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Overview of Derivatives Disclosures by Major U.S. Banks

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An important source of information about derivatives activities has been the published annual reports and other publicly available financial reports of banks and other companies. Meaningful disclosures about derivatives help users of financial statements to better understand derivatives activities and thus promote market discipline. Banking organizations and the accounting profession have taken a number of steps in recent years to improve the quality of disclosures about derivatives activities. Promoting meaningful disclosures and analyzing this information are important parts of the Federal Reserve's supervisory approach to derivatives activities of banks.[1]

This article discusses the disclosures about derivatives activities in the 1993 and 1994 annual reports of the top ten U.S. banks that deal in derivatives. It also summarizes the accounting standards and recommendations of industry groups and regulators that contributed to the 1994 disclosures. The main thrust of these efforts has been to make derivatives more "transparent," in that relevant information is presented in a way that allows the public and regulatory authorities to make informed judgments about a company's derivatives activity. Finally, the article reviews the improvements in qualitative and quantitative disclosures since 1993.

1. Other components to supervision include on-site examinations and related off-site monitoring of regulatory reports and capital standards. The Federal Reserve has also developed extensive examination guidance that works to reinforce the development of strong risk management policies within banking organizations. Furthermore, the Federal Reserve has been encouraging improvement in accounting standards for hedging and other derivatives activities.

BACKGROUND

In the past year, some highly publicized financial losses were attributed to derivative contracts that were held by several large corporations and municipalities. As a result, public attention has focused on derivatives. Although most financial market professionals see derivatives as efficient tools for managing risk, widespread confusion about them persists among the public. Much of the confusion may stem from the recent increase in the complexity of these instruments.

A standard definition, which will be used here, is that a derivative is a financial contract whose market value depends on the value of one or more underlying "goods." The underlying good can be a commodity, such as a metal or an agricultural product; a financial instrument, such as a stock, bond, or foreign currency; or an index, such as an interest rate or equity index. More simply, a derivative is a contract between two parties in which they agree to fix the price of something today for exchange, or settlement, on a future date. The amount of cash changing hands between the parties is calculated on the settlement date and is based on the difference between the prevailing market price for the good and the price specified in the contract.

The following example illustrates a frequently used type of derivative, a forward contract, in which the buyer agrees to purchase and the seller agrees to deliver a commodity at a specified price on a certain date.

Two companies, a fuel distributor and a manufacturer, decide to enter into a derivative contract. The distributor has an inventory of 1,000 gallons of gasoline, about three months' supply. The manufacturer purchases 1,000 gallons of gasoline about every three months for use in its factory. On the one hand, the distributor is worried that the price of gasoline will fall in the near term from its current, or spot, price of $1 per gallon; on the other hand, the manufacturer is concerned about price increases. They enter into a derivative contract in which the distributor agrees to sell 1,000 gallons of gasoline on a specific date three months hence at $1 per gallon, and the manufacturer agrees to buy it then at that price. Rather than deliver the gasoline on a date that may be close to but not exactly the same as the date on which the manufacturer needs to buy it, they will instead settle in cash. Three months later, the spot price is $0.85 per gallon. In settlement of the contract, the manufacturer pays the distributor $150, that is, $1.00 per gallon (contract price) − $0.85 per gallon (spot price) × 1,000 gallons. (If the gasoline price had increased to $1.15, the distributor would have paid the manufacturer $150.) The distributor then sells its inventory in the open market for $850, and the manufacturer buys its gasoline for $850 on the open market.

In this example, both parties have hedged against the risk of unfavorable price changes in a commodity by entering into the derivative contract that compensates them for such a change. The distributor forgoes the gain from a price increase to avoid a loss on the value of its fuel inventory, and the manufacturer forgoes the savings from a price drop to avoid increased production costs resulting from a rise in the price of gasoline. When the derivative contract and the physical commodity are viewed together, the benefit to the companies is clear: They have effectively locked in the price of 1,000 gallons of gasoline at $1 per gallon for three months. The distributor and the manufacturer are seeking, in the example, to manage their risk from changes in market prices through the derivative contract. Reducing their risk exposures is one of the main purposes for which both financial and nonfinancial companies use derivatives.

Derivatives may also be entered into for speculative or trading purposes. In the example, either the distributor or the manufacturer or both could have entered into the contract to profit from their respective predictions about price changes. Alternatively, a financial intermediary could take opposite positions in two forward contracts, promising to pay the distributor a fixed price for the gasoline on a certain date and to accept another fixed price from the manufacturer for the same quantity of fuel. Then, no matter whether the price rose or fell, the intermediary, settling in cash, would pay (or receive), on the contract with the distributor, an amount of money that would offset the amount of money that it received (or paid) on the contract with the manufacturer. The intermediary's compensation is the difference between the fixed prices specified in the two contracts.

Derivatives can be designed to fit a multitude of situations. For example, derivatives are available on "catastrophe indexes" for the West Coast (earthquakes), Midwest (floods), and East Coast (hurricanes) that insurance companies may find useful as alternatives to negotiating reinsurance contracts with other insurers. Derivative contracts on electricity are being devised, and these may become the basis of an important market for utilities and their customers as electric utilities are deregulated.

Despite this apparent profusion, basically there are only two classes of contracts: forwards (illustrated in the example) and options. Each can be viewed as a "building block," in that it may be combined with the other in various ways to create instruments of greater complexity that may be used in sophisticated hedging strategies or in speculative transactions. (See box "Classes of Derivatives" for an overview of various types of derivatives.) Because these contracts can be quickly negotiated, a firm's susceptibility to loss from changes in prices (its "risk profile") can be vastly altered in a matter of days or even hours through the use of derivatives.

Derivatives themselves generally involve risks to which banks and other companies have long been exposed, for example, credit, market, liquidity, and legal risks (see box "Risks Associated with Derivatives"). However, because derivatives are often more complex, for example, than traditional bank products, their risks can be more difficult to measure and manage.

USE OF DERIVATIVES BY BANKS

During the past few years, the use of derivatives in the banking industry has grown rapidly (see box "Some Uses of Derivatives by Financial Intermediaries"). Derivatives are now an important product of many banks, yet measures of the size of this activity are difficult to devise, in part because the contracts represent promises of cash flows in the future. As a result, many market observers rely on

Classes of Derivatives

Derivatives are contracts that derive their market values by reference to a physical commodity or to another contract, such as a debt or equity instrument, or by reference to an interest rate or equity index (collectively referred to as "goods"). Some derivative instruments can be settled by the delivery of the referenced good or by the payment of cash, while others are settled strictly in cash. There are two basic classes of derivatives—forwards and options.

Forward Contracts

A forward is a bilateral agreement in which one party, the buyer, is obligated to purchase the contracted-for good, and the second party, the seller, is obligated to sell the good to the buyer. A party who is buying or selling a good at some time in the future may wish to hedge against the risk of interim changes in the price of the good by entering into a forward contract today. At the inception of the forward contract, the price, quantity, and grade of the good, the delivery date, and the place of delivery are fixed. The price to be paid in the future under a new forward contract will be closely related to the good's current market price (its spot price), with adjustments for costs to maintain or carry an inventory of the good, such as for storage, insurance, and interest.

Futures. A futures contract is a type of forward in which a clearinghouse normally serves as a counterparty to both the buyer and seller. In this arrangement, the time and cost of finding a willing counterparty are reduced; credit risk is also reduced because the parties are looking to the clearinghouse for performance. Clearinghouses typically reduce their credit risk by requiring collateral and marking positions to market frequently. In order to be traded on organized exchanges, futures contracts must have standard commodity-unit and delivery terms to ensure their liquidity. Futures are available for agricultural products and other commodities, bonds and other interest-bearing instruments, equity interests, and foreign exchange.

Forward Rate Agreement (FRA). As the name indicates, an FRA is a forward contract, settled in cash, in which required payments are based on the difference between a spot market rate and the contractual forward rate. If the spot rate at expiry is higher than the forward rate, the seller pays the difference; if the spot rate is lower, the buyer pays the difference.

Swaps. An interest rate swap may be viewed as a series of forward rate agreements packaged into a single instrument. In a simple interest rate swap contract, one party agrees to make fixed cash payments, and the counterparty agrees to make variable payments based on a floating-rate index, such as the London Interbank Offered Rate (LIBOR). The parties then exchange payments according to a certain schedule for the life of the swap, which may be several years. Besides interest rates, the structure of exchanging a fixed payment for a floating payment has been applied to such goods as foreign exchange, precious metals, and bulk commodities.

Option Contracts

An option contract is a unilateral agreement in which one party, the option writer, is obligated to perform under the contract if the option holder exercises his or her option. (The option holder pays a fee or "premium" to the writer for this option.) The option holder, however, is not under any obligation and will require performance only when the exercise price is favorable relative to current market prices. If, on the one hand, prices move unfavorably to the option holder, the holder loses only the premium. If, on the other hand, prices move favorably for the option holder, the holder has theoretically unlimited gain at the expense of the option writer. In an option contract the exercise price (strike price), delivery date (maturity date or expiry), and quantity and quality of the commodity are fixed.

The main types of options are calls and puts. A call option grants the holder of the contract the right, but not the obligation, to purchase a good from the writer of the option in consideration for the payment of cash (the option premium). A put option grants the the holder the right, but not the obligation, to sell the underlying good to the option writer.

Interest Rate Caps and Floors. Caps and floors may be viewed as a series of call options packaged into a single financial instrument in which the underlying good is an interest rate index. For example, a borrower arranges to borrow at a variable rate reset quarterly at LIBOR. He also purchases a 6.5 percent rate cap. If LIBOR rises to 9 percent, the borrower pays his creditor 9 percent and receives from the cap writer 2.5 percent (9 percent – 6.5 percent option exercise price). The borrower has effectively limited his interest expense to a maximum of 6.5 percent plus the premium paid for the interest rate cap.

Under a floor contract, the borrower writes an option in which he agrees to pay the difference between the strike price and the interest rate index specified in the contract. The premium received offsets a portion of the overall interest expense of the obligation; however, the debtor retains exposure to higher interest rates and forgoes the benefit of lower interest rates on his floating-rate obligation.

notional or principal amounts of contracts in assessing the size of the market. The notional amount is the face amount of a contract to which the rates or indexes that have been specified in the contract are applied to determine cash flows. For example, in an interest rate swap in which two parties agree to exchange fixed for floating interest payments on $10 million of debt, the notional amount of the contract is $10 million. In general, the notional amount is never exchanged and does not reflect the risk of the position. Furthermore, aggregate notional amounts are often overstated because of double counting of contracts between dealers and because contracts are often used to offset the effect of other derivatives. Nevertheless, changes in notional amounts over time give an indication of the growth of derivatives activities.

From 1990 to the end of the first quarter of 1995, the total assets of those U.S. banks involved in derivatives grew almost 35 percent, from $2.3 trillion to $3.1 trillion. During the same period, however, the notional amounts of derivatives contracts almost tripled, rising from $6.8 trillion to almost $18 trillion.

Although the number of banks involved in derivatives has risen since 1990, it is still relatively small—about 600 as of March 31, 1995. Also, the largest banks account for most of the activity: The top fifteen banks hold more than 95 percent of the derivatives contracts (as measured by notional amounts) of the U.S. banking industry.

Accounting for Derivatives

The issues involved in the accounting treatment of derivative contracts are also complex. Accounting theory has not kept up with the innovations

Risks Associated with Derivatives

Generally, the risks associated with derivative instruments are the same as those arising from other bank financial instruments. The major categories of risk are the following.

Credit Risk is the possibility of loss from the failure of a counterparty to fully perform on its contractual obligations. Types of information that may be disclosed about credit risk include the following:

- Gross positive market value—the gross replacement cost of a contract, without the effects of any netting arrangements
- Current credit exposure—the replacement cost of a contract, including the effect of netting arrangements
- Potential credit exposure—possible replacement costs if favorable price movements (making the contract more onerous to the counterparty) occur in the future
- Credit risk concentrations—indicators of a lack of diversification in either geographic areas or industry groups
- Collateral and other credit enhancements that may reduce credit risk
- Counterparty credit quality, nonperforming contracts, and actual credit losses

Market Risk is the possibility that the value of on- or off-balance-sheet positions will adversely change before the positions can be liquidated or offset with other positions. For banks, the value of these positions may change because of changes in domestic interest rates (interest rate risk) or foreign exchange rates (foreign exchange rate risk).

For some of the larger institutions, information about their internal value-at-risk measures and methodology can improve the understanding of their exposure to market risk. Value at risk involves the assessment of potential losses in portfolio value because of adverse movements in market risk factors for a specified statistical confidence level over a defined holding period.

Liquidity Risk has two broad types: market liquidity risk and funding risk. Market liquidity risk arises from the possibility that a position cannot be eliminated quickly either by liquidating it or by establishing offsetting positions. Funding risk arises from the possibility that a firm will be unable to meet the cash requirements of its contracts.

Operational Risk is the possibility that losses may occur because of inadequate systems and controls, human error, or mismanagement.

Legal Risk is the possibility of loss that arises when a contract cannot be enforced—for example, because of poor documentation, insufficient capacity or authority of the counterparty, or uncertain enforceability of the contract in a bankruptcy or insolvency proceeding.

represented by the development of derivatives. At present, financial statements do not effectively represent the risk profile of a company that uses derivatives nor its management's intentions for controlling risk relating to derivatives.

Derivative instruments, like traditional loan commitments, are executory contracts. That is, the two parties to the contract have made mutual promises, but they have not yet performed their promised duties. Companies typically report a contract in their financial statements only after some performance has taken place. For example, in a firm commitment to lend, the amount of the financial contract does not appear on the balance sheet until the borrower actually draws on the loan. Another example is a firm purchase order received by a manufacturer. These orders make up the company's backlog but are not generally recognized in

Some Uses of Derivatives by Financial Intermediaries

Use of Interest Rate Swaps

A finance company of a manufacturer purchases equipment sales contracts, bearing fixed interest rates, from the dealer network. The overall portfolio of sales contracts has a weighted-average life of three years and a yield of 12 percent. To finance its operations, the finance company sells short-term commercial paper in the secondary market. If a sudden increase in short-term rates occurs, the finance company's net interest margin will be decreased.

To reduce this risk, the finance company could enter into a three-year interest rate swap in which it receives the commercial paper rate and pays a fixed amount, with a notional amount equal to the amount of commercial paper outstanding. Because the cash received on the swap equals the company's interest expense on the commercial paper, the finance company has effectively locked in its net interest margin as the difference between the fixed rate received on the sales contract portfolio and the fixed payments on the interest rate swap. The finance company could have achieved the same goal by issuing three-year bonds bearing a fixed interest rate; however, using a swap may be preferable if it offers greater flexibility, speed, or a higher net interest margin.

A bank performs a gap analysis to analyze its interest rate sensitivity, and management finds that for the interval of less than three months, liabilities exceed assets by $100 million, whereas in the one-year interval, assets exceed liabilities by $120 million. Management is concerned that a sudden increase in interest rates would adversely affect income as its liabilities reprice at the higher rates more quickly than its assets do, and its goal is to have no more than a net $25 million in any period.

One solution for reducing this exposure would be to enter into a one-year interest rate swap, with a notional amount of $100 million, in which the bank pays fixed interest and receives a quarterly floating rate of interest. The $100 million notional amount, when analyzed as a component of the gap schedule, reduces the liability sensitivity for the interval of less than three months and decreases the one-year asset sensitivity, resulting in a balanced three-month interval and a $20 million asset sensitivity in the one-year interval, a result that meets management's goal.

Use of a Put Option

A mortgage company experiences a large increase in demand for home mortgages as a result of a downward trend in rates. It normally sells the loans it originates in the secondary market. The company is concerned that mortgage rates may unexpectedly increase, in which case many more consumers than usual will seek to fund commitments that were made earlier, at lower rates. These mortgages, bearing below-market rates, will sell at a discount in the secondary market. If rates continue to fall, most consumers will allow the commitments to expire.

One approach to hedging against the risk of loss from funding below-market-rate commitments would be to purchase put options on a bond whose market value tracks that of home mortgages as interest rates change. The option gives the company the right to sell the bond at the strike price, and if interest rates do indeed rise, the company profits if the bond's market value falls relative to the option's strike price. This profit on the option helps offset the loss from selling the below-market-rate mortgages resulting from the loan commitments. If rates are unchanged or if they fall, the market value of the bond underlying the option may exceed the option's strike price, which would render the option worthless at expiration. The company then loses the premium. Mortgages, however, will be originated and sold at face value. At the cost of the premium paid for the option, the bank has insured against incurring a loss on the commitments resulting from an increase in rates.

the financial statements until some performance takes place, such as shipment of the manufacturer's product. An important focus of accounting is matching performance under a contract with its recognition in the financial statements. Because executory contracts will affect future financial results as their terms are fulfilled, under generally accepted accounting principles companies must nevertheless describe in their current financial statements material, binding commitments that will be performed in the future.

In keeping with this treatment of executory contracts, the accounting treatment of derivative instruments may reflect only the next required contractual performance, such as accruing the expected payment or receipt of cash, as of the balance sheet date. Under this procedure, an example of accrual accounting, even though a party to a derivative—an interest rate swap, for example—may be obligated to make a series of cash payments over several years because of changes in interest rates, these potential future obligations are not reflected on the current balance sheet. Hence, the derivative contract is "off balance sheet," and its risks and rewards are not clear to the financial statement reader. Furthermore, when used as hedges, gains or losses on derivative contracts may be deferred to match interest income from loans, or interest expense on deposits or other items being hedged. Future benefits or obligations associated with off-balance-sheet contracts, then, are not well captured in the financial statements and therefore lack transparency.

Although executory contracts may not be reported on a balance sheet, they nonetheless have economic value. A manufacturer with a two-year sales backlog is probably better off than one with no backlog. Similarly, an interest rate swap entitling a company to receive a fixed rate of 8 percent will be more valuable than a contract that pays 7 percent. The traditional accounting requirement that some performance occur before a contract appears on the balance sheet, however, is replaced in some situations (such as for a dealer's trading portfolio) by an estimation of the contract's economic value. This accounting practice, called "marking to market," is the process of determining the market value of financial contracts (by market quote, if available; otherwise through estimation techniques), recording that value on the balance sheet, and reflecting the change in value in reported earnings.

The accounting treatment of derivatives is now a hodgepodge of mark-to-market accounting and accrual accounting and depends on the type of contract and the purpose for which the party entered into the contract. As the use of derivatives has expanded, the deficiencies of their accounting treatment have become more evident, and the need for more consistency is widely recognized.

Professional organizations that set accounting standards have been exploring a number of alternatives to current practice but have had much difficulty in reaching a consensus. Although accountants cannot now agree whether marking to market or accruing cash flows is the appropriate method for accounting for derivative contracts in every instance, all would agree that until a more consistent accounting method is devised, an interim step to improving the transparency of off-balance-sheet instruments is more thorough disclosures about the contractual terms of derivatives and discussions by management of their hedging programs and the results of those programs.

Changes in Disclosure Requirements and Recommendations

A new accounting standard issued by the Financial Accounting Standards Board (FASB) significantly expanded the required disclosures about derivatives and was effective for the 1994 annual reports of both financial and nonfinancial companies. Financial institutions also responded to initiatives by several industry and regulatory groups that called for additional disclosure of derivatives activities.

FASB Requirements before 1994

Before 1994, the FASB required that all firms preparing financial statements in conformance with generally accepted accounting principles disclose the following information about financial instruments with off-balance-sheet risk of accounting loss:[2]

2. "Accounting loss" on a financial contract is a potential loss in excess of the amount of the contract reported on the balance sheet.

• The face, contract, or notional principal amount

• The nature and terms of the instrument and a discussion of its credit and market risk, cash requirements, and related accounting policies

• The accounting loss the company would incur if any party to the financial instrument did not perform according to the contract's terms and any collateral proved to have no value

• The company's policy for requiring collateral or other security and a description of collateral presently held.

For all financial instruments (those with off-balance-sheet risk of accounting loss and those without), significant concentrations of credit risk from an individual counterparty or groups of counterparties must also be reported. Furthermore, companies must disclose the fair market value of their financial instruments, both assets and liabilities, whether or not they are recognized on the balance sheet.

SFAS 119

In response to calls for improved disclosure of derivatives activities, the FASB issued Statement of Financial Accounting Standards Number 119, *Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments* (SFAS 119). Under this new standard, which was effective for 1994 year-end reports, a company that issues or holds derivatives is required to differentiate in its disclosures between derivatives used for trading purposes and those used for risk management or other end-user reasons.

Trading Activities

A dealer is required to report the fair value (both year-end and annual average) of its derivatives positions and disaggregate from trading revenues the share earned from derivatives. This disaggregation may be either reported for derivatives alone or broken down by some other method, such as lines of business or types of risk exposure (for example, interest rate or foreign exchange), as long as trading profits from derivative instruments are clearly presented. The FASB encouraged, but did not require, the disclosure of similar data about nonderivative trading assets and liabilities, whether they are financial instruments or nonfinancial items, to give a more comprehensive picture of the firm's trading business.

End-User Activities

For derivatives used for hedging or other risk-management purposes, a firm is now required to describe its objectives in using derivatives and discuss its strategies for achieving those objectives. The firm must also describe how it reports derivatives in its financial statements and give certain details about gains or losses being deferred. The fair values of end-user derivatives must also be shown separately from the fair value of items hedged by the derivatives; previously most companies combined the fair values of the two.

SFAS 119 also encourages a firm to disclose quantitative information, in a manner consistent with its method for managing risk, that would be useful to readers of its financial statement in evaluating its activities.

Private Groups

In 1993, the Group of Thirty presented a report containing a number of recommendations on derivatives disclosure.[3] The report said that financial statements of dealers and end-users should contain sufficient information about their use of derivatives to provide an understanding of the purposes for which transactions are undertaken, the extent of the transactions, the degree of risk

For example, an interest rate swap that has a value of $100 on the balance sheet date after it is marked to market could result in more than $100 of loss if there is an unfavorable movement in interest rates. This contract, though reported at market value, has off-balance-sheet risk of accounting loss. In contrast, a loan of $100 has no off-balance-sheet risk of accounting loss (ignoring environmental or lender liability claims) because the possible loss is capped at $100 even if there is a full charge-off of the loan.

3. Group of Thirty, *Derivatives: Practices and Principles*, report by the Global Derivatives Study Group (Washington: July 1993). The Group of Thirty is a private, nonprofit research organization involved with international economic and financial issues.

involved, and the way the company has accounted for these transactions. The report also recommended the disclosure of information about management's attitude toward financial risks, the ways financial instruments are used, the ways risks are monitored and controlled, and analyses of derivatives positions at the balance sheet date as well as the credit risk inherent in those positions. The report also recommended that dealers provide additional information on the extent of their activities in financial instruments.

In 1994, a banking industry group, the Institute of International Finance (IIF), developed a framework for reporting credit exposures arising from derivatives.[4] The framework consisted of management discussions about policies and controls affecting credit risk and the reporting of quantitative data on counterparty credit quality and more information about contractual terms.

Federal Bank Regulatory Agencies

In 1994, the Federal Reserve and the other federal banking agencies proposed and issued in final form expanded regulatory reporting requirements that applied to all banking organizations. They required, among other things, a more detailed breakdown of notional amounts and, for larger banks, the market values of derivative instruments according to broad risk exposure and management objectives. For larger banks, they also required additional information on trading revenues and the effects of end-user derivatives on income. This information became available to the public beginning with regulatory reports for the first quarter of 1995. These regulatory requirements may also have influenced disclosure in the annual reports for 1994.

Euro-currency Standing Committee of the Group of Ten Central Banks

Even though the derivatives market is considered global, disclosure practices among countries are quite diverse. As a result, several efforts have been made to harmonize and improve disclosure about derivatives activities internationally. A working group of the Euro-currency Standing Committee of the Group of Ten central banks, chaired by Peter R. Fisher, Executive Vice President of the Federal Reserve Bank of New York, developed recommendations regarding ways to improve the financial reporting of derivative activities; these recommendations may have influenced the 1994 annual reports of firms involved in derivatives activity.[5] The Fisher Group recommended principally that a firm disclose quantitative information about its market and credit risk exposures and its performance at managing these risks to frame its discussion of qualitative information. The report recommended that, to the extent feasible, quantitative information on a firm's consolidated portfolios (that is, derivatives and on-balance-sheet financial instruments relating to traditional banking activities) should also be reported. These data should reveal the portfolios' riskiness and management's success at managing that risk. A key recommendation was that firms base their annual report disclosures on the kinds of information the firm's own management uses for analyzing risk. Many firms might, for example, disclose value-at-risk measures for market risk if they use that method in their risk management processes. Such measures assess the likelihood of loss from adverse market price movements over a specified time period (see box "Risks Associated with Derivatives").

For credit risk, the Fisher Group noted that most firms were disclosing only current credit exposure. It suggested that transparency would be improved if information about counterparty credit quality, potential exposure, and the variability of credit risk exposure were disclosed.[6] Management's success

4. The Institute of International Finance, Inc., *A Preliminary Framework for Public Disclosure of Derivatives Activities and Related Credit Exposures* (Washington: August 1994).

5. See Bank for International Settlements, *Public Disclosure of Market and Credit Risks by Financial Intermediaries,* discussion paper prepared by a working group of the Euro-currency Standing Committee of the Central Banks of the Group of Ten countries (Basle: September 1994).

6. Current credit exposure is the loss that would be experienced if a counterparty defaulted today. The contract's fair market value today, or replacement cost, is widely viewed as its current credit exposure. Only a contract that is favorable to the bank (that is, an asset) has current credit exposure. A contract that is unfavorable to the bank (a liability) presents credit risk to the bank's counterparty.

Potential credit exposure attempts to measure the maximum loss on a derivative contract that may occur over the life of the contract at controlling credit risk would be indicated to financial statement users by the disclosure of actual losses and other details about derivatives with credit problems.

COMPARISON OF 1993 AND 1994 ANNUAL REPORTS OF THE TOP TEN U.S. DEALER BANKS

The analysis of the derivatives disclosures focused on information presented by the top ten U.S. dealer banks (measured by the notional amounts of their derivatives holdings) in their 1994 annual financial reports (table 1).[7]

In general, substantial improvements were made in the 1994 annual reports relative to 1993 reports.[8] In particular, banks expanded their management's discussion and analysis of their derivatives activities and provided more quantitative information about these activities than in the 1993 reports. When the 1994 annual reports are compared with 1992 year-end financial statements (which generally disclosed little more than notional amounts, credit exposures, the total value of the trading account, and total trading profits), it is clear that the groups pushing for improved standards have had significant influence in improving the overall quality of disclosures about derivatives activities.

Banks make disclosures about derivative instruments on a consolidated basis in two main sections of a typical annual report: management's discussion and analysis and the annual financial statements. The first is an analysis of the bank's financial condition and performance (including financial data) and typically includes a narrative of the bank's risk exposures and techniques for managing risk. This section of the annual report is not audited by independent accountants. The second section, the annual financial statements, reports the financial position, income, changes in stockholders' equity, and cash flow and include many footnotes. The financial statements and their footnotes are audited.

For purposes of this article, disclosures in both sections of the annual report were reviewed. In analyzing these reports, certain decisions were made to assess whether or not an institution had made a particular disclosure. For example, one institution might explicitly state certain quantitative information. In another bank's annual report similar information could be inferred from other complementary data. To distinguish between the two types of presentation, the analysis did not consider indirect presentation to be disclosure.

Qualitative Information

As indicated earlier, SFAS 119 now requires firms to discuss the use of derivatives in risk management activities (table 2). Although firms are not explicitly required to make this qualitative disclosure about trading activities, virtually all of the banks discussed in some detail the various risks they face in their trading operations and their processes for controlling their exposures. Nine of the top ten banks (the one missing had the smallest trading portfolio) discussed measurement and con-

1. Ten U.S. banks with the largest notional amount of derivative contracts outstanding on December 31, 1994

Billions of dollars

Institution	Notional amount	Fair market value[1]
Chemical Banking Corp.	3,182	18
Citicorp	2,665	27
J.P. Morgan & Co.	2,471	31
Bankers Trust New York Corp.	1,982	26
BankAmerica Corp.	1,376	14
Chase Manhatten Corp.	1,367	10
First Chicago Corp.	622	7
NationsBank Corp.	511	2
Republic New York Corp.	239	2
Bank of New York Co.	80	1

1. The fair market value, sometimes referred to as the replacement cost or current credit exposure, is for off-balance-sheet derivatives subject to the risk-based capital standards.

SOURCE. Publicly available regulatory financial statements filed with the Federal Reserve.

if the counterparty defaults in the future. This potential loss can be estimated by projecting the fair market value of the contract based on the occurrence of favorable (unfavorable to the counterparty) rate or price changes. The statistical likelihood of favorable price movements can be assessed from historical price data.

7. In this article, "bank" means banking organizations that comprise bank holding companies and their bank affiliates and other subsidiaries that are consolidated for presentation in an annual report.

8. The banks making up the top ten changed from 1993 to 1994. Continental Bancorp., which was ranked in the top ten in 1993, was acquired by BankAmerica Corp. in 1994. It was replaced by Bank of New York, which had been eleventh in 1993.

trol of credit and market risks. More than half described how they manage the liquidity demands of their operations. Three banks rounded out their management discussion and analysis by describing how they control operating and legal risks. All institutions (to varying degrees) included cash market financial instruments (for example, bonds) within the scope of their narrative of risk management, an approach that provides a more balanced, broad-based discussion of managing risk exposures than would a strict focus on derivatives. The number of banks discussing these specific risks and their methods of controlling risk exposure has increased significantly since the 1993 annual reports, in which only the four largest dealers did so. Few banks explicitly discussed operational risks, but all discussed legal risks in varying detail in describing the legal characteristics of their netting arrangements with counterparties.[9] In addition, half of the organizations indicated in their 1994 reports whether or not they used leveraged derivatives (contracts using multipliers or other means to scale up cash flows relative to the reported notional amounts) in their business. This issue was not discussed in earlier annual reports.

2. Number of top ten banks discussing management objectives and derivative risks in their annual reports, 1993 and 1994

Type of qualitative disclosure	Number of banks disclosing	
	1993	1994
Discussion of Management Objectives and Strategies		
For trading activities	4	9
For end-user activities	4	10
Discussion of Risks and Management Method		
Placed in context with balance sheet risks	7	10
Credit risk		
How risk arises	6	9
Risk management method	(1)	9
Market risk		
How risk arises	6	9
Risk management method	(1)	9
Liquidity risk		
How risk arises	4	6
Risk management method	(1)	6
Operating and legal risks		
Description	1	3
Risk management method	(1)	2
Discussion of Other Topics		
Leveraged instruments	0	5
Estimation of market values	(1)	10
Accounting policies for derivatives	10	10

1. Generally, disclosures about risk management methods and approaches for estimating market value were not as extensive in 1993 as they were in 1994.

Most organizations described their risk control processes by identifying the management group responsible for setting trading policies and describing the managerial procedures that were in place to ensure compliance with these policies. The typical report gave an overview of risk management that briefly sketched the bank's business objectives and its management philosophies (for example, describing the extent to which its operations are centralized or diffuse). Most banks described the information systems and management tools used for assessing results.

As required under generally accepted accounting principles, all organizations discussed in the footnotes to their financial statements their methods for reporting derivatives used for trading or end-user purposes. Under these standards, a firm must discuss its accounting policies and describe how it values derivative contracts, recognizes income and expense from derivatives, and nets derivatives for financial reporting purposes. Firms have long been required to describe their accounting policies in their annual reports; however, the disclosures in 1994 were much more specific regarding the accounting treatments for derivatives. More recently, firms have been required to disclose the fair value of financial instruments and their means of determining fair value. In line with these requirements, all banks provided much more detailed and useful descriptions of the methods and assumptions used in valuing financial instruments that do not have observable market prices.

9. Under a master netting agreement, the counterparties agree to settle a number of derivatives subject to the agreement on a net basis in the event of default. Thus, the nondefaulting party can offset favorable contracts (assets) against unfavorable contracts (liabilities) owed to the defaulting party. Although master netting agreements are generally enforceable in the United States, in some jurisdictions it is uncertain whether the nondefaulting party's favorable contracts could be abrogated and unfavorable contracts enforced in an insolvency proceeding of the defaulting party.

Quantitative Information

The top ten institutions continued to expand the disclosure of the general terms of their derivative contracts (table 3). All banks last year reported the notional amounts of various types of derivative contracts, in almost all cases distinguishing dealer positions from those used for end-user purposes. This year, all banks not only presented the notional amounts of their derivatives but also provided a schedule of certain derivative positions listing their notional amounts by maturity; seven banks provided this type of schedule last year. More than half of the banks this year reported gross positive and negative market values of their derivative positions as of the report date in contrast to 1993 when no banks reported gross negative values.

3. Number of top ten banks disclosing the general terms of derivative contracts in their annual reports, 1993 and 1994

Type of quantitative disclosure	Number of banks disclosing 1993	1994
NOTIONAL AMOUNTS		
Dealer (trading account) positions	5	9
End-user positions	10	10
Combined	8	4
Adjusted to reflect leveraged derivatives	0	0
Maturity schedule		
Dealer (trading account) positions	1	6
End-user positions	7	10
Combined	2	1
Contract rates		
Receive or pay rates	3	10
Receive or pay notional amounts	2	10
MARKET VALUE DATA		
Gross positive market value	7	7
Gross negative market value	0	6
Trading account		
Trading assets separated from trading liabilities	0	10
Cash instrument detail		
End-of-period	0	8
Average for period	0	6
Derivative instrument detail		
End-of-period	0	9
Average for period	0	7
No detail of trading account—totals only	10	1
End-user derivatives positions		
Overall market value	9	9
By related asset or liability being hedged	6	9
By type of derivative	2	6

Trading Disclosures

For 1994 most dealers expanded the level of detail in the reporting of their trading positions and trading revenues (table 4). The trading account for the first time disaggregated the fair values of derivative contracts in a gain position (assets) from those with losses (liabilities) because of more restrictive rules on netting for accounting purposes that were effec-

4. Number of top ten banks disclosing in their annual reports data on risks and income relating to derivatives they trade, 1993 and 1994

Type of quantitative disclosure	Number of banks disclosing 1993	1994
RISKS OF OFF-BALANCE-SHEET INSTRUMENTS		
Market risk—trading activities		
Daily value at risk, confidence level, holding period	0	8
High and low value at risk	0	5
Average value at risk	0	7
Confidence band determined by daily value at risk	0	6
Daily change in value of portfolio	0	4
Average daily change in value of portfolio	0	3
Change in portfolio value exceeded value at risk	0	4
Credit risk		
Current credit exposure (that is, with netting)	10	10
Maturity schedule	7	9
Volatility of credit exposure	0	0
Gross positive market value	7	7
Potential credit exposure	1	2
Counterparty credit quality	4	5
Concentrations		
Exposure by geographic area	4	4
Exposure by industry group or government entity	4	6
Other (for example, exposures greater than percentage of capital)	0	6
Collateral and other credit enhancements	0	2
Actual credit losses	4	6
Nonperforming contracts	1	6
Risk-based capital credit equivalent for derivatives	4	7
Liquidity risk		
Breakdown between OTC and exchange-traded derivatives	3	3
Other	0	1
DISAGGREGATION OF TRADING INCOME		
Risk exposure or line of business	2	5
Type of instrument	8	7
Cash positions versus derivative instruments	5	6
Other	3	0
Net interest revenue from cash positions	6	5

tive in 1994.[10] These details were supplemented with more information on the types of instruments, both cash market and derivative, that made up the trading portfolio.

Market Risk. The four largest derivatives dealers (according to the share net trading profits contributed to 1994 pretax income) reported both management's intended limits on risk exposure (daily value at risk at year-end, and high, low, and average value at risk during the year) and actual results in trading portfolio volatility. This value-at-risk disclosure also included the likelihood, or statistical confidence level, that such results would be observed, although assumptions about the holding period for estimating the results were typically not specified. The disclosure of numerical details of value at risk by the larger dealers is a significant innovation for 1994. In the previous year's annual reports the banks disclosed that their risk management methods relied on value at risk without disclosing value-at-risk data, whereas in their 1992 reports many banks were virtually silent about their risk management techniques. The indicators of actual trading portfolio performance used in 1994 by these four banks included histograms of daily price changes, reporting the annual high, low, and average price changes of the trading portfolio, and the frequency of daily price changes in excess of the day's value at risk.

Four other banks also interwove quantitative details in the qualitative discussion about risk management policies, indicating value-at-risk measurements (or other methods analogous to value at risk). These banks, however, did not publish information about the actual performance of their trading portfolios. Only one of these four banks gave some flavor to the dynamics of their risk-taking during the year by disclosing the high and low limits of its value at risk during 1994.

In its paper, the Fisher Group illustrated its recommendations with several approaches to disclosing market risk and the firm's performance in managing the risk. Some of the top ten banks used these approaches in their 1994 annual reports (table 5). Four banks used a graphical approach to convey information about their trading portfolios. One bank provided a scatter diagram of daily value at risk and daily changes in portfolio value. Two institutions published a histogram of actual portfolio performance, indicating the distribution of daily profit or loss but not daily value at risk, so that gauging results against management's intentions was difficult. The fourth institution showed a bar chart of quarterly high, low, and average value at risk and quarterly trading revenue.

Credit Risk. Besides increasing information on market risk, the banks disclosed more about their credit risk in the 1994 annual reports (table 4). As in the 1993 reports, all banks reported their current credit exposure. Five banks gave indications of the credit quality of their derivatives portfolio by disclosing the proportion of credit exposures to investment-grade and unrated counterparties. One institution broke down its derivatives credit exposure by its internal risk rating—the first time this disclosure has been made in the annual report of a top ten dealer bank. Six institutions published details about the concentration of current exposure according to industry or government entity. Several among these also reported current exposure by geographic concentration. Moreover, two institutions reported the value of collateral and other credit enhancements connected with their trading portfolios. The banks provided little quantitative information of this type in 1993, when some gave only limited data on industry concentrations.

5. Number of top ten banks with 1994 disclosures about market risk based on Fisher Group recommendations

Type of disclosure	Number of banks disclosing
Daily value at risk (at year-end)	8
Average value at risk for year	7
Annual high and low value at risk	5
Portfolio price change exceeding value at risk	4
Average daily change in portfolio value	3
Frequency distribution of price change versus value at risk	1

10. Beginning in 1994, for accounting purposes companies were permitted to net assets and liabilities relating to those derivative contracts with a counterparty that were subject to a legally enforceable master netting agreement and were not permitted to net across counterparties. In previous years, industry practice was to "grand-slam" net—that is, report the net fair market value of all derivative contracts across all counterparties. As a result of this change in method, several large dealer institutions saw their assets and liabilities increase by several billions in 1994.

In 1993, only four banks quantified their actual credit losses and nonperforming derivatives contracts or explicitly stated that the amounts were immaterial. In 1994, two additional banks reported information about derivatives with credit problems. Nine institutions furnished a maturity schedule of derivatives contracts to indicate credit (and market) risk.

Although these types of disclosure are an improvement over 1993 reports, other measures of credit risk have yet to be explored in these annual reports. For example, potential credit exposure has been reported by only two banks (which also reported such estimates in 1993), and none of the top ten reported any measure of the volatility of credit risk arising from derivatives. Most banks, however, quantified in their annual reports the benefits of reduced credit exposure resulting from netting agreements with counterparties.

The Fisher Group suggested several means of indicating the firm's credit risk and its performance in managing it. Many of the quantitative measures were adopted in 1994 by the top ten banks or had been disclosed in previous years (table 6).

As a supplement to their disclosures of credit risk and capital adequacy, seven dealer banks reported the credit-equivalent amount of risk-based capital for off-balance-sheet contracts in describing their risk-weighted assets and risk-based capital ratios.

Liquidity Risk. As in 1993, quantitative information about liquidity risk was limited in 1994 annual reports (table 4). Three banks distinguished exchange-traded contracts from over-the-counter instruments, generally through disclosure of the notional amounts related to futures contracts and exchange-traded purchased options versus over-the-counter contracts. Exchange-traded contracts are generally considered more liquid than over-the-counter instruments because of their standardized terms, readily available price information, and low credit risk.

6. Number of top ten banks with 1994 disclosures about credit risk based on Fisher Group recommendations

Type of disclosure	Number of banks disclosing
Current exposure	10
Maturity schedule (notional)	9
Industry or geographic concentration	6
Actual credit losses	6
Counterparty credit quality	5
Potential exposure	2
Volatility of exposure	0
Measure of losses versus allocated capital	0

Dealer Income. To comply with SFAS 119, all of the top ten banks disaggregated their trading revenues in their 1994 annual reports compared with eight institutions in 1993 (table 4). Seven banks reported results according to the type of instrument that earned the income. Five banks (compared with two in 1993) reported their trading income according to their lines of business or risk exposure with little differentiation between derivatives and cash-market instruments. There was considerable variability among the income disclosures, with some providing only the information required under SFAS 119 and others giving a more complete picture of profits from trading both derivative and nonderivative financial instruments. Five institutions also disclosed net interest income from traded cash positions.

Disclosures about End-User Derivatives

The primary focus of disclosure about derivatives used for hedging or other risk management purposes is market risk. Market risk incorporates information about the institution's exposure to interest rate (and to a lesser extent foreign exchange) risk arising primarily from traditional bank activities, such as those involving investments, loans, and deposits. The most common disclosures about derivatives that had been designated for hedging or other risk management purposes were schedules of contractual terms: notional amounts, maturities, and (for swaps) rates paid and received.

Market Risk. Almost all banks limited their discussion of market risk (outside the trading portfolio) to interest rate risk. The most prevalent means of communicating how derivatives are used to manage a bank's interest rate risk was a gap position schedule, which was used by eight banks—the same number as in 1993 (table 7). Gap schedules are used in a method of managing interest rate risk that organizes financial assets and liabilities according to maturity or repricing frequency in a number of time intervals. The difference between assets and liabilities in each time interval ("gap" or net exposure) forms the basis for assessing interest rate risk. Under this approach, derivatives of various maturities can be used to adjust the net exposure of each time interval to alter the overall interest rate risk of the institution.

Gap analysis is the simplest approach to assessing interest rate risk. It is a "snapshot" that portrays the risk for only the date of the balance sheet. Thus, it does not capture the dynamics of changes in the bank's mix of products or the effect of changes in rates on instruments that can be called or redeemed. To remedy this deficiency, banks supplemented the gap schedule with either a discussion of the effect on earnings of a specified rate shock or a discussion of earnings-at-risk methods (a method analogous to value at risk) applied to nontrading portfolios. Four institutions described the consequences to earnings of an interest rate shock. One indicated the effect large changes in rates that were observed in 1994 would have had on that year's earnings had derivatives not been in place for hedging purposes. The other three reported the effect on projected 1995 income of an arbitrary shock of 100, 150, or 200 basis points in interest rates. The assumptions in the analysis about how quickly the arbitrary rate shocks developed were either not stated or only vaguely described.

One bank disclosed the duration (the weighted-average collection time of an instrument's cash flows) of its risk management derivatives but did not provide the duration of cash positions; this omission makes it difficult to assess the effect of the derivatives on the overall duration of the institution's financial instruments. Most banks, in varying detail, described whether the derivatives were linked to specific components of the balance sheet or were used to manage overall risk exposures.

In recognition of the expansion of value-at-risk methods to activities not related to trading, two banks furnished quantitative information on the value at risk related to end-user derivatives. Also, one institution provided a corporate-wide value-at-risk measure that took into account both trading and end-user derivatives as well as traditional financial instruments.

SFAS 119 made technical changes to the way that the fair value of financial instruments is to be disclosed in annual reports. As a result, disclosure of the fair value of financial instruments in the 1994 reports was generally clearer and more understandable than before. For the first time, firms were required to disclose the fair value of financial assets and liabilities carried at historical cost separately from the fair value of derivatives used to hedge those instruments. Made in this way, the disclosure showed more clearly whether an instrument was favorable (an asset) or unfavorable (a liability) at year-end.

7. Number of top ten banks disclosing details of end-user derivatives in their annual reports, 1993 and 1994

Type of quantitative disclosure	Number of banks disclosing 1993	1994
END-USER ACTIVITIES		
Market risk		
Effect of derivatives on duration	1	2
Effect of derivatives on gap position	8	8
Effect of specified rate shock	3	5
Value at risk for end-user portfolios	0	3
Effect on revenue and expense		
Of derivatives alone	4	8
Overall sensitivity of net interest margins	3	4
Amount of deferred gains or losses	6	5
Amortization period—deferred gains or losses	2	5
Unrealized gain or loss on derivatives	7	10

Effect of Derivatives on Earnings. Details of the way derivatives affect income and expense accounted for on an accrual basis (that is, instances in which instruments are not marked to market with gains or losses recognized in income but instead track cash flows) were more widely reported in 1994. Eight banks, compared with four in 1993, reported the effect that derivatives accounted for on an accrual basis had on revenue. Half of these institutions also reported the overall effect on net interest margins of their end-user derivatives activities. Five banks disclosed deferred gains or losses on end-user derivatives and provided details of when the deferrals would be reflected in future earnings; only two banks published this information in 1993.

CONCLUSION

The level of detail and clarity of annual report disclosures about derivatives activities greatly improved for the top ten dealer banks as a group for 1994. The banks that published the more innovative annual reports in 1993 continued to lead the group in 1994 with quantitative details of value at risk and actual results of their trading activities. The disclosures in 1994 (as in 1993) were more informative for those banks whose trading revenues composed a larger share of their overall income. Institutions that focused primarily on traditional banking activities made fewer disclosures about trading than other dealers, perhaps because trading was an adjunct to their primary business.

The experimentation encouraged by the FASB, regulators, and industry groups is evident from the diversity of methods used by the top ten banks in presenting information about their derivatives activities. No annual report can be singled out as having the best method, and several banks had unique approaches to disclosing some aspects of their derivatives activities. As new approaches are developed by the major banks, further progress in improving derivatives disclosure will likely be made.

The Federal Reserve has long supported balanced improvements in annual report disclosures, particularly those about derivatives activities. The U.S. federal banking agencies will continue to be interested in improved disclosures about these activities and will likely coordinate more extensively with national supervisors from other countries in this important area. □

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report describes Treasury and System foreign exchange operations for the period from April through June 1995. It was prepared by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager for Foreign Operations, System Open Market Account. Claudia Corra was primarily responsible for preparation of the report.[1]

During the second quarter of 1995, the dollar rose 0.6 percent against the German mark but it declined 2.1 percent against the Japanese yen, 1.9 percent against the Canadian dollar, and 0.3 percent on a trade-weighted basis.[2] The dollar, which had declined sharply during the first quarter of 1995 as expectations of higher U.S. interest rates subsided, remained under pressure through much of April. The dollar subsequently stabilized as diminished expectations of strong economic growth in Japan and Germany prompted market participants to consider the prospect for lower interest rates in these two countries and as market participants began to focus on a G-7 communiqué released in late April. By June, foreign exchange market activity had declined substantially as the dollar proceeded to settle into fairly narrow trading ranges despite increased volatility in U.S. interest rate markets. By the end of the second quarter, the dollar had risen 2.8 percent and 6.1 percent from its historic lows against the mark and the yen respectively.

The U.S. monetary authorities intervened in the foreign exchange markets on three occasions during the period—on April 3, April 5, and May 31—purchasing a total of $3.6 billion against the German mark and the Japanese yen. On each occasion purchases by the U.S. monetary authorities were divided evenly between the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund (ESF). In other operations, the Mexican authorities drew a total of $5 billion on their medium-term swap facility with the ESF. The Bank of Mexico also renewed its short-term swaps with the Federal Reserve and the ESF, each for $1 billion for an additional ninety days.

The Dollar Enters the Quarter under Pressure

Toward the end of the first quarter the dollar continued to reach successive all-time lows against the yen and proceeded to close the quarter at ¥86.50 and DM 1.3735. Several factors weighing on the dollar at that time carried over into the second quarter. First, increasingly strong rhetoric from both sides surrounding the U.S.–Japan trade talks on automobiles and parts, as well as press reports that the United States was considering sanctions, appeared to herald a breakdown in the negotiations. Second, heavy dollar sales against the yen by Japanese corporations and financial institutions continued in early April despite the April 1 start of the new Japanese fiscal year. Finally, market rumors of dollar sales by Asian central banks added pressure on the U.S. currency.

U.S. Monetary Authorities Purchase Dollars against the Mark and the Yen

On April 3, with the dollar trading at ¥86.50, the Federal Reserve Bank of New York's Foreign Exchange Desk entered the market in Asian trading for the U.S. monetary authorities, purchasing

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

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

$500 million against the yen from dealers in Tokyo, Singapore, Hong Kong, and Sydney. The dollar rallied briefly after the intervention but gave up all of its gains by the New York open. At about 11:20 a.m. in New York, the Desk entered the market again, buying $750 million against the mark and $250 million against the yen. The dollar–yen operation was coordinated with the Bank of Japan. Treasury Secretary Robert E. Rubin confirmed the operation, stating, "This Administration believes a strong dollar is in America's interest, and we remain committed to strengthening the fundamentals that are ultimately important to maintaining a strong and stable currency." Overall, the U.S. monetary authorities purchased $1.5 billion during the course of the global trading day. However, the official purchases met sustained selling on any rally, and the dollar ended the day slightly lower, at DM 1.3722 and ¥86.10.

On behalf of the U.S. monetary authorities, on April 5 the Desk again entered the market, at about 10:20 a.m., with the dollar trading at DM 1.3737 and ¥86.00. The Desk was joined in this operation by the Bundesbank and the Bank of Japan. Treasury Secretary Rubin confirmed the coordinated intervention, stating, "In effect, what you have is a shared commitment to a strong dollar, because it is in our interest and in the interests of the other economies of the world." During the day, the U.S. monetary authorities purchased $850 million against the mark and $250 million against the yen. The dollar initially rallied on the intervention, reaching intraday highs of DM 1.3860 and ¥86.63, before drifting lower in thin afternoon markets to close essentially unchanged at DM 1.3720 and ¥86.01.

The Dollar Reaches a New Historical Low against the Yen

After these operations in early April, the dollar continued to decline against the yen. Increasingly, market participants viewed the sustained apprecia-

1. Foreign exchange holdings of U.S. monetary authorities, based on current exchange rates
Millions of dollars

Item	Balance, Mar. 31, 1995	Quarterly changes in balances by source				Balance, June 30, 1995
		Net purchases and sales[1]	Impact of sales[2]	Investment income	Currency valuation adjustments[3]	
FEDERAL RESERVE						
Deutsche marks	14,877.3	−1,050.0	−.1	163.4	−54.6	13,936.0
Japanese yen	9,416.9	−750.0	1.1	45.5	217.9	8,931.4
Mexican pesos[4]	865.1	−14.3	.0	14.3	102.4[5]	967.5
Interest receivables[6]	127.3	...	...	...	...	126.0
Total	**25,286.5**	...	...	...	...	**23,960.8**
U.S. TREASURY EXCHANGE STABILIZATION FUND						
Deutsche marks	8,148.8	−1,050.0	−.1	85.6	−31.1	7,153.2
Japanese yen	13,196.3	−750.0	1.1	85.9	310.5	12,843.9
Mexican pesos[4]	4,000.0	4,842.0	.0	158.0	.0[5]	9,000.0
Interest receivables[6]	88.0	...	...	...	...	72.8
Total	**25,433.2**	...	...	...	...	**29,069.9**

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

1. Purchases and sales include foreign currency sales and purchases related to official activity, swap drawings and repayments, and warehousing.

2. Calculated using marked-to-market exchange rates; represents the difference between the sale exchange rate and the most recent revaluation exchange rate. Realized profits and losses on sales of foreign currencies, computed as the difference between the historic cost-of-acquisition exchange rate and the sale exchange rate, are shown in table 2.

3. Foreign currency balances are marked to market monthly at month-end exchange rates.

4. See table 4 for a breakdown of Mexican swap activities. Note that the investment income on Mexican swaps is sold back to the Bank of Mexico.

5. Valuation adjustments on peso balances do not affect profit and loss because the effect is offset by the unwinding of the forward contract at the repayment date. Note that the ESF does not mark-to-market its peso holdings, but the Federal Reserve System does. However, Mexico is obligated to maintain in dollar terms the value of ESF peso holdings resulting from Mexican drawings under the Medium-Term Exchange Stabilization Agreement.

6. Interest receivables for the ESF are revalued at month-end exchange rates. Interest receivables for the Federal Reserve System are carried at cost and are not marked-to-market until interest is paid.

tion of the yen as a symptom of underlying structural problems in the Japanese economy. As a result, they began to focus their attention on the need for new monetary, fiscal, and deregulatory measures from the Japanese authorities to stimulate domestic demand and spur import growth. To help stem the yen's rise, the Japanese authorities unveiled an emergency economic plan on April 14. That day the Bank of Japan also cut its official discount rate (ODR) 75 basis points, to 1 percent. Despite the cut in interest rates, the dollar–yen exchange rate received little support from the package as many dealers viewed the fiscal and deregulatory measures as lacking in specifics. In addition, the absence of progress in the U.S.–Japan auto talks led U.S. officials to raise publicly the possibility of imposing trade sanctions against Japan, adding further downward pressure on the dollar. On Wednesday, April 19, the dollar reached a new low of ¥79.75.

The dollar also reached a period low that day of DM 1.3472 against the mark—close to the historical low of DM 1.3438 reached on March 8, 1995. Other factors weighing on the dollar–mark exchange rate included heightened political concerns ahead of the first round of the French presidential election and regional elections in Italy, both scheduled for April 23, which led to renewed appreciation of the mark within Europe. Moreover, in the United States, expectations unwound for any further monetary tightening as a series of weaker-than-expected U.S. economic data releases—particularly declines in retail sales, industrial production, and housing starts—appeared to signal a clear slowdown in the pace of U.S. economic growth.

The Dollar Begins to Stabilize

The dollar began to stabilize against both the mark and the yen in late April and early May. First, the overhang of long-dollar positions against the yen, evident at the start of the period, apparently began to dissipate. Second, anticipation of the April 25 meeting of G-7 finance ministers and central bank governors helped lift the dollar off its lows as dealers began to speculate about the possibility of a coordinated policy response to dollar weakness. Subsequent to the meeting, the G-7 finance ministers and central bank governors released the following statement:

> The Ministers and Governors expressed concern about recent developments in exchange markets. They agreed that recent movements have gone beyond the levels justified by underlying economic conditions in the major countries. They also agreed that orderly reversal of those movements is desirable, would provide a better basis for a continued expansion of international trade and investment, and would contribute to our common objectives of sustained non-inflationary growth. They further agreed to strengthen their efforts in reducing internal and external imbalances and to continue to cooperate closely in exchange markets.

By the end of April the dollar reached DM 1.3855 and ¥84.15.

In early May, international investors began to unwind their long German mark positions established during the first quarter, when exchange rate volatility had created a rush toward mark-denominated assets. First, investors began to increase their exposure to the higher yielding European markets, particularly after pre-election uncer-

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

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities, Mar. 31, 1995		
Deutsche marks	3,747.2	1,569.8
Japanese yen	3,520.5	4,939.9
Total	**7,267.7**	**6,509.8**
Realized profits and losses from foreign currency sales,[1] Mar. 31–June 30, 1995		
Deutsche marks	259.0	196.6
Japanese yen	284.7	285.1
Total	**543.7**	**481.7**
Valuation profits and losses on outstanding assets and liabilities, June 30, 1995[2]		
Deutsche marks	3,433.5	1,342.0
Japanese yen	3,454.8	4,966.4
Total	**6,888.3**	**6,308.5**

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

1. As indicated in table 1, foreign currency sales totaled $2,100 million against German Deutsche marks and $1,500 million against Japanese yen.

2. Valuation profits or losses are not affected by peso holdings, which are canceled by forward contracts.

tainties in Italy and France receded, and these flows helped weaken the mark within Europe. Second, portfolio managers, many of whom were underweight U.S. assets, began to underperform their benchmarks when the U.S. bond market rally accelerated. As these investors, in turn, increased their exposure to the U.S. market, the dollar moved further off its lows.

Buoyed by these flows, the dollar remained steady despite further signs of weakness in the U.S. economy, particularly the April nonfarm payroll report, and associated speculation that the Federal Reserve might need to lower interest rates. Similarly, the dollar had little reaction to the May 10 announcement that, because of a breakdown in U.S.–Japan trade talks on automobiles and parts, the United States would initiate sanctions against Japan. The dollar's ability to trade through these ostensibly negative developments suggested to some market participants that, by early May, the dollar's recent problems had become fairly well discounted.

The Dollar Rallies Suddenly

On May 11 and 12, several factors came together to propel the dollar higher. Early on May 11, the U.S. House Budget Committee approved a series of deficit reduction measures, causing some shortcovering on increased optimism over the U.S. fiscal outlook. During the European trading session, holders of short-dollar positions were further unnerved by market reports of dollar buying by some large Asian accounts. These factors helped lift the dollar through the technical resistance level of DM 1.3920, bringing the dollar to DM 1.4120 by the time the New York market opened. Later that morning, Bundesbank President Hans Tietmeyer said that both Germany and its partner economies would suffer if the mark remained overvalued and added that, "We are not . . . interested in a sustained currency overvaluation." The dollar subsequently broke through the long-standing technical resistance level of DM 1.4225, causing the dollar to spike higher as dealers scrambled to cover substantial short-dollar positions. Over the two-day period, the dollar rose six pfennigs, to DM 1.4465, and three yen, to ¥86.65. Buoyed by the dollar's sharp rise, sentiment toward the U.S. currency turned quickly positive, a shift that encouraged some fresh dollar buying. On May 18 and 22, the dollar reached intraquarter highs of DM 1.4618 and ¥87.72 respectively.

However, a lack of follow-through buying disappointed some market participants. The dollar was also adversely affected by weaker-than-expected U.S. durable goods data and existing home sales data, which prompted market participants to speculate on a possible interest rate ease by autumn. With market liquidity reduced because of holidays in Europe, the dollar fell sharply on May 25 and 26, reaching DM 1.3740 and ¥82.45.

G-10 Countries Intervene to Support the Dollar

On the morning of Wednesday, May 31, with the dollar trading at DM 1.3850 and ¥82.70, the Desk entered the market in concert with the central banks of the other G-10 countries, purchasing dollars against marks and yen in an operation initiated by the U.S. monetary authorities. The U.S. monetary authorities' purchases totaled $500 million against the mark and $500 million against the yen.

The operation took the market by surprise, triggering a shortcovering rally. Treasury Secretary Rubin confirmed the intervention as consistent with objectives expressed in the G-7 communiqué of April 25. Market participants interpreted the operation as a signal of increased coordination by the major central banks and a reflection of their mutual desire for a stronger dollar. The dollar closed the day at DM 1.4135 and ¥84.40.

The Dollar Trades in Narrow Ranges against the Mark and the Yen during Most of June

During June, the dollar settled in narrow trading ranges of DM 1.3880 to DM 1.4200 and ¥84.00 to ¥85.50. Dealers became increasingly reluctant to take risks, in part because of May's volatile dollar moves but also because of fears of further coordinated intervention ahead of the G-7 summit, held in Halifax, Canada, on June 15–17. While the G-7 Halifax communiqué offered no new initiatives on the dollar, it endorsed the April statement of the

G-7 finance ministers and central bank governors, which called for an "orderly reversal" of the dollar's decline.

Increased uncertainty over the near-term outlook for interest rate differentials with Germany and Japan also kept the dollar pinned in narrow trading ranges. The surprisingly weak May nonfarm payroll number released on June 2 reinforced market perceptions of slower U.S. economic growth and increased market participants' expectations of an ease in U.S. monetary policy. At the same time, market participants also began to focus on the prospects for rate cuts in Germany and Japan.

In Germany, weak industrial production data for February and M3 data for the first quarter introduced the idea of a possible Bundesbank ease before the Bundesbank council's midsummer recess. In Japan, continued signs of stagnant demand and growing concerns over the health of Japan's banking system prompted fears that Japan would slip back into recession.

Throughout June, market participants increasingly took the view that the United States would impose trade sanctions on Japan on June 28, as announced in early May. Despite this possibility, the dollar–yen exchange rate traded with a steady tone, in part, because market participants were unable to reach a consensus on the ultimate impact of sanctions. Some viewed the likely imposition of sanctions as negative for the dollar, while others held the opposite view, expecting that sanctions would effect a faster reduction in the Japanese trade surplus. The dollar briefly rallied after the June 28 agreement between the United States and Japan on automobiles and parts but soon gave up its gains as dealers came to view the commitments involved as insufficient to materially reduce Japan's trade surplus. The dollar closed the quarter at DM 1.3812 and ¥84.65.

3. Currency arrangements
Millions of dollars

Institution	Amount of facility	Outstanding, June 30, 1995
FEDERAL RESERVE RECIPROCAL ARRANGEMENTS		
Austrian National Bank	250	0
National Bank of Belgium	1,000	
Bank of Canada	2,000	
National Bank of Denmark	250	
Bank of England	3,000	
Bank of France	2,000	
Deutsche Bundesbank	6,000	
Bank of Italy	3,000	
Bank of Japan	5,000	0
Bank of Mexico[1]		
Regular swaps	3,000	1,000
Temporary swaps	3,000	
Netherlands Bank	500	
Bank of Norway	250	
Bank of Sweden	300	
Swiss National Bank	4,000	
Bank for International Settlements		
Dollars against Swiss francs	600	
Dollars against other authorized European currencies	1,250	
Total	**35,400**	**1,000**
U.S. TREASURY EXCHANGE STABILIZATION FUND		
Deutsche Bundesbank	1,000	0
Bank of Mexico[1]		
Regular swaps	3,000	1,000
United Mexican States medium-term swaps[1]	...	8,000
Total[1]	...	**9,000**

1. Facilities available to Mexico comprise regular and temporary short-term swaps between the Bank of Mexico and both the Federal Reserve and the ESF, as well as medium-term swaps and government guarantees between the government of Mexico and the ESF. The total amount available from both medium-term swaps and government guarantees is $20 billion, less any outstanding drawings on the short-term facilities.

Mexican Financial Markets Find a Range of Stability

Over the period, Mexican financial markets recovered substantially as the economy began to show the effects of tough monetary and fiscal policies and as some foreign investors cautiously returned

4. Drawings and repayments (–) by Mexican monetary authorities
Millions of dollars

Item	Outstanding, Mar. 31, 1995	Apr.	May	June	Outstanding, June 30, 1995
Reciprocal currency arrangements with the Federal Reserve					
Bank of Mexico (regular)	1,000	0	1,000[1] –1,000[1]	0	1,000
Currency arrangements with the U.S. Treasury Exchange Stabilization Fund					
Bank of Mexico (regular)	1,000	0	1,000[1] –1,000[1]	0	1,000
Medium-term	3,000	3,000	2,000	0	8,000

NOTE. Data are on a value-date basis.

1. Drawing of February 2 was renewed on May 3 for an additional ninety days.

to the Mexican markets. The Mexican peso steadied for the first time since the December 1994 devaluation, appreciating approximately 7.5 percent against the dollar during the quarter. Mexico's *Indice de Precios y Cotizaciones* stock market index recovered as well, rising 19.8 percent in local currency terms. Nominal interest rates fell dramatically, reflecting diminished inflation expectations. Mexico's inflation rate peaked in April and then started to decline, prompting most market analysts to anticipate further declines later this year.

MEXICAN SWAP ACTIVITY

The Mexican authorities drew $3 billion on April 19 and $2 billion on May 19 on their medium-term facility with the ESF, bringing the total amount drawn by Mexico under the Medium-Term Exchange Stabilization agreement to $8 billion. In addition, on May 3, the Bank of Mexico renewed its short-term swaps with the ESF and the Federal Reserve System for an additional ninety days, each for $1 billion.

CANADIAN MONETARY POLICY EASES

Canadian financial markets performed positively over the period, as concerns over the federal budget deficit and fears of Quebec independence receded. The April 12 decision by Moody's to downgrade the federal government's foreign currency debt to Aa2 from Aa1, and its domestic debt to Aa1 from Aaa, was largely anticipated and had little market impact. The Canadian dollar, having opened the quarter at Can$1.3990, reached a period high of Can$1.3475 on May 15.

On May 8, the Bank of Canada began to ease monetary policy after a succession of weaker-than-expected Canadian economic data releases. Over the period, the call money target range declined a cumulative 75 basis points, to 7.00–7.50 percent. Initially pressured by the easier monetary policy stance, the Canadian dollar withstood the successive declines in interest rates and proceeded to consolidate in a range of Can$1.3720–Can$1.3820.

TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE RESERVES

The U.S. monetary authorities intervened three times during the period, buying a total of $1.5 billion against yen and $2.1 billion against marks. On all three occasions, intervention operations were divided evenly by the Federal Reserve System and the ESF.

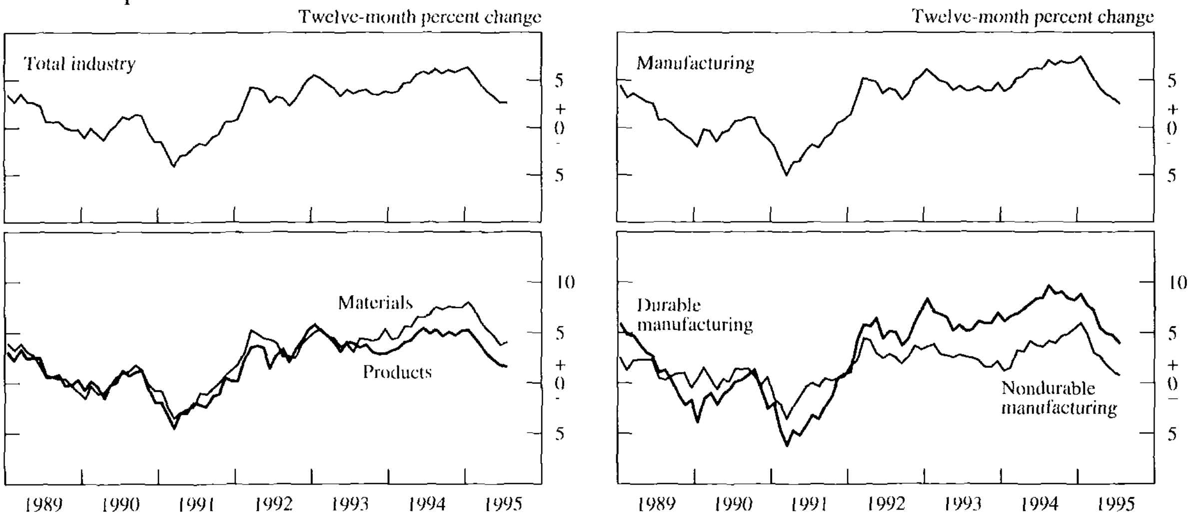
At the end of the period, the current values of the foreign exchange reserve holdings of the Federal Reserve System and the ESF were $24 billion and $29.1 billion respectively. The U.S. monetary authorities regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. A portion of the balances is invested in foreign-government-issued securities. As of June 30, the Federal Reserve System and the ESF held, either directly or under repurchase agreement, $9.8 billion and $13.5 billion respectively in foreign-government-issued securities. □

Industrial Production and Capacity Utilization for July 1995

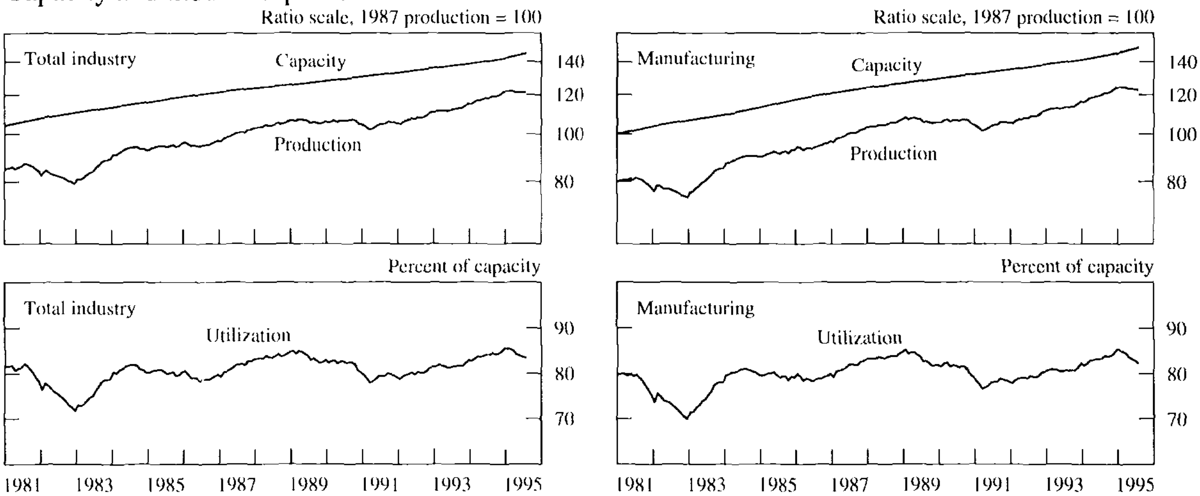
Released for publication August 15

Industrial production was little changed in July for a third consecutive month. Manufacturing output decreased 0.2 percent, but the output of utilities jumped 3.6 percent owing to abnormally high temperatures through much of the month; mining output increased 1 percent. The decline in manufacturing was led by a 3.2 percent drop in the output of motor vehicles and parts, but the output of many

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, July 1995

Category	Industrial production, index, 1987=100								
	1995				Percentage change				
					1995[1]				July 1994 to July 1995
	Apr.[r]	May.[r]	June[r]	July[p]	Apr.[r]	May[r]	June[r]	July[p]	
Total	**121.2**	**121.2**	**121.1**	**121.3**	**-.6**	**.0**	**-.1**	**.1**	**2.6**
Previous estimate	121.1	120.9	121.0	.	-.7	.1	.1	...	...
Major market groups									
Products, total[2]	118.0	118.0	118.1	118.1	-.7	.0	.1	.0	1.6
Consumer goods	114.4	114.2	114.2	114.2	.5	-.2	.0	.0	.8
Business equipment	154.9	154.9	156.0	156.5	-.6	.1	.7	.4	6.6
Construction supplies	108.6	107.3	107.4	106.5	1.8	-1.1	.1	-.8	-1.3
Materials	126.1	126.2	125.8	126.3	-.5	.1	-.3	.4	4.0
Major industry groups									
Manufacturing	123.3	123.2	123.1	122.8	-.7	-.1	-.1	-.2	2.6
Durable	130.4	130.1	130.5	130.2	-.9	-.3	.3	.2	4.0
Nondurable	115.4	115.5	114.8	114.6	-.4	.1	-.6	-.3	.8
Mining	100.7	100.6	100.9	101.9	.5	-.1	.3	1.0	1.8
Utilities	118.0	120.3	119.2	123.5	-.7	1.9	-.9	3.6	3.8

Category	Capacity utilization, percent								MEMO Capacity, percentage change, July 1994 to July 1995
	Average, 1967-94	Low, 1982	High, 1988-89	1994	1995				
				July	Apr.[r]	May[r]	June[r]	July[p]	
Total	**82.0**	**71.8**	**84.9**	**84.1**	**84.1**	**83.9**	**83.6**	**83.4**	**3.4**
Previous estimate	...	...	...	..	84.1	83.7	83.5	...	...
Manufacturing	81.3	70.0	85.2	83.3	83.5	83.1	82.8	82.3	3.8
Advanced processing	80.7	71.4	83.5	81.5	81.8	81.4	81.3	80.9	4.3
Primary processing	82.5	66.8	89.0	87.7	88.0	87.5	86.5	85.8	2.6
Mining	87.4	80.6	86.5	89.8	90.4	90.3	90.6	91.5	-.1
Utilities	86.7	76.2	92.6	88.0	86.4	87.9	87.1	90.0	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.

other industries also decreased significantly. Gains at producers of electrical machinery, industrial machinery and computer equipment, and paper helped stanch the decline. Small offsetting revisions were made to the output growth estimates for April to June. At 121.3 percent of its 1987 average, industrial production in July was 2.6 percent above its level of July 1994. Capacity utilization decreased 0.2 percentage point in July, to 83.4 percent.

When analyzed by market group, the data show that the output of consumer goods was unchanged in July, as a gain in residential sales by electric utilities was largely offset by a decline in consumer truck production. Despite an increase in the production of appliances, the output of consumer durable goods other than automotive products decreased 0.5 percent, with weakness in furniture and miscellaneous consumer goods. The production of nondurable consumer goods increased 0.4 percent, a rise that was more than accounted for by the increase in electricity sales; decreases in the output of clothing and tobacco products limited the gain.

The production of business equipment picked up 0.4 percent, again led by significant gains in the output of information processing and related equipment; the production of industrial equipment also posted a small gain. The output of transit equipment fell off sharply in July, with decreases in the output of trucks and aircraft and related equipment. The production of other types of business equipment edged down. The output of construction supplies fell; cutbacks occurred in lumber products and fabricated metal products.

The output of durable and nondurable goods materials was little changed, whereas the surge in electricity generation pushed the growth in energy materials to 1.7 percent. Among durable goods materials, decreases in metals and in motor vehicle parts and related equipment were offset by further strong gains among electronics components. Among nondurables, the output of paper materials partly retraced its June loss, but the production of textile materials fell further.

When analyzed by industry group, the data show that factory output fell 0.2 percent in July, with decreases at manufacturers of both durable and nondurable goods; manufacturing production last increased in January. Several major durable goods industries experienced decreases of 1 percent or more; these industries included transportation equipment, primary metals, fabricated metals products, lumber and products, and miscellaneous manufactures. Another strong advance in the output of computers contributed to an increase of about 1 percent in industrial machinery and equipment; a rise in semiconductor and appliance output contributed to a 2.2 percent increase in electrical machinery. Over the past twelve months, the production of industrial machinery and equipment has increased 9.4 percent, and the output of electrical machinery has risen 13.1 percent. Most nondurable goods industries cut production in July; only the production of paper products, which rebounded from a large drop in June, showed a sizable increase.

The factory operating rate fell 0.5 percentage point in July, retreating further from the peak attained around the turn of the year. Last month's rate, 82.3 percent, is the lowest rate since February 1994 but remains 1 percentage point above the 1967–94 average. The rate for advanced-processing industries has declined about 2 percentage points since its recent peak, while utilization for primary-processing industries has fallen 5 percentage points. The largest decreases in operating rates since last December have occurred in motor vehicles and parts, primary metals, lumber, textiles, apparel, rubber and plastics products, and leather and products.

