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An Analysis of Commercial Bank Exposure to Interest Rate Risk

David M. Wright and James V. Houpt, of the Board's Division of Banking Supervision and Regulation, prepared this article. Leeto Tlou and Jonathan Hacker provided assistance.

Banks earn returns to shareholders by accepting and managing risk, including the risk that borrowers may default or that changes in interest rates may narrow the interest spread between assets and liabilities. Historically, borrower defaults have created the greatest losses to commercial banks, whereas interest margins have remained relatively stable, even in times of high rate volatility. Although credit risk is likely to remain the dominant risk to banks, technological advances and the emergence of new financial products have provided them with dramatically more efficient ways of increasing or decreasing interest rate and other market risks. On the whole, these changes, when considered in the context of the growing competition in financial services have led to the perception among some industry observers that interest rate risk in commercial banking has significantly increased.

This article evaluates some of the factors that may be affecting the level of interest rate risk among commercial banks and estimates the general magnitude and significance of this risk using data from the quarterly Reports of Condition and Income (Call Reports) and an analytic approach set forth in a previous *Bulletin* article.[1] That risk measure, which relies on relatively small amounts of data and requires simplifying assumptions, suggests that the interest rate risk exposure for the vast majority of the banking industry is not significant at present. This article also attempts to gauge the reliability of the simple measure's results for the banking industry by comparing its estimates of interest rate risk exposure for thrift institutions with those calculated by a more complex model designed by the Office of Thrift Supervision. The results suggest that this relatively simple model can be useful for broadly measuring the interest rate risk exposure of institutions that do not have unusual or complex asset characteristics.

1. James V. Houpt and James A. Embersit, "A Method for Evaluating Interest Rate Risk in Commercial Banks," *Federal Reserve Bulletin*, vol. 77 (August 1991), pp. 625–37.

SOURCES OF INTEREST RATE RISK

Interest rate risk is, in general, the potential for changes in rates to reduce a bank's earnings or value. As financial intermediaries, banks encounter interest rate risk in several ways. The primary and most often discussed source of interest rate risk stems from timing differences in the repricing of bank assets, liabilities, and off-balance-sheet instruments. These repricing mismatches are fundamental to the business of banking and generally occur from either borrowing short term to fund long-term assets or borrowing long term to fund short-term assets.

Another important source of interest rate risk (also referred to as "basis risk"), arises from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics. When interest rates change, these differences can give rise to unexpected changes in the cash flows and earnings spread among assets, liabilities, and off-balance-sheet instruments of similar maturities or repricing frequencies.

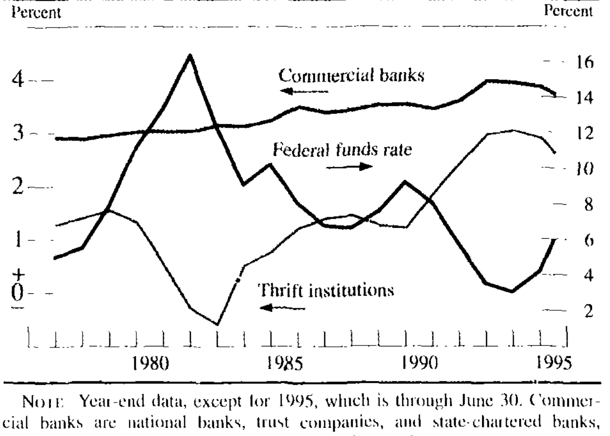
An additional and increasingly important source of interest rate risk is the presence of options in many bank asset, liability, and off-balance-sheet portfolios. In its formal sense, an option provides the holder the right, but not the obligation, to buy, sell, or in some manner alter the cash flow of an instrument or financial contract. Options may exist as standalone contracts that are traded on exchanges or arranged between two parties or they may be embedded within loan or investment products. Instruments with embedded options include various types of bonds and notes with call or put provisions, loans such as residential mortgages that give borrowers the right to prepay balances without penalty, and various types of deposit products that give depositors the right to withdraw funds at any time without penalty. If not adequately managed, options can pose significant risk to a banking institution because the options held by bank customers, both explicit and embedded, are generally exercised at the advantage of the holder and to the disadvantage of the bank. Moreover, an increasing array of options can involve significant leverage, which can magnify the influences (both negative and positive) of option positions on the financial condition of a bank.

Current Indicators of Interest Rate Risk

The conventional wisdom that interest rate risk does not pose a significant threat to the commercial banking system is supported by broad indicators. Most notably, the stability of commercial bank net interest margins (the ratio of net interest income to average assets) lends credence to this conclusion. From 1976 through midyear 1995, the net interest margins of the banking industry have shown a fairly stable upward trend, despite the volatility in interest rates as illustrated by the federal funds rate (chart 1). In contrast, over the same period thrift institutions exhibited highly volatile margins, a result that is not surprising given that by law they must have a high concentration of mortgage-related assets.

Interest margins, however, offer only a partial view of interest rate risk. They may not reveal longer-term exposures that could cause losses to a bank if the volatility of rates increased or if market rates spiked sharply and remained at high levels. They also say little about the potential for changing interest rates to reduce the "economic" or "fair" value of a bank's holdings. Economic or fair values represent the present value of all future cash flows of a bank's current holdings of assets, liabilities, and off-balance-sheet instruments. Approaches focusing on the sensitivity of an institution's economic value, therefore, involve assessing the effect a rate change has on the present value of its on- and off-balance-sheet instruments and whether such changes would increase or decrease the institution's net worth. Although banks typically focus on near-term earnings, economic value analysis can serve as a leading indicator of the quality of net interest margins over the long term and help identify risk exposures not evident in an analysis of short-term earnings.

1. Net interest margins of commercial banks and thrift institutions and the federal funds rate, 1976–95



Note. Year-end data, except for 1995, which is through June 30. Commercial banks are national banks, trust companies, and state-chartered banks, excluding savings banks insured by the Federal Deposit Insurance Corporation.

New Products and Banking Practices

If, as some industry observers have claimed, new products and banking practices have weakened the industry's immunity to changing interest rates, then the need for more comprehensive indicators of interest rate risk such as economic value analysis may have increased. In particular, commercial banks are expanding their holdings of instruments whose values are more sensitive to rate changes than the floating-rate or shorter-term assets traditionally held by the banking industry. The potential effect of this trend cannot be overlooked, but it should also be kept in perspective. Although commercial banks are much more active in mortgage markets than they were a decade ago, this activity has not materially altered their exposure to changing long-term rates. Indeed, the proportion of banking assets maturing or repricing in more than five years has increased only 1 percentage point since 1988, to a median value of only 10 percent of assets at midyear 1995. The comparable figure for thrift institutions at midyear 1995 was 25 percent.

However, the industry's concentration of long-term maturities is a limited indicator of risk inasmuch as banks have also expanded their concentration of adjustable rate instruments with embedded options that can materially extend an instrument's effective maturity. For example, although adjustable rate mortgages (ARMs) may reprice frequently and avoid some of the risk of long-term, fixed rate loans, they also typically carry limits (caps) on the amount by which their rates may increase during specific periods and throughout the life of the loan. Managers who do not take into account these features when identifying or managing risk may face unexpected declines in earnings and present values as rates change.

Collateralized mortgage obligations (CMOs) and so-called structured notes are other instruments with option features.[2] They may also contain substantial leverage that compounds their underlying level of interest rate risk. For example, as interest rates rose

2. In general structured notes are debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indexes, or these notes may have embedded forwards or options.

sharply during 1994, market values fell rapidly for certain structured notes and for CMOs designated as high risk.[3] However, these instruments accounted for less than 1 percent of the industry's consolidated assets at midyear 1995, although individual institutions may have material concentrations.

Off-balance-sheet instruments, on the other hand, have grown dramatically and are an important part of the management of interest rate risk at certain banks. The notional amount of interest rate contracts—such as interest rate options, swaps, futures, and forward rate agreements—has grown from $3.3 trillion in 1990 to $11.4 trillion as of midyear 1995.[4] These contracts are highly concentrated among large institutions, with fifteen banks holding more than 93 percent of the industry's total volume of these contracts in terms of their notional values. In contrast, 94 percent of the more than 10,000 insured commercial banks report *no* off-balance-sheet obligations. Although banks do not systematically disclose the price sensitivity of these contracts to the public, the regulatory agencies have complete access to this necessary information through their on-site examinations and other supervisory activities. Moreover, these contracts are concentrated at dealer institutions that mark nearly all their positions to market daily and that actively manage the risk of their interest rate positions. These dealer institutions generally take offsetting positions that reduce risk to nominal levels, and they are required by bank supervisors to employ measurement systems that are commensurate with the risk and complexity of their positions.

Competitive Pressures

Competitive pressures are also affecting banking practices and the industry's management of interest rate risk. Specifically, competition may be reducing the banking industry's ability to manage interest rate risk through discretionary pricing of rates on loans and deposits. For example, growing numbers of bank customers are requesting loan rates indexed to broad market rates such as the London interbank offered rate (LIBOR) rather than to the prime lending rates that banks can more easily control.[5] On the deposit side, sluggish domestic growth since 1990, when coupled with the more recent rise in loan demand, has caused shifts in the structure of funding. Traditionally deposits have funded 77 percent or more of banking assets; at midyear 1995, however, deposits funded less than 70 percent of industry assets—a record low. If the recent outflow of core deposits (demand deposits and money market, savings, and NOW accounts) continues, many banks may feel pressured to offer more attractive rates. However, the amount by which rates must increase to reverse the deposit outflow is difficult to judge.

To meet the recent rise in loan demand, banks have made up the funding shortfall with overnight borrowings of federal funds, securities repurchase agreements, and other borrowings. These funding changes may have effectively shortened the overall liability structure of the industry and, along with other pressures facing the industry, must be adequately considered in managing interest rate risk.

Analysis of Portfolio Values

In this environment of new products and competitive pressures, treasury and investment activities have become more important for many banks in managing interest rate risk. Although banks are constrained in their lending and deposit-taking functions by the preferences and demands of their customers, they have substantial flexibility in increasing or offsetting the resulting market risks through the securities and interest rate contracts they choose to hold. The risk profile of the investment securities portfolio can be evaluated by observing changes in the portfolio's fair value from actual rate moves. This analysis is possible because unlike most other banking assets and liabilities, the current market value of a bank's securities portfolio is easily determined and is publicly reported each quarter.

For example, the industry's aggregate securities portfolio (excluding securities held for trading) for 1993:Q4 had a 1.4 percent market value premium, which represented an unrealized gain of $11.5 billion (chart 2). The rise in interest rates during 1994 (as depicted by the two-year Treasury note yield) and the resulting drop in the value of securities produced a market value discount of 3.5 percent by 1994:Q4, which meant a loss in value of 4.9 percentage points ($40 billion). With the subsequent fall in interest rates during the first half of 1995, the portfolio recovered a portion of its loss and rose to a market value premium of 0.1 percent ($1 billion) at 1995:Q2. Although partly affected by changes in the composition of the portfolio, these results suggest that the

3. The *Federal Financial Institutions Examination Council* has designated CMOs as high risk when they fail to meet certain criteria regarding the sensitivity of their fair value to interest rate movements.

4. The notional amount of an interest rate contract is the face amount to which the rates or indexes that have been specified in the contract are applied to determine cash flows.

5. LIBOR is the rate at which a group of large, multinational banking institutions agree to lend to each other overnight.

average duration of the industry's securities portfolio may be roughly one and one-half to two years, a maturity range many might view as presenting banks with relatively little interest rate risk.[6] When applied to earlier periods, this analysis further suggests that the price sensitivity of the industry's securities portfolio has remained largely unchanged since at least the late 1980s.

Although this analysis of portfolio value may help in the evaluation of risks in the securities activities of banks, it does not consider any corresponding and potentially offsetting changes in the economic value of banks' liabilities or other on- or off-balance-sheet positions. That limitation helps to explain why the banking industry has typically ignored economic or long-term present value effects when measuring interest rate risk.

Techniques for Measuring Interest Rate Risk

Historically, banks have focused on the effect that changing rates can have on their near-term reported earnings. Spurred in part by supervisory interest in the matter, more recently many banks have also been examining the effect of changing rates on the economic value of their net worth, defined as the net present value of all expected future cash flows discounted at prevailing market rates. By taking this approach—or more typically, considering the potential effect of rate changes on economic value as well as on earnings—banks are taking a longer-term perspective and considering the full effect of potential changes in market conditions. As a result, they are more likely than before to avoid strategies that maximize current earnings at the cost of exposing future earnings to greater risk.

Several techniques are used to measure the exposure of earnings and economic value to changes in interest rates. They range in complexity from those that rely on simple maturity and repricing tables to sophisticated, dynamic simulation models that are capable of valuing complex financial options.

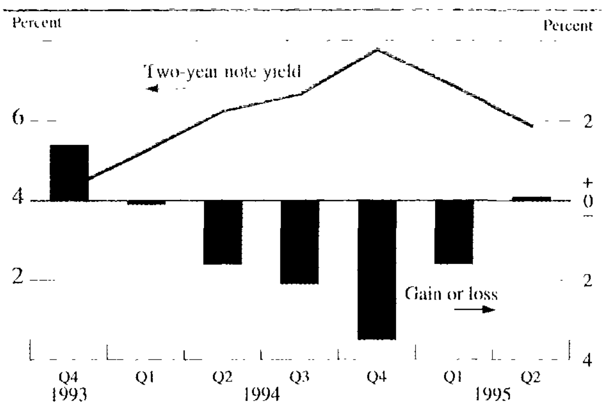
Maturity and Repricing Tables

A maturity and repricing table distributes assets, liabilities, and off-balance-sheet positions into time bands according to the time remaining to repricing or maturity, with the number and range of time bands varying from bank to bank. Assets and liabilities that lack specific (that is, contractual) repricing intervals or maturities are assigned maturities based often on subjective judgments about the ability of the institution to change—or to avoid changing—the interest rates it pays or receives. When completed, the table can be used as an indicator of interest rate risk exposure in terms of earnings or economic value.

For evaluating exposure to earnings, a repricing table can be used to derive the mismatch (gap) between the amount of assets and the amount of liabilities that mature or reprice in each time period. By determining whether an excess of assets or liabilities will reprice in any given period, the effect of a rate change on net interest income can be roughly estimated.

For estimating the amount of economic value exposed to changing rates, maturity and repricing tables can be used in combination with risk weights derived from the price sensitivity of hypothetical instruments. These weights can be based either on a representative instrument's duration and a given interest rate shock or on the calculated percentage change in the instrument's present value for a specific rate scenario.[7] In either case, when multiplied by the balances in their respective time bands, these weights

2. Unrealized gains or losses on securities, all insured commercial banks, and the yield on two-year Treasury notes, 1993:Q4–1995:Q2



6. The duration of a security is a statistical measure used in financial management to estimate the price sensitivity of a fixed rate instrument to small changes in market interest rates. Specifically, it is the weighted average of an instrument's cash flows in which the present values serve as the weights. In effect, it indicates the percentage change in market value for each percentage point change in market rates.

7. Though duration is a useful measure, it has the shortcoming of assuming that the rate of change in an instrument's price is linear, whether for rate moves of 1 or 500 basis points. The second approach, analyzing present values for a specific rate scenario, recognizes that many instruments have price sensitivities that are nonlinear (a characteristic called convexity) and tailors adjustments to cash flows (such as principal prepayments) to the specific magnitude and level of the rate shock.

provide an estimate of the net change in the economic value of an institution's assets, liabilities, and off-balance-sheet positions for a specific change in market rates. When expressed as a percentage of total assets, the net change, or "net position," can also provide an index for comparing the risk of different institutions. Although rough, such relatively simple measures can often provide reasonable estimates of interest rate risk for many institutions, especially those that do not have atypical mortgage portfolios nor hold material amounts of more complex instruments such as CMOs, structured notes, or options.

Simulation Techniques

Simulation techniques provide much more sophisticated measures of risk by calculating the specific interest and principal cash flows of the institution for a given interest rate scenario. These calculations can be made considering only the current holdings of the balance sheet, or they can also consider the effect of new lending, investing, and funding strategies. In either case, risk can be identified by calculating changes in economic value or earnings from any variety of rate scenarios. Simulations may also incorporate hundreds of different interest rate scenarios (or "paths" through time) and corresponding cash flows. The results help institutions identify the possible range and likely effect of rate changes on earnings and economic values and can be most useful in managing interest rate risk, especially for institutions with concentrations in options that are either explicit or embedded in other instruments. Instrument valuations using simulation techniques may also be used as the basis for sensitivity weights used in simple time band models. However, such simulations can require significant computer resources and, as always, are only as good as the assumptions and modeling techniques they reflect.

Indeed, whether a bank measures its interest rate risk relative to earnings or to economic value or whether it uses crude or sophisticated modeling techniques, the results will rely heavily on the assumptions used. This point may be especially important when estimating the interest rate risk of depository institutions because of the critical effect core deposits can have on the effective level of risk. The rate sensitivity of core deposits may vary widely among banks depending on the geographic location of the depositors or on their other demographic characteristics. The sensitivity may also change over time, as depositors become more aware of their investment choices and as new alternatives emerge. Recognizing these variables, few institutions claim to measure this sensitivity well, and most banks use only subjective judgments to evaluate deposits that fund one-half or more of their total assets. This measurement conundrum makes estimates of interest rate risk especially difficult and underscores the lack of precision in any measure of bank interest rate risk.

The Basic Screening Model

In recent years, the Federal Reserve has used a simple screening tool, the "basic model," to identify commercial banks that may have exceptionally high levels of interest rate risk. The basic model uses Call Report data to estimate the interest rate risk of banks in terms of economic value by using time bands and sensitivity weights in the manner previously described. The available data, however, are quite limited, with total loans, securities, large time deposits, and subordinated debt divided into only four time bands on the basis of their final maturities or next rate adjustment dates, and with small CDs and other borrowed money split into even fewer time bands.[8] No data are available for coupon rates or for the rate sensitivity of off-balance-sheet positions or trading portfolios.

These data limitations require analysts to supplement the available maturity data with other information provided in the Call Report and to make important assumptions about the underlying cash flows and actual price sensitivities of many assets and liabilities of banks. For example, the timing of cash flows from loans on autos, residential mortgages, and other portfolios may differ widely as a result of their unique amortization requirements, caps, prepayment options, and other features. Yet Call Report data provide no details on the types of loans or securities contained within each time band. To distinguish among key instrument types within each time band, each bank's balance sheet is used as a guide to divide the balances in the time bands into major asset types. The appendix describes that process and the derivation of risk weights for price sensitivity.

Table 1 provides an example of the calculations used to derive a bank's change in economic value for a rise in rates of 200 basis points. To begin, assets and liabilities are divided into time bands according to their maturity; the basic model uses four time

8. Two additional time bands of data are available for subordinated debentures because of the informational requirements of the risk based capital standard. However, relatively few institutions have outstanding subordinated debt, and in any event, these balances do not reflect a material source of funds.

bands. Risk weights based on the price sensitivity of a hypothetical instrument are then applied to each balance to derive the estimated dollar change in value of each time band. Finally, the net of total changes in asset and liability values gives the net change in economic value.

As rates rise, longer-maturity assets become less valuable to a bank, while longer-term liabilities become more valuable. In the example shown in table 1, the rise in rates causes the economic value of the bank's assets to fall by a larger amount than liabilities increase in economic value; as a result, a net decline of $13.5 million occurs in the bank's economic value.[9] To provide an index measure, that amount is divided by total assets to derive a "net position" ratio of −1.97 percent.

1. Worksheet for calculating risk-weighted net positions in the basic model

Dollar amounts in thousands

Balance sheet item	Total (dollars)	Risk weight (percent)	Change in economic value (dollars)
	(1)	(2)	(1) × (2)
INTEREST-SENSITIVE ASSETS			
Fixed rate mortgage products			
0–3 months	0	−.20	0
3–12 months	0	−.70	0
1–5 years	0	−3.90	0
More than 5 years	233,541	−8.50	−19,851
Adjustable rate mortgage products	2,932	−4.40	−129
Other amortizing loans and securities			
0–3 months	0	−.20	0
3–12 months	0	−.70	0
1–5 years	28,858	−2.90	−837
More than 5 years	0	−11.10	0
Nonamortizing assets			
0–3 months	132,438	−.25	−331
3–12 months	7,319	−1.20	−88
1–5 years	182,373	−5.10	−9,301
More than 5 years	11,194	−15.90	−1,780
Total interest-sensitive assets	598,655	. . .	−32,317
All other assets	85,696	. . .	. . .
Total assets	**684,351**	. . .	. . .
INTEREST-SENSITIVE LIABILITIES			
Core deposits			
0–3 months	56,082	.25	140
3–12 months	39,634	1.20	476
1–3 years	157,785	3.70	5,838
3–5 years	50,600	7.00	3,542
5–10 years	28,167	12.00	3,380
Total	332,269	. . .	13,376
CDs and other borrowings			
0–3 months	117,491	.25	294
3–12 months	77,303	1.20	928
1–5 years	78,140	5.40	4,220
More than 5 years	0	12.00	0
Total interest-sensitive liabilities	605,204	. . .	18,817
Other liabilities	112	. . .	. . .
Total liabilities	**605,316**	. . .	. . .
Equity capital	79,035	. . .	. . .
Summary			
Change in asset values	. . .	. . .	−32,317
Change in liability values	. . .	. . .	18,817
Net change in economic value	. . .	. . .	−13,500
Net position ratio (change in economic value divided by total assets) (percent)	. . .	. . .	−1.97

COMPARISON OF THE BASIC MODEL WITH THE OTS MODEL

Despite its limitations, the basic model seems to be a useful indicator of the general level of an institution's interest rate risk. This conclusion is based on a recent study using the more extensive interest rate risk information reported by thrift institutions and comparing the results of the basic model with the model developed by the Office of Thrift Supervision (OTS).[10] To help ensure that the large losses from interest rate exposures experienced by many thrift institutions during the 1980s are not repeated, the OTS collects extensive interest rate risk data on them and uses a fairly complex and sophisticated simulation model (the OTS model) to estimate their levels of risk.

The data reported by thrift institutions consists of more than 500 items of information about the maturities and repricing characteristics of financial instruments. These data are used in the OTS model to calculate changes in economic value under a number of interest rate scenarios. Although other sophisticated interest rate risk models can be used to evaluate the effectiveness of the basic model, only the OTS provides both a sophisticated measure of risk and an extensive database with which to compare "bottom line" results from hundreds of institutions.

The OTS model calculates price changes based on data specific to each portfolio rather than relying on time bands and hypothetical instruments. For instruments without embedded options, the model discounts static cash flows that are derived from a portfolio's weighted-average maturity and coupon. For instruments such as adjustable rate mortgages that have embedded options, the OTS model uses Monte Carlo simulation techniques and data on coupons, maturities, margins, and caps to derive market

9. As mentioned earlier, the existing Call Report provides no information on the rate sensitivity of off-balance-sheet positions, and therefore those positions are not included in the calculation of economic value.

10. The authors would like to thank Anthony Cornyn and Donald Edwards of the Office of Thrift Supervision for providing the thrift industry regulatory input data and the output of the OTS Net Portfolio Value model for the present study.

value changes. To measure interest rate risk, the model estimates fair values under prevailing interest rates (base case) and at alternatively higher and lower rate levels, including a uniform increase of 200 basis points for all points along the yield curve. Any decline in economic value relative to the base case reflects the potential interest rate risk of the institution.

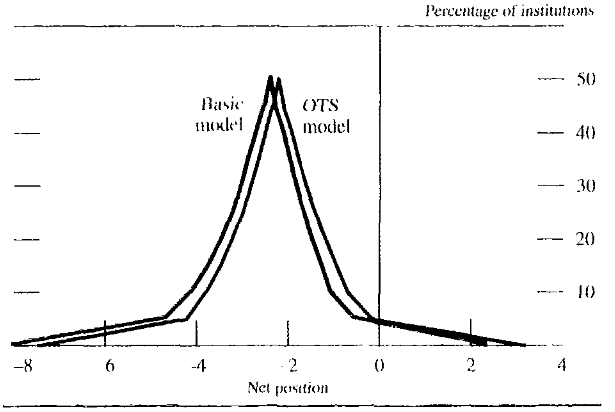
Like other models, however, the OTS model relies on key assumptions, particularly those related to the rate sensitivity of core deposits. Since informed parties can disagree on the proper treatment of these deposits, standard estimates of core deposit sensitivities were used in both models for the purpose of comparing the results.

To perform a comparison, OTS data were obtained for the 1,414 of 1,548 thrift institutions that supplied such data for year-end 1994. For each thrift institution, the more than 500 pieces of OTS data were reduced to the 24 inputs required by the basic model. After applying the basic model's risk weights to each position and incorporating the OTS core deposit estimates, the dollar change in economic value and a net position ratio were calculated for each institution.

The interest rate exposures for the thrift industry as calculated by the two models revealed strikingly similar results. The distribution curves for interest rate risk produced by each model (chart 3) nearly overlap. By both measures, the median change in economic value was about −2.3 percent of assets. Other measures of industry dispersion of interest rate risk were similar in most respects.

These frequency distributions, however, do not reveal differences in the two measures for individual

3. Comparison of interest rate risk exposures of the thrift industry calculated with the basic model and the OTS model, December 31, 1994



NOTE. Observations are the net positions for 1,414 thrift institutions. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

institutions. Identifying those differences requires regressions, scatter plots, rank ordering, and other statistical techniques, which have been used in similar research.[11] Plotting the results generated for each thrift institution by the OTS model along one axis and the results of the simple risk measure along the other reveals a substantial correlation between the results of the two models on a thrift-by-thrift basis (chart 4). If the modeling results for each institution were identical, they fell along the 45 degree line shown; if they were significantly different, they fell away from the line. A regression line drawn through the points indicates that although the two measures are substantially correlated, the basic model tends to estimate higher risk than the OTS model, especially for above-average risk levels.

Another way to evaluate the similarity of exposure estimates made by the two models is to compare the percentage of thrift institutions that fall within a given level of difference. On that basis, the two models calculated exposures that came within ½ percent of assets or less for about half the institutions and within 1 percent or less for almost 80 percent of them. Given that industry interest rate exposures showed a broad range of 11 percentage points (roughly +3 to −8 percent), these differences appear fairly small and suggest that the basic model performs well relative to a more complex model in placing an institution along the risk exposure spectrum. However, depending on the model's purpose, these differences may not be satisfactory. For example, the level of acceptable precision should vary depending on whether the model is for identifying and monitoring the general magnitude of risk, for making strategic decisions that precisely adjust the bank's risk levels, or for evaluating capital adequacy.

In evaluating a model, other characteristics of its performance may also be significant to users. For example, if the model is to be used by regulators for surveillance purposes, the model should also be evaluated on its ability to identify institutions that are taking relatively high levels of risk. In this context, the basic model identified nearly two-thirds of the institutions ranked by the OTS model in the top risk quintile of all institutions and 90 percent of the institutions that were ranked by the OTS model in the top 40 percent. Assuming that the OTS model has correctly identified high-risk institutions, these results

11. James M. O'Brien, "Measurement of Interest Rate Risk for Depository Institution Capital Requirements and Preliminary Tests of a Simplified Approach" (paper presented at the Conference on Bank Structure and Competition sponsored by the Federal Reserve Bank of Chicago, May 6–8, 1992).

suggest that there is clear room for improvement in the basic model's identification of high-risk institutions but that, even so, a simple model can provide a useful screen. When used as a supervisory tool, the model and its results can be validated during on-site examinations of interest rate risk.

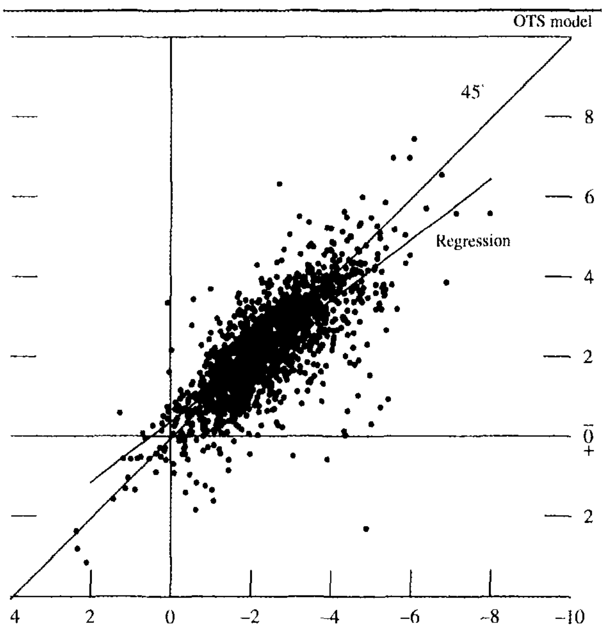
Differences in Estimates of Interest Rate Risk Exposure

The magnitude of differences between exposure estimates from the two models will depend on two factors: (1) the difference in price sensitivity calculated for a given portfolio and (2) the relative prominence of a particular portfolio relative to the balance sheet. So, for example, a relatively small difference in an adjustable rate mortgage portfolio that makes up three-quarters of the balance sheet may translate into fairly large differences in the net position ratio. On the other hand, a large difference in the valuation of a high risk CMO that makes up less than 1 percent of assets would have a minimal effect on the net position ratio.

The largest differences between the two models' estimates of risk exposure for thrifts arise from adjustable rate and fixed rate mortgage portfolios, which make up the bulk of the assets of most thrift institutions. The differences in calculations of mortgage price sensitivity occur when the basic model's generic assumptions regarding maturity, coupon, cap, or other characteristics do not reflect actual portfolio characteristics that are taken into account by the OTS model. For roughly half the institutions, these simplifying assumptions produce differences of ½ percent or less in the two models' estimates of risk exposure relative to assets.

For institutions classified as high risk by one model but not the other, the largest differences arose from three principal sources. First, some high-risk thrift institutions held high concentrations of equities and equity mutual fund balances (15–40 percent of assets), which were assigned a price sensitivity by the OTS model of –9.0 percent but were not given a price sensitivity by the basic model. Because the vast majority of banks have minimal or no equity holdings, the basic model was not designed to address them. Second, for thrifts with large holdings of certain types of adjustable rate mortgages, the single risk weight used by the basic model translated into a fairly large underestimation of risk relative to that estimated by the OTS model. And third, the basic model tended to overstate the risk of longer-term amortizing assets relative to the results of the OTS.

4. Comparison of interest rate risk exposures of individual thrift institutions calculated with the basic model and the OTS model, December 31, 1994



Note. Observations are the net positions for 1,414 thrift institutions. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

Potential Enhancements to the Basic Model

To evaluate the potential measurement benefits of using more data than are currently available from the four time bands of bank Call Reports, the basic model was expanded and run using thrift data. The changes to the basic model produced results that are much closer to those generated by the OTS model. These enhancements are similar to certain features recently described by the banking agencies in their proposed "baseline" measure of interest rate risk.[12] They include expanding the number of time bands from four to seven by dividing the existing one- to five-year time band into one- to three-year and three- to five-year periods and splitting the more than five-year band into three periods separated at the ten-year and twenty-year points.

12. "Proposed Interagency Policy Statement Regarding the Measurement of Interest Rate Risk, *Federal Register* (August 2, 1995), pp. 39490–572.

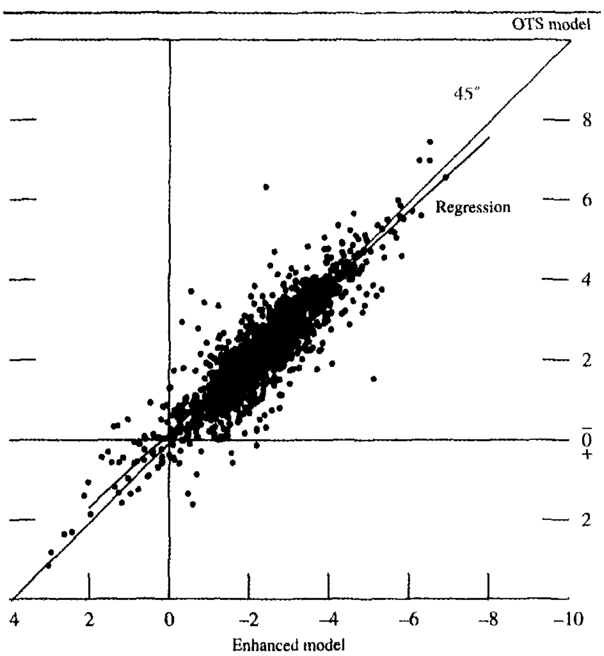
Further changes involved obtaining minimal information about the repricing frequency and lifetime caps on adjustable rate loans, separately identifying low- or zero-coupon assets, and requiring institutions to self-report the effects of a specific rate movement on the market values of CMOs, servicing rights, and off-balance-sheet derivatives. For this exercise, the values calculated by the OTS model for CMOs, servicing rights, and off-balance-sheet derivative items were used as a proxy for values that would be self-reported by the institution. Such changes expanded the number of items evaluated by the model from twenty-four to sixty-three and the number of risk weights from twenty-two to forty.

Such relatively small improvements virtually eliminated the differences in how the enhanced and OTS models evaluate the thrift industry's overall interest rate risk. As shown in chart 5, the regression and 45 degree lines (which were already close) almost converge, and the two models produce results that are within 100 basis points of each other for more than 90 percent of all thrifts (table 2). In addition, the enhanced version of the basic model (the enhanced model) significantly improved the rank ordering of risk achieved by the basic model by increasing the percentage of thrifts that were ranked by both the enhanced and the OTS models in the top quintile from 62.9 percent to 76.0 percent. The vast majority of the measured improvement resulted from the increase in time bands.

2. Percentage of thrift institutions falling within a given range of difference in net position

Range of difference in net position (basis points)	Basic model v. OTS model	Enhanced model v. OTS model
0–50	48.8	67.6
0–100	79.4	91.0

5. Comparison of interest rate risk exposures of individual thrift institutions calculated with the enhanced model and the OTS model, December 31, 1994

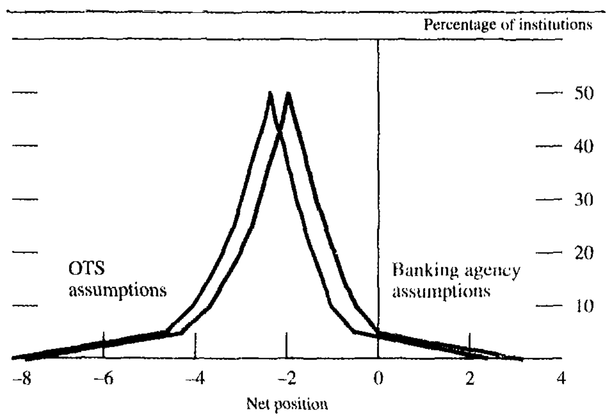


NOTE. Observations are the net positions for 1,414 thrift institutions. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

The Importance of Assumptions about Core Deposits

All the previous comparisons of the results of the models and all the previous estimates of risk used a uniform assumption for core deposits. The importance of assumptions regarding the rate sensitivity of core deposits has been stressed several times. For example, replacing the assumptions used by OTS with those proposed by the banking agencies produces a difference of 30–40 basis points in the average measure of the thrift industry's interest rate risk as calculated with the basic model (chart 6). Given sufficient flexibility in the treatment of core deposits, the results of different interest rate risk models could easily vary widely, regardless of whether the models are similar in complexity and sophistication.

6. Effect of different assumptions for core deposits on interest rate risk exposures of the thrift industry calculated with the basic model, December 31, 1994



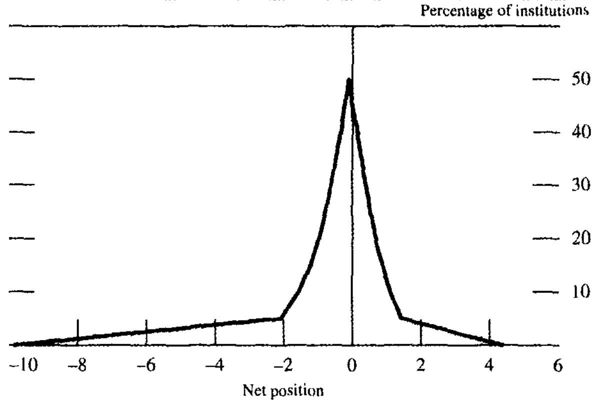
NOTE. Observations are the net positions for 1,414 thrift institutions. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

Estimated Interest Rate Risk of Commercial Banks

Because the basic and OTS models produced fairly similar results for thrift institutions (charts 3 and 4), the basic approach was considered a workable model for commercial banks, especially given that mortgage products (the primary source of differences) are much less important in bank balance sheets. When applied to the data submitted at year-end 1994 by 10,452 commercial banks, the basic model shows, *on average*, little interest rate risk posed by an instantaneous parallel rise in rates of 200 basis points (chart 7). The median exposure was −0.03 percent of assets, although 5 percent of all banks had exposures worse than −2.0 percent. Of course, this relatively balanced view of the banking industry's exposure is highly dependent on the subjective estimates of the price sensitivity of core deposits (in the case of chart 7, those assumed by the federal banking agencies) and should be viewed in that context.

