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Credit Risk and the Provision of Mortgages to Lower-Income and Minority Homebuyers

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A core function of mortgage lenders, as of other financial businesses, is the measurement, acceptance, and management of risk. The key risk for mortgage lenders is credit risk, which arises from the possibility that borrowers may fail to pay their loan obligations as scheduled. The institution that bears the credit risk in mortgage lending is critical because, without such a participant, a mortgage cannot be made.

The credit risk associated with a mortgage is accommodated through a variety of financial arrangements and institutions. Some institutions, such as mortgage companies, mainly originate loans for sale to third parties. To facilitate this process, mortgage companies often transfer to a mortgage insurer much or all of the credit risk associated with holding the loans, thereby reducing the loss the loan purchaser would suffer in the event of default by a borrower. Other institutions, mainly depositories, keep in their portfolios many of the loans they originate. Like a purchaser of mortgages, however, a depository institution that holds a mortgage may not bear the full risk of default associated with it but may instead share the risk with a mortgage insurer.

Although a considerable amount of information is available about which institutions hold mortgages, less is known about which bear the credit risk. To assess the distribution of mortgage credit risk, we have combined data collected in conjunction with the Home Mortgage Disclosure Act (HMDA) with data submitted by private mortgage insurers about the mortgages they insure. With this unique database, we have obtained a rough gauge of which institutions bear the credit risk of mortgages. In addition, because of the strong public interest in the provision of credit to lower-income and minority homebuyers, we have measured the distribution of credit risk across institutions by the income and race or ethnic group of the borrower and by characteristics of the neighborhoods in which mortgage borrowers reside.[1]

Mortgage Underwriting and Mitigation of Credit Risk

When scheduled payments on a mortgage are not made, a lender typically does not know whether the borrower intends to delay payments only temporarily or to stop them altogether. The borrower is considered "delinquent," but the lender's initial expectation is that the payments will resume. If scheduled payments continue to be missed, the lender may perceive that the borrower does not intend, or is unable, to repay the loan fully.

A lender may take actions against a delinquent borrower by imposing late fees and, in cases of numerous missed payments, by foreclosing on the mortgage and forcing a sale of the property securing the loan. But foreclosure is ordinarily quite costly to the lender, who can expect to incur a variety of expenses during the process: interest accrued from the time of delinquency through foreclosure, legal expenses, costs to maintain the property, expenses associated with the sale of the property, and the loss that arises if the foreclosed property sells for less than the outstanding balance on the loan. A sale for more than the outstanding balance will offset some or all of the lender's expenses, but generally a substantial portion of the costs are not recovered by the sale of the property.

1. Unless otherwise noted, all mortgages discussed were approved during the first ten months of 1994 for the purchase of owner-occupied, single-family homes located in metropolitan areas.

Because foreclosure is costly, a lender often chooses to work with the borrower to acquire payments on the delinquent loan. For instance, a lender may provide credit counseling, establish a repayment plan to bring the loan payments back on schedule, or renegotiate the original terms of the loan. Working with delinquent borrowers to avoid default, however, can also be costly to the lender, who must provide the resources for these activities.

To mitigate credit risk, lenders take many steps—the most important of which is requiring borrowers to meet certain standards before extending credit. The process of creating and implementing these standards and applying them to the borrower is called mortgage underwriting. In assessing the risk of a prospective borrower, lenders evaluate both the ability and the willingness of the borrower to repay the mortgage loan. They examine sources of income, debt-payment-to-income ratios, asset holdings, employment history, and prospects for income growth. Lenders also review the credit history of the borrower, including records of payments for rent and utilities when the applicant is a first-time homebuyer or has no record of loan payments to evaluate.

Assessing credit risk also requires an evaluation of the property securing the mortgage and the proposed use of the property. For example, loans extended for condominiums, manufactured homes, and properties with two, three, or four dwelling units are generally perceived as riskier, and thus are treated more stringently, than single-family detached dwellings.

Lenders also consider the characteristics of the mortgage itself and adjust the price of the loan accordingly. The loan-to-value ratio on a mortgage is one of the primary indicators of default risk; the higher the ratio, the greater the risk of default and loss. Thus, lenders will set higher interest rates on mortgages with high loan-to-value ratios, or more often, they will require that borrowers in such cases purchase mortgage insurance, which also raises the cost of the loan to the borrower.

Lenders pursue different business strategies, and their underwriting practices and standards reflect those strategies. Some lenders choose to underwrite mortgages very strictly and thus limit their exposure to losses. Others accept more credit risk and attempt to recoup their higher expected losses by charging more for a mortgage. Still others may choose not to extend a particular type of mortgage contract or a mortgage secured by a specific type of property, ceding that business to competitors.

Risk-sharing relationships also influence or limit the extent of credit losses. First and most important, the lender almost always shares the risk of the mortgage with the borrower by requiring the borrower to make a down payment toward the purchase of the home and by requiring monthly payments that fully amortize the loan over a fixed period. The bigger the down payment, the more the house value exceeds the loan balance, a difference that gives the lender a cushion in case of default. Second, lenders often share their credit risk on a loan with either a private mortgage insurance company or a government agency. Finally, lenders may sell the mortgage to a government-sponsored enterprise, such as the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac), or to another secondary market institution under terms in which they shed the credit risk associated with the mortgage—that is, the secondary market institution will have no recourse to the seller in the event of default by the borrower. Other techniques to limit credit risk include credit counseling, homebuyer education, and early intervention with delinquent borrowers.

Transfer of Credit Risk through Insurance or Loan Sales

Compared with home mortgages that have high down payments, those that have low down payments are more likely to go into default, and losses on such defaulted mortgages are typically more severe.[2] Mortgage lenders customarily require a

2. Research has consistently found that mortgages with higher loan-to-value ratios go into default more frequently than those with lower ratios. See Roberto G. Quercia and Michael A. Stegman, "Residential Mortgage Default: A Review of the Literature," *Journal of Housing Research,* vol. 3, no. 1 (1992), pp. 341–79. In Freddie Mac's experience, for example, loans with down payments of 5 percent go into default twice as often as loans with 10 percent down payments and five times as often as loans with 20 percent down payments. Loss severity (that is, the loss measured as a proportion of the loan balance) is about 25 percent higher for loans with original loan-to-value ratios in the range of 91 percent to 95 percent compared with loans from 81 percent to 90 percent (*Secondary Mortgage Markets,* vol. 11, no. 1, 1994, pp. 15–19).

The experience of the Federal Housing Administration (FHA) with the mortgages it insures has been similar to that of Freddie down payment of at least 20 percent of the appraised value of a home, but they will accept a smaller down payment if repayment of the mortgage is insured by a public or a private entity. Such insurance allows the lender to share the risk of loss on a mortgage with the insurance provider.[3]

Private Mortgage Insurance

Most borrowers purchase homes or refinance an existing mortgage without mortgage insurance because they generally want to avoid the added costs of the insurance. Many borrowers, however, have few assets available for a down payment and closing costs and thus can ordinarily qualify for a mortgage only with a high loan-to-value ratio and mortgage backing. Other borrowers prefer making a small down payment toward a mortgage even if they have the funds for a larger down payment, and they, too, are normally required by the lender to purchase mortgage insurance.

One type of insurance is private mortgage insurance (PMI), which affords some protection to the lender if a homeowner defaults on a conventional mortgage.[4] PMI reduces a lender's credit risk by insuring against losses associated with default up to a contractually established percentage of the claim amount.[5] Because defaults may result in a loss to the insurer, PMI companies assess and manage credit risk.[6] In determining whether to insure a particular loan, a PMI company acts as a review underwriter, evaluating both the creditworthiness of the prospective borrower and the adequacy of the collateral offered as security on the loan. This review process results in the denial of insurance to prospective borrowers who are judged to impose undue credit risk on the insurer and lender. Lenders are free to extend credit to such borrowers, but they must do so without the protection of PMI.

Some information is available about the activities of the PMI industry in the aggregate as well as about the financial condition of individual insurers; much less is known about the experiences of individual home loan applicants who seek PMI-backed loans. Recently the private mortgage insurance industry made available information on the disposition of applications for mortgage insurance and the characteristics of the households seeking PMI-backed loans in 1994 (see the appendix).

Government Mortgage Insurance

Another type of insurance common in the mortgage market is provided by the government, primarily through programs administered by the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA).[7] Under these programs, the federal government bears most of the credit risk associated with a loan. The FHA is limited in the aggregate amount of credit risk it can take by budgetary requirements imposed on its ongoing business, by size limits on the mortgages that it can insure, by its inability to lower insurance premiums without congressional approval, and by

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Mac. Among FHA-insured mortgages originated from 1986 through 1989, those with loan-to-value ratios greater than 95 percent have defaulted at a rate three to four times that of loans with ratios of less than 90 percent. See James Berkovec, Glenn B. Canner, Stuart Gabriel, and Timothy Hannan, "Race and Residential Mortgage Defaults: Evidence from the FHA-Insured Single-Family Loan Program," in *Proceedings of a Conference on Discrimination and Mortgage Lending* (U.S. Department of Housing and Urban Development, Washington, D.C., May 1993).

3. Some lenders will grant low-down-payment mortgages without insurance, sometimes at higher interest rates, thus effectively providing the insurance themselves. Most often such mortgages are extended as part of an affordable housing program, but lenders may self-insure other low-down-payment mortgages as well.

4. Conventional loans are those not backed by a government agency. For a description of the PMI industry, see Glenn B. Canner, Wayne Passmore, and Monisha Mittal, "Private Mortgage Insurance," *Federal Reserve Bulletin*, vol. 80 (October 1994), pp. 883–99.

5. The claim amount on a defaulted loan generally includes the outstanding balance on the loan, delinquent interest payments, expenses incurred during foreclosure, costs to maintain the property, and advances the lender made to pay taxes and hazard insurance on the property. After foreclosing and taking title to a property, a lender may submit a claim to the mortgage insurer. At this point, the PMI company has two options: (1) Pay the full claim amount and take title to the property or (2) pay the lender the designated percentage of the coverage of the total claim amount as indicated in the policy and let the lender retain title to the property. The option selected by the PMI company will depend on its estimate of the potential value of the property net of sales expenses.

6. For further information about the risk diversification and monitoring practices of PMI companies, see Roger Blood, "Managing Insured Mortgage Risk," in Jess Lederman, ed., *The Secondary Mortgage Market: Strategies for Surviving and Thriving in Today's Challenging Markets*, rev. ed. (Probus, 1992), pp. 635–60. Also see John R. Hoff and Kathleen E. Valenti, "Preserving the Dream," *Mortgage Banking* (August 1995), pp. 77–83.

7. Technically, the VA offers loan guarantees rather than mortgage insurance, but both guarantees and insurance are similar in function and so are referred to here as mortgage insurance. Other government agencies also provide home loan insurance, but on a much smaller scale.

a congressionally imposed limit on the aggregate amount of insurance that may be written each year.[8]

The FHA's largest insurance program is the single-family Mutual Mortgage Insurance Fund. In 1994, the FHA insured 686,000 new mortgages for the purchase of single-family homes. This program requires a uniform and substantial premium for the insurance, and it relies on lower-risk borrowers to cross-subsidize the costs imposed by higher-risk borrowers. As a consequence, lower-risk borrowers who can qualify for privately insured loans tend not to use FHA programs because they can often pay less for private mortgage insurance.

Comparison of PMI and Government Insurance

From the lender's perspective, the mortgage insurance provided by private mortgage insurers and that provided by government agencies such as the FHA and the VA are similar in that both reduce credit risk. The level of protection varies, however: Whereas PMI companies typically limit coverage to 20–30 percent of the claim in a mortgage default, the FHA covers 100 percent of the unpaid balance of the mortgage to the lender as well as most costs associated with foreclosure and sale of the property. The VA provides loan guarantees, with the guaranteed proportion tied to the size of the mortgage. For marginally qualified borrowers, some lenders may prefer the added protection afforded by FHA or VA insurance, and they may encourage the borrowers to apply for these mortgages.

Lenders may have other incentives to encourage applicants to apply for one loan program rather than another. For example, FHA-insured mortgages provide lenders with greater servicing revenue than do PMI-covered mortgages. The origination of mortgages covered by PMI often requires less paperwork, however.

From the homebuyer's perspective, the costs and availability of the insurance offered by the FHA, the VA, and PMI companies can differ markedly. Households often choose mortgages backed by the FHA or the VA instead of those backed by private insurers because the agencies insure mortgages that require considerably less cash at closing and use more liberal underwriting guidelines when evaluating the creditworthiness of the applicant.[9] For example, the FHA insures mortgages that require smaller down payments and, unlike PMI companies, allows the borrower to finance closing costs. In addition, the FHA allows households to use gifts from others for the entire down payment. (In general, private insurers backing low-down-payment mortgages limit the portion of the down payment that may be paid from gifts.) Moreover, the FHA allows households that carry relatively more debt to qualify for a mortgage, an underwriting practice that is often important to lower-income and first-time homebuyers.

As noted earlier, FHA-insured mortgages are not likely to be used by lower-risk borrowers who have the resources to pay closing costs. At the same time, the PMI industry is unable to serve many of the higher-risk FHA borrowers. Because the FHA is a federal agency and thus does not have to meet the same capital and profitability requirements imposed on PMI companies by private-sector investors, its programs can reach many borrowers whom private sector companies cannot profitably serve. The FHA's lending to these higher-risk borrowers is limited mainly by federal legislation imposing limits on mortgage size and establishing criteria for the financial soundness of the FHA's Multiple Mortgage Insurance Fund.

Secondary Market Institutions

Institutions in the secondary mortgage market play a prominent role in the U.S. housing market, each year buying and selling billions of dollars of mortgages and of securities backed by mortgages. Secondary market institutions generally do not originate loans but rather specify the underwriting guidelines that loans must meet to be eligible for purchase or securitization. These guidelines and related limitations on the size of loans that may be purchased vary among the secondary market pur-

8. For a discussion of the history of the FHA's programs and its credit policies, see Susan Wharton Gates, "FHA at a Crossroads," *Secondary Mortgage Markets,* vol. 11, no. 3 (1995), pp. 1, 14–21.

9. The VA mortgage guarantee program, which is open only to veterans, is usually the program of choice for eligible households with few assets available for down payment.

chasers.[10] As a consequence, the characteristics of the borrowers and of the neighborhoods in which the properties are located can be expected to differ among the loans that these institutions purchase or securitize.

Three government-sponsored enterprises (GSEs) dominate secondary market activity—Fannie Mae, Freddie Mac, and the Government National Mortgage Association (Ginnie Mae). Fannie Mae and Freddie Mac buy mainly conventional mortgages: They hold some in portfolio and convert others into securities that they sell to investors. Ginnie Mae does not purchase loans but guarantees the timely payment of interest and principal for privately issued securities backed by mortgages insured by the FHA or the VA. Over the past few years, the GSEs have accounted for 60 percent to 72 percent of all mortgage purchases reported under HMDA.[11]

While the GSEs dominate secondary market activity, other institutions—including commercial banks, savings associations, insurance companies, and pension funds—are also active purchasers of mortgages. The non-GSE institutions buy the same types of loans purchased by the GSEs, but they also provide a market for lenders who originate nonconforming loans, such as jumbo loans, mobile-home loans, and certain types of adjustable rate mortgages.[12]

Underwriting Standards and the Composition of Mortgage Activity

The institution that bears the credit risk of a mortgage is the one that ultimately makes a mortgage loan possible. The willingness and availability of institutions to bear credit risk influences the distribution of mortgage credit among different groups of borrowers. Because the credit characteristics of different groups of borrowers vary, the underwriting standards of institutions can potentially affect the distribution of mortgage borrowers across income groups, race and ethnic categories, and neighborhoods.

For the reasons outlined below, we expect the FHA and the VA to have the greatest involvement with lower-income and black or Hispanic borrowers, Fannie Mae and Freddie Mac somewhat less involvement, and the PMI companies the least. As for portfolio lenders—institutions that originate a mortgage and then choose to keep or sell the mortgage—it is difficult to say, a priori, where they might fall in this ranking. Our expectations are tempered by many caveats. In the following discussion, we describe the various underwriting standards and the way they can be expected to affect the distribution of borrowers, and then we review the actual distributions as calculated from the 1994 HMDA data.[13]

The FHA and the VA

The respective missions of the FHA and the VA are to promote home ownership among moderate-income homebuyers and among all veterans. The agencies achieve these goals, in part, by using government subsidies.

Because FHA and VA underwriting standards are generally less strict than those for privately insured mortgages, borrowers whose mortgages are backed by the FHA or the VA can qualify with more debt relative to income, with smaller down payments, and with weaker credit histories. The more relaxed underwriting guidelines of the FHA and the VA are often needed by families with lower incomes because, compared with families having higher incomes, lower-income families tend to carry relatively higher loads of nonhousing debt, to have a history of credit problems or no credit history at all, and to have fewer assets available to make a down payment and pay closing costs. Thus,

10. Basic underwriting guidelines include the allowable debt-to-income and loan-to-value ratios. Fannie Mae and Freddie Mac, as well as most other secondary market participants, establish their own guidelines for the conventional mortgage loans they purchase. In the case of the Government National Mortgage Association (Ginnie Mae), underwriting standards are established by the Department of Housing and Urban Development and the VA.

11. For a general discussion of the HMDA data, see the appendix, pp. 91–103, to Glenn B. Canner and Wayne Passmore, "Home Purchase Lending in Low-Income Neighborhoods and to Low-Income Borrowers," *Federal Reserve Bulletin*, vol. 81 (February 1995), pp. 71–103. For a summary of the 1994 HMDA data, see the Financial and Business Statistics section of the September 1995 *Federal Reserve Bulletin*.

12. Jumbo loans are conventional mortgage loans that exceed in size the maximum single-family mortgage that may be purchased by Fannie Mae or Freddie Mac.

13. Because lenders who originate loans at the end of the year may not have an opportunity to sell the loan before year-end, when HMDA data must be reported, we have excluded from our calculations loans originated during the last two months of 1994.

mortgages insured by either the FHA or the VA would tend to be those of lower-income borrowers.[14] In addition, limits on the size of mortgages eligible for FHA and VA backing imply that the proportion of upper-income borrowers—who generally desire larger mortgages—will be lower for these agencies than for institutions without these size restrictions.

On average, black and Hispanic borrowers, compared with white or Asian borrowers, have lower incomes, purchase homes with lower values, and have less wealth; they also have more credit problems, higher total debt-payment-to-income ratios, and less stable employment.[15] Thus, we expect that FHA and VA mortgages would be more heavily utilized by black and Hispanic borrowers. Besides having higher proportions of lower-income borrowers and of black and Hispanic borrowers, the FHA and the VA are also more likely to back mortgages extended to borrowers purchasing homes in lower-income and predominately minority neighborhoods.[16]

GSEs and PMI Companies

Fannie Mae, Freddie Mac, and private mortgage insurers are profit oriented and thus cannot bear the same degree of credit loss as the FHA or the VA. However, Fannie Mae and Freddie Mac, although owned by private shareholders, are government-sponsored enterprises that receive important benefits from that sponsorship. One objective in the charters of Fannie Mae and Freddie Mac is to promote the availability of mortgage credit to low- and moderate-income families. In addition, the Department of Housing and Urban Development (HUD) establishes annual goals, as required by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, for the purchase of such mortgages by Fannie Mae and Freddie Mac. Thus, the expectation is that these enterprises will, to a greater extent than purely private-sector entities, promote homeownership among lower-income households.[17]

Private mortgage insurers neither receive government support nor have a government mandate to serve lower-income borrowers. To a limited extent, PMI companies can price risk by charging higher premiums to borrowers with certain credit characteristics. However, lower-income borrowers with these characteristics are constrained in their ability to pay higher premiums. Thus, we expect that PMI companies are more likely than government-sponsored institutions (the FHA, the VA, Fannie Mae, and Freddie Mac) to insure borrowers who have higher incomes, who are either white or Asian, and who are purchasing homes in higher-income neighborhoods or in neighborhoods with fewer minority residents.

Some factors, however, suggest that PMI companies may be more likely than Fannie Mae or Freddie Mac to insure a higher proportion of mortgages extended to lower-income borrowers. For example, PMI companies focus exclusively on mortgages that have high loan-to-value ratios—mortgages that are more often used by lower-income borrowers. In contrast, Fannie Mae and Freddie Mac generally bear risk only for mortgages with larger down payments because of restrictions in their charters. Unless the mortgage carries PMI or some other form of credit enhancement, Fannie Mae and Freddie Mac generally purchase only mortgages with the lowest credit risk because they are restricted to purchasing mortgages with a loan-to-value ratio of

14. The importance of income, per se, in credit risk is unclear. Lower-income borrowers with good credit histories, modest debt burdens, and stable employment may be similar to other similarly situated, higher-income borrowers in terms of their likelihood of default. But, as described, income is highly correlated with other measures of creditworthiness.

15. See for example, Alicia H. Munnell, Lynn E. Browne, James McEneaney, and Geoffrey M.B. Tootell, *Mortgage Lending in Boston: Interpreting HMDA Data,* Working Paper 92-7 (Federal Reserve Bank of Boston, October 1992), p. 24, table 4.

16. Many lower-income borrowers do not buy homes in low-income neighborhoods. Thus, lower-income borrowers are not synonymous with low-income neighborhoods, but the proportion of lower-income borrowers in lower-income neighborhoods is higher than the proportion in other neighborhoods. See Glenn B. Canner and Wayne Passmore, "Implementing CRA: What is the Target?" in *Proceedings of the 31st Annual Conference on Bank Structure and Competition* (Federal Reserve Bank of Chicago, forthcoming).

17. Specifically, the goals require that a certain proportion of Fannie Mae and Freddie Mac purchases be mortgages extended to low- and moderate-income families and to families located in central cities. Furthermore, both institutions must purchase a specified dollar amount of mortgages extended to families residing in low-income areas or with very low incomes (this latter goal is referred to as the special affordable housing goal). For more details about these goals and their effects, see Glenn B. Canner, Wayne Passmore, and Dolores S. Smith, "Residential Lending to Low-Income and Minority Families: Evidence from the 1992 HMDA Data," *Federal Reserve Bulletin,* vol. 80 (February 1994), pp. 79–108.

80 percent or less. In addition, many of the PMI companies have recently begun new programs to increase the utilization of PMI by lower-income and minority households, suggesting that PMI companies, like the GSEs, may balance the objective of profit maximization against other objectives.[18]

Portfolio Lenders

Portfolio lenders are institutions that have the capability of originating and funding a mortgage directly; among them are commercial banks, savings associations, credit unions, and some mortgage banks. Portfolio lenders can determine their own underwriting standards, and these institutions may strive to keep only their low-risk mortgages and pass the risk of their other mortgages to other institutions either by selling them or by obtaining insurance on them from a third party. A portfolio lender's tendency to keep better-quality mortgages for its own portfolio and to sell poorer-quality mortgages is referred to as *adverse selection.*

Profit-oriented purchasers or insurers of mortgages, such as Fannie Mae, Freddie Mac, and PMI companies, guard against adverse selection by setting stricter underwriting standards than they would if they had full information about the risk of the mortgages they buy or insure and by closely monitoring the adherence of mortgage originators to these standards. On balance, it is difficult to know, a priori, how adverse selection will affect the relative involvement of mortgage-market institutions in lending to lower-income and minority borrowers.

Holding mortgages that can be easily sold in the future improves the liquidity of a portfolio lender, and thus the degree to which such a lender wants to hold nonstandard mortgages may be limited. Portfolio lenders can, however, exploit market niches that allow them to collect better information about the risk of a particular group of mortgage borrowers, or they can specialize in the management of higher-risk mortgages more generally; under these circumstances, they may hold relatively large proportions of nonstandard mortgages, including those extended to lower-income and minority borrowers. In other words, many portfolio lenders pride themselves on "knowing their community," and this knowledge can be used to better manage the credit risk of local lending. Without this specialized knowledge or without some feature that makes the mortgage nonconforming (and hence higher yielding or lower cost), a portfolio lender often will have difficulty originating and funding a mortgage loan profitably.[19]

The vast majority of portfolio lenders are depository institutions, which in turn hold almost all home purchase loans held by portfolio lenders. Depository institutions benefit from a government subsidy provided through deposit insurance and from other services available exclusively to them. In return, they bear the costs of many regulations not imposed on other firms. Among these regulations is the Community Reinvestment Act, which requires them to help meet the credit needs of their communities. This factor, combined with the limited profitability of funding conforming mortgages, leads us to expect that mortgages held by depository institutions in portfolio without PMI generally will be underwritten with greater flexibility than mortgages that are either insured by a PMI company or sold into the secondary market.

Mortgage Activity and Loan Size

For the analysis presented below, the mortgage market is divided by loan size. The FHA cannot insure mortgages that are larger than legislated limits. In 1994, the loan size limit in most areas of

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18. The PMI industry has been promoting homeownership by providing insurance for mortgages with 97 percent loan-to-value ratios. These programs also use more flexible underwriting criteria. To offset the additional potential risk from such loans, borrowers are required to complete a homebuyer education course. Thus, to the extent the programs are influencing the type of mortgage that is insured or sold, we might expect to see more low-income borrowers, or black and Hispanic borrowers, with mortgages that are insured or that have been sold.

In addition, PMI companies, as well as Fannie Mae and Freddie Mac, have introduced new programs targeted toward low- and moderate-income households. Joint programs among the PMI companies and the secondary market agencies, such as Fannie Mae's Community Home Buyers program and Freddie Mac's Affordable Gold program, allow the borrower to use gifts and other nonborrower sources of funds for part of the down payment on a mortgage with a 95 percent loan-to-value ratio; such sources of funds are not allowed in regular 95 percent loan-to-value ratio programs.

19. See Joseph Blalock, "Successful Fixed-Rate Lending" *Savings and Community Banker* (February 1994), p. 38; and Wayne Passmore, "Can Retail Depositories Fund Mortgages Profitably?" *Journal of Housing Research*, vol. 3, no. 2 (1992), pp. 305–40.

the country for a single family home was $77,197. In areas where housing prices were high, the allowable limit was $152,362.

We refer to mortgages that fall within the FHA mortgage size limits as FHA-eligible. In 1994 about 67 percent of all mortgages for the purchase of owner-occupied homes were FHA-eligible (table 1).[20] In 1994 an even higher proportion of the mortgages extended to lower-income borrowers (95 percent) and to black or Hispanic borrowers (82 percent) were FHA-eligible.

20. Some FHA mortgages have sizes above the mortgage limits used for the FHA-eligible category because the FHA establishes higher mortgage limits for two-, three-, and four-family properties.

Mortgages that exceed the FHA's single-family mortgage size limits but not the limit on mortgages that Fannie Mae and Freddie Mac can purchase ($203,150 in 1994) are referred to here as "GSE-eligible only" mortgages, a term we shorten further to "GSEO-eligible." In 1994 about one-fourth of all mortgages for purchasing an owner-occupied home were GSEO-eligible. Less than 5 percent of the mortgages extended to lower-income borrowers and 15 percent of the mortgages extended to either black or Hispanic borrowers were GSEO-eligible.

Fannie Mae and Feddie Mac bear a relatively large share of the risk of GSEO-eligible mortgages. With their government backing, they are

1. Mortgage loans, grouped by size and distributed by the characteristics of borrowers and of the census tracts in which the properties are located, 1994

Characteristic	FHA-eligible: Number	FHA-eligible: Percentage of all loans	FHA-eligible: Percentage of characteristic	GSEO-eligible: Number	GSEO-eligible: Percentage of all loans	GSEO-eligible: Percentage of characteristic	Jumbo: Number	Jumbo: Percentage of all loans	Jumbo: Percentage of characteristic	All: Number	All: Percentage of all loans	All: Percentage of characteristic
BORROWER												
Income[1]												
Lower	600,880	95.0	39.8	28,502	4.5	5.0	2,851	.5	1.7	632,233	100	28.1
Middle	535,115	79.5	35.5	132,013	19.6	23.1	6,325	.9	3.7	673,453	100	29.9
Upper	372,130	39.4	24.7	410,616	43.5	71.9	160,565	17.0	94.6	943,311	100	41.9
Total	1,508,125	67.1	100	571,131	25.4	100	169,741	7.5	100	2,248,997	100	100
Racial or ethnic identity												
Asian, Pacific Islander, or white	1,207,139	65.2	80.8	494,598	26.7	88.1	149,407	8.1	90.3	1,851,144	100	83.4
Black or Hispanic	237,160	82.2	15.9	43,177	15.0	7.7	8,246	2.9	5.0	288,583	100	13.0
Other[2]	49,790	61.5	3.3	23,317	28.8	4.2	7,850	9.7	4.7	80,957	100	3.6
Total	1,494,089	67.3	100	561,092	25.3	100	165,503	7.5	100	2,220,684	100	100
CENSUS TRACT												
Income[3]												
Lower	217,479	89.0	14.5	22,597	9.2	4.0	4,393	1.8	2.6	244,469	100	10.9
Middle	872,923	76.3	58.3	232,228	20.3	40.6	38,436	3.4	22.5	1,143,587	100	51.0
Upper	408,085	47.8	27.2	316,507	37.1	55.4	128,256	15.0	75.0	852,848	100	38.1
Total	1,498,487	66.9	100	571,332	25.5	100	171,085	7.6	100	2,240,904	100	100
Minorities (as a percentage of population)												
Less than 10	751,462	64.3	50.3	334,780	28.7	58.7	82,112	7.0	48.0	1,168,354	100	52.3
10–49	595,486	67.1	39.9	211,552	23.8	37.1	80,998	9.1	47.4	888,036	100	39.7
50–100	146,768	82.1	9.8	24,047	13.5	4.2	7,919	4.4	4.6	178,734	100	8.0
Total	1,493,716	66.8	100	570,379	25.5	100	171,029	7.7	100	2,235,124	100	100
Total	**1,524,411**	**67.1**	...	**577,088**	**25.4**	...	**171,748**	**7.6**	...	**2,273,247**	**100**	...

NOTE. Includes only owner-occupied home purchase mortgages originated in 1994 for which action on the application was taken before November 1, 1994, and for which the property securing the mortgage was located in a metropolitan statistical area (MSA).

Not all characteristics are reported for all loans.

FHA-eligible: Loans that fell within the FHA mortgage size limits for single-family homes in 1994. Some FHA mortgages are larger than the mortgage limits used for the FHA-eligible category because the FHA establishes higher mortgage limits for two-, three-, and four-family properties. *GSEO-eligible:* Loans that exceeded the FHA single-family mortgage limits but not the maximum single-family loan size that could be purchased by Fannie Mae or Freddie Mac in 1994. *Jumbo:* Loans that exceeded the Fannie Mae and Freddie Mac limits.

... Not applicable.

1. *Lower:* Less than 80 percent of the median family income of the MSA in which the property related to the loan is located. *Middle:* 80 percent to 120 percent. *Upper:* More than 120 percent.

2. Includes American Indian or Alaskan Native, other minorities, and joint (white and minority co-borrowers).

3. *Lower:* Median family income for census tract less than 80 percent of the median family income of the MSA in which the census tract is located. *Middle:* 80 percent to 120 percent. *Upper:* More than 120 percent.

SOURCE. 1994 HMDA and PMI data from FFIEC.

advantaged competitors that can effectively price the risk of conforming GSEO-eligible mortgages below the price set by their potential competition.[21] Typically, other bearers of credit risk take on the risk of a GSEO-eligible mortgage only if it is nonconforming or if they have some generally unavailable knowledge about the borrower or the property securing the mortgage.

Finally, a mortgage that exceeds $203,150 is referred to as a jumbo mortgage. In 1994, jumbo mortgages accounted for about 8 percent of all mortgages for purchasing a home, for less than 1 percent of the mortgages to lower-income borrowers, and for less than 3 percent of the mortgages to black or Hispanic borrowers.

The Distribution of Mortgage Borrowers by Holder of the Credit Risk

In the discussion of the influence of underwriting standards on mortgage activity, we use two special terms: *mortgage credit risk holders* (risk holders), which are institutions that would actually bear the loss from a mortgage default, and *mortgage credit risk portfolios* (risk portfolios), which are the mortgages for which a risk holder bears the credit risk, regardless of whether the risk holder actually funds the mortgages. For our purposes, the risk holders are the FHA, the VA, PMI companies, Fannie Mae and Freddie Mac, other purchasers of mortgage securities, and depository institutions. The FHA, the VA, PMI companies, Fannie Mae, and Freddie Mac do not fund all (or in some cases any) of the mortgages for which they hold the credit risk. Thus, the number of mortgages in the risk portfolios of these institutions is far larger than their actual mortgage holdings.

For a depository institution, the risk portfolio consists only of the mortgages held in the institution's portfolio that are not insured and that have not been securitized. That is, for this discussion, we assign to the insurer all the credit risk of an insured mortgage. In the case of government-backed mortgages, the assignment is essentially accurate; in the case of PMI-insured mortgages, it is less valid, but we have no way to quantify the actual shares of credit risk. Because PMI companies are bearing the preponderance of risk associated with such mortgages, assigning them all the risk is a simplification that should not be seriously distorting.

Using HMDA and PMI Data to Determine Who Bears Credit Risk

Information about who originates, holds, purchases, or insures a mortgage in a given year is available from HMDA in combination with PMI data. But the credit characteristics of the mortgage are not included in the data. Thus, only rough comparisons are possible because we can observe only the income and race or ethnic group of the borrower and the location of the property and not key measures of creditworthiness such as the loan-to-value ratio, the credit history, or the debt-payment-to-income ratios.

Because of the limited set of information available in HMDA and PMI data, we do not attempt to adjust our measure of credit risk—the actual number of mortgages either insured or held without insurance by the institution—for the actual expected credit risk of particular mortgages. This technique allows only broad and rough inferences about the extent to which an institution bears the credit risk associated with particular income, racial, or ethnic groups. Adjustments to our measure of risk bearing would require information related to the creditworthiness of individual borrowers, which is not available from the HMDA and PMI data. We do, however, discuss the direction adjustments might take and do not believe that they would generally alter the patterns outlined below.

To conduct the analysis, we matched the individual mortgage records reported by mortgage originators under HMDA with individual records on loans insured by PMI companies reported in a manner that parallels that of HMDA reporting. The details of this matching procedure are provided in the box, "Matching HMDA and PMI Loan Records." Extracting the PMI-insured mortgages from the mortgages funded or guaranteed by an institution allows us to measure the credit risk borne by these institutions more precisely.

21. For additional details about Fannie Mae and Freddie Mac and their roles in the conforming mortgage market, see John L. Goodman, Jr., and Wayne Passmore, *Market Power and the Pricing of Mortgage Securitization*, Finance and Economics Discussion Series 187 (Board of Governors of the Federal Reserve System, March 1992).

Accounting for PMI

Measuring the overall distribution of mortgage lending by type of risk holder without controlling for the size of the mortgage or extracting the mortgages insured by PMI indicates that depository institutions held or purchased 34 percent of the mortgages originated in 1994 (table 2, last column, sum of "Depository institution," "Bank or savings association not affiliated with a mortgage originator," and "Affiliate, from a depository institution or its subsidiary" for mortgages with and without PMI). Fannie Mae and Freddie Mac purchased about 25 percent of the mortgages, and the FHA and VA backed about 23 percent of the mortgages. The remaining mortgages were originated and held by an independent mortgage company, purchased by "other" secondary mortgage market institutions, or purchased from independent mortgage companies by affiliates.

Of the mortgages that were retained or purchased by depository institutions or their subsidiaries, roughly 17 percent were backed by PMI (derived from table 2). That most of these mortgages were not backed by PMI implies that depository institutions bear the credit risk of most of the mortgages they hold; given that depository institutions, taken together, have the largest market share for mortgages, it also implies that they are the largest holder of credit risk in the mortgage market. In contrast, Fannie Mae and Freddie Mac together had PMI coverage for about 31 percent of the mortgages they purchased.

Treating risk holders separately, depository institutions bore about 28 percent of the credit risk of home lending, whereas Fannie Mae and Freddie Mac together, the FHA, and the PMI companies each had 17 percent. Thus, measuring 1994 mortgage portfolios as risk portfolios by extracting mortgages insured by PMI only slightly reduces the market share of depository institutions but significantly shrinks the combined share of Fannie Mae and Freddie Mac. Put another way, the distribution of mortgage originations and purchases in the 1994 market did not parallel the distribution of credit risk.

Generally, the type of mortgage insured by the FHA or by the PMI companies is riskier than the type of mortgage for which Fannie Mae or Freddie Mac bear the credit risk. Thus, if one could "weight" mortgage loans by the actual credit risk they pose to the institutions that insure, hold, or purchase mortgages, the FHA and the PMI companies presumably would bear a proportion of the credit risk that is higher than we calculate.

Matching HMDA and PMI Loan Records

To evaluate the respective roles of the FHA, the VA, portfolio lenders in the primary market, secondary market institutions, and the private mortgage insurance companies, we compared information on individual home mortgages reported by lenders covered by HMDA in 1994 to those reported by PMI companies for that year. Conventional home mortgages (that is, those not government-backed) were identified in the HMDA data as privately insured if loan records in the two files matched. Two loan file records were deemed to match each other if they were similar for the following characteristics: purpose of loan, location of the property securing the mortgage (same state, MSA, county, census tract), race or ethnic status of borrower, sex of borrower, applicant income, and loan size. The purpose of the loan and the location of the property had to be identical for the two loan records. The race or ethnic status also had to be identical unless it was missing from the PMI record—in this case, a match was allowed if all other criteria were satisfied.

For matches on applicant income, differences of $1,000 for borrowers with incomes of less than $50,000 and differences of $2,000 for higher-income borrowers were allowed in identifying matches. For matches on loan size, differences of $1,000 for loans of less than $100,000 and differences of $2,000 for loans of $100,000 or more were allowed in identifying matches.

Among the 2,795,162 conventional home purchase loans reported in 1994 under HMDA, 454,187, or 16.2 percent, were identified as privately insured. For this article, 1,813,188 conventional mortgages for the purchase of owner-occupied homes were used, of which 393,742, or 21.7, percent were insured. The smaller number of mortgages reflects a number of restrictions, including that the property be owner-occupied, that it be located in an MSA and have a valid census tract number, and that the mortgage be approved during the first ten months of 1994. The higher percentage of insured mortgages in our data likely reflects the exclusion of non-owner-occupied properties and properties outside of MSAs (often mobile homes), for which mortgages rarely carry PMI.

FHA-Eligible Mortgages

FHA-eligible mortgages are, by definition, relatively small and are more likely to be used by lower-income borrowers. By looking at the composition of FHA-eligible mortgages in each institution's risk portfolio, one can make some inferences about which institutions provide the critical credit-risk-bearing ingredient in the extension of credit to lower-income borrowers.

The FHA and the VA

Among FHA-eligible home purchase mortgages, those actually insured by the FHA include a significantly higher proportion of lower-income borrowers and borrowers who are black or Hispanic than those held or insured by other risk holders (table 3). This result is not surprising because, as described earlier, the FHA is government backed and government subsidized and thus can use more flexible underwriting standards than a private-sector lender or insurer. The other government agency that directly backs mortgages, the VA, insured a lower proportion of mortgages extended to lower-income or black or Hispanic borrowers in 1994 than did the FHA, but it still generally carried a higher proportion of such mortgages in its risk portfolio than did many other risk holders. The VA, of course, is restricted to serving veterans, and that restriction in itself might constrain the range of household income groups it can reach.

2. Mortgage loans, grouped by size and distributed by type of holder and use of insurance, 1994

Type of holder and insurance status	FHA-eligible		GSEO-eligible		Jumbo		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
GOVERNMENT INSURED								
FHA	367,397	24.1	25,656	4.4	258	.2	393,311	16.7
VA	104,591	6.9	50,183	8.7	188	.1	154,962	6.6
WITHOUT MORTGAGE INSURANCE								
Originators[1]								
Depository institution	357,450	23.5	126,382	21.9	68,919	40.1	552,751	23.4
Independent mortgage company	31,881	2.1	12,769	2.2	6,849	4.0	51,499	2.2
Purchasers								
Fannie Mae or Freddie Mac	258,606	17.0	135,623	23.5	3,961	2.3	398,190	16.9
Bank or savings association not affiliated with a mortgage originator	14,777	1.0	9,437	1.6	5,083	3.0	29,297	1.2
Other[2]	101,969	6.7	44,836	7.8	44,663	26.0	191,468	8.1
Affiliate, from an independent mortgage company	13,537	.9	4,455	.8	7,451	4.3	113,875	4.8
Affiliate, from a depository institution or its subsidiary	47,566	3.1	22,221	3.9	12,579	7.3	82,366	3.5
WITH PRIVATE MORTGAGE INSURANCE								
Originators[1]								
Depository institution	56,583	3.7	34,610	6.0	8,075	4.7	99,268	4.2
Independent mortgage company	8,360	.5	5,523	1.0	1,187	.7	15,070	.6
Purchasers								
Fannie Mae or Freddie Mac	111,988	7.3	70,152	12.2	680	.4	182,820	7.7
A bank or savings association not affiliated with a mortgage originator	5,056	.3	4,081	.7	1,130	.7	10,267	.4
Other[2]	24,365	1.6	17,887	3.1	7,689	4.5	49,941	2.1
Affiliate, from an independent mortgage company	2,763	.2	2,155	.4	749	.4	5,667	.2
Affiliate, from a depository institution or its subsidiary	17,365	1.1	11,061	1.9	2,283	1.3	30,709	1.3
Total[3]	**1,524,254**	**100**	**577,031**	**100**	**171,744**	**100**	**2,361,461**	**100**

NOTE. See general note to table 1.

1. Covers mortgages originated in 1994 and not sold to a secondary market purchaser in that year.

2. Life insurance companies, pension funds, and other private-sector purchasers.

3. Totals differ from totals in table 1 because, for a few loans, status of purchaser was not reported.

SOURCE. 1994 HMDA data and PMI data from FFIEC.

8. Proportion of mortgages involving lower-income or black or Hispanic borrowers or census tracts, by type of holder, use of insurance, and size of loan, 1993

Percent

Type of holder and insurance status	FHA-eligible				GSEO-eligible			
	Borrower characteristic		Census tract characteristic		Borrower characteristic		Census tract characteristic	
	Lower income	Black or Hispanic	Lower income	Predominantly minority	Lower income	Black or Hispanic	Lower income	Predominantly minority
GOVERNMENT INSURED								
FHA	45.1	25.7	17.8	13.3	12.4	19.4	9.9	8.9
VA	40.3	19.6	14.0	9.1	10.5	15.5	4.7	5.0
WITHOUT MORTGAGE INSURANCE								
Originators								
Depository institution	40.9	11.6	15.5	8.8	3.8	5.6	4.2	3.6
Independent mortgage company	40.4	19.6	16.7	14.7	7.5	11.1	5.8	7.8
Purchasers								
Fannie Mae or Freddie Mac	35.5	9.7	10.5	7.7	7.0	6.2	3.7	4.1
Bank or savings association not affiliated with a mortgage originator	34.9	8.8	10.7	7.1	4.6	6.0	4.3	4.0
Other	40.7	11.1	13.6	8.4	2.9	6.5	4.1	4.2
Affiliate, from an independent mortgage company	42.5	13.5	13.2	9.3	1.8	7.2	4.0	4.7
Affiliate, from a depository institution or its subsidiary	44.0	13.8	16.9	8.1	3.2	5.2	3.6	2.7
WITH PRIVATE MORTGAGE INSURANCE								
Originators								
Depository institution	35.6	14.0	13.6	9.2	2.0	6.6	2.8	3.9
Independent mortgage company	32.5	21.2	12.3	14.2	2.0	11.0	2.7	6.8
Purchasers								
Fannie Mae or Freddie Mac	31.8	14.6	12.0	9.2	1.8	6.8	2.5	3.6
Bank or savings association not affiliated with a mortgage originator	29.0	10.4	9.4	7.2	1.5	6.7	2.6	3.8
Other	32.8	13.3	11.1	8.1	1.2	6.8	2.3	3.3
Affiliate, from an independent mortgage company	30.1	13.9	8.7	8.3	1.4	6.6	1.9	2.9
Affiliate, from a depository institution or its subsidiary	37.0	15.5	14.5	8.8	1.5	5.3	2.5	2.2
All	**39.8**	**15.9**	**14.5**	**9.8**	**5.0**	**7.7**	**4.0**	**4.2**

NOTE. See general note to table 1 and notes 1 and 3 in table 2.

Income of lower-income borrowers is less than 80 percent of the MSA in which the property related to the loan is located.

A lower-income census tract has a median family income of less than 80 percent of the MSA median family income.

A predominantly minority census tract has a minority population that is larger than 50 percent of the tract's total population.

SOURCE. 1993 HMDA data and PMI data from FFIEC.

FHA-Eligible Mortgages without PMI

As discussed earlier, lower-income borrowers in general have less wealth, more credit history problems, higher ratios of total debt payments to income, and less stable employment, and they are more likely to be black or Hispanic. These financial characteristics are traditionally used in mortgage underwriting as measures of risk. Because portfolio lenders, and depository institutions in particular, tend to be located in the neighborhoods where they make loans and often have multiple relationships with their borrowers, they have an opportunity to look beyond these traditional measures and acquire better information about the risk characteristics of individual borrowers.[22] Portfolio lenders can also exercise considerable flexibility when applying

22. For an extensive review of the role of depository institutions in community lending, see Board of Governors of the Federal Reserve System, *Report to the Congress on Community Development Lending by Depository Institutions* (Board of Governors, 1993).

3.- -Continued

Type of holder and insurance status	Jumbo				Total			
	Borrower characteristic		Census tract characteristic		Borrower characteristic		Census tract characteristic	
	Lower income	Black or Hispanic	Lower income	Predominantly minority	Lower income	Black or Hispanic	Lower income	Predominantly minority
GOVERNMENT INSURED								
FHA	8.7	49.2	28.5	38.3	42.9	25.3	17.3	13.0
VA	1.2	4.0	2.1	2.7	30.6	18.3	11.0	7.7
WITHOUT MORTGAGE INSURANCE								
Originators								
Depository institution	.6	4.6	2.5	4.3	27.4	9.4	11.2	7.0
Independent mortgage company	2.7	7.3	3.5	6.9	27.3	15.8	12.2	11.9
Purchasers								
Fannie Mae or Freddie Mac	1.9	7.8	6.3	20.3	25.5	8.5	8.1	6.6
Bank or savings association not affiliated with a mortgage originator	1.4	4.5	3.5	4.6	19.3	7.2	7.4	5.6
Other	4.6	4.6	2.4	4.1	23.4	8.6	8.7	6.4
Affiliate, from an independent mortgage company	.2	4.5	2.6	4.3	22.9	9.8	8.4	7.0
Affiliate, from a depository institution or its subsidiary	.3	3.5	1.9	1.8	26.3	9.9	11.0	5.7
WITH PRIVATE MORTGAGE INSURANCE								
Originators								
Depository institution	.1	5.6	2.2	4.9	21.0	10.8	8.9	7.0
Independent mortgage company	.2	9.0	2.4	7.1	19.0	16.5	8.0	10.9
Purchasers								
Fannie Mae or Freddie Mac	.1	15.3	4.1	18.2	20.2	11.6	8.3	7.1
Bank or savings association not affiliated with a mortgage originator	.1	6.8	3.4	4.2	14.9	8.5	6.0	5.5
Other	.2	6.1	1.8	3.7	16.4	9.9	6.5	5.7
Affiliate, from an independent mortgage company	.0	7.1	1.2	2.9	15.2	10.2	5.2	5.5
Affiliate, from a depository institution or its subsidiary	.0	6.0	2.3	2.6	21.5	11.1	9.2	5.9
All	**1.7**	**5.0**	**2.6**	**4.6**	**28.1**	**13.0**	**10.9**	**8.0**

their underwriting standards if they plan not to sell or insure a mortgage. The knowledge and flexibility of portfolio lenders seems to be reflected in the income and racial or ethnic characteristics of the borrowers for the mortgages they originate.

In contrast, institutions such as Fannie Mae and Freddie Mac purchase mortgages without the benefit of the additional information that comes from familiarity with borrowers and their neighborhoods; these institutions seem to have greater difficulty bearing the credit risk associated with the mortgages extended to lower-income and black or Hispanic borrowers. This distinction is highlighted by the proportions of mortgages extended to lower-income and black or Hispanic borrowers without PMI and held by the various risk holders.

Of the FHA-eligible conventional mortgages originated and held in portfolio in 1994 by depositories, about 41 percent were extended to lower-income borrowers and 12 percent to black or Hispanic borrowers. Affiliates of depositories also purchased a significant proportion of lower-income mortgages for their risk portfolios. Forty-four percent of their FHA-eligible mortgages were to borrowers with lower income, and 17 percent were to borrowers who live in lower-income areas; these levels are comparable to those of the FHA and the VA, suggesting that those borrowing from affiliates tend to have lower incomes than those borrowing from traditional depository institutions. Depository institutions sometimes use affiliates, such as mortgage brokers, to extend the reach of their branch networks into lower-income neighborhoods, where opening more traditional "brick and mortar" facilities may not be profitable.

Although most independent mortgage companies sell most or all of their mortgage originations to others, some hold their originations—particularly those that are nonconforming—in portfolio. The risk portfolios of these lenders and their affiliates also have relatively high proportions of mortgages extended to lower-income or black or Hispanic borrowers; the proportions may partly reflect the extensive involvement of these lenders in FHA lending, which may also generate many opportunities for extending conventional mortgages to black and Hispanic borrowers.

FHA-eligible mortgages that are not insured and that are sold either to a government-sponsored enterprise or to a nonaffiliated depository institution are more likely to be mortgages of higher-income or white or Asian borrowers. The high proportions of such mortgages sold to Fannie Mae and Freddie Mac may reflect stricter underwriting standards for mortgages without PMI, the required low loan-to-value ratios on mortgages without PMI, and the difficulties these institutions face in collecting comprehensive information about the risk characteristics of lower-income borrowers.

Similarly, a bank or savings association that is purchasing a mortgage from a nonaffiliated mortgage lender would be expected to set high underwriting standards because, as described earlier, it must guard itself against originators who may try to sell it mortgages with poorer credit risk. A depository does not generally need to rely on nonaffiliated originators to generate mortgages to lower-income and minority borrowers because it can extend these mortgages directly or through its own affiliates. However, some depositories may purchase such mortgages to help them meet their obligations under the Community Reinvestment Act.

In recent years, HUD has encouraged both Fannie Mae and Freddie Mac to increase the lower-income portion of their total mortgage purchases. Yet, in terms of risk holdings of such mortgages, the ranking of Fannie Mae and Freddie Mac combined in 1994 was low. Furthermore, the proportion of mortgages purchased by Fannie Mae and Freddie Mac that are for properties in lower-income or minority neighborhoods is also relatively small, a fact suggesting that some of the lower-income borrowers in the risk portfolios of these institutions actually may be households with substantial financial assets.[23]

Perhaps also surprising is the high proportions of lower-income and black or Hispanic borrowers among those whose mortgages are sold to private-sector nondepository purchasers such as investment banks, life insurance companies, and pension funds (the "other" category in table 3). Like Fannie Mae, Freddie Mac, and depository institutions purchasing loans from nonaffiliates, these entities must guard themselves against mortgages with unexpectedly high credit risk and thus presumably set high underwriting standards. However, here, too, some countervailing factors exist. First, in the past couple of years investment banks have created a secondary market for mortgages that do not meet traditional underwriting standards. Securities in this market are often backed by "B" and "C" mortgages—that is, mortgages with lower credit quality than "A" mortgages, which have the highest expected credit quality.[24] Second, some of the private-sector purchasers of mortgages, such as pension funds, have also been encouraged to increase the proportions of their risk portfolios extended to lower-income households.

FHA-Eligible Mortgages with PMI

Given that PMI companies use their own underwriting standards, for the most part regardless of who holds the mortgage, we expect that the distribution of borrower characteristics among privately insured mortgages does not vary much by type of institution. However, our expectations are not supported by the data. The distribution of mortgages extended to black or Hispanic borrowers varies. In

23. For evidence that lower-income borrowers who purchase homes in middle- and upper-income neighborhoods may not be financially constrained, see Canner and Passmore, "Implementing CRA."

24. For a further discussion of the role of non-agency mortgage securities, see Nancy DeLiban and Brian P. Lancaster, "Understanding Nonagency Mortgage Security Credit," *Journal of Housing Research,* vol. 6, no. 2 (1995), pp. 197–216.

addition, the variance does not seem to reflect a distinction between portfolio lenders and other institutions. As for mortgages extended to lower-income borrowers, the same pattern of borrower characteristics across institutions exists regardless of whether or not the mortgage is insured by PMI. Portfolio lenders and their affiliates carry the highest proportions of such mortgages, as well as relatively high proportions of mortgages extended to borrowers in lower-income neighborhoods.

The PMI-covered portions of each holder's risk portfolio had a greater proportion of higher-income and black and Hispanic borrowers than did the portions not covered by PMI. Interpreting these differences is problematic. One possible explanation is that PMI companies, when insuring the risk of mortgages with high loan-to-value ratios, provide the best value for individuals with higher-incomes (but little wealth). Blacks and Hispanics at all incomes have, on average, less wealth than whites with similar incomes, suggesting that black and Hispanic borrowers who have higher incomes and meet traditional underwriting standards but lack the wealth for a down payment may find their lowest-cost option is a mortgage with PMI.[25]

The Market Share of FHA-Eligible Mortgages

An institution's underwriting standards and business strategy influence its presence in a particular market. An institution aggressively seeking mortgages with a variety of credit qualities may have a significant presence in all markets but have a lower proportion of higher-risk mortgages than an institution that only rarely accepts higher-risk mortgages. For example, an institution may actually make most of the FHA-eligible mortgages extended to lower-income borrowers, but such mortgages may account for a small percentage of its portfolio because it makes many mortgages overall.

The credit risk of the majority of FHA-eligible mortgages extended to lower-income or to black or Hispanic borrowers is carried either by the FHA or by depository institutions (or their affiliates) who are not using PMI for such mortgages (table 4). Together, these institutions account for about 56 percent of the FHA-eligible mortgages extended to lower-income borrowers. Fannie Mae and Freddie Mac taken together are the third largest risk holder in this market, with a 15.2 percent share of the market, whereas PMI companies as a group bear the risk of 12.3 percent of these mortgages.

The FHA and depository institutions (including affiliates) accounted for about 60 percent of the FHA-eligible mortgages extended to black or Hispanic borrowers, PMI companies accounted for about 14 percent, and Fannie Mae and Freddie Mac accounted for about 10 percent. In addition, the FHA and depository institutions that are not using PMI hold the majority of the mortgages extended to borrowers in lower-income neighborhoods or in neighborhoods with high proportions of minority residents, a finding that suggests that these borrowers have limited financial resources.[26]

GSEO-Eligible Mortgages

In 1994 the number of GSEO-eligible mortgages was roughly 38 percent of the number of mortgages that are FHA-eligible (derived from table 1). Furthermore, among GSEO-eligible mortgages, only 5 percent were for lower-income borrowers, and 4 percent were for borrowers purchasing properties in lower-income neighborhoods. Roughly 8 percent of the borrowers in this category were black or Hispanic, and about 4 percent of the GSEO-eligible mortgages were for properties in minority neighborhoods. Thus, institutions that focus on GSEO-eligible mortgage lending are limited in the extent to which they can serve lower-income or black or Hispanic borrowers.

Among risk holders of GSEO-eligible mortgages, the FHA and VA have higher proportions of such mortgages extended to lower-income or black or Hispanic borrowers and relatively high propor-

25. Data on wealth and income are from the Board of Governors of the Federal Reserve System, 1992 Survey of Consumer Finances.

26. Many of the lower-income borrowers recorded in HMDA data may not be borrowers with limited financial resources. For example, retirees may have lower incomes but significant holdings of financial assets, and newly graduated professionals may have small current incomes but substantial future incomes. Lower-income borrowers who locate in lower-income neighborhoods may be more likely to have both limited income and limited financial assets and thus may be more likely to need loan programs that allow minimal down payments and the financing of closing costs. Conversely, lower-income people with wealth are less likely to locate in such neighborhoods. See Canner and Passmore, "Implementing CRA."

4. Share of market for mortgages involving lower-income or black or Hispanic borrowers or census tracts, by type of holder, use of insurance, and size of loan, 1994

Percent

Type of holder and insurance status	FHA-eligible				GSEO-eligible			
	Borrower characteristic		Census tract characteristic		Borrower characteristic		Census tract characteristic	
	Lower income	Black or Hispanic	Lower income	Predominantly minority	Lower income	Black or Hispanic	Lower income	Predominantly minority
GOVERNMENT INSURED								
FHA	27.3	39.3	29.7	32.6	11.1	11.4	11.2	9.3
VA	7.0	8.5	6.6	6.3	18.3	17.3	10.4	10.3
WITHOUT MORTGAGE INSURANCE								
Originators								
Depository institution	24.0	17.2	24.7	20.7	16.6	16.1	22.9	18.6
Independent mortgage company	2.1	2.4	2.4	3.1	3.3	3.0	3.2	4.1
Purchasers								
Fannie Mae or Freddie Mac	15.2	10.2	12.3	13.4	33.0	18.6	21.9	23.0
Bank or savings association not affiliated with a mortgage originator	.9	.5	.7	.7	1.5	1.3	1.8	1.6
Other	6.8	4.7	6.2	5.7	4.6	6.5	8.0	7.8
Affiliate, from an independent mortgage company	1.0	.8	.8	.8	.3	.7	.8	.9
Affiliate, from a depository institution or its subsidiary	3.5	2.7	3.6	2.6	2.5	2.7	3.5	2.5
WITH PRIVATE MORTGAGE INSURANCE								
Originators								
Depository institution	3.3	3.3	3.5	3.6	2.5	5.2	4.3	5.7
Independent mortgage company	.4	.7	.5	.8	.4	1.4	.7	1.6
Purchasers								
Fannie Mae or Freddie Mac	5.9	6.8	6.2	7.0	4.4	10.9	7.7	10.5
Bank or savings association not affiliated with a mortgage originator	.2	.2	.2	.2	.2	.6	.5	.6
Other	1.3	1.3	1.2	1.3	.7	2.8	1.8	2.4
Affiliate, from an independent mortgage company	.1	.2	.1	.2	.1	.3	.2	.3
Affiliate, from a depository institution or its subsidiary	1.1	1.1	1.2	1.0	.6	1.4	1.2	1.0
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

NOTE. See notes to table 3.

tions of such mortgages extended to borrowers purchasing homes in lower-income and minority neighborhoods. Thus, among large mortgages as well as FHA-eligible mortgages, the FHA and VA underwriting standards, which qualify higher-risk borrowers for mortgages, seem to serve larger proportions of lower-income or black or Hispanic borrowers than do the underwriting standards of other lenders.

In contrast to patterns found among FHA-eligible mortgages, Fannie Mae and Freddie Mac hold in their combined GSEO-eligible risk portfolio a higher proportion of lower-income mortgages without PMI than do depository institutions. The proportion of such mortgages in their risk portfolio that is extended to black or Hispanic borrowers with no PMI is also somewhat higher. For Fannie Mae and Freddie Mac, the proportion of borrowers in lower-income neighborhoods is smaller than their proportion of lower-income borrowers, suggesting that some of the mortgages to lower-income borrowers may not actually be to those with limited financial resources.

Together, Fannie Mae and Freddie Mac purchased, and depository institutions purchased or originated, the majority of GSEO-eligible mortgages made to lower-income borrowers without mortgage insurance. These institutions also pur-

4.—Continued

Type of holder and insurance status	Jumbo				Total			
	Borrower characteristic		Census tract characteristic		Borrower characteristic		Census tract characteristic	
	Lower income	Black or Hispanic	Lower income	Predominantly minority	Lower income	Black or Hispanic	Lower income	Predominantly minority
GOVERNMENT INSURED								
FHA	.8	1.5	1.7	1.2	26.4	34.1	27.5	28.0
VA	.1	.1	.1	.1	7.4	9.6	6.9	6.6
WITHOUT MORTGAGE INSURANCE								
Originators								
Depository institution	14.0	37.5	38.5	36.8	23.6	17.6	24.8	21.1
Independent mortgage company	6.3	5.5	5.5	5.9	2.2	2.6	2.5	3.4
Purchasers								
Fannie Mae or Freddie Mac	2.6	3.6	5.7	10.1	16.0	11.3	13.0	14.5
Bank or savings association not affiliated with a mortgage originator	2.5	2.7	4.0	2.9	.9	.7	.9	.9
Other	70.9	23.4	24.1	23.2	7.0	5.5	6.7	6.7
Affiliate, from an independent mortgage company	.5	3.8	4.3	4.1	.9	.8	.9	1.0
Affiliate, from a depository institution or its subsidiary	1.5	5.2	5.4	2.9	3.4	2.8	3.7	2.6
WITH PRIVATE MORTGAGE INSURANCE								
Originators								
Depository institution	.3	5.4	4.1	5.0	3.2	3.7	3.6	3.9
Independent mortgage company	.1	1.3	.7	1.1	.4	.8	.5	.9
Purchasers								
Fannie Mae or Freddie Mac	.0	1.2	.6	1.6	5.8	7.3	6.2	7.2
Bank or savings association not affiliated with a mortgage originator	.0	.9	.9	.6	.2	.3	.3	.3
Other	.5	5.6	3.2	3.6	1.3	1.7	1.3	1.6
Affiliate, from an independent mortgage company	.0	.6	.2	.3	.1	.2	.1	.2
Affiliate, from a depository institution or its subsidiary	.0	1.6	1.2	.8	1.0	1.2	1.2	1.0
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

chased or originated about 39 percent of the mortgages extended to black or Hispanic borrowers without mortgage insurance. As described above, the FHA's role was greatly diminished because of limits on the size of loans that can be FHA-insured.

In the VA's risk portfolio, the share of GSEO-eligible mortgages extended to lower-income and to black or Hispanic borrowers is greater than the share of FHA-eligible mortgages so extended because, although it is less restrictive on loan size, the VA still applies relatively flexible underwriting standards. However, the VA's share of mortgages extended to borrowers in lower-income neighborhoods is significantly smaller for GSEO-eligible mortgages relative to its share of such mortgages extended to lower-income borrowers; this finding suggests that, as with Fannie Mae and Freddie Mac, some of these borrowers may have more wealth than is typical of a lower-income borrower.

Jumbo Loans

Few jumbo mortgages were extended to lower-income borrowers or to borrowers purchasing homes in lower-income census tracts (table 1), and the lower-income borrowers that did have such mortgages presumably had substantial wealth to qualify them for the loans. Almost all jumbo mortgages for lower-income borrowers and census tracts were extended without PMI (table 4) and were sold for private mortgage securitizations (table 4, "Other") or held in portfolio by depository institutions.

Similarly, the few jumbo mortgages extended to black or Hispanic borrowers were often held by depository institutions in their portfolio; about 5 percent of jumbo loans went to such borrowers or to census tracts characterized as predominately minority (table 1). Only 0.2 percent of jumbo loans carried FHA insurance (table 2), and they were probably for multifamily properties in high-cost areas. Almost half of FHA jumbo loans were made to black or Hispanic borrowers (table 3).

CONCLUSION

Who bears the credit risk of mortgage lending for the purchase of owner-occupied homes? By merging HMDA data with data from PMI companies, we created a unique database that allowed us to count the total number of mortgages that were originated by institutions in metropolitan areas during 1994 as well as the number of such mortgages covered by private mortgage insurance. By identifying mortgages insured by PMI, we could more precisely assess the distribution of the credit risk of mortgage lending.

Depository institutions bore the credit risk of about 28 percent of the mortgages originated in 1994. Fannie Mae and Freddie Mac together, the FHA, and the PMI companies each bore roughly 17 percent of the credit risk. In addition, depository institutions were less likely than other private-sector entities to use PMI.

To address the question of who serves lower-income or black or Hispanic mortgage borrowers requires, by our definition, the determination of who bears the credit risk of their mortgages. Judged by the proportions of mortgages extended to these groups in an institution's mortgage credit risk portfolio (risk portfolio), as well as by the market share accounted for by an institution's risk portfolio, the FHA is a major provider of service to lower-income and black or Hispanic mortgage borrowers. This result was to be expected because the FHA generally insures the mortgages of borrowers who currently have few assets available for down payments and closing costs and who do not usually qualify for a mortgage with PMI. The FHA can reach large numbers of these mortgage borrowers because it receives the benefits of government subsidy and does not have to earn a competitive return on equity.

Do private-sector institutions, which must earn a competitive return on equity, also serve large numbers of lower-income and minority borrowers? The 1994 data indicate that depository institutions and their affiliates were as significant as the FHA in the provision of mortgages to lower-income borrowers and to borrowers purchasing properties in lower-income neighborhoods. However, the FHA reached a higher proportion of black and Hispanic borrowers and of borrowers purchasing homes in minority neighborhoods. One interpretation of this pattern is that depository institutions have had substantial success creating mortgage products for lower-income borrowers with few assets but who meet other underwriting guidelines, whereas compared with the FHA, they have had less success developing mortgages that incorporate more flexible standards for a wider range of underwriting criteria.

One of our expectations was that Fannie Mae and Freddie Mac, the government-sponsored enterprises, would promote homeownership among lower-income households to a greater extent than would purely private-sector entities. The evidence, however, indicates that in terms of risk holdings of such mortgages, Fannie Mae and Freddie Mac did not outperform private-sector entities such as depositories. The difference may arise because Fannie Mae and Freddie Mac, unlike depositories, generally have no interactions with borrowers and are not located in the neighborhoods where the mortgages are originated; thus they lack the opportunity to look beyond traditional measures of risk.

A surprising element in the data is the apparent success of nondepository private-sector mortgage purchasers in providing a method for investors to serve the mortgage needs of lower-income and of black or Hispanic borrowers. These efforts accounted for a relatively small share of the mortgages extended to these borrowers in 1994; but these risk portfolios, which seem to have been created by private-sector securitizers, had a higher proportion of such mortgages among FHA-eligible mortgages than did the risk portfolio of Fannie Mae and Freddie Mac.

APPENDIX: SUMMARY OF THE 1994 PMI DATA

In 1993 the Mortgage Insurance Companies of America (MICA) requested and arranged for the Federal Financial Institutions Examination Council (FFIEC) to process data from private mortgage insurance companies regarding applications for mortgage insurance and to produce disclosure reports for the public.[27] The MICA request was a response to growing public and congressional interest in learning more about the activities of PMI firms as they relate to issues of fair lending, affordable housing, and community development.

To gather information for these disclosures, each PMI company records data in a loan application register for PMI applications acted on in a given period. The information covers the action taken on the application (approved, denied, withdrawn, or file closed); the purpose of the mortgage for which insurance was sought; the race or national origin, the sex, and the annual income of the mortgage applicant(s); the amount of the mortgage; and the geographic location of the property securing the mortgage. The FFIEC summarizes the information for the public in disclosure statements that have formats similar to those created for financial institutions covered by the Home Mortgage Disclosure Act.

Disclosure statements for each PMI company are publicly available at its corporate headquarters and at the central depository in each metropolitan statistical area in which the HMDA data are held. The central depository also has aggregate data for all of the companies active in that MSA. In addition, the PMI data are available from the Federal Reserve Board through its HMDA Assistance Line (202-452-2016).

This appendix summarizes the PMI data for calendar year 1994.[28] Beginning with the release of the 1995 PMI data, these types of summary tables will appear each year in the Financial and Business Statistics section of the September issue of the *Federal Reserve Bulletin*.

The 1994 PMI Data

For 1994, the eight PMI companies that are actively writing home mortgage insurance submitted their data to the FFIEC through MICA. In total, these companies acted on 1,483,576 applications for insurance: 1,176,044 to insure home purchase mortgages on single-family properties and 307,532 to insure mortgages for refinancing an existing mortgage (table A.1).