The initial estimate of the July operating rate at utilities was 90 percent, its highest level this year and just above last year's peak. Gains in coal mining and in oil and gas extraction contributed to an increase of nearly 1 percentage point in the operating rate for mining. □

Statements to the Congress

Statement by Edward W. Kelley, Jr., Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 13, 1995

The Board of Governors is pleased to have the opportunity to present its views on S.874, which would provide for substituting a $1 coin for the $1 bank note now in circulation and on several benefits and costs of making such a replacement.

In summary, a $1 coin would produce a substantial budgetary gain for the federal government, provided that the $1 note is withdrawn from circulation. The Board's staff estimates that the gain would be about $2.28 billion, in nominal terms, during the first five years after introduction of the new coin and would average about $456 million per year, in real discounted present value terms, over the assumed thirty-year life of the $1 coin. The Board believes, however, that the convenience and needs of the American public, as well as cost savings, should weigh heavily in this decision. Experience in Canada and other countries where similar changes have been made in recent years suggests that the public will, over time, find a $1 coin more convenient than the $1 note. Finally, we would note that the significance of the U.S. dollar goes beyond the purchasing power it represents or the utility it provides; for Americans, the dollar is a symbol of economic and political stability and a source of national pride; consequently, any change should be made only for the most compelling reasons. If, after taking account of all these considerations, the Congress is inclined toward replacing the $1 note, it should enact legislation with a reasonably delayed effective date so that all those affected can plan adequately for the transition.

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

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

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

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

- In our simplified model, the $7 billion of out-

1. The federal government budget accounts treat Federal Reserve earnings paid to the Treasury as a miscellaneous receipt.

standing $1 notes provides a gross benefit to the Treasury of $385 million per year.[2]

• The cost of servicing the $1 note issue is the cost of replacing each note every one and one-half years, or $177 million per year,[3] and of processing it 1.3 times per year at Reserve Banks, or $7 million per year.[4]

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

In the issuance of *coins,* the reduction in net governmental borrowing from the public occurs directly. When the Treasury deposits newly minted coins at Federal Reserve Banks, it receives credit to its checking account, and thus the government is able to make budgeted expenditures without additional borrowing, in the amount of the face value of the newly deposited coins less their production cost (which amount we call "seigniorage").[6]

• Seven billion new $1 coins would reduce the federal government's total borrowing $6.44 billion[7] and total interest outlays $354 million per year,[8] a gross benefit not much different from the gross benefit from 7 billion notes.

• But the cost of replacing each coin every thirty years would be only $19 million per year[9] and of processing $1 coins at Reserve Banks 0.2 times only $1 million per year.[10]

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

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

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

2. $7 billion × 5.5 percent.

3. 7 billion notes ÷ 1.5 × $.038.

4. 7 billion notes × 1.3 × $.00075 ($.75 per 1,000 pieces).

5. $385 million – $177 million – $7 million.

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

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

8. $6.44 billion × 5.5 percent.

9. 7 billion coins ÷ 30 × $.08.

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

11. $354 million – $20 million.

12. $334 million – $201 million.

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

14. An attachment to this statement summarizes these effects and is available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Taking account of these additional factors, the Board's staff estimates that, in the first five years of the implementation, the federal government budget position would be improved by a total of $2.28 billion (in nominal terms). The average yearly gain in real present-value terms, over the assumed thirty-year life of a $1 coin is estimated to be $456 million.[15]

There are other factors that could substantially add to the gains of such a substitution but that are inestimable and so are not included in our calculations. For example, there is likely to be a very considerable numismatic, or sentimental, collecting of $1 notes as a result of an announcement that they soon would no longer be issued (although $1 notes would continue to be legal tender).

These gains are unlikely to be achieved, however, if the $1 note is not withdrawn from circulation. First of all, many people, at least initially, would continue to prefer the note if given a choice. That being true, the private sector (notably banking and retail establishments), not knowing how extensively the public would use the $1 coin, would be reluctant to make the infrastructure outlays necessary for the coin to succeed (training employees on new cash-register-drawer procedures, ordering of $1 coin inventories, new arrangements with financial institutions, and the like). Likewise, the public would refrain from using the new coin if the retail sector were not prepared.[16] In the meantime, the public sector (particularly the Bureau of Engraving and Printing, the Bureau of the Mint, and the Federal Reserve System; perhaps also the Postal Service and mass transit systems), not knowing what the respective demands would be for $1 notes and coins, and wanting to be able to meet any likely demand, would inevitably overinvest in production and processing capacity.

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

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

If this committee decides to move forward with $1 coin legislation, you should be aware that S.874 would not, in our view, provide enough preparation time for those most involved—the Nation's banking and retail establishments, the Treasury Bureaus of the Mint and of Engraving and Printing, and the Federal Reserve Banks. We have two concerns.

First, any legislation should, in our view, give the mint adequate time in which to be certain that the coin design will meet the needs of users well into the next century. This change has both physical and aesthetic design implications and presumably would require considerable market testing. Closely related is the need for adequate time in which to produce a large stock of new $1 coins once the design is approved. In our view, any legislation should give the Treasury Department a good deal of freedom to set the mint's production schedule so as to optimize costs and resource usage at the mint, the Bureau of Engraving and Printing, where the effect on bank note production will be substantial; at the Federal Reserve Banks, which will need to adjust considerably their capacity for processing notes and coins as well as draw down their inventories of $1 notes; and at commercial banks and retail establishments. Eighteen months, as S.874 provides, would not be enough time for this planning and production. The Board believes that any legislation should provide at least thirty-six months.

Our second concern is with the requirement in S.874 that the Federal Reserve discontinue ordering and paying out $1 Federal Reserve notes immediately upon introduction of the $1 coin. The length of time in which the Federal Reserve must pay out both coins and notes would be a function not only

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

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

of the mint's production capacity but also of other variables, such as the substitution rate of $1 coins for $1 notes and the public's demand for $2 notes, that could not be predicted accurately in advance. The Board believes that any legislation should give the Federal Reserve freedom to adjust the timetable for discontinuing the issuance of $1 notes within a period of two years after introduction of the new $1 coin.

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

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

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic and International Monetary Policy, Committee on Banking and Financial Services, U.S. House of Representatives, July 19, 1995

I am pleased to appear today to present the Federal Reserve's semiannual report on monetary policy. In February, when I was last here for this purpose, I reported that the U.S. economy had turned in a remarkable performance in 1994. Growth had been quite rapid, reaching a torrid pace by the final quarter of the year, when real gross domestic product rose at a 5 percent annual rate and final sales increased at a 5¾ percent rate. Inflation had remained subdued through year-end, although productive resources were stretched: The unemployment rate had fallen to its lowest level in years, while manufacturing capacity utilization had been pushed up to a historically high level.

As I indicated in February, a slowing of economic growth to a more sustainable pace, with resource use settling in around its long-run potential, was required to avoid inflationary instabilities and the adverse consequences for economic activity that would invariably follow. After having posted three straight years of consumer price increases of less than 3 percent for the first time in decades, inflation seemed poised to move upward. Reflecting market pressures, prices of raw materials and intermediate goods had already risen considerably, and a surge in the prices of a variety of imported goods could be expected to follow the weakening in the dollar through early 1995.

Monetary policy tightenings over the previous year had been designed to foster the type of moderation in final demand that would help damp inflation pressures going forward and sustain the economic expansion. When we began the policy-tightening process, we knew the previous drags on the economy stemming from balance sheet stresses and restraints on lending were largely behind us. But that still did not make it a simple matter to gauge just what degree of firming in reserve market conditions would be necessary to produce a financial environment consistent with sustainable economic growth. In the event, the federal funds rate was raised to 6 percent, as the surprising strength in the economy and associated pressures on resources required a degree of monetary policy restraint to ensure that inflation would be contained.

Fortunately, we started the tightening process early enough and advanced it far enough that monetary restraint began to bite before some potential problems could assume major proportions. With inadequate monetary restraint, aggregate demand could have significantly overshot the economy's long-run supply potential and created serious inflationary instabilities. Moreover, the perceived capacity constraints and lengthening delivery times that come with an overheated economy could have fostered the development of more serious inventory overaccumulation. In such circumstances, the longer the moderation in output growth is delayed, the larger will be the inventory overhang and the more severe will be the subsequent production correction. As hoped, final sales slowed appreciably in the first quarter of this year, but inventory investment did not match that slowing, and overall inventory–sales ratios increased slightly. Although the aggregate level of inventories remained modest, a few major industries, such as motor vehicles and home goods, found themselves with substantial excesses. Attempts to control inventory levels triggered cutbacks in orders and output that inevitably put a damper on employment and income.

How the ongoing pattern of inventory investment unfolds is a crucial element in the near-term outlook for the economy. Production adjustments could fairly quickly shut off unintended inventory accumulation without a prolonged period of slack output—one that could adversely affect personal incomes and business profitability, which, in turn, could undermine confidence and depress spending plans. Under these conditions, final sales should continue to grow through and beyond the inventory correction, leading to sustained moderate economic expansion. But a less favorable scenario certainly cannot be ruled out. The inventory adjustment could be extended and severe enough to drive down incomes, disrupt final demand, and set in motion a period of weak growth or even a recession.

Useful insights into how an inventory correction is proceeding can often be gained by evaluating developments in industries that supply producers of final durable products with key primary inputs—such as steel, aluminum, and capital equipment components and parts. This is because inventory adjustments are often larger in durable goods and they become magnified at progressively earlier stages in the production process. Typically, when purchasing managers for firms producing durable goods find their inventories at excessive levels, they reduce orders for materials and also for components of capital goods, and as a consequence suppliers shorten promised delivery times and cut back on production. In the current instance, domestic orders for steel and aluminum and for some capital equipment components have weakened but not enough to have had more than modest effects on production. Prices of key inputs also suggest that demand so far is holding up and the inventory correction is contained. The price of steel scrap, for example, has not fallen, and spot prices of nonferrous metals on average have stabilized recently after considerable weakness in the first part of the year. Though still lethargic, the behavior of markets for durable goods materials and supplies scarcely evidences the type of broader inventory liquidation that has usually been at the forefront of the major inventory recessions of the past.

At the finished goods level, we experienced significant inventory liquidation in both cars and trucks in May and June. We do not have comprehensive, up-to-date inventory evaluations for recent months as yet, but inferring what we can from scattered and partial data, the prospects seem reasonably good for a reduction in inventory investment that moves us a considerable way toward eliminating unwanted stocks.

That process and the longer-run outlook for the economy depend ultimately on the behavior of final sales. In that regard, the slowing of the growth of final sales that began in the first quarter seems to have continued a little further in the second quarter. Combining final sales and the likely reduced second-quarter pace of inventory investment, the level of overall domestic production of final goods and services, or real GDP, evidently changed little last quarter.

Going forward, the most probable of the several credible outlooks is for an upturn in the growth rate of final sales and real GDP over the rest of this year and a moderate pace of expansion next year with the economy operating in the neighborhood of its potential. One area of improvement should be our external sector. A significant downside risk when I testified in February related to the situation in Mexico. The economic contraction in that country and the depreciation of the peso did act to depress our net exports in the first half of the year. But with the external adjustment of the Mexican economy apparently near completion, this drag should be largely behind us. Moreover, our trade with the rest of the world should begin to impart a positive impetus to our economic activity, partly because of the strong competitive position of U.S. goods in world markets.

Regarding domestic final demand, financial developments so far this year should provide important support over coming quarters. Interest rates, especially on intermediate- and long-term instruments, have fallen a great deal since last fall, in reaction to the improved fiscal outlook, the effects on inflation expectations of our earlier monetary tightening, and, of course, recently, the slowed economy. Lower interest rates have helped to buoy stock prices, which have soared ever higher. The positive implications of the rally in financial markets for household debt-service burdens and wealth and for the cost of capital to businesses augur well for spending on consumer durables, on housing, and on plant and equipment. These influences should be reinforced by the generally strong financial condition and the willingness to lend of depository institutions, as well as the receptiveness of capital markets to offerings of debt and equity.

Early signs of a little firming in consumer durables spending are already visible in the stabilization of the motor vehicles sector. Residential construction has also started to revive, judging by the recent data on home sales and mortgage applications. Unfilled orders are sizable in the capital goods area, suggesting business investment in equipment will continue growing, albeit perhaps more slowly than in the recent past. Finally, rising permits suggest expansion in nonresidential construction.

An outlook embodying a resumption of moderate economic growth is conveyed by the central tendencies of the expectations of the Federal Reserve governors and Reserve Bank presidents for real GDP. After the second-quarter pause, a projected pickup in activity in the second half would put output growth over the four quarters of the year in the neighborhood of 1½ to 2 percent. For next year, projections of real GDP growth center on 2½ percent.

The inflation picture is less worrisome than when I testified six months ago, just after our last policy tightening. Demands on productive resources should press less heavily on available capacity in the future than we envisioned in February. This prospect is evident in the central tendency of the expectations of the governors and presidents for the unemployment rate in the fourth quarter of this year, which has been revised up from about 5½ percent in February to 5¾ percent to 6⅛ percent. This outlook for unemployment has been extended through next year as well. Increases in employment costs to date have been modest, and labor compensation evinces few signs of exacerbating inflation pressures, although the recent unusually favorable behavior of benefit costs is unlikely to continue. Declines in industrial output over recent months have already eased factory utilization rates closer to their long-term averages. Reflecting a slowing in foreign industrial economies as well as in the United States, the earlier surge in prices of materials and supplies has tapered off. Moreover, the stability of the exchange value of the dollar in recent months bodes well for an abatement of the recent faster increase in import prices.

Against this background, most governors and presidents see lower inflation over coming quarters than that experienced in earlier months of 1995. The central tendency for this year's four-quarter rise in the consumer price index (CPI) is 3⅛ to 3⅜ percent. And for next year, the central tendency suggests that CPI inflation will be shaved to 2⅞ to 3¼ percent.

The success of our previous policy tightenings in damping prospective inflation pressures set the stage for our recent modest policy easing. Because the risks of inflation apparently have receded, the previous degree of restriction in policy no longer seemed needed, and we were able at the last meeting of the Federal Open Market Committee (FOMC) to reduce the federal funds rate ¼ percentage point, to around 5¾ percent.

Indeed, inflation pressures were damped somewhat more quickly than we might have expected. This experience underlines the uncertainties and risks in any forecasting exercise. The projections of the governors and presidents are for a rather benign outlook, as are the views of many private sector forecasters. But these expectations cannot convey the risks and subtleties in the developing economic situation.

A month or so ago, I noted publicly that a moderation in growth was both inevitable and desirable but that the process could not reasonably be expected to be entirely smooth and that accordingly the risks of a near-term inventory-led recession, though small, had increased. More recent evidence suggests that we may have passed the point of maximum risk. But we have certainly not yet reached the point at which no risk of undue economic weakness remains. We do not as yet fully understand all the reasons for the degree of slowing in economic activity in the first half of the year, so we need to be somewhat tentative in our projections of a rebound. Imbalances seem to be limited; financial conditions should be supportive of spending; and businesses and consumers are largely optimistic about the future. Nonetheless, questions remain about the strength of demand for goods and services, not only in the United States but abroad as well.

Upside risks to the forecast can also be readily identified, particularly if the inventory correction is masking a much stronger underlying economy than that which appears from other evidence to be the case. If so, spending could strengthen appreciably, especially in light of the very substantial increases in financial market values so far this year.

In a transition period to sustainable growth such as this, reactions to unexpected events may be especially pronounced. This is not a time for the Federal Reserve to relax its surveillance of, and efforts to analyze, the evolving situation. The Federal Reserve must do its best to understand developing economic trends. Although we cannot expect to eliminate cyclical booms and busts—human nature being what it is—we should nonetheless try where possible to reduce their amplitude.

Some observers have viewed prospective year-by-year budget-deficit reduction as constituting an important downside risk to the economy. I do not share this concern. In response to fiscal consolidation, financial markets provide an important shock absorber for the economy. Declines in long-term rates help stimulate private, interest-sensitive spending when government spending and transfers are reduced. Clearly, the Federal Reserve will have to watch this process carefully and take the likely effects of fiscal policy into account in considering the appropriate stance in monetary policy. But there is no doubt, in my judgment, that the net result of moving to budget balance will be a more efficient, more productive U.S. economy.

With regard to the money and debt ranges chosen by the FOMC for this year, the specifications for M2 and domestic nonfinancial debt were left unchanged, at 1 percent to 5 percent and 3 percent to 7 percent respectively. The FOMC also made a purely technical upward revision to the M3 range. Last February's Humphrey–Hawkins testimony and report had noted the potential need for such a revision to this year's M3 range. Starting in 1989, the restructuring of thrift institutions and the difficulties facing commercial banks depressed their lending and their need for managed liabilities. The FOMC responded by reducing the upper and lower bounds of the range for M3 to below those of the M2 range. This year, M3 growth has begun to significantly outpace that of M2, as it did for several decades before 1989. Overall credit flows have picked up some, and a higher proportion has gone through depositories. As a consequence, while M2 and debt remain within their respective annual ranges, M3 has appreciably overshot the upper end of its range. The 2 percentage point increase in the upper and lower bounds of the M3 range, to 2 percent to 6 percent, was made in recognition of the evident return this year to a more normal pattern of M3 growth. The ranges specified for M2, M3, and debt this year also were provisionally carried over to 1996. The Committee stressed that uncertainties about evolving relationships of these variables to income continued to impair their usefulness in policy.

In summary, the economic outlook, on balance, is encouraging, despite the inevitable risks. The U.S. economy rests on a solid foundation of entrepreneurial initiative and competitive markets. With the cyclical expansion more than likely to persist in the period ahead, the circumstances are particularly opportune for pressing forward with plans to institute further significant deficit reduction. By raising the share of national saving available to the private sector, such actions should foster declines in real interest rates and spur capital accumulation. Higher levels of capital investment, in turn, will raise the growth in productivity and living standards well into the next century.

The Federal Reserve believes that the main contribution it can make to enhancing the long-run health of the U.S. economy is to promote price stability over time. Our short-run policy adjustments, although necessarily undertaken against the background of the current condition of the U.S. economy, must be consistent with moving toward the long-run goal of price stability. Our recent policy action to reduce the federal funds rate 25 basis points was made in this context. As I noted in my February testimony, easing would be appropriate if underlying forces were clearly pointing toward reduced inflation pressures in the future. Considerable progress toward price stability has occurred across successive business cycles in the last fifteen years. We at the Federal Reserve are committed to further progress in this direction. □

Announcements

FEDERAL OPEN MARKET COMMITTEE ACTION

Chairman Alan Greenspan announced on July 6, 1995, that the Federal Open Market Committee had decided to decrease slightly the degree of pressure on bank reserve positions.

As a result of the monetary tightening initiated in early 1994, inflationary pressures had receded enough to accommodate a modest adjustment in monetary conditions.

The action would be reflected in a decline of 25 basis points in the federal funds rate from about 6 percent to about 5¾ percent.

SAFETY AND SOUNDNESS STANDARDS FOR STATE MEMBER BANKS: FINAL GUIDELINES AND A FINAL RULE

The Federal Reserve Board on July 7, 1995, issued final guidelines and a final rule regarding safety and soundness standards for state member banks as required by section 132 of the Federal Deposit Insurance Corporation Improvement Act. The final rule and guidelines were effective August 9, 1995.

The final guidelines and final rule reflect amendments pursuant to the Reigle Community Development and Regulatory Improvement Act of 1994 (Community Development Act), which authorized the agencies to prescribe safety and soundness standards by regulation or guideline and eliminated holding companies from the scope of section 132.

The agencies sought comment on methods to meet the requirements of section 132 through an advance notice of proposed rulemaking in July 1992 and a notice of proposed rulemaking in November 1993. The final guidelines take into account public comments and set forth broad, principle-based standards that establish the objectives that proper operations and management should achieve, while leaving the methods for achieving those objectives to each institution. The final rule establishes deadlines for submission and review of safety and soundness compliance plans that the agencies may require for insured depositories that fail to meet the guidelines.

The Federal Reserve also issued proposed guidelines for safety and soundness standards relating to asset quality and earnings. As amended by the Community Development Act, section 132 no longer requires the agencies to prescribe quantitative standards in these areas but rather requires the agencies to prescribe standards they deem appropriate. The agencies are therefore proposing asset quality and earnings standards, in the form of guidelines, that emphasize monitoring, reporting, and preventive or corrective action. Comments on the proposed asset quality and earnings guidelines were requested by August 24, 1995.

The Board initially approved the final rule, final guidelines, and proposed guidelines on February 2, 1995. Publication of the joint guidelines, rule, and proposal was delayed to reach interagency agreement.

RISK-BASED CAPITAL STANDARDS: FINAL RULE

The Federal Reserve Board issued on August 2, 1995, a final rule revising risk-based capital standards to implement section 305 of the Federal Deposit Insurance Corporation Improvement Act regarding interest rate risk (IRR). The revision states that the Board will consider "a bank's exposure to declines in the economic value of its capital due to changes in interest rates" in determining the institution's capital needs. The final rule was effective September 1, 1995.

The Board also requested public comment on a proposed interagency policy statement regarding the measurement and assessment of IRR. The proposed policy statement describes a measurement framework that comprises exemption screens, a supervisory model, and use of a bank's own internal model. Comments were requested by October 2, 1995.

Capital Adequacy Guidelines: Interim Final Rule

The Federal Reserve Board, along with the other banking agencies, is amending the capital adequacy guidelines for banks, bank holding companies, and savings associations (banking organizations) to treat originated mortgage servicing rights (OMSRs) the same as purchased mortgage servicing rights (PMSRs) for regulatory capital purposes. The agencies are issuing an interim final rule effective August 1, 1995, and requesting comment on this rule by October 2, 1995.

The interim final capital rules were developed in response to the Financial Accounting Standards Board's issuance of Statement No. 122, "Accounting for Mortgage Servicing Rights," which eliminates the accounting distinction between OMSRs and PMSRs by requiring OMSRs to be capitalized as balance sheet assets, a treatment previously required only for PMSRs.

Under the interim rule, both OMSRs and PMSRs are "included in" (not deducted from) regulatory capital when determining tier 1 (core) capital for purposes of the agencies' risk-based and leverage capital standards and, when calculating tangible equity for purposes of prompt corrective action, are subject to the regulatory capital limitations that previously applied only to PMSRs. Thus, the effect of the interim rule is to permit OMSRs in regulatory capital, subject to certain limitations.

Proposed Actions

The Federal Reserve Board on July 14, 1995, requested comment on a proposal to amend its risk-based capital requirements to incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity instruments. Comments were requested by September 18, 1995.

The Board is also requesting comment on a possible approach to setting capital requirements for market risk, which, if feasible, might form the basis for future enhancements to supervisory procedures. Comments were requested by November 1, 1995.

Educational Programs on the Homebuying Process

The Federal Reserve Board announced on July 25, 1995, that it will sponsor two hour-long educational programs on the homebuying process to be broadcast nationwide via satellite on October 14 and October 21.

These live telecasts, designed for first-time buyers and households with limited resources, will originate from the LeCroy Center for Educational Telecommunications of the Dallas County Community College District beginning at 1:00 p.m. EST.

Both community college and U.S. Department of Agriculture (USDA) extension service facilities will serve as downlink sites for these programs.

The Federal Reserve Board is joined in this outreach effort by the National Foundation for Consumer Credit and the USDA Cooperative State Research Education and Extension Service.

The goal of these nationwide distance learning programs is to assist first-time buyers and limited-resource households with some of the complicated steps in the homebuying process. To accomplish this objective, the two programs will focus on financial preparedness, the various terms and types of mortgages, the application process, and closing or settlement. Participants will be encouraged to ask questions of the industry experts during each hour-long program by telephone and facsimile.

The Federal Reserve and its program partners encourage financial institutions, civic and community leaders, and religious groups involved in homebuyer education to take advantage of these teleseminars. Recognizing that many of these organizations may already sponsor homebuying seminars, these live broadcasts are intended to bring communities together. The opportunity is to allow someone else to present the basic homebuying information so that individualized attention can be focused on the needs of the participants at the downlink sites.

Financial institutions, civic and community leaders, religious groups, and other parties interested in learning more about the teleseminars may call their local Consumer Credit Counseling Service, USDA Extension Service, or the Federal Reserve Board. At the Federal Reserve, the program coordinator is Marci Schneider (202-872-7550).

After the live telecasts, the program will be publicly available in videotape. Single or bulk copies of each of the two hour-long programs may be purchased from VIDICOPY, 650 Vaqueros Avenue, Sunnyvale, CA 94086, at the following rates:

1–30 copies @ $12.95, including shipping
31–99 copies @ $11.45, including shipping.

For additional information on pricing and how to order copies of the videotapes, contact VIDICOPY at 1-800-708-7080.

Public Meetings Regarding the Application of Fleet Financial Group to Acquire Shawmut National Corp.

The Federal Reserve Board announced on July 27, 1995, that public meetings would be held in Boston, Hartford, and Albany, beginning on August 26, in connection with the application of Fleet Financial Group, Inc., to acquire Shawmut National Corporation.

The purpose of these meetings was to collect information concerning the effect of this proposal on the convenience and needs of the communities to be served, including the records of performance of the institutions under the Community Reinvestment Act.

The specific dates, times, and locations of the meetings were the following:

Boston—Saturday, August 26, beginning at 9:00 a.m., EDT, at the Federal Reserve Bank of Boston, 600 Atlantic Avenue, Boston, MA 02106.

Hartford—Monday, August 28, beginning at 12:00 noon, EDT, at the Wild Auditorium, Gray Conference Center, University of Hartford, 200 Bloomfield Avenue, West Hartford, CT 06117.

Albany—Tuesday, August 29, beginning at 12:00 noon, EDT, at the New York State Museum, Museum Theater, West Gallery, Cultural Education Center, Empire State Plaza, Madison Avenue, Albany, NY 12230.

The Federal Reserve Board also announced on July 27 that it would extend the comment period on these applications through September 12, 1995. This extension of the comment period permitted interested parties approximately sixty days in which to submit comments on the applications.

Publication of the Revised Lists of OTC Stocks and of Foreign Stocks Subject to Margin Regulations

The Federal Reserve Board on July 31, 1995, published a revised list of over-the-counter stocks that are subject to its margin regulations (OTC list). Also published was a revised list of foreign equity securities (foreign list) that meet the margin criteria in Regulation T (Credit by Brokers and Dealers). These lists are published for the information of lenders and the general public.

The lists became effective August 14, 1995, and supersede the previous lists that were effective May 8, 1995. The next revision of the lists is scheduled to be effective November 1995.

The changes that were made to the revised OTC list, which now contains 4,159 OTC stocks, are as follows:

- One hundred ninety-five stocks have been included for the first time, 166 under National Market System (NMS) designation.
- Fifty-six stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing.
- Sixty-eight stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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

The foreign list specifies those foreign equity securities that are eligible for margin treatment at broker–dealers. There were no additions to nor deletions from the foreign list; it now contains 701 foreign equity securities.

SUMMARY TABLES OF 1994 HMDA DATA NOW AVAILABLE IN THE *FEDERAL RESERVE BULLETIN*

The Home Mortgage Disclosure Act of 1975 (HMDA) requires most depository institutions and mortgage companies with offices in metropolitan areas to report the geographic location of the properties related to home purchase, home refinancing, and home improvement loans they originate or buy. The reporting institutions also disclose information about the disposition of home loan applications and on the race or national origin, sex, and annual income of applicants. The type of purchaser of a loan must also be reported if the loan was sold the same year in which it was originated or acquired.

A summary of the 1994 HMDA data is provided in a series of tables in the Financial and Business Statistics section of this issue of the *Bulletin* (see pages A68–A75). Statistical tables similar to these covering prior years' HMDA information have appeared in *Bulletin* articles describing the HMDA data since 1990. Summary tables similar to those in this issue will appear each year in the Financial and Business Statistics section of the September issue of the *Bulletin*. □

Minutes of the Federal Open Market Committee Meeting Held on May 23, 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, May 23, 1995, at 9:00 a.m.

Present:

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

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

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

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

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

Mr. Fisher, Manager, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Simpson, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Beebe, Goodfriend, Lang, and Rosenblum and Mses. Tschinkel and White, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Richmond, Philadelphia, Dallas, Atlanta, and New York respectively
Mr. McNees, Vice President, Federal Reserve Bank of Boston
Mr. Altig, Assistant Vice President, Federal Reserve Bank of Cleveland
Mr. Weber, Senior Research Officer, Federal Reserve Bank of Minneapolis

Secretary's Note. Advice had been received that Ernest T. Patrikis had been elected by the board of directors of the Federal Reserve Bank of New York as an alternate member of the Federal Open Market Committee for the period June 1, 1995, through December 31, 1995, and that he had executed his oath of office.

Program for Safeguarding FOMC Information

At this meeting the Committee amended its "Program for Security of FOMC Information." The changes included an increase in the number of staff at the Federal Reserve Banks who could be given access to confidential Class I and Class II FOMC information. The Committee also liberalized its rule relating to attendance at FOMC meetings to allow first vice presidents of the Federal Reserve Banks to attend meetings on a rotating basis. Other changes of a technical or updating nature also were made to the program. The Committee's brief discussion of this organizational matter was not recorded in keeping with the decision made at the meeting on January 31–February 1, 1995, normally not to record discussions unrelated to monetary policy.

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on March 28, 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 March 28, 1995, through May 22, 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 March 28, 1995, through May 22, 1995. By unanimous vote, the Committee ratified these transactions.

The Manager requested a temporary increase of $2 billion, to $10 billion, in the limit on intermeeting changes in outright System Account holdings of U.S. government and federal agency securities. He advised the Committee that the current leeway of $8 billion might not be sufficient to accommodate the potentially large need for additional reserves over the intermeeting period to meet an anticipated seasonal rise in the domestic demand for currency as well as continued currency outflows to foreign countries. By unanimous vote, the Committee amended paragraph 1(a) of the Authorization for Domestic Open Market Operations to raise the limit to $10 billion for the intermeeting period ending with the close of business on July 5, 1995.

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

The information reviewed at this meeting suggested that the expansion of economic activity had slowed considerably further and that rates of resource utilization had declined. Although business investment in equipment and structures had remained strong, overall final sales had expanded less rapidly and inventories had continued to build. Manufacturing output appeared to be down appreciably, in large measure reflecting cutbacks in motor vehicle production, and the slump in housing starts since the turn of the year was depressing construction activity. Broad indexes of consumer and producer prices had increased a little faster thus far this year, while advances in labor compensation costs had remained subdued.

Nonfarm payroll employment posted reduced gains in the first quarter and changed little in April; special factors and seasonal adjustment difficulties may have depressed reported job growth in April. Hiring in service-producing industries was down sharply from the pace in previous months, with jobs in personnel supply services falling for a second consecutive month after three years of rapid growth. Employment in manufacturing decreased further, and the number of construction jobs contracted after a sizable weather-related surge in March. Initial claims for unemployment insurance increased considerably in recent weeks, and the civilian unemployment rate rose to 5.8 percent in April.

Industrial production fell further in April, with manufacturing registering a substantial decline. The drop in industrial output largely reflected a cutback in the production of motor vehicles and parts, but declines in output also were evident in other cyclically sensitive sectors, such as non-auto consumer durables and construction supplies. Production of business equipment other than motor vehicles registered a small gain. Total utilization of industrial capacity continued to decline in April; however, operating rates in manufacturing remained at relatively high levels.

Retail sales were down in April after having risen moderately over the first quarter; a steep drop in sales of motor vehicles accounted for all of the April decline. Total expenditures on other types of goods edged higher in April, even though sales of apparel, furniture, and home appliances were noticeably weaker. Housing starts changed little in April after having declined sharply in the first quarter, and the inventory of new homes for sale remained relatively large. On the other hand, sales of both new and existing homes rose moderately in March after sizable declines in February, and recent surveys indicated some improvement in attitudes toward homebuying.

Shipments of nondefense capital goods remained on a strong uptrend in March, with outlays for office and computing equipment registering another sharp increase. Manufacturers of heavy trucks continued to operate at capacity to meet demand; by contrast, business expenditures for motor vehicles reportedly plunged in April. Data on orders for nondefense capital goods pointed to further strong expansion of spending on business equipment in the months ahead, although gains appeared likely to be smaller than those of the past several quarters. Nonresidential construction continued to rise in March, and data on permits for new construction suggested that building activity would advance further in coming months, though perhaps at a somewhat slower rate.

Business inventories surged again in March, and the pace of inventory accumulation over the first quarter was substantially higher than the average rate for the second half of 1994. Much of the first-quarter increase in stocks reflected a buildup in inventories of motor vehicles at the wholesale and retail levels. Non-auto stocks also increased at a brisk pace in the first quarter, accompanied by the emergence of scattered signs of inventory imbalances in furniture, appliances, and apparel at the retail level and in construction supplies at earlier stages of production and distribution. The stock-to-sales ratio in manufacturing was unchanged in March from the very low fourth-quarter level. At the wholesale level, the ratio of inventories to sales rose in March but remained within the range of the past several years. Inventory accumulation in the retail sector slowed in March despite a further rise in inventories of motor vehicles. For the retail sector as a whole, the inventory-to-sales ratio increased in March to the top end of its range of the past two years; when the motor vehicle components of stocks and sales are excluded, however, the ratio was near the middle of its range in recent years.

The nominal deficit on U.S. trade in goods and services was little changed in March from the February level and remained substantially narrower than in January. On a quarterly average basis, the trade deficit widened in the first quarter as growth in the value of exports slowed while the expansion in the value of imports continued unabated. A drop in shipments to Mexico was among the factors holding down export growth in March. Data available for the first quarter indicated that economic recovery continued in the major foreign industrial countries as a group but that the pace varied significantly across countries. There were signs of sustained growth in the United Kingdom, slower growth in Canada, renewed recovery in Japan, and weakness in France and Italy.

Inflation had picked up somewhat in the early months of 1995. At the consumer level, prices rose a little more rapidly in the first quarter, despite unchanged food prices and lower energy prices. In April, a surge in food prices and a rebound in energy prices contributed to a further step-up in consumer inflation. At the producer level, prices of finished goods followed a roughly similar pattern, increasing at a slightly faster pace in the first quarter and then more briskly in April. The April rise partly reflected a sharp jump in the prices of finished energy goods, but prices of non-energy, nonfood items also advanced at a somewhat faster rate. At earlier stages of production, prices of intermediate materials continued to increase rapidly in April. By contrast, trends in labor compensation costs remained subdued. Gains in hourly compensation of private industry workers slowed further in the first quarter of 1995, with a continuing moderation in the cost of benefits accounting for all of the deceleration in compensation.

At its meeting on March 28, 1995, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but that included a bias toward the possible firming of reserve conditions during the intermeeting period. Accordingly, the directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth in the broader monetary aggregates over coming months.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. Adjustment plus seasonal borrowing trended higher over the period, reflecting a rising need for seasonal credit at the beginning of the planting season, while the federal funds rate continued to average close to 6 percent.

Most market interest rates moved lower over the intermeeting period in reaction to weaker-than-expected incoming economic data, which market participants interpreted as signaling a considerable slowing of the economic expansion and a growing likelihood that the next monetary policy move would be in an easing direction. Market assessments that the prospects for major reductions in budget deficits were improving also seemed to contribute to the drop in rates. In this environment, the release of data indicating large increases in consumer and producer prices for April only temporarily interrupted the decline in rates. Intermediate- and long-term interest rates posted the largest declines over the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined substantially further over the first half of the intermeeting period. In mid-April, the dollar reached a record low against the Japanese yen and approached a record low against the German mark. The dollar's weakness appeared to have been related in part to further indications of softening economic activity and related declines in interest rates in the United States and to increasing trade tensions with Japan. Late in the period, the dollar reversed its course and moved up sharply against the yen and the mark; monetary easing abroad, improving prospects for reductions in the U.S. budget deficit, and stabilizing financial conditions in Mexico appeared to contribute to the turnaround. The dollar ended the intermeeting period higher on balance against the other G-10 currencies.

The growth of M2 picked up further in April, reflecting in part the need for additional liquid balances to make unusually heavy final tax payments; these payments resulted from the stronger economy in 1994 and from new tax regulations allowing individuals to delay a larger portion of their tax payments until April. The expansion of M2 also appeared to be boosted by the increased relative attractiveness of small time deposits and money market funds following declines in market interest rates. For the year through April, M2 grew at a rate in the lower half of its range for 1995 while M3 expanded at a rate somewhat above its range. The persisting strength of M3 in April largely reflected the needs of commercial banks to fund continuing heavy credit demands by households and businesses. Total domestic nonfinancial debt had grown at a rate a little above the midpoint of its monitoring range in recent months.

The staff forecast prepared for this meeting suggested that growth of economic activity was slowing somewhat more than previously anticipated, with the recent plunge in motor vehicle sales prompting a deeper-than-expected reduction in the production of cars and light trucks. Economic expansion would average less than the rate of increase in the economy's potential output for a number of months, but the favorable wealth and interest-cost effects of the extended rally that had occurred in stock and bond markets were expected to provide underlying support for aggregate demand later in the year and in 1996. The forecast continued to anticipate that consumer spending would be restrained by smaller gains in real incomes and the satisfaction of pent-up demands for motor vehicles and other durable goods. Business outlays for new equipment were expected to decelerate substantially in response to the slower growth of sales and profits. Homebuilding was projected to pick up somewhat in lagged response to the recent decline in mortgage rates. Developments in Mexico might depress U.S. exports further, but mainly in the very near term given the size of the adjustments already evident in the Mexican current account. With this influence waning, sustained growth in the economies of other U.S. trading partners was expected to boost export demand. Considerable uncertainty continued to surround the fiscal outlook, but the forecast maintained the greater degree of fiscal restraint that had been assumed since early in the year. In the staff's judgment, the prospects for some easing of pressures on resources suggested that price inflation would likely moderate from its recently higher level.

In the Committee's discussion of current and prospective economic conditions, members reported on statistical and anecdotal indications of further slowing in the expansion of economic activity and some related easing of pressures on labor and other producer resources. A number commented that they anticipated a relatively sluggish economic performance over coming months as production was cut back to bring inventories into better balance with sales. However, underlying demand was likely to remain sufficiently robust, especially in light of developments in financial markets, to avert a cumulative decline in business activity and, indeed, to return economic growth to a pace broadly in line with potential. Members cited in particular the strength in business fixed investment and the potential for improvement in housing activity and the trade balance as factors that should help to sustain the expansion. Nonetheless, the longer-run outlook remained subject to considerable uncertainty, especially given the undecided course of fiscal policy and the ongoing inventory correction; the ultimate extent of that correction and its effects on overall economic performance were subject to a cyclical dynamic whose outcome could not be predicted with confidence. A worsening in key measures of inflation, including the consumer price index and the producer price index for finished goods, was a disappointing—if not unexpected—development. A number of members expressed concern that the risks were still tilted in the direction of some further step-up in inflation; however, others were more inclined to the view that inflation was not likely to rise much further in a climate of moderate growth in demand, intense competitive pressures in many markets, and relatively subdued increases in labor costs.

Members commented that a reduction in the rate of inventory investment was likely to be the dominant influence on the near-term performance of the economy. Some also saw a risk that a significantly greater-than-expected softening in inventory accumulation might have adverse, and possibly cumulative, effects of a longer-term nature on production and incomes and thus on consumer and business spending. With the exception of the motor vehicle industry, however, current inventory levels generally were quite low in relation to sales and potential inventory adjustments were likely to be limited in size. Once further inventory adjustments were completed, the rate of accumulation could be expected to remain well below the unsustainable pace experienced over the past year and perhaps settle into a pattern where changes in inventories became a relatively neutral factor in the ongoing economic expansion.

In their comments about broad factors underlying the economic outlook, members reported that current business and consumer sentiment remained generally favorable across the nation. Despite the softening demand in some markets or industries, notably that for motor vehicles, business contacts continued to express optimism about the outlook for their firms, though some of their comments were tempered by greater caution than had been observed earlier. A number of members referred to the general financial climate as an important element in the outlook for sustained economic expansion. They noted that the decline in interest rates had favorable implications for demand in interest-sensitive sectors of the economy. The rise in equity prices also was contributing to reductions in the cost of capital to businesses, and banks continued to ease terms and standards on loans. In addition, the rise in stock and bond prices had increased the net worth of many households, though some concern was expressed about the sustainability of the stock market's strong performance.

With regard to developments in key sectors of the economy, the slowdown in the growth of consumer spending was somewhat more pronounced than anticipated earlier. Some rebound in consumer demand seemed likely and already appeared to be occurring in the motor vehicle industry in May. Underlying conditions for further growth in consumer spending were viewed as relatively favorable; these conditions included strengthened balance sheets stemming from developments in financial markets, continued growth of incomes, and aggressive extensions of consumer credit by a number of lenders. In at least one view, however, consumer credit had been growing at a pace that could not be sustained, and the inevitable correction could coincide with and exacerbate emerging weakness in consumer demand. On balance, growth in personal consumption expenditures was seen as likely to continue over coming quarters but at a reduced pace given the apparent satisfaction of a large portion of earlier pent-up demands for consumer durables and some expected moderation in the growth of jobs and incomes.

Business investment remained on a strong uptrend as numerous firms continued to respond to the need to relieve pressures on existing capacity and to increase operating efficiencies in the face of vigorous competition. Rapid growth in profits and a ready availability of financing also were cited as factors tending to support business investment spending. The increase in such spending was likely to moderate over the projection horizon, though to a still brisk pace, as declining growth in demand and easing pressures on capacity induced growing caution in business investment decisions. Indeed, the growth in expenditures for producer durable equipment already appeared to be moderating from an extremely rapid pace, though nonresidential construction was reported to be posting solid gains in several parts of the country.

Members also expected some strengthening in residential construction following the large declines in mortgage interest rates that had occurred since late 1994. Housing construction had trended lower since the start of the year, but several indicators pointed to a revival. The latter included surveys showing improving homebuyer attitudes and builder assessments of the outlook for new home sales, and rising applications to purchase homes. Sizable inventories of unsold new homes would probably continue to damp construction activity for some months, but contacts in the real estate and mortgage finance industries were more optimistic about the outlook for housing.

The foreign trade sector likewise was expected to make an appreciable contribution to the expansion of economic activity in coming quarters. The robust uptrend in U.S. exports during 1994 had been slowed to a considerable extent thus far this year by the sharp adjustment in trade with Mexico, but in the view of several members that adjustment might now be largely completed. In that event, gains in exports could be expected to resume at a fairly brisk pace despite indications of reduced economic growth in some key foreign countries. This assessment was supported by anecdotal reports of rising foreign demand for some U.S. products in the context of the generally improved international competitive position of the United States. Concurrently, growth in imports would tend to be held down by the projected slowing in the expansion of domestic demand. On the negative side, some members referred to the possibility that a longer period might be needed to resolve the difficulties being experienced by Mexico, and several expressed particular concern about the potential for relatively severe disruptions to trade if current negotiations with Japan were not successfully concluded.

Fiscal policy was seen as a major uncertainty in the economic outlook. Federal purchases of goods and services were expected to continue trending lower and the growth of transfer payments was likely to be trimmed, but the extent and timing of fiscal restraint could not be determined while federal deficit reduction continued to be debated in the Congress. In the view of at least some members, however, a larger fiscal contraction than was commonly expected might well materialize, perhaps starting later this year. The course of fiscal legislation undoubtedly would continue to affect financial markets and, in the opinion of some members, would need to be taken into account in the formulation of monetary policy.

Concerning inflation, several members commented that the rise in consumer prices and some other broad measures of inflation in recent months appeared to reflect cyclical developments relating to the tightening of resource and product markets over the past year, including the partial passthrough of sizable increases in prices at earlier stages of production. In addition, higher import prices might have been playing a role. A number of members expressed concern that, with the economy already producing at or even slightly above its sustainable potential, inflation pressures were likely to intensify if the current pause in the expansion were to be followed by a period of above-average growth. On the other hand, members who saw the odds as pointing to a more moderate rebound after a period of relatively sluggish economic performance were inclined to the view that an upward trend in inflation was likely to be averted. In addition, the ongoing competitive pressures in many markets, the restraint in compensation increases, and the continuing efforts to cut production costs would help to contain pressures on prices over time.

In the Committee's discussion of policy for the intermeeting period ahead, all the members endorsed a proposal to maintain the current stance of policy. The higher interest rates of 1994 clearly had damped demand, but since year-end intermediate- and long-term market rates had declined, stock market prices had risen, bank lending terms had continued to ease, and the dollar had fallen against the currencies of many major industrial countries. On balance, it appeared that the current configuration of financial market conditions and degree of monetary restraint was likely to be consistent with moderate expansion in nominal

GDP and prices following a period of some weakness in the economy as inventory imbalances were corrected. The risks of a different outcome, in either direction, seemed to be reasonably balanced. In the circumstances, because the dimensions of the near-term deceleration and the potential strength of underlying demand remained uncertain, the members concluded that it was desirable to monitor developments carefully and wait for additional information before deciding on the next policy move.

With regard to the possible need to adjust policy during the intermeeting period, all the members were in favor of shifting to an unbiased instruction that did not incorporate any presumption with regard to the direction of potential intermeeting changes. The members agreed that no compelling case could be made at this point for potential adjustments to policy in either direction during the period ahead, and retaining a bias in the directive would give a misleading indication of the Committee's current intentions for the period. One member expressed the view that the costs of being wrong currently seemed higher in the direction of accommodating too much inflation, though signs of a possible cumulative deterioration in economic activity could not be ignored should they materialize. Another member, who saw the longer-term risks to the economy as tilted to the downside of current projections, indicated that while the recent performance of the economy might argue for some easing of monetary policy, a steady policy course without any bias in the intermeeting instruction was appropriate for now in light of the generally accommodative financial and banking markets.

At the conclusion of the Committee's discussion, all the members supported a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustments to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that somewhat greater or somewhat lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with 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 that the expansion of economic activity has slowed considerably further. In April, nonfarm payroll employment was about unchanged after posting reduced gains in the first quarter, and the civilian unemployment rate rose to 5.8 percent. Industrial production fell in April, largely reflecting a cutback in the production of motor vehicles, and capacity utilization rates declined somewhat. Reflecting markedly weaker demand for motor vehicles, total retail sales were down in April after rising moderately over the first quarter. Housing starts were unchanged in April after declining sharply in the first quarter. Orders for nondefense capital goods point to further strong expansion of spending on business equipment; nonresidential construction has continued to trend appreciably higher. The nominal deficit on U.S. trade in goods and services widened in the first quarter from its average rate in the fourth quarter. Broad indexes of consumer and producer prices have increased faster on average thus far this year, while advances in labor compensation costs have remained subdued.

Intermediate- and long-term interest rates have declined considerably further since the Committee meeting on March 28, while short-term rates have registered small decreases. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies, after falling to low levels, rose on balance over the intermeeting period.

M2 and M3 strengthened in March and April. For the year through April, M2 expanded at a rate in the lower half of its range for 1995 and M3 grew at a rate somewhat above its range. Total domestic nonfinancial debt has grown at a rate a bit above the midpoint 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 on January 31–February 1 established ranges for growth of M2 and M3 of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1994 to the fourth quarter of 1995. The Committee anticipated that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was lowered to 3 to 7 percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

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

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

It was agreed that the next meeting of the Committee would be held on Wednesday–Thursday, July 5–6, 1995.

The meeting adjourned at 12:15 p.m.

Donald L. Kohn
Secretary

Legal Developments

FINAL RULE—STANDARDS FOR SAFETY AND SOUNDNESS

As required by section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), the Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("Board of Governors"), the Federal Deposit Insurance Corporation ("FDIC"), and the Office of Thrift Supervision ("OTS") (collectively, the agencies) have adopted a final rule establishing deadlines for submission and review of safety and soundness compliance plans. The agencies may require compliance plans to be filed by an insured depository institution for failure to meet the safety and soundness standards prescribed by guideline pursuant to section 39 of the Federal Deposit Insurance Act (FDI Act). In conjunction with this final rule, the agencies have adopted Interagency Guidelines Establishing Standards for Safety and Soundness (Guidelines). The Guidelines will appear as an appendix to each of the agencies' final rule. The agencies view the final rule and Guidelines as a realistic balance between the objectives of section 132 of FDICIA and avoiding overly burdensome regulation.

Effective August 9, 1995, 12 C.F.R. Parts 30, 208, 263, 303, 308, 364, and 570 are amended as follows:

1. A new part 30 is added to read as follows:

Part 30—Safety and Soundness Standards

Section 30.1—Scope.
Section 30.2—Purpose.
Section 30.3—Determination and notification of failure to meet safety and soundness standard and request for compliance plan.
Section 30.4—Filing of safety and soundness compliance plan.
Section 30.5—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.
Section 30.6—Enforcement of orders.

Authority: 12 U.S.C. 1831p-1.

Section 30.1—Scope.

The rules and procedures set forth in this part apply to national banks and federal branches of foreign banks, that are subject to the provisions of section 39 of the Federal Deposit Insurance Act ("FDI Act") (section 39) (12 U.S.C. 1831p-1).

Section 30.2—Purpose.

Section 39 of the FDI Act, 12 U.S.C. 1831p-1, requires the Office of the Comptroller of the Currency ("OCC") to establish safety and soundness standards. Pursuant to section 39, a bank may be required to submit a compliance plan if it is not in compliance with a safety and soundness standard prescribed by guideline under section 39(a) or (b). An enforceable order under section 8 of the FDI Act, 12 U.S.C. 1818(b), may be issued if, after being notified that it is in violation of a safety and soundness standard prescribed under section 39, the bank fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted plan. This part establishes procedures for requiring submission of a compliance plan and issuing an enforceable order pursuant to section 39. The Interagency Guidelines Establishing Standards for Safety and Soundness are set forth in Appendix A to this part.

Section 30.3—Determination and notification of failure to meet safety and soundness standard and request for compliance plan.

(a) *Determination*. The OCC may, based upon an examination, inspection, or any other information that becomes available to the OCC, determine that a bank has failed to satisfy the safety and soundness standards contained in the Interagency Guidelines Establishing Standards for Safety and Soundness set forth in Appendix A to this part.

(b) *Request for compliance plan*. If the OCC determines that a bank has failed a safety and soundness standard pursuant to paragraph (a) of this section, the OCC may request, by letter or through a report of examination, the submission of a compliance plan and the bank shall be deemed to have notice of the deficiency three days after mailing of the letter by the OCC or delivery of the report of examination.

Section 30.4—Filing of safety and soundness compliance plan.

(a) *Schedule for filing compliance plan*—

(1) *In general*. A bank shall file a written safety and soundness compliance plan with the OCC within 30 days of receiving a request for a compliance plan pursuant to section 30.3(b) unless the OCC notifies the bank in writing that the plan is to be filed within a different period.

(2) *Other plans*. If a bank is obligated to file, or is currently operating under, a capital restoration plan submitted pursuant to section 38 of the FDI Act (12 U.S.C. 1831o), a cease-and-desist order entered into pursuant to section 8 of the FDI Act (12 U.S.C. 1818(b)), a formal or informal agreement, or a response to a report of examination or report of inspection, it may, with the permission of the OCC, submit a compliance plan under this section as part of that plan, order, agreement, or response, subject to the deadline provided in paragraph (a) of this section.

(b) *Contents of plan*. The compliance plan shall include a description of the steps the bank will take to correct the deficiency and the time within which those steps will be taken.

(c) *Review of safety and soundness compliance plans*. Within 30 days after receiving a safety and soundness compliance plan under this part, the OCC shall provide written notice to the bank of whether the plan has been approved or seek additional information from the bank regarding the plan. The OCC may extend the time within which notice regarding approval of a plan will be provided.

(d) *Failure to submit or implement a compliance plan*—

(1) *Supervisory actions*. If a bank fails to submit an acceptable plan within the time specified by the OCC or fails in any material respect to implement a compliance plan, then the OCC shall, by order, require the bank to correct the deficiency and may take further actions provided in section 39(e)(2)(B). Pursuant to section 39(e)(3), the OCC may be required to take certain actions if the bank commenced operations or experienced a change in control within the previous 24-month period, or the bank experienced extraordinary growth during the previous 18-month period.

(2) *Extraordinary growth*. For purposes of paragraph (d)(1) of this section, extraordinary growth means an increase in assets of more than 7.5 percent during any quarter within the 18-month period preceding the issuance of a request for submission of a compliance plan, by a bank that is not well capitalized for purposes of section 38 of the FDI Act. For purposes of calculating an increase in assets, assets acquired through merger or acquisition approved pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) will be excluded.

(e) *Amendment of compliance plan*. A bank that has filed an approved compliance plan may, after prior written notice to and approval by the OCC, amend the plan to reflect a change in circumstance. Until such time as a proposed amendment has been approved, the bank shall implement the compliance plan as previously approved.

Section 30.5—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.

(a) Notice of intent to issue order—

(1) *In general*. The OCC shall provide a bank prior written notice of the OCC's intention to issue an order requiring the bank to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act. The bank shall have such time to respond to a proposed order as provided by the OCC under paragraph (c) of this section.

(2) *Immediate issuance of final order*. If the OCC finds it necessary in order to carry out the purposes of section 39 of the FDI Act, the OCC may, without providing the notice prescribed in paragraph (a)(1) of this section, issue an order requiring a bank immediately to take actions to correct a safety and soundness deficiency or take or refrain from taking other actions pursuant to section 39. A bank that is subject to such an immediately effective order may submit a written appeal of the order to the OCC. Such an appeal must be received by the OCC within 14 calendar days of the issuance of the order, unless the OCC permits a longer period. The OCC shall consider any such appeal, if filed in a timely matter, within 60 days of receiving the appeal. During such period of review, the order shall remain in effect unless the OCC, in its sole discretion, stays the effectiveness of the order.

(b) *Content of notice*. A notice of intent to issue an order shall include:

(1) A statement of the safety and soundness deficiency or deficiencies that have been identified at the bank;

(2) A description of any restrictions, prohibitions, or affirmative actions that the OCC proposes to impose or require;

(3) The proposed date when such restrictions or prohibitions would be effective or the proposed date for completion of any required action; and

(4) The date by which the bank subject to the order may file with the OCC a written response to the notice.

(c) *Response to notice*—

(1) *Time for response.* A bank may file a written response to a notice of intent to issue an order within the time period set by the OCC. Such a response must be received by the OCC within 14 calendar days from the date of the notice unless the OCC determines that a different period is appropriate in light of the safety and soundness of the bank or other relevant circumstances.

(2) *Content of response.* The response should include:

(i) An explanation why the action proposed by the OCC is not an appropriate exercise of discretion under section 39;

(ii) Any recommended modification of the proposed order; and

(iii) Any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the bank regarding the proposed order.

(d) *Agency consideration of response.* After considering the response, the OCC may:

(1) Issue the order as proposed or in modified form;

(2) Determine not to issue the order and so notify the bank; or

(3) Seek additional information or clarification of the response from the bank, or any other relevant source.

(e) *Failure to file response.* Failure by a bank to file with the OCC, within the specified time period, a written response to a proposed order shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of the order.

(f) *Request for modification or rescission of order.* Any bank that is subject to an order under this part may, upon a change in circumstances, request in writing that the OCC reconsider the terms of the order, and may propose that the order be rescinded or modified. Unless otherwise ordered by the OCC, the order shall continue in place while such request is pending before the OCC.

Section 30.6—Enforcement of orders.

(a) *Judicial remedies.* Whenever a bank fails to comply with an order issued under section 39, the OCC may seek enforcement of the order in the appropriate United States district court pursuant to section 8(i)(1) of the FDI Act.

(b) *Failure to comply with order.* Pursuant to section 8(i)(2)(A) of the FDI Act, the OCC may assess a civil money penalty against any bank that violates or otherwise fails to comply with any final order issued under section 39 and against any institution-affiliated party who participates in such violation or noncompliance.

(c) *Other enforcement action.* In addition to the actions described in paragraphs (a) and (b) of this section, the OCC may seek enforcement of the provisions of section 39 or this part through any other judicial or administrative proceeding authorized by law.

2. A new Appendix A is added to part 30 as set forth at the end of the common preamble:

Appendix A to Part 30—Interagency Guidelines Establishing Standards for Safety and Soundness

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for 12 C.F.R. Part 208 is revised to read as follows:

Authority: 12 U.S.C. 36, 248(a) and (c), 321–338, 461, 481, 486, 601, and 611, 1814, 1823(j), 1831o, 1831p-1, 3906, 3909, 3310, 3331–3351; 15 U.S.C. 78b, 78o-4(c)(5), 78q, 78q-1, 78w, 781(b), 781(i), and 1781(g).

2. A new Subpart D comprising section 208.60 is added to part 208 to read as follows:

Subpart D—Standards for Safety and Soundness

Section 208.60—Standards for safety and soundness.

The Interagency Guidelines Establishing Standards for Safety and Soundness prescribed pursuant to section 39 of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1), as set forth as Appendix D to this part apply to all state member banks.

3. A new Appendix D is added to part 208 as set forth at the end of the common preamble:

Appendix D to Part 208—Interagency Guidelines Establishing Standards for Safety and Soundness

Part 263—Rules of Practice for Hearings

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

Authority: 5 U.S.C. 504; 12 U.S.C. 248, 324, 504, 505, 1817(j), 1818, 1828(c), 1831o, 1831p-1, 1847(b), 1847(d), 1884(b), 1972(2)(F), 3105, 3107, 3108, 3907, 3909; 15 U.S.C. 21, 78o-4, 78o-5, and 78u-2.

2. A new Subpart I, comprising sections 263.300 through 263.305, is added to part 263 to read as follows:

Subpart I—Submission and Review of Safety and Soundness Compliance Plans and Issuance of Orders to Correct Safety and Soundness Deficiencies

Subpart I—Submission and Review of Safety and Soundness Compliance Plans and Issuance of Orders to Correct Safety and Soundness Deficiencies

Section 263.300—Scope.

The rules and procedures set forth in this subpart apply to State member banks that are subject to the provisions of section 39 of the Federal Deposit Insurance Act ("FDI ACT") (section 39) (12 U.S.C. 1831p-1).

Section 263.301—Purpose.

Section 39 of the FDI Act requires the Board to establish safety and soundness standards. Pursuant to section 39, a bank may be required to submit a compliance plan if it is not in compliance with a safety and soundness standard established by guideline under section 39(a) or (b). An enforceable order under section 8 may be issued if, after being notified that it is in violation of a safety and soundness standard established under section 39, the bank fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted plan. This subpart establishes procedures for requiring submission of a compliance plan and issuing an enforceable order pursuant to section 39.

Section 263.302—Determination and notification of failure to meet safety and soundness standard and request for compliance plan.

(a) *Determination.* The Board may, based upon an examination, inspection, or any other information that becomes available to the Board, determine that a bank has failed to satisfy the safety and soundness standards contained in the Interagency Guidelines Establishing Standards for Safety and Soundness set out in Appendix B to part 208 of this chapter.

(b) *Request for compliance plan.* If the Board determines that a State member bank has failed a safety and soundness standard pursuant to paragraph (a) of this section, the Board may request, by letter or through a report of examination, the submission of a compliance plan, and the bank shall be deemed to have notice of the request three days after mailing of the letter by the Board or delivery of the report of examination.

Section 263.303—Filing of safety and soundness compliance plan.

(a) *Schedule for filing compliance plan—*

(1) *In general.* A State member bank shall file a written safety and soundness compliance plan with the Board within 30 days of receiving a request for a compliance plan pursuant to section 263.302(b), unless the Board notifies the bank in writing that the plan is to be filed within a different period.

(2) *Other plans.* If a State member bank is obligated to file, or is currently operating under, a capital restoration plan submitted pursuant to section 38 of the FDI Act (12 U.S.C. 1831o), a cease-and-desist order entered into pursuant to section 8 of the FDI Act, a formal or informal agreement, or a response to a report of examination or report of inspection, it may, with the permission of the Board, submit a compliance plan under this section as part of that plan, order, agreement, or response, subject to the deadline provided in paragraph (a)(1) of this section.

(b) *Contents of plan.* The compliance plan shall include a description of the steps the State member bank will take to correct the deficiency and the time within which those steps will be taken.

(c) *Review of safety and soundness compliance plans.* Within 30 days after receiving a safety and soundness compliance plan under this subpart, the Board shall provide written notice to the bank of whether the plan has been approved or seek additional information from the bank regarding the plan. The Board may extend the time within which notice regarding approval of a plan will be provided.

(d) *Failure to submit or implement a compliance plan.*

(1) *Supervisory actions.* If a State member bank fails to submit an acceptable plan within the time specified by the Board or fails in any material respect to implement a compliance plan, then the Board shall, by order, require the bank to correct the deficiency and may take further actions provided in section 39(e)(2)(B). Pursuant to section 39(e)(3), the Board may be required to take certain actions if the bank commenced operations or experienced a change in control within the previous 24-month period, or the bank experienced extraordinary growth during the previous 18-month period.

(2) *Extraordinary growth.* For purposes of paragraph (d)(1) of this section, *extraordinary growth* means an increase in assets of more than 7.5 percent during any quarter within the 18-month period preceding the issuance of a request for submission of a compliance plan, by a bank that is not well capitalized for purposes of section 38 of the FDI Act. For purposes of calculating an increase in assets, assets acquired through merger or acquisition approved pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) will be excluded.

(e) *Amendment of compliance plan.* A State member bank that has filed an approved compliance plan may, after prior written notice to and approval by the Board, amend the plan to reflect a change in circumstance. Until such time as a proposed amendment has been approved, the bank shall implement the compliance plan as previously approved.

Section 263.304—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.

(a) *Notice of intent to issue order*—

(1) *In general.* The Board shall provide a bank prior written notice of the Board's intention to issue an order requiring the bank to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act. The bank shall have such time to respond to a proposed order as provided by the Board under paragraph (c) of this section.

(2) *Immediate issuance of final order.* If the Board finds it necessary in order to carry out the purposes of section 39 of the FDI Act, the Board may, without providing the notice prescribed in paragraph (a)(1) of this section, issue an order requiring a bank immediately to take actions to correct a safety and soundness deficiency or take or refrain from taking other actions pursuant to section 39. A State member bank that is subject to such an immediately effective order may submit a written appeal of the order to the Board. Such an appeal must be received by the Board within 14 calendar days of the issuance of the order, unless the Board permits a longer period. The Board shall consider any such appeal, if filed in a timely matter, within 60 days of receiving the appeal. During such period of review, the order shall remain in effect unless the Board, in its sole discretion, stays the effectiveness of the order.

(b) *Contents of notice.* A notice of intent to issue an order shall include:

(1) A statement of the safety and soundness deficiency or deficiencies that have been identified at the bank;

(2) A description of any restrictions, prohibitions, or affirmative actions that the Board proposes to impose or require;

(3) The proposed date when such restrictions or prohibitions would be effective or the proposed date for completion of any required action; and

(4) The date by which the bank subject to the order may file with the Board a written response to the notice.

(c) *Response to notice*—

(1) *Time for response.* A bank may file a written response to a notice of intent to issue an order within the time period set by the Board. Such a response must be received by the Board within 14 calendar days from the date of the notice unless the Board determines that a different period is appropriate in light of the safety and soundness of the bank or other relevant circumstances.

(2) *Contents of response.* The response should include:

(i) An explanation why the action proposed by the Board is not an appropriate exercise of discretion under section 39;

(ii) Any recommended modification of the proposed order; and

(iii) Any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the bank regarding the proposed order.

(d) *Agency consideration of response.* After considering the response, the Board may:

(1) Issue the order as proposed or in modified form;

(2) Determine not to issue the order and so notify the bank; or

(3) Seek additional information or clarification of the response from the bank, or any other relevant source.

(e) *Failure to file response.* Failure by a bank to file with the Board, within the specified time period, a written response to a proposed order shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of the order.

(f) *Request for modification or rescission of order.* Any bank that is subject to an order under this subpart may, upon a change in circumstances, request in writing that the Board reconsider the terms of the order, and may propose that the order be rescinded or modified. Unless otherwise ordered by the Board, the order shall continue in place while such request is pending before the Board.

Section 263.305—Enforcement of orders.

(a) *Judicial remedies.* Whenever a State member bank fails to comply with an order issued under section 39, the Board may seek enforcement of the order in the

appropriate United States district court pursuant to section 8(i)(1) of the FDI Act.
(b) *Failure to comply with order.* Pursuant to section 8(i)(2)(A) of the FDI Act, the Board may assess a civil money penalty against any State member bank that violates or otherwise fails to comply with any final order issued under section 39 and against any institution-affiliated party who participates in such violation or noncompliance.
(c) *Other enforcement action.* In addition to the actions described in paragraphs (a) and (b) of this section, the Board may seek enforcement of the provisions of section 39 or this part through any other judicial or administrative proceeding authorized by law.

Part 303—Applications, Requests, Submittals, Delegations of Authority, and Notices Required to be Filed by Statute or Regulation

1. The authority citation for 12 C.F.R. Part 303 is revised to read as follows:

Authority: 12 U.S.C. 378, 1813, 1815, 1816, 1817(j), 1818, 1819(Seventh and Tenth), 1828, 1831e, 1831o, 1831p-1; 15 U.S.C. 1607.

2. In section 303.9, a new paragraph (o) is added to read as follows:

Section 303.9—Delegation of authority to act on certain enforcement matters.

* * * * *

(o) *Compliance plans under section 39 of the FDI Act (standards for safety and soundness) and part 308 of this chapter.*
(1) Authority is delegated to the Director, and where confirmed in writing by the Director, to an associate director, or to the appropriate regional director or deputy regional director, to accept, to reject, to require new or revised compliance plans or to make any other determinations with respect to the implementation of compliance plans pursuant to Subpart R of Part 308 of this chapter.
(2) Authority is delegated to the Director, and where confirmed in writing by the Director, to an associate director, to:
(i) Issue notices of intent to issue an order requiring the bank to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act (12 U.S.C. 1831p-1) and in accordance with the requirements contained in section 308.304(a)(1) of this chapter;
(ii) Issue an order requiring the bank immediately to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act (12 U.S.C. 1831p-1) and in accordance with the requirements contained in section 308.304(a)(2) of this chapter; and
(iii) Act on requests for modification or rescission of an order.
(3) The authority delegated under paragraph (o)(1) of this section shall be exercised only upon the concurrent certification by the Associate General Counsel for Compliance and Enforcement, or in cases where a regional director or deputy regional director accepts, rejects or requires new or revised compliance plans or makes any other determinations with respect to compliance plans, by the appropriate regional counsel, that the action taken is not inconsistent with the Act.
(4) The authority delegated under paragraph (o)(2) of this section shall be exercised only upon the concurrent certification by the Associate General Counsel for Compliance and Enforcement that the allegations contained in the notice of intent, if proven, constitute a basis for the issuance of a final order pursuant to section 39 of the FDI Act or that the issuance of a final order is not inconsistent with section 39 of the FDI Act or that the stipulated section 39 order is not inconsistent with section 39 and is an order which has become final for purposes of enforcement pursuant to the FDI Act.

Part 308—Rules of Practice and Procedure

3. The authority citation for Part 308 is revised to read as follows:

Authority: 5 U.S.C. 504, 554–557; 12 U.S.C. 1815(e), 1817(a) and 1818(j), 1818, 1828(j), 1829, 1831i, 1831o, 1831p-1; 15 U.S.C. 781(h), 78(m), 78n(a), 78n(c), 78n(d), 78n(f), 78(o), 78o-4(c)(5), 78(p), 78(q), 78q-1, 78s.

4. A new Subpart R, comprising sections 308.300 through 308.305, is added to part 308 to read as follows:

Subpart R—Submission and Review of Safety and Soundness Compliance Plans and Issuance of Orders to Correct Safety and Soundness Deficiencies

Section 308.300—Scope.
Section 308.301—Purpose.

Section 308.302—Determination and notification of failure to meet a safety and soundness standard and request for compliance plan.
Section 308.303—Filing of safety and soundness compliance plan.
Section 308.304—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.
Section 308.305—Enforcement of orders.

Subpart R—Submission and Review of Safety and Soundness Compliance Plans and Issuance of Orders to Correct Safety and Soundness Deficiencies

Section 308.300—Scope.

The rules and procedures set forth in this subpart apply to insured state nonmember banks and to state-licensed insured branches of foreign banks, that are subject to the provisions of section 39 of the Federal Deposit Insurance Act ("FDI Act") (section 39) (12 U.S.C. 1831p-1).

Section 308.301—Purpose.

Section 39 of the FDI Act requires the FDIC to establish safety and soundness standards. Pursuant to section 39, a bank may be required to submit a compliance plan if it is not in compliance with a safety and soundness standard established by guideline under section 39(a) or (b). An enforceable order under section 8 of the FDI Act may be issued if, after being notified that it is in violation of a safety and soundness standard established under section 39, the bank fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted plan. This subpart establishes procedures for requiring submission of a compliance plan and issuing an enforceable order pursuant to section 39.

Section 308.302—Determination and notification of failure to meet a safety and soundness standard and request for compliance plan.

(a) *Determination.* The FDIC may, based upon an examination, inspection, or any other information that becomes available to the FDIC, determine that a bank has failed to satisfy the safety and soundness standards set out in part 364 of this chapter and in the Interagency Guidelines Establishing Standards for Safety and Soundness set forth in Appendix A to Part 364 of this chapter.
(b) *Request for compliance plan.* If the FDIC determines that a bank has failed a safety and soundness standard pursuant to paragraph (a) of this section, the FDIC may request, by letter or through a report of examination, the submission of a compliance plan and the bank shall be deemed to have notice of the request three days after mailing of the letter by the FDIC or delivery of the report of examination.

Section 308.303—Filing of safety and soundness compliance plan.

(a) *Schedule for filing compliance plan*—
(1) *In general.* A bank shall file a written safety and soundness compliance plan with the FDIC within 30 days of receiving a request for a compliance plan pursuant to section 308.302(b), unless the FDIC notifies the bank in writing that the plan is to be filed within a different period.
(2) *Other plans.* If a bank is obligated to file, or is currently operating under, a capital restoration plan submitted pursuant to section 38 of the FDI Act (12 U.S.C. 1831o), a cease-and-desist order entered into pursuant to section 8 of the FDI Act, a formal or informal agreement, or a response to a report of examination or report of inspection, it may, with the permission of the FDIC, submit a compliance plan under this section as part of that plan, order, agreement, or response, subject to the deadline provided in paragraph (a)(1) of this section.
(b) *Contents of plan.* The compliance plan shall include a description of the steps the bank will take to correct the deficiency and the time within which those steps will be taken.
(c) *Review of safety and soundness compliance plans.* Within 30 days after receiving a safety and soundness compliance plan under this subpart, the FDIC shall provide written notice to the bank of whether the plan has been approved or seek additional information from the bank regarding the plan. The FDIC may extend the time within which notice regarding approval of a plan will be provided.
(d) *Failure to submit or implement a compliance plan*—
(1) *Supervisory actions.* If a bank fails to submit an acceptable plan within the time specified by the FDIC or fails in any material respect to implement a compliance plan, then the FDIC shall, by order, require the bank to correct the deficiency and may take further actions provided in section 39(e)(2)(B). Pursuant to section 39(e)(3), the FDIC may be required to take certain actions if the bank commenced operations or experienced a change in control within the previous 24-month period, or the bank experienced extraordinary growth during the previous 18-month period.
(2) *Extraordinary growth.* For purposes of paragraph (d)(1) of this section, extraordinary growth means an increase in assets of more than 7.5 percent during any quarter within the 18-month period preceding the issuance of a request for submission of a compliance plan, by a bank that is not well capitalized for purposes of section 38 of the FDI Act. For purposes of calculating

an increase in assets, assets acquired through merger or acquisition approved pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) will be excluded.

(e) *Amendment of compliance plan.* A bank that has filed an approved compliance plan may, after prior written notice to and approval by the FDIC, amend the plan to reflect a change in circumstance. Until such time as a proposed amendment has been approved, the bank shall implement the compliance plan as previously approved.

Section 308.304—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.

(a) *Notice of intent to issue order*—

(1) *In general.* The FDIC shall provide a bank prior written notice of the FDIC's intention to issue an order requiring the bank to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act. The bank shall have such time to respond to a proposed order as provided by the FDIC under paragraph (c) of this section.

(2) *Immediate issuance of final order.* If the FDIC finds it necessary in order to carry out the purposes of section 39 of the FDI Act, the FDIC may, without providing the notice prescribed in paragraph (a)(1) of this section, issue an order requiring a bank immediately to take actions to correct a safety and soundness deficiency or take or refrain from taking other actions pursuant to section 39. A bank that is subject to such an immediately effective order may submit a written appeal of the order to the FDIC. Such an appeal must be received by the FDIC within 14 calendar days of the issuance of the order, unless the FDIC permits a longer period. The FDIC shall consider any such appeal, if filed in a timely matter, within 60 days of receiving the appeal. During such period of review, the order shall remain in effect unless the FDIC, in its sole discretion, stays the effectiveness of the order.

(b) *Contents of notice.* A notice of intent to issue an order shall include:

(1) A statement of the safety and soundness deficiency or deficiencies that have been identified at the bank;

(2) A description of any restrictions, prohibitions, or affirmative actions that the FDIC proposes to impose or require;

(3) The proposed date when such restrictions or prohibitions would be effective or the proposed date for completion of any required action; and

(4) The date by which the bank subject to the order may file with the FDIC a written response to the notice.

(c) *Response to notice*—

(1) *Time for response.* A bank may file a written response to a notice of intent to issue an order within the time period set by the FDIC. Such a response must be received by the FDIC within 14 calendar days from the date of the notice unless the FDIC determines that a different period is appropriate in light of the safety and soundness of the bank or other relevant circumstances.

(2) *Contents of response.* The response should include:

(i) An explanation why the action proposed by the FDIC is not an appropriate exercise of discretion under section 39;

(ii) Any recommended modification of the proposed order; and

(iii) Any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the bank regarding the proposed order.

(d) *Agency consideration of response.* After considering the response, the FDIC may:

(1) Issue the order as proposed or in modified form;

(2) Determine not to issue the order and so notify the bank; or

(3) Seek additional information or clarification of the response from the bank, or any other relevant source.

(e) *Failure to file response.* Failure by a bank to file with the FDIC, within the specified time period, a written response to a proposed order shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of the order.

(f) *Request for modification or rescission of order.* Any bank that is subject to an order under this subpart may, upon a change in circumstances, request in writing that the FDIC reconsider the terms of the order, and may propose that the order be rescinded or modified. Unless otherwise ordered by the FDIC, the order shall continue in place while such request is pending before the FDIC.

Section 308.305—Enforcement of orders.