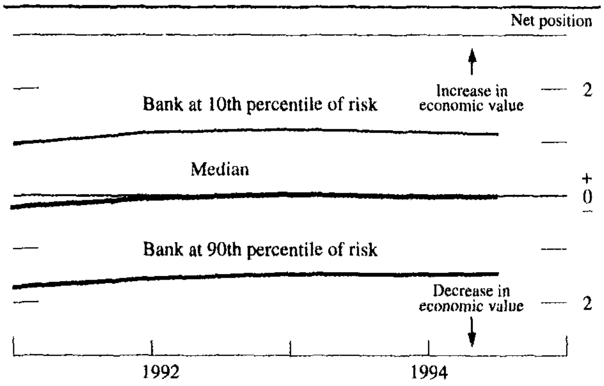
The net exposures of the industry will change over time as institutions respond to changes in market opportunities and in customer demands. The generally neutral overall position of commercial banks may not be uncharacteristic, however. Since 1991, the industry's median net position ratio calculated with the basic model has been close to zero most of the time and was −23 basis points at year-end 1991 (chart 8). Even a commercial bank consistently ranked at the 90th percentile (top 10 percent) of risk had a measured exposure of no worse than −1.7 percent.

7. Distribution of interest rate risk exposure of the commercial banking industry calculated with the basic model, December 31, 1994



Note. Observations are the net positions of commercial banks. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

8. Interest rate risk trends in the commercial banking industry, calculated with the basic model, December 31, 1991–June 30, 1995

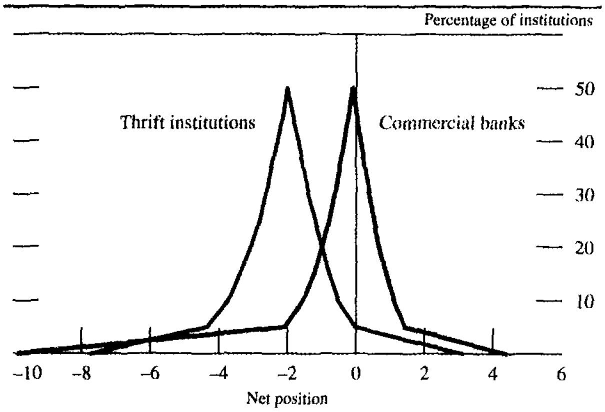


Note. Observations are the net positions of more than 10,000 commercial banks calculated with the basic model under banking agency assumptions about core deposits. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets. Year-end data except for 1995.

Comparison of the Thrift and Banking Industries

With the distributions of interest rate risk for commercial banks and thrift institutions, we can compare their exposures and consider the relative importance of interest rate risk to each group. Applying the core deposit assumptions proposed by the banking agencies to both groups, the comparison shows, not surprisingly, that thrift institutions have significantly higher risk exposures than banks (chart 9). As before, net exposures of the banking industry are centered

9. Comparison of interest rate risk exposures of the thrift and banking industries calculated with the basic model, December 31, 1994



Note. Observations are the net positions of more than 10,000 commercial banks and 1,414 thrift institutions calculated with the basic model and banking agency assumptions for core deposits. The net position is the change in economic value for a rise of 200 basis points in rates expressed as a percentage of total assets.

around zero and skewed noticeably to the left, suggesting that most bank outliers are exposed to rising rates. Thrift institutions, however, have an average exposure of −2.0 percent (exposing them, too, to rising rates), with the distribution centered rather evenly around that point.

Although some commercial banks may have as much interest rate risk as many thrift institutions, this analysis suggests that the exposure of the two industries is much different, a conclusion consistent with current and past indicators. The primary cause of the difference is, of course, the heavier concentration of mortgage products among thrift institutions. The median price sensitivity of thrift assets was calculated at 5.1 percent, compared with 3.0 percent for banks. The median figures for liabilities were much closer, at 3.7 percent and 3.4 percent respectively.

Limitations of Findings

Conclusions regarding the reliability of the basic model are limited to a single interest rate scenario; further research must be conducted to determine whether the basic model's performance can be maintained over more diverse interest rate scenarios such as falling rates and nonparallel shifts in yield curves. Moreover, despite a strong correlation with exposure estimates produced by the OTS model, limitations in commercial bank data could conceal an increase in the industry's risk profile. For example, if an institution lengthened the maturity of assets in the longest time band (more than five years) from ten to twenty years, the related risk would not be identified by the data currently collected. Such deficiencies suggest that relatively minor enhancements to regulatory reporting, such as one or more additional time bands, could materially improve supervisors' understanding and monitoring of bank risk profiles.

Conclusion

Interest rate risk does not currently appear to present a major risk to most commercial banks. Nevertheless, for individual institutions, interest rate risk must be carefully monitored and managed, especially by institutions with concentrations in riskier or less predictable positions.

Measuring interest rate risk is a challenging task and is made even more difficult for depository institutions because of the uncertainty regarding core deposit behavior and the options embedded throughout their balance sheets. Critical assumptions are needed regarding customer behavior, and those assumptions may often determine a model's results, making precise estimates of risk unattainable. Financial innovations and the evolution in banking markets have made the measurement of interest rate risk even more challenging; nonetheless, the limited banking industry data suggest that the majority of bank risk profiles have not been significantly altered by these developments. Although "blind spots" arising from data limitations exist, the relatively small industry concentrations of complex instruments or instruments maturing in more than five years suggest that errors from insufficient data are unlikely to materially change conclusions regarding the industry's overall risk profile.

Comparing the results of a simple risk measure (the basic model) with those of a more sophisticated technique that uses substantially more data (the enhanced model) suggests that a simple measure performs well in measuring an industry's risk exposure and may be capable of identifying the general magnitude of risk for most institutions. Fairly small increases in the amount of data on maturities and other factors appear to improve significantly a simple model's performance in measuring the risk of individual institutions and identifying those taking the greatest amount of risk. Considering that rough assumptions must be made about the price sensitivity of core deposits and the potential that simple models appear to have for measuring risk, supervisors and managers may find simple measurement approaches useful for monitoring an institution's interest rate risk.

Appendix: The Derivation of Time Band Categories and Risk Weights

The basic model divides an institution's balance sheet into several categories and distributes the balances among four time bands on the basis of their final maturities or repricing frequency. The amounts within each band are then multiplied by a risk weight based on the estimated percentage change in value of a representative instrument for a given change in market interest rates. For mortgage products these risk weights also reflect the effect of loan prepayments that are expected to result from the designated rate change. Once the estimated effects on assets and liabilities are combined, they can be expressed as a percentage of total assets to derive an index measure of interest rate risk.

The key asset categories used in the basic model are the following: fixed rate mortgage products, adjustable rate mortgage products, other amortizing assets, and nonamortizing assets. Because time band data on the Call Report are limited to two asset categories, total loans and total securities, each bank's balance sheet is used as a guide to slot its assets into these four major asset types.

The four time bands for total loans and total securities are analytically divided into the four asset categories using some assumptions and the process of elimination. For example, the balance of fixed rate residential mortgage loans is deducted from the longest asset time band (the fourth) and placed in the fourth time band of the mortgage category. If the mortgage balance is larger than the available amount of the asset time band, then any residual balance is deducted from the next longest time band (the third) and so on until the total fixed rate mortgage balance is accounted for. This procedure is repeated throughout the program for other assets such as mortgage pass-through securities, consumer installment loans, and so forth. Once fixed rate mortgage products, other amortizing assets, and adjustable rate mortgages are accounted for and totaled by time band, all residual time band balances are assumed to be nonamortizing.

For liabilities other than core deposits, the process is straightforward because CDs, other borrowings, and subordinated debentures are generally homogeneous, nonamortizing products and usually do not contain embedded prepayment or other options. Therefore specific assumptions regarding the composition of these time bands are unnecessary.

The category presenting the greatest challenge for evaluating price sensitivity is nonmaturity core deposits, which fund one-half of a typical bank's balance sheet. Because these deposits have no stated maturity and typically do not reprice as quickly as general market rates, their effective maturity or repricing frequency must be analytically derived. The lack of historical data and of commonly accepted methodologies to adequately measure their price sensitivity makes uncertain the slotting of these deposits into their appropriate time bands. Though many banks believe that their core deposits are especially insensitive to interest rate moves and therefore are of fairly long effective maturity, increased competitive pressures and changing customer demographics raise questions in that regard. The time bands used in the enhanced model are those used by the federal banking agencies in their proposed Joint Agency Policy Statement on Measuring Interest Rate Risk (Policy Statement) (*Federal Register*, August 2, 1995). Core deposits are divided into three categories and slotted among five possible time bands (table A.1).

A.1. Core deposits, grouped by type of account and distributed by assumed effective maturity or repricing frequency

Percent

Type of account	0–3 months	3–12 months	1–3 years	3–5 years	5–10 years	All
Commercial demand deposit	50	0	30	20	...	100
Retail demand deposits, savings, and NOWs	0	0	60	20	20	100
Money market deposits	0	50	50	...	...	100

NOTE. Core deposits have no stated maturity and therefore are not slotted into time bands in the Call Report. Because the number of time bands was not limited to the four used in the Call Report, five were derived and used in both the basic and enhanced models. Five time bands were derived because this breakdown was considered the most analytically useful.

Derivation of Risk Weights

The risk weights are derived from a present value analysis that estimates the expected change in value of hypothetical instruments in response to a shift in rates of 200 basis points (table A.2). As a surveillance tool, the basic model's risk weights are recalculated when changes in market conditions are considered large enough to require it. As used for this article, the risk weights for the seven-time-band model of the banking agencies' policy statement are adapted to the basic model.

The assumed coupons of the hypothetical instruments—7.5 percent for assets and 3.75 percent for interest-bearing liabilities—are thought to be generally representative of those in the banking industry during 1994. In addition, instruments are assumed to mature or reprice at the midpoints of the time bands. To adapt risk weights for seven time bands to four time bands, an average of the two risk weights for the one- to three-year and three- to five-year time bands is used. For instruments maturing in more than five years, the risk weight relates to the time bands for five to ten years, ten to twenty years, or more than twenty years based on the likely portfolio maturity for that category. For mortgage products, whose value is dependent on prepayment rates and the behavior of periodic and lifetime caps, risk weights were derived from estimates calculated by the OTS model, which factors in the effect of these embedded options in their values.

Potential Errors of the Basic Approach

Obviously the basic model contains potential estimation errors. One misestimation of risk can occur when actual bank financial instruments vary from the assumed hypothetical instrument's maturity. For example, in the most extreme scenario, all the assets slotted in the one- to five-year time band for non-amortizing assets could have a maturity skewed to just under five years rather than the midpoint maturity of three years. In that case the actual price change for an increase of 200 basis points in rates would be 7.8 percent rather than the assumed 5.1 percent change of the hypothetical instrument.

A.2 Derivation of the risk weights for the basic and enhanced model

Percent

Time band	Maturity[1]	Coupon (percent)	Enhanced model: Price (percent of par)	Enhanced model: Risk weights[2] (percent)	Basic model: Price (percent of par)	Basic model: Risk weights[2] (percent)
OTS DERIVED RISK WEIGHTS						
Fixed-rate mortgages						
0–3 months	1.5 months	7.50	99.80	–.20	99.80	–.20
3–12 months	7.5 months	7.50	99.30	–.70	99.30	–.70
1–3 years	2 years	7.50	98.00	–2.00	...	...
1–5 years	3 years	7.50	...	...	96.10	–3.90
3–5 years	4 years	7.50	94.30	–5.70	...	...
5–10 years	7.5 years	7.50	92.40	–7.60	...	...
10–20 years	15 years	7.50	91.50	–8.50	91.50	–8.50
More than 20 years	25 years	7.50	88.50	–11.50	...	...
Adjustable-rate mortgages[3]						
Reset frequency						
0–6 months[4]	6 months	7.50	95.80	–4.20	...	...
6 months–1 year[5]	12 months	7.50	95.60	–4.40	95.60	–4.40
More than 1 year[6]	3 years	7.50	93.40	–6.60	...	...
Near lifetime cap[7]	12 months	7.50	93.00	–7.00	...	...
STATIC DISCOUNTED CASH FLOWS						
Other amortizing instruments						
0–3 months	1.5 months	7.50	99.80	–.20	99.80	–.20
3–12 months	7.5 months	7.50	99.30	–.70	99.30	–.70
1–3 years	2 years	7.50	98.00	–2.00	...	...
1–5 years	3 years	7.50	...	...	97.10	–2.90
3–5 years	4 years	7.50	96.30	–3.70	...	...
5–10 years	7.5 years	7.50	93.50	–6.50	...	...
10–20 years	15 years	7.50	88.90	–11.10	88.90	–11.10
More than 20 years	25 years	7.50	84.90	–15.10	...	...
All other instruments						
0–3 months	1.5 months	7.50[8]	99.75	–.25	99.75	–.25
3–12 months	7.5 months	7.50[8]	98.80	–1.20	98.80	–1.20
1–3 years	2 years	7.50	96.40	–3.60	...	...
1–5 years	3 years	7.50	...	...	94.90	–5.10
3–5 years	4 years	7.50	93.40	–6.60	...	...
5–10 years	7.5 years	7.50	89.40	–10.60	...	...
10–20 years	15 years	7.50	84.10	–15.90	84.10	15.90
More than 20 years	25 years	7.50	81.00	–19.00	...	...
Liabilities						
0–3 months	1.5 months	3.75[8]	100.25	.25	100.25	.25
3–12 months	7.5 months	3.75[8]	101.20	1.20	101.20	1.20
1–3 years	2 years	3.75	103.70	3.70	...	...
1–5 years	3 years	3.75	...	...	105.40	5.40
3–5 years	4 years	3.75	107.00	7.00	...	...
5–10 years	7.5 years	3.75	112.00	12.00	112.00	12.00
10–20 years	15 years	3.75	119.90	19.90	...	...
More than 20 years	25 years	3.75	126.30	26.30	...	...
Zero- or low-coupon securities[9]						
0–3 months	1.5 months	0	99.75	–.25	...	...
3–12 months	7.5 months	0	98.80	–1.20	...	...
1–3 years	2 years	0	96.20	–3.80	...	...
3–5 years	4 years	0	92.60	–7.40	...	...
5–10 years	7.5 years	0	86.60	–13.40	...	...
10–20 years	15 years	0	75.00	25.00	...	...
More than 20 years	25 years	0	61.90	–38.10	...	...

NOTE. All estimates are based on a rise in interest rates of 200 basis points.

1. With the exception of fixed-rate and adjustable-rate mortgages, no prepayments are assumed for these hypothetical instruments.

2. Calculated using a rounding convention.

3. Coupons on adjustable-rate mortgages (ARMs) are assumed to adjust to an index based on Treasury yields on actively traded issues adjusted to constant maturities. On the first reset date, the coupon rate will adjust to the index yield plus the margin. Most ARMs also have caps on the amount the rate can change. A periodic cap limits the amount by which a coupon rate may adjust on the reset date. A lifetime cap prevents the coupon rate from adjusting above a preset limit during the life of the mortgage.

4. Six-month Treasury yield; the margin is 275 basis points; the periodic cap is 100 basis points; the lifetime cap is 500 basis points.

5. Twelve-month Treasury yield; the margin is 275 basis points; the periodic cap is 200 basis points; the lifetime cap is 500 basis points.

6. Three-year Treasury yield; the margin is 275 basis points; the periodic cap is 200 basis points; the lifetime cap is 500 basis points.

7. Twelve-month Treasury yield; the margin is 275 basis points; there is no periodic cap; the lifetime cap is 200 basis points.

8. Actual initial price is slightly less than par.

9. Price is represented as a percentage of purchase price.

In addition, errors can result from using incorrect coupon rates. For example rather than the hypothetical coupon of 7.5 percent, a bank's actual assets could have coupons skewed to 10.5 percent, resulting in an actual price change of 4.9 percent rather than 5.1 percent. Though coupon differences for most instruments result in minor errors, coupon differences for mortgage products can create much larger errors because the coupon also strongly influences the mortgage's prepayment behavior and thus its value. Nevertheless, assuming a bank's actual maturities and coupons are fairly evenly distributed or centered around the hypothetical instrument's maturity and coupon, errors should not be material.

Another source of error could come from instruments such as CMOs and structured notes whose time band slotting is based on contractual maturities or repricing dates but whose detailed features can cause highly specific and unusual cash flow behavior. These instruments could cause potentially more significant errors for the basic model; and the errors would be further compounded for institutions that use off-balance-sheet derivative instruments because no data are available to evaluate whether those instruments reduce or increase an institution's risk. As of year-end 1994, 578 of the 10,452 commercial banks used off-balance-sheet derivative contracts based on interest rates. □

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STUDY SUMMARY

BANK MERGERS AND INDUSTRYWIDE STRUCTURE, 1980–94

Stephen A. Rhoades

This study presents data on all bank mergers from 1980 to 1994, including the number, sizes, locations, and types. To place the mergers in perspective, the paper also examines industrywide data on banking structure and performance, including data on branches, ATMs, stock prices, and changes in the number of organizations over the period.

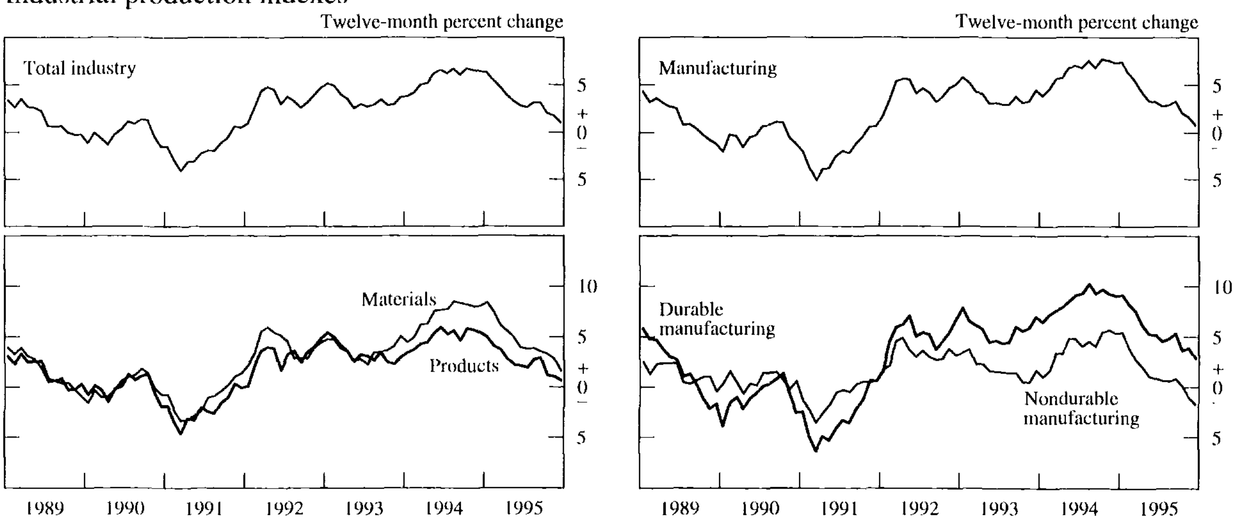
Among other findings, the data show that (1) 1980–94 was a period of record merger activity, with more than 6,300 mergers and $1.2 trillion in acquired assets; (2) several of the largest mergers in U.S. banking history, including BankAmerica–Security Pacific and Chemical Bank–Manufacturers Hanover, took place during the subperiod 1991–94; (3) the number of banks declined and nationwide banking concentration increased substantially while local market concentration changed little; and (4) the number of banking offices continued to grow even as the number of ATMs exploded. The data on ATMs and banking offices, along with other information, suggest that electronic banking is not yet close to providing a substitute for branch offices and that the branch office may be an important retail platform differentiating banks from other providers of financial services. □

Industrial Production and Capacity Utilization for December 1995

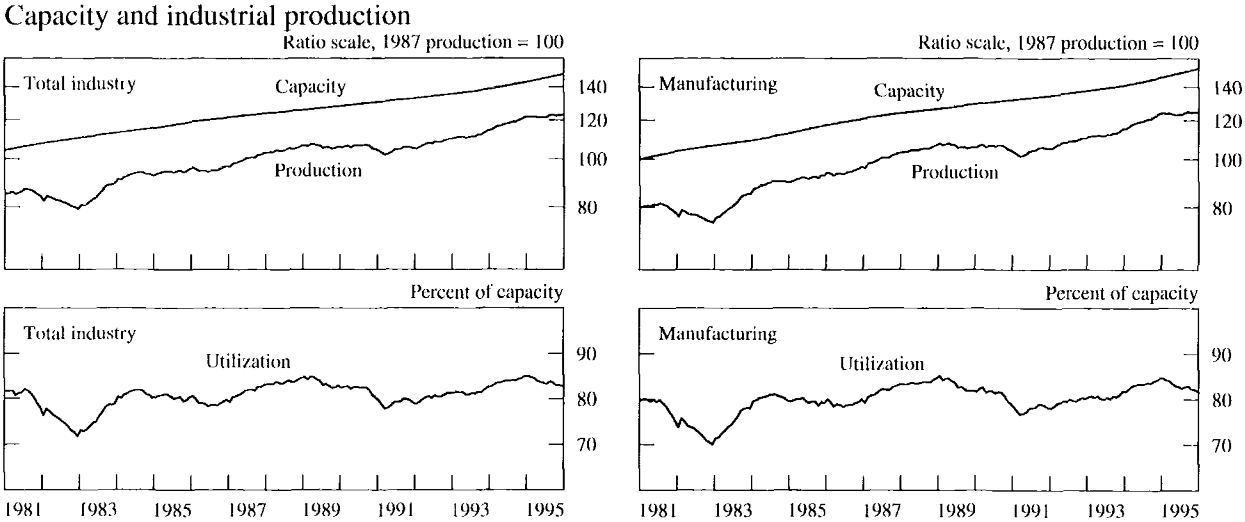
Released for publication January 24

Industrial production edged up 0.1 percent in December after a revised gain of 0.3 percent in November. Gains in business equipment and construction supplies were largely offset by small declines in consumer goods and materials. The end of a strike at a major aircraft producer in mid-December accounted for nearly half of the gain in business equipment and boosted total production a bit less than 0.1 percent. For the fourth quarter, industrial production grew at an 0.8 percent annual rate after having risen at a 3.2 percent annual rate in the third quarter. At 122.8 percent of its 1987 average, industrial production in December was 1.1 percent higher than it was in December 1994. Capacity utilization eased 0.2 percentage point in December, to 82.8 percent.

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, December 1995

Category	Industrial production, index, 1987 = 100								
	1995				Percentage change				
					1995[1]				Dec. 1994 to Dec. 1995
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**122.8**	**122.3**	**122.7**	**122.8**	**.1**	**.4**	**.3**	**.1**	**1.1**
Previous estimate	122.9	122.5	122.85	. . .	.2	-.3	.2	. . .	. . .
Major market groups									
Products, total[2]	119.4	118.5	118.7	119.0	.1	.7	.2	.2	.7
Consumer goods	116.0	115.2	115.5	115.4	.2	.7	.3	-.2	-.1
Business equipment	158.2	156.5	157.4	158.8	.5	1.1	.6	.9	4.9
Construction supplies	108.4	108.0	108.7	109.6	1.4	.4	.6	.8	-.9
Materials	128.1	128.2	128.7	128.6	.0	.1	.4	.1	1.6
Major industry groups									
Manufacturing	124.9	124.4	124.7	124.8	.6	-.4	.2	.1	.8
Durable	134.4	133.4	134.5	134.9	1.0	.7	.8	.3	2.8
Nondurable	114.4	114.5	113.8	113.6	.1	.1	.5	.2	1.7
Mining	100.0	98.0	97.7	97.6	.0	-2.0	.3	-.2	-3.2
Utilities	122.7	123.3	125.1	125.6	-4.8	.5	1.5	.4	7.8
	Capacity utilization, percent								Memo: Capacity, percentage change, Dec. 1994 to Dec. 1995
	Average, 1967–94	Low, 1982	High, 1988–89	1994 Dec.	1995 Sept.[r]	1995 Oct.[r]	1995 Nov.[r]	1995 Dec.[p]	
Total	**82.1**	**71.8**	**84.9**	**85.1**	**83.6**	**83.0**	**83.0**	**82.8**	**3.9**
Previous estimate	.	. .	. .	. . .	83.7	83.2	83.1	. . .	. . .
Manufacturing	81.4	70.0	85.2	84.7	82.8	82.2	82.1	81.8	4.3
Advanced processing	80.7	71.4	83.5	82.4	81.1	80.5	80.3	80.1	4.9
Primary processing	82.6	66.8	89.0	90.2	86.8	86.1	86.3	86.0	2.9
Mining	87.4	80.6	86.5	89.9	89.2	87.5	87.2	87.0	.1
Utilities	86.9	76.2	92.6	86.8	90.7	91.0	92.3	92.5	1.1

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.

When analyzed by market group, the data show that the output of consumer goods slipped 0.2 percent, with the weakness concentrated among industries producing nondurable goods. The production of durable consumer goods rose 1.2 percent, largely because of an increase in the output of automotive products. Although the production of other durable goods, such as carpeting and furniture, also increased noticeably, the overall gain in this grouping was held down a bit as the output of appliances and televisions reversed some of its sharp rise in November. The output of business equipment rose 0.9 percent, boosted by the end of the aircraft strike and ongoing strength in the production of information processing equipment such as computers. However, the production of industrial equipment has been sluggish lately, on balance having changed little since August. The output of construction supplies increased noticeably in both November and December; in the fourth quarter, production expanded at about a 4½ percent annual rate after a 1 percent gain in the previous quarter.

The output of materials edged down, with a decline in durable materials about offsetting small gains in nondurable and energy materials. Among durables, the production of basic metals and parts for consumer durables decreased, while the output of parts for equipment grew more slowly. Even so, the output of durable materials advanced at about a 7 percent annual rate in the fourth quarter, about the same rate as in the previous quarter. Among nondurables, the output of both paper and chemicals increased but remained at weak levels, while the production of textiles declined further.

When analyzed by industry group, the data show that manufacturing output edged up 0.1 percent in December after a 0.2 percent increase in November; excluding the initial recovery in aircraft production, factory output was unchanged in December. For the fourth quarter, factory output grew 1.7 percent at an annual rate, compared with a 2.6 percent increase in the previous quarter; the deceleration was the result of the drop in the production of aircraft and parts. The output of durable manufacturing industries rose

0.3 percent in December, mainly because of the increase in aircraft and parts production and further gains in the output of computing equipment. The production of nondurable manufacturing was down again as the output indexes of many major industries declined or were little changed.

The factory operating rate decreased 0.3 percentage point, to 81.8 percent. Since December 1994, which was the most recent high, capacity utilization has fallen 2.9 percentage points. With the December decline, the utilization rate in the advanced-processing industries was 80.1 percent—a 2.3 percentage point decrease from December 1994; industrial machinery and equipment, which includes computers, is the only major industry whose current operating rate is noticeably above the level of a year ago. The rate in primary-processing industries decreased 0.3 percentage point in December, to 86.0 percent, and was 4.2 percentage points below its year-ago level. Outside of manufacturing, the utilization rate in mining was down slightly in December; it fell sharply for the quarter because of contraction in the output of coal and in oil and gas extraction. The operating rate at utilities picked up a little in December; for the quarter, the rate eased just a bit from the high level of the previous quarter. □

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, U.S. House of Representatives, December 5, 1995

I appreciate the opportunity to discuss with you today the issues raised by the recent events relating to the U.S. operations of Daiwa Bank and to provide you with our preliminary conclusions on these issues. As you requested, my testimony will be presented in two parts. I will first address the events that culminated in the issuance of consent orders requiring Daiwa to terminate its banking operations in the United States. I will then summarize for you the present system of supervision of the U.S. offices of foreign banks and explain a number of initiatives the Federal Reserve has implemented in this area in the past two years.

EVENTS RELATING TO DAIWA BANK

I believe the basic facts surrounding this incident are fairly well known, but I will briefly summarize the key events. A more detailed chronology is provided in an attachment.[1] Of course, I would be pleased to answer, to the extent that I can, any questions that you might wish to ask regarding these events.

On September 18, 1995, Daiwa Bank met with a Federal Reserve representative and reported that Daiwa's New York branch had incurred losses of $1.1 billion from trading activities undertaken by Toshihide Iguchi, a branch official, over a period of eleven years. These losses were not reflected in the books and records of the bank or in its financial statements, and their existence was concealed through liquidations of securities held in the bank's custody accounts and falsification of its custody records. Although Daiwa indicates its senior management learned about these trading losses in July, they concealed the losses from U.S. banking regulators for almost two months thereafter. Moreover, they directed Mr. Iguchi to continue transactions during the two-month period that avoided the disclosure of the losses.

We understand that some officials at the Japanese Ministry of Finance were informed in early August about Daiwa's losses. They did not instruct Daiwa to inform the U.S. authorities; nor did they themselves do so. This lapse on the part of the Ministry of Finance is regrettable because open communication and close cooperation among supervisory authorities are essential to the maintenance of the integrity of the international financial system. Finance Minister Takemura has acknowledged the ministry's failure in this regard and has pledged that in the future the ministry will promptly and appropriately contact U.S. authorities on such matters of U.S. interest. We have been assured that the ministry is taking steps to implement this pledge. In addition, we have been pleased that once the Daiwa problem was disclosed, the Japanese authorities have fully cooperated with U.S. supervisors in dealing with the consequences.

On October 9, Daiwa also announced that its separate federally insured bank subsidiary in New York had incurred losses of approximately $97 million as a result of trading activities, at least some of them unauthorized, between 1984 and 1987. These losses should have been reflected in the books and records and financial statements of the subsidiary but were not. Instead, the losses were concealed from federal and state regulatory authorities through a device that transferred the losses to offshore affiliates, apparently with the knowledge of senior management.

On October 2, 1995, the New York Superintendent of Banks and the Federal Deposit Insurance Corporation (FDIC), together with the Federal Reserve, issued cease-and-desist orders against Daiwa requiring a virtual cessation of trading activities in the United States. On November 2, Daiwa was indicted on federal criminal charges. At the same time, the Federal Reserve, the FDIC, the New York Superintendent, and a number of other state banking authorities jointly issued consent orders under which Daiwa must terminate its banking operations in the United States by February 1996.

This matter has troubling implications for supervision and regulation in a world of multinational banking and increasing interrelationships of financial

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

systems. Not only were bank employees able to conceal massive losses over an extended period of time, but senior management of Daiwa also took steps to conceal the events in question from U.S. regulatory authorities. This is particularly disturbing given that it would obviously have been in the best interest of both the bank and its management to have dealt with the problems openly and in compliance with host country regulations and operational standards.

The action taken by the Federal Reserve and the other regulatory authorities in terminating the U.S. operations of Daiwa was quite stern, particularly given that no U.S. depositor or U.S. counterparty ultimately lost any money. We, however, were united in the belief that this supervisory response was necessary because actions such as Daiwa's carry the threat of significant damage to a major asset of our nation—the integrity of our financial system.

Trust is a principle of central importance to all effective financial systems. Our system is strong and vibrant in large part because we demand that financial institutions participating in our markets operate with integrity and that any information made available to depositors and investors be accurate. When confidence in the integrity of a financial institution is shaken or its commitment to the honest conduct of business is in doubt, public trust erodes and the entire system is weakened.

The need to trust other participants is essential in a complex marketplace. For example, on the basis of trust, counterparties typically trade millions of dollars on an oral commitment that may not be formalized for hours. A breach of that trust by failure to honor such commitments—presumably because markets turn adverse—would inevitably lead to an institution being drummed out of the marketplace. No set of statutes can ensure the effective functioning of a market if a critical mass of financial counterparties is deemed untrustworthy. Any risk that counterparties will not honor their obligations will be reflected in a widening of bid–ask spreads, a reduction in liquidity, and, as a consequence, a less efficient financial system. Consequently, actions such as I have recounted in the Daiwa case cannot be tolerated. The potential cost to our financial system and hence to our economy is too large.

What is true for the financial system in general is particularly true for the supervision of financial institutions. Indeed, the whole system of supervision proceeds upon the basis of trust, whether in terms of the veracity of representations or reports filed by management or transparency with regard to any material developments affecting the financial condition of the institution. Supervisors need to trust the ability of bank management to carry out their duties in a responsible and honest manner with adherence to systems and operational controls designed to ensure the safe and sound conduct of business.

This is not to say that supervision can be based solely on trust. Supervisors must test a bank and its management in its compliance with law and sound business practice. This is, after all, one reason for the conduct of on-site examinations. An appropriate balance, however, must be struck between a supervisor's reliance on the institution's systems and management to function properly and the need to verify that its systems are being appropriately implemented and that management is addressing any significant problems. Without reliance on trust, an army of permanent resident examiners would be necessary to ensure that the operations of a bank are conducted in a manner that is safe and sound and otherwise consistent with the requirements of law. Such an approach to supervision clearly would be counterproductive to the desired support of a vibrant, innovative banking system. For a supervisor to become a bank's internal auditor would either stifle the independence of management in the bank or create an unacceptably adversarial supervisory process.

In this context, we have sought to review the examinations in question in an effort to determine whether the supervision of Daiwa should have proceeded on a different basis and how such problems, to the extent feasible, might be avoided in the future. Accordingly, we have reviewed the steps taken to implement the authority vested in the Federal Reserve Board in December 1991 in the Foreign Bank Supervision Enhancement Act (FBSEA) with regard to the examination and supervision of the operations of foreign banks in the United States. We have carefully reviewed the examination reports and other relevant documents that are presently available to seek to determine what, if anything, could or should have been done differently that might have brought to light the events in question at an earlier date.

A review of the Federal Reserve's three examinations of Daiwa's New York branch in the period between 1992 and 1994 indicates that the examiners identified and instructed management to address a number of internal control weaknesses at the branch. Specifically, when the examiners learned that a single person, Mr. Iguchi, was responsible for both securities trading and custody operations and some related back-office functions, branch management was told that his duties should be separated. The examiners explored whether Mr. Iguchi was able to use his position as overseer of the custody account to gain improper advantage in carrying out the bank's own trading activities. The examiners, however, did not focus on the possibility that this breakdown in internal controls had the potential for the misappropriation of customer and bank funds.

The Federal Reserve accepted statements by branch management that the basic internal control problems, which in retrospect helped Mr. Iguchi to carry out his illegal activities, had been corrected. Obviously, the examiners and their supervisors did not at the time believe that employees of Daiwa's New York branch would be engaged in criminal activities.

With the benefit of hindsight, there were some clues that were missed in the examination of Daiwa. With a more robust follow-up, the problem might have been found sooner. Our examinations were conducted after the passage of FBSEA in the context of a rapid buildup of examination staff in 1992 and 1993 to meet our new responsibilities under that act. It is possible that we had not yet developed adequate experience to implement our new responsibilities. The Federal Reserve was still in the process of developing improved examination procedures and assessment systems (including, as I discuss below, an improved supervisory program, rating system, and examination manual). This was being done, following enactment of the legislation, to ensure that the U.S. banking operations of foreign banks are supervised with the same attention to safety and soundness issues as are the operations of domestic banks. Nonetheless, the bottom line is that we did not succeed in unearthing Daiwa's transgressions when we might have. Hopefully, this event will stiffen our resolve.

You have also asked us to discuss whether Daiwa was subject to comprehensive consolidated supervision in Japan as well as the arrangements between the U.S. and Japanese banking authorities for sharing supervisory information. I believe that it is fair to say that the system of supervision in Japan is detailed and extensive and requires substantial financial reporting. As with the U.S. supervisory system, however, false information provided by a bank or its officers to supervisors will inevitably hinder the effectiveness of supervision. In this case, there was clearly a breakdown of internal controls at Daiwa, especially in the internal audit function, that resulted in an incomplete picture of Daiwa's overall operations. Moreover, the regulators in Japan have announced certain measures that are intended to improve overall supervision of Japanese banks.

With respect to information sharing, the Basle Supervisors Committee, beginning in 1975 with the adoption of the Basle Concordat, established a series of agreements recognizing the need for cooperation and information sharing among supervisors. When the committee issued a supplement to the Concordat in 1990, the Group of Ten countries agreed that parent authorities should inform host authorities of supervisory measures that have a significant bearing on the operations of their banks' foreign establishments. The 1990 supplement stated that parent authorities should be ready to take host authorities into their confidence when a particular bank faces problems. Consistent with this standard, as I noted earlier, the ministry has pledged to promptly inform U.S. authorities in the future of any material information on matters of U.S. interest.

REGULATION OF FOREIGN BANKS

I will now turn to the general issue of how branches and agencies of foreign banks are supervised in the United States.

FBSEA, passed by the Congress in December 1991, increased the responsibilities of the Federal Reserve over the U.S. offices of foreign banks in the following key ways.

- First, a foreign bank may no longer establish a state or federally licensed branch or agency without prior approval from the Federal Reserve.
- Second, FBSEA sets out uniform standards for approval of such applications, which feature, among other things, the need for comprehensive, consolidated supervision by the home country authorities and the adequacy of financial and managerial resources.
- Third, the Federal Reserve may terminate the license of a state branch or agency, after appropriate notice to the licensing state, and may recommend to the Office of the Comptroller of the Currency the termination of the license of a federal branch or agency.
- Fourth, the Federal Reserve was given full examination authority over branches and agencies.
- Finally, each such office is required to be examined at least once during each twelve-month period, with coordination as appropriate among the other relevant federal and state supervisory authorities.

