | 209,202 |
| 30 Chile | 3,283 | 3,035 | 3,183 | 3,286 | 3,523 | 3,353 | 2,988 | 3,407 | 3,078 | 3,741 |
| 31 Colombia | 4,661 | 4,580 | 3,171 | 3,865 | 3,929 | 3,773 | 3,726 | 4,027 | 4,471 | 4,413 |
| 32 Cuba | 2 | 3 | 33 | 11 | 11 | 12 | 13 | 13 | 7 | 7 |
| 33 Ecuador | 1,232 | 993 | 880 | 842 | 812 | 819 | 847 | 823 | 830 | 825 |
| 34 Guatemala | 1,594 | 1,377 | 1,207 | 1,137 | 1,143 | 1,207[r] | 1,142[r] | 1,103[r] | 1,076 | 1,035 |
| 35 Jamaica | 231 | 371 | 410 | 526 | 475 | 518 | 531 | 565 | 589 | 513 |
| 36 Mexico | 19,957 | 19,454 | 28,018 | 21,900 | 21,286 | 20,182[r] | 20,821[r] | 19,937[r] | 21,254 | 19,191 |
| 37 Netherlands Antilles | 5,592 | 5,205 | 4,195 | 7,021 | 4,885 | 4,301 | 5,058 | 4,268 | 4,146 | 4,838 |
| 38 Panama | 4,695 | 4,177 | 3,582 | 3,811 | 3,861 | 4,087 | 3,843 | 4,082[r] | 4,077 | 4,598 |
| 39 Peru | 1,249 | 1,080 | 926 | 912 | 930 | 916 | 1,027 | 1,079 | 1,027 | 935 |
| 40 Uruguay | 2,096 | 1,955 | 1,611 | 1,561 | 1,597 | 1,420 | 1,336 | 1,399 | 1,471 | 1,189 |
| 41 Venezuela | 13,181 | 11,387 | 12,786 | 12,023[r] | 11,655 | 12,004 | 13,157 | 13,297 | 13,805 | 13,829 |
| 42 Other | 6,879 | 6,154 | 6,174 | 6,508 | 6,440 | 6,417[r] | 6,513[r] | 6,555[r] | 6,579 | 6,527 |
| 43 Asia | 120,462 | 143,540 | 144,639[r] | 152,054[r] | 148,721[r] | 151,279[r] | 152,530[r] | 158,328[r] | 163,346 | 157,086 |
| China | | | | | | | | | | |
| 44 People's Republic of China | 2,626 | 3,202 | 4,011 | 5,358 | 6,158 | 5,018 | 4,394 | 5,062 | 5,625 | 8,017 |
| 45 Republic of China (Taiwan) | 11,491 | 8,408 | 10,633 | 9,820 | 8,375 | 8,811 | 8,737 | 8,863 | 9,483 | 10,929 |
| 46 Hong Kong | 14,269 | 18,499 | 17,233 | 21,665 | 19,111 | 18,759[r] | 18,679[r] | 18,819[r] | 18,244 | 17,572 |
| 47 India | 2,418 | 1,399 | 1,114 | 1,521 | 2,136 | 1,695 | 1,777 | 2,187 | 2,376 | 2,378 |
| 48 Indonesia | 1,463 | 1,480 | 1,986 | 1,537 | 2,002 | 1,676 | 1,835 | 1,828 | 1,734 | 1,613 |
| 49 Israel | 2,015 | 3,773 | 4,435 | 3,460 | 3,762 | 3,822 | 3,436 | 3,204 | 6,607 | 5,066 |
| 50 Japan | 47,069 | 58,435 | 61,466[r] | 62,971[r] | 64,084[r] | 65,671[r] | 65,755[r] | 68,242[r] | 66,145 | 63,331 |
| 51 Korea (South) | 2,587 | 3,337 | 4,913 | 4,523 | 4,581 | 5,310[r] | 4,873 | 4,622 | 4,740 | 5,016 |
| 52 Philippines | 2,449 | 2,275 | 2,035 | 2,590 | 3,150 | 3,396 | 3,214 | 3,135 | 3,158 | 3,064 |
| 53 Thailand | 2,252 | 5,582 | 6,137 | 5,788 | 4,851 | 5,222 | 6,364 | 6,503 | 5,682 | 5,926 |
| 54 *Middle Eastern oil-exporting countries*[13] | 15,752 | 21,437 | 15,824 | 14,895 | 14,374 | 14,935 | 15,928 | 17,138 | 17,232 | 17,678 |
| 55 Other | 16,071 | 15,713 | 14,852 | 17,926[r] | 16,137 | 16,964 | 17,538 | 18,725 | 22,320 | 16,496 |
| 56 Africa | 4,825 | 5,884 | 6,633[r] | 6,166 | 6,411 | 6,153 | 6,360 | 6,278 | 6,375 | 6,939 |
| 57 Egypt | 1,621 | 2,472 | 2,208 | 1,984 | 1,999 | 1,706 | 1,914 | 2,014 | 1,996 | 2,097 |
| 58 Morocco | 79 | 76 | 99 | 93 | 78 | 80 | 82 | 72 | 66 | 67 |
| 59 South Africa | 228 | 190 | 451 | 230 | 290 | 289 | 417 | 197 | 245 | 693 |
| 60 Zaire | 31 | 19 | 12 | 8 | 7 | 8 | 8 | 9 | 9 | 10 |
| 61 Oil-exporting countries[14] | 1,082 | 1,346 | 1,303 | 1,057 | 1,204 | 1,291 | 1,156 | 1,186 | 1,176 | 1,227 |
| 62 Other | 1,784 | 1,781 | 2,560[r] | 2,794 | 2,833 | 2,779 | 2,783 | 2,800 | 2,883 | 2,845 |
| 63 Other | 5,567 | 4,167 | 4,192 | 5,909 | 8,684 | 7,587 | 5,125 | 5,277 | 6,281 | 5,203 |
| 64 Australia | 4,464 | 3,043 | 3,308 | 2,796 | 5,804 | 6,288 | 3,935 | 3,966 | 5,114 | 4,094 |
| 65 Other | 1,103 | 1,124 | 884 | 3,113 | 2,880 | 1,299 | 1,190 | 1,311 | 1,167 | 1,109 |
| 66 Nonmonetary international and regional organizations | 8,981 | 9,350 | 10,936[r] | 8,364[r] | 9,042[r] | 7,318 | 5,323[r] | 7,279[r] | 7,591 | 6,182 |
| 67 International[15] | 6,485 | 7,434 | 6,851[r] | 5,635[r] | 7,058[r] | 5,446 | 3,998[r] | 5,350[r] | 5,847 | 4,336 |
| 68 Latin American regional[16] | 1,181 | 1,415 | 3,218 | 909 | 847 | 612 | 418 | 1,058 | 950 | 1,094 |
| 69 Other regional[17] | 1,315 | 501 | 867 | 1,820 | 1,137 | 1,260 | 907 | 871 | 794 | 752 |