(a) *Judicial remedies.* Whenever a bank fails to comply with an order issued under section 39, the FDIC may seek enforcement of the order in the appropriate United States district court pursuant to section 8(i)(1) of the FDI Act.

(b) *Failure to comply with order.* Pursuant to section 8(i)(2)(A) of the FDI Act, the FDIC may assess a civil money penalty against any bank that violates or otherwise fails to comply with any final order issued under section 39 and against any institution-affiliated party who participates in such violation or noncompliance.

(c) *Other enforcement action.* In addition to the actions described in paragraphs (a) and (b) of this section, the

FDIC may seek enforcement of the provisions of section 39 or this part through any other judicial or administrative proceeding authorized by law.

5. A new part 364 is added to read as follows:

Part 364—Standards for Safety and Soundness

Section 364.100—Purpose.
Section 364.101—Standards for safety and soundness.

Authority: 12 U.S.C. 1819(Tenth), 1831p-1.

Section 364.100—Purpose.

Section 39 of the Federal Deposit Insurance Act requires the Federal Deposit Insurance Corporation to establish safety and soundness standards. Pursuant to section 39, this part establishes safety and soundness standards by guideline.

Section 364.101—Standards for safety and soundness.

The Interagency Guidelines Establishing Standards for Safety and Soundness prescribed pursuant to section 39 of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1), as set forth as Appendix A to this part apply to all insured state nonmember banks and to state-licensed insured branches of foreign banks, that are subject to the provisions of section 39 of the Federal Deposit Insurance Act.

6. A new Appendix A is added to Part 364 as set forth at the end of the common preamble:

Appendix A to Part 364—Interagency Guidelines Establishing Standards for Safety and Soundness

1. A new part 570 is added to read as follows:

Part 570—Submission and Review of Safety and Soundness Compliance Plans and Issuance of Orders to Correct Safety and Soundness Deficiencies

Section 570.1—Authority, purpose, scope and preservation of existing authority.
Section 570.2—Determination and notification of failure to meet safety and soundness standards and request for compliance plan.
Section 570.3—Filing of safety and soundness compliance plan.
Section 570.4—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.
Section 570.5—Enforcement of orders.

Authority: 12 U.S.C. 1831p-1.

Section 570.1—Authority, purpose, scope and preservation of existing authority.

(a) *Authority.* This part and the Guidelines in Appendix A to this part are issued by the OTS pursuant to section 39 (section 39) of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. 1831p-1) as added by section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) (Pub. L. 102–242, 105 Stat. 2236 (1991)), and as amended by section 956 of the Housing and Community Development Act of 1992 (Pub. L. 102–550, 106 Stat. 3895 (1992)), and as amended by section 318 of the Community Development Banking Act of 1994 (Pub. L. 103–325, 108 Stat. 2160 (1994)).
(b) *Purpose.* Section 39 of the FDI Act requires the OTS to establish safety and soundness standards. Pursuant to section 39, a savings association may be required to submit a compliance plan if it is not in compliance with a safety and soundness standard established by guideline under section 39(a) or (b). An enforceable order under section 8 of the FDI Act may be issued if, after being notified that it is in violation of a safety and soundness standard prescribed under section 39, the savings association fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted plan. This part establishes procedures for submission and review of safety and soundness compliance plans and for issuance and review of orders pursuant to section 39. Interagency Guidelines Establishing Standards for Safety and Soundness pursuant to section 39 of the FDI Act are set forth in Appendix A to this part.
(c) *Scope.* This part and the Interagency Guidelines Establishing Standards for Safety and Soundness in Appendix A to this part implement the provisions of section 39 of the FDI Act as they apply to savings associations.
(d) *Preservation of existing authority.* Neither section 39 of the FDI Act nor this part in any way limits the authority of the OTS under any other provision of law to take supervisory actions to address unsafe or unsound practices, violations of law, unsafe or unsound conditions, or other practices. Action under section 39 and this part may be taken independently of, in conjunction with, or in addition to any other enforcement action available to the OTS.

Section 570.2—Determination and notification of failure to meet safety and soundness standards and request for compliance plan.

(a) *Determination of failure to meet safety and soundness standards.* The OTS may, based upon an examination, inspection, or any other information that becomes available to the OTS, determine that a savings association has failed to satisfy the safety and soundness standards contained in the Interagency Guidelines Establishing Standards for Safety and Soundness as set forth in Appendix A to this part.
(b) *Request for compliance plan.* If the OTS determines that a savings association has failed to meet a safety and soundness standard pursuant to paragraph (a) of this section, the OTS may request by letter or through a report of examination, the submission of a compliance plan. The savings association shall be deemed to have notice of the request three days after mailing or delivery of the letter or report of examination by the OTS.

Section 570.3—Filing of safety and soundness compliance plan.

(a) *Schedule for filing compliance plan*—
(1) *In general.* A savings association shall file a written safety and soundness compliance plan with the OTS within 30 days of receiving a request for a compliance plan pursuant to section 570.2(b), unless the OTS notifies the savings association in writing that the plan is to be filed within a different period.
(2) *Other plans.* If a savings association is obligated to file, or is currently operating under, a capital restoration plan submitted pursuant to section 38 of the FDI Act (12 U.S.C. 1831o), a cease-and-desist order entered into pursuant to section 8 of the FDI Act, a formal or informal agreement, or a response to a report of examination, it may, with the permission of the OTS, submit a compliance plan under this section as part of that plan, order, agreement, or response, subject to the deadline provided in paragraph (a)(1) of this section.
(b) *Contents of plan.* The compliance plan shall include a description of the steps the savings association will take to correct the deficiency and the time within which those steps will be taken.
(c) *Review of safety and soundness compliance plans.* Within 30 days after receiving a safety and soundness compliance plan under this subpart, the OTS shall provide written notice to the savings association of whether the plan has been approved or seek additional information from the savings association regarding the plan. The OTS may extend the time within which notice regarding approval of a plan will be provided.
(d) *Failure to submit or implement a compliance plan.* If a savings association fails to submit an acceptable plan within the time specified by the OTS or fails in any material respect to implement a compliance plan, then the OTS shall, by order, require the savings association to correct the deficiency and may take further actions provided in section 39(e)(2)(B) of the FDI Act. Pursuant to section 39(e)(3), the OTS may be required to take certain actions if the savings association commenced operations or experienced a change in control within the previous 24-month period, or the savings association experienced extraordinary growth during the previous 18-month period.
(e) *Amendment of compliance plan.* A savings association that has filed an approved compliance plan may, after prior written notice to and approval by the OTS, amend the plan to reflect a change in circumstance. Until such time as a proposed amendment has been approved, the savings association shall implement the compliance plan as previously approved.

Section 570.4—Issuance of orders to correct deficiencies and to take or refrain from taking other actions.

(a) *Notice of intent to issue order*—
(1) *In general.* The OTS shall provide a savings association prior written notice of the OTS's intention to issue an order requiring the savings association to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39 of the FDI Act. The savings association shall have such time to respond to a proposed order as provided by the OTS under paragraph (c) of this section.
(2) *Immediate issuance of final order.* If the OTS finds it necessary in order to carry out the purposes of section 39 of the FDI Act, the OTS may, without providing the notice prescribed in paragraph (a)(1) of this section, issue an order requiring a savings association immediately to take actions to correct a safety and soundness deficiency or to take or refrain from taking other actions pursuant to section 39. A savings association that is subject to such an immediately effective order may submit a written appeal of the order to the OTS. Such an appeal must be received by the OTS within 14 calendar days of the issuance of the order, unless the OTS permits a longer period. The OTS shall consider any such appeal, if filed in a timely manner, within 60 days of receiving the appeal. During such period of review, the order shall remain in effect unless the OTS, in its sole discretion, stays the effectiveness of the order.
(b) *Contents of notice.* A notice of intent to issue an order shall include:

(1) A statement of the safety and soundness deficiency or deficiencies that have been identified at the savings association;

(2) A description of any restrictions, prohibitions, or affirmative actions that the OTS proposes to impose or require;

(3) The proposed date when such restrictions or prohibitions would be effective or the proposed date for completion of any required action; and

(4) The date by which the savings association subject to the order may file with the OTS a written response to the notice.

(c) *Response to notice*—

(1) *Time for response.* A savings association may file a written response to a notice of intent to issue an order within the time period set by the OTS. Such a response must be received by the OTS within 14 calendar days from the date of the notice unless the OTS determines that a different period is appropriate in light of the safety and soundness of the savings association or other relevant circumstances.

(2) *Contents of response.* The response should include:

(i) An explanation why the action proposed by the OTS is not an appropriate exercise of discretion under section 39 of the FDI Act;

(ii) Any recommended modification of the proposed order; and

(iii) Any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the savings association regarding the proposed order.

(d) *OTS consideration of response.* After considering the response, the OTS may:

(1) Issue the order as proposed or in modified form;

(2) Determine not to issue the order and so notify the savings association; or

(3) Seek additional information or clarification of the response from the savings association, or any other relevant source.

(e) *Failure to file response.* Failure by a savings association to file with the OTS, within the specified time period, a written response to a proposed order shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of the order.

(f) *Request for modification or rescission of order.* Any savings association that is subject to an order under this subpart may, upon a change in circumstances, request in writing that the OTS reconsider the terms of the order, and may propose that the order be rescinded or modified. Unless otherwise ordered by the OTS, the order shall continue in place while such request is pending before the OTS.

Section 570.5—Enforcement of orders.

(a) *Judicial remedies.* Whenever a savings association fails to comply with an order issued under section 39 of the FDI Act, the OTS may seek enforcement of the order in the appropriate United States district court pursuant to section 8(i)(1) of the FDI Act.

(b) *Administrative remedies.* Pursuant to section 8(i)(2)(A) of the FDI Act, the OTS may assess a civil money penalty against any savings association that violates or otherwise fails to comply with any final order issued under section 39 and against any savings association-affiliated party who participates in such violation or noncompliance.

(c) *Other enforcement action.* In addition to the actions described in paragraphs (a) and (b) of this section, the OTS may seek enforcement of the provisions of section 39 of the FDI Act or this part through any other judicial or administrative proceeding authorized by law.

2. A new Appendix A is added to Part 570 as set forth at the end of the common preamble:

Appendix A to Part 570—Interagency Guidelines Establishing Standards for Safety and Soundness

Final Rule—Standard Flood Hazard Determination Form

The Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("Board"), the Federal Deposit Insurance Corporation ("FDIC"), the Office of Thrift Supervision ("OTS"), and the National Credit Union Administration ("NCUA") (collectively, "the Federal entities for lending regulation" or "the agencies"), are amending their regulations concerning loans in areas having special flood hazards to require depository institutions to use the Standard Flood Hazard Determination Form (the standard form) in determining whether real property offered as collateral for a loan is located in a special flood hazard area. The Farm Credit Administration ("FCA") is adopting this same requirement in new regulations. The standard form has been developed by the Federal Emergency Management Agency ("FEMA") in consultation with the Federal entities for lending regulation and other agencies.

Effective January 2, 1996, 12 C.F.R. Parts 22, 208, 339, 563, 614, and 760 are amended as follows:

Part 22—Loans in Areas Having Special Flood Hazards

1. The authority citation for Part 22 is revised to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. A new section 22.6 is added to read as follows:

Section 22.6—Required use of Standard Flood Hazard Determination Form.

A bank shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (12 U.S.C. 4001 *et seq.*). The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for Part 208 is revised to read as follows:

Authority: 12 U.S.C. 36, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1823(j), 1828(o), 1831o, 1831p-1, 3105, 3310, 3331-3351, and 3906-3909; 15 U.S.C. 78b, 781(b), 781(g), 781(j), 78o-4(c)(5), 78q, 78q-1, and 78w; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. Section 208.8 is amended by the addition of a new paragraph (e)(4) to read as follows:

Section 208.8—Banking practices.

* * * * *

(e) * * *

(4) *Required use of Standard Flood Hazard Determination Form.* A state member bank shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

* * * * *

Part 339—Loans in Areas Having Special Flood Hazards

1. The authority citation for Part 339 is revised to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. Section 339.7 is added to read as follows:

Section 339.7—Required use of Standard Flood Hazard Determination Form.

A bank shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan (as that term is defined in section 339.2(b)) is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

Part 563—Operations

1. The authority citation for Part 563 is revised to read as follows:

Authority: 12 U.S.C. 375b, 1462, 1462a, 1463, 1464, 1467a, 1468, 1817, 1828, 3806, 42 U.S.C. 4012a, 4104a, 4104b, 4106, 4128.

2. Section 563.48 is amended by the addition of a new paragraph (f) to read as follows:

Section 563.48—Flood disaster protection.

* * * * *

(f) *Required use of Standard Flood Hazard Determination Form.* A savings association shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

Part 614—Loan Policies and Operations

1. The authority citation for Part 614 is revised to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128: 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.19, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.7, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2096, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2199, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2207, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a-2, 2279b, 2279b-1, 2279b-2, 2279f, 2279f-1, 2279aa, 2279aa-5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

2. Part 614 is amended by adding a new Subpart S to read as follows:

Subpart S—Flood Insurance Requirements

Section 614.4940—Required use of Standard Flood Hazard Determination Form.

Subpart S—Flood Insurance Requirements

Section 614.4940—Required use of Standard Flood Hazard Determination Form.

An institution of the Farm Credit System shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

Part 760—Flood Insurance

1. The authority citation for Part 760 is revised to read as follows:

Authority: 12 U.S.C. 1757, 1789; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. Section 760.12 is added to read as follows:

Section 760.12—Required use of Standard Flood Hazard Determination Form.

A credit union shall use the standard flood hazard determination form developed by the Director of the FEMA (as set forth in Appendix A of 44 C.F.R. Part 65) when determining whether improved real estate or a mobile home offered as collateral security for a loan is located in an area identified by the Director of the FEMA as having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Henderson Bancshares, Inc.
Troy, Alabama

The Charles Henderson Trust
Troy, Alabama

Order Approving Formation of a Bank Holding Company

Henderson Bancshares, Inc. ("Henderson"), and The Charles Henderson Trust ("Trust"), a registered bank holding company, have filed applications under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) in connection with a corporate reorganization of Troy Bank & Trust Company ("Bank"), all of Troy, Alabama.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 20,095 (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.

Henderson is a nonoperating corporation formed for the purpose of acquiring Bank. Bank is the 127th largest commercial banking organization in Alabama, controlling deposits of approximately $123 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Based on all the facts of record, including the fact that this transaction would constitute a corporate reorganization, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board also concludes that the financial and managerial resources and future prospects of Henderson, Trust and Bank,[3] are consistent with approval of this proposal, as are the convenience and needs and other supervisory factors that the Board is required to consider under section 3 of the BHC Act.[4]

Based on the foregoing and all the facts of record, the Board has determined that the applications should be, and hereby are, approved.[5] The Board's approval is expressly conditioned on compliance with all the commitments made by Henderson and Trust in connection with these applications. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Pilot Bancshares, Inc.
Tampa, Florida

Order Approving Formation of a Bank Holding Company, Merger of Banks, and Increase of Investment in Bank Premises

Pilot Bancshares, Inc. ("Pilot"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of The Terrace Bank of Florida, both of Tampa, Florida ("Terrace Bank"), a state member bank. Terrace Bank also

1. Henderson would be formed as an intermediate holding company through a share exchange with Bank's current shareholders. Shares not exchanged would be purchased by Bank resulting in Henderson owning all of Bank's shares. Trust currently owns 51 percent of Bank, and after the reorganization, Trust would own at least 51 percent of Henderson.

2. Deposit data are as of December 31, 1994.

3. The Board has received comments from the Charles Henderson Memorial Association, Troy, Alabama ("Protestant"), a charitable association established under the will of Charles Henderson ("Will") as the instrumentality responsible for the distribution of Trust's income in accordance with the provisions of the Will. The trustee under the Will is responsible for the management of the Trust. Protestant contends that this proposal could impair income from Trust by reducing the value of Trust's assets and Trust's voting majority, adversely affect the financial condition of Bank, and permit Bank's management to redeem its equity investment in Bank while retaining control of Bank. The Board has carefully reviewed these comments in light of all the facts of record, including reports of examination by federal supervisors assessing the financial and managerial strength of Bank and financial information and projections provided by Henderson in connection with these applications. The Board also notes that Protestant has challenged in an Alabama state circuit court the right of Bank's management, who vote the shares owned by Trust, to vote in favor of this proposal. The court approved the trustee's actions and indicated that this proposal was in the best interest of Trust. Based on these and other facts of record, the Board does not believe that these comments warrant denial of this proposal.

4. Protestant also contends that a majority vote by the shareholders of Bank is insufficient to approve this proposal under Alabama law. The Alabama Superintendent of Banks has reviewed the current proposal and concluded that approval of this transaction by a majority of Bank's shareholders is in accordance with Alabama law. *See* Ala. Code §§ 10-2B-11.02, 5-7A-2, 5-2A-8 (1994). *See also Eva Bancshares, Inc.*, 79 *Federal Reserve Bulletin* 504 (1993).

5. As noted above, Protestant's claims have been adjudicated by an Alabama state circuit court. Protestant requests that the Board delay consideration of the proposal until final disposition of its request to the Alabama Supreme Court for review of the circuit court's ruling in favor of the proposal. The BHC Act and the Board's Rules require the Board to act on applications within specified time periods, and the Board believes that the present record is sufficient to act on these applications. Moreover, Alabama courts have authority to provide Protestant with an appropriate remedy if its allegations can be sustained. Based on all facts of record, the Board has concluded that delay or denial of these applications on this basis is not warranted.

has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with University State Bank, Tampa, Florida ("University Bank").[1] Terrace Bank also has applied to increase its investment in bank premises pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371d).

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

Pilot is a non-operating company formed for the purpose of acquiring Terrace Bank and University Bank. Terrace Bank, with $41 million in assets,[2] is the 161st largest commercial banking organization in Florida, controlling deposits of $33.3 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[3] University Bank, with assets of $21 million, is the 188th largest commercial banking organization in Florida, controlling deposits of $16.9 million, also representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Terrace Bank would become the 120th largest commercial banking organization in Florida with $50.2 million in deposits and would continue to control less than 1 percent of the state's banking deposits.

Terrace Bank and University Bank compete directly in the Tampa Bay, Florida, banking market.[4] Terrace Bank and University Bank are the 47th and 58th largest depository institutions, respectively, in the market. Upon consummation, Terrace Bank would become the 35th largest depository institution in the market, controlling total deposits of approximately $50 million, representing less than 1 percent of total deposits in depository institutions in the market.[5] After consummation of this proposal, numerous competitors would remain in the market, the market would remain moderately concentrated, as measured by the Herfindahl–Hirschman Index ("HHI"), and would not exceed the threshold standards in the Department of Justice's revised guidelines.[6] Based on all the facts of record, the Board concludes that consummation of this proposal is not likely to result in significantly adverse effects on competition or the concentration of banking resources in the Tampa Bay banking market or any other relevant banking market.

Convenience and Needs Considerations

In considering an application to acquire a depository institution under the BHC and Bank Merger Acts, 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").

Terrace Bank received a preliminary rating of "satisfactory" for its record of performance under the CRA as of June 12, 1995. Although examiners noted some minor deficiencies, examiners did not find any pattern or practice of illegal discrimination or other illegal practices intended to discourage applications for credit during the time period covered by this examination. Moreover, Terrace Bank has taken steps to address the deficiencies identified in the examination.[7] University Bank also

1. Pilot would acquire Terrace Bank after Terrace Bank acquires University Bank. To facilitate this acquisition, Terrace Bank would be acquired by an interim bank holding company, Pilot First. Terrace Bank and University Bank would merge, and Pilot First would merge with University Bank's parent holding company, University State Bank Corporation, with Terrace Bank and Pilot First as the surviving entities. Pilot would then acquire Terrace Bank through a newly chartered interim bank, with Terrace Bank as the survivor, and Pilot First would be dissolved.

2. Asset data are as of March 31, 1995.

3. State and market deposit data are as of December 31, 1994.

4. The Tampa Bay banking market is approximated by Hernando, Hillsborough, Pasco, and Pinellas Counties in Florida.

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

6. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is between 1000 and 1800 is considered 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities. Upon consummation of this transaction, the HHI in the Tampa Bay market would remain unchanged at 1650.

7. For example, Terrace Bank has expanded its delineated service area and has agreed to hold quarterly meetings with community leaders and to distribute more information to the community about the bank's credit offerings. In addition, Terrace Bank has developed

received a "satisfactory" rating from its primary federal supervisor, the Federal Deposit Insurance Corporation at its most recent CRA examination as of January 18, 1994. The Board also notes that it has received no comments from the public opposing this proposal or contending that Terrace Bank is not serving the credit needs of its local community, including the low- and moderate-income neighborhoods.

Based on these and all other facts of record, the Board concludes that convenience and needs considerations are consistent with approval of this proposal. The Board expects Terrace Bank to continue to improve its record of compliance and CRA performance and to comply with all commitments regarding its compliance and CRA activities given in connection with these applications.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of University Bank and Terrace Bank, and the other supervisory factors the Board must consider, are consistent with approval of these applications.

Terrace Bank also has applied under section 24A of the Federal Reserve Act (12 U.S.C. § 371d) to increase its investment in bank premises. The Board has considered the factors it is required to consider when reviewing an application for increasing investment in bank premises and finds those factors to be consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications under the BHC Act, the Bank Merger Act, and the Federal Reserve Act should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance with all the commitments made in connection with these applications. For purposes of this action, both the commitments and conditions relied on by the Board in reaching its decision are commitments imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 3, 1995.

a plan to better ascertain the credit needs of its community and market the bank's services.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Totalbank Corporation of Florida
Miami, Florida

Order Denying the Acquisition of a Bank

Totalbank Corporation of Florida, Miami, Florida ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Florida International Bank, Perrine, Florida ("Florida Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 32,013 (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.

Applicant operates two subsidiary banks in Florida. Applicant is the 50th largest commercial banking organization in Florida, controlling deposits of $171.2 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Florida Bank is the 87th largest commercial banking organization in Florida, controlling deposits of $103.6 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Applicant would become the 29th largest commercial banking organization in Florida, controlling deposits of $274.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.

Applicant and Florida Bank do not compete directly in any relevant banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage

1. All banking data are as of June 30, 1994.

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.[2]

The Board has carefully reviewed the CRA performance record of Applicant and its subsidiary banks, Totalbank ("Totalbank") and Trade National Bank ("Trade Bank"), both in Miami, Florida, in light of the CRA, the Board's regulations, and the jointly issued Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[3] The Agency CRA Statement states that decisions by agencies to allow a financial institution to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution.[4]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Board has stated that a CRA examination is an important and often controlling factor in determining whether convenience and needs factors are consistent with approval of an expansionary proposal. In the most recent CRA performance examinations by their primary federal supervisors, both Totalbank and Trade Bank received less than satisfactory performance ratings. Totalbank received a "needs to improve" rating from the Federal Deposit Insurance Corporation ("FDIC"), as of August 16, 1994, and Trade Bank received a "needs to improve" rating from the Office of the Comptroller of the Currency ("OCC"), as of March 27, 1995.

B. CRA Performance Records of Applicant's Banks

Totalbank. Totalbank is Applicant's largest subsidiary bank, and represents 65 percent of Applicant's consolidated assets. Examiners noted deficiencies in a number of areas of CRA performance, including Totalbank's lending record, ascertainment and marketing efforts, and overall CRA policies.

For example, FDIC examiners found that the geographic distribution of Totalbank's credit extensions, credit applications, and credit denials reflected disparate lending patterns. The report of examination revealed that the bank extended a low percentage of loans within its delineated community. Examiners also concluded that Totalbank's activities to ascertain community credit needs and to market its products and services within its delineated community were inadequate, and noted particularly that Totalbank had not performed ascertainment or marketing efforts in low- and moderate-income areas in its delineated community.

The report of examination also indicated weaknesses in the bank's overall implementation of CRA policies and programs. For example, the bank has no board of director oversight of CRA activities, no CRA program structured to the needs and goals of the bank, and no formal activities under written guidelines for management. Examiners also considered the CRA training of bank personnel to be inadequate.

Trade Bank. The OCC noted deficiencies in several areas of Trade Bank's CRA performance. For example, the OCC examiners indicated that Trade Bank's participation in governmentally insured, guaranteed or subsidized loan programs is very limited and Trade Bank has not participated in local community development or redevelopment projects or programs. Examiners also concluded that the bank has not developed a CRA program to ensure that it is adequately fulfilling its CRA responsibilities.

OCC examiners also found that Trade Bank's activities to ascertain its credit needs and to market its products and services were limited. Examiners also indicated that the bank's marketing efforts, which focused on existing small business loan customers, were informal and that there was no other program to ensure consistent targeting of all sectors in the community, including low- and moderate-income areas.

C. Additional CRA Considerations

Applicant maintains that it has taken steps to improve its CRA record since these examinations. Applicant describes efforts by Totalbank that have included increased ascertainment and marketing programs, the adoption of a comprehensive compliance plan to be implemented under the direction of the new CRA and Compliance Committee of the board of directors, and implementation of a compliance training program.[5] The FDIC reviewed

2. 12 U.S.C. § 2903.

3. 54 *Federal Register* 13,742 (1989).

4. *See First Interstate BancSystem of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991) ("First Interstate of Montana"); *Continental Bank Corporation*, 75 *Federal Reserve Bulletin* 304 (1989); Agency CRA Statement, 54 *Federal Register* 13,743 (1989).

5. Applicant also has identified similar initiatives to address deficiencies in Trade Bank's record of CRA performance, includ-

these initiatives and concluded that additional efforts by Totalbank would be required to address all the deficiencies in the bank's performance record. The FDIC also noted that several recommendations made as a result of the examination have not been implemented.

The Board has also carefully reviewed the CRA performance records of Applicant's banks, taking into consideration the fact that Totalbank has recently devoted substantial managerial resources to improving its asset quality. The Board believes, nevertheless, that before a banking organization files an application to expand its deposit-taking facilities, the organization should address its CRA responsibilities and have the necessary policies in place and working well.[6] The record in this application indicates that Totalbank and Trade Bank do not have satisfactory records of performance in place, and that efforts to address weaknesses in their performance have not been fully implemented.

The Board also notes that Totalbank's report of examination cites technical violations of the Equal Credit Opportunity, Home Mortgage Disclosure, and Fair Housing Acts. In addition, the Board has considered other supervisory information provided by the FDIC on Totalbank's record of consumer compliance. The Board has previously stated that disregard for consumer compliance laws provides a separate basis for concluding that convenience and needs considerations do not warrant approval of an application, even if an applicant has a satisfactory record of performance under the CRA.[7]

Based on the foregoing and other facts of record, the Board has concluded that convenience and needs considerations are not consistent with approval of this proposal. While the Board believes that financial, managerial and competitive factors are consistent with approval, it concludes that these factors do not lend sufficient weight to warrant approval of this application. It is, therefore, the judgment of the Board that approval of this application would not be in the public interest and that this application should be, and hereby is, denied. The Board notes that this denial is without prejudice to future applications that might be submitted when Applicant's CRA programs are in place and working well at its subsidiary banks and Totalbank is in compliance with all applicable consumer lending laws.[8]

By order of the Board of Governors, effective July 12, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Order Approving a Notice to Continue to Engage in Securities and Securities-Related Activities

Canadian Imperial Bank of Commerce, Toronto, Ontario, Canada ("Canadian Imperial"), a foreign bank subject to the Bank Holding Company Act ("BHC Act"), has provided notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) of its proposal to acquire certain assets and assume certain liabilities of The Argosy Securities Group, L.P., and The Argosy Group, L.P., both of New York, New York (collectively, "Argosy"), indirectly through its subsidiary Wood Gundy Corporation, New York, New York ("Company"). Argosy engages in:

(1) Underwriting and dealing in all types of debt and equity securities;

(2) Acting as agent in the private placement of all types of securities;

(3) Acting as a riskless principal in the purchase and sale of all types of securities on the order of investors;

(4) Providing investment advisory services as described in section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4));

(5) Providing advice on swaps and related contracts as described in section 225.25(b)(4)(vi)(A)(2) of Regulation Y (12 C.F.R. 225.25(b)(4)(vi)(A)(2)); and

(6) Providing financial advice, such as advice on mergers, divestitures, recapitalizations and loan syndications, as described in section 225.25(b)(4)(vi)(A)(1) of Regulation Y (12 C.F.R. 225.25(b)(4)(vi)(A)(1)).

ing the hiring of a CRA officer and implementing CRA and compliance training. The OCC has stated that these initiatives are relatively new and have not been in place for a sufficient period of time to allow for an adequate evaluation of their effectiveness.

6. *First Interstate of Montana*, at 1009.

7. *See First State Holding Company, Inc.*, 67 *Federal Reserve Bulletin* 802 (1981); *see also Johnson International, Inc.*, 81 *Federal Reserve Bulletin* 507 (1995). The Board notes that Totalbank has undertaken steps to improve its record of consumer compliance. However, these initiatives have not been in place for a sufficient period of time to allow an adequate evaluation of their effectiveness or sufficiency.

8. *See Farmers & Merchants Bank of Long Beach*, 79 *Federal Reserve Bulletin* 365 (1993).

Notificant previously received Board approval to engage in each of these activities through Company.[1] Notificant will continue to adhere to the conditions and limitations imposed by the Board in the *Canadian Imperial Orders*.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 32,681 (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.

Canadian Imperial, with total consolidated assets equivalent to approximately $106.2 billion, is the 63d largest banking organization in the world.[2] In the United States, Canadian Imperial controls a bank in New York, New York. In addition, Canadian Imperial operates a branch in Chicago, Illinois; agencies in Atlanta, Georgia; New York, New York; and Los Angeles and San Francisco, California; and a representative office in Houston, Texas. Canadian Imperial also engages directly and through subsidiaries in permissible nonbanking activities in the United States and abroad.

Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

As noted above, Company currently is engaged in limited underwriting and dealing activities that are permissible under section 20 of the Glass–Steagall Act (12 U.S.C. § 377). The Board has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377) provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue over any two-year period from underwriting and dealing in securities that a bank may not underwrite or deal in directly ("bank-ineligible securities").[3] Canadian Imperial has committed that Company will conduct its underwriting and dealing activities in bank-ineligible securities subject to the 10-percent revenue test.[4]

The Board also must determine that the proposed acquisition can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board expects that consummation of the proposal would provide gains in efficiency to Canadian Imperial and Argosy, and added convenience to their customers.

Under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect of the transaction upon such resources.[5] The Board has reviewed the capitalization of Canadian Imperial and Company in accordance with the standards set forth in the Section 20 Orders, and finds the capitalization of each to be consistent with approval. The determination on the capitalization of Company is based on all the facts of record, including Company's projections of the volume of Company's underwriting and dealing activities in bank-ineligible securities. Accordingly, the Board concludes that financial and managerial considerations are consistent with approval of this proposal.[6]

1. *See Canadian Imperial Bank of Commerce*, 76 *Federal Reserve Bulletin* 548 (1990); 76 *Federal Reserve Bulletin* 158 (1990); and 74 *Federal Reserve Bulletin* 571 (1988) (collectively, "*Canadian Imperial Orders*").

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

3. *See Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Company Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom, Securities Industry Association v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom, Securities Industry Association v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert. denied*, 486 U.S. 1059 (1988) (collectively, "Section 20 Orders"). Compliance with the 10-percent revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that Canadian Imperial has not adopted the Board's alternative indexed-revenue test to measure compliance with the 10-percent limitation on bank-ineligible securities activities, and, absent such election, Canadian Imperial will continue to employ the Board's original 10-percent revenue test.

4. The Board notes that Company may engage in activities that are necessary incidents to the proposed underwriting and dealing activities, provided that any such activities are treated as part of the bank-ineligible securities activities unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct them independently. Until such approval is obtained, any revenues from the incidental activities must continue to be counted as ineligible revenues subject to the 10-percent revenue limitation set forth in the Section 20 Orders, as modified by the Modification Orders.

5. *See* 12 C.F.R. 225.24.

6. The Board received comments from a customer of Canadian Imperial ("Protestant") criticizing the proposed acquisition. Specif-

Based on all the facts of record, and for the reasons set forth in this order, the *Canadian Imperial Orders*, and other relevant orders, the Board has concluded that Canadian Imperial's proposal to acquire Argosy is consistent with the Glass–Steagall Act, and that the proposed activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act, provided that Canadian Imperial limits Company's activities as specified in this order, the *Canadian Imperial Orders*, and other relevant orders. Accordingly, the Board has determined that the acquisition of Argosy and the performance of the proposed activities by Canadian Imperial could reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on all the facts of record, the Board has determined to, and hereby does, approve this notice subject to all the terms and conditions discussed in this order and in the *Canadian Imperial Orders*. The Board's approval of this proposal extends only to activities conducted within the limitations of those orders and this order, including the Board's reservation of authority to establish additional limitations to ensure that Company's activities are consistent with safety and soundness, conflicts of interests, and other relevant considerations under the BHC Act. Company is not authorized to engage in underwriting and dealing in any manner other than as approved in this order and the *Canadian Imperial Orders*.

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) (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this notice, including the commitments discussed in this order and the *Canadian Imperial Orders* and the conditions set forth in the above noted Board regulations and orders.[7] These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 31, 1995.

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

WILLIAM W. WILES
Secretary of the Board

ically, Protestant believes that the acquisition of Argosy's high-yield debt underwriting and dealing business would compromise the fiduciary interests of customers of Canadian Imperial and endanger the safety and soundness of Canadian Imperial. In response, Canadian Imperial states that it made the decision to acquire Argosy after considerable due diligence and that Company's entry into the high-yield debt underwriting and dealing business would not compromise Canadian Imperial's fiduciary responsibility to its customers or place the money of depositors or the safety and soundness of Canadian Imperial at risk. Based on all the facts of record, including relevant examination reports and other supervisory information, the Board concludes that these comments do not warrant denial of this notice.

7. As noted below, Canadian Imperial may commence the proposed activities immediately. The Board previously has determined that Company has in place the operational and managerial infrastructure necessary to ensure compliance with the conditions in the *Canadian Imperial Orders* and the Section 20 Orders.

Societe Generale
Paris, France

Order Approving a Notification to Engage in Futures Commission Merchant and Foreign Exchange-Related Activities

Societe Generale, Paris, France ("Societe Generale"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"), has provided notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) of the proposal that its indirect subsidiary, FIMAT Futures USA, Inc., Chicago, Illinois ("FIMAT"),[1] acquire certain assets and assume certain liabilities of Brody, White & Company, Inc., New York, New York ("Brody White").[2] Societe

1. FIMAT is wholly owned by Fimat International Banque, Paris, France, a wholly owned subsidiary of Societe Generale. FIMAT currently engages in various futures commission merchant ("FCM"), foreign exchange and securities-related activities. *See Societe Generale*, 80 *Federal Reserve Bulletin* 646 (1994) ("*Societe Generale*"); *Societe Generale*, 80 *Federal Reserve Bulletin* 649 (1994).

2. Brody White is a clearing member of certain commodities exchanges, including the Coffee, Sugar & Cocoa Exchange, Inc.; Commodity Exchange, Inc.; New York Cotton Exchange; New York Futures Exchange; and Financial Futures Exchange. Societe Generale has stated that FIMAT would become a clearing member of these exchanges. In addition, FIMAT would provide FCM ser-

Generale would thereby engage indirectly in FCM execution, clearance and advisory activities with respect to futures and options on futures on financial and non-financial commodities[3] and buying and selling foreign exchange in the spot, forward and over-the-counter options markets on the order of investors as riskless principal.[4]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 28,412 (1995); 60 *Federal Register* 31,157 (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.

Societe Generale, with total consolidated assets equivalent to approximately $275 billion, is the third largest commercial banking organization in France.[5] In the United States, Societe Generale operates branches in New York, New York; Chicago, Illinois; and Los Angeles, California; an agency in Dallas, Texas; and representative offices in Atlanta, Georgia; Houston, Texas; and San Francisco, California.

FIMAT is an FCM registered with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"), and, therefore, is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA. In addition, FIMAT is a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and has applied to become a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, FIMAT is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and the SEC, and would become subject to the requirements of the NASD upon approval of its membership application.

The Board previously has determined by order and regulation that the proposed activities are closely related to banking within the meaning of section 4 of the BHC Act.[6] The Board also must determine that the proposed activities "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 interest, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Societe Generale has committed that FIMAT will engage in the proposed activities in accordance with the conditions and limitations previously relied on by the Board, with two exceptions.

Provision of Services to Certain Sophisticated Non-institutional Customers

First, Societe Generale proposes that FIMAT provide FCM execution, clearance and advisory services with respect to contracts on both financial and non-financial commodities to persons that do not qualify as institutional customers[7] but that trade futures and options on futures solely to hedge risks arising from their business activities ("non-institutional commercial hedger customers"), such as farmers. The Board previously has limited bank holding companies to providing non-financial commodities-related FCM services to institutional customers. Similarly, with respect to contracts on financial commodities, the Board has not permitted bank holding companies to provide execution-only or clearing-only services to non-institutional customers and only permits bank holding companies to provide advisory services to financially sophisticated customers that have significant dealings in the underlying commodities.[8]

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vices with respect to two contracts traded on the New York Mercantile Exchange that have not previously been approved by the Board, Heating Oil Crack Spread Options and Gasoline Crack Spread Options, and would purchase and sell through the use of omnibus account arrangements certain futures and options on futures on non-financial commodities traded on the Winnipeg Commodity Exchange and the London Commodity Exchange.

3. These activities include providing execution-only and clearing-only services to customers. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723 (1993) ("*Northern Trust*"); *J.P. Morgan & Co. Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994) ("*J.P. Morgan*").

4. FIMAT would provide the proposed riskless principal services only to institutional customers, except that FIMAT would provide such services to certain non-institutional customers when such customers direct FIMAT to convert funds from one currency to another in order to trade futures and options on futures contracts. FIMAT would not provide foreign exchange-related advisory services to these non-institutional customers.

5. Asset and ranking data are as of December 31, 1994, and employ exchange rates then in effect.

6. *See* 12 C.F.R. 225.25(b)(18) and (19); *Northern Trust*; *J.P. Morgan*; *Banca Commerciale Italiana S.p.A.*, 76 *Federal Reserve Bulletin* 649 (1990) ("*BCI*").

7. Under the Board's regulations, "institutional customer" includes an organization or natural person whose net worth exceeds $1 million. 12 C.F.R. 225.2(g). A non-institutional commercial hedger customer would have a net worth of less than $1 million.

8. *See Bank of Montreal*, 79 *Federal Reserve Bulletin* 1049 (1993) and *J.P. Morgan* (contracts on non-financial commodities); *Northern Trust* and 12 C.F.R. 225.25(b)(19) (contracts on financial commodities). These limitations address concerns that, in futures transactions, unsophisticated customers may place undue reliance on investment advice received from a banking organization and may not be able to detect investment advice that is motivated by the advisor's self-interest. Similarly, in cases involving clearing-only transactions, the limitation helps address the added risk to the bank holding company that results from the more limited ability of the

FIMAT's non-institutional commercial hedger customers would be engaged, or would be affiliated with a commercial enterprise that is engaged, in producing, manufacturing, processing or merchandising products or providing services related to the commodities underlying the futures and options on futures contracts in which the customers would trade, and would not be engaged in executing their own trades on the floor of any commodities exchanges. Societe Generale has stated that non-institutional commercial hedger customers would be required by FIMAT to state in writing that they would engage in "bona fide hedging transactions," as defined by the CFTC.[9] In addition, FIMAT would establish an initial credit review process to determine whether a non-institutional commercial hedger customer's proposed hedging activities are appropriate, in light of the customer's net worth and business activities. FIMAT would not permit a non-institutional commercial hedger customer to trade in any commodities other than those that the customer would trade to hedge risks that arise from its commercial activities and would establish a system to detect any unauthorized trading activities.

By limiting transactional services and advice to areas in which the customer has special expertise, the proposed limitations address the concern that the customer would rely unduly on the bank holding company's advice or be unable to detect conflicts of interest or advice that is motivated by the bank holding company's self-interest. Moreover, Societe Generale would abide by all the other limitations designed to address more specifically the potential risks that may result from clearing-only and execution-only services provided to these customers.[10]

Foreign Exchange Activities

Second, in connection with the proposal that FIMAT buy and sell foreign exchange on the order of customers as riskless principal, Societe Generale has proposed that FIMAT be permitted to purchase and sell foreign exchange for its own account for limited purposes while also providing foreign exchange-related execution and advisory services.[11] In several limited circumstances, the Board has permitted a bank holding company to provide foreign exchange-related transactional and advisory services in a subsidiary that purchases and sells foreign exchange for its own account.[12] For example, the Board has permitted bank holding companies to provide foreign exchange-related advice and transactional services through a subsidiary engaged in purchasing and selling foreign exchange for its own account to hedge positions in permissible interest rate or currency swap transactions or to hedge risks arising from the permissible securities underwriting and dealing activities of the subsidiary.[13]

FIMAT would take positions in foreign exchange only as a means to hedge financial statement translations of income for its French parent and as necessary for the payment of invoices denominated in foreign currencies, and would not enter into a foreign exchange transaction for its own account with a customer if the customer is receiving foreign exchange services from FIMAT relating to such transaction. Societe Generale has committed that FIMAT will observe the standards of care and conduct applicable to fiduciaries with respect to its foreign exchange-related advisory activities and will provide foreign exchange-related execution and advisory services only to institutional customers. Societe Generale also has committed that FIMAT personnel engaged in purchasing and selling foreign exchange for FIMAT's account will not have access to information about the foreign exchange trading activities of customers, and FIMAT's customer representatives will not have access to information about the foreign exchange activities of personnel engaged in purchasing and selling foreign exchange for FIMAT's account.[14]

Other Considerations

In every case under section 4 of the BHC Act, the Board must consider the financial condition and resources of the notificant and its subsidiaries and the effect of the

bank holding company to review and reject trades that have been executed through another FCM.

9. *See* 17 C.F.R. 1.3(z).

10. *See J.P. Morgan* and *Northern Trust*.

11. FIMAT currently provides foreign exchange-related execution and advisory services to its customers. *See Societe Generale*. In permitting bank holding companies to provide foreign exchange execution and advisory services on a combined basis, the Board has relied on the representation that the subsidiary providing the foreign exchange-related services would not purchase or sell foreign exchange for its own account. *See BCI; Societe Generale*.

12. The Board also previously has noted that in conducting foreign exchange operations, commercial banks combine the functions of giving advice, executing transactions and taking positions in foreign exchange. *See Hongkong and Shanghai Banking Corporation, et al.*, 69 *Federal Reserve Bulletin* 221, 223 (1983).

13. *See The Sumitomo Bank, Limited*, 80 *Federal Reserve Bulletin* 157 (1994); *NationsBank Corporation*, 79 *Federal Reserve Bulletin* 892 (1993) ("*NationsBank*").

14. *See NationsBank* at 894. In addition, Societe Generale has committed that in order to address potential conflicts of interests that may arise in connection with providing the proposed foreign exchange riskless principal services, FIMAT will disclose to each customer that receives advice relating to over-the-counter transactions in the foreign exchange market that FIMAT may have an interest as a counterparty principal in the course of action ultimately chosen by the customer. Also, in any case in which FIMAT has an interest in a specific over-the-counter foreign exchange transaction as counterparty principal, FIMAT will advise its customer of that fact before recommending participation in that transaction.

proposal on these resources.[15] In this case, the Board notes that Societe Generale's capital ratios satisfy the applicable risk-based standards established under the Basle Accord, and are considered equivalent to those that would be required of a U.S. banking organization. In view of these and other facts of record, the Board has determined that financial factors are consistent with approval of this proposal. The managerial resources of Societe Generale also are consistent with approval.

The Board expects that consummation of the proposal would provide added convenience to Societe Generale's and Brody White's customers and would increase the level of competition among existing providers of these services. Accordingly, based on the commitments made by Societe Generale regarding its conduct of the proposed activities, the limitations on the activities noted in this order, and all the facts of record, the Board has determined that the performance of the proposed activities by Societe Generale could reasonably be expected to produce public benefits that would outweigh the possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the notification subject to all the terms and conditions set forth in this order, and in the above-noted Board regulations and orders that relate to these activities. The Board's determination also is subject to all the terms and conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made by Societe Generale in this notice, including the commitments discussed in this order and the conditions set forth in this order and in the above-noted Board regulations and orders. For purposes of this action, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 14, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

15. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

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

The Chase Manhattan Corporation
New York, New York

Order Approving the Acquisition of a Bank Holding Company and Notice to Engage in Nonbanking Activities

The Chase Manhattan Corporation, New York, New York ("Chase"), 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 merge with U.S. Trust Corporation, New York, New York ("UST"), and thereby indirectly acquire United States Trust Company of New York, New York, New York ("USTNY"), in order to acquire the securities processing and related back office activities of these organizations.[1] Chase also has filed 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 U.S. Trust Company of Wyoming, Cody, Wyoming ("USTWY"), a nonbanking subsidiary of UST, and thereby engage in providing investment advisory services pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4)); and to acquire Mutual Funds Service Company, Boston, Massachusetts ("MF Service"), a nonbanking subsidiary of UST, and thereby provide administrative services to open-end investment

1. Prior to the merger with Chase, UST would undergo a corporate reorganization that will include the transfer by USTNY of all of its businesses, other than its securities processing and related back office activities to be acquired by Chase, to a newly established state-chartered bank. A new holding company would also acquire all of UST's banking and nonbanking subsidiaries that are not acquired by Chase upon consummation of this proposal. *See U.S. Trust Corporation*, 81 *Federal Reserve Bulletin* 893 (1995), ("*U.S. Trust Order*").

In the proposed merger, Chase also would acquire certain custodial accounts of U.S. Trust Company of California, N.A., a wholly owned subsidiary of UST.

companies ("mutual funds") and closed-end investment companies.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 16,653 and 24,632 (1995)). The time for filing comments has expired, and the Board has considered the application and notices and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Competitive Considerations

Chase, with consolidated assets of $114 billion, operates subsidiary banks in New York, Connecticut, Delaware, Florida, Maryland and New Jersey.[3] Chase is the sixth largest banking organization in the United States, controlling approximately 2 percent of total U.S. banking assets. Chase also engages in a number of permissible nonbanking activities nationwide. UST, a bank holding company with consolidated assets of $3 billion, is the 118th largest banking organization in the United States, controlling less than 1 percent of total U.S. banking assets.

Chase and UST own depository institutions that compete directly in the Metropolitan New York-New Jersey banking market.[4] Chase is the third largest banking or thrift organization ("depository institution") in this market, controlling deposits of $27.6 billion, representing approximately 8 percent of total deposits in depository institutions in the market.[5] Prior to consummation of the proposal, UST would transfer to a newly formed bank substantially all the deposits currently in USTNY. Therefore, Chase would only acquire approximately $522 million in deposits associated with USTNY's securities processing business, representing less than 1 percent of total deposits in depository institutions in the market.[6] Upon consummation of the proposal, Chase would remain the third largest depository institution in the Metropolitan New York-New Jersey banking market, controlling $28.1 billion in deposits, representing approximately 8.2 percent of total deposits in the market. After consummation of this proposal, numerous competitors would remain in the market, including a newly reorganized UST, and the market would remain unconcentrated, and the increase in market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), would be minimal.[7]

Through its acquisition of UST, Chase would acquire the business units of UST that provide the following types of services:

(1) Acting as a trustee for unit investment trusts as defined in section 4 of the Investment Company Act of 1940 (unit investment trust services or "UITS");

(2) Providing processing, custody, funds management and investment manager services to corporate, pension and public entities (institutional asset services or "IAS"); and

(3) Providing administrative, custody, transfer agency and cash management services to registered investment companies as defined in section 3 of the Investment Company Act of 1940 (mutual fund administrative services or "MFAS").

In delineating the relevant product market in which to assess the competitive effects of a bank acquisition or merger, the Supreme Court has determined that "commercial banking" is the appropriate line of commerce because the cluster of banking products and services provided by commercial banks is unique relative to other

2. After the merger of UST into Chase, Chase would merge USTNY with and into Chase Manhattan Bank, N.A., New York, New York ("Manhattan Bank"). Chase intends to contribute USTWY and MF Service to Manhattan Bank immediately following the merger of UST into Chase. Chase has applied to the Office of the Comptroller of the Currency ("OCC") for approval of the merger of USTNY and Manhattan Bank and has filed notice with the OCC to contribute USTWY and MF Service to Manhattan Bank.

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

4. The Metropolitan New York-New Jersey banking market is approximated by New York City; Long Island, and Orange, Putnam, Rockland, Sullivan and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren and portions of Mercer Counties in New Jersey; Pike County in Pennsylvania; and portions of Fairfield and Litchfield Counties in Connecticut.

5. Deposit and market share data for the Metropolitan New York-New Jersey banking market are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included on a 50 percent weighted basis. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See e.g., Comerica Inc.*, 81 *Federal Reserve Bulletin* 476, n.3 (1995); *First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

6. Deposit data for UST on a *pro forma* basis prior to the proposed merger with Chase is as of December 31, 1994.

7. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post- merger HHI is below 1000 is considered unconcentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial lenders. In this case, the HHI for the Metropolitan New York-New Jersey banking market would increase by only 2 points to 538 as a result of this proposal.

institutions.[8] UITS, IAS, and MFAS generally are provided by depository institutions and involve a combination of services that banks have traditionally provided, including trust, custody, transfer agency, asset management, accounting and administration services. In this regard, the Board notes that Chase currently provides each of these services through Manhattan Bank.[9] After carefully considering all the facts of record, the Board concludes that UITS, IAS, and MFAS are elements of the cluster of products and services included within the commercial banking line of commerce.[10] Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in the Metropolitan New York-New Jersey banking market or any other relevant banking market.

In light of the unique structure of this proposal, the Board also has analyzed the competitive effects of the proposal assuming that UITS, IAS, and MFAS were not included in the commercial banking product market. As noted above, this transaction involves essentially the transfer by UST of its UITS, IAS, and MFAS lines of business and the acquisition by Chase of only those deposits associated with these lines of business. Inner City Press/Community on the Move ("Protestant") has submitted comments alleging that UITS, IAS, and MFAS should be regarded as separate and distinct product markets for purposes of competitive analysis. Protestant contends that this proposal would have significant adverse effects on competition in the separate markets for IAS and MFAS, and in particular, for UITS. Protestant has provided the Board no evidence that supports its contention that UITS, IAS, and MFAS are separate product markets. Chase argues that these services are not distinct product markets and that the proposal would have no adverse competitive effects.

Based on all the facts of record, including information provided by Chase and Protestant's comments, the Board concludes that, even if UITS, IAS, and MFAS are not considered part of the commercial banking product market, each such service should not be considered a separate product market for purposes of competitive analysis. Institutions providing UITS, IAS, or MFAS generally have the capacity to provide an array of custody, transfer agent, administrative and informational services to their customers, because the resources required to engage in any one type of service are essentially the same as those required to engage in either, or both, of the other two types of service. For example, firms providing UITS, IAS, or MFAS generally maintain data processing, custody, accounting and recordkeeping systems that are substantially similar and easily adapted to provide any one of these services. In addition, the personnel resources and skills required to provide the trustee, custody, money management and transfer agency functions for any of these services are substantially similar.

Accordingly, whether a firm offers only one type of service, or all three types of service, will depend on the supplying firm's perception of market demand and whether a service is likely to be profitable, given the nature of the supplying firm's existing and potential customer base. In this regard, firms supplying UITS, IAS, or MFAS generally have the capacity to respond to shifts in demand for a particular service, thereby making low barriers to providers of one service entering the market for other services.[11]

There are currently 48 firms offering UITS, IAS, or MFAS.[12] These firms include 16 of the 20 largest banking organizations in the United States.[13] UST is the tenth largest provider of these services, with a market share of approximately 2.9 percent, and Chase is the second largest provider with a market share of approximately 12.1 percent.[14] Upon consummation of this proposal, Chase would become the largest provider of these services, with a market share of 15 percent. The combined market for such services, as measured by the HHI, would be considered moderately concentrated, with the HHI increasing 70 points from 1001 to 1071.[15] The Department of Justice has concluded that this proposal

8. *See United States v. Phillipsburg National Bank*, 399 U.S. 350, 359 (1970); *United States v. Philadelphia National Bank*, 374 U.S. 321, 356 (1963). To measure the "cluster of products and services," the Court has used bank deposits as a proxy for the market share of the institution.

9. As indicated above, Chase has applied to the OCC to merge USTNY into Manhattan Bank and to contribute USTWY and MF Service to Manhattan Bank.

10. *See The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257 (1988).

11. Evidence suggests that UITS, IAS, and MFAS may be part of a larger product market that would include, for example, American depositary receipts ("ADR") processing and government securities clearing. While there are a larger number of competitors in this broader market, the Board, for purposes of its alternative competitive analysis, has analyzed this case on the basis of the narrower market discussed above. UST and Chase currently play either a minor role or no role in the businesses of ADR processing and government securities clearing.

12. Because of the nature of these businesses and geographic dispersion of customers seeking these services, the Board has determined that competition for UITS, IAS, and MFAS is, at least, national.

13. The total consolidated assets of these 16 firms, as of December 31, 1994, range from $40 billion to $250 billion.

14. Market share for these services is calculated on the basis of the dollar value of UITS, IAS, and MFAS assets held by organizations providing such services.

15. Under the revised Department of Justice Merger Guidelines, a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In a moderately concentrated market, the Justice Department will not challenge an acquisi-

would not have a significantly adverse effect on competition. Based on all the facts of record, including comments by Protestant and Chase, the Board concludes that, even if UITS, IAS, and MFAS are not considered part of the commercial banking product market, consummation of this proposal would not result in a significantly adverse effect on competition in the relevant market for these services.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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 applications.[16]

Protestant has submitted comments alleging deficiencies in Chase's record of performance under the CRA. In particular, Protestant contends that Manhattan Bank, Chase Manhattan Bank of Connecticut, Bridgeport, Connecticut ("Connecticut Bank")[17] and Chase's mortgage subsidiaries[18] have failed to ascertain credit needs, market their services or extend credit in neighborhoods with low- and moderate-income and minority residents in the South Bronx, Upper Manhattan and Brooklyn in New York and in Connecticut.[19] In addition, Protestant maintains, on the basis of data filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"), that Manhattan Bank, Connecticut Bank, and Chase's mortgage subsidiaries have failed to assist in meeting the housing-related credit needs of areas within their service communities in New York City and Binghamton, both of New York, and Bridgeport, Connecticut. Protestant also alleges that Chase and its mortgage subsidiaries have violated the Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*) and the Fair Housing Act (42 U.S.C. § 3601 *et seq.*) (together, "fair lending laws").

The Board has carefully reviewed the CRA performance record of Chase and its subsidiaries in light of the CRA, relevant fair lending laws and related regulatory materials, the Board's regulations, the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement"),[20] all comments received, and Chase's response to these comments.

Evaluation of CRA Performance

A. Examination Record of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports of examination will be given great weight in the applications process.[21] In this case, the Board notes that all of Chase's subsidiary banks received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance by their primary federal supervisors. In particular, Chase's lead bank,

tion (in the absence of other factors indicating anti-competitive effects) unless the merger increases the HHI by 100 points.

16. *See* 12 U.S.C. § 2903.

17. Through a multi-step corporate reorganization, Chase merged Connecticut Bank with and into Manhattan Bank, effective May 1, 1995. *See Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 467 (1995) ("*Chase Order*").

18. Chase recently reorganized its mortgage lending operations into a subsidiary of Manhattan Bank, Chase Manhattan Mortgage Corporation ("CMMC"). CMMC was formed by merging Chase Home Mortgage Corporation with Troy & Nichols, Inc. ("Troy & Nichols") and American Residential Mortgage Company ("American Residential"), which Chase acquired in 1993 and 1994, respectively. CMMC also includes Chase Manhattan Personal Financial Services, Inc., which formerly was a subsidiary of Chase U.S. Consumer Services, Inc ("CUSCS").

19. Protestant also makes similar allegations regarding the CRA performance of Chase and its subsidiary bank, The Chase Manhattan Bank of New Jersey, N.A., Oradell, New Jersey ("New Jersey Bank"), in Bergen and Passaic Counties in New Jersey. New Jersey Bank was established in March 1995 to acquire the assets and liabilities of three branches of a failed savings association from the Resolution Trust Corporation. Chase has hired a community investment officer for New Jersey Bank and has developed a CRA statement and community investment plan for the bank. The community investment plan establishes preliminary lending goals for the bank in its delineated communities, including loans to low- and moderate-income individuals and small businesses. The plan also includes proposed methods for ascertaining the credit needs of the community and calls for New Jersey Bank to sponsor educational seminars for members of its community, including first-time home buyers and small businesses. Moreover, Chase intends to model New Jersey Bank's CRA program on the CRA programs implemented by Chase's other banks, including Manhattan Bank, all of which, as discussed above, have satisfactory or outstanding records of CRA performance. In light of these and other facts of record, the Board does not believe that Protestant's comments regarding Chase's CRA performance in New Jersey warrant denial of this proposal.

20. 54 *Federal Register* 13,742 (1989).

21. *See* Agency CRA Statement at 13,745.

Manhattan Bank, and Connecticut Bank received "satisfactory" ratings from the OCC at their most recent examinations for CRA performance both as of October 1993.[22] USTNY also received a "satisfactory" rating from the Federal Reserve Bank of New York at its most recent examination for CRA performance in September 1994.[23]

B. Previous Review of Chase's Compliance and CRA Records

The Board recently reviewed Chase's record of compliance with fair lending laws and record of performance under the CRA in connection with an application to establish a *de novo* savings bank to effect the merger of Manhattan Bank and Connecticut Bank in a corporate reorganization.[24] This review was conducted in light of substantial comments filed by Protestant and involved careful consideration of a number of the issues that the Protestant has raised again in this application.

In considering Chase's compliance with fair lending laws, the *Chase Order* noted the conclusions by the OCC, the primary federal supervisor for Manhattan Bank and Connecticut Bank, that neither these banks nor the Chase mortgage subsidiaries have engaged in illegal discriminatory lending or credit practices.[25] In particular, the OCC reviewed allegations raised by Protestant that Manhattan Bank's practice of referring loan applicants to specialized lending units on the basis of product profile and financing requirements violated fair lending laws.[26] The Board also considered Protestant's criticisms of lending activities conducted by Manhattan Bank, in cooperation with affordable housing organizations and private redevelopers, as illegally discouraging a reasonable person from making or pursuing an application on a prohibited basis such as race, national origin or gender ("pre-screening"). Finally, the Board considered Chase's mortgage-backed securities activities conducted through Chase Mortgage Finance Corporation in light of Protestant's allegations of fair lending law violations. Based on all the facts of record, and for the reasons stated in the *Chase Order*, the Board concluded that Protestant's allegations did not support a finding that fair lending laws had been violated.[27]

As explained in the *Chase Order*, the Board also carefully reviewed the CRA performance records of Manhattan Bank and Connecticut Bank. A number of steps initiated by Manhattan Bank to assist in meeting the housing-related credit needs in low- and moderate-income areas of its communities, including Upper Manhattan and the South Bronx, were discussed in the *Chase Order*.[28] The activities of Chase's Small Business Group, which included a pilot lending program to be introduced in the Bronx,[29] and the bank's participation in governmentally sponsored programs, were also noted.[30] Manhattan Bank's outreach and marketing efforts were found

22. The Chase Manhattan Bank of Florida, Tampa, Florida, received a "satisfactory" rating from the OCC as of October 1993; and The Chase Manhattan Bank of Maryland, Baltimore, Maryland, received a "satisfactory" rating from the Federal Reserve Bank of Richmond as of February 1995. The Chase Manhattan Bank (USA), Wilmington, Delaware, a specialized bank engaged in credit card operations, received an "outstanding" rating from its primary supervisor, the Federal Deposit Insurance Corporation, as of August 1994.

23. In connection with an application filed by UST to reorganize as part of the proposed sale of assets and businesses to Chase, the Board has reviewed USTNY's record of CRA performance and concluded that it is consistent with approval of a proposal under the convenience and needs considerations in the BHC Act. *See U.S. Trust Order.*

24. *See Chase Order.*

25. The OCC's conclusion was based on the results of its performance examinations and fair lending examinations for Manhattan Bank, Connecticut Bank and several of Chase's mortgage subsidiaries. These examinations included a review of samples of loan files at Manhattan Bank and Connecticut Bank as well as Chase Home Mortgage Corporation, Chase Manhattan Personal Financial Services, Inc., and other nonbank affiliates that sell mortgages to Chase's subsidiary banks.

26. Protestant contends that another aspect of Chase's organizational structure into specialized lending subsidiaries— CUSCS's policy of lending on properties valued in excess of $350,000 – violates fair lending laws.

27. Protestant also asserts that CMMC violates fair lending laws by originating mortgage loans that do not meet the underwriting criteria used by government-sponsored secondary market purchasers, such as the Federal National Mortgage Association ("FNMA"). The fact that CMMC originates loans that do not conform to the underwriting criteria of FNMA does not in and of itself constitute a fair lending violation. Rather, a finding of a fair lending violation must be based on evidence that a lender has discriminated against an applicant for credit on a prohibited basis, including on the basis of race, national origin or gender. 15 U.S.C. § 1691 and 42 U.S.C. § 3604. In addition, the Board notes that, as a subsidiary of Manhattan Bank, CMMC's lending practices are subject to fair lending examination by the OCC. As explained above, the OCC found no fair lending violations in the most recent fair lending examinations for Manhattan Bank and several of Chase's mortgage subsidiaries.

28. These programs included the Tax Advantaged Installment Loan ("TAIL") product (featuring 100 percent financing and minimal closing costs) for residents purchasing cooperative units in two projects located in the Bronx, and the Ownership Transfer Program which provided $8.9 million for 487 units of affordable housing in Upper Manhattan and the Bronx.

29. The Small Business Group's development in 1993 of a Small Business Plan to achieve higher levels of lending to small businesses in low- and moderate-income areas has resulted in 20 small business loans totalling $1.9 million, with the majority of the applicants located in low- to moderate-income areas. The Group has allocated $500,000 for its pilot program in the Bronx.

30. Manhattan Bank has $5 million in Small Business Administration loans for the first half of 1993, $2 million in outstanding loans under the New York Business Development Loan Program, and the largest outstanding amount of loans for lenders under the New York City Small Business Reserve Fund, with $1.3 million outstanding in 1993.

to involve a formal process to ascertain community credit needs through focus groups, community contacts, and independent market research, and marketing programs that included specific low- and moderate-income areas and communities with predominately minority residents. OCC examiners also have concluded that Manhattan Bank's branch locations provided reasonable access to most segments of its delineated community, and have noted with approval Chase's efforts to provide banking services to underserved areas through the use of mobile banking units.[31] In addition, the *Chase Order* considered the findings of OCC examiners that Chase's branch closing policy took into account the views of local community groups and political leaders in order to minimize any impact a closing would have on an area, and that branch office closings have had no adverse impact on Chase's communities.

Connecticut Bank's record of CRA performance was found to demonstrate that the bank affirmatively solicits mortgage loans in low- and moderate-income census tracts and neighborhoods with predominately minority residents. The *Chase Order* noted steps taken by the bank to increase mortgage lending in underserved low- and moderate-income neighborhoods, including originations at bank branches, hiring low- and moderate-income mortgage origination specialists, offering governmentally sponsored loans, and increased marketing efforts.[32] Connecticut Bank's small business lending activities were also found to assist in meeting credit needs.[33] Finally, OCC examination findings that the bank's outreach and marketing efforts informed its entire community of the credit products and services available, and that branch locations were reasonably accessible were noted.[34] For these and other reasons discussed in the *Chase Order*, the Board determined that Protestant's comments relating to Chase's compliance with fair lending laws, and the CRA performance records of Connecticut Bank and Manhattan Bank, particularly in Upper Manhattan and South Bronx, did not warrant denial of the proposal involved in the *Chase Order*. Because Protestant reiterates in comments on this application many of the issues raised and considered recently in connection with the Chase reorganization, the Board has reaffirmed and incorporated in this case the reasons, evidence and conclusions explained in the *Chase Order*.[35]

C. CRA-Related Activities in Brooklyn

Protestant alleges that Manhattan Bank has failed to ascertain and meet the credit needs of low- and moderate-income residents in Brooklyn, particularly in the Bushwick and Brownsville sections. As a general matter, Manhattan Bank has initiated a number of steps to strengthen its already satisfactory record of meeting the credit needs of residents in low- and moderate-income areas throughout its designated communities, and the various components of the bank's CRA program are available in all areas of New York City, including Brooklyn. For example, Manhattan Bank makes affordable housing loans available through the Community Homebuyers Program ("CHBP") to assist in addressing housing-related credit needs. The CHBP provides mortgage loans with such features as a low down payment and flexible underwriting criteria.[36] In addition, the Chase Community Development Corporation ("CCDC") is active in providing financing for low- and moderate-income housing in Brooklyn. During 1994, CCDC provided $9.9 million to finance the construction of 53 new three-family houses in Brooklyn; $6.6 million through the New York City Housing Authority Turnkey Program to finance the construction of a 78 unit apartment building in Brooklyn; and $185,000 through the HPD's Vacant Building Program to finance the rehabilitation of a 41 unit apartment building in Brooklyn.

31. The *Chase Order* noted that 9 of Manhattan Bank's 14 Bronx branches and mobile banking units are located in low- to moderate-income census tracts, and that 11 of the bank's 48 Manhattan branches are located in low- to moderate-income census tracts.

32. Connecticut Bank also initiated a pre-approval program for low- and moderate-income home buyers.

33. For example, at the time of Connecticut Bank's October 1993 CRA performance examination, the bank originated $1.6 million in Small Business Administration loans, $3.9 million in loans under the Connecticut Works Guarantee Fund (a program to create and maintain jobs in Connecticut by means of state guaranteed loans), and $900,000 in loans under the Urbank Fund (a lending program specifically designed to assist small businesses).

34. For example, the OCC examination noted that 17 of Connecticut Bank's 51 branches are located in low- and moderate-income communities.

35. Protestant maintains that the conclusions reached in the *Chase Order* should not control consideration of the same issues in this application. For example, Protestant maintains that the OCC's fair lending examinations were unreliable because they involved the examination of only a sample of loan files. In addition, Protestant maintains that Chase's organizational structure should be reexamined because a substantial number of Manhattan Bank's mortgage loans are sold on the secondary mortgage market, and, thus, may not offer flexible underwriting options. The Board notes that file sampling is a recognized examination methodology (*see e.g., OCC Examination Bulletin* 93-3, Examining for Residential Lending Discrimination (April 30, 1993)), and that banks are not required to maintain CRA- related loans in their portfolio. Furthermore, the Board notes that Manhattan Bank offers a variety of mortgage products that offer flexible underwriting criteria, including, for example, the TAIL program. Finally, because many of the issues raised by Protestant in this case regarding Chase's record are similar or identical to the issues raised by Protestant in the past case and considered less than four months ago, the Board believes that, to the extent there has been no material change in circumstances, the Board may, and should, rely on its previous findings.

36. During the first half of 1993, Manhattan Bank originated 140 CHBP loans totalling $17 million.

As noted in the *Chase Order*, Manhattan Bank also has implemented specific efforts to communicate with and ascertain the credit needs of low- and moderate-income and minority residents within its delineated communities. These outreach and ascertainment efforts have led to a number of new products, many of which are housing related. For example, to assist the housing-related needs of low- and moderate-income residents of Brooklyn, Chase offers a 97 percent loan-to-value mortgage product and a "Qualifier" mortgage with reduced loan-to-value requirements and flexible income and debt underwriting criteria. Chase also has established a mortgage settlement assistance program, which provides installment loans to help borrowers finance closing costs. As previously noted, Manhattan Bank's branch locations also provide reasonable access to most segments of its delineated community, and six of Manhattan Bank's 16 Brooklyn branches are in low- to moderate-income census tracts.

D. HMDA Data

The Board has carefully reviewed 1993 and preliminary 1994 HMDA data for Manhattan Bank and Connecticut Bank,[37] including the relevant mortgage subsidiaries and CUSCS, for Brooklyn and Binghamton, New York, and Bridgeport, Connecticut, in light of Protestant's comments.[38] These data generally indicate that Chase has continued to provide housing-related loans to low- and moderate-income and minority neighborhoods throughout the communities served by these subsidiaries.[39] For example, Chase's preliminary 1994 HMDA data for Brooklyn indicate an increase in the number of applications received from, and loan originations to, minorities.[40] In addition, these data indicate an increase in the number of loan applications from, and originations in, minority census tracts.[41] Preliminary 1994 HMDA data also indicate that Chase received an increased number of applications from the Bushwick/Brownsville sections of Brooklyn. HMDA data for Binghamton, New York, and Bridgeport, Connecticut, indicate that Chase has assisted in meeting the housing-related credit needs of minorities in these communities. For example, these data indicate that, in Binghamton, the percentage of applications received by Chase from African Americans in 1993 exceeded the percentage received by lenders in the aggregate during 1993.[42] Similarly, in Bridgeport, these data indicate an increase from 1993 to 1994 in the number of applications received from minorities, as well as an increase in the number of loan originations to minorities during the same period.

However, HMDA data for Chase and its mortgage subsidiaries in its delineated communities also indicate some disparities in the rate of loan originations, denials, and applications by racial group and income levels. The Board is concerned when an institution's record indicates disparities in lending to minority applicants and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also 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, and have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal discrimination in making lending decisions.

OCC examiners found no evidence of prohibited discrimination or other illegal credit practices during the most recent CRA performance examinations of Manhattan Bank and Connecticut Bank. The examination also found no evidence of practices intended to discourage applications for the types of credit listed in the banks' CRA statements. Furthermore, Chase has initiated a number of steps designed to insure the equal treatment of low- and moderate-income and minority borrowers by all Chase entities. These efforts are discussed in detail in the *Chase Order* and include a second review program, a

37. Protestant maintains that Chase has incorrectly prepared its 1994 Loan Application Register, because the property location for approximately 16,000 of the entries is listed as "N/A". Chase states that these entries represent transactions involving properties located outside a Metropolitan Statistical Area or applications in which the address of the property was not provided by the applicant, such as prequalification applications. Protestant also objects to being provided HMDA data in written rather than electronic form and for CMMC on an aggregate basis. Based on all the facts of record, including information provided by Chase, it appears that the property location entries listed as "N/A" were appropriate and that the data have been provided to Protestant in accordance with applicable regulations.

38. The Board previously has considered 1993 HMDA data and preliminary 1994 HMDA data reported by Chase for the South Bronx and Manhattan and, for the reasons discussed in the *Chase Order*, does not believe that these data would warrant denial of this proposal.

39. The 1993 HMDA data does not include data reported by Troy & Nichols, which Chase acquired in 1993. The 1994 HMDA data include data for Troy & Nichols and American Residential, both of which now are part of CMMC.

40. Applications received from African Americans in Brooklyn increased from 296 in 1993 to 403 in 1994, and originations increased from 221 to 256 during this period.

41. During 1994, Chase received 387 applications from minority census tracts in Brooklyn, and originated 228 HMDA loans in these tracts. This reflects an increase from the 351 applications and 222 originations reported for 1993 in minority census tracts.

42. In addition, the percentage of applications from African Americans that Chase received during 1994 in Binghamton exceeded the percentage of African Americans in the Binghamton Metropolitan Statistical Area.

periodic analysis of HMDA data, a comparative mortgage loan file review, special advertising programs directed toward minority borrowers in certain geographical areas, and a "mystery shopper" program.[43]

Conclusion Regarding Convenience and Needs Considerations

The Board has carefully considered all the facts of record, including all comments received, in reviewing the convenience and needs factors under the BHC Act.[44] Based on a review of the entire record of performance, including information submitted by both Chase and Protestant in connection with this proposal and the application in the *Chase Order*, and for the reasons discussed in this order and the *Chase Order*, the Board believes that the efforts of Chase and its subsidiaries to help meet the credit needs of all segments of their communities, including low- and moderate-income neighborhoods, and their compliance with fair lending laws, are consistent with approval of this application.[45]

Other Considerations

The Board also concludes that the financial[46] and managerial resources and future prospects[47] of Chase and its bank subsidiaries, and other supervisory factors the Board must consider under the BHC Act, are consistent with approval of this proposal.

Chase also has filed notice pursuant to section 4(c)(8) to acquire MF Service and thereby provide administrative services to closed-end investment companies[48] and mutual funds.[49] The administrative services MF Service provides to closed-end funds and mutual funds include

43. Protestant alleges that certain programs offered by Manhattan Bank that permit customers to avoid transaction or account fees by maintaining minimum balances in accounts with Manhattan Bank or affiliated entities, including mutual funds advised by Manhattan Bank, may violate the fair lending laws and the anti-tying restrictions of Regulation Y (12 C.F.R. 225.7). However, Protestant has presented no evidence suggesting that such programs have a discriminatory effect on any group protected by the fair lending laws. The Board also notes that recent amendments to Regulation Y permit a bank to offer discounts to customers who maintain a combined minimum balance in products specified by the bank. *See* 12 C.F.R. 225.7(b)(4).

44. The Board has concluded that a number of issues considered by the Board in the *Chase Order* and raised again by the Protestant in this proposal do not warrant denial. For example, Protestant maintains that Chase's CRA performance and fair lending compliance should be reviewed on a nationwide basis. For the reasons discussed in the *Chase Order*, the Board believes that the scope of consideration for Chase's CRA-related activities is consistent with the requirements of the CRA. The Board also believes that the scope of review accorded Protestant's fair lending issues is appropriate in light of all the facts of record. Protestant continues to allege that American Residential has violated fair lending laws in light of its 1993 HMDA data. The Board noted in the *Chase Order* that these allegations predated Chase's acquisition of American Residential and that, as a subsidiary of CMMC, American Residential is now subject to the fair lending and HMDA compliance policies and procedures generally applicable to all CMMC units. In addition, as subsidiaries of a national bank, CMMC and all its lending subsidiaries are subject to the supervisory authority of the OCC.

45. Protestant suggests a number of grounds for delaying consideration of this proposal, including the need for additional information from Chase on its small business lending and certain specialized mortgage lending programs, resubmission of Chase's 1994 HMDA data in light of a programming error discovered in American Residential's reporting of its 1993 HMDA data (which Chase states has been corrected), and new CRA and fair lending examinations for Chase's banking and nonbanking subsidiaries (the most recent examinations were determined by the OCC at the time of the *Chase Order* to be current). The Board is required by the BHC Act and the Board's rules to act on applications submitted under sections 3 and 4 of the BHC Act within specified time periods. Based on all the facts of record, including reasons discussed in the *Chase Order*, the Board concludes that the record is sufficient to act on this application and these notices at this time and that delay or, in the alternative, denial on the grounds of informational insufficiency of this application and these notices is not warranted.