The total number of privately insured loans was only slightly lower than that in 1993, but the composition changed in that refinancings were much less prevalent. This pattern agrees with changes in

27. Founded in 1973, MICA is the trade association for the PMI industry. The costs to the FFIEC for receiving and processing the data, preparing disclosure statements and other reports, and disseminating the data are being covered by the PMI companies through MICA.

28. An analysis of the 1993 data is in Glenn B. Canner, Monisha Mittal, and Wayne Passmore, "Private Mortgage Insurance," *Federal Reserve Bulletin*, vol. 80 (October 1994), pp. 883–99.

A.1 PMI applications received and policies written, grouped by purpose of loan and distributed by insurance company, 1994

Company	Home purchase				Home refinance			
	Applications		Policies written		Applications		Policies written	
	Number	*Percent*	Number	*Percent*	Number	*Percent*	Number	*Percent*
Amerin Guaranty	20,714	1.8	18,601	2.0	2,525	.8	2,072	1.0
Commonwealth Mortgage Assurance	84,586	7.2	63,532	6.7	29,276	9.5	18,074	8.8
GE Capital Mortgage Insurance	317,757	27.0	255,185	27.1	88,683	28.8	58,959	28.6
Mortgage Guaranty Insurance	311,974	26.5	262,908	27.9	76,274	24.8	54,591	26.5
PMI Mortgage Insurance	167,837	14.3	127,741	13.6	44,515	14.5	28,225	13.7
Republic Mortgage Insurance	111,029	9.4	90,822	9.6	22,278	7.2	17,105	8.3
Triad Guaranty Insurance	16,735	1.4	13,181	1.4	3,285	1.1	2,278	1.1
United Guaranty	145,412	12.4	109,833	11.7	40,696	13.2	24,515	11.9
Total	**1,176,044**	**100**	**941,803**	**100**	**307,532**	**100**	**205,819**	**100**

SOURCE. FFIEC.

loan composition evidenced in HMDA data. From 1993 to 1994 the number of applications for conventional refinancings fell nearly 51 percent, whereas the number of applications for conventional home purchase loans increased almost 23 percent (data not shown in tables).

The two largest PMI companies, Mortgage Guaranty Insurance Corporation and GE Capital Mortgage Insurance Corporation, accounted for more than half of the applications for PMI and of the policies written in 1994. By and large, the distributions of applications received and of policies written among the PMI companies for insurance to back home purchase loans and refinancings were similar, although Mortgage Guaranty Insurance and Republic Mortgage Insurance Company were somewhat more likely to receive applications for insurance for home purchase loans than for refinancings.

The large share of PMI activity accounted for by Mortgage Guaranty Insurance and GE Capital Mortgage Insurance extended across all regions of the country (table A.2). Similarly, the ranking of the four largest firms in the industry varied little by region. The four largest firms were present in all regions and seemed generally not to be focused disproportionately on any given region (memo item). (An exception was the relative concentration of Mortgage Guaranty Insurance in the Midwest—particularly the Great Lakes area).

Smaller firms generally had a more regional orientation, with Amerin Guaranty more active in the West and Triad Guaranty Insurance Corporation and Republic Mortgage Insurance more active in the South (table A.2, bottom portion). One company, Commonwealth Mortgage Assurance Company, seemed to focus on both the West and the South. The distribution of PMI policies in 1994 followed the distribution of home sales that year (comparison of the bottom two rows of the table). However, homebuyers in the South seemed to be less likely than buyers in other regions to use PMI.

A.2. PMI policies written for home purchase loans, distributed by insurance company and by region of the country, 1994

Percent

Company	West	Midwest	South	Northeast	All[1]
	Distribution by company				
Amerin Guaranty	4.2	1.0	1.2	1.2	1.8
Commonwealth Mortgage Assurance	9.5	3.1	7.8	9.7	7.3
GE Capital Mortgage Insurance	23.2	27.1	29.7	30.4	27.6
Mortgage Guaranty Insurance	24.1	38.0	22.4	25.3	27.4
PMI Mortgage Insurance	15.6	11.1	13.4	15.6	13.7
Republic Mortgage Insurance	8.8	8.5	12.3	4.5	9.2
Triad Guaranty Insurance	.3	1.4	2.4	.2	1.3
United Guaranty	14.3	9.8	10.9	13.0	11.8
All companies	**100**	**100**	**100**	**100**	**100**
MEMO					
Largest two companies[2]	47.3	65.1	52.1	55.7	55.0
Largest four companies[3]	77.2	86.0	76.4	84.3	80.5
	Distribution by region				
Amerin Guaranty	53.6	14.1	21.6	10.7	100
Commonwealth Mortgage Assurance	30.8	11.2	36.1	21.9	100
GE Capital Mortgage Insurance	19.8	25.8	36.3	18.1	100
Mortgage Guaranty Insurance	20.7	36.5	27.6	15.2	100
PMI Mortgage Insurance	26.9	21.4	33.1	18.8	100
Republic Mortgage Insurance	22.4	24.2	45.3	8.1	100
Triad Guaranty Insurance	6.2	29.0	62.2	2.5	100
United Guaranty	28.7	21.8	31.4	18.2	100
All companies	**23.5**	**26.2**	**33.8**	**16.4**	**100**
MEMO: Home sales in 1994	22.9	24.9	38.1	14.2	100

NOTE. Regions are defined by the Bureau of the Census and contain only whole states; see U.S. Department of Commerce, *Statistical Abstract of the United States: 1994* (Government Printing Office, 1994), map on inside front cover.

1. Row totals differ from those shown in table A.1 because information on region was not available for roughly 2.4 percent of the PMI policies.

2. Mortgage Guaranty Insurance and GE Capital Mortgage Insurance.

3. Mortgage Guaranty Insurance, GE Capital Mortgage Insurance, PMI Mortgage Insurance, and United Guaranty.

SOURCE. FFIEC.

Most applications for mortgage insurance pertained to loans of less than $150,000 (table A.3). More than 90 percent of all applications for insurance were for mortgages that were less than or equal to the loan size limits established for Fannie Mae and Freddie Mac (first memo item). The average size of the home purchase mortgages for which private mortgage insurance was sought was $115,925, and that of the refinancings was $124,407.

Compared with all conventional home mortgage applications in 1994 (table A.3, size statistic items), those involving PMI were, on average, larger for both home purchase loans and refinancings. In particular, PMI companies handled a much smaller proportion of applications for mortgages under $50,000, partly because this category includes loans for mobile homes, which are in the conventional home mortgage totals but are rarely insured by the PMI industry.

Characteristics of Applicants for PMI

In 1994, roughly two-thirds of all applicants for PMI had incomes that were at or above the median for the MSA in which the property securing the loan was located (table A.4). The distributions of PMI applicants by income differed between those seeking insurance for loans to purchase homes and those who applied for insurance to refinance an existing loan. In particular, the proportion of insurance applicants for refinancings who were in the highest income grouping (income greater than 120 percent of their MSA median family income) was significantly larger (59 percent) than the comparable proportion of insurance applicants for home purchase mortgages (48 percent). This difference probably reflects the higher proportion of first-time, and perhaps younger, homebuyers in the home purchase category.

Like the distribution of applications for conventional home purchase loans and refinancings observed in the 1994 HMDA data, most applicants for loans backed by PMI were white (about 80 percent), and roughly half were seeking insurance for mortgages to be secured by properties located in predominantly white neighborhoods (neighborhoods with a minority population of less than 10 percent). Overall, about 60 percent of the applicants were seeking insurance to help buy a home or to refinance a mortgage on a property located in the non–central city portion of MSAs.

The distribution of applications received by the individual PMI companies according to the income and the race or ethnic group of the borrower generally reflected the national distribution (table A.5). The differences among the companies were, for the

A.3. PMI applications, grouped by purpose of loan and distributed by size of loan, 1994

Size of loan (dollars)	Home purchase: Privately insured: Number	Home purchase: Privately insured: Percent	Home purchase: MEMO: All[1] (percent)	Home refinance: Privately insured: Number	Home refinance: Privately insured: Percent	Home refinance: MEMO: All[1] (percent)
Less than 50,000	104,138	8.9	31.8	16,183	5.3	26.4
50,000–74,999	207,651	17.7	15.7	52,651	17.1	20.7
75,000–99,999	225,282	19.2	13.2	55,203	18.0	14.7
100,000–149,999	365,089	31.0	20.0	100,507	32.7	18.6
150,000–199,999	169,600	14.4	9.3	49,945	16.2	8.6
200,000 or more	104,284	8.9	9.9	33,043	10.7	11.0
Total	**1,176,044**	**100**	**100**	**307,532**	**100**	**100**
MEMO						
Size conformance[2]						
Conforming	1,091,775	92.8	91.6	279,051	90.7	90.5
Nonconforming	84,269	7.2	8.4	28,481	9.3	9.5
Size statistic (dollars)[3]						
Mean	115,925		100,068	124,407		106,120
Median	105,000		78,000	113,000		78,000

1. Based on all conventional home mortgages reported in 1994 HMDA data.
2. Loans of up to $203,150 conform with size limits imposed on Fannie Mae and Freddie Mac.
3. For applications on which loan size was reported.
SOURCE. FFIEC.

most part, minor and may have partly reflected the regional orientation or the business strategy of the company. For example, Amerin Guaranty Corporation is concentrated in the West and has a business strategy of delegating the underwriting decision to the lender.[29] Both characteristics may have resulted in lending to higher proportions of lower-income and minority applicants.

Disposition of Applications for Mortgage Insurance

PMI companies approved most of the applications for insurance they acted on during 1994—roughly 87 percent of applications for insurance to back home purchase loans and 88 percent for refinancings (table A.6). Among the applications for insur-

29. For example, if a lender has additional information about an applicant that is not adequately reflected in standard mortgage documentation and that causes the lender to believe the applicant is creditworthy, then the lender may use Amerin Guaranty.

Analysis of PMI activity by region of the country indicates that applicants of Hispanic origin accounted for a relatively large share of all applications for insurance to buy homes for each company in the West. However, Amerin Guaranty received a particularly large share of its insurance applications from Hispanic mortgage applicants. In 1994, nearly one-quarter of Amerin Guaranty's customers in the West were of Hispanic origin, roughly twice the proportion of Hispanic applications received by other PMI companies in this region (data not shown in tables).

A.4. PMI applications, grouped by purpose of loan and distributed by characteristics of applicant and of census tract in which property is located, 1994

Characteristic	Home purchase		Home refinance	
	Number	Percent	Number	Percent
APPLICANT				
Race or ethnic group				
American Indian or Alaskan Native	3,669	.4	1,609	.7
Asian or Pacific Islander	30,201	3.1	12,229	5.1
Black	57,124	6.0	12,305	5.1
Hispanic	65,928	6.9	14,794	6.1
White	776,939	80.9	193,832	80.2
Other	4,645	.5	1,476	.6
Joint (white and minority)	21,527	2.2	5,324	2.2
Total	**960,033**	**100**	**241,569**	**100**
Income (percentage of MSA median)[1]				
Less than 80	160,795	20.2	28,453	11.3
80–99	127,930	16.0	34,306	13.6
100–120	127,404	16.0	39,983	15.9
More than 120	381,597	47.8	149,432	59.3
Total	**797,726**	**100**	**252,174**	**100**
CENSUS TRACT				
Racial composition (minorities as percentage of population)				
Less than 10	408,009	50.3	103,009	40.7
10–19	181,964	22.4	61,111	24.2
20–49	146,265	18.0	59,651	23.6
50–79	47,151	5.8	19,138	7.6
80–100	27,335	3.4	10,084	4.0
Total	**810,724**	**100**	**252,993**	**100**
Income[2]				
Lower	84,800	10.5	23,893	9.5
Middle	405,210	50.0	130,170	51.5
Upper	320,077	39.5	98,632	39.0
Total	**810,087**	**100**	**252,695**	**100**
Location[3]				
Central city	324,738	40.1	92,667	36.6
Non-central city	486,018	59.9	160,329	63.4
Total	**810,756**	**100**	**252,996**	**100**

NOTE. Not all characteristics were reported for all loans.

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 80 percent of median family income for MSA. *Middle:* 80 percent to 120 percent. *Upper:* more than 120 percent.

3. For census tracts located in MSAs.

SOURCE. FFIEC.

Multiple Applications

Among the 1,176,044 applications for insurance for home purchase loans in 1994, 80,655 (6.9 percent) appear to have been multiple or "duplicate" applications. Among the 307,532 applications for insurance to back refinancings that year, 17,764 (5.8 percent) appear to have been multiple applications. Multiple applications were identified through a search of the data on mortgage insurance applications for records with the identical census tract, purpose of loan, race or ethnic status, applicant income, and loan size. In identifying matches on applicant income and loan size, differences of $1,000 or less were allowed. In the overwhelming majority of cases, a match consisted of only two records, indicating that lenders typically did not submit a given application to more than two PMI companies.

Applications from those of Hispanic, black, and Asian ancestry—and from applicants not in the highest income category—were more likely than those in other categories to be sent to multiple PMI companies (compare table A.4 with the table below). In addition, denial rates were substantially higher for all categories of applicants with multiple application records (compare table A.6 with the table below).

Distribution and denial rate of PMI applications sent to more than one company, by purpose of loan and characteristics of applicant and of census tract in which property is located, 1994

Percent

Characteristic	Home purchase		Home refinancing	
	Distribution	Denial rate	Distribution	Denial rate
All applications sent to more than one company	100	32.8	100	34.8
Race or ethnic group of applicant				
American Indian or Alaskan Native	.1	47.7	.3	50.0
Asian or Pacific Islander	3.9	45.2	7.2	38.5
Black	7.9	48.8	5.8	45.5
Hispanic	11.2	45.2	9.6	45.3
White	74.6	28.9	74.5	32.3
Other	.3	54.6	.4	45.0
Joint (white and minority)	2.0	40.1	2.2	35.9
Total	100	...	100	...
Income of applicant (percentage of MSA median)[1]				
Less than 80	25.5	38.8	13.8	45.6
80–99	18.4	31.9	15.8	35.4
100–120	17.1	29.3	16.9	34.3
More than 120	39.0	30.8	53.5	32.0
Total	100	...	100	...
Racial composition of census tract (minorities as percentage of population)				
Less than 10	42.1	24.7	30.0	26.8
10–19	23.4	32.8	24.2	32.8
20–49	21.5	40.5	29.5	39.3
50–79	8.0	44.8	10.2	44.2
80–100	4.9	48.7	6.1	45.0
Total	100	...	100	...
Income of census tract[2]				
Lower	12.0	44.9	11.6	46.8
Middle	50.1	33.7	51.2	35.4
Upper	37.9	27.8	37.2	30.4
Total	100	...	100	...
Location of census tract[3]				
Central city	39.2	34.3	35.3	36.6
Non–central city	60.8	31.8	64.7	33.9
Total	100	...	100	...
Memo				
Number of applications sent to more than one company	80,655		17,764	

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 80 percent of median family income for MSA. *Middle:* 80 percent to 120 percent. *Upper:* more than 120 percent.

3. For census tracts located in MSAs.

Source. FFIEC.

A.5. PMI applications, grouped by insurance company and purpose of loan and distributed by characteristics of applicant and of census tract in which property is located, 1994

Percent

Characteristic	Amerin Guaranty		Commonwealth Mortgage Assurance		GE Capital Mortgage Insurance		Mortgage Guaranty Insurance	
	Purchase	Refinance	Purchase	Refinance	Purchase	Refinance	Purchase	Refinance
Applicant								
Race or ethnic group								
American Indian or Alaskan Native	.4	.5	.3	.5	.7	1.5	.2	.3
Asian or Pacific Islander	4.3	6.8	3.8	6.8	3.1	4.8	2.7	3.7
Black	6.0	7.7	6.2	5.2	7.1	5.3	4.8	4.7
Hispanic	14.5	19.2	8.9	8.6	7.1	5.4	5.4	4.5
White	69.8	59.6	77.4	75.3	80.0	80.9	84.0	84.0
Other	1.5	1.8	.8	.9	.0	.2	.6	.6
Joint (white and minority)	3.5	4.5	2.6	2.9	2.0	1.9	2.3	2.1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Income (percentage of MSA median)								
Less than 80	20.5	15.9	21.8	11.9	20.9	10.3	20.6	11.9
80–99	17.0	15.0	16.8	14.3	15.8	12.6	16.5	14.2
100–120	18.1	17.9	16.1	16.3	15.2	14.9	16.2	16.4
More than 120	44.5	51.2	45.3	57.4	48.1	62.1	46.7	57.5
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Census tract								
Racial composition (minorities as percentage of population)								
Less than 10	35.6	20.6	44.4	32.1	48.5	42.4	56.7	47.3
10–19	23.2	19.5	23.4	24.6	22.7	25.1	21.0	22.9
20–49	23.0	33.4	20.6	28.1	18.8	22.1	15.0	20.1
50–79	10.6	15.2	7.0	9.6	6.2	6.8	4.7	6.4
80–100	7.6	11.3	4.6	5.6	3.8	3.6	2.5	3.3
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Income								
Lower	14.5	16.3	10.9	10.5	10.8	8.8	10.4	9.2
Middle	51.0	53.8	50.2	51.7	49.0	49.5	51.4	53.2
Upper	34.5	29.9	38.9	37.8	40.2	41.8	38.2	37.6
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note. See notes to table A.4.

ance on home purchase loans, 9.7 percent were denied by the insurer, and 2.5 percent were withdrawn by the lender; in a relatively small percentage of cases, the application file was closed after additional information needed by the insurer to make a decision was not provided. For home refinancing applications, the denial rate was 8.5 percent, and the withdrawal rate was 2.8 percent. Compared with the PMI data for the fourth quarter of 1993, denial rates for all of 1994 were down slightly, about 1 to 2 percentage points.

In general, the relatively high approval rates for PMI are not surprising: Lenders submitting applications for insurance know the prospective borrower's credit circumstances and the credit underwriting guidelines used by the PMI companies.[30] However, the evaluation of disposition patterns for mortgage insurance applications is complicated because lenders may submit an application for insurance to more than one PMI company at a time. Multiple applications are potentially more common for PMI than for mortgages because PMI companies do not charge lenders to submit an application, whereas lenders generally charge mortgage applicants for each submission.

Overall, nearly 7 percent of the applications in the 1994 data appear to have involved multiple applications (see box "Multiple Applications"). Analysis of these applications suggests that lenders were submitting the applications primarily of marginally qualified applicants to more than one PMI company. For example, among the multiple applications, the denial rate was roughly 33 percent for

30. The approval rate for Amerin Guaranty Corporation is 100 percent because the firm delegates the decision to approve an application for insurance to the lending institution. Thus, Amerin Guaranty receives notification about applications for insurance only when a lender has selected it as the insurance provider.

A.5.—Continued

Characteristic	PMI Mortgage Insurance		Republic Mortgage Insurance		Triad Guaranty Insurance		United Guaranty	
	Purchase	Refinance	Purchase	Refinance	Purchase	Refinance	Purchase	Refinance
APPLICANT								
Race or ethnic group								
American Indian or Alaskan Native	.3	.3	.3	.4	.3	.3	.2	.3
Asian or Pacific Islander	3.4	5.1	2.4	4.4	1.6	2.1	4.0	7.2
Black	5.9	5.4	5.3	5.0	5.4	5.2	6.0	4.6
Hispanic	7.4	6.0	6.4	6.7	2.5	2.7	7.4	8.1
White	79.8	79.9	83.6	81.3	88.4	87.8	79.0	76.2
Other	.7	.9	.4	.5	.4	.2	.8	1.0
Joint (white and minority)	2.4	2.3	1.5	1.6	1.5	1.7	2.6	2.6
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Income (percentage of MSA median)								
Less than 80	19.8	11.6	18.8	12.2	17.6	16.1	18.3	10.4
80–99	16.1	13.9	15.7	14.8	15.4	15.1	15.2	12.8
100–120	16.4	16.4	16.3	16.9	17.1	16.6	16.0	15.4
More than 120	47.7	58.1	49.2	56.2	49.9	52.2	50.4	61.4
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
CENSUS TRACT								
Racial composition (minorities as percentage of population)								
Less than 10	48.7	41.7	50.5	38.3	55.5	49.6	48.1	32.4
10–19	23.4	24.1	22.4	24.0	24.8	24.1	22.9	24.5
20–49	18.7	22.9	18.7	26.0	15.4	19.2	19.4	28.6
50–79	6.0	7.4	5.6	7.7	2.9	5.0	6.1	9.5
80–100	3.2	3.8	2.9	4.0	1.4	2.0	3.5	4.8
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Income								
Lower	10.6	9.9	9.4	9.6	7.3	8.3	10.0	9.9
Middle	51.2	53.3	49.2	51.5	48.9	52.8	48.7	50.6
Upper	38.3	36.8	41.4	38.9	43.8	38.9	41.3	39.6
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

insurance for home purchase mortgages compared with 8 percent for all home purchase applications excluding the multiple applications (the denial rate for all home purchase applications, 9.7 percent, is shown in table A.6).

Although most applications for PMI were approved in 1994, there were substantial differences across metropolitan areas. In particular, applications for insurance for home purchase mortgages secured by properties located in all California MSAs and in many Florida MSAs had relatively high denial rates. In California, weak housing market conditions, combined with the aggressive pursuit of customers by mortgage originators, may have led to higher proportions of marginally qualified applicants for mortgage insurance in these markets. The explanations for high denial rates in Florida are less certain, but suggestions range from a high proportion of condominiums and second homes to a local economy that is prone to greater volatility in housing prices. In contrast, many MSAs in the Midwest and some in the South had denial rates well below the national average (for example, Minneapolis–St. Paul, 2.4 percent; Detroit, 4.1 percent; Milwaukee, 4.0 percent; and Richmond, 4.2 percent.)

Disposition by Applicant Characteristics

In general, the amount and the stability of income can be expected to affect an applicant's ability to qualify for mortgage insurance, although they are usually considered in relation to the existing and proposed debt burden rather than as absolute measures of creditworthiness. Other factors considered in evaluating creditworthiness include the amount of assets available to meet down-payment and closing cost requirements, employment experience, and credit history. On average, lower-income house holds have fewer assets and lower net worth and experience more frequent employment disruptions than do higher-income households; this combination of factors often results in a denial of an application.

The 1994 data indicate that the majority of applications for PMI were approved but that the rates of approval and denial varied somewhat among applicants grouped by their income (table A.6). For example, in 1994 nearly 90 percent of the applicants for insurance for home purchase loans whose incomes placed them in the highest income group were approved for insurance, compared with 84 percent in the lowest income group (income less than 80 percent of their MSA median). Approval and denial rates for applicants from middle-income groups were similar to those for the highest income group. The same patterns were found for applications for insurance of refinancings.

Examining the racial or ethnic characteristics of applicants indicates that greater proportions of Asian, black, and Hispanic applicants than of white applicants had their applications for private mortgage insurance denied in 1994. The denial rate for Native American applicants was about the same as that for white applicants. For example, for insurance for home purchase loans, 16.3 percent of Asian applicants, 18.4 percent of black applicants, 19.4 percent of Hispanic applicants, 9.9 percent of Native American applicants, and 9.3 percent of white applicants were denied. The rate of denial also generally increased as the proportion of minority and lower-income residents in a neighborhood increased.

Differences in PMI denial rates for applicants grouped by race or ethnicity reflect various factors, including the proportion of each group with relatively low income. In 1994, 19 percent of the white

A.6. PMI applications, grouped by characteristics of applicant and of census tract in which property is located and distributed by purpose and disposition of loan, 1994

Percent

Characteristic	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Total	**87.1**	**9.7**	**2.5**	**.8**	**100**	**88.0**	**8.5**	**2.8**	**.7**	**100**
APPLICANT										
Race or ethnic group										
American Indian or Alaskan Native	87.1	9.9	2.4	.6	100	91.4	6.5	1.6	.5	100
Asian or Pacific Islander	78.8	16.3	3.6	1.3	100	80.0	14.3	3.9	1.7	100
Black	76.9	18.4	3.4	1.3	100	83.1	12.9	3.1	.9	100
Hispanic	76.0	19.4	3.3	1.3	100	77.0	17.9	3.9	1.2	100
White	87.5	9.3	2.5	.7	100	88.2	8.2	2.8	.7	100
Other	79.7	16.1	2.8	1.4	100	81.6	14.2	2.8	1.4	100
Joint (white and minority)	83.6	12.7	2.8	.9	100	84.0	12.3	3.0	.7	100
Income (percentage of MSA median)										
Less than 80	83.7	13.5	2.3	.6	100	83.4	13.1	2.8	.6	100
80–99	87.9	9.5	2.0	.5	100	87.6	9.2	2.6	.6	100
100–120	89.1	8.3	2.1	.5	100	88.9	8.2	2.3	.6	100
More than 120	89.6	7.6	2.2	.6	100	89.0	7.5	2.8	.8	100
CENSUS TRACT										
Racial composition (minorities as percentage of population)										
Less than 10	91.8	6.0	1.8	.4	100	92.4	4.9	2.2	.5	100
10–19	87.7	9.4	2.3	.6	100	88.2	8.4	2.8	.7	100
20–49	83.5	13.1	2.6	.8	100	84.3	11.7	3.1	1.0	100
50–79	79.6	16.5	3.0	1.0	100	81.6	13.9	3.4	1.2	100
80–100	76.7	19.1	3.1	1.1	100	78.8	16.5	3.6	1.1	100
Income										
Lower	82.4	14.2	2.6	.8	100	83.5	12.5	3.1	.9	100
Middle	88.1	9.2	2.1	.5	100	88.3	8.5	2.6	.7	100
Upper	89.8	7.6	2.1	.5	100	89.0	7.6	2.7	.7	100
Location										
Central city	87.6	9.6	2.2	.6	100	87.8	8.7	2.7	.7	100
Non-central city	88.6	8.8	2.1	.6	100	88.3	8.3	2.7	.7	100

NOTE. See notes to table A.4.

applicants who applied for insurance had incomes that were less than 80 percent of the median family income for their MSA (data not shown in tables). The figures for other groups of applicants in the same income category were roughly 33 percent for black, 32 percent for Hispanic, and 19 percent for Asian applicants. Differences in the distribution of applicants for insurance by income account for some of the differences in denial rates. However, within each income group, white applicants had lower rates of denial than Asian, black, or Hispanic applicants (table A.7).

Denial rates are also influenced by differences in the frequency of multiple applications for insurance for the same applicants across racial or ethnic groups. Generally, applications by minorities are more likely to be submitted to more than one PMI company because minority applicants often have lower incomes or more complex credit circumstances. Excluding multiple applications submitted for the same individuals reduces denial rates about 3 to 4 percentage points for minorities and about 2 percentage points for whites.

The pattern of denial rates by race or ethnicity differs from the pattern in HMDA data in one notable way. In HMDA data, Asian applicants for home purchase loans have a lower denial rate than that for white applicants.[31] The high proportion of Asian applicants from California may help account for their relatively high denial rate for PMI. Among Asians applying for home purchase loans where the MSA location of the property was reported, 34 percent were seeking insurance for mortgages to buy homes in California. (Only 14 percent of all PMI applications were for loans to buy homes in California.) Slightly more than 24 percent of the Asian

31. For example, according to the 1994 HMDA data, the denial rate for Asian applicants was 12 percent, and the denial rate for white applicants was 16.4 percent.

A.7. PMI applications, grouped by income and race of applicant and distributed by purpose and disposition of loan, 1994
Percent

Applicant's MSA-relative income and race or ethnic group[1]	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Less than 80 percent										
American Indian or Alaskan Native	85.1	12.9	1.8	.2	100	84.7	12.9	1.2	1.2	100
Asian or Pacific Islander	78.2	17.9	3.1	.7	100	75.6	19.4	3.4	1.5	100
Black	75.1	20.7	3.0	1.1	100	78.4	17.9	2.9	.9	100
Hispanic	75.0	21.1	2.9	1.0	100	71.2	24.1	3.8	1.0	100
White	84.8	12.5	2.2	.5	100	83.8	12.7	2.9	.6	100
Other	78.2	20.1	1.0	.8	100	69.1	25.2	4.1	1.6	100
Joint (white and minority)	78.3	18.9	2.2	.6	100	74.0	21.1	4.5	.3	100
80–99 percent										
American Indian or Alaskan Native	91.0	6.9	1.8	.3	100	92.4	5.8	1.7	.0	100
Asian or Pacific Islander	80.7	15.3	3.2	.9	100	81.4	13.2	4.1	1.3	100
Black	78.4	17.9	2.7	1.0	100	82.7	13.5	2.6	1.1	100
Hispanic	77.1	18.6	3.1	1.1	100	77.5	17.6	3.9	1.0	100
White	89.0	8.6	1.9	.4	100	88.0	8.9	2.6	.5	100
Other	81.8	14.7	2.5	1.0	100	83.6	12.6	2.5	1.3	100
Joint (white and minority)	83.4	13.9	1.9	.8	100	83.8	12.9	2.4	.9	100
100–120 percent										
American Indian or Alaskan Native	90.4	7.8	1.4	.5	100	89.3	9.1	1.6	.0	100
Asian or Pacific Islander	80.1	15.7	3.5	.7	100	80.6	14.1	4.0	1.3	100
Black	80.4	15.6	3.0	.9	100	83.8	12.9	2.7	.6	100
Hispanic	78.2	17.5	3.2	1.1	100	79.0	16.2	3.7	1.0	100
White	90.0	7.5	2.0	.5	100	89.4	7.7	2.3	.6	100
Other	83.3	13.1	2.8	.7	100	83.3	13.4	2.8	.5	100
Joint (white and minority)	86.5	10.9	1.9	.7	100	84.8	12.4	2.1	.7	100
More than 120 percent										
American Indian or Alaskan Native	90.1	7.5	2.0	.4	100	93.0	5.1	1.3	.6	100
Asian or Pacific Islander	80.0	15.0	3.5	1.5	100	80.5	13.8	3.8	2.0	100
Black	82.0	14.2	2.9	.8	100	85.1	10.8	3.2	.9	100
Hispanic	79.0	16.6	3.2	1.2	100	79.5	15.5	3.9	1.1	100
White	90.0	7.1	2.3	.6	100	89.2	7.2	2.8	.8	100
Other	82.4	13.2	3.4	1.1	100	81.7	13.5	2.7	2.1	100
Joint (white and minority)	86.6	10.2	2.6	.6	100	85.6	10.5	3.1	.7	100

1. Income percentages are the percentages of the median family income of the MSA in which the property related to the loan is located.

SOURCE. FFIEC.

applicants from California were denied PMI, compared with a denial rate of only 12 percent for Asians outside California (data not shown in tables).

The difference in PMI denial rates between white applicants and Asian, black, and Hispanic applicants may lead some observers to conclude that race influences the disposition of applications.[32] Although these disparities raise questions, the extent of any discrimination cannot be determined from the data submitted by the PMI companies because they provide little information about the characteristics of the properties that applicants seek to purchase or refinance or of the financial circumstances of the applicants. For example, the applicants' levels of debt, their credit histories, and their employment experiences are not disclosed. Without information about these circumstances and about the specific underwriting standards used by PMI companies, the fairness of the decision process cannot be assessed.

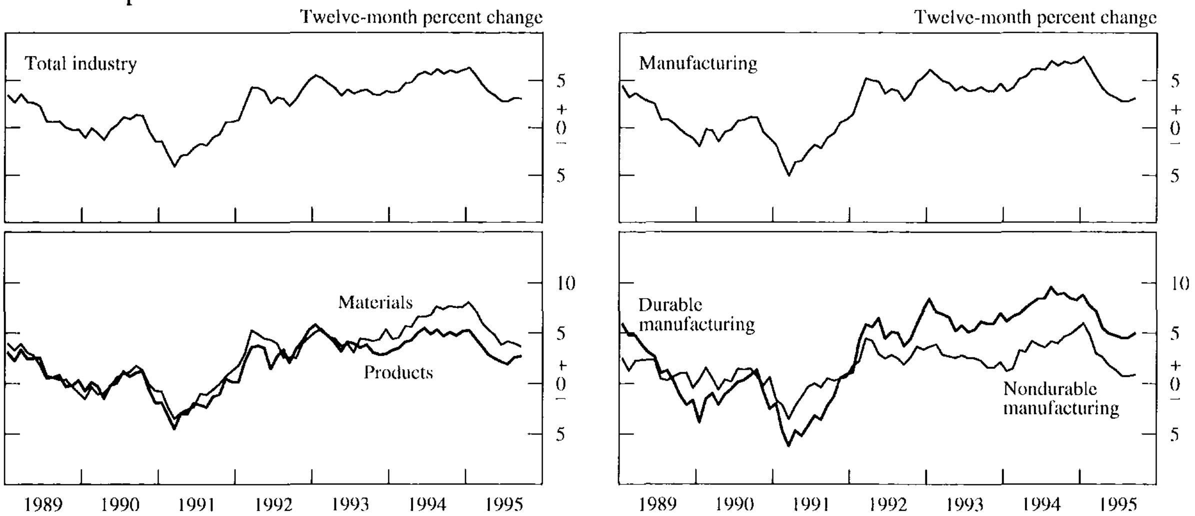
32. Unlike many originators of mortgages, PMI companies do not ordinarily have direct contact with prospective borrowers and would be aware of race and ethnic identities only from application documents forwarded for their consideration.

Industrial Production and Capacity Utilization for September 1995

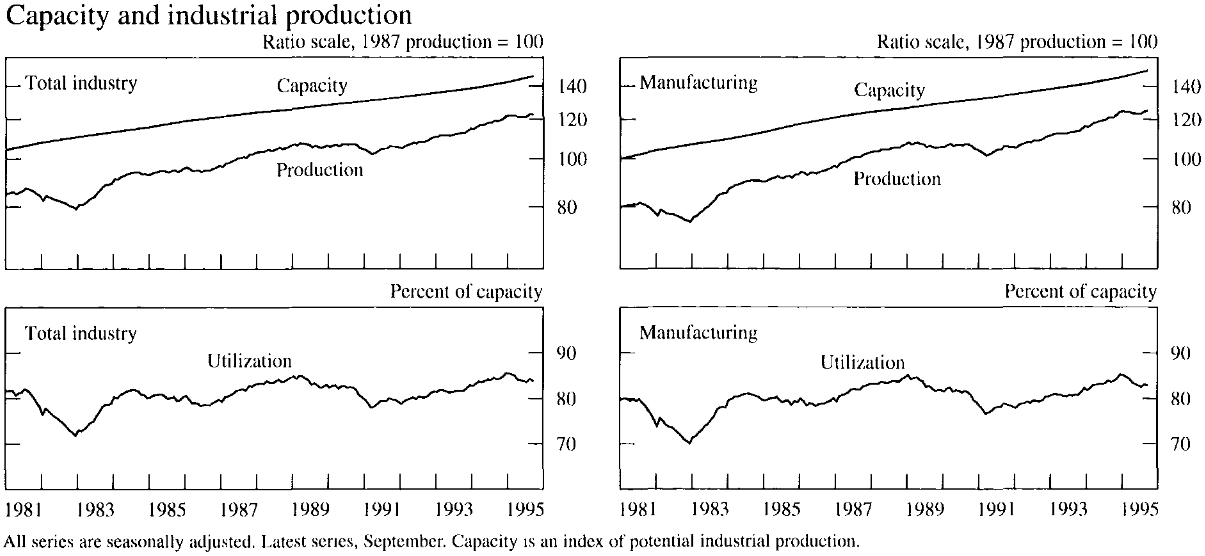
Released for publication October 17

Industrial production declined 0.2 percent in September after having gained 1.1 percent in August. The output of utilities, which was boosted over the summer by the unusually hot weather, fell 5.4 percent as demand for electricity returned to more normal levels. Manufacturing output rose 0.2 percent on advances in the production of most durable goods industries; however, the output of non-

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, September 1995

Category	Industrial production, index, 1987 = 100								
	1995				Percentage change				
					1995[1]				Sept. 1994 to Sept. 1995
	June[r]	July[r]	Aug.[r]	Sept.[p]	June[r]	July[r]	Aug.[r]	Sept.[p]	
Total	**121.4**	**121.5**	**122.9**	**122.6**	**.0**	**.2**	**1.1**	**-.2**	**3.1**
Previous estimate	121.2	121.6	123.0	...	-.1	.3	1.1	...	...
Major market groups									
Products, total[2]	118.5	118.4	119.7	119.5	.3	.0	1.1	-.2	2.7
Consumer goods	114.9	114.2	115.8	115.2	.5	-.6	1.4	-.5	1.9
Business equipment	155.5	156.9	158.8	159.5	.4	.9	1.2	.4	6.7
Construction supplies	107.2	107.7	108.3	109.0	.1	.4	.6	.6	.4
Materials	125.8	126.4	127.7	127.5	-.4	.5	1.0	-.2	3.7
Major industry groups									
Manufacturing	123.2	123.1	124.3	124.6	.0	.0	.9	.2	3.1
Durable	130.5	130.9	132.7	133.5	.3	.3	1.4	.6	4.9
Nondurable	115.0	114.5	114.9	114.7	-.4	-.4	.3	-.2	.9
Mining	100.4	101.6	100.4	101.0	-.2	1.2	-1.2	.6	.9
Utilities	122.0	123.9	129.3	122.3	.0	1.5	4.3	-5.4	5.0

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Sept. 1994 to Sept. 1995
	Average, 1967–94	Low, 1982	High, 1988–89	1994	1995				
				Sept.	June[r]	July[r]	Aug.[r]	Sept.[p]	
Total	**82.0**	**71.8**	**84.9**	**84.2**	**83.7**	**83.6**	**84.2**	**83.8**	**3.5**
Previous estimate	...	...	...	...	83.7	83.7	84.3	...	...
Manufacturing	81.3	70.0	85.2	83.6	82.8	82.5	83.0	82.9	4.0
Advanced processing	80.7	71.4	83.5	81.8	81.3	81.0	81.7	81.6	4.5
Primary processing	82.5	66.8	89.0	88.2	86.6	86.4	86.3	86.3	2.7
Mining	87.4	80.6	86.5	89.8	90.1	91.2	90.2	90.7	-.1
Utilities	86.7	76.2	92.6	86.0	89.1	90.3	94.2	89.0	1.4

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.

durables, particularly of textiles, apparel, and paper, declined. At 122.6 percent of its 1987 average, industrial production in September was 3.1 percent higher than it was in September 1994. Capacity utilization declined 0.4 percentage point, to 83.8 percent. For the third quarter as a whole, overall industrial production rose 3.5 percent at an annual rate after having declined 2.3 percent in the second quarter. The weather-related surge in utility output accounted for about one-fourth of the gain in the total index in the third quarter.

When analyzed by market group, the data show that the production of consumer goods, held down by a drop-back in the output of electricity for residential use, fell 0.5 percent in September. The production of motor vehicles, which had increased sharply in August, rose a bit further. In other categories of the consumer goods sector, the production of durable goods other than automotive products increased again. The output of nondurable consumer goods excluding energy products has changed little, on balance, since the end of last year. The production of business equipment, which grew rapidly in the previous two months, increased 0.4 percent; for the quarter, the output in this sector grew 8.7 percent at an annual rate, with gains concentrated in industrial equipment and information processing equipment. The output of construction supplies has strengthened recently, with the monthly increase over the third quarter averaging about 0.5 percent.

The production of materials decreased 0.2 percent as declines in energy and nondurable goods materials more than offset the gain in durable goods materials. The return to a more normal level of electricity generation more than accounted for the sharp drop in energy materials. Among nondurables, the output of textile and paper materials declined, and the production of chemical materials remained sluggish. The gain in durable goods materials mainly reflected continued strength in the production of parts for high-technology equipment.

When analyzed by industry group, the data show that the output of manufacturing rose 0.2 percent in September after having gained 0.9 percent in August. For the quarter as a whole, production in the manufacturing sector grew 2.5 percent at an annual rate, not quite reversing the 3.3 percent loss of the second quarter. For September, as for the entire third quarter, the gains in manufacturing output were concentrated in durables. The production of nondurable manufacturing declined again in September, with the output of textiles, apparel, and paper posting the most significant declines. The output of nondurables fell for the third quarter, at a 2.0 percent annual rate, after having dropped 2.9 percent in the second quarter.

The factory operating rate edged down 0.1 percentage point in September, to 82.9 percent, and on balance has changed little in recent months. The utilization rates in both advanced-processing and primary-processing industries were about unchanged in September. Nonetheless, the operating rate for advanced-processing industries was 0.6 percentage point above its recent low in July, whereas the utilization rate for primary-processing industries had been continuing to drift lower.

The output of electricity fell back as temperatures, which had been abnormally high in July and August, reached more typical levels; as a result, the operating rate for utilities fell from 94.2 percent to 89.0 percent. The utilization rate for mining rose 0.5 percentage point because of a sharp increase in coal output. □

Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, U.S. House of Representatives, September 21, 1995

I am pleased to be able to appear here today to offer my thoughts on the proposed legislation to recapitalize the Savings Association Insurance Fund (SAIF), to merge SAIF and the Bank Insurance Fund (BIF), and to merge the thrift and the commercial bank charters.

As I suggested to this subcommittee at the beginning of August, two insurance funds with sharply different premiums cannot be sustained. Such a structure is inherently unstable. Competitive depository institutions cannot differentiate themselves by the quality of the deposit insurance that is offered because it is the same insurance regardless of whether it is from BIF or SAIF. In either case, it is government-mandated and government-sponsored deposit insurance. For identical insurance, it is rational that depository institutions seek the one available at the lowest cost. If a substantial difference in deposit premiums exists between SAIF and BIF, the institutions paying the higher premium will pursue insurance offered by the other insurance fund unless there is some other reason to remain with their current fund. In the process, the disadvantaged fund becomes increasingly vulnerable to insolvency as its premium base declines. The only winners created by the looming deposit premium difference between SAIF and BIF deposits will be those depositories able to "game" the system and leave SAIF first. The solution to this problem is to end this game and merge SAIF and BIF.

A prerequisite to the merger of BIF and SAIF is to put SAIF on a sound basis. There seems to be a general agreement to accomplish this recapitalization by a special one-time assessment on those deposits currently insured by SAIF. The merging of a recapitalized SAIF with a sound BIF would then consolidate The Financing Corporation (FICO) bond obligation of SAIF into the new insurance fund and effectively obligate past BIF members to participate on a pro rata basis.

Discussions about merging BIF with a recapitalized SAIF and sharing the FICO interest obligation among the members of both deposit insurance funds raise the question of retaining separate bank and thrift charters. If a persuasive public policy case could be demonstrated to maintain two charters, a merged BIF and SAIF would have to adjust to this structure. However, not only has the policy necessity for residential mortgage specialization at thrift institutions been diminished, but also such narrow portfolio focus has induced excessive portfolio risk.

As I indicated to this subcommittee last month, while thrift institutions were dominant and innovative mortgage lenders in the post–World War II years, by the 1970s, market forces and technology began to erode the original mortgage financing purpose of specialized thrift institutions and, hence, of their charter. Equally important, events over the past decade have been associated with market forces and innovations that have reduced the relative yield on the standard residential mortgage, while at the same time other market forces have made deposit rates increasingly competitive. In such an environment, significant questions are raised about the risk profile and economic viability of any institution that by law or regulation is required to place most of its assets in mortgage instruments and fund them in the deposit market.

Two conclusions are clear. First, the nexus between thrift institutions and housing largely has been broken without any evident detriment to the availability of housing finance. Second, a public policy that induces—let alone requires—thrift institutions to specialize in mortgage finance threatens the continued viability of many of these entities—

particularly those without wide and deep deposit franchises, tight cost controls, and the ability, when necessary, effectively to originate and sell standard mortgages that cannot profitably be held long-term. A broader charter for thrift institutions—such as a commercial bank charter that lets them hold a wider range of assets—thus would seem to be good public policy, and the bill before you confronts the challenge of creating one charter.

The specific details of a charter consolidation must blend economic, market, and legal ingredients. The specific blend is less important than making measurable progress in developing a set of insured depository institutions subject to as identical a set of rules and incentives as possible. For thrift institutions, this means a trade-off between current permissible activities and greater portfolio flexibility and viability. For banks, the historical inequity created by competition from insured depository institutions with wider permissible activities and opportunities would be reduced, if not eliminated. For public policy, the potential greater diversification of thrift portfolios could strengthen and make more flexible that class of depository institution. With a legislative thrust to shift thrift institutions to more bank-like operations, it seems prudent and reasonable that thrift institutions be supervised and regulated as banks. To facilitate such supervision and regulation, the bill before you creatively establishes a mutual commercial bank category, to ease the shift from thrift to bank status for many institutions, and permits states to continue their thrift charter but treats such entities as if they were commercial banks for federal purposes.

A common charter will not accomplish its objective without elimination of tax rules that not only induce mortgage specialization but also penalize thrift institutions that try to adopt more diversified portfolios. The special bad debt reserve treatment that provides tax benefits—and, hence, subsidy—to mortgage lending by thrift institutions no longer serves a perceivable public policy function and, hence, should be removed going forward. Moreover, the tax recovery of the reserve buildup from this past tax subsidy should be eliminated. In reality, this reserve was always a subsidy and never really a true bad debt reserve. The possibility of any significant recapture of lost tax revenue to the U.S. Treasury has been hypothetical at best because of the tax-induced high marginal cost to thrift institutions of reducing their mortgage portfolios and, as a result, triggering the so-called bad debt recapture. Indeed, without a fresh start, the current bad debt recapture provisions would be a significant barrier for entities that wish to diversify. A penalty should not be charged institutions striving to respond rationally to market realities and to legislation designed to induce portfolio diversification.

The Board realizes that legislation will require compromises and skillful craftsmanship. But we should not lose sight of first principles. A deposit insurance system that focuses the attention of banks and thrift institutions on the relative status of their funds, and a system that rewards those who can jump ship first, is, to say the least, counterproductive. What is needed is a deposit insurance system whose status is unquestioned so that the depositories can appropriately focus their attention on the extension and management of credit in our economy. A merger of BIF with a recapitalized SAIF accomplishes that objective and provides the Congress with the opportunity to strengthen and rationalize our depository institutions. Congressional action to provide a more bank-like thrift charter and bank-like taxation would be consistent with market trends and stronger depositories and should not reduce mortgage credit flows. There are several variations of the bill structure and timing implementations that would effectively resolve the current difficulties affecting our deposit insurance system. The bill before you is one of them. It would strengthen our deposit insurance system and create a framework for the evolution of thrift institutions.

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, September 22, 1995

I am pleased to appear here today. In July, the Federal Reserve submitted its semiannual report on monetary policy to the Congress.[1] That report covered in detail the Federal Reserve's assessment of economic conditions and the forecasts of the governors and the Reserve Bank presidents for economic growth and inflation. This morning, I would like to offer my views on recent developments.

As I reported earlier to the House Banking Committee, a moderation in economic activity in 1995 was inevitable after the frenetic pace of late 1994. It was also necessary if we were to avoid the creation of major inflationary instabilities. By the end of 1994, pressures on resources were contributing to sizable increases in delivery lead times for raw materials and intermediate goods and steep markups in their prices; overtime in manufacturing was extensive. Fortunately, economic growth has slowed appreciably this year, inflation risks have receded, and, as a consequence, the threat of severe recession has declined.

I also noted that one could not expect the transition to a more sustainable growth path to be entirely smooth. Rough patches were also encountered in past economic expansions, typically because businesses did not fully anticipate the changes in demand for output. The slowing in real gross domestic product growth at the beginning of this year was precipitated by a weakening in consumer spending and housing construction, partly as a consequence of higher interest rates, and by the damper on net exports from the economic crisis in Mexico. But the risk of a more serious slowdown thereafter was exacerbated by the failure of inventory investment to match the slackening in spending. Indeed, although stocks in the aggregate remained modest, a few major industries, such as motor vehicles and home goods, found themselves with substantial excesses. Attempts to control inventories triggered cutbacks in orders and output that, in turn, depressed employment and income in the spring.

At midyear, the uncertainties about the dimension of the inventory adjustment, and thus about the prospects for real GDP over the near term, were considerable. Nonetheless, it seemed that the point of maximum risk of undue weakness had been passed and that moderate growth was likely to resume in the second half of the year. As events unfolded, revised data indicated that overall activity in the second quarter was not quite so weak as suggested by the initial estimates, largely because final sales were stronger. Moreover, the available statistical indicators for the current quarter are consistent with a firmer pace of economic growth. In the labor market, for example, payrolls have posted moderate increases, on average, over the past couple of months, and the unemployment rate has edged back down to 5.6 percent.

Industrial production also turned up in August, after a sustained period of weakness that extended back to last winter. The surge in output should probably be discounted somewhat, given that this summer's unseasonably hot weather provided a transitory boost to the output of electricity. Moreover, in a number of industries in which efforts to pare stocks are continuing, inventory–sales ratios remained on the high side in July. Even so, the production data suggest that, on balance, manufacturers were confident enough about their sales prospects—and, in the main, comfortable enough with their inventory positions—to expand production once again.

The underlying trends in final sales are favorable overall, in part because of the considerable decline in long-term interest rates and the sharp increase in stock prices this year. Retail sales have been rising moderately, on average, since the spring, and home sales and starts have posted hefty gains. As for business investment, new orders for capital goods have fallen of late, but backlogs remain sizable. It thus appears that purchases of equipment will continue to grow, though perhaps at a slower pace than in the recent past. In addition, rising building permits point to further expansion in nonresidential construction.

Meanwhile, the inflation picture is looking more favorable than it did in early 1995. Core inflation—as proxied by the twelve-month change in the consumer price index (CPI) excluding food and energy—has moved back down to around 3 percent, after a bulge earlier in the year, and there

1. See "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, vol. 81 (August 1995), pp. 757–74.

appears little reason to expect much change in inflation trends in the near term. Increases in labor costs have remained modest even though unemployment has fallen to levels that history suggests might be associated with some acceleration in compensation. In addition, the deceleration in manufacturing activity this year has helped to ease pressures on capacity and to stabilize, and in many areas reduce, lead times on deliveries. And with supply and demand in global commodity markets in better balance, prices of materials and supplies are no longer rising rapidly. In light of these developments, the firming in monetary policy in 1994 and early 1995 appears to have been sufficient to head off a ratcheting up of inflation. As I have often stated, containing inflation, and over time eliminating it, is the main contribution the Federal Reserve can make to enhancing the nation's long-run economic performance.

On the whole, the near-term prospects for the U.S. economy have improved in recent months, in part because the strong increases in financial market values this year are likely to provide substantial support to household and business spending. But the outlook is not without concern. Firms' desired inventory levels are extremely difficult to gauge, and the remaining adjustment process could play out more negatively than we anticipate. Moreover, although the economies of our key trading partners are recovering somewhat, they are still expanding only moderately, on average, and, as a consequence, the external sector is unlikely to contribute positively to real gross domestic product growth in the United States.

Some observers have expressed fears that current efforts to eliminate the federal budget deficit will prove a hindrance to the economy. I do not share those fears. Long-term interest rates have fallen a great deal this year, in part because of the growing probability that a credible, multiyear deficit reduction plan will be adopted. The declines in rates are already helping to stimulate private, interest-sensitive spending—providing, in effect, a shock absorber for the economy. Clearly, the Federal Reserve, in appraising evolving developments, will continue to take the likely effects of fiscal policy into account. But I have no doubt that the net result of moving the budget into balance will be a more efficient, more productive U.S. economy in the long run.

I continue to be impressed by the growing public recognition of the importance of deficit reduction—and the commitment on the part of the President and the Congress to bring the budget back into balance in the reasonably near future. The challenge is enormous: The budget deliberations will be contentious, and the deadlines now are extraordinarily tight. But these pressures must not be allowed to prevent us from taking concrete action to implement a program of credible multiyear deficit reduction. Failure to take such action would signal that the United States is not capable of putting its fiscal house in order, with adverse and serious consequences for financial markets and long-term economic growth. □

Announcements

PROPOSED ACTIONS

The Federal Reserve Board on September 13, 1995, requested comment on proposed amendments to Regulation M (Consumer Leasing), which implements the Consumer Leasing Act. The act requires lessors to provide uniform cost and other disclosures about consumer lease transactions. The proposal is the result of the increased use of automobile leasing over the past several years and the Board's review of Regulation M, pursuant to its policy of periodically reviewing its regulations, to more effectively carry out the purposes of the act. Comments are requested by November 17, 1995.

The Federal Reserve Board on September 22, 1995, also requested public comment on a proposed revision to its Regulation K (International Banking Operations) that will ease the burden on U.S. banks seeking to make investments in overseas companies. Comments were requested by October 30, 1995. □

Minutes of the Federal Open Market Committee Meeting Held on August 22, 1995

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, August 22, 1995, at 9:00 a.m.

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

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

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

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

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

Mr. Fisher, Manager, System Open Market Account

Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Simpson, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Johnson, Assistant Director, Division of International Finance, Board of Governors

Mr. Ramm,[1] Section Chief, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Ms. Strand, First Vice President, Federal Reserve Bank of Minneapolis

Messrs. Beebe, Goodfriend, Rolnick, Rosenblum, Sniderman, Mses. Tschinkel and White, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Richmond, Minneapolis, Dallas, Cleveland, Atlanta, and New York respectively

Mr. Meyer, Vice President, Federal Reserve Bank of Philadelphia

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on July 5–6, 1995, were approved.

The Manager of the System Open Market Account reported on developments in foreign exchange markets and on System foreign currency transactions during the period July 6, 1995, through August 21, 1995. By unanimous vote, the Committee ratified these transactions.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period July 6,

1. Attended portion of meeting relating to the Committee's economic discussion.

1995, through August 21, 1995. By unanimous vote, the Committee ratified these transactions.

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

The information reviewed at this meeting suggested that economic activity was expanding more rapidly after increasing at a sluggish pace in the second quarter. Consumer spending appeared to be growing at a moderate rate, housing demand seemed to be rebounding sharply, and business investment remained on a solid uptrend. With efforts to adjust inventories still under way, industrial production had changed little in recent months, and employment gains had been modest. After increasing at elevated rates in the early part of the year, consumer and producer prices had risen more slowly in recent months. Advances in labor compensation costs remained subdued.

Nonfarm payroll employment rose further in July after a modest second-quarter gain; the July advance was held down by continuing employment losses in manufacturing that were widespread by industry. Outside of manufacturing, payrolls continued to increase at a relatively slow pace in July; reduced job growth in the services industry reflected smaller increases in employment at business and health service establishments. The civilian unemployment rate rose slightly in July, returning to its second-quarter average of 5.7 percent.

Industrial production edged higher in July, but it was unchanged on balance over the three months ending in July after declining in earlier months. Manufacturing output fell further in July; a sharp contraction in the production of motor vehicles and parts accounted for the entire decline. Within manufacturing, output of business equipment other than motor vehicles continued to advance as additional strong gains were recorded in the production of office and computing equipment. The output of non-auto consumer goods weakened; a cutback in the production of home furnishings offset an increase in the manufacture of appliances. With capacity continuing to expand rapidly, total utilization of industrial capacity dropped somewhat further.

Despite edging down in July, revised data for earlier months suggested that total retail sales had risen appreciably on balance since early spring. The July decline entirely reflected weakness in motor vehicles; elsewhere, spending on furniture and appliances continued to firm, and purchases of other durable goods and of apparel rose sharply. Housing market activity picked up considerably in June, with sales of both new and existing homes increasing significantly. Housing starts were up strongly in July after changing little in previous months.

Shipments of nondefense capital goods, led by surging purchases of computing equipment, continued to grow rapidly in the second quarter. However, business spending for transportation equipment, notably heavy trucks and aircraft, was lackluster. New orders for nondefense capital goods edged lower in the second quarter after rising sharply early this year, although the elevated level of order backlogs pointed to considerable further expansion of spending on business equipment over coming months. Nonresidential construction activity posted a solid gain in the second quarter, and recent data on permits suggested further increases in building activity in coming months.

Business inventory accumulation slowed markedly further in June, and inventory-to-sales ratios for most types of business establishments declined again. In manufacturing, the aggregate inventory-to-sales ratio was only a little above the historical low reached around the end of 1994. In the wholesale sector, the ratio of stocks to sales in June was slightly below the top of the range prevailing over the last year. At the retail level, inventories changed little in June, and the inventory-to-sales ratio for this sector was near the middle of its range for recent years.

The nominal deficit on U.S. trade in goods and services widened in June, with exports declining marginally more than imports. For the second quarter as a whole, the deficit was substantially larger than in the first quarter. Exports were up considerably in the second quarter despite declines in automotive products shipped to Canada and Mexico, but imports rose even more, with increases widely spread across most major trade categories.

In the major foreign industrial countries, economic growth appeared to have ranged from weak to moderate in the second quarter, and the limited available evidence suggested that subdued expansion continued into the third quarter. Economic activity remained particularly weak in Japan. In Europe, expansion apparently was still under way, though somewhat unevenly across countries.

Consumer prices rose more slowly in June and July, with food and energy price movements having little effect on the overall index; price increases for nonfood, non-energy items were somewhat smaller than those seen earlier in the year. Over the twelve-month period ended in July, however, this measure of consumer inflation rose at about the same rate as in the preceding twelve months. Producer prices of finished goods edged lower on balance in June and July, reflecting substantial declines in prices of finished energy goods. Excluding food and energy, producer prices rose more over the year ended in July than over the preceding year. At earlier stages of production, increases in producer prices had diminished sharply in recent months, perhaps suggesting some abatement of pressures on production capacity and prices. Total hourly compensation for private industry workers increased somewhat more in the second quarter than in the first; however, the rise in compensation costs for the year ended in June was smaller than that for the previous year, primarily reflecting slower growth in costs of benefits. Average hourly earnings grew faster in July than in June; for the year ending in July, earnings rose somewhat more than in the preceding year.

At its meeting on July 5–6, 1995, the Committee adopted a directive that called for some slight easing in the degree of pressure on reserve positions and that included a tilt toward possible further easing of reserve conditions during the intermeeting period. The directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth in M2 and M3 over coming months.

Immediately after the meeting, open market operations were directed toward implementing the slight easing in the degree of reserve pressure that had been adopted by the Committee. Thereafter, operations were conducted with a view to maintaining this slightly more accommodative reserve posture, and the federal funds rate remained near 5¾ percent over the intermeeting interval. Adjustment plus seasonal borrowing averaged somewhat above anticipated levels, largely reflecting heavy adjustment borrowing activity on the August 2 reserve settlement day when demands for excess reserves were unexpectedly large.

Treasury yields declined across the maturity spectrum in response to the announcement of the easing action on July 6; market participants perceived the policy move as an indication of the Federal Reserve's concern regarding the state of the economy and, based on historical precedent, as likely the first in a series of easing steps. Subsequently, however, interest rates rebounded in response to incoming economic data that were seen as suggesting stronger economic performance and reduced chances for further monetary policy easing. On balance, short-term market interest rates posted mixed changes over the intermeeting period, while intermediate- and long-term rates rose appreciably. With unexpectedly favorable corporate earnings reports outweighing the effects of higher interest rates, major indexes of equity prices were up moderately on balance over the period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies appreciated substantially over the intermeeting period. The dollar's gain occurred partly in response to the improving outlook for the U.S. economy and the related rise in long-term interest rates in the United States. Declines in long-term yields in the major European industrial countries probably contributed to a higher value of the dollar in terms of the German mark and most other European currencies. In addition, the dollar appreciated sharply against the Japanese yen, largely in response to actions by Japanese authorities to reduce official interest rates, to encourage capital outflows from Japan, and to make large intervention purchases of dollars during a period when the dollar already was rising against the yen.

M2 and M3 continued to register sizable increases in July and appeared to be expanding considerably further in August. The recent strength of M2 seemed to reflect in part the relatively greater appeal of interest rates on M2 assets in the wake of the declines in market interest rates that had taken place this year, particularly at longer maturities. Robust M3 growth was associated with the continuing requirements of commercial banks for additional wholesale funds needed to meet persisting strong loan growth. For the year through July, M2 expanded at a rate in the upper half of its range for 1995, and M3 grew at a rate above its upwardly revised range. Total domestic nonfinancial debt had been in the upper half of its monitoring range in recent months.

The staff forecast prepared for this meeting suggested that growth in economic activity would pick up from the weak pace of the second quarter. The inventory adjustment process appeared to be well under way, and moderate expansion of final sales would be supported by the favorable wealth and interest-cost effects of the extended rally in the debt and equity markets. In response to improved financial conditions and balance sheets, consumer spending was anticipated to keep pace with the growth of incomes. Homebuilding was expected to strengthen somewhat in response to the earlier decline in mortgage rates and the related improvement in housing affordability. Accompanying slower growth of sales and profits, business investment in new equipment and structures was projected to slow from the very rapid pace of the past few years, although the lower cost of capital and the ready availability of financing would help to sustain appreciable expansion in such investment. Export growth would pick up in response to some expected strengthening in the economies of major trading partners. Considerable uncertainty surrounded the fiscal outlook, but the staff continued to anticipate the greater degree of fiscal restraint that had been projected at the time of the last Committee meeting. In the staff's judgment, the prospects for some further easing of pressure on labor and other resources suggested that price inflation likely would not deviate significantly from recent trends.

In the Committee's discussion of current and prospective economic developments, the members focused on recent indications of some strengthening in the expansion of economic activity after a period of limited growth during the spring. Further growth in final demand was generating an improvement in overall business activity, despite a more rapid adjustment in inventory investment than many had expected. This configuration suggested that the risks of recession or an extended period of subpar growth were now reduced, and sustained expansion at a moderate pace was seen as the most likely course for the economy. Although the risks to the economy now seemed to be more evenly balanced than at the time of the July meeting, they were still sizable in both directions. In particular, uncertainties about federal budget policies and their effects on the economy remained substantial. With respect to prices, members noted that the recent pause in the expansion had eased pressures on resources, and the economy appeared to be in a better position to accommodate moderate growth over the forecast horizon without adding to inflation. Indeed, some members were optimistic that growth of the economy at a pace in line with their expectations would be consistent with modest further decreases in inflation. Others expressed concern, however, that the uncertainties surrounding the outlook for the economy included questions about the persistence of inflationary sentiment and the prospects for further progress toward stable prices over the next several quarters.

Members gave particular attention to the ongoing discussions involving the Congress and the Administration regarding future federal budget deficits. There was a great deal of political support for reducing the federal deficit substantially over the years ahead; indeed, in the view of one member the political dynamics might very well result in larger reductions than many now anticipated. Nonetheless, the actual outcome remained particularly uncertain. From the perspective of its macroeconomic stabilization effects and its implications for monetary policy, enactment of legislation involving substantial fiscal restraint would raise the issue of fiscal drag; however, the latter's impact on the economy would have to be judged in the context of attendant adjustments in market interest rates and, more broadly, in the light of emerging economic conditions. A legislative package containing strong fiscal restraint measures would be expected to ease pressures in debt markets—indeed, enhanced prospects in this regard were probably already contributing to reduced long-term interest rates. On the other hand, a package that included only modest deficit reduction might well lead to upward pressure on interest rates. The continuing uncertainty concerning the size of future budget deficits might be complicated by a delay in passing appropriations legislation in the months ahead, with potentially dislocative effects on many federal government operations. Accordingly, federal budget developments were seen as the major factor likely to bear on the performance of the economy over coming months and quarters, and these developments might well differ considerably from current forecasts.

Members described current business conditions across the nation as ranging from sluggish in some regions to robust in a number of others, with at least some improvement occurring recently in many parts of the country. There were anecdotal reports of strengthening retail sales in numerous areas, with the notable exception of motor vehicles, and of relatively high levels of confidence among consumers and many retailers. Sustained growth in consumer spending was seen as a reasonable expectation for the projection period through 1996. However, diminished pent-up demands and possibly the increasing level of consumer indebtedness would tend to inhibit consumer spending, keeping its growth below that in recent years. These negative factors might be offset to some extent by the wealth effects of the rise in stock market prices and by a higher level of housing activity that should help to support demands for household durables.

Members referred to recent indications, including widespread anecdotal reports, of considerable gains in housing activity after a period of pronounced weakness during the earlier months of the year. Homebuyers were reacting favorably to the declines in rates on fixed-rate mortgages from their highs around the turn of the year. Homebuilders in a number of areas were reported to be optimistic about the outlook for further gains in housing demand, at least for single-family homes. The prospects for multifamily construction seemed less promising; while robust activity characterized such construction in a number of areas, still high vacancy rates and associated overbuilding across much of the nation suggested little, if any, overall impetus from this sector of the housing industry.

The expansion in nonresidential construction was projected to slow from its pace in recent quarters in line with more moderate growth in overall economic activity and reduced pressures on capacity. Even so, with the slowing occurring only gradually as projects under construction were completed, this sector of the economy was expected to remain a positive factor in the overall expansion of economic activity over the next several quarters. The members also anticipated more moderate growth in outlays for producers' durable equipment over the forecast horizon in conjunction with slower growth in final sales. However, current trends pointed to further sizable increases in outlays for office and computing equipment, and such expenditures were expected to buttress still considerable overall growth in spending for business equipment, though at a pace well below the exceptional rate experienced in recent years.

Members commented that the adjustment in business inventories appeared to have progressed a considerable distance but probably was not yet completed for the business sector as a whole. Nonetheless, inventory investment seemed likely to become a more neutral factor in its effects on the overall economy as desired inventory ratios were reached in an increasing number of industries. The recent tendency for order patterns to stabilize was a tentative indication of such a development. In any event, the recent upturn in final sales, apart from its probable effects on desired inventory levels, had allowed a larger-than-expected amount of inventory correction to occur without preventing the economy from regaining at least moderate expansionary momentum.

The external sector of the economy remained subject to particular uncertainty. The members generally viewed some improvement in the country's net export position as a reasonable expectation, but several questioned the potential for much expansion of exports to many of the nation's important trading partners. While recent policy actions in Japan might have diminished concerns about the outlook for overall exports, a number of members indicated that they continued to anticipate fairly limited growth in foreign demands for U.S. goods and services, with the result that the external sector was likely in their view to make a relatively small, if any, contribution to the growth of the domestic economy over the projection period.

Members generally viewed the near-term outlook for inflation as more encouraging than it had appeared to be earlier this year. The pause in the expansion during the spring had eased pressures on resources, as evidenced in part by anecdotal reports of lessening labor shortages in some areas and reduced use of overtime work by some firms, and the higher rate of inflation experienced during the early months of the year seemed unlikely to persist. The members differed somewhat, however, in their assessment of the longer-term outlook for inflation. Some emphasized the reduction that had occurred in inflationary pressures, and with labor costs remaining subdued they felt that economic growth in line with current forecasts should prove compatible with moderating inflation over time. Further, the recent appreciation of the dollar should contribute marginally to a more favorable inflation outcome after some lag. Other members expressed reservations about the prospects for an improved inflation performance over coming quarters. They cited indications of persisting inflationary expectations such as the recent weakness of the bond markets and survey results that pointed to expectations of some rise in inflation from current levels. They also referred to the possibility that favorable labor cost developments would not persist indefinitely in an economy that was operating in the vicinity of its potential.

Turning to monetary policy for the intermeeting period ahead, all the members accepted a proposal to maintain an unchanged degree of pressure in reserve markets and to adopt a directive that was not biased in either direction with regard to potential intermeeting adjustments. For the near term, current trends in economic activity and inflation appeared favorable and likely to remain so with an unchanged policy stance. A steady policy also seemed appropriate pending a clearer assessment of the outlook for fiscal policy. Over the longer term, the members generally believed that consideration would need to be given to an adjustment in the Committee's policy stance, especially if substantial fiscal restraint were to be enacted. The extent to which an adjustment might be needed later in the stance of monetary policy—characterized by some members as slightly to the restrictve side at least in terms of the inflation-adjusted federal funds rate—would have to be assessed in terms of its consistency with the Committee's continuing objectives of fostering price stability and promoting sustained economic growth.