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

14. Comprises Algeria, Gabon, Libya, and Nigeria.

15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

16. *Principally the Inter-American Development Bank.*

17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

## 3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

| Area or country | 1991 | 1992 | 1993[r] | 1994[r] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| 1 **Total, all foreigners** | **514,339** | **499,437** | **483,600** | **472,814** | **476,201** | **468,933** | **478,179** | **474,585** | **478,743** | **464,477** |
| 2 **Foreign countries** | **508,056** | **494,355** | **481,195** | **471,088** | **473,780** | **467,537** | **476,220** | **471,321** | **476,738** | **463,184** |
| 3 Europe | 114,310 | 123,377 | 121,253 | 123,645 | 119,779 | 123,072 | 124,237 | 119,758 | 131,506 | 119,252 |
| 4 Austria | 327 | 331 | 413 | 486 | 416 | 470 | 442 | 282 | 440 | 369 |
| 5 Belgium and Luxembourg | 6,158 | 6,404 | 6,535 | 6,389 | 7,113 | 6,915 | 6,543 | 7,250 | 6,323 | 6,237 |
| 6 Denmark | 686 | 707 | 382 | 1,332 | 539 | 622 | 464 | 521 | 880 | 668 |
| 7 Finland | 1,907 | 1,418 | 594 | 656 | 695 | 735 | 507 | 599 | 591 | 718 |
| 8 France | 15,112 | 14,723 | 11,497 | 13,089 | 13,750 | 13,263 | 15,992 | 14,829 | 16,292 | 12,906 |
| 9 Germany | 3,371 | 4,222 | 7,693 | 8,303 | 7,264 | 7,927 | 9,996 | 8,650 | 8,496 | 8,114 |
| 10 Greece | 553 | 717 | 679 | 682 | 661 | 583 | 657 | 613 | 520 | 518 |
| 11 Italy | 8,242 | 9,047 | 8,845 | 6,753 | 6,093 | 6,039 | 5,518 | 5,308 | 6,652 | 5,957 |
| 12 Netherlands | 2,546 | 2,468 | 3,063 | 3,272 | 3,003 | 3,006 | 2,948 | 2,854 | 3,358 | 3,319 |
| 13 Norway | 669 | 355 | 396 | 605 | 620 | 751 | 826 | 650 | 905 | 985 |
| 14 Portugal | 344 | 325 | 834 | 948 | 989 | 1,035 | 1,040 | 1,182 | 1,056 | 1,006 |
| 15 Russia | 1,970 | 3,147 | 2,310 | 1,656 | 1,605 | 1,541 | 1,378 | 1,272 | 1,220 | 1,172 |
| 16 Spain | 1,881 | 2,755 | 2,766 | 2,823 | 2,497 | 1,900 | 2,664 | 2,211 | 2,731 | 2,188 |
| 17 Sweden | 2,335 | 4,923 | 4,082 | 3,386 | 3,383 | 3,601 | 4,168 | 3,903 | 3,156 | 3,596 |
| 18 Switzerland | 4,540 | 4,717 | 6,567 | 6,487 | 6,674 | 9,028 | 6,938 | 5,854 | 7,670 | 6,544 |
| 19 Turkey | 1,063 | 962 | 1,287 | 1,324 | 1,210 | 1,208 | 1,152 | 1,024 | 1,142 | 895 |
| 20 United Kingdom | 60,395 | 63,430 | 60,997 | 63,160 | 61,170 | 62,492 | 61,264 | 60,518 | 68,231 | 62,545 |
| 21 Yugoslavia[2] | 825 | 569 | 536 | 361 | 340 | 275 | 273 | 258 | 266 | 266 |
| 22 Other Europe and other former U.S.S.R.[3] | 1,386 | 2,157 | 1,777 | 1,933 | 1,757 | 1,681 | 1,467 | 1,980 | 1,577 | 1,249 |
| 23 Canada | 15,113 | 13,845 | 18,413 | 17,187 | 20,496 | 19,888 | 19,678 | 19,226 | 16,384 | 17,750 |
| 24 Latin America and Caribbean | 246,137 | 218,078 | 224,112 | 219,696 | 221,604 | 215,608 | 223,297 | 220,137 | 221,254 | 217,065 |
| 25 Argentina | 5,869 | 4,958 | 4,427 | 5,178 | 5,506 | 5,811 | 5,876 | 5,585 | 5,588 | 5,715 |
| 26 Bahamas | 87,138 | 60,835 | 65,060 | 64,993 | 64,088 | 67,955 | 63,358 | 63,096 | 65,196 | 62,039 |
| 27 Bermuda | 2,270 | 5,935 | 8,034 | 6,876 | 6,276 | 5,783 | 7,328 | 5,430 | 5,186 | 6,697 |
| 28 Brazil | 11,894 | 10,773 | 11,812 | 11,933 | 11,285 | 10,547 | 10,051 | 10,278 | 10,188 | 9,759 |
| 29 British West Indies | 107,846 | 101,507 | 97,997 | 94,245 | 98,112 | 89,528 | 100,519 | 100,657 | 99,345 | 95,972 |
| 30 Chile | 2,805 | 3,397 | 3,616 | 3,353 | 3,419 | 3,327 | 3,410 | 3,391 | 3,429 | 3,624 |
| 31 Colombia | 2,425 | 2,750 | 3,179 | 3,229 | 3,366 | 3,326 | 3,414 | 3,459 | 3,670 | 3,768 |
| 32 Cuba | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 12 | 3 |
| 33 Ecuador | 1,053 | 884 | 680 | 683 | 707 | 683 | 604 | 624 | 628 | 632 |
| 34 Guatemala | 228 | 262 | 286 | 291 | 312 | 308 | 320 | 310 | 337 | 335 |
| 35 Jamaica | 158 | 162 | 195 | 198 | 194 | 186 | 210 | 204 | 255 | 251 |
| 36 Mexico | 16,567 | 14,991 | 15,838 | 16,095 | 16,463 | 16,378 | 16,459 | 16,223 | 16,825 | 17,282 |
| 37 Netherlands Antilles | 1,207 | 1,379 | 2,367 | 2,872 | 2,366 | 2,118 | 2,139 | 1,295 | 1,158 | 1,781 |
| 38 Panama | 1,560 | 4,654 | 2,892 | 2,324 | 2,197 | 2,335 | 2,386 | 2,372 | 2,307 | 2,304 |
| 39 Peru | 739 | 730 | 653 | 909 | 908 | 926 | 924 | 943 | 857 | 884 |
| 40 Uruguay | 599 | 936 | 952 | 551 | 608 | 748 | 706 | 711 | 800 | 652 |
| 41 Venezuela | 2,516 | 2,525 | 2,907 | 2,475 | 2,428 | 2,240 | 2,146 | 2,055 | 1,934 | 1,950 |
| 42 Other | 1,263 | 1,400 | 3,217 | 3,491 | 3,369 | 3,401 | 3,447 | 3,504 | 3,539 | 3,417 |
| 43 Asia | 125,262 | 131,789 | 110,751 | 103,851 | 104,859 | 102,408 | 102,391 | 105,597 | 101,098 | 103,253 |
| China | | | | | | | | | | |
| 44 People's Republic of China | 747 | 906 | 2,299 | 802 | 784 | 951 | 764 | 1,177 | 822 | 817 |
| 45 Republic of China (Taiwan) | 2,087 | 2,046 | 2,628 | 2,024 | 1,948 | 1,786 | 1,807 | 1,256 | 1,467 | 1,485 |
| 46 Hong Kong | 9,617 | 9,642 | 10,878 | 9,016 | 9,782 | 10,045 | 9,921 | 13,066 | 10,354 | 11,228 |
| 47 India | 441 | 529 | 589 | 738 | 784 | 791 | 829 | 950 | 951 | 1,001 |
| 48 Indonesia | 952 | 1,189 | 1,522 | 1,378 | 1,319 | 1,369 | 1,363 | 1,343 | 1,326 | 1,361 |
| 49 Israel | 860 | 820 | 826 | 710 | 671 | 638 | 675 | 663 | 860 | 696 |
| 50 Japan | 84,807 | 79,172 | 59,616 | 53,048 | 55,496 | 53,286 | 52,597 | 52,872 | 50,032 | 53,261 |
| 51 Korea (South) | 6,048 | 6,179 | 7,569 | 7,410 | 7,974 | 8,112 | 8,553 | 8,639 | 8,869 | 9,252 |
| 52 Philippines | 1,910 | 2,145 | 1,408 | 914 | 654 | 514 | 533 | 562 | 639 | 583 |
| 53 Thailand | 1,713 | 1,867 | 2,154 | 2,947 | 2,979 | 2,839 | 2,784 | 2,686 | 2,756 | 2,676 |
| 54 Middle Eastern oil-exporting countries[4] | 8,284 | 18,540 | 14,398 | 18,323 | 16,565 | 16,342 | 16,080 | 15,293 | 15,424 | 14,455 |
| 55 Other | 7,796 | 8,754 | 6,864 | 6,541 | 5,903 | 5,735 | 6,485 | 7,090 | 7,598 | 6,438 |
| 56 Africa | 4,928 | 4,279 | 3,857 | 3,698 | 3,784 | 3,456 | 3,659 | 3,473 | 3,147 | 3,080 |
| 57 Egypt | 294 | 186 | 196 | 219 | 281 | 234 | 229 | 250 | 237 | 229 |
| 58 Morocco | 575 | 441 | 481 | 477 | 518 | 479 | 485 | 490 | 468 | 480 |
| 59 South Africa | 1,235 | 1,041 | 633 | 575 | 556 | 492 | 656 | 569 | 480 | 454 |
| 60 Zaire | 4 | 4 | 4 | 5 | 4 | 3 | 3 | 3 | 3 | 3 |
| 61 Oil-exporting countries[5] | 1,298 | 1,002 | 1,129 | 1,217 | 1,235 | 1,194 | 1,189 | 1,103 | 955 | 879 |
| 62 Other | 1,522 | 1,605 | 1,414 | 1,205 | 1,190 | 1,054 | 1,097 | 1,058 | 1,004 | 1,035 |
| 63 Other | 2,306 | 2,987 | 2,809 | 3,011 | 3,258 | 3,105 | 2,958 | 3,130 | 3,349 | 2,784 |
| 64 Australia | 1,665 | 2,243 | 2,072 | 1,369 | 1,489 | 1,587 | 1,390 | 1,810 | 2,158 | 1,687 |
| 65 Other | 641 | 744 | 737 | 1,642 | 1,769 | 1,518 | 1,568 | 1,320 | 1,191 | 1,097 |
| 66 Nonmonetary international and regional organizations[6] | 6,283 | 5,082 | 2,405 | 1,726 | 2,421 | 1,396 | 1,959 | 3,264 | 2,005 | 1,293 |

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

## 3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

| Type of claim | 1991 | 1992 | 1993[r] | 1994[r] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| 1 **Total** | **579,683** | **559,495** | **535,131** | . | **532,770** | . . | . . | **528,301** | . . . | . . . |
| 2 Banks' claims | 514,339 | 499,437 | 483,600 | 472,814 | 476,201 | 468,933 | 478,179 | 474,585 | 478,743 | 464,477 |
| 3 Foreign public borrowers | 37,126 | 31,367 | 28,904 | 22,198 | 21,250 | 21,536 | 22,392 | 24,419 | 22,124 | 20,517 |
| 4 Own foreign offices[2] | 318,800 | 303,991 | 286,880 | 284,907 | 289,930 | 283,848 | 287,022 | 283,308 | 287,037 | 277,104 |
| 5 Unaffiliated foreign banks | 116,602 | 109,342 | 98,165 | 98,741 | 101,908 | 100,922 | 102,200 | 100,414 | 106,564 | 103,374 |
| 6 Deposits | 69,018 | 61,550 | 47,039 | 50,394 | 51,016 | 50,849 | 49,809 | 50,736 | 52,699 | 50,415 |
| 7 Other | 47,584 | 47,792 | 51,126 | 48,347 | 50,892 | 50,073 | 52,391 | 49,678 | 53,865 | 52,959 |
| 8 All other foreigners | 41,811 | 54,737 | 69,651 | 66,968 | 63,113 | 62,627 | 66,565 | 66,444 | 63,018 | 63,482 |
| 9 Claims of banks' domestic customers[3] | 65,344 | 60,058 | 51,531 | . . | 56,569 | . . | . . . | 53,716 | | . . |
| 10 Deposits | 15,280 | 15,452 | 20,006 | . . . | 24,051 | . . . | . . | 24,441 | . . | . |
| 11 Negotiable and readily transferable instruments[4] | 37,125 | 31,474 | 17,842 | . . . | 18,853 | . . . | . . . | 16,260 | . . | . . . |
| 12 Outstanding collections and other claims | 12,939 | 13,132 | 13,683 | . . | 13,665 | . | . . . | 13,015 | . . . | . . |
| MEMO | | | | | | | | | | |
| 13 Customer liability on acceptances | 8,974 | 8,655 | 7,854 | . . . | 7,493 | . . | | 7,605 | . . . | . . . |
| 14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5] | 43,024 | 38,623[r] | 26,073 | 23,161 | 23,748 | 22,880 | 23,026 | 24,456 | 23,029 | n.a. |

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

*Reporting banks include all types of depository institution, as well as some brokers and dealers.*