46. Protestant argues that a number of recent publicly announced events raise adverse financial considerations, including statements by investors and others that Chase's stock is undervalued, reductions in first quarter 1995 earnings, proposed branch sales, Chase's international activities, employment of a cost cutting consultant, currency trading and swap activities, and certain proposed activities and transactions. The Board has carefully reviewed these events in light of the overall financial condition of Chase and its subsidiaries. Based on all the facts of record, including reports of examination and other supervisory information from Chase's primary federal supervisors, the Board does not believe that these matters warrant denial of the proposal.

47. Protestant alleges that certain actions taken by the management of Chase reflect adversely on the managerial resources of Chase. These include investing in a Norwegian company doing business with Libya, failure of Manhattan Bank to reimburse a couple for an unauthorized ATM withdrawal, failure of Manhattan Bank to provide proper disclosure to a bank customer in connection with the sale of an uninsured investment product, release of a press statement that Protestant maintains inflates the number of mortgage loans made by Chase to minorities, and the proposed investment in an insurance company by a limited partnership affiliated with Chase. The Board has noted that these actions involve, for the most part, individual complaints or allegations that may be addressed through the supervisory authority of the appropriate federal supervisor if such action is appropriate. The Board has carefully reviewed these matters in light of the overall performance record of the management of Chase. The Board concludes, based on all the facts of record, including reports of examination assessing the managerial resources and policies of Chase and its subsidiaries, that these isolated events, even if assumed to be true, do not warrant denial of this proposal. Protestant also has raised managerial and supervisory matters with respect to UST. These issues have been reviewed by the Board and are discussed in the *U.S. Trust Order*.

48. The Board has by regulation authorized bank holding companies to sponsor, organize, and manage closed-end investment companies pursuant to 12 C.F.R. 225.25(b)(4).

49. MF Service would not act as a sponsor of any new mutual fund. In addition, MF Service would not provide any administrative services to the Vista Funds or to mutual funds the shares of which

computing the fund's net asset value and performance data, coordinating communications and activities between the investment advisor and the other service providers, accounting and recordkeeping, disbursing payments for the fund's expenses, providing office space for the fund, and preparing and filing tax and regulatory reports for the fund.[50] The Board previously has determined that these activities are closely related to banking, and MF Service has committed to conduct these activities subject to the prudential and other limitations previously established by the Board.[51] Under these circumstances, and for the reasons discussed in *Mellon*, the Board concludes that the administrative activities for mutual funds proposed to be provided by MF Service[52] are not prohibited by the Glass–Steagall Act (12 U.S.C. §§ 221a and 377) and are permissible nonbanking activities for bank holding companies.[53]

In order to approve this notice, the Board also must find that the performance of the proposed activities by MF Service "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 previously has determined that the provision of the proposed administrative services within certain parameters is not likely to result in the types of subtle hazards at which the Glass–Steagall Act is aimed or any other adverse effects.[54] The Board believes that the performance of the proposed activities by MF Service can reasonably be expected to produce benefits to the public such as a wider range of products, increased efficiency, and greater convenience for Chase's customers. Based on all the facts of record, the Board finds that the public benefits of MF Service's proposed activities outweigh any adverse effects and, therefore, the activities are a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.[55]

Request for a Hearing

Protestant has requested that the Board hold a public meeting or hearing on the section 3 application to clarify factual disputes and present certain facts as part of the record.[56] Section 3(b) of the BHC Act does not require

are sold or marketed primarily to customers of Chase's subsidiary banks.

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

51. *See State Street Boston Corporation*, 81 *Federal Reserve Bulletin* 297 (1995) ("*State Street*"); *Mellon Bank Corporation*, 79 *Federal Reserve Bulletin* 626 (1993) ("*Mellon*"). In particular, the distributor of the mutual funds would not be affiliated with MF Service or Chase, and neither Chase nor MF Service would be involved in the distribution of the shares of any mutual fund. MF Service would not be involved in the promotion or sale of the shares of any mutual fund, and would not engage in any marketing, sales or advertising activities relative to any mutual fund. MF Service would provide the distributor of a mutual fund with performance and portfolio data, and MF Service would review marketing materials prepared by the distributor for the sole purpose of ensuring compliance with all pertinent regulatory requirements. Chase would not acquire for its own account more than 5 percent of the shares of any mutual fund administered by MF Service, and Chase has committed not to provide administrative services to any mutual fund to which it or any of its affiliates provides advisory services.

52. Chase also seeks approval for MF Service to provide telephone shareholder services ("telephone services") as an additional administrative service through a toll-free 800 number specific to each mutual fund family. Telephone services operators would provide a variety of information including general share holdings and valuation information to current shareholders and will mail a prospectus upon the request of existing and potential new shareholders. Telephone services operators would not solicit callers to purchase shares in particular mutual funds. Substantive questions regarding mutual fund performance or strategies would be referred to specific mutual fund distributors or investment advisors. In this light, the telephone services are primarily ministerial or clerical in nature and do not involve Chase in the distribution of mutual funds. Based on all the facts of record, and Chase's representations with regard to these telephone services, the Board believes that the proposed additional telephone services are consistent with the activities that the Board approved in *State Street* and *Mellon*.

53. Chase proposes to have limited director and/or employee interlocks with certain mutual funds to which it provides administrative services. These interlocks must be in accordance with the limitations contained in *Mellon* and *State Street*.

54. *See Mellon*. Protestant disagrees with this conclusion and maintains generally that Chase's acquisition of MF Service would result in a violation of the BHC Act and the Glass–Steagall Act. For the reasons discussed above and in *Mellon*, the Board concludes that, subject to the conditions contained in this order, consummation of the proposed transaction is consistent with the BHC Act and the Glass–Steagall Act. Protestant also alleges that information submitted by Chase on the activities of MF Service conflict with information in press releases submitted by Protestant. Based on all the facts of record, including a review of the relevant documents, the Board does not believe that the information in the documents is inconsistent.

55. Chase also has filed notice pursuant to section 4(c)(8) to acquire USTWY and engage in organizing and providing administrative services to limited liability companies ("LLCs") established pursuant to Wyoming law to operate as private investment companies for institutional investors and high-net-worth individuals. Protestant argues that USTWY's activities violate the BHC Act and the Glass–Steagall Act. Chase proposes to transfer this company immediately to Manhattan Bank and conduct these activities pursuant to the OCC's rules governing operating subsidiaries of banks. The Board's regulations provide that a national bank controlled by a bank holding company may acquire securities of a company in accordance with the rules of the OCC. The Board has determined to approve this notice on the basis that USTWY will be transferred to Manhattan Bank and that Chase will conduct these activities in accordance with the regulations of and conditions imposed by the OCC upon its acquisition. In the event that Chase does not transfer USTWY to Manhattan Bank immediately following the acquisition of these shares, Chase has committed that it will conform the activities of USTWY to the requirements of the BHC Act.

56. A substantial portion of the factual disputes alleged by Protestant, including issues relating to the alleged disparate treat-

the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application.[57] No supervisory agency has recommended denial of the proposal.

Generally, under its rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, all interested parties have had ample opportunity to submit their views, and substantial written submissions have been received.[58] Protestant's request fails to demonstrate why its substantial written submissions do not adequately present its allegations or why a public hearing or meeting is otherwise warranted in this case.[59] Moreover, after a careful review of all the facts of record, the Board concludes that Protestant's request disputes the weight that should be accorded to, and the conclusions that may be drawn from, the existing facts of record, or disputes facts that are not material to the Board's decision. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, Protestant's request for a public hearing or meeting on this application is denied.

Conclusion

Based on the foregoing and all the facts of record, including all of Chase's commitments and representations, and subject to all the terms and conditions set forth in this order, the Board has determined that the section 3 application and the section 4 notice with regard to MF Service should be, and hereby are, approved.[60] The Board's determination is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b)(3) of Regulation Y (12 C.F.R. 225.7 and 225.23(b)(3)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the

ment of borrowers resulting from Chase's specialized lending operations and the alleged pre-screening by developers in housing projects involving Chase, were considered in the *Chase Order* and for the reasons set forth in that order and incorporated herein, found not to warrant a hearing or meeting. Other grounds cited by Protestant for a hearing include the opportunity to contest Chase's description of its small business activities, to obtain information on various Chase lending activities, to present oral testimony on alleged improper disclosures made in connection with the sale of an uninsured investment product, and to determine whether Chase has integrated the CRA into its overall business plans. Protestant also has requested a hearing on the grounds that the acquisition of MF Service by Chase would create interlocks between Chase and mutual funds that are impermissible under the Glass–Steagall Act.

57. Under section 4 of the BHC Act, a protestant is not entitled to a hearing on every notice, but only when there are issues of material fact in dispute. *See Connecticut Bankers Association v. Board of Governors*, 627 F.2d 245, 251 (D.C. Cir. 1980). After review of the record in this case, the Board has concluded that there are no material issues of fact in dispute and that the issues raised by Protestant relate principally to interpretations of statutory provisions and conclusions of law and fact that must be made by the Board. In light of this, and the fact that Protestant has had an opportunity to comment and has submitted substantial written comments, the Board does not believe that a public hearing or meeting regarding this matter would be useful or appropriate.

58. Protestant alleges that discussions between Chase and Board staff during the processing of this proposal have violated the Board's processing procedures. These procedures state that, after the receipt of a protest, System staff should refrain from discussing issues raised by the protest directly with the applicant or protestant without first notifying the other, so that all parties may have an opportunity to participate in the discussion. The record indicates that Protestant has raised new issues throughout the processing of this proposal. When issues were raised by the Protestant, discussions by staff with Chase on these issues were limited to requests for information needed to clarify the record, and the information was promptly provided to Protestant. Moreover, Protestant has been given the opportunity to comment on these issues, and has in fact presented substantial submissions that have been considered part of the record in this case. For these reasons, and based on all the facts of record, the Board does not believe that Protestant's comments warrant denial of this proposal.

59. Protestant's request does not identify the evidence Protestant would present to clarify factual issues or explain why written presentations are insufficient. The Board's Rules require that a hearing request must "include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing." 12 C.F.R. 262.3(e). Protestant contends that this rule unfairly penalizes a requestor because compliance would provide the basis for concluding that written submissions would suffice. The Board believes that this rule provides a reasonable means to assist the Board in determining whether factual disputes cannot be addressed through written submissions.

60. Protestant has criticized Chase's record with respect to the number of minorities in top management and on the board of directors. In this regard, the Board notes that because Manhattan Bank employs more than 50 people, serves as a depository of government funds, and acts as agent in selling or redeeming U.S. savings bonds and notes, it is required by Department of Labor regulations to:

(i) File annual reports with the Equal Employment Opportunity Commission ("EEOC"); and

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

See 41 C.F.R. 60–1.7(a), 60–1.40. The Board notes that, pursuant to Department of Labor regulations, Chase, as the parent of Manhattan Bank, also is required to file an annual report with the EEOC covering all employees in its entire corporate structure.

Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on Chase's compliance with all the commitments and representations made in connection with this application and the notices, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

The acquisition of UST's banking subsidiary shall not be consummated before the fifteenth calendar day following the effective date of this order, and the acquisition of the bank and nonbank subsidiaries shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

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

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

WILLIAM W. WILES
Secretary of the Board

Appendix

List of Administrative Services

(1) Maintaining and preserving the records of the fund, including financial and corporate records;
(2) Computing net asset value, dividends, performance data and financial information regarding the fund;
(3) Furnishing statistical and research data;
(4) Preparing and filing with the SEC and state securities regulators registration statements, notices, reports and other material required to be filed under applicable laws;
(5) Preparing reports and other informational materials regarding the fund including proxies and other shareholder communications and reviewing prospectuses;
(6) Providing legal and regulatory advice in connection with its other administrative services;
(7) Providing office facilities and clerical support for the fund;
(8) Developing and implementing procedures for monitoring compliance with regulatory requirements and compliance with the fund's investment objectives, policies, and restrictions as established by the fund's board;
(9) Providing routine fund accounting services and liaison with outside auditors;
(10) Preparing and filing tax returns;
(11) Reviewing and arranging for payment of the fund's expenses;
(12) Providing communication and coordination services with regard to the fund's investment advisor, transfer agent, custodian, distributor and other service organizations that render recordkeeping or shareholder communication services;
(13) Reviewing and providing advice to the distributor, the fund and investment advisor regarding sales literature and marketing plans to assure regulatory compliance;
(14) Providing information to the distributor's personnel concerning the fund's performance and administration;
(15) Participation in seminars, meetings, and conferences designed to present information to brokers and investment companies, but not in connection with the sale of shares of the funds to the public, concerning the operations of the funds, including administrative services provided by MF Service to the funds;
(16) Assisting existing funds in the development of additional portfolios;
(17) Providing reports to the fund's board with regard to its activities; and
(18) Providing telephone shareholder services through a toll-free 800 number.

U.S. Trust Corporation
New York, New York

Order Approving the Formation of a Bank Holding Company, Merger of Banks, Establishment of Branches, Membership in the Federal Reserve System and Notice to Engage in Nonbanking Activities

U.S. Trust Corporation ("U.S. Trust"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), United States Trust Company of New York ("USTNY"), New USTC Holdings Corporation ("New Holdings"), and New U.S. Trust Company of New York ("New USTNY"), all of New York, New York (collectively "Applicants"), have filed applications under section 3 of the BHC Act (12 U.S.C. § 1842), section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act"), sections 9 and 25 of the Federal Reserve Act (12 U.S.C. §§ 321 and 601),[1] and notices under section 4 of the BHC Act (12 U.S.C. § 1843),[2] in connection with the corporate reorganization of U.S. Trust.[3] The proposed internal

1. These applications are described in Appendix A.
2. The nonbanking subsidiaries to be acquired by New Holdings are listed in Appendix B.
3. As part of this proposal, the 401(k) Plan and Employee Stock Option Plan of USTNY and affiliated companies ("Notificant") have filed a notice under the Change in Bank Control Act

reorganization is a multi-step transaction in which U.S. Trust would retain ownership of two nonbank subsidiaries and the securities processing business of USTNY, and a new holding company (New Holdings) would own all the remaining subsidiaries of U.S. Trust.[4]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 16,139 (1995)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and notices and all comments received in light of the factors set forth in the BHC Act, the Bank Merger Act, and the Federal Reserve Act.

New Holdings is a non-operating company formed for the purpose of acquiring certain banking and nonbanking subsidiaries of U.S. Trust. U.S. Trust, with total consolidated assets of $3 billion, controls three depository institutions in New York, New York; Dallas, Texas; and Los Angeles, California.[5] Based on all the facts of record, including the fact that this transaction constitutes a corporate reorganization, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.[6]

Convenience and Needs Considerations

In acting on the applications under the relevant banking statutes, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[7]

In connection with these applications, the Board has received comments from Inner City Press/Community on the Move, Bronx, New York ("Protestant"), raising issues regarding the CRA performance record of USTNY. In particular, Protestant maintains that USTNY has concentrated its mortgage lending in affluent, nonminority census tracts and provided an overall low level of CRA-related investments in its local community. Protestant also has alleged that U.S. Trust's subsidiary thrift in Florida (U.S. Trust Company of Florida Federal Savings Bank, Palm Beach, Florida, "USTFL") has generally failed to assist in meeting the credit needs, particularly the housing-related credit needs, of low- and moderate-income residents in its local community.[8]

(12 U.S.C. § 1817(j)) ("CIBC Act") to acquire 24.9 percent of the voting shares of New Holdings (60 *Federal Register* 26,886 (1995)). Notificant currently is a shareholder of U.S. Trust, and would receive shares of New Holdings as a result of the reorganization. Based on all the facts of record, the Board hereby determines not to disapprove this CIBC Act notice.

4. U.S. Trust proposes to then merge with The Chase Manhattan Corporation, New York, New York ("Chase"), in a transaction that will be considered by the Board in a separate order. *See Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 883 (1995).

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

6. The Board has determined that the interstate banking statutes of Texas and California permit a New York bank holding company to acquire banking organizations in these states. *See State First Financial Corporation*, 73 *Federal Reserve Bulletin* 307 (1987) (Texas) and *Citicorp*, 77 *Federal Reserve Bulletin* 325 (1991) (California). Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

7. 12 U.S.C. § 2903.

8. Protestant also maintains that USTNY and USTFL have failed to comply with requirements in the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"), the Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*) ("ECOA"), and the Fair Housing Act (42 U.S.C. § 3601 *et seq.*) ("FHA") to report the race and gender of borrowers receiving mortgage loans. Most of the mortgage applications of these institutions are received by telephone. For written applications, these institutions request race and gender information for government monitoring purposes, and these data are reported unless an applicant elects not to provide race and gender information as permitted by Regulations B and C. The Board also notes that, contrary to Protestant's allegations, the FHA does not require the reporting of race and gender data for home mortgages.

Under regulations implementing the HMDA and ECOA, an institution is specifically exempted from the requirement of recording the race, national origin or gender of an applicant when a mortgage application is made entirely by telephone. *See* 12 C.F.R. 203, Appendix A, § V(D)(2) and Appendix B, § I(B)(4); Official Staff Commentary on Regulation B, F.R.R.S. ¶ 6–197.6(3). The Board does not believe that providing additional financial and tax information to an institution after the telephone contact to verify the information supplied by the applicant makes this exemption inapplicable. Furthermore, an institution is not required to record race and gender data under this exemption even if the telephone applicant has an existing banking relationship with the institution. For these reasons, the Board concludes that the reporting practices with respect to the collection of race and gender used in mortgage applications taken by USTNY and USTFL do not violate the HMDA or ECOA and, in light of this conclusion, that Protestant's request for a file review of mortgage applications of USTNY and USTFL is not warranted.

The Board has carefully reviewed the CRA performance records of U.S. Trust and its subsidiary depository institutions, all comments received regarding these applications, U.S. Trust'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").[9]

Evaluation of CRA Performance

A. Examination Record of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[10] The Board notes that USTNY received a "satisfactory" rating from the Federal Reserve Bank of New York ("Reserve Bank") at its most recent examination for CRA performance in September 1994 ("1994 USTNY Examination"), and USTFL received a "satisfactory" rating from its primary federal supervisor, the Office of Thrift Supervision ("OTS"), at its most recent examination for CRA performance in February 1995 ("1995 USTFL Examination").[11] U.S. Trust's remaining two subsidiary banks received "satisfactory" ratings from their primary federal supervisor in the most recent examinations of their CRA performance.[12]

B. USTNY's Record of CRA Performance

Protestant maintains that USTNY's 1993 HMDA data indicates that a substantial number of the bank's reported mortgage loans were made to borrowers in upper-income, non-minority census tracts and evidences noncompliance by USTNY with fair lending laws and the purpose of the CRA. Protestant also alleges that USTNY discourages applications from low- and moderate-income individuals through its underwriting criteria and advertising. The Board has recognized that HMDA data alone provide an incomplete measure of an institution's lending in its community, and that these data have limitations that make that data an inadequate basis, absent other information, for conclusively determining that an institution has engaged in illegal discrimination in making lending decisions. The Board has carefully reviewed Protestant's allegations in this light and in light of all the facts of record.

USTNY is a wholesale institution that specializes in providing trust and banking services to institutional customers such as corporations, other types of institutions, and high net worth individuals. USTNY does not engage in residential mortgage lending (or provide other traditional retail credit products) and does not hold itself out as a retail lender.[13] Examiners found that the bank engages in mortgage lending only as an accommodation for its existing customers or as a means of soliciting trust and banking services from new customers on a referral basis. The 1994 USTNY Examination also found that the bank had adequate procedures to ensure compliance with nondiscriminatory credit practices, and identified no credit practices that were inconsistent with the substantive provisions of the antidiscrimination laws and regulations or that were intended to discourage credit applications.[14]

While the CRA does not require a bank to extend any particular type of credit, an institution such as USTNY is not relieved from having its performance record assessed under the CRA.[15] USTNY has taken a number of steps to help meet the credit needs of its community.

As part of its CRA-related activities, USTNY engages in a variety of indirect lending activities to assist in meeting the housing needs of low- and moderate-income families in New York City.[16] For example, the bank has loaned $415,000 to the Neighborhood Housing Services of New York, which offers programs to help rehabilitate houses in low- and moderate-income neighborhoods. Examiners also noted in the 1994 USTNY Examination

9. 54 *Federal Register* 13,742 (1989).

10. *Id.* at 13,745.

11. Protestant disagrees with the 1995 USTFL Examination and has requested the OTS to review the procedures used and conclusions drawn in this examination.

12. U.S. Trust Company of California, N.A., Los Angeles, California ("USTCA"), received a "satisfactory" rating from the Office of the Comptroller of the Currency ("OCC") in August 1994, and U.S. Trust Company of Texas N.A., Dallas, Texas ("USTTX"), received a "satisfactory" rating from the OCC in March 1995.

13. USTNY's advertisements and business strategy focus on asset management and trust services for institutional customers rather than soliciting customers for retail banking products.

14. Protestant also alleges that 1994 HMDA data for U.S. Trust's California subsidiary (USTCA) and Texas subsidiary (USTTX) show few loans to or applications from minorities in California and Texas. The most recent CRA performance evaluations for both banks noted that USTCA and USTTX are, like USTNY, wholesale banks that focus on trust administration. In addition, examiners did not find evidence of prohibited discriminatory or other illegal credit practices.

15. *See Continental Bank Corporation*, 75 *Federal Reserve Bulletin* 304 (1989).

16. Protestant maintains that USTNY's delineation of its service community is too narrow because it does not include all of New York City and that USTNY does not make investments or grants in the South Bronx or Upper Manhattan. The 1994 USTNY Examination concluded that the bank's delineation of its local community complied with the requirements of the CRA and the regulations thereunder and did not arbitrarily exclude low- and moderate-income areas. USTNY recently expanded its local community to include the entire Borough of Manhattan.

that the bank has loaned $676,000 to the Community Preservation Corporation's ("CPC") revolving credit facility, which finances the construction and rehabilitation of low-income housing in New York City.

USTNY has also provided $623,000 in loans under another CPC program to help refinance underlying mortgages on co-op apartment buildings in low- and moderate-income areas in New York City. U.S. Trust has indicated that an additional $416,000 has been committed to this program since the 1994 USTNY examination. In addition, the bank invested $500,000 in the New York Equity Fund's ("NYEF") 1992 Limited Partnership, $500,000 in NYEF's 1993 Limited Partnership, and an additional $1 million in NYEF's 1994 Limited Partnership. These funds are used by NYEF to leverage other private and public sector financing and help rehabilitate family and single room housing for low- and moderate-income individuals.

USTNY offers several other programs that provide assistance to neighborhood and community organizations that are committed to improving their communities. In particular, the bank invested $250,000 in the Non-Profit Facilities Fund, which provides term financing to non-profit organizations that otherwise would have no financing options. USTNY has invested $25,000 in the Union Settlement Federal Credit Union, which provides consumer banking services to East Harlem, a low- and moderate-income community with limited banking services.

The 1994 USTNY Examination also found that the bank participated in small business lending programs. For example, USTNY has committed $578,000 to the New York Business Development Fund, which operates a revolving credit facility that extends loans to small businesses. In addition, while USTNY is not a direct small business lender, examiners found that in 1993, the bank purchased $11 million in Small Business Administration loan pools, generated from loans originated in New York.

U.S. Trust has created the U.S. Trust Foundation ("Foundation") to administer its corporate contributions program. Through the Foundation, the bank supports not-for-profit community organizations involved in housing, economic and community development to low- and moderate-income individuals and neighborhoods. Examiners noted that the Foundation contributed $143,000 to CRA-related organizations between May 1993 and the 1994 USTNY Examination.

C. USTFL's Record of CRA Performance

The 1995 USTFL Examination notes that USTFL engages in private banking activities designed primarily to meet the needs of its trust customers. The institution's business strategy focuses on asset management, financial planning, and trust and estate services, and USTFL does not offer typical retail bank products, such as small business loans, consumer installment loans, or credit cards. Examiners found no evidence of prohibited discriminatory or other illegal credit practices. The 1995 USTFL Examination also disclosed no evidence of practices intended to discourage credit applications that were not inherent in USTFL's focus on private banking activities for affluent customers, and determined that USTFL's delineation of its community was reasonable.

Examiners concluded that USTFL addressed housing credit needs by originating single-family residential mortgage loans consistent with the needs identified in its delineated communities. The thrift's loan volume, including the percentage of loans within its local communities, was considered reasonable by examiners.[17] USTFL also assists in meeting the housing credit needs of low- and moderate-income borrowers through local financial intermediaries. For example, USTFL has provided funding for a first-time homebuyers program sponsored by Collier County which includes the institution's Naples community. This program provides low- and moderate-income borrowers with interest free loans for down payment and closing costs. USTFL also has purchased several loans, totalling over $400,000, that are secured by property in Palm Beach County and originated by another institution under a program designed to assist low- and moderate-income borrowers through lower fees and flexible underwriting criteria. USTFL plans to purchase an additional $1 million in loans made under this program in 1995.

The 1995 USTFL Examination also noted that the institution continually explores potential activities or services that would help meet the credit needs of its local communities. For example, USTFL has provided financial and managerial expertise to the Consumer Credit Counseling Service of Palm Beach County. The institution also has supported minority business programs within its local community, including the Minority Business Committee of Naples and the Latin-American Business and Professional Scholarship Program.

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed in this case, in reviewing the convenience and needs factors under the relevant

17. The 1995 USTFL examination noted that residential mortgage loan volume, which represented 9.6 percent of average assets during 1994, was slightly below that of other savings associations of similar size. Nevertheless, examiners noted that USTFL consistently met the regulatory requirements of mortgage lending under the Qualified Lender Test.

banking statutes. Based on a review of the entire record of performance, including information provided by Protestant and U.S. Trust, and the CRA performance examinations and other information obtained through the supervisory process, the Board believes that the efforts of U.S. Trust to help meet the credit needs of all segments of the communities served by its subsidiary banks, including low- and moderate-income neighborhoods, are consistent with approval. For these reasons, and based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of the companies and banks involved in these proposals, are consistent with approval of these applications.

Other Considerations

The Board has concluded that the financial[18] and managerial[19] resources and future prospects of the holding companies and their subsidiaries are consistent with approval.[20] Other supervisory factors that the Board must consider under section 3 of the BHC Act, the Bank Merger Act, and the Federal Reserve Act, are also consistent with approval of this proposal.[21]

New Holdings also has filed notice, pursuant to section 4(c)(8) of the BHC Act, to operate a savings association, and engage in trust company, community development, investment advisory, securities brokerage and riskless principal activities. The Board has determined by regulation that the operation of a savings association, and that trust company, community development, investment advisory, and securities brokerage activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[22] The Board also has determined by order that, subject to a number of prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed riskless principal activities are so closely related to banking as to be a proper incident thereto within

18. Protestant has objected to U.S. Trust's request for certain approvals from the Board relating to its reorganization, including requests to reduce its capital stock; to effect a material change in its business under Regulation H (12 C.F.R. 208 *et seq.*); and to allow New USTNY to pay dividends in the future out of net profits generated after the reorganization and exclusive of charges associated with the reorganization. Protestant has provided no material evidence to support its objections. Based on all the facts of record, including reports of examinations, financial information provided by U.S. Trust and the overall nature of the proposed reorganization, the Board has determined that U.S. Trust's requests should be approved, provided that the Reserve Bank may restrict the payment of dividends by New USTNY during the first three years after consummation of the reorganization.

19. Protestant contends that the recent removal of USTNY as the co-executor of the Doris Duke estate by a Manhattan Surrogate Court judge warrants delay or denial of this proposal. Protestant also maintains that USTNY breached its fiduciary duty and engaged in unsafe and unsound practices with respect to the Doris Duke estate. Protestant argues that these matters reflect so adversely on the management of USTNY as to warrant denial of this proposal. The Board notes that this matter is based on determinations of state law and that review of the matter is pending before the Supreme Court of the State of New York. The Board also notes that the proposal under consideration involves a sale of non-core businesses by U.S. Trust and a reorganization of existing operations of U.S. Trust that should permit management of U.S. Trust to focus on its core businesses, which includes providing trust related services. Based on all the facts, including a review of the Surrogate Court's opinion, USTNY's policies and procedures, USTNY's managerial resources, management's record of performance, relevant reports of examination, and other supervisory information, the Board concludes that the managerial resources of Applicants are consistent with approval of this proposal and that delay of Board action on the reorganization represented by this proposal until the matter is resolved by the courts is not warranted. The Board has sufficient supervisory authority to address, as appropriate, any issues under the federal banking laws that may be raised by final adjudication of this matter.

20. Protestant has requested denial of these applications and notices based on several supervisory matters including the financial condition of one of U.S. Trust's bank subsidiaries and allegations of violation of section 23A of the Federal Reserve Act (12 U.S.C. § 371c). The Board has carefully considered these comments in light of the facts of record, including confidential reports of examination, supervisory information, and financial information, and the Board concludes that these comments do not warrant denial of the applications and notices.

The Board also has considered Protestant's contention that operation by U.S. Trust of U.S. Trust Company of Wyoming, Cody, Wyoming ("USTWY"), and Mutual Funds Service Company, Boston, Massachusetts ("MF Service"), required prior Board approval and violated the BHC Act and the Glass–Steagall Act. As part of the proposed reorganization, U.S. Trust is divesting all ownership and control of USTWY and MF Service. The Board has considered Protestant's comments, U.S. Trust's responses, the length of time these activities were conducted, and the proposed divestiture of USTWY and MF Service. Based on all the facts of record, the Board has determined that these allegations do not warrant denial of the applications and notices.

21. Protestant contends that the proxy materials ("Statement") provided to U.S. Trust shareholders in connection with the March 1995 vote to approve the proposed acquisition of U.S. Trust by Chase materially misled these shareholders about their rights as Chase shareholders to call a special meeting, because Chase's board of directors later eliminated this right by amending the Chase by-laws in May 1995. The Statement specifically stated, however, that the board of directors of Chase has authority to alter, amend or repeal the by-laws of Chase, and this by-law repeal does not appear to have violated any applicable covenant of Chase contained in the Agreement and Plan of Merger between U.S. Trust and Chase. Moreover, the Board notes that the Securities and Exchange Commission has the necessary regulatory authority under its rules, including Rule 14a-9 implementing Section 14 of the Securities Exchange Act of 1934, to investigate and redress any materially false or misleading statement contained in the Statement.

22. *See* 12 C.F.R. 225.25(b)(3), (b)(4), (b)(6), (b)(9), and (b)(15).

the meaning of section 4(c)(8) of the BHC Act.[23] Moreover, the Board has previously approved applications by U.S. Trust to engage in all the proposed activities. New Holdings has committed that it will conduct these activities in accordance with the Board's regulations and orders approving these activities for bank holding companies.

In order to approve these applications and notices, the Board also must determine that the performance of the proposed activities by U.S. Trust's nonbanking subsidiaries "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). This reorganization has been structured to facilitate the sale of the securities processing business of U.S. Trust to Chase. This divestiture will give U.S. Trust the opportunity to focus on its private banking, asset and investment management, corporate trust and agency and special fiduciary services businesses, and thereby provide services more economically and efficiently. The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. 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.

Request for a Hearing

Protestant has requested that the Board hold a public meeting or hearing on these applications to clarify factual disputes.[24] Protestant also believes that testimony is needed to present certain facts as part of the record.[25] Section 3(b) of the BHC Act does not require the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. No supervisory agency has recommended denial of the proposal.

Generally, under its rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, all interested parties have had ample opportunity to submit their views, and substantial written submissions have been received. Protestant's request fails to demonstrate why its substantial written submissions do not adequately present its allegations or why a public hearing or meeting is otherwise warranted.[26] Moreover, after a careful review of all the facts of record, the Board concludes that Protestant's request disputes the weight that should be accorded to, and the conclusions that may be drawn from, the existing facts of record, or disputes facts that are not material to the Board's decision. 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 these applications, or otherwise warranted in this case. Accordingly, Protestant's request for a public hearing or meeting on these applications is denied.

Conclusion

Based on the foregoing, including the commitments made to the Board by Applicants in connection with these applications and notices, and in light of all the facts of record, the Board has determined that these applications and notices should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by Applicants with all commitments made in connection with these applications and notices as well as the conditions discussed in this order and in the above-referenced orders.

The Board's determinations as to the nonbanking activities to be conducted by New Holdings are subject to all the conditions in the Board's Regulation Y, including those in sections 225.7 and 225.23(b)(3) (12 C.F.R. 225.7 and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities

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23. *See Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989); *J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990).

24. Protestant argues that factual disputes exist on several matters, including the percentage of mortgages made to U.S. Trust's existing customers, the size and relevance of projects included in USTNY's CRA program, and the role of USTNY's delineated community in determining which projects are eligible for the bank's CRA-related investments.

25. For example, Protestant contends that testimony is necessary to show how USTNY excludes low- and moderate-income and racial groups from the bank's marketing plan, to present evidence concerning particular projects and programs that are part of USTNY's CRA activities, to elicit evidence from U.S. Trust staff on how U.S. Trust markets and processes mortgage applications, and to challenge USTNY's representation that almost all its mortgage applications are received by telephone.

26. Protestant's request does not identify the evidence it would present to clarify factual issues or explain why written presentations are insufficient. The Board's Rules require that a hearing request must "include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing." 12 C.F.R. 262.3(e).

of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

The acquisition of U.S. Trust's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and the nonbanking transactions shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

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

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

WILLIAM W. WILES
Secretary of the Board

Appendix A

U.S. Trust Corporation ("U.S. Trust"), United States Trust Company of New York ("USTNY"), New USTC Holdings Corporation ("New Holdings"), and New U.S. Trust Company of New York ("New USTNY"), all of New York, New York, have filed the following applications to effect the internal reorganization:

(1) New Holdings to become a bank holding company by acquiring New USTNY; U.S. Trust Company of Texas, N.A., Dallas, Texas; U.S. Trust Company of California, N.A., Los Angeles, California; and USTLPO Corporation, Wilmington, Delaware, pursuant to section 3(a)(1) of the BHC Act;[1]
(2) USTNY to become a bank holding company, for a moment in time, by acquiring New USTNY, pursuant to section 3(a)(1) of the BHC Act;
(3) U.S. Trust to acquire New USTNY, for a moment in time, pursuant to section 3(a)(3) of the BHC Act;
(4) New USTNY to merge with USTNY, pursuant to section 18(c) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(c);
(5) New USTNY to establish branches at each of the locations where USTNY now operates a branch,[2] pursuant to sections 9 and 25 of the Federal Reserve Act, 12 U.S.C. §§ 321 and 601; and
(6) New USTNY to become a member of the Federal Reserve System, pursuant to section 9 of the Federal Reserve Act, 12 U.S.C. §§ 321-328 and invest in bank premises in excess of its capital stock account.

Appendix B

New Holdings has filed notices under section 4 of the BHC Act to acquire the following nonbanking subsidiaries of U.S. Trust:

(1) U.S. Trust Company of Connecticut, Stamford, Connecticut, and thereby perform trust company functions and engage in investment advisory activities, pursuant to sections 225.25(b)(3) and (b)(4) of the Board's Regulation Y (12 C.F.R. 225.25(b)(3) and (b)(4));
(2) U.S. Trust Company of Florida Savings Bank, Palm Beach, Florida, and thereby perform trust company functions, engage in investment advisory activities, engage in community development activities, and operate a savings association, pursuant to sections 225.25(b)(3), (b)(4), (b)(6) and (b)(9) of Regulation Y (12 C.F.R. 225.25(b)(3), (b)(4), (b)(6) and (b)(9));
(3) U.S. Trust Company of New Jersey, and its wholly owned subsidiary, UST Securities Corporation, both of Princeton, New Jersey, and thereby provide discount and full-service securities brokerage services, pursuant to sections 225.25(b)(4) and (b)(15) of Regulation Y (12 C.F.R. 225.25(b)(4) and (b)(15)), and purchasing and selling all types of securities on the order of investors as a "riskless principal" on the order of customers, pursuant to previous Board orders;
(4) CTMC Holding Company, and its wholly owned subsidiaries, U.S. Trust Company of the Pacific Northwest, and CTC Consulting, Inc., all of Portland, Oregon, and thereby perform trust company functions and engage in investment advisory activities, pursuant to sections 225.25(b)(3) and (b)(4) of Regulation Y (12 C.F.R. 225.25(b)(3) and (b)(4));
(5) Campbell, Cowperthwait & Company, New York, New York, and thereby engage in investment advisory activities, pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4)); and

1. In connection with the application under section 3 of the BHC Act, USTNY will transfer ownership of its Edge Act subsidiary to New USTNY.

2. USTNY will close its branch at 20 Exchange Place, New York, New York, before the merger. The remaining branches would be located as follows:
(1) 11 West 54th Street, New York, New York;
(2) 100 Park Avenue, New York, New York;
(3) 111 Broadway, New York, New York; and
(4) Cayman Islands.

(6) UST Financial Services Corporation, New York, New York, currently inactive.

ORDERS ISSUED UNDER BANK MERGER ACT

Westamerica Bank
San Rafael, California

Order Approving the Merger of Banks and Establishment of a Bank Branch

Westamerica Bank, San Rafael, California ("Westamerica"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire certain assets and assume certain liabilities of the Point Arena, California, branch ("Branch") of Bank of America, NT & SA, San Francisco, California ("Bank of America"). Westamerica also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish a branch at 200 Main Street, Point Arena, the current location of Branch.

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

Westamerica is a subsidiary of Westamerica Bancorporation, San Rafael, California, which is the 12th largest commercial banking organization in California, controlling approximately $1.8 billion in deposits, representing less than 1 percent of total deposits in commercial banks in the state.[1] Bank of America, a subsidiary of BankAmerica Corporation, San Francisco, California, is the largest commercial banking organization in California, controlling deposits of $77.6 billion, representing approximately 35.1 percent of total deposits in commercial banks in the state. Branch controls deposits of $13.6 million, representing less than 1 percent of Bank of America's deposits in the state. Upon consummation of the proposed transaction, Westamerica Bancorporation would remain the 12th largest commercial banking organization in California.

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

Competitive Considerations

A. Definition of Relevant Banking Market

Under the Bank Merger Act, the Board may not approve a proposal that would result in a monopoly or substantially lessen competition in any relevant market, unless the Board finds that "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." 12 U.S.C. § 1828(c)(5). In evaluating the competitive factors in this case, the Board has carefully considered the comments submitted by three individuals and the Board of Supervisors of Mendocino County, California ("Protestants"), who maintain that the proposed acquisition would substantially lessen competition for banking services, because it would result in Westamerica operating the only branch in Point Arena. Protestants also contend that Point Arena residents would have no alternative for banking services because Westamerica currently operates the only branch in the neighboring town of Gualala, California, which is approximately 15 miles south of Point Arena.

The Board and the courts have found that the relevant banking market for analyzing the competitive effects of a proposal must reflect commercial and banking realities and must consist of the local area where local customers can practicably turn for alternatives.[2] The Board has considered all the facts in this case, including information provided by Westamerica, Protestants' comments, and an on-site review conducted by the Federal Reserve Bank of San Francisco ("Reserve Bank"). Based on all the facts of record, the Board concludes that the relevant geographic market in which to evaluate the competitive effects of this proposal is defined as the southern coastal region of Mendocino County, California, which includes the towns of Point Arena, Gualala, Mendocino, and Fort Bragg (the "Mendocino Coast banking market"). Point Arena and Gualala are small towns located on the Pacific coast in the southern portion of Mendocino County.[3] Residents in the area are principally employed in the construction and agricultural sectors of the economy and employment in manufacturing is significantly lower than in the rest of California.[4] The largest town in the coastal region of Mendocino County is Fort Bragg, which has a

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

3. Point Arena has a population of 400 and Gualala has a population of 1500.

4. Data from the 1990 U.S. Census indicate that manufacturing accounts for approximately 4.5 percent of total employment in the area compared to approximately 16.8 percent of total employment for the state.

population of 6000, and is 42 miles north of Point Arena. Point Arena and Gualala are connected to Fort Bragg by Highway 1, a well maintained two-lane state highway that runs along the California coast of the Pacific Ocean.[5] The estimated travel time between Point Arena and Fort Bragg is less than an hour.[6]

Fort Bragg is the primary commercial center in the southern coastal area and has substantial economic and social links to Point Arena and Gualala. For example, Fort Bragg has many retail stores, including the only chain department store, that are a primary source of products and services for residents in this area.[7] Businesses in Fort Bragg advertise toll-free telephone numbers that may be used by residents in Point Arena and Gualala.[8] Fort Bragg also is the only coastal town in Mendocino County with a hospital and critical care facility.

Numerous departments of the county and state governments are also located in Fort Bragg, including the Mendocino County District Attorney, building inspection office, food stamp office, Public Health Department, Child Health Services, Housing Authority, and Social Services Department. The California Department of Motor Vehicles, and Employment Development Department also maintain offices in Fort Bragg. There are no offices for these county and state services in any other towns in Mendocino County, except Ukiah, which is the county seat.[9]

Financial institutions in Fort Bragg and the surrounding area compete for the banking business in Point Arena and Gualala. The Fort Bragg Advocate-News, a weekly newspaper with a circulation of approximately 5200 that is distributed throughout the Mendocino Coast banking market, regularly carries advertisements for financial institutions located in Fort Bragg and Mendocino.[10] Account data provided by Westamerica indicate that Fort Bragg banks have noncommercial deposit relationships with residents of the census tract that includes Point Arena and Gualala, and that Gualala customers have account and lending relationships with institutions located outside of Gualala and Point Arena.

After review of the data described above and other facts of record in this case, including comments from the Protestants, the Board concludes that the record indicates that customers in Point Arena reasonably can turn to providers of banking services throughout the Mendocino Coast banking market. Based on all the facts of record, the Board finds that the relevant geographic market in this case is the Mendocino Coast banking market.

B. Effects in the Relevant Banking Market

Westamerica is the fourth largest of the five depository institutions that operate in the Mendocino Coast banking market, controlling deposits of $26.3 million, representing 10.7 percent of the total deposits in depository institutions in the market ("market deposits").[11] Bank of America is the second largest depository institution in the market, controlling deposits of $54.6 million, representing 22.2 percent of market deposits. Upon consummation of this proposal, Westamerica would become the third largest depository institution in the market, controlling $39.5 million in deposits, representing 16 percent of market deposits, and Bank of America would control $41.4 million in deposits, representing 16.8 percent of market deposits. Five depository institutions, including a branch of Bank of America, would continue to operate in the market, and the concentration in the market as measured by the Herfindahl–Hirschman Index ("HHI") for the market would decrease.[12] Reports on the competitive

5. Mendocino, a small town with a population of 1000, is located between Fort Bragg and Point Arena on Highway 1.

6. The Reserve Bank's on-site review found moderate traffic traveling in both directions between Point Arena and Fort Bragg on a normal weekday.

7. Fort Bragg has a 10-block downtown shopping area, a 20-store shopping center, and an 18-store boutique shopping mall. Fort Bragg also offers the only major supermarket and pharmacies in the southern coastal region of Mendocino County.

8. The Reserve Bank's review noted that one advertisement specifies that the toll-free telephone number is for the use of its customers located in the southern portion of Mendocino County.

9. Ukiah, California, with a population of 14,600, is the only town in Mendocino County with a larger population than Fort Bragg. It is in the central region of Mendocino County, approximately 40 miles from Point Arena and is separated from the southern coastal region by a small mountain range. Travel between Point Arena and Ukiah is difficult because of road conditions, and the estimated travel time is approximately two hours.

10. The Reserve Bank's on-site review indicated that all financial institutions in Fort Bragg regularly place advertisements in the Fort Bragg Advocate-News. Bank of America, Westamerica, Savings Bank of Mendocino County and American Savings Bank have branch offices in Fort Bragg. Savings Bank of Mendocino County also has a branch in Mendocino, which is ten miles south of Fort Bragg.

11. Deposit and market data for the Mendocino Coast banking market are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included on a 50-percent weighted basis. 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., Comerica Inc.*, 81 *Federal Reserve Bulletin* 476 (1995); *First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

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 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

effects of this proposal were sought from the Attorney General, the OCC, and the FDIC. The Department of Justice has concluded that consummation of the proposal would not have any significantly adverse competitive effects, and none of these agencies have objected to consummation of this proposal.

In light of all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of this proposal is not likely to result in any significantly adverse effect on competition in the Mendocino Coast banking market or any other relevant market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Westamerica, and the factors the Board is required to consider under the Bank Merger Act and the Federal Reserve Act are consistent with approval of these applications. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.[13]

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved.[14] The Board's approval of this proposal is conditioned on compliance by Westamerica with the commitments made in connection with these applications. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition by Westamerica may not be consummated before the fifteenth calendar day following the effective date of this order, and this proposal may not be consummated later than three months after the effective date of this order, unless such period is extended by the Board or by the Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 31, 1995.

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

WILLIAM W. WILES
Secretary of Board

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. Upon consummation of this proposal, the HHI for the market would decrease by 66 points and the post-merger HHI would be 2691.

13. The Board has carefully considered comments from Protestants that consummation of the proposal may result in changes in the Branch's lending policies, which could have a negative effect on business development in Point Arena, and may result in the eventual closure of the Branch. Westamerica has indicated that Branch will focus on developing deposit and lending relationships with commercial customers in the Point Arena area, and that Westamerica does not intend to close Branch. The Board also notes that all of Westamerica's subsidiary banks that have been examined for performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") received a "satisfactory" rating from their primary supervisor in their most recent CRA performance examinations. In light of all the facts of record, the Board concludes that these comments do not warrant denial of this proposal.

14. One Protestant has requested that the Board extend the public comment period and hold a public meeting or hearing on these applications. The Board is not required to hold a public meeting or hearing on these applications under the Bank Merger Act or the Federal Reserve Act. Under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered Protestants' requests, and all written comments submitted by Protestants. In the Board's view, interested parties have had ample opportunity to submit comments, including the opportunity to supplement their comments after the close of the comment period, and they have submitted written comments that have been considered by the Board. In light of the foregoing and all the facts of record, the Board has determined that an adequate period has been provided for public comment and that a public meeting or hearing is not necessary to clarify the factual record on these applications, or otherwise warranted in this case. Accordingly, the requests to extend the comment period and hold a public meeting or hearing on these applications are hereby denied.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

The Hongkong and Shanghai Banking Corporation, Limited
Hong Kong

Order Approving Establishment of a Representative Office

The Hongkong and Shanghai Banking Corporation, Limited ("Bank"), Hong Kong, 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 Dallas, Texas. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Dallas, Texas (*Dallas Morning News*, May 15, 1995). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately $139.4 billion as of December 31, 1994, is the largest bank in Hong Kong. Bank engages in a broad range of retail and commercial banking activities and related financial services through a network of branches in Hong Kong. In addition, Bank has six principal subsidiaries, including four in Hong Kong, that are engaged in banking, insurance, merchant banking, and finance. Bank also operates a banking subsidiary in Australia and a finance subsidiary in Singapore. Together with its subsidiaries, Bank operates 535 offices in 19 countries in Asia, and 40 offices in nine other countries.

Bank operates in the United States directly and through its subsidiary, Hang Seng Bank, Limited ("Hang Seng"), Hong Kong. Bank operates branches in New York, New York; Los Angeles and San Francisco, California; Chicago, Illinois; Seattle, Washington; and Portland, Oregon; agencies in Guam and Houston, Texas; and representative offices in Alhambra and Newport Beach, California. Hang Seng operates two federally licensed branches in New York, New York; and a federally licensed limited branch in San Francisco, California.

Bank is wholly owned indirectly by HSBC Holdings plc ("Holdings"), London, England, a holding company that engages through its subsidiaries in financial activities in over 3,000 offices in 65 countries.[1] Holdings also directly owns all the outstanding voting shares of Midland Bank plc ("Midland Bank"), London, the fourth largest bank in England. In addition to Bank's operations in the United States, Holdings engages in commercial banking activities in the United States through Midland Bank's branch in New York, New York, and through Marine Midland Banks, Inc., a holding company in Buffalo, New York, and its subsidiary, Marine Midland Bank, Buffalo, New York. Holdings also engages in a variety of nonbanking activities in the United States through various subsidiaries engaged in investment banking, securities activities, asset management, finance, and capital markets activities.

The proposed representative office would engage in traditional representative functions, including acting as a liaison in the Dallas-Fort Worth, Texas, area between Bank and its clients in the area engaged in international trade, market research, new business development, and preparing loan applications. The proposed representative office will not accept any deposits, make any loans, make any business decision 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 engages directly in the business of banking outside of the United States and has furnished 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). The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

The Board has stated previously that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office because representative offices do not engage in a banking business and cannot take deposits or make loans.[2] In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to the following considerations. With respect to supervision by home country authorities, a foreign bank that proposes to establish a representative office must be subject to a significant degree of supervision by its home country supervisor.[3] A foreign bank's financial and managerial resources will be reviewed to determine whether its financial condition and performance demonstrate that it is capable of complying with applicable laws and has an operating record that would be consistent with the establishment of a representative office of the United States. Finally, all foreign banks, whether operating through branches, agencies or representative offices, will be required to provide adequate assurances of access to information on the operations of the bank and its affiliates necessary to determine compliance with U.S. laws.

The Monetary Authority, Bank's primary supervisor, is authorized by law to regulate the domestic and foreign activities of banks licensed in Hong Kong. The duties of the Monetary Authority include licensing banks, enforcing the provisions of Hong Kong's banking laws, and conducting examinations of banks and their foreign offices. In executing its responsibilities, the Monetary Authority normally conducts annual examinations of Bank, receives frequent and comprehensive financial reports from Bank on a worldwide consolidated basis, and holds

1. Holdings owns Bank through a wholly owned subsidiary, HSBC Holdings BV, a Netherlands holding company.

2. *See* 58 *Federal Register* 6348, 6351 (1993).

3. *Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).

periodic discussions with Bank's senior management and external auditor. In addition, Bank is required to report affiliate-related transactions to the Monetary Authority quarterly.[4]

The Board has previously determined, in connection with an application involving another Hong Kong bank, that the bank was subject to home country supervision on a consolidated basis.[5] In this case, Bank is supervised by the Monetary Authority on essentially the same terms and conditions as the other Hong Kong bank. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.

The Board also notes that Bank engages directly in the business of banking outside of the United States through its extensive banking operations in Asia and elsewhere. Bank has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. 12 U.S.C. § 3105(d)(3),(4); 12 C.F.R. 211.24(c)(2). The Board notes that the Monetary Authority has approved the request by Bank to establish the proposed representative office.

The Board 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 has also established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Finally, with respect to access to information on Bank's operations, the Board has reviewed the restrictions on disclosure in certain jurisdictions where Bank and Holdings have material operations and has communicated with the relevant government authorities regarding access to information. Bank and its ultimate parent have each committed that they will 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 to the Board is prohibited or impeded by law, Bank and its ultimate parent have committed to cooperate with the Board in obtaining any necessary consents or waivers that might be required from third parties in connection with the disclosure of certain information. In addition, subject to certain conditions, the Monetary Authority may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the conditions described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its ultimate parent, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank and its ultimate parent with the commitments made in connection with this application, and with the conditions of this order.[6] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective July 20, 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

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4. Holdings has also provided information to the Board that it is supervised as a holding company by the Bank of England. Holdings has stated that the Bank of England monitors the operations of Holdings on a worldwide basis, including Holdings's consolidated capital adequacy and exposures between Holdings and its subsidiaries and between the subsidiaries.

5. *Dah Sing Bank, Limited*, 80 *Federal Reserve Bulletin* 182 (1994).

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

Liu Chong Hing Bank Limited Hong Kong

Order Approving Establishment of a Branch

Liu Chong Hing Bank Limited ("Bank"), Hong Kong, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in San Francisco, California.[1] A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation (*San Francisco Chronicle*, September 6, 1993). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately $2.5 billion as of December 31, 1994, is the 21st largest bank in Hong Kong. Bank's ultimate parent is Liu's Holdings Limited ("Holdings"), Hong Kong, a holding company in Hong Kong.[2] Bank operates approximately 30 branches throughout Hong Kong and a branch and a representative office in the People's Republic of China, as well as ten wholly owned subsidiaries in Hong Kong and elsewhere. The activities of Bank's subsidiaries include property management, deposit-taking, nominee services, electronic data processing, banking, merchant banking, stock brokerage, investments, and property investment. The activities of Bank's San Francisco agency include commercial and mortgage lending and negotiating U.S. dollar letters of credit issued by the head office.

Bank proposes to convert its existing San Francisco agency to a branch to expand its deposit base. It also would expand its lending activities in such areas as trade finance, accounts receivable and inventory financing, and commercial and real estate lending. Other services to be offered by the branch include remittances, foreign exchange, and gold coin trading. Neither Bank nor its parent companies engage in nonbanking activities in the United States, and Bank and its parent companies would continue to be qualifying foreign banking organizations within the meaning of Regulation K after Bank establishes the proposed branch (12 C.F.R. 211.23(b)).

Bank has received approvals to convert its agency to a branch from the Hong Kong Monetary Authority (the "Monetary Authority") and the California State Banking Department.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to adequately assess the application. The Board must also determine that the foreign bank applicant is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors. (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1).) The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

Bank engages directly in the business of banking outside of the United States through its banking operations in Hong Kong and the People's Republic of China. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R 211.24(c)(1)).[3] In making its determina-

1. By this application, Bank proposes to convert its existing state licensed agency to a branch.

2. Holdings, which is controlled by members of the Liu family in Hong Kong, indirectly controls 50.6 percent of Bank's outstanding shares through its subsidiaries, Liu Chong Hing Investment Limited and Liu Chong Estate Company Limited, both of Hong Kong. Liu family members also directly hold 8.3 percent of Bank's shares. The Mitsubishi Bank, Limited ("Mitsubishi"), Tokyo, Japan, owns 11.3 percent of Bank's shares and the remaining 29.8 percent is widely held.

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

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

(ii) Obtains information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

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

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

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

tion under this standard, the Board has considered the following information.

The Monetary Authority, Bank's primary supervisor, is authorized by law to regulate the domestic and foreign activities of banks licensed in Hong Kong. The duties of the Monetary Authority include licensing banks, enforcing the provisions of Hong Kong's banking laws, and conducting examinations of banks and their foreign offices. In executing its responsibilities, the Monetary Authority normally conducts annual examinations of Bank, receives frequent and comprehensive financial reports from Bank on a worldwide consolidated basis, and holds periodic discussions with Bank's senior management and external auditor. In addition, Bank is required to report affiliate-related transactions to the Monetary Authority quarterly.

The Board has previously determined, in connection with an application involving another Hong Kong bank, that the bank was subject to home country supervision on a consolidated basis.[4] In this case, Bank is supervised by the Monetary Authority on essentially the same terms and conditions as the other Hong Kong bank.[5] Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.

The Board must also take into account the additional standards set forth in section 7 of the IBA. (*See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2).) Bank has provided the Board with the information necessary to assess the application through submissions that address the relevant issues. As noted above, Bank has received the consent of its home country authorities to establish the proposed state licensed branch. In addition, subject to certain conditions, the Monetary Authority may share information on Bank's operations with other supervisors, including the Board.

Bank must comply with Hong Kong capital standards. Hong Kong has voluntarily subscribed to the Basle Capital Accord ("Accord"). Bank's capital exceeds the minimum standards of the Accord and is equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for the proposed branch in order to ensure compliance with U.S. law.

Finally, with respect to access to information on Bank's operations, the Board has reviewed the relevant provisions of law in Hong Kong and has communicated with appropriate government authorities regarding access to information. Bank and its ultimate parent have each committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank and its ultimate parent have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain conditions, the Monetary Authority may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its ultimate parent, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S operations or the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance with the commitments made by Bank and its ultimate parent in connection with this application, and with the conditions of this order.[6] 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

4. *Dah Sing Bank*, 80 *Federal Reserve Bulletin* 182 (1994).

5. As noted above, Bank operates several foreign offices and subsidiaries. Bank states that the books and records of its foreign subsidiaries are maintained at its head office in Hong Kong. Consequently, the operations of these companies are subject to review by the Monetary Authority during its regular on-site examinations of Bank's Hong Kong operations, as well as to review under Bank's own internal monitoring procedures. The Monetary Authority also reviews the results of Bank's internal audits. Finally, Bank's external auditors evaluate Bank's internal controls during their reviews and report any identified weaknesses to the Monetary Authority.

6. The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the California State 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 California, and its agent, the California State Banking Department, to license the proposed branch of Bank in accordance with any terms or conditions that the California State Banking Department may impose.

12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its office and its affiliates.

By order of the Board of Governors, effective July 20, 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

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

By the Board

The Provident Bank
Cincinnati, Ohio

Order Approving the Merger of a Savings Bank

The Provident Bank ("Provident"), a state member bank, has 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") to acquire by merger Heritage Savings Bank ("Heritage"), both of Cincinnati, Ohio.[1] Provident and Heritage are wholly owned subsidiaries of Provident Bancorp, Inc., Cincinnati, Ohio ("Bancorp"), and this proposal represents a corporate reorganization of Bancorp.

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

1. Prior to the proposed merger, Heritage will transfer its deposit liabilities in connection with the sale of its main office and branch facilities to a third party. However, Heritage will remain a member of the Savings Association Insurance Fund ("SAIF"), and the merger of a member of SAIF with a member of the Bank Insurance Fund requires prior Board approval under section 5(d)(3) of the FDI Act. In considering such mergers, Section 5(d)(3) requires the Board to follow the procedures and consider the factors set forth in the Bank Merger Act.

Provident is the eighth largest commercial bank in Ohio, controlling deposits of $3.8 billion, representing approximately 4 percent of total deposits in commercial banks in the state.[2] Based on all the facts of record, the Board concludes that consummation of the proposed reorganization of Bancorp's current subsidiaries would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. The Board also concludes that the financial and managerial resources and future prospects of Provident are consistent with approval.

Convenience and Needs Considerations

In acting on an application under the Bank Merger Act, the Board is required to consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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 applications under the Bank Merger Act.[3]

The Board has received comments from an individual ("Protestant") alleging that Provident has generally failed to comply with the CRA and has engaged in a pattern of illegal discrimination against African-American borrowers.[4] In considering the convenience and needs factor under the Bank Merger Act, the Board

2. Deposit data are as of March 31, 1995.

3. 12 U.S.C. § 2903.

4. Protestant also alleges that Provident's foreclosure on a loan made to him to renovate his rental property for commercial use under Cincinnati's Rental Rehabilitation Program ("RRP") evidenced racial discrimination and violated fair housing laws and guidelines of the U.S. Department of Housing and Urban Development ("HUD") applicable to RRP programs. Provident maintains that foreclosure was initiated only after Protestant defaulted on his mortgage payments and was unable to provide suitable additional collateral and to correct building code violations and tax and utility payment delinquencies that caused matching HUD funds to be withheld. Investigations of Protestant's allegations by the Federal Reserve Bank of Cleveland and HUD found, respectively, no illegal discriminatory actions by Provident or improper administration by Cincinnati of RRP funds. The Board also notes that Protestant has initiated a civil action in this matter that would afford him appropriate relief if his allegations could be sustained. Based on all the facts of record, the Board does not believe that these allegations warrant denial of this proposal.

has carefully reviewed the entire record of CRA performance of Provident, the comments received, 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").[5]

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.[6] The Board notes that Provident received an "outstanding" rating from the Federal Reserve Bank of Cleveland in its most recent CRA performance examination as of October 18, 1993 ("1993 Examination"). Heritage received a "satisfactory" rating from its primary supervisor, the OTS, in its most recent CRA performance examination as of August 9, 1994.

The 1993 Examination did not find any evidence of practices intended to discourage applications for any kind of credit and indicated that Provident generally solicits credit applications from all segments of its delineated community. Examiners also indicated that Provident is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and other regulations pertaining to nondiscriminatory treatment of credit applicants.

B. Other Aspects of CRA Performance

The 1993 Examination also found a variety of programs designed to assist commercial borrowers in low- and moderate-income areas. In February 1993, Provident opened a Business Outreach Center in a predominantly minority, low- and moderate-income area of Cincinnati to serve as a loan production office and provide information and developmental assistance to small businesses. Provident has made approximately $21.9 million in small business loans since the 1993 Examination.

In addition, Provident maintains a high level of participation in development and redevelopment programs in its community by providing revolving lines of credit, equity investments, and construction, rehabilitation, and permanent financing. Since the 1993 Examination, Provident has funded or committed to fund approximately $4.6 million in community development and redevelopment projects.

Provident's ascertainment and outreach efforts include an officer calling program, contacts with local government and community development groups, homeownership counseling and small business seminars. The bank's Community Service Action Plan is revised periodically to reflect recommendations received from local community groups. Provident also offers the Key Mortgage Loan program to finance the purchase of single-family housing in low- and moderate- income areas.[7] All denied mortgage applications are subject to a second review to ensure that lending criteria are being applied equally.

C. Conclusion Regarding Convenience and Needs Considerations

The Board has carefully considered all the facts of record, including Protestant's comments, Provident's CRA record of performance, and information provided by Provident on its CRA activities, in reviewing the convenience and needs considerations in this proposal. In light of these facts, the Board believes that considerations relating to Provident's record of CRA performance, as well as all other convenience and needs considerations, are consistent with approval of this proposal.

Other Considerations

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) Bancorp and Provident 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 provision of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if Heritage were a state bank that Provident was applying to acquire.

See 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that the proposal should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Provident with all com-

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

6. *Id.* at 13,745.

7. This program offers reduced down payment requirements, below-market interest rates and flexible underwriting criteria. The 1993 Examination indicates that Provident has made approximately 650 Key Mortgage loans totalling over $35 million.

mitments made in connection with this proposal. The commitments and conditions relied on by the Board are deemed conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The merger of Provident and Heritage may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 31, 1995.

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

WILLIAM W. WILES
Secretary of the Board

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
The Bank of New York Company, Inc., New York, New York	Putnam Trust Company of Greenwich, Greenwich, Connecticut	July 26, 1995
Lisco State Company, Lisco, Nebraska	Woodstock Land & Cattle Company, Fullerton, Nebraska	July 12, 1995
Simmons First National Corporation, Pine Bluff, Arkansas	DSB Bancshares Inc., Dermott, Arkansas	July 14, 1995
Sun Banks, Inc., Orlando, Florida	Key Biscayne Bankcorp, Inc., Key Biscayne, Florida Key Biscayne Bank and Trust Company, Key Biscayne, Florida	July 21, 1995

Section 4

Applicant(s)	Bank(s)	Effective Date
The Bank of New York Company, Inc., New York, New York	Continental Trust Company, Chicago, Illinois BankAmerica Corporation, San Francisco, California	July 14, 1995
GNB Bancorporation, Grundy Center, Iowa	GNB Financial Co., Grundy Center, Iowa	July 20, 1995
SunTrust Banks, Inc., Atlanta, Georgia	To engage *de novo* in leasing personal or real property or acting as agent, broker, or adviser in leasing such property	July 28, 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
Andrews Bancshares, Inc., Andrews, Texas	Andrews Delaware Financial Corporation, Dover, Delaware The National Bank of Andrews, Andrews, Texas	Dallas	July 24, 1995
Andrews Delaware Financial Corporation, Dover, Delaware	The National Bank of Andrews, Andrews, Texas	Dallas	July 24, 1995
Associated Banc-Corp., Green Bay, Wisconsin Associated Illinois Banc-Corp, Green Bay, Wisconsin	GN Bancorp, Inc., Chicago, Illinois	Chicago	July 14, 1995
Capitol Bankshares, Inc., Madison, Wisconsin	Capitol Bank, Madison, Wisconsin	Chicago	July 25, 1995
CENIT Bancorp, Inc., Norfolk, Virginia	Princess Anne Bank, Virginia Beach, Virginia	Richmond	June 29, 1995
Central Bancompany, Inc., Jefferson City, Missouri	Pleasant Hope Bancshares, Inc., Pleasant Hope, Missouri Webster County Bank, Marshfield, Missouri	St. Louis	July 26, 1995
CSB Financial Group, Inc., Centralia, Illinois	Centralia Savings Bank, Centralia, Illinois	St. Louis	July 13, 1995
Davis Bancshares, Inc., McClusky, North Dakota	First National Bank of McClusky, McClusky, North Dakota	Minneapolis	July 11, 1995
Eastside Holding Corporation, Snellville, Georgia	The Eastside Bank & Trust Company, Snellville, Georgia	Atlanta	June 27, 1995
Fifth Third Bancorp, Cincinnati, Ohio	Bank of Naples, Naples, Florida	Cleveland	July 20, 1995
Fifth Third Trust Co. & Savings Bank, FSB, Naples, Florida	Bank of Naples, Naples, Florida	Cleveland	July 20, 1995
First Bankshares, Inc., Longwood, Florida	First National Bank of Central Florida, Longwood, Florida	Atlanta	June 27, 1995
First Citizens Bancorporation of South Carolina, Inc., Columbia, South Carolina	SNB Financial Corporation, Summerville, South Carolina	Richmond	July 27, 1995
First Dakota Financial Corporation Employee Stock Ownership Plan, Yankton, South Dakota	First Dakota Financial Corporation, Yankton, South Dakota	Minneapolis	July 5, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First National Corporation, Folkston, Georgia	First National Bank, Folkston, Georgia	Atlanta	July 14, 1995
First Peoples Bankshares, Inc., Pine Mountain, Georgia	First Peoples Bank, Pine Mountain, Georgia	Atlanta	July 5, 1995
First Southern Holding Bancorp, Inc., Boca Raton, Florida	First Southern Bank, Boca Raton, Florida	Atlanta	July 7, 1995
First Sterling Bancshares, Inc., Auburndale, Florida	Commerce Bank Corporation, Winter Haven, Florida	Atlanta	July 21, 1995
Foursquare Cornerstone, Inc., Brookfield, Wisconsin	Cornerstone Bank, Brookfield, Wisconsin	Chicago	July 20, 1995
General Bancshares, Inc., Little Rock, Arkansas	Sparkman Bancshares, Inc., Sparkman, Arkansas	St.. Louis	July 7, 1995
Heartland Financial USA, Inc., Dubuque, Iowa	Riverside Community Bank, Rockford, Illinois	Chicago	July 14, 1995
InterWest Bancorp, Inc., Oak Harbor, Washington	InterWest Savings Bank, Oak Harbor, Washington	San Francisco	June 27, 1995
Keene Bancorp, Inc., 401(k) Employee Stock Ownership Plan and Trust, Keene, Texas	Keene Bancorp, Inc., Keene, Texas Itasca State Bank, Itasca, Texas First State Bank, Keene, Texas	Dallas	June 27, 1995
Mason-Dixon Bancshares, Inc., Westminster, Maryland	Bank Maryland Corp, Towson, Maryland	Richmond	June 30, 1995
Moundville Bancshares, Inc., Moundville, Alabama	Bank of Moundville, Moundville, Alabama	Atlanta	June 23, 1995
Northern Plains Investment, Inc., Jamestown, North Dakota	Stutsman County State Bank, Jamestown, North Dakota	Minneapolis	July 26, 1995
Norwest Corporation, Minneapolis, Minnesota	Alice Bancshares, Inc., Alice, Texas	Minneapolis	July 26, 1995
Omega Financial Corporation, State College, Pennsylvania	Montour Bank, Danville, Pennsylvania	Philadelphia	June 26, 1995
Pony Express Bancorp, Inc., Elwood, Kansas	Farmers State Bank, Lucas, Kansas	Kansas City	July 20, 1995
SNB Bancshares, Inc., Houston, Texas	SNB Corporation, Wilmington, Delaware Southern National Bank of Texas, Houston, Texas	Dallas	July 11, 1995
SNB Corporation, Wilmington, Delaware	Southern National Bank of Texas, Houston, Texas	Dallas	July 11, 1995
Southern Bancshares, Inc., Houston, Texas	First State Bank Brazoria, Brazoria, Texas	Dallas	June 30, 1995
Southwestern Bancshares, Inc., Glen Rose, Texas	Southwestern Delaware Financial Corporation, Dover, Delaware	Dallas	July 18, 1995
Southwestern Delaware Financial Corporation, Dover, Delaware	First National Bank, Glen Rose, Texas	Dallas	July 18, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Trenton Bankshares, Inc., Trenton, Texas	First National Bank of Trenton, Trenton, Texas	Dallas	July 13, 1995
Victoria Bankshares, Inc., Victoria, Texas	Cattlemen's Financial Services, Inc., Austin, Texas	Dallas	July 5, 1995
Victoria Financial Services, Inc., Wilmington, Delaware	Cattlemen's State Bank, Austin, Texas	Dallas	July 5, 1995
Watford City Bancshares, Inc., Watford City, North Dakota	First International Bank & Trust, Scottsdale, Arizona	Minneapolis	July 19, 1995
Whitcorp Financial Company, Leoti, Kansas	Western Bancorp, Inc., Garden City, Kansas	Kansas City	July 12, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Abess Properties, Ltd., Miami, Florida City National Bancshares, Inc., Miami, Florida	Turnberry Savings & Loan Association, North Miami Beach, Florida	Atlanta	July 20, 1995
Allied Irish Banks, p.l.c., Dublin, Ireland	AIB Investment Managers Limited, Dublin, Ireland	Richmond	July 7, 1995
Associated Banc-Corp, Green Bay, Wisconsin	Great Northern Mortgage, Rolling Meadows, Illinois	Chicago	July 3, 1995
Citizens Bancshares Corporation, Olanta, South Carolina	E Z Loan Company, Inc., Lake City, South Carolina	Richmond	July 27, 1995
Commercial Bancgroup, Inc., Harrogate, Tennessee	Tennessee Finance Company, Inc., Harrogate, Tennessee	Atlanta	July 6, 1995
Community National Corporation, Grand Forks, North Dakota	Document Processing and Imaging Corporation, Grand Forks, North Dakota	Minneapolis	July 3, 1995
Cooperatieve Centrale Raiffeisen - Boerenleenbank B.A., Rabobank Nederland, Utrecht, Netherlands	Rabo Capital Services, Inc., New York, New York	New York	July 3, 1995
Firstar Bank Illinois, Naperville, Illinois	To engage in trust activities	Chicago	June 27, 1995
First Business Bancshares, Inc., Madison, Wisconsin	First Madison Capital Corp., Madison, Wisconsin	Chicago	July 19, 1995
First Hawaiian, Inc., Honolulu, Hawaii	First Hawaiian Leasing, Inc., Honolulu, Hawaii	San Francisco	July 14, 1995
First National Corporation North Dakota, Grand Forks, North Dakota	Dakota First Insurance Company, Grand Forks, North Dakota	Minneapolis	July 26, 1995
First State Banking Corporation, Alcester, South Dakota	To engage *de novo* in providing data processing services to other financial institutions	Minneapolis	July 26, 1995

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Intervest Bancshares Corporation, New York, New York	To engage *de novo* in making, acquiring, participating in and/or servicing loans secured by mortgages on real estate	Atlanta	July 17, 1995
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Mutual Services, Inc., Braintree, Massachusetts	Chicago	July 3, 1995
Mountain Bancshares, Inc., Yellville, Arkansas	Financial Institution Service, Inc., Green Forest, Arkansas	St. Louis	June 29, 1995
National Commerce Bancorporation, Memphis, Tennessee	Transplatinum Service Corp., Nashville, Tennessee	St. Louis	July 14, 1995
Norwest Corporation, Minneapolis, Minnesota	Valley-Hi National Bank, San Antonio, Texas	Minneapolis	July 14, 1995
Regions Financial Corporation, Birmingham, Alabama	Interstate Billing Service, Inc., Decatur, Alabama	Atlanta	July 14, 1995
Summit Financial Corporation, Greenville, South Carolina	Courtesy Management Corporation, DBA Courtesy Finance, St. George, South Carolina	Richmond	July 19, 1995
Swiss Bank Corporation, Basle, Switzerland	Government Pricing Information System, Inc., New York, New York	New York	June 30, 1995
Wisconsin Bank Services, Inc., Black River Falls, Wisconsin	To make and service loans	Chicago	July 21, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Lexington Holding, Inc., Waltham, Massachusetts	Lexington Savings Bank, Lexington, Massachusetts	Boston	June 28, 1995
Affiliated Community Bancorp, Inc., Waltham, Massachusetts	Main Street Community Bancorp, Inc., Waltham, Massachusetts The Federal Savings Bank, Waltham, Massachusetts		

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 Naples, Naples, Florida	Fifth Third Trust Co. & Savings Bank, F.S.B., Naples, Florida	Atlanta	July 20, 1995
First Virginia Bank-Colonial, Richmond, Virginia	Citizens Federal Bank, a Federal Savings Bank, Miami, Florida	Richmond	July 20, 1995
Montour Interim Bank, Danville, Pennsylvania	Montour Bank, Danville, Pennsylvania	Philadelphia	June 26, 1995
Princess Anne Bank, Virginia Beach, Virginia	CENIT Bank, F.S.B., Norfolk, Virginia	Richmond	June 29, 1995
Sterling Bank and Trust Co., Baltimore, Maryland	First Union National Bank of Maryland, Rockville, Maryland	Richmond	June 29, 1995
Texas State Bank, McAllen, Texas	First National Bank of South Texas, San Antonio, Texas	Dallas	July 19, 1995
Westamerica Bank, San Rafael, California	Novato National Bank, Novato, California	San Francisco	June 21, 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.

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.

Board of Governors v. Scott, Misc. No. 95–127 (LFO/PJA) (D. D.C., filed April 14, 1995). Application to enforce investigatory subpoenas for documents and testimony. Oral argument took place on June 8, 1995.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. On May 1, 1995, Money Station filed a separate petition for review of the Board's March 31, 1995 denial of Money Station's request for reconsideration of the Board's March 1 order (D.C. Cir., No. 95–1243). The cases were consolidated on June 2, 1995.

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

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

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

Kuntz v. Board of Governors, No. 95-3044 (6th Cir., filed January 12, 1995). Petition for review of a Board order dated December 19, 1994, approving an application by KeyCorp, Cleveland, Ohio, to acquire BANKVERMONT Corp., Burlington, Vermont. On February 10, 1995, the Board filed its motion to dismiss.

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. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. On April 24, 1995, the court granted the Board's motion to dismiss. Plaintiffs filed a notice of appeal on May 4, 1995.