At the conclusion of the Committee's discussion, all the members indicated that they would vote for a directive that called for maintaining the existing degree of pressure on reserve positions. They also favored a directive that did not include a presumption about the likely direction of any adjustments to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with more moderate growth in M2 and M3 over the months ahead.

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

The information reviewed at this meeting suggests a strengthening in the expansion of economic activity in the current quarter from the weak second-quarter pace. Nonfarm payroll employment increased in June and July after declining in May; the advance was held down by continuing employment losses in manufacturing. The civilian unemployment rate in July was at its second-quarter average of 5.7 percent. Industrial production changed little in recent months after falling earlier while capacity utilization was down somewhat further. Total retail sales have risen appreciably on balance since early spring, but they edged down in July, reflecting weakness in motor vehicles. Housing starts were up sharply in July after changing little in previous months. Orders for nondefense capital goods still point to considerable further expansion of spending on business equipment over coming months; nonresidential construction has continued to trend appreciably higher. The nominal deficit on U.S. trade in goods and services widened in the second quarter from its average rate in the first quarter. After increasing at elevated rates in the early part of the year, consumer and producer prices have risen more slowly in recent months. Advances in labor compensation costs have remained subdued.

Short-term interest rates have posted mixed changes since the Committee meeting on July 5–6, while intermediate- and long-term rates have risen appreciably. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies appreciated substantially over the intermeeting period, with the gain occurring since the beginning of August.

M2 and M3 continued to register sizable increases in July and appeared to be expanding considerably further in August. For the year through July, M2 expanded at a rate in the upper half of its range for 1995 and M3 grew at a rate above its upwardly revised range. Total domestic nonfinancial debt has grown at a rate in the upper half of its monitoring range in recent months.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July reaffirmed the range it had established on January 31–February 1 for growth of M2 of 1 to 5 percent, measured from the fourth quarter of 1994 to the fourth quarter of 1995. The Committee also retained the monitoring range of 3 to 7 percent for the year that it had set for growth of total domestic nonfinancial debt. The Committee raised the 1995 range for M3 to 2 to 6 percent as a technical adjustment to take account of changing intermediation patterns. For 1996, the Committee established on a tentative basis the same ranges as in 1995 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with more moderate growth in M2 and M3 over coming months.

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

It was agreed that the next meeting of the Committee would be held on Tuesday, September 26, 1995.

The meeting adjourned at 12:25 p.m.

Donald L. Kohn
Secretary

Legal Developments

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

First Commerce Corporation New Orleans, Louisiana

Order Approving Acquisition of a Bank Holding Company

First Commerce Corporation, New Orleans, Louisiana ("First Commerce"), 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 Central Corporation ("Central"), and thereby acquire Central Bank, both of Monroe, Louisiana.[1]

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 36,429, 40,180, and 41,073 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

First Commerce is the second largest commercial banking organization in Louisiana, controlling deposits of $5.6 billion, representing approximately 15.8 percent of the total deposits in commercial banking organizations in the state.[2] Central is the seventh largest commercial banking organization in Louisiana, controlling deposits of $715.9 million, representing approximately 2 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal and all proposed divestitures, First Commerce would become the largest commercial banking organization in Louisiana, controlling deposits of approximately $6.3 billion, representing approximately 17.8 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

First Commerce and Central compete directly in the Alexandria, Louisiana, banking market ("Alexandria banking market").[3] The Board has carefully considered the effects that consummation of this proposal would have on competition in that market, in light of all the facts of record, including the number of competitors that would remain in the market, the increase in the concentration of total deposits in commercial banking organizations[4] in the market ("market deposits") as measured by the Herfindahl–Hirschman Index ("HHI"),[5] and certain commitments made by First Commerce.

Upon consummation of the proposal, First Commerce would remain the largest depository institution in the Alexandria banking market. The HHI would increase 401 points to 2708 and First Commerce would control 42.5 percent of market deposits upon consummation. In order to mitigate the adverse competitive effect that might result from consummation of this proposal, First Commerce has made appropriate commitments to divest at least one branch in the Alexandria banking market with deposits totalling at least $20.1 million. Upon completion of the proposed divestitures either to a competitor in the Alexandria banking market or an out-of-market competitor, First Commerce would control no

1. First Commerce also proposes to acquire 9.8 percent of the outstanding shares of First United Bank of Farmerville, Farmerville, Louisiana, from Central. These shares were acquired by Central in satisfaction of a debt previously contracted for in good faith. Central received the approval of the Federal Reserve System to acquire these shares from its subsidiary, Central Bank, on July 14, 1995.

2. State deposit data are as of December 31, 1994, updated to reflect the August 3, 1995, acquisition by First Commerce of Lakeside Bancshares, Inc., Lake Charles, Louisiana.

3. The Alexandria banking market is approximated by Grant and Rapides Parishes, both in Louisiana.

4. Market deposit data are as of June 30, 1995. There are no thrift institutions operating in this market.

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 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.

more than 40.6 percent of market deposits, and the HHI would increase no more than 252 points to 2559.

A number of factors indicate that this increase in concentration as measured by the HHI tends to overstate the competitive effects of this proposal. Upon consummation of this proposal, nine depository institutions would remain in the Alexandria banking market, including a subsidiary of the banking organization that currently is the largest in Louisiana. The Board also notes that the Alexandria banking market is attractive for entry. Three banks have entered the market since December 31, 1990, and all these banks have experienced significant growth since entry. The banking market also has become less concentrated, with the two largest banks having lost market share since 1991. Bank profitability in the Alexandria market was above the Louisiana state and Louisiana Metropolitan Statistical Area ("MSA") averages in 1994, and employment has been increasing in the Alexandria area.

As in other cases, the Board also sought comments from the Department of Justice on the competitive effects of this proposal. The Department of Justice indicated that consummation of the proposal, with the proposed divestitures, is not likely to have a significantly adverse effect on competition.

For the reasons discussed above, and based on all the facts of record, including the proposed divestitures, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Alexandria banking market or any other relevant banking market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of First Commerce, Central, and their respective subsidiaries are consistent with approval of this proposal, as are other supervisory factors the Board must consider under section 3 of the BHC Act. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing, including the commitments made to the Board by First Commerce 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 on compliance by First Commerce with all the commitments made in connection with these applications, including the divestiture commitments. 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 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 September 25, 1995.

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

WILLIAM W. WILES
Secretary of the Board

Mercantile Bankshares Corporation
Baltimore, Maryland

Order Approving Acquisition of a Bank

Mercantile Bankshares Corporation, Baltimore, Maryland ("Mercantile"), 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 The Sparks State Bank, Sparks, Maryland ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 37,897 (1995)).[1] The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

1. The Board received comments from an individual maintaining that notice of this proposal was inadequate, because it was not published in *The Jeffersonian*, a newspaper serving Baltimore County, Maryland. The Board's Rules of Procedure (12 C.F.R. 262.3(b)(1)(ii)(E)) require an applicant to publish notice in a newspaper of general circulation in the community where the head offices of the largest subsidiary bank of the applicant, if any, or the applicant and each organization to be acquired are located. The head offices of Mercantile and its largest subsidiary bank are in Baltimore City, and the head office of Bank is in Baltimore County, both in Maryland. Notice of the proposal was published on July 10, 1995, in *The Sun*, a newspaper of general circulation in Baltimore City and Baltimore County, inviting public comment for a period of 31 days. The record indicates that the circulation of *The Sun* is more than 15 times larger than that of *The Jeffersonian* in northern Baltimore County where Bank and all of its branches are located. In addition, the Board published notice of this proposal in the *Federal Register*, inviting public comment for a period of 24 days, as required by the Board's Rules of Procedure (12 C.F.R. 262.3(i)(1)). Based on all the facts of record, the Board concludes that notice was published in accordance with its Rules and that the public was adequately notified of this proposal.

Mercantile, with total consolidated assets of approximately \$5.9 billion, controls 16 banks in Maryland, three in Virginia and one in Delaware.[2] Mercantile is the fourth largest commercial banking organization in Maryland, controlling approximately \$4.3 billion in deposits, representing 6.6 percent of total deposits in commercial banks in the state. Bank is the 30th largest commercial banking organization in the state, controlling approximately \$163.5 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Mercantile would remain the fourth largest commercial banking organization in Maryland, controlling approximately \$4.5 billion in deposits, representing approximately 7 percent of total deposits in commercial banking organizations in the state.

The Board received comments from two individuals ("Protestants") contending that Mercantile's acquisition of Bank would adversely effect competition, reduce the availability and quality of banking products in communities served by Bank, and eliminate Bank's main office. The Board has carefully reviewed these comments in light of all the facts of record, including information provided by Mercantile and relevant reports of examination from Bank's primary federal supervisors.

Mercantile and Bank compete directly in the Baltimore, Maryland, banking market.[3] Mercantile is the third largest banking or thrift organization ("depository institution") in the market, controlling deposits of \$2.2 billion, representing approximately 10.5 percent of total deposits in depository institutions in the market.[4] Bank is the 15th largest depository institution in the market, controlling deposits of \$166.7 million, representing less than 1 percent of total deposits in depository institutions in the market. After consummation of the proposal, Mercantile would remain the third largest depository institution, controlling deposits of \$2.3 billion, representing approximately 11 percent of the deposits in depository institutions in the market. Upon consummation of this proposal, this market would remain moderately concentrated, as measured by the Herfindahl–Hirschman Index ("HHI"), and the change in market concentration as measured by the HHI would not exceed the Department of Justice merger guidelines.[5] In addition, 97 commercial banks and thrifts would remain in the market after the proposed acquisition. In light of these facts and all other 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 Baltimore banking market or any other relevant banking market.[6]

The Board has also reviewed Protestant's comments on the availability and quality of banking products, in light of the records of performance of Mercantile and Bank under the Community Reinvestment Act ("CRA").[7] Mercantile's subsidiary banks and Bank all

2. Asset data are as of June 30, 1995. State asset and deposit data are as of December 31, 1994.

3. The Baltimore banking market is approximated by the Baltimore Ranally Metro Area ("RMA") and the rest of Harford County, Maryland. Protestants contest the relevant banking market in this case. The Board previously has noted that RMAs usually designate defined geographic localities that are demographically and commercially integrated and that they may be used as guides in defining relevant geographic banking markets. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673 (1982). Bank operates in northern Baltimore County, which is included in the Baltimore RMA. Bank's main office is close to several major population centers in the banking market, including Cockeysville/Hunt Valley (fewer than five miles south), Towson (ten miles south) and Baltimore City (15 miles south). In addition, there is significant commuting from northern Baltimore County south to Baltimore City. Based on all the facts of record, the Board concludes that the Baltimore, Maryland, banking market, as defined above, is the relevant geographic banking market because it consists of a localized area where the banks involved offer their services and where local customers can practicably turn for alternatives.

4. Market share data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board 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). 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).

5. The HHI would increase by 16 points to a level of 1143. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger 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.

6. Protestants suggest that Mercantile illegally operates in Pennsylvania through a branch in Maryland that serves Pennsylvania residents. The Board notes that Bank and its branches are legally located in Maryland and that neither federal nor state law prohibits Bank or its branches from making loans at these locations to customers living in Pennsylvania.

7. 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 institutions," and to take that record into account in its evaluation of these applications. 12 U.S.C. § 2903.

received "satisfactory" or "outstanding" records of performance in attempting to meet the credit needs of their communities under the CRA at the most recent examinations of their CRA performance by federal supervisory agencies.[8]

Mercantile also states that it has no current plans to close Bank's main office. Mercantile expects Bank to continue to meet the credit needs of its community through programs that include loans for home improvement, farm property, farm equipment, and housing rehabilitation for low and moderate income families. Moreover, the proposed acquisition of Bank would allow it to augment its services with higher lending limits and increased access to Mercantile's network of automated teller machines in Maryland. Bank's branch closing policy, which would remain in effect after consummation of the proposal, requires it to consider the impact of a branch closing on the community. The FDIC, the primary supervisor of Bank, reviewed the branch closing policy in Bank's most recent CRA examination, as of January 30, 1995, and concluded that it is consistent with the FDIC's Policy Statement Concerning Branch Closing Policies.[9] In light of all the facts of record, including comments by Protestants and the CRA records of performance of Mercantile and Bank, the Board concludes that considerations relating to convenience and needs, including performance under the CRA, are consistent with approval of this proposal.

The Board also concludes that the financial[10] and managerial resources[11] and future prospects of Mercantile and Bank and other supervisory factors the Board must consider under section 3 of the BHC Act[12] are consistent with approval of this proposal.

8. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act provides that a CRA examination is an important and often controlling factor in considering an institution's CRA record and that these reports of examination will be given great weight in the applications process. 54 *Federal Register* 13,745 (1989).

9. In the January 30, 1995, examination, FDIC examiners concluded that Bank's delineated service area, which has been questioned by Protestants in this application, meets the purpose of CRA. Protestants also assert that Mercantile intends to cease providing trust services identified by Mercantile in the application as benefitting Bank's community. Mercantile responds that it will continue to provide personal trust services in asset management and estate planning to the community through the trust division of Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, and that it only intends to sell the trust department's corporate section, which acts as a transfer agent for stocks and bonds for corporations and governmental units.

10. Protestants object to the financial data provided in the application, including a failure to evaluate "goodwill" and the reporting of loan loss reserves instead of actual losses on loans. The Board has carefully reviewed the financial information provided by Mercantile, in light of relevant reports of examinations assessing the bank's financial resources. Based on all the facts of record, the Board concludes that the information provided by Mercantile is in accordance with generally accepted accounting and regulatory accounting principles and that the financial considerations in this proposal are consistent with approval.

11. Protestants allege that Bank's management has engaged in several improper actions. For example, Protestants believe that Bank's directors have increased their shareholdings without permitting other shareholders the opportunity to purchase Bank stock. Mercantile responds that all but approximately 1260 shares acquired by the directors over the last 10 years were purchased through programs offered to all shareholders, including a 1985 rights offering, a dividend reinvestment plan, and stock dividends. Mercantile also notes that some shareholders were unable to purchase stock before 1990 because the stock was auctioned to the highest bidder under a sealed bid procedure.

Protestants' comments also incorporate allegations of breach of fiduciary duty and other improper activities by Bank's management that were included in two lawsuits filed in state court. One suit was filed by Protestants and was dismissed by trial and appellate courts. The other lawsuit was filed by minority shareholders of Bank, whose third amended complaint was dismissed for failure to plead sufficient facts. In taking this action, the state court noted that this dispute essentially involved the price to be paid for Bank's shares, and that state law providing certain appraisal rights to objecting shareholders afforded the plaintiffs an exclusive remedy. Courts have determined that the Board does not have the authority to consider such matters as share pricing unless they are directly related to a factor specified in the BHC Act. *Western Bancshares, Inc. v. Board of Governors,* 480 F.2d 749 (10th Cir. 1973).

The Board also has reviewed other allegations by Protestants, including premature disclosure of proxy balloting, corrected reporting of abstaining proxy votes, and advertisements that appeared before regulatory approval of the transactions, and concludes that these allegations are not relevant to factors in the BHC Act. Based on all the facts of record, including reports of examination by Bank's primary federal supervisor that assess the bank's managerial resources, the Board concludes that none of Protestants' allegations warrant denial of this application.

12. Protestants contend that "Support Agreements" between Mercantile and certain shareholders of Bank permit Mercantile to control more than 5 percent of the voting shares of Bank without the Board's approval which is required by the BHC Act. The Board has carefully reviewed the restrictions in these agreements in light of its rules on presumptions of control. *See* 12 C.F.R. 225.31(d)(1). Based on all the facts of record, including the fact that Mercantile seeks through this application to obtain Board approval to acquire all of Bank's shares, the Board does not believe that the execution of these agreements by Bank would warrant denial of this application. The Board also concludes that Protestants' other comments regarding these agreements, including possible breaches by some shareholders, would not warrant denial.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[13] The Board's approval is expressly conditioned on Mercantile'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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 22, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

13. Protestants have 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 hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial. No supervisory agency has recommended denial of the proposal.

Generally, under its 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). Protestants in this case have had ample opportunity to submit their views, and have, in fact, submitted substantial written submissions that have been carefully considered in connection with the Board's decision. Protestants' requests fail to demonstrate why written submissions are inadequate in this case to present their views or resolve the issues raised by their comments as required by the Board's rules. 12 C.F.R. 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, Protestants' requests for a public hearing or meeting on these applications are denied.

Wells Fargo & Company
San Francisco, California

HSBC Holdings plc
London, United Kingdom

HSBC Holdings BV
Amsterdam, Netherlands

Marine Midland Banks, Inc.
Buffalo, New York

Order Approving the Acquisition of a Bank

Wells Fargo & Company, San Francisco, California ("Wells Fargo"); HSBC Holdings plc, London, United Kingdom ("HSBC"); HSBC Holdings BV, Amsterdam, Netherlands ("HSBV"); and Marine Midland Banks, Inc., Buffalo, New York ("MMBI") (collectively, "Applicants"), all 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 engage in a joint venture to establish and acquire 100 percent of the voting shares of a *de novo* bank, Wells Fargo HSBC Trade Bank, N.A., San Francisco, California ("Trade Bank").[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 34,257 and 39,394 (1995)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

Wells Fargo is the second largest commercial banking organization in California, controlling deposits of approximately $40.6 billion, representing 17.2 percent of total deposits in commercial banking organizations in the state.[2] MMBI is the fifth largest commercial banking organization in New York, controlling deposits of approximately $12.9 billion, representing 5.6 percent of total deposits in commercial banking organizations in the state.[3] HSBC is the 18th largest commercial banking organization in the world, with consolidated assets

1. Wells Fargo and HSBC would acquire, respectively, 60 percent and 40 percent of the total equity of Trade Bank. Wells Fargo would acquire 80 percent of the voting shares of Trade Bank, and HSBC would acquire 20 percent. The rest of the equity interest in Trade Bank would consist of a class of nonvoting, nonconvertible preferred stock, all of which would be acquired by HSBC. HSBC's interests would be held directly by MMBI, a wholly owned subsidiary of HSBV, which is a wholly owned subsidiary of HSBC. HSBC has committed that Trade Bank would be a subsidiary for purposes of the BHC Act and would be an affiliate of its other subsidiary banks for purposes of sections 23A and 23B of the Federal Reserve Act.

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

3. State deposit data are as of March 31, 1995.

equivalent to approximately $315 billion,[4] and it provides a wide range of banking, financial, and related services worldwide through various subsidiaries and affiliated companies. HSBC's Hong Kong banking subsidiaries, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited, maintain branches in Los Angeles and San Francisco, California; Chicago, Illinois; New York, New York; Portland, Oregon; and Seattle, Washington; an agency in Houston, Texas; and representative offices in Newport Beach and Alhambra, California; and Dallas, Texas. An English banking subsidiary of HSBC, Midland Bank plc, London, United Kingdom, maintains a branch in New York, New York, and another banking subsidiary, Equator Bank Limited, Nassau, Bahamas, maintains representative offices in Glastonbury, Connecticut, and Washington, D.C.

Trade Bank would be chartered as a full-service national bank. Initially, however, it would engage only in international trade finance, including receivables financing and other extensions of credit, documentary payment and collection services, and letter of credit processing. Wells Fargo, through its wholly owned subsidiary bank, Wells Fargo Bank, N.A., San Francisco, California ("Wells Fargo Bank"), would transfer assets to Trade Bank, consisting primarily of loans secured by trade receivables and also including office equipment, records, and contracts. HSBC also would transfer loans secured by trade receivables to Trade Bank from the Los Angeles and San Francisco branches of its Hong Kong banking subsidiaries, after which these branches would be closed, and would offer customer referrals from its subsidiaries. Trade Bank would establish its main office in San Francisco and a branch in Los Angeles and one in El Monte, California.

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 bank is located, by language to that effect and not merely by implication."[5] For purposes of the Douglas Amendment, HSBC's home state is New York.[6]

Under California law, bank holding companies located in other states are expressly authorized to acquire direct or indirect ownership of California banks if there is substantial reciprocity between California law and the law of the home state of the acquiring out-of-state bank holding company.[7] The Board previously has determined that a bank holding company with New York as its home state is authorized to acquire a California bank.[8] In light of the foregoing, the Board has determined that approval of this proposal is not prohibited by the Douglas Amendment.

Competitive Considerations

The Board has carefully considered the effects of this proposal on competition in the relevant banking markets. Both Wells Fargo and HSBC are large, independent organizations that would continue to compete in a variety of banking and nonbanking activities, and neither their proposed investments in Trade Bank nor any agreement between them restricts their other activities.[9] In addition, Applicants control a relatively small percentage of the market for the lending services that Trade Bank would provide, and numerous competitors would remain in the market for these services. After considering these and all of the other 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 any relevant banking market.

Supervisory Considerations

Under section 3 of the BHC Act, as amended by the Foreign Bank Supervision Enhancement Act of 1991,[10]

4. Asset data are as of December 31, 1994.

5. 12 U.S.C. § 1842(d).

6. A bank holding company's home state is that state in which the operation of the bank holding company's subsidiary banks were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. In addition, HSBC has elected New York as its home state under section 3(c) of the International Banking Act of 1978 (12 U.S.C. § 3103(c)).

7. Cal. Fin. Code § 3753 (West 1995). On September 6, 1995, the California legislature adopted interstate banking legislation that is expected to be in effect as law at the time this proposal would be consummated. This proposal also appears to be consistent with these new provisions, and the California Superintendent of Banks has confirmed this view.

8. *See Citicorp*, 77 *Federal Reserve Bulletin* 325 (1991). *See also Cho Hung Bank*, 81 *Federal Reserve Bulletin* 475 (1995).

9. Wells Fargo and HSBC have made commitments to the Board to ensure that the establishment of Trade Bank would not create any conflicts of interest or adversely influence Wells Fargo or Trade Bank in any creditor relationship. In particular, Wells Fargo and HSBC have committed that they and their subsidiaries will act at all times on an arm's-length basis in deciding whether to extend credit to their co-venturer or to competitors of their co-venturer, and that they and their banking subsidiaries (other than Trade Bank) will not refuse to extend credit to a potential borrower solely on the basis that such a borrower could be a competitor of Trade Bank.

10. Pub. L. No. 102-242, § 201 *et seq.*, 105 Stat. 2286 (1991).

the Board may not approve any application by a company that involves a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[11] HSBC is the parent company for various banking and nonbanking companies ("HSBC Group"), including subsidiary banks located in the United Kingdom and elsewhere. The Bank of England is the consolidated supervisor for the HSBC Group.

The Board has previously determined in connection with applications under the International Banking Act (12 U.S.C. § 3101 *et seq.*) ("IBA") that particular United Kingdom banks were subject to comprehensive, consolidated supervision.[12] Although HSBC itself is not an authorized institution in the United Kingdom, HSBC and the HSBC Group are supervised on substantially the same terms and conditions as these United Kingdom banks.[13] Based on all the facts of record, the Board has determined that the requirements of section 3(c)(3)(B) of the BHC Act regarding comprehensive, consolidated supervision are met in this case.

In addition, HSBC has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of HSBC and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. HSBC also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary in order to enable HSBC to make any information available to the Board. In light of these commitments and other facts of record,[14] the Board has concluded that HSBC has provided adequate assurances of access to any appropriate information the Board may request. For these reasons, and based on all the facts of record, the Board concludes that the supervisory factors it is required to consider under section 3 of the BHC Act are consistent with approval.

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 their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institutions," and to take that record into account in its evaluation of these applications.[15]

The Board has received comments from the San Francisco Black Chamber of Commerce ("Protestant"), criticizing the record of Wells Fargo Bank in making home mortgage loans to African Americans, investing in organizations that promote community development in the African-American community, and closing branches that serve the African-American community. Protestant also asserts that Wells Fargo makes insufficient efforts to encourage African Americans to apply for loans and to support the needs of the African-American community.

The Board has carefully reviewed the CRA performance record of Wells Fargo Bank, Protestant's 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").[16]

11. 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. 12 C.F.R. 225.13(b)(5). Regulation K provides that a foreign bank may be considered to be subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationship of the bank to its affiliates, to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 C.F.R. 211.24(C)(1)(ii).

12. *West Merchant Bank*, 81 *Federal Reserve Bulletin* 519 (1995); Royal *Bank of Scotland Group plc*, 79 *Federal Reserve Bulletin* 1060 (1993); *Singer & Friedlander, Ltd.*, 79 *Federal Reserve Bulletin* 809 (1993); *Coutts & Co., AG*, 79 *Federal Reserve Bulletin* 636 (1993). The Board has previously determined that The Hongkong and Shanghai Banking Corporation Limited, a member of the HSBC Group, is subject to comprehensive, consolidated supervision under section 10(a) of the IBA. *The Hongkong and Shanghai Banking Corporation Limited*, 81 *Federal Reserve Bulletin* 902 (1995).

13. The HSBC Group also is subject to regulation by other regulators in the United Kingdom, such as the Securities and Futures Authority, the Investment Management Regulatory Organization, the Personal Investment Authority, and the Department of Trade and Industry. These regulators and the Bank of England exchange supervisory information as necessary to supervise the operations of the group.

14. The Board notes that it previously has reviewed relevant provisions of confidentiality, secrecy, and other laws in the jurisdictions in which HSBC has material operations. *See The Hongkong and Shanghai Banking Corporation, Limited*, 81 *Federal Reserve Bulletin* 902 (1995).

15. 12 U.S.C. § 2903.

16. 54 *Federal Register* 13,742 (1989).

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.[17] Wells Fargo Bank received an "outstanding" rating in its most recent examination for CRA performance from the Office of the Comptroller of the Currency in April 1994 ("1994 Examination").[18]

B. HMDA and Lending Activities

The Board has carefully reviewed 1993 and 1994 Home Mortgage Disclosure Act ("HMDA") data filed by Wells Fargo Bank in light of Protestant's allegations that the number of home mortgage loan applications received from and home mortgage loans granted to African Americans was insufficient for a bank of its size. Wells Fargo Bank's lending business has focused on commercial real estate and corporate lending. Moreover, the Board previously has noted that HMDA data alone provide an incomplete measure of an institution's lending in its community, and that these 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 1994 Examination did not find any practices that were intended to discourage credit applications and found, in fact, that Wells Fargo solicited applications from all segments of the community, including low- and moderate-income areas. During 1991 and 1992, Wells Fargo Bank reduced its overall lending and its home mortgage lending, in particular, in response to weak economic conditions in California. Subsequently, however, it has taken steps to increase its home mortgage lending to low- and moderate-income borrowers and to African Americans and other minority applicants.

From 1993 to 1994, home purchase mortgage loan applications received from African Americans in the nine major MSAs the bank serves increased from 160 to 881, and loans approved for members of this group increased from 61 to 445. During this period, aggregate home purchase, refinance, and improvement mortgage loan applications from African Americans in these MSAs increased from 1,194 to 1,850, a 66 percent increase. In San Francisco, home mortgage loan applications from African Americans increased from 41 in 1993 to 61 in 1994, while overall home mortgage loan applications decreased from 940 to 765. For both years, the percentage of loan applications received by Wells Fargo Bank from African Americans substantially exceeded the percentage of loan applications received from African Americans for banks in San Francisco in the aggregate. In addition, the disparity between the denial rates for African Americans and non-minority applicants fell during this period and were consistently lower than the disparity for banks in San Francisco in the aggregate. Mortgage applications from residents of low- and moderate-income census tracts also increased as a percentage of all mortgage applications during this period.

Wells Fargo Bank provides substantial assistance in meeting the housing-related credit needs of its communities through construction financing and permanent financing for commercial and non-profit developers. Since 1990, the bank has provided $709.5 million for the construction of 212,000 affordable housing units. During 1994, the bank provided $146.8 million for the construction of 1,997 affordable housing units throughout the state, including $8.4 million for two projects in San Francisco that created 60 housing units. Examples of individual projects funded in San Francisco since 1990 include 201 Turk Street, a project of the Chinese Community Housing Corporation to build 175 rental units, a childcare center, and retail space; 480 Valencia Street, a project of the Mission Housing Development Corporation to build 58 units that are affordable by households earning less than 50 percent of San Francisco's median household income; and Market Heights Apartments, a project of the Bernal Heights Community Foundation to build 92 units of affordable housing. Statewide, Wells Fargo Bank was active in the creation of the California Community Reinvestment Corporation ("CCRC"), a consortium of 58 banks that provides a loan pool of $221 million for long-term financing of affordable housing projects, and is the second largest participant in the pool, with a commitment of more than $30 million. Since 1989, CCRC has provided permanent financing for more than 6,000 affordable housing units.

C. Other Lending Programs

As noted above, Wells Fargo is primarily a commercial lender and has actively provided credit for small businesses and farms throughout the state. Wells Fargo Bank is the largest Small Business Administration section 504 lender in California, and, in 1993, it had approximately $43 million in loans outstanding under this program. The bank makes loans to small businesses and farms in

17. *Id.* at 13,742.

18. MMBI's subsidiary bank, Marine Midland Bank, Buffalo, New York, received a "satisfactory" rating in its most recent examination for CRA performance from the Federal Reserve Bank of New York in January 1994.

amounts as small as $5,000.[19] Moreover, despite a decrease in overall commercial lending by the bank in the early 1990s, the 1994 Examination found that loans to businesses in low- and moderate-income census tracts increased during this period.

In the summer of 1993, Wells Fargo Bank also committed to make $2 billion of new small business loans by year-end 1994, including $260 million of small business loans in San Francisco. The bank in fact extended or entered into commitments for $2.7 billion of new loans and lines of credit to small businesses during this period, including $262 million of new loans and lines of credit to small businesses in San Francisco. During 1994, the bank extended 98 new loans and lines of credit for a total of $2.5 million to small businesses located in the Western Addition neighborhood. Wells Fargo Bank also was a sponsor of the California Capital Access Program, and was the first bank to extend a business loan under the program, which encourages banks to lend to small businesses that do not qualify for conventional financing by making public funds available as a form of loan insurance. By year-end 1994, the bank had made 474 loans for $68.3 million to small businesses under this program. Wells Fargo Bank also developed a Minority Business Loan Outreach Program during 1994, which provides flexible underwriting criteria for loans to firms majority-owned by women, disabled people, and members of minority groups. Wells Fargo Bank also makes equity investments in projects sponsored by and provides capital support to the operations of non-profit corporations committed to economic redevelopment within the communities the bank serves, and is an active direct lender to private businesses that further this goal.

In April 1993, Wells Fargo Bank publicly committed to make over $5 billion in loans over the next ten years through its Community and Economic Development Loan Program. As of June 1995, the bank reports that it has extended credit or entered into loan commitments for more than $3.6 billion toward this goal.

The 1994 Examination found that Wells Fargo Bank's consumer lending in low- and moderate-income census tracts within the nine major MSAs the bank serves increased in 1993 over the prior two years, and that it was distributed within all income ranges. In the greater San Francisco Bay area, the 1994 Examination found that a majority of Wells Fargo Bank's unsecured consumer loans were granted to residents of low- and moderate-income census tracts. The bank also offers Low Income Finance Terms ("LIFT") loans, which use underwriting criteria designed to accommodate low- and moderate-income applicants. During 1994, the bank made 5,672 LIFT loans totalling $22.3 million.

19. For these loans, Wells Fargo Bank focusses on businesses with annual revenues of $5 million or less and farms with annual revenues of $1 million or less.

D. Other Aspects of CRA Performance

The 1994 Examination found that Wells Fargo Bank engages in extensive efforts to ascertain the credit needs of the communities its serves and uses the information it gathers to develop new products or modify existing products to serve these communities. The bank's ascertainment efforts are actively managed by its Community Development Department, which has substantial contacts with numerous government officials, affordable housing developers, low-income consumers and non-profit agencies, and other minority and consumer groups. Some of the bank's advertising for its affordable housing programs is prepared in five languages, and the bank maintains a Spanish-language mortgage hotline. Wells Fargo Bank markets its small business products through newspaper and radio advertising, direct mail, loan officer calls, extensive contacts with government agencies, and participation in and sponsorship of small business conferences.

E. Branch Closings

In the 1994 Examination, the OCC found that Wells Fargo Bank's record of opening and closing branches had not adversely affected access to the bank's products and services throughout its delineated community. In response to Protestant's comments concerning the closing of the bank's branch in the Western Addition, Wells Fargo has stated that the facility remains open as a "branch center," which continues to offer all customer retail services other than coin and currency handling and safe deposit facilities. In addition, Wells Fargo Bank added night depository facilities at the branch center in response to customer requests. Wells Fargo also has indicated that it continues to operate three branches located within a half mile of the Western Addition.

F. Conclusion

The Board has carefully considered all the facts of record, including Protestant's comments, in reviewing the CRA record of performance of Wells Fargo Bank. Based on a review of the entire record, including the information provided by Protestant and Wells Fargo and relevant reports of examination, the Board concludes that convenience and needs considerations, including Wells Fargo Bank's record of CRA performance, are consistent with approval of these applications.

Other Considerations

The financial and managerial resources[20] and future prospects of Applicants, Trade Bank, and the other subsidiary banks of Applicants, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[21]

Based on the foregoing and all other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is expressly conditioned on Applicants's compliance with all the commitments made in connection with these applications, and on the receipt by Applicants and Trade Bank of all necessary approvals from state and federal regulators. 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 establishment of Trade Bank 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, and Trade Bank shall be open for business not later than six months after the effective date of this order, unless either such period is extended for good cause by the Board or by either the Federal Reserve Bank of New York or San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 18, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

20. Protestant also alleges that Wells Fargo does not have a purchasing program to support minority vendors. In response, Wells Fargo has provided the Board with information concerning its Minority/Women/Disabled-Owned Business Enterprise Procurement Program, which covers all products or services used by Wells Fargo Bank. Any business the majority of which is owned by women, disabled people, or members of a minority group is eligible for consideration under this program. In early 1995, Wells Fargo mailed questionnaires to approximately 21,000 vendors asking them to identify themselves if they were eligible to participate, and Wells Fargo has received responses from more than 20 percent of those surveyed. While the Board fully supports programs designed to stimulate and create economic opportunities for all members of society, the Board believes that alleged deficiencies in an organization's purchasing program are beyond the scope of the CRA or the BHC Act.

21. Protestant has requested that the Board hold a public meeting or hearing on these applications. 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 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 parties have had ample opportunity to submit their comments, including the opportunity to supplement their comments after the close of the comment period, and Protestant has submitted written comments that have been considered by the Board. Protestant has failed to demonstrate why such submissions are inadequate in this case to present its views or resolve the issues raised by its comments as required by the Board's rules. 12 C.F.R. 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 these applications is denied.

Orders Issued Under Section 4 of the Bank Holding Company Act

First Union Corporation
Charlotte, North Carolina

NationsBank Corporation
Charlotte, North Carolina

Southern National Corporation
Winston-Salem, North Carolina

Wachovia Corporation
Winston-Salem, North Carolina

Order Approving Notices to Provide Education Financing Advisory Services

First Union Corporation, Charlotte, North Carolina; NationsBank Corporation, Charlotte, North Carolina; Southern National Corporation, Winston-Salem, North Carolina; and Wachovia Corporation, Winston-Salem, North Carolina (collectively, "Notificants"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") have given notice pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), of their intention to acquire more than 5 percent each of Education Financing Services, LLC, Winston-Salem, North Carolina ("Company").[1] Notificants propose to provide education financ-

1. Notificants would own the following interests in Company: First Union (approximately 15 percent), NationsBank (approximately 18 percent), Southern National (approximately 13 percent), and Wachovia (approximately 17 percent). The remaining ownership interests in Company are being offered to approximately 125 other banks and savings institutions in North Carolina, whose individual ownership interests in Company would not exceed

ing advisory services through Company that would enable state governments to assist parents in financing the higher education of their children.

In particular, Company would:

(1) Develop and manage an educational savings and lending program on behalf of the state,

(2) Design and provide necessary computer software for the program,

(3) Provide marketing and program materials, and

(4) Train state personnel to implement the program.

Notificants propose initially to provide these services to North Carolina, and thereafter to other state governments nationwide.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 42,568 (1995)). The time for filing comments has expired, and the Board has considered this proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Notificants are large commercial banking organizations headquartered in North Carolina. They engage directly and through subsidiaries in a broad range of banking and permissible nonbanking activities in the United States.[2]

Proposed Activities

Company proposes to provide education financing advisory services to state governments. For example, Company currently is negotiating with the State of North Carolina to establish the "College Vision Fund" and provide certain services to the North Carolina State Education Assistance Authority ("NCSEAA"), the North Carolina State Treasurer's Office ("Treasurer"), and the College Foundation, Inc. ("Foundation") (collectively, "North Carolina Authorities"). It is proposed that this program would be sponsored and administered by North Carolina and would help parents finance the higher education of their children through a combined savings and lending program. Under the program, parents would deposit funds in a specified savings account managed by NCSEAA before a child entered college to pay for the anticipated cost of the child's college education.[3] If savings did not cover the full cost of a child's college education, the North Carolina Authorities would make loans to the parents, repayable after the child completed college, using underwriting standards established by NCSEAA.[4]

Company proposes to assist the North Carolina Authorities in the development and management of the College Vision Fund. As part of developing the program, Company would assist in formulating and defining its overall scope; provide research necessary to begin operations; design the program's operations; and organize the program in cooperation with all interested parties. Company's responsibilities would include coordinating participation among the North Carolina Authorities and other interested parties; coordinating key functions of the College Vision Fund program such as marketing, public relations, training, software, investment, lending, legal documentation, and financial recordkeeping; and ongoing evaluation of the program. In addition, Company would design, install, and maintain computer software necessary to implement the College Vision Fund program. Company's compensation would be based on application fees received by NCSEAA and the amount of investment and loan balances held by the program.

Closely Related to Banking Analysis

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." 12 U.S.C. § 1843(c)(8).

All the proposed services are integrally related to advising and administering student loan and college savings programs. Banks offering their own student loan and college savings programs engage in many of the proposed activities and are uniquely suited to advise and assist other potential providers, including state governments, in structuring and implementing student loan and college savings programs.[5] The Board previously has concluded that bank holding companies may provide similar advisory and support services to state authorities that are engaged in making student loans.[6] Accordingly,

5 percent. Each Notificant has committed that Company will be treated as a subsidiary within the meaning of the BHC Act (12 U.S.C. § 1841(d)).

2. Asset and deposit information for each of the Notificants is contained in the Appendix.

3. NCSEAA would place deposited funds in an investment trust fund managed by the Treasurer and maintain the accounting for individual accounts based on each family's contributions, earnings, tuition, and other educational expenses. The Treasurer would establish investment guidelines and invest the deposited funds.

4. The Foundation would approve loans, service accounts, and market the College Vision Fund Program to North Carolina families. The loans initially would be funded from the investments/savings contributed by, and held on behalf of, the parents who participated in the College Vision Fund program, and tax-free bonds issued by the State of North Carolina. In the future, North Carolina might seek additional funding from members of Company (and other financial institutions) but such funding would be independent of any obligations between Company and the state.

5. *See, e.g.*, 12 C.F.R. 225.25(b)(1), (3), and (7).

6. *See Wachovia Corporation*, 71 *Federal Reserve Bulletin* 725 (1985).

based on all the facts of record, the Board concludes that the proposed activities are closely related to banking under section 4(c)(8) of the BHC Act.

Proper Incident to Banking Analysis

In determining whether an activity is a proper incident to banking, the Board must consider whether the activity "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[7] The Board believes that Notificants' expertise in designing and implementing education financing programs, combined with the support of Notificants and the North Carolina banking community, would significantly assist the North Carolina Authorities in making educational financing more readily available. Moreover, there is no evidence in the record to indicate that the proposed activities would lead to any undue concentration of resources, unsound banking practices, or other adverse effects. Notificants intend to continue to provide college savings programs and student loan programs independent of the College Vision Fund, and NCSEAA may initiate other college financing programs without Notificants. Based on these and all the facts of record, the Board concludes that the proposed activities would not be likely to result in significantly adverse effects that would outweigh the public benefits. The financial and managerial resources of the Notificants and Company also are consistent with approval.

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

7. 12 U.S.C. § 1843(c)(8).

These activities shall not be commenced later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective September 25, 1995.

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

WILLIAM W. WILES
Secretary of the Board

Appendix

Asset and Deposit Data as of March 31, 1995

First Union Corporation, with $77.9 billion in total consolidated assets, is the ninth largest commercial banking organization in the United States, controlling $5.6 billion in deposits. First Union Corporation operates subsidiary banks in North Carolina, Florida, Georgia, Virginia, South Carolina, Tennessee, Maryland and the District of Columbia.

NationsBank Corporation, with $183.9 billion in total consolidated assets, is the fourth largest commercial banking organization in the United States, controlling $100.7 billion in deposits. NationsBank Corporation operates subsidiary banks in North Carolina, Texas, Virginia, Florida, Georgia, Tennessee, Delaware, Kentucky, and the District of Columbia.

Southern National Corporation, with $19.9 billion in total consolidated assets, is the 38th largest commercial banking organization in the United States, controlling $14.5 billion in deposits. Southern National Corporation operates subsidiary banks in North Carolina, South Carolina, and Virginia.

Wachovia Corporation, with $40.2 billion in total consolidated assets, is the 23d largest commercial banking organization in the United States, controlling $23.1 billion in deposits. Wachovia Corporation operates subsidiary banks in North Carolina, Georgia, South Carolina, and Delaware.

HSBC Holdings plc
London, United Kingdom

HSBC Holdings BV
Amsterdam, The Netherlands

Marine Midland Banks, Inc.
Buffalo, New York

Marine Midland Bank
Buffalo, New York

Order Approving the Acquisition of a Thrift Holding Company, the Merger of a Savings Association with and into a State Member Bank, and the Establishment of Branches

HSBC Holdings plc, London, United Kingdom, HSBC Holdings BV, Amsterdam, The Netherlands, and Marine Midland Banks, Inc., Buffalo, New York (collectively, "Marine"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested Board approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire United Northern Bancorp, Inc., Watertown, New York ("United"), and United's wholly owned subsidiary, United Northern Federal Savings Bank, Watertown, New York ("United Savings Bank"). Marine Midland Bank, Buffalo, New York ("Marine Bank"), a wholly owned subsidiary of Marine, has also applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") and section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3)) ("FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388-2392 (1991)), for Board approval to merge United Savings Bank with and into Marine Bank;[1] and incident thereto, to establish branch offices pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321).[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 32,156 (1995)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of Thrift Supervision ("OTS"), and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the facts of record, including all comments received, in light of the factors set forth in the BHC Act, the Bank Merger Act, the FDI Act, and the Federal Reserve Act.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking within the meaning of section 4(c)(8) of the BHC Act. 12 C.F.R. 225.25(b)(9). The Board requires savings associations acquired by bank holding companies to conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act and Regulation Y.[3]

Competitive Considerations

Marine Bank is the fifth largest depository institution in New York state, controlling $12.8 billion in deposits, representing approximately 3.8 percent of the total deposits in depository institutions in the state.[4] United Savings Bank is the 221st largest depository institution in New York state, controlling deposits of $71.6 million, representing less than 1 percent of the total deposits in depository institutions in the state. Upon consummation of this proposal, Marine Bank would remain the fifth largest depository institution in New York.

Marine Bank and United Savings Bank compete directly in the Watertown, New York, banking market ("Watertown banking market").[5] Marine is the second largest depository institution in the market, controlling $166.6 million in deposits, representing 17.7 percent of the total deposits in depository institutions in the market ("market deposits").[6] United Savings Bank is the ninth largest depository institution in the market, controlling $36.6 million in deposits, representing approximately 3.9 percent of market deposits.[7] Upon consummation of this proposal, Marine Bank would control $239.8 million in deposits in the Watertown banking market, representing approximately 24.5 percent of market deposits, and would remain the second largest depository institution in the market. The Herfindahl–Hirschman Index ("HHI")

1. Section 5(d)(3) of the FDI Act requires the Board, *inter alia*, to follow the procedures and consider the factors set forth in the Bank Merger Act.

2. Marine Bank plans to acquire United Savings Bank's principal office at 418 Washington Street, Watertown, New York, and its branch office at South State Street, Lowville, New York, and establish branches at those locations.

3. United Savings Bank currently does not engage in any activities that are not permissible for bank holding companies under the BHC Act.

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

5. The Watertown banking market consists of Jefferson County and part of Lewis County, including the municipalities of Cooghan, Denmark, Diana, Harrisburg, Lowville, Martinsburg, Montague, New Bremen, Pinkey and Watson, all in New York.

6. Market deposit data are as of June 30, 1994. In this context, depository institutions include commercial banks, savings banks, and savings associations.

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

for the market would increase by 175 points to 1855.[8] This proposal would not exceed the Department of Justice merger guidelines, and numerous competitors would remain in the market. Based on these and all the other facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in the Watertown banking market or any other relevant banking market.

Convenience and Needs Considerations

In acting on these applications and notices under the relevant banking statutes, the Board is required to consider the convenience and needs of the communities to be served and to 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 expansion proposals.[9]

The Board has received comments on this proposal from the Concerned Citizens of Westchester County New York, White Plains, New York ("Protestant"), that criticize the CRA performance record of Marine Bank.[10] Specifically, Protestant alleges that data reported by Marine Bank under the Home Mortgage Disclosure Act ("HMDA") indicate that Marine Bank has a poor record of lending to minorities and in minority communities in Westchester County. Protestant also claims that this deficiency in lending stems from Marine Bank's lack of involvement in the community and lack of interaction with community groups in Westchester County. The Board notes that a similar protest was made by Protestant less than a year ago in connection with Marine Bank's proposal to acquire six retail branches from its affiliate, The Hongkong and Shanghai Banking Corporation, Limited, Hong Kong.[11]

In considering the convenience and needs factor under the Bank Merger Act, and related factors under other relevant statutes, the Board has carefully reviewed Marine Bank's entire record of CRA performance, Protestants comments and Marine Bank's responses to those comments, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[12]

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.[13] The Board notes that Marine Bank received a "satisfactory" rating from the Federal Reserve Bank of New York ("Reserve Bank") at its most recent examination for CRA performance conducted as of January 31, 1994 ("1994 Exam"). United Savings Bank also received a "satisfactory" rating from its primary supervisor, the OTS, at its most recent examination for CRA performance conducted as of April 30, 1993.

B. HMDA Data and Lending Practices

In light of Protestant's allegations, the Board has carefully reviewed Marine Bank's 1993 and 1994 HMDA data for Westchester County.[14] From 1993 to 1994, Marine Bank experienced a general decline in the num-

8. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is more than 1800 is considered 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.

9. 12 U.S.C. § 2903.

10. Protestant's comments were received after the close of the comment period. Under the Board's Rules of Procedure, the Board may, in its discretion, take into consideration comments received after the comment period has expired. 12 C.F.R. 262.3(e).

11. After a careful review of the Protestant's previous allegations, and Marine Bank's CRA record, Marine Bank's 1992 and 1993 HMDA data for Westchester County, and other related facts of record, the Board found that "the efforts of Marine Midland [Bank] to help meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, as well as all the other convenience and needs considerations, [were] consistent with approval" of Marine Bank's proposal. *Marine Midland Bank*, 81 *Federal Reserve Bulletin* 56, 58 (1995).

12. 54 *Federal Register* 13,742 (1989).

13. *Id.* at 13,745.

14. The Board has reviewed the HMDA data for both Marine Bank and Marine Bank Mortgage Corporation, a wholly owned subsidiary of Marine.

ber of mortgage applications it received[15] in Westchester County.[16] Despite this general decline, the data indicate that the number of loans made to African Americans during this period in Westchester County increased 17.4 percent, while decreasing 5.5 percent for Hispanics and 50 percent for whites.[17] The denial rate for African Americans decreased from 30 percent in 1993 to 8.6 percent in 1994, while the denial rate for whites increased from 22 percent in 1993 to 27.8 percent in 1994. The denial rates for Hispanics also increased slightly from 7 percent in 1993 to 10.2 percent in 1994. These data reflect disparities in denial and origination rates by racial group.[18]

The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and the Board believes 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.

The 1994 Examination found that Marine Bank's credit practices complied with the provisions of antidiscrimination laws and regulations.[19] The examination also noted that Marine Bank used a second review program for all denied residential mortgage applications, in which underwriting supervisors reviewed the original underwriter's decision and must concur in order for an application to be denied.

The 1994 Examination did not find any practices that were intended to discourage credit applications. Examiners noted that Marine Bank solicited credit applications from all segments of the communities within its delineated service area, including low- and moderate-income areas. In addition, examiners noted in the 1994 Examination that Marine Bank had a reasonable geographic distribution of residential mortgage and home improvement loans and applications from low- and moderate-income census tracts throughout the bank's delineated service areas. In 1993, Marine Bank made 2.74 loans in minority census tract areas (areas with a 50 percent or greater minority population) for every 1000 owner-occupied units located in the predominantly minority census tract areas of Westchester County, compared to 2.93 loans for every 1000 owner-occupied units located in predominantly nonminority census tract areas. The number of loans made per 1000 owner-occupied units declined in 1994 in both predominantly minority and nonminority census tract areas. The ratio in predominantly minority census tracts declined only slightly to 2.4, while the ratio in predominantly nonminority areas declined to 1.6.

In light of Protestant's current allegations, the Board also reviewed Marine Bank's small business lending record in neighborhoods with a 50 percent or greater minority population. Eighteen percent of the small business loans originated by Marine Bank in Westchester County in 1994, and 16 percent in 1993, were made in these predominantly minority areas. The data for the first two quarters of 1995 indicate that 25 percent of the small business loans made by Marine Bank in the first six months of 1995 have been made in predominantly minority areas. In June 1995, Marine Bank signed an agreement with the Westchester Regional Community Development Corporation to lend $200,000 annually to small businesses. Marine Bank also has funded a low-cost loan under the New York State Economic Development program.

C. Other Aspects of CRA Performance.

Marine Bank continues to ascertain the credit needs of its communities and market its products in many of the ways found to be consistent with a satisfactory record of performance under the CRA in the Board's two most recent approvals of Marine Bank's proposals,[20] including the use of community development officers to stimulate mortgage business and other business opportunities.[21] In addition, Marine Bank is represented on the review board of the Tri-City Development Corporation, an organization that administers a loan fund for businesses owned by women or minorities in the New Rochelle, Mt. Vernon, and Yonkers communities. Marine Bank has represented that it will continue to market its products and services through advertisements in daily newspapers, local weekly news and trade publications, and some journals and special audience publications that

15. Marine Bank received 696 loan applications for mortgage products in 1993 and 400 in 1994.

16. According to 1990 census track data, Westchester County has a population of 874,866 residents which can be characterized as 73 percent White, 13 percent African-American, and 10 percent Hispanic.

17. Twenty-seven loans were made to African Americans and 11 were made to Hispanics in 1994.

18. Only partial data are available at this time for 1995. The Board will consider complete HMDA data for 1995 in future applications by Marine Bank to establish a depository facility.

19. Specifically, examiners noted that the loan terms, qualifying ratios and underwriting guidelines for residential mortgage loans were reasonable throughout Marine Bank's delineated service area.

20. *See Marine Midland Bank*, 81 *Federal Reserve Bulletin* 56 (1995) and *Marine Midland Bank*, 81 *Federal Reserve Bulletin* 739 (1995).

21. From January 1, 1995, through July 31, 1995, more than 1000 calls were made by these officers.

focus on specific minority groups, including minority groups in Westchester County. Between March 1995 and July 1995, representatives of the bank sponsored over 20 seminars for residents and organizations in Westchester County.

D. Conclusion

In reviewing the convenience and needs factor under the Bank Merger Act, and related factors under the CRA and other relevant bank statutes, the Board has carefully considered the entire record, including Protestant's comments and Marine Bank's record of CRA performance. In light of all facts of record, the Board believes that the efforts of Marine Bank to help meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, as well as all other convenience and needs considerations, are consistent with approval of this proposal.

Other Considerations

The Board also has concluded that the financial and managerial resources and future prospects of Marine, United, and their respective subsidiaries, are consistent with approval of this proposal, as are the other supervisory factors the Board must consider under the Bank Merger Act and the FDI Act.[22] The Board also has considered the factors it is required to consider when reviewing applications to establish branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), and has determined that those factors are consistent with approval of the establishment of Marine Bank branches at the present sites of the United Savings Bank branch offices. In addition, the record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that are not likely to be outweighed by the public benefits reasonably to be expected to result from this proposal. Marine Bank's merger with United Savings Bank would provide added convenience and services to United Savings Bank's customers because they would have access to Marine Bank's large branch network and a variety of services and programs not currently provided by United Savings Bank. Accordingly, the Board has determined that the balance of public interest factors it must 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 proposal.

The Board also has considered the specific factors it must review under section 5(d)(3) of the FDI Act, and the record in this case shows that:

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

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

(3) The proposed transaction would comply with the interstate banking provisions of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if United Savings Bank were a state bank that Marine was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the other facts of record, the Board has determined that the notices and applications should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by Marine and Marine Bank with all the commitments made in connection with this proposal. 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. Approval of the proposal is further subject to Bancorp's obtaining any approvals required under applicable federal or state laws. For purposes of this action, the commitments and conditions referred to herein shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This proposal 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 New York, acting pursuant to delegated authority.

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

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

WILLIAM W. WILES
Secretary of the Board

22. Protestant also alleges that Marine and Marine Bank do not use the services of African-American businesses. Protestant has not presented any evidence to support this allegation. While the Board fully supports programs designed to stimulate and create economic opportunities for all members of society, the Board believes that the alleged deficiencies in the organizations' third party contracting matters are beyond the scope of the CRA or the BHC Act.

State Street Boston Corporation
Boston, Massachusetts

Order Approving Notice to Engage in Nonbanking Activities

State Street Boston Corporation, Boston, Massachusetts ("State Street"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice pursuant to 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, through its existing joint venture subsidiary, Boston Financial Data Services, Inc., Quincy, Massachusetts ("BFDS"), a controlling interest in BancBoston State Street Investor Services, L.P., Canton, Massachusetts ("Partnership"), a *de novo* joint venture with The First National Bank of Boston, N.A., Boston, Massachusetts ("FNBB"),[1] and thereby engage under the Board's Regulation Y in trust-related services pursuant to section 225.25(b)(3), in data processing activities in connection with these services, and in certain other data processing activities pursuant to section 225.25(b)(7) and in accordance with section 225.123(e).

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 47,176 and 43,800 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

State Street, with total consolidated assets of approximately $25.6 billion,[2] operates one banking subsidiary, State Street Bank and Trust Company, Boston, Massachusetts ("SSBTC"). Through 32 offices worldwide, State Street also provides a broad range of financial asset services, such as corporate trusteeship, domestic and global custody arrangements, and portfolio accounting.

Proposed Trust-Related Services

Partnership proposes to act as agent or administrator in providing certain shareholder services to corporations and other securities issuers, including limited partnerships, closed-end investment companies, and issuers of American Depository Receipts.[3] In these capacities, Partnership would provide stock option processing, recordkeeping and account maintenance, restricted securities processing and recordkeeping, stock watch services, dividend reinvestment and employee stock purchase plan administration, annual meeting services, and reorganization services.[4] Partnership also would provide investor communication services in its capacity as agent or administrator for a securities issuer or a stock purchase or option plan, which would include responding to oral or written inquiries by current or potential shareholders.[5] In addition, Partnership proposes to provide processing services for government allotment programs in which participating government employees have a designated portion of their paychecks withheld by their employer and invested in employee-selected investment vehicles.[6]

Under section 225.25(b)(3) of Regulation Y, a bank holding company may perform those functions or activities that may be performed by a trust company (including activities of a fiduciary, agency, or custodial nature) in the manner authorized by federal or state law, as long as the institution does not make loans or investments or accept deposits.[7] The Board previously has determined

1. BFDS is equally owned by State Street and DST Systems, Inc., a nonbanking organization. BFDS and FNBB each would own a 49.5 percent limited partnership interest in Partnership, and two wholly owned subsidiaries of BFDS and FNBB would own a 0.5 percent general partnership interest in Partnership.

2. Asset data are as of June 30, 1995.

3. For example, in providing shareholder services to corporations and securities issuers, Partnership would act as registrar, transfer agent, paying agent, dividend disbursing agent, employee stock purchase plan agent or administrator, stock option administrator, rights agent, tender agent, reorganization agent, and proxy agent or administrator. Partnership also might act as sub-agent or sub-administrator for another organization serving in any such role. When acting as sub-agent or sub-administrator, Partnership would provide only those shareholder services that Partnership may provide directly. Partnership would not provide shareholder services to open-end investment companies ("mutual funds") or unit investment trusts.

4. Annual meeting services would include the printing, mailing, and processing of proxy cards and related materials for annual or special meetings of shareholders, and serving as inspector of elections at shareholder meetings. In providing reorganization services, Partnership would effect share exchanges in mergers and acquisitions, remit payments to shareholders in corporate reorganizations, and issue shares in subscription offerings.

5. For example, in its capacity as transfer agent or dividend reinvestment plan agent, Partnership might distribute annual reports, proxies, dividend reinvestment statements and other similar information to persons who request such information. Partnership also might distribute such information in a scheduled or general mailing at the request of the securities issuer or plan. Partnership would not provide investment advice, marketing and advertisement services, or brokerage services to a securities issuer or plan for which Partnership acted as agent or administrator.

6. Funds would be deposited in savings accounts opened by Partnership in the name of the participating employee and invested in the vehicle selected by the employee. Partnership would not act as government allotment agent for payroll deduction programs that offered as investment vehicles mutual funds that were advised by, or primarily sold through, State Street, FNBB, or any of their affiliates, without prior approval of the Board.

7. Section 225.25(b)(3) also provides certain exceptions from the general limitation on deposit-taking, investment and lending activi-

that the provision of corporate agency services and acting as trustee, paying agent, stock transfer agent, dividend disbursing agent and general transfer agent are functions or activities that may be performed by bank holding companies pursuant to, and subject to the limitations contained in, section 225.23(b)(3) of Regulation Y.[8]

The record also indicates that annual meeting services, reorganization services, and proxy solicitation services are among the activities that a trust company providing full-service, general transfer agency functions may provide to securities issuers in connection with the trust company's traditional transfer agency functions. The Board notes that SSBTC, a Massachusetts-chartered bank and trust company, and FNBB, a national bank authorized to exercise fiduciary powers, currently provide shareholder services to securities issuers in connection with their agency and fiduciary functions, including annual meeting services, reorganization services and stock watch services.

Moreover, trust companies that serve as transfer or paying agent for a securities issuer, or agent or administrator for a dividend, purchase, or investment plan, generally provide investor communication services regarding the securities or plan for which the trust company acts in an agency capacity. In providing these investor communication services, trust companies essentially perform a ministerial role on behalf of the securities issuer or plan, such as, for example, answering inquiries regarding a securities transaction or the terms of a plan. In addition, trust companies currently provide processing services in connection with government allotment programs and provide processing and administrative services to similar types of employee benefit and profit sharing plans.[9] The Board also notes that FNBB has received approval to engage in these activities through Partnership from the Office of the Comptroller of the Currency ("OCC"), its primary federal supervisor.[10]

Based on these and other facts of record, the Board concludes that the proposed services are functions or activities that may be performed by a trust company in the manner authorized by federal or state law, and, therefore, the provision of these services as proposed is permissible under section 225.25(b)(3) of the Board's Regulation Y.

Proposed Data Processing Activities

Partnership would engage in data processing activities in connection with providing the proposed trust-related services.[11] Partnership also proposes to engage in data processing activities independently for customers not purchasing the proposed trust-related services. For example, Partnership proposes to optically scan and convert to an electronic database the customer signature cards or other banking-related data of financial institutions. In addition, Partnership proposes to provide claims processing and disbursement services in connection with bankruptcy and class action judgments or settlements.

The Board has concluded that the data processing activities that Partnership proposes to conduct in connection with providing trust-related services are incidental to providing those services.[12] In addition, the proposed optical scanning and data base preparation services for financial institutions would involve the processing of financial, banking, or economic data within the meaning of Regulation Y.[13]

In conducting data processing activities in a bankruptcy proceeding or class action lawsuit, Partnership would be retained to provide accounting, recordkeeping, and remittance services in connection with the distribution of a judgment or settlement proceeds to the bankrupt's creditors or class action plaintiffs.[14] No services would be provided by Partnership until after a final judgment was rendered, or a final settlement of the action was proposed for ratification by the creditors or class action plaintiffs and a distribution of the settlement proceeds was expected by the court or defendant. These

ties by a trust company. State Street has represented that Partnership will comply with the limitations contained in section 225.25(b)(3). In addition, Partnership proposes to establish a limited-purpose, federally chartered trust company that would perform transfer agency services on behalf of Partnership. This trust company subsidiary would be wholly owned by Partnership, would not be a "bank" within the meaning of section 2 of the BHC Act, and would be authorized to engage in only those activities in which Partnership may engage directly.

8. *See State Street Boston Corporation*, 81 *Federal Reserve Bulletin* 297 (1995); *Bancorp Hawaii, Inc.*, 71 *Federal Reserve Bulletin* 168 (1985).

9. *See, e.g., Bancorp Hawaii, Inc.*, 71 *Federal Reserve Bulletin* 168 (1985) (recordkeeping agent and administrator for qualified employee benefit pension and profit sharing plans).

10. *See* Letter from Ralph E. Sharpe, Deputy Comptroller, OCC, to Robert M. Klivans, FNBB, September 15, 1995.

11. For example, Partnership would process proxies from shareholders, create and update shareholder data bases, maintain accounts for dividend reinvestment and other stock purchase plans, process changes of address, and scan shareholder correspondence in connection with providing the proposed shareholder services.

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

13. *See* 12 C.F.R. 225.25(b)(7); *BNCCORP*, 81 *Federal Reserve Bulletin* 295 (1995).

14. For example, Partnership would calculate the amount to be remitted from a judgment or settlement to each creditor or class action plaintiff based on data provided by a third party, provide an accounting of such payments to the court or defendant, and remit payments to creditors or plaintiffs entitled to such distributions. Partnership would not make a determination as to whether a creditor or plaintiff was entitled to participate in any judgment or settlement.

activities are functionally equivalent to the types of accounts receivables processing and remittance services that the Board previously has determined are permissible for bank holding companies to provide to nonfinancial customers.[15] State Street has committed that the Partnership 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.[16] Based on these and other facts of record, the Board concludes that the proposed claims processing activities involve the processing of financial, banking, or economic data consistent with the requirements of section 225.25(b)(7) of Regulation Y.[17]

In order to approve this notice, the Board also must find that the performance of the proposed activities by Partnership "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 believes that the performance of the proposed activities by Partnership can reasonably be expected to produce benefits to the public such as increased efficiency and greater convenience. State Street also has made certain commitments previously relied on by the Board to address potentially adverse competitive and other effects that may be presented by joint venture proposals. Based on these and other commitments, and all the facts of record, the Board finds that the public benefits of Partnership's proposed activities outweigh any adverse effects, and, therefore, that the activities are a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, including 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 notice 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) and (b)(7) of Regulation Y (12 C.F.R. 225.7 and 225.25(b)(3) and (b)(7)), 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 the commitments and representations made in connection with this notice, 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 September 25, 1995.

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

WILLIAM W. WILES
Secretary of the Board

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15. *See BNCCORP*, 81 *Federal Reserve Bulletin* 295 (1995). In some instances, Partnership may process data that are not financial but nevertheless are directly related to the payment of settlement proceeds. For example, Partnership would process and transmit data to creditors and plaintiffs for the purpose of obtaining their consent to a proposed settlement. The Board previously has recognized that processing non-financial data may be required in order to perform permissible data processing activities. *See Banc One Corporation*, 80 *Federal Reserve Bulletin* 139 (1994) (permitting the transmission of limited medical data necessary to operate an electronic medical payments network). Partnership has stated that the non-financial data it proposes to transmit to creditors or plaintiffs would include only the information required to obtain approval of the proposed settlement, and that Partnership would not otherwise transmit non-financial data in connection with these activities. For the foregoing reasons, the Board believes that processing and transmission by Partnership of data necessary to obtain the ratification of a bankruptcy or class action settlement are permissible.

16. *See* 12 C.F.R. 225.25(b)(7). Regulation Y also requires that data processing services be provided pursuant to a written agreement and places certain limitations on the facilities and hardware that may be 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.*

17. Partnership also proposes to use its excess data processing capacity to process data that are not financial, banking, or economic in nature. Partnership has made several commitments to ensure that these activities would be conducted in accordance with the Board's policy statement regarding the provision of excess data processing capacity. *See* 12 C.F.R. 225.123(e). State Street has committed that revenues from processing data that are not financial, banking, or economic in nature, or that is not incidental to the provision of Partnership's trust-related services, will not exceed 5 percent of Partnership's total revenues from providing permissible data processing and trust-related services. State Street also has committed that Partnership will process non-financial customer data (such as customer responses to a new product survey) only as an accommodation to Partnership's shareholder services clients, and that Partnership will not separately market these data processing services.

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

BOK Financial Corporation
Tulsa, Oklahoma

Order Approving Acquisition of Shares of a Bank Holding Company

BOK Financial Corporation, Tulsa, Oklahoma ("BOK"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire up to 9.9 percent of the shares of Liberty Bancorp, Inc., Oklahoma City, Oklahoma ("Liberty"), and thereby indirectly acquire an investment in Liberty's subsidiary banks, Liberty Bank and Trust Company of Oklahoma City, N.A., Oklahoma City, Oklahoma, and Liberty Bank and Trust Company of Tulsa, N.A., Tulsa, Oklahoma. BOK also has given notice under section 4(c)(8) of the BHC Act to acquire indirectly interests in the nonbanking subsidiaries of Liberty.[1]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 32,322, 40,585 (1995)). The time for filing comments has expired, and the Board has considered this proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

BOK is the largest commercial banking organization in Oklahoma, controlling $2.6 billion in deposits, representing 9.5 percent of total deposits in commercial banking organizations in the state.[2] Liberty is the second largest commercial banking organization in Oklahoma, controlling $2.1 billion in deposits, representing 7.7 percent of total deposits in commercial banking organizations in the state. BOK has stated that it proposes to acquire the shares of Liberty as a passive investment, and that BOK will not control Liberty following this investment.

In connection with this proposal, the Board has received comments from Liberty objecting to this proposal and asserting that the combination of BOK and Liberty would violate the Oklahoma Banking Code. The Oklahoma Banking Code prohibits a multi-bank holding company from acquiring a bank or a bank holding company in Oklahoma if, after the acquisition, the acquiror would control more than 11 percent of the aggregate deposits of all federally insured financial institutions in Oklahoma.

The Board has carefully reviewed Liberty's comments and BOK's proposal in light of Oklahoma law. Oklahoma law prohibits a multi-bank holding company from acquiring "direct or indirect ownership or control of any financial institution insured by [a federal banking, thrift or credit union agency] and located in [Oklahoma] if such acquisition results in the multi-bank holding company having direct or indirect ownership or control of banks located in this state, the total deposits of which at the time of such acquisition exceed eleven percent (11%) of the aggregate deposits of all financial institutions insured by [a federal banking, thrift or credit union agency] as determined by the Commissioner on the basis of the most recent reports of such institution to their supervisory authorities. . . . "[3] If BOK were deemed to control Liberty, this limitation would be exceeded.