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

## 3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

| Maturity, by borrower and area[2] | 1990 | 1991 | 1992 | 1993 | 1994 | | |
|---|---|---|---|---|---|---|---|
| | | | | Dec.[r] | Mar.[r] | June[r] | Sept. |
| 1 **Total** | **206,903** | **195,302** | **195,119** | **195,180** | **193,306** | **185,359** | **190,087** |
| *By borrower* | | | | | | | |
| 2 Maturity of one year or less | 165,985 | 162,573 | 163,325 | 166,567 | 166,741 | 160,270 | 164,622 |
| 3 Foreign public borrowers | 19,305 | 21,050 | 17,813 | 17,563 | 15,953 | 12,786 | 16,683 |
| 4 All other foreigners | 146,680 | 141,523 | 145,512 | 149,004 | 150,788 | 147,484 | 147,939 |
| 5 Maturity of more than one year | 40,918 | 32,729 | 31,794 | 28,613 | 26,565 | 25,089 | 25,465 |
| 6 Foreign public borrowers | 22,269 | 15,859 | 13,266 | 10,813 | 9,260 | 8,056 | 7,379 |
| 7 All other foreigners | 18,649 | 16,870 | 18,528 | 17,800 | 17,305 | 17,033 | 18,086 |
| *By area* | | | | | | | |
| Maturity of one year or less | | | | | | | |
| 8 Europe | 49,184 | 51,835 | 53,300 | 56,432 | 58,919 | 51,037 | 57,732 |
| 9 Canada | 5,450 | 6,444 | 6,091 | 7,545 | 7,272 | 8,258 | 7,197 |
| 10 Latin America and Caribbean | 49,782 | 43,597 | 50,376 | 56,720 | 58,942 | 56,552 | 56,779 |
| 11 Asia | 53,258 | 51,059 | 45,709 | 40,341 | 36,007 | 37,992 | 36,116 |
| 12 Africa | 3,040 | 2,549 | 1,784 | 1,821 | 1,620 | 1,798 | 1,496 |
| 13 All other[3] | 5,272 | 7,089 | 6,065 | 3,708 | 3,981 | 4,633 | 5,302 |
| Maturity of more than one year | | | | | | | |
| 14 Europe | 3,859 | 3,878 | 5,367 | 4,404 | 3,840 | 3,327 | 3,609 |
| 15 Canada | 3,290 | 3,595 | 3,287 | 2,553 | 2,548 | 2,451 | 2,612 |
| 16 Latin America and Caribbean | 25,774 | 18,277 | 15,312 | 13,863 | 13,023 | 12,420 | 12,145 |
| 17 Asia | 5,165 | 4,459 | 5,038 | 5,412 | 4,704 | 4,607 | 4,801 |
| 18 Africa | 2,374 | 2,335 | 2,380 | 1,934 | 2,001 | 1,849 | 1,836 |
| 19 All other[3] | 456 | 185 | 410 | 447 | 449 | 435 | 462 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

## 3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

| Area or country | 1990 | 1991 | 1992 | | 1993 | | | | 1994 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sept. | Dec. | Mar. | June | Sept. | Dec | Mar. | June | Sept.[p] |
| 1 **Total** | **320.1** | **343.6** | **344.5** | **346.5** | **361.0** | **377.0** | **388.3** | **403.7** | **488.9** | **495.3** | **502.8** |
| 2 G-10 countries and Switzerland | 132.2 | 137.6 | 136.0 | 132.9 | 142.4 | 150.0 | 153.3 | 161.0 | 178.0 | 165.6 | 183.8 |
| 3 Belgium and Luxembourg | .0 | 6.0 | 6.2 | 5.6 | 6.1 | 7.0 | 7.1 | 7.4 | 7.9 | 8.6 | 9.5 |
| 4 France | 10.4 | 11.0 | 15.3 | 15.3 | 13.5 | 14.0 | 12.3 | 11.7 | 16.4 | 18.8 | 19.3 |
| 5 Germany | 10.6 | 8.3 | 10.9 | 9.3 | 9.9 | 10.8 | 12.4 | 12.6 | 28.7 | 24.3 | 24.3 |
| 6 Italy | 5.0 | 5.6 | 6.4 | 6.5 | 6.7 | 7.9 | 8.7 | 7.6 | 15.5 | 14.0 | 11.6 |
| 7 Netherlands | .0 | 4.7 | 3.7 | 2.8 | 3.6 | 3.7 | 3.7 | 4.7 | 4.1 | 3.6 | 3.4 |
| 8 Sweden | 2.2 | 1.9 | 2.2 | 2.3 | 3.0 | 2.5 | 2.5 | 2.5 | 2.8 | 2.9 | 2.6 |
| 9 Switzerland | 4.4 | 3.4 | 5.2 | 4.8 | 5.3 | 4.7 | 5.6 | 5.9 | 6.3 | 6.5 | 6.2 |
| 10 United Kingdom | 60.9 | 68.5 | 61.0 | 60.8 | 65.7 | 73.5 | 74.7 | 84.5 | 69.8 | 57.7 | 81.0 |
| 11 Canada | 5.9 | 5.8 | 6.3 | 6.3 | 8.2 | 8.0 | 9.7 | 6.6 | 7.6 | 9.5 | 9.8 |
| 12 Japan | 24.0 | 22.6 | 18.9 | 19.3 | 20.4 | 17.9 | 16.8 | 17.4 | 18.8 | 19.6 | 16.0 |
| 13 Other industrialized countries | 22.9 | 22.8 | 25.0 | 24.0 | 25.4 | 27.2 | 26.0 | 24.6 | 41.2 | 43.2 | 41.5 |
| 14 Austria | 1.4 | .6 | .7 | 1.2 | 1.2 | 1.3 | .6 | .4 | 1.0 | 1.0 | 1.0 |
| 15 Denmark | 1.1 | .9 | 1.5 | .9 | .8 | 1.0 | 1.1 | 1.0 | 1.1 | 1.1 | .8 |
| 16 Finland | .7 | .7 | 1.0 | .7 | .7 | .9 | .6 | .4 | 1.0 | .8 | .8 |
| 17 Greece | 2.7 | 2.6 | 3.0 | 3.0 | 2.7 | 3.1 | 3.2 | 3.2 | 3.8 | 4.6 | 4.3 |
| 18 Norway | 1.6 | 1.4 | 1.6 | 1.2 | 1.8 | 1.8 | 2.1 | 1.7 | 1.6 | 1.6 | 1.6 |
| 19 Portugal | .6 | .6 | .5 | .4 | .7 | .9 | 1.0 | .8 | 1.2 | 1.1 | 1.0 |
| 20 Spain | 8.3 | 8.3 | 9.7 | 8.9 | 9.5 | 10.5 | 9.3 | 8.9 | 12.3 | 13.2 | 13.0 |
| 21 Turkey | 1.7 | 1.4 | 1.5 | 1.3 | 1.4 | 2.1 | 2.1 | 2.1 | 2.4 | 2.1 | 1.8 |
| 22 Other Western Europe | 1.2 | 1.8 | 1.5 | 1.7 | 2.0 | 1.7 | 2.2 | 2.6 | 3.0 | 2.8 | 1.0 |
| 23 South Africa | 1.8 | 1.9 | 1.7 | 1.7 | 1.6 | 1.3 | 1.2 | 1.1 | 1.2 | 1.2 | 1.2 |
| 24 Australia | 1.8 | 2.7 | 2.3 | 2.9 | 2.9 | 2.5 | 2.8 | 2.3 | 12.7 | 13.7 | 15.0 |
| 25 OPEC[2] | 12.8 | 14.5 | 15.9 | 16.1 | 16.6 | 15.7 | 14.8 | 16.7 | 22.4 | 21.5 | 21.5 |
| 26 Ecuador | 1.0 | .7 | .7 | .6 | .6 | .6 | .5 | .5 | .5 | .5 | .4 |
| 27 Venezuela | 5.0 | 5.4 | 5.4 | 5.2 | 5.1 | 5.5 | 5.4 | 5.1 | 4.7 | 4.4 | 3.9 |
| 28 Indonesia | 2.7 | 2.7 | 3.0 | 3.0 | 3.1 | 3.1 | 2.8 | 3.2 | 3.4 | 3.2 | 3.2 |
| 29 Middle East countries | 2.5 | 4.2 | 5.4 | 6.2 | 6.6 | 5.4 | 4.9 | 6.7 | 12.8 | 12.4 | 13.0 |
| 30 African countries | 1.7 | 1.5 | 1.4 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.0 | 1.1 | 1.0 |
| 31 Non-OPEC developing countries | 65.4 | 63.9 | 72.8 | 72.1 | 74.4 | 76.6 | 77.0 | 82.5 | 93.4 | 93.9 | 91.9 |
| *Latin America* | | | | | | | | | | | |
| 32 Argentina | 5.0 | 4.8 | 6.2 | 6.6 | 7.0 | 6.6 | 7.2 | 7.7 | 8.7 | 9.8 | 10.5 |
| 33 Brazil | 14.4 | 9.6 | 10.8 | 10.8 | 11.6 | 12.3 | 11.7 | 12.0 | 12.5 | 11.8 | 9.1 |
| 34 Chile | 3.5 | 3.6 | 4.2 | 4.4 | 4.6 | 4.6 | 4.7 | 4.7 | 5.1 | 5.1 | 5.4 |
| 35 Colombia | 1.8 | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 | 2.4 | 2.4 |
| 36 Mexico | 13.0 | 15.5 | 17.1 | 16.0 | 16.8 | 16.8 | 17.5 | 17.7 | 18.7 | 18.3 | 19.5 |
| 37 Peru | .5 | .4 | .5 | .5 | .4 | .4 | .3 | .4 | .5 | .6 | .6 |
| 38 Other | 2.3 | 2.1 | 2.5 | 2.6 | 2.6 | 2.7 | 2.6 | 3.0 | 2.6 | 2.7 | 2.7 |
| *Asia* | | | | | | | | | | | |
| China | | | | | | | | | | | |
| 39 Peoples Republic of China | .2 | .3 | .3 | .7 | .6 | 1.6 | .5 | 2.0 | .8 | .7 | 1.0 |
| 40 Republic of China (Taiwan) | 3.5 | 4.1 | 5.0 | 5.2 | 5.3 | 5.9 | 6.4 | 7.3 | 7.5 | 7.1 | 6.9 |
| 41 India | 3.3 | 3.0 | 3.6 | 3.2 | 3.1 | 3.1 | 2.9 | 3.2 | 3.6 | 3.7 | 3.9 |
| 42 Israel | .5 | .5 | .4 | .4 | .5 | .4 | .4 | .5 | .4 | .4 | .4 |
| 43 Korea (South) | 6.2 | 6.8 | 7.4 | 6.6 | 6.5 | 6.9 | 6.5 | 6.7 | 13.9 | 14.1 | 13.9 |
| 44 Malaysia | 1.9 | 2.3 | 3.0 | 3.1 | 3.4 | 3.7 | 4.1 | 4.4 | 5.2 | 5.2 | 3.9 |
| 45 Philippines | 3.8 | 3.7 | 3.6 | 3.6 | 3.4 | 2.9 | 2.6 | 3.1 | 3.4 | 3.2 | 2.9 |
| 46 Thailand | 1.5 | 1.7 | 2.2 | 2.2 | 2.2 | 2.4 | 2.8 | 3.1 | 2.9 | 3.3 | 3.4 |
| 47 Other Asia | 1.7 | 2.0 | 2.7 | 2.7 | 2.7 | 2.6 | 3.0 | 2.9 | 3.1 | 3.5 | 3.6 |
| *Africa* | | | | | | | | | | | |
| 48 Egypt | .4 | .4 | .3 | .2 | .2 | .2 | .2 | .4 | .4 | .5 | .3 |
| 49 Morocco | .8 | .7 | .6 | .6 | .5 | .6 | .6 | .6 | .7 | .7 | .7 |
| 50 Zaire | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 51 Other Africa[3] | 1.0 | .7 | .9 | 1.0 | .8 | .9 | .8 | .8 | 1.0 | .9 | .9 |
| 52 Eastern Europe | 2.3 | 2.4 | 3.1 | 3.1 | 2.9 | 3.2 | 3.0 | 3.0 | 3.3 | 3.0 | 3.4 |
| 53 Russia[4] | .2 | .9 | 1.8 | 1.9 | 1.7 | 1.9 | 1.7 | 1.6 | 1.5 | 1.2 | 1.1 |
| 54 Yugoslavia[5] | 1.2 | .9 | .7 | .6 | .6 | .6 | .6 | .6 | .5 | .5 | .5 |
| 55 Other | .9 | .7 | .7 | .6 | .7 | .7 | .7 | .9 | 1.4 | 1.4 | 1.9 |
| 56 Offshore banking centers | 44.7 | 54.2 | 54.5 | 58.3 | 60.2 | 58.0 | 67.9 | 72.5 | 78.3 | 76.6 | 77.9 |
| 57 Bahamas | 2.9 | 11.9 | 8.9 | 6.9 | 9.7 | 7.1 | 12.7 | 12.6 | 15.4 | 13.5 | 16.4 |
| 58 Bermuda | 4.4 | 2.3 | 3.8 | 6.2 | 4.1 | 4.5 | 5.5 | 8.1 | 8.4 | 6.1 | 5.3 |
| 59 Cayman Islands and other British West Indies | 11.7 | 15.8 | 16.9 | 21.8 | 17.6 | 15.6 | 15.1 | 16.9 | 17.2 | 20.1 | 20.5 |
| 60 Netherlands Antilles | 7.9 | 1.2 | .7 | 1.1 | 1.6 | 2.5 | 2.8 | 2.3 | 2.7 | 2.4 | 1.7 |
| 61 Panama[6] | 1.4 | 1.4 | 2.0 | 1.9 | 2.0 | 2.1 | 2.1 | 2.4 | 2.0 | 1.9 | 1.8 |
| 62 Lebanon | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 |
| 63 Hong Kong | 9.7 | 14.4 | 15.2 | 13.8 | 16.7 | 16.9 | 19.1 | 18.7 | 19.7 | 21.8 | 20.3 |
| 64 Singapore | 6.6 | 7.1 | 6.8 | 6.5 | 8.4 | 9.3 | 10.4 | 11.2 | 12.7 | 10.6 | 11.7 |
| 65 Other[7] | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .1 | .0 | .0 | .1 |
| 66 Miscellaneous and unallocated[8] | 39.9 | 48.0 | 36.8 | 39.7 | 38.8 | 46.2 | 46.3 | 43.3 | 72.0 | 91.0 | 82.5 |