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

Final Enforcement Orders Issued by the Board of Governors

Dane D. Britton
Ellsworth, Kansas

The Federal Reserve Board announced on July 12, 1995, the issuance of an Order of Assessment of a Civil Money Penalty against Dane D. Britton, a former officer and institution-affiliated party of the Citizens State Bank and Trust Company, and Britton Bancshares, Inc., Ellsworth, Kansas.

John "Bud" Harlow, Jr.
Mission, Kansas

The Federal Reserve Board announced on July 18, 1995, the issuance of a combined Order of Prohibition and For Other Affirmative Relief against John "Bud" Harlow, Jr., an appraiser for, and institution-affiliated party of, the Midland Bank of Kansas, Mission, Kansas; the Midland Bank, Kansas City, Missouri; the College Boulevard National Bank, Overland Park, Kansas; and the Premier Bank, Lenexa, Kansas, a state member bank.

Stuart G. Urban
Cobb, Wisconsin

The Federal Reserve Board announced on July 14, 1995, the issuance of Orders of Assessment of Civil Money Penalties against Stuart G. Urban, John C. Kirkpatrick, Leslie R. Cohen, Byung Ho Chang, and Robert Armbruster, institution-affiliated parties of CSB Investors, Cobb, Wisconsin, and Iowa-Grant Bankshares, Inc., Cobb, Wisconsin, former bank holding companies.

Termination of Enforcement Actions

The Federal Reserve Board announced on July 12, 1995, the termination of the following enforcement actions:

Banca Nazionale del Lavaro
Rome, Italy, and New York, New York

Cease and Desist Order dated March 8, 1991; terminated May 22, 1995.

Citizens State Bank & Trust Co.
Ellsworth, Kansas

CSB Bancshares, Inc.
Ellsworth, Kansas

Written Agreements dated August 23, 1993; terminated May 30, 1995.

Columbus Junction State Bank
Columbus Junction, Iowa

Written Agreement dated October 29, 1992; terminated June 1, 1995.

First Prairie Bankshares, Inc.
Georgetown, Illinois

Written Agreement dated December 18, 1991; terminated June 15, 1995.

Written Agreements Approved by Federal Reserve Banks

United Bank Limited
Karachi, Pakistan

The Federal Reserve Board announced on July 17, 1995, the execution of a Written Agreement among the Federal Reserve Bank of New York, the Superintendent of Banks of the State of New York, and the United Bank Limited, Karachi, Pakistan, and its New York Branch.

Financial and Business Statistics

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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		1995		1995				
	Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May	June
Reserves of depository institutions[2]									
1 Total	-1.9	-3.3	-3.7	-8.0	-4.2	-7.5	-12.2	-4.1[r]	-8.5
2 Required	-1.9	-3.0	-4.0	-7.0	3.9	-4.5	-11.5	-6.8	-10.4
3 Nonborrowed	-3.5	-2.1	-2.4	-8.6	-2.6	-7.7	-13.0	-4.9[r]	-11.0
4 Monetary base[3]	7.5	6.9	6.4	6.2	3.6	8.6	7.8	7.2[r]	-2.7
Concepts of money, liquid assets, and debt[4]									
5 M1	2.4	-1.2	0	-.9	-1.8	.6[r]	1.9[r]	-7.1	.8
6 M2	1.0[r]	-.3	1.6	4.2	-1.5	2.5	4.1	5.1[r]	11.4
7 M3	2.2[r]	1.7	4.4	6.7	2.4	6.2[r]	6.0[r]	7.7[r]	12.0
8 L	2.3[r]	3.4	7.9	n.a.	9.5	10.1[r]	9.9	6.9	n.a.
9 Debt	4.2	5.2	5.5[r]	n.a.	7.4	5.5[r]	4.8[r]	5.4	n.a.
Nontransaction components									
10 In M2[5]	.3[r]	.0[r]	2.4	6.5	-1.4	3.2	5.2	10.7[r]	16.3
11 In M3 only[6]	8.8[r]	13.1[r]	18.9	19.5	22.8[r]	25.0[r]	15.0[r]	20.3[r]	14.5
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	-4.6	-8.5	-13.2	-7.3	-16.0	-17.8	-12.1	2.2[r]	17.9
13 Small time[7]	9.4	16.0	24.2	23.4	27.2	31.1	23.0	17.3	14.5
14 Large time[8,9]	13.4[r]	20.0[r]	14.0[r]	14.5	30.2[r]	19.6[r]	.8[r]	24.7[r]	8.3
Thrift institutions									
15 Savings, including MMDAs	-11.5	-17.6	-20.5	-14.5	-24.9	-19.4	-16.5	-7.2	-4.0
16 Small time[7]	.9[r]	10.4[r]	20.7[r]	25.4	30.5	33.3[r]	28.9	19.6	1.7
17 Large time[8]	8.3[r]	14.1[r]	23.3[r]	14.3	25.2[r]	35.2[r]	18.8[r]	-15.2[r]	6.8
Money market mutual funds									
18 General purpose and broker-dealer	5.7	7.5	7.9	17.9	-1.8	-1.8	15.7	28.2	61.0
19 Institution-only	-4.5	7.3	10.0	27.1	-38.0	57.2	24.8	11.8	66.5
Debt components[4]									
20 Federal	3.9	5.9	5.2	n.a.	10.6	7.4	.7	5.9	n.a.
21 Nonfederal	4.3	5.0	5.7[r]	n.a.	6.2	4.8[r]	6.3[r]	5.2	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						
	Apr.	May	June	May 17	May 24	May 31	June 7	June 14	June 21	June 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	411,557	411,139	413,474	410,575	410,252	411,239	411,093	411,523	417,507	411,027
U.S. government securities[2]										
2 Bought outright—System account	367,512	368,962	372,815	369,414	368,386	368,747	372,924	373,605	372,056	372,841
3 Held under repurchase agreements	4,257	2,773	2,672	1,663	3,201	3,659	796	0	6,743	449
Federal agency obligations										
4 Bought outright	3,404	3,367	3,140	3,358	3,358	3,358	3,232	3,137	3,104	3,101
5 Held under repurchase agreements	462	591	180	429	830	925	56	0	596	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	30	8	69	5	4	5	25	1	260	9
8 Seasonal credit	81	140	169	134	145	159	141	132	178	212
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	531	364	360	400	272	77	279	751	299	131
11 Other Federal Reserve assets	35,278	34,934	34,068	35,172	34,056	34,310	33,640	33,896	34,271	34,283
12 Gold stock	11,054	11,055	11,054	11,055	11,055	11,054	11,054	11,054	11,054	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	23,268	23,335	23,397	23,332	23,346	23,360	23,374	23,388	23,402	23,416
ABSORBING RESERVE FUNDS										
15 Currency in circulation	405,072	408,336	409,113	408,540	408,040	409,698	410,241	409,721	408,397	407,788
16 Treasury cash holdings	361	340	316	345	335	325	322	316	313	313
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,155	5,791	7,530	5,582	4,823	5,320	4,424	5,286	11,241	6,977
18 Foreign	198	184	209	185	196	175	221	180	218	226
19 Service-related balances and adjustments	4,107	4,226[r]	4,363	4,182	4,186	4,336[r]	4,267	4,255	4,421	4,468
20 Other	360	312	284	320	316	287	282	290	295	281
21 Other Federal Reserve liabilities and capital	13,498	12,926	12,971	12,925	12,880	12,768	12,783	13,010	13,073	12,905
22 Reserve balances with Federal Reserve Banks[3]	24,145	21,431	21,157	20,899	21,893	20,761[r]	20,999	20,925	22,023	20,557
	End-of-month figures			Wednesday figures						
	Apr.	May	June	May 17	May 24	May 31	June 7	June 14	June 21	June 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	411,541	412,804	427,848	412,011	414,353	412,804	416,414	410,861	426,352	413,205
U.S. government securities[2]										
2 Bought outright—System account	368,554	370,047	372,641	368,850	367,388	370,047	372,706	372,805	371,937	372,540
3 Held under repurchase agreements	2,750	3,531	16,324	3,880	7,214	3,531	5,571	0	15,914	3,146
Federal agency obligations										
4 Bought outright	3,388	3,358	3,096	3,358	3,358	3,358	3,172	3,104	3,104	3,096
5 Held under repurchase agreements	500	700	461	1,000	1,650	700	393	0	87	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	43	9	2	4	6	9	3	2	7	2
8 Seasonal credit	112	160	214	138	153	160	126	150	196	226
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	384	994	296	713	217	994	578	811	398	−244
11 Other Federal Reserve assets	35,809	34,005[r]	34,814	34,069	34,367	34,005[r]	33,865	33,989	34,710	34,439
12 Gold stock	11,055	11,054	11,054	11,055	11,054	11,054	11,054	11,054	11,054	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	23,304	23,360	23,430	23,332	23,346	23,360	23,374	23,388	23,402	23,416
ABSORBING RESERVE FUNDS										
15 Currency in circulation	405,285	411,104	410,414	409,144	409,324	411,104	411,000	409,970	408,713	409,587
16 Treasury cash holdings	356	322	319	336	326	322	317	313	312	319
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	8,241	4,646	20,977	5,835	4,901	4,646	5,139	5,000	13,636	7,721
18 Foreign	166	227	168	179	164	227	244	164	306	260
19 Service-related balances and adjustments	4,390	4,336[r]	4,504	4,182	4,186	4,336[r]	4,267	4,255	4,421	4,468
20 Other	339	215	242	320	328	215	271	292	280	282
21 Other Federal Reserve liabilities and capital	13,095	12,181	13,519	12,688	12,690	12,181	12,847	12,788	12,919	12,696
22 Reserve balances with Federal Reserve Banks[3]	22,045	22,204[r]	20,207	21,731	24,850	22,204[r]	24,774	20,540	28,240	20,359

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1992	1993	1994	1994	1995					
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	24,658	22,291	21,758	22,649	24,217	21,476	21,058
2 Total vault cash[3]	34,541	36,818	40,365	40,365	42,291	39,795	38,518	38,099	39,038	39,839
3 Applied vault cash[4]	31,172	33,484	36,682	36,682	38,230	35,941	34,934	34,657	35,281	35,986
4 Surplus vault cash[5]	3,370	3,334	3,683	3,683	4,061	3,855	3,584	3,442	3,757	3,853
5 Total reserves[6]	56,540	62,858	61,340	61,340	60,521	57,699	57,583	58,874	56,757	57,045
6 Required reserves	55,385	61,795	60,172	60,172	59,182	56,752	56,789	58,120	55,877	56,079
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	1,168	1,339	946	794	753	880	965
8 Total borrowings at Reserve Banks[8]	124	82	209	209	136	59	69	111	150	272
9 Seasonal borrowings	18	31	100	100	46	33	51	82	137	172
10 Extended credit[9]	1	0	0	0	4	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1995									
	Mar. 1	Mar. 15	Mar. 29	Apr. 12	Apr. 26	May 10	May 24	June 7[r]	June 21	July 5
1 Reserve balances with Reserve Banks[2]	22,710	22,316	22,869	23,412	25,542	21,994	21,406	20,875	21,478	20,548
2 Total vault cash[3]	37,924	39,318	37,773	38,433	37,481	39,261	38,711	39,373	40,146	39,724
3 Applied vault cash[4]	34,286	35,636	34,278	34,941	34,158	35,550	34,955	35,549	36,240	35,932
4 Surplus vault cash[5]	3,638	3,682	3,496	3,492	3,323	3,712	3,756	3,824	3,906	3,792
5 Total reserves[6]	56,995	57,952	57,147	58,353	59,700	57,543	56,361	56,424	57,718	56,480
6 Required reserves	56,111	57,385	56,077	57,939	58,737	56,508	55,552	55,627	56,703	55,462
7 Excess reserve balances at Reserve Banks[7]	885	566	1,070	414	963	1,035	810	798	1,015	1,018
8 Total borrowings at Reserve Banks[8]	60	59	79	76	130	148	144	165	286	336
9 Seasonal borrowings	36	44	59	61	90	124	140	150	155	214
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

Millions of dollars, averages of daily figures

Source and maturity	1995, week ending Monday								
	May 1	May 8	May 15	May 22	May 29	June 5	June 12	June 19	June 26
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	69,011	70,032	73,783	74,449	74,345	80,972	81,756	78,511	73,118
2 For all other maturities	17,801	18,272	18,673	18,903	18,242	17,062	17,723	17,936	18,342
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	19,489	22,258	20,877	25,502	22,007	22,878	23,479	20,391	24,232
4 For all other maturities	31,644	29,667	30,035	30,041	32,946	28,276	27,768	27,115	26,675
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	23,793	23,211	24,516	21,952	21,963	21,082	21,848	20,890	21,803
6 For all other maturities	36,810	41,578	41,498	41,078	39,816	39,921	39,524	39,292	36,274
All other customers									
7 For one day or under continuing contract	38,404	35,816	37,061	38,061	37,314	39,016	38,330	38,658	38,866
8 For all other maturities	17,186	17,423	17,000	17,579	18,925	18,351	19,198	19,419	18,928
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	65,791	62,208	62,760	59,955	61,464	62,407	59,245	61,144	59,182
10 To all other specified customers[2]	26,765	28,062	31,005	26,904	27,906	32,232	33,345	31,458	30,147

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 8/4/95	Effective date	Previous rate	On 8/4/95	Effective date	Previous rate	On 8/4/95	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	5.80	8/3/95	5.75	6.30	8/3/95	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	5.80	8/3/95	5.75	6.30	8/3/95	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 Aug. 4, 1995	5.25	5.25

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1994, the exemption was raised from $4.0 million to $4.2 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks (accounts subject to such limits are considered savings deposits).

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1994		1995				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	6,109	444	0	0	0	0	0
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	376,277[r]	29,700[r]	36,726[r]	30,150[r]	31,530	36,449	30,983	31,663
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	125	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	1,790	−2,430	2,835	5,872	0	0	0
8 Exchanges	−30,543	−36,582	−21,444	−5,795	1,680	−3,167	−4,881	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	200	2,208	0	0	0	2,549	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−34,478	−27,140	−6,004	−1,123	2,430	−2,145	−5,115	0	0	0
13 Exchanges	25,811	0	17,801	4,192	−1,680	3,167	3,031	0	0	0
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	0	660	0	0	0	839	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−1,915	0	−3,145	−278	0	−690	−757	0	0	0
17 Exchanges	3,532	0	2,903	1,603	0	0	1,150	0	0	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	0	1,252	0	0	0	1,138	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−269	0	−918	−389	0	0	0	0	0	0
21 Exchanges	1,200	0	775	0	0	0	700	0	0	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	6,309	4,689	0	0	0	4,526	0
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	0	0	621	0	0	370	0
Matched transactions										
25 Gross purchase	1,480,140	1,475,941	1,700,836	148,425	166,648	163,615[r]	178,877	168,800	148,306	155,027
26 Gross sales	1,482,467	1,475,085	1,701,309	147,858	166,007	164,526[r]	176,232	170,724	147,616	153,534
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	35,456	29,406	32,201	1,300	22,070	36,314	35,158
28 Gross sales	386,257	470,723	311,898	32,561	26,351	39,756	3,310	16,477	39,157	34,377
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	9,771	8,385	−9,087[r]	634	3,669	2,004	2,274
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	70	37	91	55	83	20	30
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	8,615	5,090	5,243	25	4,926	4,415	6,155
34 Gross sales	14,486	34,669	52,696	7,360	5,720	4,948	1,345	3,821	5,020	5,955
35 Net change in federal agency obligations	−554	−380	−1,002	1,185	−667	204	−1,375	1,022	−625	170
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**10,956**	**7,718**	**−8,883[r]**	**−741**	**4,691**	**1,379**	**2,444**

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

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

Millions of dollars

Account	Wednesday					End of month		
	1995					1995		
	May 31	June 7	June 14	June 21	June 28	Apr. 30	May 31	June 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,055	11,054	11,054
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	380	378	379	379	368	417	380	358
Loans								
4 To depository institutions	169	129	151	202	228	155	169	217
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	3,358	3,172	3,104	3,104	3,096	3,388	3,358	3,096
8 Held under repurchase agreements	700	393	0	87	0	500	700	461
9 **Total U.S. Treasury securities**	**373,578**	**378,277**	**372,805**	**387,851**	**375,686**	**371,304**	**373,578**	**388,965**
10 Bought outright[2]	370,047	372,706	372,805	371,937	372,540	368,554	370,047	372,641
11 Bills	179,371	182,030	182,129	181,261	181,863	177,878	179,371	181,965
12 Notes	146,998	146,998	146,998	146,998	146,998	146,454	146,998	146,998
13 Bonds	43,679	43,679	43,679	43,679	43,679	44,222	43,679	43,679
14 Held under repurchase agreements	3,531	5,571	0	15,914	3,146	2,750	3,531	16,324
15 **Total loans and securities**	**377,805**	**381,971**	**376,060**	**391,245**	**379,010**	**375,347**	**377,805**	**392,739**
16 Items in process of collection	8,361	6,147	5,561	5,274	5,106	4,312	8,361	4,067
17 Bank premises	1,090	1,091	1,096	1,097	1,097	1,085	1,090	1,090
Other assets								
18 Denominated in foreign currencies[3]	24,122	23,636	23,652	23,668	23,683	24,405	24,122	23,961
19 All other[4]	8,702	9,058	9,106	9,818	9,620	10,309	8,702	9,936
20 **Total assets**	**439,533**	**441,354**	**434,926**	**450,552**	**437,955**	**434,948**	**439,533**	**451,223**
LIABILITIES								
21 Federal Reserve notes	388,447	388,321	387,274	386,003	386,858	382,754	388,447	387,661
22 **Total deposits**	**31,718**	**34,916**	**30,239**	**46,744**	**33,766**	**35,085**	**31,718**	**46,320**
23 Depository institutions	26,630	29,263	24,784	32,524	25,503	26,338	26,630	24,946
24 U.S. Treasury—General account	4,646	5,139	5,000	13,636	7,721	8,241	4,646	20,977
25 Foreign—Official accounts	227	244	164	306	260	166	227	168
26 Other	215	271	292	280	282	339	215	242
27 Deferred credit items	7,187	5,268	4,624	4,887	4,635	4,014	7,187	3,723
28 Other liabilities and accrued dividends[5]	4,481	4,818	4,701	4,824	4,610	4,578	4,481	5,018
29 **Total liabilities**	**431,832**	**433,324**	**426,839**	**442,458**	**429,869**	**426,432**	**431,832**	**442,723**
CAPITAL ACCOUNTS								
30 Capital paid in	3,807	3,817	3,821	3,817	3,814	3,794	3,807	3,815
31 Surplus	3,670	3,683	3,683	3,683	3,683	3,683	3,670	3,683
32 Other capital accounts	222	529	583	594	589	1,039	222	1,002
33 **Total liabilities and capital accounts**	**439,533**	**441,354**	**434,926**	**450,552**	**437,955**	**434,948**	**439,533**	**451,223**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	446,653	450,921	452,735	452,305	447,726	440,236	446,653	456,421
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	465,987	466,137	466,712	466,807	466,470	459,648	465,987	466,985
36 LESS: Held by Federal Reserve Banks	77,541	77,816	79,438	80,805	79,612	76,894	77,541	79,324
37 Federal Reserve notes, net	388,447	388,321	387,274	386,003	386,858	382,754	388,447	387,661
Collateral held against notes, net								
38 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,055	11,054	11,054
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	369,374	369,249	368,202	366,931	367,787	363,681	369,374	368,590
42 **Total collateral**	**388,447**	**388,321**	**387,274**	**386,003**	**386,858**	**382,754**	**388,447**	**387,661**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1995					1995		
	May 31	June 7	June 14	June 21	June 28	Apr. 30	May 31	June 30
1 **Total loans**	**169**	**129**	**151**	**202**	**228**	**153**	**163**	**239**
2 Within fifteen days[1]	81	24	27	178	205	146	134	163
3 Sixteen days to ninety days	88	105	125	24	23	7	29	75
4 **Total U.S. Treasury securities**	**373,578**	**378,277**	**372,805**	**387,851**	**375,686**	**368,554**	**373,578**	**372,641**
5 Within fifteen days[1]	22,173	17,907	16,372	33,190	21,088	11,454	22,173	6,277
6 Sixteen days to ninety days	89,258	91,654	87,667	85,645	89,811	94,921	89,258	95,686
7 Ninety-one days to one year	112,151	118,720	118,770	119,020	114,790	112,383	112,151	121,467
8 One year to five years	86,530	86,530	86,530	86,530	86,530	87,850	86,530	85,746
9 Five years to ten years	28,511	28,511	28,511	28,511	28,511	25,263	28,511	28,511
10 More than ten years	34,955	34,955	34,955	34,955	34,955	36,683	34,955	34,955
11 **Total federal agency obligations**	**4,057**	**3,565**	**3,104**	**3,191**	**3,096**	**3,388**	**4,057**	**3,096**
12 Within fifteen days[1]	1,134	451	8	305	210	160	1,134	210
13 Sixteen days to ninety days	408	668	680	470	516	587	408	516
14 Ninety-one days to one year	790	795	795	795	749	831	790	749
15 One year to five years	1,284	1,209	1,179	1,179	1,179	1,368	1,284	1,179
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.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[r]	1995 June
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	45.54	54.35	60.50	59.34	59.40	59.34	59.12	58.92	58.55	57.96	57.76	57.35
2 Nonborrowed reserves[4]	45.34	54.23	60.42	59.13	59.15	59.13	58.99	58.86	58.48	57.85	57.61	57.08
3 Nonborrowed reserves plus extended credit[5]	45.34	54.23	60.42	59.13	59.15	59.13	58.99	58.86	58.48	57.85	57.61	57.08
4 Required reserves	44.56	53.20	59.44	58.17	58.39	58.17	57.79	57.97	57.76	57.20	56.88	56.39
5 Monetary base[6]	317.43	351.12	386.60	418.22	416.79	418.22	421.05	422.31	425.35	428.13	430.69	429.73
	Not seasonally adjusted											
6 Total reserves[7]	46.98	56.06	62.37	61.13	59.73	61.13	60.52	57.72	57.62	58.93	56.82	57.13
7 Nonborrowed reserves	46.78	55.93	62.29	60.92	59.48	60.92	60.38	57.66	57.55	58.82	56.68	56.86
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.92	59.48	60.92	60.39	57.66	57.55	58.82	56.68	56.86
9 Required reserves[8]	46.00	54.90	61.31	59.96	58.72	59.96	59.18	56.78	56.83	58.18	55.95	56.16
10 Monetary base[9]	321.07	354.55	390.59	422.51	417.08	422.51	421.84	419.25	423.27	428.74	429.29	430.23
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	60.01	61.34	60.52	57.70	57.58	58.87	56.76	57.05
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	59.76	61.13	60.39	57.64	57.51	58.76	56.61	56.77
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	59.76	61.13	60.39	57.64	57.51	58.76	56.61	56.77
14 Required reserves	54.55	55.39	61.80	60.17	59.00	60.17	59.18	56.75	56.79	58.12	55.88	56.08
15 Monetary base[12]	333.61	360.90	397.62	427.25	421.90	427.25	426.31	423.57	427.56	432.79	433.47	434.54
16 Excess reserves[13]	.98	1.16	1.06	1.17	1.01	1.17	1.34	.95	.79	.75	.88	.97
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.25	.21	.14	.06	.07	.11	.15	.27

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[r] Mar.	1995[r] Apr.	1995[r] May	1995[r] June
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,148.0[r]	1,147.9	1,149.7	1,142.9	1,143.7
2 M2	3,457.9	3,515.3	3,583.6	3,615.6[r]	3,630.1	3,642.6	3,658.1	3,693.0
3 M3	4,176.0	4,182.9	4,242.5	4,305.0[r]	4,359.0	4,380.7	4,408.7	4,452.7
4 L	4,990.9	5,061.1	5,150.3	5,294.5[r]	5,409.3	5,454.0	5,485.4	n.a.
5 Debt	11,178.2	11,716.7	12,343.8	12,955.5	13,149.9	13,202.2	13,261.3	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354.5	362.5	365.7	368.1	367.4
7 Travelers checks[4]	7.7	8.1	7.9	8.4	8.8	9.2	9.2	9.0
8 Demand deposits[5]	289.5	338.9	383.9	382.2[r]	383.3	381.3	380.7	386.9
9 Other checkable deposits[6]	332.7	384.6	414.7	402.9	393.3	393.6	385.0	380.5
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,467.6[r]	2,482.1	2,492.9	2,515.2	2,549.3
11 In M3[8] only	718.1	667.6	658.9	689.4	729.0	738.1	750.6	759.7
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	723.3	716.0	717.3	728.0
13 Small time deposits[9]	602.5	508.1	468.6	502.4	537.6	547.9	555.8	562.5
14 Large time deposits[10, 11]	333.3	286.7	271.2	299.2[r]	310.6	310.8	317.2	319.4
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.9	371.5	366.4	364.2	363.0
16 Small time deposits[9]	464.1	361.1	316.5	317.7[r]	340.4	348.6	354.3	354.8
17 Large time deposits[10]	83.3	67.1	61.6	64.9[r]	70.1	71.2	70.3	70.7
Money market mutual funds								
18 General purpose and broker-dealer	374.2	356.9	360.1	389.0	390.9	396.0	405.3	425.9
19 Institution-only	180.0	200.2	198.1	180.8	189.0	192.9	194.8	205.6
Debt components								
20 Federal debt	2,763.3	3,067.9	3,328.0	3,497.4	3,557.5	3,559.5	3,577.0	n.a.
21 Nonfederal debt	8,414.8	8,648.8	9,015.9	9,458.1	9,592.4	9,642.7	9,684.3	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.7[r]	1,138.1	1,158.7	1,132.0	1,139.1
23 M2	3,472.7	3,533.6	3,606.1	3,639.1[r]	3,628.1	3,659.0	3,645.7	3,688.5
24 M3	4,189.4	4,201.4	4,266.3	4,331.0[r]	4,354.9	4,392.4	4,398.5	4,446.4
25 L	5,015.5	5,090.8	5,184.9	5,332.2[r]	5,408.5	5,464.1	5,464.1	n.a.
26 Debt	11,175.5	11,719.5	12,336.0	12,947.2	13,102.1	13,135.9	13,174.6	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	361.4	365.5	367.8	368.1
28 Travelers checks[4]	7.4	7.8	7.6	8.1	8.4	8.8	8.9	9.2
29 Demand deposits[5]	302.4	354.4	401.8	400.3[r]	374.1	382.0	372.9	382.7
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	394.2	402.3	382.4	379.1
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.4	2,465.4[r]	2,490.0	2,500.3	2,513.7	2,549.4
32 In M3[8]	716.7	667.7	660.2	691.9[r]	726.8	733.5	752.7	757.8
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	723.4	717.9	717.9	730.1
34 Small time deposits[9]	601.9	507.8	468.2	502.0	537.4	547.3	554.7	562.0
35 Large time deposits[10, 11]	332.6	286.2	270.8	298.9[r]	308.5	308.7	319.6	320.8
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	391.2	371.6	367.4	364.5	364.1
37 Small time deposits[9]	463.7	360.9	316.2	317.4[r]	340.3	348.2	353.6	354.6
38 Large time deposits[10]	83.1	67.0	61.5	64.8[r]	69.6	70.7	70.9	71.1
Money market mutual funds								
39 General purpose and broker-dealer	372.2	355.1	358.3	387.1	399.8	404.8	407.8	423.6
40 Institution-only	180.8	201.7	200.0	183.1	190.8	191.3	193.8	199.2
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	116.7	117.6	114.8	115.2	115.0
42 Term	132.7	127.8	144.1	157.6[r]	171.0	175.4	181.2	180.0
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,551.1	3,544.1	3,552.6	n.a.
44 Nonfederal debt	8,410.5	8,649.7	9,006.5	9,448.2	9,551.0	9,591.8	9,621.9	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 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[r]	1995 June
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.88	1.92	1.96	1.98	2.01	2.00	1.95	1.96	1.94
2 Savings deposits[3]	2.88	2.46	2.72	2.81	2.91	2.98	3.09	3.14	3.17	3.20	3.20
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.90	2.65	3.47	3.65	3.81	3.96	4.19	4.24	4.28	4.25	4.19
4 92 to 182 days	3.16	2.91	3.93	4.22	4.44	4.67	4.83	4.97	4.94	4.93	4.82
5 183 days to 1 year	3.37	3.13	4.50	4.85	5.12	5.39	5.57	5.60	5.60	5.49	5.27
6 More than 1 year to 2½ years	3.88	3.55	5.08	5.42	5.74	6.00	6.12	6.12	6.05	5.83	5.53
7 More than 2½ years	4.77	4.29	5.77	6.09	6.30	6.47	6.52	6.45	6.37	6.11	5.79
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.88	1.91	1.95	1.99	2.04	1.99	1.99	2.00	2.01
9 Savings deposits[3]	3.20	2.63	2.76	2.83	2.88	2.91	2.95	2.94	2.93	2.95	2.99
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.13	2.70	3.32	3.51	3.80	3.98	4.17	4.21	4.18	4.24	4.22
11 92 to 182 days	3.44	3.02	4.10	4.42	4.89	5.13	5.33	5.37	5.38	5.31	5.20
12 183 days to 1 year	3.61	3.31	4.80	5.18	5.52	5.75	5.94	5.94	5.87	5.83	5.63
13 More than 1 year to 2½ years	4.02	3.66	5.39	5.70	6.09	6.29	6.37	6.32	6.25	6.08	5.77
14 More than 2½ years	5.00	4.62	5.79	6.18	6.43	6.68	6.75	6.68	6.59	6.32	5.99
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	286,541	305,223	294,072	294,282	303,724	291,355	290,188	292,811	286,987	274,281	274,620
16 Savings deposits[3]	738,253	766,413	751,183	746,605	734,519	723,295	714,955	713,440	698,963	714,989	717,293
17 Personal	578,757	597,838	590,875	584,628	578,459	569,619	564,877	564,086	550,674	560,563	562,367
18 Nonpersonal	159,496	168,575	160,308	161,977	156,060	153,676	150,078	149,354	148,289	154,426	154,926
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	38,474	29,455	31,447	31,077	32,375	32,154	31,777	31,623	31,530	31,472	32,321
20 92 to 182 days	127,831	110,069	95,359	94,692	95,901	96,895	98,248	95,583	94,368	93,188	91,707
21 183 days to 1 year	163,098	146,565	158,753	159,645	161,831	163,939	169,103	176,657	179,625	184,560	187,514
22 More than 1 year to 2½ years	152,977	141,223	155,111	158,382	162,486	168,515	176,877	183,275	189,652	194,963	199,330
23 More than 2½ years	169,708	181,528	188,479	189,741	190,897	190,215	191,383	194,722	194,426	192,542	194,272
24 IRA and Keogh plan deposits	147,350	143,985	142,896	143,075	143,428	143,900	145,040	145,959	146,679	146,842	148,843
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	10,871	11,151	11,120	11,002	11,317	11,127	10,950	11,218	11,005	11,019	11,355
26 Savings deposits[3]	81,786	80,115	73,416	72,622	70,642	71,639	69,982	68,595	67,453	67,322	67,159
27 Personal	78,695	77,035	70,215	69,412	67,673	68,760	67,144	65,692	64,204	64,484	64,323
28 Nonpersonal	3,091	3,079	3,201	3,211	2,969	2,878	2,837	2,902	3,248	2,838	2,836
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	3,867	2,793	2,245	2,209	2,166	2,041	2,086	1,943	1,780	1,885	1,618
30 92 to 182 days	17,345	12,946	11,987	11,913	11,793	12,084	11,953	11,707	11,245	11,449	11,144
31 183 days to 1 year	21,780	17,426	18,123	18,509	18,753	19,336	19,979	20,277	21,051	20,956	21,056
32 More than 1 year to 2½ years	18,442	16,546	17,519	17,999	17,842	20,460	21,870	22,648	23,445	24,014	24,801
33 More than 2½ years	18,845	20,464	21,624	21,687	21,600	21,888	22,275	22,446	22,671	22,819	23,193
34 IRA and Keogh plan accounts	21,713	19,356	19,550	19,532	19,325	19,802	20,099	20,221	20,388	20,236	20,458

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

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

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1992[2]	1993[2]	1994[2]	1994		1995[r]			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	313,128.1	334,245.6	367,129.2	369,211.3	371,048.0	370,350.3	384,430.7	393,984.5	363,199.3
2 Major New York City banks	165,447.7	171,227.3	191,169.8	186,350.6	187,955.6	183,457.9	195,127.7	197,659.6	185,763.1
3 Other banks	147,680.4	163,018.3	175,959.4	182,860.7	183,092.4	186,892.5	189,303.0	196,324.9	177,436.2
4 Other checkable deposits[4]	3,780.3	3,467.1	3,831.4	4,116.4	4,199.0	4,000.1	3,900.0	4,036.0	3,658.8
5 Savings deposits (including MMDAs)[5]	3,309.1	3,508.8	3,737.1	3,835.7	4,033.1	3,930.8	3,994.7	3,894.2	3,572.0
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	825.9	785.3	813.0	826.5	820.6	822.3	857.6	881.8	808.9
7 Major New York City banks	4,795.3	4,198.1	4,481.6	4,544.7	4,490.8	4,338.4	4,662.0	4,753.9	4,551.5
8 Other banks	428.7	423.6	430.3	450.7	446.3	458.0	465.8	484.5	434.7
9 Other checkable deposits[4]	14.4	11.8	12.8	13.9	14.2	13.6	13.3	13.9	12.6
10 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	5.1	5.4	5.4	5.5	5.4	5.0
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	313,344.9	334,354.6	367,218.8	359,229.9	384,218.7	369,311.0	356,062.1	412,887.7	358,224.1
12 Major New York City banks	165,595.0	171,283.5	191,226.1	184,656.3	194,120.1	181,602.7	181,697.8	209,255.5	180,169.1
13 Other banks	147,749.9	163,071.0	175,992.8	174,573.5	190,098.6	187,708.3	174,364.4	203,632.2	178,055.0
14 Other checkable deposits[4]	3,783.6	3,467.5	3,827.9	3,845.9	4,365.1	4,343.2	3,593.1	4,075.0	3,866.4
15 Savings deposits (including MMDAs)[5]	3,310.0	3,509.5	3,734.9	3,640.4	4,244.8	4,109.1	3,615.8	3,994.3	3,733.7
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	826.1	785.4	813.8	785.9	814.9	803.0	812.8	947.9	797.7
17 Major New York City banks	4,803.5	4,197.9	4,490.3	4,391.6	4,343.4	4,128.1	4,334.9	5,145.1	4,459.5
18 Other banks	428.8	423.8	430.6	420.6	445.4	451.3	440.2	515.6	435.7
19 Other checkable deposits[4]	14.4	11.8	12.7	13.0	14.5	14.4	12.3	14.0	13.0
20 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	4.8	5.7	5.6	5.0	5.6	5.2

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	1994	1995[r]						1995			
	June[r]	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	June 7	June 14	June 21	June 28
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,220.0	3,316.5[r]	3,349.4	3,363.0	3,387.6	3,447.0	3,473.0	3,492.2	3,484.1	3,491.7	3,494.2	3,499.4
2 Securities in bank credit	968.4	947.1[r]	945.6	937.4	941.5	974.8	971.6	975.3	970.8	977.4	978.5	977.1
3 U.S. government securities	752.1	720.2	721.9	717.0	704.8	704.7	707.4	709.4	707.8	710.7	710.4	710.8
4 Other securities	216.3	226.9[r]	223.7	220.4	236.7	270.1	264.1	265.9	263.0	266.7	268.1	266.3
5 Loans and leases in bank credit[2]	2,251.6	2,369.4[r]	2,403.8	2,425.6	2,446.0	2,472.2	2,501.4	2,516.9	2,513.3	2,514.3	2,515.7	2,522.3
6 Commercial and industrial	611.3	644.6	657.7	669.5	673.0	681.5	689.7	692.4	689.6	692.1	693.8	693.4
7 Real estate	957.3	999.8	1,015.1	1,022.8	1,028.4	1,035.9	1,040.2	1,047.5	1,044.1	1,046.1	1,049.0	1,049.5
8 Revolving home equity	73.8	76.2	76.7	77.0	77.3	78.0	78.7	79.3	79.1	79.2	79.2	79.5
9 Other	883.5	923.6	938.5	945.8	951.2	958.0	961.5	968.2	965.0	966.9	969.7	970.0
10 Consumer	416.1	452.2	457.5	459.7	465.3	471.1	472.8	478.0	478.0	478.2	476.4	479.0
11 Security[3]	76.2	70.9	68.6	67.8	69.7	73.1	84.5	85.3	89.9	84.2	83.1	85.5
12 Other	190.7	201.9[r]	204.9	205.8	209.6	210.6	214.3	213.6	211.6	213.7	213.5	215.0
13 Interbank loans[4]	155.4	175.0	179.0	177.8	180.2	178.7	183.9	187.8	186.1	185.1	190.2	187.8
14 Cash assets[5]	215.1	209.0	219.4	216.0	206.9	208.1	210.5	211.1	211.4	207.7	216.1	206.5
15 Other assets[6]	223.2	227.4	237.0	242.4	242.8	232.0	231.8	226.2	234.4	235.9	219.2	213.4
16 Total assets[7]	**3,756.7**	**3,871.8[r]**	**3,928.0**	**3,942.7**	**3,961.0**	**4,008.8**	**4,042.2**	**4,060.0**	**4,058.9**	**4,063.2**	**4,062.5**	**4,049.6**
Liabilities												
17 Deposits	2,508.0	2,528.8[r]	2,544.0	2,547.3	2,548.2	2,556.7	2,570.9	2,590.3	2,589.6	2,597.1	2,588.7	2,581.4
18 Transaction	811.4	797.6	808.6	804.9	795.5	791.2	788.4	785.3	783.3	786.6	784.6	781.0
19 Nontransaction	1,696.6	1,731.2[r]	1,735.4	1,742.4	1,752.7	1,765.5	1,782.5	1,805.0	1,806.3	1,810.6	1,804.2	1,800.3
20 Large time	333.7	362.0[r]	366.4	373.7	380.1	385.8	389.7	392.4	396.5	395.8	392.3	387.5
21 Other	1,362.9	1,369.2[r]	1,369.0	1,368.7	1,372.6	1,379.7	1,392.7	1,412.5	1,409.8	1,414.8	1,411.9	1,412.8
22 Borrowings	565.1	602.9[r]	635.5	637.6	642.9	667.8	674.5	661.7	644.6	661.4	668.6	668.6
23 From banks in the U.S.	154.4	176.8	181.1	178.4	182.0	181.5	183.5	185.0	183.4	183.3	186.5	183.8
24 From nonbanks in the U.S.	410.6	426.1[r]	454.4	459.2	460.9	486.4	491.0	476.7	461.2	478.2	482.1	484.8
25 Net due to related foreign offices	186.6	225.6	244.8	252.5	241.3	234.9	240.0	245.8	245.9	238.4	255.7	244.1
26 Other liabilities[8]	181.0	185.3[r]	179.9	184.1	202.0	224.4	219.8	218.5	224.2	228.0	215.5	208.2
27 Total liabilities	**3,440.6**	**3,542.5[r]**	**3,604.3**	**3,621.5**	**3,634.4**	**3,683.9**	**3,705.1**	**3,716.3**	**3,704.4**	**3,725.0**	**3,728.4**	**3,702.3**
28 Residual (assets less liabilities)[9]	316.1	329.2[r]	323.7	321.2	326.6	324.9	337.1	343.7	354.5	338.2	334.1	347.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,217.6	3,332.5[r]	3,345.5[r]	3,358.9	3,388.1	3,448.1	3,464.7	3,488.7	3,482.7	3,490.8	3,493.5	3,488.0
30 Securities in bank credit	969.1	942.4[r]	939.6[r]	936.2	949.3	981.4	973.1	975.7	975.9	978.1	980.5	972.5
31 U.S. government securities	752.2	719.1	715.7	712.6	709.8	709.0	706.6	708.6	710.1	710.1	711.1	706.0
32 Other securities	216.9	223.3[r]	223.9[r]	223.6	239.5	272.4	266.5	267.2	265.8	268.0	269.4	266.4
33 Loans and leases in bank credit[2]	2,248.5	2,390.1[r]	2,405.9[r]	2,422.7	2,438.8	2,466.7	2,491.6	2,513.0	2,506.8	2,512.8	2,513.0	2,515.6
34 Commercial and industrial	612.9	645.3	654.4[r]	668.1	676.1	685.9	692.8	694.4	691.7	692.9	696.5	695.1
35 Real estate	957.1	1,006.2	1,013.4	1,018.9	1,023.6	1,031.7	1,038.5	1,047.3	1,043.4	1,046.4	1,047.9	1,049.6
36 Revolving home equity	73.8	76.3	76.6	76.7	76.6	77.4	78.6	79.3	79.0	79.2	79.3	79.7
37 Other	883.3	930.0	936.8	942.3	947.0	954.3	960.0	968.0	964.5	967.2	968.6	970.0
38 Consumer	413.8	457.2	462.2	461.0	461.8	467.9	471.3	475.4	475.1	475.2	474.2	477.0
39 Security[3]	73.3	75.5	70.8	71.0	70.9	74.0	78.8	81.5	83.7	84.4	80.8	78.7
40 Other	191.3	205.9[r]	205.0[r]	203.7	206.4	207.2	210.1	214.4	212.9	213.8	213.6	215.2
41 Interbank loans[4]	153.7	185.7	185.9	179.9	178.5	178.2	178.5	184.8	185.6	186.0	181.5	181.7
42 Cash assets[5]	213.4	222.9	224.8	212.6	201.3	204.4	208.0	209.3	207.0	208.3	210.2	202.9
43 Other assets[6]	221.7	233.2	236.9	240.1	238.0	228.0	231.1	224.8	232.4	233.7	215.5	213.9
44 Total assets[7]	**3,749.4**	**3,917.7[r]**	**3,936.6[r]**	**3,934.9**	**3,949.2**	**4,002.1**	**4,025.3**	**4,050.4**	**4,050.6**	**4,061.6**	**4,043.4**	**4,029.4**
Liabilities												
45 Deposits	2,506.1	2,561.6[r]	2,548.0[r]	2,538.0	2,538.5	2,559.7	2,561.8	2,587.5	2,599.8	2,607.4	2,566.5	2,559.5
46 Transaction	807.2	833.3	818.9	796.0	783.3	796.1	777.2	779.7	783.2	790.1	762.4	764.3
47 Nontransaction	1,698.9	1,728.3[r]	1,729.0	1,742.0	1,755.1	1,763.6	1,784.7	1,807.8	1,816.7	1,817.3	1,804.1	1,795.2
48 Large time	335.8	360.5[r]	363.2[r]	373.9	381.3	384.4	394.0	394.9	401.7	399.9	394.9	386.9
49 Other	1,363.1	1,367.8[r]	1,365.9[r]	1,368.0	1,373.8	1,379.2	1,390.7	1,412.9	1,415.0	1,417.4	1,409.2	1,408.3
50 Borrowings	571.3	615.4[r]	629.0[r]	634.3	632.4	650.8	660.9	668.0	652.0	658.5	682.2	676.4
51 From banks in the U.S.	153.8	185.7	185.9	179.7	178.3	178.0	178.2	184.8	185.3	186.0	181.5	181.7
52 From nonbanks in the U.S.	417.5	429.7[r]	443.1[r]	454.5	454.1	472.9	482.6	483.2	466.7	472.5	500.7	494.7
53 Net due to related foreign offices	181.3	230.3	251.4	249.5	245.2	237.4	246.0	240.0	237.2	231.7	246.2	246.3
54 Other liabilities[8]	176.9	188.4[r]	182.9[r]	184.7	201.2	219.1	218.0	213.7	219.2	222.0	208.6	206.8
55 Total liabilities	**3,435.6**	**3,595.7[r]**	**3,611.3[r]**	**3,606.5**	**3,617.2**	**3,667.1**	**3,686.7**	**3,709.2**	**3,708.2**	**3,719.6**	**3,703.4**	**3,689.0**
56 Residual (assets less liabilities)[9]	313.8	322.0[r]	325.3[r]	328.4	331.9	334.9	338.6	341.2	342.3	342.0	339.9	340.4

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1994	1995[r]						1995			
	June[r]	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	June 7	June 14	June 21	June 28
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,877.0	2,966.1[r]	2,997.6	3,001.3	3,020.5	3,052.8	3,074.7	3,088.9	3,088.7	3,090.7	3,085.5	3,089.5
58 Securities in bank credit	884.3	868.7[r]	864.3	848.8	852.7	862.2	859.0	856.1	857.1	861.0	856.0	852.0
59 U.S. government securities	691.8	669.0	668.6	656.9	646.4	643.5	644.4	643.3	645.0	646.3	642.7	640.6
60 Other securities	192.5	199.7[r]	195.8	191.9	206.3	218.6	214.6	212.8	212.1	214.7	213.3	211.4
61 Loans and leases in bank credit[2]	1,992.6	2,097.4	2,133.2	2,152.5	2,167.9	2,190.7	2,215.7	2,232.8	2,231.5	2,229.7	2,229.6	2,237.6
62 Commercial and industrial	455.7	480.3	492.1	499.0	502.3	510.4	516.3	518.6	517.2	517.9	518.7	519.2
63 Real estate	913.8	958.7	974.6	982.7	988.9	997.2	1,002.2	1,009.8	1,006.3	1,008.2	1,011.3	1,011.7
64 Revolving home equity	73.8	76.2	76.7	77.0	77.2	77.9	78.7	79.3	79.1	79.2	79.2	79.5
65 Other	840.0	882.5	897.9	905.7	911.6	919.3	923.5	930.5	927.2	929.1	932.1	932.2
66 Consumer	416.1	452.2	457.5	459.7	465.3	471.1	472.8	478.0	478.0	478.2	476.4	479.0
67 Security[3]	49.7	45.4	45.5	46.5	45.9	45.4	54.0	55.5	59.6	55.2	52.9	55.8
68 Other	157.5	160.8	163.5	164.5	165.5	166.6	170.3	170.9	170.5	170.2	170.2	171.8
69 Interbank loans[4]	130.4	151.4	155.0	155.1	156.4	157.2	160.2	164.8	163.5	165.7	163.3	164.0
70 Cash assets[5]	188.4	181.8	192.2	190.2	180.9	181.2	181.5	183.4	183.1	179.9	188.6	179.0
71 Other assets[6]	169.9	167.7	171.8	173.3	167.9	165.2	164.2	165.2	164.9	167.6	164.9	163.4
72 Total assets[7]	**3,308.7**	**3,410.9[r]**	**3,459.8**	**3,463.5**	**3,469.3**	**3,499.5**	**3,523.6**	**3,545.1**	**3,543.2**	**3,546.8**	**3,545.1**	**3,538.5**
Liabilities												
73 Deposits	2,368.7	2,370.9[r]	2,390.3	2,395.8	2,394.0	2,396.1	2,406.8	2,422.2	2,417.2	2,425.5	2,422.2	2,416.8
74 Transaction	800.9	787.3	798.6	794.6	784.8	780.8	778.2	775.1	772.7	776.2	774.9	770.9
75 Nontransaction	1,567.8	1,583.5	1,591.7	1,601.1	1,609.1	1,615.3	1,628.6	1,647.1	1,644.5	1,649.3	1,647.3	1,645.8
76 Large time	208.2	219.2[r]	226.7	235.9	240.5	241.6	243.9	244.1	245.3	245.2	244.1	242.0
77 Other	1,359.6	1,364.3[r]	1,365.0	1,365.3	1,368.7	1,373.6	1,384.7	1,403.0	1,399.2	1,404.1	1,403.2	1,403.9
78 Borrowings	460.1	501.8[r]	535.4	534.3	532.0	555.1	561.4	555.4	541.5	555.1	562.6	560.7
79 From banks in the U.S.	134.8	162.3	164.6	161.5	164.4	162.4	163.2	167.8	168.1	165.6	168.8	166.6
80 From nonbanks in the U.S.	325.3	339.5[r]	370.8	372.8	367.6	392.7	398.3	387.6	373.4	389.6	393.8	394.1
81 Net due to related foreign offices	34.9	77.4	91.5	87.9	85.2	82.3	84.3	91.0	91.3	89.8	95.8	89.0
82 Other liabilities[8]	137.7	133.4[r]	125.2	126.4	137.0	148.9	143.4	142.5	146.7	147.7	141.4	136.0
83 Total liabilities	**3,001.4**	**3,083.5[r]**	**3,142.4**	**3,144.4**	**3,148.2**	**3,182.4**	**3,195.9**	**3,211.1**	**3,196.7**	**3,218.2**	**3,222.0**	**3,202.5**
84 Residual (assets less liabilities)[9]	307.3	327.4[r]	317.4	319.1	321.2	317.1	327.7	334.1	346.6	328.6	323.1	336.0
	Not seasonally adjusted											
Assets												
85 Bank credit	2,877.7	2,973.7[r]	2,988.6	2,996.7	3,019.8	3,057.1	3,073.1	3,089.9	3,092.2	3,095.1	3,087.5	3,083.7
86 Securities in bank credit	886.8	862.4[r]	856.9	847.9	859.5	870.0	861.4	859.2	863.8	864.7	860.0	851.2
87 U.S. government securities	693.0	665.9	661.1	653.8	650.8	648.9	645.3	644.2	648.6	647.5	644.3	638.7
88 Other securities	193.8	196.6[r]	195.8	194.2	208.7	221.1	216.1	215.0	215.2	217.3	215.7	212.5
89 Loans and leases in bank credit[2]	1,990.9	2,111.3	2,131.6	2,148.7	2,160.4	2,187.1	2,211.7	2,230.7	2,228.4	2,230.3	2,227.4	2,232.5
90 Commercial and industrial	457.2	480.1	488.5	498.5	505.0	514.7	520.1	520.4	519.5	519.4	521.1	520.3
91 Real estate	913.7	965.1	973.0	978.7	983.9	993.4	1,000.6	1,009.6	1,005.6	1,008.6	1,010.1	1,012.2
92 Revolving home equity	73.8	76.2	76.6	76.6	76.6	77.4	78.6	79.3	78.9	79.2	79.3	79.6
93 Other	839.9	888.9	896.4	902.1	907.4	916.0	922.1	930.3	926.7	929.4	930.9	932.5
94 Consumer	413.8	457.2	462.2	461.0	461.8	467.9	471.3	475.4	475.1	475.2	474.2	477.0
95 Security[3]	48.8	45.9	44.9	47.8	46.6	46.8	51.9	54.3	57.6	57.1	52.4	51.6
96 Other	157.5	163.1	162.9	162.7	163.0	164.4	167.8	170.9	170.6	170.1	169.6	171.5
97 Interbank loans[4]	129.9	159.7	160.4	158.1	155.8	157.0	155.3	163.2	165.1	168.2	158.5	155.8
98 Cash assets[5]	186.1	195.5	198.0	187.8	175.8	178.3	180.3	181.0	178.6	179.9	182.2	174.4
99 Other assets[6]	169.1	170.0	171.3	171.1	164.9	162.9	163.6	164.6	163.4	166.3	162.2	164.6
100 Total assets[7]	**3,306.0**	**3,442.4[r]**	**3,461.9[r]**	**3,457.1**	**3,459.8**	**3,498.6**	**3,515.3**	**3,541.4**	**3,542.2**	**3,552.3**	**3,533.1**	**3,521.4**
Liabilities												
101 Deposits	2,364.3	2,403.7	2,394.7	2,385.8	2,382.3	2,400.3	2,395.8	2,416.3	2,423.8	2,432.6	2,396.5	2,391.7
102 Transaction	796.9	822.8	808.7	785.8	773.1	786.1	767.5	769.6	773.1	780.1	753.0	753.7
103 Nontransaction	1,567.4	1,580.9	1,585.9	1,600.0	1,609.2	1,614.2	1,628.3	1,646.7	1,650.8	1,652.5	1,643.6	1,638.0
104 Large time	207.9	217.6[r]	224.6	236.1	239.3	240.9	245.5	243.6	246.9	245.9	243.7	238.9
105 Other	1,359.6	1,363.3[r]	1,361.3	1,363.9	1,369.9	1,373.2	1,382.8	1,403.1	1,403.9	1,406.6	1,399.8	1,399.1
106 Borrowings	464.6	513.0[r]	529.8	533.3	523.2	538.3	552.1	559.9	547.8	550.3	573.3	568.2
107 From banks in the U.S.	133.9	169.8	168.8	163.2	160.7	160.0	159.9	167.5	169.8	167.4	164.8	164.6
108 From nonbanks in the U.S.	330.6	343.2[r]	361.0	370.1	362.4	378.2	392.2	392.4	378.0	383.0	408.6	403.5
109 Net due to related foreign offices	34.4	74.3	90.2	88.7	90.1	84.6	92.6	90.4	91.4	89.3	92.3	91.8
110 Other liabilities[8]	134.1	134.6[r]	127.1	126.1	137.4	145.7	141.3	138.7	142.1	143.2	136.2	134.5
111 Total liabilities	**2,997.4**	**3,125.7[r]**	**3,141.8**	**3,133.9**	**3,133.0**	**3,168.8**	**3,181.8**	**3,205.3**	**3,205.0**	**3,215.4**	**3,198.4**	**3,186.2**
112 Residual (assets less liabilities)[9]	308.6	316.7[r]	320.1	323.2	326.8	329.8	333.5	336.1	337.2	336.9	334.8	335.2

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								
	May 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21	June 28
ASSETS									
1 Cash and balances due from depository institutions	110,882	106,284[r]	106,788[r]	105,169[r]	132,771[r]	111,792	113,901	116,232	109,017
2 U.S. Treasury and government securities	294,122	291,243	295,674	298,499	303,389[r]	305,870	303,419	300,719	295,435
3 Trading account	21,656	20,644	22,787	22,872	24,832	27,474	26,576	22,574	20,888
4 Investment account	272,467	270,599	272,888	275,627	278,557[r]	278,396	276,842	278,145	274,547
5 Mortgage-backed securities[1]	94,065	94,475	93,892	96,006	97,308[r]	97,619	96,945	97,543	96,790
All others, by maturity									
6 One year or less	47,852	46,735	47,223	46,417	46,704	47,320	46,745	46,475	44,623
7 One year through five years	69,271	69,144	71,329	71,843	72,630[r]	72,278	71,736	72,978	72,329
8 More than five years	61,280	60,245	60,443	61,361	61,915	61,179	61,415	61,149	60,804
9 Other securities	134,420[r]	133,750[r]	129,360[r]	129,031[r]	130,293[r]	130,484	132,364	130,966	127,795
10 Trading account	1,575	1,475	1,313	1,277	1,392	1,418	1,477	1,487	1,660
11 Investment account	60,818	61,853	62,240	62,610	63,012[r]	62,875	63,655	63,014	62,539
12 State and local government, by maturity	20,007	20,867	20,878	20,898	21,055	20,842	20,843	20,839	20,600
13 One year or less	5,554	5,537	5,552	5,562	5,607	5,603	5,590	5,601	5,573
14 More than one year	14,452	15,330	15,326	15,336	15,449	15,239	15,253	15,239	15,026
15 Other bonds, corporate stocks, and securities	40,811	40,986	41,361	41,712	41,956[r]	42,033	42,812	42,175	41,939
16 *Other trading account assets*	72,027[r]	70,422[r]	65,808[r]	65,144[r]	65,889[r]	66,191	67,232	66,465	63,596
17 Federal funds sold[2]	105,209	109,162	104,452	108,442	110,584	111,104	113,505	104,656	103,240
18 To commercial banks in the United States	70,158	72,949	66,393	70,194	67,921	67,716	70,843	68,225	65,807
19 To nonbank brokers and dealers in securities	29,294	29,752	31,392	32,003	32,484	37,069	36,353	29,581	30,755
20 To others[3]	5,756	6,461	6,666	6,245	10,179	6,319	6,309	6,850	6,677
21 *Other loans and leases, gross*	1,208,744	1,208,417	1,207,698	1,210,259	1,224,565	1,223,268	1,223,610	1,226,473	1,228,699
22 Commercial and industrial	343,955[r]	343,823[r]	342,967[r]	342,249[r]	344,209[r]	342,502	342,080	343,178	342,201
23 Bankers acceptances and commercial paper	1,965	2,022	1,733	1,748	1,786	1,691	1,830	1,606	1,580
24 *All other*	341,990[r]	341,801[r]	341,235[r]	340,501[r]	342,423[r]	340,811	340,250	341,572	340,621
25 U.S. addressees	339,344[r]	339,172[r]	338,592[r]	337,765[r]	339,734[r]	338,193	337,593	339,012	338,077
26 Non-U.S. addressees	2,646	2,629	2,643	2,736	2,689	2,618	2,657	2,560	2,544
27 *Real estate loans*	476,831	477,893	477,338	477,632	481,264	483,872	483,940	484,972	485,778
28 Revolving, home equity	47,726	47,858	47,928	47,948	48,555	48,503	48,606	48,667	48,809
29 All other	429,105	430,035	429,410	429,684	432,709	435,369	435,334	436,305	436,969
30 *To individuals for personal expenditures*	241,477	240,331	240,701	241,270	244,520	244,797	245,595	243,567	245,313
31 To depository and financial institutions	55,470	56,508	55,497	57,241	57,808	59,420	59,507	59,749	61,089
32 Commercial banks in the United States	35,462	35,758	35,395	36,778	37,083	37,638	38,141	38,663	39,219
33 Banks in foreign countries	2,873	3,346	3,114	3,446	3,144	3,635	3,374	3,067	3,203
34 Nonbank depository and other financial institutions	17,135	17,404	16,988	17,017	17,580	18,147	17,993	18,019	18,668
35 For purchasing and carrying securities	14,183	14,410	14,439	15,735	17,550	14,663	14,899	17,440	15,483
36 To finance agricultural production	6,317	6,284	6,373	6,396	6,500	6,475	6,491	6,555	6,559
37 To states and political subdivisions	11,128	11,091	11,161	11,053	11,139	11,089	11,073	11,177	11,164
38 To foreign governments and official institutions	904	890	941	930	1,040	928	908	989	863
39 All other loans[4]	24,779[r]	23,393[r]	24,362[r]	23,728[r]	26,017[r]	24,940	24,447	24,106	25,288
40 Lease-financing receivables	33,699	33,793	33,919	34,025	34,517	34,584	34,669	34,740	34,963
41 LESS: Unearned income	1,632	1,640	1,630	1,667	1,646	1,676	1,688	1,689	1,675
42 Loan and lease reserve[5]	34,546	34,534	34,527	34,512	34,490	34,613	34,621	34,573	34,400
43 Other loans and leases, net	1,172,566	1,172,243	1,171,541	1,174,080	1,188,429	1,186,979	1,187,301	1,190,211	1,192,624
44 All other assets	134,214[r]	134,046[r]	134,712[r]	130,053[r]	135,001[r]	134,984	138,533	132,627	133,717
45 **Total assets[6]**	**1,951,413[r]**	**1,946,727[r]**	**1,942,527[r]**	**1,945,275[r]**	**2,000,466[r]**	**1,981,213**	**1,989,023**	**1,975,411**	**1,961,828**

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								
	May 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21	June 28
LIABILITIES									
46 Deposits	1,157,987	1,145,821	1,147,480	1,137,953	1,184,022	1,173,811	1,181,821	1,157,823	1,153,798
47 Demand deposits[3]	293,518	282,000	284,993	278,505	315,230	293,741	303,459	288,478	290,550
48 Individuals, partnerships, and corporations	247,812	239,647	243,584	236,211	264,974	248,414	256,612	242,372	246,963
49 Other holders	45,705	42,353	41,409	42,294	50,257	45,327	46,847	46,105	43,587
50 States and political subdivisions	9,301	7,788	7,695	8,127	8,473	7,653	8,218	8,747	8,527
51 U.S. government	2,131	1,638	1,595	1,719	1,919	2,152	3,474	2,863	1,583
52 Depository institutions in the United States	19,692	17,613	17,401	17,871	22,489	18,885	17,642	17,881	17,358
53 Banks in foreign countries	5,264	5,818	5,139	5,376	5,880	5,617	5,298	4,759	5,781
54 Foreign governments and official institutions	623	633	633	581	866	763	617	597	619
55 Certified and officers' checks	8,694	8,863	8,947	8,619	10,629	10,257	11,598	11,259	9,719
56 Transaction balances other than demand deposits[4]	123,845	120,684	119,760	115,252	114,653	114,670	113,653	110,595	109,226
57 Nontransaction balances	740,625	743,138	742,727	744,196	754,139	765,400	764,709	758,750	754,023
58 Individuals, partnerships, and corporations	716,864	718,753	719,002	720,480	730,137	741,356	741,042	735,663	731,788
59 Other holders	23,761	24,384	23,725	23,715	24,002	24,044	23,666	23,087	22,235
60 States and political subdivisions	19,730	20,055	19,817	19,792	20,251	20,198	19,885	19,291	18,511
61 U.S. government	2,038	2,059	2,022	2,033	2,001	2,050	2,015	2,019	2,016
62 Depository institutions in the United States	1,682	1,959	1,575	1,577	1,439	1,484	1,461	1,457	1,391
63 Foreign governments, official institutions, and banks	311	311	312	313	312	312	306	321	317
64 Liabilities for borrowed money[5]	396,445r	402,500r	401,616r	406,986r	413,656r	407,789	407,415	423,423	416,654
65 Borrowings from Federal Reserve Banks	15	0	0	0	0	0	0	0	0
66 Treasury tax and loan notes	22,834	17,446	10,968	6,929	14,539	70	4,917	28,714	26,166
67 Other liabilities for borrowed money[6]	373,596r	385,054r	390,648r	400,057r	399,117r	407,719	402,498	394,709	390,488
68 Other liabilities (including subordinated notes and debentures)	215,353r	215,433r	210,954r	217,576r	218,290r	214,976	214,805	209,400	206,467
69 **Total liabilities**	**1,769,785r**	**1,763,754r**	**1,760,050r**	**1,762,514r**	**1,815,968r**	**1,796,576**	**1,804,041**	**1,790,645**	**1,776,919**
70 Residual (total assets less total liabilities)[7]	181,628	182,973	182,477	182,760	184,498	184,637	184,982	184,766	184,909
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,636,875r	1,633,864r	1,635,396r	1,639,260r	1,663,826r	1,665,372	1,663,913	1,655,926	1,650,143
72 Time deposits in amounts of $100,000 or more	108,470	108,823	108,969	108,585	108,075	109,392	108,472	106,882	103,504
73 Loans sold outright to affiliates[9]	563	562	562	564	561	560	559	559	558
74 Commercial and industrial	294	294	294	294	292	292	292	292	292
75 Other	269	268	268	270	268	267	267	267	266
76 Foreign branch credit extended to U.S. residents[10]	24,941	24,875	25,019	25,487	25,334	25,163	25,115	25,347	25,164
77 Net owed to related institutions abroad	82,624	85,809	86,410	95,627	89,030	87,514	85,373	87,871	86,487

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								
	May 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21	June 28
ASSETS									
1 Cash and balances due from depository institutions	16,421r	17,099r	17,155r	17,346r	17,004r	17,795	17,277	17,010	17,070
2 U.S. Treasury and government agency securities	42,244	43,003	42,016	41,271	42,557	41,698	36,572	36,129	39,512
3 Other securities	15,107r	15,705r	15,151r	14,815r	15,498r	15,238	13,681	13,782	16,410
4 Federal funds sold[1]	30,457	30,648	27,013	28,182	29,208	24,932	24,505	27,813	30,346
5 To commercial banks in the United States	5,653	5,577	5,919	8,737	7,301	5,474	4,150	6,648	8,114
6 To others[2]	24,804	25,071	21,094	19,445	21,908	19,458	20,355	21,165	22,232
7 Other loans and leases, gross	170,136	170,579	171,101	171,675	172,421	172,120	173,052	175,467	174,534
8 Commercial and industrial	110,855	110,926	111,058	111,219	110,709	110,522	110,687	111,937	112,695
9 Bankers acceptances and commercial paper	3,010	2,993	2,882	3,133	2,889	3,097	3,134	3,132	3,513
10 All other	107,845	107,932	108,176	108,086	107,821	107,425	107,554	108,805	109,182
11 U.S. addressees	103,089	103,240	103,467	103,249	102,926	102,634	102,741	104,007	104,236
12 Non-U.S. addressees	4,756	4,692	4,709	4,837	4,894	4,791	4,813	4,798	4,946
13 Loans secured by real estate	23,887	23,770	23,689	23,645	23,593	23,626	23,541	23,488	23,496
14 Loans to depository and financial institutions	27,374	27,080	27,364	27,215	27,389	27,767	28,286	28,799	28,647
15 Commercial banks in the United States	4,847	4,866	4,892	4,659	4,561	4,652	4,811	4,825	4,860
16 Banks in foreign countries	2,143	2,321	2,229	2,169	2,312	2,259	2,106	2,137	2,134
17 Nonbank financial institutions	20,385	19,893	20,244	20,387	20,516	20,856	21,369	21,837	21,653
18 For purchasing and carrying securities	3,790	4,319	4,728	5,239	6,150	5,462	5,719	6,732	4,969
19 To foreign governments and official institutions	378	392	370	381	386	426	567	350	361
20 All other	3,852	4,092	3,891	3,975	4,194	4,317	4,253	4,161	4,366
21 Other assets (claims on nonrelated parties)	65,148r	62,679r	61,628r	58,734r	63,423r	63,579	71,470	66,398	57,756
22 **Total assets**[3]	**366,650**	**366,837**	**360,648**	**359,141**	**371,230**	**364,140**	**366,534**	**363,490**	**360,126**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	101,206	102,503	102,604	104,349	107,080	110,581	109,512	107,095	104,195
24 Demand deposits[4]	3,649	3,521	3,158	3,637	4,224	3,871	3,778	3,513	4,095
25 Individuals, partnerships, and corporations	2,901	2,607	2,493	2,910	3,336	3,033	3,030	2,843	3,269
26 Other	748	914	665	727	888	838	748	670	826
27 Nontransaction accounts	97,557	98,982	99,447	100,712	102,856	106,710	105,734	103,582	100,100
28 Individuals, partnerships, and corporations	66,013	67,268	67,433	69,136	69,367	71,130	69,299	68,496	65,315
29 Other	31,543	31,714	32,013	31,576	33,489	35,581	36,435	35,087	34,785
30 Borrowings from other than directly related institutions	87,524r	89,725r	78,936r	75,833r	84,345r	80,410	82,058	82,763	80,814
31 Federal funds purchased[5]	48,634	50,613	43,972	41,832	48,118	44,818	45,536	44,859	42,968
32 From commercial banks in the United States	8,375	11,844	8,372	7,559	11,919	8,110	10,318	8,558	8,175
33 From others	40,259	38,768	35,600	34,272	36,199	36,708	35,218	36,301	34,793
34 Other liabilities for borrowed money	38,890r	39,112r	34,963r	34,001r	36,227r	35,592	36,522	37,904	37,846
35 To commercial banks in the United States	5,535	5,655	5,378	4,715	5,046	4,420	5,275	5,705	5,840
36 To others	33,355r	33,457r	29,586r	29,286r	31,182r	31,172	31,247	32,198	32,006
37 Other liabilities to nonrelated parties	61,844r	60,851r	58,903r	57,068r	59,883r	59,998	61,213	56,375	55,660
38 **Total liabilities**[6]	**366,650**	**366,837**	**360,648**	**359,141**	**371,230**	**364,140**	**366,534**	**363,490**	**360,126**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	247,444r	249,491r	244,470r	242,548r	247,823r	243,862	238,849	241,719	247,828
40 Net owed to related institutions abroad	88,939	86,632	93,621	94,775	88,803	84,372	83,774	90,367	94,959

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1994	1995				
	1990	1991	1992	1993	1994	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**595,382**	**595,382**	**612,554**	**619,150**	**633,324**	**651,128**	**650,580**
Financial companies[1]											
2 Dealer-placed paper[2], total	214,706	212,999	226,456	218,947	223,038	223,038	231,318	232,231	243,949	252,846	258,006
3 Directly placed paper[3], total	200,036	182,463	171,605	180,389	207,701	207,701	215,423	218,570	218,269	219,281	216,879
4 Nonfinancial companies[4]	147,914	133,370	147,558	155,739	164,643	164,643	165,813	168,349	171,106	179,001	175,695
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**	**29,835**					
By holder											
6 Accepting banks	9,017	11,017	10,555	12,421	11,783	11,783					
7 Own bills	7,930	9,347	9,097	10,707	10,462	10,462					
8 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321	1,321					
Federal Reserve Banks[6]											
9 Foreign correspondents	918	1,739	1,276	725	410	410	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	44,836	31,014	26,364	19,202	17,642	17,642					
By basis											
11 Imports into United States	13,095	12,843	12,209	10,217	10,062	10,062					
12 Exports from United States	12,703	10,351	8,096	7,293	6,355	6,355					
13 All other	28,973	20,577	17,890	14,838	13,417	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—Apr.	6.45
July 2	6.00	1993	6.00	Feb.	6.00	May	6.99
		1994	7.15	Mar.	6.00	June	7.25
1994—Mar. 24	6.25			Apr.	6.00	July	7.25
Apr. 19	6.75	1992—Jan.	6.50	May	6.00	Aug.	7.51
May 17	7.25	Feb.	6.50	June	6.00	Sept.	7.75
Aug. 16	7.75	Mar.	6.50	July	6.00	Oct.	7.75
Nov. 15	8.50	Apr.	6.50	Aug.	6.00	Nov.	8.15
		May	6.50	Sept.	6.00	Dec.	8.50
1995—Feb. 1	9.00	June	6.50	Oct.	6.00		
July 7	8.75	July	6.02	Nov.	6.00	1995—Jan.	8.50
		Aug.	6.00	Dec.	6.00	Feb.	9.00
		Sept.	6.00			Mar.	9.00
		Oct.	6.00	1994—Jan.	6.00	Apr.	9.00
		Nov.	6.00	Feb.	6.00	May	9.00
		Dec.	6.00	Mar.	6.06	June	9.00
						July	8.80

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				
				Mar.	Apr.	May	June	June 2	June 9	June 16	June 23	June 30
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	5.98	6.05	6.01	6.00	6.02	6.03	6.02	6.00	5.95
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	6.07	6.06	6.05	6.05	6.04	6.01	6.05	6.07	6.09
4 3-month	3.75	3.22	4.66	6.15	6.12	6.06	5.94	5.98	5.91	5.96	5.94	5.94
5 6-month	3.80	3.30	4.93	6.30	6.19	6.07	5.79	5.92	5.75	5.82	5.79	5.76
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	5.95	5.96	5.94	5.92	5.91	5.89	5.93	5.93	5.93
7 3-month	3.65	3.16	4.53	6.03	6.01	5.91	5.73	5.80	5.74	5.78	5.73	5.68
8 6-month	3.63	3.15	4.56	6.04	6.01	5.81	5.47	5.61	5.45	5.52	5.46	5.44
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	6.04	6.00	5.91	5.80	5.82	5.79	5.83	5.81	5.79
10 6-month	3.67	3.21	4.83	6.14	6.06	5.90	5.65	5.71	5.66	5.68	5.63	5.64
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	6.02	6.01	5.98	5.97	5.96	5.94	5.98	5.97	6.00
12 3-month	3.68	3.17	4.63	6.15	6.11	6.02	5.90	5.91	5.88	5.93	5.91	5.91
13 6-month	3.76	3.28	4.96	6.34	6.27	6.07	5.80	5.86	5.78	5.84	5.78	5.80
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	6.15	6.13	6.03	5.89	5.95	5.85	5.92	5.89	5.87
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	5.73	5.65	5.67	5.47	5.55	5.56	5.48	5.42	5.43
16 6-month	3.54	3.12	4.64	5.89	5.77	5.67	5.42	5.49	5.48	5.45	5.40	5.37
17 1-year	3.71	3.29	5.02	6.03	5.88	5.65	5.33	5.38	5.37	5.35	5.29	5.33
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	5.73	5.67	5.70	5.50	5.64	5.48	5.57	5.46	5.35
19 6-month	3.57	3.14	4.66	5.91	5.80	5.73	5.46	5.61	5.35	5.56	5.42	5.34
20 1-year	3.75	3.33	4.98	6.16	6.02	5.90	5.38	5.54	n.a.	n.a.	n.a.	5.22
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	6.43	6.27	6.00	5.64	5.71	5.69	5.66	5.59	5.65
22 2-year	4.77	4.05	5.94	6.78	6.57	6.17	5.72	5.76	5.74	5.75	5.66	5.75
23 3-year	5.30	4.44	6.27	6.89	6.68	6.27	5.80	5.83	5.83	5.83	5.73	5.83
24 5-year	6.19	5.14	6.69	7.05	6.86	6.41	5.93	5.98	5.96	5.96	5.86	5.95
25 7-year	6.63	5.54	6.91	7.14	6.95	6.50	6.05	6.08	6.07	6.09	5.99	6.07
26 10-year	7.01	5.87	7.09	7.20	7.06	6.63	6.17	6.23	6.20	6.21	6.10	6.17
27 20-year	n.a.	6.29	7.49	7.57	7.45	7.01	6.59	6.66	6.60	6.64	6.54	6.60
28 30-year	7.67	6.59	7.37	7.45	7.36	6.95	6.57	6.62	6.57	6.61	6.53	6.58
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	7.52	7.41	6.99	6.59	6.65	6.60	6.64	6.55	6.59
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	5.91r	5.74	5.68	5.62	5.60	5.60	5.55	5.70	5.65
31 Baa	6.48	5.83	6.17	6.50r	6.01	5.98	5.89	5.91	5.91	5.88	5.80	5.93
32 *Bond Buyer* series[14]	6.44	5.60	6.18	6.10	6.02	5.95	5.84	5.79	5.75	5.86	5.82	5.97
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	8.35	8.25	7.86	7.54	7.55	7.51	7.61	7.51	7.54
Rating group												
34 Aaa	8.14	7.22	7.97	8.12	8.03	7.65	7.30	7.33	7.28	7.37	7.27	7.31
35 Aa	8.46	7.40	8.15	8.24	8.12	7.74	7.43	7.43	7.40	7.50	7.40	7.43
36 A	8.62	7.58	8.28	8.33	8.23	7.86	7.53	7.55	7.50	7.60	7.51	7.54
37 Baa	8.98	7.93	8.63	8.70	8.60	8.20	7.90	7.91	7.87	7.97	7.87	7.91
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	8.40	8.31	7.89	7.60	7.49	7.71	7.62	7.52	7.64
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.99	2.78	2.82	2.76	2.68	2.60	2.55	2.58	2.58	2.56	2.53	2.53