Commencing in 1992, the Federal Reserve took a number of steps, which I describe further below, to implement its expanded authority in this area and improve the supervision of the U.S. offices of foreign banks. As indicated by these initiatives, the Federal Reserve recognized early in the process that increasing emphasis was required to be placed on the assessment of the adequacy of risk management systems and internal controls of foreign banks. Many of the improvements focus in particular on these areas.

To fulfill its expanded role under FBSEA over the U.S. offices of foreign banks, the Federal Reserve has significantly increased the number of staff members dedicated to examining and monitoring the activities of these offices. Federal Reserve examiners devoted primarily to the examination of U.S. offices of foreign banks now number 252, up from 106 in 1991. The total number of examination and other professional supervisory staff dedicated to supervision of these activities has increased from 119 in 1991 to 288 currently.

While internal controls have long been a focus of examinations, the growth in bank trading activities in the early 1990s also led to Federal Reserve initiatives to enhance its examination of trading activities. A number of these examination procedures address the need to have a proper separation of duties between the front office and back office, as well as effective audit procedures.

In the aftermath of Barings and Daiwa, our supervisory sensitivities have been heightened to the potential magnitude of the risks associated with a combination of trading and back-office functions. Barings confirmed the importance of the increasing emphasis the Federal Reserve's supervisory staff had been placing on the review of foreign banks' internal controls and risk management systems. The circumstances of the Daiwa case reinforce the need to pay close attention to these areas during examinations and to take heed of potential red flags that might suggest the possibility of rogue employees or a breakdown of internal controls. Both cases demonstrate the need, once serious deficiencies in internal controls are identified, to ensure that relevant books and records are reconciled and verified in an expeditious and thorough manner. This is true in the domestic, as well as the foreign, banking context. Careful attention to controls can reduce the potential for fraud such as occurred in the Daiwa case, although such potential can never be fully eliminated.

In the past two years, the Federal Reserve has implemented a number of initiatives that address these concerns. The Federal Reserve, together with the state banking departments and other federal regulators, has worked to coordinate better and enhance further the supervision of the U.S. activities of foreign banks. To that end, we have developed a new supervisory program for the U.S. operations of foreign banks. One important aspect of this program is to ensure that the information available to the U.S. supervisors is utilized and disseminated in a logical, uniform, and timely manner. The program was formally adopted earlier this year, and the implementation phase is now under way.

The new supervisory program also emphasizes enhanced contacts between U.S. supervisors and the home country supervisors of foreign banks. This case and the effect that it has had on Daiwa's activities, both in the United States and abroad, illustrate that problems of a bank in one market ultimately will affect its operations globally, including in its home country. In the end, there will be a mutuality of interest between home and host country supervisors, which underscores the need for effective communication and increased cooperation. In this regard, although there were delays in the disclosure of Daiwa's problems to the U.S. authorities, once the matter was disclosed there was effective cooperation among U.S. and Japanese regulatory authorities in dealing with the consequences in an orderly manner that avoided losses to customers and systemic disruption.

I believe that, like ourselves, supervisors throughout the world recognize that more needs to be done to ensure better coordination and timely communication of material information. The Basle Committee on Banking Supervision has emphasized the importance of such international cooperation through issuance of international standards for supervision of multinational banking organizations and is discussing ways to broaden further and strengthen lines of communication. We will support those efforts and will continue our own initiatives to improve communication with foreign supervisors under the new supervisory program.

The Federal Reserve has also committed extensive resources over the past few years to enhancing the supervisory tools available to examiners and financial analysts to improve further our supervision of the U.S. operations of foreign banks. In 1994, the federal and state banking supervisory agencies adopted a new uniform examination rating system for U.S. branches and agencies of foreign banks that places higher priority on the effectiveness of risk management processes and operational controls. The new rating system, commonly referred to as the ROCA system, focuses on the following elements: risk management, operational controls, compliance with U.S. laws and regulations, and asset quality. The first three of these components evaluate the major activities or processes of a branch or agency that may raise supervisory concerns. The ROCA system will direct examiners' attention to the combination of front- and back-office duties, such as occurred in Daiwa, as a significant flaw in internal controls. We believe that the ROCA system focuses more clearly on the important areas of a foreign bank's U.S. operations than would the previous AIM (asset quality, internal control, and management) system.

Another new supervisory tool is the *Examination Manual for the U.S. Branches and Agencies of Foreign Banking Organizations*. The Federal Reserve, in cooperation with state and other federal banking agencies, has developed the manual for conducting individual examinations of the U.S. branches and agencies of foreign banks. The manual serves as a primary, comprehensive reference source for examination guidelines and procedures and is beneficial to both new and experienced examiners. The manual is also being widely used as a reference tool by the foreign banking community in the United States to improve its own internal systems of controls.

In addition, in 1994, the Federal Reserve adopted a new *Trading Activities Manual*. Although the manual has been developed primarily for U.S. commercial banks, it also applies to the U.S. branches and agencies of foreign banks, many of which are actively engaged in transactions involving trading activities. This manual includes detailed examination procedures for evaluating controls in trading activities and emphasizes the importance of separation of duties in a trading operation such as Daiwa's.

The Federal Reserve has also taken steps to enhance the training of examiners. For example, we have developed an internal controls school that was designed initially for examiners of branches and agencies of foreign banks and expanded to meet the needs of other examiners. We are also initiating a comprehensive capital markets examiner training program covering risk assessment, trading exposure management, and advanced derivative products. This program addresses skill needs at a variety of levels and utilizes instructors from the financial sector to supply expertise to train our examiners in these specialized areas.

Even given the new supervisory program and tools as well as our heightened sensitivity to possible red flags, no system of supervision will uncover all fraud. As the Board stated in 1991 in support of FBSEA, fraud is very hard for any regulatory authority to detect, especially when bank employees actively conspire to prevent official scrutiny. But if, after the fraud is discovered, swift and stern corrective action is taken by the supervisory authorities, financial institutions hopefully will recognize that deception pays no dividend. FBSEA legislation was designed to minimize the potential for illegal activities by establishing uniform standards for entry by foreign banks and, if illegal activities are suspected, to provide as many regulatory and supervisory tools as possible to investigate and enforce compliance. The Daiwa matter illustrates that the 1991 legislation provided the appropriate remedial tools to address serious failures to comply with law and regulation.

I believe that there are valuable lessons to be learned by bankers and supervisors from this unfortunate case. The loss of more than $1 billion suffered by Daiwa and the catastrophic losses suffered by Barings in Singapore because of a rogue trader illustrate the enormity of the damage that can be incurred by global trading banks when internal control systems are less than adequate. These losses and the institutional injury incurred are far greater than the losses banks have encountered from their authorized proprietary risk-taking positions. The lesson forcefully taught by these cases is that management must pay as much attention to such seemingly mundane tasks as back-office settlement and internal audit functions as to the more exotic high-technology front-end trading systems. Banks that neglect making the requisite investments in these areas do so at their peril. While the adequacy of internal controls has long been a point of major emphasis of supervisors, these recent events reinforce the need for supervisors to pursue rigorously the expeditious correction of internal control deficiencies in financial institutions. Moreover, in an era of mergers and aggressive cost control, supervisors must clearly emphasize to bank officials that key control and processing areas in banks must remain fully staffed by competent and experienced personnel.

Looking more broadly at the supervisory system and its functions within the international banking system, I would like to conclude by discussing a few general points that are raised by this case. No supervisory system can, nor should endeavor to, stop all losses. Any system that attempted to be fail-safe would impose intolerable costs on the public and the banking industry and almost certainly would stifle legitimate financial innovation. Moreover, in any supervisory regime, the ultimate responsibility for the protection of a privately owned bank must rest with the top management of the bank and its directors. After all, it is in their long-term interest to operate the bank in a safe and sound manner and to obey the law. Supervisors must, to some extent, rely on this mutuality of interest in performing their tasks. While good examiners are not naive and do not expect bankers to bare their souls, normally they must rely on a basic trust that they will not be deceived as they raise issues through successive layers of management. An assumption that most bankers are truthful should remain the rule, not the exception. However, when a bank has shown through repeated actions that it cannot be trusted, even at the highest levels of the corporation, supervisors should resort to extraordinary regulatory measures.

In such circumstances, the Congress has provided the supervisors with what I believe to be a full and appropriate range of powers, including cease-and-desist authority, civil money penalties, and, in the case of foreign banks, the authority to terminate their U.S. operations. This episode demonstrates that the supervisors will use these powers when, through a pattern of unacceptable behavior, the basic bond of trust that needs to exist between banks and their regulators is irreparably broken. However, if our further review of the events in question suggests additional authority is needed, we will of course convey that view to this committee.

We are considering a number of initiatives that may be implemented at an administrative level, especially with respect to internal and external audit standards. For example, we are presently reviewing our general policies in this area to determine the extent to which more specific guidance can be given to examiners for purposes of evaluating the adequacy of audit coverage. Consideration will also be given to requiring targeted external audits in banking institutions, whether foreign or domestic, when deficiencies in operations or concerns over the adequacy of internal audit have not been addressed.

Clearly, we also need to fully implement our enhanced supervisory program in an expeditious manner. In doing so, the Federal Reserve will be reviewing the Daiwa case, Barings, and other major international banking events to identify further specific improvements to the supervisory process as it applies to both foreign and U.S. banks, as well as our existing statutory authority. We will report to the Congress on the conclusions of our review. □

Announcements

ALAN S. BLINDER TO STEP DOWN AS VICE CHAIRMAN OF THE BOARD OF GOVERNORS

Alan S. Blinder, Vice Chairman of the Federal Reserve Board, announced on January 17, 1996, that he would not continue in his position beyond the expiration date of his term on January 31.

Following is the text of a statement issued by the Vice Chairman:

Yesterday, I informed President Clinton that I have decided not to seek renomination to another term as a member of the Board of Governors of the Federal Reserve System. I will, instead, return to teaching at Princeton University next month.

When I accepted nomination to the Vice Chairmanship in 1994, I knew that my term as Governor ran only through January 31, 1996. My idea at the time was to serve out the balance of the term—marking three years away from Princeton—and then return to the University. Since then, I have had many occasions and reasons to question this tentative decision. But, in the end, a variety of personal considerations pushed me back toward my original plan.

It was, frankly, an extremely difficult career choice, between two finely balanced alternatives. And I leave with some regrets, for I continue to believe deeply in the idea of public service. The opportunity to serve the public at this level comes rarely and is reserved for few. I shall always be grateful to President Clinton for granting me that privilege.

The text of Vice Chairman Blinder's letter to President Clinton follows:

January 16, 1996

President William J. Clinton
The White House
Washington, D.C.

Dear Mr. President:

It is with a somewhat heavy heart that I write to inform you that I do not wish to continue on the Board of Governors of the Federal Reserve System beyond the expiration of my term on January 31st. I found this decision extremely difficult and wrestled with it for a long time. In the end, however, a variety of personal factors overcame the strong pull of public service.

I imagine that most people leave government with some regrets. So do I, for there are certainly things I could have done better and, of course, there is much more to be done. But I nonetheless look back with some pride on my service both on your Council of Economic Advisers and as Vice Chairman of the Federal Reserve System; and I hope I have made some small contribution to the success of both. I will always be grateful to you for giving me these two rare opportunities to serve my country.

That public service remains a high calling bears emphasis these days, when the work of government is under unceasing attack. During my three years in Washington, I have come to know many individuals—both political appointees and career civil servants, both in the Administration and at the Fed—who work harder under much more difficult conditions for far less money than they could earn in the private sector. They do it because they believe, as I do, in the idea of public service. A nation that routinely denigrates its public servants, and makes public service as unpleasant as possible, may soon find itself with the kind of government it has tacitly asked for. It pains me to think that my own country may be becoming such a nation.

Finally, it has been a rare privilege to get to know Mrs. Clinton and you. It's an association that Madeline and I will always treasure. And I thank you most sincerely for that, too.

Yours very truly,

Alan

cc: The Vice President
Laura Tyson, National Economic Council

Chairman Alan Greenspan issued the following statement:

It has been a privilege to have worked with Alan Blinder during his all-too-short tenure as Vice Chairman of the Federal Reserve Board. Dr. Blinder's economic perceptions and analysis have been of utmost value to the Board. They will be missed, as will he. The Vice Chairman has been a trusted colleague and personal friend. I wish him well.

ACTION BY THE FEDERAL OPEN MARKET COMMITTEE

Chairman Alan Greenspan announced on December 19, 1995, that the Federal Open Market Committee had decided to decrease slightly the degree of pressure on reserve positions.

Since the last easing of monetary policy in July, inflation has been somewhat more favorable than anticipated, and this result along with an associated moderation in inflation expectations warrants a modest easing in monetary conditions.

This action is expected to be reflected in a decline in the federal funds rate of 25 basis points, from about 5¾ percent to about 5½ percent.

Press Statement and Communiqué by the Basle Committee

The Federal Reserve Board issued on December 12, 1995, a press statement and communiqué by the Basle Committee on Banking Supervision to amend the Basle Capital Accord of July 1988 to take account of market risk. Copies of the statement and communiqué are available on request from Publications Services, Board of Governors of the Federal Reserve System, Mail Stop 127, Washington, DC 20551.

Regulation C: Staff Commentary

The Federal Reserve Board published on December 6, 1995, a staff commentary to its Regulation C (Home Mortgage Disclosure) that interprets the requirements of the regulation.

The commentary provides guidance on issues such as the treatment of prequalifications, loan applications received through a broker, participations, refinancings, home equity lines of credit, and mergers. The Board believes that the commentary will help reduce burden and ease compliance by clarifying application of the rules, providing flexibility in compliance, and consolidating the guidance that is currently available from a variety of sources.

Compliance is mandatory for collection of data that begins January 1, 1996, which is to be submitted to supervisory agencies no later than March 1, 1997.

Regulation K: Final Rule

The Federal Reserve Board issued on December 22, 1995, a final rule amending its Regulation K (International Operations of U.S. Banking Operations) to ease the burden on U.S. banking organizations seeking to make investments in foreign companies. The final rule was effective immediately.

The final rule, which is part of an overall review of the entire regulation, expands the authority of strongly capitalized and well-managed banking organizations to make certain foreign investments. No prior notice or application to the Board will be required before an organization makes an investment that falls within this revised general consent authority. The final rule also streamlines the review procedures for notices and applications.

Proposed Actions

The Federal Reserve Board on December 20, 1995, requested comment on a proposed one-time Check Fraud Survey. The survey will help the Federal Reserve fulfill the congressional mandate to report on the advisability of modifying the Expedited Funds Availability Act to extend the maximum permissible hold period for local checks as a means of decreasing losses related to check fraud. Comments were requested by February 20, 1996.

The Federal Reserve Board on December 22, 1995, published for public comment proposed revisions to its staff commentary to Regulation B (Equal Credit Opportunity). Comments were requested by February 28, 1996.

The Federal Reserve Board on December 22, 1995, issued for public comment proposed changes to the provisions of the Board's Regulation K regarding interstate banking operations of foreign banking organizations. Comments were requested by February 5, 1996.

The Federal Reserve Board on December 11, 1995, extended to February 15, 1995, the comment period on proposed amendments to its Regulation M (Consumer Leasing), which carries out provisions of the Consumer Leasing Act.

The Federal Reserve Board on December 7, 1995, issued for public comment proposed amendments to its Regulation U (Credit by Banks for Purchasing or Carrying Margin Stocks). Comments were requested by February 15, 1996.

The Federal Reserve Board on December 1, 1995, issued for public comment proposed revisions to the official staff commentary to its Regulation Z (Truth in Lending). Comments were requested by February 2, 1996.

The Federal Reserve Board on December 1, 1995, published for public comment proposed revisions to the official staff commentary to its Regulation DD (Truth in Savings). The commentary applies and interprets the requirements of the regulation. Comments were requested by February 2, 1996.

Videotape on the Home Buying Process Now Available

The Federal Reserve Board on December 14, 1995, announced the availability of a new educational videotape on the home buying process entitled "Both Borrower and Lender."

The program is designed for first-time homebuyers and is divided into four segments:

- Financial preparedness
- Types and terms of mortgages
- The mortgage application process
- Settlement and closing.

The entire program is approximately two hours long with each segment about thirty minutes in length. The videotape is a byproduct of the Board's recent distance learning program, which was broadcast nationwide via satellite.

The videotape was aired on the American Bankers Association (ABA) satellite network, American Financial Skylink, on January 30, 1996. For more information on Skylink, please call ABA's John Cavanaugh at (202) 663-5116. The video is available for purchase from VIDICOPY. Single or bulk copies of the entire program may be purchased at the following rates:

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

For additional information, write VIDICOPY at 650 Vaqueros Avenue, Sunnyvale, CA 94086 or call 1-800-708-7080.

PUBLICATION OF THE DECEMBER 1995 UPDATE TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The December 1995 update of the *Bank Holding Company Supervision Manual* has been published. The update includes a revised discussion of the System's BHC Surveillance Program, which, in turn, includes the incorporation of SEER and CAMEL ratings, and revised capital adequacy guidelines. The capital adequacy guidelines no longer distinguish between originated and purchased mortgage-servicing rights. The guidelines contain new conversion factors for certain derivative contracts, recognize certain netting arrangements in calculating credit exposure on such contracts, and impose lower capital requirements for retained recourse for small business loans and leases on personal property than are required for other assets sold with recourse.

Other sections emphasize the responsibilities of holding companies to oversee the activities of their depository institution subsidiaries. They include (1) examiner guidance regarding the evaluation of the overall allowance for loan and lease losses and the use of accounting standards (SFAS 114 and 118) for estimating impaired loans for financial reporting purposes, and (2) a clarification of the February 17, 1994, "Interagency Statement on Retail Sales of Nondeposit Investment Products." A complete list of changes to the *Manual* is contained in the update package.

The *Manual* and the updates are available to the public and may be obtained from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551. Copies of the *Manual*, updated through December 1995, are available at a cost of $104.00. To be added to the mailing list to receive updates for 1996, please send an additional $20.00.

CHANGE IN BOARD STAFF

The Board of Governors announced that Frederick M. Struble, Associate Director, Division of Banking Supervision and Regulation, retired, effective January 31, 1996. □

Minutes of the Federal Open Market Committee Meeting Held on November 15, 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 Wednesday, November 15, 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, Assistant General Counsel
Mr. Prell, Economist
Mr. Truman, Economist

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

Mr. Fisher, Manager, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors
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
Mr. Reinhart,[1] Assistant Director, Division of Monetary Affairs, Board of Governors
Mr. Ramm,[1] Section Chief, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

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

Messrs. Gavin and Kopcke, Mses. Krieger and Rosenbaum, Vice Presidents, Federal Reserve Banks of St. Louis, Boston, New York, and Atlanta respectively

Mr. Stevens, Consultant, Federal Reserve Bank of Cleveland

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on September 26, 1995, were approved.

The Manager of the System Open Market Account reported on recent developments in foreign exchange markets and on System foreign currency transactions during the period September 26, 1995, through November 14, 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 September 26, 1995, through November 14, 1995. By unanimous vote, the Committee ratified these transactions.

By unanimous vote, the Committee authorized the renewal for an additional one-year period of the System's reciprocal currency ("swap") arrangements with foreign central banks and the Bank for International Settlements that were due to mature on various dates in December 1995. The renewal encompassed all the System's swap arrangements except that with

1. Did not attend portion of meeting covering the monetary policy discussion.

the Bank of Mexico, which is scheduled to mature on January 31, 1996, and will be considered at a later meeting. The amounts and maturity dates of the arrangements approved for renewal are shown in the table that follows:

Foreign bank	Amount of arrangement (millions of dollars equivalent)	Term (months)	Maturity date
Austrian National Bank	250	12	12/04/95
Bank of England	3,000	↑	12/04/95
Bank of Japan	5,000	|	12/04/95
Bank of Norway	250	|	12/04/95
Bank of Sweden	300	|	12/04/95
Swiss National Bank	4,000	|	12/04/95
Bank for International Settlements:			
Swiss francs	600	|	12/04/95
Other authorized European currencies	1,250	|	12/04/95
National Bank of Belgium	1,000	|	12/18/95
Bank of Canada	2,000	|	12/28/95
National Bank of Denmark	250	|	12/28/95
Bank of France	2,000	|	12/28/95
German Federal Bank	6,000	|	12/28/95
Bank of Italy	3,000	|	12/28/95
Netherlands Bank	500	↓	12/28/95

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 available at the time of the meeting was mixed, but on balance it suggested a more moderate rate of expansion of economic activity after a strong gain during the summer. Consumer spending had turned sluggish recently; but with order backlogs still large, business spending for durable equipment was continuing at a robust if somewhat less rapid rate, and the sizable rise in housing starts in the third quarter presaged higher residential construction outlays. Appreciable increases in employment and hours worked tended to confirm that the economy had continued to expand at a solid pace, although manufacturing activity had weakened a little. Consumer and producer prices had risen more slowly on average in recent months after having increased at elevated rates in the early part of the year, and growth in labor costs had slowed further.

Nonfarm payroll employment, though held down somewhat by the onset of a labor strike in the aircraft industry, increased in October at the average monthly pace of the third quarter; in addition, aggregate hours worked by private production workers rose appreciably further. Construction payrolls recorded another sizable advance. The rate of job growth in the services industry slowed a little further, reflecting a decline in employment in personnel supply services after two months of strong advances. Manufacturing employment declined again. The civilian unemployment rate edged down in October to 5.5 percent.

Industrial production fell somewhat in October after having risen appreciably in the third quarter; most of the loss reflected the strike in the aircraft industry, but motor vehicle production and mining output also recorded substantial declines. In contrast, production of information processing equipment continued to rise at a rapid pace. Total utilization of industrial capacity contracted in October, with declines widespread across industries.

Total nominal retail sales, which had expanded relatively briskly over the second and third quarters, fell in October. As part of a pattern of widespread weakness in October, purchases at furniture and appliance stores were down appreciably after large gains in earlier months, and sales at general merchandise and apparel outlets reversed most of their sizable September increases. Housing demand and construction activity firmed in the third quarter: Sales of both new and existing homes posted solid advances, and single-family housing starts rose considerably, though multifamily starts remained sluggish.

Business investment in both equipment and structures expanded less rapidly in the third quarter. Stepped-up shipments of nondefense capital goods in August and September more than offset a sharp drop in shipments in July, but the quarterly average gain was significantly smaller than the increases recorded in the previous two quarters. Although orders for nondefense capital goods also rose more slowly in the third quarter, the still-sizable order backlogs pointed to substantial expansion of spending on business equipment in the near term. Nonresidential construction increased appreciably further in the third quarter, reflecting a surge in office and institutional building activity.

Available data suggested a reduction in business inventory accumulation in August and September. In manufacturing, the pace of stockbuilding slowed in the third quarter from the brisk rate of the first half of the year, leaving the factory stock–shipments ratio unchanged in the third quarter and a little above historic lows. In the wholesale sector, inventories were drawn down in August and September after sizable buildups in earlier months; with sales weak, the aggregate inventory–sales ratio for the sector edged up in the third quarter and was at the upper end of its range for recent years. Retail inventories expanded significantly in August (latest data available), but the stockbuilding was generally in line with sales and the ratio of inventories to sales remained near the middle of its range in recent years.

The nominal deficit on U.S. trade in goods and services narrowed markedly in August; for July and August combined, the deficit was significantly smaller than its average rate in the second quarter. The value of exports declined over the two-month period, with increases in exports of computers and agricultural products more than offset by decreases in exports of aircraft, gold, and service receipts. Imports fell more than exports; with the notable exception of computers and semiconductors, declines were recorded in most major import categories. Available data indicated that economic expansion remained subdued in the major foreign industrial countries. Growth continued to slow in the European economies other than Italy, and the Japanese economy showed little evidence of a sustained recovery.

Consumer prices rose at a slightly faster rate in October; with a smaller increase in food prices offsetting higher energy prices, the index for items other than food and energy also picked up a little. For the four months ending in October, prices for nonfood, non-energy items advanced at a rate well below that of earlier in the year. Producer prices of finished goods edged down in October, reflecting a further decline in the prices of finished energy goods. Excluding food and energy, producer prices were unchanged in October and increased at a slower pace in the third quarter than in the first half of the year. Growth in total nominal hourly compensation of private industry workers slowed in the third quarter and, on a year-over-year basis, continued to trend down; the decrease in compensation growth over the past year spanned most major occupations and industries.

At its meeting on September 26, 1995, the Committee adopted 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. The directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with growth of M2 and M3 over the balance of the year at a pace near that experienced in recent months.

Open market operations were directed toward maintaining the existing degree of pressure on reserve positions throughout the intermeeting period. The federal funds rate averaged close to 5¾ percent, apart from a temporary rise around the end of the third quarter. Other short-term market rates also changed little on balance; market participants continued to anticipate an easing of monetary policy at some point but apparently viewed the chances of near-term easing as small. Longer-term interest rates declined further over the intermeeting period, perhaps in response to a growing conviction that inflation pressures would remain subdued and that substantial reductions in fiscal deficits would be achieved over a period of years. The lower longer-term interest rates, coupled with continuing reports of strong corporate earnings, helped lift major indexes of equity prices to new record levels during the period. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined slightly over the intermeeting period.

Expansion of the broad monetary aggregates weakened in October. M2 was unchanged in October after having grown relatively rapidly in the third quarter and despite the persistence of low opportunity costs associated with holding M2 assets. For the year through October, M2 expanded at a rate in the upper half of the Committee's range for this aggregate in 1995. Growth of M3 apparently was held down somewhat by the reduced need for additional bank funding during a time of sluggish loan demand; for the year to date, M3 grew at a rate a little above its range. Total domestic nonfinancial debt had risen more slowly in recent months, reflecting reduced expansion of both private and federal borrowing. Nonetheless, for the year to date, this measure of debt remained around the midpoint of its monitoring range.

The staff forecast prepared for this meeting suggested that the growth of economic activity would slow from the strong third-quarter pace to a rate more in line with the increase in the economy's potential. The forecast assumed that the favorable interest rate and wealth effects of the extended rally in the debt and equity markets would provide support for a moderate advance in final sales. Consumer spending was expected to expand at a rate generally in line with the growth of incomes; the favorable effects of higher prices on financial assets held by households would be offset to some extent by the difficulties of increasing numbers of households in servicing their growing debts. The greater affordability of housing stemming from the earlier decline in mortgage rates was projected to help sustain homebuilding activity at a relatively high level. In anticipation of reduced growth in sales and profits, business investment in new equipment and structures was projected to slow appreciably from the very rapid pace of the past few years. Strong export expansion would be associated with the improving outlook for the economies of major trading partners. Although substantial uncertainty still surrounded the fiscal outlook, the forecast continued to incorporate a considerable degree of fiscal restraint. In the staff's judgment, wage and price inflation likely would not deviate significantly from recent levels.

In the Committee's discussion, members commented that recent statistical and anecdotal information pointed on balance to an appreciable slowing in the economic expansion, which had displayed unexpected strength during the summer months. There was some mix of views among the members concerning how far the slowing might proceed, though they generally viewed moderate growth as the most likely course for the economy. A number of members believed that growth around potential was a probable outcome, with business activity sustained in part by the favorable developments this year in the bond and stock markets. Other members expressed concern about some signs of further ebbing in the strength of final demands, and they envisaged the possible need for a policy adjustment at some point to sustain continued moderate growth. With regard to inflation, members noted that despite generally high levels of resource use, including tight labor markets in many parts of the country, inflation had been more subdued than many had expected over the past several months. A number of members commented that they saw a basis in this development for mild optimism about the outlook for inflation, but others expressed concern that, in the context of current forecasts for economic activity and relatively high levels of resource use, progress toward lower inflation was unlikely over the projection period and indeed there was a risk of some modest deterioration in price performance.

In the course of the Committee's discussion, members reported on uneven business conditions in different parts of the country and among industries. On balance, modest to moderate growth appeared to characterize most regions, with overall levels of activity ranging from relatively robust in some regions to comparatively depressed in others. The mixed conditions were especially notable in manufacturing where numerous producers faced lagging demands while others, particularly in high-tech industries, found it difficult to satisfy strong demands for their products. More generally, the industrial sector of the economy had tended to stagnate for some time, including a slight decline in manufacturing activity reported for October, but recent improvement in orders for steel was cited as a favorable if not decisive omen in the outlook for industrial production. In other sectors of the economy, members observed that tourism displayed considerable strength in many areas, while cattle operations and energy production were adversely affected by high production costs or low prices.

In their review of developments in key demand sectors of the economy, members observed that consumer spending appeared to be on a firm growth trend, though weakness in overall sales of motor vehicles in recent months and a decline in total retail sales in October had introduced a cautionary note. It was suggested that the performance of retail sales during the holiday season would tend to set the tone for the longer-term trend in such sales, and in this respect available data and anecdotal reports covering the first part of November were somewhat promising. More generally, further growth in consumer spending, though probably at a somewhat slower pace than over the past year, appeared likely. Such growth would be supported by moderate expansion in incomes and by the favorable effects on household wealth and confidence of the substantial improvement in the value of financial assets this year and the ready availability of financing on relatively attractive terms. Consumer confidence currently seemed to be at a fairly high level, albeit not uniformly so across the country, and at least for the quarters immediately ahead, anticipated strength in homebuilding should induce spending for many household durables. On the negative side, some members emphasized that the growth in consumer debt was likely to exert an increasingly inhibiting effect on consumer spending. Moreover, the satisfaction of earlier pent-up demands might well limit sales of many consumer durables, notably motor vehicles, in coming quarters. In one view, the projected growth in personal incomes and the increases that had occurred this year in the value of household holdings of financial assets would provide relatively little stimulus to consumer spending because the distribution of such gains was heavily tilted toward consumers in higher income or older age groups.

Further sizable growth in business fixed investment, but at a pace well below that experienced in recent years, was expected to provide appreciable impetus to the expansion over the next several quarters. Favorable factors in the outlook for business capital spending included a desire to upgrade technological capabilities for competitive reasons, strong business earnings and cash flows, and an ample availability of financing on relatively liberal terms. Declining office vacancy rates in a number of areas would help to support office construction, and several members also commented on the strength in commercial and other nonresidential building activity in various parts of the country.

Ongoing efforts by many business firms to bring inventories into better alignment with sales had resulted in declining inventory investment since earlier in the year. Some further inventory adjustments, notably in stocks of motor vehicles, were expected over coming months, though not at a pace that would have a marked retarding effect on economic activity. Over much of 1996, inventory investment was projected to be a more neutral factor in the economy, with accumulation proceeding at a pace in line with growth in final sales, but the risks of unexpected developments in this sector of the economy were always substantial.

The outlook for fiscal policy remained obscured by the uncertain outcome of the current debate between the Congress and the Administration. While substantial fiscal restraint aimed at eventually balancing the budget appeared to be the likely result, the timing of the implementation of various tax and expenditure initiatives and the resulting extent of the fiscal restraint over the forecast period could not be anticipated with any degree of precision. For the nearer term, the ongoing shutdown of much of the federal government presented a downside risk to the expansion whose effects would depend on the presently uncertain duration of the shutdown and the potential unsettlement in financial markets that might develop at some point. The members generally believed, however, that in light of the underlying strength of the economy, the retarding effects of likely federal budget developments would not be sufficient in themselves to arrest the expansion over the forecast period, at least if the federal government shutdown were of relatively short duration and a federal debt default were averted.

The nation's foreign trade deficit had worsened substantially during the past several years, but current forecasts did not point to further deterioration over the projection period. An anticipated firming in the economies of major U.S. trading partners was expected to bolster exports. Several members questioned, however, the extent to which forecasts of strengthening economic activity were likely to materialize in a number of these countries, and they suggested that the foreign sector might well remain a somewhat constraining factor in the performance of the domestic economy.

Members welcomed the generally favorable price and cost developments of recent months and the related indications that currently high levels of resource use did not appear to be associated with rising inflationary pressures. Many emphasized the persistence of subdued increases in labor costs, and a number provided supporting anecdotal indications of relatively small advances in labor compensation in many parts of the country despite tight labor markets. The anecdotal reports also continued to suggest that strong competition was holding down price inflation and that producers were benefiting from soft prices of industrial materials. While a number of members believed that these developments might augur a modest decline in inflation over the year ahead, given current forecasts of moderate economic expansion, many viewed as more likely the prospect of little or no progress toward price stability over coming quarters, and some expressed concern about the potential for an upward drift in the rate of inflation. An underlying factor in the relatively favorable climate for inflation was the continued limited rise in the costs of worker benefits. In the view of some members, however, benefit costs were likely to be less well contained as time went on and further major gains in curbing such costs became more difficult to achieve. Moreover, worker willingness to accept relatively limited increases in wages and other compensation might well begin to erode as concerns about job security tended to diminish after an extended period of relatively low unemployment. On balance, recent experience had raised questions about the relationship between levels of resource use and inflation that warranted careful monitoring.

In the Committee's discussion of policy for the intermeeting period ahead, all but one member favored or could accept an unchanged policy stance. This policy position took account of current indications of a generally acceptable rate of economic growth and the absence of any clear signs regarding the future strength of the expansion in relation to the economy's potential or the future course of inflation. Several commented that current monetary policy might be viewed as somewhat restrictive, though the degree of restraint was difficult to calibrate and it did not appear as yet to be inhibiting declines in intermediate- and long-term interest rates, increases in stock prices, or the availability of financing from lending institutions.

Members expressed somewhat differing views regarding the stance of monetary policy that was likely to prove consistent with the Committee's objectives over time. In the view of some, private spending was not likely to have sufficient momentum to overcome the effects of increased fiscal restraint if the current stance of monetary policy were maintained. In the circumstances, an easing at some point would be needed to foster sustained economic growth at an acceptable pace and would be consistent with progress toward the System's price stability objective. For most of these members, however, the stronger-than-expected performance of the economy in the third quarter had reduced the urgency of such a policy move and had created enough uncertainties to justify a careful appraisal of unfolding developments before a decision was made to ease policy. In the view of one member, the probability of a shortfall from an acceptable rate of economic expansion was sufficiently high to require an immediate easing of policy. Other members believed that an unchanged policy was desirable under current conditions and that the direction and timing of the next policy move were more open to question. Not only were recent data giving an uncertain picture of the underlying strength of aggregate demand, but current forecasts generally did not point to progress toward the System's long-run goal of price stability. In this view, therefore, the current stance of monetary policy, even if slightly restrictive, was likely to be consistent with satisfactory economic growth over time, and it would provide better assurance of consolidating gains against inflation and fostering some further moderation in price increases over coming years. With regard to potential fiscal policy developments, although an especially broad range of outcomes seemed possible, the members agreed that the Committee could not freeze its policy options while it awaited the outcome of a prolonged federal budget debate nor could it commit itself to a specific response to a particular fiscal policy agreement. Fiscal policy and any associated market reactions would be among the many factors that would have to be taken into account in the formulation of monetary policy.

In the Committee's discussion of possible intermeeting adjustments to monetary policy, a majority of the members expressed a preference for retaining a symmetric directive. In their view, the potential need to adjust policy during the relatively short intermeeting period was remote, and some of these members also believed that the direction of the next adjustment to policy was uncertain. A few also noted that the adoption of a biased intermeeting instruction at this point might send an unintended message regarding the prevailing view within the Committee concerning the risks to the expansion. The remaining members said that they preferred a directive that was tilted toward an easing policy action. Such an instruction in the directive would be consistent with what they viewed as the most likely policy course over coming months. They agreed, however, that the current uncertainties surrounding the economic outlook were not likely to be resolved during the weeks immediately ahead, and since no policy action was likely to be required in this period they could accept a symmetric directive.

At the conclusion of the Committee's discussion, all but one of the members indicated that they could vote for 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 slightly greater or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with moderate growth in M2 and M3 over coming months.

The information reviewed at this meeting suggests a moderation in the expansion of economic activity after a strong gain in the third quarter. Nonfarm payroll employment increased further in October and the civilian unemployment rate edged down to 5.5 percent. Industrial production fell somewhat in October after a moderate rise in the third quarter. Total nominal retail sales were little changed on balance over September and October. Single-family housing starts were up considerably in the third quarter. Orders for nondefense capital goods point to substantial expansion of spending on business equipment in the near term; nonresidential construction has risen appreciably further. The nominal deficit on U.S. trade in goods and services narrowed over July and August from its average rate in the second quarter. After increasing at elevated rates in the early part of the year, consumer and producer prices have risen more slowly on average in recent months.

Short-term market interest rates have changed little on balance since the Committee meeting on September 26 while long-term rates have fallen somewhat. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has declined slightly over the intermeeting period.

In October, M2 was unchanged and M3 growth moderated. For the year through October, M2 expanded at a rate in the upper half of its range for 1995 and M3 grew at a rate a little above its range. Growth in total domestic nonfinancial debt has slowed somewhat in recent months but for the year to date remains around the midpoint of its monitoring range.