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.

6. Includes Canal Zone.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

## 3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

*Millions of dollars, end of period*

| | Type of liability, and area or country | 1990 | 1991 | 1992 | 1993 June | 1993 Sept. | 1993 Dec. | 1994 Mar. | 1994 June | 1994 Sept.[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Total** | **46,043** | **44,708** | **45,331[r]** | **46,502[r]** | **48,513[r]** | **49,645[r]** | **51,728[r]** | **55,265** | **56,712** |
| 2 | Payable in dollars | 40,786 | 39,029 | 37,276 | 36,988[r] | 39,270[r] | 38,361[r] | 38,074[r] | 42,463 | 41,880 |
| 3 | Payable in foreign currencies | 5,257 | 5,679 | 8,055[r] | 9,514[r] | 9,243[r] | 11,284[r] | 13,654[r] | 12,802 | 14,832 |
| | *By type* | | | | | | | | | |
| 4 | Financial liabilities | 21,066 | 22,518 | 23,661[r] | 25,100 | 26,731 | 28,254 | 30,111 | 33,226 | 35,483 |
| 5 | Payable in dollars | 16,979 | 18,104 | 16,780 | 16,935 | 18,705 | 18,175 | 18,481 | 22,424 | 22,533 |
| 6 | Payable in foreign currencies | 4,087 | 4,414 | 6,881 | 8,165 | 8,026 | 10,079 | 11,630 | 10,802 | 12,950 |
| 7 | Commercial liabilities | 24,977 | 22,190 | 21,670 | 21,402[r] | 21,782[r] | 21,391[r] | 21,617[r] | 22,039 | 21,229 |
| 8 | Trade payables | 10,683 | 9,252 | 9,566 | 9,358[r] | 9,215[r] | 8,787[r] | 8,944[r] | 9,855 | 9,504 |
| 9 | Advance receipts and other liabilities | 14,294 | 12,938 | 12,104 | 12,044 | 12,567 | 12,604[r] | 12,673 | 12,184 | 11,725 |
| 10 | Payable in dollars | 23,807 | 20,925 | 20,496 | 20,053[r] | 20,565[r] | 20,186[r] | 19,593[r] | 20,039 | 19,347 |
| 11 | Payable in foreign currencies | 1,170 | 1,265 | 1,174 | 1,349[r] | 1,217[r] | 1,205[r] | 2,024[r] | 2,000 | 1,882 |
| | *By area or country* | | | | | | | | | |
| | Financial liabilities | | | | | | | | | |
| 12 | Europe | 10,978 | 12,003 | 13,207 | 14,199 | 16,445 | 18,185 | 20,293 | 23,564 | 23,455 |
| 13 | Belgium and Luxembourg | 394 | 216 | 414 | 268 | 278 | 175 | 525 | 503 | 650 |
| 14 | France | 975 | 2,106 | 1,623 | 2,219 | 2,077 | 2,326 | 2,589 | 1,590 | 2,241 |
| 15 | Germany | 621 | 682 | 889 | 863 | 855 | 975 | 1,214 | 939 | 1,467 |
| 16 | Netherlands | 1,081 | 1,056 | 606 | 585 | 573 | 534 | 564 | 533 | 648 |
| 17 | Switzerland | 545 | 408 | 569 | 491 | 378 | 634 | 1,200 | 631 | 633 |
| 18 | United Kingdom | 6,357 | 6,528 | 8,430 | 9,118 | 11,694 | 12,925 | 13,595 | 18,151 | 16,501 |
| 19 | Canada | 229 | 292 | 544 | 493 | 663 | 859 | 508 | 698 | 618 |
| 20 | Latin America and Caribbean | 4,153 | 4,784 | 4,053 | 4,199 | 3,719 | 3,359 | 3,553 | 3,282 | 3,159 |
| 21 | Bahamas | 371 | 537 | 379 | 476 | 1,301 | 1,148 | 1,157 | 1,052 | 1,112 |
| 22 | Bermuda | 0 | 114 | 114 | 124 | 114 | 0 | 120 | 115 | 15 |
| 23 | Brazil | 0 | 6 | 19 | 18 | 18 | 18 | 18 | 18 | 7 |
| 24 | British West Indies | 3,160 | 3,524 | 2,850 | 2,901 | 1,600 | 1,533 | 1,613 | 1,454 | 1,364 |
| 25 | Mexico | 5 | 7 | 12 | 11 | 15 | 17 | 14 | 13 | 15 |
| 26 | Venezuela | 4 | 4 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| 27 | Asia[2] | 5,295 | 5,381 | 5,818[r] | 6,039 | 5,754 | 5,689 | 5,601 | 5,643 | 8,099 |
| 28 | Japan | 4,065 | 4,116 | 4,750[r] | 4,857 | 4,725 | 4,620 | 4,589 | 4,709 | 6,897 |
| 29 | Middle Eastern oil-exporting countries[3] | 5 | 13 | 19 | 19 | 23 | 23 | 24 | 24 | 31 |
| 30 | Africa | 2 | 6 | 6 | 130 | 132 | 133 | 133 | 9 | 133 |
| 31 | Oil-exporting countries[4] | 0 | 4 | 0 | 123 | 124 | 123 | 124 | 0 | 123 |
| 32 | All other[5] | 409 | 52 | 33 | 40 | 18 | 29 | 23 | 30 | 19 |
| | Commercial liabilities | | | | | | | | | |
| 33 | Europe | 10,310 | 8,701 | 7,398 | 6,804[r] | 7,048[r] | 6,830[r] | 6,545[r] | 6,903 | 6,830 |
| 34 | Belgium and Luxembourg | 275 | 248 | 298 | 269 | 257 | 239[r] | 252[r] | 254 | 287 |
| 35 | France | 1,218 | 1,039 | 700 | 774[r] | 642[r] | 654[r] | 553[r] | 711 | 741 |
| 36 | Germany | 1,270 | 1,052 | 729 | 603 | 571 | 684 | 577 | 669 | 551 |
| 37 | Netherlands | 844 | 710 | 535 | 576[r] | 600[r] | 688[r] | 628 | 642 | 648 |
| 38 | Switzerland | 775 | 575 | 350 | 441 | 536 | 375 | 387 | 472 | 390 |
| 39 | United Kingdom | 2,792 | 2,297 | 2,505 | 2,186 | 2,319 | 2,051 | 2,155[r] | 2,309 | 2,349 |
| 40 | Canada | 1,261 | 1,014 | 1,002 | 939[r] | 845[r] | 881[r] | 1,037[r] | 1,062 | 1,061 |
| 41 | Latin America and Caribbean | 1,672 | 1,355 | 1,533 | 1,824[r] | 1,754[r] | 1,663[r] | 1,907[r] | 2,004 | 1,784 |
| 42 | Bahamas | 12 | 3 | 3 | 6 | 4 | 21 | 8 | 2 | 6 |
| 43 | Bermuda | 538 | 310 | 307 | 356 | 340 | 348 | 493 | 416 | 198 |
| 44 | Brazil | 145 | 219 | 209 | 226 | 214 | 216 | 211 | 217 | 148 |
| 45 | British West Indies | 30 | 107 | 33 | 16 | 35[r] | 26 | 19 | 23 | 32 |
| 46 | Mexico | 475 | 307 | 457 | 658[r] | 576[r] | 483[r] | 556[r] | 705 | 670 |
| 47 | Venezuela | 130 | 94 | 142 | 172 | 173 | 126 | 150 | 194 | 192 |
| 48 | Asia[2] | 9,483 | 9,334 | 10,594 | 10,518[r] | 10,915[r] | 10,961[r] | 10,904[r] | 10,898 | 10,427 |
| 49 | Japan | 3,651 | 3,721 | 3,612 | 3,390 | 3,726 | 4,310[r] | 4,612[r] | 4,385 | 4,231 |
| 50 | Middle Eastern oil-exporting countries[3] | 2,016 | 1,498 | 1,889 | 1,815 | 1,968 | 1,526[r] | 1,533 | 1,813 | 1,675 |
| 51 | Africa | 844 | 715 | 568 | 665 | 641 | 464[r] | 490 | 523 | 482 |
| 52 | Oil-exporting countries[4] | 422 | 327 | 309 | 378 | 320 | 171 | 199 | 247 | 271 |
| 53 | Other[5] | 1,406 | 1,071 | 575 | 652 | 579 | 592 | 734 | 649 | 645 |

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550

2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Includes nonmonetary international and regional organizations.