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June
	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	255.22	252.48	248.65	253.56	261.86	266.81	274.38	281.81	289.52
2 Industrial	284.26	300.10	315.32	321.53	319.33	313.92	319.93	328.98	337.96	347.69	357.01	366.75
3 Transportation	201.02	242.68	247.17	230.71	227.44	218.93	230.25	237.29	252.37	254.36	254.70	256.80
4 Utility	99.48	114.55	104.96	101.67	100.07	100.01	100.58	103.87	102.08	104.70	106.02	108.12
5 Finance	179.29	216.55	209.75	203.33	198.38	195.25	201.05	211.76	213.29	219.38	228.45	236.26
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415.75	451.63	460.42	463.81	461.01	455.19	465.25	481.92	493.20	507.91	523.83	539.35
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	456.25	445.16	427.39	436.09	446.37	456.06	471.54	487.03	492.60
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	301,327	297,001	302,049	326,652	333,020	338,733	331,184	341,905	345,547
9 American Stock Exchange	14,171	18,188	17,951	20,731	18,465	18,745	18,829	18,424	17,905	19,404	19,266	24,622
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers[3]**	**43,990**	**60,310**	**61,160**	**62,150**	**61,000**	**61,160**	**64,380**	**59,800**	**60,270**	**62,520**	**64,070**	**66,340**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	12,875	13,635	14,095	13,225	12,380	12,745	12,440	13,403	13,710
12 Cash accounts	22,510	27,715	28,870	24,180	25,625	28,870	26,440	25,860	26,680	26,670	27,464	29,860

	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	Jan.	Feb.	Mar.	Apr.	May	June
U.S. budget[1]									
1 Receipts, total	1,090,453	1,153,226	1,257,187	131,801	82,544	92,532	165,392	90,405	147,868
2 On-budget	788,027	841,292	922,161	101,036	54,405	61,971	126,170	61,027	115,998
3 Off-budget	302,426	311,934	335,026	30,765	28,139	30,561	39,222	29,378	31,870
4 Outlays, total	1,380,856	1,408,532	1,461,067	115,172	120,527r	142,458	115,673	129,355	134,296
5 On-budget	1,128,518	1,141,945	1,460,557	89,890	94,050r	116,508	90,628	102,581	119,478
6 Off-budget	252,339	266,587	279,372	25,282	26,478	25,951	25,045	26,774	14,819
7 Surplus or deficit (−), total	−290,403	−255,306	−203,370	16,628	−37,983r	−49,927	49,720	−38,950	13,571
8 On-budget	−340,490	−300,653	−259,024	11,146	−39,644r	−54,537	35,542	−41,554	−3,480
9 Off-budget	50,087	45,347	55,654	5,483	1,661	4,610	14,178	2,604	17,051
Source of financing (total)									
10 Borrowing from the public	310,918	248,594	184,998	13,337	38,964r	13,645	−27,638	44,740	8,491
11 Operating cash (decrease, or increase (−))	−17,305	6,283	16,564	−23,264	14,000	17,747	−19,972	11,841	−34,312
12 Other[2]	−3,210	429	1,808	−6,701	−14,980	18,535	−2,110	22,578	12,250
MEMO									
13 Treasury operating balance (level, end of period)	58,789	52,506	35,942	49,844	35,844	18,097	38,069	26,228	60,540
14 Federal Reserve Banks	24,586	17,289	6,848	13,964	6,890	4,543	8,241	4,646	20,977
15 Tax and loan accounts	34,203	35,217	29,094	35,880	28,954	13,554	29,828	21,582	39,563

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	Apr.	May	June
RECEIPTS									
1 **All sources**	**1,153,226**	**1,257,453**	**582,038**	**652,234[r]**	**625,557**	**710,542**	**165,392**	**90,405**	**147,868**
2 Individual income taxes, net	509,680	543,055	262,073	275,052[r]	273,474	307,498	76,441	29,729	61,457
3 Withheld	430,211	459,699	228,423	225,387	240,062	251,398	32,447	43,414	40,901
4 Presidential Election Campaign Fund	28	70	2	63	10	58	16	12	8
5 Nonwithheld	154,989	160,364	41,768	117,937[r]	42,031	132,006	64,937	8,691	23,053
6 Refunds	75,546	77,077	8,115	68,325[r]	9,207	75,958	20,959	22,388	2,505
Corporation income taxes									
7 Gross receipts	131,548	154,205	68,266	80,536	78,392	92,132	25,779	3,572	36,645
8 Refunds	14,027	13,820	6,514	6,933	7,331	10,399	2,297	1,379	768
9 Social insurance taxes and contributions, net	428,300	461,475	206,176	248,301	220,141	261,837	53,839	48,183	41,341
10 Employment taxes and contributions[2]	396,939	428,810	192,749	228,714	206,613	228,663	50,423	37,226	40,605
11 Self-employment taxes and contributions[3]	20,604	24,433	4,335	20,762	4,135	23,429	12,640	1,898	4,032
12 Unemployment insurance	26,556	28,004	11,010	17,301	11,177	18,001	3,061	10,601	320
13 Other net receipts[4]	4,805	4,661	2,417	2,284	2,349	2,267	354	355	416
14 Excise taxes	48,057	55,225	25,994	26,444	30,062	27,452	4,602	4,770	4,897
15 Customs deposits	18,802	20,099	10,215	9,500	11,042	8,847	1,349	1,471	1,583
16 Estate and gift taxes	12,577	15,225	6,617	8,197	7,071	7,424	1,906	1,339	1,040
17 Miscellaneous receipts[5]	18,273	22,041	9,227	11,170	13,305	15,749	3,774	2,719	1,674
OUTLAYS									
18 **All types**	**1,408,532**	**1,460,722**	**727,685**	**710,620**	**751,645**	**757,480**	**115,673**	**129,355**	**134,296**
19 National defense	291,086	281,451	146,672	133,844[r]	141,108	132,588	17,753	22,194	26,148
20 International affairs	16,826	17,249	10,186	5,800	12,056	4,727	95	1,282	818
21 General science, space, and technology	17,030	17,602	8,880	8,502	8,979	8,611	1,298	1,596	1,521
22 Energy	4,319	5,398	1,663	2,237[r]	3,101	2,358	196	244	601
23 Natural resources and environment	20,239	20,902	11,221	10,111[r]	12,750	10,273	1,587	1,820	1,698
24 Agriculture	20,443	15,131	7,516	7,451	7,697	4,039	623	236	−328
25 Commerce and housing credit	22,725	−4,851	−1,490	−4,962[r]	−4,094	−13,936	−1,092	−1,988	−3,041
26 Transportation	35,004	36,835	19,570	16,739[r]	20,489	18,192	2,560	3,154	3,432
27 Community and regional development	9,051	11,877	4,288	4,571[r]	6,688	4,858	896	860	1,035
28 Education, training, employment, and social services	50,012	44,730	26,753	19,262[r]	25,887	25,738	3,647	4,205	4,480
29 Health	99,415	106,495	52,958	53,195	54,123	58,759	9,281	9,952	10,543
30 Social security and Medicare	435,137	464,314	223,735	232,777	236,819	251,975	39,463	42,387	47,721
31 Income security	207,257	213,972	102,380	109,080	101,743	117,639	18,963	20,633	16,426
32 Veterans benefits and services	35,720	37,637	19,852	16,686	19,757	19,267	1,850	3,204	4,552
33 Administration of justice	14,955	15,283	7,400	7,718	7,800	8,062	1,359	1,129	1,419
34 General government	13,009	11,348	6,531	5,084	7,384	5,797	299	1,109	1,781
35 Net interest[6]	198,811	202,957	99,914	99,844	109,435	116,170	20,017	20,295	18,617
36 Undistributed offsetting receipts[7]	−37,386	−37,772	−20,344	−17,308	−20,065	−17,632	−3,121	−2,956	−3,127

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 June 30	1993 Sept. 30	1993 Dec. 31	1994 Mar. 31	1994 June 30	1994 Sept. 30	1994 Dec. 31	1995 Mar. 31	1995 June 30[r]
1 **Federal debt outstanding**	**4,373**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,827**	**4,864**	n.a.
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	
4 Held by agencies	1,100	1,117	1,154	1,142	1,203	1,213	1,257	1,255	
5 Agency securities	21	25	27	26	28	29	27	27	n.a.
6 Held by public	21	25	27	26	27	29	27	26	
7 Held by agencies	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 Q3	1994 Q4	1995 Q1	1995 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	
16 Federal Reserve Banks	281.8	302.5	334.2	374.1	355.2	374.1	369.3	
17 Private investors	2,563.2	2,839.9	3,047.7	3,168.0	3,127.8	3,168.0	3,239.1	
18 Commercial banks	233.4	294.0	316.0	296.4	313.9[r]	296.4	285.0	
19 Money market funds	80.0	79.4	80.5	67.6	60.1[r]	67.6	67.8	
20 Insurance companies	168.7	197.5	216.0	256.8	253.4[r]	256.8	260.0	
21 Other companies	150.8	192.5	213.0	230.2	229.3	230.2	230.3	n.a.
22 State and local treasuries	520.3	534.8	564.0	488.3	504.6[r]	488.3	480.0	
Individuals								
23 Savings bonds	138.1	157.3	171.9	180.5	178.6	180.5	181.4	
24 Other securities	125.8	131.9	137.9	152.5	148.6	152.5	161.4	
25 Foreign and international[5]	491.8	549.7	623.3	688.1	655.0[r]	688.1	728.1	
26 Other miscellaneous investors[6]	651.3	702.4	725.0	807.6	784.3[r]	807.6	845.1	

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

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

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

Millions of dollars, daily averages

Item	1995			1995, week ending								
	Mar.	Apr.	May	May 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21	June 28
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	49,948	49,515	52,894	50,191	55,258	53,988	47,285	56,666	55,756	47,982	45,813	45,809
Coupon securities, by maturity												
2 Five years or less	96,107	86,779	102,560	84,904	121,759	106,732	98,410	93,934	110,345	103,903	84,282	106,808
3 More than five years	45,128	38,590	59,066	38,391	80,621	60,340	48,827	58,883	72,572	61,528	44,886	50,487
4 Federal agency	23,485	22,120	21,890	22,431	22,095	22,791	19,767	22,584	22,244	21,415	22,591	24,449
5 Mortgage-backed	26,637	26,963	29,333	21,890	48,781	31,367	21,861	19,788	46,142	44,273	24,387	18,041
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	113,505	102,048	125,478	101,552	146,327	132,562	116,186	121,191	142,306	128,968	104,834	122,119
7 Federal agency	745	778	868	865	1,143	761	698	872	758	731	427	724
8 Mortgage-backed	8,758	8,353	10,050	6,512	15,179	11,645	8,541	6,960	14,907	15,660	9,470	6,315
With other												
9 U.S. Treasury	77,677	72,836	89,043	71,934	111,310	88,498	78,337	88,292	96,366	84,445	70,147	80,985
10 Federal agency	22,740	21,342	21,022	21,567	20,952	22,030	19,069	21,712	21,486	20,684	22,164	23,725
11 Mortgage-backed	17,879	18,610	19,282	15,378	33,602	19,721	13,320	12,828	31,234	28,613	14,917	11,726
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	1,785	910	1,371	1,133	1,730	1,392	1,636	867	1,664	1,045	721	358
Coupon securities, by maturity												
13 Five years or less	2,303[r]	2,152[r]	2,877[r]	2,267[r]	3,443[r]	2,613[r]	2,917[r]	2,901	3,862	2,865	2,638	2,044
14 More than five years	15,604[r]	11,781[r]	17,425[r]	9,685[r]	24,534[r]	17,471[r]	14,979[r]	17,358	24,310	20,562	15,249	13,055
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	2,471[r]	2,585[r]	2,695[r]	2,297[r]	3,570[r]	2,213[r]	2,471	2,765	3,694	2,534	1,298	2,888
19 More than five years	3,892[r]	3,425[r]	5,230[r]	3,395[r]	7,361[r]	4,748[r]	5,137[r]	4,777[r]	6,272	3,884	3,460	3,851
20 Federal agency	0	0	0	0	0	0	0	0	0	0	n.a.	n.a.
21 Mortgage-backed	760	726	1,199	752	2,495	723	834	1,014	2,227	1,058	540	903

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

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

Millions of dollars

Item	1995			1995, week ending							
	Mar.	Apr.	May	May 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	10,749	7,472	4,533	4,730	6,234	7,102	−1,443	6,156	586	−3,351	−3,877
Coupon securities, by maturity											
2 Five years or less	−5,840	−1,887	1,996	2,245	3,685	−4,108	4,525	3,774	7,342	3,172	1,073
3 More than five years	−28,898	−30,458	−20,487	−31,238	−19,902	−20,133	−19,869	−17,437	−13,788	−12,788	−16,055
4 Federal agency	23,373	22,961	22,564	21,524	24,332	23,744	21,592	21,034	26,935	26,399	22,082
5 Mortgage-backed	32,766	30,809	34,798	30,334	35,417	34,895	36,454	34,338	32,723	31,277	30,370
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−10,230	−10,906	−11,208	−11,647	−11,816	−11,035	−10,826	−10,966	−10,222	−8,585	−6,777
Coupon securities, by maturity											
7 Five years or less	1,411[r]	2,296[r]	1,128	3,195[r]	1,523[r]	1,638[r]	1,331[r]	−868	1,289	1,893	2,475
8 More than five years	79[r]	2,427[r]	−4,195	1,662[r]	−3,345[r]	−5,360[r]	−5,402[r]	−5,185	−7,772	−8,364	−9,305
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
	Financing[5]										
Reverse repurchase agreements											
11 Overnight and continuing	225,309	227,539	224,729	250,508	221,649	225,460	208,143	232,616	249,171	242,805	238,006
12 Term	360,597	370,576	369,097	378,900	416,466	353,483	368,132	334,105	378,821	399,352	399,890
Securities borrowed											
13 Overnight and continuing	173,921	170,977	163,757	170,853	167,201	167,764	158,299	158,722	163,119	158,069	155,799
14 Term	58,737	59,415	55,704	61,233	58,505	54,996	57,720	49,225	51,928	54,099	57,640
Securities received as pledge											
15 Overnight and continuing	3,374	3,526	2,552	2,639	2,560	2,640	2,405	2,564	3,101	3,085	3,117
16 Term	54	64	103	187	203	46	56	70	145	118	51
Repurchase agreements											
17 Overnight and continuing	468,711	469,832	465,539	489,735	469,837	476,041	440,719	465,191	522,828	510,791	482,517
18 Term	320,370	330,717	323,351	336,599	374,489	311,086	317,486	284,665	308,397	334,407	360,675
Securities loaned											
19 Overnight and continuing	3,927	4,946	4,879	4,723	4,651	4,769	4,627	5,534	5,283	5,181	5,108
20 Term	1,216	2,146	1,842	2,022	1,754	1,835	1,837	1,863	2,002	1,949	1,862
Securities pledged											
21 Overnight and continuing	29,195	29,139	28,703	27,493	29,671	28,820[r]	27,214	29,627	28,227	27,922	32,184
22 Term	3,258	3,184	3,742	3,565	3,498	3,073	4,427	4,046	4,488	4,428	4,168
Collateralized loans											
23 Overnight and continuing	13,998	16,973	13,004	14,747	12,264	12,439	15,373	11,193	12,525	13,693	12,563
24 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO: Matched book[6]											
Securities in											
25 Overnight and continuing	219,569	219,256	212,193	239,196	215,699	215,418	198,568	207,514	227,691	224,856	220,108
26 Term	334,781	344,373	346,228	356,047	384,117	326,509	352,595	317,481	349,979	366,146	374,452
Securities out											
27 Overnight and continuing	282,171	289,764	273,963	312,051	274,864	275,662	262,320	266,681	308,103	299,780	277,861
28 Term	263,970	275,791	272,206	284,786	323,542	257,719	269,823	232,349	258,318	276,819	302,085

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

2. Securities positions are reported at market value.

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1990	1991	1992	1993	1994	1995			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**434,668**	**442,772**	**483,970**	**570,711**	**741,992**	**740,521**	**749,285**	**757,859**	n.a.
2 Federal agencies	42,159	41,035	41,829	45,193	39,186	39,196	39,054	38,759	38,777
3 Defense Department[1]	7	7	7	6	6	6	6	6	6
4 Export-Import Bank[2,3]	11,376	9,809	7,208	5,315	3,455	3,455	3,455	3,156	3,156
5 Federal Housing Administration[4]	393	397	374	255	116	59	60	65	70
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
7 Postal Service[6]	6,948	8,421	10,660	9,732	8,073	8,073	7,873	7,873	7,873
8 Tennessee Valley Authority	23,435	22,401	23,580	29,885	27,536	27,603	27,660	27,659	27,672
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	392,509	401,737	442,141	525,518	702,806	701,325	710,231	719,100	n.a.
11 *Federal Home Loan Banks*	117,895	107,543	114,733	141,577	208,881	210,905	208,843	213,373	215,223
12 Federal Home Loan Mortgage Corporation	30,941	30,262	29,631	49,993	93,279	95,060	101,417	101,673	106,432
13 Federal National Mortgage Association	123,403	133,937	166,300	201,112	257,230	250,467	255,719	258,653	258,176
14 Farm Credit Banks[8]	53,590	52,199	51,910	53,123	53,175	55,558	53,846	53,947	53,629
15 Student Loan Marketing Association[9]	34,194	38,319	39,650	39,784	50,335	49,425	50,506	51,554	n.a.
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 *Resolution Funding Corporation*[12]	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**179,083**	**185,576**	**154,994**	**128,187**	**103,817**	**101,157**	**100,388**	**98,266**	**95,374**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,370	9,803	7,202	5,309	3,449	3,449	3,449	3,150	3,150
21 *Postal Service*[6]	6,698	8,201	10,440	9,732	8,073	8,073	7,873	7,873	7,873
22 Student Loan Marketing Association	4,850	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	14,055	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	52,324	48,534	42,979	38,619	33,719	33,669	33,574	32,759	31,769
26 *Rural Electrification Administration*	18,890	18,562	18,172	17,578	17,392	17,309	17,360	17,293	17,299
27 Other	70,896	84,931	64,436	45,864	37,984	35,457	34,932	33,991	32,083

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June
1 **All issues, new and refunding**[1]	**226,818**	**279,945**	**153,950**	**11,856**	**9,541**	**7,717**	**7,366**	**11,844**	**8,552**	**11,804**	**17,956**
By type of issue											
2 General obligation	78,611	90,599	54,404	5,781	2,272	3,770	3,714	5,459	3,536	4,332	5,755
3 Revenue	136,580	189,346	99,546	6,075	7,269	3,947	3,652	6,385	5,016	7,472	12,201
By type of issuer											
4 State	24,874	27,999	19,186	1,530	151	738	1,032	2,315	994	1,315	1,329
5 Special district or statutory authority[2]	138,327	178,714	95,896[r]	6,228	7,352	4,835	4,889	6,572	5,814	8,039	11,382
6 Municipality, county, or township	63,617	73,232	38,868	4,098	2,038	2,144	1,445	2,957	1,744	2,450	5,245
7 **Issues for new capital**	**101,865**	**91,434**	**105,972**	**9,629**	**8,444**	**5,737**	**5,670**	**10,538**	**6,497**	**8,406**	**13,796**
By use of proceeds											
8 Education	18,852	16,831	21,267	1,780	1,701	1,411	1,464	1,666	1,863	2,594	2,494
9 Transportation	14,357	9,167	10,836	623	307	625	671	454	615	606	3,127
10 Utilities and conservation	12,164	12,014	10,192	974	1,292	538	249	633	345	1,282	1,235
11 Social welfare	16,744	13,837	20,289	1,416	2,208	1,182	869	2,556	1,547	1,738	2,062
12 Industrial aid	6,188	6,862	8,161	981	1,046	384	215	1,011	391	416	411
13 Other purposes	33,560	32,723	35,227	3,855	1,890	1,597	2,202	4,218	1,736	1,770	4,467

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 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.[r]	1995 May
1 **All issues**[1]	**559,827**	**754,969**	n.a.	**34,481**	**38,258**	**23,267**	**37,216**[r]	**42,079**[r]	**39,590**[r]	**32,617**	**50,943**
2 **Bonds**[2]	**471,502**	**641,498**	n.a.	**30,909**	**33,286**	**20,493**	**34,312**[r]	**37,248**[r]	**36,670**[r]	**27,088**	**44,944**
By type of offering											
3 Public, domestic	378,058	486,879	365,050	25,192	27,278	17,809	24,353[r]	29,350[r]	32,703[r]	24,615	38,671
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	5,718	6,008	2,684	9,959	7,898[r]	3,967[r]	2,473	6,273
By industry group											
6 Manufacturing	82,058	88,002	31,981	2,498	2,491	1,508	1,497	4,405[r]	2,126[r]	2,814	1,609
7 Commercial and miscellaneous	43,111	60,293	27,900	2,204	1,578	2,469	2,334	3,038	1,941	2,128	6,093
8 Transportation	9,979	10,756	4,573	227	239	269	0	100	403	978	1,045
9 Public utility	48,055	56,272	11,713	695	744	273	659	215	839	297	2,546
10 Communication	15,394	31,950	11,986	279	333	419	813	1,122	399	323	1,716
11 Real estate and financial	272,904	394,226	333,135	25,007	27,902	15,556	29,009[r]	28,368[r]	30,962[r]	20,548	31,935
12 **Stocks**[2]	**88,325**	**113,472**	n.a.	**3,572**	**4,972**	**2,774**	**2,902**[r]	**4,831**	**2,920**[r]	**3,529**	**5,998**
By type of offering											
13 Public preferred	21,339	18,897	12,504	713	279	178	430	296	205	381	1,407
14 Common	57,118	82,657	47,884	2,859	4,693	2,595	2,472[r]	4,535[r]	2,715[r]	3,148	4,591
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		745	1,963	1,203	1,086	1,582[r]	1,010	612	2,356
17 Commercial and miscellaneous	20,231	25,761	n.a.	1,105	1,789	857	390[r]	1,413[r]	907[r]	1,841	1,050
18 Transportation	2,595	2,237		79	76	0	19	15	60	48	101
19 Public utility	6,532	7,050		4	333	165	134	258	137	141	185
20 Communication	2,366	3,439		0	0	21	496	0	20	0	74
21 Real estate and financial	33,879	52,021	↓	1,639	791	527	776	1,564	786	887	2,232

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 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May
1 **Sales of own shares**[2]	**851,885**	**841,286**	**59,285**	**56,849**	**73,183**	**75,099**	**59,121**	**69,898**	**68,294**	**70,939**
2 Redemptions of own shares	567,881	699,823	53,743	55,757	70,747	63,737	50,738	60,970	59,957	57,033
3 Net sales[3]	284,004	141,463	5,543	1,092	2,436	11,362	8,383	8,928	8,337	13,906
4 **Assets**[4]	**1,510,209**	**1,550,490**	**1,601,363**	**1,549,186**	**1,550,490**	**1,563,187**	**1,619,705**	**1,657,370**	**1,710,280**	**1,769,249**
5 Cash[5]	100,209	121,296	126,766	125,843	121,296	124,351	126,307	121,424	124,092	128,866
6 Other	1,409,838	1,429,195	1,474,597	1,423,344	1,429,195	1,438,836	1,493,399	1,535,946	1,586,187	1,640,383

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 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	542.7	473.1	493.5	533.9	508.2	546.4	556.0	560.3	569.7
2 Profits before taxes	395.9	462.4	524.5	456.6	458.7	501.7	483.5	523.1	538.1	553.5	570.6
3 Profits-tax liability	139.7	173.2	202.5	171.8	169.9	191.5	184.1	201.7	208.6	215.6	220.0
4 Profits after taxes	256.2	289.2	322.0	284.8	288.9	310.2	299.4	321.4	329.5	337.9	350.7
5 Dividends	171.1	191.7	205.2	190.7	193.2	194.6	196.3	202.5	207.9	213.9	217.1
6 Undistributed profits	85.1	97.5	116.9	94.1	95.6	115.6	103.0	118.9	121.6	124.0	133.5
7 Inventory valuation	−6.4	−6.2	−19.5	−10.0	3.0	−6.5	−12.3	−14.1	−19.6	−32.1	−39.0
8 Capital consumption adjustment	15.7	29.5	37.7	26.5	31.7	38.8	37.0	37.4	37.5	38.8	38.1

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

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

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1992	1993	1994[r]	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4[r]	1995 Q1
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	474.0	482.8	494.5	511.3	524.1	551.0	568.5
2 Consumer	118.3	116.5	134.8	111.0	116.5	120.1	124.3	130.3	134.8	135.8
3 Business	301.3	294.6	337.6	291.9	294.6	302.3	313.2	317.2	337.6	351.9
4 Real estate	72.2	71.7	78.5	71.1	71.7	72.1	73.8	76.6	78.5	80.8
5 LESS: Reserves for unearned income	53.2	50.7	55.0	49.5	50.7	51.2	51.9	51.1	55.0	58.9
6 Reserves for losses	16.2	11.2	12.4	11.2	11.2	11.6	12.1	12.1	12.4	12.9
7 Accounts receivable, net	422.4	420.9	483.5	413.3	420.9	431.7	447.3	460.9	483.5	496.7
8 All other	142.5	170.9	183.4	163.9	170.9	171.2	174.6	177.2	183.4	194.6
9 **Total assets**	**564.9**	**591.8**	**666.9**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	25.8	25.3	24.2	23.3	21.6	21.2	21.0
11 Commercial paper	156.4	159.2	184.6	149.9	159.2	165.9	171.2	171.0	184.6	181.3
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	39.5	42.7	51.0	44.6	42.7	41.1	44.7	50.0	51.0	52.5
15 Not elsewhere classified	196.3	206.0	235.0	204.2	206.0	211.7	219.6	228.2	235.0	254.4
16 All other liabilities	68.0	87.1	99.5	83.8	87.1	90.5	89.9	95.0	99.5	102.5
17 Capital, surplus, and undivided profits	67.1	71.4	75.7	68.9	71.4	69.5	73.2	72.3	75.7	79.7
18 **Total liabilities and capital**	**564.9**	**591.8**	**666.9**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, 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[r]	1994 Dec.[r]	1995[r] Jan.	1995[r] Feb.	1995[r] Mar.	1995[r] Apr.	1995[r] May
	Seasonally adjusted								
1 **Total**	**539,996[r]**	**545,533[r]**	**614,784**	**614,784**	**624,038**	**630,388**	**637,911**	**643,131**	**651,914**
2 Consumer	157,579[r]	160,349[r]	176,198	176,198	178,430	178,623	180,029	181,849	186,521
3 Real estate[2]	72,473[r]	71,965[r]	78,770	78,770	79,210	80,326	81,210	81,784	82,656
4 Business	309,944[r]	313,219[r]	359,816	359,816	366,398	371,439	376,672	379,497	382,737
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,751[r]**	**620,975**	**620,975**	**624,281**	**629,486**	**640,378**	**645,704**	**651,538**
6 Consumer	159,558	162,770	178,999	178,999	179,979	178,601	180,653	181,672	184,554
7 Motor vehicles	57,259	56,057	61,609	61,609	62,321	61,067	61,256	62,434	63,687
8 Other consumer[3]	61,020	60,396	73,221	73,221	75,147	73,691	74,534	75,447	75,958
9 Securitized motor vehicles[4]	29,734	36,024	31,897	31,897	30,262	31,304	32,155	31,261	32,047
10 Securitized other consumer[4]	11,545	10,293	12,272	12,272	12,249	12,539	12,708	12,530	12,862
11 Real estate[2]	72,243	71,727	78,479	78,479	79,592	80,754	80,762	82,011	82,548
12 *Business*	312,890	316,254[r]	363,497	363,497	364,710	370,131	378,963	382,021	384,436
13 Motor vehicles	89,011	95,173	118,197	118,197	118,979	121,818	125,805	128,052	127,272
14 Retail[5]	20,541	18,091	21,514	21,514	21,809	21,577	21,652	22,303	21,093
15 Wholesale[6]	29,890	31,148	35,037	35,037	34,493	36,759	38,868	39,617	39,598
16 Leasing	38,580	45,934	61,646	61,646	62,677	63,482	65,285	66,132	66,581
17 Equipment	151,424	145,452	157,953	157,953	158,820	159,333	161,306	162,212	164,477
18 Retail	33,521	35,513	39,680	39,680	40,387	40,329	42,024	41,182	41,868
19 Wholesale[6]	8,680	8,001	9,678	9,678	9,372	9,462	8,913	9,660	10,721
20 Leasing	109,223	101,938	108,595	108,595	109,061	109,542	110,369	111,370	111,888
21 Other business[7]	60,856	53,997	61,495	61,495	61,304	63,339	64,815	64,475	64,197
22 Securitized business assets[4]	11,599	21,632[r]	25,852	25,852	25,607	25,641	27,037	27,282	28,490
23 Retail	1,120	2,869[r]	4,494	4,494	4,251	4,035	4,404	4,937	5,224
24 Wholesale	5,756	10,584	14,826	14,826	14,945	15,465	16,653	16,561	17,676
25 Leasing	4,723	8,179[r]	6,532	6,532	6,411	6,141	5,980	5,784	5,590

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, *see inside front cover*.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1992	1993	1994	1994	1995					
				Dec.	Jan	Feb.	Mar.	Apr.	May	June
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	184.9	176.5	175.6	173.3	174.7	178.1	181.7
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	136.2	134.2	135.6	132.6	134.6	136.3	137.7
3 Loan-to-price ratio (percent)	76.6	78.0	78.8	76.9	78.0	79.3	78.2	79.2	78.7	78.2
4 Maturity (years)	25.6	26.1	27.5	28.0	28.0	28.3	28.6	28.1	28.4	27.2
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.38	1.31	1.32	1.18	1.14	1.30	1.18
Yield (percent per year)										
6 Contract rate[1]	7.98	7.03	7.26	7.61	7.96	8.07	8.02	7.96	7.79	7.54
7 Effective rate[1,3]	8.25	7.24	7.47	7.83	8.18	8.28	8.21	8.15	7.99	7.73
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	9.32	9.11	8.79	8.60	8.44	7.84	7.80
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	9.54	9.10	9.05	8.60	8.56	8.03	8.00
10 GNMA securities[6]	7.71	6.65	7.96	8.76	8.69	8.38	8.08	7.96	7.53	7.24
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	222,057	222,774	223,137	223,956	226,197	228,078	232,534
12 FHA/VA insured	22,593	23,857	28,377	28,377	28,368	28,420	28,672	28,664	28,576	28,886
13 Conventional	135,526	167,004	194,499	194,499	195,170	195,439	195,998	198,161	200,004	204,022
Mortgage transactions (during period)										
14 Purchases	75,905	92,037	62,389	3,399	2,154	1,802	2,390	3,709	3,787	6,575
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	2,910	1,720	1,683	3,372	3,277	6,085	5,605
16 To sell[8]	10,493	5,097	1,820	55	57	82	64	22	28	9
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	72,693	73,553	75,184	77,313	79,147	81,008	85,532
18 FHA/VA insured	352	321	276	276	272	270	266	262	257[r]	253
19 Conventional	33,313	54,691	72,416	72,416	73,281	74,914	77,047	78,885	80,751[r]	85,278
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	4,890	3,254	5,537	4,609	4,530	10,982	7,001
21 Sales	179,208	208,723	117,110	3,769	2,862	4,806	3,546	3,805	10,479	5,326
Mortgage commitments (during period)[9]										
22 Contracted	261,637	274,599	136,067	2,412	6,541	7,741	12,704	13,437	4,549	6,198

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				1995
				Q1	Q2	Q3	Q4	Q1
1 **All holders**	**3,926,154**	**4,056,233**	**4,229,592**	**4,258,823**	**4,314,991**	**4,374,353**	**4,425,886**	**4,466,957**
By type of property								
2 One- to four-family residences	2,781,327	2,963,391	3,149,634	3,185,330	3,236,909	3,293,166	3,345,755	3,379,380
3 Multifamily residences	306,551	295,417	291,985	292,533	294,709	297,315	296,633	297,691
4 Commercial	759,154	716,687	706,780	699,690	701,541	701,617	700,997	707,217
5 Farm	79,122	80,738	81,194	81,269	81,832	82,255	82,500	82,669
By type of holder								
6 Major financial institutions	1,846,726	1,769,187	1,767,835	1,746,474	1,763,296	1,786,178	1,815,949	1,839,114
7 Commercial banks[2]	876,100	894,513	940,444	937,944	956,840	981,365	1,004,280	1,024,772
8 One- to four-family	483,623	507,780	556,538	553,894	569,512	592,021	611,697	625,335
9 Multifamily	36,935	38,024	38,635	38,690	38,609	38,004	38,916	39,734
10 Commercial	337,095	328,826	324,409	324,106	326,800	328,931	331,100	336,767
11 Farm	18,447	19,882	20,862	21,254	21,918	22,408	22,567	22,935
12 Savings institutions[3]	705,367	627,972	598,330	584,531	585,671	587,545	596,198	601,636
13 One- to four-family	538,358	489,622	469,959	458,057	462,219	466,704	477,499	483,476
14 Multifamily	79,881	69,791	67,362	66,924	66,281	65,532	64,400	63,748
15 Commercial	86,741	68,235	60,704	59,253	56,872	55,017	54,011	54,120
16 Farm	388	324	305	297	299	291	289	292
17 Life insurance companies	265,258	246,702	229,061	223,999	220,785	217,269	215,471	212,706
18 One- to four-family	11,547	11,441	9,458	9,245	9,107	8,956	8,876	8,756
19 Multifamily	29,562	27,770	25,814	25,232	24,855	24,442	24,224	23,898
20 Commercial	214,105	198,269	184,305	180,152	177,463	174,514	172,957	170,624
21 Farm	10,044	9,222	9,484	9,370	9,360	9,357	9,414	9,429
22 Federal and related agencies	266,146	286,263	328,598	329,160	329,725	329,304	323,491	319,770
23 Government National Mortgage Association	19	30	22	20	12	12	6	15
24 One- to four-family	19	30	15	13	12	12	6	15
25 Multifamily	0	0	7	7	0	0	0	0
26 Farmers Home Administration[4]	41,713	41,695	41,386	41,209	41,370	41,587	41,781	41,857
27 One- to four-family	18,496	16,912	15,303	14,870	14,459	14,084	13,826	13,507
28 Multifamily	10,141	10,575	10,940	11,037	11,147	11,243	11,319	11,418
29 Commercial	4,905	5,158	5,406	5,399	5,526	5,608	5,670	5,807
30 Farm	8,171	9,050	9,739	9,903	10,239	10,652	10,966	11,124
31 Federal Housing and Veterans' Administrations	10,733	12,581	12,215	11,344	11,169	10,533	10,964	10,890
32 One- to four-family	4,036	5,153	5,364	4,738	4,826	4,321	4,753	4,715
33 Multifamily	6,697	7,428	6,851	6,606	6,343	6,212	6,211	6,175
34 Resolution Trust Corporation	45,822	32,045	17,284	14,241	13,908	15,403	10,428	9,342
35 One- to four-family	14,535	12,960	7,203	6,308	6,045	6,998	5,200	4,755
36 Multifamily	15,018	9,621	5,327	4,208	4,230	4,569	2,859	2,494
37 Commercial	16,269	9,464	4,754	3,726	3,633	3,836	2,369	2,092
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	0	14,112	12,696	11,407	9,169	7,821	6,730
40 One- to four-family	0	0	2,367	1,956	1,706	1,241	1,049	840
41 Multifamily	0	0	1,426	2,167	1,701	2,090	1,595	1,310
42 Commercial	0	0	10,319	8,573	8,000	5,838	5,177	4,580
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	112,283	137,584	166,642	172,343	175,377	177,200	178,059	177,615
45 One- to four-family	100,387	124,016	151,310	156,576	159,437	161,255	162,160	161,780
46 Multifamily	11,896	13,568	15,332	15,767	15,940	15,945	15,899	15,835
47 Federal Land Banks	28,767	28,664	28,460	28,181	28,475	28,538	28,555	28,065
48 One- to four-family	1,693	1,687	1,675	1,658	1,675	1,679	1,671	1,651
49 Farm	27,074	26,977	26,785	26,523	26,800	26,859	26,885	26,414
50 Federal Home Loan Mortgage Corporation	26,809	33,665	48,476	49,127	48,007	46,863	45,876	45,256
51 One- to four-family	24,125	31,032	45,929	46,571	45,427	44,208	43,046	42,122
52 Multifamily	2,684	2,633	2,547	2,556	2,580	2,655	2,830	3,134
53 Mortgage pools or trusts[5]	1,250,666	1,425,546	1,553,818	1,611,449	1,652,999	1,682,421	1,703,076	1,714,357
54 Government National Mortgage Association	425,295	419,516	414,066	423,446	435,709	444,976	450,934	454,401
55 One- to four-family	415,767	410,675	404,864	414,194	426,363	435,511	441,198	444,632
56 Multifamily	9,528	8,841	9,202	9,251	9,346	9,465	9,736	9,769
57 Federal Home Loan Mortgage Corporation	359,163	407,514	446,029	466,949	479,555	482,987	486,480	488,723
58 One- to four-family	351,906	401,525	441,494	462,779	475,733	479,539	483,354	485,643
59 Multifamily	7,257	5,989	4,535	4,170	3,822	3,448	3,126	3,080
60 Federal National Mortgage Association	371,984	444,979	495,525	507,376	514,855	523,512	530,343	533,262
61 One- to four-family	362,667	435,979	486,804	498,489	505,730	514,375	520,763	523,903
62 Multifamily	9,317	9,000	8,721	8,887	9,125	9,137	9,580	9,359
63 Farmers Home Administration[4]	47	38	28	26	22	20	19	14
64 One- to four-family	11	8	5	5	4	4	3	2
65 Multifamily	0	0	0	0	0	0	0	0
66 Commercial	19	17	13	12	10	9	9	7
67 Farm	17	13	10	9	8	7	7	5
68 Private mortgage conduits	94,177	153,499	198,171	213,653	222,858	230,926	235,300	237,957
69 One- to four-family	84,000	132,000	164,000	177,000	179,500	182,300	183,600	184,400
70 Multifamily	3,698	6,305	8,701	9,202	11,514	13,891	14,925	15,743
71 Commercial	6,479	15,194	25,469	27,451	31,844	34,735	36,774	37,814
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[6]	562,616	575,237	579,341	571,739	568,970	576,450	583,370	593,715
74 One- to four-family	370,157	382,572	387,345	378,977	375,152	379,959	387,055	393,848
75 Multifamily	83,937	85,871	86,586	87,829	89,216	90,681	91,013	91,991
76 Commercial	93,541	91,524	91,401	91,020	91,393	93,130	92,929	95,406
77 Farm	14,981	15,270	14,009	13,912	13,209	12,681	12,373	12,470

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 64 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992[r]	1993[r]	1994[r]	1994	1995[r]				
				Dec.[r]	Jan	Feb.	Mar.	Apr.	May
	Seasonally adjusted								
1 **Total**	**730,847**	**790,351**	**902,853**	**902,853**	**914,260**	**918,968**	**933,717**	**945,314**	**956,822**
2 Automobile	257,436	280,566	317,237	317,237	319,408	321,175	323,502	325,231	328,417
3 Revolving	258,081	286,588	334,511	334,511	340,450	345,630	352,741	359,641	366,276
4 Other	215,331	223,197	251,106	251,106	254,402	252,164	257,474	260,443	262,129
	Not seasonally adjusted								
5 **Total**	**748,057**	**809,440**	**925,000**	**925,000**	**922,788**	**917,652**	**927,260**	**936,979**	**948,345**
By major holder									
6 Commercial banks	330,088	367,566	427,851	427,851	425,941	423,144	425,208	431,444	434,340
7 Finance companies	118,279	116,453	134,830	134,830	137,468	134,758	135,790	137,881	139,645
8 Credit unions	91,694	101,634	119,594	119,594	120,029	120,603	121,946	123,233	125,076
9 Savings institutions	37,049	37,855	38,468	38,468	38,153	37,835	37,519	37,499	37,500
10 Nonfinancial business	49,561	55,296	60,957	60,957	57,819	55,828	55,351	55,116	55,914
11 Pools of securitized assets[2]	121,386	130,636	143,300	143,300	143,378	145,484	151,446	151,806	155,870
By major type of credit[3]									
12 Automobile	258,226	281,458	318,213	318,213	317,869	319,042	321,592	322,955	326,968
13 Commercial banks	109,623	122,000	141,851	141,851	141,546	141,801	141,857	142,014	142,421
14 Finance companies	57,259	56,057	61,609	61,609	62,321	61,067	61,256	62,434	63,687
15 Pools of securitized assets[2]	33,888	39,481	34,918	34,918	33,265	34,312	35,172	34,129	34,984
16 Revolving	271,850	301,837	352,266	352,266	347,641	345,354	348,411	354,998	361,453
17 Commercial banks	132,966	149,920	180,183	180,183	176,959	175,574	175,800	180,609	182,907
18 Nonfinancial business	44,466	50,125	55,341	55,341	52,299	50,405	49,959	49,773	50,595
19 Pools of securitized assets[2]	74,921	79,878	94,376	94,376	95,826	96,613	101,571	103,174	106,077
20 Other	217,981	226,145	254,521	254,521	257,278	253,256	257,257	259,026	259,924
21 Commercial banks	87,499	95,646	105,817	105,817	107,436	105,769	107,551	108,821	109,012
22 Finance companies	61,020	60,396	73,221	73,221	75,147	73,691	74,534	75,447	75,958
23 Nonfinancial business	5,095	5,171	5,616	5,616	5,520	5,423	5,392	5,343	5,319
24 Pools of securitized assets[2]	12,577	11,277	14,006	14,006	14,287	14,559	14,703	14,503	14,809

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1994		1995				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	8.75	n.a.	n.a.	9.70	n.a.	n.a.	9.78
2 24-month personal	14.04	13.47	13.19	13.59	n.a.	n.a.	14.10	n.a.	n.a.	14.03
Credit card plan										
3 All accounts	n.a.	n.a.	15.69[r]	15.69[r]	n.a.	n.a.	16.14[r]	n.a.	n.a.	16.15
4 Accounts assessed interest	n.a.	n.a.	15.77[r]	15.77[r]	n.a.	n.a	15.27[r]	n.a	n.a.	16.23
Auto finance companies										
5 New car	9.93	9.48	9.79	10.53	10.72	11.35	11.89	11.95	11.74	11.43
6 Used car	13.80	12.79	13.49	14.19	14.48	14.57	15.06	15.10	14.99	14.78
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	54.6	53.9	53.9	54.1	54.5	54.6	54.4
8 Used car	47.9	48.8	50.2	50.3	50.3	52.0	52.0	52.1	52.2	52.2
Loan-to-value ratio										
9 New car	89	91	92	93	92	92	92	92	92	92
10 Used car	97	98	99	100	100	99	99	99	100	99
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	15,971	16,187	16,068	15,774	15,826	16,029	16,155
12 Used car	9,119	9,875	10,709	11,202	11,309	11,185	11,181	11,220	11,505	11,396

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

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994	1993		1994				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**635.6**	**475.8**	**536.1**	**622.1**	**595.0**	**613.8**	**659.6**	**634.7**	**530.2**	**580.8**	**634.4**	**816.0**
By sector and instrument												
2 U.S. government	246.9	278.2	304.0	256.1	155.9	173.4	274.2	210.5	122.9	135.0	155.0	271.8
3 Treasury securities	238.7	292.0	303.8	248.3	155.7	157.2	266.5	211.8	118.2	130.7	162.1	273.0
4 Budget agency issues and mortgages	8.2	−13.8	.2	7.8	.2	16.2	7.7	−1.3	4.7	4.3	−7.1	−1.2
5 Private	388.7	197.5	232.1	366.0	439.2	440.4	385.5	424.1	407.3	445.8	479.4	544.2
By instrument												
6 Tax-exempt obligations	48.7	68.7	31.1	75.5	−34.1	65.2	27.3	2.6	−25.4	−63.2	−50.4	−65.6
7 Corporate bonds	47.1	78.8	67.5	75.2	22.0	72.0	67.4	35.4	35.9	14.2	2.7	41.4
8 Mortgages	199.5	161.4	123.9	155.7	186.5	222.1	148.5	162.8	170.4	221.2	191.6	213.0
9 Home mortgages	185.6	163.8	179.5	183.9	196.1	236.5	184.6	198.5	164.5	220.8	200.7	188.3
10 Multifamily residential	4.8	−3.1	−11.2	−6.0	1.4	−4.9	−2.3	−1.0	4.6	6.5	−4.3	2.6
11 Commercial	9.3	.4	−45.5	−22.6	−12.3	−9.9	−33.9	−34.9	−.9	−7.7	−5.8	21.5
12 Farm	−.3	.4	1.1	.5	1.3	.4	.2	.3	2.3	1.7	1.0	.7
13 Consumer credit	16.0	−15.0	5.5	62.3	117.5	76.2	111.3	72.7	121.9	125.9	149.4	83.4
14 Bank loans n.e.c.	.4	−40.9	−13.8	5.0	74.0	7.8	28.5	65.8	55.5	86.8	88.0	156.7
15 Commercial paper	9.7	−18.4	8.6	10.0	21.4	17.2	3.8	8.2	16.4	33.8	27.2	1.1
16 Other loans	67.4	−37.1	9.2	−17.7	51.8	−20.2	−1.3	76.6	32.7	27.1	70.9	114.3
By borrowing sector												
17 Household	218.9	170.9	217.7	284.5	351.6	368.5	337.7	310.3	307.3	381.9	407.0	304.7
18 Nonfinancial business	123.7	−35.9	−2.0	18.5	135.8	25.6	30.8	127.3	144.3	134.0	137.5	302.7
19 Farm	2.3	2.1	1.0	2.0	2.4	4.1	3.6	2.6	8.1	1.6	−2.8	−.5
20 Nonfarm noncorporate	10.1	−28.5	−43.9	−24.7	13.5	−23.2	−15.6	5.4	12.5	17.9	18.2	68.8
21 Corporate	111.3	−9.6	40.9	41.2	119.9	44.8	42.7	119.3	123.7	114.5	122.1	234.3
22 State and local government	46.0	62.6	16.4	63.0	−48.2	46.3	17.0	−13.4	−44.3	−70.2	−65.1	−63.1
23 Foreign net borrowing in United States	23.9	13.9	21.3	46.9	−9.8	83.1	22.9	−66.3	−10.1	8.3	29.0	55.7
24 Bonds	21.4	14.1	14.4	59.4	17.6	84.5	41.4	29.0	9.4	8.6	23.4	11.0
25 Bank loans n.e.c.	−2.9	3.1	2.3	.7	1.4	1.0	−6.3	6.0	−4.5	4.7	−.5	8.3
26 Commercial paper	12.3	6.4	5.2	−9.0	−27.3	−1.6	−12.0	−101.8	−5.2	−8.1	5.9	37.9
27 U.S. government and other loans	−7.0	−9.8	−.6	−4.2	−1.5	−.8	−.1	.5	−9.8	3.2	.2	−1.5
28 **Total domestic plus foreign**	**659.4**	**489.6**	**557.4**	**669.1**	**585.2**	**696.9**	**682.6**	**568.3**	**520.1**	**589.1**	**663.3**	**871.7**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**202.9**	**152.6**	**237.1**	**289.1**	**451.8**	**438.9**	**361.6**	**518.7**	**366.7**	**403.1**	**518.5**	**282.5**
By instrument												
30 U.S. government-related	167.4	145.7	155.8	164.2	284.3	287.3	143.3	336.8	254.7	243.1	302.4	125.4
31 Government-sponsored enterprises securities	17.1	9.2	40.3	80.6	176.9	167.8	53.4	160.0	146.6	152.1	249.0	62.9
32 Mortgage pool securities	150.3	136.6	115.6	83.6	112.1	119.5	89.9	196.0	108.1	91.0	53.4	62.5
33 Loans from U.S. government	−.1	.0	.0	.0	−4.8	.0	.0	−19.2	.0	.0	.0	.0
34 Private	35.5	6.8	81.3	124.9	167.5	151.6	218.4	182.0	112.0	160.0	216.1	157.1
35 Corporate bonds	46.3	67.6	78.5	118.2	105.6	143.4	138.1	156.3	91.4	86.9	87.9	115.2
36 Mortgages	.6	.5	.6	3.6	9.8	6.2	5.5	9.8	12.4	12.0	4.9	5.1
37 Bank loans n.e.c.	4.7	8.8	2.2	−14.0	−12.3	−16.1	−18.0	−9.9	−27.7	−11.9	.5	11.6
38 Open market paper	8.6	−32.0	−.7	−6.2	41.6	−9.4	76.0	36.6	3.6	42.3	84.0	48.9
39 Loans from Federal Home Loan Banks	−24.7	−38.0	.8	23.3	22.8	27.4	16.8	−10.8	32.3	30.7	38.8	−23.6
By borrowing sector												
40 Government-sponsored enterprises	17.0	9.1	40.2	80.6	172.1	167.8	53.4	140.8	146.6	152.1	249.0	62.9
41 Federally related mortgage pools	150.3	136.6	115.6	83.6	112.1	119.5	89.9	196.0	108.1	91.0	53.4	62.5
42 Private	35.5	6.8	81.3	124.9	167.5	151.6	218.4	182.0	112.0	160.0	216.1	157.1
43 Commercial banks	−.7	−11.7	8.8	5.6	10.0	6.5	1.2	2.0	12.4	22.8	2.9	9.6
44 Bank holding companies	−27.7	−2.5	2.3	8.8	10.3	.5	12.2	3.5	10.1	11.5	16.0	9.5
45 Funding corporations	15.4	−6.5	13.2	2.9	24.2	7.9	36.7	48.8	−17.2	47.2	17.9	62.9
46 Savings institutions	−30.2	−44.5	−6.7	11.1	12.8	13.5	8.8	−5.6	5.8	14.8	36.1	−21.7
47 Credit unions	.0	.0	.0	.2	.2	.3	.1	.1	.2	.5	.2	−.3
48 Life insurance companies	.0	.0	.0	.2	.3	−.1	.4	.0	.0	0	1.3	.0
49 Finance companies	24.0	18.6	−3.6	.2	52.4	17.5	16.3	63.3	67.0	16.9	62.6	72.5
50 Mortgage companies	.0	−2.4	8.0	−1.0	−11.5	−.8	−10.4	−21.6	−18.2	−7.0	1.0	2.0
51 Real estate investment trusts (REITs)	.8	1.2	.3	3.4	13.7	6.0	6.1	14.5	15.3	18.8	6.3	6.9
52 Issuers of asset-backed securities (ABSs)	52.3	51.0	56.3	81.5	54.5	85.8	117.6	86.9	36.5	42.1	52.5	45.3

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

Transaction category or sector	1990	1991	1992	1993	1994	1993		1994				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
53 **Total net borrowing, all sectors**	**862.3**	**642.2**	**794.5**	**958.2**	**1,037.0**	**1,135.8**	**1,044.2**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
54 U.S. government securities	414.4	424.0	459.8	420.3	444.9	460.7	417.5	566.5	377.6	378.1	457.4	397.2
55 Tax-exempt securities	48.7	68.7	31.1	75.5	-34.1	65.2	27.3	2.6	-25.4	-63.2	-50.4	-65.6
56 Corporate and foreign bonds	114.7	160.5	160.4	252.9	145.2	299.9	246.9	220.6	136.6	109.7	114.0	167.5
57 Mortgages	200.1	161.9	124.5	159.2	196.3	228.3	154.0	172.6	182.8	233.2	196.5	218.1
58 Consumer credit	16.0	-15.0	5.5	62.3	117.5	76.2	111.3	72.7	121.9	125.9	149.4	83.4
59 Bank loans n.e.c.	2.2	-29.1	-9.4	-8.3	63.2	-7.3	4.2	61.9	23.3	79.5	88.0	176.6
60 Open market paper	30.7	44.0	13.1	-5.1	35.7	6.3	67.7	-57.0	14.8	68.0	117.1	87.9
61 Other loans	35.6	-84.9	9.5	1.3	68.3	6.4	15.4	47.1	55.2	61.1	109.9	89.2
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**19.7**	**215.4**	**296.0**	**440.1**	**169.1**	**513.0**	**430.1**	**344.4**	**213.1**	**162.9**	**-44.1**	**100.9**
63 *Mutual funds*	65.3	151.5	211.9	320.0	138.3	363.9	287.7	236.2	144.0	165.4	7.7	113.9
64 Corporate equities	-45.6	64.0	84.1	120.1	30.7	149.1	142.4	108.1	69.1	-2.5	-51.8	-13.0
65 Nonfinancial corporations	-63.0	18.3	27.0	21.3	-40.9	32.3	21.5	-9.6	-2.0	-50.0	-102.0	-46.8
66 Financial corporations	10.0	15.1	26.4	38.2	28.6	38.2	40.9	48.3	24.4	23.7	17.9	15.9
67 *Foreign shares purchased in United States*	7.4	30.7	30.7	60.6	43.0	78.6	80.0	69.4	46.7	23.8	32.2	17.9

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1990	1991	1992	1993	1994	1993		1994				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**862.3**	**642.2**	**794.5**	**958.2**	**1,037.0**	**1,135.8**	**1,044.2**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
2 Private domestic nonfinancial sectors	190.1	−7.5	72.0	−3.4	235.8	−52.8	85.8	295.0	299.1	109.5	239.7	−26.0
3 Households	157.2	−39.6	70.7	−19.7	319.4	−83.0	174.3	350.1	400.0	183.5	344.0	81.1
4 Nonfarm noncorporate business	−1.7	−3.7	−1.1	−3.2	−2.0	−3.3	−3.5	−3.6	−1.8	−1.9	−.5	−.1
5 Nonfinancial corporate business	−3.7	6.7	29.2	18.0	25.5	41.2	16.0	23.0	16.8	25.5	36.6	15.4
6 State and local governments	38.3	29.2	−26.8	1.5	−107.1	−7.7	−101.0	74.4	−115.9	−97.6	−140.5	−122.3
7 U.S. government	33.7	10.5	−11.9	−18.4	−24.1	−15.4	−7.9	−46.5	−16.2	−9.4	−24.3	−19.2
8 Foreign	85.5	26.6	100.5	122.6	133.3	125.0	203.7	127.7	65.1	124.1	216.1	267.9
9 Financial sectors	553.0	612.5	633.9	857.3	692.0	1,079.0	762.5	710.9	538.8	768.0	750.4	931.5
10 Government sponsored enterprises	13.9	15.2	69.0	90.2	123.3	144.8	71.2	92.4	101.1	125.6	174.3	12.2
11 Federally related mortgage pools	150.3	136.6	115.6	83.6	112.1	119.5	89.9	196.0	108.1	91.0	53.4	62.5
12 Monetary authority	8.1	31.1	27.9	36.2	31.5	28.2	38.5	48.8	17.9	24.0	35.4	24.8
13 Commercial banking	125.1	80.8	95.3	142.2	162.0	146.7	188.1	184.7	109.1	191.3	163.0	337.1
14 U.S. commercial banks	94.9	35.7	69.5	149.6	148.1	160.3	197.3	120.6	128.4	164.6	178.7	177.2
15 Foreign banking offices	28.4	48.5	16.5	−9.8	11.2	−16.9	−6.5	59.0	−21.5	22.1	−15.0	157.8
16 Bank holding companies	−2.8	−1.5	5.6	.0	.9	1.2	−4.8	3.1	.2	2.7	−2.4	.4
17 Banks in U.S. affiliated areas	4.5	−1.9	3.7	2.4	1.9	2.2	2.1	2.1	1.9	1.9	1.8	1.7
18 Funding corporations	16.1	15.8	23.5	18.1	13.8	32.4	42.6	19.5	33.5	25.1	−23.0	11.3
19 Thrift institutions	−154.0	−123.5	−61.3	−1.7	35.2	21.0	−13.3	13.6	42.6	50.9	33.5	36.2
20 Life insurance companies	94.4	83.2	79.1	105.1	61.1	111.8	86.4	53.7	6.1	83.4	101.1	72.3
21 Other insurance companies	26.5	32.6	12.8	33.3	21.1	37.6	32.1	27.9	20.8	16.0	19.7	13.0
22 Private pension funds	17.2	85.7	37.3	40.2	−42.4	91.9	−60.1	−97.7	−30.7	17.6	−23.6	97.6
23 State and local government retirement funds	34.9	46.0	34.4	25.5	60.8	27.4	36.9	72.9	69.3	26.3	74.6	67.4
24 Finance companies	29.0	−12.7	1.7	−9.0	68.2	9.4	22.6	72.1	49.8	58.9	91.8	95.7
25 Mortgage companies	.0	11.2	.1	.0	−22.9	−1.6	−13.3	−43.5	−36.3	−14.0	2.1	4.0
26 Mutual funds	41.4	90.3	123.7	169.6	7.6	186.9	138.9	61.5	9.3	24.3	−64.7	−5.3
27 Closed-end funds	.2	14.7	17.4	10.2	3.5	5.9	7.7	8.3	3.2	1.4	1.0	.8
28 Money market funds	80.9	30.1	1.3	14.6	28.5	25.3	56.9	−45.0	32.2	50.0	76.7	26.5
29 Real estate investment trusts (REITs)	−.7	−.7	1.1	.6	4.7	1.0	.2	6.6	6.6	5.5	.2	2.5
30 Brokers and dealers	2.8	17.5	−6.9	9.2	−34.0	−7.8	−82.8	−55.7	−52.6	−19.3	−8.6	32.2
31 Asset-backed securities issuers (ABSs)	51.1	48.9	53.8	80.1	51.0	88.6	111.1	86.0	38.7	37.3	42.1	38.9
32 Bank personal trusts	15.9	10.0	8.0	9.5	7.1	9.9	8.9	8.9	10.2	7.7	1.4	1.6
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**862.3**	**642.2**	**794.5**	**958.2**	**1,037.0**	**1,135.8**	**1,044.2**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
Other financial sources												
34 Official foreign exchange	2.0	−5.9	−1.6	.8	−5.8	1.7	2.2	−.2	−14.6	.2	−8.6	27.7
35 Special drawing rights certificates	1.5	.0	−2.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency	1.0	.0	.2	.4	.7	.4	.7	.7	.6	.8	.7	.7
37 Life insurance reserves	25.7	25.7	27.3	35.2	20.1	36.6	35.5	20.0	8.1	23.8	28.7	25.4
38 Pension fund reserves	165.1	360.3	249.7	309.2	96.1	349.9	251.6	−.7	90.1	147.9	147.1	323.0
39 Interbank claims	35.4	−3.9	61.7	44.6	94.0	−5.0	−14.0	156.0	180.5	−22.1	61.5	23.1
40 Checkable deposits and currency	43.3	86.4	113.8	117.3	−10.1	73.1	81.9	173.1	−66.1	−89.2	−58.0	118.0
41 Small time and savings deposits	63.7	1.5	−57.2	−70.3	−40.5	−68.1	−36.6	2.5	−62.4	−57.2	−44.9	52.8
42 Large time deposits	−66.1	−58.5	−73.2	−23.5	19.0	−59.5	13.7	−39.6	4.4	81.2	39.0	94.3
43 Money market fund shares	70.3	41.2	3.9	19.2	45.4	.6	61.1	−35.1	68.5	49.9	98.4	−7.3
44 Security repurchase agreements	−24.2	16.5	35.5	65.5	84.3	67.8	−14.4	23.0	176.4	82.9	54.8	159.6
45 Foreign deposits	38.2	16.7	−7.2	−11.7	30.1	−50.7	32.8	16.0	16.9	23.2	64.3	5.0
46 Mutual fund shares	65.3	151.5	211.9	320.0	138.3	363.9	287.7	236.2	144.0	165.4	7.7	113.9
47 Corporate equities	−45.6	64.0	84.1	120.1	30.7	149.1	142.4	108.1	69.1	−2.5	−51.8	−13.0
48 Security credit	3.5	51.4	4.2	61.9	−2.3	76.6	86.5	29.9	−17.7	−62.3	40.9	−33.4
49 Trade debt	37.0	3.6	41.5	49.0	92.2	49.6	51.9	35.3	96.3	116.0	121.3	118.2
50 Taxes payable	−4.8	−6.2	8.5	4.6	3.4	−1.8	4.9	14.9	−12.7	5.9	5.5	18.9
51 Noncorporate proprietors' equity	−28.3	3.3	18.4	−11.6	−27.4	3.4	−27.2	−43.1	−24.1	−15.5	−26.9	−45.8
52 Investment in bank personal trusts	29.7	16.1	−7.1	1.6	18.8	.1	17.6	15.0	24.7	23.6	11.9	21.0
53 Miscellaneous	135.7	197.2	257.6	290.4	260.9	221.4	344.7	377.4	262.6	299.1	104.7	301.0
54 **Total financial sources**	**1,410.6**	**1,530.2**	**1,764.5**	**2,280.9**	**1,885.1**	**2,345.2**	**2,367.2**	**2,176.6**	**1,822.6**	**1,763.2**	**1,778.1**	**2,457.2**
Floats not included in assets (−)												
55 U.S. government checkable deposits	3.3	−13.1	.7	−1.5	−4.8	2.1	−15.5	−2.4	−1.4	15.2	−30.7	18.8
56 Other checkable deposits	8.5	4.5	1.6	−1.3	−2.8	−5.2	−6.2	.6	−1.1	−6.2	−4.3	−5.0
57 Trade credit	9.1	9.7	4.1	16.5	5.3	22.2	12.5	−26.9	16.2	29.0	2.8	9.1
Liabilities not identified as assets (−)												
58 Treasury currency	.2	−.6	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2
59 Interbank claims	1.6	26.2	−4.9	4.2	−2.7	−10.4	24.0	−29.1	5.3	11.3	1.5	−3.5
60 Security repurchase agreements	−24.0	6.2	27.9	82.5	50.1	66.6	23.1	12.2	118.7	66.3	3.0	74.1
61 Taxes payable	.1	1.3	14.0	1.0	−1.6	1.2	−8.6	.4	3.1	−1.4	−8.7	−23.5
62 Miscellaneous	−35.4	−45.3	−46.0	−49.1	2.5	−19.6	15.4	3.2	−197.4	157.6	46.6	−191.7
63 **Total identified to sectors as assets**	**1,447.2**	**1,541.2**	**1,767.2**	**2,228.8**	**1,839.5**	**2,288.6**	**2,322.7**	**2,218.9**	**1,879.3**	**1,491.7**	**1,768.1**	**2,579.2**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1991	1992	1993	1994	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,181.5**	**11,720.7**	**12,370.7**	**12,965.6**	**12,153.3**	**12,370.7**	**12,488.9**	**12,629.9**	**12,767.3**	**12,965.6**	**13,128.5**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,247.3	3,336.5	3,387.7	3,395.4	3,432.6	3,492.3	3,557.9
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,222.6	3,309.9	3,361.4	3,368.0	3,404.1	3,465.6	3,531.5
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	24.7	26.6	26.3	27.4	28.5	26.7	26.4
5 Private	8,405.1	8,640.4	9,034.2	9,473.3	8,906.0	9,034.2	9,101.2	9,234.4	9,334.6	9,473.3	9,570.5
By instrument											
6 Tax-exempt obligations	1,108.6	1,139.7	1,215.2	1,181.1	1,207.4	1,215.2	1,214.6	1,218.0	1,192.9	1,181.1	1,163.4
7 Corporate bonds	1,086.9	1,154.4	1,229.6	1,251.7	1,212.8	1,229.6	1,238.5	1,247.4	1,251.0	1,251.7	1,262.0
8 Mortgages	3,920.0	4,043.9	4,220.6	4,407.2	4,166.6	4,220.6	4,247.4	4,300.5	4,356.8	4,407.2	4,447.0
9 Home mortgages	2,780.0	2,959.6	3,149.6	3,345.8	3,098.3	3,149.6	3,185.3	3,236.9	3,293.2	3,345.8	3,379.4
10 Multifamily residential	304.8	293.6	289.0	290.4	288.2	289.0	288.8	289.9	291.5	290.4	291.1
11 Commercial	755.8	710.3	700.8	688.5	699.0	700.8	692.1	691.8	689.9	688.5	693.8
12 Farm	79.3	80.4	81.2	82.5	81.1	81.2	81.3	81.8	82.3	82.5	82.7
13 Consumer credit	797.4	803.0	866.5	984.0	824.3	866.5	863.6	895.3	931.8	984.0	983.8
14 Bank loans n.e.c.	686.0	672.1	677.2	751.1	665.6	677.2	686.7	706.2	724.5	751.1	783.9
15 Commercial paper	98.5	107.1	117.8	139.2	123.2	117.8	129.9	135.7	138.7	139.2	149.8
16 Other loans	707.8	720.2	707.2	759.0	706.0	707.2	720.4	731.3	738.9	759.0	780.7
By borrowing sector											
17 Household	3,784.7	4,002.3	4,294.3	4,645.6	4,190.9	4,294.3	4,335.5	4,426.7	4,527.4	4,645.6	4,686.6
18 Nonfinancial business	3,709.3	3,710.5	3,749.3	3,885.4	3,729.7	3,749.3	3,779.7	3,823.1	3,849.5	3,885.4	3,958.7
19 Farm	135.0	136.0	138.3	140.7	138.7	138.3	136.6	141.3	142.8	140.7	138.2
20 Nonfarm noncorporate	1,116.4	1,074.1	1,050.3	1,063.8	1,053.4	1,050.3	1,050.9	1,054.6	1,058.4	1,063.8	1,080.2
21 Corporate	2,458.0	2,500.4	2,560.7	2,680.8	2,537.5	2,560.7	2,592.2	2,627.2	2,648.3	2,680.8	2,740.3
22 State and local government	911.1	927.5	990.6	942.3	985.4	990.6	986.0	984.6	957.8	942.3	925.3
23 **Foreign credit market debt held in United States**	**298.8**	**310.9**	**357.8**	**348.1**	**351.3**	**357.8**	**340.3**	**339.2**	**339.8**	**348.1**	**361.1**
24 Bonds	129.5	143.9	203.4	220.9	193.0	203.4	210.6	212.9	215.1	220.9	223.7
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	26.2	24.6	26.2	25.1	26.3	26.1	28.2
26 Commercial paper	81.8	77.7	68.7	41.4	71.7	68.7	43.3	42.0	39.9	41.4	50.9
27 U.S. government and other loans	65.9	65.3	61.1	59.6	60.3	61.1	60.3	59.2	58.6	59.6	58.3
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,480.3**	**12,031.6**	**12,728.5**	**13,313.7**	**12,504.5**	**12,728.5**	**12,829.3**	**12,969.0**	**13,107.1**	**13,313.7**	**13,489.5**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,752.1**	**3,004.7**	**3,300.2**	**3,757.3**	**3,204.7**	**3,300.2**	**3,425.7**	**3,523.9**	**3,622.8**	**3,757.3**	**3,818.4**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,884.1	2,168.4	1,845.2	1,884.1	1,961.5	2,030.5	2,089.8	2,168.4	2,192.7
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.6	510.3	523.7	563.7	600.3	638.3	700.6	716.3
32 Mortgage pool securities	1,156.5	1,272.0	1,355.6	1,467.8	1,330.1	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
33 Loans from U.S. government	4.8	4.8	4.8	.0	4.8	4.8	.0	0	.0	.0	.0
34 Private	1,187.9	1,284.8	1,416.1	1,588.9	1,359.5	1,416.1	1,464.3	1,493.4	1,532.9	1,588.9	1,625.7
35 Corporate bonds	640.0	724.8	844.0	947.2	810.5	844.0	881.2	904.8	926.3	947.2	976.6
36 Mortgages	4.8	5.4	8.9	18.7	7.6	8.9	11.4	14.5	17.5	18.7	20.0
37 Bank loans n.e.c.	78.4	80.5	66.5	54.3	69.2	66.5	62.4	55.3	52.4	54.3	55.5
38 Open market paper	385.7	394.3	393.5	442.8	373.2	393.5	408.8	410.3	420.5	442.8	453.6
39 Loans from Federal Home Loan Banks	79.1	79.9	103.1	125.9	98.9	103.1	100.4	108.5	116.2	125.9	120.0
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.6	515.1	528.5	563.7	600.3	638.3	700.6	716.3
41 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,330.1	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
42 Private financial sectors	1,187.9	1,284.8	1,416.1	1,588.9	1,359.5	1,416.1	1,464.3	1,493.4	1,532.9	1,588.9	1,625.7
43 Commercial banks	65.0	73.8	79.5	89.5	77.9	79.5	78.4	82.1	87.5	89.5	90.4
44 Bank holding companies	112.3	114.6	123.4	133.6	120.3	123.4	124.2	126.8	129.6	133.6	136.0
45 Funding corporations	139.1	161.6	169.9	199.3	166.3	169.9	190.7	191.5	200.6	199.3	218.7
46 Savings institutions	94.6	87.8	99.0	111.7	96.8	99.0	97.6	99.0	102.7	111.7	106.3
47 Credit unions	.0	.0	.2	.5	.2	.2	.3	.3	.4	.5	.4
48 Life insurance companies	.0	.0	.2	.6	.1	.2	.3	.3	.3	.6	.6
49 Finance companies	393.0	389.4	390.5	443.0	380.0	390.5	401.9	414.2	420.9	443.0	456.4
50 Mortgage companies	22.2	30.2	29.2	17.8	31.8	29.2	23.8	19.3	17.5	17.8	18.3
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	31.1	15.8	17.4	21.0	24.8	29.5	31.1	32.8
52 Issuers of asset-backed securities (ABSs)	329.1	391.7	473.2	527.6	443.8	473.2	494.9	504.0	514.5	527.6	539.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**14,232.3**	**15,036.3**	**16,028.7**	**17,071.0**	**15,709.2**	**16,028.7**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
54 U.S. government securities	4,335.7	4,795.5	5,215.8	5,660.7	5,087.7	5,215.8	5,349.2	5,425.9	5,522.5	5,660.7	5,750.6
55 Tax-exempt securities	1,108.6	1,139.7	1,215.2	1,181.1	1,207.4	1,215.2	1,214.6	1,218.0	1,192.9	1,181.1	1,163.4
56 Corporate and foreign bonds	1,856.5	2,023.1	2,277.0	2,419.8	2,216.3	2,277.0	2,330.3	2,365.2	2,392.4	2,419.8	2,462.2
57 Mortgages	3,924.8	4,049.3	4,229.6	4,425.9	4,174.2	4,229.6	4,258.8	4,315.0	4,374.4	4,425.9	4,467.0
58 Consumer credit	797.4	803.0	866.5	984.0	824.3	866.5	863.6	895.3	931.8	984.0	983.8
59 Bank loans n.e.c.	785.9	776.6	768.4	831.5	761.0	768.4	775.4	786.6	803.2	831.5	867.7
60 Open market paper	565.9	579.0	580.0	623.5	568.2	580.0	582.0	587.9	599.2	623.5	654.2
61 Other loans	857.5	870.2	876.2	944.5	870.1	876.2	881.1	899.0	913.7	944.5	959.0