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

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

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Hoenig, Kelley, Melzer, Ms. Minehan, Mr. Moskow, Mses. Phillips and Yellen. Vote against this action: Mr. Lindsey.

Mr. Lindsey dissented because he believed that monetary policy should be eased. The evidence suggested to him that in the absence of an easing move the underlying rate of nominal GDP growth was likely to be lower than needed to maintain real GDP at or near its potential. The intermediate forecast was subject to a number of significant risks: household balance sheets seemed unlikely to sustain the current rate of durables expenditure for any extended period; government expenditures were certain to be cut substantially; and with fiscal contractions underway in Europe and Canada and severe financial stresses present in Japan and Mexico, he did not see much likelihood of a substantial expansion of exports. In keeping with his views, the financial markets were signalling the likelihood that a weaker pace of nominal GDP growth would materialize. The yield curve was virtually flat, with government securities up through relatively long maturities trading at yields below the current average federal funds rate. Thus, markets would be unlikely to find some easing inappropriate and over the intermediate horizon would view the current level of short-term rates as unsustainable.

It was agreed that the next meeting of the Committee would be held on Tuesday, December 19, 1995.

The meeting adjourned at 1:35 p.m.

Donald L. Kohn
Secretary

Legal Developments

Final Rule—Amendment to Regulation K

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation K (International Operations of United States Banking Organizations), to provide expanded general consent authority for investments in foreign companies by U.S. banking organizations that are strongly capitalized and well managed. This expanded authority is designed to permit U.S. banking organizations meeting these requirements to make larger investments without the need for prior approval or review. Certain investments or activities, however, are not eligible for the expanded authority. The final rule requires an investor making use of the expanded authority to provide the Board with certain information after an investment has been made. In addition, for those investments requiring prior notice to the Board, the rule would streamline the processing of such notices.

Effective December 21, 1995, 12 C.F.R. Part 211 is amended as follows:

Part 211—International Banking Operations (Regulation K)

1. The authority citation for Part 211 is revised to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*

2. Section 211.2 is amended by redesignating paragraphs (u) and (v) as paragraphs (v) and (w), respectively, and by adding new paragraphs (u) and (x) to read as follows:

Section 211.2—Definitions.

* * * * *

(u) *Strongly capitalized* means:

(1) In relation to a parent member bank, that the standards set out in 12 C.F.R. 208.33(b)(1) are satisfied; and

(2) In relation to an Edge or Agreement corporation or a bank holding company, that it has a total risk-based capital ratio of 10.0 percent or greater.

* * * * *

(x) *Well managed* means that the Edge or Agreement corporation, its parent member bank, if any, and the bank holding company have each received a composite rating of 1 or 2 at its most recent examination or review and are not subject to any supervisory enforcement action.

3. Section 211.5 is amended by:

a. Redesignating paragraphs (c)(2) and (c)(3) as paragraphs (c)(3) and (c)(4) respectively and by adding a new paragraph (c)(2); and

b. In newly designated paragraph (c)(3), by removing the word "accepted" in the third sentence and adding in its place the word "received".

The addition reads as follows:

Section 211.5—Investments and activities abroad.

* * * * *

(c) * * *

* * * * *

(2)(i) *Expanded general consent for de novo investments.* Notwithstanding the amount limitations of paragraph (c)(1) of this section, but subject to the other limitations of this section, the Board grants expanded general consent authority for investments in an organization by an investor that is strongly capitalized and well managed if:

(A) The activities of the organization are limited to activities in which a national bank may engage directly or in which a subsidiary may engage under paragraph (d) of this section;

(B) In the case of an investor that is an Edge corporation that is not engaged in banking or an agreement corporation, the total amount invested in such organization (in one transaction or a series of transactions) does not exceed the lesser of 20 percent of the investor's Tier 1 capital or 2 percent of the Tier 1 capital of the parent member bank;

(C) In the case of a bank holding company or member bank investor, the total amount invested in such organization (in one transaction or a series of transactions) directly or indirectly does not exceed 2 percent of the investor's Tier 1 capital;

(D) All investments made, directly or indirectly, by an Edge corporation not engaged in banking or an agreement corporation during the previous 12-month period under paragraph (c)(2) of this section, when aggregated with the proposed investment, would not exceed the lesser of 50 percent of the total capital of the Edge or agreement corporation, or 5 percent of the total capital of the parent member bank;

(E) All investments made, directly or indirectly, by a member bank or a bank holding company during the previous 12-month period under paragraph (c)(2) of this section, when aggregated with the proposed investment, would not exceed 5 percent of its total capital; and

(F) Both before and immediately after the proposed investment the investor, its parent member bank, if any, and any parent bank holding company are strongly capitalized and well managed.

(ii) *Determining aggregate investment limits.* For purposes of determining compliance with the aggregate investment limits set out in paragraphs (c)(2)(i)(D) and (E) of this section, an investment by an investor in a subsidiary shall be counted only once notwithstanding that such subsidiary may, within 12 months of the date of making the investment, downstream all or any part of such investment to another subsidiary.

(iii) *Additional investments.* An investor that makes investments under paragraph (c)(2)(i) of this section may also make additional investments in an organization under the standards set forth in paragraphs (c)(1)(ii), (c)(1)(iii) and (c)(1)(iv) of this section.

(iv) *Ineligible investments.* The following investments are not eligible for the general consent under paragraph (c)(2)(i) of this section:

(A) An investment in a foreign country where the investor does not have an affiliate or a branch;

(B) The establishment or acquisition of an initial subsidiary bank in a foreign country;

(C) Investments in general partnerships or unlimited liability companies; and

(D) An acquisition of shares or assets of an organization that is not an affiliate or joint venture of the investor.

(v) *Post-investment notice.* By the end of the month following the month in which the investment is made, the investor shall provide the Board with the following information relating to the investment:

(A) If the investment is in a joint venture, the respective responsibilities of the parties to the joint venture;

(B) Projections for the organization in which the investment is made for the first year following the investment; and

(C) Where the investment is made in an organization that incurred a loss in the last year, a description of the reasons for the loss and the steps taken to address the problem.

* * * * *

Final Rule—Amendment to Rules Regarding Equal Opportunity

The Board of Governors is amending 12 C.F.R. Part 268, its Rules Regarding Equal Opportunity (Rules) to correct an ambiguity in the provision regarding access to the investigative file. The Rules set out the complaint processing procedures governing complaints by Board employees and applicants for employment alleging discrimination in employment, and related matters.

Effective February 5, 1996, 12 C.F.R. Part 268 is amended as follows:

Part 268—Rules Regarding Equal Opportunity

1. The authority citation for Part 268 continues to read as follows:

Authority: 12 U.S.C. 244 and 248(i), (k) and (l).

2. In section 268.207, paragraph (e) is revised to read as follows:

Section 268.207—Investigation of complaints.

* * * * *

(e)(1) The Board shall complete its investigation within 180 days of the date of the filing of an individual complaint or within the time period contained in the determination of the Commission on review of a dismissal pursuant to section 268.206 of this part. By written agreement within those time periods, the complainant and the Board may voluntarily extend the time period for not more than an additional 90 days. The Board may unilaterally extend the time period or any period of extension for not more than 30 days where it must sanitize an investigative file that may contain information classified pursuant to Executive Order No. 12356, or successor orders, as secret in the interest of national defense or foreign policy, provided the Board notifies the complainant of the extension.

(2) Confidential supervisory information, as defined in 12 C.F.R. 261.2(b), and other confidential information of the Board may be included in the investigative file by the investigator, the EEO Programs Director, or another appropriate officer of the Board, where such information is relevant to the complaint. Neither the complainant nor the complainant's personal representative may make further disclosure of such information, however, except in compliance with the Board's Rules Regarding Availability of Information, 12 C.F.R. Part 261, and where applicable, the Board's Rules Regarding Access to and Review of Personal Information in Systems of Records, 12 C.F.R. Part 261a.

* * * * *

Section 268.304—[Amended]

3. In section 268.304(a)(3)(i)(A), remove the words "Executive Order No. 10450 (3 C.F.R., 1949-1953 Comp., P. 936)" and add in their place, the words "Executive Order No. 12356 (3 C.F.R., 1982 Comp., P. 166)".

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

1st United Bancorp
Boca Raton, Florida

Order Approving the Acquisition of a Bank Holding Company, Merger of Banks, and Establishment of Branches

1st United Bancorp, Boca Raton, Florida ("1st United"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting securities of The American Bancorporation of the South ("American"), and thereby indirectly acquire The American Bank of the South ("American Bank"), both of Merritt Island, Florida. 1st United Bank, Boca Raton, Florida ("United Bank"), a state member bank and a wholly owned subsidiary of 1st United, also has applied pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with American Bank, and thereby to establish branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321) at locations set forth in the Appendix.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 48,161). 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.

1st United is the 34th largest commercial banking organization in Florida, controlling approximately $271 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] American is the 62d largest commercial banking organization in Florida, controlling approximately $154 million in deposits, representing less than 1 percent of total deposits of commercial banking organizations in the state. Upon consummation of the proposal, 1st United would become the 25th largest commercial banking organization in Florida, and would control approximately $425 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.

1st United and American do not compete directly in any relevant banking market. As noted above, competitive factor reports on this proposal were sought from the Attorney General, the OCC, and the FDIC. The Department of Justice concluded that consummation of this proposal would not have any significantly adverse effects on competition, and the OCC and FDIC did not object to consummation of this proposal. In light of all the facts of record, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition in any relevant banking market.

The Board has received comments from a shareholder of 1st United ("Protestant") alleging that consummation of this proposal would have an adverse effect on the financial resources of 1st United. Protestant contends that the financial condition of 1st United and United Bank may be adversely affected by 1st United's potential assumption of a note owed by American to a third party ("Noteholder"), and the resolution of litigation between American and the Noteholder and between American and a former director of American. Protestant also alleges that 1st United's financial projections are inaccurate because they overestimate the amount that 1st United would be able to recover on American Bank's problem assets.

The Board has carefully reviewed the effects this transaction would have on the financial resources of 1st United and United Bank. 1st United has indicated that it would borrow funds from its directors to repay American's debt to Noteholder upon consummation of this proposal. 1st United's debt service projections, which take into consideration this debt, appear reasonable and are consistent with the Board's guidelines. In addition, American has settled all outstanding litigation with Noteholder, and the Agreement and Plan of Merger between 1st United and American requires the establishment of an escrow account for payment of any judgment against American in connection with the litigation involving its former director.[3]

The Board has reviewed examination reports of American, American Bank, 1st United, and United Bank in connection with this proposal. Based on all the facts of record, including these examination reports and other supervisory information relating to the financial condition and managerial resources of 1st United and United Bank, the Board concludes that the financial and managerial resources and future prospects of 1st United and United Bank are consistent with approval of this proposal, as are the other supervisory factors that the Board is required to

1. 1st United proposes to merge American into TAB Acquisition Co. ("Newco"), a newly formed subsidiary of 1st United, and then merge American Bank into United Bank.

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

3. Protestant also alleges that 1st United's managerial resources would be impaired by the appointment of American Bank directors to the board of directors of 1st United or United Bank, and the establishment of an advisory board that would include people who have defaulted on loans from American Bank. 1st United has indicated that neither it nor United Bank has determined to add directors or establish an advisory board. Moreover, 1st United and United Bank have committed that they will provide the Federal Reserve Bank of Atlanta with at least 30 days prior notice before either entity adds any current or former director or executive officer of American or American Bank ("American-affiliated individual") to its board of directors or employs any American-affiliated individual as a senior executive officer, and that they will not add or employ any such American-affiliated individual if the Reserve Bank issues a notice of disapproval.

consider under the BHC Act, the Bank Merger Act, and the Federal Reserve Act.[4]

Protestant contends that asset sales by United Bank after consummation of the proposal would have a negative effect on residential and commercial real estate prices in Brevard County, and that United Bank would decrease the interest rates paid by American Bank on time and savings deposits. In addition, Protestant alleges that consummation of the proposal would result in the loss of the largest community bank in Brevard County. 1st United responded that it will continue to pay market interest rates on time and savings deposits acquired from American Bank after consummation of the proposal.

The Board notes that United Bank received a "satisfactory" rating under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") from the Federal Reserve Bank of Atlanta, its primary federal supervisor, in its most recent CRA performance examination, as of February 28, 1994. The Board also notes that American Bank is operating under a cease and desist order issued by the FDIC, its primary federal supervisor, due to its financial and managerial condition, and that consummation of this proposal would result in a financially stronger institution better able to serve the needs of its community.[5] In light of all the facts of record, the Board concludes that convenience and needs factors are consistent with approval of this proposal.[6]

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved.[7] The Board's approval is specifically conditioned on compliance by 1st United and United Bank with the commitments made in connection with these applications. This approval is further subject to 1st United obtaining all necessary approvals from the State of Florida. For purposes of this action, the commitments and conditions relied on in reaching this decision are deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix A

850 Triangle Road, Merritt Island, FL
102 W. Central Boulevard, Cape Canaveral, FL
7100 North Atlantic Avenue, Cape Canaveral, FL
340 W. King Street, Cocoa, FL
1775 N. Atlantic Avenue, Cocoa Beach, FL
1680 Clearlake Road, Cocoa, FL
1350 N. Courtenay Parkway, Merritt Island, FL
2481 Croton Road, Melbourne, FL
445 Fifth Avenue, Indialantic, FL
2000 Highway A1A, Indian Harbour Beach, FL
440 S. Babcock, Melbourne, FL
4940 Babcock, Palm Bay, FL
6899 North U.S. Highway 1, Cocoa, FL
1902 S. Flake Boulevard, Rockledge, FL
4250 S. Washington Avenue, Titusville, FL
326 E. Merritt Island Causeway, Merritt Island, FL

4. Protestant also alleges that the proposal is not in the best interest of 1st United shareholders. The Board notes that the courts can provide Protestant adequate relief if he can substantiate that 1st United or American has violated applicable state or Federal laws in connection with this proposal. Based on the foregoing and other facts of record, the Board concludes that these allegations do not present adverse considerations under the statutory factors in the BHC Act, the Bank Merger Act, or the Federal Reserve Act.

5. Protestant also asserts that residents of Brevard County, Florida, which includes Merritt Island, were not given proper notice of the proposed transactions. The record indicates that notice of the proposal was published in the *Federal Register* and a newspaper of general circulation in Brevard County in accordance with the publication requirements set forth in the Board's Rules of Procedure (12 C.F.R. 262.3(b)) and Regulation Y (12 C.F.R. 225.14(b)). Protestant also alleges that Florida law requires that 1st United's shareholders approve the proposal. Because this proposal involves the merger of American and American Bank into wholly owned subsidiaries of 1st United, however, Florida law appears to require only that 1st United, as sole shareholder of its subsidiaries, approve the transactions. *See* Fla. Stat. Ann. §§ 607.1101, 607.1103, and 658.44.

6. The Board also received comments from an individual who alleged that title to property acquired by American Bank in satisfaction of a debt previously contracted properly belongs to a condominium association. The Board notes that the courts have authority to provide redress to this individual or the association if the allegations can be substantiated.

7. Protestant has requested that the Board delay consideration of this proposal for several reasons, including the need for resolution of all litigation to which American is a party, a definitive agreement between 1st United and Noteholder about the assumption of American's debt, and additional information about the formation and registration of Newco. As noted above, American has settled all outstanding litigation with Noteholder, and 1st United would not assume American's debt to Noteholder. In addition, 1st United and American have agreed to establish an escrow account to pay any liability arising from American's litigation with its former director. Furthermore, 1st United has provided the Board with charter documents for Newco and has indicated that Newco is registered with the Florida Secretary of State. Protestant has had ample opportunity to present written submissions and, in fact, has submitted written comments that have been considered by the Board. Based on all the facts of record, the Board concludes that the record is sufficient to act on this proposal at this time, and that delay of action on the proposal on the grounds of informational insufficiency is not warranted.

First American Corporation
Nashville, Tennessee

Order Approving the Acquisition of a Bank Holding Company

First American Corporation, Nashville ("First American"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of First City Bancorp, Murfreesboro ("First City"), and thereby indirectly acquire its subsidiary banks, First City Bank, Murfreesboro, and Citizens Bank, Smithville, all in Tennessee.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 48,996 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

First American, with total consolidated assets of $8.1 billion, operates subsidiary banks in Tennessee, Kentucky, and Virginia. First American is the second largest banking organization in Tennessee, controlling deposits of approximately $5.9 billion, representing 11.8 percent of total deposits in commercial banking organizations in the state.[1] First City is the 17th largest banking organization in Tennessee, controlling deposits of approximately $297.2 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First American would remain the second largest banking organization in Tennessee, controlling deposits of approximately $6.2 billion, representing 12.4 percent of total deposits in commercial banking organizations in the state.

First American and First City compete directly in the Nashville, Tennessee, banking market ("Nashville banking market").[2] On consummation of this proposal, the market would remain moderately concentrated,[3] as measured by the Herfindahl-Hirschman Index ("HHI"), and this proposal would not result in market concentration levels that exceed those set forth in the Department of Justice Merger Guidelines.[4] In addition, numerous competitors would remain in the market. After considering the competition offered by the banking organizations that would remain in the market, the increase in concentration as measured by the HHI, and all other facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effects on competition in the Nashville banking market, or any other relevant banking market.

After a review of all the facts of record, including information provided by relevant federal supervisors, the Board also has concluded that the financial and managerial resources and future prospects of First American, First City, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

The acquisition of First City 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 December 11, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

1. All asset data are as of June 30, 1995.

2. The Nashville banking market is approximated by Cheatham, Davidson, Robertson, Rutherford, Sumner, Williamson and Wilson Counties, plus the town of Spring Hill in Maury County, all in Tennessee.

3. Market data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

4. The HHI for the Nashville banking market would increase 56 points to 1492 as a result of this transaction. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

NationsBank Corporation
Charlotte, North Carolina

NB Holdings, Inc.
Charlotte, North Carolina

Order Approving the Acquisition of a Bank Holding Company

NationsBank Corporation and NB Holdings Corporation, both of Charlotte, North Carolina (together, "NationsBank"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire North Florida Bank Corporation ("North Florida") and thereby indirectly acquire its wholly owned subsidiary, Bank of Madison County, National Association ("Madison National"), both of Madison, Florida.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 49,277 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

NationsBank, with total consolidated assets of approximately $188 billion, operates subsidiary banks in nine states and the District of Columbia.[2] NationsBank is the fourth largest commercial banking organization in the United States, controlling approximately 4.8 percent of total banking assets in the United States, and approximately 3.7 percent of total insured deposits in the United States. NationsBank is the third largest commercial banking organization in Florida, controlling deposits of approximately $20.8 billion, representing 14.9 percent of total deposits in commercial banking organizations in the state. NationsBank and North Florida do not compete in any banking market. Based on all the facts of record, the Board concludes that consummation of the proposed transaction would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met.[3] These conditions are met in this case.[4] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

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 bank expansion proposals.[5]

The Board has received comments from the Central Piedmont Economic Association ("Protestant") alleging that a NationsBank subsidiary, NationsBank, N.A., Richmond, Virginia ("NationsBank Virginia"), discriminates against African Americans and low-income individuals in its general lending practices. In particular, Protestant alleges that homebuyer education seminars sponsored by NationsBank Virginia in Lynchburg, Virginia, do not benefit African Americans and low-income individuals, and that, through its outreach and lending efforts, NationsBank Virginia attempts to direct African-American and low-income borrowers in Lynchburg toward predominantly African-American and low-income parts of the city, in violation of the Fair Housing Act, the Equal Credit Opportunity Act, and the CRA.[6]

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1. North Florida's subsidiary currently is a state chartered commercial bank that would be converted to a national bank immediately before the proposed transaction. NationsBank would cause Madison National to merge into NationsBank's wholly owned subsidiary, NationsBank of Florida, N.A., Tampa, Florida, immediately after the acquisition of North Florida.

2. Asset and deposit data are as of June 30, 1995, and include acquisitions by NationsBank approved after that date. NationsBank also operates a limited-purpose credit card bank in Delaware.

3. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, NationsBank's home state is North Carolina.

4. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). NationsBank is adequately capitalized and adequately managed. The Board has been informally advised by the Florida State Comptroller that Madison National, through its state chartered predecessor, has been in existence and continuously operated for the minimum period of time required under Florida law. In addition, upon consummation of this proposal, NationsBank and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Florida.

5. 12 U.S.C. § 2903.

6. Protestant also alleged that NationsBank Virginia conspired with the City of Lynchburg not to inform African Americans and low-income individuals about low-interest loans available under the city's Community Development Block Grant ("CDBG") program and to direct funds from this program to unauthorized projects. Similar allegations by Protestant regarding the Lynchburg CDBG program

The Board has carefully reviewed the CRA performance records of NationsBank and its subsidiary banks and of North Florida and Madison National, all comments received on this application, all responses to these comments, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[7]

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[8] The Board notes that all of NationsBank's subsidiary banks received ratings of "satisfactory" or better from their primary supervisor, the Office of the Comptroller of the Currency ("OCC"), at their most recent examinations for CRA performance, as of July 1995, and that NationsBank Virginia received an "outstanding" rating at that time ("1995 Examination"). Examiners of NationsBank Virginia found no evidence of prohibited discriminatory practices or of practices intended to discourage applications for the types of products set forth in the bank's CRA statement, and determined that NationsBank Virginia has adequate policies, procedures, and training programs in place to support nondiscrimination in lending practices.

Examiners also noted that NationsBank's Fair Lending Group reviews the performance of all of NationsBank's subsidiary banks in providing all applicants with fair access to credit, including maintaining second and third review programs for applications that are being considered for denial. Declined applicants for home mortgage and home improvement loans also may have their loan decisions reviewed by an independent board provided by the National Urban League. The geographic distribution of NationsBank Virginia's credit extensions, applications, and denials also was considered by examiners to be reasonable, and revealed that, on the whole, the bank effectively reached low- and moderate-income individuals and areas throughout the communities it served. For example, during 1993, NationsBank Virginia and NationsBank Mortgage Company, Dallas, Texas, NationsBank's home mortgage lending subsidiary, made 15.3 percent of their home mortgage loans in the Lynchburg community in low- and moderate-income census tracts, compared to 8.4 percent for all other lenders in the area. In addition, 31 percent of the home mortgage loans made by NationsBank in the Lynchburg community were made to low- and moderate-income borrowers, compared to 23.7 percent for all other lenders in the area.

The 1995 Examination also found that both NationsBank, on a corporate level, and NationsBank Virginia engaged in extensive outreach activities with a broad spectrum of representatives from various communities, resulting in the development of innovative products and services to serve all of NationsBank Virginia's communities. In addition, the bank maintained extensive calling efforts in all of its delineated communities, including Lynchburg. During 1995, NationsBank Virginia also developed a marketing plan specifically focused on low- and moderate-income individuals, small businesses owned by women and minorities, and child care center operators, that employs the full range of marketing tools the bank uses in its other marketing efforts. Low- and moderate-income areas in markets such as the Lynchburg area also receive at least one direct mailing a year that describes the bank's credit products.[9] In addition, NationsBank Virginia has a program to identify census tracts in which the bank's commercial, consumer, and mortgage lending can be improved and to develop broadly coordinated marketing plans to increase lending levels in these areas. Bank management reviews these enhanced marketing plans and their results quarterly.

Examiners found that NationsBank Virginia participates in loans and loan pools with other financial institutions, nonprofit community development organizations, public housing authorities, private developers, and other organizations that promote affordable rental and owner-occupied housing for low- and moderate-income individuals. For example, NationsBank Virginia participates in a partnership with the Association of Community Organizations for Reform Now ("ACORN"), in which ACORN provides homebuyer education seminars and helps identify borrowers who qualify for home mortgage loans with total fees and down payment as low as $1,000. In 1993, NationsBank Virginia made 500 loans totalling $52.5 million in Virginia, Maryland, and the District of Columbia under this program.[10] In 1994, NationsBank Virginia provided $125,000 in grants to nonprofit community-based organizations that provided credit counseling, homebuyer education, and counseling to first-time homebuyers, which helped 139 individuals and families acquire a home. The bank was the largest participant in the Virginia Housing

were reviewed by the United States Department of Housing and Urban Development ("HUD") in 1991, and HUD concluded that the administration of the Lynchburg CDBG program was in compliance with the Housing and Community Development Act of 1974. *See Crestar Financial Corporation*, 80 *Federal Reserve Bulletin* 145 (1994). Moreover, the facts of record indicate that NationsBank Virginia's predecessor banks did not participate in the Lynchburg CDBG program at the time of the alleged deception. The evidence before the Board at this time does not indicate that NationsBank engaged in any improper actions related to the Lynchburg CDBG program.

HUD intends to perform another review of this commenter's allegations. If the review produces information indicating that NationsBank has engaged in any improper actions, the Office of the Comptroller of the Currency, which is the primary federal banking supervisor of NationsBank Virginia, and the Board have sufficient statutory authority to take appropriate action. The Board has provided the OCC with a copy of the commenter's allegations.

7. 54 *Federal Register* 13,742 (1989).

8. *Id.* at 13,745.

9. Under this program in 1994, NationsBank conducted a direct mail campaign that resulted in the origination of $18 million in auto loans in low- and moderate-income areas.

10. NationsBank Virginia made 39 loans totalling $3.9 million under this program in Virginia.

Development Authority loan program, and made 324 loans totalling $23 million under this program during 1994.

In terms of small business lending, the 1995 Examination states that the bank made 4,817 business loans in original amounts less than $500,000 during 1994, for a total of $420.1 million in small business loans. The bank was the largest participant in the Virginia Small Business Financing Authority Loan Guaranty Program and the City of Richmond Bank Participation Loan Program, and participated in seven other similar programs. NationsBank Virginia also made a $3 million equity investment in Anthem Capital Corporation, a small business investment company.

After reviewing all the facts of record, including all comments received by the Board and relevant reports of examination, the Board concludes that the CRA performance record of NationsBank Virginia and the other NationsBank subsidiary banks are consistent with approval of this application. Based on this and all the other facts of record, the Board has concluded that convenience and needs considerations are consistent with approval of this application.

Other Considerations

The Board also has reviewed the financial and managerial resources and future prospects of NationsBank, North Florida, and their respective subsidiaries and other supervisory factors the Board must consider under section 3 of the BHC Act.[11] Based on all the facts of record, the Board has concluded that these factors are consistent with approval of this proposal.

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

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

By order of the Board of Governors, effective December 6, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

11. The Board received comments from an individual who owns a small business alleging that NationsBank Virginia acted improperly in denying this commenter's loan request and in its dealings with this commenter. NationsBank Virginia responds that all actions it took in this matter were based on the business's financial condition and were consistent with its general lending criteria and procedures. The Board has carefully considered these comments in light of all the facts of record, including supervisory reports of examination assessing the managerial strengths and resources of the bank. In addition, the Board has considered the findings of the 1995 Examination, discussed above, that no evidence of prohibited discriminatory practices or of practices intended to discourage applications were disclosed, and that NationsBank Virginia is an active small business lender. Based on these and other facts of record, The Board concludes that these comments do not warrant denial of this proposal. The Board also has forwarded these comments to the OCC, which is the primary federal banking supervisor for NationsBank Virginia.

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") has filed an application pursuant to section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Canton Bancshares, Inc. ("Canton"), and indirectly acquire Canton State Bank, both of Canton, Illinois.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 49,846 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act. Norwest, with total consolidated assets of $66.6 billion,[1] controls banks in Arizona, Colorado, Iowa, Illinois, Indiana, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Ohio, South Dakota, Texas, Wisconsin, and Wyoming, representing 1.6 percent of total deposits in depository institutions in the United States.[2] Norwest is the 82d largest commercial banking organization in Illinois, controlling total deposits of $219 million, representing less than 1 percent of total deposits in depository institutions in the state. Canton is the 354th largest commercial banking organization in Illinois, controlling deposits of approximately $44.2 million, representing less than 1 percent of total deposits in insured depository institutions in the state. On consummation of this proposal, Norwest would become the 71st largest commercial banking organization in Illinois, controlling $263.2 million in deposits, representing less than 1 percent of total deposits in insured depository institutions in the state.

1. Deposit data are as of June 30, 1995. All market data are as of June 30, 1994.

2. In this context, depository institutions include commercial banks, savings banks, and savings associations with deposits insured by the Federal Deposit Insurance Corporation ("insured depository institutions").

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such a bank holding company, if certain conditions are met.[3] These conditions are met in this case.[4] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

Norwest and Canton compete directly in the Canton banking market.[5] In the Canton banking market, Norwest is the sixth largest commercial banking organization, controlling $27.6 million in deposits, representing approximately 8 percent of total deposits in depository institutions in the market ("market deposits").[6] Canton is the second largest depository institution in the market, controlling deposits of $44.6 million, representing approximately 13 percent of market deposits. On consummation of this proposal, Norwest would become the second largest depository institution in the market, controlling deposits of $72.2 million, representing approximately 21 percent of total deposits in depository institutions in the market. The concentration in the market as measured by the Herfindahl Hirschman Index ("HHI") would increase by 201 points to 2066 points as a result of this proposal.[7]

Eight competitors would remain in the market after consummation, including the largest depository institution in the market, which controls deposits of $122 million, representing 34.9 percent of total deposits in depository institutions in the market. In addition, three other depository institutions, each controlling over 10 percent of market deposits would remain in this market. The Board also has considered the fact that one of Illinois' largest credit unions, Citizens Equity Federal Credit Union, Peoria, Illinois ("Citizens"), controlling assets of $1.3 billion, competes in the Canton market. All residents of Fulton County, Illinois, which includes the Canton market, are eligible for membership in Citizens, and Citizens actively engages in commercial lending.[8]

In accordance with the BHC Act, the Board sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has advised the Board that the proposed transaction is not likely to have a significantly adverse effect on competition in any relevant banking market. The OCC and the FDIC have not objected to consummation of this proposal or indicated it would have any significantly adverse competitive effects in any relevant banking market.

Based on all the facts of record, including the small amount by which the Department of Justice merger guidelines are exceeded, and the number of competitors that would remain in the market, the Board concludes that the consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Canton, Illinois, banking market or in any other relevant market.

Other Considerations

The financial and managerial resources and future prospects of Norwest, Canton, and their respective subsidiaries, are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act. The convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is expressly conditioned on Norwest's compliance with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in

3. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, Norwest's home state is Minnesota.

4. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Norwest is adequately capitalized and adequately managed. Canton's subsidiary bank in Illinois has been in existence and continuously operated for the minimum period of time required under applicable state law. Upon consummation, Norwest and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions in Illinois. All other requirements of section 3(d) of the BHC Act would also be met on consummation of this proposal.

5. The Canton banking market is approximated by the northeastern portion of Fulton County, Illinois (Fairview, Farmington, Joshua, Canton, Orion, Putman, Buckheart, Banner, Lewistown, Liverpool, and Waterford townships).

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

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 above 1800 is considered highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited purpose lenders and other non depository financial entities.

8. Credit unions in Illinois are permitted to make commercial loans. Citizens has a commercial loan officer and reported $19.3 million in outstanding commercial loans as of June 30, 1994.

writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The transaction shall not be consummated before the fifteenth calendar day following the effective date of this order, and the acquisition 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 Chicago, acting pursuant to delegated authority.

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

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

WILLIAM W. WILES
Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Barclays PLC
London, England

Barclays Bank PLC
London, England

Order Approving a Notice to Acquire Nonbanking Companies

Barclays PLC and Barclays Bank PLC, both of London, England ("Barclays"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested Board approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire Wells Fargo Investment Advisors; The Nikko Building U.S.A., Inc.; Wells Fargo Institutional Trust Company, N.A.; Wells Fargo Nikko Investment Advisors; Wells Fargo Nikko Investment Advisors International; and Wells Fargo Foreign Funds Advisors, all of San Francisco, California. Barclays also has requested Board approval to purchase certain assets and assume certain liabilities of the 401(k) MasterWorks Division of Wells Fargo Bank, N.A., San Francisco, California (hereinafter all of the entities to be acquired are collectively, "Wells-Nikko Entities"). Barclays would thereby engage in the following activities:

(1) Performing functions or activities that may be performed by a trust company in accordance with 12 C.F.R. 225.25(b)(3);

(2) Providing investment advisory services in accordance with 12 C.F.R. 225.25(b)(4);

(3) Providing securities brokerage services in accordance with 12 C.F.R. 225.25(b)(15);

(4) Providing advisory services, including discretionary portfolio management services, with respect to futures and options on futures on financial commodities;

(5) Providing administrative services to open-end and closed-end investment companies;[1] and

(6) Providing employee benefits consulting services.[2]

Barclays would reorganize and rename the Wells-Nikko Entities, and provide the proposed services through BZW Barclays Global Investors, N.A. ("BZW Trust"), and two operating subsidiaries of BZW Trust, BZW Barclays Global Fund Advisors and BZW Barclays Global Investors Services, all of San Francisco, California (collectively, "BZW Entities").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 54,373 (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 of the BHC Act.

Barclays, with total consolidated assets of $265 billion,[3] operates in the United States through Barclays Bank of New York, N.A., New York, New York; branches in Chicago, Illinois, and New York, New York; an agency in Miami, Florida; and representative offices in San Francisco, California, and Washington, D.C. Barclays also engages in a number of nonbanking activities in the United States.

BZW Barclays Global Investors Services would 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.*). BZW Global Investors Services, therefore, would be subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 and the SEC. BZW Barclays Global Fund Advisors would be an investment advisor registered with the SEC under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*) and a commodity trading advisor registered with the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act (7 U.S.C. § 2 *et seq.*). BZW Barclays Global Fund Advisors would be subject to

1. The administrative services that Barclays would provide to investment companies include computing net asset values and performance data, coordinating communications and activities between the investment advisor and the other service providers, accounting and recordkeeping, disbursing payments for fund expenses, arranging office space, and preparing and filing regulatory reports. A list of the proposed administrative services is included in the Appendix. Barclays also would provide telephone services to shareholders through a toll-free 800 number. Barclays has committed that telephone service operators will not solicit callers to purchase shares in particular mutual funds, and that substantive questions about mutual fund performance or strategies will be referred to specific mutual fund distributors or investment advisors. *See The Chase Manhattan Corporation*, 80 *Federal Reserve Bulletin* 883 (1995).

2. Barclays also has provided notice to provide subaccounting for individual funds in pooled escrow accounts maintained at banks and other financial institutions and to provide clients with industry-wide salary surveys in accordance with 12 C.F.R. 225.25(b)(4) & (7). *See Norstar Bancorp, Inc.*, 72 *Federal Reserve Bulletin* 729 (1986) ("*Norstar*").

3. Asset data are as of June 30, 1995, and use exchange rates then in effect.

the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Investment Advisers Act of 1940, the Commodity Exchange Act, the SEC, and the CFTC.

Glass-Steagall Act

Under the Glass-Steagall Act, a company that owns a member bank may not control "through stock ownership or in any other manner" a company that engages principally in distributing, underwriting or issuing securities.[4] The Board previously has determined that the Glass-Steagall Act does not prohibit a bank holding company from serving as investment advisor to a mutual fund.[5]

The Board also has previously determined that a bank holding company may provide administrative services to a mutual fund, consistent with the provisions of the Glass-Steagall Act.[6] In *Mellon,* the Board found that a mutual fund administrator provides services that are primarily ministerial or clerical in nature, and that the policymaking functions rest with the board of directors of the fund, which is responsible for the selection and review of the major contractors to the fund. The Board also determined that providing a combination of administrative and advisory services to a mutual fund would not involve a bank holding company in the distribution of securities.

Barclays has committed that it will not have any director, officer or employee interlocks with proprietary mutual funds to which it provides administrative services.[7] This commitment reinforces the independence of the board of the fund, which would have authority to remove Barclays as administrator of the fund at its discretion. In addition, the BZW Entities would not be involved in the distribution of the shares of any mutual fund. Under these circumstances, the Board believes that control of the proprietary mutual funds would continue to rest with the boards of directors of the funds, which would be entirely independent of Barclays, and that the proposal by Barclays to provide clerical and ministerial services as administrator to these funds would not cause Barclays to control the funds or to become involved in the distribution of securities.[8]

In providing the proposed combination of services to mutual funds, Barclays and the BZW Entities also would be subject to the restrictions set forth in the Board's interpretive rule on investment advisory activities (12 C.F.R. 225.125). The rule requires any bank holding company that acts as agent in the purchase or sale of shares of an investment company advised by a holding company affiliate or recommends the purchase or sale of such shares to any customer to disclose to the customer in writing the role of the bank holding company and its affiliates with the investment company. In addition, the bank holding company must disclose in writing that the shares of the investment company are not federally insured, are not deposits, and are not obligations of, or guaranteed by, any bank.

The interpretive rule also precludes an investment company advised by a bank holding company from having a name that is similar to, or a variation of, the name of any bank holding company or any of its subsidiary banks.[9] The Board's rule also prohibits a bank holding company from owning shares of any mutual fund that it advises, from purchasing shares of these mutual funds in a fiduciary capacity in its sole discretion, and from lending to any such fund or accepting shares of such funds as collateral for any loan for the purpose of acquiring shares of the fund. Barclays has stated that it would abide by these restrictions.