Direct or indirect ownership or control of an institution for purposes of Oklahoma law is defined in the same terms as in the BHC Act. In particular, a company would control another company or bank under Oklahoma law if it:

> (1) "owns, controls, or has power to vote twenty-five percent (25%) or more of any class of voting securities;"[4]
>
> (2) "controls in any manner the election of a majority of the directors or trustees of the bank or another company;"[5] or
>
> (3) "has control under the provisions of the federal [BHC Act] as amended or in accordance with the provisions of the regulations promulgated thereto by the [Board]."[6]

Thus, by its terms, the statute applies the deposit limitation to acquisitions of 25 percent of more of voting securities, situations in which a company controls the election of a majority of the directors, or otherwise exercises a controlling influence over another company or bank within the meaning of the BHC Act and the Board's Rules.

BOK proposes to acquire up to 9.9 percent of the shares of Liberty, which is well below the 25 percent threshold established in Oklahoma law and the BHC Act, above which an investor is statutorily deemed to control the institution in which it invests. In addition,

1. Liberty owns the following nonbanking companies, all of Oklahoma City, Oklahoma: Liberty Trust Company, which engages in trust company activities pursuant to section 225.25(b)(3) of the Board's Regulation Y; Mid-America Assurance Life Company, which engages in credit-related insurance underwriting pursuant to section 225.25(b)(8)(i); and Mid-America Insurance Agency, which engages in credit-related insurance sales, pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y. Liberty also directly engages in personal property leasing pursuant to section 225.25(b)(5) of the Board's Regulation Y.

2. State deposit data are as of March 31, 1995.

3. Okla. Stat. Ann. tit. 6 § 502(D) (West Supp. 1994).

4. Okla. Stat. Ann. tit. 6 § 502(B)(7) (West Supp. 1994).

5. Okla. Stat. Ann. tit. 6 § 502(B)(8) (West Supp. 1994).

6. Okla. Stat. Ann. tit. 6 § 502(B)(9) (West Supp. 1994).

BOK would not, by virtue of its proposed investment, have the power to elect a majority of the board of directors of Liberty, and has committed that it would not seek or accept any representation on the board of Liberty any of its subsidiaries. BOK also has stated that it does not intend to exercise a controlling influence over Liberty and has proposed to acquire the voting shares of Liberty as a passive investment. Specifically, BOK has indicated that it does not intend to alter the operations of Liberty or its subsidiary banks in any respect upon acquisition of the shares of Liberty. BOK also has agreed to abide by certain commitments previously relied on by the Board in cases involving minority interests, to ensure that BOK would not control Liberty upon consummation of this proposal.[7]

The Oklahoma State Banking Department has reviewed this proposal and determined that it is not prohibited by state law. Accordingly, the Department has not objected to this proposal.

For these reasons, and in light of all the facts of record, including the commitments made by BOK, the Board concludes, that as currently structured, BOK's proposal is consistent with Oklahoma law. The Board's approval of this application is conditioned on BOK not taking any action to violate Oklahoma law.

The Board also has carefully considered Liberty's comments in light of the factors the Board must consider under section 3(c) of the BHC Act. The Board previously has indicated that the acquisition of less than a controlling interest in a bank is not a normal acquisition for a bank holding company.[8] However, the requirement in section 3(a)(3) of the BHC Act that the Board's prior approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests that Congress contemplated the acquisition by bank holding companies of between 5 and 25 percent of the voting shares of banks. Accordingly, the Board has previously approved the acquisition by a bank holding company of less than a controlling interest in a bank where the proposal meets the factors set forth in the BHC Act.[9]

The BHC Act requires the Board to evaluate a number of factors, including the competitive effects of the proposal. The Board has previously noted that one company need not acquire control of another company in order to substantially lessen competition between them. The Board has found that noncontrolling interests in directly competing depository institutions may raise serious questions under the BHC Act, and concluded that the specific facts of each case will determine whether the minority investment in a company would be anticompetitive.[10]

In this case, it is the Board's judgment, based upon careful analysis of the record, that no significant reduction in competition is likely to result from the acquisition. BOK and Liberty compete in two markets, the Oklahoma City and Tulsa, Oklahoma, banking markets. In the Oklahoma City banking market, assuming a combination of the two organizations, BOK would become the largest depository institutions in the market, controlling \$2.2 billion in deposits, representing 28 percent of total deposits in depository institutions in the market ("market deposits").[11] The Herfindahl–Hirschman Index ("HHI") would increase by 340 points to 1076.

In the Tulsa banking market, assuming a combination of the two organizations, BOK would remain the largest commercial banking organization in the Tulsa, Oklahoma, banking market, with deposits of \$2.2 billion, representing 34.6 percent of total deposits in commercial banking organizations in the market. The HHI would increase by 503 points to 1609.

The Board also believes that the commitments made by BOK to maintain its investment as a passive investment and not to exercise a controlling influence over Liberty reduce the potential anticompetitive effects of this proposal. Accordingly, based on all the facts of

7. These commitments are set forth in the Appendix and include BOK's commitment not to exercise a controlling influence over the management or policies of Liberty; not to have any director, officer, or employee interlocks with Liberty; not to solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Liberty; and not to threaten to dispose of shares of Liberty in any manner as a condition of specific action or nonaction by Liberty. *See, e.g., Summit Bancorp, Inc.*, 77 *Federal Reserve Bulletin* 952 (1991); *The Summit Bancorporation*, 75 *Federal Reserve Bulletin* 712 (1989); *United Counties Bancorporation*, 75 *Federal Reserve Bulletin* 714 (1989). BOK and Liberty currently maintain certain limited relationships, including the purchase and sale of loan participations to each other. After considering all of the facts in this case, including the size of the companies involved, the history and level of participations involved, the independent ability of each company to determine whether to participate in individual loans, and the nature of these transactions, the Board believes that continuation of these limited relationships, including purchase and sale of loan participations, on an arm's length basis would not, in this case, permit BOK to exercise control over Liberty for purposes of the BHC Act. Accordingly, the Board concludes that BOK and Liberty may maintain the current types and amount of business relationships, subject to the requirement that BOK not increase these relationships in any material way without notice to the Board or the Reserve Bank.

8. *Sun Banks, Inc.*, 76 *Federal Reserve Bulletin* 542 (1990).

9. *Id. See also, Mansura Bancshares, Inc.*, 79 *Federal Reserve Bulletin* 37 (1993); *First State Corporation*, 76 *Federal Reserve Bulletin* 376 (1990); and *United Counties Bancorporation*, *supra*.

10. *See, Sun Banks, Inc.*, 71 *Federal Reserve Bulletin* 243 (1985).

11. Market share data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has indicated previously that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See, WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentrations of resources in any relevant market in which BOK and Liberty compete.[12]

The Board also is required under section 3(c) of the BHC Act to consider, among other factors, the financial and managerial resources and future prospects of the companies and banks concerned, and the effect of the proposal on the convenience and needs of the communities to be served. The Board has reviewed the financial and managerial resources of BOK, and has concluded on the basis of all of the facts of record that these resources, as well as the future prospects of BOK, Liberty, and their respective subsidiaries, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this application. The Board also has concluded that convenience and needs considerations are consistent with approval of this application.

Nonbanking Activities

BOK also has requested Board approval, pursuant to section 4(c)(8) of the BHC Act, to engage in trust activities, leasing, credit-related insurance underwriting, and the sale of credit-related insurance through Liberty and its nonbanking subsidiaries. As noted above, these activities are permissible for bank holding companies under the Board's Regulation Y. In light of the facts of record, including the percentage of Liberty's shares to be acquired in this transaction, the Board concludes that BOK's investment in shares of Liberty would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practice not outweighed by benefits to the public. 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 BOK's notice.

Conclusion

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

The Board's determination as to the nonbanking activities to be conducted by BOK are subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.23(b) (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as it finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and order 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 finds and decision, and as such may be enforced in proceedings under applicable law.

The acquisition of Liberty's subsidiary banks should not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and nonbanking transaction 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 Kansas City, acting pursuant to delegated authority.[13]

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

13. Liberty contends that BOK should not be permitted an extended period of time to make its proposed acquisition and that each purchase of shares by BOK should be subject to review separately in order to determine the effect of that purchase on the ownership structure and on control of Liberty. The Board's practice has been to permit an applicant 90 days to consummate a proposal. If the proposal is not consummated within that period, an applicant may seek an extension of the consummation period. At the time an extension is requested, the Board or the Reserve Bank will review the proposal to assure that the circumstances that served as the basis for Board approval of the transaction, have not changed. In the event that Applicant in this case is unable to acquire up to 9.9 percent of Liberty's shares and to consummate the investment as proposed, an extension of the consummation period may be sought from the Reserve Bank in accordance with this procedure.

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

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

WILLIAM W. WILES
Secretary of the Board

Appendix

In connection with its application to acquire 9.9 percent of the voting shares of Liberty, BOK has committed that it will not, without the Board's prior approval:

(1) Take any action causing Liberty or its bank subsidiaries to become a subsidiary of BOK;

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

(3) Exercise or attempt to exercise a controlling influence over the management or policies of Liberty or its bank subsidiaries;

(4) Seek or accept representation on the board of directors of Liberty;

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

(6) Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or board of directors of Liberty;

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

(8) Attempt to influence the dividend policies or practices of Liberty or its bank subsidiaries;

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

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

(11) Enter into any other banking or nonbanking transactions with Liberty, except transactions in the ordinary course of business on terms and conditions comparable to transactions with other banks or applicable nonbanking persons consistent with past practices. This commitment 11 is subject to the condition imposed by this order limiting the types and levels of transactions to the types and levels current outstanding.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Caisse Nationale de Credit Agricole
Paris, France

Order Approving Establishment of a Representative Office

Caisse Nationale de Credit Agricole, Paris, France ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Houston, Texas. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Houston, Texas (*The Houston Chronicle*, May 26, 1995). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with total assets equivalent to approximately $279 billion,[1] is the thirteenth largest banking organization in the world, and the largest retail banking organization in France. Bank operates a number of international offices and subsidiaries engaged in activities such as leasing, commodities trading, and funds management. Bank currently operates a state-licensed branch in Chicago, Illinois, a limited federal branch in New York, New York, and a representative office in San Francisco, California. In addition, Bank operates six U.S. subsidiaries engaged in, among other things, leasing, financing, brokerage, and financial consulting activities.

The proposed representative office would engage in traditional representative functions, including loan production and researching potential markets. The proposed representative office would not accept any deposits, make any loans, make any business decisions for the account of Bank, or otherwise transact any banking business.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank

1. Bank is a cooperative bank organized under the laws of France. Bank coordinates the operations of 67 regional and 2,865 local credit cooperatives. Bank, together with its affiliated regional and local credit cooperatives, comprise the Credit Agricole Group ("CA Group"). The CA Group has total consolidated assets equivalent to approximately $328 billion. All financial data are as of December 31, 1994.

engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).[2] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)).

In this case, with respect to the issue of supervision by home country authorities, the Board has considered the following information. Bank is subject to the regulatory and supervisory authority of the Banque de France, the Commission Bancaire, the Comité de la Réglementation Bancaire, and the Comité des Etablissements de Crédit. The Comité de la Réglementation Bancaire issues regulations setting forth the supervisory standards to which credit institutions are subject. The Comité des Etablissements de Crédit grants banking licenses, approves *de novo* banks or branches, and is empowered to withdraw authorization if a credit institution fails to comply with regulatory requirements. The Commission Bancaire, which has primary responsibility for supervising Bank, monitors Bank's compliance with French law and regulatory standards, as well as Bank's financial condition. France's central bank, the Banque de France, is the coordinating body for the regulatory agencies.

The Board has previously determined in connection with an application involving another French bank that the bank was subject to comprehensive, consolidated home country supervision.[3] In this case, Bank is supervised on the same terms and conditions as the other French bank. Based on all facts of record, the Board has determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisors.

The Board also notes that Bank engages directly in the business of banking outside the United States through its banking operations in France and elsewhere. Bank has provided the Board with the information necessary to assess the application adequately.

The Board also has 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)). In this regard, the Banque de France has approved the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, the Board also has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and also has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Finally, with respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in certain jurisdictions where Bank operates and has communicated with appropriate governmental authorities regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. To the extent that the provision of such information may be prohibited by law, Bank has committed to cooperate with the Board in obtaining any 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 condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specif-

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. *Banque National de Paris*, 81 *Federal Reserve Bulletin* 515 (1995).

ically 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 against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective September 5, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

4. The Board's authority to approve the establishment of the proposed office parallels the continuing authority of the Texas Banking Department to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Texas and its agent, the Texas Banking Department, to license the proposed office of Bank in accordance with any terms or conditions that the State of Texas may impose.

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
First Commerce Corporation, New Orleans, Louisiana	Peoples Bancshares, Inc., Chalmette, Louisiana	September 14, 1995
First Empire State Corporation, Buffalo, New York	M&T Bank, National Association, Oakfield, New York	September 8, 1995
Old National Bancorp., Evansville, Indiana	City National Bancorp, Fulton, Kentucky	September 29, 1995

Section 4

Applicant(s)	Bank(s)	Effective Date
FCNB Corp., Frederick, Maryland	Laurel Bancorp, Inc., Laurel, Maryland	September 8, 1995
First United Bancshares, Inc., El Dorado, Arkansas	First United Trust Company, N.A., El Dorado, Arkansas	September 29, 1995
SunTrust Banks, Inc., Atlanta, Georgia	Personal Express Loans, Inc., Atlanta, Georgia	September 14, 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
215 Holding Co., Minneapolis, Minnesota	Valley Bancorporation, Inc., Le Sueur, Minnesota	Minneapolis	September 13, 1995
American Bancshares, Inc., Bradenton, Florida	American Bank of Bradenton, Bradenton, Florida	Atlanta	August 31, 1995
Barnett Banks, Inc., Jacksonville, Florida	Community Bank of the Islands, Sanibel, Florida	Atlanta	September 15, 1995
Beaman Bancshares, Inc., Beaman, Iowa	Producers Savings Bank, Green Mountain, Iowa	Chicago	September 14, 1995
Boatmen's Bancshares, Inc., St. Louis, Missouri	Citizens Bancshares Corporation, Little Rock, Arkansas	St. Louis	August 31, 1995
Citizens Bancshares Corporation, Little Rock, Arkansas	Boatmen's Arkansas, Inc., Little Rock, Arkansas	St. Louis	August 31, 1995
Citizens National Bancshares of Bossier, Inc., Bossier City, Louisiana	Citizens National Bank of Bossier City, Bossier City, Louisiana	Dallas	August 30, 1995
Comerica Incorporated, Detroit, Michigan Comerica Texas Incorporated, Dallas, Texas	QuestStar Bank, N.A., Houston, Texas	Chicago	September 7, 1995
Comerica Incorporated, Detroit, Michigan Comerica California Incorporated, San Jose, California	Metrobank, Los Angeles, California	Chicago	September 6, 1995
Commercial Bank of Mott Employee Stock Ownership Plan and Trust, Mott, North Dakota Mott Bankshares, Inc., Mott, North Dakota	Commercial Bank of Mott, Mott, North Dakota	Minneapolis	August 30, 1995
Confluence Bancshares Corporation, St. Peters, Missouri	Colonial Bancshares, Inc., St. Louis, Missouri	Chicago	September 1, 1995
Country Bank Shares, Inc., Milford, Nebraska	The Bank of Wilber, Wilber, Nebraska	Kansas City	September 1, 1995
Dentel Bancorporation, Victor, Iowa Colfax Bancshares, Inc., Victor, Iowa	Maxwell Bancorporation, Maxwell, Iowa	Chicago	September 1, 1995
Ercil P. and Lee Nell Phillips Charitable Remainder Unitrust, Pleasanton, Nebraska	Pleasanton State Bank, Pleasanton, Nebraska	Kansas City	September 15, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
FCT Bancshares, Inc., Mart, Texas	First Central Holdings, Inc., Dover, Delaware The First National Bank of Mart, Mart, Texas	Dallas	August 28, 1995
Financial Trust Corp, Carlisle, Pennsylvania	Washington County National Bank, Williamsport, Maryland	Philadelphia	September 15, 1995
FirstBank Holding Company of Colorado ESOP, Lakewood, Colorado	FirstBank Holding Company of Colorado, Lakewood, Colorado	Kansas City	September 8, 1995
Firstbank of Illinois Co., Springfield, Illinois	Confluence Bancshares Corporation, St. Peters, Missouri	Chicago	September 1, 1995
First Central Holdings, Inc., Dover, Delaware	The First National Bank of Mart, Mart, Texas	Dallas	August 28, 1995
F&M Bancorporation, Kaukauna, Wisconsin	Peoples State Bank of Bloomer, Bloomer, Wisconsin	Chicago	September 8, 1995
First State Bancorp, Inc., Winchester, Ohio	The First State Bank of Adams County, Winchester, Ohio	Cleveland	September 20, 1995
Kensington Bancorp, Inc., Kensington, Minnesota	First State Bank of Kensington, Kensington, Minnesota	Minneapolis	September 7, 1995
Libertyville Bancorp, Inc., Libertyville, Illinois	Libertyville Bank and Trust Company, Libertyville, Illinois	Chicago	August 30, 1995
Maedgen & White, Ltd., Lubbock, Texas	Plains Capital Corporation, Lubbock, Texas	Dallas	September 14, 1995
Maedgen & White, Ltd., Lubbock, Texas Plains Capital Corporation, Lubbock, Texas	Friona Bancorporation, Inc., Friona, Texas Friona State Bank, Friona, Texas	Dallas	September 15, 1995
Midland Bancorporation, Inc., Paramus, New Jersey	Adwildon Corporation, Hackensack, New Jersey	New York	September 8, 1995
NBD Bancorp, Inc., Detroit, Michigan	NBD Bank, Venice, Florida	Chicago	September 12, 1995
Northeast Portland Community Development Trust, Portland, Oregon Albina Community Bancorp, Portland, Oregon	Albina Community Bank, Portland, Oregon	San Francisco	September 1, 1995
Norwest Corporation, Minneapolis, Minnesota	Liberty National Bank, Austin, Texas	Minneapolis	September 1, 1995
Norwood Associates II, Hackensack, New Jersey	Adwildon Corporation, Hackensack, New Jersey	New York	September 8, 1995
Olympia Bancorporation, Inc., Employee Stock Ownership Plan, Chicago Heights, Illinois	Olympia Bancorporation, Inc., Chicago Heights, Illinois	Chicago	September 7, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Philipps Investment Company Limited Partnership, Spring Hill, Florida	Gratiot Bancshares, Inc., Gratiot, Wisconsin	Chicago	September 1, 1995
Pikeville National Corporation, Pikeville, Kentucky Whitley Acquisition Corp., Pikeville, Kentucky	United Whitley Corp., Williamsburg, Kentucky	Cleveland	September 15, 1995
Platte Valley Cattle Company, Grand Island, Nebraska	Pleasanton State Bank, Pleasanton, Nebraska	Kansas City	September 15, 1995
Rice Insurance Agency, Inc., Strasburg, Colorado	Collegiate Peaks Bancorporation, Inc., Buena Vista, Colorado	Kansas City	September 5, 1995
Security State Bank Holding Company, Hannaford, North Dakota	Security State Bank of Jamestown, Jamestown, North Dakota	Minneapolis	September 7, 1995
Thomasville Bancshares, Inc., Thomasville, Georgia	Thomasville National Bank, Thomasville, Georgia	Atlanta	August 31, 1995
Western Dakota Holding Company, Timber Lake, South Dakota	Dewey County Bank, Timber Lake, South Dakota	Minneapolis	September 11, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Centennial Holdings, Ltd., Olympia, Washington	Centennial Funding Corporation, Puyallup, Washington	San Francisco	September 13, 1995
Central Illinois Bancorp, Inc., Sidney, Illinois	Mortgage Services of Illinois, Bloomington, Illinois	Chicago	September 13, 1995
Commerzbank AG, Frankfurt, Germany	Commerz International Capital Management GmbH, Frankfurt, Germany Martingale Asset Management, L.P., Boston, Massachusetts	New York	August 28, 1995
First Security Corporation, Salt Lake City, Utah	First Security Leasing Company, Salt Lake City, Utah	San Francisco	September 18, 1995
Hibernia Corporation, New Orleans, Louisiana	To engage *de novo* in making, acquiring, or servicing loans or other extensions of credit	Atlanta	September 8, 1995
HSBC Holdings plc, London, England HSBC Holdings B.V., Amsterdam, The Netherlands	James Capel Incorporated, New York, New York	New York	August 31, 1995
JDOB, Inc., Sandstone, Minnesota	To make loans for its own account	Minneapolis	August 25, 1995

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
MBNA Corporation, Newark, Delaware	In making, acquiring and servicing consumer loans and credit card loans; acquiring and servicing mortgage loans; and offering credit insurance (life, disability, and involuntary unemployment)	Philadelphia	August 29, 1995
NBD Bancorp, Inc., Detroit, Michigan	To engage in mortgage lending and servicing; real property leasing; credit insurance; management consulting; and real estate appraising on a nationwide basis	Chicago	August 30, 1995
New Era Bancorporation, Inc., Fredericktown, Missouri	St. Francois County Financial Corp., Farmington, Missouri	St. Louis	September 7, 1995
New York Mills Bancshares, Inc., New York Mills, Minnesota	To engage *de novo* in lending activities	Minneapolis	August 25, 1995
Norwest Corporation, Minneapolis, Minnesota	Southeastern Residential Mortgage, Raleigh, North Carolina	Minneapolis	August 29, 1995
Norwest Corporation, Minneapolis, Minnesota	Towne Square Mortgage, San Diego, California	Minneapolis	August 24, 1995
Plains Capital Corporation, Lubbock, Texas Maedgen & White, Ltd., Lubbock, Texas	Sunrise Leasing Corporation, Friona, Texas	Dallas	September 15, 1995
Provident Bancorp, Inc., Cincinnati, Ohio	Mathematical Investment, Inc., Cleveland, Ohio	Cleveland	September 20, 1995
Ramsey Financial Corporation, Devils Lake, North Dakota	Heritage Federal Savings Bank, Cando, North Dakota First Bank fsb, Fargo, North Dakota	Minneapolis	August 25, 1995
Shawmut National Corporation, Hartford, Connecticut	Interpay, Inc., Mansfield, Massachusetts	Boston	September 8, 1995
Southeast Bancorp of Texas, Inc., Winnie, Texas	Bonnet Financial Services, Inc., Winnie, Texas	Dallas	September 15, 1995
Spencer Bancorporation, Inc., Spencer, Wisconsin	To form *de novo* a wholly owned community development corporation, and engage in permissible nonbanking activities that promote community welfare by making investments that will primarily benefit low- and moderate-income persons and/or small businesses	Chicago	August 31, 1995

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Standard Chartered PLC, London, England Standard Chartered Holdings Limited, London, England Standard Chartered Bank, London, England	Standard Chartered Trade Services Corporation, New York, New York	New York	September 15, 1995
Wells Fargo & Company, San Francisco, California	Towne Square Mortgage, San Diego, California Norwest Corporation, Minneapolis, Minnesota	San Francisco	August 24, 1995
Withee Bank Shares, Inc., Withee, Wisconsin	Hometown Development Corporation, Withee, Wisconsin	Chicago	August 30, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First Financial Bancorp., Hamilton, Ohio	Bright Financial Services, Inc., Flora, Indiana	Cleveland	September 7, 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
Bank of Oakfield, Oakfield, Wisconsin	M&I Central State Bank, Ripon, Wisconsin	Chicago	September 5, 1995
Community Bank of the Islands, Sanibel, Florida	Interim Bank of the Islands, Sanibel, Florida	Atlanta	September 15, 1995
Triangle Bank, Raleigh, North Carolina	NationsBank, National Association, Charlotte, North Carolina	Richmond	August 29, 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. 95–1495 (D.C. Cir., filed September 21, 1995). Petition for review of Board order dated August 23, 1995, approving the applications of The Fifth Third Bank, Cincinnati, Ohio, to acquire certain assets and assume certain liabilities of 12 branches of PNC Bank, Ohio, N.A., Cincinnati, Ohio, and to establish certain branches.

Lee v. Board of Governors, No. 94–4134 (2nd Cir., filed August 22, 1995). Petition for review of Board orders dated July 24, 1995, approving certain steps of a corporate reorganization of U.S. Trust Corporation, New York, New York, and the acquisition of U.S. Trust by Chase Manhattan Corporation, New York, New York. On September 12, 1995, the court denied petitioners' motion for an emergency stay of the Board's orders.

Jones v. Board of Governors, No. 95–1359 (D.C. Cir., filed July 17, 1995). Petition for review of a Board order dated June 19, 1995, approving the application by First Commerce Corporation, New Orleans, Louisiana, to acquire Lakeside Bancshares, Lake Charles, Louisiana. Petitioner filed a motion for a stay of the Board's order pending appeal on August 16, 1995. On August 29, 1995, the Board filed a motion to dismiss, and on September 5 it filed its opposition to the stay motion.

Board of Governors v. Scott, Misc. No. 95–127 (LFO/PJA) (D. D.C., filed April 14, 1995). Application to enforce investigatory subpoenas for documents and testimony. On August 3, 1995, the magistrate judge issued an order granting in part and denying in part the Board's application.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary.

Jones v. Board of Governors, No. 95–1142 (D.C. Cir., filed March 3, 1995). Petition for review of a Board order dated February 2, 1995, approving the applications by First Commerce Corporation, New Orleans, Louisiana, to merge with City Bancorp, Inc., New Iberia, Louisiana, and First Bankshares, Inc., Slidell, Louisiana. Petitioner filed a motion for injunctive relief and for a stay of the Board's order on April 3, 1995. On August 17, 1995, the court denied the motion.

Board of Governors v. Interamericas Investments, Ltd., No. H-95–565 (S.D. Texas, filed February 24, 1995). Action to freeze certain assets of a company pending administrative adjudication of civil money penalty. On March 1, 1995, the court issued a stipulated order requiring the company to deposit $1 million into the registry of the court.

In re Subpoena Duces Tecum, No. 95–5034 (D.C. Cir., filed January 26, 1995). Appeal of partial denial of plaintiff's motion to compel production of examination and other supervisory material in connection with a shareholder derivative action against a bank holding company. Oral argument is scheduled for November 7, 1995.

Kuntz v. Board of Governors, No. 95–3044 (6th Cir., filed January 12, 1995). Petition for review of a Board order dated December 19, 1994, approving an application by KeyCorp, Cleveland, Ohio, to acquire BANKVERMONT Corp., Burlington, Vermont. On September 21, the court granted the Board's motion to dismiss.

In re Subpoena Duces Tecum, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking pre-decisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995.

Beckman v. Greenspan, No. 95–35473 (9th Cir., filed May 4, 1995). Appeal of dismissal of action against Board and others seeking damages for alleged violations of constitutional and common law rights. The appellants' brief was filed on June 23, 1995; the Board's brief was filed on July 12, 1995.

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

Final Enforcement Orders Issued by the Board of Governors

Mr. Colin Vickerie
New York, New York

The Federal Reserve Board announced on September 19, 1995, the issuance of a Cease and Desist Order against

Mr. Colin Vickerie, an officer of the United States Trust Company of New York, New York. Mr. Vickerie is a former officer of Bankers Trust Company of California, N.A., a limited purpose national trust company that is a subsidiary of Bankers Trust New York Corporation, New York.

Termination of Enforcement Actions

The Federal Reserve Board announced on September 5, 1995, the termination of the following enforcement actions:

United American Bank of Central Florida
Orlando, Florida

Written Agreement dated February 6, 1995; terminated August 17, 1995.

UST Corp.
Boston, Massachusetts

Written Agreement dated August 3, 1992; terminated July 21, 1995.

The Federal Reserve Board announced on September 29, 1995, the termination of the following enforcement actions:

Constitution Bancorp, Inc.
Philadelphia, Pennsylvania

Constitution Bank
Philadelphia, Pennsylvania

Written Agreement dated November 18, 1993; terminated August 31, 1995.

Union State Bank
Upton, Wyoming

Written Agreement dated February 4, 1995; terminated September 5, 1995.

Security Bank Corporation
Manassas, Virginia

Written Agreement dated April 1, 1995; terminated September 11, 1995.

Sparta State Bank
Sparta, Michigan

Written Agreement dated August 3, 1993; terminated July 31, 1995.

Financial and Business Statistics

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 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.
Reserves of depository institutions[2]									
1 Total	−1.9	−3.3	−3.7	−8.0	−12.2	−4.1	−8.5	6.3[r]	−2.9
2 Required	−1.9	−3.0	−4.0	−7.0	−11.5	−6.8	−10.4	3.8	−.8
3 Nonborrowed	−3.5	2.1	−2.4	−8.6	−13.0	−4.9	−11.1	4.3	−1.1
4 Monetary base[3]	7.5	6.9	6.4	6.2	7.8	7.2	−2.7	−.4	3.3
Concepts of money, liquid assets, and debt[4]									
5 M1	2.4	−1.2	.0	−.9	1.9	−7.1[r]	.9[r]	1.2[r]	−1.4
6 M2	1.0	−.3	1.7	4.3	4.2	5.3	11.7	6.0[r]	8.3
7 M3	2.2	1.7	4.3	7.0	6.2	8.0	12.7	8.3[r]	8.0
8 L	2.6[r]	2.2[r]	6.5[r]	8.3[r]	6.8[r]	7.6[r]	9.5[r]	12.1	n.a.
9 Debt	4.3[r]	5.2	5.5[r]	6.7[r]	6.6[r]	8.3[r]	5.0[r]	3.0	n.a.
Nontransaction components									
10 In M2[5]	.3	.1	2.4	6.7	5.4[r]	11.0[r]	16.6	8.2[r]	12.6
11 In M3 only[6]	9.0	12.4	18.5	20.7	15.8	21.2[r]	17.1[r]	18.9[r]	7.0
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	−4.6	−8.5	−13.2	−7.3	−12.1	2.0	18.2	4.3	14.9
13 Small time[7]	9.5	16.0	24.3	23.4	23.0	17.7	13.4	9.2	4.4
14 Large time[8,9]	13.6	17.7	12.7	16.3	2.3	25.2	13.3	19.2[r]	9.6
Thrift institutions									
15 Savings, including MMDAs	−11.5	−17.6	−20.5	−14.5[r]	−16.8	−7.2[r]	−4.0[r]	−7.6	−6.3
16 Small time[7]	1.0	10.4	20.7	25.6	29.3	20.0	2.0	−.3	.7
17 Large time[8]	8.3	14.1	23.3	14.6	18.8	−13.5	6.8	30.5	9.9
Money market mutual funds									
18 General purpose and broker–dealer	5.7	7.5	7.9	17.9	15.7	28.2	61.0	44.0	37.0
19 Institution-only	−4.5	7.3	10.0	27.1	24.8	11.8	66.5	39.7	−9.0
Debt components[4]									
20 Federal	3.9	5.9	5.3[r]	5.3	.7	5.9	8.4	4.1	n.a.
21 Nonfederal	4.4[r]	5.0	5.7	7.2[r]	8.8[r]	9.1[r]	3.8[r]	2.6	n.a.

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

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

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

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

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

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

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

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1995			1995						
	June	July	Aug.	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	413,473	411,634[r]	409,407	411,274	407,072[r]	409,645	409,392	410,301	408,544	408,506
U.S. government securities[2]										
2 Bought outright—System account	372,815	371,272	371,942	372,389	368,444	370,826	370,941	372,422	372,241	372,169
3 Held under repurchase agreements	2,672	1,531	133	0	0	0	0	154	0	0
Federal agency obligations										
4 Bought outright	3,140	3,079	3,019	3,081	3,076	3,063	3,063	3,028	3,028	2,953
5 Held under repurchase agreements	180	121	52	0	0	0	0	216	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	69	85	112	133	5	460	2	4	9	22
8 Seasonal credit	169	231	259	232	240	250	240	253	267	277
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	359	572[r]	294	893	596[r]	294	597	45	276	113
11 Other Federal Reserve assets	34,068	34,742	33,598	34,546	34,711	34,751	34,549	34,181	32,723	32,972
12 Gold stock	11,054	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,053
13 Special drawing rights certificate account	8,018	10,357	10,518	10,518	10,518	10,518	10,518	10,518	10,518	10,518
14 Treasury currency outstanding	23,397	23,457	23,519	23,457	23,471	23,485	23,499	23,513	23,527	23,541
ABSORBING RESERVE FUNDS										
15 Currency in circulation	409,113	410,854	410,316	410,953	409,584	409,487	410,873	410,983	409,933	409,226
16 Treasury cash holdings	316	318	310	335	313	306	309	309	309	312
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,530	6,984	5,257	5,568	5,616	6,377	5,134	5,221	5,541	4,923
18 Foreign	209	196	184	193	212	181	203	176	183	175
19 Service-related balances and adjustments	4,361	4,347	4,599	4,217	4,403	4,427	4,484	4,521	4,738	4,700
20 Other	284	289	289	328	288	268	289	296	285	286
21 Other Federal Reserve liabilities and capital	12,971	12,949	12,758	12,790	12,741	12,766	12,594	12,858	12,805	13,038
22 Reserve balances with Federal Reserve Banks[3]	21,158	20,564[r]	20,785	21,918	18,958[r]	20,889	20,576	21,021	19,848	20,958

Factor	End-of-month figures			Wednesday figures						
	June	July	Aug.	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	427,844	413,574[r]	408,469	412,374	407,528[r]	414,670	410,831	411,234	408,872	409,694
U.S. government securities[2]										
2 Bought outright—System account	372,641	375,524	369,818	373,179	368,520	372,931	372,770	374,597	372,085	373,531
3 Held under repurchase agreements	16,324	0	3,055	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	3,096	3,063	2,941	3,081	3,063	3,063	3,063	3,028	3,028	2,941
5 Held under repurchase agreements	461	0	100	0	0	0	0	0	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	2	3	4	838	3	3,198	4	3	14	63
8 Seasonal credit	214	245	266	234	248	254	243	259	271	280
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	292	73[r]	689	527	856[r]	764	82	694	604	52
11 Other Federal Reserve assets	34,813	34,666	31,597	34,515	34,837	34,459	34,669	32,651	32,869	32,827
12 Gold stock	11,054	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,053
13 Special drawing rights certificate account	8,018	10,518	10,518	10,518	10,518	10,518	10,518	10,518	10,518	10,518
14 Treasury currency outstanding	23,429	23,485	23,555	23,457	23,471	23,485	23,499	23,513	23,527	23,541
ABSORBING RESERVE FUNDS										
15 Currency in circulation	410,414	409,425	410,857	410,961	410,101	411,133	412,187	411,462	410,214	410,870
16 Treasury cash holdings	319	306	316	314	306	309	309	309	311	316
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	20,977	11,206	4,767	6,002	6,433	7,418	5,681	5,583	5,399	5,653
18 Foreign	168	190	166	160	215	196	224	176	201	180
19 Service-related balances and adjustments	4,498	4,427	4,614	4,217	4,403	4,427	4,484	4,521	4,738	4,700
20 Other	242	304	298	296	278	272	284	307	278	290
21 Other Federal Reserve liabilities and capital	13,519	12,671	11,438	12,517	12,481	12,308	12,652	12,613	12,572	12,829
22 Reserve balances with Federal Reserve Banks[3]	20,209	20,102[r]	21,140	22,936	18,353[r]	23,663	20,081	21,347	20,256	19,968

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1992	1993	1994	1995						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	21,758	22,649	24,217	21,476	21,058	20,840[r]	20,565
2 Total vault cash[3]	34,541	36,818	40,365	39,795	38,518	38,099	39,038	39,839	40,522	40,177
3 Applied vault cash[4]	31,172	33,484	36,682	35,941	34,934	34,657	35,281	35,986	36,550[r]	36,254
4 Surplus vault cash[5]	3,370	3,334	3,683	3,855	3,584	3,442	3,757	3,853	3,971	3,923
5 Total reserves[6]	56,540	62,858	61,340	57,699	57,583	58,874	56,757	57,044	57,390[r]	56,819
6 Required reserves	55,385	61,795	60,172	56,752	56,789	58,120	55,877	56,079	56,300	55,834
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	946	794	753	880	964	1,090[r]	985
8 Total borrowings at Reserve Banks[8]	124	82	209	59	69	111	150	272	371	282
9 Seasonal borrowings	18	31	100	33	51	82	137	172	231	258
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									
	1995									
	May 10	May 24	June 7	June 21	July 5	July 19	Aug. 2[r]	Aug. 16	Aug. 30	Sept. 13
1 Reserve balances with Reserve Banks[2]	21,994	21,406	20,875	21,478	20,546	21,733	19,920	20,793	20,395	21,030
2 Total vault cash[3]	39,261	38,711	39,373	40,146	39,724	40,411	40,983	40,889	39,324	40,554
3 Applied vault cash[4]	35,550	34,955	35,549	36,240	35,930	36,491	36,878	36,898	35,491	36,693
4 Surplus vault cash[5]	3,712	3,756	3,824	3,906	3,794	3,920	4,106	3,991	3,833	3,861
5 Total reserves[6]	57,543	56,361	56,424	57,718	56,476	58,224	56,798	57,691	55,886	57,722
6 Required reserves	56,508	55,552	55,627	56,703	55,462	57,334	55,443	56,491	55,158	56,873
7 Excess reserve balances at Reserve Banks[7]	1,035	810	798	1,015	1,014	890	1,354	1,200	728	849
8 Total borrowings at Reserve Banks[8]	148	144	165	286	336	293	478	250	288	268
9 Seasonal borrowings	124	140	150	155	214	224	245	247	272	245
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. Data are not break-adjusted or seasonally adjusted.

2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

5. Total vault cash (line 2) less applied vault cash (line 3).

6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).

7. Total reserves (line 5) less required reserves (line 6).

8. Also includes adjustment credit.

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

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

Millions of dollars, averages of daily figures

Source and maturity	1995, week ending Monday								
	July 3	July 10	July 17	July 24	July 31	Aug. 7	Aug. 14	Aug. 21	Aug. 28
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	79,073	84,770	79,652	75,356[r]	77,305	83,233	79,795	78,638	73,023
2 For all other maturities	17,570	16,851	17,247	17,234	17,803	18,615	18,625	16,553	17,277
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	22,697	25,033	25,851	28,062[r]	22,029	24,885	26,327	27,244	26,953
4 For all other maturities	26,295	25,048	25,316	26,262	26,409	26,067	26,183	25,979	27,899
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	18,792	18,939	18,263[r]	18,861[r]	17,040[r]	17,837	18,730	21,678	18,956
6 For all other maturities	36,779[r]	32,797[r]	32,397[r]	35,088[r]	36,946[r]	36,877	38,159	31,571	36,273
All other customers									
7 For one day or under continuing contract	39,780	39,118	38,353[r]	38,262[r]	37,810[r]	38,574	38,416	40,180	40,360
8 For all other maturities	18,344[r]	17,874[r]	17,671[r]	18,155[r]	18,517[r]	17,902	18,374	18,401	18,740
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	61,011	61,895	56,693	55,460	56,819	57,530	55,140	57,032	53,380
10 To all other specified customers[2]	30,224	29,303	29,190	29,475[r]	29,713	29,600	30,061	27,794	25,921

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 10/6/95	Effective date	Previous rate	On 10/6/95	Effective date	Previous rate	On 10/6/95	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	5.75	9/28/95	5.75	6.25	9/28/95	6.25
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	5.75	9/28/95	5.75	6.25	9/28/95	6.25

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 Oct. 6, 1995	5.25	5.25

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$54.0 million	3	12/20/94
2 More than $54.0 million[4]	10	12/20/94
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin* Under 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. Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a 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. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are savings deposits, not transaction accounts.

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 20, 1994 the amount was increased from $51.9 million to $54.0 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1995						
				Jan.	Feb.	Mar.	Apr.	May	June	July
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	0	0	0	0	0	4,470	0
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	376,277	30,150	31,530	36,449	30,983	31,663	42,983	25,213
4 Redemptions	1,600	0	0	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	1,096	1,223	1,238	0	0	0	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	36,662	31,368	0	2,835	5,872	0	0	0	0	0
8 Exchanges	−30,543	−36,582	−21,444	−3,167	−4,881	0	0	0	0	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	13,118	10,350	9,168	0	0	0	2,549	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−34,478	−27,140	−6,004	−2,145	−5,115	0	0	0	0	0
13 Exchanges	25,811	0	17,801	3,167	3,031	0	0	0	0	0
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	0	0	0	839	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−1,915	0	−3,145	−690	−757	0	0	0	0	0
17 Exchanges	3,532	0	2,903	0	1,150	0	0	0	0	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	0	0	0	1,138	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−269	0	−918	0	0	0	0	0	0	0
21 Exchanges	1,200	0	775	0	700	0	0	0	0	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	0	0	0	4,526	0	4,470	0
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	621	0	0	370	0	0	0
Matched transactions										
25 Gross purchase	1,480,140	1,475,941	1,700,836	163,615	178,877	168,800	148,306	155,027	170,083	166,674
26 Gross sales	1,482,467	1,475,085	1,701,309	164,526	176,232	170,724	147,616	153,534	171,959	163,490
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	32,201	1,300	22,070	36,314	35,158	40,989	8,527
28 Gross sales	386,257	470,723	311,898	39,756	3,310	16,477	39,157	34,377	28,196	24,851
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	−9,087	634	3,669	2,004	2,274	15,387	−13,141
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	632	774	1,002	91	55	83	20	30	262	333
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	5,243	25	4,926	4,415	6,155	1,941	711
34 Gross sales	14,486	34,669	52,696	4,948	1,345	3,821	5,020	5,955	2,180	1,172
35 Net change in federal agency obligations	−554	−380	−1,002	204	−1,375	1,022	−625	170	−501	−794
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**−8,883**	**−741**	**4,691**	**1,379**	**2,444**	**14,886**	**−13,935**

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

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

Millions of dollars

Account	Wednesday, 1995 Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	End of month, 1995 June 30	July 31	Aug. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,053	11,053	11,053	11,053	11,053	11,054	11,053	11,053
2 Special drawing rights certificate account	10,518	10,518	10,518	10,518	10,518	8,018	10,518	10,518
3 Coin	360	370	378	380	366	358	372	369
Loans								
4 To depository institutions	3,452	246	263	285	343	217	248	269
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	3,063	3,063	3,028	3,028	2,941	3,096	3,063	2,941
8 Held under repurchase agreements	0	0	0	0	0	461	0	100
9 **Total U.S. Treasury securities**	**372,931**	**372,770**	**374,597**	**372,085**	**373,531**	**388,965**	**375,524**	**372,873**
10 Bought outright[2]	372,931	372,770	374,597	372,085	373,531	372,641	375,524	369,818
11 Bills	182,555	182,394	184,221	181,709	183,154	181,965	185,148	179,441
12 Notes	146,698	146,698	147,804	147,804	147,804	146,998	146,698	147,804
13 Bonds	43,679	43,679	42,573	42,573	42,573	43,679	43,679	42,573
14 Held under repurchase agreements	0	0	0	0	0	16,324	0	3,055
15 **Total loans and securities**	**379,446**	**376,080**	**377,888**	**375,398**	**376,815**	**392,739**	**378,835**	**376,183**
16 Items in process of collection	6,560	5,387	6,174	5,005	4,839	4,067	1,867	3,929
17 Bank premises	1,096	1,101	1,103	1,104	1,105	1,090	1,096	1,107
Other assets								
18 Denominated in foreign currencies[3]	23,499	23,257	23,271	22,906	22,920	23,961	23,508	21,473
19 All other[4]	9,944	10,229	8,239	8,482	8,721	9,936	9,875	8,948
20 **Total assets**	**442,476**	**437,995**	**438,623**	**434,847**	**436,336**	**451,223**	**437,124**	**433,580**
LIABILITIES								
21 Federal Reserve notes	388,317	389,367	388,636	387,379	388,011	387,661	386,617	387,987
22 **Total deposits**	**36,230**	**31,148**	**32,282**	**30,473**	**30,920**	**46,320**	**36,171**	**30,316**
23 Depository institutions	28,343	24,960	26,217	24,595	24,797	24,946	24,471	25,086
24 U.S. Treasury—General account	7,418	5,681	5,583	5,399	5,653	20,977	11,206	4,767
25 Foreign—Official accounts	196	224	176	201	180	168	190	166
26 Other	272	284	307	278	290	242	304	298
27 Deferred credit items	5,622	4,828	5,092	4,423	4,576	3,723	1,665	3,839
28 Other liabilities and accrued dividends[5]	4,518	4,468	4,390	4,342	4,606	5,018	4,582	4,697
29 **Total liabilities**	**434,686**	**429,810**	**430,400**	**426,616**	**428,113**	**442,723**	**429,035**	**426,839**
CAPITAL ACCOUNTS								
30 Capital paid in	3,861	3,898	3,898	3,904	3,908	3,815	3,861	3,910
31 Surplus	3,683	3,683	3,683	3,683	3,683	3,683	3,683	2,832
32 Other capital accounts	246	603	642	643	632	1,002	544	0
33 **Total liabilities and capital accounts**	**442,476**	**437,995**	**438,623**	**434,847**	**436,336**	**451,223**	**437,124**	**433,580**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	479,040	478,258	486,717	480,798	478,286	456,421	486,368	479,521
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	469,168	469,060	469,241	469,650	470,304	466,985	469,711	470,405
36 LESS: Held by Federal Reserve Banks	80,851	79,694	80,605	82,272	82,294	79,324	83,094	82,418
37 Federal Reserve notes, net	388,317	389,367	388,636	387,379	388,011	387,661	386,617	387,987
Collateral held against notes, net								
38 Gold certificate account	11,053	11,053	11,053	11,053	11,053	11,054	11,053	11,053
39 Special drawing rights certificate account	10,518	10,518	10,518	10,518	10,518	8,018	10,518	10,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	366,745	367,796	367,065	365,808	366,440	368,590	365,046	366,417
42 **Total collateral**	**388,317**	**389,367**	**388,636**	**387,379**	**388,011**	**387,661**	**386,617**	**387,987**

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 1995					End of month 1995		
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	June 30	July 31	Aug. 31
1 **Total loans**	**3,452**	**246**	**263**	**285**	**343**	**239**	**248**	**299**
2 Within fifteen days[1]	3,248	56	174	256	302	163	116	262
3 Sixteen days to ninety days	204	190	88	29	41	75	132	37
4 **Total U.S. Treasury securities**	**372,931**	**372,770**	**374,597**	**372,085**	**373,531**	**372,641**	**375,524**	**369,818**
5 Within fifteen days[1]	20,782	24,929	20,209	17,391	14,131	6,277	16,480	2,215
6 Sixteen days to ninety days	82,014	77,556	76,724	85,897	86,612	95,686	87,822	86,645
7 Ninety-one days to one year	122,424	122,574	125,948	117,081	121,071	121,467	123,511	129,665
8 One year to five years	84,245	84,246	86,195	86,195	86,195	85,746	84,245	85,770
9 Five years to ten years	28,511	28,511	29,992	29,992	29,992	28,511	28,511	29,992
10 More than ten years	34,955	34,955	35,530	35,530	35,530	34,955	34,955	35,530
11 **Total federal agency obligations**	**3,063**	**3,063**	**3,028**	**3,028**	**2,941**	**3,096**	**3,063**	**2,941**
12 Within fifteen days[1]	35	35	87	332	265	210	135	265
13 Sixteen days to ninety days	666	790	803	558	658	516	666	658
14 Ninety-one days to one year	823	699	599	599	479	749	723	479
15 One year to five years	1,098	1,098	1,098	1,098	1,098	1,179	1,098	1,098
16 Five years to ten years	417	417	417	417	417	417	417	417
17 More than ten years	25	25	25	25	25	25	25	25

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

NOTE. Total acceptances data have been deleted from this table because data are no longer available.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec	1993 Dec.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.
					Seasonally adjusted							
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.54	54.35	60.50	59.34	59.12	58.92	58.55	57.96	57 76	57.35	57.66	57.52
2 Nonborrowed reserves[4]	45.34	54.23	60.42	59.13	58.99	58.86	58.48	57.85	57 61	57.08	57.28[r]	57.23
3 Nonborrowed reserves plus extended credit[5]	45 34	54.23	60.42	59.13	58.99	58.86	58.48	57.85	57 61	57.08	57.28[r]	57.23
4 Required reserves	44.56	53.20	59.44	58.17	57.79	57.97	57 76	57.20	56.88	56.39	56.57	56.53
5 Monetary base[6]	317.43	351.12	386.60	418.22	421.05	422.31	425.35	428.13	430.69	429.72	429.59	430.76
					Not seasonally adjusted							
6 Total reserves[7]	46.98	56.06	62.37	61.13	60.52	57.72	57.62	58.93	56.82	57.13	57.49	56.93
7 Nonborrowed reserves	46.78	55.93	62.29	60.92	60.38	57.66	57.55	58.82	56.68	56.85	57.12	56.65
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.92	60.39	57.66	57.55	58.82	56.68	56.85	57 12	56.65
9 Required reserves[8]	46.00	54.90	61.31	59.96	59.18	56.78	56.83	58.18	55.95	56.16	56.40	55.95
10 Monetary base[9]	321.07	354.55	390.59	422.51	421.84	419.25	423.27	428.74	429.29	430.23	431.22[r]	430.98
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	60.52	57.70	57.58	58.87	56.76	57.04	57.39	56.82
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	60.39	57.64	57.51	58.76	56.61	56.77	57.02	56.54
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	60.39	57.64	57.51	58.76	56.61	56.77	57.02	56.54
14 Required reserves	54.55	55.39	61.80	60.17	59.18	56.75	56.79	58 12	55.88	56.08	56.30	55.83
15 Monetary base[12]	333.61	360.90	397.62	427 25	426.31	423.57	427.56	432.79	433.47	434.54	435.49	435.49
16 Excess reserves[13]	.98	1.16	1.06	1 17	1.34	.95	.79	.75	.88	.96	1.09	.99
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.14	.06	.07	11	.15	.27	.37	.28

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the impact on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

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

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

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

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

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1995 May	1995 June	1995 July	1995 Aug.
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,148.0	1,142.9[r]	1,143.8	1,144.9[r]	1,143.6
2 M2	3,457.9	3,515.3	3,583.6	3,616.2	3,659.9[r]	3,695.7	3,714.3[r]	3,740.0
3 M3	4,176.0	4,182.9	4,242.3	4,303.4	4,410.2	4,456.7	4,487.4[r]	4,517.5
4 L	4,989.8[r]	5,059.3[r]	5,145.8[r]	5,269.3[r]	5,445.3[r]	5,488.6[r]	5,544.0	n.a.
5 Debt	11,179.9[r]	11,719.6[r]	12,341.5[r]	12,959.6[r]	13,319.2[r]	13,374.8[r]	13,408.5	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354.5	368.1	367.4	367.1	368.3
7 Travelers checks[4]	7.7	8.1	7.9	8.4	9.2	9.0	8.9	8.9
8 Demand deposits[5]	289.5	338.9	383.9	382.2	380.6	386.8	389.5	390.1
9 Other checkable deposits[6]	332.7	384.6	414.7	402.9	385.0	380.6	379.4[r]	376.4
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,468.2	2,517.0	2,551.9	2,569.4[r]	2,596.4
11 In M3 only[8]	718.1	667.6	658.7	687.2	750.3[r]	761.0	773.0[r]	777.5
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	717.2	728.1	730.7	739.8
13 Small time deposits[9]	602.5	508.1	468.6	502.6	556.2	562.4	566.7	568.8
14 Large time deposits[10, 11]	333.3	286.7	271.2	296.6	315.6	319.1	324.2[r]	326.8
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.9	364.2[r]	363.0	360.7	358.8
16 Small time deposits[9]	464.1	361.1	316.5	317.7	354.5	355.1	355.0	355.2
17 Large time deposits[10]	83.3	67.1	61.6	64.9	70.4	70.8	72.6	73.2
Money market mutual funds								
18 General purpose and broker–dealer	374.2	356.9	360.1	389.0	405.3	425.9	441.5	455.1
19 Institution-only	180.0	200.2	198.1	180.8	194.8	205.6	212.4	210.8
Debt components								
20 Federal debt	2,763.6[r]	3,068.3[r]	3,328.0	3,497.4	3,577.0	3,602.0	3,614.4	n.a.
21 Nonfederal debt	8,416.3[r]	8,651.2[r]	9,013.6[r]	9,462.2[r]	9,742.2[r]	9,772.9[r]	9,794.2	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.7	1,132.0[r]	1,139.2	1,143.9[r]	1,137.2
23 M2	3,472.7	3,533.6	3,606.1	3,639.7	3,647.6	3,691.2	3,713.8[r]	3,733.0
24 M3	4,189.4	4,201.4	4,266.1	4,329.4	4,400.0[r]	4,450.3	4,480.6[r]	4,511.2
25 L	5,014.2[r]	5,088.9[r]	5,180.3[r]	5,306.8[r]	5,424.7[r]	5,476.8[r]	5,530.3	n.a.
26 Debt	11,176.9[r]	11,720.2[r]	12,333.7[r]	12,951.6[r]	13,226.8[r]	13,309.0[r]	13,353.7	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	367.9	368.1	369.0	369.0
28 Travelers checks[4]	7.4	7.8	7.6	8.1	8.9	9.2	9.5	9.5
29 Demand deposits[5]	302.4	354.4	401.8	400.3	372.8[r]	382.6	388.7	386.6
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	382.4	379.2	376.8	372.2
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.5	2,466.1	2,515.5	2,552.0	2,569.8[r]	2,595.8
32 In M3 only[8]	716.7	667.7	660.0	689.7	752.4[r]	759.1	766.9[r]	778.2
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	717.8	730.2	732.6	741.2
34 Small time deposits[9]	601.9	507.8	468.2	502.2	555.1	562.0	567.5	569.4
35 Large time deposits[10, 11]	332.6	286.2	270.8	296.3	318.1	320.6	322.9[r]	328.2
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	391.2	364.5[r]	364.1	361.7[r]	359.5
37 Small time deposits[9]	463.7	360.9	316.2	317.4	353.8	354.8	355.4	355.6
38 Large time deposits[10]	83.1	67.0	61.5	64.8	70.9	71.1	72.3	73.5
Money market mutual funds								
39 General purpose and broker–dealer	372.2	355.1	358.3	387.1	407.8	423.6	438.4	451.8
40 Institution-only	180.8	201.7	200.0	183.1	193.8	199.2	206.6	209.3
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	117.1	116.5	117.3	114.3[r]	118.4
42 Term	132.7	127.8	143.9	157.9	182.4[r]	181.5	178.2	180.2
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,552.6	3,579.3	3,588.8	n.a.
44 Nonfederal debt	8,411.9[r]	8,650.4[r]	9,004.2[r]	9,452.7[r]	9,674.2[r]	9,729.7[r]	9,764.9	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 Dec.	1995 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
				Interest rates (annual effective yields)[2]							
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.96	1.98	2.01	2.00	1.95	1.96	1.94	1.91	1.90
2 Savings deposits[3]	2.88	2.46	2.91	2.98	3.09	3.14	3.17	3 20	3 19	3.15	3.14
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.90	2.65	3.81	3.96	4.19	4.24	4.28	4.25	4.19	4.17	4.10
4 92 to 182 days	3.16	2.91	4.44	4.67	4.83	4.97	4.94	4 93	4.81	4.77	4 77
5 183 days to 1 year	3.37	3.13	5.12	5.39	5.57	5.60	5.60	5.49	5.27	5.18	5.15
6 More than 1 year to 2½ years	3.88	3.55	5.74	6.00	6.12	6.12	6.05	5.83	5.53	5.38	5.39
7 More than 2½ years	4.77	4.29	6.30	6.47	6.52	6.45	6.37	6 11	5.79	5.62	5.63
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.95	1.99	2.04	1.99	1.99	2 00	1.98	1.96	1.98
9 Savings deposits[3]	3.20	2.63	2.88	2.91	2.95	2.94	2.93	2 95	2.97	2.97	2.95
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.13	2.70	3.80	3.98	4.17	4.21	4.18	4.24	4.24	4.28	4.34
11 92 to 182 days	3.44	3.02	4.89	5.13	5.33	5.37	5.38	5.31	5.22	5.16	5.12
12 183 days to 1 year	3.61	3.31	5.52	5.75	5.94	5.94	5.87	5 83	5 61	5.47	5.45
13 More than 1 year to 2½ years	4.02	3.66	6.09	6.29	6.37	6.32	6.25	6.08	5.78	5.62	5.63
14 More than 2½ years	5.00	4.62	6 43	6.68	6.75	6.68	6 59	6 32	5.98	5.82	5 78
				Amounts outstanding (millions of dollars)							
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	286,541	305,223	303,724	291.355	290,188	292,811	286,987	274,281	274,573	271,777	265,597
16 Savings deposits[3]	738,253	766,413	734,519	723,295	714,955	713,440	698,963	714,989	718,393	723,302	731,457
17 Personal	578,757	597,838	578,459	569,619	564,877	564,086	550,674	560,563	563,795	567,624	571,723
18 Nonpersonal	159,496	168,575	156,060	153,676	150,078	149,354	148,289	154,426	154,599	155,678	159,734
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	38,474	29,455	32,375	32,154	31,777	31,623	31,530	31,472	32,140	32,950	30,627
20 92 to 182 days	127,831	110,069	95,901	96,895	98,248	95,583	94,368	93,188	91,999	91,347	90,221
21 183 days to 1 year	163,098	146,565	161,831	163,939	169,103	176,657	179,625	184,560	187,185	186,716	187,122
22 More than 1 year to 2½ years	152,977	141,223	162,486	168,515	176,877	183,275	189,652	194,963	198,541	201,761	203,495
23 More than 2½ years	169,708	181,528	190,897	190.215	191,383	194,722	194,426	192,542	195,024	194,500	200,031
24 IRA and Keogh plan deposits	147,350	143,985	143,428	143,900	145,040	145,959	146,679	146,842	148,894	148,878	149,045
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	10,871	11,151	11,317	11,127	10,950	11,218	11,005	11,019	11,354	11,262	11,113
26 Savings deposits[3]	81,786	80,115	70,642	71,639	69,982	68,595	67,453	67,322	67,185	66,706	66,768
27 Personal	78,695	77,035	67,673	68,760	67,144	65,692	64,204	64,484	63,966	63,524	63,476
28 Nonpersonal	3,091	3,079	2,969	2,878	2,837	2,902	3,248	2,838	3,219	3,182	3,292
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	3,867	2,793	2,166	2,041	2,086	1,943	1,780	1,885	1,567	1,784	1,872
30 92 to 182 days	17,345	12,946	11,793	12,084	11,953	11,707	11,245	11,449	11,025	11,131	11,181
31 183 days to 1 year	21,780	17,426	18,753	19,336	19,979	20,277	21,051	20,956	21,702	22,157	22,485
32 More than 1 year to 2½ years	18,442	16,546	17,842	20.460	21,870	22,648	23,445	24,014	24,658	25,141	25,294
33 More than 2½ years	18,845	20,464	21,600	21.888	22,275	22,446	22,671	22,819	22,935	22,930	22,777
34 IRA and Keogh plan accounts	21,713	19,356	19,325	19.802	20,099	20,221	20,388	20,236	20,499	20,568	20,604

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 75 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1992[2]	1993[2]	1994[2]	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[r]	1995 June
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	313,128.1	334,784.1	369,029.1	369,873.6[r]	384,140.0[r]	393,325.2[r]	362,527.2[r]	418,140.7	408,037.0
2 Major New York City banks	165,447.7	171,224.3	191,168.8	183,454.5	195,129.3	197,666.4	185,751.6	217,464.9	203,338.6
3 Other banks	147,680.4	163,559.7	177,860.3	186,419.2[r]	189,010.7[r]	195,658.8[r]	176,775.6[r]	200,675.8	204,698.4
4 Other checkable deposits[4]	3,780.3	3,481.5	3,798.6	4,017.2	3,918.2	4,044.4	3,666.2[r]	4,167.8	3,964.7
5 Savings deposits (including MMDAs)[5]	3,309.1	3,497.4	3,766.3	3,922.6[r]	3,989.8	3,889.3	3,565.7	4,022.0	4,408.5
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	825.9	785.9	817.4	821.6[r]	857.2[r]	880.4	807.4	934.4	896.7
7 Major New York City banks	4,795.3	4,198.1	4,481.5	4,359.9[r]	4,675.9[r]	4,754.1	4,551.2	5,168.0	4,780.3
8 Other banks	428.7	424.6	435.1	456.8	465.1	482.9	433.1	495.0	496.2
9 Other checkable deposits[4]	14.4	11.9	12.6	13.6	13.4	13.9	12.6	14.7	14.3
10 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	5.4	5.5	5.4	5.0	5.6	6.1
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	313,344.9	334,899.2	369,121.8	368,835.7[r]	355,792.9[r]	412,196.9[r]	357,561.2[r]	407,765.3	420,396.4
12 Major New York City banks	165,595.0	171,283.5	191,226.1	181,602.7	181,697.8	209,255.5	180,169.1	207,259.8	209,349.5
13 Other banks	147,749.9	163,615.7	177,895.7	187,233.0[r]	174,095.1[r]	202,941.4[r]	177,392.1[r]	200,505.5	211,046.9
14 Other checkable deposits[4]	3,783.6	3,481.7	3,795.6	4,361.7	3,609.9	4,083.5	3,874.2[r]	4,004.2	4,078.9
15 Savings deposits (including MMDAs)[5]	3,310.0	3,498.3	3,764.4	4,100.6	3,611.3	3,989.3	3,727.1	3,981.9	4,516.3
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	826.1	786.1	818.2	802.4[r]	812.4[r]	946.3[r]	796.3[r]	927.6	936.0
17 Major New York City banks	4,803.5	4,197.9	4,490.3	4,148.3[r]	4,347.5[r]	5,145.1	4,459.5	5,095.1	5,037.0
18 Other banks	428.8	424.8	435.3	450.2	439.5	513.9	434.1	502.6	517.8
19 Other checkable deposits[4]	14.4	11.9	12.6	14.5	12.3	14.0	13.0	14.3	14.8
20 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	5.6	5.0	5.6	5.2	5.6	6.2

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.
5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1995[r]							1995			
	Aug.	Feb.	Mar.	Apr.	May	June	July	Aug.	Aug. 9	Aug. 16	Aug. 23	Aug. 30
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,269.0	3,363.0	3,388.3	3,455.0	3,480.9	3,494.9	3,504.2	3,519.6	3,519.3	3,512.3	3,525.1	3,524.1
2 Securities in bank credit	969.8	937.1	941.9	985.1	981.6	980.2	968.8	975.6	969.8	976.6	980.6	979.5
3 U.S. government securities	746.1	717.2	705.2	704.2	706.9	705.7	698.0	702.0	699.9	700.4	705.8	703.8
4 Other securities	223.6	219.9	236.7	281.0	274.7	274.4	270.8	273.6	269.9	276.1	274.7	275.8
5 Loans and leases in bank credit[2]	2,299.2	2,425.9	2,446.3	2,469.9	2,499.3	2,514.7	2,535.4	2,544.0	2,549.5	2,535.7	2,544.5	2,544.6
6 Commercial and industrial	623.5	668.9	672.0	678.3	686.4	688.9	692.9	694.7	695.5	694.1	694.7	693.8
7 Real estate	973.2	1,022.6	1,028.2	1,035.4	1,039.6	1,046.9	1,056.6	1,061.8	1,060.5	1,060.7	1,063.3	1,063.5
8 Revolving home equity	74.0[r]	76.5	76.8	77.5	78.2	78.8	79.3	79.0	79.1	79.1	78.9	79.1
9 Other	899.2[r]	946.0	951.4	957.9	961.4	968.1	977.3	982.8	981.4	981.6	984.4	984.3
10 Consumer	429.3	459.8	465.4	471.4	473.2	478.5	481.7	487.3	484.9	486.2	488.7	490.2
11 Security[3]	75.0	67.8	69.7	72.8	84.1	84.9	83.0	79.0	84.1	77.8	76.3	77.0
12 Other	198.2	207.0	211.1	212.0	216.0	215.6	221.2	221.1	224.5	216.9	221.6	220.2
13 Interbank loans[4]	160.7	177.8	180.2	178.4	183.6	187.5	194.8	191.9	193.0	190.4	189.5	192.1
14 Cash assets[5]	205.8	215.9	206.9	207.9	210.2	211.2	213.1	207.7	210.7	207.9	212.5	198.0
15 Other assets[6]	225.6	242.3	241.6	214.5	214.5	214.8	222.3	222.1	220.6	223.1	223.8	220.5
16 **Total assets[7]**	**3,804.0[r]**	**3,942.7**	**3,960.5**	**3,998.8**	**4,032.3**	**4,051.0**	**4,077.0**	**4,084.1**	**4,086.4**	**4,076.5**	**4,093.7**	**4,077.6**
Liabilities												
17 Deposits	2,517.4	2,547.2	2,548.2	2,556.1	2,570.2	2,589.5	2,613.4	2,619.8	2,621.1	2,620.9	2,627.9	2,607.7
18 Transaction	809.1	804.6	795.2	791.0	788.2	784.8	796.8	788.4	793.6	790.0	795.5	773.5
19 Nontransaction	1,708.3	1,742.6	1,753.0	1,765.1	1,782.0	1,804.7	1,816.6	1,831.5	1,827.5	1,830.9	1,832.4	1,834.1
20 Large time	342.0	374.2	380.8	386.7	390.6	393.3	398.1	404.5	402.0	401.4	406.5	407.1
21 Other	1,366.3	1,368.5	1,372.2	1,378.4	1,391.4	1,411.3	1,418.5	1,427.0	1,425.5	1,429.5	1,425.9	1,427.0
22 Borrowings	577.5[r]	643.6	648.6	672.9	678.2	665.8	682.4	663.7	668.0	651.8	667.9	660.9
23 From banks in the U.S.	158.6	178.5	182.0	181.2	183.2	184.8	197.9	193.2	191.4	192.4	191.0	194.7
24 From nonbanks in the U.S.	418.9[r]	465.1	466.6	491.7	495.1	481.0	484.5	470.5	476.6	459.4	477.0	466.2
25 Net due to related foreign offices	206.6	252.7	241.2	234.8	239.5	245.2	236.8	248.6	247.0	254.7	251.0	246.9
26 Other liabilities[8]	179.6	178.7	196.0	209.2	206.5	205.6	196.1	199.2	197.0	198.1	200.7	201.9
27 **Total liabilities**	**3,481.0**	**3,622.2**	**3,634.0**	**3,673.0**	**3,694.5**	**3,706.1**	**3,728.7**	**3,731.3**	**3,733.2**	**3,725.5**	**3,747.6**	**3,717.4**
28 Residual (assets less liabilities)[9]	323.1	320.4	326.6	325.8	337.7	344.9	348.3	352.8	353.2	351.0	346.1	360.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,262.5	3,358.9	3,388.7	3,456.1	3,472.8	3,491.8	3,491.7	3,510.2	3,507.9	3,507.5	3,508.4	3,517.0
30 Securities in bank credit	968.3	935.8	949.7	991.7	983.3	981.0	964.4	973.2	966.5	975.4	975.4	978.1
31 U.S. government securities	747.3	712.9	710.2	708.5	706.1	705.5	694.2	702.9	700.8	702.2	706.0	704.4
32 Other securities	220.9	223.0	239.5	283.2	277.2	275.5	270.1	270.3	265.7	273.3	269.4	273.7
33 Loans and leases in bank credit[2]	2,294.2	2,423.0	2,439.0	2,464.4	2,489.5	2,510.9	2,527.3	2,537.0	2,541.3	2,532.1	2,533.0	2,538.9
34 Commercial and industrial	620.5	667.5	675.2	682.8	689.5	690.8	692.2	691.3	693.8	692.4	689.5	688.5
35 Real estate	972.8	1,018.7	1,023.3	1,031.2	1,037.9	1,046.6	1,055.9	1,061.1	1,060.0	1,060.5	1,061.4	1,063.0
36 Revolving home equity	74.1[r]	76.2	76.1	76.9	78.1	78.8	79.3	79.2	79.0	79.2	79.1	79.4
37 Other	898.6[r]	942.5	947.2	954.3	959.9	967.8	976.7	981.9	981.0	981.2	982.3	983.6
38 Consumer	428.9	461.0	461.9	468.2	471.7	475.8	479.4	486.9	482.7	485.6	488.7	491.4
39 Security[3]	72.6	71.0	70.9	73.6	78.5	81.1	78.1	76.1	80.7	75.3	72.6	74.8
40 Other	199.4	204.9	207.7	208.6	211.8	216.4	221.7	221.5	224.1	218.3	220.7	221.1
41 Interbank loans[4]	156.8	179.9	178.4	178.0	178.3	184.6	190.8	187.1	186.6	188.4	179.6	189.1
42 Cash assets[5]	198.3	212.6	201.3	204.2	207.7	209.3	210.0	200.1	196.6	203.4	194.8	197.9
43 Other assets[6]	227.2	240.1	236.9	210.9	213.8	213.4	221.8	223.9	223.8	224.2	222.7	223.8
44 **Total assets[7]**	**3,787.8[r]**	**3,934.8**	**3,948.6**	**3,992.5**	**4,015.5**	**4,041.9**	**4,057.3**	**4,064.0**	**4,057.7**	**4,066.1**	**4,048.3**	**4,070.7**
Liabilities												
45 Deposits	2,503.2	2,537.9	2,538.5	2,559.1	2,561.2	2,586.7	2,604.2	2,605.7	2,607.3	2,617.5	2,587.3	2,597.2
46 Transaction	792.8	795.7	783.1	795.9	777.0	779.2	787.5	772.3	774.4	784.1	754.1	764.2
47 Nontransaction	1,710.5	1,742.2	1,755.4	1,763.2	1,784.2	1,807.5	1,816.7	1,833.4	1,832.9	1,833.4	1,833.2	1,833.0
48 Large time	342.7	374.4	382.0	385.3	394.9	395.8	397.5	405.2	402.7	401.5	408.1	407.7
49 Other	1,367.8	1,367.8	1,373.4	1,377.9	1,389.3	1,411.7	1,419.2	1,428.3	1,430.2	1,431.9	1,425.0	1,425.3
50 Borrowings	584.6	639.7	637.8	655.3	664.5	672.3	681.1	670.7	672.5	665.3	669.2	669.0
51 From banks in the U.S.	156.6	179.8	178.3	177.7	178.0	184.5	194.2	191.1	190.5	192.3	183.6	193.1
52 From nonbanks in the U.S.	428.0	459.9	459.5	477.6	486.5	487.7	486.9	479.7	481.9	473.0	485.7	475.9
53 Net due to related foreign offices	202.0	249.7	245.1	237.3	245.5	239.4	234.3	243.6	236.4	241.2	248.2	255.0
54 Other liabilities[8]	178.7[r]	179.4	195.1	204.3	204.7	201.1	193.5	198.5	196.1	197.3	198.8	202.6
55 **Total liabilities**	**3,468.5**	**3,606.7**	**3,616.5**	**3,656.0**	**3,676.0**	**3,699.3**	**3,713.0**	**3,718.5**	**3,712.2**	**3,721.3**	**3,703.4**	**3,723.8**
56 Residual (assets less liabilities)[9]	319.3	328.1	332.2	336.5	339.6	342.6	344.3	345.5	345.4	344.9	344.9	346.8