## 3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

| | Type of claim, and area or country | 1990 | 1991 | 1992[r] | 1993 June | 1993 Sept. | 1993 Dec.[r] | 1994[r] Mar. | 1994[r] June | 1994[r] Sept.[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Total** | **35,348** | **45,262** | **45,073** | **45,680[r]** | **46,002[r]** | **48,853** | **48,849** | **50,664** | **51,334** |
| 2 | Payable in dollars | 32,760 | 42,564 | 42,281 | 42,245[r] | 42,314[r] | 45,523 | 45,312 | 47,028 | 47,859 |
| 3 | Payable in foreign currencies | 2,589 | 2,698 | 2,792 | 3,435[r] | 3,688[r] | 3,330 | 3,537 | 3,636 | 3,475 |
| | *By type* | | | | | | | | | |
| 4 | Financial claims | 19,874 | 27,882 | 26,509 | 25,632[r] | 26,902[r] | 28,537 | 28,607 | 29,706 | 30,126 |
| 5 | Deposits | 13,577 | 20,080 | 17,695 | 14,298[r] | 14,512[r] | 16,815 | 16,943 | 17,449 | 18,650 |
| 6 | Payable in dollars | 12,552 | 19,080 | 16,872 | 13,329[r] | 13,503[r] | 16,041 | 16,117 | 16,598 | 17,795 |
| 7 | Payable in foreign currencies | 1,025 | 1,000 | 823 | 969 | 1,009 | 774 | 826 | 851 | 855 |
| 8 | Other financial claims | 6,297 | 7,802 | 8,814 | 11,334[r] | 12,390[r] | 11,722 | 11,664 | 12,257 | 11,476 |
| 9 | Payable in dollars | 5,280 | 6,910 | 7,890 | 10,185[r] | 11,282[r] | 10,641 | 10,575 | 11,163 | 10,555 |
| 10 | Payable in foreign currencies | 1,017 | 892 | 924 | 1,149 | 1,108 | 1,081 | 1,089 | 1,094 | 921 |
| 11 | Commercial claims | 15,475 | 17,380 | 18,564 | 20,048[r] | 19,100[r] | 20,316 | 20,242 | 20,958 | 21,208 |
| 12 | Trade receivables | 13,657 | 14,468 | 16,007 | 17,565[r] | 16,122[r] | 17,372 | 17,404 | 18,187 | 18,486 |
| 13 | Advance payments and other claims | 1,817 | 2,912 | 2,557 | 2,483 | 2,978 | 2,944 | 2,838 | 2,771 | 2,722 |
| 14 | Payable in dollars | 14,927 | 16,574 | 17,519 | 18,731[r] | 17,529[r] | 18,841 | 18,620 | 19,267 | 19,509 |
| 15 | Payable in foreign currencies | 548 | 806 | 1,045 | 1,317[r] | 1,571[r] | 1,475 | 1,622 | 1,691 | 1,699 |
| | *By area or country* | | | | | | | | | |
| | Financial claims | | | | | | | | | |
| 16 | Europe | 9,645 | 13,441 | 9,331 | 9,745[r] | 8,376[r] | 8,136 | 7,545 | 8,093 | 8,966 |
| 17 | Belgium and Luxembourg | 76 | 13 | 8 | 74 | 70 | 131 | 122 | 83 | 114 |
| 18 | France | 371 | 269 | 764 | 781 | 708 | 785 | 753 | 859 | 825 |
| 19 | Germany | 367 | 283 | 326 | 383 | 362 | 452 | 419 | 407 | 331 |
| 20 | Netherlands | 265 | 334 | 515 | 500[r] | 485 | 502 | 503 | 480 | 512 |
| 21 | Switzerland | 357 | 581 | 490 | 494 | 512 | 515 | 520 | 495 | 747 |
| 22 | United Kingdom | 7,971 | 11,534 | 6,252 | 6,579 | 5,230 | 4,608 | 4,136 | 4,696 | 5,373 |
| 23 | Canada | 2,934 | 2,642 | 1,833 | 2,034[r] | 2,103[r] | 2,206 | 2,573 | 3,547 | 3,374 |
| 24 | Latin America and Caribbean | 6,201 | 10,717 | 13,893 | 10,095[r] | 12,965[r] | 15,834 | 15,363 | 15,393 | 15,061 |
| 25 | Bahamas | 1,090 | 827 | 778 | 827[r] | 980[r] | 968 | 1,157 | 1,187 | 1,198 |
| 26 | Bermuda | 3 | 8 | 40 | 258 | 197 | 125 | 34 | 65 | 52 |
| 27 | Brazil | 68 | 351 | 686 | 590 | 590 | 599 | 567 | 370 | 341 |
| 28 | British West Indies | 4,635 | 9,056 | 11,747 | 7,484[r] | 10,000[r] | 12,807 | 12,463 | 12,940 | 12,655 |
| 29 | Mexico | 177 | 212 | 445 | 665 | 882 | 865 | 782 | 507 | 433 |
| 30 | Venezuela | 25 | 40 | 29 | 24 | 25 | 161 | 26 | 33 | 32 |
| 31 | Asia | 860 | 640 | 864 | 3,016 | 2,754[r] | 1,785 | 2,646 | 2,209 | 2,169 |
| 32 | Japan | 523 | 350 | 668 | 2,485 | 2,213[r] | 1,047 | 1,782 | 1,351 | 677 |
| 33 | Middle Eastern oil-exporting countries[2] | 8 | 5 | 3 | 10 | 5 | 3 | 5 | 2 | 19 |
| 34 | Africa | 37 | 57 | 83 | 125 | 88 | 99 | 76 | 74 | 87 |
| 35 | Oil-exporting countries[3] | 0 | 1 | 9 | 1 | 1 | 1 | 0 | 1 | 1 |
| 36 | All other[4] | 195 | 385 | 505 | 617 | 616 | 477 | 404 | 390 | 469 |
| | Commercial claims | | | | | | | | | |
| 37 | Europe | 7,044 | 8,193 | 8,451 | 9,083[r] | 8,201[r] | 8,897 | 8,534 | 8,726 | 8,591 |
| 38 | Belgium and Luxembourg | 212 | 194 | 189 | 173 | 163 | 184 | 173 | 179 | 172 |
| 39 | France | 1,240 | 1,585 | 1,537 | 1,511 | 1,438 | 1,941 | 1,817 | 1,761 | 1,758 |
| 40 | Germany | 807 | 955 | 933 | 1,046 | 935 | 999 | 923 | 920 | 860 |
| 41 | Netherlands | 555 | 645 | 552 | 565 | 410 | 417 | 351 | 288 | 323 |
| 42 | Switzerland | 301 | 295 | 362 | 442 | 376 | 424 | 404 | 675 | 530 |
| 43 | United Kingdom | 1,775 | 2,086 | 2,094 | 2,561[r] | 2,287[r] | 2,268 | 2,219 | 2,338 | 2,371 |
| 44 | Canada | 1,074 | 1,121 | 1,286 | 1,359 | 1,360 | 1,355 | 1,440 | 1,451 | 1,483 |
| 45 | Latin America and Caribbean | 2,375 | 2,655 | 3,043 | 3,456 | 3,071 | 3,210 | 3,505 | 3,809 | 3,844 |
| 46 | Bahamas | 14 | 13 | 28 | 17 | 20 | 11 | 12 | 17 | 33 |
| 47 | Bermuda | 246 | 264 | 255 | 239 | 225 | 173 | 210 | 285 | 236 |
| 48 | Brazil | 326 | 427 | 357 | 788 | 407 | 462 | 422 | 494 | 465 |
| 49 | British West Indies | 40 | 41 | 40 | 43 | 39 | 70 | 58 | 66 | 48 |
| 50 | Mexico | 661 | 842 | 924 | 913 | 866 | 946 | 986 | 1,000 | 1,040 |
| 51 | Venezuela | 192 | 203 | 345 | 317 | 286 | 295 | 291 | 303 | 381 |
| 52 | Asia | 4,127 | 4,591 | 4,866 | 5,220 | 5,538 | 5,836 | 5,772 | 6,041 | 6,341 |
| 53 | Japan | 1,460 | 1,899 | 1,903 | 1,885 | 2,519 | 2,154 | 2,339 | 2,327 | 2,427 |
| 54 | Middle Eastern oil-exporting countries[2] | 460 | 620 | 693 | 673 | 456 | 709 | 656 | 601 | 604 |
| 55 | Africa | 488 | 430 | 554 | 516 | 493 | 513 | 512 | 483 | 447 |
| 56 | Oil-exporting countries[3] | 67 | 95 | 78 | 99 | 107 | 84 | 101 | 90 | 68 |
| 57 | Other[4] | 367 | 390 | 364 | 414 | 437 | 505 | 479 | 448 | 502 |