Based on all of the facts of record, and subject to the commitments made by Barclays and its compliance with the Board's interpretive rule, the Board believes that Barclays's proposal to provide both investment advisory and administrative services to the mutual funds is not prohibited by the Glass-Steagall Act.

Bank Holding Company Act

The Board previously has determined by order that the proposed employee benefits consulting services, futures-related discretionary portfolio management services, and mutual fund administration services are closely related to banking.[10] The Board also has determined by regulation

4. 12 U.S.C. §§ 221a and 377.

5. 12 C.F.R. 225.25(b)(4); 12 C.F.R. 225.125. The Board also found that the prohibitions of the Glass-Steagall Act do not apply to a closed-end fund that is not engaged frequently in the issuance, sale or distribution of securities. On this basis, the Board has by regulation authorized bank holding companies to sponsor, organize, and manage closed-end funds. 12 C.F.R. 225.25(b)(4)(ii). A closed-end fund that is controlled by a bank holding company must conform its activities and investments to the requirements of section 4 of the BHC Act. If Barclays sponsors, organizes, or controls any closed-end fund, therefore, Barclays must limit any such fund's investments to less than 5 percent of the voting shares of any issuer.

6. *Mellon Bank Corporation,* 79 *Federal Reserve Bulletin* 626 (1993) ("*Mellon*").

7. In this case, "proprietary mutual funds" refers to those mutual funds that are primarily sold to customers of Barclays. With respect to non-proprietary funds, Barclays would only permit those limited interlocks approved by the Board in *Mellon.* Barclays has not proposed to have any director, officer or employee interlocks between mutual funds and the BZW Entities.

8. Barclays has committed not to engage in advertising activities on behalf of mutual funds that it administers. Barclays has proposed to prepare, at the direction and under the supervision of the fund's distributor, sales literature for funds it administers. The ultimate responsibility for use of the fund's sales literature would remain with the distributor, which would be responsible for filing advertisements and sales literature with the National Association of Securities Dealers and for all decisions related to marketing the mutual fund and arranging for brokers to distribute the fund's shares. Barclays will not engage in the development of marketing plans for mutual funds except to give advice to a fund's distributor on regulatory compliance. The proposed sales literature preparation activities are primarily ministerial in nature, and based on all the facts of record and the representations made by Barclays, the Board believes not prohibited by the Glass-Steagall Act.

9. 12 C.F.R. 225.125(f).

10. *See CS Holding,* 81 *Federal Reserve Bulletin* 803 (1995); *Norstar; Mellon.*

that the other proposed activities are closely related to banking.[11] Barclays has stated that it would engage in these activities in accordance with the Board's regulations, orders and related interpretations.

In order to approve this proposal, the Board also must find that the performance of the proposed activities by the BZW Entities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

The Board expects that consummation of this proposal would provide added convenience and services to the customers of Barclays by offering them an expanded range of products and investment management expertise. In addition, the Board previously has determined that the provision of administrative services to mutual funds 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. There is no evidence in the record to indicate that consummation of this proposal, subject to the commitments noted above, would result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that are not outweighed by the expected public benefits of the proposal.

In every case under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the applicant and its subsidiaries and the effect the transaction would have on those resources.[12] In considering these factors, the Board notes that the capital ratios of Barclays meet applicable risk-based capital standards under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. On the basis of all the facts of record, including the foregoing, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

On the basis of the foregoing and all the other facts of record, including the commitments made by Barclays, the Board has determined that the performance of the proposed activities by the BZW Entities can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, including all the commitments and representations made by Barclays in this case, and subject to all the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. The Board's determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.23(g) of Regulation Y (12 C.F.R. 225.7 and 225.23(g)), 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 Barclays's compliance with all the commitments and representations made in connection with this application, including the commitments and conditions discussed in this order. The commitments, representations, and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, 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, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 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

Appendix A

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 to the fund in connection with its other administrative functions;
(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 fund expenses;

11. *See* 12 C.F.R. 225.25(b)(3), (4), (7), (15) & (19).
12. 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).

(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 fund 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 Barclays 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.

Deutsche Bank AG
Frankfurt, Germany

Order Approving an Application to Engage in Certain Precious Metal, Futures Commission Merchant, and Financing Activities

Deutsche Bank AG, Frankfurt, Germany ("Deutsche Bank"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to retain Deutsche Bank Sharps Pixley, Inc. ("DBSPI") and Deutsche Sharps Pixley Metals, Inc. ("Metals"), both of New York, New York, and thereby engage in trading gold, silver and platinum bullion in the spot, forward and option markets for non-hedging purposes,[1] providing financing services, and acting as an introducing broker and providing futures commission merchant ("FCM") execution and advisory services with respect to futures and options on futures on certain financial and non-financial commodities.[2]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 34,623 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Deutsche Bank, with total consolidated assets equivalent to approximately $451 billion, is the largest banking organization in Germany.[3] In the United States, Deutsche Bank operates branches in New York, New York; Chicago, Illinois; and Los Angeles, California. In addition to these banking operations, Deutsche Bank owns several nonbanking subsidiaries in the United States.

Metals is an FCM registered with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"). Metals 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.[4]

The Board previously has determined that the proposed financing and futures-related activities are closely related to banking.[5] The Board also previously has determined that trading gold, silver and platinum bullion in the spot, forward and option markets is closely related to banking.[6] Deutsche Bank has stated that it would conduct the proposed activities in accordance with the Board's regulations and prior orders.

In order to approve this application, 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 interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that Deutsche Bank's proposal would provide added convenience to its customers and increase the level of competition among existing providers of these services.

Deutsche Bank has taken steps to address the potential adverse effects that could result from the proposed activities. Both Deutsche Bank and DBSPI have substantial experience in trading gold, silver and platinum bullion. The Board has carefully reviewed the risk management policies, procedures, and controls used by Deutsche Bank and DBSPI in conducting and monitoring precious metal trading activities. These policies and procedures, which address the credit, market, and operational risks associated with the proposed activities, are currently in place and have

1. DBSPI arranges for precious metal forward and option transactions between Deutsche Bank's New York branch ("DBNY") and unaffiliated counterparties. When a precious metal transaction is entered into with a customer, DBNY enters into an offsetting transaction with DBSPI, which enters into futures, options and options on futures transactions in accordance with 12 C.F.R. 225.142.

2. DBSPI would not provide advisory services with respect to gold, silver, or platinum. Deutsche Bank acquired DBSPI and Metals from Kleinwort Benson Group plc, London, England, on December 31, 1993, pursuant to section 4(c)(9) of the BHC Act. *See* Letter dated November 29, 1993, from Jennifer J. Johnson, Associate Secretary of the Board, to Eric S. Yoon, Esq.

3. Asset and ranking data are as of June 30, 1995, and employ exchange rates then in effect.

4. DBSPI is a clearing member of the Commodity Exchange, Inc ("COMEX"). DBSPI would maintain a membership on COMEX in order to purchase and sell futures and options on futures contracts for affiliates and to trade such contracts for its own account to hedge its precious metal trading activities.

5. *See* 12 C.F.R. 225.25 (b)(1) & (19); *J.P. Morgan & Co. Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994); *Northern Trust*, 79 *Federal Reserve Bulletin* 723 (1993); *The Nippon Credit Bank, Ltd.*, 75 *Federal Reserve Bulletin* 308 (1989)

6. *See Swiss Bank Corporation*, 81 *Federal Reserve Bulletin* 185 (1995).

been used in the precious metal trading operations of Deutsche Bank and DBSPI. Deutsche Bank has committed that DBSPI will adopt and periodically review and revise written policies, position limits, internal review procedures, and financial controls for its precious metal trading activities. In addition, management of DBPSI will review the precious metal trading activities regularly, and the internal audit department will review such activities to ensure conformity with established policies and position limits. The Board believes that the controls and limitations established by Deutsche Bank and DBSPI should minimize the potential adverse effects involved in the proposed activities.

In every case under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the applicant and its subsidiaries and the effect the transaction would have on those resources.[7] In considering these factors, the Board notes that Deutsche Bank's capital ratios meet applicable risk-based capital standards under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. On the basis of all the facts of record, including the foregoing, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

On the basis of the foregoing and all the other facts of record, the Board has concluded that the balance of public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable. The Board has determined, therefore, that the proposed activities are a proper incident to banking within the meaning of the BHC Act.

Based on the foregoing and all the facts of record, including all the representations and commitments made by Deutsche Bank in this case, the Board has determined to, and hereby does, approve the application 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(g), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to 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 Deutsche Bank in this application, 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 December 13, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

7. 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).

Firstar Corporation
Milwaukee, Wisconsin

Firstar Corporation of Iowa
Des Moines, Iowa

Order Approving the Acquisition of a Savings Association

Firstar Corporation, Milwaukee, Wisconsin, and Firstar Corporation of Iowa, Des Moines, Iowa together, ("Firstar"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have filed notice pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to acquire all the voting shares of Harvest Financial Corp., and thereby indirectly acquire its wholly owned subsidiary, Harvest Savings Bank, a Federal Savings Bank, ("Savings Bank"), both of Dubuque, Iowa.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 55,717 (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.

The Board has determined that the operation of a savings association is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[2] The Board requires savings associations acquired by bank holding companies to conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y. Firstar has committed to

1. In connection with the proposal, Firstar has applied to acquire options to purchase up to 19.9 percent of the stock of Savings Bank. These options would become moot upon consummation of this proposal.

2. *See* 12 C.F.R 225.25(b)(9).

conform all activities of Savings Bank to those requirements.[3]

Firstar, with total consolidated assets of $18.6 billion, operates subsidiary banks in Arizona, Illinois, Iowa, Minnesota, and Wisconsin.[4] Firstar is the second largest depository institution in Iowa, controlling deposits of approximately $2 billion, representing approximately 5.6 percent of total deposits in depository institutions in the state.[5] Harvest Financial Corp. is the 26th largest depository institution in Iowa, controlling deposits of $231 million, representing less than 1 percent of total deposits in depository institutions in the state. Upon consummation of this proposal, Firstar would remain the second largest depository institution in Iowa, controlling deposits of $2.2 billion, representing approximately 6.3 percent of total deposits in depository institutions in the state.

Firstar and Savings Bank do not compete directly in any banking market. Based on all the facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In considering a notice to acquire a savings association under section 4 of the BHC Act, the Board reviews the records of performance of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[6]

The Board has received comments on this notice from the Wisconsin Rural Development Center, Inc. ("Protestant"). Protestant maintains that individual Firstar subsidiary banks in Wisconsin have not met the credit needs of the farming community, as evidenced by low ratios of agricultural loans to total loans, compared to other lenders in their service areas, and by their limited participation in government-guaranteed agricultural loan programs. Protestant also contends that the consolidation of agricultural lending activity into Firstar Agri Financial Services ("Agri-Financial") favors large farm operations at the expense of small- to medium-sized family farms, by reducing the number and availability of loans to smaller farms and by limiting the amount of staff and services available to assist in meeting their credit needs.[7]

The Board has carefully reviewed the CRA performance records of Firstar and its subsidiaries and Savings Bank, all comments received on this application, Firstar'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").[8]

Record of Performance Under the CRA

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.[9] The Board notes that all of Firstar's subsidiary banks received either a "satisfactory" or "outstanding" rating from their primary federal supervisor, in their most recent examination for CRA performance. Of the 14 Firstar subsidiary banks serving Wisconsin, for example, ten received a CRA performance rating of "outstanding"[10] and four received a CRA performance rating of "satisfactory" at their most recent examination (collectively, the "Wisconsin Examinations").[11] Savings Bank received an "outstanding" rating from its primary federal supervisor, the Office of Thrift Supervision, as of May 1995.

The Wisconsin Examinations found that Firstar's subsidiary banks offer a variety of housing-related loans, small

3. Firstar has committed that any impermissible securities or insurance activities conducted by Savings Bank or its subsidiaries will cease on or before consummation.

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

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

6. 12 U.S.C. § 2903.

7. Protestant also alleged, without providing specific facts, that one borrower was threatened with foreclosure if he criticized a bank, and that Firstar subsidiary banks are not complying with commitments to restructure loans or extend credit for expansion in several cases. The Board notes that these complaints have been referred to the primary federal supervisors of the relevant banks for consideration. If a Firstar bank has breached a legal obligation arising out of an individual loan transaction, a court can provide the borrower with adequate remedies, if allegations of such a breach can be substantiated.

8. 54 *Federal Register* 13,742 (1989).

9. *Id.* at 13,745.

10. These banks and examination dates are: Firstar Bank Milwaukee, N.A., Milwaukee (Office of the Comptroller of the Currency ("OCC"), as of October 1995); Firstar Bank Appleton, Appleton (Federal Deposit Insurance Corporation ("FDIC"), as of December 1993); Firstar Bank Fond du Lac, N.A., Fond du Lac (OCC, as of March 1995); Firstar Bank Grantsburg, N.A., Grantsburg (OCC, as of April 1995); Firstar Bank Green Bay, Green Bay (FDIC, as of May 1994); Firstar Bank Madison, N.A., Madison (OCC, as of May 1995); Firstar Bank Manitowoc, Manitowoc (FDIC, as of March 1995); Firstar Bank Minocqua, Minocqua (FDIC, as of May 1995); Firstar Bank Sheboygan, Sheboygan (OCC, as of June 1994); Firstar Bank Wisconsin Rapids, N.A., Wisconsin Rapids (OCC, as of July 1995).

11. The banks and examination dates are: Firstar Bank Eau Claire, N.A., Eau Claire (OCC, as of May 1995); Firstar Bank OshKosh, N.A., OshKosh (OCC, as of March 1995); Firstar Bank Rice Lake, N.A., Rice Lake (OCC, as of May 1993); Firstar Bank Wausau, N.A., Wausau (OCC, as of June 1995).

business loans, and community development activities to assist in meeting the credit needs of their entire communities, including low- and moderate-income neighborhoods. The banks offer loan programs designed for low- and moderate-income buyers, such as the Community Home Works Program that features low down payment, low cost, fixed-rate mortgages with flexible underwriting criteria. In addition, Firstar subsidiary banks make government-sponsored loans through programs sponsored by the Federal Housing Administration and the Veterans Administration. The banks also make small business loans through programs of the Small Business Administration.[12] Firstar subsidiary banks also engage in a wide range of community development activities that include financing for the construction of housing and rental units for low- and moderate-income residents, participations in state-sponsored business development funds, and financial assistance to businesses owned by minorities.

Firstar engages in agricultural lending through proprietary and government-guaranteed lending programs, and its level of agricultural lending has increased by approximately $65 million since 1992. As of October 31, 1995, Firstar's subsidiary banks had 1,227 agricultural loans outstanding totalling approximately $182.7 million,[13] and a government-guaranteed loan portfolio consisting of 285 loans, totalling approximately $36.5 million. The average loan size in its agricultural portfolio is approximately $150,000.[14]

Agri-Financial is not a consolidated agricultural lending program but is a trademark name established in 1994 that is currently used by Firstar Bank Manitowoc, Manitowoc, Wisconsin ("Manitowoc Bank").[15] Firstar intends to merge all its Wisconsin subsidiary banks into a single Wisconsin bank ("Firstar Bank Wisconsin") in 1996 and to appoint the president of Manitowoc Bank as the head of the new bank's agricultural lending division. When the reorganization is complete, the agricultural division will have 14 agricultural loan officers available at eight offices throughout the state, who would be supported by two specialists in government-guaranteed loans. Firstar asserts that this structure would increase efficiency and result in better service by and greater accessibility to loan officers because the administrative support and expertise to be provided by the former Manitowoc Bank would permit the loan officers to devote more efforts to soliciting and receiving applications for agricultural loans.

The Board has carefully considered Protestant's comments, information provided by Firstar, and the Wisconsin Examinations in evaluating Firstar's record of CRA performance. Based on this review, the Board concludes that the CRA performance record of Firstar's subsidiary banks, including their record of making agricultural loans in Wisconsin, is consistent with approval of this proposal.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of the institutions involved, are consistent with approval.

The record also indicates that consummation of this proposal would result in increased services and products for Savings Bank's customers and access to Firstar's entire banking network in Wisconsin as well as economies of scale and benefits to Firstar's customers. The Board also finds that consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that this transaction should be, and hereby is, approved.[16] The Board's approval of this proposal is specifically conditioned on compliance by Firstar with all the commitments made in connection with this proposal.

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

12. Firstar's lead subsidiary bank in Milwaukee also developed the Elan Small Business Line of Credit, a program that provides financing in amounts less than $25,000 for businesses with annual sales of less than $1 million.

13. Firstar's June 30, 1995, Bank Holding Company Performance Report showed that agricultural loans equalled 1.57 percent of its gross loans, compared to 0.58 percent for its peer group.

14. Firstar also estimates that 95 percent of the loans in its agricultural portfolio are to farms or agricultural businesses with sales of less than $500,000.

15. As discussed above, Manitowoc Bank, Firstar's primary agricultural lender in Wisconsin, received an "outstanding" CRA performance rating, as of March 1995. Examiners noted that the bank made 149 guaranteed loans through the Farmers Home Administration (now the Farm Service Agency), totalling approximately $21.9 million, and 19 Wisconsin Housing and Economic Development Authority Crop loans, totalling $282,000.

16. Protestant has requested that the Board hold a public meeting or hearing on this application. The Board's rules for processing applications provide that a hearing is required under section 4 of the BHC Act only if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.23(g). 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). Protestant has had an opportunity to present its views, and has submitted substantial written comments that have been considered by the Board. After careful review of all the facts of record, the Board believes that Protestant's request disputes the weight accorded to, and the conclusions that may be drawn from, the facts of record, and does not identify disputed issues of fact that are material to the Board's decision. Protestant's request also fails to show why a written presentation would not suffice and to summarize what evidence would be presented at a hearing or meeting. *See* 12 C.F.R. 262.3(e). In light of the record in this case, the Board does not believe that a hearing or meeting is necessary to clarify the factual record or is otherwise required or warranted. Accordingly the request for a public meeting or hearing on this notice is hereby denied.

such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months 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 Chicago, acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Wells Fargo & Company San Francisco, California

Order Approving Notice to Engage in Certain Lending Activities

Wells Fargo & Company, San Francisco, California ("Wells Fargo"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage *de novo* through its wholly owned subsidiary, Wells Fargo Equity Capital, Inc., San Francisco, California ("Company"), in certain commercial lending activities pursuant to section 225.25(b)(1) of Regulation Y (12 C.F.R. 225.25(b)(1)). Company would conduct these activities throughout the United States.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 13,986 (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.

Wells Fargo, with total consolidated assets of $50.9 billion, is the 17th largest commercial banking organization in the United States, and it operates bank subsidiaries in Arizona and California.[1] Wells Fargo engages through its subsidiaries in a broad range of banking and permissible nonbanking activities.

Wells Fargo would engage through Company in commercial lending, as well as in the servicing of commercial loans, both for itself and others. The Board previously has determined by regulation that these activities are closely related to banking.[2]

In every case involving a nonbanking proposal by a bank holding company to engage in nonbanking activities under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the applicant and its subsidiaries and the effect of the proposal on those resources.[3] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

In order to approve this proposal under section 4(c)(8) of the BHC Act, the Board also must determine that the performance of the proposed activities by Wells Fargo through Company "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that consummation of this proposal would increase competition among providers of commercial financing services, and would enhance convenience and service for Wells Fargo's customers. The record does not indicate, moreover, that consummation of this proposal is likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has concluded that the balance of the public interest factors it must consider under

1. Asset data are as of June 30, 1995. Ranking data are as of October 26, 1995.

2. *See* 12 C.F.R. 225.25(b)(1). Wells Fargo proposes that Company engage in two types of financing transactions in which Company would make an equity investment in the borrower, as well as a senior or subordinated loan. In some cases, Company's equity interest would be less than 5 percent of the borrower's total equity (though Company might also purchase warrants for up to 20 percent of additional equity). In other cases, Company's equity investment could be as large as 24.9 percent of the borrower's total equity. In these cases, however, any loans provided by Company would be limited to less than 25 percent of the total subordinated debt and less than 25 percent of the total debt outstanding from all sources to the borrower.

Wells Fargo has made a number of commitments and proposed other limitations for these investments, including that Company's debt interests would not be convertible into equity, and that no borrower would be able to treat any part of a loan as regulatory capital. Company also would have no agreement to acquire any borrower. Moreover, Company would have no director, officer, or employee interlock or other significant relationship with any issuer. Company's investments also would be made under agreements with provisions that are designed to ensure compliance with the BHC Act and the Board's Policy Statement on Nonvoting Equity Investments by Bank Holding Companies (12 C.F.R. 225.143), including provisions limiting the conversion and transfer of warrants and other convertible equity securities. On the basis of these and other limitations that would be imposed by Wells Fargo and all the facts of record, the Board has determined that the structure and terms of the proposed transactions appear to be consistent with the BHC Act.

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

section 4(c)(8) of the BHC Act is favorable and consistent with approval of this proposal.

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

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

By order of the Board of Governors, effective December 13, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

The Berens Corporation
Houston, Texas

Berens Delaware, Inc.
Wilmington, Delaware

Order Denying Applications to Become Bank Holding Companies

The Berens Corporation, Houston, Texas ("Berens"), and its wholly owned subsidiary, Berens Delaware, Inc., Wilmington, Delaware (together, "Applicants"), have applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring all the voting shares of First National Bank of Dayton, Dayton, Texas ("Bank"). Applicants also filed notices under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to retain all the voting shares of Berens Credit Corporation, Houston, Texas ("BCC"), and thereby engage in mortgage and commercial finance and equipment leasing activities pursuant to sections 225.25(b)(1) and 225.25(b)(5)(i) of Regulation Y (12 C.F.R. 225.25(b)(1) and 225.25(b)(5)(i)).

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 40,381 (1995)). The time for filing comments has expired, and the Board has considered this proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Berens is currently a shell holding company engaged, through BCC, in mortgage and commercial financing and equipment leasing. Neither of the Applicants currently controls any insured depository institution. Bank is the 809th largest commercial banking organization in Texas, controlling deposits of approximately \$14 million, representing less than 1 percent of the total deposits in commercial banks in the state.[1]

The Board believes that the financial factors it is required to consider under section 3 of the BHC Act are not consistent with approval of this proposal. Bank currently is well capitalized and is owned by persons who are not affiliated with Applicants. The record indicates, however, that the financial resources of Berens, which is not currently a bank holding company, are inadequate. Berens and BCC recently filed for bankruptcy under chapter 11 of the United States Bankruptcy Code.[2] Berens, which has been in operation since 1991, has experienced losses in every year, and is minimally capitalized. Berens had planned to make a private offering of its common and preferred stock to raise funds to purchase Bank, to pay expenses of the transaction, and for other purposes, including the retention of sufficient funds to be well capitalized upon becoming a bank holding company. At the time that Berens filed for bankruptcy, Berens had subscribers planning to acquire an amount that is significantly less than the amount necessary to realize those objectives. Accordingly, based on these considerations and all the other facts of record, the Board has concluded that considerations relating to the financial resources of Applicants are not consistent with approval of this proposal. The Board also notes that the proposed management of Berens lacks experience in banking, and in light of Berens's performance and financial condition, the Board has concluded that considerations relating to the managerial resources of Applicants are not consistent with approval.

Berens has refused to provide certain information about its operations, business plans, and financial condition and those of BCC that is material to the evaluation of the factors the Board is required to consider under the BHC Act. In other instances, responses provided by Berens have been incomplete. Taking into consideration the record in this case, the Board concludes that Applicants have failed to provide adequate assurances that they would make available to the Board such information on the operations and

1. All banking data are as of June 30, 1994.
2. 11 U.S.C. 1101 *et seq.*

activities of Applicants and their affiliates as the Board determines to be appropriate to determine and enforce compliance with the BHC Act. Accordingly, based on all the facts of record, the Board has concluded that considerations relating to supervisory factors are not consistent with approval of this proposal.

The Board has concluded that other factors it is required to consider under the BHC Act do not lend sufficient weight to outweigh the adverse considerations discussed above.

For the foregoing reasons, and based on all the facts of record, the Board has determined that approval of the applications under section 3 of the BHC Act is not warranted. For the reasons stated above, the Board also has determined that approval of the notices under section 4 of the BHC Act is not warranted, and that the applications and notices should be, and hereby are, denied.

By order of the Board of Governors, effective December 6, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

Order Approving the Acquisition of a Bank Holding Company

Boatmen's Bancshares, Inc., St. Louis, Missouri ("Boatmen's"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Fourth Financial Corporation, Wichita, Kansas ("FFC"), and thereby indirectly acquire its two subsidiary banks, Bank IV, N.A., Wichita, Kansas, and Bank IV Oklahoma, N.A., Tulsa, Oklahoma.[1] Boatmen's also has given notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire FFC's nonbank subsidiaries.[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 52,915 (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 sections 3 and 4 of the BHC Act.

Boatmen's, with total consolidated assets of $33.2 billion, is headquartered in Missouri[3] and operates subsidiary banks and thrift institutions in nine states.[4] FFC, with total consolidated assets of $7.3 billion, operates subsidiary banks in Kansas and Oklahoma. Boatmen's is the fourth largest commercial banking organization in Oklahoma, controlling deposits of $1.6 billion, representing approximately 5.1 percent of the total deposits in commercial banking organizations in the state. FFC is the third largest commercial banking organization in Oklahoma, controlling deposits of $1.9 billion, representing 6.2 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Boatmen's would become the largest commercial banking organization in Oklahoma, controlling deposits of $3.5 billion, representing approximately 11.3 percent of total deposits in commercial banking organizations in the state.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such a bank holding company, if certain conditions are met.[5] These conditions are met in this case.[6] In view of all the

1. Boatmen's proposes to acquire FFC through Acquisition Sub, Inc., St. Louis, Missouri, and to merge Acquisition Sub with FFC. Acquisition Sub would survive the merger as a second tier bank holding company subsidiary of Boatmen's, and has applied under section 3 of the BHC Act to become a bank holding company. Boatmen's also has acquired an option to purchase up to 19.9 percent of the voting shares of FFC, which option would expire on consummation of this proposal.

2. Boatmen's proposes to acquire:

(1) Fourth Financial Insurance Company, Wichita, Kansas, and thereby engage in the reinsurance of credit life, accident, and health insurance directly related to extensions of credit by FFC's subsidiary banks pursuant to section 225.25(b)(8) of Regulation Y;

(2) Fourth Investment Advisors, Inc., Tulsa, Oklahoma, and thereby engage in providing portfolio investment advice pursuant to section 225.25(b)(4) of Regulation Y,

(3) Southgate Trust Company, Overland Park, Kansas, and thereby engage in trust company activities pursuant to section 225.25(b)(3) of Regulation Y; and

(4) Bank IV Community Development Corporation and Bank IV Affordable Housing Corporation, both of Wichita, Kansas, and thereby engage in providing equity and debt investment in corporations or projects designed primarily to promote community welfare pursuant to section 225.25(b)(6) of Regulation Y. Boatmen's would engage in these activities nationwide.

3. Boatmen's has reached an agreement with the Missouri Division of Finance to divest all the Missouri branches of Bank IV, N.A., Wichita, Kansas, in order to avoid exceeding the Missouri state limit on deposits.

4. Asset data are as of September 30, 1995. State deposit data are as of June 30, 1994.

5. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of Boatmen's is Missouri.

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Boatmen's is adequately capitalized and managed. FFC's subsidiary bank in Oklahoma has been in existence and continuously operated for more than five years, the minimum period of time required under Oklahoma law. Upon consummation, Boatmen's and its affiliates

facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

Boatmen's and FFC compete directly in six banking markets.[7] The Board has carefully considered the effects that consummation of this proposal would have on competition in each of these markets in light of all the facts of record, including the characteristics of the markets, the increase in the concentration of total deposits in depository institutions[8] in the markets as measured by the Herfindahl-Hirschman Index ("HHI"),[9] and certain commitments made by Boatmen's.

The acquisition of FFC by Boatmen's would significantly increase market concentration in the Cherokee County and Muskogee banking markets.[10] In order to mitigate the potential adverse competitive effects, Boatmen's has committed to divest certain branches in these markets.[11] Boatmen's has committed to divest its only branch in the Cherokee banking market to a depository institution that does not currently compete in the market. Accordingly, no change in the HHI or the number of competitors would occur as a result of this proposal.

Boatmen's also has committed to divest one or more branches in the Muskogee banking market with deposits totalling at least $41.1 million to a competitively suitable acquiror. With this divestiture, the HHI is not expected to increase more than 236 points to 2279 as a result of this proposal.

Several factors indicate that the increase in concentration in the Muskogee banking market as measured by the HHI tends to overstate the competitive effects of this proposal. For example, nine competitors would remain in this market, including the largest and fifth largest commercial banks in Oklahoma. In addition, the Muskogee banking market is attractive for entry, and banks in the market are more profitable on average than banks in other non-MSA banking markets in Oklahoma.[12] The Board also notes the effect that two credit unions in the Muskogee banking market, which control approximately 9.6 percent of the total deposits in depository institutions in the market, have on competition in this market.[13]

Consummation of this proposal in the four remaining banking markets where Boatmen's and FFC compete would not exceed the market concentration levels set forth in the Department of Justice merger guidelines.[14]

As in other cases, the Board sought comments from the United States Attorney General's Office and the Office of the Comptroller of the Currency ("OCC"), on the competitive effects of this proposal. The Attorney General indicated that this proposal is not likely to have significantly adverse competitive effects in light of the proposed divestitures, and the OCC did not object to consummation of the proposal. Based on all the facts of record, including the proposed divestitures in the Cherokee and Muskogee banking markets and the facts discussed above, 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 markets.

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would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than the applicable state limits on deposits in Kansas and Oklahoma.

7. The banking markets are the Cherokee County, Kay County, Muskogee County, Oklahoma City, and Tulsa banking markets, all in Oklahoma, and the Kansas City, Kansas-Missouri banking market.

8. In this context, depository institutions include commercial banks and savings associations. Market deposit data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

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

10. The Cherokee County banking market ("Cherokee banking market") is approximated by Cherokee County, Oklahoma, and the HHI would increase by 889 points to 4148. The Muskogee banking market is approximated by the Muskogee RMA and the rest of Muskogee County, Oklahoma, and the HHI would increase by 792 points to 2835.

11. For each market in which Boatmen's has committed to divest offices, it has committed to execute sales agreements prior to consummation of the acquisition of FFC, and to consummate these divestitures within 180 days of the acquisition of FFC. Boatmen's also has committed that if it is unsuccessful in completing these divestitures within 180 days of consummation of this proposal, it will transfer the unsold branches to an independent trustee with instructions to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). Furthermore, Boatmen's has committed to submit to the Board, before consummation of the acquisition, an executed trust agreement acceptable to the Board stating the terms of the divestiture.

12. The Muskogee banking market includes the most populous county in Oklahoma that is not part of a Metropolitan Statistical Area ("MSA"), and that is the sixth most populous of the 77 counties in the state. While non-MSA counties have lost population on average, this banking market has increased its population from 1990 to 1994.

13. The credit unions have membership requirements that have permitted approximately 34 percent of the residents in the market to become members.

14. The HHIs would increase as follows in these markets: Kansas City, Kansas-Missouri (122 points to 872); Kay County, Oklahoma (77 points to 1671); Oklahoma City, Oklahoma (105 points to 840); Tulsa, Oklahoma (130 points to 1263).

Other Considerations

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

Boatmen's also has provided notice to acquire FFC's subsidiaries engaged in credit related insurance, trust company, portfolio investment advisory, and community development activities. Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board previously has determined by regulation that these activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[15] Boatmen's has committed that it will conduct these activities in accordance with Regulation Y.

In order to approve this proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposed transaction "can measurably 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, or unsound banking practices.[16] This proposal should enable Boatmen's to provide greater convenience and improved services to its customers and would not significantly reduce the level of competition among existing providers of these services. Financial and managerial considerations also are consistent with approval.[17] Based on all the facts of record, there is no evidence in the record to indicate that consummation of the proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would not be outweighed by the likely public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC act is favorable and consistent with approval of this proposal.

Based on the foregoing and all the facts of record, including the commitments discussed above, the Board has determined to, and hereby does, approve the application and notices. The Board's approval is specifically conditioned on compliance with the divestitures discussed in this order and with all commitments made in connection with this application. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(g) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of FFC's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the nonbanking transactions shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 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

First Bank System, Inc. Minneapolis, Minnesota

Order Approving the Merger of Bank Holding Companies

First Bank System, Inc., Minneapolis, Minnesota ("FBS"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with FirsTier Financial, Inc., Omaha, Nebraska ("FirsTier"),[1] and thereby indirectly acquire FirsTier's subsidiary banks.[2] FBS also 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) to acquire FirsTier's nonbanking subsidiaries and thereby engage in permissible nonbanking activities.[3]

15. 12 C.F.R. 225.25(b)(3),(4),(6) and (8)
16. 12 U.S.C. § 1843(c)(8).
17. *See* 12 C.F.R. 225.24(b)

1. In connection with this proposal, FBS also has requested approval to acquire an option to purchase up to 19.9 percent of the outstanding voting shares of FirsTier. This option would terminate upon consummation of this proposal

2. These subsidiary banks are: FirsTier Bank, N.A., Omaha; FirsTier Bank, N.A., Lincoln; FirsTier Bank, N.A., Scottsbluff; and FirsTier Bank, N.A., Norfolk, all in Nebraska; Nevada National Bank, Nevada; Valley State Bank, Rock Valley; and Security Savings Bank, Williamsburg, all in Iowa.

3. These nonbank subsidiaries are: FirsTier Insurance, Inc., Omaha, Nebraska, which engages in the sale of credit-related insurance pursuant to section 225.25(b)(8)(i) and (vii) of Regulation Y (12 C.F.R. 225.25(b)(8)(i) and (vii)); FirsTier Mortgage Company, Omaha, Nebraska, which engages in recovery of problem mortgage loans, pursuant to section 225.25(b)(1) of Regulation Y (12 C.F.R. 225.25(b)(1)),

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 54,503 (1995)). The time for filing comments has expired, and the Board has considered the application and notice and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

FBS, with total consolidated assets of $33.5 billion,[4] controls nine depository institutions in Colorado, Iowa, Illinois, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming.[5] FirsTier, with total consolidated assets of $3.6 billion, controls seven depository institutions in Iowa and Nebraska. FBS is the fifth largest depository institution organization in Nebraska, controlling total deposits of $915.6 million, representing 3.8 percent of total deposits in insured depository institutions in the state. FirsTier is the second largest depository institution organization in Nebraska, controlling deposits of approximately $2.5 billion, representing 10.4 percent of total deposits in insured depository institutions in the state. On consummation of this proposal, FBS would become the second largest depository institution organization in Nebraska, controlling $3.4 billion in deposits, representing 14.2 percent of total deposits in insured depository institutions in the state. FBS is the sixth largest depository institution organization in Iowa, controlling total deposits of $784.5 million, representing 2.1 percent of total deposits in insured depository institutions in the state. FirsTier is the 19th largest depository institution organization in Iowa, controlling deposits of approximately $310 million, representing less than 1 percent of total deposits in insured depository institutions in the state. On consummation of this proposal, FBS would become the fifth largest depository institution organization in Iowa, controlling deposits of $1.1 billion, representing 3 percent of total deposits in insured depository institutions in the state.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such a bank holding company, if certain conditions are met.[6] These conditions are met in this case.[7] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

FBS and FirsTier compete directly in the Nebraska banking markets of Buffalo County, Omaha/Council Bluffs, Columbus, and Lincoln.[8] Consummation of this proposal would not cause the levels of market concentration as measured by the Herfindahl-Hirschman Index ("HHI") to exceed the Department of Justice ("DOJ") merger guidelines[9] in any of these banking markets except the Lincoln banking market.[10]

FBS is the seventh largest depository institution in the Lincoln banking market, controlling $94 million in depos-

and Wyoming Trust and Management Company, Gillette, Wyoming, which engages in fiduciary and asset management services pursuant to section 225.25(b)(3) and (4) of Regulation Y (12 C.F.R. 225.25(b)(3) and (4)).

FBS also would acquire two inactive nonbanking subsidiaries of FirsTier, FirsTier Data and Asset Recovery Company, both of Omaha, Nebraska. FBS has committed not to engage in activities through these subsidiaries without the approval of the Federal Reserve System.

4. Deposit data are as of June 30, 1995.

5. In this context, depository institutions include commercial banks, savings banks, and savings associations with deposits insured by the Federal Deposit Insurance Corporation.

6. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of FBS is Minnesota.

7. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). FBS is adequately capitalized and adequately managed. FirsTier's banks have been in existence and continuously operated for the minimum period of time required under the laws of the states of Iowa and Nebraska. On consummation, FBS and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than the Nebraska deposit limit of 14 percent of the total deposits of all banks in Nebraska plus the total deposits, savings accounts, passbook accounts, and shares in savings and loan associations and building and loan associations in Nebraska. In addition, this proposal would not violate the Iowa deposit limitation that bank holding companies not control more than ten percent of the sum of total time and demand deposits of all banks, savings and loan associations, and savings banks in Iowa. All other requirements of section 3(d) of the BHC Act would also be met on consummation of this proposal.