Footnotes appear on last page

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1995[r]							1995			
	Aug.	Feb.	Mar.	Apr	May	June	July	Aug.	Aug. 9	Aug. 16	Aug. 23	Aug. 30
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,918.3	3,001.1	3,020.6	3,053.7	3,075.7	3,090.6	3,100.3	3,113.5	3,113.4	3,108.2	3,119.4	3,115.7
58 Securities in bank credit	886.3	848.5	852.4	861.9	858.8	856.4	847.0	850.0	847.3	848.7	854.6	851.5
59 U.S. government securities	686.8	657.2	646.9	643.8	644.7	644.0	638.3	639.9	639.0	638.4	643.2	639.7
60 Other securities	199.5	191.3	205.5	218.1	214.1	212.4	208.7	210.0	208.2	210.3	211.4	211.7
61 Loans and leases in bank credit[2]	2,032.0	2,152.7	2,168.2	2,191.8	2,216.9	2,234.1	2,253.3	2,263.6	2,266.2	2,259.5	2,264.8	2,264.2
62 Commercial and industrial	465.5	499.3	502.6	510.7	516.7	519.0	523.5	524.5	525.6	524.4	524.3	523.3
63 Real estate	930.6	982.5	988.6	997.2	1,002.1	1,009.7	1,020.2	1,026.4	1,024.7	1,025.2	1,028.0	1,028.4
64 Revolving home equity	74.0[r]	76.5	76.8	77.5	78.2	78.8	79.2	79.0	79.1	79.1	78.9	79.1
65 Other	856.6[r]	906.0	911.9	919.7	923.8	930.9	940.9	947.4	945.7	946.1	949.0	949.3
66 Consumer	429.3	459.8	465.4	471.4	473.2	478.5	481.7	487.3	484.9	486.2	488.7	490.2
67 Security[3]	47.0	46.5	45.9	45.4	54.0	55.5	52.2	50.4	53.4	50.2	48.8	49.3
68 Other	159.6	164.6	165.7	167.0	170.9	171.5	175.8	174.9	177.5	173.5	175.0	173.0
69 Interbank loans[4]	136.1	155.1	156.4	157.2	160.2	164.8	172.7	165.7	167.3	164.8	163.1	164.2
70 Cash assets[5]	181.2	190.2	180.9	181.2	181.5	183.5	186.4	181.6	184.7	181.9	186.2	171.5
71 Other assets[6]	170.9	173.3	167.8	165.0	163.8	164.7	167.8	167.4	167.2	168.7	168.4	165.0
72 **Total assets**[7]	**3,349.5[r]**	**3,463.3**	**3,469.3**	**3,500.2**	**3,524.2**	**3,546.4**	**3,569.8**	**3,571.1**	**3,575.5**	**3,566.4**	**3,580.0**	**3,559.4**
Liabilities												
73 Deposits	2,372.5	2,395.9	2,394.1	2,396.7	2,407.4	2,422.5	2,444.6	2,445.7	2,448.5	2,449.0	2,453.6	2,430.8
74 Transaction	799.1	794.3	784.6	780.7	778.1	774.6	786.4	778.0	783.6	779.9	785.3	762.3
75 Nontransaction	1,573.5	1,601.5	1,609.6	1,616.0	1,629.3	1,647.8	1,658.1	1,667.6	1,664.8	1,669.1	1,668.2	1,668.5
76 Large time	210.6	236.0	240.8	242.5	244.8	244.9	245.1	246.0	244.8	246.9	245.7	246.5
77 Other	1,362.8	1,365.5	1,368.8	1,373.6	1,384.5	1,402.9	1,413.1	1,421.6	1,420.1	1,422.2	1,422.5	1,422.0
78 Borrowings	471.2[r]	540.3	537.8	561.1	566.0	560.2	571.3	555.0	557.7	547.1	559.0	551.0
79 From banks in the U.S.	140.8	161.5	164.4	162.3	163.0	167.7	180.5	177.1	173.2	177.9	174.8	180.0
80 From nonbanks in the U.S.	330.4[r]	378.8	373.4	398.8	403.1	392.5	390.9	377.9	384.5	369.2	384.2	371.0
81 Net due to related foreign offices	53.2	87.8	84.8	81.8	83.4	90.2	82.1	91.0	89.7	91.7	93.3	94.1
82 Other liabilities[8]	133.7[r]	121.1	131.6	143.2	139.5	138.6	130.9	131.6	131.7	129.3	133.1	132.8
83 **Total liabilities**	**3,030.6**	**3,145.1**	**3,148.3**	**3,182.8**	**3,196.4**	**3,211.5**	**3,228.9**	**3,223.4**	**3,227.6**	**3,217.0**	**3,239.0**	**3,208.7**
84 Residual (assets less liabilities)[9]	319.0	318.2	321.0	317.3	327.8	334.9	340.9	347.7	347.9	349.4	341.0	350.7
	Not seasonally adjusted											
Assets												
85 Bank credit	2,912.6[r]	2,996.5	3,019.9	3,058.0	3,074.2	3,091.5	3,090.7	3,105.5	3,103.2	3,102.8	3,104.7	3,111.1
86 Securities in bank credit	885.1	847.6	859.2	869.8	861.2	859.5	843.4	847.8	844.0	847.0	850.2	851.0
87 U.S. government securities	688.3	654.1	651.3	649.1	645.5	644.9	635.3	641.1	640.2	639.6	643.6	641.5
88 Other securities	196.8	193.6	207.9	220.6	215.7	214.6	208.0	206.7	203.8	207.3	206.6	209.4
89 Loans and leases in bank credit[2]	2,027.5[r]	2,148.9	2,160.7	2,188.2	2,213.0	2,232.0	2,247.3	2,257.7	2,259.2	2,255.8	2,254.5	2,260.2
90 Commercial and industrial	462.2	498.8	505.4	515.1	520.5	520.9	522.3	520.7	523.0	521.2	519.0	518.4
91 Real estate	929.9[r]	978.5	983.7	993.3	1,000.5	1,009.5	1,019.6	1,025.5	1,024.2	1,024.9	1,025.9	1,027.7
92 *Revolving home equity*	74.1[r]	76.2	76.1	76.9	78.1	78.8	79.3	79.2	79.0	79.2	79.1	79.4
93 Other	855.8[r]	902.3	907.6	916.4	922.4	930.6	940.4	946.3	945.2	945.7	946.8	948.3
94 Consumer	428.9	461.0	461.9	468.2	471.7	475.8	479.4	486.9	482.7	485.6	488.7	491.4
95 Security[3]	46.1	47.8	46.6	46.8	51.9	54.3	50.1	49.4	52.0	49.4	46.7	48.8
96 Other	160.4	162.8	163.2	164.8	168.3	171.5	175.9	175.3	177.3	174.7	174.2	173.8
97 Interbank loans[4]	133.3	158.1	155.9	157.0	155.3	163.2	168.4	162.0	163.5	165.3	154.7	159.4
98 Cash assets[5]	173.0	187.8	175.8	178.3	180.3	181.1	183.1	173.3	170.2	176.5	167.7	170.8
99 Other assets[6]	171.8	171.1	164.8	162.7	163.1	164.1	168.2	168.3	168.9	169.0	166.6	167.7
100 **Total assets**[7]	**3,333.8**	**3,456.9**	**3,459.8**	**3,499.3**	**3,515.8**	**3,542.7**	**3,553.4**	**3,552.1**	**3,548.6**	**3,556.4**	**3,536.7**	**3,551.9**
Liabilities												
101 Deposits	2,358.8	2,385.9	2,382.5	2,400.9	2,396.4	2,416.6	2,435.6	2,432.0	2,435.4	2,446.1	2,412.7	2,420.9
102 Transaction	782.9	785.5	772.8	786.0	767.4	769.1	777.1	762.1	764.6	774.0	744.3	753.0
103 Nontransaction	1,575.9	1,600.4	1,609.7	1,614.9	1,629.0	1,647.5	1,658.5	1,669.9	1,670.8	1,672.1	1,668.4	1,668.0
104 Large time	212.2	236.2	239.6	241.8	246.4	244.5	245.1	247.8	246.9	248.4	247.8	248.2
105 Other	1,363.7	1,364.2	1,370.0	1,373.2	1,382.6	1,402.9	1,413.4	1,422.1	1,423.9	1,423.7	1,420.6	1,419.8
106 Borrowings	476.3	538.8	528.7	543.6	556.6	564.9	567.6	560.1	558.5	557.9	558.8	559.5
107 From banks in the U.S.	138.9	163.2	160.7	159.9	159.7	167.4	176.5	175.2	172.7	177.5	168.4	178.4
108 From nonbanks in the U.S.	337.4	375.6	368.0	383.7	396.9	397.6	391.1	384.9	385.8	380.5	390.4	381.1
109 Net due to related foreign offices	51.9	88.5	89.7	84.1	91.8	89.6	81.7	89.1	84.6	84.6	94.2	96.8
110 Other liabilities[8]	132.6	120.8	132.0	140.1	137.5	134.9	129.9	130.5	129.8	128.0	131.3	133.0
111 **Total liabilities**	**3,019.6**	**3,134.1**	**3,132.9**	**3,168.7**	**3,182.2**	**3,206.1**	**3,214.8**	**3,211.7**	**3,208.3**	**3,216.6**	**3,197.0**	**3,210.2**
112 Residual (assets less liabilities)[9]	314.2	322.8	326.9	330.5	333.7	336.6	338.6	340.4	340.3	339.7	339.7	341.7

Footnotes appear on following page.

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker–dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

7. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

9. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1995								
	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug 30
ASSETS									
1 Cash and balances due from depository institutions	133,214[r]	109,875[r]	107,719[r]	109,150[r]	115,646	104,701	108,438	103,019	102,961
2 U.S. Treasury and government securities	295,224	292,889	292,969	293,094	296,110	298,123	297,369	300,076	297,480
3 Trading account	17,937	17,817	17,755	17,243	20,549	21,793	19,296	20,070	18,970
4 Investment account	277,287	275,073	275,214	275,851	275,561	276,330	278,073	280,007	278,510
5 Mortgage-backed securities[1]	98,310	98,116	97,145[r]	98,061[r]	99,016	99,020	100,420	101,816	102,167
All others, by maturity									
6 One year or less	45,268	44,089	44,615	44,866	44,834	44,808	44,555	44,115	44,201
7 One year through five years	72,762	72,574	72,965[r]	72,559[r]	71,671	72,606	73,576	74,511	72,950
8 More than five years	60,948	60,294	60,488	60,365	60,041	59,896	59,523	59,564	59,192
9 Other securities	127,747	123,951	124,374	122,803	120,869	119,751	123,003	122,471	124,709
10 Trading account	2,192	1,448	1,329	1,466	1,532	1,465	1,635	1,698	1,600
11 Investment account	62,421	62,486	61,691	61,741	62,357	62,490	62,619	62,904	62,690
12 State and local government, by maturity	19,825	19,863	19,788	19,842	19,718	19,688	19,950	19,970	20,065
13 One year or less	4,972	5,037	5,061	5,122	5,072	5,077	5,106	5,107	5,215
14 More than one year	14,854	14,825	14,728	14,719	14,646	14,611	14,844	14,862	14,850
15 Other bonds, corporate stocks, and securities	42,595	42,623	41,903	41,899	42,639	42,801	42,669	42,934	42,625
16 Other trading account assets	63,135	60,017	61,353	59,596	56,981	55,796	58,748	57,869	60,419
17 Federal funds sold[2]	116,347	102,357	106,370	100,381	112,113	101,260	102,327	92,357	98,693
18 To commercial banks in the United States	83,128	64,684	69,256	66,377	75,898	63,707	68,325	61,257	66,042
19 To nonbank brokers and dealers in securities	27,282	31,483	30,816	28,095	30,104	31,402	28,777	26,182	27,503
20 To others[3]	5,937	6,190	6,299	5,909	6,112	6,152	5,226	4,918	5,147
21 Other loans and leases, gross	1,242,896	1,236,559	1,236,265	1,236,810	1,244,874	1,243,132	1,241,618	1,244,203	1,247,173
22 Commercial and industrial	346,328	342,909	343,215	341,875	345,686	344,104	342,262	340,441	339,990
23 Bankers acceptances and commercial paper	1,527	1,565	1,560	1,504	1,528	1,525	1,548	1,482	1,522
24 All other	344,802	341,344	341,655	340,371	344,159	342,579	340,714	338,959	338,468
25 U.S. addressees	342,224	338,715	338,955	337,692	341,430	339,818	338,134	336,367	335,962
26 Non-U.S. addressees	2,578	2,629	2,700	2,679	2,728	2,761	2,580	2,591	2,506
27 Real estate loans	489,384	491,531	491,594	491,116	491,850	493,941	493,573	494,654	495,386
28 Revolving, home equity	49,005	48,993	49,026	49,072	48,145	48,432	48,515	48,507	48,548
29 All other	440,379	442,538	442,568	442,044	443,704	445,509	445,058	446,147	446,837
30 To individuals for personal expenditures	245,272	242,300	243,718	244,886	245,060	245,029	246,723	248,761	250,583
31 To depository and financial institutions	62,754	66,254[r]	63,788[r]	63,834[r]	66,312	65,295	64,078	64,489	66,053
32 Commercial banks in the United States	39,633	42,515	41,685	41,690	42,520	41,219	41,032	41,713	42,539
33 Banks in foreign countries	3,806	4,265	2,721	2,787	3,246	3,575	3,032	2,715	2,858
34 Nonbank depository and other financial institutions	19,315	19,475[r]	19,382[r]	19,357[r]	20,546	20,501	20,014	20,062	20,656
35 For purchasing and carrying securities	15,804	14,414	14,166	15,009	14,627	14,745	14,953	15,108	15,896
36 To finance agricultural production	6,622	6,689	6,665	6,669	6,691	6,740	6,718	6,720	6,740
37 To states and political subdivisions	11,115	11,063	11,073	11,149	10,970	10,972	11,014	11,015	10,991
38 To foreign governments and official institutions	897	895	923	1,069	1,295	1,329	1,052	1,078	1,086
39 All other loans[4]	29,642	25,033[r]	25,710[r]	25,684[r]	26,625	24,985	25,214	25,728	24,150
40 Lease-financing receivables	35,079	35,471	35,412	35,517	35,757	35,992	36,031	36,208	36,298
41 LESS: Unearned income	1,686	1,678	1,673	1,642	1,623	1,643	1,638	1,679	1,646
42 Loan and lease reserve[5]	34,267	34,209	34,211	34,149	34,156	34,322	34,319	34,204	34,185
43 Other loans and leases, net	1,206,942	1,200,672	1,200,381	1,201,018	1,209,095	1,207,167	1,205,660	1,208,319	1,211,342
44 All other assets	138,842	137,713	136,670	136,100[r]	138,873	138,285	138,633	135,285	135,193
45 **Total assets**[6]	**2,018,316**[r]	**1,967,458**[r]	**1,968,483**[r]	**1,962,546**[r]	**1,992,706**	**1,969,287**	**1,975,430**	**1,961,526**	**1,970,377**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1995								
	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug 16	Aug. 23	Aug. 30
LIABILITIES									
46 Deposits	1,218,893[r]	1,176,091[r]	1,164,391[r]	1,164,626[r]	1,184,220	1,172,115	1,183,515	1,159,635	1,164,187
47 Demand deposits[7]	338,616[r]	296,804[r]	288,243[r]	291,999[r]	303,931	290,920	300,950	284,449	289,972
48 Individuals, partnerships, and corporations	286,045[r]	252,265[r]	244,744[r]	246,316[r]	256,284	247,088	254,876	241,353	247,384
49 Other holders	52,571[r]	44,539[r]	43,499[r]	45,683[r]	47,647	43,833	46,074	43,096	42,589
50 States and political subdivisions	8,606	8,014	8,509	8,549	8,913	7,331	7,965	7,908	8,256
51 U.S. government	1,838	1,606	1,667	1,635	1,967	1,745	2,431	1,501	1,523
52 Depository institutions in the United States	22,697	19,019	18,276	19,014	20,515	18,728	21,114	17,467	17,994
53 Banks in foreign countries	6,606[r]	5,848[r]	5,223[r]	5,417[r]	4,910	4,556	4,719	4,954	5,113
54 Foreign governments and official institutions	712	744	632	603	645	714	605	633	702
55 Certified and officers' checks	12,112	9,308	9,192	10,465	10,697	10,759	9,240	10,633	9,000
56 Transaction balances other than demand deposits[4]	115,852	111,315	110,464	108,783	112,158	109,745	109,236	104,792	104,213
57 Nontransaction balances	764,425	767,972	765,685	763,845	768,130	771,449	773,329	770,394	770,002
58 Individuals, partnerships, and corporations	742,899	745,748	743,322	741,092	745,551	748,575	750,540	747,385	747,221
59 Other holders	21,526	22,224	22,362	22,753	22,579	22,874	22,790	23,009	22,780
60 States and political subdivisions	18,120	18,322	18,373	18,458	18,433	18,688	18,509	18,772	18,564
61 U.S. government	2,009	2,445	2,422	2,446	2,391	2,365	2,338	2,320	2,339
62 Depository institutions in the United States	1,097	1,158	1,271	1,552	1,456	1,502	1,644	1,618	1,580
63 Foreign governments, official institutions, and banks	300	300	297	298	298	319	299	300	298
64 Liabilities for borrowed money[5]	413,204[r]	408,687[r]	414,175[r]	406,953[r]	426,958	407,964	405,582	403,622	403,999
65 Borrowings from Federal Reserve Banks	1,574	0	0	0	700	0	0	0	50
66 Treasury tax and loan notes	17,135	16,138	17,137	21,059	27,523	12,319	5,285	5,578	3,804
67 Other liabilities for borrowed money[6]	394,495[r]	392,549[r]	397,039[r]	385,894[r]	398,734	395,645	400,296	398,044	400,145
68 Other liabilities (including subordinated notes and debentures)	200,138[r]	195,955[r]	203,185[r]	204,352[r]	194,268	202,255	199,744	211,288	215,295
69 **Total liabilities**	**1,832,235[r]**	**1,780,733[r]**	**1,781,751[r]**	**1,775,931[r]**	**1,805,446**	**1,782,334**	**1,788,841**	**1,774,545**	**1,783,481**
70 Residual (total assets less total liabilities)[7]	186,082[r]	186,725[r]	186,732[r]	186,615[r]	187,259	186,953	186,590	186,981	186,897
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,659,453	1,648,558	1,649,037	1,645,021	1,655,548	1,657,340	1,654,959	1,656,137	1,659,473
72 Time deposits in amounts of $100,000 or more	106,274[r]	109,100	109,740	109,146	109,451	109,200	110,893	110,021	110,390
73 Loans sold outright to affiliates[9]	1,573	1,573	1,570	1,568	1,520	1,520	1,509	1,498	1,485
74 Commercial and industrial	291	291	291	291	282	282	282	281	281
75 Other	1,282	1,282	1,279	1,277	1,238	1,238	1,227	1,216	1,204
76 Foreign branch credit extended to U.S. residents[10]	25,194	25,227	25,095	25,110	25,465	24,865	24,603	25,503	25,692
77 Net owed to related institutions abroad	74,479	72,148	80,208	81,870	72,886	79,760	79,190	88,391	91,245

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

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

Millions of dollars, Wednesday figures

Account	1995								
	July 5[r]	July 12[r]	July 19[r]	July 26[r]	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
ASSETS									
1 Cash and balances due from depository institutions	17,210	16,784	16,835	17,305	16,821	16,737	17,059	17,178	17,337
2 U.S. Treasury and government agency securities	41,972	41,828	41,087	41,644	41,957	43,016	44,472	44,466	44,921
3 Other securities	28,137	29,518	29,257	29,741	30,681	30,696	32,787	31,211	32,125
4 Federal funds sold[1]	26,050	29,071	29,259	32,220	30,651	30,782	28,212	29,482	32,716
5 To commercial banks in the United States	5,262	7,024	5,969	7,454	7,612	7,173	7,329	8,498	11,093
6 To others[2]	20,788	22,047	23,290	24,766	23,039	23,609	20,883	20,984	21,622
7 Other loans and leases, gross	176,675	175,204	175,843	174,514	176,796	176,443	175,877	176,035	176,350
8 Commercial and industrial	113,572	113,194	112,156	111,853	113,312	113,066	113,643	113,166	113,361
9 Bankers acceptances and commercial paper	3,742	3,864	3,972	3,816	3,864	3,864	3,943	3,594	3,512
10 All other	109,830	109,330	108,184	108,037	109,448	109,202	109,700	109,572	109,849
11 U.S. addressees	104,847	104,415	103,505	103,221	104,528	104,315	104,843	104,759	104,945
12 Non-U.S. addressees	4,983	4,915	4,679	4,816	4,920	4,887	4,857	4,813	4,904
13 Loans secured by real estate	23,348	23,407	23,459	23,222	23,127	23,070	22,994	22,959	22,905
14 Loans to depository and financial institutions	29,367	28,736	28,666	27,892	28,527	28,659	28,419	28,767	28,286
15 Commercial banks in the United States	4,819	4,892	4,891	4,751	4,613	4,724	4,536	4,224	4,116
16 Banks in foreign countries	2,286	2,384	2,361	2,007	2,038	2,206	1,909	1,898	1,974
17 Nonbank financial institutions	22,261	21,459	21,414	21,133	21,876	21,729	21,974	22,645	22,196
18 For purchasing and carrying securities	5,998	5,315	5,367	5,565	5,491	5,545	5,085	5,089	4,821
19 To foreign governments and official institutions	342	478	699	699	951	850	517	858	876
20 All other	4,048	4,073	5,496	5,283	5,388	5,253	5,220	5,198	6,101
21 Other assets (claims on nonrelated parties)	37,426	37,420	38,204	38,432	38,328	38,988	39,288	40,014	40,230
22 **Total assets**[3]	**350,659**	**354,645**	**356,008**	**361,948**	**364,303**	**363,991**	**363,919**	**370,409**	**373,932**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	97,600	104,208	105,205	109,540	109,900	107,641	105,930	110,779	110,413
24 Demand deposits[4]	4,342	3,703	4,264	4,098	3,706	3,680	3,806	3,769	4,484
25 Individuals, partnerships, and corporations	3,378	3,030	3,174	3,007	3,010	2,922	2,932	3,071	3,012
26 Other	963	673	1,089	1,091	696	759	874	698	1,472
27 Nontransaction accounts	93,258	100,505	100,941	105,441	106,194	103,961	102,124	107,010	105,930
28 Individuals, partnerships, and corporations	59,419	64,502	65,757	69,826	71,365	69,875	69,618	72,947	73,348
29 Other	33,840	36,002	35,184	35,616	34,829	34,086	32,506	34,063	32,581
30 Borrowings from other than directly related institutions	87,270	83,718	84,802	84,876	86,276	85,223	79,618	84,048	82,841
31 Federal funds purchased[5]	49,195	44,848	43,688	42,016	43,777	42,936	37,990	41,085	40,698
32 From commercial banks in the United States	11,416	8,732	6,902	6,262	9,035	7,970	5,838	6,067	5,605
33 From others	37,779	36,116	36,787	35,754	34,742	34,966	32,152	35,018	35,092
34 Other liabilities for borrowed money	38,075	38,871	41,114	42,860	42,498	42,287	41,628	42,963	42,143
35 To commercial banks in the United States	6,643	6,177	5,639	6,523	6,165	6,320	5,502	5,910	5,461
36 To others	31,432	32,694	35,474	36,337	36,333	35,967	36,127	37,053	36,683
37 Other liabilities to nonrelated parties	47,083	47,601	46,686	47,191	49,929	51,303	53,010	52,886	53,965
38 **Total liabilities**[6]	**350,659**	**354,645**	**356,008**	**361,948**	**364,303**	**363,991**	**363,919**	**370,409**	**373,932**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	262,753	263,706	264,587	265,914	267,860	269,040	269,483	268,473	270,901
40 Net owed to related institutions abroad	95,515	94,298	93,793	92,250	89,129	92,494	99,137	90,674	96,458

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					1995					
	1990	1991	1992	1993	1994	Feb.	Mar.	Apr.	May	June	July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**595,382**	**619,150**	**633,324**	**651,128**	**650,580**	**648,819**	**657,938**
Financial companies[1]											
2 Dealer-placed paper[2], total	214,706	212,999	226,456	218,947	223,038	232,231	243,949	252,846	258,006	251,555	262,695
3 Directly placed paper[3], total	200,036	182,463	171,605	180,389	207,701	218,570	218,269	219,281	216,879	218,005	215,473
4 Nonfinancial companies[4]	147,914	133,370	147,558	155,739	164,643	168,349	171,106	179,001	175,695	179,259	179,770
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**						
By holder											
6 Accepting banks	9,017	11,017	10,555	12,421	11,783						
7 Own bills	7,930	9,347	9,097	10,707	10,462						
8 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321						
Federal Reserve Banks[6]											
9 Foreign correspondents	918	1,739	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	44,836	31,014	26,364	19,202	17,642						
By basis											
11 Imports into United States	13,095	12,843	12,209	10,217	10,062						
12 Exports from United States	12,703	10,351	8,096	7,293	6,355						
13 All other	28,973	20,577	17,890	14,838	13,417						

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
5. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances will be reported annually in September.
6. 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	1994—Sept.	7.75
July 2	6.00	1993	6.00	Feb.	6.00	Oct.	7.75
		1994	7.15	Mar.	6.00	Nov.	8.15
1994—Mar. 24	6.25			Apr.	6.00	Dec.	8.50
Apr. 19	6.75	1992—Jan.	6.50	May	6.00		
May 17	7.25	Feb.	6.50	June	6.00	1995—Jan.	8.50
Aug. 16	7.75	Mar.	6.50	July	6.00	Feb.	9.00
Nov. 15	8.50	Apr.	6.50	Aug.	6.00	Mar.	9.00
		May	6.50	Sept.	6.00	Apr.	9.00
1995—Feb. 1	9.00	June	6.50	Oct.	6.00	May	9.00
July 7	8.75	July	6.02	Nov.	6.00	June	9.00
		Aug.	6.00	Dec.	6.00	July	8.80
		Sept.	6.00			Aug.	8.75
		Oct.	6.00	1994—Jan.	6.00	Sept.	8.75
		Nov.	6.00	Feb.	6.00		
		Dec.	6.00	Mar.	6.06		
				Apr.	6.45		
				May	6.99		
				June	7.25		
				July	7.25		
				Aug.	7.51		

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

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1992	1993	1994	1995				1995, week ending				
				May	June	July	Aug.	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	6.01	6.00	5.85	5.74	5.75	5.83	5.73	5.74	5.70
2 Discount window borrowing[2,4]	3.25	3.00	3.60	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Commercial paper[3,5,6]												
3 1-month	3.71	3.17	4.43	6.05	6.05	5.87	5.85	5.84	5.85	5.84	5.87	5.84
4 3-month	3.75	3.22	4.66	6.06	5.94	5.79	5.82	5.80	5.80	5.81	5.85	5.82
5 6-month	3.80	3.30	4.93	6.07	5.79	5.68	5.75	5.73	5.73	5.73	5.78	5.77
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	5.94	5.92	5.74	5.72	5.72	5.72	5.72	5.73	5.72
7 3-month	3.65	3.16	4.53	5.91	5.73	5.60	5.64	5.63	5.61	5.63	5.66	5.65
8 6-month	3.63	3.15	4.56	5.81	5.47	5.39	5.51	5.50	5.49	5.47	5.53	5.53
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	5.91	5.80	5.66	5.68	5.66	5.65	5.66	5.70	5.69
10 6-month	3.67	3.21	4.83	5.90	5.65	5.56	5.62	5.60	5.59	5.60	5.65	5.65
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	5.98	5.97	5.80	5.77	5.77	5.76	5.75	5.80	5.77
12 3-month	3.68	3.17	4.63	6.02	5.90	5.77	5.77	5.77	5.75	5.75	5.80	5.77
13 6-month	3.76	3.28	4.96	6.07	5.80	5.73	5.79	5.77	5.75	5.76	5.83	5.82
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	6.03	5.89	5.79	5.79	5.79	5.78	5.78	5.82	5.81
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	5.67	5.47	5.42	5.40	5.44	5.42	5.40	5.44	5.41
16 6-month	3.54	3.12	4.64	5.67	5.42	5.37	5.41	5.40	5.40	5.41	5.46	5.41
17 1-year	3.71	3.29	5.02	5.65	5.33	5.28	5.43	5.39	5.36	5.39	5.52	5.48
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	5.70	5.50	5.47	5.41	5.47	5.44	5.41	5.42	5.43
19 6-month	3.57	3.14	4.66	5.73	5.46	5.41	5.40	5.46	5.39	5.40	5.42	5.43
20 1-year	3.75	3.33	5.02	5.90	5.38	5.38	5.55	5.38	n.a.	n.a.	n.a.	5.55
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	6.00	5.64	5.59	5.75	5.72	5.68	5.71	5.86	5.81
22 2-year	4.77	4.05	5.94	6.17	5.72	5.78	5.98	5.94	5.91	5.95	6.10	6.04
23 3-year	5.30	4.44	6.27	6.27	5.80	5.89	6.10	6.07	6.06	6.07	6.21	6.15
24 5-year	6.19	5.14	6.69	6.41	5.93	6.01	6.24	6.21	6.19	6.24	6.36	6.28
25 7-year	6.63	5.54	6.91	6.50	6.05	6.20	6.41	6.39	6.38	6.42	6.52	6.45
26 10-year	7.01	5.87	7.09	6.63	6.17	6.28	6.49	6.46	6.48	6.50	6.57	6.52
27 20-year	n.a.	6.29	7.49	7.01	6.59	6.74	6.92	6.90	6.92	6.95	7.00	6.93
28 30-year	7.67	6.59	7.37	6.95	6.57	6.72	6.86	6.88	6.89	6.92	6.92	6.85
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	6.99	6.59	6.71	6.90	6.87	6.89	6.93	6.99	6.92
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	5.68	5.62	5.68	5.83	5.72	5.75	5.79	5.81	5.90
31 Baa	6.48	5.83	6.17	5.98	5.89	5.91	5.95	5.89	5.97	6.00	5.92	5.93
32 *Bond Buyer* series[14]	6.44	5.60	6.18	5.95	5.84	5.92	6.06	5.97	6.03	6.07	6.12	6.08
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	7.86	7.54	7.66	7.81	7.81	7.81	7.83	7.88	7.82
Rating group												
34 Aaa	8.14	7.22	7.97	7.65	7.30	7.41	7.57	7.56	7.57	7.59	7.64	7.58
35 Aa	8.46	7.40	8.15	7.74	7.43	7.54	7.69	7.69	7.69	7.71	7.75	7.70
36 A	8.62	7.58	8.28	7.86	7.53	7.65	7.79	7.80	7.80	7.81	7.86	7.80
37 Baa	8.98	7.93	8.63	8.20	7.90	8.04	8.19	8.19	8.19	8.22	8.26	8.20
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	7.89	7.60	7.72	7.84	7.88	7.88	7.96	7.89	7.70
MEMO												
Dividend-price ratio[17]												
39 Common stocks	2.99	2.78	2.82	2.60	2.55	2.50	2.49	2.48	2.49	2.49	2.49	2.50

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
13. General obligation bonds based on Thursday figures; Moody's Investors Service.
14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's' A1 rating. Based on Thursday figures.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1994	1995							
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	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	248.65	253.56	261 86	266.81	274.38	281.81	289.52	298.18	300.05
2 Industrial	284.26	300.10	315 32	313.92	319.93	328.98	337.96	347.69	357.01	366.75	379.13	379.79
3 Transportation	201.02	242.68	247 17	218.93	230.25	237.29	252.37	254.36	254.70	256.80	279.15	285.63
4 Utility	99.48	114.55	104.96	100.01	100.58	103.87	102.08	104.70	106.02	108.12	109.59	111 06
5 Finance	179.29	216.55	209.75	195.25	201.05	211.76	213.29	219.38	228.45	236.26	240.49	245.27
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415.75	451.63	460.42	455.19	465.25	481.92	493.20	507.91	523.83	539.35	557.37	559.11
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	427.39	436.09	446.37	456.06	471.54	487.03	492.60	513.25	526.86
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	302,049	326,652	333,020	338,733	331,184	341,905	345,547	363,780	309,879
9 American Stock Exchange	14,171	18,188	17,951	18,745	18,829	18,424	17,905	19,404	19,266	24,622	23,283	21,825
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**43,990**	**60,310**	**61,160**	**61,160**	**64,380**	**59,800**	**60,270**	**62,520**	**64,070**	**66,340**	**67,600**	**71,440**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	14,095	13,225	12,380	12,745	12,440	13,403	13,710	13,830	13,900
12 Cash accounts	22,510	27,715	28,870	28,870	26,440	25,860	26,680	26,670	27,464	29,860	28,600	29,190

	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					
				1995					
	1992	1993	1994	Mar.	Apr.	May	June	July	Aug.
U.S. budget[1]									
1 Receipts, total	1,090,453	1,153,226	1,257,187	92,532	165,392	90,405	147,868	92,749	96,560
2 On-budget	788,027	841,292	922,161	61,970	126,170	61,027	115,998	65,788	69,265
3 Off-budget	302,426	311,934	335,026	30,562	39,222	29,378	31,870	26,961	27,295
4 Outlays, total	1,380,856	1,408,532	1,461,067	143,074	115,673	129,958	135,054	106,328	130,411
5 On-budget	1,128,518	1,141,945	1,460,557	117,123	90,628	103,184	120,236	80,931	104,135
6 Off-budget	252,339	266,587	279,372	25,951	25,045	26,773	14,818	25,397	26,276
7 Surplus or deficit (−), total	−290,403	−255,306	−203,370	−50,543	49,720	−39,553	12,814	−13,579	−33,851
8 On-budget	−340,490	−300,653	−259,024	−55,153	35,542	−42,157	4,237	−15,143	−34,870
9 Off-budget	50,087	45,347	55,654	4,610	14,178	2,604	17,051	1,564	1,019
Source of financing (total)									
10 Borrowing from the public	310,918	248,594	184,998	13,645	−27,638	44,740	8,491	10,627	16,071
11 Operating cash (decrease, or increase (−))	−17,305	6,283	16,564	17,747	−19,972	11,841	−34,312	11,635	30,776
12 Other[2]	−3,210	429	1,808	18,535	−2,110	22,578	12,250	15,523	12,996
MEMO									
13 Treasury operating balance (level, end of period)	58,789	52,506	35,942	18,097	38,069	26,228	60,540	48,905	18,129
14 Federal Reserve Banks	24,586	17,289	6,848	4,543	8,241	4,646	20,977	11,206	4,767
15 Tax and loan accounts	34,203	35,217	29,094	13,554	29,828	21,582	39,563	37,700	13,363

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1993	1994	1993	1994		1995	1995		
			H2	H1	H2	H1	June	July	Aug.
RECEIPTS									
1 **All sources**	**1,153,226**	**1,257,453**	**582,038**	**652,234**	**625,557**	**710,542**	**147,868**	**92,749**	**96,560**
2 Individual income taxes, net	509,680	543,055	262,073	275,052	273,474	307,498	61,457	42,819	44,122
3 Withheld	430,211	459,699	228,423	225,387	240,062	251,398	40,901	41,532	41,631
4 *Presidential Election Campaign Fund*	28	70	2	63	10	58	8	6	1
5 Nonwithheld	154,989	160,364	41,768	117,937	42,031	132,006	23,053	3,094	4,146
6 Refunds	75,546	77,077	8,115	68,325	9,207	75,958	2,505	1,812	1,657
Corporation income taxes									
7 Gross receipts	131,548	154,205	68,266	80,536	78,392	92,132	36,645	4,476	3,284
8 Refunds	14,027	13,820	6,514	6,933	7,331	10,399	768	1,079	782
9 Social insurance taxes and contributions, net	428,300	461,475	206,176	248,301	220,141	261,837	41,341	36,498	39,804
10 Employment taxes and contributions[2]	396,939	428,810	192,749	228,714	206,613	228,663	40,605	34,514	34,914
11 Self-employment taxes and contributions[3]	20,604	24,433	4,335	20,762	4,135	23,429	4,032	186	135
12 Unemployment insurance	26,556	28,004	11,010	17,301	11,177	18,001	320	1,636	4,454
13 Other net receipts[4]	4,805	4,661	2,417	2,284	2,349	2,267	416	349	436
14 Excise taxes	48,057	55,225	25,994	26,444	30,062	27,452	4,897	5,074	4,757
15 Customs deposits	18,802	20,099	10,215	9,500	11,042	8,847	1,583	1,603	1,794
16 Estate and gift taxes	12,577	15,225	6,617	8,197	7,071	7,424	1,040	1,037	1,500
17 Miscellaneous receipts[5]	18,273	22,041	9,227	11,170	13,305	15,749	1,674	2,320	2,081
OUTLAYS									
18 **All types**	**1,408,532**	**1,460,722**	**727,685**	**710,620**	**752,317[r]**	**760,824**	**135,054**	**106,328**	**130,411**
19 National defense	291,086	281,451	146,672	133,844	141,793[r]	135,931	26,905	18,069	23,882
20 International affairs	16,826	17,249	10,186	5,800	12,055	4,727	818	517	1,877
21 General science, space, and technology	17,030	17,602	8,880	8,502	8,978	8,611	1,521	1,355	1,668
22 Energy	4,319	5,398	1,663	2,237	3,102	2,358	601	547	13
23 Natural resources and environment	20,239	20,902	11,221	10,111	12,989[r]	10,273	1,698	1,811	2,116
24 Agriculture	20,443	15,131	7,516	7,451	7,698[r]	4,039	−328	−482	−462
25 Commerce and housing credit	−22,725	−4,851	−1,490	−4,962	3,999[r]	−13,936	−3,041	−733	2,592
26 Transportation	35,004	36,835	19,570	16,739	20,480[r]	18,192	3,432	3,324	3,359
27 Community and regional development	9,051	11,877	4,288	4,571	6,447[r]	4,858	1,035	1,191	909
28 Education, training, employment, and social services	50,012	44,730	26,753	19,262	25,889[r]	25,738	4,480	2,869	5,785
29 Health	99,415	106,495	52,958	53,195	54,123	58,759	10,543	8,777	10,422
30 Social security and Medicare	435,137	464,312[r]	223,735	232,777	236,817[r]	251,975	47,721	40,015	42,790
31 Income security	207,257	213,972	102,380	109,080	101,743	117,639	16,426	15,310	16,919
32 Veterans benefits and services	35,720	37,637	19,852	16,686	19,757[r]	19,267	4,552	1,591	3,267
33 Administration of justice	14,955	15,283	7,400	7,718	7,799[r]	8,062	1,419	1,664	1,400
34 General government	13,009	11,348	6,531	5,084	7,383[r]	5,797	1,781	421	1,464
35 Net interest[6]	198,811	202,957	99,914	99,844	109,435	116,170	18,617	20,245	20,619
36 Undistributed offsetting receipts[7]	−37,386	−37,772	−20,344	−17,308	−20,065[r]	−17,632	−3,127	−10,163	−3,022

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1996*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1993			1994				1995	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**4,373**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,827**	**4,891**	**4,978**
2 Public debt securities	4,352	4,412	4,536	4,576	4,646	4,693	4,800	4,864	4,951
3 Held by public	3,252	3,295	3,382	3,434	3,443	3,480	3,543	3,610	3,635
4 Held by agencies	1,100	1,117	1,154	1,142	1,203	1,213	1,257	1,255	1,317
5 Agency securities	21	25	27	26	28	29	27	27	27
6 Held by public	21	25	27	26	27	29	27	26	27
7 Held by agencies	0	0	0	0	0	0	0	0	0
8 **Debt subject to statutory limit**	**4,256**	**4,316**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**	**4,775**	**4,861**
9 Public debt securities	4,256	4,315	4,445	4,491	4,559	4,605	4,711	4,774	4,861
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,370	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1991	1992	1993	1994	1994		1995	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**3,801.7**	**4,177.0**	**4,535.7**	**4,800.2**	**4,692.8**	**4,800.2**	**4,864.1**	**4,951.4**
By type								
2 Interest-bearing	3,798.9	4,173.9	4,532.3	4,769.2	4,689.5	4,769.2	4,860.5	4,947.8
3 Marketable	2,471.6	2,754.1	2,989.5	3,126.0	3,091.6	3,126.0	3,227.3	3,252.6
4 Bills	590.4	657.7	714.6	733.8	697.3	733.8	756.5	748.3
5 Notes	1,430.8	1,608.9	1,764.0	1,867.0	1,867.5	1,867.0	1,938.2	1,974.7
6 Bonds	435.5	472.5	495.9	510.3	511.8	510.3	517.7	514.7
7 Nonmarketable[1]	1,327.2	1,419.8	1,542.9	1,643.1	1,597.9	1,643.1	1,633.2	1,695.2
8 State and local government series	159.7	153.5	149.5	132.6	137.4	132.6	122.9	121.2
9 Foreign issues[2]	41.9	37.4	43.5	42.5	42.0	42.5	41.8	41.4
10 Government	41.9	37.4	43.5	42.5	42.0	42.5	41.8	41.4
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	135.9	155.0	169.4	177.8	176.4	177.8	178.8	180.1
13 Government account series[3]	959.2	1,043.5	1,150.0	1,259.8	1,211.7	1,259.8	1,259.2	1,322.0
14 Non-interest-bearing	2.8	3.1	3.4	31.0	3.2	31.0	3.6	3.6
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	968.7	1,047.8	1,153.5	1,257.1	1,213.1	1,257.1	1,254.7	1,316.6
16 Federal Reserve Banks	281.8	302.5	334.2	374.1	355.2	374.1	369.3	389.0
17 Private investors	2,563.2	2,839.9	3,047.7	3,168.0	3,127.8	3,168.0	3,239.1	3,244.6
18 Commercial banks	232.5[r]	294.4[r]	322.2[r]	290.6[r]	313.9	290.6[r]	303.5[r]	305.0
19 Money market funds	80.0	79.7[r]	80.8[r]	67.6	60.1	67.6	67.7[r]	58.7
20 Insurance companies	181.8[r]	197.5	234.5[r]	242.8[r]	246.2[r]	242.8[r]	259.0[r]	260.0
21 Other companies	150.8	192.5	213.0	226.5[r]	229.3	226.5[r]	230.3	227.7
22 State and local treasuries	485.1[r]	476.7[r]	508.9[r]	443.3[r]	469.7[r]	443.3[r]	415.2[r]	415.0
Individuals								
23 Savings bonds	138.1	157.3	171.9	180.5	178.6	180.5	181.4	182.6
24 Other securities	125.8	131.9	137.9	152.5	148.6	152.5	161.4	161.6
25 Foreign and international[5]	491.7[r]	549.7	623.0[r]	688.6[r]	655.5[r]	688.6[r]	729.6[r]	783.7
26 Other miscellaneous investors[6]	677.4[r]	760.2[r]	755.4[r]	875.6[r]	825.9[r]	875.6[r]	891.0[r]	850.4

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

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

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

Millions of dollars, daily averages

Item	1995			1995, week ending								
	May	June	July	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	52,894	47,751	42,521[r]	36,862	41,899	44 888	46,378[r]	38,841	35,175	52,740	46,277	46,014
Coupon securities, by maturity												
2 Five years or less	102,560	98,618	88,585[r]	71,454	87,044	87 189	100,442[r]	90,852	83,099	103,772	84,489	83,590
3 More than five years	59,066	55,441	48,238[r]	36,172	48,433	50.443	51,349[r]	51,120	57,784	62,429	36,884	47,257
4 Federal agency	21,890	22,595	21,442	21,799	22,039	22.224	20,369	20,578	19,585	20,150	21,165	23,049
5 Mortgage-backed	29,333	31,425	29,364[r]	13.564	41,109	35.964	24,309[r]	23,017	39,828	32,581	21,232	18,769
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	125,478	120,661	105,382[r]	81,699	105,128	109 018	116,081[r]	105,599	101,375	126,137	99,012	106,013
7 Federal agency	868	638	673	418	876	692	674	556	708	587	1,057	835
8 Mortgage-backed	10,050	10,912	10,315[r]	4,148	13,394	12.415	10,224[r]	8,003	11,741	10,116	6,300	6,339
With other												
9 U.S. Treasury	89,043	81,150	73,961[r]	62,788	72,248	73.502	82,087[r]	75,214	74,683	92,804	68,637	70,848
10 Federal agency	21,022	21,957	20,770	21,382	21,163	21.532	19,695	20,022	18,878	19,563	20,108	22,213
11 Mortgage-backed	19,282	20,513	19,049	9.416	27,715	23.549	14,085	15,014	28,087	22,465	14,932	12,431
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	1,371	916	493[r]	607	327	531	589[r]	434	304	786	725	1,240
Coupon securities, by maturity												
13 Five years or less	2,877	2,799	1,773[r]	2,270	1,523	1,836	1,862[r]	1,437	1,118	1,328	1,553	2,973
14 More than five years	17,425	17,667	13,585[r]	11,397	11,799	14,087	16,305[r]	13,377	12,639	15,494	10,107	13,914
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	n.a	0	0	0	n a	0
Coupon securities, by maturity												
18 Five years or less	2,695	2,653	2,806	3,144	3,906	2,120	2,379	2,489	2,197	2,293	2,602	1,975
19 More than five years	5,230	4,319	4,265	3,841	5,051	4,749	4,087	2,872	4,116	4,363	4,838	3,148
20 Federal agency	0	0	0	0	0	n.a.	0	0	0	0	0	0
21 Mortgage-backed	1,199	1,201	1,117	1,392	1,509	1,113	833	666	1,597	1,211	507	1,429

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

Dealers report cumulative transactions for each week ending Wednesday

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

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

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

NOTE. "n.a." indicates that data are not published because of insufficient activity

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

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

Millions of dollars

Item	1995 May	1995 June	1995 July	1995, week ending July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	4,533	634	8,454	9,180	5,490	4,928	13,280	10,058	9,258	148	6,177
Coupon securities, by maturity											
2 Five years or less	1,996	4,291	2,934	6,110	3,232	2,371	2,810	303	3,777	5,491	3,933
3 More than five years	-20,487	-14,742	17,954	-17,046	16,396	-16,838	19,853	19,950	18,482	17,555	-18,223
4 Federal agency	22,564	23,438	20,134	20,627	20,778	21,688	19,427	17,556	20,083	20,270	16,917
5 Mortgage-backed	34,798	31,381	32,714	31,493	32,912	33,338	32,607	32,934	30,972	29,475	29,005
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	-11,208	-7,706	-5,615	-5,504	-4,996	-6,164	-6,254	4,927	4,605	3,177	2,509
Coupon securities, by maturity											
7 Five years or less	1,128	2,020	1,913	1,274	2,004	1,910	1,876	2,483	2,315	2,707	2,610
8 More than five years	4,195	7,797	1,271	3,505	2,857	1,619	1,120	323	1,659	224	496
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
NET OPTIONS POSITIONS											
By type of deliverable security											
11 U.S. Treasury bills	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	0
Coupon securities, by maturity											
12 Five years or less	22	555	846	796	487	-634	1,465	2,607	1,641	2,118	2,537
13 More than five years	-1,623	2,537	3,260	2,161	-3,569	3,734	3,836	2,458	2,068	-2,652	3,876
14 Federal agency	0	0	0	n.a.	n.a.	0	0	0	0	0	0
15 Mortgage-backed	2,470	2,816	1,802	1,928	681	2,235	2,227	2,045	1,228	1,137	1,790
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	224,729	237,727	222,594	227,864	224,162	222,451	212,109	230,011	224,967	235,306	216,262
17 Term	369,097	396,685	419,813	359,705	411,002	427,172	452,889	435,650	462,297	373,898	388,247
Securities borrowed											
18 Overnight and continuing	163,757	158,449	156,460	158,895	156,513	158,474	154,806	153,449	152,405	158,770	158,343
19 Term	55,704	55,058	59,037	51,547	53,613	60,405	64,067	65,165	64,843	59,662	60,762
Securities received as pledge											
20 Overnight and continuing	2,552	3,127	2,740	3,112	3,033	2,727	2,443	2,391	2,158	2,052	1,954
21 Term	103	102	81	97	40	47	106	135	120	120	99
Repurchase agreements											
22 Overnight and continuing	465,539	490,204	479,826	477,694	480,852	479,780	474,467	488,088	484,479	486,452	461,895
23 Term	323,351	341,771	357,225	303,858	348,504	365,608	385,510	371,468	399,306	313,290	328,838
Securities loaned											
24 Overnight and continuing	4,879	4,971	5,717	4,758	6,131	6,787	5,034	5,552	4,427	4,444	4,260
25 Term	1,842	2,003	2,132	2,286	2,075	2,021	2,216	2,095	2,160	2,099	2,070
Securities pledged											
26 Overnight and continuing	28,703	33,240	30,162	33,831	29,759	29,037	29,472	29,601	27,661	27,891	27,693
27 Term	3,742	4,251	3,909	3,029	4,031	4,095	4,176	3,981	3,815	2,748	2,698
Collateralized loans											
28 Overnight and continuing	13,004	13,613	18,645	15,852	19,425	18,123	19,223	20,267	18,672	15,490	16,683
29 Term	n.a.	4,177	4,177	4,177	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO: Matched book[6]											
Securities in											
30 Overnight and continuing	212,193	219,216	209,502	213,018	207,611	207,471	204,622	218,311	213,121	225,599	207,382
31 Term	346,228	367,824	397,443	336,764	387,443	406,847	428,350	415,688	435,287	354,902	369,435
Securities out											
32 Overnight and continuing	273,963	286,362	298,309	282,124	288,791	303,461	301,183	316,582	310,888	314,299	297,949
33 Term	272,206	287,643	304,492	257,329	297,736	313,087	326,808	317,840	343,447	260,943	274,728

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1991	1992	1993	1994	1995				
					Feb.	Mar.	Apr.	May	June
1 **Federal and federally sponsored agencies**	**442,772**	**483,970**	**570,711**	**738,928**	**746,071**	**754,658**	**759,681**	**771,524**	**786,782**
2 Federal agencies	41,035	41,829	45,193	39,186	39,054	38,759	38,777	38,720	38,412
3 Defense Department[1]	7	7	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	9,809	7,208	5,315	3,455	3,455	3,156	3,156	3,156	2,652
5 Federal Housing Administration[4]	397	374	255	116	60	65	70	78	81
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	8,421	10,660	9,732	8,073	7,873	7,873	7,873	7,615	7,615
8 Tennessee Valley Authority	22,401	23,580	29,885	27,536	27,660	27,659	27,672	27,865	28,058
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	401,737	442,141	523,452	699,742	707,017	715,899	720,904	732,804	748,370
11 Federal Home Loan Banks	107,543	114,733	139,512	205,817	205,629	210,185	211,944	218,131	223,089
12 Federal Home Loan Mortgage Corporation	30,262	29,631	49,993	93,279	101,417	101,673	106,432	107,686	108,484
13 Federal National Mortgage Association	133,937	166,300	201,112	257,230	255,719	258,653	258,176	263,023	270,937
14 Farm Credit Banks[8]	52,199	51,910	53,123	53,175	53,846	53,947	53,629	54,054	53,915
15 Student Loan Marketing Association[9]	38,319	39,650	39,784	50,335	50,506	51,554	50,758	49,993	51,268
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]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**185,576**	**154,994**	**128,187**	**103,817**	**100,388**	**98,266**	**95,374**	**92,739**	**90,638**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	9,803	7,202	5,309	3,449	3,449	3,150	3,150	3,150	2,646
21 Postal Service[6]	8,201	10,440	9,732	8,073	7,873	7,873	7,873	7,615	7,615
22 Student Loan Marketing Association	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	48,534	42,979	38,619	33,719	33,574	32,759	31,769	30,759	28,419
26 Rural Electrification Administration	18,562	18,172	17,578	17,392	17,360	17,293	17,299	17,313	17,274
27 Other	84,931	64,436	45,864	37,984	34,932	33,991	32,083	30,702	31,484

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 to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1995 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues, new and refunding**[1]	**226,818**	**279,945**	**153,950**	**7,717**	**7,366**	**11,844**	**8,552**	**11,804**	**17,956**	**9,777**	**12,308**
By type of issue											
2 General obligation	78,925	90,599	54,404	3,770	3,714	5,459	3,536	4,332	5,755	3,529	4,519
3 Revenue	147,893	189,346	99,546	3,947	3,652	6,385	5,016	7,472	12,201	6,248	7,789
By type of issuer											
4 State	24,874	27,999	19,186	738	1,032	2,315	994	1,315	1,329	645	617
5 Special district or statutory authority[2]	138,327	178,714	95,896	4,835	4,889	6,572	5,814	8,039	11,382	7,399	7,491
6 Municipality, county, or township	63,617	73,232	38,868	2,144	1,445	2,957	1,744	2,450	5,245	1,733	4,200
7 **Issues for new capital**	**101,865**	**91,434**	**105,972**	**5,737**	**5,670**	**10,538**	**6,497**	**8,406**	**13,796**	**8,384**	**7,142**
By use of proceeds											
8 Education	18,852	16,831	21,267	1,411	1,464	1,666	1,863	2,594	2,494	1,924	1,180
9 Transportation	14,357	9,167	10,836	625	671	454	615	606	3,127	1,926	869
10 Utilities and conservation	12,164	12,014	10,192	538	249	633	345	1,282	1,235	485	1,504
11 Social welfare	16,744	13,837	20,289	1,182	869	2,556	1,547	1,738	2,062	1,333	1,421
12 Industrial aid	6,188	6,862	8,161	384	215	1,011	391	416	411	500	201
13 Other purposes	33,560	32,723	35,227	1,597	2,202	4,218	1,736	1,770	4,467	2,216	1,967

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1992	1993	1994	1994 Dec.	1995 Jan	Feb.	Mar.	Apr.	May	June	July
1 **All issues**[1]	**559,827**	**754,969**	n.a	**23,267**	**37,392**[r]	**42,121**[r]	**40,146**[r]	**29,645**[r]	**53,454**[r]	**54,662**[r]	**31,473**
2 **Bonds**[2]	**471,502**	**641,498**	n.a.	**20,493**	**34,490**[r]	**37,290**[r]	**37,226**[r]	**26,116**[r]	**47,456**[r]	**47,565**[r]	**27,294**
By type of offering											
3 Public, domestic	378,058	486,879	365,050	17,809	24,531[r]	29,392[r]	33,038[r]	22,395[r]	39,228[r]	41,816[r]	21,815
4 Private placement, domestic[3]	65,853	116,240	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,238	2,684	9,959	7,898	4,188[r]	3,721[r]	8,228[r]	5,749[r]	5,479
By industry group											
6 Manufacturing	82,058	88,002	31,981	1,508	1,547[r]	4,450[r]	2,184[r]	2,701[r]	1,765[r]	5,925[r]	4,127
7 Commercial and miscellaneous	43,111	60,293	27,900	2,469	2,391[r]	3,038	1,941	1,795[r]	6,002[r]	4,400[r]	2,096
8 Transportation	9,979	10,756	4,573	269	0	100	403	800	945	627	10
9 Public utility	48,055	56,272	11,713	273	659	215	959[r]	331[r]	2,470[r]	2,650[r]	498
10 Communication	15,394	31,950	11,986	419	813	1,127[r]	411[r]	260[r]	1,692[r]	1,745	1,494
11 Real estate and financial	272,904	394,226	333,135	15,556	29,079[r]	28,360[r]	31,329[r]	20,229[r]	34,582[r]	32,218[r]	19,069
12 **Stocks**[2]	**88,325**	**113,472**	n.a.	**2,774**	**2,902**	**4,831**	**2,920**	**3,529**	**5,998**	**7,097**	**3,955**
By type of offering											
13 Public preferred	21,339	18,897	12,432[r]	178	430	296	205	381	1,407	726	753
14 Common	57,118	82,657	47,881[r]	2,595	2,472	4,535	2,715	3,148	4,591	6,371	3,202
15 Private placement[3]	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	22,723	22,271	n.a.	1,203	1,086	1,582	1,010	612	2,258	2,243	1,195
17 Commercial and miscellaneous	20,231	25,761		857	390	1,413	907	1,841	1,050	2,413	1,501
18 Transportation	2,595	2,237		0	19	15	60	48	101	0	0
19 Public utility	6,532	7,050		165	134	258	137	141	185	183	124
20 Communication	2,366	3,439		21	496	0	20	0	74	0	64
21 Real estate and financial	33,879	52,021		527	776	1,546	786	887	2,232	2,258	1,071

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

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

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

Millions of dollars

Item	1993	1994	1994	1995						
			Dec.	Jan.	Feb.	Mar	Apr.	May	June[r]	July
1 **Sales of own shares**[2]	**851,885**	**841,286**	**73,183**	**75,099**	**59,121**	**69,898**	**68,294**	**70,798**	**74,749**	**76,081**
2 Redemptions of own shares	567,881	699,823	70,747	63,737	50,738	60,970	59,957	57,033	61,932	56,344
3 Net sales[3]	284,004	141,463	2,436	11,362	8,383	8,928	8,337	13,765	12,817	19,736
4 **Assets**[4]	**1,510,209**	**1,550,490**	**1,550,490**	**1,563,187**	**1,619,705**	**1,657,370**	**1,710,280**	**1,769,287**	**1,808,753**	**1,880,754**
5 Cash[5]	100,209	121,296	121,296	124,351	126,307	121,424	124,092	128,375	122,461	126,340
6 Other	1,409,838	1,429,195	1,429,195	1,438,836	1,493,399	1,535,946	1,586,187	1,640,913	1,686,292	1,754,415

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

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1993		1994				1995	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	542.7	493.5	533.9	508.2	546.4	556.0	560.3	569.7	581.1
2 Profits before taxes	395.9	462.4	524.5	458.7	501.7	483.5	523.1	538.1	553.5	570.6	574.1
3 Profits-tax liability	139.7	173.2	202.5	169.9	191.5	184.1	201.7	208.6	215.6	220.0	220.4
4 Profits after taxes	256.2	289.2	322.0	288.9	310.2	299.4	321.4	329.5	337.9	350.7	353.6
5 Dividends	171.1	191.7	205.2	193.2	194.6	196.3	202.5	207.9	213.9	217.1	219.9
6 *Undistributed profits*	85.1	97.5	116.9	95.6	115.6	103.0	118.9	121.6	124.0	133.5	133.8
7 Inventory valuation	6.4	6.2	19.5	3.0	-6.5	12.3	-14.1	-19.6	-32.1	-39.0	28.2[r]
8 Capital consumption adjustment	15.7	29.5	37.7	31.7	38.8	37.0	37.4	37.5	38.8	38.1	35.2[r]

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1993				1994			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**546.60**	**586.73**	**638.37**	**563.48**	**578.95**	**594.56**	**604.51**	**619.34**	**637.08**	**651.92**	**645.13**
Manufacturing											
2 Durable goods industries	73.32	81.45	92.78	78.19	80.33	82.74	83.64	86.03	91.71	98.97	94.44
3 Nondurable goods industries	100.69	98.02	99.77	95.80	97.22	99.74	98.51	99.02	102.28	98.39	99.39
Nonmanufacturing											
4 Mining	8.88	10.08	11.24	8.98	9.10	11.09	10.92	11.43	10.70	11.57	11.27
Transportation											
5 Railroad	6.67	6.14	6.72	6.16	5.94	5.89	6.55	7.46	5.36	6.65	7.40
6 Air	8.93	6.42	3.95	7.26	6.63	6.70	5.06	4.23	4.53	3.86	3.16
7 Other	7.04	9.22	10.53	8.96	8.92	8.74	10.23	10.77	9.70	10.22	11.42
Public utilities											
8 Electric	48.22	52.55	52.25	49.98	50.61	52.96	55.60	48.68	53.55	54.15	52.60
9 Gas and other	23.99	23.43	24.20	23.79	23.83	22.98	23.27	24.51	22.96	24.35	24.97
10 Commercial and other[2]	268.84	299.44	336.93	284.35	296.35	303.74	310.73	327.20	336.28	343.76	340.48

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1992	1993	1994	1993	1994				1995	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	482.8	494.5	511.3	524.1	551.0	568.5	586.9
2 Consumer	118.3	116.5	134.8	116.5	120.1	124.3	130.3	134.8	135.8	141.7
3 Business	301.3	294.6	337.6	294.6	302.3	313.2	317.2	337.6	351.9	361.8
4 Real estate	72.2	71.7	78.5	71.7	72.1	73.8	76.6	78.5	80.8	83.4
5 LESS: Reserves for unearned income	53.2	50.7	55.0	50.7	51.2	51.9	51.1	55.0	58.9	62.2
6 Reserves for losses	16.2	11.2	12.4	11.2	11.6	12.1	12.1	12.4	12.9	13.7
7 Accounts receivable, net	422.4	420.9	483.5	420.9	431.7	447.3	460.9	483.5	496.7	511.1
8 All other	142.5	170.9	183.4	170.9	171.2	174.6	177.2	183.4	194.6	198.0
9 **Total assets**	**564.9**	**591.8**	**666.9**	**591.8**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.1**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	25.3	24.2	23.3	21.6	21.2	21.0	21.5
11 Commercial paper	156.4	159.2	184.6	159.2	165.9	171.2	171.0	184.6	181.3	181.3
Debt										
12 Owed to parent	39.5	42.7	51.0	42.7	41.1	44.7	50.0	51.0	52.5	57.5
13 Not elsewhere classified	196.3	206.0	235.0	206.0	211.7	219.6	228.2	235.0	254.4	264.4
14 All other liabilities	68.0	87.1	99.5	87.1	90.5	89.9	95.0	99.5	102.5	102.1
15 Capital, surplus, and undivided profits	67.1	71.4	75.7	71.4	69.5	73.2	72.3	75.7	79.7	82.5
16 **Total liabilities and capital**	**564.9**	**591.8**	**666.9**	**591.8**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.1**

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	1992	1993	1994	1995					
				Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted								
1 **Total**	**539,996**	**545,533**	**614,784**	**630,388**	**637,911**	**644,041**	**653,872[r]**	**660,714[r]**	**661,881**
2 Consumer	157,579	160,349	176,198	178,623	180,029	181,775	186,584[r]	188,665[r]	189,924
3 Real estate[2]	72,473	71,965	78,770	80,326	81,210	81,877	82,843	84,198	84,978
4 Business	309,944	313,219	359,816	371,439	376,672	380,389	384,446	387,850[r]	386,980
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,751**	**620,975**	**629,486**	**640,378**	**646,621**	**653,503[r]**	**661,910[r]**	**658,365**
6 Consumer	159,558	162,770	178,999	178,601	180,653	181,598	184,616[r]	187,303[r]	187,829
7 Motor vehicles	57,259	56,057	61,609	61,067	61,256	62,435	63,689	65,162	65,861
8 Other consumer[3]	61,020	60,396	73,221	73,691	74,534	75,369	75,943	76,581	76,302
9 Securitized motor vehicles[4]	29,734	36,024	31,897	31,304	32,155	31,261	32,117[r]	32,135[r]	32,381
10 Securitized other consumer[4]	11,545	10,293	12,272	12,539	12,708	12,533	12,867	13,425[r]	13,285
11 Real estate[2]	72,243	71,727	78,479	80,754	80,762	82,104	82,735	83,351	85,079
12 Business	312,890	316,254	363,497	370,131	378,963	382,919	386,152	391,256[r]	385,457
13 Motor vehicles	89,011	95,173	118,197	121,818	125,805	128,572	128,312	127,487	123,883
14 Retail[5]	20,541	18,091	21,514	21,577	21,652	22,370	21,228	22,142	22,945
15 Wholesale[6]	29,890	31,148	35,037	36,759	38,868	39,574	39,512	36,989	32,147
16 Leasing	38,580	45,934	61,646	63,482	65,285	66,628	67,572	68,356	68,791
17 Equipment	151,424	145,452	157,953	159,333	161,306	162,623	165,219	169,995	170,497
18 Retail	33,521	35,513	39,680	40,329	42,024	40,880	41,264	42,008	42,541
19 Wholesale[6]	8,680	8,001	9,678	9,462	8,913	9,661	10,643	11,725	12,107
20 Leasing	109,223	101,938	108,595	109,542	110,369	112,082	113,312	116,262	115,849
21 Other business[7]	60,856	53,997	61,495	63,339	64,815	64,426	64,099	64,365	63,849
22 Securitized business assets[4]	11,599	21,632	25,852	25,641	27,037	27,298	28,522	29,409[r]	27,228
23 Retail	1,120	2,869	4,494	4,035	4,404	4,937	5,224	4,989	4,784
24 Wholesale	5,756	10,584	14,826	15,465	16,653	16,561	17,676	18,310	16,474
25 Leasing	4,723	8,179	6,532	6,141	5,980	5,800	5,622	6,110[r]	5,970