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 | 1992 | 1993 | 1994 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jan.–Nov. | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| | U.S. corporate securities | | | | | | | | | |
| STOCKS | | | | | | | | | | |
| 1 Foreign purchases | 221,367 | 319,728 | 327,032 | 26,699 | 28,273[r] | 24,332 | 29,312 | 28,849 | 27,794 | 28,719 |
| 2 Foreign sales | 226,503 | 298,145 | 322,466 | 25,113 | 30,249 | 25,174 | 26,400 | 30,431 | 29,841 | 27,640 |
| **3 Net purchases, or sales (−)** | **−5,136** | **21,583** | **4,566** | **1,586** | **−1,976[r]** | **−842** | **2,912** | **−1,582** | **−2,047** | **1,079** |
| **4 Foreign countries** | **−5,169** | **21,311** | **4,558** | **1,569** | **−1,967[r]** | **−846** | **2,914** | **−1,596** | **−2,079** | **1,056** |
| 5 Europe | −4,927 | 10,665 | 8,031 | 1,219 | −378 | −291 | 1,424 | 1,198 | −1,394 | 205 |
| 6 France | 1,350 | 103 | −99 | 210 | −241 | 68 | −22 | 63 | −198 | 25 |
| 7 Germany | −80 | 1,647 | 2,521 | 398 | 119 | 56 | 73 | −104 | 158 | 57 |
| 8 Netherlands | −262 | 600 | 1,640 | 176 | 89 | 357 | 266 | 134 | 316 | 264 |
| 9 Switzerland | 168 | 2,986 | 18 | 30 | 74 | 82 | 136 | 104 | −655 | 557 |
| 10 United Kingdom | −3,301 | 4,560 | 1,893 | 174 | 322 | 830 | 866 | 641 | 557 | 560 |
| 11 Canada | 1,407 | 3,213 | −1,266 | 156 | −529 | 313 | 366 | 57 | 416 | 116 |
| 12 Latin America and Caribbean | 2,203 | 5,724 | 1,036 | −207 | −839 | 476 | 989 | 625 | −516 | 673 |
| 13 Middle East[1] | −88 | −328 | 991 | 49 | 111 | −94 | −281 | 431 | −75 | 1 |
| 14 Other Asia | 3,943 | 8,198 | 874 | 476 | 219[r] | 280 | 1,031 | 589 | 335 | 290 |
| 15 Japan | 3,598 | 3,825 | 1,472 | 335 | 171 | 555 | 1,132 | 761 | 251 | 289 |
| 16 Africa | 10 | 63 | 55 | 1 | 6 | −7 | 0 | 10 | 12 | 4 |
| 17 Other countries | 169 | 202 | 639 | −123 | 103 | 55 | 117 | 2 | 25 | 7 |
| **18 Nonmonetary international and regional organizations** | **33** | **272** | **8** | **17** | **−9** | **4** | **−2** | **14** | **32** | **23** |
| BONDS[2] | | | | | | | | | | |
| 19 Foreign purchases | 214,922 | 283,946[r] | 273,025 | 24,955 | 31,875[r] | 25,166 | 22,963 | 19,131 | 20,204 | 22,362 |
| 20 Foreign sales | 175,842 | 217,932[r] | 216,783 | 20,868 | 21,123 | 18,898 | 15,686 | 17,540[r] | 16,304 | 15,946 |
| **21 Net purchases, or sales (−)** | **39,080** | **66,014[r]** | **56,242** | **4,087** | **10,752[r]** | **6,268** | **7,277** | **1,591[r]** | **3,900** | **6,416** |
| **22 Foreign countries** | **37,964** | **65,476[r]** | **55,623** | **4,025** | **10,624[r]** | **5,883** | **7,344** | **1,574[r]** | **3,901** | **6,408** |
| 23 Europe | 17,435 | 22,586[r] | 34,788 | 528 | 6,031 | 4,531 | 5,152 | 2,406 | 3,546 | 3,696 |
| 24 France | 1,203 | 2,346 | 239 | 3 | 47 | 21 | 18 | −16 | 105 | 106 |
| 25 Germany | 2,480 | 885 | 196 | −244 | 52 | 52 | 34 | 355 | 449 | 200 |
| 26 Netherlands | 540 | 290 | 3,058 | 358 | 868 | 29 | 610 | 64 | 125 | 412 |
| 27 Switzerland | −579 | −627 | 901 | 136 | 144 | 192 | 9 | 292 | 4 | 351 |
| 28 United Kingdom | 12,421 | 19,686[r] | 31,006 | 894 | 5,624 | 4,409 | 4,497 | 1,997 | 1,475 | 3,672 |
| 29 Canada | 237 | 1,668 | 2,556 | 286 | 422 | 625 | 519 | 194 | 460 | 201 |
| 30 Latin America and Caribbean | 9,300 | 15,697 | 4,387 | 762 | 1,553 | 527 | −81 | −1,852[r] | −981 | 1,290 |
| 31 Middle East[1] | 3,166 | 3,257 | 926 | 17 | 339 | 375 | 157 | 76 | 56 | −86 |
| 32 Other Asia | 7,545 | 20,846 | 12,247 | 2,287 | 2,263[r] | 766 | 1,558 | 857 | 745 | 1,301 |
| 33 Japan | 450 | 11,569 | 5,682 | 1,575 | 1,396 | 712 | 763 | 340 | 375 | 419 |
| 34 Africa | 354 | 1,149 | 48 | 10 | 9 | −23 | 18 | 2 | 20 | 8 |
| 35 Other countries | 73 | 273 | 671 | 135 | 7 | 136 | 21 | 43 | 55 | −2 |
| **36 Nonmonetary international and regional organizations** | **1,116** | **538** | **619** | **62** | **128** | **385** | **−67** | **17** | **−1** | **8** |
| | Foreign securities | | | | | | | | | |
| 37 Stocks, net purchases, or sales (−) | 32,259 | 63,287[r] | −45,036 | −4,028 | −6,715 | 3,093 | −4,568 | 679 | −4,350 | −2,550 |
| 38 Foreign purchases | 150,051 | 245,561[r] | 358,437 | 30,946 | 31,098 | 29,291 | 30,534 | 37,367 | 29,875 | 28,246 |
| 39 Foreign sales[3] | 182,310 | 308,848[r] | 403,473 | 34,974 | 37,813 | 32,384 | 35,102 | 36,688 | 34,225 | 30,796 |
| 40 Bonds, net purchases, or sales (−) | −15,605 | 70,136[r] | −20,033 | −152[r] | 427 | −2,282[r] | 861 | −1,150 | −4,156 | 1,899 |
| 41 Foreign purchases | 513,589 | 828,922[r] | 839,813 | 64,158 | 71,762 | 59,351 | 67,288 | 78,604 | 70,415 | 66,487 |
| 42 Foreign sales | 529,194 | 899,058[r] | 859,846 | 64,310[r] | 71,335 | 61,633[r] | 66,427 | 79,754 | 74,571 | 68,386 |
| **43 Net purchases, or sales (−), of stocks and bonds** | **−47,864** | **−133,423[r]** | **−65,069** | **−4,180[r]** | **−6,288** | **−5,375[r]** | **−3,707** | **−471** | **−8,506** | **−4,449** |
| **44 Foreign countries** | **−51,274** | **−133,584[r]** | **−64,834** | **−4,467[r]** | **−6,281** | **−5,557[r]** | **−3,890** | **56** | **−8,356** | **−4,402** |
| 45 Europe | 31,350 | 90,005[r] | 8,865 | 1,296[r] | 4,268 | 2,490[r] | 174 | 2,931 | 4,548 | 1,049 |
| 46 Canada | −6,893 | −14,997 | 9,080 | 436 | 769 | 2,041 | −600 | 865 | −815 | −991 |
| 47 Latin America and Caribbean | 4,340 | −9,229 | −21,631 | −2,421 | 4,997 | −1,437 | −2,287 | 4,819 | −1,573 | 1,995 |
| 48 Asia | −7,923 | −15,300[r] | −20,868 | −528 | −4,309 | 339 | −321 | −1,913 | −1,249 | 719 |
| 49 Africa | 13 | 185 | −529 | −4 | −45 | 29 | 48 | 22 | −73 | 269 |
| 50 Other countries | −755 | 3,868 | −3,861 | −654 | −429 | 43 | 556 | −762 | 98 | 817 |
| **51 Nonmonetary international and regional organizations** | **3,410** | **161** | **−235** | **287** | **−7** | **182** | **183** | **−527** | **−150** | **−47** |

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. *Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.*

## 3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

| Area or country | 1992 | 1993 | 1994 | 1994 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jan.–Nov. | May | June | July | Aug. | Sept. | Oct. | Nov.[p] |
| 1 **Total estimated** | **39,288** | **23,451[r]** | **66,147** | **19,778** | **−5,353** | **1,710** | **15,160** | **11,085[r]** | **10,590** | **13,151** |
| 2 Foreign countries | 37,935 | 23,225[r] | 65,842 | 19,727 | −4,901 | 2,043 | 14,744 | 11,163[r] | 9,495 | 13,139 |
| 3 Europe | 19,625 | −2,403 | 30,194 | 8,772 | −2,702 | 4,891 | 8,274 | 3,922 | 1,430 | 7,780 |
| 4 Belgium and Luxembourg | 1,985 | 1,218 | 623 | 147 | −170 | −78 | 529 | −15 | 32 | 19 |
| 5 Germany | 2,076 | −9,975 | 5,944 | 2,279 | 143 | 714 | 1,795 | −243 | 254 | 924 |
| 6 Netherlands | −2,959 | −515 | 1,256 | 21 | 560 | 120 | −15 | −68 | 954 | −2 |
| 7 Sweden | −804 | 1,421 | 733 | 150 | 257 | 100 | 158 | 105 | −37 | 211 |
| 8 Switzerland | 488 | −1,501 | −261 | −211 | 158 | −416 | −259 | 441 | −718 | −1,512 |
| 9 United Kingdom | 24,184 | 6,167 | 16,461 | 4,955 | −5,562 | 4,820 | 5,361 | 3,522 | −1,822 | 7,728 |
| 10 Other Europe and former U.S.S.R. | 5,345 | 782 | 5,438 | 1,431 | 1,912 | −369 | 1,021 | 180 | −93 | 412 |
| 11 Canada | 562 | 10,309 | 3,805 | 98 | −11 | 2,937 | 1,888 | 1,515 | −420 | −1,282 |
| 12 Latin America and Caribbean | 3,222 | 4,572 | −10,826 | 2,652 | −7,080 | −7,273 | −2,310 | −666 | 6,683 | 713 |
| 13 Venezuela | 539 | 390 | −361 | −130 | 9 | 17 | −132 | 19 | 7 | 43 |
| 14 Other Latin America and Caribbean | −1,956 | −5,806 | −20,125 | −2,708 | −6,744 | −7,663 | 3,172 | 1,487 | −446 | −2,086 |
| 15 Netherlands Antilles | 1,805 | 844 | 9,660 | 186 | 327 | 373 | −5,350 | −2,172 | 7,122 | 2,756 |
| 16 Asia | 23,517 | 20,581[r] | 42,605 | 13,286 | 5,128 | 2,522 | 5,987 | 6,761[r] | 4,386 | 4,942 |
| 17 Japan | 9,817 | 17,070 | 27,517 | 8,185 | 5,099 | −812 | 3,681 | 3,210 | 2,190 | 4,551 |
| 18 Africa | 1,103 | 1,156 | 182 | −29 | 16 | 5 | 80 | 200 | 135 | −11 |
| 19 Other | −3,650 | −1,846 | −118 | 252 | −252 | 1,039 | 825 | −569 | 141 | 997 |
| 20 Nonmonetary international and regional organizations | 1,353 | 226 | 305 | 51 | −452 | −333 | 416 | 78 | 1,095 | 12 |
| 21 International | 1,018 | −279 | 351 | 70 | −395 | −425 | 317 | −65 | 1,074 | 48 |
| 22 Latin American regional | 533 | 654 | 78 | 111 | 54 | 23 | 4 | 1 | 6 | 4 |
| MEMO | | | | | | | | | | |
| 23 Foreign countries | 37,935 | 23,225[r] | 65,842 | 19,727 | −4,901 | 2,043 | 14,744 | 11,163[r] | 9,495 | 13,139 |
| 24 Official institutions | 6,876 | 1,322[r] | 40,817 | 11,253 | 2,679 | 4,897 | 9,216 | 4,688 | 2,801 | 2,645 |
| 25 Other foreign[2] | 31,059 | 21,903 | 25,025 | 8,474 | −7,580 | −2,854 | 5,528 | 6,475[r] | 6,694 | 10,494 |
| *Oil-exporting countries* | | | | | | | | | | |
| 26 Middle East[2] | 4,317 | −8,836 | 426 | −342 | −495 | 12 | 621 | 3 | 445 | 623 |
| 27 Africa[3] | 11 | −5 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