8. The Buffalo County banking market is approximated by Buffalo County, Nebraska.

The Omaha/Council Bluffs banking market is approximated by the Omaha/Council Bluffs RMA; the contiguous areas east of the Elkhorn River in Douglas County, Nebraska; and Pottawattamie County, Iowa, except for the eastern two tiers of townships.

The Columbus banking market is approximated by all of Platte County; the eastern quarter of Nance County, including the town of Genoa; the southern two-thirds of Colfax County, including the town of Schuyler; the northwestern quadrant of Butler County, including the towns of Bellwood, David City, and Rising City; the northeastern half of Polk County, including the town of Shelby; and the extreme northeastern part of Merrick County, including the town of Silver Creek.

The Lincoln, Nebraska, banking market is approximated by Lancaster County, Nebraska.

9. Market data are as of June 30, 1994. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

10. These markets and the HHI increases are as follows: Buffalo City (27 points to 2296); Omaha (242 points to 1778); and Columbus (22 points to 2049).

its, representing approximately 3.9 percent of total deposits in depository institutions in the market ("market deposits"). FirsTier is the second largest depository institution in the market, controlling deposits of $707 million, representing approximately 28.8 percent of market deposits. Upon consummation of this proposal, FBS would become the largest depository institution in the market, controlling deposits of $801 million, representing approximately 32.7 percent of market deposits. The concentration in the market as measured by the HHI would increase by 222 points to 2207 points as a result of this proposal.[11]

A number of additional factors indicate, however, that the increase in concentration levels in the Lincoln banking market, as measured by the HHI, tends to overstate the competitive effects of this proposal. For example, 18 competitors would remain in the market after consummation of this proposal, including a depository institution that controls 31.2 percent of market deposits. In addition, the Lincoln banking market appears to be attractive for out-of-market entry. It is the second most populous market in Nebraska, and population growth in the Lincoln banking market exceeded the national average growth rate from 1980 to 1992.[12] As of June 1995, the market's unemployment rate of 2.8 percent was less than half the national average unemployment rate. Moreover, per capita income figures for 1993 show that the Lincoln banking market's per capita income exceeds the national average.

In accordance with the BHC Act, the Board sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has advised the Board that the proposed transaction is not likely to have a significantly adverse effect on competition on any relevant banking market. The OCC and FDIC have not objected to consummation of the proposal or indicated it would have any significantly adverse competitive effects in any relevant banking market.

Based on all the facts of record, including the small amount by which the Department of Justice merger guidelines are exceeded and the number of competitors that would remain in the market, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Lincoln banking market. Moreover, 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 resources in any relevant market.

Other Considerations

The financial and managerial resources and future prospects of FBS, FirsTier, and their respective subsidiaries are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.[13] The convenience and needs of the communities to be served are also consistent with approval.

Nonbanking Activities

FBS also has provided notice, pursuant to section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of FirsTier. The Board previously has determined by regulation or order that these activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act. FBS 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 every case under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[14] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval.

In order to approve this notice, the Board also must determine that the performance of the proposed nonbanking activities "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).

11. 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 highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

12. This rate of growth also exceeded the growth rate for Omaha, the only other metropolitan area in Nebraska, and the state as a whole from 1990 to 1994.

13. The Board has carefully reviewed comments from an individual ("Commenter") alleging a number of improper actions by FirsTier and its management, including allegations related to certain loan transactions involving Commenter and her family farming business. Commenter's allegations for the most part involve national banks acquired by FirsTier in 1984: FirsTier Bank, N.A., and its predecessor, Omaha National Bank (both in Omaha, Nebraska). Commenter has filed several lawsuits based on her allegations in courts that had the authority to provide appropriate remedies if allegations of improper actions could have been substantiated, but Commenter's cases were dismissed. The Board has considered these allegations in light of all the facts of record, including reports of examination assessing the managerial strength of FBS and FirsTier and their subsidiary banks. The Board notes that after consummation, FirsTier would be integrated into the management structure of FBS and subject to the policies and procedures of FBS. In light of all the facts of record, the Board concludes that these comments do not warrant denial of this proposal. These comments have been referred to the OCC, the bank's primary supervisor, for consideration.

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

Based on all the facts of record, the Board believes that this proposal should enable FBS to provide greater convenience and improved service to FBS customers and to customers of FirsTier's nonbanking subsidiaries. In considering the acquisition by FBS of FirsTier's nonbanking activities, 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 that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the notice to acquire FirsTier's nonbanking subsidiaries.

Conclusion

Based on the foregoing, including the commitments made to the Board by FBS in connection with this application and notice, and in light of all the facts of records, Board has determined that the application and notice should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by FBS with all the commitments made in connection with this proposal. The Board's determinations on the proposed nonbanking activities also are subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, 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 FirsTier's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and this proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

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

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

WILLIAM W. WILES
Secretary of the Board

NationsBank Corporation
Charlotte, North Carolina

Order Approving the Acquisition of a Bank Holding Company

NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire by merger Bank South Corporation ("BSC"), and thereby indirectly acquire its subsidiary bank, Bank South ("Bank South"), both of Atlanta, Georgia.[1] NationsBank also 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) to acquire Bank South Life Insurance Company, Atlanta, Georgia ("Bank South Life"), and thereby engage in credit insurance activities, pursuant to section 225.25(b)(8)(i) of Regulation Y (12 C.F.R. 225.25(b)(8)(i)).[2] NationsBank would engage in these activities nationwide.[3]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 50,625 (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.

NationsBank, with total consolidated assets of approximately $188 billion, operates subsidiary banks in nine states and the District of Columbia.[4] NationsBank is the fourth largest commercial banking organization in the United States, controlling approximately 4.8 percent of total banking assets, and approximately 3.7 percent of total insured deposits. NationsBank also engages in a number of permissible nonbanking activities nationwide. NationsBank is the largest commercial banking organization in Georgia,

1. In connection with this proposal, BSC has granted NationsBank an option to purchase up to 19.9 percent of the voting shares of BSC on the occurrence of certain events. This option would terminate on the consummation of this proposal. Immediately after the merger of NationsBank and BSC, NationsBank would transfer Bank South to NB Holdings Corporation, Charlotte, North Carolina ("NB Holdings"), a wholly owned subsidiary of NationsBank. Thereafter, Bank South would merge into NationsBank of Georgia, N.A., Atlanta, Georgia ("NationsBank Georgia"), a wholly owned subsidiary of NB Holdings.

2. NationsBank also has provided notice to acquire Bank South Securities Corporation, Atlanta, Georgia. This company, however, would cease its activities before acquisition by NationsBank and would not engage in any activities without the Board's approval.

3. NationsBank also would acquire BSC's interest in approximately 4.16 percent of the voting shares of Southeast Switch, Inc., Maitland, Florida ("Switch"), and thereby engage in providing data processing services and management consulting advice pursuant to sections 225.25(b)(7) and (b)(11) of Regulation Y (12 C.F.R. 225.25(b)(7) and (b)(11)). Under Switch's articles of incorporation, NationsBank would be required to sell this interest, because its share ownership interest in Switch would exceed 15 percent.

4. Asset and state deposit data are as of June 30, 1995, and include acquisitions by NationsBank approved after that date. NationsBank also operates a limited-purpose credit card bank in Delaware

controlling deposits of approximately $8.7 billion, representing 12.9 percent of total deposits in commercial banking organizations in the state. BSC is the fifth largest commercial banking organization in Georgia, controlling deposits of approximately $5.1 billion, representing 7.5 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, NationsBank would remain the largest depository institution in Georgia, controlling deposits of approximately $13.8 billion, representing 20.4 percent of total deposits in commercial banking organizations in the state.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met.[5] These conditions are met in this case.[6] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

NationsBank and BSC compete directly in five banking markets in Georgia. The Board has carefully considered the effects that consummation of this proposal would have on competition in all the banking markets served by BSC in light of all the facts of record, including the characteristics of the markets, the increase in the concentration of total deposits in depository institutions[7] in the markets as measured by the Herfindahl-Hirschman Index ("HHI"),[8] and commitments made by NationsBank.

The acquisition of BSC by NationsBank would significantly increase market concentration in the Fitzgerald and Savannah banking markets,[9] as measured by the HHI.[10] In order to mitigate the potential adverse competitive effects that might result from this acquisition, BSC has entered into definitive agreements to sell its only branch in the Fitzgerald banking market to a competitor not currently operating in the market and to sell one branch in the Savannah banking market to a competitor operating in the market that can purchase the branch without exceeding the concentration levels in the Department of Justice merger guidelines.[11] As a result of these divestitures, the HHI in the Fitzgerald banking market would remain unchanged and the HHI in the Savannah banking market would increase 185 points to 1799 points. Consummation of this proposal in the three remaining banking markets where NationsBank and BSC compete also would not exceed market concentration levels in the Department of Justice merger guidelines.[12] Moreover, numerous competitors would remain in all the relevant banking markets.

The Department of Justice has indicated that, in light of the proposed divestitures, this proposal is not likely to have a significantly adverse effect on competition. Based on all the facts of record, including the proposed divestitures, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.[13]

5. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, NationsBank's home state is North Carolina.

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). NationsBank is adequately capitalized and adequately managed. Bank South has been in existence and continuously operated for the minimum period of time required under Georgia law. In addition, on consummation of this proposal, NationsBank and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Georgia.

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

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

9. The Fitzgerald banking market consists of Ben Hill and Irwin Counties. The Savannah banking market consists of Bryan, Chatham, Effingham, and Liberty Counties.

10. As a result of this proposal, the HHI in the Fitzgerald banking market would increase by 716 points to 2827 points, and the HHI in the Savannah banking market would increase by 213 points to 1827 points.

11. In addition, NationsBank has committed that if these divestitures are not completed within six months after consummation of this proposal, it will transfer the unsold branches to an independent trustee who will be instructed to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). NationsBank also has committed to submit to the Board, prior to consummation of this proposal, an executed trust agreement acceptable to the Board.

12. The HHI would increase as follows: Athens banking market 157 points to 1274 points; Atlanta banking market 370 points to 1475 points; and Macon banking market 405 points to 1492 points.

13. The HHI would increase as follows: Athens banking market 157 points to 1274 points; Atlanta banking market 370 points to 1475 points; and Macon banking market 405 points to 1492 points.

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 bank expansion proposals.[14]

The Board received comments on this proposal from several commenters ("Protestants")[15] alleging, on the basis of data filed under the Home Mortgage Disclosure Act ("HMDA"), that NationsBank of Georgia, N.A., Atlanta, Georgia ("NationsBank Georgia"), and NationsBanc Mortgage Corporation, Dallas, Texas ("NationsBanc Mortgage"), illegally discriminate against African Americans in mortgage lending in Georgia.[16] In addition, Protestants express concern that deposits that NationsBank collects in Georgia might be used to fund loans and investments out of state rather than be reinvested in local communities. Protestants also criticized Bank South for its record of lending to census tracts with predominantly low- and moderate-income and minority residents as indicated by HMDA data.

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

Record of Performance under the CRA

The Board recently reviewed the CRA performance record of NationsBank in connection with its application to acquire CSF Holdings, Inc., Miami, Florida, and concluded that NationsBank and its subsidiary banks have the types of policies and programs in place and working well that support an effective record of CRA performance.[18] This review considered the "satisfactory" or "outstanding" ratings for CRA performance received by all of NationsBank's subsidiary banks from the Office of the Comptroller of the Currency ("OCC"), their primary federal supervisor; NationsBank's lending activities, including its progress under its Community Investment Program ("CIP") (a 10-year commitment to make a minimum of $10 billion of community investment loans); NationsBank's ascertainment and marketing activities; and NationsBank's policies and record of closing branches.

The Board also carefully considered NationsBank's compliance with applicable fair lending laws. The *CSF Order* notes that OCC examinations found that all of NationsBank's subsidiary banks were in compliance with the substantive provisions of the Fair Housing Act and the Equal Credit Opportunity Act ("fair lending laws").[19] Examiners found no evidence of prohibited discriminatory practices or of practices intended to discourage applications for the types of products set forth in the banks' CRA statements. According to the examinations, each bank had adequate policies, procedures, and training programs in place to support nondiscrimination in lending activities, and conducted internal audits to evaluate compliance with fair lending laws. Moreover, the OCC examinations found that the banks's community delineations were reasonable and did not arbitrarily exclude low- and moderate-income areas, and that the banks annually reviewed their delineations and the geographic distribution of their lending. NationsBank's Community Investment Group, which includes its Fair Lending Program, also was found to have developed internal and external second and third review programs for declined mortgage applications.[20]

For the reasons discussed in detail in the *CSF Order*, which are incorporated herein by reference, the Board concluded that the CRA performance record of NationsBank was consistent with approval of an acquisition under the BHC Act. After consummation of this proposal, NationsBank would implement its CRA and fair lending policies and procedures at Bank South.

14. 12 U.S.C. § 2903.

15. Protestants include the International Brotherhood of Teamsters, the Atlanta, Georgia Labor Council, and several individuals.

16. Protestants maintain that these allegations are supported by a recent lawsuit alleging that NationsBank illegally discriminates against African Americans in making mortgage loans in the Washington, D.C., metropolitan area. NationsBank has denied any wrongdoing, and the litigation is in the early stages of developing a factual record. The Office of the Comptroller of the Currency and the Board, moreover, have sufficient supervisory authority to take appropriate action against NationsBank, if the plaintiffs's claims of illegal activity can be substantiated, and the Board can take such findings into account in considering future applications by NationsBank to expand its activities.

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

18. *NationsBank Corporation*, 81 *Federal Reserve Bulletin* 1121 (1995) ("*CSF Order*").

19. An examination of NationsBanc Mortgage as part of this review also found no violations of fair lending laws.

20. One commenter expressed concern, without providing specific facts, that NationsBank's consumer finance subsidiary, NationsCredit Corporation, Allentown, Pennsylvania ("NationsCredit"), lends to minorities and in minority communities at higher rates and fees than those of other NationsBank subsidiaries that primarily serve non-minorities and non-minority communities. There is no evidence in the record that NationsCredit charges higher rates or fees on any prohibited basis.

Record of CRA Performance in Georgia

CRA Performance Examinations. The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[21] After the *CSF Order,* the OCC released the results of its most recent examinations of NationsBank's subsidiary banks for CRA performance. NationsBank Georgia received an "outstanding" rating for CRA performance, as of July 1995. In addition, Bank South received a "satisfactory" rating for CRA performance from the OCC as of January 1995.[22]

HMDA Data. The Board has carefully considered Protestants' allegations about lending to African Americans in Atlanta in light of 1993 and 1994 HMDA data for NationsBank Georgia and NationsBanc Mortgage. A comparison of the 1993 and 1994 HMDA data for these institutions combined indicates an increase in 1994 in the percentage of applications received by NationsBank from African Americans, and that in both years NationsBank received a higher percentage of its total applications from African Americans than did financial institutions in the market in the aggregate.[23] Between 1993 and 1994, the percentage of loan originations by NationsBank to African Americans increased, the percentage of loan denials decreased, and the disparity between NationsBank's denial rates for African American applicants and non minority applicants declined. These data also show, however, that there were disparities in the rates of loan denials by racial groups.

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

As previously noted, NationsBank Georgia is in compliance with the substantive provisions of fair lending laws, and the most recent OCC examinations of the bank and the previous examinations noted in the *CSF Order* found no evidence of prohibited discriminatory practices or of practices intended to discourage applications for the types of products set forth in the bank's CRA statement. NationsBank Georgia has in place all of NationsBank's fair lending review policies and procedures, including its second and third review programs for applications for which a preliminary decision to decline has been made.[24] These examinations also found that the bank's geographic distribution of applications, originations, and denials was reasonable, and considered the bank to be effective in serving low- and moderate-income individuals and areas.

Record of Lending Activities. During 1993, NationsBank made 873 home mortgage loans for a total of $60.2 million to African Americans in the Atlanta market, and made 778 such loans for a total of $42.9 million in 1994. NationsBank also offers loans to qualifying low and moderate income borrowers under its CIP initiative, as reviewed in the *CSF Order,* using nontraditional underwriting criteria and offering below market rates and reduced down payment requirements and closing costs. During 1994, NationsBank made 66 loans totalling $5.2 million in Georgia under this program.

In addition, in 1993 the bank made 22 commercial real estate loans totalling $7.5 million for community development purposes, such as the development of low and moderate income single- and multi-family housing units and renovations of community and retail centers in underserved areas. The bank committed an additional $22 million for this purpose in 1994. NationsBank Georgia also supported the community development initiatives of organizations established to help provide housing for low and moderate income families. During 1993, for example, the bank committed $500,000 to the Atlanta Equity Fund to provide bridge financing for multi family housing projects. During 1994, the bank committed $3.3 million to the Atlanta Multi-Family Finance Alliance to provide construction and bridge financing for housing for low and moderate income households.[25]

NationsBank Georgia also has been a leading small business lender throughout Georgia. During 1993, the bank

21. 54 *Federal Register* 13,745

22. OCC examiners also conducted a fair lending review of Bank South and its mortgage company subsidiary, which included comparisons of loan files in which African American applicants were denied loans and non minority applicants were granted loans. This review found no evidence of fair lending law violations.

23. Applications from African Americans increased from 15.5 percent of total applications in 1993 to 20.9 percent in 1994. Lenders in the Atlanta market in the aggregate received 10.6 percent of total applications from African Americans in 1993 and 16.8 percent in 1994. African Americans constituted 25.1 percent of the total population in the Atlanta market in 1991

24. An individual Protestant criticized NationsBank Georgia for denying his loan application and maintained that the bank illegally discriminates against African Americans in the Atlanta area. In light of all the facts of record discussed above, the Board does not believe that these comments warrant denial of the application. The Board has provided these comments to the OCC for consideration.

25. NationsBank also supports the community development initiatives of other organizations at the corporate level. During 1993, NationsBank Community Development Corporation ("NationsBank CDC") formed a partnership with the Atlanta Neighborhood Development Partnership and invested approximately $14 million to acquire and renovate 2,811 multi family housing units. During 1994, NationsBank CDC entered into two additional partnerships to construct up to 30 new single family homes for low- and moderate income households in the Martin Luther King, Jr., Historic District and the Summerhill neighborhood. Nations Housing Fund, a partnership formed in 1993 by NationsBank and Enterprise Social Investment Corporation, committed $1.1 million in 1994 to revitalize 84 low income apartment units in the East Point neighborhood

made 23 Small Business Administration ("SBA") loans for a total of $8.2 million, and originated 5,739 small business loans for a total of $397.4 million.[26] During 1994, the bank made 50 SBA loans totalling $16.6 million, and originated 3,568 small business loans totalling $245 million. NationsBank Georgia committed $2.5 million to a micro-loan pool administered by the Atlanta Business Community Development Corporation, and made a four-year commitment totalling $200,000 to the Savannah Community Development Corporation to be used to provide bridge financing to small businesses. The bank invested approximately $2.7 million in the Greater Atlanta Small Business Project, the Entrepreneurial Development Loan Fund, and Renaissance Capital Corporation to be used for loans to small businesses that normally would not qualify for conventional bank financing.[27]

Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record in reviewing NationsBank's record of CRA performance. Based on a review of the entire record of performance, including information provided by all commenters, NationsBank, and BSC, the Board has concluded that convenience and needs considerations, including the overall CRA performance records of the institutions involved in this proposal, are consistent with approval of this application.

Other Considerations

The Board also has reviewed the financial and managerial resources and future prospects of NationsBank, Bank South, and their respective subsidiaries, and the other supervisory factors the Board must consider under section 3 of the BHC Act. Based on all the facts of record, the Board has concluded that these factors are consistent with approval of the application.

Nonbanking Activities

NationsBank also has given notice, pursuant to section 4(c)(8) of the BHC Act, to acquire Bank South Life, and thereby engage in credit insurance activities. Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks, as to be a proper incident thereto." The Board previously has determined by regulation that the activities of Bank South Life are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[28] NationsBank has committed that it will conduct these activities in accordance with Regulation Y.

In order to approve this proposal, the Board also must determine that the proposed activities represent a proper incident to banking, that is, that the proposed transaction "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, or unsound banking practices."[29] On the basis of the record, the Board believes that this proposal should enable NationsBank to provide greater convenience and improved services to its customers. Financial and managerial considerations also are consistent with approval.[30] On the basis of these considerations and all other facts of record, the Board has determined that there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of NationsBank's proposal to acquire Bank South Life.

Conclusion

Based on the foregoing and all other facts of record, including all the commitments made by NationsBank discussed in this order, the Board has determined that this application and the notices should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by NationsBank with all commitments made in connection with this application and these notices, including its divestiture commitments as discussed above. The Board's determination on the proposed nonbanking activities also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) (12 C.F.R. 225.7 and 225.23(g)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The 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 Bank South shall not be consummated before the fifteenth calendar day following the effec-

26. Small business loans include non-real estate commercial loans originated in amounts up to $500,000.

27. The bank also provides technical support to small businesses, such as Small Business Journey, a seven-week course on the fundamentals of small business management offered with the University of Georgia Small Business Development Center. Over 340 persons graduated from this program in 1994.

28. 12 C.F.R. 225.25(b)(8)(i).

29. 12 U.S.C. § 1843(c)(8).

30. *See* 12 C.F.R. 225.24(b).

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

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

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

WILLIAM W. WILES
Secretary of the Board

U.S. Bancorp
Portland, Oregon

Order Approving the Acquisition of a Bank Holding Company

U.S. Bancorp, Portland, Oregon ("U.S. Bancorp"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of West One Bancorp, Boise, Idaho ("West One"), and thereby indirectly acquire its subsidiary banks.[1] U.S. Bancorp also 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) to acquire the nonbanking subsidiaries of West One, and thereby engage in permissible nonbanking activities.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 49,847 (1995)). 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 sections 3 and 4 of the BHC Act.[3]

U.S. Bancorp, with total consolidated assets of $21.4 billion, operates subsidiary banks in California, Idaho, Nevada, Oregon, and Washington State.[4] U.S. Bancorp is the 37th largest banking organization in the United States, controlling less than 1 percent of total banking assets in the United States. U.S. Bancorp also engages in a number of permissible nonbanking activities nationwide. West One, with consolidated assets of $9.2 billion, operates subsidiary banks in Idaho, Oregon, Washington, and Utah. West One is the 70th largest banking organization in the United States, controlling less than 1 percent of total banking assets in the United States. Upon consummation of this proposal, U.S. Bancorp would become the nation's 32d largest banking organization, controlling less than 1 percent of total banking assets in the United States.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met.[5] These conditions are met in this case.[6] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

1. The subsidiary banks are West One Bank and Idaho First Bank, both in Boise, Idaho; West One Bank, Oregon, Portland, and West One Bank, Oregon, S.B., Hillsboro, both in Oregon; West One Bank Washington, Seattle, Washington; and West One Bank, Utah, Salt Lake City, Utah.

2. The nonbanking subsidiaries are West One Trust Co., Salt Lake City, Utah, and West One Trust Co., Washington, Seattle, Washington, which engages in trust company activities pursuant to section 225.25(b)(3) of Regulation Y (12 C.F.R. 225.25(b)(3)); West One Life Insurance Co., Phoenix, Arizona, which engages in insurance activities permitted under section 4(c)(8) of the BHC Act, pursuant to sections 225.25(b)(8)(i) of Regulation Y (12 C.F.R. 225.25(b)(8)(i)); and West One Financial Services, Inc., Boise, Idaho, which engages in residential and commercial mortgage servicing activities pursuant to section 225.25(b)(1)(iii) of Regulation Y 12 C.F.R. 225.25(b)(1)(iii)).

3. Two Commenters contended that notice of the proposal was inadequate. The Board's Rules of Procedure (12 C.F.R. 262.3(b)(1)(ii)(E)) require an applicant to publish notice in a newspaper of general circulation in the community where the head offices of the largest subsidiary bank of the applicant, if any, or the applicant and each organization to be acquired are located. Notice of the proposal, inviting public comment was published on September 14, 1995, in a newspaper of general circulation in Portland, where U.S. Bancorp is located, and in newspapers of general circulation in the following cities where West One's banks are located: Boise (September 15, 1995); Seattle (September 13, 1995); and Salt Lake City (September 15, 1995). In addition, consistent with the Board's Rules of Procedure (12 C.F.R. 262.3(i)(1)), the Board published notice of this proposal in the *Federal Register*, inviting public comment for 23 days. The Board has received and carefully reviewed comments from organizations in different states where West One's banks are located. Based on all the facts of record, the Board concludes that notice was published in accordance with its Rules and that the public was adequately notified of this proposal.

4. All asset data are as of June 30, 1995.

5. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of U.S. Bancorp is Oregon.

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). U.S. Bancorp is adequately capitalized and adequately managed. West One's banks have been in existence and continuously operated for the periods of time required under the laws of the states of Idaho, Utah and Washington. In addition, upon consummation of this proposal, U.S. Bancorp and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions, or the applicable state deposit limit, in Utah and Washington. U.S. Bancorp would control more than 30 percent of the total deposits in depository institutions in Idaho after the proposal. However, Idaho law expressly eliminates any deposit limitations (Idaho Code § 26-1606 as amended (1995)) and the Director of the Department of Finance has indicated that the transaction is permissible under relevant Idaho law. Accordingly, in this case the acquisition by U.S. Bancorp of deposits in Idaho is permitted under section 3(d)(2)(D) of the BHC Act (12 U.S.C. § 1842(d)(2)(D)).

Competitive Considerations

U.S. Bancorp and West One compete directly in 23 banking markets in Idaho, Oregon, and Washington.[7] The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets, in light of all the facts of record, including the characteristics of these markets, the projected increase in the concentration of total deposits in depository institutions[8] in these markets ("market deposits") as measured by the Herfindahl-Hirschman Index ("HHI"),[9] and commitments made by U.S. Bancorp to divest certain branches. In evaluating the competitive factors in this case, the Board also has carefully considered the views presented by commenters.

In fourteen banking markets, consummation of this proposal would not exceed the levels of market concentration as measured by the HHI under the Department of Justice ("DOJ") merger guidelines.[10] In nine other banking markets,[11] the increase in the concentration of market deposits, as measured by the HHI, indicates that the combination of U.S. Bancorp and West One, without divestitures, could result in significantly adverse competitive effects. In order to mitigate the potential that this proposal may result in adverse competitive effects in these markets, U.S. Bancorp has committed to divest branches in each of these banking markets to one or more acquirors whose purchase of branches would not substantially lessen competition.[12] After consummation of this proposal and the divestiture of branches, the competitive effect of this proposal would be within the market concentration levels set forth in the DOJ Merger Guidelines and the parameters applied by the Board in previous decisions in all markets, except the Portland banking market.[13]

Portland Banking Market. U.S. Bancorp is the largest banking organization in the Portland banking market.[14] On acquisition of West One, U.S. Bancorp would control approximately \$5.4 billion in deposits, representing approximately 40.5 percent of market deposits. To mitigate the potential anti-competitive effects of this acquisition in the Portland banking market, U.S. Bancorp has entered into divestiture agreements to sell 16 branches and approximately \$341 million of deposits to a firm that is not currently competing in the Portland market. On consummation of the proposed divestiture, the HHI in the Portland banking market would increase by 230 points to 2226, and U.S. Bancorp would control 37.9 percent of the market.

A number of additional factors indicate, however, that the increase in concentration levels in the Portland banking market, as measured by the HHI, tends to overstate the competitive effects of this proposal taking into consideration the proposed divestitures. For example, 21 competitors would remain in the market, and the number of competitors would not be reduced because U.S. Bancorp has committed to sell the divested branches to an out-of-

7. State banking data and local banking markets are set forth in the Appendix.

8. Market deposit data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50-percent weighted basis. 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). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

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

10. The markets and the HHI increases are as follows. In Idaho, Boise (98 points to 3150); Lewiston (86 points to 2025); Moscow (354 points to 1494); and Nampa (56 points to 2281). In Oregon, Corvallis (165 points to 1692); Deschutes County (90 points to 1934); Eugene (121 points to 1680); and Salem (158 points to 1636). In Washington, Bremerton (54 points to 1512); Olympia (63 points to 1309); Seattle (85 points to 1800); Skagit County (124 points to 1875); and Spokane (277 points to 1783). U.S. Bancorp also has committed to divest a branch in the Yakima, Washington, banking market, although consummation of this proposal would not exceed DOJ merger guidelines in that market. In light of this divestiture, the HHI for the market would increase 253 points to 1604 points.

11. The banking markets are as follows: in Oregon, Jefferson County, Lincoln County, Ontario, Pendleton, Portland, and Wasco County; in Washington, Bellingham, Kittitas County, and Pasco-Kennewick Richland.

12. With respect to each market in which U.S. Bancorp has committed to divest offices it has committed to execute sale agreements prior to consummation of the acquisition of West One, and to consummate these divestitures within 180 days of consummation. U.S. Bancorp has committed that if it is unsuccessful in completing these divestitures within 180 days of consummation of this proposal, it will transfer the unsold branches to an independent trustee with instructions to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). Furthermore, U.S. Bancorp has committed to submit to the Board, prior to consummation of the acquisition, an executed trust agreement acceptable to the Board stating the terms of the divestiture.

13. Based on U.S. Bancorp's proposed divestitures, the HHI in these banking markets would increase as follows. In Oregon, Jefferson County (no increase), Lincoln County (increase not to exceed 29 points to 2025 points), Ontario (increase not to exceed 189 points to 1870 points), Pendleton (no increase), and Wasco County (no increase); in Washington, Bellingham (increase not to exceed 252 points to 1774 points), Kittitas County (increase not to exceed 10 points to 1500 points), and Pasco-Kennewick-Richland (increase not to exceed 107 points to 1954 points).

14. The Board received comments concerning the competitive effects of this transaction from an individual and an organization. The individual expressed concern that the proposed transaction would have a significantly adverse effect on competition or the concentration of resources in the Portland, Oregon, banking market, as evidenced by higher deposit interest rates and rates of return at West One. The organization expressed concern about adverse effects on competition in the State of Washington.

market competitor. In addition, Portland is an attractive market for entry. It is the largest banking market in Oregon, and, from 1990 to 1994, its population grew faster than any other metropolitan area in Oregon. Five new competitors have entered the market *de novo* since 1992, and two more have received regulatory approval to enter the market. In addition, the number of branches in the market has increased by 60 over the last five years.

In accordance with the BHC Act, the Board has sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has advised the Board that, in light of the proposed divestitures, the proposed transaction is not likely to have a significantly adverse effect on competition in any relevant banking market. The OCC and FDIC have not objected to consummation of the proposal or indicated that it would have any significantly adverse competitive effects in any relevant banking market.

Based on all the facts of record, including the views expressed by commenters on the potential competitive effects of this proposal, and for the reasons discussed in this order, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. This determination is subject to completion of the divestitures proposed by U.S. Bancorp in connection with these applications.

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 bank expansion proposals.[15]

The Board has received comments supporting this proposal from a number of organizations, which commended U.S. Bancorp's efforts in promoting affordable housing initiatives and helping community groups achieve their objectives for lending programs for minorities and low- and moderate-income individuals. U.S. Bancorp also was commended for providing leadership by encouraging bank personnel with financial expertise to assist in addressing housing-related credit needs of its entire community, including low- and moderate-income neighborhoods.

One commenter expressed concern, however, that the proposal could have an adverse effect on U.S. Bancorp's record of performance because of alleged deficiencies in the CRA performance record of West One. In particular, the commenter questioned West One's record of lending to, and of providing lending products that take into account specialized needs of, minorities and residents of low-income census tracts. The commenter also suggested that future branch closings by U.S. Bancorp, especially in rural areas, should be monitored closely.[16]

The Board has carefully reviewed the CRA performance records of U.S. Bancorp, West One, and their respective subsidiary banks; all comments received; responses to those comments by U.S. Bancorp and West One; 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").

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[17] The Board notes that two of U.S. Bancorp's subsidiary banks, U.S. National Bank of Oregon, Portland, Oregon ("USNB"), its lead subsidiary bank, and U.S. Bank of Washington, N.A., Seattle, Washington ("USWA"), both received "outstanding" ratings from their primary federal supervisor, the OCC, in their most recent publicly available examinations for CRA performance, as of March 1994.[18] U.S. Bancorp's subsidiary bank in Idaho, U.S. Bank of Idaho, N.A., Coeur d'Alene, Idaho ("USBI"), received a "satisfactory" rating from the

15. 12 U.S.C. § 2903.

16. 54 *Federal Register* 13,742 (1989). Two commenters have reached agreements with U.S. Bancorp regarding services to be provided to low- and moderate-income communities and have requested that the Board monitor and enforce compliance with these agreements. The Board has indicated in previous orders and in the Agency CRA Statement that communication by depository institutions with community groups provides a valuable method of assessing and determining how best to address the credit needs of the community. Both the CRA and the Agency CRA Statement require the Board's review to focus on the established record of performance of the institutions involved and the programs and policies that the institutions have in place to assist in meeting the credit needs of their entire communities. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994). The Board believes, moreover, that agreements between banking organizations and community groups are private arrangements that are not enforceable by the Board.

17. *Id* at 13,745.

18. U.S. Bancorp's subsidiary savings bank in Washington, U.S. Savings Bank of Washington, Bellingham, received a "satisfactory" rating from the FDIC in its most recent examination of CRA performance, as of May 1993.

OCC in its most recent examination of CRA performance, as of September 1994. West One's lead bank, West One Bank, Idaho, Boise, Idaho, was rated "outstanding" for CRA performance by the Federal Reserve Bank of San Francisco, as of June 1995. West One's remaining subsidiary banks all received ratings of "outstanding" or "satisfactory" as of their most recent CRA performance evaluations by their primary federal supervisors.[19]

B. Lending Policies and Programs

The Board notes that U.S. Bancorp has the types of policies and programs in effect and working well that assist in providing an effective record of CRA performance. Upon consummation of this proposal, West One would be integrated into the U.S. Bancorp corporate CRA structure, and U.S. Bancorp has stated that it plans to continue U.S. Bancorp's overall policies and practices, consistent with safe and sound operations, in its existing market areas and in the new market areas U.S. Bancorp would enter as a result of the proposal. U.S. Bancorp also intends to review the particular programs currently offered by West One to ensure that unique CRA-related needs identified by West One continue to be met.

CRA lending programs include products designed to assist in meeting the credit needs of low- and moderate-income areas and individuals, small businesses, and small farms. For example, U.S. Bancorp subsidiary banks offer home loan programs with required downpayments as low as 2 percent, permit closing costs to be financed, provide down payment assistance, and offer flexible underwriting criteria in the areas of credit history, income ratios, and sources of down payment.[20] The banks also participate in special home loan programs developed by the secondary market, as well as government-insured programs offered by the Veterans Administration and the Federal Housing Administration.

In terms of small business lending, U.S. Bancorp subsidiary banks offer a variety of credit products to small businesses, including the 7a, 504 and Low-Doc programs through the Small Business Administration. Small businesses owned by women and minorities and small businesses in disadvantaged areas are eligible for loans through U.S. Bancorp's Commercial Opportunity Loan Program. This program provides financing under underwriting standards more liberal than conventional financing in terms of qualifying criteria and loan terms. Community development activities of the banks include construction and permanent financing for multi-family affordable housing development, and the financial support of non-profit organizations engaged in community development, building affordable housing, and providing educational programs to small businesses and home buyers.

U.S. Bancorp also has adopted a fair lending policy and a comprehensive fair lending implementation plan. These include comparative file reviews and matched pair testing and a second review program. U.S. Bancorp employs a Fair Lending Program Manager, who is responsible for directing efforts under the fair lending implementation plan and for fair lending initiatives, procedures, and program development for all of U.S. Bancorp's subsidiary banks. The subsidiary banks track and analyze lending activity to ensure reasonable credit distribution and to evaluate fair lending performance. Lending activity reportable under the Home Mortgage Disclosure Act ("HMDA") is analyzed using population levels of minorities, approval and denial ratios among minorities and non-minorities, and applicant income levels.

U.S. Bancorp has a marketing program in place at each of its subsidiary banks, which involve the use of television, radio, print, direct mail, sponsorships, educational seminars, community events. U.S. Bancorp's subsidiary banks have developed specific advertising programs for low- and moderate-income areas and individuals, small businesses, and small farms. Print adds are placed in publications directed toward minority applicants and advertising has been conducted in languages other than English. Multilingual and multicultural loan officers also are recruited in order to better reach diverse markets.

C. Branch Closure Policies and Practices

U.S. Bancorp's subsidiary banks operate under a branch closure consolidation policy that would apply to the subsidiaries of West One. This policy requires extensive research to be conducted before reaching a decision to close a branch, including consideration of any low- to moderate-income neighborhoods, rural areas, small businesses and small farms that might be affected by a branch closure. U.S. Bancorp solicits information directly from the community about the potential impact of a proposed branch closure. These contacts include individuals representing low- to moderate-income constituencies, small businesses, small farms, and senior citizens. The policy requires that, should the impact of a branch closure be more than minimal, an action plan be developed to minimize the impact.