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	1995						
				Feb.	Mar.	Apr.	May	June	July	Aug.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	175.6	173.3	174.7	178.1	181.7	169.4	170.4
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	135.6	132.6	134.6	136.3	137.7	130.4	130.6
3 Loan-to-price ratio (percent)	76.6	78.0	78.8	79.3	78.2	79.2	78.7	78.2	78.9	78.9
4 Maturity (years)	25.6	26.1	27.5	28.3	28.6	28.1	28.4	27.2	26.6	27.3
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.32	1.18	1.14	1.30	1.18	1.18	1.12
Yield (percent per year)										
6 Contract rate[1]	7.98	7.03	7.26	8.07	8.02	7.96	7.79	7.54	7.58	7.56
7 Effective rate[1,3]	8.25	7.24	7.47	8.28	8.21	8.15	7.99	7.73	7.78	7.75
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	8.79	8.60	8.44	7.84	7.80	7.98	7.91
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	9.05	8.60	8.56	8.03	8.00	8.09	8.03
10 GNMA securities[6]	7.71	6.65	7.96	8.38	8.08	7.96	7.53	7.24	7.27	7.49
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	223,137	223,956	226,197	228,078	232,534	235,882	238,850
12 FHA/VA insured	22,593	23,857	28,377	28,420	28,672	28,664	28,576	28,886	28,761	28,640
13 Conventional	135,526	167,004	194,499	195,439	195,998	198,161	200,004	204,022	207,391	210,227
14 Mortgage transactions purchased (during period)	75,905	92,037	62,389	1,802	2,390	3,709	3,787	6,575	5,657	5,688
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	1,683	3,372	3,277	6,085	5,605	4,512	6,284
16 To sell[8]	10,493	5,097	1,820	82	64	22	28	9	26	53
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	75,184	77,313	79,147	81,008	85,532	88,874	91,544
18 FHA/VA insured	352	321	276	270	266	262	257	253	250	246
19 Conventional	33,313	54,691	72,416	74,914	77,047	78,885	80,751	85,278	88,624	91,298
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	5,537	4,609	4,530	10,982	7,001	7,316	9,594
21 Sales	179,208	208,723	117,110	4,806	3,546	3,805	10,479	5,326	6,074	8,161
22 Mortgage commitments contracted (during period)[9]	261,637	274,599	136,067	7,741	12,704	13,437	4,549	6,198	8,106	10,578

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1991	1992	1993	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2[p]
1 **All holders**	**3,926,337[r]**	**4,056,233**	**4,229,592**	**4,315,839[r]**	**4,375,155[r]**	**4,426,606[r]**	**4,474,715[r]**	**4,527,103**
By type of property								
2 One- to four-family residences	2,781,327	2,963,391	3,149,634	3,235,939[r]	3,292,201[r]	3,344,791[r]	3,383,139[r]	3,431,841
3 Multifamily residences	306,551	295,417	291,985	295,013[r]	297,650[r]	296,902[r]	298,230[r]	300,629
4 Commercial	759,154	716,687	706,780	702,821[r]	702,679[r]	701,941[r]	709,942[r]	710,266
5 Farm	79,305[r]	80,738	81,194	82,066[r]	82,625[r]	82,971[r]	83,404[r]	84,367
By type of holder								
6 Major financial institutions	1,846,726	1,769,187	1,767,835	1,763,227[r]	1,786,074[r]	1,815,810[r]	1,841,815[r]	1,865,145
7 Commercial banks[2]	876,100	894,513	940,444	956,840	981,365	1,004,280	1,024,854[r]	1,052,882
8 One- to four-family	483,623	507,780	556,538	569,512	592,021	611,697	625,378[r]	648,815
9 Multifamily	36,935	38,024	38,635	38,609	38,004	38,916	39,746[r]	40,519
10 Commercial	337,095	328,826	324,409	326,800	328,931	331,100	336,795[r]	339,983
11 Farm	18,447	19,882	20,862	21,918	22,408	22,567	22,936[r]	23,564
12 Savings institutions[3]	705,367	627,972	598,330	585,671	587,545	596,198	601,777[r]	598,876
13 One- to four-family	538,358	489,622	469,959	462,219	466,704	477,499	483,625[r]	481,434
14 Multifamily	79,881	69,791	67,362	66,281	65,532	64,400	63,778[r]	64,373
15 Commercial	86,741	68,235	60,704	56,872	55,017	54,011	54,085[r]	52,788
16 Farm	388	324	305	299	291	289	288[r]	281
17 Life insurance companies	265,258	246,702	229,061	220,716[r]	217,165[r]	215,332[r]	215,184[r]	213,387
18 One- to four-family	11,547	11,441	9,458	8,122[r]	7,984[r]	7,910[r]	7,892[r]	7,817
19 Multifamily	29,562	27,770	25,814	24,958[r]	24,534[r]	24,306[r]	24,250[r]	24,019
20 Commercial	214,105	198,269	184,305	178,194[r]	175,168[r]	173,539[r]	173,142[r]	171,493
21 Farm	10,044	9,222	9,484	9,442[r]	9,479[r]	9,577[r]	9,900[r]	10,058
22 Federal and related agencies	266,146	286,263	328,598	329,725	329,304	323,491	319,770	315,211
23 Government National Mortgage Association	19	30	22	12	12	6	15	10
24 One- to four-family	19	30	15	12	12	6	15	10
25 Multifamily	0	0	7	0	0	0	0	0
26 Farmers Home Administration[4]	41,713	41,695	41,386	41,370	41,587	41,781	41,857	41,917
27 One- to four-family	18,496	16,912	15,303	14,459	14,084	13,826	13,507	13,217
28 Multifamily	10,141	10,575	10,940	11,147	11,243	11,319	11,418	11,512
29 Commercial	4,905	5,158	5,406	5,526	5,608	5,670	5,807	5,949
30 Farm	8,171	9,050	9,739	10,239	10,652	10,966	11,124	11,239
31 Federal Housing and Veterans' Administrations	10,733	12,581	12,215	11,169	10,533	10,964	10,890	10,098
32 One- to four-family	4,036	5,153	5,364	4,826	4,321	4,753	4,715	4,838
33 Multifamily	6,697	7,428	6,851	6,343	6,212	6,211	6,175	5,260
34 Resolution Trust Corporation	45,822	32,045	17,284	13,908	15,403	10,428	9,342	6,456
35 One- to four-family	14,535	12,960	7,203	6,045	6,998	5,200	4,755	2,870
36 Multifamily	15,018	9,621	5,327	4,230	4,569	2,859	2,494	1,940
37 Commercial	16,269	9,464	4,754	3,633	3,836	2,369	2,092	1,645
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	0	14,112	11,407	9,169	7,821	6,730	6,039
40 One- to four-family	0	0	2,367	1,706	1,241	1,049	840	731
41 Multifamily	0	0	1,426	1,701	2,090	1,595	1,310	1,135
42 Commercial	0	0	10,319	8,000	5,838	5,177	4,580	4,173
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	112,283	137,584	166,642	175,377	177,200	178,059	177,615	178,462
45 One- to four-family	100,387	124,016	151,310	159,437	161,255	162,160	161,780	162,674
46 Multifamily	11,896	13,568	15,332	15,940	15,945	15,899	15,835	15,788
47 Federal Land Banks	28,767	28,664	28,460	28,475	28,538	28,555	28,065	28,005
48 One- to four-family	1,693	1,687	1,675	1,675	1,679	1,671	1,651	1,648
49 Farm	27,074	26,977	26,785	26,800	26,859	26,885	26,414	26,357
50 Federal Home Loan Mortgage Corporation	26,809	33,665	48,476	48,007	46,863	45,876	45,256	44,224
51 One- to four-family	24,125	31,032	45,929	45,427	44,208	43,046	42,122	40,963
52 Multifamily	2,684	2,633	2,547	2,580	2,655	2,830	3,134	3,261
53 Mortgage pools or trusts[5]	1,250,666	1,425,546	1,553,818	1,652,999	1,682,421	1,703,076	1,714,357	1,737,483
54 Government National Mortgage Association	425,295	419,516	414,066	435,709	444,976	450,934	454,401	457,101
55 One- to four-family	415,767	410,675	404,864	426,363	435,511	441,198	444,632	446,855
56 Multifamily	9,528	8,841	9,202	9,346	9,465	9,736	9,769	10,246
57 Federal Home Loan Mortgage Corporation	359,163	407,514	446,029	479,555	482,987	486,480	488,723	496,139
58 One- to four-family	351,906	401,525	441,494	475,733	479,539	483,354	485,643	493,105
59 Multifamily	7,257	5,989	4,535	3,822	3,448	3,126	3,080	3,034
60 Federal National Mortgage Association	371,984	444,979	495,525	514,855	523,512	530,343	533,262	543,669
61 One- to four-family	362,667	435,979	486,804	505,730	514,375	520,763	523,903	533,091
62 Multifamily	9,317	9,000	8,721	9,125	9,137	9,580	9,359	10,578
63 Farmers Home Administration[4]	47	38	28	22	20	19	14	13
64 One- to four-family	11	8	5	4	4	3	2	2
65 Multifamily	0	0	0	0	0	0	0	0
66 Commercial	19	17	13	10	9	9	7	6
67 Farm	17	13	10	8	7	7	5	5
68 Private mortgage conduits	94,177	153,499	198,171	222,858	230,926	235,300	237,957	240,561
69 One- to four-family	84,000	132,000	164,000	179,500	182,300	183,600	184,400	187,000
70 Multifamily	3,698	6,305	8,701	11,514	13,891	14,925	15,743	15,745
71 Commercial	6,479	15,194	25,469	31,844	34,735	36,774	37,814	37,816
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[6]	562,798[r]	575,237	579,341	569,887[r]	577,356[r]	584,229[r]	598,772[r]	609,264
74 One- to four-family	370,157	382,572	387,345	375,167[r]	379,964[r]	387,057[r]	398,279[r]	406,770
75 Multifamily	83,937	85,871	86,586	89,417[r]	90,924[r]	91,201[r]	92,137[r]	93,218
76 Commercial	93,541	91,524	91,401	91,943[r]	93,538[r]	93,292[r]	95,620[r]	96,413
77 Farm	15,164[r]	15,270	14,009	13,360[r]	12,929[r]	12,681[r]	12,736[r]	12,863

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 69 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June[r]	1995 July
	Seasonally adjusted								
1 **Total**	**730,847**	**790,351**	**902,853**	**918,968**	**933,717**	**946,451[r]**	**959,593[r]**	**970,741**	**979,559**
2 Automobile	257,436	280,566	317,237	321,175	323,502	326,430[r]	330,390[r]	333,164	337,561
3 Revolving	258,081	286,588	334,511	345,630	352,741	359,655[r]	367,117[r]	373,572	376,780
4 Other[2]	215,331	223,197	251,106	252,164	257,474	260,366	262,085	264,005	265,218
	Not seasonally adjusted								
5 **Total**	**748,057**	**809,440**	**925,000**	**917,652**	**927,260**	**938,108[r]**	**951,096[r]**	**964,362**	**971,586**
By major holder									
6 Commercial banks	330,088	367,566	427,851	423,144	425,208	431,444	434,863	437,498	441,187
7 Finance companies	118,279	116,453	134,830	134,758	135,790	137,804	139,632	141,743	142,163
8 Credit unions	91,694	101,634	119,594	120,603	121,946	123,233	125,052	126,352	127,300
9 Savings institutions	37,049	37,855	38,468	37,835	37,519	37,499	37,500	37,501	38,001
10 Nonfinancial business[3]	49,561	55,296	60,957	55,828	55,351	55,116	55,914	56,315	55,803
11 Pools of securitized assets[4]	121,386	130,636	143,300	145,484	151,446	153,012[r]	158,135[r]	164,953	167,132
By major type of credit[5]									
12 Automobile	258,226	281,458	318,213	319,042	321,592	324,146[r]	328,932[r]	333,194	336,587
13 Commercial banks	109,623	122,000	141,851	141,801	141,857	142,014	142,865	144,761	146,071
14 Finance companies	57,259	56,057	61,609	61,067	61,256	62,435	63,689	65,162	65,861
15 Pools of securitized assets[4]	33,888	39,481	34,918	34,312	35,172	35,319[r]	36,244[r]	36,690	37,307
16 Revolving	271,850	301,837	352,266	345,354	348,411	355,012[r]	362,283[r]	368,809	372,009
17 Commercial banks	132,966	149,920	180,183	175,574	175,800	180,609	183,006	182,950	184,238
18 Nonfinancial business[3]	44,466	50,125	55,341	50,405	49,959	49,773	50,595	51,006	50,520
19 Pools of securitized assets[4]	74,921	79,878	94,376	96,613	101,571	103,188[r]	106,811[r]	112,609	114,338
20 Other	217,981	226,145	254,521	253,256	257,257	258,950	259,881	262,359	262,990
21 Commercial banks	87,499	95,646	105,817	105,769	107,551	108,821	108,992	109,787	110,878
22 Finance companies	61,020	60,396	73,221	73,691	74,534	75,369	75,943	76,581	76,302
23 Nonfinancial business[3]	5,095	5,171	5,616	5,423	5,392	5,343	5,319	5,309	5,283
24 Pools of securitized assets[4]	12,577	11,277	14,006	14,559	14,703	14,505	15,080	15,654	15,487

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. Comprises mobile home loans and all other installment loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Includes retailers and gasoline companies.
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. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1995 Jan	1995 Feb.	1995 Mar.	1995 Apr	1995 May	1995 June	1995 July
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	n.a.	9.70	n.a.	n.a.	9.78	n.a.	n.a.
2 24-month personal	14.04	13.47	13.19	n.a.	14.10	n.a.	n.a.	14.03	n.a.	n.a.
Credit card plan										
3 All accounts	n.a.	n.a.	15.69	n.a.	16.14	n.a.	n.a.	16.15	n.a.	n.a.
4 Accounts assessed interest	n.a.	n.a.	15.77	n.a.	15.27	n.a.	n.a.	16.23	n.a.	n.a.
Auto finance companies										
5 New car	9.93	9.48	9.79	11.35	11.89	11.95	11.74	11.43	11.08	11.01
6 Used car	13.80	12.79	13.49	14.57	15.06	15.10	14.99	14.78	14.63	14.35
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	53.9	54.1	54.5	54.6	54.4	53.9	54.1
8 Used car	47.9	48.8	50.2	52.0	52.0	52.1	52.2	52.2	52.3	52.4
Loan-to-value ratio										
9 New car	89	91	92	92	92	92	92	92	92	92
10 Used car	97	98	99	99	99	99	100	99	99	100
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	16,068	15,774	15,826	16,029	16,155	16,083	16,086
12 Used car	9,119	9,875	10,709	11,185	11,181	11,220	11,505	11,396	11,518	11,637

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994[r]	1993	1994[r]				1995	
						Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**635.3**	**478.7[r]**	**540.6[r]**	**618.5[r]**	**602.4**	**660.0[r]**	**650.3**	**527.8**	**607.6**	**623.9**	**842.4**	**819.6**
By sector and instrument												
2 U.S. government	246.9	278.2	304.0	256.1	155.9	274.2	210.5	122.9	133.6	156.4	271.8	193.6
3 Treasury securities	238.7	292.0	303.8	248.3	155.7	266.5	211.8	118.2	130.7	162.1	273.0	192.0
4 Budget agency issues and mortgages	8.2	−13.8	.2	7.8	.2	7.7	−1.3	4.7	2.9	−5.7	−1.2	1.6
5 Private	388.4[r]	200.4[r]	236.7[r]	362.4[r]	446.6	385.8[r]	439.7	404.9	474.0	467.5	570.6	626.0
By instrument												
6 Tax-exempt obligations	48.7	68.7	31.1	75.5	−29.9	27.3	13.1	−28.4	−46.4	−57.9	−57.4	−20.3
7 Corporate bonds	47.1	78.8	67.6[r]	75.2	22.0	67.4	35.4	35.9	14.2	2.7	41.4	119.5
8 Mortgages	199.5	161.4	123.9	155.7	187.2	148.5	166.4	170.3	221.0	191.3	241.1	163.2
9 Home mortgages	185.6	163.8	179.5	183.9	195.2	184.6	194.7	164.4	220.8	200.7	207.2	153.3
10 Multifamily residential	4.8	−3.1	−11.2	−6.0	1.7	−2.3	.4	4.4	6.6	−4.6	3.6	8.0
11 Commercial	9.3	.4	−45.5	−22.6	−11.4	−33.9	−29.3	−1.4	−8.6	6.2	28.6	−1.9
12 Farm	−.3	.4	1.1	.5	1.8	.2	.6	2.9	2.2	1.4	1.7	3.9
13 Consumer credit	15.6[r]	14.8[r]	7.3[r]	58.9[r]	121.2	110.1[r]	68.7	122.8	131.6	161.5	100.3	147.9
14 Bank loans n.e.c.	.4	−40.9	−13.8	4.8[r]	71.4	26.9[r]	69.1	53.6	89.5	73.6	139.8	102.2
15 Commercial paper	9.7	−18.4	8.6	10.0	21.4	3.8	8.2	16.4	33.8	27.2	1.1	44.8
16 Other loans	67.5[r]	34.4[r]	11.9[r]	−17.7	53.2	1.8[r]	78.9	34.3	30.2	69.2	104.3	68.6
By borrowing sector												
17 Household	218.5	171.1[r]	214.2[r]	280.9[r]	353.5	335.0[r]	307.4	308.0	392.1	406.4	324.4	324.7
18 Nonfinancial business	123.9	33.3[r]	.8[r]	18.5	137.1	33.8[r]	135.2	144.2	135.2	133.8	302.4	328.8
19 Farm	2.3	2.1	1.0	2.0	2.8	3.6	2.9	8.7	2.2	−2.4	.6	6.8
20 Nonfarm noncorporate	10.1	27.9[r]	−43.5[r]	−24.6[r]	15.5	−15.3[r]	11.8	12.7	18.1	19.2	71.8	32.0
21 Corporate	111.4	−7.4[r]	43.2[r]	41.1[r]	118.8	45.5[r]	120.6	122.7	115.0	117.0	230.0	289.9
22 State and local government	46.0	62.6	21.7[r]	63.0	−44.0	17.0	−2.9	−47.2	−53.4	−72.6	−56.2	−27.5
23 Foreign net borrowing in United States	23.9	14.8[r]	22.6[r]	68.8[r]	−20.3	41.8[r]	−98.0	−37.0	20.6	32.9	64.3	36.0
24 Bonds	21.4	15.0[r]	15.7[r]	81.3[r]	7.1	60.1	−2.6	17.4	20.8	27.7	13.5	46.7
25 Bank loans n.e.c.	−2.9	3.1	2.3	.7	1.4	−6.3	6.0	−4.5	4.7	−.5	8.1	5.6
26 Commercial paper	12.3	6.4	5.2	−9.0	−27.3	−12.0	−101.8	−5.2	−8.1	5.9	37.9	−9.6
27 U.S. government and other loans	−7.0	−9.8	−.6	4.2	−1.6	0[r]	.5	−9.9	3.3	−.2	4.9	−6.7
28 **Total domestic plus foreign**	**659.2**	**493.4[r]**	**563.3[r]**	**687.3**	**582.1**	**701.8**	**552.3**	**490.9**	**628.2**	**656.8**	**906.7**	**855.6**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**202.6**	**151.7[r]**	**239.2[r]**	**289.5[r]**	**456.3**	**364.3[r]**	**520.6**	**370.8**	**412.1**	**521.9**	**315.3**	**381.7**
By instrument												
30 U.S. government-related	167.4	145.7	155.8	164.2	284.3	143.3	336.8	254.7	243.1	302.4	125.4	186.1
31 Government-sponsored enterprises securities	17.1	9.2	40.3	80.6	176.9	53.4	160.0	146.6	152.1	249.0	62.9	127.2
32 Mortgage pool securities	150.3	136.6	115.6	83.6	112.1	89.9	196.0	108.1	91.0	53.4	62.5	59.0
33 Loans from U.S. government	−.1	.0	.0	.0	−4.8	.0	−19.2	.0	.0	0	.0	.0
34 Private	35.3	6.0[r]	83.4[r]	125.3[r]	172.1	221.0[r]	183.8	116.1	169.0	219.5	189.9	195.6
35 Corporate bonds	46.0[r]	66.8[r]	80.5[r]	118.6[r]	110.2	140.8[r]	158.1	95.4	95.9	91.2	150.3	145.3
36 Mortgages	.6	.5	.6	3.6	9.8	5.5	9.8	12.4	12.0	4.9	5.1	4.8
37 Bank loans n.e.c.	4.7	8.8	2.2	−14.0	−12.3	−18.0	−9.9	−27.7	−11.9	5	17.8	10.1
38 Open market paper	8.6	−32.0	−.7	−6.2	41.6	76.0	36.6	3.6	42.3	84.0	40.3	33.3
39 Loans from Federal Home Loan Banks	−24.7	−38.0	.8	23.3	22.8	16.8	−10.8	32.3	30.7	38.8	−23.6	2.2
By borrowing sector												
40 Government-sponsored enterprises	17.0	9.1	40.2	80.6	172.1	53.4	140.8	146.6	152.1	249.0	62.9	127.2
41 Federally related mortgage pools	150.3	136.6	115.6	83.6	112.1	89.9	196.0	108.1	91.0	53.4	62.5	59.0
42 Private	35.3	6.0[r]	83.4[r]	125.3[r]	172.1	221.0[r]	183.8	116.1	169.0	219.5	189.9	195.6
43 Commercial banks	−.7	−11.7	8.8	5.6	10.0	1.2	2.0	12.4	22.8	2.9	9.3	18.4
44 Bank holding companies	−27.7	−2.5	2.3	8.8	10.3	12.2	3.5	10.1	11.5	16.0	13.4	20.3
45 Funding corporations	15.4	−6.5	13.2	2.9	24.2	36.7	48.8	−17.2	47.2	17.9	62.3	10.4
46 Savings institutions	−30.2	−44.5	−6.7	11.1	12.8	8.8	−5.6	5.8	14.8	36.1	−19.2	−6.9
47 Credit unions	.0	.0	.0	.2	.2	.1	.1	.2	.5	.2	−.3	−.1
48 Life insurance companies	.0	.0	.0	.2	.3	.4	.0	0	.0	1.3	.0	.1
49 Finance companies	23.8[r]	17.7	−1.6[r]	.2	50.2	16.3	63.3	67.0	16.9	53.7	82.5	61.1
50 Mortgage companies	.0	−2.4	8.0	−1.0	−11.5	−10.4	−21.6	−18.2	−7.0	1.0	8.2	1.2
51 Real estate investment trusts (REITs)	.8	1.2	.3	3.4	13.7	6.1	14.5	15.3	18.8	6.3	6.9	6.4
52 Brokers and dealers	1.5	3.7	2.7	12.0	.5	29.3	−9.9	.3	−7.6	19.3	−29.5	−.1
53 Issuers of asset-backed securities (ABSs)	52.3	51.0	56.3	81.8[r]	61.2	120.3	88.7	40.5	51.1	64.7	56.3	84.7

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

Transaction category or sector	1990	1991	1992	1993	1994[r]	1993	1994[r]				1995	
						Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2
	All sectors											
54 **Total net borrowing, all sectors**	**861.8[r]**	**645.2[r]**	**802.5[r]**	**976.8[r]**	**1,038.4**	**1,066.1[r]**	**1,072.9**	**861.7**	**1,040.3**	**1,178.7**	**1,222.0**	**1,237.3**
55 U.S. government securities	414.4	424.0	459.8	420.3	444.9	417.5	566.5	377.6	376.7	458.8	397.2	379.8
56 Tax-exempt securities	48.7	68.7	31.1	75.5	-29.9	27.3	13.1	28.4	-46.4	-57.9	-57.4	20.3
57 Corporate and foreign bonds	114.5[r]	160.6[r]	163.8[r]	275.1[r]	139.3	268.3[r]	190.9	113.8	130.9	121.7	205.1	311.5
58 Mortgages	200.1	161.9	124.5	159.2	197.0	154.0	176.2	182.7	233.0	196.2	246.2	168.0
59 Consumer credit	15.6[r]	14.8[r]	7.3[r]	58.9[r]	121.2	110.1[r]	68.7	122.8	131.6	161.5	100.3	147.9
60 Bank loans n.e.c.	2.2	-29.1	-9.4	-8.5[r]	60.6	2.6[r]	65.1	21.4	82.2	73.6	165.6	117.9
61 Open market paper	30.7	-44.0	13.1	-5.1	35.7	67.7	-57.0	14.8	68.0	117.1	79.3	68.5
62 Other loans	35.8[r]	-82.2[r]	12.1[r]	1.3	69.6	18.6[r]	49.4	56.8	64.3	107.8	85.6	64.1
	Funds raised through mutual funds and corporate equities											
63 **Total net share issues**	**19.7**	**215.4**	**296.0**	**440.1**	**162.1**	**429.5[r]**	**343.7**	**207.9**	**159.6**	**-62.9**	**49.6**	**146.6**
64 *Mutual funds*	65.3	151.5	211.9	320.0	138.3	287.7	236.4	144.0	165.4	7.6	104.5	178.5
65 Corporate equities	-45.6	64.0	84.1	120.1	23.7	141.8[r]	107.3	63.9	5.7	70.5	-54.9	-31.9
66 Nonfinancial corporations	-63.0	18.3	27.0	21.3	-44.9	21.5	-9.6	-2.0	-50.0	-118.0	-68.4	-73.2
67 Financial corporations	10.0	15.1	26.4	38.3[r]	26.0	41.0[r]	48.4	20.0	21.2	14.3	.7	5.6
68 Foreign shares purchased in United States	7.4	30.7	30.7	60.5[r]	42.7	79.3[r]	68.5	45.9	23.1	33.2	12.8	35.7

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994	1993	1994				1995	
						Q4	Q1	Q2	Q3	Q4r	Q1r	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**861.8r**	**645.2r**	**802.5r**	**976.8r**	**1,038.4r**	**1,066.1r**	**1,072.9r**	**861.7r**	**1,040.3r**	**1,178.7**	**1,222.0**	**1,237.3**
2 Private domestic nonfinancial sectors	189.9r	−7.4r	75.9r	15.8r	234.9r	104.4r	288.8r	270.4r	141.9r	238.5	−33.8	−238.2
3 Households	157.0r	−39.6	74.2r	3.1r	317.4r	196.7r	337.0r	385.9r	186.2r	360.3	148.3	−157.1
4 Nonfarm noncorporate business	−1.7	−3.7	−1.1	−3.2	−2.0	−3.5	−3.6	−1.8	−1.9	−.5	.9	.9
5 Nonfinancial corporate business	−3.7	6.7	29.6r	14.5r	24.1r	12.2r	19.9r	12.2r	25.1r	39.2	6.2	26.6
6 State and local governments	38.3	29.2	−26.8	1.5	−104.6r	−101.0	−64.4r	−125.9r	−67.6r	−160.5	−189.2	−108.6
7 U.S. government	33.7	10.5	−11.9	−18.4	−24.2r	−7.7r	−46.5	−16.2	−9.3r	−24.7	−13.0	−25.7
8 Foreign	85.5	26.6	101.2r	121.7r	132.1r	204.2r	123.9r	64.3r	132.2r	208.1	260.1	340.8
9 Financial sectors	552.7r	615.4r	637.3r	857.7r	695.6r	765.2r	706.7r	543.2r	775.6r	756.8	1,008.8	1,160.5
10 Government sponsored enterprises	13.9	15.2	69.0	90.2	123.3	71.2	92.4	101.1	125.6	174.3	12.2	86.7
11 Federally related mortgage pools	150.3	136.6	115.6	83.6	112.1	89.9	196.0	108.1	91.0	53.4	62.5	59.0
12 Monetary authority	8.1	31.1	27.9	36.2	31.5	38.5	48.8	17.9	24.0	35.4	24.8	12.6
13 Commercial banking	125.1	80.8	95.3	142.2	162.0	188.1	184.7	109.1	191.1r	163.3	359.6	292.8
14 U.S. commercial banks	94.9	35.7	69.5	149.6	148.1	197.3	120.6	128.4	164.4r	178.9	177.5	212.6
15 Foreign banking offices	28.4	48.5	16.5	−9.8	11.2	−6.5	59.0	−21.5	22.1	−15.0	182.3	75.4
16 Bank holding companies	−2.8	−1.5	5.6	.0	.9	−4.8	3.1	.2	2.7	−2.4	−1.9	3.2
17 Banks in U.S. affiliated areas	4.5	−1.9	3.7	2.4	1.9	2.1	2.1	1.9	1.9	1.8	1.7	1.7
18 Funding corporations	16.1	15.8	23.5	18.1	13.8	42.6	19.5	33.5	25.1	−23.0	22.3	−36.6
19 Thrift institutions	−154.0	−123.5	−61.3	−1.7	34.9r	−13.3	13.6	42.6	52.8r	30.5	29.4	5.4
20 Life insurance companies	94.4	83.2	79.1	105.1	58.1r	86.4	47.6r	6.4r	80.5r	98.1	109.9	91.1
21 Other insurance companies	26.5	32.6	12.8	33.3	21.1	32.1	27.9	20.8	16.0	19.7	13.0	14.9
22 Private pension funds	17.2	85.7	37.3	40.2	−42.4	−60.1	−97.7	−30.7	−17.6	−23.6	97.6	138.9
23 State and local government retirement funds	34.9	46.0	34.4	25.5	60.8	36.9	72.9	69.3	26.3	74.6	64.5	65.7
24 Finance companies	28.8r	−9.8r	5.0r	−9.0	68.2	22.6	72.1	49.8	58.9	91.8	95.7	56.1
25 Mortgage companies	.0	11.2	.1	.0	−22.9	−13.3	−43.5	−36.3	−14.0	2.1	16.5	2.3
26 Mutual funds	41.4	90.3	123.7	169.6	7.6	138.9	61.7r	9.4r	24.2r	−64.8	−10.1	25.2
27 Closed-end funds	.2	14.7	17.4	10.2	3.5	7.7	8.3	3.2	1.4	1.0	.8	1.1
28 Money market funds	80.9	30.1	1.3	14.6	28.5	56.9	−45.0	32.2	50.0	76.7	25.5	138.2
29 Real estate investment trusts (REITs)	−.7	−.7	1.1	.6	4.7	.2	6.6	6.6	5.5	.2	2.5	3.1
30 Brokers and dealers	2.8	17.5	−6.9	9.2	−34.0	−82.8	−55.7	−52.6	−19.3	−8.6	30.7	124.2
31 Asset-backed securities issuers (ABSs)	51.1	48.9	53.8	80.5r	57.8r	113.7r	87.9r	42.8r	46.3r	54.3	49.8	78.3
32 Bank personal trusts	15.9	10.0	8.0	9.5	7.1	8.9	8.9	10.2	7.7	1.4	1.6	1.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**861.8r**	**645.2r**	**802.5r**	**976.8r**	**1,038.4r**	**1,066.1r**	**1,072.9r**	**861.7r**	**1,040.3r**	**1,178.7**	**1,222.0**	**1,237.3**
Other financial sources												
34 Official foreign exchange	2.0	−5.9	−1.6	.8	−5.8	2.2	−.2	−14.6	.2	−8.6	17.8	10.3
35 Special drawing rights certificates	1.5	.0	−2.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency	1.0	.0	.2	.4	.7	.7	.7	.6	.8	.7	.7	.7
37 Life insurance reserves	25.7	25.7	27.3	35.2	20.1	35.5	20.0	10.6r	23.8	26.2	25.4	25.3
38 Pension fund reserves	165.1	360.3	249.7	309.2	103.6r	251.6	6.8r	102.6r	155.4r	149.6	393.6	311.2
39 Interbank claims	35.0r	−3.4r	43.5r	50.9r	85.5r	4.7r	173.0r	165.8r	−55.0r	58.0	27.4	119.4
40 Checkable deposits and currency	43.6r	86.3r	113.5r	117.3	−10.1	81.9	173.1	−66.1	−89.6r	−57.7	117.7	103.0
41 Small time and savings deposits	63.7	1.5	−57.2	−70.3	−40.5	−36.6	2.5	−62.4	−57.2	−44.9	52.9	134.3
42 Large time deposits	−66.1	−58.5	−73.2	−23.5	19.0	13.7	−39.6	−4.4	81.2	39.0	95.1	44.0
43 Money market fund shares	70.3	41.2	3.9	19.2	45.4	61.1	−35.1	68.5	49.9	98.4	16.6	275.4
44 Security repurchase agreements	−24.2	−16.5	35.5	65.5	84.3	−14.4	23.0	176.4	82.8r	54.8	167.0	127.5
45 Foreign deposits	38.2	−16.7	−7.2	−11.7	30.1	32.8	16.0	16.9	23.2	64.3	5.0	10.0
46 Mutual fund shares	65.3	151.5	211.9	320.0	138.3	287.7	236.4r	144.0	165.4	7.6	104.5	178.5
47 Corporate equities	−45.6	64.0	84.1	120.1	23.7r	141.8r	107.3r	63.9r	−5.7r	−70.5	−54.9	−31.9
48 Security credit	3.5	51.4	4.2	61.9	−2.3	86.5	29.9	−17.7	−62.3	40.9	−15.1	12.6
49 Trade debt	37.0	3.8r	41.1r	50.0r	93.4r	54.4r	36.6r	96.3	115.8r	125.0	74.7	65.3
50 Taxes payable	−4.8	−6.2	8.5	4.6	3.0r	4.9	15.3r	−14.4r	8.2r	3.0	20.9	−5.8
51 Noncorporate proprietors' equity	−27.1r	−4.2r	18.3r	−11.7r	−30.0r	−27.5r	−49.5r	−25.0r	−17.2r	−28.3	−40.8	−13.1
52 Investment in bank personal trusts	29.7	16.1	7.1	1.6	18.8	17.6	15.0	24.7	23.6	11.9	21.0	22.3
53 Miscellaneous	139.0r	203.4r	270.2r	315.6r	269.6r	389.9r	386.7r	223.1r	320.1r	148.7	534.7	298.8
54 **Total financial sources**	**1,414.5r**	**1,539.0r**	**1,765.9r**	**2,332.1r**	**1,885.5r**	**2,454.6r**	**2,190.7r**	**1,750.6r**	**1,803.7r**	**1,796.9**	**2,786.1**	**2,925.1**
Floats not included in assets (−)												
55 U.S. government checkable deposits	3.3	−13.1	.7	−1.5	−4.8	−15.5	−2.4	−1.4	15.2	−30.7	13.9	−19.0
56 Other checkable deposits	8.5	4.5	1.6	−1.3	−2.8	−6.2	.6	−1.1	6.2	−4.3	−5.0	−5.4
57 Trade credit	9.1	9.7	4.5r	14.2r	5.6r	10.5r	−27.7r	16.0r	29.4r	4.9	−18.0	−5.4
Liabilities not identified as assets (−)												
58 Treasury currency	.2	6	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.1
59 Interbank claims	1.6	26.2	−4.9	4.2	−2.7	24.0	−29.1	5.3	11.6r	1.2	−3.9	9.7
60 Security repurchase agreements	−24.0	6.2	27.9	82.5	48.6r	22.8r	13.5r	117.0r	66.8r	−3.0	87.6	−32.8
61 Taxes payable	.1	1.3	14.0	1.0	−2.0r	−8.6	.8r	1.4r	1.0r	−11.1	−16.3	30.6
62 Miscellaneous	−32.2r	−31.6r	−51.8r	−44.9r	29.1r	23.0r	41.3r	−170.0r	149.4r	95.6	−90.2	−122.3
63 **Total identified to sectors as assets**	**1,447.9r**	**1,536.4r**	**1,774.2r**	**2,278.1r**	**1,814.7r**	**2,404.6r**	**2,194.1r**	**1,783.4r**	**1,536.9r**	**1,744.5**	**2,818.2**	**3,069.9**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1991	1992	1993	1994[r]	1993	1994[r]				1995	
					Q4	Q1	Q2	Q3	Q4	Q1[p]	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,184.1[r]**	**11,727.9[r]**	**12,368.3[r]**	**12,970.5**	**12,368.3[r]**	**12,490.8**	**12,620.8**	**12,776.8**	**12,970.5**	**13,140.6**	**13,343.2**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,336.5	3,387.7	3,395.4	3,432.3	3,492.3	3,557.9	3,583.5
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,309.9	3,361.4	3,368.0	3,404.1	3,465.6	3,531.5	3,556.7
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	26.6	26.3	27.4	28.2	26.7	26.4	26.8
5 Private	8,407.7[r]	8,647.6[r]	9,031.8[r]	9,478.2	9,031.8[r]	9,103.1	9,225.3	9,344.5	9,478.2	9,582.7	9,759.7
By instrument											
6 Tax-exempt obligations	1,108.6	1,139.7	1,215.2	1,185.2	1,215.2	1,217.6	1,209.9	1,200.9	1,185.2	1,170.2	1,164.6
7 Corporate bonds	1,086.9	1,154.5[r]	1,229.7[r]	1,251.7	1,229.7[r]	1,238.6	1,247.5	1,251.1	1,251.7	1,262.1	1,292.0
8 Mortgages	3,920.0	4,043.9	4,220.6	4,407.9	4,220.6	4,248.3	4,301.3	4,357.6	4,407.9	4,454.7	4,505.9
9 Home mortgages	2,780.0	2,959.6	3,149.6	3,344.8	3,149.6	3,184.4	3,235.9	3,292.2	3,344.8	3,383.1	3,431.8
10 Multifamily residential	304.8	293.6	289.0	290.7	289.0	289.1	290.2	291.9	290.7	291.6	293.6
11 Commercial	755.8	710.3	700.8	689.4	700.8	693.5	693.1	691.0	689.4	696.5	696.1
12 Farm	79.3	80.4	81.2	83.0	81.2	81.3	82.1	82.6	83.0	83.4	84.4
13 Consumer credit	797.2[r]	804.6[r]	863.5[r]	984.7	863.5[r]	859.6	891.6	929.4	984.7	988.7	1,026.6
14 Bank loans n.e.c.	686.0	672.1	677.0[r]	748.3	677.0[r]	687.4	706.3	725.4	748.3	776.9	807.9
15 Commercial paper	98.5	107.1	117.8	139.2	117.8	129.9	135.7	138.7	139.2	149.8	162.5
16 Other loans	710.6[r]	725.7[r]	707.9[r]	761.1	707.9[r]	721.7	733.1	741.5	761.1	780.3	800.3
By borrowing sector											
17 Household	3,784.5[r]	3,998.7[r]	4,285.8[r]	4,638.9	4,285.8[r]	4,326.3	4,417.7	4,520.9	4,638.9	4,684.8	4,780.1
18 Nonfinancial business	3,712.1[r]	3,716.1[r]	3,750.1[r]	3,887.5	3,750.1[r]	3,782.5	3,825.8	3,852.5	3,887.5	3,960.8	4,050.0
19 Farm	135.0	136.0	138.3	141.2	138.3	136.7	141.5	143.1	141.2	138.9	143.4
20 Nonfarm noncorporate	1,116.9[r]	1,075.0[r]	1,050.4[r]	1,065.8	1,050.4[r]	1,052.6	1,056.3	1,060.2	1,065.8	1,083.0	1,091.5
21 Corporate	2,460.2[r]	2,505.1[r]	2,561.5[r]	2,680.5	2,561.5[r]	2,593.2	2,628.0	2,649.2	2,680.5	2,738.9	2,815.1
22 State and local government	911.1	932.8[r]	995.9[r]	951.8	995.9[r]	994.3	981.9	971.1	951.8	937.1	929.6
23 **Foreign credit market debt held in United States**	**299.7[r]**	**313.1[r]**	**381.9[r]**	**361.6**	**381.9[r]**	**356.5**	**348.7**	**352.4**	**361.6**	**376.8**	**387.1**
24 Bonds	130.5[r]	146.2[r]	227.4[r]	234.6	227.4[r]	226.8	222.4	227.6	234.6	237.9	249.6
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	24.6	26.2	25.1	26.3	26.1	28.2	29.6
26 Commercial paper	81.8	77.7	68.7	41.4	68.7	43.3	42.0	39.9	41.4	50.9	48.5
27 U.S. government and other loans	65.9	65.3	61.1	59.6	61.1	60.3	59.2	58.6	59.6	59.8	59.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,483.8[r]**	**12,041.0[r]**	**12,750.2[r]**	**13,332.2**	**12,750.2[r]**	**12,847.3**	**12,969.5**	**13,129.2**	**13,332.2**	**13,517.4**	**13,730.4**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,751.0[r]**	**3,005.7[r]**	**3,300.6[r]**	**3,762.2**	**3,300.6[r]**	**3,426.5**	**3,525.7**	**3,626.8**	**3,762.2**	**3,834.1**	**3,936.3**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,884.1	2,168.4	1,884.1	1,961.5	2,030.5	2,089.8	2,168.4	2,192.7	2,245.0
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.6	523.7	563.7	600.3	638.3	700.6	716.3	748.1
32 Mortgage pool securities	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
33 Loans from U.S. government	4.8	4.8	4.8	.0	4.8	.0	.0	.0	.0	.0	.0
34 Private	1,186.8[r]	1,285.8[r]	1,416.5[r]	1,593.8	1,416.5[r]	1,465.1	1,495.2	1,537.0	1,593.8	1,641.4	1,691.3
35 Corporate bonds	638.9[r]	725.8[r]	844.4[r]	952.1	844.4[r]	882.0	906.6	930.4	952.1	990.2	1,027.3
36 Mortgages	4.8	5.4	8.9	18.7	8.9	11.4	14.5	17.5	18.7	20.0	21.2
37 Bank loans n.e.c.	78.4	80.5	66.5	54.3	66.5	62.4	55.3	52.4	54.3	57.1	59.4
38 Open market paper	385.7	394.3	393.5	442.8	393.5	408.8	410.3	420.5	442.8	454.1	462.8
39 Loans from Federal Home Loan Banks	79.1	79.9	103.1	125.9	103.1	100.4	108.5	116.2	125.9	120.0	120.5
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.6	528.5	563.7	600.3	638.3	700.6	716.3	748.1
41 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
42 Private financial sectors	1,186.8[r]	1,285.8[r]	1,416.5[r]	1,593.8	1,416.5[r]	1,465.1	1,495.2	1,537.0	1,593.8	1,641.4	1,691.3
43 Commercial banks	65.0	73.8	79.5	89.5	79.5	78.4	82.1	87.5	89.5	90.3	95.4
44 Bank holding companies	112.3	114.6	123.4	133.6	123.4	124.2	126.8	129.6	133.6	137.0	142.0
45 Funding corporations	139.1	161.6	169.9	199.3	169.9	190.7	191.5	200.6	199.3	221.2	229.1
46 Savings institutions	94.6	87.8	99.0	111.7	99.0	97.6	99.0	102.7	111.7	106.9	105.2
47 Credit unions	.0	.0	.2	.5	.2	.3	.3	.4	.5	.4	.3
48 Life insurance companies	.0	.0	.2	.6	.2	.3	.3	.3	.6	.6	.6
49 Finance companies	391.9[r]	390.4[r]	390.5	440.7	390.5	401.9	414.2	420.9	440.7	456.7	467.3
50 Mortgage companies	22.2	30.2	29.2	17.8	29.2	23.8	19.3	17.5	17.8	19.8	20.1
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	31.1	17.4	21.0	24.8	29.5	31.1	32.8	34.4
52 Brokers and dealers	19.0	21.7	33.7	34.3	33.7	31.3	31.3	29.4	34.3	26.9	26.8
53 Issuers of asset-backed securities (ABSs)	329.1	391.7	473.5[r]	534.7	473.5[r]	495.7	505.8	518.6	534.7	548.8	570.0
	All sectors										
54 **Total credit market debt, domestic and foreign**	**14,234.8[r]**	**15,046.7[r]**	**16,050.7[r]**	**17,094.3**	**16,050.7[r]**	**16,273.8**	**16,495.2**	**16,756.0**	**17,094.3**	**17,351.5**	**17,666.7**
55 U.S. government securities	4,335.7	4,795.5	5,215.8	5,660.7	5,215.8[r]	5,349.2	5,425.9	5,522.1	5,660.7	5,750.6	5,828.5
56 Tax-exempt securities	1,108.6	1,139.7	1,215.2	1,185.2	1,215.2[r]	1,217.6	1,209.9	1,200.9	1,185.2	1,170.2	1,164.6
57 Corporate and foreign bonds	1,856.3[r]	2,026.4[r]	2,301.5[r]	2,438.4	2,301.5[r]	2,347.3	2,376.5	2,409.1	2,438.4	2,490.2	2,568.9
58 Mortgages	3,924.8	4,049.3	4,229.6	4,426.6	4,229.6[r]	4,259.7	4,315.8	4,375.2	4,426.6	4,474.7	4,527.1
59 Consumer credit	797.2[r]	804.6[r]	863.5[r]	984.7	863.5[r]	859.6	891.6	929.4	984.7	988.7	1,026.6
60 Bank loans n.e.c.	785.9	776.6	768.2[r]	828.8	768.2[r]	776.0	786.7	804.0	828.8	862.1	896.9
61 Open market paper	565.9	579.0	580.0	623.5	580.0[r]	582.0	587.9	599.2	623.5	654.7	673.8
62 Other loans	860.4[r]	875.7[r]	877.0[r]	946.6	877.0[r]	882.5	900.8	916.2	946.6	960.1	980.4

1 Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1991	1992	1993	1994	1993	1994				1995	
					Q4	Q1	Q2	Q3	Q4	Q1r	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**14,234.8r**	**15,046.7r**	**16,050.7r**	**17,094.3r**	**16,050.7r**	**16,273.8r**	**16,495.2r**	**16,756.0r**	**17,094.3r**	**17,351.5**	**17,666.7**
2 Private domestic nonfinancial sectors	2,240.1r	2,320.1r	2,351.5r	2,623.2r	2,351.5r	2,397.5r	2,450.6r	2,497.3r	2,623.2r	2,586.1	2,511.4
3 Households	1,446.5	1,524.8r	1,541.7r	1,926.4r	1,541.7r	1,640.7r	1,717.1r	1,779.9r	1,926.4r	1,946.9	1,885.7
4 Nonfarm noncorporate business	44.1	42.9	39.7	37.7	39.7	38.8	38.4	37.9	37.7	38.0	38.2
5 Nonfinancial corporate business	196.2	225.8r	244.9r	269.0r	244.9r	240.0r	245.9r	249.7r	269.0r	259.8	269.3
6 State and local governments	553.3	526.5	525.2	390.0r	525.2	478.0r	449.2	429.8r	390.0r	341.5	318.1
7 U.S. government	246.9	235.0	230.7	206.5r	230.7	219.0	215.4	212.6	206.5r	203.2	197.1
8 Foreign	958.0r	1,055.0r	1,172.2r	1,272.7r	1,172.2r	1,203.0	1,218.4r	1,254.4r	1,272.7r	1,336.5	1,421.4
9 Financial sectors	10,789.8r	11,436.6r	12,296.3r	12,991.9r	12,296.3r	12,454.3r	12,610.7r	12,791.7r	12,991.9r	13,225.8	13,536.8
10 Government-sponsored enterprises	390.7	459.7	549.8	673.2	549.8	572.0	597.9	629.4	673.2	675.3	697.7
11 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
12 Monetary authority	272.5	300.4	336.7	368.2	336.7	341.5	351.6	356.8	368.2	367.1	375.7
13 Commercial banking	2,853.3	2,948.6	3,090.8	3,252.8	3,090.8	3,120.2	3,156.2	3,204.1r	3,252.8	3,326.1	3,407.9
14 U.S. commercial banks	2,502.5	2,571.9	2,721.5	2,869.6	2,721.5	2,743.8	2,780.3	2,822.3r	2,869.6	2,906.5	2,963.5
15 Foreign banking offices	319.2	335.8	326.0	337.1	326.0	331.8	330.8	335.5	337.1	373.6	397.2
16 Bank holding companies	11.9	17.5	17.5	18.4	17.5	18.2	18.3	19.0	18.4	17.9	18.7
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	27.8	25.8	26.4	26.8	27.3	27.8	28.2	28.6
18 Funding corporations	51.5	75.0	93.1	106.9	93.1	97.9	106.3	112.6	106.9	112.4	103.3
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,167.6r	1,132.7	1,134.2	1,146.1	1,160.3r	1,167.6r	1,173.1	1,175.7
20 Life insurance companies	1,199.6	1,278.8	1,383.9	1,442.1r	1,383.9	1,392.7r	1,407.6r	1,428.1r	1,442.1r	1,476.8	1,503.0
21 Other insurance companies	376.6	389.4	422.7	443.8	422.7	429.6	434.8	438.8	443.8	447.0	450.8
22 Private pension funds	693.0	730.4	770.6	728.2	770.6	746.2	738.5	734.1	728.2	752.6	787.3
23 State and local government retirement funds	479.9	514.3	542.6	603.3	542.6	560.8	578.1	584.7	603.3	619.5	635.9
24 Finance companies	487.5r	492.6r	482.8	551.0	482.8	494.5	511.3	524.1	551.0	568.5	586.7
25 Mortgage companies	60.3	60.5	60.4	37.5	60.4	49.5	40.4	37.0	37.5	41.6	42.2
26 Mutual funds	450.5	574.2	743.8	751.4	743.8	759.2	761.5	767.6r	751.4	748.9	755.2
27 Closed-end funds	50.3	67.7	77.9	81.4	77.9	80.0	80.8	81.1	81.4	81.6	81.9
28 Money market funds	402.7	404.1	418.7	447.1	418.7	422.0	421.4	423.4	447.1	467.9	494.0
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	13.3	8.6	10.3	11.9	13.3	13.3	13.9	14.7
30 Brokers and dealers	124.0	117.1	126.3	92.3	126.3	112.4	99.3	94.5	92.3	100.0	131.0
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.4r	516.1r	458.4r	480.3r	491.0r	502.6r	516.1r	528.6	548.2
32 Bank personal trusts	223.5	231.5	240.9	248.0	240.9	243.2	245.7	247.7	248.0	248.4	248.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**14,234.8r**	**15,046.7r**	**16,050.7r**	**17,094.3r**	**16,050.7r**	**16,273.8r**	**16,495.2r**	**16,756.0r**	**17,094.3r**	**17,351.5**	**17,666.7**
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	53.4	56.4	54.9	55.5	53.2	64.1	67.1
35 Special drawing rights certificates	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
36 Treasury currency	16.3	16.5	17.0	17.6	17.0	17.1	17.3	17.5	17.6	17.8	18.0
37 Life insurance reserves	405.7	433.0	468.2	488.4	468.2	473.2	475.9r	481.8r	488.4	494.7	501.0
38 Pension fund reserves	4,138.3	4,516.5	4,974.7	5,017.0r	4,974.7	4,896.4r	4,898.5r	5,013.4r	5,017.0r	5,252.7	5,472.4
39 Interbank claims	96.4	132.6r	183.9r	270.3r	183.9r	215.8r	230.7r	243.1r	270.3r	266.3	267.0
40 Deposits at financial institutions	5,045.1r	5,059.1	5,155.5	5,283.8	5,155.5	5,163.7	5,186.2	5,211.8r	5,283.8	5,369.1	5,531.6
41 Checkable deposits and currency	1,020.9r	1,134.4	1,251.7	1,241.6	1,251.7	1,220.5	1,229.7	1,204.8r	1,241.6	1,193.5	1,245.4
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,182.7	2,223.2	2,233.8	2,214.1	2,198.7	2,182.7	2,206.3	2,235.5
43 Large time deposits	488.4	415.2	391.7	410.7	391.7	382.6	379.0	402.2	410.7	435.2	444.0
44 Money market fund shares	539.6	543.6	562.7	608.2	562.7	579.7	573.9	583.5	608.2	638.9	684.1
45 Security repurchase agreements	355.8	392.3	457.8	542.1	457.8	474.9	512.9	540.2	542.1	595.4	620.5
46 Foreign deposits	289.6	280.1	268.4	298.5	268.4	272.4	276.6	282.4	298.5	299.7	302.2
47 Mutual fund shares	813.9	1,042.1	1,446.3	1,562.9r	1,446.3	1,483.9r	1,506.9r	1,587.7r	1,562.9r	1,607.2	1,747.1
48 Security credit	188.9	217.3	279.3	277.0	279.3	282.8	278.0	263.2	277.0	268.8	271.6
49 Trade debt	936.1r	977.4	1,027.4r	1,120.8r	1,027.4r	1,024.9r	1,049.2r	1,086.0r	1,120.8r	1,127.6	1,144.4
50 Taxes payable	71.2	79.6	84.2	87.3r	84.2	89.2r	82.0r	86.3r	87.3r	93.5	88.5
51 Investment in bank personal trusts	608.3	629.6	660.9	670.0	660.9	655.2	650.1	671.5	670.0	707.2	745.7
52 Miscellaneous	2,991.9r	3,176.7r	3,430.7r	3,746.3r	3,430.7r	3,560.9r	3,600.2r	3,701.5r	3,746.3r	3,872.5	3,907.9
53 **Total liabilities**	**29,612.4r**	**31,386.8r**	**33,840.1r**	**35,696.9r**	**33,840.1r**	**34,201.4r**	**34,533.1r**	**35,183.2r**	**35,696.9r**	**36,501.1**	**37,437.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.1	20.4	20.8	21.0	21.1	22.7	22.9
55 Corporate equities	4,863.6	5,462.9	6,278.5r	6,293.4r	6,278.5r	6,142.6r	5,965.8r	6,228.7r	6,293.4r	6,835.8	7,393.0
56 Household equity in noncorporate business	2,448.7r	2,413.7r	2,425.4r	2,512.8r	2,425.4r	2,474.2r	2,502.7r	2,526.6r	2,512.8r	2,525.7	2,528.5
Floats not included in assets (−)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	5.6	.3	.9	1.2	3.4	4.2	2.0
58 Other checkable deposits	40.4	42.0	40.7	38.0	40.7	36.3	38.7	30.6	38.0	32.3	33.7
59 Trade credit	−130.6r	−125.9r	−107.1r	−101.4r	−107.1r	−127.1r	−134.2r	−126.9r	−101.4r	−120.3	−133.0
Liabilities not identified as assets (−)											
60 Treasury currency	−4.7r	−4.9	−5.1	−5.4	−5.1	−5.2	−5.2	−5.3	−5.4	−5.4	−5.4
61 Interbank claims	−4.2	−9.3	−4.7	−6.5	−4.7	−7.7	−7.4	−3.4r	−6.5	−2.7	−2.6
62 Security repurchase agreements	9.2	38.1	120.5r	169.1r	120.5r	135.9r	162.5r	189.3r	169.1r	203.3	192.0
63 Taxes payable	17.8	25.2	26.2	24.2r	26.2	15.5r	21.3r	22.0r	24.2r	6.6	21.2
64 Miscellaneous	−320.7r	−378.2r	−457.3r	−347.8r	−457.3r	−398.7r	−387.1r	−395.6r	−347.8r	−382.3	−390.3
65 **Total identified to sectors as assets**	**37,336.0r**	**39,689.2r**	**42,945.3r**	**44,750.6r**	**42,945.3r**	**43,189.2r**	**43,332.9r**	**44,247.7r**	**44,750.6r**	**46,149.7**	**47,664.3**

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 Dec.	1995 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.
1 **Industrial production**[1]	**107.6**	**112.0**	**118.1**	**121.7**	**122.0**	**122.1**	**122.0**	**121.2**	**121.4**[r]	**121.2**	**121.6**	**123.0**
Market groupings												
2 Products, total	106.5	110.7	115.9	118.7	119.1	119.1	118.9	118.0	118.2[r]	118.4	118.5	119.9
3 Final, total	109.0	113.4	118.4	121.2	121.6	121.8	121.6	121.0	121.1[r]	121.4	121.6	123.1
4 Consumer goods	105.9	109.4	113.2	115.5	115.7	115.7	114.9	114.4	114.4[r]	114.6	114.3	116.1
5 Equipment	113.4	119.3	126.5	130.1	130.9	131.2	132.0	131.3	131.4	132.0	133.1	134.1
6 Intermediate	98.8	102.4	108.1	110.9	111.3	110.9	110.7	108.9	109.4[r]	109.5	109.1	110.1
7 Materials	109.2	114.1	121.5	126.3	126.5	126.7	126.7	126.1	126.3[r]	125.6	126.4	127.7
Industry groupings												
8 Manufacturing	108.0	112.9	119.7	124.2	124.5	124.2	124.2	123.3	123.2	123.1	123.1	124.3
9 Capacity utilization, manufacturing (percent)[2]	79.2	80.9	83.4	85.2	85.2	84.7	84.4	83.5	83.1	82.8	82.5	83.0
10 Construction contracts[3]	97.4[r]	105.3[r]	114.4[r]	109.0[r]	111.0[r]	115.0[r]	115.0	106.0[r]	116.0[r]	119.0	111.0	118.0
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	113.4	113.6	113.9	114.1	114.1	114.0	114.3	114.3	114.6
12 Goods-producing, total	94.2	94.3	95.6	98.2	98.5	98.6	98.8	98.6	98.2	98.2	97.9	97.9
13 Manufacturing, total	95.3	94.8	95.1	97.2	97.4	97.5	97.5	97.4	97.1	97.0	96.5	96.6
14 Manufacturing, production workers	94.9	94.9	96.1	98.7	98.9	99.1	99.1	99.0	98.6	98.3	97.8	97.9
15 Service-producing	110.5	112.9	116.3	118.3	118.4	118.8	119.0	119.0	119.1	119.4	119.6	119.9
16 Personal income, total	135.6	141.4	150.0	154.7	156.0	156.8	157.6	157.9	157.6	158.3	159.3	n.a.
17 Wages and salary disbursements	131.6	136.2	145.0	149.0	150.0	150.7	150.9	151.7	150.6[r]	151.7	153.0	n.a.
18 Manufacturing	118.0	120.0	126.0	128.6	129.0	131.0	130.6	128.9	128.1	128.5	128.6	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	155.8	156.8	157.6	158.4	157.0	158.2	158.8	159.7	n.a.
20 Retail sales[5]	126.4	134.7	145.2	150.0	150.7	149.6	150.6	150.5	152.2	153.5	152.9	153.8
Prices[6]												
21 Consumer (1982–84 = 100)	140.3	144.5	148.2	149.7	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9
22 Producer finished goods (1982 = 100)	123.2	124.7	125.5	126.2	126.6	126.9	127.1	127.6	128.0	128.2	128.3	128.1

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. 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

Category	1992	1993	1994	1995 Jan.	Feb.	Mar	Apr.	May	June[r]	July[r]	Aug.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	132,136	132,308	132,511	132,737	131,811	131,869	132,519	132,211
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	121,064	121,469	121,576	121,478	120,962	121,034	121,550	121,417
3 Agriculture	3,207	3,074	3,409	3,575	3,656	3,698	3,594	3,357	3,451	3,409	3,362
Unemployment											
4 Number	9,384	8,734	7,996	7,498	7,183	7,237	7,665	7,492	7,384	7,559	7,431
5 Rate (percent of civilian labor force)	7.4	6.8	6.1	5.7	5.4	5.5	5.8	5.7	5.6	5.7	5.6
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**115,810**	**116,123**	**116,302**	**116,310**	**116,248**	**116,547**	**116,553**	**116,802**
7 Manufacturing	18,104	18,003	18,064	18,502	18,523	18,525	18,506	18,456	18,428	18,340	18,352
8 Mining	635	611	604	590	588	589	583	582	582	577	576
9 Contract construction	4,492	4,642	4,916	5,201	5,213	5,256	5,242	5,190	5,230	5,227	5,229
10 Transportation and public utilities	5,721	5,787	5,842	6,129	6,156	6,175	6,184	6,177	6,192	6,194	6,211
11 Trade	25,354	25,675	26,362	27,011	27,069	27,047	27,062	27,045	27,118	27,187	27,174
12 Finance	6,602	6,712	6,789	6,927	6,929	6,938	6,924	6,925	6,930	6,935	6,950
13 Service	29,052	30,278	31,805	32,228	32,404	32,524	32,548	32,630	32,784	32,810	32,954
14 Government	18,653	18,817	19,041	19,222	19,241	19,248	19,261	19,243	19,283	19,283	19,356

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 Q3	1994 Q4	1995 Q1	1995 Q2[r]	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2[r]
	Output (1987 = 100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**118.8**	**120.5**	**122.0**	**121.3**	**140.9**	**141.9**	**143.1**	**144.5**	**84.3**	**84.9**	**85.2**	**83.9**
2 Manufacturing	120.5	122.7	124.3	123.2	144.2	145.3	146.6	148.2	83.6	84.5	84.7	83.1
3 Primary processing[3]	115.9	118.4	119.3	117.1	131.6	132.3	133.2	134.2	88.1	89.5	89.5	87.3
4 Advanced processing[4]	122.7	124.8	126.6	126.1	150.0	151.3	152.9	154.7	81.8	82.5	82.8	81.5
5 Durable goods	126.5	129.4	131.6	130.4	151.6	153.1	154.9	157 1	83.4	84.6	84.9	83.0
6 Lumber and products	106.6	107.9	107.6	103.8	116.0	116.5	117.1	118.0	91.9	92.7	91.9	88.0
7 Primary metals	114.1	119.4	120 4	116.8	125.2	125.4	126 7	127.5	91.1	95.2	95.0	91.6
8 Iron and steel	115.8	123.3	125.4	120.6	128.4	128.8	130.9	131.7	90.2	95.8	95.9	91.6
9 Nonferrous	111.4	113.9	113.7	111.6	120.5	120.5	120.9	121.6	92.4	94.5	94.1	91.8
10 Industrial machinery and equipment	162.6	167.5	171.5	173.0	181.6	184.1	187.8	192.6	89.6	91.0	91.3	89.8
11 Electrical machinery	163 5	169.4	174.0	177.0	184.1	188.5	193 8	199.9	88.8	89.9	89.8	88.6
12 Motor vehicles and parts	135.0	141.5	145 9	136.0	160.3	162 2	164.2	166.5	84.2	87.2	88.8	81.7
13 Aerospace and miscellaneous transportation equipment	82.1	80 8	81.5	82.1	129.4	129 1	128.8	128.5	63.5	62.6	63.3	63.9
14 Nondurable goods	113.8	115.3	116.1	115.2	135.5	136 3	137.1	138.0	84.0	84.6	84.7	83.5
15 Textile mill products	108.9	111.6	111.8	108.1	121.4	122 0	122.7	123.5	89.7	91.4	91.1	87.6
16 Paper and products	118 5	120.6	120 3	119.6	127.1	127 7	128.4	129.3	93.2	94.4	93 6	92.5
17 Chemicals and products	124.4	126.0	129.7	127.7	153.3	154.7	156.2	157.6	81.1	81.4	83.1	81.1
18 Plastics materials	126.9	130.2	134.3	128 8	130.8	131 6	132.6	133.8	97.0	98.9	101.3	96.2
19 Petroleum products	104.9	106.5	107.8	106 4	115.2	115.1	115.1	115.3	91.1	92 5	93.7	92.3
20 Mining	100.1	99.2	100.3	100.5	111.5	111.4	111.4	111.4	89.8	89.0	90.0	90.2
21 Utilities	118.1	116.3	118.2	120.6	135.4	135.8	136.3	136.8	87.2	85.6	86.8	88.2
22 Electric	118.2	117.3	118.5	120.9	133.1	133.6	134.1	134.7	88.8	87.8	88.4	89.7

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1994 Aug.	1995 Mar.	1995 Apr.	1995 May[r]	1995 June[r]	1995 July	1995 Aug.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**84.5**	**84.9**	**84.1**	**84.0**	**83.7**	**83.7**	**84.3**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	83.8	84.4	83.5	83.1	82 8	82.5	83.0
3 Primary processing[3]	92 2	68.9	89.7	66.8	89.0	77.9	88.3	89.0	88.0	87.5	86.4	86.2	86.5
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.2	82.1	82.5	81.8	81.4	81.4	81.0	81.6
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	83.7	84.6	83.4	82.8	82.7	82.6	83.3
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.3	91.0	89 6	89.1	87.1	87.8	86.7	88.3
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.0	90.7	94.9	92.6	92.3	90.0	90.0	90.7
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.1	88.0	96.2	93.3	92.7	88.8	88.1	89.4
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.0	94.2	93.4	91.8	91.9	91.6	92.6	92.6
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	72.5	89.5	90.8	90.2	90.0	89.3	89.8	90.2
11 Electrical machinery	87.8	63 8	89.4	71.1	84.9	76.6	89.2	89.5	88.5	88.5	88.7	89.4	89.7
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	57.6	86.1	87.8	83.9	80.7	80.5	78.9	81.9
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	79.4	63.6	64.0	64.1	63.8	63.8	63.5	63.8
14 Nondurable goods	87.9	71.8	87.0	76 9	86.7	80.4	84.1	84.3	83.8	83.7	83.0	82.6	82.7
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.9	89.8	90.4	90.2	88.7	83.7	83.6	84.0
16 Paper and products	96.9	69.0	94 2	82.0	94.8	86.5	94.6	93 7	92.7	93.8	91.1	92.6	91.7
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	78.9	81.4	82.5	81.3	81.1	80.7	80.7	80.8
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	97.3	97.5	97.1	97.0	94.6	...	...
19 Petroleum products	96.7	81.1	89.5	68 2	88.5	83.7	91.4	94.2	92.8	92.1	92.0	92.3	91.0
20 Mining	94.4	88.4	96.6	80.6	86.5	86.0	89.7	89.9	90.4	90.2	90 1	90.8	89.5
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.2	87.8	87.1	86.4	89.2	88.9	91.9	96.3
22 Electric	99.0	82.7	88.3	78.7	94.8	86 5	89.0	88.8	88 1	90.2	90.7	94.4	99.9