| Country | Rate on Jan. 31, 1995 | | Country | Rate on Jan. 31, 1995 | | Country | Rate on Jan. 31, 1995 | |
|---|---|---|---|---|---|---|---|---|
| | Percent | Month effective | | Percent | Month effective | | Percent | Month effective |
| Austria | 4.5 | May 1994 | Germany | 4.5 | May 1994 | Norway | 4.75 | Feb. 1994 |
| Belgium | 4.5 | May 1994 | Italy | 7.5 | Aug. 1994 | Switzerland | 3.5 | Apr. 1994 |
| Canada | 8.23 | Jan. 1995 | Japan | 1.75 | Sept. 1993 | United Kingdom | 12.0 | Sept. 1992 |
| Denmark | 5.0 | May 1994 | Netherlands | 4.5 | May 1994 | | | |
| France[2] | 5.0 | July 1994 | | | | | | |

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

## 3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

| Type or country | 1992 | 1993 | 1994 | 1994 July | 1994 Aug. | 1994 Sept | 1994 Oct. | 1994 Nov | 1994 Dec | 1995 Jan. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 Eurodollars | 3.70 | 3.18 | 4.63 | 4.74 | 4.80 | 5.01 | 5.52 | 5.78 | 6.27 | 6.23 |
| 2 United Kingdom | 9.56 | 5.88 | 5.45 | 5.15 | 5.47 | 5.65 | 5.83 | 5.98 | 6.30 | 6.50 |
| 3 Canada | 6.76 | 5.14 | 5.57 | 6.28 | 5.71 | 5.61 | 5.56 | 5.77 | 6.75 | 7.86 |
| 4 Germany | 9.42 | 7.17 | 5.25 | 4.86 | 4.89 | 4.95 | 5.12 | 5.10 | 5.29 | 5.04 |
| 5 Switzerland | 7.67 | 4.79 | 4.03 | 4.17 | 4.21 | 4.00 | 4.02 | 3.86 | 4.07 | 3.95 |
| 6 Netherlands | 9.25 | 6.73 | 5.09 | 4.84 | 4.88 | 4.98 | 5.12 | 5.15 | 5.35 | 5.09 |
| 7 France | 10.14 | 8.30 | 5.72 | 5.51 | 5.46 | 5.50 | 5.52 | 5.49 | 5.82 | 5.76 |
| 8 Italy | 13.91 | 10.09 | 8.45 | 8.39 | 8.88 | 8.68 | 8.80 | 8.72 | 8.98 | 9.10 |
| 9 Belgium | 9.31 | 8.10 | 5.65 | 5.53 | 5.47 | 5.34 | 5.15 | 5.09 | 5.42 | 5.29 |
| 10 Japan | 4.39 | 2.96 | 2.24 | 2.14 | 2.28 | 2.31 | 2.33 | 2.33 | 2.34 | 2.31 |

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate

## 3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

| Country/currency unit | 1992 | 1993 | 1994 | 1994 Aug. | 1994 Sept. | 1994 Oct. | 1994 Nov. | 1994 Dec. | 1995 Jan. |
|---|---|---|---|---|---|---|---|---|---|
| 1 Australia/dollar[2] | 73.521 | 67.993 | 73.161 | 74.010 | 74.200 | 73.787 | 75.492 | 77.389 | 76.469 |
| 2 Austria/schilling | 10.992 | 11.639 | 11.409 | 11.010 | 10.904 | 10.695 | 10.838 | 11.063 | 10.769 |
| 3 Belgium/franc | 32.148 | 34.581 | 33.424 | 32.248 | 31.871 | 31.284 | 31.694 | 32.329 | 31.542 |
| 4 Canada/dollar | 1.2085 | 1.2902 | 1.3664 | 1.3783 | 1.3540 | 1.3503 | 1.3647 | 1.3893 | 1.4132 |
| 5 China, P.R./yuan | 5.5206 | 5.7795 | 8.6295 | 8.6072 | 8.5581 | 8.5492 | 8.5370 | 8.3833 | 8.4608 |
| 6 Denmark/krone | 6.0372 | 6.4863 | 6.3561 | 6.1845 | 6.1038 | 5.9479 | 6.0268 | 6.1614 | 6.0311 |
| 7 Finland/markka | 4.4865 | 5.7251 | 5.2340 | 5.1493 | 4.9689 | 4.6866 | 4.7388 | 4.8590 | 4.7505 |
| 8 France/franc | 5.2935 | 5.6669 | 5.5459 | 5.3602 | 5.2975 | 5.2025 | 5.2867 | 5.4132 | 5.2912 |
| 9 Germany/deutsche mark | 1.5618 | 1.6545 | 1.6216 | 1.5646 | 1.5491 | 1.5195 | 1.5396 | 1.5716 | 1.5302 |
| 10 Greece/drachma | 190.81 | 229.64 | 242.50 | 237.11 | 235.98 | 233.06 | 237.38 | 242.96 | 238.21 |
| 11 Hong Kong/dollar | 7.7402 | 7.7357 | 7.7290 | 7.7272 | 7.7275 | 7.7276 | 7.7306 | 7.7379 | 7.7439 |
| 12 India/rupee | 28.156 | 31.291 | 31.394 | 31.373 | 31.372 | 31.373 | 31.394 | 31.389 | 31.374 |
| 13 Ireland/pound[2] | 170.42 | 146.47 | 149.69 | 152.22 | 154.61 | 158.64 | 156.39 | 153.36 | 155.67 |
| 14 Italy/lira | 1,232.17 | 1,573.41 | 1,611.49 | 1,582.15 | 1,565.79 | 1,548.29 | 1,583.81 | 1,633.71 | 1,611.53 |
| 15 Japan/yen | 126.78 | 111.08 | 102.18 | 99.94 | 98.77 | 98.35 | 98.04 | 100.18 | 99.72 |
| 16 Malaysia/ringgit | 2.5463 | 2.5738 | 2.6237 | 2.5633 | 2.5575 | 2.5589 | 2.5604 | 2.5626 | 2.5556 |
| 17 Netherlands/guilder | 1.7587 | 1.8585 | 1.8190 | 1.7570 | 1.7372 | 1.7028 | 1.7261 | 1.7601 | 1.7159 |
| 18 New Zealand/dollar[2] | 53.792 | 54.127 | 59.358 | 60.119 | 60.297 | 60.898 | 62.093 | 63.726 | 64.018 |
| 19 Norway/krone | 6.2142 | 7.0979 | 7.0553 | 6.8644 | 6.7961 | 6.6166 | 6.7297 | 6.8561 | 6.6968 |
| 20 Portugal/escudo | 135.07 | 161.08 | 165.93 | 159.80 | 157.91 | 155.26 | 157.27 | 161.21 | 157.86 |
| 21 Singapore/dollar | 1.6294 | 1.6158 | 1.5275 | 1.5045 | 1.4885 | 1.4761 | 1.4682 | 1.4657 | 1.4532 |
| 22 South Africa/rand | 2.8524 | 3.2729 | 3.5534 | 3.5968 | 3.5570 | 3.5420 | 3.5256 | 3.5703 | 3.5404 |
| 23 South Korea/won | 784.66 | 805.75 | 806.93 | 806.83 | 803.69 | 801.98 | 799.46 | 794.81 | 793.08 |
| 24 Spain/peseta | 102.38 | 127.48 | 133.88[r] | 129.90 | 128.60[r] | 126.34 | 128.34 | 132.31 | 132.62 |
| 25 Sri Lanka/rupee | 44.013 | 48.211 | 49.170 | 49.241 | 49.260 | 49.112 | 49.163 | 49.531 | 49.870 |
| 26 Sweden/krona | 5.8258 | 7.7956 | 7.7161 | 7.7420 | 7.5227 | 7.2631 | 7.3637 | 7.5161 | 7.4774 |
| 27 Switzerland/franc | 1.4064 | 1.4781 | 1.3667 | 1.3184 | 1.2892 | 1.2648 | 1.2956 | 1.3289 | 1.2863 |
| 28 Taiwan/dollar | 25.160 | 26.416 | 26.465[r] | 26.419 | 26.210 | 26.132 | 26.188 | 26.381[r] | 26.300 |
| 29 Thailand/baht | 25.411 | 25.333 | 25.161 | 25.021 | 24.968 | 25.001 | 24.992 | 25.109 | 25.133 |
| 30 United Kingdom/pound[2] | 176.63 | 150.16 | 153.19 | 154.22 | 156.61 | 160.64 | 158.92 | 155.87 | 157.46 |
| MEMO | | | | | | | | | |
| 31 United States/dollar[3] | 86.61 | 93.18 | 91.32 | 89.26 | 88.08 | 86.66 | 87.71 | 89.64 | 88.29 |

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

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# Index to Statistical Tables

*References are to pages A3–A66 although the prefix "A" is omitted in this index*