Recent amendments to the Federal Deposit Insurance Act require an insured depository institution to submit a notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days before the date of the proposed branch closing.[21] The Board also notes that branch closings by U.S. Bancorp, particularly in

19. West One Bank, Oregon, Portland, Oregon; West One Bank, Oregon, S.B., Hillsboro, Oregon; West One Bank, Washington, Seattle, Washington; and West One Bank, Utah, Salt Lake City, Utah, all received CRA Examination ratings of "outstanding" from their primary federal supervisors in their most recent CRA Examinations. Idaho First Bank, Boise, Idaho, received a rating of "satisfactory."

20. U.S. Bancorp's banks offer a portfolio home loan program called HomePartners U.S. that features qualifying criteria that are more expansive than secondary market standards.

21. *See* section 228 of the Federal Deposit Insurance Corporation Improvement Act of 1991, adding a new section 42 to the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1). Customers of the insured depository institution also are required to be notified.

low- and moderate-income neighborhoods, will be assessed by examiners in the institution's CRA performance evaluation, and will be reviewed by the Board in future applications to acquire a depository facility.

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed, in reviewing the convenience and needs factors under the BHC Act. After a review of the entire record of performance, including information provided by Commenters, U.S. Bancorp and West One, and the CRA performance examinations and other information from the banks' primary supervisors, the Board concludes that the efforts of U.S. Bancorp and West One to help meet the credit needs of all segments of the communities served by their 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 also has concluded that the financial and managerial resources and future prospects of U.S. Bancorp, West One, and their respective subsidiaries, are consistent with approval of this proposal as are the other supervisory factors the Board must consider under section 3 of the BHC Act.[22]

Nonbanking Activities

U.S. Bancorp also has given notice, pursuant to section 4(c)(8) of the BHC Act, of its proposal to acquire subsidiaries of West One engaged in certain mortgage, credit and non-credit related insurance, and trust activities. The Board has previously determined by regulation or order that the proposed activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act. U.S. Bancorp 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 every case under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on those resources.[23] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval.

In order to approve this notice, the Board also must determine that the performance of the proposed nonbanking activities "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). On the basis of the record, the Board believes that this proposal should enable U.S. Bancorp to provide greater convenience and improved services to its customers and to customers of West One's nonbank subsidiaries. In considering U.S. Bancorp's acquisition of West One's nonbanking activities, 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 that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Conclusion

Based on the foregoing, including U.S. Bancorp's commitments to the Board, and in light of all the facts of record, the Board has determined that these applications and notices should be, and hereby are, approved.[24] The Board's

22. The Board has carefully reviewed comments alleging a number of improper actions by West One Bank, Idaho ("Bank"), and its parent holding company, West One. Commenter's allegations against Bank for the most part involve actions and activities engaged in by the bank while it was a nationally chartered institution, and before it became a state member bank in 1992. Commenters have presented these allegations to the OCC for consideration. In addition, Commenters have litigated their claims in connection with foreclosure proceedings by Bank in a court that had the authority to provide Commenters with appropriate remedies, if improper actions could have been substantiated. That court did not grant relief to Commenters. Contrary to Commenter's allegations, West One and its predecessor have received all required approvals from the Federal Reserve System to form a bank holding company and to make acquisitions of other banking organizations. Although West One's license to conduct business in Idaho lapsed between November 1981 and April 1982, the Idaho Secretary of State has confirmed that the company's authority to conduct business was not suspended for this technical default. The Board also has considered this matter in light of all the facts of record, including reports of examination assessing the managerial strength of U.S. Bancorp and West One and their subsidiary banks. The Board notes that after consummation, West One would be integrated into the management structure of U.S. Bancorp and subject to its policies and procedures. In light of all the facts of record, including information provided by federal and state law enforcement and securities regulatory agencies, the Board concludes that these comments do not warrant denial of this proposal.

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

24. Two commenters have requested that the Board suspend the proposed applications until their allegations of managerial wrongdoing by the predecessors of West One can be investigated. The Board is required under applicable law and the Board's processing procedures to act on applications submitted under the BHC Act within specified time periods. Based on all the facts of record, and for the reasons previously discussed, the Board concludes that delay of this proposal is not warranted, and that the record is sufficient to act on this proposal.

approval is specifically conditioned on compliance by U.S. Bancorp with all commitments made in connection with these applications.

The Board's determinations on the nonbanking activities to be conducted by U.S. Bancorp are subject to all the conditions in the Board's Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of West One'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 San Francisco, acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix A

Deposit Size, Percentage of Deposits, and Ranking for U.S. Bancorp and West One in the States Where They Compete[1]

Local Banking Markets Defined

Idaho

U.S. Bancorp controls deposits of approximately $75.2 million, representing less than one percent of all deposits in depository institutions in the state ("state deposits"), and is the 14th largest depository institution. West One controls deposits of approximately $3.1 billion, representing approximately 34 percent of state deposits, and is the largest depository institution. Upon consummation of this proposal, U.S. Bancorp would control deposits of approximately $3.2 billion, representing approximately 34 percent of state deposits, and would become the largest depository institution in the state. Upon completion of the proposed branch divestiture, U.S. Bancorp would control deposits of approximately $3.1 billion, representing approximately 34 percent of state deposits, and would remain the largest depository institution in the state.

Local banking markets where U.S. Bancorp and West One compete.

Boise	Boise Ranally Metro Area ("RMA")
Lewiston	Lewiston RMA
Nampa	Nampa RMA and the cities of Parma and Wilder
Moscow/Pullman	Moscow, Idaho, and the cities of Pullman, Colfax, and Palouse in the State of Washington

Oregon

U.S. Bancorp controls deposits of approximately $7.6 billion, representing approximately 30 percent of all state deposits, and is the largest depository institution. West One controls deposits of approximately $1.1 billion, representing approximately 4 percent of state deposits, and is the sixth largest depository institution. Upon consummation of this proposal, U.S. Bancorp would control deposits of approximately $8.8 billion, representing approximately 34 percent of state deposits, and would remain the largest depository institution in the state. Upon completion of the proposed branch divestitures, U.S. Bancorp would control deposits of approximately $8.2 billion, representing 32 percent of state deposits, and would remain the largest depository institution in the state.

Local banking markets where U.S. Bancorp and West One compete.

Corvallis	Corvallis RMA
Eugene	Eugene RMA
Portland	Portland RMA and the cities of Mount Angel, Scappoose, Saint Helens, and Veronia
Salem	Salem RMA and the cities of Dallas, Silverton, and Stayton
Deschutes	Deschutes County
Jefferson	Jefferson County
Lincoln	Lincoln County
Wasco	Wasco County
Ontario	Malheur County, Oregon; and the cities of Fruitland, New Plymouth, Payette, and Weiser, Idaho
Pendleton	The cities Athena, Hermiston, Pendleton, Pilot Rock, Stanfield, Umatilla, and Weston

Washington

U.S. Bancorp controls deposits of approximately $4.9 billion, representing approximately 10 percent of all state deposits, and is the fourth largest depository institution. West One controls deposits of approximately $1.7 billion,

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

representing approximately 3 percent of state deposits, and is the sixth largest depository institution. Upon consummation of this proposal, U.S. Bancorp would control deposits of approximately $6.6 billion, representing approximately 13 percent of state deposits, and would become the third largest depository institution in the state. Upon completion of the proposed branch divestitures, U.S. Bancorp would control deposits of approximately $6.5 billion, representing 13 percent of state deposits, and would become the fourth largest depository institution in the state.

Local banking markets where U.S. Bancorp and West One compete.

Bellingham	Bellingham RMA and the cities of Blain, Everson, Lynden, and Sumas
Bremerton	Bremerton RMA
Olympia	Olympia RMA
Pasco Kennewick-Richland	Pasco Kennewick-Richland RMA
Seattle	Seattle RMA
Spokane	Spokane RMA and Fairchild Air Force Base, Washington, and the cities of Coeur d'Alene, Hayden Lake, and Rathdrum, Idaho
Yakima	Yakima RMA
Kittitas	Kittitas County
Skagit	Skagit County

Orders Issued Under Bank Merger Act

Wellington State Bank
Wellington, Texas

Order Approving the Merger of Banks and Establishment of Bank Branches

Wellington State Bank, Wellington, Texas ("Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to purchase certain assets and assume certain liabilities of two branches of Bank of America Texas, N.A., Irving, Texas ("BOA-Texas Branches").[1] Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branch offices at the current locations of the BOA-Texas Branches.

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, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the facts of record in light of the factors set forth in the Bank Merger Act and the Federal Reserve Act.

Bank, a wholly owned subsidiary of WSB Bancshares, Inc., Wellington, Texas ("Bancshares"), operates in the Collingsworth County banking market.[2] The Memphis Branch of BOA-Texas operates in the Hall County banking market[3] and the Childress Branch of BOA-Texas operates in the Childress County banking market.[4] Bank does not operate in either of these two markets. Based on all the facts of record, the Board concludes that consummation of this proposal would not have any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.[5]

The Board also concludes that the financial and managerial resources and future prospects of Bank are consistent with approval, as are the other supervisory factors that the Board is required to consider under the Bank Merger Act and the Federal Reserve Act. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.[6]

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

This transaction may not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months after the effective date of

1. Bank would acquire the Childress Branch of BOA-Texas located at 423 N. Main, Childress, Texas, and the Memphis Branch of BOA-Texas located at 119 S. 6th Street, Memphis, Texas.

2. The Collingsworth County banking market is approximated by Collingsworth County, Texas.

3. The Hall County banking market is approximated by Hall County, Texas.

4. The Childress County banking market is approximated by Childress County, Texas.

5. The Board has received and considered comments from a bank in Childress, Texas, alleging that too many lenders currently operate in the Childress County banking market in light of its small population. The Board notes that there is no evidence in the record to indicate that this proposal would have an adverse effect on the safety and soundness of Bancshares or Bank. In addition, the number of competitors would remain the same because Bank does not currently operate in the Childress County banking market. The promotion of competition by maintaining the current number of competitors is a positive factor in evaluating proposals under the Bank Merger Act. Based on all the facts of record, including relevant reports of examination, the Board concludes that these comments do not raise adverse considerations under the statutory factors that the Board is required to consider.

6. Bank received a "satisfactory" rating from the Federal Reserve Bank of Dallas for performance under the Community Reinvestment Act in its most recent examination, as of June 1995.

this order, unless such period is extended by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 6, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of Board

ACTIONS TAKEN UNDER SECTIONS 5(d)(3) AND 18(c) OF THE FEDERAL DEPOSIT INSURANCE ACT
By Federal Reserve Banks

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

Acquiring Bank(s)	Acquired Thrift	Reserve Bank	Approval Date
Fifth Third Bank of Northern Kentucky, Inc., Covington, Kentucky	Kentucky Enterprise Bank, F.S.B., Newport, Kentucky	Cleveland	December 21, 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
Alabama National BanCorporation, Shoal Creek, Alabama	National Commerce Corporation, Birmingham, Alabama	Atlanta	December 1, 1995
Ameribank Corporation, Shawnee, Oklahoma	United Oklahoma Bankshares, Inc., Del City, Oklahoma	Kansas City	December 13, 1995
Arkansas National Bancshares, Inc., Bentonville, Arkansas	Arkansas National Bank, Bentonville, Arkansas	St. Louis	December 5, 1995
Bank Corporation of Georgia, Macon, Georgia	Effingham Bank & Trust, Rincon, Georgia	Atlanta	December 19, 1995
BankWest Nevada Corporation, Las Vegas, Nevada	BankWest of Nevada, Las Vegas, Nevada	San Francisco	December 20, 1995
BOK Financial Corporation, Tulsa, Oklahoma	Security National Bancshares of Sapulpa, Inc., Sapulpa, Oklahoma	Kansas City	November 27, 1995
Chaparral Bancshares, Inc., Richardson, Texas	Chaparral Delaware Bancshares, Inc., Dover, Delaware Canyon Creek National Bank, Richardson, Texas	Dallas	December 8, 1995
Chaparral Delaware Bancshares, Inc., Dover, Delaware	Canyon Creek National Bank, Richardson, Texas	Dallas	December 8, 1995
Citizens Bancshares, Inc., Salineville, Ohio	Western Reserve Bank of Ohio, Lowellville, Ohio	Cleveland	December 11, 1995
Citizens Community Bancorp, Inc., Marco Island, Florida	Citizens Community Bank of Florida, Marco Island, Florida	Atlanta	December 15, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Community Bancshares of Mississippi, Inc., Forest, Mississippi Community Bancshares of Mississippi, Inc., Employee Stock Ownership Plan, Forest, Mississippi	Community Bancshares of Indianola, Indianola, Mississippi	Atlanta	November 29, 1995
Community First Bancorp, Inc., Reynoldsville, Pennsylvania	The First National Bank of Reynoldsville, Reynoldsville, Pennsylvania	Cleveland	December 13, 1995
Cullen/Frost Bankers, Inc., San Antonio, Texas	S.B.T. Bancshares, Inc., San Marcos, Texas	Dallas	December 8, 1995
Dentel Bancorporation, Victor, Iowa	Corydon Bancorporation, Corydon, Iowa	Chicago	December 6, 1995
Empire Bancshares, Incorporated, Sioux Falls, South Dakota	Founders Trust National Bank, Sioux Falls, South Dakota	Minneapolis	December 11, 1995
Farmers & Merchants Financial Services, Inc., St. Paul, Minnesota	Farmers State Bank of Huntley, Huntley, Minnesota	Minneapolis	December 7, 1995
FCB Holding, Inc., Guthrie, Oklahoma	First Capital Bancorp, Inc., Guthrie, Oklahoma	Kansas City	December 14, 1995
FCFT, Inc., Princeton, West Virginia	First Community Bank of Mercer County, Inc., Princeton, West Virginia	Richmond	December 13, 1995
First Charter Corporation, Concord, North Carolina	Bank of Union, Monroe, North Carolina	Richmond	December 4, 1995
FirstFed Bancorp, Inc., Bessemer, Alabama	First State Bank of Bibb County, West Blocton, Alabama	Atlanta	December 7, 1995
First Financial Bankshares, Inc., Abilene, Texas	Weatherford National Bancshares, Inc., Weatherford, Texas Parker Bancshares, Inc., Dover, Delaware	Dallas	December 11, 1995
First National Security Company, DeQueen, Arkansas	American State Bancshares, Inc., Broken Bow, Oklahoma	St. Louis	December 21, 1995
F&M Bancorporation, Kaukauna, Wisconsin	Monycor Bancshares, Inc., Ashland, Wisconsin	Chicago	December 12, 1995
FSC Bancshares, Inc., Cameron, Missouri	Farmers and Valley Bank, Tarkio, Missouri	Kansas City	December 5, 1995
Great Falls Bancorp, Totowa, New Jersey	Bergen Commercial Bank, Paramus, New Jersey	New York	November 29, 1995
Lonoke Bancshares, Inc., Lonoke, Arkansas	First State Bank of Gurdon, Gurdon, Arkansas	St. Louis	November 28, 1995
Mackey BanCo, Inc., Ansley, Nebraska	Security State Bank, Ansley, Nebraska	Kansas City	December 4, 1995
Metropolitan Bancshares, Inc., Aurora, Colorado	Wally Bancorp, Inc., Parker, Colorado	Kansas City	December 4, 1995
NationsBank Corporation, Charlotte, North Carolina NationsBank Texas Bancorporation, Charlotte, North Carolina	Interim Sun World, National Association, El Paso, Texas	Richmond	December 21, 1995
The New Galveston Company, Wilmington, Delaware	S.B.T. Bancshares, Inc., San Marcos, Texas	Dallas	December 8, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Northern California Bancorp, Inc., Monterey, California	Monterey County Bank, Monterey, California	San Francisco	November 28, 1995
Norwest Corporation, Minneapolis, Minnesota	Irene Bancorporation, Inc., Sioux Falls, South Dakota	Minneapolis	December 5, 1995
Omega City Holding Company, LaMoure, North Dakota	Marion Bank Holding Company, Marion, North Dakota	Minneapolis	December 6, 1995
Padgett Agency, Inc., Greenleaf, Kansas	Lansing Financial Corporation, Inc., Lansing, Kansas	Kansas City	December 15, 1995
Passumpsic Bancorp, St. Johnsbury, Vermont	Passumpsic Savings Bank, St. Johnsbury, Vermont	Boston	December 1, 1995
Peoples Holding Corporation, Minden, Louisiana	First State Bank & Trust Company, Plain Dealing, Louisiana	Dallas	November 28, 1995
Quantum Capital Corp., Suwanee, Georgia	Quantum National Bank, Suwanee, Georgia	Atlanta	December 6, 1995
Regions Financial Corporation, Birmingham, Alabama	Enterprise National Bank of Atlanta, Dunwoody, Georgia	Atlanta	December 21, 1995
Regions Financial Corporation, Birmingham, Alabama	Metro Financial Corporation, Atlanta, Georgia	Atlanta	December 1, 1995
Rocky Mountain Bancorporation, Inc., Billings, Montana RMBI Acquisition, Inc., Billings, Montana	N.E. Montana Bancshares, Inc., Plentywood, Montana	Minneapolis	December 15, 1995
Security National Corporation, Sioux City, Iowa	Sheldon Security Bancorporation, Inc., Sheldon, Iowa Sheldon Security Financial Corporation, Sheldon, Iowa Security State Bank, Sheldon, Iowa	Chicago	December 11, 1995
The Templar Fund, Inc., St. Louis, Missouri	Truman Bank, St. Louis, Missouri	St. Louis	December 15, 1995
Tompkins County Trustco, Inc., Ithaca, New York	Tompkins County Trust Company, Ithaca, New York	New York	December 8, 1995
United Community Bancorp, Inc., Chatham, Illinois	State Bank of Auburn, Auburn, Illinois	Chicago	December 15, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bridgeport Financial Corporation, Bridgeport, Texas Bridgeport Bancshares, Inc., Dover, Delaware	Bridgeport Securities Corporation, Bridgeport, Texas	Dallas	December 20, 1995
CNB Bancshares, Inc., Evansville, Indiana	Service Financial, Inc., Harriman, Tennessee Southern Finance Company, Inc., Madisonville, Kentucky	St. Louis	November 24, 1995
Crestar Financial Corporation, Richmond, Virginia	Crestar Securities Corporation, Richmond, Virginia	Richmond	November 24, 1995
Fifth Third Bancorp, Cincinnati, Ohio	Kentucky Enterprise Bancorp, Inc., Newport, Kentucky	Cleveland	December 21, 1995
FirstFed Bancorp, Inc., Bessemer, Alabama	First Federal Savings Bank, Bessemer, Alabama	Atlanta	December 8, 1995
Forstrom Bancorporation, Inc., Clara City, Minnesota	To engage *de novo* in direct lending	Minneapolis	December 19, 1995
Guaranty Bankshares, Inc., Cedar Rapids, Iowa	To engage in leasing activities and making and servicing loans	Chicago	December 5, 1995
Old Kent Financial Corporation, Grand Rapids, Michigan	Republic Mortgage Corporation, Salt Lake City, Utah	Chicago	December 19, 1995
Otto Bremer Foundation, St. Paul, Minnesota Bremer Financial Corporation, St. Paul, Minnesota	United Insurance Agency, Inc., Minot, North Dakota	Minneapolis	December 19, 1995
Premier Financial Services, Inc., Freeport, Illinois	Premier Insurance Services, Inc., Warren, Illinois	Chicago	December 21, 1995
Republic Bancorp, Inc., Owosso, Michigan	Premier Partners-James R. Gary Realtors, Woodland Hills, California	Chicago	December 19, 1995
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding, N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands	Neville Leasing, Inc., Atlanta, Georgia	Chicago	November 29, 1995
Summit Financial Corporation, Greenville, South Carolina	Domestic Loans, Inc., Manning, South Carolina A 1 Loans, Inc., Manning, South Carolina	Richmond	December 8, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
FW Financial, Inc., Huron, South Dakota	First Western Bancorp, Inc., Huron, South Dakota; First Western Agency, Inc., Huron, South Dakota	Minneapolis	November 28, 1995

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
BancFirst, Oklahoma City, Oklahoma	City Bank & Trust Company, Oklahoma City, Oklahoma	Kansas City	December 5, 1995
Bank of Essex, Tappahannock, Virginia	First Union National Bank of Virginia, Roanoke, Virginia	Richmond	December 21, 1995
Baylake Bank-Kewaunee, Kewaunee, Wisconsin	Baylake Bank, Sturgeon Bay, Wisconsin	Chicago	November 30, 1995
Barnett Bank of Polk County, Lakeland, Florida	First Federal Savings & Loan Association of Lake Wales, Lake Wales, Florida	Atlanta	December 1, 1995
Citizens Bank of Talladega, Talladega, Alabama	Talladega Federal Savings & Loan Association, Talladega, Alabama	Atlanta	December 1, 1995
Fayette Bank, Uniontown, Pennsylvania	The Huntington National Bank of Pennsylvania, Uniontown, Pennsylvania	Cleveland	November 21, 1995
Fifth Third Bank of Northern Kentucky, Inc., Covington, Kentucky	Kentucky Enterprise Bank, F.S.B., Newport Kentucky	Cleveland	December 21, 1995
First Community Bank of Mercer County, Inc., Princeton, West Virginia	First Community Bank, Inc., Princeton, West Virginia	Richmond	December 13, 1995
Hawkeye Bank, Des Moines, Iowa	Hawkeye Bank of Ankeny, Ankeny, Iowa	Chicago	November 30, 1995
The Northern Trust Company, Chicago, Illinois	Northern Trust Bank/O'Hare, N.A., Chicago, Illinois; Northern Trust Bank/Lake Forest, N.A., Lake Forest, Illinois; Northern Trust Bank/DuPage, Oakbrook Terrace, Illinois	Chicago	November 21, 1995
Republic Security Bank, West Palm Beach, Florida	Century Bank, F.S.B., Sarasota, Florida	Atlanta	November 30, 1995
Triangle Bank, Raleigh, North Carolina	First Union National Bank of North Carolina, Charlotte, North Carolina	Richmond	December 1, 1995
Tri-County Bank, Brown City, Michigan	NBD Bank, Detroit, Michigan	Chicago	November 29, 1995

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Menick v. Greenspan, No. 95-CV-01916 (D. D.C., filed October 10, 1995). Complaint alleging sex, age, and handicap discrimination in employment.

Kuntz v. Board of Governors, No. 95-1495 (D.C. Cir., filed September 21, 1995). Petition for review of Board order dated August 23, 1995, approving the applications of The Fifth Third Bank, Cincinnati, Ohio, to acquire certain assets and assume certain liabilities of 12 branches of PNC Bank, Ohio, N.A., Cincinnati, Ohio, and to establish certain branches. The Board's motion to dismiss was filed on October 26, 1995.

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

Jones v. Board of Governors, No. 95-1359 (D.C. Cir., filed July 17, 1995). Petition for review of a Board order dated June 19, 1995, approving the application by First Commerce Corporation, New Orleans, Louisiana, to acquire Lakeside Bancshares, Lake Charles, Louisiana. On November 15, 1995, the court granted the Board's motion to dismiss.

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

Board of Governors v. Hotchkiss, Adversary No. 95-3146 (Bankr. N.D. Ohio, filed May 1, 1995). Action to declare a restitution obligation arising from a Board consent order non-dischargeable in bankruptcy. On December 15, 1995, the court granted the Board's motion for summary judgment.

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. The Board's brief was filed November 16, 1995. Oral argument is scheduled for February 2, 1996.

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. The Board's brief was filed December 22, 1995. Oral argument on the petition for review is scheduled for February 27, 1996.

In *re Subpoena Duces Tecum,* Misc. No. 95-06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking predecisional 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. Oral argument on the motion was held July 14, 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 DECISION ISSUED BY THE BOARD OF GOVERNORS

In the Matter of

Professional Bank
Denver, Colorado

DOCKET No. 95-007-B-SM

Final Decision and Order

This is an administrative proceeding pursuant to the Federal Deposit Insurance Act ("FDI Act"), brought by the Board of Governors of the Federal Reserve System ("Board") against the Professional Bank, Denver, Colorado ("Bank") in which the Board seeks to issue a cease and desist order requiring Bank to take affirmative action to correct the conditions resulting from certain violations of law and unsafe and unsound practices. This proceeding comes to the Board in the form of a Recommended Decision by Administrative Law Judge ("ALJ") Walter J. Alprin recommending that the Board issue a Cease and Desist Order against Bank by default pursuant to the provisions of 12 U.S.C. § 1818(b) and 12 C.F.R. 263.19(c).

Upon review of the administrative record, the Board issues this Final Decision adopting the ALJ's Recommended Decision and orders that the attached Cease and Desist Order issue against Bank.

I. Statement of the Case

A. Procedural History

On April 25, 1995, the Board issued a Notice of Charges and of Hearing ("Notice") against Bank pursuant to the provisions of 12 U.S.C. § 1818(b). The Notice alleged that

Bank had engaged in unsafe and unsound practices by concentrating an unduly high percentage of its capital in loans to its sole shareholder, Oren Benton, and his family members and related business entities (the "Benton Loans") and by issuing a large number of certificates of deposit at well above prevailing market interest rates. The Notice further alleged that Bank had violated the Board's Regulation O, 12 C.F.R. 215, which places restrictions on loans by state member banks to their executive officers, directors and principal shareholders, by making Benton Loans in excess of applicable lending limits, by making at least one Benton Loan on preferential terms and by extending several indirect Benton Loans without the prior approval of Bank's board of directors. Last, the Notice alleged that Bank had violated sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, by exceeding the Act's limits on covered transactions to affiliates, by failing to meet the Act's collateral requirements and by entering into transactions with affiliates that were not on an arms' length basis or in the Bank's best interests. All of the above-mentioned affiliates were Benton-related entities.

Bank was personally served with the Notice by an officer of the Federal Reserve Bank of Kansas City ("Reserve Bank") on April 26, 1995 at a meeting with Bank's president, outside counsel and board of directors. In accordance with the Uniform Rules of Practice and Procedure ("Uniform Rules"), which are applicable to this proceeding, 12 C.F.R. 263.19, the Notice stated that Bank was required to file an answer within 20 days of service and provided that its failure to file an answer would constitute a waiver of Bank's right to appear and contest the allegations in the Notice. After service of the Notice, Bank's president and its attorney had several discussions with Board Enforcement Counsel in which they asked Enforcement Counsel questions regarding the Notice and informed Enforcement Counsel that Bank was aware that it had 20 days to file an answer. During one of these discussions, Bank's counsel informed Enforcement Counsel that Bank was electing not to file an answer.

On May 4, 1995, the ALJ issued a Scheduling Order setting a provisional hearing date of June 19, 1995. By May 17, 1995, the 20th day after service of the Notice, Bank had not filed an answer. On June 16, 1995, Enforcement Counsel moved for the entry of an order of default based on Bank's continued failure to file an answer. Enforcement Counsel also filed a proposed cease and desist order with the ALJ. Bank did not file an opposition to the motion.

On July 3, 1995, the ALJ issued an order requiring Bank to show cause why it had failed to file an answer and why a recommended default order and order to cease and desist should not be entered against it. Bank was given until July 11, 1995 to respond to the show cause order. Bank did not file a response.

On July 27, 1995, the ALJ issued a recommended decision incorporating the factual allegations in the Notice and recommending that the Board issue Enforcement Counsel's proposed cease and desist order on the grounds that Bank had not filed an answer and had not shown good cause for its failure to do so. Bank did not file exceptions to the ALJ's recommended decision.

B. Statutory and Regulatory Framework

The FDI Act provides that a banking agency may issue a cease and desist order against an insured depository institution which is engaging, has engaged or is about to engage in unsafe or unsound practices in conducting the business of that institution or is violating, has violated or is about to violate a law, rule or regulation.[1] 12 U.S.C. § 1818(b)(1). Such an order may require the depository institution to "cease and desist" from the practice or violation and to "take affirmative action to correct the conditions resulting from any such violation or practice." *Id.*

The Uniform Rules provide that, following the issuance of a notice of charges, a respondent's failure to file an answer within the time specified "constitutes a waiver of his or her right to appear and contest the allegations in the notice." 12 C.F.R. 263.19(c). If no timely answer is filed, Enforcement Counsel may file a motion for entry of an order of default with the ALJ. *Id.* Upon a finding that respondent has not shown good cause for his failure to file a timely answer, the ALJ is directed to file a recommended order with the Board containing the factual allegations and the relief sought in the notice. *Id.* Any final Board order based on a respondent's failure to file a timely answer is deemed to be an order issued upon consent. *Id. See* 12 U.S.C. § 1818(b)(1) (failure to appear at hearing following service of notice is deemed consent to issuance of cease and desist order).

II. Discussion

In the circumstances of this case, it is clear that the regulatory prerequisites for the issuance of a default order have been met. The fact that Bank was served by hand with a copy the notice is supported by the sworn affidavit of a Reserve Bank officer. Both the Notice and the Uniform Rules made clear to Bank that its answer was due within 20 days of service of the Notice and that its failure to file an answer could result in default. Enforcement Counsel attested in its motion for entry of a default order that Bank's president and attorney informed him in several telephone conversations that they knew that Bank's answer was due within 20 days of service. In one such conversation, Bank's attorney informed Enforcement Counsel that Bank had elected not to file an answer.

Bank failed to file a response to Enforcement Counsel's motion for default and its proposed cease and desist order,

1. The term unsafe and unsound banking practice has been defined to mean " 'conduct deemed contrary to accepted standards of banking operations which might result in abnormal risk or loss to a banking institution or shareholder.' " *Cavallari v. OCC*, 57 F.3d 137, 142 (2d Cir. 1995) (citing *First National Bank of Eden v. Department of the Treasury*, 568 F.2d 610, 611 n.2 (8th Cir. 1978)).

to the ALJ's show cause order and to the ALJ's recommended default order. In short, Bank had repeated opportunities to respond to the charges in the Notice and failed to do so. There is no basis in the record for an inference that Bank's failure to file an answer was due to mischance or inadvertence. The ALJ therefore acted reasonably and in accordance with the Uniform Rules in finding that no good cause existed to relieve Bank of the consequences of its failure to file an answer.

Likewise, the Notice sets forth sufficient facts to support the conclusion that Bank engaged in unsafe and unsound practices and violated sections 23A and 23B of the Federal Reserve Act and Regulation O. The affirmative relief set forth in the recommended cease and desist order is reasonably calculated to correct the conditions resulting from these violations and practices and is therefore consistent with the provisions of the FDI Act.

Conclusion

For these reasons, the Board orders that the attached cease and desist order issue.

By order of the Board of Governors of the Federal Reserve System, effective this 7th day of December, 1995.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

Final Cease and Desist Order

WHEREAS, the Board of Governors of the Federal Reserve System (the "Board of Governors") issued on April 25, 1995, a Notice of Charges and of Hearing (the "Notice") against the Professional Bank, Denver, Colorado (the "Bank") in response to:

(1) The alleged continuing unsafe and unsound practices and serious violations of law and regulations relating to the Bank's high level of loans to parties whose ability to service such loans in a timely manner is dependent upon the financial success of companies owned or controlled by the Bank's sole shareholder and former director, and

(2) The Bank's unsafe and unsound practice of funding its liquidity needs through short term, high interest rate certificates of deposit;

WHEREAS, in conjunction with the Notice, the Board of Governors issued a Temporary Order to Cease and Desist (the "Temporary Order") against the Bank, effective April 26, 1995;

WHEREAS, the Bank failed to file an answer in response to the Notice as required by section 263.19(a) of the Rules of Practice for Hearings of the Board of Governors (the "Rules of Practice") (12 C.F.R. 263.19(a)); and

WHEREAS, the Board of Governors, pursuant to section 263.40(c) of the Rules of Practice (12 C.F.R. 263.40(c)) issues its Final Decision, which is attached hereto and made a part hereof, and this Order to Cease and Desist (the "Order") in the proceeding initiated by the Notice.

NOW, THEREFORE, the Board of Governors hereby issues this Order and orders, pursuant to section 8(b) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1818(b)), that:

1. The Bank shall not declare or pay any dividends without the prior written approval of the Federal Reserve Bank of Kansas City (the "Reserve Bank") and the Director of the Division of Banking Supervision and Regulation of the Board of Governors. Requests for approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date and shall contain, but not be limited to, current and projected information on earnings, cash flow, capital levels and asset quality of the Bank.

2. Within 45 days of this Order, the Bank shall submit to the Reserve Bank an acceptable written plan to achieve, and, thereafter, maintain an adequate capital position. The plan shall, at a minimum, address and consider:

(a) The current and future capital requirements of the Bank, including compliance with the Capital Adequacy Guidelines of the Board of Governors for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure (Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B));

(b) The volume of the Bank's adversely classified assets and the potential for additional asset quality problems at the Bank;

(c) The Bank's anticipated and unanticipated liquidity needs;

(d) The Bank's anticipated levels of retained earnings;

(e) The adequacy of the Bank's loan loss reserves and its effect on the Bank's financial condition; and

(f) The source and timing of additional funds to fulfill the future capital and loan loss reserve requirements set forth in this Order, including the sale of shares of its stock or other obligations, or the acquisition by, or merger of the Bank with, another insured depository institution or holding company thereof.

3. Unless otherwise agreed to in writing by the Reserve Bank, the Bank shall provide the Reserve Bank with at least 5 days prior written notice of any sale, transfer or disposition of any asset, line of business or operation of the Bank where such asset, line of business or operation has a book value in excess of $1 million. The Reserve Bank shall have the right to disapprove any such sale, transfer or disposition, in which case the Bank shall not proceed with the proposed sale, transfer or disposition. This paragraph shall not apply to the sale of Fed Funds or of securities sold under agreement to repurchase.

4. Within 30 days of this Order, the Bank shall submit to the Reserve Bank an acceptable written plan to provide for the maintenance of an adequate liquidity position. The plan shall, at a minimum, address and consider the following:

(a) The maintenance of sufficient liquidity to meet contractual liability maturities and to meet additional, unanticipated demands;

(b) The Bank's level of dependence on volatile liabilities, including out-of-territory, money desk and/or wire service deposits;

(c) The selection of appropriate measures to monitor the Bank's liquidity position, including quantitative guidelines to establish adequate coverage of volatile liabilities by liquid assets; and

(d) The preparation and submission of regular, periodic written reports to the board of directors that document the Bank's progress in achieving compliance with the plan and that shall include, at a minimum:

(i) a complete review of the Bank's then-current position in meeting targeted liquidity ratios;

(ii) a schedule of anticipated sources and uses of funds over future plan horizons;

(iii) an analysis of strategies or steps taken during the reporting period to address deviations from the plan; and

(iv) a discussion of contingency plans if actual sources or uses of funds vary materially from projections.

5. (a) The Bank's board of directors shall continue to consist of a majority of outside directors.

(b) For the purposes of this Order, the terms:

(i) "outside director" shall be defined, except as otherwise agreed to in writing by the Reserve Bank, as an individual who:

(A) is not an employee, officer or agent of the Bank or of any affiliate,

(B) owns not more than 5 percent of the outstanding voting stock of the Bank or of any affiliate, or

(C) is not related in any manner to any shareholder who owns more than five percent of the outstanding voting stock of the Bank or any related interest of such a shareholder;

(ii) "related interest" shall be defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. 215.2(n)); and

(iii) "affiliate" shall be defined as set forth in section 23A(b)(i) of the Federal Reserve Act (12 U.S.C. 371c(b)(1)).

6. (a) Within 45 days of this Order, the Bank's board of directors shall conduct a review of the Bank's management structure and the functions and performance of the officers responsible for the Bank's operational and financial functions, credit review, and executive management responsible for the administration of the Bank's affairs and shall forward to the Reserve Bank the written findings and conclusions of the review along with a written description of any management or operational changes that may be proposed as a result of the review. The review shall include an assessment of the duties performed by each officer and the ability of that officer to perform competently his or her assigned duties. The primary purpose of this review shall be to aid in the development of a management structure suitable to the Bank's needs that is adequately staffed by qualified and trained personnel.

(b) During the term of this Order or as otherwise required by law, the Bank shall comply with the provisions of section 32 of the FDI Act (12 U.S.C. 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart H) with respect to the appointment of any new directors or the hiring or promotion of any senior executive officers.

7. Within 30 days of this Order, the Bank shall submit to the Reserve Bank an acceptable written plan to reduce concentrations of credit in the Bank's loan portfolio of insider-related loans, as identified in the Reserve Bank's Report of Examination of the Bank, dated January 30, 1995 (the "Report of Examination"). The plan shall include, at a minimum, the following:

(a) A timetable for reducing the aggregate insider-related concentration to a level that fully complies with the requirements of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and Regulation O of the Board of Governors (12 C.F.R. Part 215);

(b) a description of the specific procedures and methods that the Bank will use to reduce the insider-related loans in accordance with the timetable required by paragraph 7(a) hereof; and

(c) submission to the Bank's board of directors of monthly, accurate written reports concerning the Bank's efforts to reduce the insider-related concentration, which shall be maintained for subsequent supervisory review.