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery, transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 pro-por-tion	1994 avg.	1994					1995							
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July	Aug.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.1**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**122.0**	**121.2**	**121.4**	**121.2**	**121.6**	**123.0**
2 Products	60.9	115.9	116.7	116.4	116.9	117.5	118.7	119.1	119.1	118.9	118.0	118.2	118.4	118.5	119.9
3 Final products	46.6	118.4	119.2	118.9	119.2	119.8	121.2	121.6	121.8	121.6	121.0	121.1	121.4	121.6	123.1
4 Consumer goods, total	28.5	113.2	113.8	113.0	113.0	113.9	115.5	115.7	115.7	114.9	114.4	114.4	114.6	114.3	116.1
5 Durable consumer goods	5.5	119.4	120.7	119.1	119.4	120.5	123.4	124.5	123.4	121.4	119.4	116.5	117.1	115.5	119.2
6 Automotive products	2.5	125.5	124.9	123.8	124.5	127.1	131.1	131.7	132.3	129.7	126.1	121.1	122.8	119.6	126.3
7 Autos and trucks	1.6	125.4	126.0	122.5	122.3	126.5	131.4	132.7	133.5	130.8	124.9	119.0	120.2	115.4	123.8
8 Autos, consumer	.9	94.9	91.7	90.2	92.9	94.0	100.5	103.6	103.6	103.1	94.4	88.2	86.6	88.9	88.6
9 Trucks, consumer	.7	180.7	189.0	181.5	175.5	185.8	187.3	184.6	187.1	180.0	180.2	175.4	182.3	162.9	188.9
10 Auto parts and allied goods	.9	123.2	120.0	123.9	126.6	125.7	127.8	126.9	127.0	124.8	126.1	122.9	125.8	126.2	129.0
11 Other	3.0	114.1	117.1	115.2	115.2	115.0	116.8	118.3	115.9	114.3	113.8	112.6	112.3	112.0	113.2
12 Appliances, televisions, and air conditioners	.7	126.0	135.1	130.2	124.9	126.9	131.5	132.1	125.8	122.7	121.9	123.6	124.9	124.0	126.7
13 Carpeting and furniture	.8	105.0	106.9	104.1	107.4	105.9	108.0	110.2	107.9	106.5	106.9	104.1	101.9	103.4	104.7
14 Miscellaneous home goods	1.5	113.8	114.6	114.6	114.9	114.5	114.9	116.5	115.8	114.7	113.8	112.3	112.3	111.2	111.6
15 Nondurable consumer goods	23.0	111.8	112.2	111.7	111.5	112.4	113.7	113.6	113.9	113.5	113.3	114.0	114.1	114.1	115.4
16 Foods and tobacco	10.3	110.5	111.2	111.9	112.2	112.4	114.3	113.1	112.9	112.9	113.8	114.1	114.8	113.7	114.7
17 Clothing	2.4	95.9	95.9	95.5	96.2	96.2	96.8	96.1	94.7	94.6	93.6	93.3	91.2	89.5	89.8
18 Chemical products	4.5	129.7	129.8	127.5	127.2	130.5	134.0	137.0	136.6	135.9	133.7	133.5	134.2	134.4	135.6
19 Paper products	2.9	104.7	105.9	105.2	103.6	104.6	104.3	103.4	104.1	102.9	104.2	103.7	103.3	104.8	104.1
20 Energy	2.9	113.9	113.1	110.5	109.8	110.6	109.6	110.4	114.1	113.3	111.2	116.8	116.3	120.5	125.8
21 Fuels	.9	106.7	105.8	107.4	103.9	109.8	107.4	107.4	109.1	110.6	109.9	108.3	108.3	107.7	104.8
22 Residential utilities	2.1	116.8	116.1	111.8	112.2	110.7	110.3	111.6	116.0	114.3	111.6	120.4	119.6	125.8	134.6
23 Equipment	18.1	126.5	127.5	128.0	128.8	128.9	130.1	130.9	131.2	132.0	131.3	131.4	132.0	133.1	134.1
24 Business equipment	14.0	146.7	148.9	149.5	150.9	151.0	152.6	153.7	154.5	155.9	154.9	154.9	156.0	157.6	159.0
25 Information processing and related	5.7	176.4	179.7	181.1	183.2	184.2	188.3	188.7	189.1	192.3	193.7	194.3	197.7	201.0	203.4
26 Computer and office equipment	1.5	284.2	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	340.0	346.8	353.8	366.8	373.7
27 Industrial	4.0	120.9	122.3	123.0	124.4	124.1	124.1	125.9	126.1	126.2	124.8	125.6	126.1	126.9	128.1
28 Transit	2.6	137.9	137.9	136.8	137.1	137.5	137.8	139.7	143.4	144.7	140.8	137.4	137.7	138.2	139.2
29 Autos and trucks	1.2	148.0	149.4	147.7	149.2	151.6	152.6	157.2	157.7	154.9	147.1	142.2	142.8	145.7	146.2
30 Other	1.7	129.4	133.5	133.3	134.3	133.1	133.1	133.5	132.9	132.6	130.4	131.2	128.2	128.3	128.3
31 Defense and space equipment	3.4	71.0	69.2	68.8	68.7	69.0	68.7	68.6	67.7	67.5	66.8	66.8	67.0	66.6	66.4
32 Oil and gas well drilling	.5	90.8	89.6	93.9	88.3	86.0	86.0	86.7	89.1	85.7	89.2	91.9	86.4	89.6	89.6
33 Manufactured homes	.2	137.3	134.5	138.4	142.0	143.1	153.6	153.6	147.4	148.3	147.2	150.4	152.4	147.6	.
34 Intermediate products, total	14.3	108.1	109.2	108.6	109.9	110.6	110.9	111.3	110.9	110.7	108.9	109.4	109.5	109.1	110.1
35 Construction supplies	5.3	106.8	108.2	108.6	109.7	109.8	111.6	112.2	111.0	110.5	108.6	107.1	107.3	106.9	107.9
36 Business supplies	9.0	109.1	109.9	108.7	110.1	111.3	110.7	110.9	111.0	110.9	109.3	111.0	111.0	110.7	111.7
37 Materials	39.1	121.5	122.8	122.9	123.4	124.6	126.3	126.5	126.7	126.7	126.1	126.3	125.6	126.4	127.7
38 Durable goods materials	20.6	131.2	132.6	133.3	134.2	136.0	138.6	139.1	139.2	139.2	138.4	138.3	138.0	138.6	140.4
39 Durable consumer parts	3.9	132.2	133.2	133.1	133.8	135.8	139.7	139.1	139.1	138.3	134.7	132.7	132.4	130.8	134.6
40 Equipment parts	7.5	143.1	145.2	146.7	149.0	150.7	152.3	153.6	155.1	156.2	157.7	158.9	160.2	163.7	165.6
41 Other	9.1	121.3	122.3	122.8	122.7	124.6	127.3	127.6	126.7	126.3	124.9	124.7	123.2	122.5	123.4
42 Basic metal materials	3.0	119.7	119.3	121.1	121.3	123.2	126.0	125.6	124.8	125.2	123.5	123.6	120.9	121.2	121.8
43 Nondurable goods materials	8.9	118.4	120.3	119.8	120.3	121.5	122.8	122.3	121.8	121.7	120.9	121.4	119.0	119.3	119.8
44 Textile materials	1.1	105.3	105.7	105.9	106.9	110.3	108.7	109.8	108.5	108.8	108.1	106.7	99.3	98.0	99.7
45 Paper materials	1.8	118.7	122.5	121.5	120.5	122.1	121.3	120.8	122.1	124.1	121.9	125.8	120.0	123.5	122.5
46 Chemical materials	4.0	123.2	124.8	124.0	124.6	125.9	127.5	128.6	128.3	127.6	127.0	127.5	125.9	126.5	127.1
47 Other	2.0	116.9	118.1	118.2	119.5	119.3	123.4	119.1	116.8	116.0	115.8	114.7	116.2	114.3	115.1
48 Energy materials	9.6	105.2	106.1	105.6	105.2	104.9	105.3	105.6	106.6	106.6	106.7	107.1	107.0	108.9	110.0
49 Primary energy	6.3	100.3	100.9	100.8	100.3	100.7	101.7	101.7	102.0	102.5	102.4	102.1	102.6	104.1	103.8
50 Converted fuel materials	3.3	114.9	116.3	115.1	115.1	113.4	112.3	113.4	115.6	114.7	115.2	116.9	115.6	118.5	122.4
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	117.6	118.7	118.6	119.1	119.8	121.1	121.4	121.4	121.4	120.8	121.2	121.0	121.5	122.7
52 Total excluding motor vehicles and parts	95.2	117.1	118.2	118.0	118.5	119.2	120.5	120.8	120.8	120.8	120.3	120.7	120.6	121.1	122.2
53 Total excluding computer and office equipment	98.3	115.4	116.4	116.1	116.6	117.4	118.7	118.9	118.9	118.7	117.9	118.0	117.8	118.0	119.3
54 Consumer goods excluding autos and trucks	26.9	112.4	113.0	112.4	112.4	113.1	114.5	114.6	114.5	113.9	113.8	114.1	114.3	114.3	115.6
55 Consumer goods excluding energy	25.6	113.1	113.8	113.3	113.3	114.2	116.2	116.3	115.9	115.1	114.8	114.1	114.4	113.6	115.0
56 Business equipment excluding autos and trucks	12.8	146.5	148.8	149.5	151.0	150.9	152.5	153.3	154.1	155.9	155.6	156.1	157.1	158.6	160.1
57 Business equipment excluding computer and office equipment	12.5	130.7	132.7	132.7	133.8	133.6	134.7	135.4	135.6	136.6	135.0	134.4	134.9	135.6	136.5
58 Materials excluding energy	29.5	127.3	128.8	129.2	129.9	131.6	133.8	134.0	133.9	133.9	133.0	133.1	132.2	132.7	134.1

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC[2] code	1992 proportion	1994 avg.	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[r]	1995 June[r]	1995 July	1995 Aug.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**122.0**	**121.2**	**121.4**	**121.2**	**121.6**	**123.0**
60 Manufacturing	...	85.5	119.7	120.9	120.9	121.5	122.6	124.2	124.5	124.2	124.2	123.3	123.2	123.1	123.1	124.3
61 Primary processing	..	26.5	115.3	116.3	116.2	116.6	118.4	120.3	119.8	119.1	118.9	117.7	117.4	116 2	116.1	116.9
62 Advanced processing	...	59.0	121.8	123.1	123.1	123.8	124.6	126.0	126.6	126.6	126.7	126.0	125.9	126.3	126.3	127.7
63 Durable goods	...	45.1	125.5	127.0	127.2	128.0	129.1	131.2	131.6	131.5	131.6	130.4	130.1	130.6	130.9	132.7
64 Lumber and products	24	2.0	106.0	105.5	107.6	106.7	106.7	110.4	110.2	107.4	105.2	104.9	102.7	103.8	102.7	104.9
65 Furniture and fixtures	25	1.4	111.4	115.5	112 4	114.8	113.0	114.7	116.0	115.6	113.8	112.7	111.4	112.1	110.7	112.2
66 Stone, clay, and glass products	32	2.1	104.9	105.8	105.8	105.4	106.9	110.1	108.7	107.4	108.1	105.8	106.1	106.4	105.4	106.2
67 Primary metals	33	3.1	114.5	113.5	116.0	115.9	119.1	123.0	120.9	119.8	120.5	117.8	117.7	115.0	115.2	116.4
68 Iron and steel	331,2	1.7	118.3	113.0	118.2	118.8	121.9	129.3	125.9	124.3	126.1	122.6	122 1	117.2	116.4	118.4
69 Raw steel	...	.1	107.9	107 0	109 9	109.0	114.2	121.9	114 6	117.2	117.2	114 3	112.4	112.7	110.9	..
70 Nonferrous	333–6,9	1.4	109.3	113.6	112.7	111.8	115.2	114.8	114.2	113.8	113.1	111.5	111 8	111.6	113.1	113.3
71 Fabricated metal products	34	5.0	110.8	112.4	111.6	112.2	113.3	115.3	115.3	114.9	114.6	112.9	113.8	114.1	113.1	114.1
72 Industrial machinery and equipment	35	7.9	159.9	162.6	164.6	166.5	167.5	168.5	171.4	171.1	172.0	172.3	173.3	173.4	175.7	178.0
73 Computer and office equipment	357	1.7	284.2	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	340.0	346.8	353.8	366.8	373.7
74 Electrical machinery	36	7.3	160.0	164.1	165.0	166.9	168.8	172.5	172.9	174.0	175.2	175.1	176.9	179.0	182.3	184.7
75 Transportation equipment	37	9.6	109.7	109.5	108.8	109.0	110.5	111.9	112.6	113.5	112.9	110.1	107.6	107.7	106.5	109.4
76 Motor vehicles and parts	371	4.8	137.9	138.1	137.4	138.4	141 4	144.6	146.1	146.7	144.8	139.0	134.4	134.7	132.6	138.2
77 Autos and light trucks	371	2.5	131.9	131.9	128.4	128.6	132.7	138.4	140.0	140.8	138.2	131.3	124.8	125.7	121.6	129.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.8	82.6	82.3	81.4	80.8	80.9	80.6	80.4	81.7	82.3	82.4	82.0	82.0	81.6	81.8
79 Instruments	38	5.4	107.4	108.7	108.0	108.2	107.7	108.9	108.4	107.7	108.5	108.4	107.5	108.5	109.0	109.5
80 Miscellaneous	39	1.3	116.2	117.1	117.0	118.4	118.6	117.6	119.1	120.3	119.0	118.2	117.3	118.2	116.0	116.9
81 Nondurable goods	...	40.5	113.3	114.0	113.7	114.2	115.4	116.4	116.5	116.1	115.8	115.4	115.5	114 8	114.4	114.9
82 Foods	20	9.4	112.8	113.7	114.6	113.4	113.9	114.7	115.9	115.7	115.4	115.3	116.5	116.9	115.7	116.6
83 Tobacco products	21	1.6	96.5	96.2	96.1	104.5	101.5	108.0	97.3	96.4	97.9	104.1	101.4	103.2	101.7	103.8
84 Textile mill products	22	1.8	109.0	109.0	108.3	110.6	112.0	112.2	113.3	110.9	111.2	111.2	109.6	103.6	103.7	104.4
85 Apparel products	23	2.2	96.3	96.8	96.8	96.9	96.8	97.0	96.6	95.8	95.4	93.9	93.5	91.2	89.8	90.0
86 Paper and products	26	3.6	117.4	120.2	118.7	118.9	121.3	121.7	119.8	120.3	120.6	119.6	121.2	118.0	120.2	119.3
87 Printing and publishing	27	6.8	101.1	101.5	100.9	101.4	102.0	101.6	101.3	100.8	100.4	99.7	100.3	100.0	99.2	99.2
88 Chemicals and products	28	9.9	124.1	124.7	123.7	123.8	126.2	128.0	130.4	129.7	129.2	127.8	127.8	127.6	127.9	128.5
89 Petroleum products	29	1.4	105.3	105.2	105.3	104.0	107.6	107.7	107.4	107.6	108.5	106.9	106.2	106.2	106.5	105.1
90 Rubber and plastic products	30	3.5	133.5	134.5	134.7	136.7	138.3	140.0	140.2	140.5	139.1	139.6	136.6	136.4	135.4	137.3
91 Leather and products	31	.3	85.8	85.5	85.4	85.6	84.5	84.4	82.9	82.8	82.7	80.2	80.5	78.6	76.8	78.9
92 Mining	...	6.8	99.8	100.0	100.1	99.2	98.3	100.1	100.0	100.6	100.2	100.7	100.5	100.4	101.1	99.7
93 Metal	10	.4	159.4	156.6	160.0	158.9	154.3	156.2	158.5	160.4	159.3	158.7	159.9	161.2	161.6	161.5
94 Coal	12	1.0	112.0	111.4	110.7	110.2	110.1	117.8	117.9	118.6	117.4	114.1	109.7	111.9	114.5	108.4
95 Oil and gas extraction	13	4.7	93.0	93.5	93.7	92.2	91.2	92.2	91.2	92.3	91.6	93.0	93.7	93.1	93.4	92.5
96 Stone and earth minerals	14	.6	107.0	106.6	106.7	109.3	109.9	109.9	115.1	112.0	114.8	114.2	112.5	111.7	113.4	114.5
97 Utilities	...	7.7	118.1	118.8	116.5	117.2	116.5	115.2	116.5	119.2	118.9	118.0	122.1	121.8	126.0	132.2
98 Electric	491,3PT	6.1	117.8	118.4	117.1	117.9	117.5	116.5	117.2	119.0	119.3	118.6	121.6	122.4	127 6	135.2
99 Gas	492,3PT	1.6	119.2	120.4	114.2	114.4	112.3	109.8	113.7	120.1	117.3	115.9	123.9	119.2	119.7	120.1
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.7	118.6	119.8	119.9	120.5	121.5	122.9	123.2	122.9	122.9	122.4	122.5	122.4	122.5	123.4
101 Manufacturing excluding office and computing machines	...	83.8	116.5	117.6	117.5	118.1	119.1	120.6	120.8	120.5	120.4	119.4	119.2	119.0	118.8	119.9
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**2,006.2**	**2,020.2**	**2,015.6**	**2,020.4**	**2,037.2**	**2,056.5**	**2,063.2**	**2,066.5**	**2,065.1**	**2,049.6**	**2,051.8**	**2,057.1**	**2,059.2**	**2,083.7**
103 Final	...	1,314.6	1,576.3	1,586.6	1,584.2	1,584.4	1,598.4	1,615.1	1,621.1	1,626.4	1,626.1	1,615.5	1,616.5	1,621.3	1,623.4	1,644.1
104 Consumer goods	...	866.6	982.5	987.3	981.5	977.0	988.5	999.6	1,000.2	1,001.9	997.3	989.6	989.3	990.6	985.2	999.5
105 Equipment	...	448.0	593.8	599.3	602.7	607.3	609.9	615.5	620.9	624.5	628.7	625.9	627.2	630.7	638.2	644.6
106 Intermediate	...	392.5	429.8	433.5	431.4	436.0	438.8	441.4	442.0	440.1	439.0	434.1	435.3	435.7	435.8	439.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,372	1,401	1,358	1,420	1,293	1,282	1,235	1,243	1,243	1,275	1,355
2 One-family	911	987	1,068	1,046	1,025	1,105	990	931	911	905	930	958	1,011
3 Two-family or more	184	213	303	355	333	315	303	351	324	338	313	317	344
4 Started	1,200	1,288	1,457	1,451	1,536	1,545	1,366	1,319	1,238	1,269	1,282	1,298	1,390
5 One-family	1,030	1,126	1,198	1,164	1,186	1,250	1,055	1,048	987	1,009	988	1,034	1,098
6 Two-family or more	170	162	259	287	350	295	311	271	251	260	294	264	292
7 Under construction at end of period[1]	612	680	762	779	787	791	792	797	769	763	755	756	759
8 One-family	473	543	558	587	587	584	578	579	552	544	536	535	538
9 Two-family or more	140	137	204	192	200	207	214	218	217	219	219	221	221
10 Completed	1,158	1,193	1,347	1,376	1,371	1,388	1,436	1,302	1,443	1,334	1,342	1,247	1,341
11 One-family	964	1,040	1,160	1,169	1,136	1,173	1,209	1,080	1,222	1,089	1,072	1,049	1,049
12 Two-family or more	194	153	187	207	235	215	227	222	221	245	270	198	292
13 Mobile homes shipped	210	254	304	314	322	347	361	335	333	318	329	329	319
Merchant builder activity in one-family units													
14 Number sold	610	666	670	707	642	627	643	575	612	607[r]	671	712	715
15 Number for sale at end of period[1]	265	293	338	330	335	338	342	347	347	348	347	348	348
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.4	132.0	129.9	135.0	127.9	135.0	130.0	134.0[r]	134.0	132.9	133.9
17 Average	144.9	147.6	153.7	153.0	155.4	159.6	147.4	160.2	153.3	157.8[r]	158.6	158.8	155.9
EXISTING UNITS (one-family)													
18 Number sold	3,520	3,800	3,946	3,820	3,690	3,760	3,610	3,420	3,620	3,390	3,550	3,800	3,990
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	107.5	108.7	109.1	108.1	107.0	107.9	108.1	109.0	116.2	115.9
20 Average	130.8	133.1	136.4	133.0	134.7	135.6	135.3	133.4	134.5	134.2	135.4	143.3	142.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**435,022**	**464,504**	**506,904**	**521,296**	**520,183**	**521,771**	**521,054**	**521,429**	**523,467**	**523,597**	**514,889**	**519,625**	**529,804**
22 Private	315,695	339,161	376,566	382,946	387,052	386,103	384,806	383,652	383,301	383,356	376,289	377,623	386,591
23 Residential	187,870	210,455	238,884	240,484	242,447	243,565	241,938	240,207	237,894	235,138	231,762	228,508	232,557
24 Nonresidential	127,825	128,706	137,682	142,462	144,605	142,538	142,868	143,445	145,407	148,218	144,527	149,115	154,034
25 Industrial buildings	20,720	19,533	21,121	21,894	25,060	22,769	22,715	23,370	23,911	24,984	24,809	24,512	24,998
26 Commercial buildings	41,523	42,627	48,552	51,195	52,008	53,491	53,338	53,687	55,439	55,069	51,810	55,872	57,325
27 Other buildings	21,494	23,626	23,912	23,677	24,147	24,694	24,373	24,039	23,062	23,922	24,349	23,394	24,683
28 Public utilities and other	44,088	42,920	44,097	45,696	43,390	41,584	42,442	42,349	42,995	44,243	43,559	45,337	47,028
29 Public	119,322	125,342	130,337	138,349	133,131	135,668	136,248	137,777	140,166	140,241	138,601	142,003	143,213
30 Military	2,502	2,454	2,319	2,344	2,354	2,784	2,925	2,624	3,048	2,869	2,570	2,548	2,366
31 Highway	34,899	37,431	39,882	40,992	39,283	38,464	38,574	38,681	40,667	41,047	38,622	41,072	44,479
32 Conservation and development	6,021	5,978	6,228	7,197	6,331	7,466	6,681	7,128	7,139	6,386	5,559	6,145	5,389
33 Other	75,900	79,479	81,908	87,816	85,163	86,954	88,068	89,344	89,312	89,939	91,850	92,238	90,979

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCES. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Aug. 1995[1]
	1994 Aug	1995 Aug	1994		1995		1995					
			Sept.	Dec.	Mar.	June	Apr.[r]	May[r]	June	July	Aug.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.9**	**2.6**	**3.6**	**1.9**	**3.2**	**3.2**	**.4**	**.3**	**.1**	**.2**	**.1**	**152.9**
2 Food	2.8	2.5	5.1	3.9	0	3.6	.7	.1	.1	.2	.2	148.4
3 Energy items	3.1	1.0	9.2	.4	−1.1	5.4	.4	.5	.5	−.8	−.8	107.4
4 All items less food and energy	2.9	2.9	2.6	2.0	4.1	3.0	.4	.2	.2	.2	.2	161.6
5 Commodities	1.5	1.5	.9	.3	2.6	.6	.2	.0	−.1	.1	.4	138.9
6 Services	3.5	3.6	3.6	2.6	4.8	4.3	.4	.3	.3	.3	.1	174.6
PRODUCER PRICES (1982=100)												
7 Finished goods	1.9	1.3	1.9	2.2	3.2	.9	.2	.1	−.1	.0	.1	128.1
8 Consumer foods	1.0	1.6	1.9	9.2	−1.2	−4.9	−.2	−.8	−.3	1.2	.0	128.6
9 Consumer energy	2.9	−2.7	3.2	.0	11.3	2.0	.9	.6	−1.0	−2.5	−.9	79.2
10 Other consumer goods	1.7	2.1	1.7	.6	2.9	3.2	.3	.3	.2	.2	.1	141.9
11 Capital equipment	2.4	1.7	2.1	−.3	3.0	2.4	.2	.1	.2	.1	.1	136.6
Intermediate materials												
12 Excluding foods and feeds	2.7	5.7	6.2	7.2	10.6	3.9	.6	.3	.0	.0	−.1	126.6
13 Excluding energy	2.8	7.0	6.8	8.3	10.5	4.2	.6	.2	.2	.3	.1	136.2
Crude materials												
14 Foods	−5.7	2.8	−13.5	−1.2	−4.6	−.4	−1.1	−2.9	4.0	4.1	.7	104.6
15 Energy	2.7	−13.9	−19.2	−7.6	−4.5	15.3	4.2	2.9	3.4	−5.4	−3.8	65.1
16 Other	12.9	10.6	20.3	27.9	21.9	4.1	1.2	−.7	.6	−1.8	−.9	174.6

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994			1995	
				Q2	Q3	Q4	Q1	Q2[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,738.4**	**6,689.9**	**6,791.7**	**6,897.2**	**6,977.4**	**7,024.9**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,628.4	4,586.4	4,657.5	4,734.8	4,782.1	4,847.9
3 Durable goods	492.7	538.0	591.5	580.3	591.5	617.7	615.2	619.1
4 Nondurable goods	1,295.5	1,339.2	1,394.3	1,381.4	1,406.1	1,420.7	1,432.2	1,446.6
5 Services	2,348.7	2,501.0	2,642.7	2,624.7	2,659.9	2,696.4	2,734.8	2,782.2
6 Gross private domestic investment	788.3	882.0	1,032.9	1,034.4	1,055.1	1,075.6	1,107.8	1,092.2
7 Fixed investment	785.2	866.7	980.7	967.0	992.5	1,020.8	1,053.3	1,057.5
8 Nonresidential	561.4	616.1	697.6	683.3	709.1	732.8	766.4	779.8
9 Structures	171.1	173.4	182.8	181.8	184.6	192.0	198.6	204.8
10 Producers' durable equipment	390.3	442.7	514.8	501.5	524.5	540.7	567.8	574.9
11 Residential structures	223.8	250.6	283.0	283.6	283.4	288.0	286.8	277.7
12 Change in business inventories	3.0	15.4	52.2	67.4	62.6	54.8	54.5	34.7
13 Nonfarm	2.7	20.1	45.9	60.4	53.4	47.4	54.1	35.6
14 Net exports of goods and services	30.3	65.3	−98.2	97.6	−109.6	−98.9	−111.1	122.3
15 Exports	638.1	659.1	718.7	704.5	730.5	765.5	778.8	796.4
16 Imports	668.4	724.3	816.9	802.1	840.1	864.4	889.9	918.7
17 Government purchases of goods and services	1,125.3	1,148.4	1,175.3	1,166.7	1,188.8	1,185.8	1,198.7	1,207.0
18 Federal	449.0	443.6	437.3	435.1	444.3	431.9	434.4	432.9
19 State and local	676.3	704.7	738.0	731.5	744.5	753.8	764.3	774.1
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,686.2	6,622.5	6,729.1	6,842.4	6,922.9	6,990.2
21 Goods	2,292.0	2,390.4	2,532.4	2,493.7	2,543.6	2,603.3	2,638.1	2,648.8
22 Durable	968.6	1,032.4	1,118.8	1,099.4	1,125.8	1,151.8	1,175.0	1,176.1
23 Nondurable	1,323.4	1,358.1	1,413.6	1,394.3	1,417.8	1,451.5	1,463.1	1,472.7
24 Services	3,227.2	3,405.5	3,576.2	3,555.4	3,603.6	3,641.9	3,680.6	3,739.4
25 Structures	498.1	532.0	577.6	573.4	581.9	597.3	604.3	602.0
26 Change in business inventories	3.0	15.4	52.2	67.4	62.6	54.8	54.5	34.7
27 Durable goods	13.0	8.6	34.8	38.2	44.1	36.3	48.0	26.2
28 Nondurable goods	16.0	6.7	17.4	29.2	18.5	18.5	6.5	8.5
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,344.0**	**5,314.1**	**5,367.0**	**5,433.8**	**5,470.1**	**5,485.2**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	**5,458.4**	**5,430.7**	**5,494.9**	**5,599.4**	**5,688.4**	**5,721.1**
31 Compensation of employees	3,591.2	3,780.4	4,004.6	3,979.3	4,023.7	4,095.3	4,157.3	4,182.6
32 Wages and salaries	2,954.8	3,100.8	3,279.0	3,257.2	3,293.9	3,356.4	3,403.4	3,421.8
33 Government and government enterprises	567.3	583.8	602.8	601.9	604.4	609.0	617.2	620.1
34 Other	2,387.5	2,517.0	2,676.2	2,655.4	2,689.6	2,747.4	2,786.2	2,801.7
35 Supplement to wages and salaries	636.4	679.6	725.6	722.0	729.7	738.9	753.9	760.7
36 Employer contributions for social insurance	307.7	324.3	344.6	343.6	346.0	350.2	354.3	356.8
37 Other labor income	328.7	355.3	381.0	378.4	383.7	388.7	399.6	403.9
38 Proprietors' income[1]	418.7	441.6	473.7	471.3	467.0	485.7	493.6	489.4
39 Business and professional[1]	374.4	404.3	434.2	431.9	437.1	444.0	449.2	452.2
40 Farm[1]	44.4	37.3	39.5	39.3	29.8	41.7	44.4	37.2
41 Rental income of persons[2]	5.5	24.1	27.7	34.1	32.6	29.0	25.4	24.3
42 Corporate profits[1]	405.1	485.8	542.7	546.4	556.0	560.3	569.7	585.2
43 Profits before tax[3]	395.9	462.4	524.5	523.1	538.1	553.5	570.6	576.3
44 Inventory valuation adjustment	−6.4	6.2	19.5	14.1	−19.6	32.1	−39.0	26.4
45 Capital consumption adjustment	15.7	29.5	37.7	37.4	37.5	38.8	38.1	35.3
46 Net interest	420.0	399.5	409.7	399.7	415.7	429.2	442.4	439.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994			1995	
				Q2	Q3	Q4	Q1	Q2[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.7**	**5,659.9**	**5,734.5**	**5,856.6**	**5,962.0**	**6,004.3**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.0	3,257.2	3,293.9	3,356.4	3,403.4	3,421.8
3 Commodity-producing industries	757.6	773.8	818.2	811.6	821.8	837.3	848.5	842.1
4 Manufacturing	578.3	588.4	617.5	612.8	618.3	629.5	638.1	629.6
5 Distributive industries	682.3	701.9	748.5	742.5	753.5	769.6	776.8	782.7
6 Service industries	967.6	1,021.4	1,109.5	1,101.2	1,114.3	1,140.5	1,160.9	1,176.9
7 Government and government enterprises	567.3	583.8	602.8	601.9	604.4	609.0	617.2	620.1
8 Other labor income	328.7	355.3	381.0	378.4	383.7	388.7	399.6	403.9
9 Proprietors' income[1]	418.7	441.6	473.7	471.3	467.0	485.7	493.6	489.4
10 Business and professional[1]	374.4	404.3	434.2	431.9	437.1	444.0	449.2	452.2
11 Farm[1]	44.4	37.3	39.5	39.3	29.8	41.7	44.4	37.2
12 Rental income of persons[2]	−5.5	24.1	27.7	34.1	32.6	29.0	25.4	24.3
13 Dividends	161.0	181.3	194.3	191.7	196.9	202.7	205.5	208.1
14 Personal interest income	665.2	637.9	664.0	649.4	674.2	701.1	723.6	734.6
15 Transfer payments	860.2	915.4	963.4	957.6	969.0	979.7	1,004.8	1,017.5
16 Old-age survivors, disability, and health insurance benefits	414.0	444.4	473.5	470.7	476.5	483.1	496.7	503.4
17 LESS: Personal contributions for social insurance	248.7	261.3	281.4	279.9	282.9	286.6	293.8	295.4
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.7	5,659.9	5,734.5	5,856.6	5,962.0	6,004.3
19 LESS: Personal tax and nontax payments	648.6	686.4	742.1	746.4	744.1	754.7	777.6	807.0
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.6	4,913.5	4,990.3	5,101.9	5,184.4	5,197.3
21 LESS: Personal outlays	4,257.8	4,496.2	4,756.5	4,712.4	4,787.0	4,869.3	4,920.7	4,991.2
22 EQUALS: Personal saving	247.9	192.6	203.1	201.1	203.3	232.6	263.7	206.1
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,475.8	20,389.7	20,536.5	20,739.8	20,836.3	20,848.7
24 Personal consumption expenditures	13,110.4	13,390.8	13,715.4	13,650.9	13,716.6	13,853.5	13,880.1	13,965.6
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,625.0	14,697.0	14,927.0	15,048.0	14,972.0
26 Saving rate (percent)	5.5	4.1	4.1	4.1	4.1	4.6	5.1	4.0
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	**920.6**	**923.3**	**922.6**	**950.3**	**1,006.0**	**992.0**
28 Gross private saving	980.8	1,002.5	1,053.5	1,041.4	1,052.7	1,082.7	1,126.4	1,093.7
29 Personal saving	247.9	192.6	203.1	201.1	203.3	232.6	263.7	206.1
30 Undistributed corporate profits[1]	94.3	120.9	135.1	142.3	139.5	130.7	132.6	144.8
31 Corporate inventory valuation adjustment	−6.4	−6.2	−19.5	−14.1	−19.6	−32.1	−39.0	−26.4
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	425.9	432.6	438.0	445.3	454.6
33 Noncorporate	261.8	261.2	283.1	272.1	277.3	281.3	284.7	288.2
34 Government surplus, or deficit (−), national income and product accounts	−257.8	−215.0	−132.9	−118.1	−130.1	−132.3	−120.4	−101.7
35 Federal	−282.7	−241.4	−159.1	−145.1	−154.0	−161.1	−148.6	−127.8
36 State and local	24.8	26.3	26.2	27.0	23.9	28.8	28.2	26.1
37 **Gross investment**	**731.7**	**789.8**	**889.7**	**899.3**	**901.5**	**907.9**	**947.4**	**920.0**
38 Gross private domestic investment	788.3	882.0	1,032.9	1,034.4	1,055.1	1,075.6	1,107.8	1,092.2
39 Net foreign investment	−56.6	−92.3	−143.2	−135.1	−153.6	−167.7	−160.4	−172.2
40 **Statistical discrepancy**	**8.8**	**2.3**	**−30.9**	**−24.0**	**−21.1**	**−42.4**	**−58.6**	**−72.0**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1992	1993	1994	1994			1995	
				Q2	Q3	Q4	Q1	Q2[p]
1 Balance on current account	61,548	−99,925	−151,245	−37,986	−39,714	−43,277[r]	−39,025	−43,622
2 Merchandise trade balance[2]	−96,106	−132,618	−166,099	−41,494	−44,627	−43,488	−45,050	−49,040
3 Merchandise exports	440,352	456,823	502,485	122,730	127,384	133,926	138,061	142,543
4 Merchandise imports	−536,458	−589,441	−668,584	−164,224	−172,011	−177,414	−183,111	−191,583
5 Military transactions, net	−2,142	448	2,148	376	1,124	679	542	537
6 Other service transactions, net	58,767	57,328	57,739	14,195	14,696	15,342	15,068	15,135
7 Investment income, net	10,080	9,000	−9,272	2,285	−2,533	−4,571	−1,961	−2,874
8 U.S. government grants	−15,083	−16,311	−15,814	−3,703	−3,488	−6,245	−2,867	−2,356
9 U.S. government pensions and other transfers	−3,735	−3,785	−4,247	−1,063	−1,064	−1,063	−782	−988
10 Private remittances and other transfers	−13,330	13,988	−15,700	−4,012	−3,822	−3,931	−3,975	−4,036
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−1,661	−330	−322	491	−283	−931	−152	−157
12 Change in U.S. official reserve assets (increase, −)	3,901	−1,379	5,346	3,537	−165	2,033	−5,318	−2,722
13 *Gold*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
14 Special drawing rights (SDRs)	2,316	−537	−441	−108	111	−121	−867	−156
15 Reserve position in International Monetary Fund	−2,692	−44	494	251	273	−27	526	786
16 Foreign currencies	4,277	−797	5,293	3,394	−327	2,181	−3,925	1,780
17 Change in U.S. private assets abroad (increase, −)	−68,115	−182,880	−130,875	−10,001	27,492	−56,258	−69,873	−72,228
18 Bank-reported claims[3]	20,895	29,947	915	15,107	1,590	−16,651	−29,284	−35,534
19 Nonbank-reported claims	45	1,581	−32,621	−10,230	−8,051	−12,449	−11,518	...
20 U.S. purchases of foreign securities, net	−46,415	−141,807	−49,799	−7,128	−10,976	−15,238	−6,567	−20,597
21 U.S. direct investments abroad, net	−42,640	−72,601	−49,370	−7,750	−10,055	−11,920	−22,504	−16,097
22 Change in foreign official assets in United States (increase, +)	40,466	72,146	39,409	9,162	19,691	−421	22,308	37,759
23 U.S. Treasury securities	18,454	48,952	30,723	5,919	16,477	7,470	10,131	25,169
24 Other U.S. government obligations	3,949	4,062	6,025	2,360	2,222	1,228	1,126	1,326
25 Other U.S. government liabilities[4]	2,180	1,706	2,211	174	494	692	−154	513
26 Other U.S. liabilities reported by U.S. banks[3]	16,571	14,841	2,923	1,674	1,298	−9,856	10,940	7,802
27 Other foreign official assets[5]	−688	2,585	−2,473	−965	−800	45	265	2,949
28 Change in foreign private assets in United States (increase, +)	113,357	176,382	251,956	37,364	60,045	85,136	72,533	76,459
29 U.S. bank-reported liabilities[3]	15,461	20,859	114,396	28,231	19,650	34,676	−531	15,006
30 U.S. nonbank-reported liabilities	13,573	10,489	−4,324	−2,047	487	−5,242	10,113	...
31 Foreign private purchases of U.S. Treasury securities, net	36,857	24,063	33,811	−7,317	5,428	25,929	29,910	29,966
32 Foreign purchases of other U.S. securities, net	29,867	79,864	58,625	12,551	14,762	10,195	15,816	20,202
33 Foreign direct investments in United States, net	17,599	41,107	49,448	5,946	19,718	19,578	17,225	11,285
34 *Allocation of special drawing rights*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
35 Discrepancy	−26,399	35,985	−14,269	−2,567	−12,082	13,718	19,527	4,511
36 Due to seasonal adjustment	...	...	...	587	−6,641	782	6,183	410
37 Before seasonal adjustment	−26,399	35,985	−14,269	−3,154	−5,441	12,936	13,344	4,101
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	3,901	−1,379	5,346	3,537	−165	2,033	−5,318	−2,722
39 Foreign official assets in United States, excluding line 25 (increase, +)	38,286	70,440	37,198	8,988	19,197	−1,113	22,462	37,246
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	5,942	−3,717	−1,184	−4,217	3,564	1,120	−322	5

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1992	1993	1994	1995						
				Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]
1 Goods and services, balance	−39,480	−74,841	−106,212	−10,281	−9,504	−9,209	−11,076	−10,780	−11,280	−11,497
2 Merchandise	−96,106	−132,618	−166,099	−15,797	−14,271	−14,537	−16,336	−15,976	−16,493	−16,586
3 Services	56,626	57,777	59,887	5,516	4,767	5,328	5,260	5,196	5,213	5,089
4 Goods and services, exports	618,969	644,578	701,201	62,200	62,093	65,342	64,412	65,595	64,599	63,090
5 Merchandise	440,352	456,823	502,485	44,921	45,638	47,947	47,157	48,307	47,381	46,061
6 Services	178,617	187,755	198,716	17,279	16,455	17,395	17,255	17,288	17,218	17,029
7 Goods and services, imports	−658,449	−719,420	−807,413	−72,481	−71,597	−74,551	−75,488	76,375	−75,879	−74,587
8 Merchandise	−536,458	−589,441	−668,584	−60,718	−59,909	−62,484	−63,493	−64,283	−63,874	−62,647
9 Services	−121,991	−129,979	−138,829	−11,763	−11,688	−12,067	−11,995	−12,092	−12,005	−11,940
MEMO										
10 **Balance on merchandise trade, Census basis**	**−84,501**	**−115,568**	**−150,630**	**−14,897**	**−13,350**	**−12,886**	**−14,797**	**−14,058**	**−14,730**	**−15,647**

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1995							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**71,323**	**73,442**	**74,335**	**76,027**	**81,439**	**86,761**	**88,756**	**90,549**	**90,063**	**91,534**	**86,648**
2 Gold stock, including Exchange Stabilization Fund[1]	11,056	11,053	11,051	11,050	11,050	11,053	11,055	11,054	11,054	11,053	11,053
3 Special drawing rights[2,3]	8,503	9,039	10,039	10,154	11,158	11,651	11,743	11,923	11,869	11,487	11,146
4 Reserve position in International Monetary Fund[2]	11,759	11,818	12,030	12,120	12,853	13,418	14,206	14,278	14,276	14,761	14,470
5 Foreign currencies[4]	40,005	41,532	41,215	42,703	46,378	50,639	51,752	53,294	52,864	54,233	49,979

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	1992	1993	1994	1995							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Deposits**	**205**	**386**	**250**	**185**	**188**	**370**	**166**	**227**	**167**	**190**	**165**
Held in custody											
2 U.S. Treasury securities[2]	314,481	379,394	441,866	439,139	447,206	459,694	469,482	474,181	482,506	505,613	502,737
3 Earmarked gold[3]	13,118	12,327	12,033	12,033	12,033	11,964	11,897	11,800	11,725	11,728	11,741

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	1993	1994	1995						
			Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**[1]	**483,002**	**520,278**	**517,028**	**527,311**	**542,742**	**552,394**	**560,335[r]**	**580,064[r]**	**603,942**
By type									
2 Liabilities reported by banks in the United States[2]	69,808	72,731	74,109	80,326	83,671	85,348	84,883[r]	91,587[r]	93,439
3 U.S. Treasury bills and certificates[3]	151,100	139,570	133,014	134,341	141,716	146,417	154,575	154,517	159,654
U.S. Treasury bonds and notes									
4 Marketable	212,237	254,059	255,888	257,998	262,020	265,164	263,390[r]	274,240[r]	290,887
5 Nonmarketable[4]	5,652	6,109	6,137	6,095	6,135	6,174	6,209	6,245	6,288
6 U.S. securities other than U.S. Treasury securities[5]	44,205	47,809	47,880	48,551	49,200	49,291	51,278	53,475	53,674
By area									
7 Europe[1]	207,121	215,024	212,376	213,876	218,355	216,537	217,779[r]	223,800[r]	224,329
8 Canada	15,285	17,235	18,041	18,655	19,268	19,248	19,631	19,549	21,746
9 Latin America and Caribbean	55,898	41,192	36,982	42,201	39,847	42,476	44,728	50,289[r]	57,686
10 Asia	197,702	236,819	240,019	244,650	256,849	266,093	270,523	278,771	290,763
11 Africa	4,052	4,179	4,335	4,066	4,583	4,200	4,281	4,427	4,309
12 Other countries[6]	2,942	5,827	5,273	3,861	3,838	3,838	3,391	3,226	5,107

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1991	1992	1993	1994		1995	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	75,129	72,796	78,120	83,343	89,475	96,190	105,956
2 Banks' claims	73,195	62,799	60,663	63,446	59,711	72,468	77,131
3 Deposits	26,192	24,240	20,289	20,493	19,445	24,256	28,915
4 Other claims	47,003	38,559	40,374	42,953	40,266	48,212	48,216
5 Claims of banks' domestic customers[2]	3,398	4,432	7,320	7,367	12,229	11,487	12,938

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1992	1993	1994	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**810,259**	**925,418**	**1,017,034**	**1,012,916**	**1,020,092**	**1,029,959**	**1,036,255**	**1,042,661[r]**	**1,056,155**	**1,055,100**
2 Banks' own liabilities	606,444	625,665	721,751	724,503	725,495	723,876	719,727	724,075[r]	733,812	726,145
3 Demand deposits	21,828	21,573	23,373	23,424	24,058	22,656	22,916	23,526	22,119	24,100
4 Time deposits[2]	160,385	175,078	186,363	187,988	185,726	184,218	180,666	185,330	194,202	190,299
5 Other[3]	93,237	110,635	115,269	124,844	125,641	120,129	123,072	126,869	120,783	137,436
6 Own foreign offices[4]	330,994	318,379	396,746	388,247	390,070	396,873	393,073	388,350[r]	396,708	374,310
7 Banks' custodial liabilities[5]	203,815	299,753	295,283	288,413	294,597	306,083	316,528	318,586	322,343	328,955
8 U.S. Treasury bills and certificates[6]	127,644	176,739	162,825	156,670	160,353	170,138	175,540	182,046	182,173	188,623
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	42,177	40,502	43,378	44,921	48,278	40,331	45,344	44,253
10 Other	54,197	86,725	90,281	91,241	90,866	91,024	92,710	96,209	94,826	96,079
11 Nonmonetary international and regional organizations[8]	9,350	10,936	8,506	9,821	8,291	9,263	8,690	8,510	9,115	10,741
12 Banks' own liabilities	6,951	5,639	8,076	9,355	7,642	8,639	7,527	7,543	8,311	9,670
13 Demand deposits	46	15	29	24	35	31	214	34	89	43
14 Time deposits[2]	3,214	2,780	3,198	3,715	3,484	3,899	3,954	3,491	4,434	5,247
15 Other[3]	3,691	2,844	4,849	5,616	4,123	4,709	3,359	4,018	3,788	4,380
16 Banks' custodial liabilities[5]	2,399	5,297	430	466	649	624	1,163	967	804	1,071
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	280	407	314	763	510	312	551
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	181	242	307	400	456	492	520
19 Other	5	0	0	5	0	3	0	1	0	0
20 Official institutions[9]	159,563	220,908	212,301	207,123	214,667	225,387	231,765	239,458[r]	246,104	253,093
21 Banks' own liabilities	51,202	64,231	59,280	62,097	67,314	69,170	67,783	68,998[r]	73,133	75,075
22 Demand deposits	1,302	1,601	1,564	1,598	1,587	1,705	1,485	1,575	1,398	1,429
23 Time deposits[2]	17,939	21,654	23,211	22,673	25,384	23,899	25,792	27,486	27,410	29,506
24 Other[3]	31,961	40,976	34,505	37,826	40,343	43,566	40,506	39,937[r]	44,325	44,140
25 Banks' custodial liabilities[5]	108,361	156,677	153,021	145,026	147,353	156,217	163,982	170,460	172,971	178,018
26 U.S. Treasury bills and certificates[6]	104,596	151,100	139,570	133,014	134,341	141,716	146,417	154,575	154,517	159,654
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	11,972	12,943	14,351	17,473	15,771	18,325	18,159
28 Other	39	95	206	40	69	150	92	114	129	205
29 Banks[10]	547,320	592,208	681,727	678,182	678,595	685,280	681,065	679,528[r]	686,151	665,961
30 Banks' own liabilities	476,117	478,792	567,776	564,116	561,898	565,231	558,650	560,023[r]	566,563	545,443
31 Unaffiliated foreign banks	145,123	160,413	171,030	175,869	171,828	168,358	165,577	171,673[r]	169,855	171,133
32 Demand deposits	10,170	9,719	10,628	10,243	10,954	10,788	10,667	11,365	10,467	12,121
33 Time deposits[2]	90,296	105,192	111,460	112,178	107,429	107,657	99,079	102,280	110,334	103,151
34 Other[3]	44,657	45,502	48,942	53,448	53,445	49,913	55,831	58,028[r]	49,054	55,861
35 Own foreign offices[4]	330,994	318,379	396,746	388,247	390,070	396,873	393,073	388,350[r]	396,708	374,310
36 Banks' custodial liabilities[5]	71,203	113,416	113,951	114,066	116,697	120,049	122,415	119,505	119,588	120,518
37 U.S. Treasury bills and certificates[6]	11,087	10,712	11,218	10,992	12,328	15,723	15,717	14,437	15,022	15,460
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,234	14,137	15,232	15,254	15,815	10,955	11,409	10,731
39 Other	52,561	85,684	88,499	88,937	89,137	89,072	90,883	94,113	93,157	94,327
40 Other foreigners	94,026	101,366	114,500	117,790	118,539	110,029	114,735	115,165	114,785	125,305
41 Banks' own liabilities	72,174	77,003	86,619	88,935	88,641	80,836	85,767	87,511	85,805	95,957
42 Demand deposits	10,310	10,238	11,152	11,559	11,482	10,132	10,550	10,552	10,165	10,507
43 Time deposits[2]	48,936	45,452	48,494	49,422	49,429	48,763	51,841	52,073	52,024	52,395
44 Other[3]	12,928	21,313	26,973	27,954	27,730	21,941	23,376	24,886	23,616	33,055
45 Banks' custodial liabilities[5]	21,852	24,363	27,881	28,855	29,898	29,193	28,968	27,654	28,980	29,348
46 U.S. Treasury bills and certificates[6]	10,053	10,652	11,756	12,384	13,277	12,385	12,643	12,524	12,322	12,958
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	14,549	14,212	14,961	15,009	14,590	13,149	15,118	14,843
48 Other	1,592	946	1,576	2,259	1,660	1,799	1,735	1,981	1,540	1,547
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	16,442	17,137	16,759	17,651	11,938	12,389	10,129

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1992	1993	1994	1995						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
AREA										
50 **Total, all foreigners**	**810,259**	**925,418**	**1,017,034**	**1,012,916**	**1,020,092**	**1,029,959**	**1,036,255**	**1,042,661[r]**	**1,056,155[r]**	**1,055,100**
51 **Foreign countries**	**800,909**	**914,482**	**1,008,528**	**1,003,095**	**1,011,801**	**1,020,696**	**1,027,565**	**1,034,151[r]**	**1,047,040[r]**	**1,044,359**
52 Europe	307,670	377,193	393,021	393,767	386,599	380,685	367,143	375,743	372,887[r]	375,858
53 Austria	1,611	1,917	3,649	3,236	4,021	4,012	4,030	3,963	3,855[r]	3,923
54 Belgium and Luxembourg	20,567	28,621	21,758	21,679	22,094	23,886	22,813	25,673	21,044	24,734
55 Denmark	3,060	4,517	2,784	2,662	1,971	2,396	2,567	2,811	2,432	2,131
56 Finland	1,299	1,872	1,436	2,403	1,754	1,223	2,029	1,708[r]	1,455[r]	2,548
57 France	41,411	39,746	44,971	42,464	44,314	41,300	38,410	40,907	44,906[r]	42,460
58 Germany	18,630	26,613	27,175	28,521	27,497	28,276	28,453	31,939	34,347[r]	33,684
59 Greece	913	1,519	1,393	1,234	2,065	2,264	2,195	2,199	2,365	2,297
60 Italy	10,041	11,759	10,882	10,269	12,021	8,686	9,417	9,815	10,373	10,218
61 Netherlands	7,365	16,096	16,723	15,629	15,891	15,784	12,545	14,623	11,449[r]	11,743
62 Norway	3,314	2,966	2,338	2,309	2,147	2,066	1,374	1,289	1,305	1,119
63 Portugal	2,465	3,366	2,846	2,863	4,007	2,810	2,940	2,860	2,675[r]	3,164
64 Russia	577	2,511	2,714	2,047	2,642	3,469	5,011	7,042	7,177	6,313
65 Spain	9,793	20,493	14,655	15,149	11,106	11,675	9,859	9,828[r]	10,543	9,089
66 Sweden	2,953	2,572	3,093	2,258	2,247	2,474	1,801	1,445	3,344	2,156
67 Switzerland	39,440	41,561	41,881	39,518	40,100	39,355	41,258	39,986	47,383	42,799
68 Turkey	2,666	3,227	3,341	3,621	2,701	2,513	3,624	3,188	3,256	2,972
69 United Kingdom	111,805	133,936	163,577	173,906	162,638	159,908	152,462	149,451	139,535[r]	149,483
70 Yugoslavia[11]	504	570	245	261	258	211	222	220[r]	220	214
71 Other Europe and other former U.S.S.R.[12]	29,256	33,331	27,760	23,938	27,325	28,477	26,133	26,796[r]	25,223[r]	24,811
72 Canada	22,420	20,229	24,612	26,503	26,568	27,034	28,563	27,731	29,457[r]	28,854
73 Latin America and Caribbean	317,228	361,660	422,720	410,039	421,335	421,976	431,013	430,547[r]	444,455[r]	433,167
74 Argentina	9,477	14,477	17,199	12,790	11,886	9,978	10,154	10,368	10,873	12,335
75 Bahamas	82,284	73,800	103,684	95,227	98,833	100,370	97,301	92,523	97,256[r]	88,580
76 Bermuda	7,079	7,841	8,467	8,906	8,554	8,798	8,815	8,539	7,156	6,747
77 Brazil	5,584	5,301	9,140	9,004	10,628	10,860	13,114	15,613	18,250	21,217
78 British West Indies	153,033	193,574	229,560	229,934	233,318	235,839	243,707	242,443[r]	252,521[r]	244,541
79 Chile	3,035	3,183	3,114	2,966	3,327	3,587	3,446	2,958	3,372[r]	2,661
80 Colombia	4,580	3,171	4,579	4,309	4,037	3,644	3,598	3,432	3,276	3,429
81 Cuba	3	33	13	12	5	5	6	5	5	5
82 Ecuador	993	880	873	1,340	1,511	1,117	1,054	1,050	1,179	1,118
83 Guatemala	1,377	1,207	1,121	1,057	1,079	1,062	1,094	1,071	1,130	1,099
84 Jamaica	371	410	529	447	464	491	422	542	449	426
85 Mexico	19,454	28,018	12,243	12,608	16,770	15,750	17,246	18,263	19,245[r]	20,967
86 Netherlands Antilles	5,205	4,686	4,530	3,834	4,495	4,013	4,076	6,013	3,978[r]	4,297
87 Panama	4,177	3,582	4,542	4,836	4,281	4,361	4,810	5,002	4,315[r]	4,624
88 Peru	1,080	926	899	901	892	893	931	1,014	997	943
89 Uruguay	1,955	1,611	1,594	1,798	1,610	1,754	1,930	2,105	2,031[r]	1,951
90 Venezuela	11,387	12,786	13,975	13,461	12,970	12,632	12,130	12,416	11,250[r]	11,369
91 Other	6,154	6,174	6,658	6,609	6,675	6,822	7,179	7,190[r]	7,172[r]	6,858
92 Asia	143,540	144,575	155,629	159,796	166,066	178,400	187,621	187,059	188,559[r]	192,048
China										
93 People's Republic of China	3,202	4,011	10,066	12,911	15,661	12,017	12,138	9,459	10,579	11,904
94 Republic of China (Taiwan)	8,408	10,627	9,825	9,168	9,941	10,021	9,630	9,187	9,742[r]	9,142
95 Hong Kong	18,499	17,178	17,165	18,446	18,150	19,888	20,069	22,987	23,029[r]	25,111
96 India	1,399	1,114	2,338	2,296	2,119	2,354	2,194	1,942	2,106[r]	2,267
97 Indonesia	1,480	1,986	1,587	1,612	1,957	2,107	1,696	2,632	2,119	1,961
98 Israel	3,773	4,435	5,155	5,471	4,953	5,003	5,411	5,331	4,573	4,596
99 Japan	58,435	61,466	64,256	61,878	63,200	77,846	84,761	83,180	83,348	85,723
100 Korea (South)	3,337	4,913	5,124	4,781	4,175	4,357	4,747	5,034	4,991[r]	5,041
101 Philippines	2,275	2,035	2,714	2,616	2,363	2,297	2,257	2,730	2,539	2,651
102 Thailand	5,582	6,137	6,466	8,226	9,906	9,564	10,416	11,595	11,485	11,236
103 Middle Eastern oil-exporting countries[13]	21,437	15,824	15,475	16,189	14,935	15,516	15,730	15,639	16,871	16,481
104 Other	15,713	14,849	15,458	16,202	18,706	17,430	18,572	17,343	17,177	15,935
105 Africa	5,884	6,633	6,511	6,363	6,203	6,817	7,218	8,030	8,013[r]	8,278
106 Egypt	2,472	2,208	1,867	1,749	1,830	1,781	2,102	2,045	2,143	1,840
107 Morocco	76	99	97	92	73	70	66	73	90	94
108 South Africa	190	451	433	285	400	706	401	542	596	1,000
109 Zaire	19	12	9	10	10	9	12	10	18	13
110 Oil-exporting countries[14]	1,346	1,303	1,343	1,409	1,122	1,599	1,328	1,303	1,418	1,364
111 Other	1,781	2,560	2,762	2,818	2,768	2,652	3,309	4,057	3,748[r]	3,967
112 Other	4,167	4,192	6,035	6,627	5,030	5,784	6,007	5,041	3,669[r]	6,154
113 Australia	3,043	3,308	5,141	5,395	4,351	5,024	4,912	4,256	2,944	5,472
114 Other	1,124	884	894	1,232	679	760	1,095	785	725[r]	682
115 Nonmonetary international and regional organizations	9,350	10,936	8,506	9,821	8,291	9,263	8,690	8,510	9,115[r]	10,741
116 International[15]	7,434	6,851	7,437	8,455	7,138	8,092	7,153	6,531	7,463[r]	9,052
117 Latin American regional[16]	1,415	3,218	613	865	582	576	666	1,067	804	834
118 Other regional[17]	501	867	456	501	571	595	871	912	848	855

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1992	1993	1994	1995						
				Jan.	Feb.	Mar.	Apr.	May	June	July^{p}
1 **Total, all foreigners**	**499,437**	**484,689**	**480,962**	**482,534**	**475,227**	**489,877**	**479,109**	**481,432^{r}**	**516,108**	**504,453**
2 **Foreign countries**	**494,355**	**482,284**	**476,371**	**478,952**	**474,343**	**486,143**	**476,172**	**479,910^{r}**	**513,475**	**503,136**
3 Europe	123,377	121,934	123,669	125,768	122,435	126,622	121,791	121,990^{r}	127,810	125,399
4 Austria	331	413	692	350	425	589	461	756	581	616
5 Belgium and Luxembourg	6,404	6,529	6,649	5,553	4,816	7,372	8,425	8,051	5,140	8,062
6 Denmark	707	382	1,029	478	636	723	549	508	599	423
7 Finland	1,418	594	691	716	452	564	700	431	394	967
8 France	14,723	11,537	12,244	12,702	11,948	13,279	12,878	13,833^{r}	15,145	15,242
9 Germany	4,222	7,693	6,652	8,460	7,640	7,009	7,090	6,574	7,905	6,217
10 Greece	717	679	592	668	751	601	550	407	442	445
11 Italy	9,047	8,835	6,041	6,609	6,538	6,399	6,209	6,219	6,734	6,066
12 Netherlands	2,468	3,063	3,709	3,741	4,200	3,163	3,527	5,979^{r}	4,337	4,460
13 Norway	355	396	504	1,069	988	1,442	1,295	1,382	1,019	1,206
14 Portugal	325	834	938	988	1,045	907	915	990	1,208	985
15 Russia	3,147	2,310	949	1,148	759	770	657	511	508	495
16 Spain	2,755	2,761	3,529	2,941	2,800	3,066	2,076	2,138	3,565	3,626
17 Sweden	4,923	4,082	4,096	3,826	4,038	3,372	3,522	3,319	2,934	3,552
18 Switzerland	4,717	6,565	7,490	9,020	8,056	7,839	7,383	7,616^{r}	10,275	8,317
19 Turkey	962	1,300	874	560	882	690	810	722	715	725
20 United Kingdom	63,430	61,641	65,560	64,933	64,650	67,559	63,344	61,259^{r}	65,042	62,697
21 Yugoslavia[2]	569	536	265	265	265	247	247	248	229	230
22 Other Europe and other former U.S.S.R.[3]	2,157	1,784	1,165	1,741	1,546	1,031	1,153	1,047	1,038	1,068
23 Canada	13,845	18,534	18,030	18,859	18,933	20,235	17,440	20,527^{r}	19,680	18,809
24 Latin America and Caribbean	218,078	223,345	221,388	221,874	220,111	224,106	224,136	222,612^{r}	241,095	236,207
25 Argentina	4,958	4,416	5,788	5,837	6,312	6,253	6,142	6,316	6,551	6,202
26 Bahamas	60,835	63,256	66,042	64,728	63,877	65,105	64,352	62,211	62,924	59,051
27 Bermuda	5,935	8,059	7,526	14,594	10,944	8,522	11,423	10,202	7,738	5,560
28 Brazil	10,773	11,813	9,485	9,744	10,016	10,751	10,760	11,039	11,360	12,344
29 British West Indies	101,507	98,661	95,744	90,577	91,924	96,381	94,029	95,205^{r}	113,739	113,819
30 Chile	3,397	3,619	3,794	3,866	4,207	4,348	4,247	3,867	4,316	4,245
31 Colombia	2,750	3,179	4,003	3,816	3,818	3,983	3,928	4,034	4,032	4,182
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	884	680	680	707	659	567	565	663	767	767
34 Guatemala	262	288	366	346	349	379	359	353	344	340
35 Jamaica	162	195	254	253	278	275	262	258	264	277
36 Mexico	14,991	15,864	17,672	17,338	17,216	17,187	17,182	17,375	17,277	17,130
37 Netherlands Antilles	1,379	2,682	1,055	1,205	1,437	1,187	1,333	1,778	2,258	2,729
38 Panama	4,654	2,893	2,179	2,155	2,340	2,470	2,507	2,433	2,506	2,512
39 Peru	730	656	996	1,057	1,117	1,096	1,116	1,095	1,359	1,332
40 Uruguay	936	954	486	420	390	344	345	377	355	391
41 Venezuela	2,525	2,907	1,828	1,705	1,725	1,649	1,679	1,662	1,608	1,647
42 Other	1,400	3,223	3,490	3,526	3,502	3,609	3,907	3,744	3,697	3,679
43 Asia	131,789	111,720	107,114	105,673	106,788	109,438	106,678	108,703^{r}	118,568	117,050
China										
44 People's Republic of China	906	2,271	845	933	869	841	980	879	1,143	1,206
45 Republic of China (Taiwan)	2,046	2,623	1,381	1,245	1,213	1,549	1,534	1,519	1,794	1,913
46 Hong Kong	9,642	10,872	9,237	10,271	11,285	14,404	11,603	12,068	14,894	14,735
47 India	529	589	990	1,103	1,059	1,039	1,139	1,126	1,210	1,735
48 Indonesia	1,189	1,527	1,462	1,486	1,424	1,513	1,463	1,427	1,443	1,513
49 Israel	820	826	692	672	683	811	683	783	949	748
50 Japan	79,172	59,945	59,230	55,268	57,191	55,534	55,176	58,419^{r}	61,029	61,148
51 Korea (South)	6,179	7,536	10,276	10,848	10,754	12,284	11,913	12,245^{r}	12,607	13,133
52 Philippines	2,145	1,409	636	564	548	550	496	532	915	595
53 Thailand	1,867	2,170	2,902	2,880	2,635	2,778	2,740	2,755^{r}	2,688	2,670
54 Middle Eastern oil-exporting countries[4]	18,540	15,109	13,732	14,044	13,341	13,069	13,292	11,643	12,570	11,946
55 Other	8,754	6,843	5,731	6,359	5,786	5,066	5,659	5,307	7,326	5,708
56 Africa	4,279	3,857	3,008	2,942	2,902	2,875	2,741	2,751	2,918	2,907
57 Egypt	186	196	225	227	234	205	181	237	204	193
58 Morocco	441	481	429	415	442	424	440	454	686	645
59 South Africa	1,041	633	665	657	596	644	584	579	563	531
60 Zaire	4	4	2	2	2	2	2	2	2	7
61 Oil-exporting countries[5]	1,002	1,129	842	825	772	731	700	658	657	659
62 Other	1,605	1,414	845	816	856	869	834	821	806	872
63 Other	2,987	2,894	3,162	3,836	3,174	2,867	3,386	3,327	3,404	2,764
64 Australia	2,243	2,071	2,219	2,198	1,912	1,759	1,805	1,914	2,042	2,072
65 Other	744	823	943	1,638	1,262	1,108	1,581	1,413	1,362	692
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,591	3,582	884	3,734	2,937	1,522^{r}	2,633	1,317

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1992	1993	1994	1995						
				Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July[p]
1 **Total**	**559,495**	**538,471**	**556,191**	...	...	**571,711**	...	...	**602,176**	...
2 Banks' claims	499,437	484,689	480,962	482,534	475,227	489,877	479,109	481,432	516,108	504,453
3 Foreign public borrowers	31,367	29,095	23,470	24,100	18,181	23,712	22,173	18,977	23,772	19,716
4 Own foreign offices[2]	303,991	284,310	283,135	278,928	279,276	292,153	282,659	285,831	300,288	291,620
5 Unaffiliated foreign banks	109,342	100,030	110,862	104,330	105,383	104,729	104,244	103,601	111,934	113,751
6 Deposits	61,550	48,841	59,065	54,445	54,145	53,178	54,648	51,368	58,580	59,316
7 Other	47,792	51,189	51,797	49,885	51,238	51,551	49,596	52,233	53,354	54,435
8 All other foreigners	54,737	71,254	63,495	75,176	72,387	69,283	70,033	73,023	80,114	79,366
9 Claims of banks' domestic customers[3]	60,058	53,782	75,229			81,834	...	...	86,068	...
10 Deposits	15,452	21,111	36,190	...	...	36,528	...	...	39,142	...
11 Negotiable and readily transferable instruments[4]	31,474	18,991	25,731	...	...	30,823	...	...	30,598	...
12 Outstanding collections and other claims	13,132	13,680	13,308	...	...	14,483	...	...	16,328	...
MEMO										
13 Customer liability on acceptances	8,655	7,829	8,313		...	8,393	...	...	8,499	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	26,364	27,185	27,459	28,726	34,303	26,276[r]	29,028	33,513	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1991	1992	1993	1994		1995	
				Sept	Dec.	Mar.	June[p]
1 **Total**	**195,302**	**195,119**	**199,844**	**193,973**	**197,587**	**197,410**	**215,562**
By borrower							
2 Maturity of one year or less	162,573	163,325	170,134	167,271	171,949	169,082	187,507
3 Foreign public borrowers	21,050	17,813	17,765	17,370	15,530	15,739	15,916
4 All other foreigners	141,523	145,512	152,369	149,901	156,419	153,343	171,591
5 Maturity of more than one year	32,729	31,794	29,710	26,702	25,638	28,328	28,055
6 Foreign public borrowers	15,859	13,266	10,809	7,385	7,697	7,694	7,726
7 All other foreigners	16,870	18,528	18,901	19,317	17,941	20,634	20,329
By area							
Maturity of one year or less							
8 Europe	51,835	53,300	56,574	58,784	56,500	53,824	59,535
9 Canada	6,444	6,091	7,664	7,212	7,266	7,352	8,175
10 Latin America and Caribbean	43,597	50,376	58,948	57,782	60,031	62,958	69,409
11 Asia	51,059	45,709	41,335	36,661	40,422	38,190	44,339
12 Africa	2,549	1,784	1,820	1,520	1,365	1,223	1,442
13 All other[3]	7,089	6,065	3,793	5,312	6,365	5,535	4,607
Maturity of more than one year							
14 Europe	3,878	5,367	5,205	4,034	3,861	4,494	3,616
15 Canada	3,595	3,287	2,558	2,654	2,459	3,611	3,084
16 Latin America and Caribbean	18,277	15,312	13,976	12,665	12,220	12,989	13,984
17 Asia	4,459	5,038	5,587	5,047	4,732	5,165	5,459
18 Africa	2,335	2,380	1,936	1,840	1,553	1,592	1,372
19 All other[3]	185	410	448	462	813	477	540

1. Reporting banks include all types of depository institutions, 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	1991	1992	1993 June	1993 Sept.	1993 Dec.	1994 Mar.	1994 June	1994 Sept.	1994 Dec.	1995 Mar.	1995 June[p]
1	**Total**	**343.6**	**346.7[r]**	**377.1**	**388.4**	**404.5**	**474.1**	**483.5**	**482.2[r]**	**490.2[r]**	**538.8[r]**	**522.1**
2	G-10 countries and Switzerland	137.6	133.0[r]	150.0	153.3	161.8	179.8	174.7	183.2	187.7	204.4	198.3
3	Belgium and Luxembourg	.0	5.6	7.0	7.1	7.4	8.0	8.6	9.6	6.9	8.1	7.1
4	France	11.0	15.3	14.0	12.3	11.7	16.4	18.9	20.7	19.2	19.8	19.0
5	Germany	8.3	9.3	10.8	12.4	12.6	30.0	25.3	24.5	24.0	30.3	29.0
6	Italy	5.6	6.5	7.9	8.7	7.6	15.5	14.0	11.6	11.7	10.6	10.6
7	Netherlands	.0	2.8	3.7	3.7	4.7	4.1	3.6	3.4	3.6	3.5	4.2
8	Sweden	1.9	2.3	2.5	2.5	2.5	2.8	2.9	2.6	2.7	3.1	3.0
9	Switzerland	3.4	4.8	4.7	5.6	5.9	6.3	6.5	6.2	6.9	6.2	6.1
10	United Kingdom	68.5	60.8	73.5	74.7	84.7	69.9	64.7	78.3	82.4	87.8	86.5
11	Canada	5.8	6.3	8.0	9.7	6.8	7.7	9.6	9.8	9.6	10.5	10.8
12	Japan	22.6	19.3	17.9	16.8	17.8	19.1	20.5	16.4	20.8	24.4	22.0
13	Other industrialized countries	22.8	24.0	27.2	26.0	24.6	41.2	41.6	41.4	45.2	43.6	43.2
14	Austria	.6	1.2	1.3	.6	4	1.0	1.0	1.0	1.1	.9	.7
15	Denmark	.9	.9	1.0	1.1	1.0	1.1	1.1	.8	1.2	1.6	1.0
16	Finland	.7	.7	.9	.6	4	1.0	.8	.8	1.0	1.1	.5
17	Greece	2.6	3.0	3.1	3.2	3.2	3.8	4.6	4.2	4.5	4.8	4.9
18	Norway	1.4	1.2	1.8	2.1	1.7	1.6	1.6	1.6	2.0	2.4	1.8
19	Portugal	.6	.4	.9	1.0	8	1.2	1.1	1.0	1.2	1.0	1.2
20	Spain	8.3	8.9	10.5	9.3	8.9	12.3	11.7	13.0	13.6	13.9	13.5
21	Turkey	1.4	1.3	2.1	2.1	2.1	2.4	2.1	1.8	1.6	1.4	1.4
22	Other Western Europe	1.8	1.7	1.7	2.2	2.6	3.1	2.8	1.0	2.7	2.5	2.6
23	South Africa	1.9	1.7	1.3	1.2	1.1	1.2	1.2	1.2	1.0	1.4	1.4
24	Australia	2.7	2.9	2.5	2.8	2.3	12.7	13.7	15.0	15.3	12.6	14.2
25	OPEC[2]	14.5	16.1	15.7	14.8	17.4	22.6	21.3	21.4	22.0[r]	19.3[r]	20.1
26	Ecuador	.7	.6	.6	.5	5	.5	.5	.4	.5	.5	.7
27	Venezuela	5.4	5.2	5.5	5.4	5.1	4.5	4.3	3.7	3.6	3.4	3.4
28	Indonesia	2.7	3.0	3.1	2.8	3.3	3.3	3.1	3.2	3.7[r]	4.0[r]	4.1
29	Middle East countries	4.2	6.2	5.4	4.9	7.4	13.2	12.4	13.0[r]	13.3[r]	10.7	11.4
30	African countries	1.5	1.1	1.1	1.1	1.2	1.0	1.0	1.0	.8	.7	.6
31	Non-OPEC developing countries	63.9	72.1	76.7	77.0	82.6	93.1	93.6	91.4[r]	96.5[r]	99.8	104.7
	Latin America											
32	Argentina	4.8	6.6	6.6	7.2	7.7	8.6	9.6	10.3	10.8	11.1	11.9
33	Brazil	9.6	10.8	12.3	11.7	12.0	12.2	11.5	8.9	8.0	8.8	9.6
34	Chile	3.6	4.4	4.6	4.7	4.7	5.1	5.1	5.4	6.1	6.3	7.0
35	Colombia	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.4	2.6	2.6	2.6
36	Mexico	15.5	16.0	16.8	17.5	17.8	18.4	18.0	19.2	18.1	17.5	17.3
37	Peru	.4	.5	4	.3	4	.6	.6	.6	.5	.6	.8
38	Other	2.1	2.6	2.7	2.7	3.0	2.8	2.8	2.8	2.7	2.5	2.6
	Asia											
	China											
39	People's Republic of China	.3	.7	1.6	.5	2.0	.8	.8	1.0	1.1	1.1	1.4
40	Republic of China (Taiwan)	4.1	5.2	5.9	6.4	7.3	7.5	7.1	6.9	9.1	10.6	11.0
41	India	3.0	3.2	3.1	2.9	3.2	3.6	3.7	3.8	4.2	3.8	4.0
42	Israel	.5	.4	.4	.4	.5	.4	.4	.4	.4	.6	.6
43	Korea (South)	6.8	6.6	6.9	6.5	6.7	14.1	14.3	14.1	16.2	16.9	18.7
44	Malaysia	2.3	3.1	3.7	4.1	4.4	5.2	5.2	3.7[r]	3.1[r]	3.9	4.1
45	Philippines	3.7	3.6	2.9	2.6	3.1	3.4	3.2	2.9	3.3	3.0	3.6
46	Thailand	1.7	2.2	2.4	2.8	3.1	2.9	3.3	3.5	3.8	3.3	3.8
47	Other Asia	2.0	2.7	2.6	3.0	2.9	3.1	3.5	3.6	4.8	5.2	3.8
	Africa											
48	Egypt	.4	.2	.2	.2	.4	.4	.5	.3	.3	.4	4
49	Morocco	.7	.6	.6	.6	.7	.7	.7	.7	.6	.6	.9
50	Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51	Other Africa[3]	.7	1.0	.9	.8	.8	1.0	.9	.9	.8	.7	.6
52	Eastern Europe	2.4	3.1	3.2	3.0	3.1	3.4	3.0	3.0	2.7	2.4	2.0
53	Russia[4]	.9	1.9	1.9	1.7	1.6	1.5	1.2	1.0	.8	.6	.4
54	Yugoslavia[5]	.9	.6	.6	.6	.6	.5	.5	.5	.5	.4	.3
55	Other	.7	.6	.8	.7	.9	1.4	1.4	1.5	1.4	1.3	1.3
56	Offshore banking centers	54.2	58.4[r]	58.0	67.9	71.4	78.1	79.6	76.0	69.6	84.1	81.2
57	Bahamas	11.9	6.9	7.1	12.7	10.8	13.7	13.4	13.6	9.8	12.2	7.5
58	Bermuda	2.3	6.2	4.5	5.5	8.1	8.5	6.1	5.4	7.4	8.4	7.6
59	Cayman Islands and other British West Indies	15.8	21.8	15.6	15.1	17.4	17.6	23.3	21.2	19.9	19.3	23.2
60	Netherlands Antilles	1.2	1.1	2.5	2.8	2.6	3.5	2.5	1.7	1.0	.9	1.9
61	Panama[6]	1.4	1.9	2.1	2.1	2.4	2.0	1.9	1.8	1.3	1.1	1.3
62	Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63	Hong Kong	14.4	13.9[r]	16.9	19.1	18.7	19.7	21.7	20.3	19.9	22.8	23.2
64	Singapore	7.1	6.5	9.3	10.4	11.2	13.0	10.6	11.8	10.1[r]	19.2	16.4
65	Other[7]	.0	.0	.0	.0	.1	.0	.0	.0	.1	.0	.0
66	Miscellaneous and unallocated[8]	48.0	39.7	46.2	46.3	43.4	55.7	69.4	65.5[r]	66.5[r]	84.9	72.3

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. As of December 1992, excludes Croatia, Bosnia and Hercegovina, and Slovenia.