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1991	1992	1993	1994	1993		1994				1995
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**14,232.3**	**15,036.3**	**16,028.7**	**17,071.0**	**15,709.2**	**16,028.7**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
2 Private domestic nonfinancial sectors	2,240.2	2,318.0	2,330.7	2,571.8	2,276.8	2,330.7	2,378.0	2,448.6	2,475.3	2,571.8	2,533.0
3 Households	1,446.5	1,523.1	1,517.8	1,873.0	1,451.6	1,517.8	1,619.7	1,710.0	1,760.2	1,873.0	1,872.4
4 Nonfarm noncorporate business	44.1	42.9	39.7	37.7	40.6	39.7	38.8	38.4	37.9	37.7	37.7
5 Nonfinancial corporate business	196.2	225.4	248.1	273.5	234.7	248.1	244.0	251.1	255.0	273.5	266.7
6 State and local governments	553.3	526.5	525.2	387.5	549.9	525.2	475.5	449.2	422.3	387.5	356.2
7 U.S. government	246.9	235.0	230.7	206.6	218.8	230.7	219.0	215.4	212.6	206.6	201.7
8 Foreign	958.1	1,052.7	1,171.3	1,304.6	1,118.6	1,171.3	1,203.0	1,218.6	1,252.5	1,304.6	1,370.7
9 Financial sectors	10,787.2	11,430.6	12,296.0	12,988.0	12,095.0	12,296.0	12,455.0	12,610.3	12,789.4	12,988.0	13,202.5
10 Government-sponsored enterprises	390.7	459.7	549.8	673.2	531.8	549.8	572.0	597.9	629.4	673.2	675.3
11 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,330.1	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
12 Monetary authority	272.5	300.4	336.7	368.2	324.2	336.7	341.5	351.6	356.8	368.2	367.1
13 Commercial banking	2,853.3	2,948.6	3,090.8	3,252.8	3,036.4	3,090.8	3,120.2	3,156.2	3,204.2	3,252.8	3,320.5
14 U.S. commercial banks	2,502.5	2,571.9	2,721.5	2,869.6	2,670.2	2,721.5	2,743.8	2,780.3	2,822.4	2,869.6	2,906.4
15 Foreign banking offices	319.2	335.8	326.0	337.1	322.3	326.0	331.8	330.8	335.5	337.1	367.4
16 Bank holding companies	11.9	17.5	17.5	18.4	18.7	17.5	18.2	18.3	19.0	18.4	18.5
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	27.8	25.3	25.8	26.4	26.8	27.3	27.8	28.2
18 Funding corporations	51.5	75.0	93.1	106.9	82.4	93.1	97.9	106.3	112.6	106.9	109.7
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,167.9	1,136.5	1,132.7	1,134.2	1,146.1	1,159.9	1,167.9	1,175.1
20 Life insurance companies	1,199.6	1,278.8	1,383.9	1,445.0	1,372.1	1,383.9	1,404.2	1,409.1	1,430.3	1,445.0	1,470.4
21 Other insurance companies	376.6	389.4	422.7	443.8	414.6	422.7	429.6	434.8	438.8	443.8	447.0
22 Private pension funds	693.0	730.4	770.6	728.2	785.6	770.6	746.2	738.5	734.1	728.2	752.6
23 State and local government retirement funds	479.9	514.3	542.6	603.3	533.4	542.6	560.8	578.1	584.7	603.3	620.2
24 Finance companies	484.9	486.6	482.8	551.0	474.0	482.8	494.5	511.3	524.1	551.0	568.5
25 Mortgage companies	60.3	60.5	60.4	37.5	63.8	60.4	49.5	40.4	37.0	37.5	38.5
26 Mutual funds	450.5	574.2	743.8	751.4	709.0	743.8	759.2	761.5	767.5	751.4	750.1
27 Closed-end funds	50.3	67.7	77.9	81.4	76.0	77.9	80.0	80.8	81.1	81.4	81.6
28 Money market funds	402.7	404.1	418.7	447.1	400.6	418.7	422.0	421.4	423.4	447.1	468.1
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	13.3	8.6	8.6	10.3	11.9	13.3	13.3	13.9
30 Brokers and dealers	124.0	117.1	126.3	92.3	147.1	126.3	112.4	99.3	94.5	92.3	100.4
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.0	509.0	430.2	458.0	479.5	489.2	498.5	509.0	518.8
32 Bank personal trusts	223.5	231.5	240.9	248.0	238.7	240.9	243.2	245.7	247.7	248.0	248.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**14,232.3**	**15,036.3**	**16,028.7**	**17,071.0**	**15,709.2**	**16,028.7**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	55.6	53.4	56.4	54.9	55.5	53.2	64.1
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	16.8	17.0	17.1	17.3	17.5	17.6	17.8
37 Life insurance reserves	405.7	433.0	468.2	488.4	459.4	468.2	473.2	475.2	481.2	488.4	494.7
38 Pension fund reserves	4,138.3	4,516.5	4,974.7	5,009.5	4,887.8	4,974.7	4,894.5	4,893.5	5,006.5	5,009.5	5,228.1
39 Interbank claims	96.4	132.8	177.7	272.6	166.9	177.7	205.4	223.9	244.6	272.6	267.5
40 Deposits at financial institutions	5,044.8	5,059.1	5,155.5	5,283.8	5,088.5	5,155.5	5,163.7	5,186.2	5,211.9	5,283.8	5,361.2
41 Checkable deposits and currency	1,020.6	1,134.4	1,251.7	1,241.6	1,181.9	1,251.7	1,220.5	1,229.7	1,204.9	1,241.6	1,193.6
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,182.7	2,236.6	2,223.2	2,233.8	2,214.1	2,198.7	2,182.7	2,206.3
43 Large time deposits	488.4	415.2	391.7	410.7	389.4	391.7	382.6	379.0	402.2	410.7	435.0
44 Money market fund shares	539.6	543.6	562.7	608.2	547.9	562.7	579.7	573.9	583.5	608.2	632.9
45 Security repurchase agreements	355.8	392.3	457.8	542.1	472.5	457.8	474.9	512.9	540.2	542.1	593.6
46 Foreign deposits	289.6	280.1	268.4	298.5	260.2	268.4	272.4	276.6	282.4	298.5	299.7
47 Mutual fund shares	813.9	1,042.1	1,446.3	1,563.9	1,351.7	1,446.3	1,484.8	1,507.8	1,588.6	1,563.9	1,656.4
48 Security credit	188.9	217.3	279.3	277.0	254.5	279.3	282.8	278.0	263.2	277.0	264.2
49 Trade debt	935.9	977.4	1,026.4	1,118.6	1,009.6	1,026.4	1,023.6	1,047.9	1,084.7	1,118.6	1,136.2
50 Taxes payable	71.2	79.6	84.2	87.6	82.8	84.2	89.1	82.3	86.1	87.6	93.4
51 Investment in bank personal trusts	608.3	629.6	660.9	670.0	651.2	660.9	655.2	650.1	671.5	670.0	707.2
52 Miscellaneous	2,992.2	3,160.2	3,403.0	3,717.2	3,314.6	3,403.0	3,515.9	3,573.5	3,668.4	3,717.2	3,714.7
53 **Total liabilities**	**29,609.6**	**31,360.1**	**33,783.1**	**35,638.3**	**33,056.5**	**33,783.1**	**34,124.7**	**34,491.7**	**35,117.5**	**35,638.3**	**36,321.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.3	20.1	20.4	20.8	21.0	21.1	22.7
55 Corporate equities	4,863.6	5,462.9	6,186.5	6,048.8	5,941.7	6,186.5	6,052.2	5,877.7	6,135.1	6,048.8	6,573.6
56 Household equity in noncorporate business	2,444.4	2,411.5	2,420.5	2,510.7	2,446.1	2,420.5	2,471.4	2,500.1	2,524.4	2,510.7	2,474.6
Floats not included in assets (−)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	2.2	5.6	.3	.9	1.2	3.4	4.2
58 Other checkable deposits	40.4	42.0	40.7	38.0	33.7	40.7	36.3	38.7	30.6	38.0	32.3
59 Trade credit	−129.3	−124.6	−101.7	−96.4	−130.4	−101.7	−120.9	−128.3	−121.4	−96.4	−108.5
Liabilities not identified as assets (−)											
60 Treasury currency	−4.8	−4.9	−5.1	−5.4	−5.1	−5.1	−5.2	−5.2	−5.3	−5.4	−5.4
61 Interbank claims	−4.2	−9.3	−4.7	−6.5	−7.8	−4.7	−7.7	−7.4	−3.5	−6.5	−2.8
62 Security repurchase agreements	9.2	38.1	120.6	170.8	132.6	120.6	135.7	162.7	189.4	170.8	201.6
63 Taxes payable	17.8	25.2	26.2	24.6	24.3	26.2	15.4	21.6	21.7	24.6	6.4
64 Miscellaneous	−330.7	−398.4	−484.8	−469.6	−480.0	−484.8	−453.1	−442.7	−449.9	−469.6	−559.7
65 **Total identified to sectors as assets**	**37,337.6**	**39,679.1**	**42,813.4**	**44,560.0**	**41,895.2**	**42,813.4**	**43,068.0**	**43,250.0**	**44,135.2**	**44,560.0**	**45,824.1**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1992	1993	1994	1994			1995[r]					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **Industrial production**[1]	**107.6**	**112.0**	**118.1**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**122.0**	**121.1**	**120.9**	**121.0**
Market groupings												
2 Products, total	106.5	110.7	115.9	116.9	117.5	118.7	119.1	119.1	118.9	117.8	117.7	117.7
3 Final, total	109.0	113.4	118.4	119.2	119.8	121.2	121.6	121.8	121.6	120.6	120.5	120.7
4 Consumer goods	105.9	109.4	113.2	113.0	113.9	115.5	115.7	115.7	114.9	113.9	113.7	113.9
5 Equipment	113.4	119.3	126.5	128.8	128.9	130.1	130.9	131.2	132.0	131.2	131.1	131.2
6 Intermediate	98.8	102.4	108.1	109.9	110.6	110.9	111.3	110.9	110.7	109.3	109.3	108.6
7 Materials	109.2	114.1	121.5	123.4	124.6	126.3	126.5	126.7	126.7	126.1	125.9	126.2
Industry groupings												
8 Manufacturing	108.0	112.9	119.7	121.5	122.6	124.2	124.5	124.2	124.2	123.2	123.0	123.0
9 Capacity utilization, manufacturing (percent)[2]	79.2	80.9	83.4	83.8	84.4	85.2	85.2	84.7	84.4	83.4	83.0	82.7
10 Construction contracts[3]	97.3[r]	105.1[r]	114.1[r]	115.0[r]	116.0[r]	108.0[r]	110.0[r]	113.0	114.0	104.0	112.0	116.0
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	112.7	113.2	113.4	113.6	113.9	114.1	114.1	114.0	114.2
12 Goods-producing, total	94.2	94.3	95.6	97.6	98.0	98.2	98.5	98.6	98.8	98.6	98.2	98.2
13 Manufacturing, total	95.3	94.8	95.1	96.8	97.1	97.2	97.4	97.5	97.5	97.4	97.2	97.0
14 Manufacturing, production workers	94.9	94.9	96.1	98.1	98.5	98.7	98.9	99.1	99.1	99.0	98.6	98.3
15 Service-producing	110.5	112.9	116.3	117.6	118.1	118.3	118.4	118.8	119.0	119.0	119.1	119.4
16 Personal income, total	135.6	141.4	150.0	153.7	153.7	154.7	156.0	156.8	157.6	157.8	157.5	n.a.
17 Wages and salary disbursements	131.6	136.2	145.0	148.2	148.1	149.0	150.0	150.7	150.9	151.7	150.8	n.a.
18 Manufacturing	118.0	120.0	126.0	128.8	127.9	128.6	129.0	131.0	130.6	129.0	128.0	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	154.8	154.7	155.8	156.8	157.6	158.4	157.0	158.1	n.a.
20 Retail sales[5]	126.4	134.7	145.2	149.3	149.8	150.0	150.7	149.6	150.6	150.5	151.9	152.9
Prices[6]												
21 Consumer (1982–84=100)	140.3	144.5	148.2	149.5	149.7	149.7	150.3	150.9	151.4	151.9	152.2	152.5
22 Producer finished goods (1982=100)	123.2	124.7	125.5	125.8	126.1	126.2	126.6	126.9	126.9	127.6	128.0	128.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1992	1993	1994	1994		1995					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	131,718	131,725	132,136	132,308	132,511	132,737	131,811	131,869
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	120,903	121,038	121,064	121,469	121,576	121,478	120,962	121,034
3 Agriculture	3,207	3,074	3,409	3,500	3,532	3,575	3,656	3,698	3,594	3,357	3,451
Unemployment											
4 Number	9,384	8,734	7,996	7,315	7,155	7,498	7,183	7,237	7,665	7,492	7,384
5 Rate (percent of civilian labor force)	7.4	6.8	6.1	5.6	5.4	5.7	5.4	5.5	5.8	5.7	5.6
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**115,427**	**115,624**	**115,810**	**116,123**	**116,302**	**116,310**	**116,264**	**116,479**
7 Manufacturing	18,104	18,003	18,064	18,439	18,472	18,502	18,523	18,525	18,506	18,461	18,421
8 Mining	635	611	604	592	592	590	588	589	583	582	583
9 Contract construction	4,492	4,642	4,916	5,144	5,166	5,201	5,213	5,256	5,242	5,191	5,233
10 Transportation and public utilities	5,721	5,787	5,842	6,092	6,121	6,129	6,156	6,175	6,184	6,177	6,195
11 Trade	25,354	25,675	26,362	26,913	26,988	27,011	27,069	27,047	27,062	27,046	27,083
12 Finance	6,602	6,712	6,789	6,937	6,931	6,927	6,929	6,938	6,924	6,926	6,934
13 Service	29,052	30,278	31,805	32,035	32,135	32,228	32,404	32,524	32,548	32,632	32,746
14 Government	18,653	18,817	19,041	19,275	19,219	19,222	19,241	19,248	19,261	19,249	19,284

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	Output (1987=100) 1994 Q3	1994 Q4	1995 Q1[r]	1995 Q2	Capacity (percent of 1987 output) 1994 Q3	1994 Q4	1995 Q1	1995 Q2	Capacity utilization rate (percent)[2] 1994 Q3	1994 Q4	1995 Q1	1995 Q2
1 **Total industry**	**118.8**	**120.5**	**122.0**	**121.0**	**140.9**	**141.9**	**143.1**	**144.5**	**84.3**	**84.9**	**85.2**	**83.8**
2 Manufacturing	120.5	122.7	124.3	123.1	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	117.2	131.6	132.3	133.2	134.2	88.1	89.5	89.5[r]	87.4
4 Advanced processing[4]	122.7	124.8	126.6	125.8	150.0	151.3	152.9	154.7	81.8	82.5	82.8	81.3
5 Durable goods	126.5	129.4	131.6	130.3	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	104.1	116.0	116.5	117.1	118.0	91.9	92.7	91.9	88.3
7 Primary metals	114.1	119.4	120.4	117.3	125.2	125.4	126.7	127.5	91.1	95.2	95.0	92.0
8 Iron and steel	115.8	123.3	125.4	121.8	128.4	128.8	130.9	131.7	90.2	95.8	95.9	92.5
9 Nonferrous	111.4	113.9	113.7	111.3	120.5	120.5	120.9	121.6	92.4	94.5	94.1[r]	91.5
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	177.3	184.1	188.5	193.8	199.9	88.8	89.9	89.8	88.7
12 Motor vehicles and parts	135.0	141.5	145.9	135.8	160.3	162.2	164.2	166.5	84.2	87.2	88.8	81.5
13 Aerospace and miscellaneous transportation equipment	82.1	80.8	81.5	81.6	129.4	129.1	128.8	128.5	63.5	62.6	63.3[r]	63.5
14 Nondurable goods	113.8	115.3	116.1	115.0	135.5	136.3	137.1	138.0	84.0	84.6	84.7	83.3
15 Textile mill products	108.9	111.6	111.8	109.3	121.4	122.0	122.7	123.5	89.7	91.4	91.1[r]	88.5
16 Paper and products	118.5	120.6	120.3	118.8	127.1	127.7	128.4	129.3	93.2	94.4	93.6	91.9
17 Chemicals and products	124.4	126.0	129.7	128.1	153.3	154.7	156.2	157.6	81.1	81.4	83.1	81.3
18 Plastics materials	126.9	130.2	134.3	...	130.8	131.6	132.6	...	97.0	98.9	101.3	...
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	100.9	111.5	111.4	111.4	111.4	89.8	89.0	90.0[r]	90.6
21 Utilities	118.1	116.3	118.2	118.5	135.4	135.8	136.3	136.8	87.2	85.6	86.8	86.7
22 Electric	118.2	117.3	118.5	118.7	133.1	133.6	134.1	134.7	88.8	87.8	88.4	88.1

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1994 June	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.[r]	1995 May	1995 June[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**84.1**	**85.5**	**85.3**	**84.9**	**84.1**	**83.7**	**83.5**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	83.2	85.2	84.7	84.4	83.4	83.0	82.7
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	87.5	90.2	89.4	89.0	88.0	87.4	86.8
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.2	81.5	83.2	82.8	82.5	81.6	81.2	81.2
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	82.7	85.3	84.9	84.6	83.4	82.8	82.7
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.3	91.8	94.3	91.7	89.6	88.9	88.2	87.7
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.0	90.9	95.6	94.5	94.9	92.6	91.9	91.6
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.1	92.3	96.5	94.9	96.2	93.3	92.5	91.8
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.0	89.3	94.6	94.2	93.4	91.9	91.2	91.5
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	72.5	88.4	92.0	91.1	90.8	90.4	89.7	89.5
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	76.6	87.9	90.1	89.8	89.5	88.7	88.7	88.8
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	57.6	83.1	89.4	89.3	87.8	83.7	80.6	80.3
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	79.4	64.7	62.4	63.4	64.0	63.7	63.6	63.3
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.4	84.0	85.1	84.6	84.3	83.6	83.4	83.0
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.9	89.8	92.5	90.4	90.4	90.2	87.9	87.5
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.5	92.0	93.5	93.7	93.7	93.1	93.2	89.4
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	78.9	81.7	83.8	83.0	82.5	81.3	81.1	81.4
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	97.0	105.6	100.6	97.5	97.1	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	83.7	90.7	93.4	93.5	94.2	93.0	91.9	92.0
20 Mining	94.4	88.4	96.6	80.6	86.5	86.0	90.3	89.7	90.3	89.9	90.4	90.2	91.1
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.2	89.6	85.6	87.5	87.1	86.7	87.1	86.2
22 Electric	99.0	82.7	88.3	78.7	94.8	86.5	91.4	87.5	88.7	88.8	88.1	88.6	87.6

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. 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 proportion	1994 avg.	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.[r]	1995 May	1995 June[p]
				Index (1987 = 100)												
	MAJOR MARKETS															
1	**Total index**	**100.0**	**118.1**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**122.0**	**121.1**	**120.9**	**121.0**
2	Products	60.9	115.9	115.9	116.2	116.7	116.4	116.9	117.5	118.7	119.1	119.1	118.9	117.8	117.7	117.7
3	Final products	46.6	118.4	118.4	118.5	119.2	118.9	119.2	119.8	121.2	121.6	121.8	121.6	120.6	120.5	120.7
4	Consumer goods, total	28.5	113.2	113.5	113.3	113.8	113.0	113.0	113.9	115.5	115.7	115.7	114.9	113.9	113.7	113.9
5	Durable consumer goods	5.5	119.4	118.0	118.0	120.7	119.1	119.4	120.5	123.4	124.5	123.4	121.4	119.2	116.4	116.7
6	Automotive products	2.5	125.5	121.0	119.5	124.9	123.8	124.5	127.1	131.1	131.7	132.3	129.7	125.9	120.7	121.1
7	Autos and trucks	1.6	125.4	118.5	115.0	126.0	122.5	122.3	126.5	131.4	132.7	133.5	130.8	124.6	118.5	118.8
8	Autos, consumer	.9	94.9	89.6	86.5	91.7	90.2	92.9	94.0	100.5	103.6	103.6	103.1	93.9	87.5	87.4
9	Trucks, consumer	.7	180.7	170.7	166.6	189.0	181.5	175.5	185.8	187.3	184.6	187.1	180.0	180.2	175.3	176.2
10	Auto parts and allied goods	.9	123.2	123.8	126.6	120.0	123.9	126.6	125.7	127.8	126.9	127.0	124.8	126.1	122.9	123.5
11	Other	3.0	114.1	115.4	116.7	117.1	115.2	115.2	115.0	116.8	118.3	115.9	114.3	113.5	112.7	113.1
12	Appliances televisions and air conditioners	.7	126.0	132.8	129.7	135.1	130.2	124.9	126.9	131.5	132.1	125.8	122.7	120.7	124.2	125.5
13	Carpeting and furniture	.8	105.0	103.6	108.4	106.9	104.1	107.4	105.9	108.0	110.2	107.9	106.5	106.9	104.0	104.0
14	Miscellaneous home goods	1.5	113.8	114.2	115.3	114.6	114.6	114.9	114.5	114.9	116.5	115.8	114.7	113.7	112.1	112.4
15	Nondurable consumer goods	23.0	111.8	112.5	112.2	112.2	111.7	111.5	112.4	113.7	113.6	113.9	113.5	112.7	113.2	113.3
16	Foods and tobacco	10.3	110.5	110.5	110.6	111.2	111.9	112.2	112.4	114.3	113.1	112.9	112.9	112.3	113.2	114.0
17	Clothing	2.4	95.9	96.3	96.5	95.9	95.5	96.2	96.2	96.8	96.1	94.7	94.6	93.6	93.3	92.3
18	Chemical products	4.5	129.7	131.4	131.1	129.8	127.5	127.2	130.5	134.0	137.0	136.6	135.9	133.7	134.0	135.1
19	Paper products	2.9	104.7	105.8	105.2	105.9	105.2	103.6	104.6	104.3	103.4	104.1	102.9	104.2	104.2	102.9
20	Energy	2.9	113.9	115.5	114.3	113.1	110.5	109.8	110.6	109.6	110.4	114.1	113.3	111.9	112.0	111.3
21	Fuels	.9	106.7	106.5	105.8	105.8	107.4	103.9	109.8	107.4	107.4	109.1	110.6	109.9	108.6	108.6
22	Residential utilities	2.1	116.8	119.3	117.8	116.1	111.8	112.2	110.7	110.3	111.6	116.0	114.3	112.6	113.3	112.3
23	Equipment	18.1	126.5	125.8	126.4	127 5	128.0	128.8	128.9	130.1	130.9	131.2	132.0	131.2	131.1	131.2
24	Business equipment	14.0	146.7	145.5	146.9	148.9	149.5	150.9	151.0	152.6	153.7	154.5	155.9	154.8	154.5	155.2
25	Information processing and related	5.7	176.4	173.7	177.1	179.7	181.1	183.2	184.2	188.3	188.7	189.1	192.3	193.7	194.2	196.1
26	Computer and office equipment	1 5	284.2	276.5	282.6	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	340.0	346.1	354.2
27	Industrial	4.0	120.9	120.6	122.1	122.3	123.0	124.4	124.1	124.1	125.9	126.1	126.2	124.8	125.0	125.5
28	Transit	2 6	137.9	136.1	132.6	137.9	136.8	137.1	137.5	137.8	139.7	143.4	144.7	140.1	137.0	136.8
29	Autos and trucks	1 2	148.0	141.7	138.2	149.4	147.7	149.2	151.6	152.6	157.2	157.7	154.9	146.7	142.3	142.4
30	Other	1.7	129.4	130.5	132.6	133.5	133.3	134.3	133.1	133.1	133.5	132.9	132.6	130.3	130.3	129.2
31	Defense and space equipment	3.4	71.0	71.3	69.9	69.2	68.8	68.7	69.0	68.7	68.6	67.7	67.5	66.7	66.5	66.4
32	Oil and gas well drilling	5	90.8	94.2	93.7	89.6	93.9	88.3	86.0	86.0	86.7	89 1	85.7	89.2	91.9	86.4
33	Manufactured homes	.2	137.3	137.8	133.3	134.5	138.4	142.0	143.1	153.6	153.6	147.4	148.3	147.2	150.4	...
34	Intermediate products, total	14.3	108.1	108.5	109.1	109.2	108.6	109.9	110.6	110.9	111.3	110.9	110.7	109.3	109.3	108.6
35	Construction supplies	5.3	106.8	106.4	107.9	108.2	108.6	109.7	109.8	111.6	112.2	111.0	110.5	109.0	108.1	107.9
36	Business supplies	9.0	109.1	110.1	110.0	109.9	108.7	110.1	111.3	110.7	110.9	111.0	110.9	109.7	110.3	109.2
37	Materials	39.1	121.5	121.2	121.4	122.8	122.9	123.4	124.6	126.3	126.5	126.7	126.7	126.1	125.9	126.2
38	Durable goods materials	20.6	131.2	130.0	130.9	132.6	133.3	134.2	136.0	138.6	139.1	139.2	139.2	138.4	138.1	138.6
39	Durable consumer parts	3.9	132.2	129.2	130.4	133.2	133.1	133.8	135.8	139.7	139.1	139.1	138.3	134.7	132.4	132.3
40	Equipment parts	7.5	143.1	142.1	143.8	145.2	146.7	149.0	150.7	152.3	153.6	155.1	156.2	157.5	158.8	160.5
41	Other	9.1	121.3	120.8	121.1	122.3	122.8	122.7	124.6	127.3	127.6	126.7	126.3	125.2	124.5	124.4
42	Basic metal materials	3.0	119.7	119.6	118.8	119.3	121.1	121.3	123.2	126.0	125.6	124.8	125.2	123.7	123.4	123.5
43	Nondurable goods materials	8.9	118.4	118.1	118.6	120.3	119.8	120.3	121.5	122.8	122.3	121.8	121.7	121.0	121.0	120.1
44	*Textile materials*	1.1	105.3	104.8	104.8	105.7	105.9	106.9	110.3	108.7	109.8	108.5	108.8	108.1	105.2	105.6
45	Paper materials	1 8	118.7	118.4	117.5	122.5	121.5	120.5	122.1	121.3	120.8	122.1	124.1	122.5	123.9	119.0
46	Chemical materials	4.0	123.2	122.9	123.4	124.8	124.0	124.6	125.9	127.5	128.6	128.3	127.6	126.9	127.1	127.8
47	Other	2.0	116.9	116.5	118.6	118.1	118.2	119.5	119.3	123.4	119.1	116.8	116.0	115.8	115.8	114.9
48	Energy materials	9.6	105.2	106.7	105.2	106.1	105.6	105.2	104.9	105.3	105.6	106.6	106.6	106.7	106.4	107.3
49	Primary energy	6.3	100.3	100.2	100.3	100.9	100.8	100.3	100.7	101.7	101.7	102.0	102.5	102.4	101.9	103.5
50	*Converted fuel materials*	3.3	114.9	119.9	114.9	116.3	115.1	115.1	113.4	112.3	113.4	115.6	114.7	115.2	115.4	114.6
	SPECIAL AGGREGATES															
51	Total excluding autos and trucks	97.2	117.6	117.7	118.1	118.7	118.6	119.1	119.8	121.1	121.4	121.4	121.4	120.7	120.7	120.8
52	Total excluding motor vehicles and parts	95.2	117.1	117.3	117.7	118.2	118.0	118.5	119.2	120.5	120.8	120.8	120.8	120.2	120.3	120.3
53	Total excluding computer and office equipment	98.3	115.4	115.4	115.5	116.4	116.1	116.6	117.4	118.7	118.9	118.9	118.7	117.8	117.6	117.6
54	Consumer goods excluding autos and trucks	26.9	112.4	113.2	113.2	113.0	112.4	112.4	113.1	114.5	114.6	114.5	113.9	113.2	113.4	113.6
55	Consumer goods excluding energy	25.6	113.1	113.2	113.2	113.8	113.3	113.3	114.2	116.2	116.3	115.9	115.1	114.1	113.9	114.2
56	Business equipment excluding autos and trucks	12.8	146.5	145.7	147.7	148.8	149.5	151.0	150.9	152.5	153.3	154.1	155.9	155.5	155.6	156.3
57	Business equipment excluding computer and office equipment	12.5	130.7	130.0	131.1	132.7	132.7	133.8	133.6	134.7	135.4	135.6	136.6	134.8	134.1	134.1
58	Materials excluding energy	29.5	127.3	126.4	127.2	128.8	129.2	129.9	131.6	133.8	134.0	133.9	133.9	133.1	132.9	133.0

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

Group	SIC[2] code	1992 proportion	1994 avg.	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.[r]	1995 May	1995 June[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**122.0**	**121.1**	**120.9**	**121.0**
60 Manufacturing	...	85.5	119.7	119.3	119.8	120.9	120.9	121.5	122.6	124.2	124.5	124.2	124.2	123.2	123.0	123.0
61 Primary processing	...	26.5	115.3	114.7	115.3	116.3	116.2	116.6	118.4	120.3	119.8	119.1	118.9	117.8	117.3	116.7
62 Advanced processing	...	59.0	121.8	121.5	121.9	123.1	123.1	123.8	124.6	126.0	126.6	126.6	126.7	125.8	125.6	126.0
63 Durable goods	...	45.1	125.5	124.6	125.2	127.0	127.2	128.0	129.1	131.2	131.6	131.5	131.6	130.4	130.0	130.4
64 Lumber and products	24	2.0	106.0	106.2	106.8	105.5	107.6	106.7	106.7	110.4	110.2	107.4	105.2	104.6	104.0	103.7
65 Furniture and fixtures	25	1.4	111.4	111.8	114.0	115.5	112.4	114.8	113.0	114.7	116.0	115.6	113.8	112.5	111.3	111.6
66 Stone, clay, and glass products	32	2.1	104.9	104.4	104.3	105.8	105.8	105.4	106.9	110.1	108.7	107.4	108.1	106.0	107.7	108.1
67 Primary metals	33	3.1	114.5	113.7	112.7	113.5	116.0	115.9	119.1	123.0	120.9	119.8	120.5	117.8	117.1	117.1
68 Iron and steel	331,2	1.7	118.3	118.2	116.1	113.0	118.2	118.8	121.9	129.3	125.9	124.3	126.1	122.5	121.8	121.2
69 Raw steel	...	.1	107.9	106.3	104.7	107.0	109.9	109.0	114.2	121.9	114.6	117.2	117.2	114.3	112.4	...
70 Nonferrous	333–6,9	1.4	109.3	107.6	108.0	113.6	112.7	111.8	115.2	114.8	114.2	113.8	113.1	111.5	110.9	111.5
71 Fabricated metal products	34	5.0	110.8	110.2	111.7	112.4	111.6	112.2	113.3	115.3	115.3	114.9	114.6	112.9	113.4	113.0
72 Industrial machinery and equipment	35	7.9	159.9	158.9	160.6	162.6	164.6	166.5	167.5	168.5	171.4	171.1	172.0	172.6	172.7	173.7
73 Computer and office equipment	357	1.7	284.2	276.5	282.6	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	340.0	346.1	354.2
74 Electrical machinery	36	7.3	160.0	159.5	161.5	164.1	165.0	166.9	168.8	172.5	172.9	174.0	175.2	175.4	177.3	179.3
75 Transportation equipment	37	9.6	109.7	107.5	105.7	109.5	108.8	109.0	110.5	111.9	112.6	113.5	112.9	109.7	107.4	107.2
76 Motor vehicles and parts	371	4.8	137.9	132.2	129.6	138.1	137.4	138.4	141.4	144.6	146.1	146.7	144.8	138.8	134.2	134.3
77 Autos and light trucks	371	2.5	131.9	124.6	120.8	131.9	128.4	128.6	132.7	138.4	140.0	140.8	138.2	130.9	124.2	124.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.8	82.6	83.8	82.8	82.3	81.4	80.8	80.9	80.6	80.4	81.7	82.3	81.9	81.7	81.3
79 Instruments	38	5.4	107.4	106.8	108.5	108.7	108.0	108.2	107.7	108.9	108.4	107.7	108.5	108.4	107.1	106.9
80 Miscellaneous	39	1.3	116.2	115.8	118.6	117.1	117.0	118.4	118.6	117.6	119.1	120.3	119.0	118.2	117.3	117.9
81 Nondurable goods	..	40.5	113.3	113.4	113.6	114.0	113.7	114.2	115.4	116.4	116.5	116.1	115.8	115.2	115.1	114.8
82 Foods	20	9.4	112.8	112.8	113.4	113.7	114.6	113.4	113.9	114.7	115.9	115.7	115.4	115.1	116.4	116.9
83 Tobacco products	21	1.6	96.5	95.9	93.7	96.2	96.1	104.5	101.5	108.0	97.3	96.4	97.9	98.0	96.7	98.4
84 Textile mill products	22	1.8	109.0	108.7	109.4	109.0	108.3	110.6	112.0	112.2	113.3	110.9	111.2	111.2	108.5	108.3
85 Apparel products	23	2.2	96.3	97.0	97.0	96.8	96.8	96.9	96.8	97.0	96.6	95.8	95.4	93.9	93.7	92.3
86 Paper and products	26	3.6	117.4	116.6	116.6	120.2	118.7	118.9	121.3	121.7	119.8	120.3	120.6	120.1	120.4	115.8
87 Printing and publishing	27	6.8	101.1	102.4	102.1	101.5	100.9	101.4	102.0	101.6	101.3	100.8	100.4	99.9	100.0	99.4
88 Chemicals and products	28	9.9	124.1	124.4	124.7	124.7	123.7	123.8	126.2	128.0	130.4	129.7	129.2	127.7	127.9	128.7
89 Petroleum products	29	1.4	105.3	104.5	104.3	105.2	105.3	104.0	107.6	107.7	107.4	107.6	108.5	107.2	106.0	106.1
90 Rubber and plastic products	30	3.5	133.5	132.8	134.5	134.5	134.7	136.7	138.3	140.0	140.2	140.5	139.1	139.6	136.8	136.4
91 Leather and products	31	.3	85.8	85.5	86.3	85.5	85.4	85.6	84.5	84.4	82.9	82.8	82.7	80.5	80.8	78.8
92 Mining	...	6.8	99.8	100.6	100.1	100.0	100.1	99.2	98.3	100.1	100.0	100.6	100.2	100.7	100.5	101.5
93 Metal	10	.4	159.4	162.8	159.5	156.6	160.0	158.9	154.3	156.2	158.5	160.4	159.3	159.0	161.7	162.8
94 Coal	12	1.0	112.0	113.4	108.6	111.4	110.7	110.2	110.1	117.8	117.9	118.6	117.4	114.1	109.7	115.8
95 Oil and gas extraction	13	4.7	93.0	93.8	93.9	93.5	93.7	92.2	91.2	92.2	91.2	92.3	91.6	93.1	93.6	93.6
96 Stone and earth minerals	14	.6	107.0	105.6	107.9	106.6	106.7	109.3	109.9	109.9	115.1	112.0	114.8	114.2	113.0	113.2
97 Utilities	...	7.7	118.1	121.1	119.0	118.8	116.5	117.2	116.5	115.2	116.5	119.2	118.9	118.4	119.1	118.1
98 Electric	491,3PT	6.1	117.8	121.4	119.0	118.4	117.1	117.9	117.5	116.5	117.2	119.0	119.3	118.6	119.3	118.1
99 Gas	492,3PT	1.6	119.2	120.0	118.9	120.4	114.2	114.4	112.3	109.8	113.7	120.1	117.3	117.6	118.2	117.8
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.7	118.6	118.6	119.2	119.8	119.9	120.5	121.5	122.9	123.2	122.9	122.9	122.3	122.3	122.4
101 Manufacturing excluding office and computing machines	...	83.8	116.5	116.2	116.6	117.6	117.5	118.1	119.1	120.6	120.8	120.5	120.4	119.3	119.0	119.0
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**2,006.2**	**2,002.5**	**2,002.1**	**2,020.2**	**2,015.6**	**2,020.4**	**2,037.2**	**2,056.5**	**2,063.2**	**2,066.5**	**2,065.1**	**2,048.2**	**2,045.4**	**2,045.7**
103 Final	...	1,314.6	1,576.3	1,571.1	1,569.3	1,586.6	1,584.2	1,584.4	1,598.4	1,615.1	1,621.1	1,626.4	1,626.1	1,613.0	1,610.5	1,613.6
104 Consumer goods	...	866.6	982.5	983.0	979.0	987.3	981.5	977.0	988.5	999.6	1,000.2	1,001.9	997.3	987.8	984.6	985.5
105 Equipment	...	448.0	593.8	588.1	590.3	599.3	602.7	607.3	609.9	615.5	620.9	624.5	628.7	625.2	625.9	628.1
106 Intermediate	.	392.5	429.8	431.4	432.9	433.5	431.4	436.0	438.8	441.4	442.0	440.1	439.0	435.2	434.9	432.1

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. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.[r]	1995 May
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,372	1,386	1,426	1,401	1,358	1,420	1,293	1,282	1,235	1,243	1,243
2 One-family	911	987	1,068	1,063	1,066	1,046	1,025	1,105	990	931	911	905	930
3 Two-family or more	184	213	303	323	360	355	333	315	303	351	324	338	313
4 Started	1,200	1,288	1,457	1,463	1,511	1,451	1,536	1,545	1,366	1,319	1,238	1,269	1,264
5 One-family	1,030	1,126	1,198	1,174	1,235	1,164	1,186	1,250	1,055	1,048	987	1,009	974
6 Two-family or more	170	162	259	289	276	287	350	295	311	271	251	260	290
7 Under construction at end of period[1]	612	680	762	770	773	779	787	791	792	797	769	761	753
8 One-family	473	543	558	589	590	587	587	584	578	579	552	545	536
9 Two-family or more	140	137	204	181	183	192	200	207	214	218	217	216	217
10 Completed	1,158	1,193	1,347	1,337	1,400	1,376	1,371	1,388	1,436	1,302	1,443	1,328	1,338
11 One-family	964	1,040	1,160	1,144	1,158	1,169	1,136	1,173	1,209	1,080	1,222	1,081	1,080
12 Two-family or more	194	153	187	193	242	207	235	215	227	222	221	247	258
13 Mobile homes shipped	210	254	304	295	307	314	322	347	361	335	333	318	329
Merchant builder activity in one-family units													
14 Number sold	610	666	670	672	691	707	642	627	643	575[r]	611	602	722
15 Number for sale at end of period[1]	265	293	338	322	328	330	335	338	342	347	346	346	345
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.4	133.3	129.7	132.0	129.9	135.0	127.9	135.0[r]	130.0	133.0	134.9
17 Average	144.9	147.6	153.7	154.9	157.2	153.0	155.4	159.6	147.4	160.2[r]	153.4	157.8	158.1
EXISTING UNITS (one-family)													
18 Number sold	3,520	3,800	3,946	3,910	3,870	3,820	3,690	3,760	3,610	3,420	3,620	3,390	3,550
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	113.0	108.9	107.5	108.7	109.1	108.1	107.0	107.9	108.1	109.0
20 Average	130.8	133.1	136.4	141.2	135.8	133.0	134.7	135.6	135.3	133.4	134.5	134.2	135.4
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**435,022[r]**	**464,504[r]**	**506,904[r]**	**509,853[r]**	**518,324[r]**	**521,296[r]**	**520,183[r]**	**521,771[r]**	**521,054[r]**	**521,429[r]**	**523,467**	**522,402**	**514,736**
22 Private	315,695[r]	339,161[r]	376,566[r]	379,658[r]	384,460[r]	382,946[r]	387,052[r]	386,103[r]	384,806[r]	383,652[r]	383,301	382,126	376,493
23 Residential	187,870	210,455	238,884[r]	240,090[r]	242,215[r]	240,484[r]	242,447[r]	243,565[r]	241,938[r]	240,207[r]	237,894	234,361	231,142
24 Nonresidential	127,825[r]	128,706[r]	137,682[r]	139,568[r]	142,245[r]	142,462[r]	144,605[r]	142,538[r]	142,868[r]	143,445[r]	145,407	147,765	145,351
25 Industrial buildings	20,720	19,533	21,121[r]	21,272[r]	21,935[r]	21,894[r]	25,060[r]	22,769[r]	22,715[r]	23,370[r]	23,911	24,707	23,654
26 Commercial buildings	41,523	42,627	48,552[r]	48,396[r]	50,738[r]	51,195[r]	52,008[r]	53,491[r]	53,338[r]	53,687[r]	55,439	54,839	53,248
27 Other buildings	21,494	23,626	23,912[r]	23,610[r]	23,559[r]	23,677[r]	24,147[r]	24,694[r]	24,373[r]	24,039[r]	23,062	23,999	24,639
28 Public utilities and other	44,088[r]	42,920[r]	44,097[r]	46,290[r]	46,013[r]	45,696[r]	43,390[r]	41,584[r]	42,442[r]	42,349[r]	42,995	44,220	43,810
29 Public	119,322[r]	125,342[r]	130,337[r]	130,195[r]	133,865[r]	138,349[r]	133,131[r]	135,668[r]	136,248[r]	137,777[r]	140,166	140,276	138,243
30 Military	2,502	2,454	2,319[r]	2,364[r]	2,361[r]	2,344[r]	2,354[r]	2,784[r]	2,925[r]	2,624[r]	3,048	2,872	2,592
31 Highway	34,899	37,431[r]	39,882[r]	40,137[r]	40,519[r]	40,992[r]	39,283[r]	38,464[r]	38,574[r]	38,681[r]	40,667	40,937	38,685
32 Conservation and development	6,021	5,978[r]	6,228[r]	5,775[r]	7,339[r]	7,197[r]	6,331[r]	7,466[r]	6,681[r]	7,128[r]	7,139	6,392	5,897
33 Other	75,900[r]	79,479[r]	81,908[r]	81,919[r]	83,646[r]	87,816[r]	85,163[r]	86,954[r]	88,068[r]	89,344[r]	89,312	90,075	91,069

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, June 1995[1]
	1994 June	1995 June	1994 Sept.	1994 Dec.	1995 Mar	1995 June	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.5**	**3.0**	**3.6**	**1.9**	**3.2**	**3.2**	**.3**	**.2**	**.4**	**.3**	**.1**	**152.5**
2 Food	2.2	3.1	5.1	3.9	.0	3.6	.3	.0	.7	.1	.1	147.9
3 Energy items	−.8	3.4	9.2	.4	−1.1	5.4	−.1	−.5	.4	.5	.5	109.3
4 All items less food and energy	2.9	3.0	2.6	2.0	4.1	3.0	.3	.3	.4	.2	.2	160.9
5 Commodities	1.8	1.2	.9	.3	2.6	6	.1	.1	.2	.0	−.1	138.9
6 Services	3.5	3.8	3.6	2.6	4.8	4.3	.4	.4	.4	.3	.3	173.4
PRODUCER PRICES (1982=100)												
7 Finished goods	1	2.1	1.9	2.2	2.6	1.6	.2	.0	.5	.0	−.1	128.2
8 Consumer foods	4	1.2	1.9	9.2	1.8	−4.3	.3r	−.2	2	−.6	−.3	127.4
9 Consumer energy	−2.7	4.1	3.2	.0	9.1	4.1	.3	.5	2.3	−.2	−1.0	81.5
10 Other consumer goods	−.4	2.1	1.7	.6	2.6	3.5	.2r	.1r	.3	.4	.2	141.8
11 Capital equipment	2.4	1.8	2.1	−.3	2.4	3.0	.1r	.0r	.3	.2	.2	136.6
Intermediate materials												
12 Excluding foods and feeds	1.1	7.0	6.2	7.2	9.9	4.6	.8r	.2r	.8	.3	.0	126.6
13 Excluding energy	2.1	7.4	6.8	8.3	9.8	4.9	.8	.3r	.7	.2	.2	135.7
Crude materials												
14 Foods	.6	−5.2	−13.5	−1.2	−5.0	.0	1.3r	−2.5r	.9	−3.0	4.0	102.2
15 Energy	−7.0	4.8	−19.2	−7.6	−3.9	14.6	−.3r	−.6r	5.3	1.6	−3.4	71.6
16 Other	7.6	18.4	20.3	27.9	20.0	5.8	1.1r	.5	1.2	−.3	.6	180.4

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

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

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1992	1993	1994	1994				1995
				Q1	Q2	Q3	Q4	Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,738.4**	**6,574.7**	**6,689.9**	**6,791.7**	**6,897.2**	**6,977.4**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,628.4	4,535.0	4,586.4	4,657.5	4,734.8	4,782.1
3 Durable goods	492.7	538.0	591.5	576.2	580.3	591.5	617.7	615.2
4 Nondurable goods	1,295.5	1,339.2	1,394.3	1,368.9	1,381.4	1,406.1	1,420.7	1,432.2
5 Services	2,348.7	2,501.0	2,642.7	2,589.9	2,624.7	2,659.9	2,696.4	2,734.8
6 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,107.8
7 Fixed investment	785.2	866.7	980.7	942.5	967.0	992.5	1,020.8	1,053.3
8 Nonresidential	561.4	616.1	697.6	665.4	683.3	709.1	732.8	766.4
9 Structures	171.1	173.4	182.8	172.7	181.8	184.6	192.0	198.6
10 Producers' durable equipment	390.3	442.7	514.8	492.7	501.5	524.5	540.7	567.8
11 Residential structures	223.8	250.6	283.0	277.1	283.6	283.4	288.0	286.8
12 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	54.5
13 Nonfarm	2.7	20.1	45.9	22.3	60.4	53.4	47.4	54.1
14 Net exports of goods and services	-30.3	-65.3	-98.2	-86.7	-97.6	-109.6	-98.9	-111.1
15 Exports	638.1	659.1	718.7	674.2	704.5	730.5	765.5	778.8
16 Imports	668.4	724.3	816.9	760.9	802.1	840.1	864.4	889.9
17 Government purchases of goods and services	1,125.3	1,148.4	1,175.3	1,159.8	1,166.7	1,188.8	1,185.8	1,198.7
18 Federal	449.0	443.6	437.3	437.8	435.1	444.3	431.9	434.4
19 State and local	676.3	704.7	738.0	722.0	731.5	744.5	753.8	764.3
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,686.2	6,550.6	6,622.5	6,729.1	6,842.4	6,922.9
21 Goods	2,292.0	2,390.4	2,532.4	2,489.1	2,493.7	2,543.6	2,603.3	2,638.1
22 Durable	968.6	1,032.4	1,118.8	1,098.2	1,099.4	1,125.8	1,151.8	1,175.0
23 Nondurable	1,323.4	1,358.1	1,413.6	1,390.9	1,394.3	1,417.8	1,451.5	1,463.1
24 Services	3,227.2	3,405.5	3,576.2	3,503.8	3,555.4	3,603.6	3,641.9	3,680.6
25 Structures	498.1	532.0	577.6	557.7	573.4	581.9	597.3	604.3
26 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	54.5
27 Durable goods	-13.0	8.6	34.8	20.6	38.2	44.1	36.3	48.0
28 Nondurable goods	16.0	6.7	17.4	3.5	29.2	18.5	18.5	6.5
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,344.0**	**5,261.1**	**5,314.1**	**5,367.0**	**5,433.8**	**5,470.1**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	**5,458.4**	**5,308.7**	**5,430.7**	**5,494.9**	**5,599.4**	**5,688.4**
31 Compensation of employees	3,591.2	3,780.4	4,004.6	3,920.0	3,979.3	4,023.7	4,095.3	4,157.3
32 Wages and salaries	2,954.8	3,100.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,403.4
33 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	617.2
34 Other	2,387.5	2,517.0	2,676.2	2,612.6	2,655.4	2,689.6	2,747.4	2,786.2
35 Supplement to wages and salaries	636.4	679.6	725.6	711.7	722.0	729.7	738.9	753.9
36 Employer contributions for social insurance	307.7	324.3	344.6	338.5	343.6	346.0	350.2	354.3
37 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
38 Proprietors' income[1]	418.7	441.6	473.7	471.0	471.3	467.0	485.7	493.6
39 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	449.2
40 Farm[1]	44.4	37.3	39.5	47.2	39.3	29.8	41.7	44.4
41 Rental income of persons[2]	5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.4
42 Corporate profits[1]	405.1	485.8	542.7	508.2	546.4	556.0	560.3	569.7
43 Profits before tax[3]	395.9	462.4	524.5	483.5	523.1	538.1	553.5	570.6
44 Inventory valuation adjustment	-6.4	-6.2	-19.5	-12.3	-14.1	-19.6	-32.1	-39.0
45 Capital consumption adjustment	15.7	29.5	37.7	37.0	37.4	37.5	38.8	38.1
46 Net interest	420.0	399.5	409.7	394.2	399.7	415.7	429.2	442.4

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1992	1993	1994	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.7**	**5,555.8**	**5,659.9**	**5,734.5**	**5,856.6**	**5,962.0**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,403.4
3 Commodity-producing industries	757.6	773.8	818.2	801.9	811.6	821.8	837.3	848.5
4 Manufacturing	578.3	588.4	617.5	609.4	612.8	618.3	629.5	638.1
5 Distributive industries	682.3	701.9	748.5	728.6	742.5	753.5	769.6	776.8
6 Service industries	967.6	1,021.4	1,109.5	1,082.0	1,101.2	1,114.3	1,140.5	1,160.9
7 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	617.2
8 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
9 Proprietors' income[1]	418.7	441.6	473.7	471.0	471.3	467.0	485.7	493.6
10 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	449.2
11 Farm[1]	44.4	37.3	39.5	47.2	39.3	29.8	41.7	44.4
12 Rental income of persons[2]	-5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.4
13 Dividends	161.0	181.3	194.3	185.7	191.7	196.9	202.7	205.5
14 Personal interest income	665.2	637.9	664.0	631.1	649.4	674.2	701.1	723.6
15 Transfer payments	860.2	915.4	963.4	947.4	957.6	969.0	979.7	1,004.8
16 Old-age survivors, disability, and health insurance benefits	414.0	444.4	473.5	463.8	470.7	476.5	483.1	496.7
17 LESS: Personal contributions for social insurance	248.7	261.3	281.4	276.3	279.9	282.9	286.6	293.8
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.7	5,555.8	5,659.9	5,734.5	5,856.6	5,962.0
19 LESS: Personal tax and nontax payments	648.6	686.4	742.1	723.0	746.4	744.1	754.7	777.6
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.6	4,832.8	4,913.5	4,990.3	5,101.9	5,184.4
21 LESS: Personal outlays	4,257.8	4,496.2	4,756.5	4,657.3	4,712.4	4,787.0	4,869.3	4,920.7
22 EQUALS: Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	263.7
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,475.8	20,235.2	20,389.7	20,536.5	20,739.8	20,836.3
24 Personal consumption expenditures	13,110.4	13,390.8	13,715.4	13,639.8	13,650.9	13,716.6	13,853.5	13,880.1
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,535.0	14,625.0	14,697.0	14,927.0	15,048.0
26 Saving rate (percent)	5.5	4.1	4.1	3.6	4.1	4.1	4.6	5.1
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	**920.6**	**886.2**	**923.3**	**922.6**	**950.3**	**1,006.0**
28 Gross private saving	980.8	1,002.5	1,053.5	1,037.3	1,041.4	1,052.7	1,082.7	1,126.4
29 Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	263.7
30 Undistributed corporate profits[1]	94.3	120.9	135.1	127.7	142.3	139.5	130.7	132.6
31 Corporate inventory valuation adjustment	-6.4	-6.2	-19.5	12.3	-14.1	-19.6	-32.1	-39.0
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	432.2	425.9	432.6	438.0	445.3
33 Noncorporate	261.8	261.2	283.1	301.8	272.1	277.3	281.3	284.7
34 Government surplus, or deficit (-), national income and product accounts	257.8	215.0	-132.9	-151.1	118.1	130.1	-132.3	-120.4
35 Federal	-282.7	-241.4	-159.1	-176.2	-145.1	-154.0	-161.1	-148.6
36 State and local	24.8	26.3	26.2	25.2	27.0	23.9	28.8	28.2
37 **Gross investment**	**731.7**	**789.8**	**889.7**	**850.2**	**899.3**	**901.5**	**907.9**	**947.4**
38 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,107.8
39 Net foreign investment	-56.6	-92.3	143.2	-116.4	-135.1	-153.6	-167.7	-160.4
40 **Statistical discrepancy**	**8.8**	**2.3**	**-30.9**	**-36.1**	**-24.0**	**-21.1**	**-42.4**	**-58.6**

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[r]	1994[r]	1994[r] Q1	1994[r] Q2	1994[r] Q3	1994[r] Q4	1995 Q1[p]
1 Balance on current account	−61,548[r]	−99,925	−151,245	−30,271	−37,986	−39,714	−43,276	−40,503
2 Merchandise trade balance[2]	−96,106[r]	−132,618	−166,099	−36,490	−41,494	−44,627	−43,488	−45,052
3 Merchandise exports	440,352[r]	456,823	502,485	118,445	122,730	127,384	133,926	138,059
4 Merchandise imports	−536,458	−589,441	−668,584	−154,935	−164,224	−172,011	−177,414	−183,111
5 Military transactions, net	−2,142[r]	448	2,148	−31	376	1,124	679	621
6 Other service transactions, net	58,767[r]	57,328	57,739	13,505	14,195	14,696	15,342	14,408
7 Investment income, net	10,080[r]	9,000	−9,272	116	−2,285	−2,533	−4,570	−2,698
8 U.S. government grants	−15,083[r]	−16,311	−15,814	−2,378	−3,703	−3,488	−6,245	−2,954
9 U.S. government pensions and other transfers	−3,735	−3,785	−4,247	−1,057	−1,063	−1,064	−1,063	−782
10 Private remittances and other transfers	−13,330[r]	−13,988	−15,700	−3,936	−4,012	−3,822	−3,931	−4,046
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−1,661[r]	−330	−322	401	491	−283	−931	23
12 Change in U.S. official reserve assets (increase, −)	3,901	−1,379	5,346	−59	3,537	−165	2,033	−5,318
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	2,316	−537	−441	101	−108	−111	−121	−867
15 Reserve position in International Monetary Fund	−2,692	−44	494	−3	251	273	−27	526
16 Foreign currencies	4,277	−797	5,293	45	3,394	327	2,181	−3,925
17 Change in U.S. private assets abroad (increase, −)	−68,115[r]	−182,880	−130,875	37,125	−10,001	27,492	−56,258	−58,656
18 Bank-reported claims[3]	20,895[r]	29,947	915	869	15,107	1,590	−16,651	34,474
19 Nonbank-reported claims	45	1,581	−32,621	1,891	−10,230	−8,051	−12,449	...
20 U.S. purchases of foreign securities, net	−46,415[r]	−141,807	−49,799	−16,457	−7,128	−10,976	−15,238	−5,778
21 U.S. direct investments abroad, net	42,640[r]	−72,601	−49,370	−19,646	−7,750	−10,055	−11,920	−18,404
22 Change in foreign official assets in United States (increase, +)	40,466[r]	72,146	39,409	10,977	9,162	19,691	−421	21,336
23 U.S. Treasury securities	18,454	48,952	30,723	857	5,919	16,477	7,470	9,949
24 Other U.S. government obligations	3,949	4,062	6,025	215	2,360	2,222	1,228	982
25 Other U.S. government liabilities[4]	2,180[r]	1,706	2,211	851	174	494	692	242
26 Other U.S. liabilities reported by U.S. banks[3]	16,571	14,841	2,923	9,807	1,674	1,298	−9,856	10,382
27 Other foreign official assets[5]	−688	2,585	−2,473	−753	−965	800	45	265
28 Change in foreign private assets in United States (increase, +)	113,357[r]	176,382	251,956	69,413	37,364	60,045	85,136	63,744
29 U.S. bank-reported liabilities[3]	15,461	20,859	114,396	31,839	28,231	19,650	34,676	8,647
30 U.S. nonbank-reported liabilities	13,573	10,489	−4,324	2,478	2,047	487	−5,242	...
31 Foreign private purchases of U.S. Treasury securities, net	36,857	24,063	33,811	9,771	7,317	5,428	25,929	29,670
32 Foreign purchases of other U.S. securities, net	29,867	79,864	58,625	21,117	12,551	14,762	10,195	15,647
33 Foreign direct investments in United States, net	17,599[r]	41,107	49,448	4,208	5,946	19,718	19,578	9,780
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−26,399[r]	35,985	−14,269	−13,336	2,567	−12,082	13,718	19,374
36 Due to seasonal adjustment	...	...	...	5,274	587	−6,641	782	6,537
37 Before seasonal adjustment	−26,399[r]	35,985	−14,269	−18,610	−3,154	5,441	12,936	13,017
MEMO *Changes in official assets*								
38 U.S. official reserve assets (increase, −)	3,901	1,379	5,346	59	3,537	165	2,033	−5,318
39 Foreign official assets in United States, excluding line 25 (increase, +)	38,286	70,440	37,198	10,126	8,988	19,197	1,113	21,578
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	5,942	−3,717	1,184	−1,651	−4,217	3,564	1,120	−379

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

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1992	1993	1994	1994		1995				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[p]
1 Goods and services, balance	−39,480	−74,842	−106,214	9,735	−7,894	−10,616	−9,610	−9,792	−11,374	−11,428
2 Merchandise	96,106	−132,618	−166,101	−15,292	−13,272	15,946	−14,426	14,678	16,504	−16,483
3 Services	56,626	57,777	59,887	5,557	5,378	5,330	4,816	4,886	5,130	5,055
4 Goods and services, exports	618,969	644,579	701,200	61,713	63,185	61,989	62,093	64,820	63,977	64,807
5 Merchandise	440,352	456,824	502,484	44,441	46,172	44,772	45,482	47,805	46,923	47,758
6 Services	178,617	187,755	198,716	17,272	17,013	17,217	16,611	17,015	17,054	17,049
7 Goods and services, imports	−658,449	719,421	−807,414	−71,448	−71,079	−72,605	−71,704	−74,613	−75,351	−76,235
8 Merchandise	536,458	589,442	−668,585	59,733	59,444	−60,718	59,909	−62,484	−63,427	−64,241
9 Services	−121,991	−129,979	−138,829	11,715	11,635	11,887	−11,795	−12,129	−11,924	−11,994
MEMO										
10 **Balance on merchandise trade, Census basis**	**−84,501**	**−115,568**	**−150,629**	**−14,202**	**−12,010**	**−15,047**	**−13,507**	**−13,024**	**−14,906**	**−14,521**

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1994		1995					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**77,719**	**71,323**	**73,442**	**74,000**	**74,335**	**76,027**	**81,439**	**86,761**	**88,756**	**90,549**	**90,063**
2 Gold stock, including Exchange Stabilization Fund[1]	11,057	11,056	11,053	11,052	11,051	11,050	11,050	11,053	11,055	11,054	11,054
3 Special drawing rights[2,3]	11,240	8,503	9,039	10,017	10,039	10,154	11,158	11,651	11,743	11,923	11,869
4 Reserve position in International Monetary Fund[2]	9,488	11,759	11,818	12,037	12,030	12,120	12,853	13,418	14,206	14,278	14,276
5 Foreign currencies[4]	45,934	40,005	41,532	40,894	41,215	42,703	46,378	50,639	51,752	53,294	52,864

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1991	1992	1993	1994		1995					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Deposits**	**968**	**205**	**386**	**230**	**250**	**185**	**188**	**370**	**166**	**227**	**167**
Held in custody											
2 U.S. Treasury securities[2]	281,107	314,481	379,394	444,339	441,866	439,139	447,206	459,694	469,482	474,181	482,506
3 Earmarked gold[3]	13,303	13,118	12,327	12,037	12,033	12,033	12,033	11,964	11,897	11,800	11,725

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1992	1993	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.	1995 May[p]
1 **Total**[1]	**412,624**	**483,002**	**523,896**	**520,278**	**517,028**	**527,311**	**542,494**	**552,094**	**559,804**
By type									
2 Liabilities reported by banks in the United States[2]	54,967	69,808	73,530	72,731	74,109	80,326	83,423	85,048	84,382
3 U.S. Treasury bills and certificates[3]	104,596	151,100	143,222	139,570	133,014	134,341	141,716	146,417	154,575
U.S. Treasury bonds and notes									
4 Marketable	210,931	212,237	253,451	254,059	255,888	257,998	262,020	265,164	263,354
5 Nonmarketable[4]	4,532	5,652	6,069	6,109	6,137	6,095	6,135	6,174	6,215
6 U.S. securities other than U.S. Treasury securities[5]	37,598	44,205	47,624	47,809	47,880	48,551	49,200	49,291	51,278
By area									
7 Europe[1]	189,230	207,121	217,022	215,024	212,376	213,876	218,355	216,537	217,568
8 Canada	13,700	15,285	17,528	17,235	18,041	18,655	19,268	19,248	19,631
9 Latin America and Caribbean	37,973	55,898	45,209	41,192	36,982	42,201	39,599	42,176	44,408
10 Asia	164,690	197,702	234,318	236,819	240,019	244,650	256,849	266,093	270,523
11 Africa	3,723	4,052	4,673	4,179	4,335	4,066	4,583	4,200	4,281
12 Other countries[6]	3,306	2,942	5,144	5,827	5,273	3,861	3,838	3,838	3,391

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[r]	1994[r] June	1994[r] Sept	1994[r] Dec.	1995 Mar.[r]
1 Banks' liabilities	75,129	72,796	78,120	73,016	83,343	89,475	96,003
2 Banks' claims	73,195	62,799	60,663	56,852	63,446	59,711	72,384
3 Deposits	26,192	24,240	20,289	21,562	20,493	19,445	24,172
4 Other claims	47,003	38,559	40,374	35,290	42,953	40,266	48,212
5 Claims of banks' domestic customers[2]	3,398	4,432	7,320	6,734	7,367	12,229	11,487

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1992	1993	1994[r]	1994[r]		1995				
				Nov.	Dec.	Jan.[r]	Feb.	Mar.	Apr.	May[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**810,259**	**925,418[r]**	**1,017,034**	**995,331**	**1,017,034**	**1,012,916**	**1,020,092[r]**	**1,030,023[r]**	**1,036,452**	**1,042,197**
2 Banks' own liabilities	606,444	625,665[r]	721,751	692,288	721,751	724,503	725,495[r]	723,940[r]	719,775	723,496
3 Demand deposits	21,828	21,573	23,373	23,954	23,373	23,424	24,058	22,656	22,916	23,526
4 Time deposits[2]	160,385	175,078	186,363	178,430	186,363	187,988	185,726[r]	184,282[r]	180,714	185,273
5 Other[3]	93,237	110,635[r]	115,269	128,793	115,269	124,844	125,641[r]	120,129[r]	123,072	126,272
6 Own foreign offices[4]	330,994	318,379[r]	396,746	361,111	396,746	388,247	390,070[r]	396,873[r]	393,073	388,425
7 Banks' custodial liabilities[5]	203,815	299,753[r]	295,283	303,043	295,283	288,413	294,597	306,083	316,677	318,701
8 U.S. Treasury bills and certificates[6]	127,644	176,739	162,825	169,056	162,825	156,670	160,353	170,138	175,540	182,044
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	42,177	39,834	42,177	40,502	43,378	44,921	48,427	40,333
10 Other	54,197	86,725[r]	90,281	94,153	90,281	91,241	90,866	91,024	92,710	96,324
11 Nonmonetary international and regional organizations[8]	9,350	10,936	8,506	9,441	8,506	9,821	8,291[r]	9,263[r]	8,690	7,923
12 Banks' own liabilities	6,951	5,639	8,076	8,675	8,076	9,355	7,642[r]	8,639[r]	7,527	6,956
13 Demand deposits	46	15	29	35	29	24	35	31	214	34
14 Time deposits[2]	3,214	2,780	3,198	2,917	3,198	3,715	3,484	3,899	3,954	3,491
15 Other[3]	3,691	2,844	4,849	5,723	4,849	5,616	4,123[r]	4,709[r]	3,359	3,431
16 Banks' custodial liabilities[5]	2,399	5,297	430	766	430	466	649	624	1,163	967
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	501	281	280	407	314	763	510
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	265	149	181	242	307	400	456
19 Other	5	0	0	0	0	5	0	3	0	1
20 Official institutions[9]	159,563	220,908	212,301	216,752	212,301	207,123	214,667	225,139[r]	231,465	238,957
21 Banks' own liabilities	51,202	64,231	59,280	60,740	59,280	62,097	67,314	68,922[r]	67,483	68,497
22 Demand deposits	1,302	1,601	1,564	1,682	1,564	1,598	1,587	1,705	1,485	1,575
23 Time deposits[2]	17,939	21,654	23,211	20,661	23,211	22,673	25,384[r]	23,651[r]	25,492	27,335
24 Other[3]	31,961	40,976	34,505	38,397	34,505	37,826	40,343[r]	43,566[r]	40,506	39,587
25 Banks' custodial liabilities[5]	108,361	156,677	153,021	156,012	153,021	145,026	147,353	156,217	163,982	170,460
26 U.S Treasury bills and certificates[6]	104,596	151,100	139,570	143,222	139,570	133,014	134,341	141,716	146,417	154,575
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	12,773	13,245	11,972	12,943	14,351	17,473	15,771
28 Other	39	95	206	17	206	40	69	150	92	114
29 Banks[10]	547,320	592,208[r]	681,727	650,108	681,727	678,182	678,595[r]	685,528[r]	681,514	680,008
30 Banks' own liabilities	476,117	478,792[r]	567,776	534,901	567,776	564,116	561,898[r]	565,479[r]	558,950	560,503
31 Unaffiliated foreign banks	145,123	160,413	171,030	173,790	171,030	175,869	171,828[r]	168,606[r]	165,877	172,078
32 Demand deposits	10,170	9,719	10,628	11,259	10,628	10,243	10,954	10,788	10,667	11,365
33 Time deposits[2]	90,296	105,192	111,460	105,998	111,460	112,178	107,429	107,905	99,379	102,345
34 Other[3]	44,657	45,502	48,942	56,533	48,942	53,448	53,445[r]	49,913[r]	55,831	58,368
35 Own foreign offices[4]	330,994	318,379[r]	396,746	361,111	396,746	388,247	390,070[r]	396,873[r]	393,073	388,425
36 Banks' custodial liabilities[5]	71,203	113,416[r]	113,951	115,207	113,951	114,066	116,697	120,049	122,564	119,505
37 U.S. Treasury bills and certificates[6]	11,087	10,712	11,218	11,792	11,218	10,992	12,328	15,723	15,717	14,437
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,234	13,530	14,234	14,137	15,232	15,254	15,964	10,955
39 Other	52,561	85,684[r]	88,499	89,885	88,499	88,937	89,137	89,072	90,883	94,113
40 Other foreigners	94,026	101,366[r]	114,500	119,030	114,500	117,790	118,539[r]	110,093[r]	114,783	115,309
41 Banks' own liabilities	72,174	77,003[r]	86,619	87,972	86,619	88,935	88,641[r]	80,900[r]	85,815	87,540
42 Demand deposits	10,310	10,238	11,152	10,978	11,152	11,559	11,482	10,132	10,550	10,552
43 Time deposits[2]	48,936	45,452	48,494	48,854	48,494	49,422	49,429[r]	48,827[r]	51,889	52,102
44 Other[3]	12,928	21,313[r]	26,973	28,140	26,973	27,954	27,730	21,941[r]	23,376	24,886
45 Banks' custodial liabilities[5]	21,852	24,363	27,881	31,058	27,881	28,855	29,898	29,193	28,968	27,769
46 U.S. Treasury bills and certificates[6]	10,053	10,652	11,756	13,541	11,756	12,384	13,277	12,385	12,643	12,522
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	14,549	13,266	14,549	14,212	14,961	15,009	14,590	13,151
48 Other	1,592	946	1,576	4,251	1,576	2,259	1,660	1,799	1,735	2,096
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	17,397	17,895	16,442	17,137	16,759	17,651	11,938

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1992	1993	1994[r]	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[p]
AREA										
50 **Total, all foreigners**	**810,259**	**925,418[r]**	**1,017,034**	**995,331**	**1,017,034**	**1,012,916**	**1,020,092[r]**	**1,030,023[r]**	**1,036,452**	**1,042,197**
51 **Foreign countries**	**800,909**	**914,482[r]**	**1,008,528**	**985,890**	**1,008,528**	**1,003,095**	**1,011,801[r]**	**1,020,760[r]**	**1,027,762**	**1,034,274**
52 Europe	307,670	377,193	393,021	394,684	393,021	393,767	386,599[r]	380,685[r]	367,143	375,743
53 Austria	1,611	1,917	3,649	4,267	3,649	3,236	4,021	4,012	4,030	3,963
54 Belgium and Luxembourg	20,567	28,621	21,758	22,324	21,758	21,679	22,094	23,886	22,813	25,673
55 Denmark	3,060	4,517	2,784	2,320	2,784	2,662	1,971	2,396	2,567	2,811
56 Finland	1,299	1,872	1,436	1,590	1,436	2,403	1,754	1,223	2,029	1,709
57 France	41,411	39,746	44,971	41,309	44,971	42,464	44,314	41,300	38,410	40,907
58 Germany	18,630	26,613	27,175	31,073	27,175	28,521	27,497	28,276	28,453	31,939
59 Greece	913	1,519	1,393	1,489	1,393	1,234	2,065	2,264	2,195	2,199
60 Italy	10,041	11,759	10,882	9,800	10,882	10,269	12,021	8,686	9,417	9,815
61 Netherlands	7,365	16,096	16,723	17,961	16,723	15,629	15,891	15,784	12,545	14,623
62 Norway	3,314	2,966	2,338	2,810	2,338	2,309	2,147	2,066	1,374	1,289
63 Portugal	2,465	3,366	2,846	2,921	2,846	2,863	4,007	2,810	2,940	2,860
64 Russia	577	2,511	2,714	2,843	2,714	2,047	2,642	3,469	5,011	7,042
65 Spain	9,793	20,493	14,655	15,038	14,655	15,149	11,106	11,675	9,859	9,827
66 Sweden	2,953	2,572	3,093	3,361	3,093	2,258	2,247	2,474	1,801	1,445
67 Switzerland	39,440	41,561	41,881	41,759	41,881	39,518	40,100	39,355	41,258	40,011
68 Turkey	2,666	3,227	3,341	3,061	3,341	3,621	2,701	2,513	3,624	3,188
69 United Kingdom	111,805	133,936	163,577	162,796	163,577	173,906	162,638[r]	159,908[r]	152,912	149,897
70 Yugoslavia[11]	504	570	245	240	245	261	258	211	222	229
71 Other Europe and other former U.S.S.R.[12]	29,256	33,331	27,760	27,922	27,760	23,938	27,325	28,477	25,683	26,316
72 Canada	22,420	20,229[r]	24,612	23,297	24,612	26,503	26,568	27,034	28,563	27,721
73 *Latin America and Caribbean*	317,228	361,660[r]	422,720	398,529	422,720	410,039	421,335[r]	421,976[r]	431,162	430,536
74 Argentina	9,477	14,477	17,199	15,971	17,199	12,790	11,886	9,978[r]	10,154	10,368
75 Bahamas	82,284	73,800	103,684	90,277	103,684	95,227	98,833	100,370	97,352	92,473
76 Bermuda	7,079	7,841	8,467	7,628	8,467	8,906	8,554	8,798	8,764	8,589
77 Brazil	5,584	5,301	9,140	6,739	9,140	9,004	10,628	10,860	13,114	15,613
78 British West Indies	153,033	193,574[r]	229,560	216,290	229,560	229,934	233,318[r]	235,839[r]	243,856	242,487
79 Chile	3,035	3,183	3,114	3,741	3,114	2,966	3,327	3,587	3,446	2,958
80 Colombia	4,580	3,171	4,579	4,389	4,579	4,309	4,037	3,644	3,598	3,432
81 Cuba	3	33	13	7	13	12	5	5	6	5
82 Ecuador	993	880	873	823	873	1,340	1,511	1,117	1,054	1,050
83 Guatemala	1,377	1,207	1,121	1,037	1,121	1,057	1,079	1,062	1,094	1,071
84 Jamaica	371	410	529	533	529	447	464	491	422	542
85 Mexico	19,454	28,018	12,243	19,202	12,243	12,608	16,770	15,750	17,246	18,263
86 Netherlands Antilles	5,205	4,686[r]	4,530	4,863	4,530	3,834	4,495	4,013	4,076	6,011
87 Panama	4,177	3,582	4,542	4,608	4,542	4,836	4,281	4,361	4,810	5,002
88 Peru	1,080	926	899	941	899	901	892	893	931	1,014
89 Uruguay	1,955	1,611	1,594	1,188	1,594	1,798	1,610	1,754	1,930	2,105
90 Venezuela	11,387	12,786	13,975	13,845	13,975	13,461	12,970	12,632	12,130	12,318
91 Other	6,154	6,174	6,658	6,447	6,658	6,609	6,675	6,822	7,179	7,235
92 Asia	143,540	144,575	155,629	157,517	155,629	159,796	166,066[r]	178,464[r]	187,669	187,088
China										
93 People's Republic of China	3,202	4,011	10,066	8,020	10,066	12,911	15,661	12,017	12,138	9,459
94 Republic of China (Taiwan)	8,408	10,627	9,825	10,954	9,825	9,168	9,941	10,021	9,630	9,187
95 Hong Kong	18,499	17,178	17,165	17,559	17,165	18,446	18,150[r]	19,952[r]	20,117	23,020
96 India	1,399	1,114	2,338	2,380	2,338	2,296	2,119	2,354	2,194	1,942
97 Indonesia	1,480	1,986	1,587	1,634	1,587	1,612	1,957	2,107	1,696	2,632
98 Israel	3,773	4,435	5,155	5,067	5,155	5,471	4,953	5,003	5,411	5,331
99 Japan	58,435	61,466	64,256	63,493	64,256	61,878	63,200	77,846	84,761	83,180
100 Korea (South)	3,337	4,913	5,124	5,026	5,124	4,781	4,175	4,357	4,747	5,034
101 Philippines	2,275	2,035	2,714	3,065	2,714	2,616	2,363	2,297	2,257	2,722
102 Thailand	5,582	6,137	6,466	5,946	6,466	8,226	9,906	9,564	10,416	11,595
103 *Middle Eastern* oil-exporting countries[13]	21,437	15,824	15,475	17,701	15,475	16,189	14,935	15,516	15,730	15,639
104 Other	15,713	14,849	15,458	16,672	15,458	16,202	18,706	17,430	18,572	17,347
105 Africa	5,884	6,633	6,511	7,001	6,511	6,363	6,203	6,817	7,218	8,145
106 Egypt	2,472	2,208	1,867	2,134	1,867	1,749	1,830	1,781	2,102	2,045
107 Morocco	76	99	97	73	97	92	73	70	66	73
108 South Africa	190	451	433	693	433	285	400	706	401	542
109 Zaire	19	12	9	10	9	10	10	9	12	10
110 Oil-exporting countries[14]	1,346	1,303	1,343	1,227	1,343	1,409	1,122	1,599	1,328	1,303
111 Other	1,781	2,560	2,762	2,864	2,762	2,818	2,768	2,652	3,309	4,172
112 Other	4,167	4,192	6,035	4,862	6,035	6,627	5,030	5,784	6,007	5,041
113 Australia	3,043	3,308	5,141	4,094	5,141	5,395	4,351	5,024	4,912	4,256
114 Other	1,124	884	894	768	894	1,232	679	760	1,095	785
115 Nonmonetary international and regional organizations	9,350	10,936	8,506	9,441	8,506	9,821	8,291[r]	9,263[r]	8,690	7,923
116 International[15]	7,434	6,851	7,437	7,592	7,437	8,455	7,138[r]	8,092[r]	7,153	5,944
117 Latin American regional[16]	1,415	3,218	613	1,094	613	865	582	576	666	1,067
118 Other regional[17]	501	867	456	755	456	501	571	595	871	912