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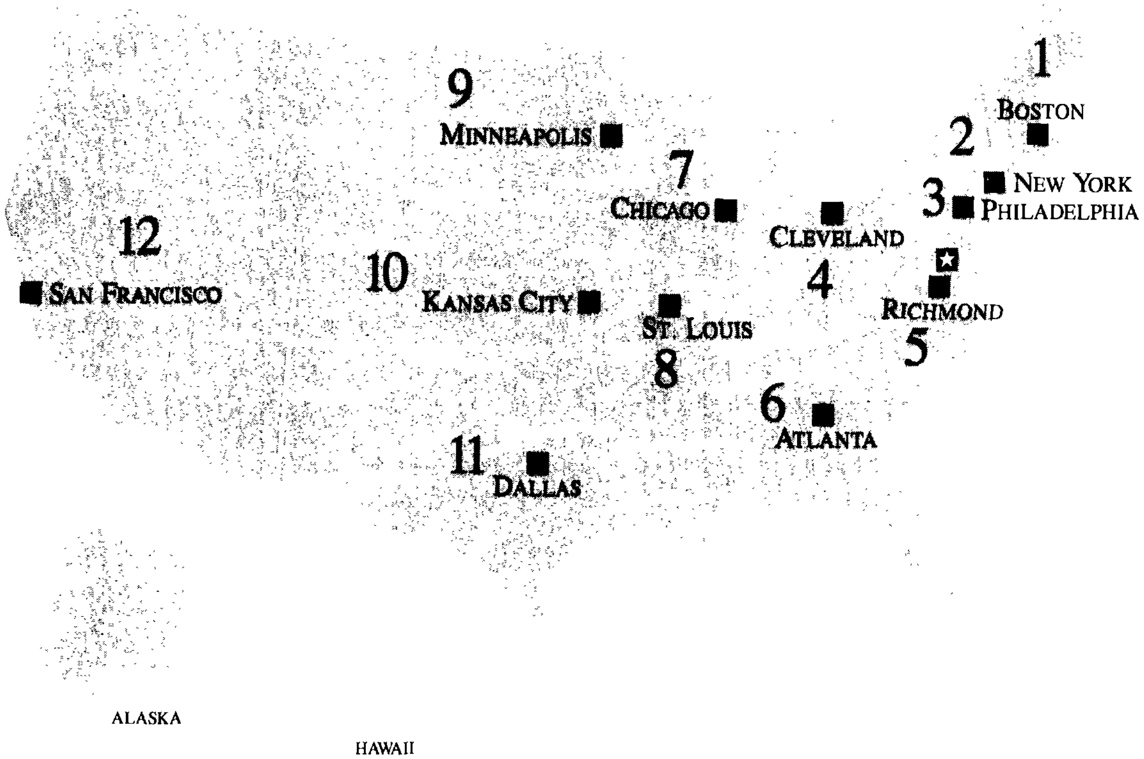


## LEGEND

*Both pages*

■ Federal Reserve Bank city

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*Facing page*

• Federal Reserve Branch city

— Branch boundary

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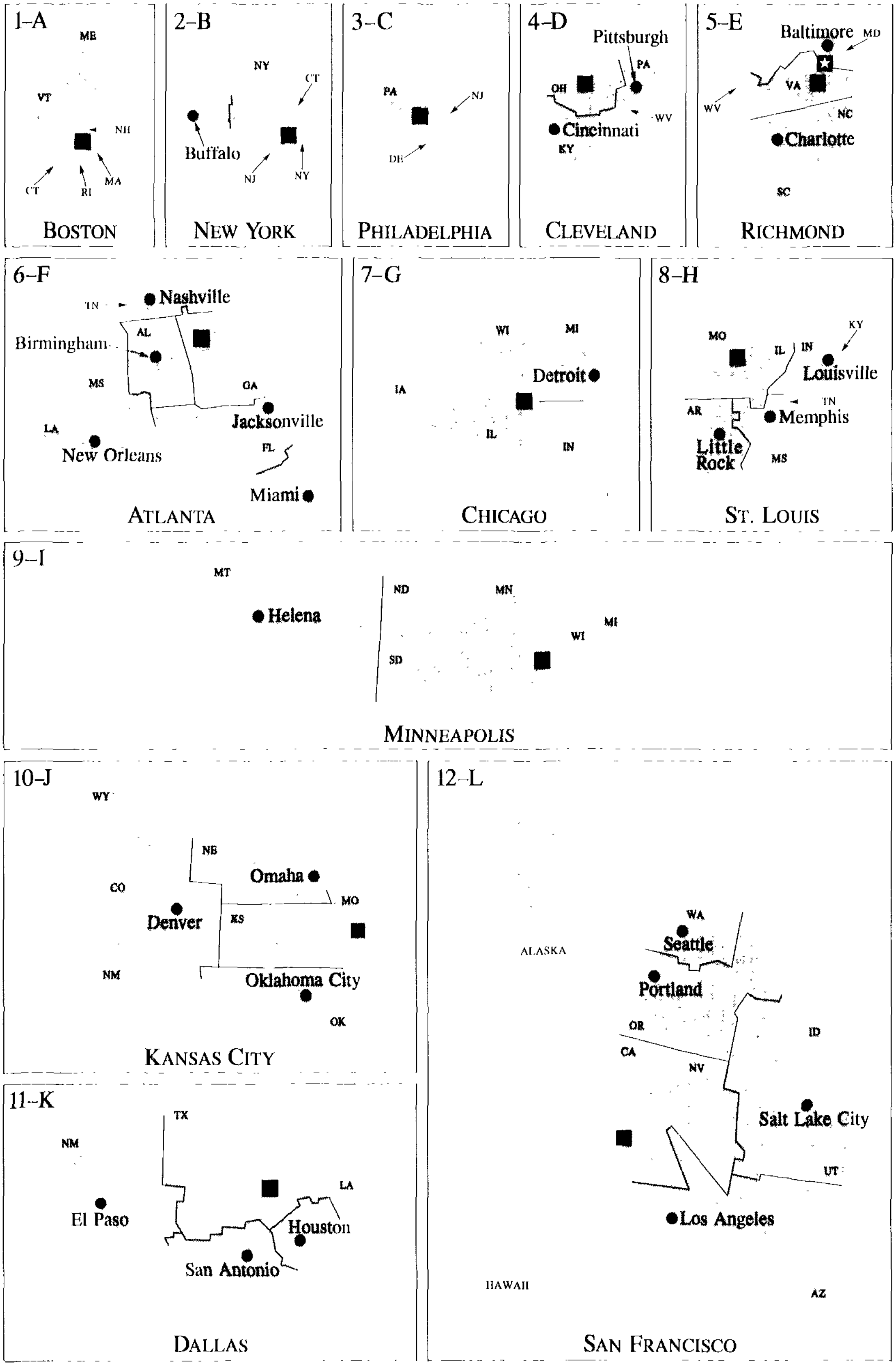
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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# 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 | Cathy E. Minehan | |
| | | William C. Brainard | Paul M. Connolly | |
| NEW YORK* | 10045 | Maurice R. Greenberg | William J. McDonough | |
| | | David A. Hamburg | James H. Oltman | |
| Buffalo | 14240 | Joseph J. Castiglia | | Carl W. Turnipseed[1] |
| PHILADELPHIA | 19105 | James M. Mead | Edward G. Boehne | |
| | | Donald J. Kennedy | William H. Stone, Jr. | |
| CLEVELAND* | 44101 | A. William Reynolds | Jerry L. Jordan | |
| | | G. Watts Humphrey, Jr. | Sandra Pianalto | |
| Cincinnati | 45201 | John N. Taylor, Jr. | | Charles A. Cerino[1] |
| Pittsburgh | 15230 | Robert P. Bozzone | | Harold J. Swart[1] |
| RICHMOND* | 23219 | Henry J. Faison | J. Alfred Broaddus, Jr. | |
| | | Claudine B. Malone | Jimmie R. Monhollon | |
| Baltimore | 21203 | Michael R. Watson | | Ronald B. Duncan[1] |
| Charlotte | 28230 | James O. Roberson | | Walter A. Varvel[1] |
| ATLANTA | 30303 | Leo Benatar | Robert P. Forrestal | |
| | | Hugh M. Brown | Jack Guynn | Donald E. Nelson[1] |
| Birmingham | 35283 | Patricia B. Compton | | Fred R. Herr[1] |
| Jacksonville | 32231 | Lana Jane Lewis-Brent | | James D. Hawkins[1] |
| Miami | 33152 | Michael T. Wilson | | James T. Curry III |
| Nashville | 37203 | James E. Dalton, Jr. | | Melvyn K. Purcell |
| New Orleans | 70161 | Jo Ann Slaydon | | Robert J. Musso |
| CHICAGO* | 60690 | Robert M. Healey | Michael H. Moskow | |
| | | Richard G. Cline | William C. Conrad | |
| Detroit | 48231 | John D. Forsyth | | Roby L. Sloan[1] |
| ST. LOUIS | 63166 | Robert H. Quenon | Thomas C. Melzer | |
| | | John F. McDonnell | James R. Bowen | |
| Little Rock | 72203 | Janet M. Jones | | Karl W. Ashman |
| Louisville | 40232 | Daniel L. Ash | | Howard Wells |
| Memphis | 38101 | Woods E. Eastland | | John P. Baumgartner |
| MINNEAPOLIS | 55480 | Gerald A. Rauenhorst | Gary H. Stern | |
| | | Jean D. Kinsey | Colleen K. Strand | |
| Helena | 59601 | Matthew J. Quinn | | John D. Johnson |
| KANSAS CITY | 64198 | Herman Cain | Thomas M. Hoenig | |
| | | A. Drue Jennings | Richard K. Rasdall | |
| Denver | 80217 | Sandra K. Woods | | Kent M. Scott[1] |
| Oklahoma City | 73125 | Ernest L. Holloway | | David J. France |
| Omaha | 68102 | Sheila Griffin | | Harold L. Shewmaker |
| DALLAS | 75201 | Cece Smith | Robert D. McTeer, Jr. | |
| | | Roger R. Hemminghaus | Tony J. Salvaggio | |
| El Paso | 79999 | W. Thomas Beard, III | | Sammie C. Clay |
| Houston | 77252 | Isaac H. Kempner, III | | Robert Smith, III[1] |
| San Antonio | 78295 | Carol L. Thompson | | James L. Stull[1] |
| SAN FRANCISCO | 94120 | Judith M. Runstad | Robert T. Parry | |
| | | James A. Vohs | Patrick K. Barron | |
| Los Angeles | 90051 | Anita E. Landecker | | John F. Moore[1] |
| Portland | 97208 | Ross R. Runkel | | A. Kenneth Ridd |
| Salt Lake City | 84125 | Gerald R. Sherratt | | 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; East Rutherford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.