6. Includes Canal Zone.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability, and area or country	1991	1992	1993	1993	1994				1995
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1	**Total**	**44,708**	**45,511**	**50,369**	**50,369**	**52,059**	**55,383**	**57,204**	**54,644**	**51,434**[r]
2	Payable in dollars	39,029	37,456	38,750	38,750	38,552	42,957	42,734	39,700	37,546[r]
3	Payable in foreign currencies	5,679	8,055	11,619	11,619	13,507	12,426	14,470	14,944	13,888
	By type									
4	Financial liabilities	22,518	23,841	28,959	28,959	30,413	33,245	35,850	32,848	29,852
5	Payable in dollars	18,104	16,960	18,545	18,545	18,930	22,819	23,262	19,792	17,745
6	Payable in foreign currencies	4,414	6,881	10,414	10,414	11,483	10,426	12,588	13,056	12,107
7	Commercial liabilities	22,190	21,670	21,410	21,410	21,646	22,138	21,354	21,796	21,582[r]
8	Trade payables	9,252	9,566	8,811	8,811	8,976	9,913	9,552	10,013	10,128[r]
9	Advance receipts and other liabilities	12,938	12,104	12,599	12,599	12,670	12,225	11,802	11,783	11,454
10	Payable in dollars	20,925	20,496	20,205	20,205	19,622	20,138	19,472	19,908	19,801[r]
11	Payable in foreign currencies	1,265	1,174	1,205	1,205	2,024	2,000	1,882	1,888	1,781
	By area or country									
	Financial liabilities									
12	Europe	12,003	13,387	18,810	18,810	20,510	23,689	23,792	20,870	16,804
13	Belgium and Luxembourg	216	414	175	175	525	524	661	495	612
14	France	2,106	1,623	2,539	2,539	2,606	1,590	2,241	1,727	2,046
15	Germany	682	889	975	975	1,214	939	1,467	1,961	1,755
16	Netherlands	1,056	606	534	534	564	533	648	552	633
17	Switzerland	408	569	634	634	1,200	631	633	688	883
18	United Kingdom	6,528	8,610	13,332	13,332	13,793	18,255	16,827	14,709	10,025
19	Canada	292	544	859	859	508	698	618	625	1,817
20	Latin America and Caribbean	4,784	4,053	3,359	3,359	3,554	3,125	3,139	3,021	3,024
21	Bahamas	537	379	1,148	1,148	1,158	1,052	1,112	926	931
22	Bermuda	114	114	0	0	120	115	15	80	149
23	Brazil	6	19	18	18	18	18	7	207	58
24	British West Indies	3,524	2,850	1,533	1,533	1,613	1,297	1,344	1,160	1,231
25	Mexico	7	12	17	17	14	13	15	0	10
26	Venezuela	4	6	5	5	5	5	5	5	5
27	Asia[2]	5,381	5,818	5,689	5,689	5,650	5,694	8,149	8,147	8,011
28	Japan	4,116	4,750	4,620	4,620	4,638	4,760	6,947	7,013	6,990
29	Middle Eastern oil-exporting countries[3]	13	19	23	23	24	24	31	35	27
30	Africa	6	6	133	133	133	9	133	135	156
31	Oil-exporting countries[4]	4	0	123	123	124	0	123	123	122
32	All other[5]	52	33	109	109	58	30	19	50	40
	Commercial liabilities									
33	Europe	8,701	7,398	6,835	6,835	6,550	6,921	6,867	6,855	6,898[r]
34	Belgium and Luxembourg	248	298	239	239	251	254	287	231	272[r]
35	France	1,039	700	655	655	554	712	742	763	695[r]
36	Germany	1,052	729	684	684	577	670	552	611	508[r]
37	Netherlands	710	535	688	688	628	649	674	723	575[r]
38	Switzerland	575	350	375	375	388	473	391	335	389
39	United Kingdom	2,297	2,505	2,047	2,047	2,151	2,311	2,351	2,450	2,856[r]
40	Canada	1,014	1,002	879	879	1,039	1,070	1,068	1,038	1,199[r]
41	Latin America and Caribbean	1,355	1,533	1,666	1,666	1,908	2,007	1,790	1,865	1,534[r]
42	Bahamas	3	3	21	21	8	2	6	19	8
43	Bermuda	310	307	350	350	493	418	200	345	265
44	Brazil	219	209	216	216	211	217	148	163	97[r]
45	British West Indies	107	33	27	27	20	24	33	23	29
46	Mexico	307	457	483	483	556	705	673	576	507[r]
47	Venezuela	94	142	126	126	150	194	192	279	273
48	Asia[2]	9,334	10,594	10,992	10,992	10,939	10,979	10,514	11,077	10,947[r]
49	Japan	3,721	3,612	4,314	4,314	4,617	4,389	4,235	4,808	4,793[r]
50	Middle Eastern oil-exporting countries[3]	1,498	1,889	1,542	1,542	1,542	1,841	1,688	1,610	1,800[r]
51	Africa	715	568	464	464	490	523	482	442	463[r]
52	Oil-exporting countries[4]	327	309	171	171	199	247	271	262	248
53	Other[5]	1,071	575	574	574	720	638	633	519	541

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type of claim, and area or country	1991	1992	1993	1993	1994				1995
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**45,262**	**45,073**	**48,197**	**48,197**	**49,125**	**48,436**	**50,320**	**55,783**	**51,380[r]**
2 Payable in dollars	42,564	42,281	44,920	44,920	45,746	44,763	46,839	52,641	47,055[r]
3 Payable in foreign currencies	2,698	2,792	3,277	3,277	3,379	3,673	3,481	3,142	4,325
By type									
4 Financial claims	27,882	26,509	27,528	27,528	28,461	27,064	28,672	32,714	27,894[r]
5 Deposits	20,080	17,695	15,681	15,681	15,973	15,769	16,570	18,645	16,547[r]
6 Payable in dollars	19,080	16,872	15,146	15,146	15,471	15,164	16,009	18,194	15,953[r]
7 Payable in foreign currencies	1,000	823	535	535	502	605	561	451	594
8 Other financial claims	7,802	8,814	11,847	11,847	12,488	11,295	12,102	14,069	11,347
9 Payable in dollars	6,910	7,890	10,655	10,655	11,301	9,972	10,914	13,009	10,180
10 Payable in foreign currencies	892	924	1,192	1,192	1,187	1,323	1,188	1,060	1,167
11 Commercial claims	17,380	18,564	20,669	20,669	20,664	21,372	21,648	23,069	23,486[r]
12 Trade receivables	14,468	16,007	17,666	17,666	17,769	18,552	18,867	20,204	20,537[r]
13 Advance payments and other claims	2,912	2,557	3,003	3,003	2,895	2,820	2,781	2,865	2,949
14 Payable in dollars	16,574	17,519	19,119	19,119	18,974	19,627	19,916	21,438	20,922[r]
15 Payable in foreign currencies	806	1,045	1,550	1,550	1,690	1,745	1,732	1,631	2,564
By area or country									
Financial claims									
16 Europe	13,441	9,331	7,249	7,249	7,257	6,698	8,042	7,638	7,222
17 Belgium and Luxembourg	13	8	134	134	125	83	114	86	69
18 France	269	764	826	826	790	995	831	800	805
19 Germany	283	326	526	526	466	459	413	540	443
20 Netherlands	334	515	502	502	503	472	503	429	606
21 Switzerland	581	490	530	530	535	509	747	523	490
22 United Kingdom	11,534	6,252	3,535	3,535	3,699	3,062	4,326	4,395	3,867
23 Canada	2,642	1,833	2,032	2,032	2,207	3,080	3,164	3,801	4,064[r]
24 Latin America and Caribbean	10,717	13,893	16,031	16,031	15,968	14,591	14,808	18,723	14,798
25 Bahamas	827	778	1,310	1,310	1,285	1,281	1,070	2,329	905
26 Bermuda	8	40	125	125	34	39	52	27	37
27 Brazil	351	686	654	654	672	466	411	520	487
28 British West Indies	9,056	11,747	12,536	12,536	12,704	11,792	12,143	14,802	12,574
29 Mexico	212	445	868	868	850	614	655	606	472
30 Venezuela	40	29	161	161	26	33	32	35	27
31 Asia	640	864	1,657	1,657	2,550	2,234	2,175	1,835	1,457
32 Japan	350	668	892	892	1,657	1,349	662	931	584
33 Middle Eastern oil-exporting countries[2]	5	3	3	3	5	2	19	141	4
34 Africa	57	83	99	99	76	74	87	249	77
35 Oil-exporting countries[3]	1	9	1	1	0	1	1	0	9
36 All other[4]	385	505	460	460	403	387	396	468	276
Commercial claims									
37 Europe	8,193	8,451	9,097	9,097	8,772	8,925	8,783	9,579	9,086[r]
38 Belgium and Luxembourg	194	189	184	184	177	179	174	217	200[r]
39 France	1,585	1,537	1,947	1,947	1,830	1,779	1,766	1,886	1,798[r]
40 Germany	955	933	1,018	1,018	947	938	880	1,046	1,002[r]
41 Netherlands	645	552	423	423	355	294	330	314	335[r]
42 Switzerland	295	362	432	432	415	686	538	559	562
43 United Kingdom	2,086	2,094	2,369	2,369	2,342	2,434	2,490	2,554	2,412[r]
44 Canada	1,121	1,286	1,360	1,360	1,483	1,468	1,503	1,543	1,997[r]
45 Latin America and Caribbean	2,655	3,043	3,284	3,284	3,573	3,903	3,971	4,147	4,119[r]
46 Bahamas	13	28	11	11	13	18	34	9	16
47 Bermuda	264	255	182	182	222	295	246	234	202
48 Brazil	427	357	463	463	422	502	473	614	676[r]
49 British West Indies	41	40	71	71	58	67	49	83	58
50 Mexico	842	924	994	994	1,014	1,047	1,137	1,244	1,106[r]
51 Venezuela	203	345	296	296	296	305	394	355	291
52 Asia	4,591	4,866	5,906	5,906	5,851	6,141	6,433	6,745	6,974[r]
53 Japan	1,899	1,903	2,173	2,173	2,353	2,359	2,448	2,497	2,728[r]
54 Middle Eastern oil-exporting countries[2]	620	693	716	716	668	616	616	700	689[r]
55 Africa	430	554	521	521	515	492	462	473	475[r]
56 Oil-exporting countries[3]	95	78	85	85	102	90	68	76	75
57 Other[4]	390	364	501	501	470	443	496	582	835

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1993	1994	1995 Jan.–July	1995 Jan.	Feb.	Mar.	Apr.	May	June	July[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,664	350,558	246,110	24,999	29,443	35,332	30,082	38,769	45,429	42,056
2 Foreign sales	298,086	348,648	241,621	25,893	29,685	37,653	29,206	36,087	43,199	39,898
3 Net purchases, or sales (-)	**21,578**	**1,910**	**4,489**	**-894**	**-242**	**-2,321**	**876**	**2,682**	**2,230**	**2,158**
4 Foreign countries	**21,306**	**1,900**	**4,555**	**-930**	**-197**	**-2,291**	**877**	**2,692**	**2,238**	**2,166**
5 Europe	10,658	6,717	440	516	10	1,304	165	381	44	1,768
6 France	-103	-201	-496	255	27	250	-80	66	-79	261
7 Germany	1,642	2,110	-1,460	-157	55	243	-261	-528	-224	8
8 Netherlands	602	2,251	1,831	278	232	296	349	174	70	432
9 Switzerland	2,986	-30	-2,312	-389	-78	-475	-673	-476	-201	-20
10 United Kingdom	4,559	840	3,743	253	-51	-309	1,125	1,382	243	1,100
11 Canada	-3,213	1,160	1,464	129	27	333	197	75	740	-425
12 Latin America and Caribbean	5,719	-2,108	4,590	991	766	-243	570	26	1,651	881
13 Middle East[1]	-321	-1,142	-379	-22	-133	-73	59	-87	99	-24
14 Other Asia	8,198	1,207	1,130	1,469	-851	342	314	2,013	1,358	107
15 Japan	3,825	1,190	1,932	-860	-541	321	29	86	466	141
16 Africa	63	29	-5	-36	0	-10	-10	41	15	-5
17 Other countries	202	771	243	7	4	14	24	295	97	136
18 Nonmonetary international and regional organizations	**272**	**10**	**-66**	**36**	**-45**	**-30**	**-1**	**-10**	**-8**	**-8**
BONDS[2]										
19 Foreign purchases	283,824	291,084	160,139	19,247	22,789	25,390	18,163	22,830	27,934	23,786
20 Foreign sales	217,824	229,520	110,924	12,626	16,354	17,552	14,111	16,609	18,774	14,898
21 Net purchases, or sales (-)	**66,000**	**61,564**	**49,215**	**6,621**	**6,435**	**7,838**	**4,052**	**6,221**	**9,160**	**8,888**
22 Foreign countries	**65,462**	**60,679**	**49,623**	**6,417**	**6,489**	**8,151**	**4,035**	**6,309**	**9,167**	**9,055**
23 Europe	22,587	38,708	39,073	6,807	6,037	4,976	2,271	4,944	7,772	6,266
24 France	2,346	242	428	157	296	-85	874	27	44	7
25 Germany	887	657	2,484	1,516	526	176	-83	17	667	51
26 Netherlands	-290	3,322	691	-241	126	154	-37	191	-59	557
27 Switzerland	-627	1,055	382	-85	304	61	-87	124	-130	317
28 United Kingdom	19,686	33,283	35,675	5,416	4,800	5,248	3,396	4,764	7,062	4,989
29 Canada	1,668	2,958	1,498	245	175	289	184	277	159	169
30 Latin America and Caribbean	15,691	5,442	3,151	-655	-480	1,285	889	678	289	1,145
31 Middle East[1]	3,248	771	1,218	59	119	328	326	26	64	348
32 Other Asia	20,846	12,153	4,473	-28	595	1,150	356	426	785	1,189
33 Japan	11,569	5,486	2,771	396	132	570	275	871	293	1,026
34 Africa	1,149	-7	44	8	-4	22	11	-5	47	-13
35 Other countries	273	654	166	-19	47	101	20	15	51	-49
36 Nonmonetary international and regional organizations	**538**	**885**	**-408**	**204**	**-54**	**-313**	**17**	**-88**	**-7**	**-167**
	Foreign securities									
37 Stocks, net purchases, or sales (-)	-62,691	-47,232	-22,252	-159	-1,086	-2,844	-2,148	-3,639[r]	-4,154	-8,222
38 Foreign purchases	245,490	386,942	194,038	26,303	27,154	28,995	24,485	29,216[r]	29,290	28,595
39 Foreign sales	308,181	434,174	216,290	26,462	28,240	31,839	26,633	32,855[r]	33,444	36,817
40 Bonds, net purchases, or sales (-)	-80,377	-9,332	-21,169	-802	-1,851	-1,189	-799	-4,293[r]	-7,265	-4,970
41 Foreign purchases	745,952	848,334	500,119	68,120	61,226	79,056	53,639	75,191[r]	96,154	66,733
42 Foreign sales	826,329	857,666	521,288	68,922	63,077	80,245	54,438	79,484	103,419	71,703
43 Net purchases, or sales (-), of stocks and bonds	**-143,068**	**-56,564**	**-43,421**	**-961**	**-2,937**	**-4,033**	**-2,947**	**-7,932[r]**	**-11,419**	**-13,192**
44 Foreign countries	**-143,232**	**-57,084**	**-42,862**	**-1,025**	**-2,773**	**-3,944**	**-3,103**	**-7,936[r]**	**-11,108**	**-12,973**
45 Europe	-100,872	2,726	-24,839	1,599	-1,290	-1,871	1,902	-7,485[r]	-5,857	-8,033
46 Canada	-15,664	-7,481	-4,655	-187	850	1,150	-1,195	-5	-1,217	-1,751
47 Latin America and Caribbean	7,600	18,387	3,718	308	2,496	1,282	584	483	-288	-411
48 Asia	-15,159	-24,272	-10,212	2,044	13	9	-533	-1,388	-2,940	-3,329
49 Africa	185	467	224	1	-116	85	-14	-68	-67	-45
50 Other countries	3,752	-3,751	786	86	266	265	43	527	-739	596
51 Nonmonetary international and regional organizations	**164**	**520**	**-559**	**64**	**-164**	**-89**	**156**	**4**	**-311**	**-219**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1993	1994	1995	1995						
			Jan.–July	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total estimated**	**23,552**	**78,796**	**108,183**	**9,578**	**14,103**	**9,211**	**6,400**	**14,519**	**22,578**	**31,794**
2 Foreign countries	23,368	78,632	107,434	10,252	13,385	9,107	6,416	14,568	22,395	31,311
3 Europe	−2,373	38,608	39,252	3,258	13,294	3,109	3,152	509	2,665	13,265
4 Belgium and Luxembourg	1,218	1,098	−359	134	107	51	62	−512	−148	−53
5 Germany	−9,976	5,709	−2,762	60	−543	1,461	1,216	−4,129	−1,866	1,039
6 Netherlands	−515	1,254	3,900	2,388	−239	−7	−243	40	1,078	883
7 Sweden	1,421	794	420	−35	97	30	−70	211	63	124
8 Switzerland	−1,501	481	283	141	165	−418	−173	353	9	206
9 United Kingdom	6,197	23,438	30,183	579	10,448	3,099	2,251	5,203	1,359	7,244
10 Other Europe and former U.S.S.R.	783	5,834	7,587	−9	3,259	−1,107	109	−657	2,170	3,822
11 Canada	10,309	3,491	5,060	3,177	1,486	434	−1,391	201	433	720
12 Latin America and Caribbean	−4,561	−10,179	7,932	636	−3,268	−2,332	3,212	3,803	5,368	513
13 Venezuela	390	−319	680	−211	329	387	184	−16	121	−114
14 Other Latin America and Caribbean	−5,795	−20,493	7,151	3,028	−3,325	−3,358	2,189	2,425	5,158	1,034
15 Netherlands Antilles	844	10,633	101	−2,181	−272	639	839	1,394	89	−407
16 Asia	20,582	47,042	53,881	3,577	1,730	8,445	1,189	9,845	12,605	16,490
17 Japan	17,070	29,518	29,948	3,444	2,316	4,167	1,487	6,291	5,585	6,658
18 Africa	1,156	240	275	−9	49	−9	−36	39	242	−1
19 Other	−1,745	−570	1,034	−387	94	−540	290	171	1,082	324
20 Nonmonetary international and regional organizations	184	164	749	−674	718	104	−16	−49	183	483
21 International	−330	526	322	−708	608	458	−294	356	−409	311
22 Latin American regional	653	−154	254	−6	199	−367	228	−528	629	99
MEMO										
23 Foreign countries	23,368	78,632	107,434	10,252	13,385	9,107	6,416	14,568	22,395	31,311
24 Official institutions	1,306	41,822	36,828	1,829	2,110	4,022	3,144	−1,774[r]	10,850[r]	16,647
25 Other foreign[2]	22,062	36,810	70,606	8,423	11,275	5,085	3,272	16,342[r]	11,545[r]	14,664
Oil-exporting countries										
26 Middle East[2]	−8,836	−38	3,770	−360	−89	152	733	−1,063	815	3,582
27 Africa[3]	−5	0	2	0	0	1	0	0	1	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 Sept. 30, 1995		Country	Rate on Sept. 30, 1995		Country	Rate on Sept. 30, 1995	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	3.5	Aug. 1995	Germany	3.5	Aug. 1995	Norway	4.75	Feb. 1994
Belgium	3.5	Aug. 1995	Italy	9.0	June 1995	Switzerland	2.0	Sept. 1995
Canada	6.71	Sept. 1995	Japan	0.5	Sept. 1995	United Kingdom	12.0	Sept. 1992
Denmark	5.0	Aug. 1995	Netherlands	3.5	Aug. 1995			
France[2]	5.0	July 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1992	1993	1994	1995						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	3.70	3.18	4.63	6.15	6.13	6.03	5.89	5.79	5.79	5.73
2 United Kingdom	9.56	5.88	5.45	6.61	6.64	6.64	6.63	6.73	6.74	6.71
3 Canada	6.76	5.14	5.57	8.32	8.16	7.56	7.07	6.69	6.62	6.67
4 Germany	9.42	7.17	5.25	4.96	4.58	4.49	4.43	4.46	4.35	4.11
5 Switzerland	7.67	4.79	4.03	3.62	3.33	3.29	3.09	2.77	2.79	2.72
6 Netherlands	9.25	6.73	5.09	5.03	4.60	4.41	4.21	4.14	4.02	3.86
7 France	10.14	8.30	5.72	7.77	7.60	7.29	7.04	6.31	5.81	5.79
8 Italy	13.91	10.09	8.45	10.98	10.94	10.38	10.91	10.93	10.45	10.31
9 Belgium	9.31	8.10	5.65	6.21	5.22	5.16	4.62	4.52	4.41	4.20
10 Japan	4.39	2.96	2.24	2.11	1.55	1.31	1.16	.91	.82	.58

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	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.
1 Australia/dollar[2]	73.521	67.993	73.161	73.564	72.716	71.959	72.792	74.137	75.398
2 Austria/schilling	10.992	11.639	11.409	9.720	9.912	9.854	9.765	10.168	10.311
3 Belgium/franc	32.148	34.581	33.426	28.419	29.009	28.790	28.562	29.735	30.167
4 Canada/dollar	1.2085	1.2902	1.3664	1.3762	1.3609	1.3775	1.3612	1.3552	1.3514
5 China, P.R./yuan	5.5206	5.7795	8.6404	8.4421	8.3370	8.3206[r]	8.3207	8.3253	8.3372
6 Denmark/krone	6.0372	6.4863	6.3561	5.4391	5.5194	5.4604	5.4073	5.6060	5.6802
7 Finland/markka	4.4865	5.7251	5.2340	4.2884	4.3386	4.3134	4.2592	4.3170	4.3879
8 France/franc	5.2935	5.6669	5.5459	4.8503	4.9869	4.9172	4.8307	4.9727	5.0562
9 Germany/deutsche mark	1.5618	1.6545	1.6216	1.3812	1.4096	1.4012	1.3886	1.4456	1.4660
10 Greece/drachma	190.81	229.64	242.50	225.19	228.46	226.56	225.45	232.38	236.24
11 Hong Kong/dollar	7.7402	7.7357	7.7290	7.7336	7.7351	7.7356	7.7385	7.7416	7.7375
12 India/rupee	28.156	31.291	31.394	31.407	31.418	31.404	31.385	31.592	33.197
13 Ireland/pound[2]	170.42	146.47	149.69	162.80	161.98	162.87	163.96	160.25	158.68
14 Italy/lira	1,232.17	1,573.41	1,611.49	1,710.89	1,652.78	1,639.75	1,609.71	1,607.18	1,614.03
15 Japan/yen	126.78	111.08	102.18	83.69	85.11	84.64	87.40	94.74	100.70
16 Malaysia/ringgit	2.5463	2.5738	2.6237	2.4787	2.4684	2.4396	2.4500	2.4813	2.5121
17 Netherlands/guilder	1.7587	1.8585	1.8190	1.5474	1.5779	1.5686	1.5557	1.6195	1.6421
18 New Zealand/dollar[2]	53.792	54.127	59.358	66.723	66.740	66.947	67.417	65.687	65.602
19 Norway/krone	6.2142	7.1009	7.0553	6.2050	6.2980	6.2387	6.1710	6.3438	6.4144
20 Portugal/escudo	135.07	161.08	165.93	145.89	148.40	147.63	145.88	149.88	152.55
21 Singapore/dollar	1.6294	1.6158	1.5275	1.3986	1.3947	1.3953	1.3984	1.4116	1.4344
22 South Africa/rand	2.8524	3.2729	3.5526	3.6035	3.6574	3.6627	3.6404	3.6402	3.6638
23 South Korea/won	784.66	805.75	806.93	770.61	764.43	763.88	760.05	768.88	772.68
24 Spain/peseta	102.38	127.48	133.88	124.14	123.22	121.71	119.71	123.45	125.77
25 Sri Lanka/rupee	44.013	48.211	49.170	49.371	49.558	50.210	50.899	51.227	52.467
26 Sweden/krona	5.8258	7.7956	7.7161	7.3455	7.3072	7.2631	7.1749	7.2383	7.1486
27 Switzerland/franc	1.4064	1.4781	1.3667	1.1384	1.1693	1.1588	1.1556	1.1962	1.2199
28 Taiwan/dollar	25.160	26.416	26.465	25.491	25.537	25.784	26.278	27.234	27.476
29 Thailand/baht	25.411	25.333	25.161	24.572	24.663	24.672	24.755	24.960	25.133
30 United Kingdom/pound[2]	176.63	150.16	153.19	160.73	158.74	159.48	159.52	156.68	155.57
MEMO									
31 United States/dollar[3]	86.61	93.18	91.32	81.81	82.73	82.27	81.90	84.59	86.00

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1995[1]

Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	15,643,324	8,166	*	6.45	.19	10.8	63.3	1.6	Fed funds
2 One month or less (excluding overnight)	9,834,330	1,703	10	6.75	.18	16.3	60.7	5.4	Other
3 Fixed rate	8,400,098	3,005	10	6.62	.24	11.6	56.9	4.1	Other
4 Floating rate	1,434,232	481	14	7.53	21	43.6	83.2	12.6	Prime
5 More than one month and less than one year	12,310,265	233	140	7.69	.15	41.6	76.5	7.3	Foreign
6 Fixed rate	6,802,401	323	98	7.13	.20	31.5	75.3	9.6	Foreign
7 Floating rate	5,507,863	173	193	8.38	.20	54 0	78.0	4 4	Prime
8 Demand[7]	14,720,353	258	*	8.19	.17	56 6	71.9	6.4	Prime
9 Fixed rate	4,763,186	1,031	*	6.61	.19	22.0	64.1	8.4	Other
10 Floating rate	9,957,166	190	*	8.95	.19	73.1	75.6	5.5	Prime
11 **Total short-term**	**52,508,271**	**447**	**49**	**7.28**	**.16**	**31.9**	**68.3**	**5.0**	**Other**
12 Fixed rate (thousands of dollars)	35,609,009	1,171	25	6.64	.21	16.4	64.2	4 6	Other
13 1–99	359,224	15	145	10.09	.17	79.6	39.4	.3	Other
14 100–499	453,454	230	119	8.22	.22	66.4	63.2	6.7	Other
15 500–999	521,986	700	49	7.46	.18	48.5	78 9	8.1	Other
16 1,000–4,999	5,453,699	2,303	41	7.16	.10	33.7	74.5	7.8	Other
17 5,000–9,999	5,571,905	6,712	27	6 76	.05	19.9	63.7	6.5	Other
18 10,000 or more	23,248,742	21,091	17	6.39	.05	8.9	62.0	3.4	Fed funds
19 Floating rate (thousands of dollars)	16,899,262	194	156	8.64	.19	64.4	77.0	5.7	Prime
20 1–99	1,741,837	27	205	10.24	.08	81.3	87.2	1.9	Prime
21 100–499	3,317,730	193	208	9.71	.09	73.7	89.2	4 5	Prime
22 500–999	1,437,296	678	194	9.30	.12	69.0	86.6	6.3	Prime
23 1,000–4,999	3,810,794	2,061	142	8.68	.16	60.7	88.4	7.7	Prime
24 5,000–9,999	1,901,454	6,779	126	8.04	.23	61.2	80.1	6.3	Prime
25 10,000 or more	4,690,150	22,710	127	7.30	.35	54.4	51.2	6.0	Foreign
			Months						
26 **Total long-term**	**7,975,094**	**344**	**48**	**8.34**	**.16**	**67.6**	**67.5**	**5.2**	**Prime**
27 Fixed rate (thousands of dollars)	1,907,077	187	56	8.13	.26	59.0	57.0	4.5	Foreign
28 1–99	151,152	18	51	10.03	29	88.2	29.4	.6	Other
29 100–499	226,214	190	66	9.25	.31	83.5	54 1	9.0	Other
30 500–999	125,221	692	46	7.85	.38	68.6	81.6	2.2	Domestic
31 1,000 or more	1,404,489	4,756	56	7.77	.38	51.1	58.2	4.4	Foreign
32 Floating rate (thousands of dollars)	6,068,017	466	45	8.40	.17	70.2	70.8	5.4	Prime
33 1–99	224,726	29	35	10.05	.07	89.5	73.2	2.3	Prime
34 100–499	776,202	217	40	9.61	.10	83.0	76.4	6 5	Prime
35 500–999	494,278	685	39	9.17	.07	72.7	85.2	9.0	Prime
36 1,000 or more	4,572,811	5,276	47	8.03	.18	66.9	68.2	5.0	Prime
			Days	Loan rate (percent): Effective[3]	Loan rate (percent): Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	15,315,150	9,806	*	6.38	6.18	9.1	62.6	1.5	8.75
38 One month or less (excluding overnight)	9,407,700	5,319	10	6.61	6.41	13.6	60.0	5.4	8.75
39 More than one month and less than one year	9,114,352	962	120	6.95	6.74	28.4	73.6	8.4	8.78
40 Demand[7]	7,531,930	1,984	*	6.65	6.52	39 2	57.4	5.7	8.75
41 **Total short-term**	**41,369,133**	**2,493**	**36**	**6.61**	**6.42**	**19.8**	**63.5**	**4.7**	**8.76**
42 Fixed rate	34,411,986	3,240	23	6.53	6.35	14.3	63.7	4.4	8.75
43 Floating rate	6,957,147	1,164	131	6.99	6.78	47.4	62.1	6.3	8.78
			Months						
44 **Total long-term**	**4,706,925**	**1,202**	**50**	**7.41**	**7.18**	**63.2**	**65.5**	**4.0**	**8.79**
45 Fixed rate	1,199,589	506	52	7.17	6.98	56 6	70.2	4.5	8.85
46 Floating rate	3,507,336	2,267	49	7.49	7.25	65 4	63.8	3.9	8 77

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1995[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	10,512,047	7,961	*	6.48	.16	11.3	70.1	2.0	Domestic
2 One month or less (excluding overnight)	7,244,226	4,170	11	6.74	.17	14.2	55.3	6.7	Other
3 Fixed rate	6,248,700	6,164	10	6.67	.14	11.5	51.3	4.9	Other
4 Floating rate	995,527	1,376	13	7.22	.24	31.4	80.8	17.9	Other
5 More than one month and less than one year	7,388,862	994	105	7.36	.14	36.7	85.8	8.9	Foreign
6 Fixed rate	4,832,781	3,051	76	6.98	.12	28.5	83.1	11.6	Foreign
7 Floating rate	2,556,082	437	161	8.09	.18	52.3	90.8	3.9	Prime
8 Demand[7]	8,144,051	393	*	7.66	.20	46.3	66.8	6.8	Prime
9 Fixed rate	3,178,195	2,931	*	6.39	.27	10.7	60.7	4.8	Other
10 Floating rate	4,965,857	253	*	8.48	.19	69.1	70.7	8.2	Prime
11 **Total short-term**	**33,289,187**	**1,066**	**35**	**7.02**	**.15**	**26.1**	**69.5**	**5.7**	**Other**
12 Fixed rate (thousands of dollars)	24,771,721	4,952	21	6.61	.15	14.6	66.7	5.0	Other
13 1–99	18,404	28	114	8.77	.27	68.2	74.3	2.5	Other
14 100–499	193,848	265	68	7.83	.27	56.7	77.1	7.4	Other
15 500–999	334,645	709	51	7.45	.14	44.8	78.6	9.0	Other
16 1,000–4,999	3,872,927	2,316	35	7.09	.10	31.5	70.6	7.7	Other
17 5,000–9,999	4,315,075	6,753	23	6.73	.03	15.3	59.0	7.1	Other
18 10,000 or more	16,036,822	19,432	16	6.43	.07	9.2	67.4	3.6	Other
19 Floating rate (thousands of dollars)	8,517,466	325	119	8.21	.19	59.6	77.9	8.0	Prime
20 1–99	539,751	32	194	10.08	.10	74.0	88.8	1.9	Prime
21 100–499	1,437,010	204	189	9.67	.05	72.4	89.9	3.9	Prime
22 500–999	676,149	658	177	9.29	.04	64.6	91.8	8.0	Prime
23 1,000–4,999	1,932,075	2,024	116	8.48	.11	51.1	91.7	9.7	Prime
24 5,000–9,999	1,057,020	6,721	134	7.94	.24	46.4	85.1	9.2	Prime
25 10,000 or more	2,875,462	25,706	79	6.81	.27	59.9	54.7	9.7	Fed funds
			Months						
26 **Total long-term**	**5,577,542**	**1,016**	**49**	**8.27**	**.13**	**72.2**	**67.9**	**3.2**	**Prime**
27 Fixed rate (thousands of dollars)	1,170,395	1,407	62	8.03	.20	62.0	64.0	4.9	Foreign
28 1–99	9,898	27	41	9.31	.41	85.8	48.4	.0	Other
29 100–499	46,375	232	43	8.18	.22	75.8	74.3	2.6	Other
30 500–999	44,131	668	40	7.49	.33	54.0	84.5	2.9	Foreign
31 1,000 or more	1,069,992	5,266	64	8.03	.44	61.5	62.9	5.1	Foreign
32 Floating rate (thousands of dollars)	4,407,147	946	46	8.33	.13	75.0	68.9	2.8	Prime
33 1–99	68,989	36	30	9.70	.07	88.7	83.4	2.1	Prime
34 100–499	362,137	217	37	9.40	.09	76.4	86.3	5.0	Prime
35 500–999	307,225	686	39	9.20	.09	74.5	91.9	5.7	Prime
36 1,000 or more	3,668,797	5,730	48	8.13	.22	74.6	65.0	2.3	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	10,344,685	8,941	*	6.42	6.23	10.1	69.7	1.9	8.75
38 One month or less (excluding overnight)	7,032,540	6,380	10	6.65	6.44	12.8	54.9	6.7	8.75
39 More than one month and less than one year	6,235,040	3,111	90	6.95	6.74	30.0	85.0	9.6	8.75
40 Demand[7]	5,142,796	3,130	*	6.48	6.37	37.2	51.7	5.0	8.75
41 **Total short-term**	**28,755,062**	**4,868**	**28**	**6.60**	**6.42**	**19.9**	**66.2**	**5.3**	**8.75**
42 Fixed rate	24,348,647	5,767	20	6.56	6.38	13.8	66.2	4.8	8.75
43 Floating rate	4,406,415	2,615	94	6.83	6.64	53.6	66.0	7.8	8.75
			Months						
44 **Total long-term**	**3,507,079**	**3,301**	**53**	**7.49**	**7.26**	**73.5**	**67.0**	**1.3**	**8.75**
45 Fixed rate	716,315	1,744	62	7.10	6.93	69.5	86.6	5.4	8.75
46 Floating rate	2,790,764	4,282	50	7.59	7.34	74.5	61.9	.3	8.75

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1995[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	5,131,277	8,622	*	6.39	.24	9.6	49.4	7	Fed funds
2 One month or less (excluding overnight)	2,590,103	641	10	6.78	.23	22 0	75.8	1.7	Fed funds
3 Fixed rate	2,151,398	1,207	9	6.49	.33	12.0	73.2	2.0	Fed funds
4 Floating rate	438,705	195	18	8 24	.25	71.1	88.7	.4	Prime
5 More than one month and less than one year	4,921,403	108	193	8.18	.18	48.8	62.6	4.8	Prime
6 Fixed rate	1,969,621	101	151	7.49	.25	38.8	56 3	4.9	Fed funds
7 Floating rate	2,951,782	114	220	8.63	22	55.6	66 9	4 8	Prime
8 Demand[7]	6,576,301	181	*	8.85	.18	69.3	78.2	5 9	Prime
9 Fixed rate	1,584,992	448	*	7.06	.22	44.7	70 9	15.7	Other
10 Floating rate	4,991,310	152	*	9 41	.20	77.1	80.5	2.8	Prime
11 **Total short-term**	**19,219,084**	**223**	**78**	**7.74**	**.17**	**41.8**	**66.2**	**3.7**	**Prime**
12 Fixed rate (thousands of dollars)	10,837,288	426	35	6 71	.22	20.5	58.5	3.9	Fed funds
13 1–99	340,821	15	146	10.16	.19	80.2	37.6	.1	Other
14 100–499	259,605	210	155	8.51	.19	73.6	52.8	6.2	Other
15 500–999	187,341	684	45	7.48	.32	55.0	79.4	6.5	Other
16 1,000–4,999	1,580,771	2,270	59	7 32	.19	39.1	84.1	8.0	Other
17 5,000–9,999	1,256,831	6,577	46	6.83	.14	35.8	79.6	4 4	Other
18 10,000 or more	7,211,919	26,035	21	6.30	.09	8.2	49.9	2.9	Fed funds
19 Floating rate (thousands of dollars)	8,381,796	138	194	9 08	.22	69.2	76.1	3.4	Prime
20 1–99	1,202,086	25	207	10 32	.09	84.6	86.5	1.9	Prime
21 100–499	1,880,720	186	217	9 75	.11	74.7	88.7	4.9	Prime
22 500–999	761,147	697	205	9.30	.19	72.9	81.9	4.9	Prime
23 1,000–4,999	1,878,720	2,101	184	8.89	.27	70.5	85.1	5.7	Prime
24 5,000–9,999	844,435	6,853	105	8.17	.46	79.7	73.9	2.8	Prime
25 10,000 or more	1,814,688	19,169	194	8.08	.73	45 6	45.7	.0	Foreign
			Months						
26 **Total long-term**	**2,397,552**	**135**	**44**	**8.50**	**.17**	**56.7**	**66.5**	**9.8**	**Prime**
27 Fixed rate (thousands of dollars)	736,681	79	47	8.29	.28	54.4	45.7	3.9	Other
28 1–99	141,255	17	52	10.08	.31	88.3	28.1	.7	Other
29 100–499	179,839	181	72	9.52	.31	85.4	48.9	10.6	Other
30 500–999	81,090	705	50	8.04	.42	76.5	80.0	1.9	Domestic
31 1,000 or more	334,498	3,630	31	6.94	.15	18.0	43.1	2.2	Foreign
32 Floating rate (thousands of dollars)	1,660,870	199	43	8.60	.19	57.7	75.7	12.5	Prime
33 1–99	155,737	26	38	10.21	.06	89.8	68.7	2.3	Prime
34 100–499	414,065	216	43	9.80	.17	88.9	67.6	7.7	Prime
35 500–999	187,053	684	39	9.13	12	69.6	74.2	14.4	Prime
36 1,000 or more	904,014	3,993	45	7.66	.39	35.4	81.0	16.0	Foreign
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	4,970,464	12,278	*	6 29	6.10	7 0	47 7	.7	8 75
38 One month or less (excluding overnight)	2,375,160	3,564	10	6.50	6 31	16.1	75.2	1 8	8.76
39 More than one month and less than one year	2,879,313	386	185	6.95	6.74	25 0	48.8	5.9	8.86
40 Demand[7]	2,389,134	1,110	*	7.03	6.85	43 3	69.6	7.3	8.76
41 **Total short-term**	**12,614,071**	**1,180**	**55**	**6.62**	**6.43**	**19.7**	**57.3**	**3.3**	**8.78**
42 Fixed rate	10,063,339	1,573	31	6.46	6.27	15.4	57.8	3.3	8.76
43 Floating rate	2,550,732	594	185	7.25	7.03	36.7	55.5	3 7	8.83
			Months						
44 **Total long-term**	**1,199,846**	**420**	**41**	**7.16**	**6.96**	**33.1**	**61.1**	**11.8**	**8.91**
45 Fixed rate	483,274	247	35	7.28	7 07	37.4	45.9	3 1	8.99
46 Floating rate	716,572	800	46	7 08	6 88	30.2	71 3	17.7	8.86

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1995—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecure loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.

2. Average maturities are weighted by loan size; excludes demand loans.

3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.

5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.

6. Overnight loans mature on the following business day.

7 Demand loans have no stated date of maturity.

8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.

10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1995[1]

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets[4]**	**789,789**	**341,335**	**612,909**	**281,034**	**76,283**	**33,458**	**60,497**	**18,386**
2 Claims on nonrelated parties	708,499	200,137	548,038	167,025	70,542	15,567	57,321	12,203
3 Cash and balances due from depository institutions	166,142	137,775	147,986	121,306	5,726	5,095	10,791	10,287
4 Cash items in process of collection and unposted debits	2,742	0	2,591	0	6	0	105	0
5 Currency and coin (U.S. and foreign)	21	n.a.	14	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	97,030	75,058	85,413	64,749	3,969	3,391	7,045	6,701
7 U.S. branches and agencies of other foreign banks (including IBFs)	91,402	72,278	80,440	62,052	3,649	3,361	6,915	6,651
8 Other depository institutions in United States (including IBFs)	5,628	2,781	4,973	2,697	320	30	129	50
9 Balances with banks in foreign countries and with foreign central banks	65,724	62,717	59,441	56,556	1,719	1,704	3,614	3,586
10 Foreign branches of U.S. banks	2,187	1,894	1,977	1,695	14	13	178	178
11 Other banks in foreign countries and foreign central banks	63,537	60,823	57,464	54,861	1,705	1,691	3,436	3,408
12 Balances with Federal Reserve Banks	626	n.a.	527	n.a.	31	n.a.	27	n.a.
13 **Total securities and loans**	**398,536**	**51,615**	**270,139**	**36,290**	**58,960**	**9,592**	**40,040**	**1,602**
14 Total securities, book value	89,842	11,573	82,156	10,371	4,295	610	2,787	567
15 U.S. Treasury	23,554	n.a.	22,383	n.a.	637	n.a.	428	n.a.
16 Obligations of U.S government agencies and corporations	24,010	n.a.	23,431	n.a.	351	n.a.	57	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	42,279	11,573	36,342	10,371	3,307	610	2,303	567
18 Securities of foreign governmental units	13,108	4,858	11,803	4,427	683	267	523	143
19 All Other	29,171	6,715	24,539	5,944	2,624	343	1,779	424
20 Federal funds sold and securities purchased under agreements to resell	44,015	5,374	41,811	5,169	624	89	1,071	65
21 U.S. branches and agencies of other foreign banks	10,491	3,524	9,793	3,398	384	31	120	65
22 Commercial banks in United States	6,803	133	6,360	118	158	0	21	0
23 Other	26,721	1,718	25,658	1,654	82	58	930	0
24 Total loans, gross	308,848	40,054	188,082	25,927	54,706	8,984	37,260	1,035
25 LESS: Unearned income on loans	155	12	99	8	41	2	7	0
26 EQUALS: Loans, net	308,694	40,042	187,983	25,919	54,665	8,982	37,253	1,035
Total loans, gross, by category								
27 Real estate loans	36,978	284	21,100	108	10,899	175	2,864	0
28 Loans to depository institutions	36,961	24,293	22,628	13,875	9,057	7,051	1,268	587
29 Commercial banks in United States (including IBFs)	17,415	9,861	9,234	4,093	7,037	5,374	924	327
30 U.S. branches and agencies of other foreign banks	15,356	9,443	7,974	3,829	6,838	5,269	405	308
31 Other commercial banks in United States	2,059	418	1,260	264	198	105	518	19
32 Other depository institutions in United States (including IBFs)	67	0	17	0	50	0	0	0
33 Banks in foreign countries	19,479	14,432	13,377	9,783	1,970	1,677	344	260
34 Foreign branches of U.S. banks	530	403	507	392	10	10	0	0
35 Other banks in foreign countries	18,949	14,029	12,870	9,390	1,960	1,667	344	260
36 Loans to other financial institutions	27,620	705	22,427	573	2,181	19	2,508	82
37 Commercial and industrial loans	187,057	12,462	105,280	9,271	31,670	1,668	28,490	346
38 U.S. addressees (domicile)	163,311	111	88,259	97	28,732	6	27,359	0
39 Non-U.S. addressees (domicile)	23,746	12,351	17,021	9,175	2,939	1,662	1,131	346
40 Acceptances of other banks	999	96	691	91	127	0	98	0
41 U.S. banks	256	0	225	0	19	0	3	0
42 Foreign banks	742	96	466	90	107	0	95	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,232	1,966	2,659	1,800	177	72	115	20
44 Loans for purchasing or carrying securities (secured and unsecured)	8,727	36	8,520	36	154	0	35	0
45 All other loans	5,769	180	3,273	139	443	0	1,880	0
46 Assets held in trading accounts	48,398	329	45,809	258	147	71	2,442	0
47 All other assets	51,408	5,044	42,293	4,002	5,085	720	2,977	249
48 Customers' liabilities on acceptances outstanding	12,213	n.a.	8,229	n.a	2,955	n.a.	456	n.a
49 U.S. addressees (domicile)	9,695	n.a.	6,085	n.a.	2,898	n.a.	379	n.a.
50 Non-U.S. addressees (domicile)	2,517	n.a.	2,144	n.a.	57	n.a.	77	n.a
51 Other assets including other claims on nonrelated parties	39,195	5,044	34,063	4,002	2,130	720	2,521	249
52 Net due from related depository institutions[5]	81,291	141,198	64,871	114,009	5,741	17,890	3,176	6,182
53 Net due from head office and other related depository institutions[5]	81,291	n.a.	64,871	n.a.	5,741	n.a.	3,176	n.a.
54 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	141,198	n.a.	114,009	n.a.	17,890	n.a.	6,182
55 **Total liabilities[4]**	**789,789**	**341,335**	**612,909**	**281,034**	**76,283**	**33,458**	**60,497**	**18,386**
56 Liabilities to nonrelated parties	671,150	314,288	558,292	260,356	57,215	32,717	37,544	14,362

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1995[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
57 Total deposits and credit balances	158,457	245,050	132,923	226,977	6,417	5,147	10,455	7,434
58 Individuals, partnerships, and corporations	101,784	12,980	80,025	8,493	5,630	551	8,630	46
59 U.S. addressees (domicile)	89,014	136	73,241	136	3,871	0	7,794	0
60 Non-U.S. addressees (domicile)	12,770	12,843	6,783	8,357	1,759	551	836	16
61 Commercial banks in United States (including IBFs)	31,575	67,571	29,341	63,047	326	1,943	1,578	2,257
62 U.S. branches and agencies of other foreign banks	18,344	63,139	17,491	59,023	95	1,748	506	2,076
63 Other commercial banks in United States	13,231	4,432	11,849	4,023	231	195	1,073	181
64 Banks in foreign countries	11,492	140,557	10,768	133,448	242	1,853	234	4,250
65 Foreign branches of U.S. banks	3,808	5,798	3,564	5,286	100	132	143	339
66 Other banks in foreign countries	7,683	134,759	7,203	128,162	142	1,721	91	3,911
67 Foreign governments and official institutions (including foreign central banks)	3,872	23,819	3,516	21,888	193	800	3	859
68 All other deposits and credit balances	9,288	123	8,874	101	6	0	3	22
69 Certified and official checks	446		400		20		7	
70 Transaction accounts and credit balances (excluding IBFs)	7,974		6,402		334		346	
71 Individuals, partnerships, and corporations	6,077		4,780		277		334	
72 U.S. addressees (domicile)	4,414		3,776		207		328	
73 Non-U.S. addressees (domicile)	1,663		1,005		70		6	
74 Commercial banks in United States (including IBFs)	61		54		3		0	
75 U.S. branches and agencies of other foreign banks	7		5		0		0	
76 Other commercial banks in United States	53		49		2		0	
77 Banks in foreign countries	788		632		25		1	
78 Foreign branches of U.S. banks	1		0		0		0	
79 Other banks in foreign countries	787		632		25		1	
80 Foreign governments and official institutions (including foreign central banks)	435		387		4		3	
81 All other deposits and credit balances	168		148		6		1	
82 Certified and official checks	446		400		20		7	
83 Demand deposits (included in transaction accounts and credit balances)	7,478		6,204		255		332	
84 Individuals, partnerships, and corporations	5,687		4,664		205		321	
85 U.S. addressees (domicile)	4,252		3,713		154		315	
86 Non-U.S. addressees (domicile)	1,434		952		51		6	
87 Commercial banks in United States (including IBFs)	50		46		1		0	
88 U.S. branches and agencies of other foreign banks	7	n.a.	5	n.a.	0	n.a.	0	n.a.
89 Other commercial banks in United States	43		41		0		0	
90 Banks in foreign countries	758		605		25		1	
91 Foreign branches of U.S. banks	1		0		0		0	
92 Other banks in foreign countries	757		605		25		1	
93 Foreign governments and official institutions (including foreign central banks)	419		383		3		3	
94 All other deposits and credit balances	118		105		1		0	
95 Certified and official checks	446		400		20		7	
96 Nontransaction accounts (including MMDAs, excluding IBFs)	150,483		126,521		6,083		10,110	
97 Individuals, partnerships, and corporations	95,707		75,244		5,353		8,296	
98 U.S. addressees (domicile)	84,600		69,466		3,664		7,467	
99 Non-U.S. addressees (domicile)	11,107		5,779		1,689		829	
100 Commercial banks in United States (including IBFs)	31,515		29,286		324		1,578	
101 U.S. branches and agencies of other foreign banks	18,337		17,486		95		506	
102 Other commercial banks in United States	13,178		11,800		229		1,072	
103 Banks in foreign countries	10,704		10,136		217		233	
104 Foreign branches of U.S. banks	3,807		3,564		100		143	
105 Other banks in foreign countries	6,896		6,572		117		90	
106 Foreign governments and official institutions (including foreign central banks)	3,437		3,128		190		0	
107 All other deposits and credit balances	9,120		8,726		0		2	
108 IBF deposit liabilities		245,050		226,977		5,147		7,434
109 Individuals, partnerships, and corporations		12,980		8,493		551		46
110 U.S. addressees (domicile)		136		136		0		0
111 Non-U.S. addressees (domicile)		12,843		8,357		551		46
112 Commercial banks in United States (including IBFs)		67,571		63,047		1,943		2,257
113 U.S. branches and agencies of other foreign banks		63,139		59,023		1,748		2,076
114 Other commercial banks in United States	n.a.	4,432	n.a.	4,023	n.a.	195	n.a.	181
115 Banks in foreign countries		140,557		133,448		1,853		4,250
116 Foreign branches of U.S. banks		5,798		5,286		132		339
117 Other banks in foreign countries		134,759		128,162		1,721		3,911
118 Foreign governments and official institutions (including foreign central banks)		23,819		21,888		800		859
119 All other deposits and credit balances		123		101		0		22

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1995[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
120 Federal funds purchased and securities sold under agreements to repurchase	74,012	12,678	61,705	8,320	6,263	2,494	5,608	1,687
121 U.S. branches and agencies of other foreign banks	12,760	4,650	7,595	2,216	3,141	1,648	1,841	692
122 Other commercial banks in United States	9,811	426	6,619	70	1,771	34	1,339	322
123 Other	51,441	7,602	47,491	6,035	1,350	812	2,427	674
124 Other borrowed money	105,424	51,187	57,499	20,483	34,989	24,462	10,396	5,109
125 Owed to nonrelated commercial banks in United States (including IBFs)	36,105	20,493	13,640	4,751	17,672	13,043	3,560	2,234
126 Owed to U.S. offices of nonrelated U.S. banks	7,943	1,645	4,435	463	2,538	1,090	621	45
127 Owed to U.S. branches and agencies of nonrelated foreign banks	28,162	18,849	9,205	4,288	15,134	11,953	2,939	2,189
128 Owed to nonrelated banks in foreign countries	30,998	28,947	16,306	14,458	11,340	11,210	2,629	2,622
129 Owed to foreign branches of nonrelated U.S. banks	1,717	1,389	743	444	905	885	33	33
130 Owed to foreign offices of nonrelated foreign banks	29,281	27,558	15,563	14,014	10,435	10,325	2,596	2,589
131 Owed to others	38,321	1,747	27,553	1,275	5,977	209	4,207	254
132 All other liabilities	88,207	5,373	79,189	4,575	4,399	614	3,650	131
133 Branch or agency liability on acceptances executed and outstanding	12,500	n.a.	8,470	n.a.	2,919	n.a.	460	n.a.
134 Trading liabilities	42,325	129	41,067	124	82	5	1,160	1
135 *Other liabilities to nonrelated parties*	*33,382*	*5,244*	*29,653*	*4,452*	*1,397*	*609*	*2,030*	*131*
136 Net due to related depository institutions[5]	118,640	27,047	54,617	20,678	19,068	740	22,953	4,024
137 Net owed to head office and other related depository institutions[5]	118,640	n.a.	54,617	n.a.	19,068	n.a.	22,953	n.a.
138 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	27,047	n.a.	20,678	n.a.	740	n.a.	4,024
MEMO								
139 Non-interest-bearing balances with commercial banks in United States	1,022	0	769	0	112	0	42	0
140 Holding of commercial paper included in total loans	912		881		1		0	
141 Holding of own acceptances included in commercial and industrial loans	3,986		2,779		1,025		69	
142 Commercial and industrial loans with remaining maturity of one year or less	109,988		62,615		18,571		17,243	
143 Predetermined interest rates	65,055	n.a.	36,500	n.a.	11,523	n.a.	12,157	n.a.
144 Floating interest rates	44,933		26,115		7,048		5,086	
145 Commercial and industrial loans with remaining maturity of more than one year	77,069		42,665		13,099		11,247	
146 Predetermined interest rates	19,021		10,943		3,297		3,406	
147 Floating interest rates	58,049		31,722		9,802		7,840	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1995[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
148 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, including IBFs	152,761	↑	129,059	↑	6,636	↑	10,317	↑
149 Time CDs in denominations of $100,000 or more	115,058		98,161		4,103		6,907	
150 Other time deposits in denominations of $100,000 or more	30,203	n.a.	24,874	n.a.	1,561	n.a.	3,036	n.a.
151 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	7,500	↓	6,023	↓	971	↓	373	↓
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
152 Market value of securities held	0	0	0	0	0	0	0	0
153 Immediately available funds with a maturity greater than one day included in other borrowed money	62,982	n.a.	29,889	n.a.	26,958	n.a.	4,893	n.a.
154 Number of reports filed[6]	535	0	254	0	122	0	47	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items. IBF, international banking facility.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A75 although the prefix "A" is omitted in this index

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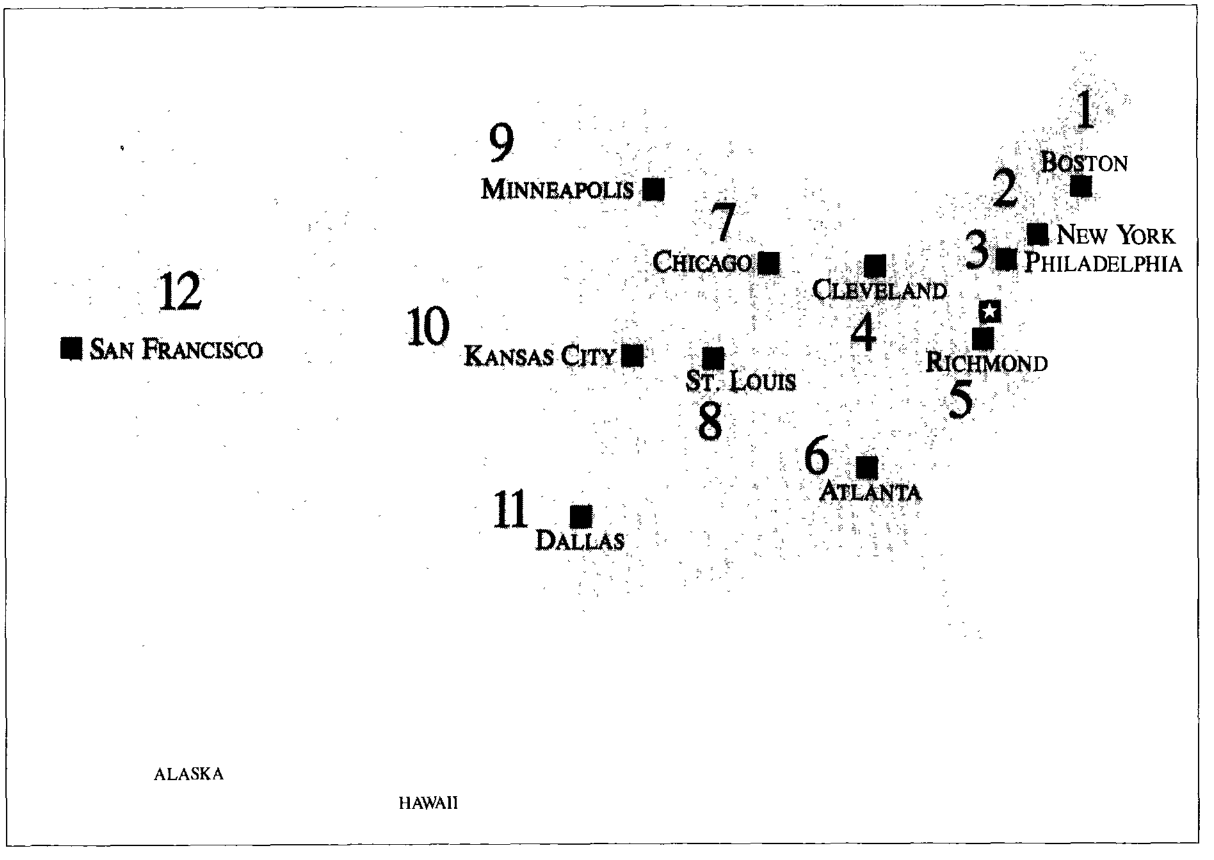


LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

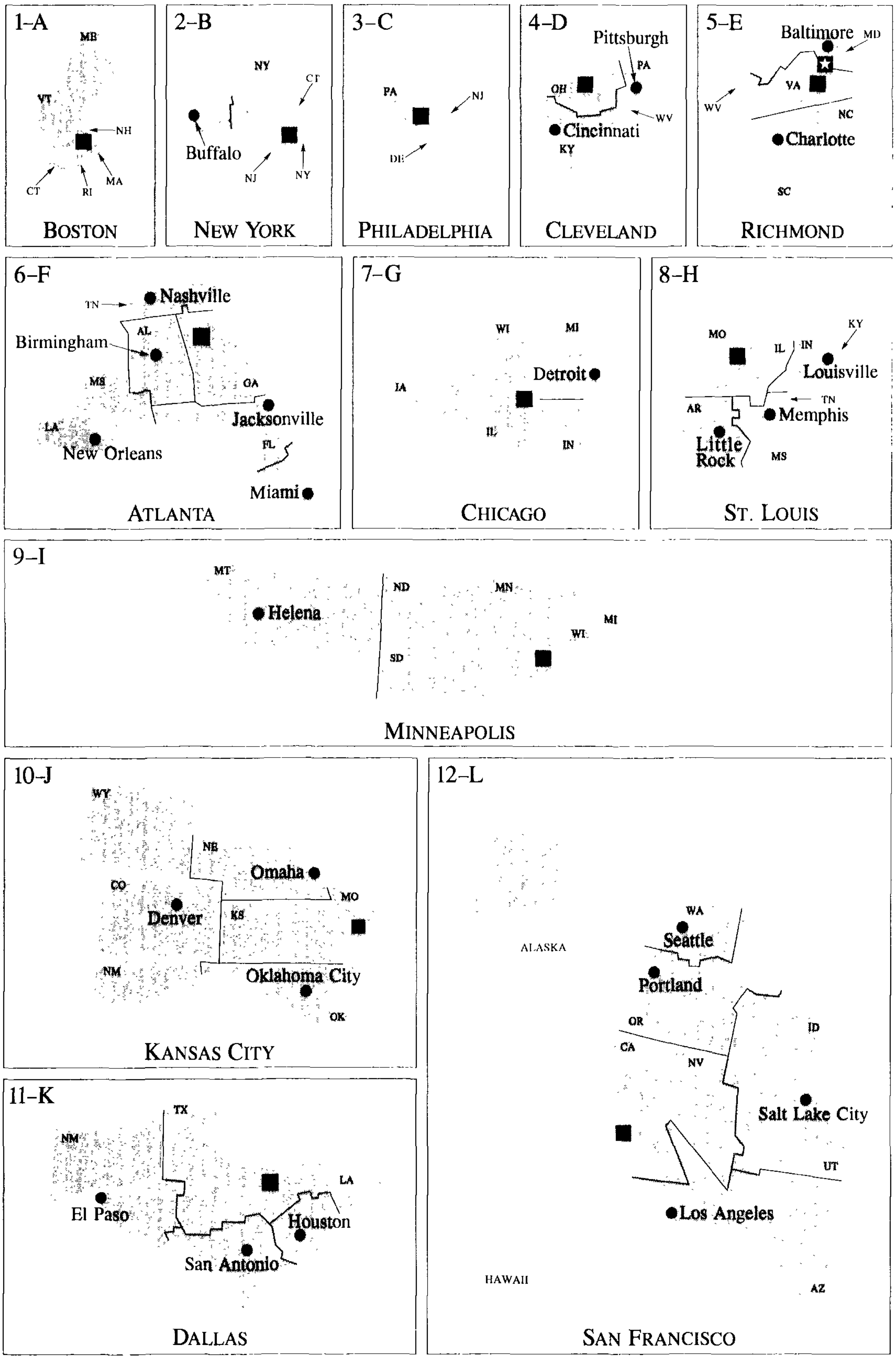
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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