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[r]	1994[r]	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.	1995 May[p]
1 **Total, all foreigners**	**499,437**	**484,689**	**480,962**	**466,097**	**480,962**	**482,534**	**475,227**	**490,479**	**478,812**	**481,064**
2 **Foreign countries**	**494,355**	**482,284**	**476,371**	**464,549**	**476,371**	**478,952**	**474,343**	**486,745**	**475,875**	**479,442**
3 Europe	123,377	121,934	123,669	120,521	123,669	125,768	122,435	127,390	121,680	121,883
4 Austria	331	413	692	369	692	350	425	589	461	756
5 Belgium and Luxembourg	6,404	6,529	6,649	6,241	6,649	5,553	4,816	7,327	8,390	8,016
6 Denmark	707	382	1,029	658	1,029	478	636	723	549	508
7 Finland	1,418	594	691	713	691	716	452	564	700	431
8 France	14,723	11,537	12,244	12,994	12,244	12,702	11,948	13,259	12,858	13,822
9 Germany	4,222	7,693	6,652	8,320	6,652	8,460	7,640	7,009	7,090	6,574
10 Greece	717	679	592	518	592	668	751	586	535	391
11 Italy	9,047	8,835	6,041	5,907	6,041	6,609	6,538	6,399	6,209	6,219
12 Netherlands	2,468	3,063	3,709	4,086	3,709	3,741	4,200	4,076	3,527	5,978
13 Norway	355	396	504	1,004	504	1,069	988	1,442	1,295	1,382
14 Portugal	325	834	938	1,006	938	988	1,045	907	915	990
15 Russia	3,147	2,310	949	1,172	949	1,148	759	770	657	511
16 Spain	2,755	2,761	3,529	2,171	3,529	2,941	2,800	3,066	2,076	2,138
17 Sweden	4,923	4,082	4,096	3,581	4,096	3,826	4,038	3,372	3,522	3,319
18 Switzerland	4,717	6,565	7,490	6,543	7,490	9,020	8,056	7,837	7,381	7,613
19 Turkey	962	1,300	874	926	874	560	882	690	810	722
20 United Kingdom	63,430	61,641	65,560	62,594	65,560	64,933	64,650	67,497	63,307	61,222
21 Yugoslavia[2]	569	536	265	266	265	265	265	247	247	247
22 Other Europe and other former U.S.S.R.[3]	2,157	1,784	1,165	1,452	1,165	1,741	1,546	1,030	1,151	1,044
23 Canada	13,845	18,534	18,030	17,809	18,030	18,859	18,933	20,207	17,417	20,492
24 Latin America and Caribbean	218,078	223,345	221,388	217,043	221,388	221,874	220,111	224,035	224,065	222,457
25 Argentina	4,958	4,416	5,788	5,728	5,788	5,837	6,312	6,253	6,142	6,316
26 Bahamas	60,835	63,256	66,042	60,879	66,042	64,728	63,877	65,105	64,352	62,169
27 Bermuda	5,935	8,059	7,526	6,730	7,526	14,594	10,944	8,522	11,423	10,244
28 Brazil	10,773	11,813	9,485	9,793	9,485	9,744	10,016	10,751	10,760	11,039
29 British West Indies	101,507	98,661	95,744	96,964	95,744	90,577	91,924	96,315	93,962	95,059
30 Chile	3,397	3,619	3,794	3,628	3,794	3,866	4,207	4,348	4,248	3,867
31 Colombia	2,750	3,179	4,003	3,768	4,003	3,816	3,818	3,983	3,926	4,034
32 Cuba	0	0	0	0	0	0	0	0	2	0
33 Ecuador	884	680	680	635	680	707	659	567	564	663
34 Guatemala	262	288	366	335	366	346	349	379	360	353
35 Jamaica	162	195	254	251	254	253	278	275	262	638
36 Mexico	14,991	15,864	17,672	17,286	17,672	17,338	17,216	17,186	17,181	16,991
37 Netherlands Antilles	1,379	2,682	1,055	1,818	1,055	1,205	1,437	1,187	1,333	1,778
38 Panama	4,654	2,893	2,179	2,304	2,179	2,155	2,340	2,466	2,503	2,429
39 Peru	730	656	996	911	996	1,057	1,117	1,096	1,116	1,095
40 Uruguay	936	954	486	652	486	420	390	344	345	377
41 Venezuela	2,525	2,907	1,828	1,931	1,828	1,705	1,725	1,649	1,679	1,661
42 Other	1,400	3,223	3,490	3,430	3,490	3,526	3,502	3,609	3,907	3,744
43 Asia	131,789	111,720	107,114	103,307	107,114	105,673	106,788	109,389	106,604	108,550
China										
44 People's Republic of China	906	2,271	845	827	845	933	869	841	980	879
45 Republic of China (Taiwan)	2,046	2,623	1,381	1,479	1,381	1,245	1,213	1,471	1,451	1,437
46 Hong Kong	9,642	10,872	9,237	11,313	9,237	10,271	11,285	14,459	11,642	12,082
47 India	529	589	990	1,021	990	1,103	1,059	1,039	1,139	1,126
48 Indonesia	1,189	1,527	1,462	1,364	1,462	1,486	1,424	1,511	1,461	1,424
49 Israel	820	826	692	697	692	672	683	811	683	783
50 Japan	79,172	59,945	59,230	53,547	59,230	55,268	57,191	55,512	55,150	58,390
51 Korea (South)	6,179	7,536	10,276	8,863	10,276	10,848	10,754	12,284	11,913	12,197
52 Philippines	2,145	1,409	636	583	636	564	548	548	494	530
53 Thailand	1,867	2,170	2,902	2,720	2,902	2,880	2,635	2,778	2,740	2,752
54 Middle Eastern oil-exporting countries[4]	18,540	15,109	13,732	14,454	13,732	14,044	13,341	13,069	13,292	11,643
55 Other	8,754	6,843	5,731	6,439	5,731	6,359	5,786	5,066	5,659	5,307
56 Africa	4,279	3,857	3,008	3,090	3,008	2,942	2,902	2,858	2,724	2,729
57 Egypt	186	196	225	229	225	227	234	205	181	237
58 Morocco	441	481	429	480	429	415	442	424	440	454
59 South Africa	1,041	633	665	454	665	657	596	644	584	579
60 Zaire	4	4	2	3	2	2	2	2	2	2
61 Oil-exporting countries[5]	1,002	1,129	842	879	842	825	772	731	700	658
62 Other	1,605	1,414	845	1,045	845	816	856	852	817	799
63 Other	2,987	2,894	3,162	2,779	3,162	3,836	3,174	2,866	3,385	3,331
64 Australia	2,243	2,071	2,219	1,682	2,219	2,198	1,912	1,758	1,804	1,918
65 Other	744	823	943	1,097	943	1,638	1,262	1,108	1,581	1,413
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,591	1,548	4,591	3,582	884	3,734	2,937	1,622

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[r]	1994[r]	1994[r]		1995				
				Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May[p]
1 **Total**	**559,495**	**538,471**	**556,191**	...	**556,191**	...	...	**572,313**	...	...
2 Banks' claims	499,437	484,689	480,962	466,097	480,962	482,534	475,227	490,479	478,812	481,064
3 Foreign public borrowers	31,367	29,095	23,470	21,334	23,470	24,100	18,181	23,712	22,173	19,077
4 *Own foreign offices*[2]	303,991	284,310	283,135	276,808	283,135	278,928	279,276	293,119	282,696	286,091
5 Unaffiliated foreign banks	109,342	100,030	110,862	103,686	110,862	104,330	105,383	104,434	103,981	102,970
6 Deposits	61,550	48,841	59,065	50,902	59,065	54,445	54,145	53,178	54,648	51,095
7 Other	47,792	51,189	51,797	52,784	51,797	49,885	51,238	51,256	49,333	51,875
8 All other foreigners	54,737	71,254	63,495	64,269	63,495	75,176	72,387	69,214	69,962	72,926
9 Claims of banks' domestic customers[3]	60,058	53,782	75,229	...	75,229	...	...	81,834	...	...
10 Deposits	15,452	21,111	36,190	...	36,190	...	...	36,528	...	...
11 *Negotiable and readily transferable instruments*[4]	31,474	18,991	25,731	...	25,731	...	...	30,823	...	...
12 Outstanding collections and other claims	13,132	13,680	13,308	...	13,308	...	...	14,483	...	...
MEMO										
13 Customer liability on acceptances	8,655	7,829	8,313	...	8,313	...	...	8,394	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	26,364	27,185	27,168	27,185	27,459	28,726	26,792	24,927	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[r]	1994[r]			1995
				June	Sept.	Dec.	Mar.
1 **Total**	**195,302**	**195,119**	**199,844**	**190,777**	**193,973**	**197,587**	**197,075**
By borrower							
2 Maturity of one year or less	162,573	163,325	170,134	164,960	167,271	171,949	168,824
3 Foreign public borrowers	21,050	17,813	17,765	13,244	17,370	15,530	15,739
4 All other foreigners	141,523	145,512	152,369	151,716	149,901	156,419	153,085
5 Maturity of more than one year	32,729	31,794	29,710	25,817	26,702	25,638	28,251
6 Foreign public borrowers	15,859	13,266	10,809	8,053	7,385	7,697	7,695
7 All other foreigners	16,870	18,528	18,901	17,764	19,317	17,941	20,556
By area							
Maturity of one year or less							
8 Europe	51,835	53,300	56,574	51,153	58,784	56,500	53,699
9 Canada	6,444	6,091	7,664	8,278	7,212	7,266	7,333
10 Latin America and Caribbean	43,597	50,376	58,948	59,723	57,782	60,031	62,929
11 Asia	51,059	45,709	41,335	39,036	36,661	40,422	38,105
12 Africa	2,549	1,784	1,820	1,798	1,520	1,365	1,223
13 All other[3]	7,089	6,065	3,793	4,972	5,312	6,365	5,535
Maturity of more than one year							
14 Europe	3,878	5,367	5,205	3,744	4,034	3,861	4,490
15 Canada	3,595	3,287	2,558	2,474	2,654	2,459	3,603
16 Latin America and Caribbean	18,277	15,312	13,976	12,551	12,665	12,220	12,952
17 Asia	4,459	5,038	5,587	4,763	5,047	4,732	5,138
18 Africa	2,335	2,380	1,936	1,850	1,840	1,553	1,592
19 All other[3]	185	410	448	435	462	813	476

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. *Maturity is time remaining to maturity.*
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES *Held by U.S. and Foreign Offices of U.S. Banks*[1]

Billions of dollars, end of period

Area or country	1991	1992	1993 Mar.	1993 June	1993 Sept.	1993 Dec.	1994 Mar.	1994 June	1994 Sept.	1994 Dec.	1995 Mar.
1 **Total**	**343.6**	**346.5**	**361.1**	**377.1**	**388.4**	**404.5[r]**	**478.9[r]**	**505.8[r]**	**510.6[r]**	**501.9[r]**	**555.5**
2 G-10 countries and Switzerland	137.6	132.9	142.5	150.0	153.3	161.8[r]	179.0[r]	174.1[r]	188.3[r]	176.3[r]	194.3
3 Belgium and Luxembourg	.0	5.6	6.1	7.0	7.1	7.4	8.0	8.7[r]	9.7	6.9	8.1
4 France	11.0	15.3	13.5	14.0	12.3	11.7	16.4	18.9[r]	20.7	19.2[r]	19.8
5 Germany	8.3	9.3	9.9	10.8	12.4	12.6	28.9[r]	25.9[r]	25.0[r]	24.5	30.3
6 Italy	5.6	6.5	6.7	7.9	8.7	7.6[r]	15.5	14.0	11.6	11.8	12.2
7 Netherlands	.0	2.8	3.6	3.7	3.7	4.7	4.1	3.6	3.5	3.6	3.5
8 Sweden	1.9	2.3	3.0	2.5	2.5	2.5	2.8	2.9	2.6	2.7	3.1
9 Switzerland	3.4	4.8	5.3	4.7	5.6	5.9	6.3	6.5	6.2	6.9	6.2
10 United Kingdom	68.5	60.8	65.7	73.5	74.7	84.7	70.3[r]	63.5[r]	82.8	70.4[r]	76.2
11 Canada	5.8	6.3	8.2	8.0	9.7	6.8[r]	7.7	9.6	9.8	9.6[r]	10.5
12 Japan	22.6	19.3	20.4	17.9	16.8	17.8	19.0[r]	20.5	16.4	20.7	24.3
13 Other industrialized countries	22.8	24.0	25.4	27.2	26.0	24.6	41.3[r]	41.7	41.5	45.2	43.9
14 Austria	.6	1.2	1.2	1.3	.6	.4	1.0	1.0	1.0	1.1	.9
15 Denmark	.9	.9	.8	1.0	1.1	1.0	1.1	1.1	.8	1.2	1.6
16 Finland	.7	.7	.7	.9	.6	.4	1.0	.8	.8	1.0	1.1
17 Greece	2.6	3.0	2.7	3.1	3.2	3.2	3.8	4.6	4.3	4.5	4.9
18 Norway	1.4	1.2	1.8	1.8	2.1	1.7	1.6	1.6	1.6	2.0	2.4
19 Portugal	.6	.4	.7	.9	1.0	.8	1.2	1.1	1.0	1.2	1.0
20 Spain	8.3	8.9	9.5	10.5	9.3	8.9	12.3	11.7	13.1	13.6	14.1
21 Turkey	1.4	1.3	1.4	2.1	2.1	2.1	2.4	2.1	1.8	1.6	1.4
22 Other Western Europe	1.8	1.7	2.0	1.7	2.2	2.6	3.1[r]	2.8	1.0	2.7	2.5
23 South Africa	1.9	1.7	1.6	1.3	1.2	1.1	1.2	1.2	1.2	1.0	1.4
24 Australia	2.7	2.9	2.9	2.5	2.8	2.3	12.7	13.7	15.0	15.4	12.6
25 OPEC[2]	14.5	16.1	16.6	15.7	14.8	17.4	22.9	21.5	21.7	22.1	19.3
26 Ecuador	.7	.6	.6	.6	.5	.5	.5	.5	.4	.5	.5
27 Venezuela	5.4	5.2	5.1	5.5	5.4	5.1	4.7	4.4	3.9	3.7	3.5
28 Indonesia	2.7	3.0	3.1	3.1	2.8	3.3	3.4	3.2	3.3	3.6	3.8
29 Middle East countries	4.2	6.2	6.6	5.4	4.9	7.4	13.2	12.4	13.1	13.4	10.7
30 African countries	1.5	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.0	.9	.7
31 Non-OPEC developing countries	63.9	72.1	74.4	76.7	77.0	82.6	93.9[r]	94.3[r]	94.1	98.4[r]	100.3
Latin America											
32 Argentina	4.8	6.6	7.1	6.6	7.2	7.7	8.7	9.8	10.5	11.1	11.4
33 Brazil	9.6	10.8	11.6	12.3	11.7	12.0	12.6	11.9	9.2	8.3[r]	9.1
34 Chile	3.6	4.4	4.6	4.6	4.7	4.7	5.1	5.1	5.4	6.1	6.3
35 Colombia	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.4	2.4	2.6	2.6
36 Mexico	15.5	16.0	16.8	16.8	17.5	17.8[r]	18.7[r]	18.4[r]	19.5[r]	18.3[r]	17.8
37 Peru	.4	.5	.4	.4	.3	.4	.6[r]	.6	.6	.5	.6
38 Other	2.1	2.6	2.7	2.7	2.7	3.0	2.8[r]	2.7	2.7	2.6[r]	2.4
Asia											
China											
39 People's Republic of China	.3	.7	.6	1.6	.5	2.0	.8	.8[r]	1.0	1.1	1.1
40 Republic of China (Taiwan)	4.1	5.2	5.3	5.9	6.4	7.3	7.5	7.1	6.9	9.1	10.5
41 India	3.0	3.2	3.1	3.1	2.9	3.2	3.6	3.7	3.9	4.2	3.8
42 Israel	.5	.4	.5	.4	.4	.5	.4	.4	.4	.4	.6
43 Korea (South)	6.8	6.6	6.5	6.9	6.5	6.7	14.1[r]	14.3[r]	14.1	16.2[r]	16.9
44 Malaysia	2.3	3.1	3.4	3.7	4.1	4.4	5.2	5.2	5.7	4.4	3.8
45 Philippines	3.7	3.6	3.4	2.9	2.6	3.1	3.4	3.2	2.9	3.3	3.0
46 Thailand	1.7	2.2	2.2	2.4	2.8	3.1	3.0[r]	3.3	3.5	3.8[r]	3.3
47 Other Asia	2.0	2.7	2.7	2.6	3.0	2.9	3.1	3.5	3.6	4.8	5.2
Africa											
48 Egypt	.4	.2	.2	.2	.2	.4	.4	.5	.3	.3	.4
49 Morocco	.7	.6	.5	.6	.6	.7	.7	.7	.7	.6	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.7	1.0	.8	.9	.8	.8	1.0	.9	.9	.8	.7
52 Eastern Europe	2.4	3.1	2.9	3.2	3.0	3.1	3.4	3.0	3.0	2.7	2.4
53 Russia[4]	.9	1.9	1.7	1.9	1.7	1.6	1.5	1.2	1.1	.8	.6
54 Yugoslavia[5]	.9	.6	.6	.6	.6	.6	.5	.5	.5	.5	.4
55 Other	.7	.6	.7	.8	.7	.9	1.4	1.4	1.5	1.4	1.3
56 Offshore banking centers	54.2	58.3	60.3	58.0	67.9	71.4[r]	78.1[r]	79.7[r]	76.0[r]	69.7[r]	84.0
57 Bahamas	11.9	6.9	9.7	7.1	12.7	10.8[r]	13.7[r]	13.4[r]	13.6[r]	9.8[r]	12.2
58 Bermuda	2.3	6.2	4.1	4.5	5.5	8.1	8.5[r]	6.1	5.4[r]	7.4	8.4
59 Cayman Islands and other British West Indies	15.8	21.8	17.6	15.6	15.1	17.4[r]	17.6[r]	23.3[r]	21.2[r]	19.9[r]	19.2
60 Netherlands Antilles	1.2	1.1	1.6	2.5	2.8	2.6[r]	3.5[r]	2.5	1.7	1.0	.9
61 Panama[6]	1.4	1.9	2.0	2.1	2.1	2.4	2.0	1.9	1.9	1.3	1.1
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	14.4	13.8	16.7	16.9	19.1	18.7	19.7	21.7	20.3	19.9	22.8
64 Singapore	7.1	6.5	8.4	9.3	10.4	11.2	13.0[r]	10.6[r]	11.8	10.2	19.2
65 Other[7]	.0	.0	.0	.0	.0	.1	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[8]	48.0	39.7	38.8	46.2	46.3	43.4	59.9	91.2[r]	85.5	87.3[r]	111.1

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.

6. Includes Canal Zone.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability, and area or country	1991	1992	1993[r]	1993	1994				1995
					Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**44,708**	**45,511**	**50,369**	**50,369[r]**	**52,059[r]**	**55,383[r]**	**57,204[r]**	**54,644**	**51,488**
2	Payable in dollars	39,029	37,456	38,750	38,750[r]	38,552[r]	42,957[r]	42,734[r]	39,700	37,600
3	Payable in foreign currencies	5,679	8,055	11,619	11,619[r]	13,507[r]	12,426[r]	14,470[r]	14,944	13,888
	By type									
4	Financial liabilities	22,518	23,841	28,959	28,959[r]	30,413[r]	33,245[r]	35,850[r]	32,848	29,852
5	Payable in dollars	18,104	16,960	18,545	18,545[r]	18,930[r]	22,819[r]	23,262[r]	19,792	17,745
6	Payable in foreign currencies	4,414	6,881	10,414	10,414[r]	11,483[r]	10,426[r]	12,588[r]	13,056	12,107
7	Commercial liabilities	22,190	21,670	21,410	21,410	21,646[r]	22,138	21,354	21,796	21,636
8	Trade payables	9,252	9,566	8,811	8,811	8,976[r]	9,913	9,552	10,013	10,162
9	Advance receipts and other liabilities	12,938	12,104	12,599	12,599	12,670	12,225	11,802	11,783	11,474
10	Payable in dollars	20,925	20,496	20,205	20,205	19,622[r]	20,138	19,472	19,908	19,855
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[r]	20,510[r]	23,689[r]	23,792[r]	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[r]	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[r]	13,793[r]	18,255[r]	16,827[r]	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[r]	3,125[r]	3,139[r]	3,021	3,024
21	Bahamas	537	379	1,148	1,148	1,158[r]	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[r]	1,344[r]	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	6,906
34	Belgium and Luxembourg	248	298	239	239	251	254	287	231	273
35	France	1,039	700	655	655	554	712	742	763	696
36	Germany	1,052	729	684	684	577	670	552	611	510
37	Netherlands	710	535	688	688	628	649	674	723	576
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	2,857
40	Canada	1,014	1,002	879	879	1,039[r]	1,070	1,068	1,038	1,203
41	Latin America and Caribbean	1,355	1,533	1,666	1,666	1,908	2,007	1,790	1,865	1,547
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	100
45	British West Indies	107	33	27	27	20	24	33	23	29
46	Mexico	307	457	483	483	556	705	673	576	512
47	Venezuela	94	142	126	126	150	194	192	279	276
48	Asia[2]	9,334	10,594	10,992	10,992	10,939	10,979	10,514	11,077	10,966
49	Japan	3,721	3,612	4,314	4,314	4,617	4,389	4,235	4,808	4,793
50	Middle Eastern oil-exporting countries[3]	1,498	1,889	1,542	1,542	1,542	1,841	1,688	1,610	1,810
51	Africa	715	568	464	464	490	523	482	442	472
52	Oil-exporting countries[4]	327	309	171	171	199	247	271	262	256
53	Other[5]	1,071	575	574	574	720	638	633	519	542

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[r]	1993	1994[r]				1995
					Dec.[r]	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**45,262**	**45,073**	**48,197**	**48,197**	**49,125**	**48,436**	**50,320**	**55,783**	**50,558**
2	Payable in dollars	42,564	42,281	44,920	44,920	45,746	44,763	46,839	52,641	47,067
3	Payable in foreign currencies	2,698	2,792	3,277	3,277	3,379	3,673	3,481	3,142	3,491
	By type									
4	Financial claims	27,882	26,509	27,528	27,528	28,461	27,064	28,672	32,714	27,920
5	Deposits	20,080	17,695	15,681	15,681	15,973	15,769	16,570	18,645	16,573
6	Payable in dollars	19,080	16,872	15,146	15,146	15,471	15,164	16,009	18,194	15,979
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	22,638
12	Trade receivables	14,468	16,007	17,666	17,666	17,769	18,552	18,867	20,204	19,676
13	Advance payments and other claims	2,912	2,557	3,003	3,003	2,895	2,820	2,781	2,865	2,962
14	Payable in dollars	16,574	17,519	19,119	19,119	18,974	19,627	19,916	21,438	20,908
15	Payable in foreign currencies	806	1,045	1,550	1,550	1,690	1,745	1,732	1,631	1,730
	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	4,090
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	9,070
38	Belgium and Luxembourg	194	189	184	184	177	179	174	217	199
39	France	1,585	1,537	1,947	1,947	1,830	1,779	1,766	1,886	1,797
40	Germany	955	933	1,018	1,018	947	938	880	1,046	1,000
41	Netherlands	645	552	423	423	355	294	330	314	334
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	2,403
44	Canada	1,121	1,286	1,360	1,360	1,483	1,468	1,503	1,543	1,587
45	Latin America and Caribbean	2,655	3,043	3,284	3,284	3,573	3,903	3,971	4,147	4,122
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	679
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	1,099
51	Venezuela	203	345	296	296	296	305	394	355	298
52	Asia	4,591	4,866	5,906	5,906	5,851	6,141	6,433	6,745	6,840
53	Japan	1,899	1,903	2,173	2,173	2,353	2,359	2,448	2,497	2,595
54	Middle Eastern oil-exporting countries[2]	620	693	716	716	668	616	616	700	697
55	Africa	430	554	521	521	515	492	462	473	481
56	Oil-exporting countries[3]	95	78	85	85	102	90	68	76	82
57	Other[4]	390	364	501	501	470	443	496	582	538

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.–May	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,664	350,558	158,556	28,696	28,094	24,999	29,443	35,332	30,080	38,702
2 Foreign sales	298,086	348,648	158,453	27,653	29,727	25,893	29,685	37,653	29,204	36,018
3 **Net purchases, or sales (−)**	**21,578**	**1,910**	**103**	**1,043**	**−1,633**	**−894**	**−242**	**−2,321**	**876**	**2,684**
4 **Foreign countries**	**21,306**	**1,900**	**153**	**1,020**	**−1,635**	**−930**	**−197**	**−2,291**	**877**	**2,694**
5 Europe	10,658	6,717	1,291	226	−1,110	−516	10	1,304	163	376
6 France	−103	201	678	25	119	−255	−27	250	−80	−66
7 Germany	1,642	2,110	1,244	−55	−158	−157	−55	−243	−261	−528
8 Netherlands	−602	2,251	1,329	265	652	278	232	296	349	174
9 Switzerland	2,986	−30	−2,094	−551	8	−389	−78	−475	−673	−479
10 United Kingdom	4,559	840	2,396	566	1,265	253	−51	−309	1,123	1,380
11 Canada	−3,213	−1,160	−289	−109	175	129	27	333	−195	83
12 Latin America and Caribbean	5,719	−2,108	2,057	650	−577	991	766	−243	570	27
13 Middle East[1]	−321	1,142	−256	1	86	−22	133	73	59	−87
14 Other Asia	8,198	−1,207	335	251	−171	1,469	851	−342	314	2,013
15 Japan	3,825	1,190	1,607	262	−174	860	−541	−321	29	86
16 Africa	63	29	15	−4	−25	36	0	−10	−10	41
17 Other countries	202	771	282	5	159	−7	4	14	−24	295
18 **Nonmonetary international and regional organizations**	**272**	**10**	**−50**	**23**	**2**	**36**	**−45**	**−30**	**−1**	**−10**
BONDS[2]										
19 Foreign purchases	283,824	291,084[r]	108,702	22,347[r]	18,931[r]	19,247[r]	22,789	25,390	18,222	23,054
20 Foreign sales	217,824	229,520[r]	77,529	15,431[r]	14,702[r]	12,626[r]	16,354	17,552	14,111	16,886
21 **Net purchases, or sales (−)**	**66,000**	**61,564[r]**	**31,173**	**6,916[r]**	**4,229[r]**	**6,621[r]**	**6,435**	**7,838**	**4,111**	**6,168**
22 **Foreign countries**	**65,462**	**60,679[r]**	**31,407**	**6,932[r]**	**3,889[r]**	**6,417[r]**	**6,489**	**8,151**	**4,094**	**6,256**
23 Europe	22,587	38,708[r]	25,041	4,395[r]	2,711[r]	6,807[r]	6,037	4,976	2,330	4,891
24 France	2,346	242	−479	−106	4	157	296	−85	−874	27
25 Germany	887	657	1,766	201	451	1,516	526	−176	−83	17
26 Netherlands	290	3,322	193	346	28	−241	126	154	−37	191
27 Switzerland	−627	1,055	195	488	12	−85	304	−61	−87	124
28 United Kingdom	19,686	33,283[r]	23,630	3,541[r]	1,929[r]	5,416[r]	4,800	5,248	3,455	4,711
29 Canada	1,668	2,958[r]	1,170	194[r]	445[r]	245	175	289	184	277
30 Latin America and Caribbean	15,691	5,442[r]	1,717	1,305	662	655	−480	1,285	889	678
31 Middle East[1]	3,248	771	806	−96	−193	59	119	328	326	−26
32 Other Asia	20,846	12,153	2,499	1,137	240	28	595	1,150	356	426
33 Japan	11,569	5,486	1,452	497	−174	396	132	570	275	871
34 Africa	1,149	7[r]	10	−2	8	8	4	22	−11	5
35 Other countries	273	654	164	−1	16	19	47	101	20	15
36 **Nonmonetary international and regional organizations**	**538**	**885**	**−234**	**−16**	**340**	**204**	**−54**	**−313**	**17**	**−88**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−62,691	−47,232[r]	−9,804	2,547	−2,359[r]	−159[r]	−1,086[r]	−2,844[r]	−2,147	−3,568
38 Foreign purchases	245,490	386,942[r]	136,058	28,444	26,332[r]	26,303[r]	27,154[r]	28,995[r]	24,481	29,125
39 Foreign sales	308,181	434,174[r]	145,862	30,991	28,691[r]	26,462[r]	28,240[r]	31,839[r]	26,628	32,693
40 Bonds, net purchases, or sales (−)	80,377	9,332[r]	8,813	−3,481[r]	300[r]	−802[r]	−1,851[r]	−1,189[r]	−747	−4,224
41 Foreign purchases	745,952	848,334[r]	336,047	62,555[r]	66,461[r]	68,120[r]	61,226[r]	79,056[r]	53,493	74,152
42 Foreign sales	826,329	857,666[r]	344,860	66,036[r]	66,161[r]	68,922[r]	63,077[r]	80,245[r]	54,240	78,376
43 **Net purchases, or sales (−), of stocks and bonds**	**−143,068**	**−56,564[r]**	**−18,617**	**−6,028[r]**	**−2,059[r]**	**−961[r]**	**−2,937[r]**	**−4,033[r]**	**−2,894**	**−7,792**
44 **Foreign countries**	**−143,232**	**−57,084[r]**	**−18,588**	**−5,981[r]**	**−2,814[r]**	**−1,025[r]**	**−2,773[r]**	**−3,944[r]**	**−3,050**	**−7,796**
45 Europe	−100,872	−2,726[r]	−10,770	−2,709[r]	−2,809[r]	1,599[r]	−1,290[r]	−1,871[r]	1,849	−7,359
46 Canada	15,664	−7,481[r]	1,654	−512[r]	1,643[r]	−187[r]	850[r]	1,150	1,195	28
47 Latin America and Caribbean	7,600	−18,387[r]	3,073	−1,565[r]	373[r]	−308[r]	2,496[r]	1,282[r]	584	429
48 Asia	−15,159	−24,272[r]	−3,908	257[r]	−2,026[r]	−2,044[r]	13	9	−533	−1,353
49 Africa	185	−467[r]	−112	−267	−88[r]	1[r]	116	85	−14	68
50 Other countries	3,752	−3,751[r]	929	−1,185	93[r]	−86[r]	266[r]	265	−43	527
51 **Nonmonetary international and regional organizations**	**164**	**520**	**−29**	**−47**	**755**	**64**	**−164**	**−89**	**156**	**4**

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	1994		1995				
			Jan.–May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 ***Total estimated***	***23,552***	***78,796[r]***	***53,811***	***13,118[r]***	***11,752[r]***	***9,578[r]***	***14,103[r]***	***9,211***	***6,400***	***14,519***
2 Foreign countries	23,368	78,632[r]	53,728	13,068	11,964[r]	10,252[r]	13,385[r]	9,107	6,416	14,568
3 Europe	−2,373	38,608[r]	23,322	7,763	8,300[r]	3,258[r]	13,294[r]	3,109	3,152	509
4 Belgium and Luxembourg	1,218	1,098	−158	24	434	134	107	51	62	−512
5 Germany	−9,976	5,709	−1,935	924	725	60	−543	1,461	1,216	−4,129
6 Netherlands	−515	1,254	1,939	−2	156	2,388	−239	−7	−243	40
7 Sweden	1,421	794	233	211	61	−35	97	30	−70	211
8 Switzerland	−1,501	481[r]	68	−1,512	681[r]	141[r]	165	−418	−173	353
9 United Kingdom	6,197	23,438	21,580	7,706	6,243	579[r]	10,448[r]	3,099	2,251	5,203
10 Other Europe and former U.S.S.R.	783	5,834[r]	1,595	412	0[r]	−9[r]	3,259	−1,107	109	−657
11 Canada	10,309	3,491	3,907	−1,350	−559	3,177	1,486	434	−1,391	201
12 Latin America and Caribbean	−4,561	−10,179[r]	2,051	725	978	636	−3,268	−2,332	3,212	3,803
13 Venezuela	390	−319	673	43	91	−211	329	387	184	−16
14 Other Latin America and Caribbean	−5,795	−20,493[r]	959	−2,074	74	3,028	−3,325	−3,358	2,189	2,425
15 Netherlands Antilles	844	10,633	419	2,756	813	−2,181	−272	639	839	1,394
16 Asia	20,582	47,042[r]	24,786	4,944	3,640	3,577[r]	1,730	8,445	1,189	9,845
17 Japan	17,070	29,518	17,705	4,551	2,067	3,444	2,316	4,167	1,487	6,291
18 Africa	1,156	240	34	−11	58	−9	49	−9	−36	39
19 Other	−1,745	−570	−372	997	−453	−387	94	−540	290	171
20 Nonmonetary international and regional organizations	184	164[r]	83	50[r]	−212[r]	−674	718	104	−16	−49
21 International	−330	526[r]	420	86[r]	−131[r]	−708	608	458	−294	356
22 Latin American regional	653	−154[r]	474	4	−3	−6	199	−367	228	−528
MEMO										
23 Foreign countries	23,368	78,632[r]	53,728	13,068	11,964[r]	10,252[r]	13,385[r]	9,107	6,416	14,568
24 *Official institutions*	1,306	41,822[r]	9,295	2,760	608[r]	1,829[r]	2,110	4,022	3,144	−1,810
25 Other foreign[2]	22,062	36,810	44,433	10,308	11,356	8,423[r]	11,275[r]	5,085	3,272	16,378
Oil-exporting countries										
26 Middle East[2]	−8,836	−38	−627	623	−405	−360	−89	152	733	−1,063
27 Africa[3]	−5	0	1	0	−1	0	0	1	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on June 30, 1995		Country	Rate on June 30, 1995		Country	Rate on June 30, 1995	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.0	Mar. 1995	Germany	4.0	Mar. 1995	Norway	4.75	Feb. 1994
Belgium	4.0	Mar. 1995	Italy	9.0	June 1995	Switzerland	3.0	Mar. 1995
Canada	6.97	June 1995	Japan	1.0	Apr. 1995	United Kingdom	12.0	Sept. 1992
Denmark	6.0	Mar. 1995	Netherlands	3.75	June 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						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	3.70	3.18	4.63	6.23	6.14	6.15	6.13	6.03	5.89	5.79
2 United Kingdom	9.56	5.88	5.45	6.50	6.68	6.61	6.64	6.64	6.63	6.73
3 Canada	6.76	5.14	5.57	7.86	8.14	8.32	8.16	7.56	7.07	6.69
4 Germany	9.42	7.17	5.25	5.04	5.00	4.96	4.58	4.49	4.43	4.46
5 Switzerland	7.67	4.79	4.03	3.95	3.77	3.62	3.33	3.29	3.09	2.77
6 Netherlands	9.25	6.73	5.09	5.09	5.03	5.03	4.60	4.41	4.21	4.14
7 France	10.14	8.30	5.72	5.76	5.70	7.77	7.60	7.29	7.04	6.31
8 Italy	13.91	10.09	8.45	9.10	9.07	10.98	10.94	10.38	10.91	10.93
9 Belgium	9.31	8.10	5.65	5.29	5.33	6.21	5.22	5.16	4.62	4.52
10 Japan	4.39	2.96	2.24	2.31	2.27	2.11	1.55	1.31	1.16	.91

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 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July
1 Australia/dollar[2]	73.521	67.993	73.161	74.473	73.452	73.564	72.716	71.959	72.792
2 Austria/schilling	10.992	11.639	11.409	10.573	9.898	9.720	9.912	9.854	9.765
3 Belgium/franc	32.148	34.581	33.426	30.908	29.035	28.419	29.009	28.790	28.562
4 Canada/dollar	1.2085	1.2902	1.3664	1.4005	1.4077	1.3762	1.3609	1.3775	1.3612
5 China, P.R./yuan	5.5206	5.7795	8.6404	8.4553	8.4483	8.4421	8.3370	8.3288	8.3207
6 Denmark/krone	6 0372	6.4863	6.3561	5.9302	5.6281	5.4391	5.5194	5.4604	5.4073
7 Finland/markka	4.4865	5.7251	5.2340	4 6547	4.3967	4 2884	4.3386	4.3134	4.2592
8 France/franc	5.2935	5.6669	5.5459	5.2252	4.9756	4.8503	4.9869	4.9172	4.8307
9 Germany/deutsche mark	1.5618	1.6545	1.6216	1.5022	1.4061	1.3812	1.4096	1.4012	1.3886
10 Greece/drachma	190.81	229.64	242.50	236 17	228.53	225.19	228.46	226.56	225.45
11 Hong Kong/dollar	7.7402	7.7357	7 7290	7 7314	7.7318	7.7336	7.7351	7.7356	7.7385
12 India/rupee	28.156	31.291	31.394	31.380	31.587	31.407	31.418	31 404	31.385
13 Ireland/pound[2]	170.42	146.47	149.69	156.20	159.76	162.80	161.98	162.87	163.96
14 Italy/lira	1,232.17	1,573.41	1,611.49	1,620.58	1,688.99	1,710.89	1,652.78	1,639.75	1,609.71
15 Japan/yen	126.78	111.08	102.18	98.24	90.52	83.69	85.11	84.64	87.40
16 Malaysia/ringgit	2.5463	2.5738	2.6237	2.5526	2.5464	2.4787	2.4684	2.4396	2.4500
17 Netherlands/guilder	1.7587	1.8585	1.8190	1.6844	1.5774	1.5474	1.5779	1.5686	1.5557
18 New Zealand/dollar[2]	53 792	54.127	59.358	63.448	64.598	66.723	66.740	66.947	67.417
19 Norway/krone	6.2142	7.1009	7.0553	6.5974	6.2730	6.2050	6 2980	6.2387	6.1710
20 Portugal/escudo	135.07	161.08	165.93	155.36	147.92	145.89	148.40	147.63	145.88
21 Singapore/dollar	1.6294	1.6158	1.5275	1.4541	1.4216	1.3986	1.3947	1.3953	1.3984
22 South Africa/rand	2.8524	3.2729	3.5526	3.5629	3.6013	3.6035	3.6574	3.6627	3.6404
23 South Korea/won	784.66	805.75	806.93	793.19	781.81	770.61	764.43	763.88	760.05
24 Spain/peseta	102.38	127 48	133.88	130.52	128.58	124.14	123.22	121.71	119.71
25 Sri Lanka/rupee	44.013	48 211	49.170	49.895	49.627	49.371	49.558	50.210	50.899
26 Sweden/krona	5.8258	7.7956	7.7161	7.3914	7.2787	7.3455	7.3072	7.2631	7.1749
27 Switzerland/franc	1.4064	1.4781	1.3667	1.2715	1.1709	1.1384	1.1693	1.1588	1.1556
28 Taiwan/dollar	25.160	26.416	26.465	26.339	26.102	25.491	25.537	25.784	26.278
29 Thailand/baht	25 411	25 333	25.161	25.020	24.760	24.572	24 663	24.672	24.755
30 United Kingdom/pound[2]	176.63	150.16	153.19	157.20	160.02	160.73	158.74	159.48	159.52
MEMO									
31 United States/dollar[3]	86.61	93.18	91.32	87.29	83.69	81.81	82.73	82.27	81.90

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*

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SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

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Residential lending reported under the Home Mortgage Disclosure Act		
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4.34 RESIDENTIAL LENDING ACTIVITY OF FINANCIAL INSTITUTIONS COVERED BY HMDA, 1982–94

Number

Item	1982	1983	1984	1985	1986	1987	1988	1989	1990[1]	1991	1992	1993	1994
1 Loans or applications (millions)[2]	1.13	1.71	1.86	1.98	2.83	3.42	3.39	3.13	6.59	7.89	12.01	15.38	12.19
2 Reporting institutions	8,258	8,050	8,491	8,072	8,898	9,431	9,319	9,203	9,332	9,358	9,073	9,650	9,858
3 Disclosure reports	11,357	10,970	11,799	12,567	12,329	13,033	13,919	14,154	24,041	25,934	28,782	35,976	38,750

1. Before 1990, includes only home purchase, home refinancing, and home improvement loans originated by covered institutions; beginning in 1990 (first year under revised reporting system), includes such loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary data published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.35 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA
By Type of Dwelling, Purpose of Loan, and Loan Program, 1994

Thousands

Loan program	One- to four-family dwellings				Multifamily dwellings[1]	All
	Home purchase	Home refinancing	Home improvement	All		
1 FHA	709.9	333.7	231.1	1,274.7	*	1,275.0
2 VA	293.4	160.0	1.5	454.9	*	455.0
3 FmHA	10.5	.6	*	11.3	*	11.3
4 Conventional	4,186.3	3,298.9	1,460.7	8,945.8	32.9	8,978.7
5 **Total**	**5,200.1**	**3,793.3**	**1,693.4**	**10,686.7**	**33.2**	**10,719.9**

*Fewer than 500.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.36 HOME LOANS ORIGINATED BY LENDERS REPORTING UNDER HMDA
By Type of Dwelling, Purpose of Loan, and Type of Lender, 1994

Percent

Type of lender	One- to four-family dwellings								Multifamily dwellings[1]	All
	Home purchase					Home refinancing	Home improvement	All		
	FHA-insured	VA-guaranteed	FmHA-insured	Conventional	All					
1 Commercial bank	8.0	8.6	28.7	27.8	23.7	28.9	70.6	*	46.9	32.4
2 Savings association	10.1	9.7	14.7	21.7	19.2	18.5	7.9	*	48.1	17.4
3 Credit union	.2	1.3	.4	1.8	1.5	4.0	11.5	*	.4	3.8
4 Mortgage company[2]	81.8	80.4	56.2	48.8	55.6	48.6	10.0	*	4.6	46.4
5 **Total**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
MEMO *Distribution of loans*										
6 Number	519,102	218,052	7,215	2,795,162	3,539,531	2,519,793	1,018,973	7,078,297	23,090	7,101,387
7 Percent	7.3	3.1	.1	39.4	49.8	35.5	14.3	99.7	.3	100.0

*Less than 0.05 percent.

1. Multifamily dwellings are those for five or more families.

2. Comprises all covered mortgage companies, including those affiliated with a commercial bank, savings association, or credit union.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.37 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA

By Purpose of Loan and Characteristics of Applicant and Census Tract, 1994

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed[1]			Conventional						
	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
APPLICANT										
Racial/ethnic identity										
1 American Indian or Alaskan Native	4,813	.5	18.0	21,887	.5	82.0	17,151	.5	9,163	.7
2 Asian or Pacific Islander	15,508	1.6	10.7	128,992	3.2	89.3	131,306	3.9	21,154	1.5
3 Black	140,900	14.3	36.0	250,267	6.2	64.0	221,910	6.7	155,848	11.1
4 Hispanic	101,919	10.4	31.7	219,844	5.5	68.3	210,231	6.3	119,093	8.5
5 White	681,071	69.3	17.2	3,290,026	81.6	82.8	2,641,947	79.3	1,055,069	75.5
6 Other	5,233	.5	13.7	33,041	.8	86.3	33,898	1.0	13,983	1.0
7 All	33,809	3.4	27.5	89,021	2.2	72.5	74,162	2.2	23,805	1.7
8 **Total**	**983,253**	**100.0**	**19.6**	**4,033,078**	**100.0**	**80.4**	**3,330,605**	**100.0**	**1,398,115**	**100.0**
Income (percentage of MSA median)[2]										
9 Less than 80	335,912	41.0	29.3	809,920	27.6	70.7	689,658	25.3	476,650	37.1
10 80–99	175,207	21.4	30.3	402,921	13.7	69.7	375,005	13.8	189,000	14.7
11 100–119	124,250	15.2	25.0	372,468	12.7	75.0	353,399	13.0	164,184	12.8
12 120 or more	183,607	22.4	12.0	1,345,089	45.9	88.0	1,307,272	48.0	456,154	35.5
13 **Total**	**818,976**	**100.0**	**21.8**	**2,930,398**	**100.0**	**78.2**	**2,725,334**	**100.0**	**1,285,988**	**100.0**
CENSUS TRACT										
Racial/ethnic compostion (minorities as percentage of population)										
14 Less than 10	305,923	37.6	16.6	1,536,461	52.6	83.4	1,367,155	45.3	607,071	48.6
15 10–19	189,742	23.3	23.1	629,939	21.6	76.9	637,288	21.1	218,633	17.5
16 20–49	211,458	26.0	29.9	496,869	17.0	70.1	594,298	19.7	208,429	16.7
17 50–79	64,801	8.0	28.8	160,091	5.5	71.2	228,933	7.6	94,344	7.6
18 80–100	41,538	5.1	30.2	96,042	3.3	69.8	188,931	6.3	120,853	9.7
19 **Total**	**813,462**	**100.0**	**21.8**	**2,919,402**	**100.0**	**78.2**	**3,016,605**	**100.0**	**1,249,330**	**100.0**
Income[3]										
20 Low or moderate	139,723	17.0	28.3	354,253	12.1	71.7	435,193	14.3	272,252	21.3
21 Middle	481,747	58.5	24.9	1,449,151	49.6	75.1	1,543,198	50.7	671,206	52.4
22 Upper	201,450	24.5	15.3	1,118,982	38.3	84.7	1,064,330	35.0	337,594	26.4
23 **Total**	**822,920**	**100.0**	**22.0**	**2,922,386**	**100.0**	**78.0**	**3,042,721**	**100.0**	**1,281,052**	**100.0**
Location[4]										
24 Central city	385,292	46.3	25.2	1,145,411	38.5	74.8	1,215,509	39.4	579,087	44.2
25 Non-central city	447,405	53.7	19.7	1,829,464	61.5	80.3	1,872,041	60.6	730,295	55.8
26 **Total**	**832,697**	**100.0**	**21.9**	**2,974,875**	**100.0**	**78.1**	**3,087,550**	**100.0**	**1,309,382**	**100.0**

NOTE. Lenders reported 10,719,915 applications for home loans in 1994. Not all characteristics were reported for all applications; thus the number of applications being distributed by characteristic varies by characteristic.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

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

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low or moderate* income, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

4. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.38 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA
By Purpose of Loan, with Denial Rate, and by Characteristic of Applicant, 1994

Applicant characteristic[1]	Home purchase				Home refinancing		Home improvement	
	Government-backed[2]		Conventional					
	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate
American Indian or Alaskan Native								
1 One male	28.81	15.39	26.06	33.82	24.66	18.63	27.59	31.35
2 Two males	1.42	17.65	1.47	35.31	1.39	18.14	.94	31.76
3 One female	22.92	14.08	25.44	34.76	20.53	18.50	25.87	33.90
4 Two females	5.95	13.29	3.37	26.16	2.93	17.23	1.09	30.30
5 One male and one female	40.90	16.08	43.66	28.71	50.49	15.43	44.51	26.46
6 **Total**[3]	**100.00**	**15.27**	**100.00**	**31.62**	**100.00**	**16.91**	**100.00**	**29.91**
Asian or Pacific Islander								
7 One male	21.46	11.09	17.68	14.70	14.72	17.19	20.45	32.05
8 Two males	3.76	10.81	3.15	15.31	2.05	19.58	1.21	30.98
9 One female	13.04	11.08	12.78	14.42	11.66	19.18	15.83	29.16
10 Two females	2.38	9.49	1.90	14.13	1.61	19.59	1.19	25.90
11 One male and one female	59.36	10.16	64.49	10.49	69.96	15.79	61.31	23.15
12 **Total**[3]	**100.00**	**10.50**	**100.00**	**11.97**	**100.00**	**16.54**	**100.00**	**26.17**
Black								
13 One male	26.84	18.13	24.74	34.81	21.06	22.03	25.62	37.60
14 Two males	1.03	19.96	.91	33.94	.77	27.07	.49	40.21
15 One female	28.89	17.85	33.53	35.06	27.07	21.74	36.32	38.33
16 Two females	2.70	19.57	2.48	37.18	1.84	22.22	1.73	38.61
17 One male and one female	40.55	19.64	38.34	30.77	49.25	18.83	35.84	32.22
18 **Total**[3]	**100.00**	**18.76**	**100.00**	**33.44**	**100.00**	**20.44**	**100.00**	**35.98**
Hispanic								
19 One male	19.97	12.97	21.27	27.89	16.40	20.19	27.37	43.70
20 Two males	6.13	8.61	3.87	24.91	1.80	25.52	1.07	42.43
21 One female	10.30	14.17	14.12	25.67	14.24	18.72	21.20	47.66
22 Two females	2.04	12.70	2.00	24.99	1.33	20.61	.96	42.46
23 One male and one female	61.56	12.79	58.74	23.09	66.22	19.52	49.40	36.03
24 **Total**[3]	**100.00**	**12.71**	**100.00**	**24.60**	**100.00**	**19.64**	**100.00**	**40.74**
White								
25 One male	22.89	10.98	19.47	21.00	16.77	14.50	20.35	22.25
26 Two males	1.22	10.24	1.20	18.37	1.09	15.53	.60	23.74
27 One female	14.71	9.47	15.19	19.25	12.85	12.64	16.75	22.37
28 Two females	1.05	10.74	1.02	21.24	.76	13.59	.75	24.92
29 One male and one female	60.13	10.44	63.13	14.14	68.53	10.26	61.55	16.20
30 **Total**[3]	**100.00**	**10.43**	**100.00**	**16.40**	**100.00**	**11.37**	**100.00**	**18.58**
All								
31 One male	23.17	12.43	19.89	22.42	17.00	15.63	21.62	26.93
32 Two males	1.77	10.53	1.39	19.90	1.15	17.39	.64	28.16
33 One female	16.36	12.05	16.28	21.66	13.90	14.53	19.42	28.38
34 Two females	1.45	13.50	1.21	23.39	.92	15.93	.89	29.71
35 One male and one female	57.25	11.70	61.23	15.22	67.02	11.55	57.43	19.00
36 **Total**[3]	**100.00**	**11.95**	**100.00**	**17.89**	**100.00**	**12.77**	**100.00**	**22.71**

1. Applicants are categorized by race of first applicant listed on Loan Application Register, except for joint white and minority applications, which are not shown in this table.
2. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.
3. Includes all applicants from racial or ethnic group regardless of whether gender was reported.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.39 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA By Loan Program and Size of Dwelling, 1994

Percent

Type of loan program	One- to four-family dwellings											
	Home purchase						Home refinancing					
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	73.1	1.8	12.1	11.2	1.8	100	60.9	5.9	8.5	18.4	6.3	100
2 VA	74.3	1.0	11.8	11.3	1.6	100	72.4	4.1	6.4	13.8	3.3	100
3 FmHA	68.4	1.6	17.7	11.3	1.0	100	78.9	2.2	6.8	11.5	.6	100
4 Conventional	66.8	6.2	18.1	7.7	1.2	100	66.7	5.0	15.9	10.3	2.1	100
5 All	68.1	5.3	17.0	8.4	1.3	100	66.4	5.1	14.8	11.2	2.5	100

Type of loan program	One- to four-family dwellings						Multifamily dwellings[1]					
	Home improvement											
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	30.4	17.2	37.5	10.4	4.5	100	75.9	2.4	14.7	6.1	.8	100
2 VA	20.9	1.6	6.0	69.9	1.6	100	62.5	*	18.8	18.8	*	100
3 FmHA	50.8	4.6	27.7	16.9	*	100	*	16.7	33.3	33.3	16.7	100
4 Conventional	64.9	5.3	24.6	4.5	.8	100	69.6	3.1	16.0	9.9	1.4	100
5 All	60.2	6.9	26.3	5.3	1.3	100	69.6	3.1	16.0	9.9	1.4	100

NOTE. Loans *approved and accepted* were approved by the lender and accepted by the applicant. Loans *approved but not accepted* were approved by the lender but not accepted by the applicant. Applications denied were denied by the lender, and applications *withdrawn* were withdrawn by the applicant. When an application was left incomplete by the applicant, the lender reported *file closed* and took no further action.

*Less than 0.05 percent.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA
By Disposition of Loan and Characteristics of Applicant and Census Tract, 1994

A. Home Purchase Loans
Percent

Characteristic	Government-backed [1]					Conventional				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	70.2	15.3	12.6	1.9	100	58.0	31.6	9.2	1.2	100
2 Asian or Pacific Islander	76.4	10.5	11.8	1.3	100	76.6	12.0	10.0	1.5	100
3 Black	67.1	18.8	12.0	2.2	100	57.3	33.4	7.6	1.7	100
4 Hispanic	73.0	12.7	12.4	2.0	100	65.0	24.6	8.6	1.7	100
5 White	78.2	10.4	10.1	1.3	100	75.6	16.4	7.1	.9	100
6 Other	68.6	15.0	14.6	1.8	100	65.0	23.8	9.5	1.6	100
7 Joint[2]	76.4	11.7	10.8	1.1	100	73.6	17.2	8.2	1.0	100
Income ratio (percentage of MSA median)[3]										
8 Less than 80	75.9	13.1	9.8	1.3	100	69.2	22.7	7.1	1.0	100
9 American Indian or Alaskan Native	71.7	15.8	10.8	1.7	100	59.8	30.5	8.7	1.1	100
10 Asian or Pacific Islander	77.3	11.1	10.5	1.1	100	74.6	15.0	9.1	1.3	100
11 Black	67.9	19.1	11.1	1.9	100	59.8	30.5	7.9	1.8	100
12 Hispanic	73.6	13.9	10.9	1.6	100	64.0	27.0	7.6	1.4	100
13 White	79.1	11.0	8.9	1.0	100	71.7	21.0	6.5	.8	100
14 Other	70.4	14.5	13.7	1.3	100	62.7	27.9	8.2	1.2	100
15 Joint[2]	74.4	14.4	10.2	1.0	100	64.4	27.6	7.2	.8	100
16 80–99	81.1	9.3	8.7	1.0	100	77.8	13.7	7.5	1.0	100
17 American Indian or Alaskan Native	75.9	11.3	11.8	.9	100	70.3	19.2	9.5	1.0	100
18 Asian or Pacific Islander	79.6	8.9	10.6	.9	100	78.5	11.1	9.2	1.2	100
19 Black	73.2	15.0	10.2	1.6	100	67.1	22.2	8.9	1.8	100
20 Hispanic	78.1	10.8	10.0	1.1	100	69.4	20.7	8.4	1.5	100
21 White	83.6	7.7	8.0	.8	100	80.5	11.9	6.8	.8	100
22 Other	73.8	15.0	9.5	1.6	100	70.9	17.8	9.6	1.7	100
23 Joint[2]	81.0	9.7	8.8	.6	100	74.8	17.1	7.5	.6	100
24 100–119	81.9	8.5	8.6	1.0	100	80.5	11.0	7.5	1.1	100
25 American Indian or Alaskan Native	77.7	10.4	10.8	1.1	100	72.2	15.8	10.6	1.3	100
26 Asian or Pacific Islander	79.2	8.3	11.3	1.2	100	79.3	10.4	9.0	1.3	100
27 Black	74.4	14.3	9.8	1.5	100	69.8	19.0	9.4	1.9	100
28 Hispanic	78.1	10.0	10.6	1.3	100	71.1	18.6	8.5	1.8	100
29 White	84.3	7.1	7.8	.8	100	82.9	9.5	6.9	.8	100
30 Other	77.8	9.7	11.3	1.1	100	72.6	15.0	10.5	1.9	100
31 Joint[2]	81.4	8.9	8.9	.8	100	78.8	12.6	7.9	.7	100
32 120 or more	81.5	8.2	9.4	1.0	100	83.2	7.8	7.9	1.1	100
33 American Indian or Alaskan Native	76.1	12.4	11.0	.5	100	73.3	12.3	13.0	1.4	100
34 Asian or Pacific Islander	79.5	9.0	10.5	.9	100	78.7	10.0	9.9	1.4	100
35 Black	75.2	13.3	10.0	1.4	100	73.5	15.1	9.5	1.9	100
36 Hispanic	76.3	10.0	12.4	1.3	100	74.4	14.1	9.7	1.7	100
37 White	84.0	6.7	8.5	.8	100	85.1	6.7	7.3	.9	100
38 Other	72.5	11.9	14.4	1.2	100	74.4	12.3	11.6	1.8	100
39 Joint[2]	81.4	8.4	9.4	.8	100	81.9	9.2	8.0	.9	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	81.6	9.0	8.2	1.1	100	81.7	10.5	6.9	.9	100
41 10–19	79.6	10.0	9.2	1.3	100	77.6	13.0	8.2	1.2	100
42 20–49	76.7	11.6	10.3	1.5	100	73.0	16.8	8.8	1.4	100
43 50–79	72.4	14.3	11.3	2.0	100	68.6	20.4	9.4	1.7	100
44 80–100	68.9	15.9	12.8	2.4	100	63.3	24.3	10.2	2.2	100
Income[4]										
45 Low or moderate	73.5	13.9	10.8	1.8	100	68.4	21.6	8.4	1.5	100
46 Middle	79.2	10.3	9.1	1.3	100	77.2	14.4	7.4	1.1	100
47 Upper	79.8	9.2	9.6	1.4	100	82.1	8.7	8.1	1.1	100
Location[5]										
48 Central city	76.8	11.8	9.7	1.6	100	76.5	14.3	8.0	1.2	100
49 Non-central city	79.6	9.7	9.4	1.4	100	78.8	12.5	7.6	1.1	100

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA
By Disposition of Loan and Characteristics of Applicant and Census Tract, 1994—Continued

B. Home Refinancing and Home Improvement Loans

Percent

Characteristic	Home refinancing					Home improvement				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	66.4	16.9	14.7	2.1	100	64.7	29.9	4.0	1.4	100
2 Asian or Pacific Islander	68.9	16.5	12.1	2.5	100	65.0	26.2	6.3	2.5	100
3 Black	63.9	20.4	12.3	3.4	100	58.4	36.0	4.2	1.5	100
4 Hispanic	63.6	19.6	13.3	3.5	100	54.6	40.7	3.5	1.1	100
5 White	77.9	11.4	8.8	1.9	100	76.9	18.6	3.9	.7	100
6 Other	55.8	23.6	18.2	2.3	100	63.7	30.0	5.3	1.0	100
7 Joint[2]	73.0	14.9	10.0	2.0	100	73.7	21.3	4.0	1.0	100
Income ratio (percentage of MSA median)[3]										
8 Less than 80	65.9	20.9	11.0	2.2	100	59.0	34.8	4.7	1.4	100
9 American Indian or Alaskan Native	63.8	21.6	13.0	1.5	100	59.0	35.7	4.4	1.0	100
10 Asian or Pacific Islander	64.0	20.9	12.8	2.3	100	56.1	36.3	5.1	2.5	100
11 Black	59.6	25.5	12.2	2.6	100	53.2	41.3	4.1	1.5	100
12 Hispanic	60.2	26.3	11.2	2.3	100	50.8	44.0	3.8	1.5	100
13 White	74.3	15.3	8.9	1.5	100	70.1	25.3	3.9	.7	100
14 Other	48.1	31.4	18.5	2.0	100	49.1	41.9	7.9	1.1	100
15 Joint[2]	68.3	21.0	9.2	1.4	100	62.7	31.9	4.2	1.2	100
16 80-99	72.2	15.7	10.1	2.0	100	68.5	25.4	4.9	1.2	100
17 American Indian or Alaskan Native	67.2	17.2	13.7	1.8	100	69.2	25.8	3.6	1.4	100
18 Asian or Pacific Islander	69.3	16.5	11.8	2.3	100	63.7	27.6	6.7	2.0	100
19 Black	63.6	21.7	11.8	2.9	100	60.1	34.3	4.1	1.5	100
20 Hispanic	62.5	23.8	11.3	2.4	100	55.1	40.0	3.7	1.2	100
21 White	78.8	11.6	8.1	1.4	100	77.7	18.0	3.6	.7	100
22 Other	55.6	23.6	18.4	2.4	100	59.4	32.5	7.4	.6	100
23 Joint[2]	73.0	16.5	9.2	1.3	100	72.2	22.8	4.2	.7	100
24 100-119	74.0	14.3	9.8	1.9	100	71.5	22.5	4.8	1.2	100
25 American Indian or Alaskan Native	67.8	16.6	13.9	1.7	100	72.4	23.1	2.7	1.8	100
26 Asian or Pacific Islander	69.6	16.4	11.9	2.1	100	68.9	22.5	6.4	2.2	100
27 Black	65.6	20.2	11.5	2.7	100	62.9	31.2	4.5	1.4	100
28 Hispanic	62.6	23.0	12.2	2.2	100	54.5	40.8	3.7	1.1	100
29 White	79.9	10.8	7.9	1.3	100	80.1	15.7	3.5	.6	100
30 Other	57.5	23.0	17.5	2.0	100	63.8	29.5	5.1	1.6	100
31 Joint[2]	74.2	15.3	9.1	1.3	100	74.8	20.5	3.8	.8	100
32 120 or more	76.0	12.5	9.6	1.8	100	76.0	18.1	4.7	1.2	100
33 American Indian or Alaskan Native	67.5	16.6	13.9	2.0	100	75.3	20.1	4.1	.6	100
34 Asian or Pacific Islander	70.0	16.2	11.4	2.3	100	70.2	20.8	6.7	2.3	100
35 Black	67.0	19.6	11.0	2.4	100	67.9	26.6	4.2	1.3	100
36 Hispanic	66.7	17.3	14.0	2.0	100	58.6	37.5	3.1	.8	100
37 White	80.2	10.2	8.2	1.4	100	83.7	12.0	3.6	.7	100
38 Other	60.7	20.9	16.1	2.2	100	68.8	23.5	5.8	1.9	100
39 Joint[2]	74.3	14.8	9.4	1.5	100	78.8	16.5	3.6	1.0	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	77.3	11.4	9.3	2.0	100	75.9	18.8	4.6	.7	100
41 10–19	71.4	14.7	11.2	2.6	100	68.6	24.6	5.2	1.6	100
42 20–49	67.3	17.3	12.5	2.9	100	62.4	30.2	5.4	1.9	100
43 50–79	62.2	21.0	13.6	3.1	100	55.8	36.8	5.4	2.0	100
44 80–100	56.4	25.7	14.6	3.4	100	51.0	41.6	5.3	2.1	100
Income[4]										
45 Low or moderate	62.7	21.3	12.9	3.1	100	56.8	36.7	4.9	1.6	100
46 Middle	72.1	14.5	10.9	2.5	100	69.5	24.6	4.8	1.1	100
47 Upper	74.7	12.5	10.5	2.3	100	73.3	20.3	5.0	1.3	100
Location[5]										
48 Central city	69.4	16.0	11.8	2.8	100	64.7	29.1	4.8	1.4	100
49 Non–central city	73.2	13.9	10.5	2.3	100	70.4	23.6	4.9	1.1	100

NOTE. Applicant income ratio is applicant income as a percentage of MSA median. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.
2. White and minority.
3. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.
4. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low or moderate* income, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.
5. For census tracts located in MSAs

SOURCE. FFIEC, Home Mortgage Disclosure Act

4.41 HOME LOANS SOLD By Purchaser and Characteristics of Borrower and Census Tract, 1994

Characteristic	Fannie Mae		Ginnie Mae		Freddie Mac		FmHA		Commercial bank	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 All	1,025,443	100.0	961,032	100.0	760,122	100.0	1,603	100.0	125,283	100.0
BORROWER										
Racial or ethnic identity										
2 American Indian or Alaskan Native	4,543	.5	3,035	.5	2,269	.3	176	11.4	308	.3
3 Asian or Pacific Islander	38,623	4.1	11,899	1.8	29,862	4.4	73	4.7	2,045	2.1
4 Black	38,223	4.1	74,361	11.1	20,748	3.0	62	4.0	8,750	9.2
5 Hispanic	47,891	5.1	68,891	10.3	29,906	4.4	168	10.9	6,000	6.3
6 White	773,373	83.1	483,374	72.5	582,623	85.1	999	65.0	75,391	78.9
7 Other	7,092	.8	3,299	.5	4,754	.7	19	1.2	710	.7
8 Joint	21,073	2.3	22,097	3.3	14,655	2.1	41	2.7	2,337	2.4
9 **Total**	**930,818**	**100.0**	**666,956**	**100.0**	**684,817**	**100.0**	**1,538**	**100.0**	**95,541**	**100.0**
Income ratio (percentage of MSA median)										
10 Less than 80	174,989	22.7	160,818	37.0	123,004	22.0	413	37.1	27,543	29.4
11 80 99	119,941	15.6	92,930	21.4	82,417	14.7	242	21.7	15,219	16.2
12 100–119	116,102	15.1	69,980	16.1	84,394	15.1	142	12.8	13,300	14.2
13 120 or more	359,939	46.7	111,192	25.6	270,028	48.2	316	28.4	37,606	40.1
14 **Total**	**770,971**	**100.0**	**434,920**	**100.0**	**559,843**	**100.0**	**1,113**	**100.0**	**93,668**	**100.0**
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
15 Less than 10	441,011	52.4	306,164	37.3	328,303	54.7	451	35.4	51,608	47.5
16 10–19	181,678	21.6	199,736	24.3	127,269	21.2	284	22.3	22,723	20.9
17 20–49	144,495	17.2	214,820	26.2	98,616	16.4	313	24.6	21,260	19.6
18 50–79	47,231	5.6	63,633	7.7	30,035	5.0	122	9.6	6,817	6.3
19 80 100	27,525	3.3	36,909	4.5	16,187	2.7	104	8.2	6,287	5.8
20 **Total**	**841,940**	**100.0**	**821,262**	**100.0**	**600,410**	**100.0**	**1,274**	**100.0**	**108,695**	**100.0**
Income										
21 Low or moderate	80,809	9.6	124,825	15.0	52,230	8.7	239	18.7	14,940	13.7
22 Middle	427,108	50 7	492,475	59.1	304,182	50.6	746	58.5	57,247	52.5
23 Upper	334,407	39 7	216,330	26 0	244,843	40.7	290	22.7	36,927	33.8
24 **Total**	**842,324**	**100.0**	**833,630**	**100.0**	**601,255**	**100.0**	**1,275**	**100.0**	**109,114**	**100.0**
Location										
25 Central city	323,485	38.4	380,302	45.6	215,715	35.8	561	43.9	42,338	38.8
26 Non central city	519,449	61.6	453,733	54.4	386,040	64.2	716	56.1	66,883	61.2
27 **Total**	**842,934**	**100.0**	**834,035**	**100.0**	**601,755**	**100.0**	**1,277**	**100.0**	**109,221**	**100.0**

4.41 HOME LOANS SOLD By Purchaser and Characteristics of Borrower and Census Tract, 1994—Continued

Characteristic	Savings bank or savings and loan association		Life insurance company		Affiliate		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 All	63,459	100.0	16,868	100.0	497,015	100.0	1,045,211	100.0
BORROWER								
Racial or ethnic identity								
2 American Indian or Alaskan Native	219	.4	58	.4	1,673	.4	5,290	.6
3 Asian or Pacific Islander	1,905	3.3	350	2.3	10,498	2.5	31,220	3.3
4 Black	3,077	5.3	1,618	10.9	26,779	6.3	76,879	8.1
5 Hispanic	2,894	4.9	796	5.3	19,312	4.5	63,234	6.6
6 White	48,673	83.2	11,642	78.1	356,188	83.6	740,792	77.8
7 Other	343	.6	79	.5	2,763	.6	8,822	.9
8 Joint	1,394	2.4	361	2.4	9,049	2.1	25,981	2.7
9 **Total**	**58,505**	**100.0**	**14,904**	**100.0**	**426,262**	**100.0**	**952,218**	**100.0**
Income ratio (percentage of MSA median)								
10 Less than 80	11,788	23.4	3,831	28.2	80,604	23.8	208,939	27.2
11 80–99	7,159	14.2	2,527	18.6	46,062	13.6	112,094	14.6
12 100–119	6,994	13.9	2,028	14.9	41,872	12.4	96,334	12.5
13 120 or more	24,456	48.5	5,212	38.3	169,502	50.1	350,578	45.7
14 **Total**	**50,397**	**100.0**	**13,598**	**100.0**	**338,040**	**100.0**	**767,945**	**100.0**
CENSUS TRACT								
Racial or ethnic composition (minorities as percentage of population)								
15 Less than 10	28,596	54.6	6,981	44.6	206,424	57.3	361,905	43.5
16 10–19	10,982	21.0	3,909	25.0	76,841	21.3	197,205	23.7
17 20–49	8,609	16.4	3,354	21.4	53,075	14.7	176,732	21.2
18 50–79	2,656	5.1	867	5.5	14,589	4.1	55,183	6.6
19 80–100	1,564	3.0	553	3.5	9,277	2.6	41,639	5.0
20 **Total**	**52,407**	**100.0**	**15,664**	**100.0**	**360,206**	**100.0**	**832,664**	**100.0**
Income								
21 Low or moderate	5,556	10.5	1,852	11.8	37,484	10.3	111,394	13.4
22 Middle	25,614	48.3	8,529	54.6	171,518	47.3	407,196	48.8
23 Upper	21,843	41.2	5,249	33.6	153,729	42.4	315,349	37.8
24 **Total**	**53,013**	**100.0**	**15,630**	**100.0**	**362,731**	**100.0**	**833,939**	**100.0**
Location								
25 Central city	18,593	35.0	6,043	38.6	135,175	37.2	337,948	40.5
26 Non-central city	34,534	65.0	9,622	61.4	227,929	62.8	497,479	59.5
27 **Total**	**53,127**	**100.0**	**15,665**	**100.0**	**363,104**	**100.0**	**835,427**	**100.0**

NOTE. Includes securitized loans. See also notes to table 4.40.
Fannie Mae—Federal National Mortgage Association
Ginnie Mae—Government National Mortgage Association
Freddie Mac—Federal Home Loan Mortgage Corporation
FmHA—Farmers Home Administration
Affiliate—Affiliate of institution reporting the loan
SOURCE. FFIEC, Home Mortgage Disclosure Act.

Index to Statistical Tables

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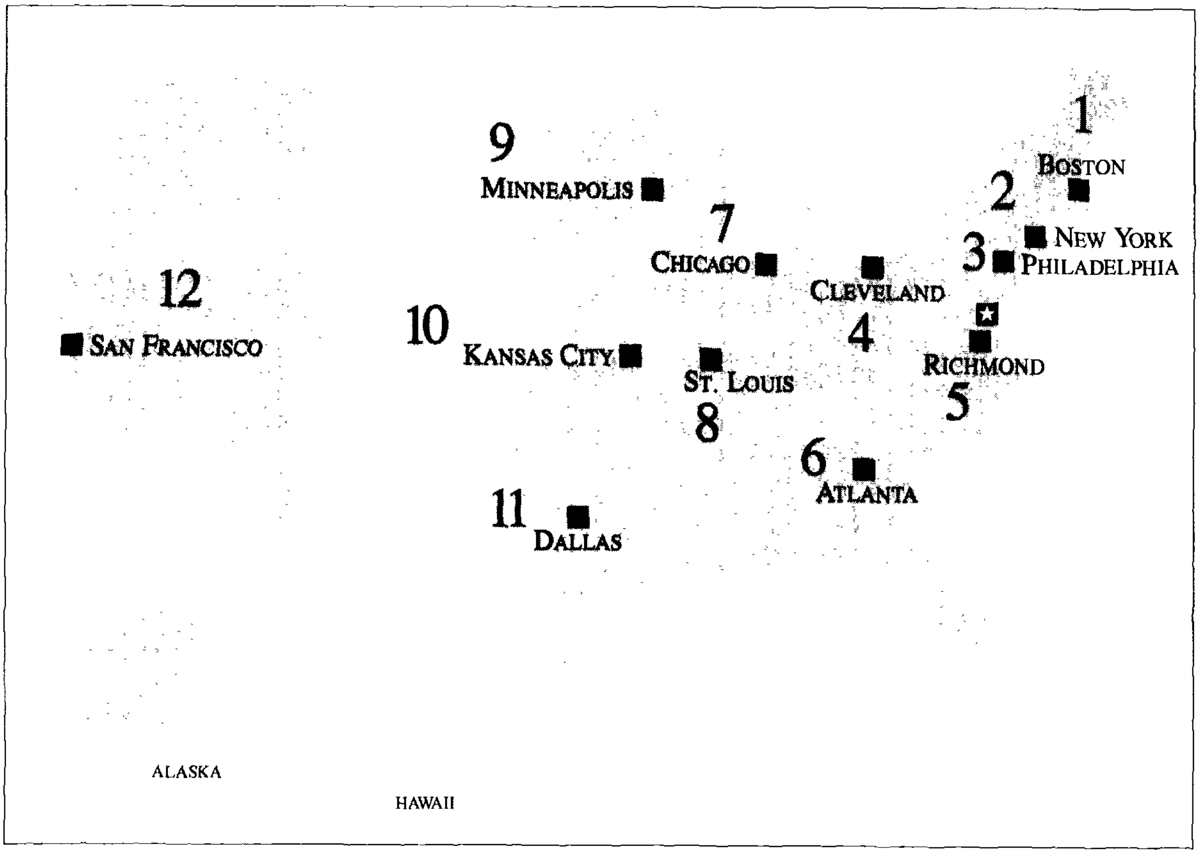


LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

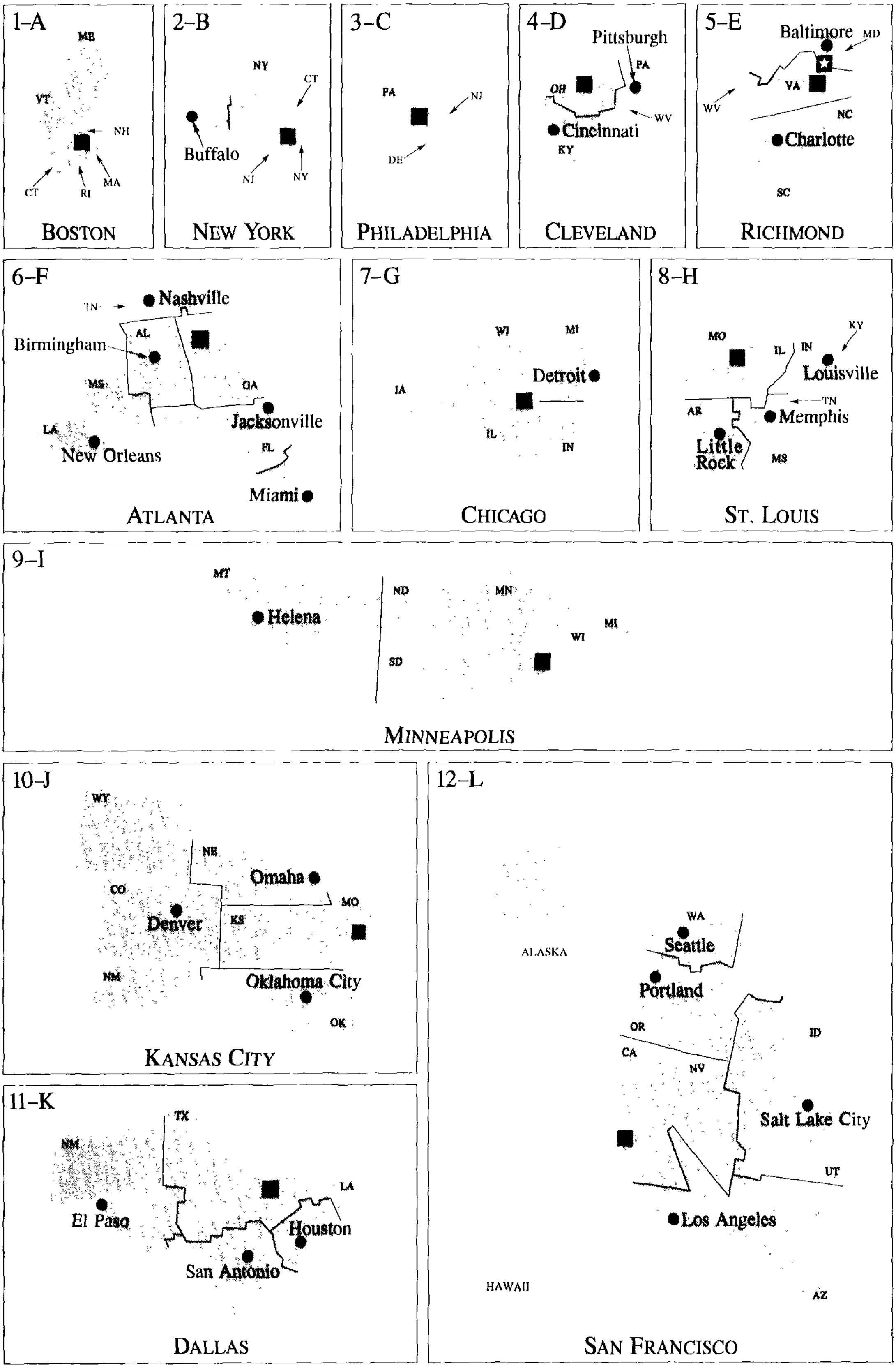
— Branch boundary

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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