8. Within 45 days of this Order, the Bank shall submit to the Reserve Bank an acceptable written plan designed to reduce or improve the Bank's position on each insider-related loan and on each loan in excess of $75,000 that was past due as to principal or interest in excess of 90 days as of the date of this Order and all assets, including other real estate, adversely classified or listed for special mention by the Reserve Bank in the Report of Examination, through amortization, repayment, liquidation, additional collateral or other means, whichever may be appropriate. This plan shall not be amended or rescinded without the prior written approval of the Reserve Bank, except that the plan shall be amended periodically to cover loans or other assets in excess of $75,000 that have been adversely classified or listed for special mention in any subsequent report of examination or visitation of the Bank or loans that are past due as to principal or interest for more than 90 days as of the date of each subsequent examination or visitation. Amended plans based on loans or other assets that are classified or listed for special mention or overdue in subsequent examinations or visitations shall be submitted to the Reserve Bank with the next progress report, as required by paragraph 16 hereof, following each subsequent examination or visitation.

9. (a) Without the prior written approval of the Reserve Bank, the Bank shall not, directly or indirectly, make any extension of credit to, or for the benefit of, any borrower, including any related interest of the borrower, who is obligated in any manner to the Bank on any extension of credit or portion thereof that has been charged-off by the Bank or classified "Loss" or "Doubtful", as identified in the Report of Examination or in any subsequent report of examination or visitation as long as such credit remains uncollected.
(b) The Bank shall not, directly or indirectly, make any extension of credit to, or for the benefit of, any borrower, including any related interest of the borrower, who is obligated in any manner to the Bank on any extension of credit or portion thereof that has been classified "Substandard", as identified in the Report of Examination or in any subsequent report of examination or visitation, without the prior approval of the board of directors, who shall document the reasons for additional advances and who shall certify that:
(i) the additional extension of credit is necessary to protect the Bank's interest in the ultimate collection of the credit already granted;
(ii) the additional extension of credit is adequately secured and in full compliance with the Bank's lending limits and written loan policy;
(iii) a thorough credit analysis has been performed indicating that the extension of credit is reasonable and justified;
(iv) all necessary loan documentation has been properly and accurately prepared and filed;
(v) the additional extension will not impair the Bank's interest in obtaining repayment of the already outstanding credit; and
(vi) the board of directors reasonably believes that the additional extension of credit will be repaid according to its terms. The written certification, together with the credit analysis and related information supporting this certification, shall be maintained by the Bank for subsequent supervisory review.
(c) For purposes of this Order, the term "extension of credit" shall be defined as set forth in section 215.3 of Regulation O of the Board of Governors (12 C.F.R. 215.3).

10. Unless otherwise agreed to in writing by the Reserve Bank, the Bank shall not, directly or indirectly, execute or enter into any personal service contract with or any discretionary bonus or incentive plan for, or make any discretionary bonus, fee or incentive payment to, or amend any existing personal service contract with or discretionary bonus or incentive plan for any current or former director or executive officer, or any related interest thereof, without providing the Reserve Bank with at least 30 days prior written notice of the proposed contract, plan, payment or amendment. The Reserve Bank shall have the right to disapprove any such contract, plan, payment or amendment, in which case the Bank shall not proceed with the proposed contract, plan, payment, or amendment.
(b) For purposes of this paragraph, the terms:
(i) "personal service contract" shall include, but is not limited to, an employment contract, a consulting agreement or arrangement, a severance package, or an excessive or supplemental retirement plan; and
(ii) "executive officer" shall be defined as set forth in section 215.2(e) of Regulation O of the Board of Governors (12 C.F.R. 215.2(e)).
(c) Notwithstanding the provisions of paragraph 10(a) hereof and unless otherwise agreed to in writing by the Reserve Bank, the Bank does not need to obtain the prior written approval of the Reserve Bank for the payment of directors fees or the reimbursement of reasonable expenses that aggregate no more than $100 per month for each of its then- current directors and executive officers, provided that such reasonable expenses are incurred in the performance of routine duties, which have been adequately documented and reported on the Bank's books and records. For the purpose of calculating the $100 per month total, reasonable expenses incurred by a director's or executive officer's related interest will be attributed to such person.

11. (a) Unless otherwise agreed to in writing by the Reserve Bank, the Bank shall, within 30 days from the receipt of any report of examination or visitation, charge off 100 percent of all assets classified "Loss."
(b) The Bank shall continue to maintain, through charges to current operating income, an adequate valuation reserve for loan losses. The adequacy of the reserve shall be determined in light of the volume of weighted classified loans, past loss experience, evaluation of the potential for loan losses in the Bank's loan portfolio of the Bank, and the requirements of the Interagency Policy Statement on the Allowance for Loan and Lease Losses, dated December 21, 1993. A written record shall be maintained indicating the methodology used in determining the amount of a reserve needed. This record shall be submitted to the Reserve Bank within 15 days of this Order. Thereafter, the Bank shall conduct, at a minimum, a quarterly assessment of its loan loss reserve and its nonperforming loans and shall submit documentation of each quarterly assessment to the Reserve Bank within 30 days of the end of each quarter. The Bank shall not alter or amend its methodology submitted to Reserve Bank pursuant to this paragraph without providing the Reserve Bank with 30 days prior written notice.
(c) The requirements of this paragraph shall not be construed as a standard for future operations of the Bank after the termination of this Order. It is the intention of these requirements to provide for an appropriate reduction in adversely classified assets and to maintain adequate loan loss reserves during the term of this Order.

12. (a) The Bank shall immediately take all necessary steps, consistent with sound banking practices, to eliminate and/or correct any outstanding violations of:
(i) sections 23A and 23B of the Federal Reserve Act (12 U.S.C. 371c, 371c-1));
(ii) Regulation O of the Board of Governors (12 C.F.R. Part 215); and
(iii) sections 11-7-103 and 11-3-103 of the Colorado Revised Statutes and CB 101.43, 101.51 and 101.52 of the Colorado Banking Regulations identified in the Report of Examination.
(b) (i) The Bank shall take all actions that are necessary to ensure that all extensions of credit made by the Bank fully comply with the requirements of section 23A of the Federal Reserve Act and Regulation O of the Board of Governors, including, but not limited to, obtaining all necessary information and documentation to ensure that the proceeds, or any portion thereof, of any extension of credit are used, or transferred, in a manner that fully complies with the requirements of section 23A of the Federal Reserve Act and Regulation O of the Board of Governors. Pursuant to the statutory requirements of section 23A(a)(2) of the Federal Reserve Act (12 U.S.C. 371c(a)(2)), any transaction, including extension of credit, with any person where the proceeds of the transaction are used for the benefit of, or are transferred to, an affiliate of the Bank are deemed to be a transaction by the Bank with the affiliate.
(ii) The Bank shall not engage, directly or indirectly, in any violation of sections 23A and 23B of the Federal Reserve Act, the Board of Governors' Regulation O, or applicable provisions of the Colorado Revised Statutes.
(c) Within 45 days of this Order, the Bank shall develop an acceptable written compliance program designed to ensure compliance with the provisions of sections 23A and 23B of the Federal Reserve Act, Regulation O, the applicable provisions of the Colorado Revised Statutes and this Order, including appointing an individual as compliance officer to be responsible for coordinating and monitoring compliance with the program at the Bank, and shall submit to the Reserve Bank a written description of the compliance program. Pursuant to the program, the management and the directors of the Bank shall familiarize themselves with the applicable provisions of sections 23A and 23B of the Federal Reserve Act, Regulation O, the applicable provisions of the Colorado Revised Statutes and of this Order.

13. The Bank shall not accept any brokered deposits except in compliance with the provisions of section 29 of the FDI Act (12 U.S.C. 1831f). The Bank shall notify the Reserve Bank, in writing, in the event that the Bank requests any waiver from the Federal Deposit Insurance Corporation (the "FDIC") of the restrictions imposed by section 29 and shall notify the Reserve Bank of the FDIC's disposition of any request for such a waiver.

14. Notwithstanding the requirements of paragraphs 2, 4, 6, 7, 8, 11(b) and 12(c) hereof and upon written notice from the Reserve Bank, the Bank does not have to submit the required plans, methodology, description or program in the event that, as of the date of this Order, the Bank has made such submissions pursuant to the Temporary Order and, except for the submissions required by paragraphs 6 and 11(b) hereof, such have been approved by the Reserve Bank and adopted by the Bank.

15. The plans and program required by paragraphs 2, 4, 7, 8, and 12(c) hereof shall be submitted to the Reserve Bank for review and approval. Acceptable plans and program shall be submitted to the Reserve Bank within the required time periods. The Bank shall submit the plans and program to the Reserve Bank no later than 20 days prior to the expiration of the applicable time periods. The Reserve Bank may comment on the plans and program within 10 days of receipt. The Bank shall provide the Reserve Bank with revised plans and program, as may be required, within 5 days of receipt of written comments, if any. Within 5 days of receipt of the revised plans and program, the Reserve Bank shall communicate in writing its approval or disapproval. The Bank shall adopt approved plans and program within 10 days of approval by the Reserve Bank and then shall fully comply with them, or, as applicable, shall fully comply with all plans and the program submitted pursuant to the Temporary Order and approved by the Reserve Bank. During the term of this Order, the plans and program approved pursuant to this Order and, as applicable, the Temporary Order, shall not be amended or rescinded without the prior written approval of the Reserve Bank.

16. Within 30 days of this Order, and, thereafter, within 30 days of the end of each calendar quarter (September 30, December 31, March 31 and June 30) following the date of this Order, the Bank shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Order and the results thereof, including updated reports on all liquidity, concentration of credit and asset improvement plans required by paragraphs 4, 7 and 8 hereof. Such reports may be discontinued when the corrections required by this Order have been accomplished and the Reserve Bank has, in writing, released the Bank from making further reports.

17. All communications regarding this Order shall be sent to:
(a) Mr. James H. Jonson
Vice President
Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198
(b) Ms. Barbara M.A. Walker
State Bank Commissioner
Department of Regulatory Agencies
Division of Banking

1560 Broadway, Suite 1175
Denver, Colorado 80202

(c) Mr. Everett Covington
President
Professional Bank
4100 East Mississippi Avenue
Denver, Colorado 80222

18. The provisions of this Order shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

19. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank to comply with any provision of this Order.

20. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, or any federal or state agency or department from taking any other action affecting Bank or any of its current or former institution-affiliated parties or their successors or assigns.

21. This Order replaces and terminates the Temporary Order.

22. Pursuant to section 263.19(c) of the Rules of Practice (12 C.F.R. 263.19(c)), this Order is deemed to be an order issued upon consent for purposes of sections 8(b)(2) and (h) of the FDI Act (12 U.S.C. 1818(b)(2) and (h)).

By order of the Board of Governors of the Federal Reserve System, effective this 7th day of December, 1995.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

Membership of the Board of Governors of the Federal Reserve System, 1913–96

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	Aug. 10, 1914	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	Aug. 10, 1914	Resigned July 21, 1918.
W.P.G. Harding	Atlanta	Aug. 10, 1914	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	Aug. 10, 1914	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[4]
Edward H. Cunningham	Chicago	May 14, 1923	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas	Kansas City	June 14, 1933	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	Feb. 3, 1936	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	Feb. 3, 1936	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	Sept. 1, 1950	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson	Kansas City	Feb. 18, 1952	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	Resigned April 30, 1995.
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	
Susan M. Phillips	Chicago	Dec. 2, 1991	
Alan S. Blinder	Philadelphia	June 27, 1994	Term expired Jan. 31, 1996.
Janet L. Yellen	San Francisco	Aug. 12, 1994	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–Jan. 31, 1996

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Financial and Business Statistics

Guide to Tabular Presentation

Symbols and Abbreviations

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

General Information

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1994	1995			1995				
	Q4	Q1	Q2	Q3	July	Aug	Sept.	Oct	Nov
Reserves of depository institutions[2]									
1 Total	3.3	3.7	8.0	1.2	6.3	2.9	3.1	11.4r	11.7
2 Required	3.0	4.0	7.0	2.3	3.8	.8	2.3	14.4	8.9
3 Nonborrowed	2.1	2.4	8.6	2.2	4.3	1.1	3.0	10.8	10.8
4 Monetary base[3]	6.9	6.4	6.3	1.0	.3	3.3	1.1	3.3	7
Concepts of money, liquid assets, and debt[4]									
5 M1	1.2	.0	.9	1.0	1.0	1.6	3.9	10.4	3.4
6 M2	3	1.7	4.4	7.7	6.2	8.3	4.4	1.0r	2.9
7 M3	1.7	4.4	7.1	8.7r	8.4	7.7	4.0r	3.1r	1.5
8 L	2.2	6.4	7.6	9.1r	11.6r	7.7r	8.0r	4.2	n.a.
9 Debt	5.1r	5.3r	7.0r	4.2r	2.4r	3.5r	3.7r	3.6	n.a.
Nontransaction components									
10 In M2[5]	2	2.5	6.9	11.7	8.5	12.8	8.0	3.2r	5.7
11 In M3 only[6]	12.4r	18.5	20.7r	13.8r	18.8	4.7r	2.3r	22.4r	5.5
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	8.5	13.2	7.3	10.3	4.3	14.5	11.7	11.2	12.1
13 Small time[7]	16.0	24.3	23.4	9.8	10.0	5.5	1.9	1.5	4.2
14 Large time[8,9]	17.7	12.7	15.8	14.3r	19.6	5.6	8.1r	40.3r	17.4
Thrift institutions									
15 Savings, including MMDAs	17.6	20.5	14.5	5.8	7.6	7.0	.3	0	7.0
16 Small time[7]	10.9	21.5	26.6	3.7	.3	2.0	2.3	2.7	3.7
17 Large time[8]	14.1	23.3	14.6	13.4	30.5	9.9	8.2	17.9	4.8
Money market mutual funds									
18 General purpose and broker-dealer	7.5	7.9	18.1	43.3	44.5	37.7	17.6	9.9	12.6
19 Institution-only	7.3	10.0	27.1	29.3	39.7	9.0	15.4	12.9	5.6
Debt components[4]									
20 Federal	5.8r	5.1r	5.4r	4.6r	4.3r	2.0r	8r	2.9	n.a.
21 Nonfederal	5.3r	5.3r	7.5r	4.1r	1.8r	4.1r	4.7r	3.9	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						
	Sept	Oct	Nov	Oct 18	Oct 25	Nov 1	Nov 8	Nov 15	Nov 22	Nov 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	410,892	410,695	413,165	411,856	410,282	409,125	409,709	412,622	414,222	416,408
U.S. government securities[2]										
2 Bought outright—System account	371,068	370,901	373,648	371,359	370,796	370,395	371,499	375,660	373,897	373,735
3 *Held under repurchase agreements*	4,206	3,227	3,249	1,112	2,876	1,839	1,426	371	4,423	6,377
Federal agency obligations										
4 Bought outright	2,932	2,876	2,796	2,895	2,883	2,812	2,812	2,812	2,812	2,761
5 Held under repurchase agreements	106	479	320	400	989	750	391	71	710	169
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	28	45	166	22	23	7	2	36	311	360
8 Seasonal credit	254	204	67	217	190	147	84	63	62	58
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	408	537	901	381	304	686	893	1,116	779	1,123
11 Other Federal Reserve assets	31,890	32,425	32,019	32,469	32,219	32,489	32,602	32,492	31,228	31,826
12 Gold stock	11,052	11,051	11,050	11,051	11,051	11,051	11,051	11,051	11,050	11,050
13 Special drawing rights certificate account	10,366	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency *outstanding*	23,721	23,799	23,860	23,797	23,811	23,825	23,839	23,853	23,867	23,881
ABSORBING RESERVE FUNDS										
15 Currency in circulation	411,003	411,565	414,005	412,499	410,989	410,761	411,968	413,058	414,272	416,621
16 Treasury cash holdings	322	315	287	313	313	311	293	295	283	278
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,850	5,384	5,410	4,941	5,275	5,228	4,948	6,024	5,125	5,611
18 *Foreign*	179	179	203	181	184	185	200	177	198	241
19 Service related balances and adjustments	4,688	4,874	5,109	4,829	4,996	5,006	4,978	4,989	5,250	5,213
20 Other	348	386	326	546	333	341	343	347	325	283
21 Other Federal Reserve liabilities and capital	12,176	12,938	13,006	12,813	12,983	12,910	12,876	12,952	13,155	13,135
22 Reserve balances with Federal Reserve Banks[3]	20,466	20,071[r]	19,896	20,748	20,239	19,426	19,160	19,850	20,701	20,122

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct	Nov	Oct. 18	Oct 25	Nov 1	Nov. 8	Nov. 15	Nov 22	Nov 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	410,266	409,828[r]	412,866	409,976	414,760	411,341	414,368	413,040	416,500	415,322
U.S. government securities[2]										
2 Bought outright—System account	367,669	371,227	373,819	370,980	370,173	372,070	371,575	374,930	373,887	374,228
3 Held under repurchase agreements	6,445	2,290	6,983	4,112	7,780	2,290	5,431	2,600	5,104	5,475
Federal agency obligations										
4 Bought outright	2,895	2,812	2,692	2,895	2,812	2,812	2,812	2,812	2,812	2,692
5 Held under repurchase agreements	75	210	0	400	975	210	987	500	1,061	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	160	1	5	8	124	2	2	3	2,164	302
8 Seasonal credit	261	123	50	213	172	106	68	63	58	52
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	73	833[r]	1,819	1,038	345	1,463	298	1,286	370	948
11 *Other Federal Reserve assets*	32,687	32,332[r]	31,136	32,405	33,069	32,387	33,193	30,816	31,043	31,725
12 Gold stock	11,051	11,051	11,050	11,051	11,051	11,051	11,051	11,050	11,050	11,050
13 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency outstanding	23,769	23,825	23,895	23,797	23,811	23,825	23,839	23,853	23,867	23,881
ABSORBING RESERVE FUNDS										
15 Currency in circulation	409,275	411,767	416,682	412,491	411,416	412,050	413,437	414,261	416,373	417,527
16 *Treasury cash holdings*	322	313	276	313	313	292	298	281	278	276
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	8,620	7,018	5,703	5,710	5,336	4,627	5,032	5,256	6,505	6,139
18 Foreign	201	275	194	162	269	191	168	194	195	167
19 Service related balances and adjustments	4,766	5,006[r]	5,210	4,829	4,996	5,006	4,978	4,989	5,250	5,213
20 Other	332	375	282	349	326	409	345	344	280	278
21 Other Federal Reserve liabilities and capital	13,088	13,073	12,697	12,562	12,723	12,659	12,716	12,843	12,936	12,866
22 Reserve balances with Federal Reserve Banks[3]	18,650	17,035[r]	16,906	18,574	24,309	21,150	22,453	19,943	19,767	17,755

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	1992 Dec.	1993 Dec	1994 Dec	1995 May	1995 June	1995 July	1995 Aug	1995 Sept	1995 Oct.	1995 Nov.
	Prorated monthly averages of biweekly averages									
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	21,476	21,058	20,840	20,565	20,519	20,055[r]	20,066
2 Total vault cash[3]	34,541	36,818	40,365	39,038	39,839	40,522	40,177	40,648	40,561	40,575
3 Applied vault cash[4]	31,172	33,484	36,682	35,281	35,986	36,550	36,255	36,640	36,345	36,332
4 Surplus vault cash[5]	3,370	3,334	3,683	3,757	3,853	3,971	3,923	4,008	4,216	4,244
5 Total reserves[6]	56,540	62,858	61,340	56,757	57,044	57,390	56,819	57,159	56,400	56,397
6 Required reserves	55,385	61,795	60,172	55,877	56,079	56,300	55,832	56,209	55,319	55,455
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	880	964	1,090	988	950	1,081	942
8 Total borrowings at Reserve Banks[8]	124	82	209	150	272	371	282	278	245	204
9 Seasonal borrowings	18	31	100	137	172	231	258	252	199	73
10 Extended credit[9]	1	0	0	0	0	0	0	0	0	0

Reserve classification	Aug 2	Aug 16	Aug 30	Sept 13	Sept 27	Oct 11	Oct. 25	Nov. 8[r]	Nov 22	Dec. 6
	Biweekly averages of daily figures for two week periods ending on dates indicated — 1995									
1 Reserve balances with Reserve Banks[2]	19,920	20,793	20,395	21,029	20,182	19,886	20,496	19,334	20,270	20,439
2 Total vault cash[3]	40,983	40,889	39,324	40,554	40,628	41,153	39,855	41,123	40,218	40,653
3 Applied vault cash[4]	36,878	36,898	35,491	36,693	36,556	36,805	35,770	36,846	36,071	36,274
4 Surplus vault cash[5]	4,106	3,991	3,833	3,862	4,072	4,348	4,086	4,277	4,148	4,379
5 Total reserves[6]	56,798	57,691	55,886	57,722	56,738	56,690	56,265	56,180	56,341	56,713
6 Required reserves	55,443	56,491	55,153	56,879	55,781	55,312	55,406	55,129	55,544	55,627
7 Excess reserve balances at Reserve Banks[7]	1,354	1,200	733	843	957	1,378	860	1,052	797	1,085
8 Total borrowings at Reserve Banks[8]	478	250	288	268	274	338	227	121	236	233
9 Seasonal borrowings	245	247	272	245	261	240	204	116	63	51
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break adjusted or seasonally adjusted.

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

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

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

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

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

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

8. Also includes adjustment credit.

9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect 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								
	Oct. 2[r]	Oct. 9[r]	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	82,326	83,166	80,898	80,764	87,443	88,385	87,566	85,916	83,770
2 For all other maturities	16,162	15,083	14,701	15,224	15,906	15,801	16,272	15,698	16,092
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	22,796	20,172	23,263	21,530	18,531	20,008	20,246	20,475	21,528
4 For all other maturities	23,272	23,104	23,054	22,142	22,598	22,303	22,979	21,854	22,400
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	21,188	18,310	20,503	17,911	17,892	17,442	17,047	17,922	17,546
6 For all other maturities	29,949	33,907	34,083	36,211	36,216	31,849	34,156	28,791	28,864
All other customers									
7 For one day or under continuing contract	41,493	39,005	40,657	40,997	42,351	42,910	40,802	43,971	41,183
8 For all other maturities	18,010	18,266	17,335	17,254	16,833	16,488	18,610	16,976	21,016
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	60,978	54,156	55,932	59,787	61,281	60,195	59,269	56,296	57,722
10 To all other specified customers[2]	26,021	29,272	28,075	28,031	27,924	30,663	31,801	31,080	29,735

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 1/5/96	Effective date	Previous rate	On 1/5/96	Effective date	Previous rate	On 1/5/96	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	5.45	1/4/96	5.75	5.95	1/4/96	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	5.45	1/4/96	5.75	5.95	1/4/96	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 Jan. 5, 1996	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	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 \$0 million–\$52.0 million[3]	3	12/19/95
2 More than \$52.0 million[4]	10	12/19/95
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin.* Under the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are savings deposits, not transaction accounts.

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 19, 1995, the amount was decreased from \$54.0 million to \$52.0 million.

3. *Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the* amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. Effective Dec. 19, 1995, the exemption was raised from \$4.2 million to \$4.3 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	0	0	4,470	0	433	409	1,350
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	376,277	30,983	31,663	42,983	25,213	39,195	30,333	29,397
4 Redemptions	1,600	0	0	0	0	0	0	0	0	900
Others within one year										
5 Gross purchases	1,096	1,223	1,238	0	0	0	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	36,662	31,368	0	2,993	7,174	2,177	2,063	7,805	0	1,745
8 Exchanges	30,543	36,582	21,444	0	7,374	1,392	562	5,599	0	2,049
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	13,118	10,350	9,168	2,549	0	0	0	0	100	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	34,478	27,140	6,004	477	6,694	2,177	2,063	3,379	0	1,745
13 Exchanges	25,811	0	17,801	0	5,374	1,392	562	4,805	0	2,049
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	839	0	0	0	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	1,915	0	3,145	2,516	1,248	0	0	319	0	0
17 Exchanges	3,532	0	2,903	0	2,000	0	0	1,800	0	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	1,138	0	0	0	0	100	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	269	0	918	0	1,728	0	0	525	0	0
21 Exchanges	1,200	0	775	0	0	0	0	1,100	0	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	4,526	0	4,470	0	433	609	1,350
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	370	0	0	0	0	0	1,385
Matched transactions										
25 Gross purchases	1,480,140	1,475,941	1,700,836	148,306	155,027	170,083	166,674	179,130	195,830	216,755
26 Gross sales	1,482,467	1,475,085	1,701,309	147,616	153,534	171,959	163,490	185,270	198,587	213,161
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	36,314	35,158	40,989	8,527	4,130	43,286	28,825
28 Gross sales	386,257	470,723	311,898	39,157	34,377	28,196	24,851	1,075	39,896	32,980
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	2,004	2,274	15,387	13,141	2,651	1,241	597
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	20	30	262	333	122	46	83
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	4,415	6,155	1,941	711	1,610	1,434	3,740
34 Gross sales	14,486	34,669	52,696	5,020	5,955	2,180	1,172	1,510	1,459	3,605
35 Net change in federal agency obligations	554	380	1,002	625	170	501	794	22	-71	52
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**1,379**	**2,444**	**14,886**	**−13,935**	**−2,673**	**1,170**	**−545**

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

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

Millions of dollars

Account	Wednesday 1995 Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	End of month 1995 Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,051	11,051	11,050	11,050	11,050	11,051	11,051	11,050
2 *Special drawing rights certificate account*	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
3 Coin	458	464	458	458	432	435	460	412
Loans								
4 To depository institutions	109	71	66	2,222	354	421	124	55
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	2,812	2,812	2,812	2,812	2,692	2,895	2,812	2,692
8 Held under repurchase agreements	210	987	500	1,061	0	75	210	0
9 **Total U.S. Treasury securities**	**374,360**	**377,006**	**377,530**	**378,991**	**379,703**	**374,114**	**373,517**	**380,802**
10 Bought outright[2]	372,070	371,575	374,930	373,887	374,228	367,669	371,227	373,819
11 Bills	181,979	181,085	188,624	187,581	183,737	177,093	181,136	183,328
12 Notes	147,418	147,818	143,697	143,697	147,881	147,904	147,418	147,881
13 Bonds	42,673	42,673	42,610	42,610	42,610	42,673	42,673	42,610
14 Held under repurchase agreements	2,290	5,431	2,600	5,104	5,475	6,445	2,290	6,983
15 **Total loans and securities**	**377,491**	**380,876**	**380,907**	**385,086**	**382,749**	**377,505**	**376,663**	**383,549**
16 Items in process of collection	7,007	6,307	6,870	6,294	5,712	3,978	8,015	4,319
17 *Bank premises*	1,139	1,145	1,146	1,147	1,146	1,114	1,139	1,146
Other assets								
18 Denominated in foreign currencies[3]	21,378	21,388	21,399	21,412	21,424	21,653	21,376	21,049
19 All other[4]	9,865	10,648	8,233	8,500	9,085	9,814	9,876	8,860
20 **Total assets**	**438,557**	**442,047**	**440,231**	**444,116**	**441,766**	**435,717**	**438,748**	**440,582**
LIABILITIES								
21 Federal Reserve notes	388,975	390,359	391,147	393,243	394,354	386,263	388,715	393,505
22 **Total deposits**	**31,254**	**33,571**	**31,000**	**32,560**	**29,855**	**32,585**	**29,911**	**30,549**
23 *Depository institutions*	26,027	28,027	25,206	25,580	22,972	23,432	22,284	24,369
24 U.S. Treasury—General account	4,627	5,032	5,256	6,505	6,439	8,620	7,018	5,703
25 Foreign—Official accounts	191	168	194	195	167	201	275	194
26 Other	409	345	344	280	278	332	375	282
27 Deferred credit items	5,668	5,401	5,241	5,377	4,690	3,781	7,049	3,832
28 Other liabilities and accrued dividends[5]	4,412	4,402	4,544	4,576	4,516	4,617	4,432	4,645
29 **Total liabilities**	**430,309**	**433,733**	**431,932**	**435,756**	**433,416**	**427,247**	**430,107**	**432,531**
CAPITAL ACCOUNTS								
30 Capital paid in	3,935	3,942	3,946	3,953	3,958	3,915	3,923	3,958
31 Surplus	3,683	3,683	3,683	3,683	3,683	3,624	3,683	3,671
32 *Other capital accounts*	629	689	670	723	709	931	1,034	422
33 **Total liabilities and capital accounts**	**438,557**	**442,047**	**440,231**	**444,116**	**441,766**	**435,717**	**438,748**	**440,582**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	483,834	486,656	491,848	494,229	496,481	484,601	488,911	506,035
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	482,163	481,618	480,391	479,322	478,321	472,874	482,369	477,946
36 *LESS: Held by Federal Reserve Banks*	93,187	91,258	89,244	86,079	83,966	86,611	93,654	84,441
37 Federal Reserve notes, net	388,975	390,359	391,147	393,243	394,354	386,263	388,715	393,505
Collateral held against notes, net								
38 Gold certificate account	11,051	11,051	11,050	11,050	11,050	11,051	11,051	11,050
39 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	367,756	369,141	369,929	372,025	373,136	365,044	367,496	372,286
42 ***Total collateral***	**388,975**	**390,359**	**391,147**	**393,243**	**394,354**	**386,263**	**388,715**	**393,505**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. *Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with* Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1995					1995		
	Nov 1	Nov 8	Nov 15	Nov 22	Nov 29	Sept. 30	Oct 31	Nov 30
1 **Total loans**	**109**	**71**	**66**	**2,222**	**354**	**421**	**124**	**55**
2 Within fifteen days[1]	28	16	50	2,216	348	273	48	29
3 Sixteen days to ninety days	81	54	15	6	6	149	76	26
4 **Total U.S. Treasury securities**	**374,360**	**377,006**	**377,530**	**378,991**	**379,703**	**367,669**	**371,227**	**373,819**
5 Within fifteen days[1]	22,542	17,959	23,316	19,780	20,151	2,645	11,078	5,924
6 Sixteen days to ninety days	79,712	88,092	86,256	92,056	87,792	92,851	88,044	87,792
7 Ninety-one days to one year	121,873	120,323	122,959	122,155	122,576	120,681	121,873	130,641
8 One year to five years	84,610	85,010	80,193	80,193	82,678	85,870	84,610	82,956
9 Five years to ten years	29,992	29,992	29,176	29,176	30,876	29,992	29,992	30,876
10 More than ten years	35,630	35,629	35,630	35,630	35,630	35,630	35,630	35,630
11 **Total federal agency obligations**	**3,022**	**3,799**	**3,312**	**3,873**	**2,692**	**2,895**	**2,812**	**2,692**
12 Within fifteen days[1]	310	1,087	620	1,498	372	185	224	372
13 Sixteen days to ninety days	680	821	701	384	384	747	680	384
14 Ninety-one days to one year	662	521	521	521	531	431	538	531
15 One year to five years	918	918	918	918	853	918	853	853
16 Five years to ten years	427	427	527	527	527	427	427	527
17 More than ten years	25	25	25	25	25	25	25	25

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

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

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

Billions of dollars, averages of daily figures

Item	1991 Dec	1992 Dec	1993 Dec	1994 Dec.	1995 Apr	1995 May	1995 June	1995 July	1995 Aug	1995 Sept	1995 Oct	1995 Nov
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.54	54.35	60.50	59.34	57.96	57.76	57.35	57.66	57.52	57.37	56.82	56.27
2 *Nonborrowed reserves*[4]	45.34	54.23	60.42	59.13	57.85	57.61	57.08	57.28	57.23	57.09	56.58	56.07
3 Nonborrowed reserves plus extended credit[5]	45.34	54.23	60.42	59.13	57.85	57.61	57.08	57.28	57.23	57.09	56.58	56.07
4 Required reserves	44.56	53.20	59.44	58.17	57.20	56.88	56.39	56.57	56.53	56.42	55.74	55.33
5 Monetary base[6]	317.43	351.12	386.60	418.22	428.13	430.69	429.76	429.66	430.86	431.25	432.42r	432.67
	Not seasonally adjusted											
6 Total reserves[7]	46.98	56.06	62.37	61.13	58.93	56.82	57.13	57.49	56.93	57.29	56.54	56.56
7 Nonborrowed reserves	46.78	55.93	62.29	60.92	58.82	56.68	56.85	57.12	56.65	57.01	56.30	56.35
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.92	58.82	56.68	56.85	57.12	56.65	57.01	56.30	56.35
9 Required reserves[8]	46.00	54.90	61.31	59.96	58.18	55.95	56.16	56.40	55.95	56.34	55.46	55.62
10 Monetary base[9]	321.07	354.55	390.59	422.51	428.74	429.29	430.26	431.30	431.08	431.62	431.57	433.18
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	58.87	56.76	57.04	57.39	56.82	57.16	56.40	56.40
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	58.76	56.61	56.77	57.02	56.54	56.88	56.15	56.19
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	58.76	56.61	56.77	57.02	56.54	56.88	56.15	56.19
14 Required reserves	54.55	55.39	61.80	60.17	58.12	55.88	56.08	56.30	55.83	56.21	55.32	55.46
15 Monetary base[12]	333.61	360.90	397.62	427.25	432.79	433.47	434.57	435.56	435.59	436.20	436.32r	438.16
16 Excess reserves[13]	.98	1.16	1.06	1.17	.75	.88	.96	1.09	.99	.95	1.08	.94
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.11	.15	.27	.37	.28	.28	.25	.20

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 effect 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 effect 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 Aug.	1995 Sept.	1995 Oct.	1995 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,148.0	1,143.4	1,139.7	1,129.8	1,126.6
2 M2	3,457.9	3,515.3	3,583.6	3,616.9	3,743.5	3,757.3	3,754.3r	3,763.5
3 M3	4,176.0	4,182.9	4,242.3	4,303.9r	4,519.2r	4,534.4r	4,546.1r	4,551.6
4 L	4,989.8	5,059.3	5,145.7	5,269.7r	5,559.5r	5,596.6r	5,616.2	n.a.
5 Debt	11,335.6r	11,878.1r	12,514.2r	13,150.8r	13,642.8r	13,684.4r	13,725.6	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354.5	368.3	369.1	370.5	371.0
7 Travelers checks[4]	7.7	8.1	7.9	8.4	8.9	8.8	8.8r	8.8
8 Demand deposits[5]	289.5	338.9	383.9	382.2	390.0	389.7	387.2	387.0
9 Other checkable deposits[6]	332.7	384.6	414.7	402.9	376.2	372.0	363.4	359.7
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,468.9	2,600.2	2,617.6	2,624.5r	2,636.9
11 In M3 only[8]	718.1	667.6	658.7	687.0r	775.7r	777.2r	791.7r	788.1
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	739.5	746.7	753.7	761.3
13 Small time deposits[9]	602.5	508.1	468.6	502.6	569.7	570.6	571.3	573.3
14 Large time deposits[10, 11]	333.3	286.7	271.2	296.6	325.2	327.4r	338.4r	343.3
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.9	358.6	358.5	358.5	356.4
16 Small time deposits[9]	464.1	361.1	316.5	318.3	358.0	358.7	359.5	360.6
17 Large time deposits[10]	83.3	67.1	61.6	64.9	73.2	73.7	74.8	75.1
Money market mutual funds								
18 General purpose and broker-dealer	374.2	356.9	360.1	389.0	455.9	462.6	466.4	471.3
19 Institution-only	180.0	200.2	198.1	180.8	210.8	213.5	215.8	214.8
Debt components								
20 Federal debt	2,763.8r	3,068.6r	3,328.3r	3,497.6r	3,621.4r	3,623.8r	3,632.6	n.a.
21 Nonfederal debt	8,571.9r	8,809.5r	9,185.9r	9,653.1r	10,021.4r	10,060.6r	10,093.0	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.7	1,137.0	1,135.7	1,129.4	1,134.9
23 M2	3,472.7	3,533.6	3,606.1	3,640.5	3,736.6	3,747.1	3,751.4r	3,772.5
24 M3	4,189.4	4,201.4	4,266.1	4,330.0r	4,512.9r	4,521.9r	4,541.4r	4,568.0
25 L	5,014.2	5,088.9	5,180.2	5,307.3r	5,548.5r	5,575.4r	5,606.1	n.a.
26 Debt	11,333.5r	11,879.6r	12,507.1r	13,143.4r	13,579.1r	13,637.3r	13,684.4	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	369.0	369.2	369.9	371.6
28 Travelers checks[4]	7.4	7.8	7.6	8.1	9.5	9.3	8.9	8.7
29 Demand deposits[5]	302.4	354.4	401.8	400.3	386.5	388.1	390.7	395.6
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	372.0	369.1	359.8	359.1
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.5	2,466.8	2,599.6	2,611.4	2,622.0r	2,637.5
32 In M3 only[8]	716.7	667.7	660.0	689.5r	776.4r	774.8r	790.0r	795.6
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	740.8	746.8	753.9	763.6
34 Small time deposits[9]	601.9	507.8	468.2	502.2	570.3	571.1	571.9	573.0
35 Large time deposits[10, 11]	332.6	286.2	270.8	296.3	326.6	328.6r	339.2r	345.1
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	391.2	359.3	358.6	358.6	357.5
37 Small time deposits[9]	463.7	360.9	316.2	318.1	358.3	359.0	359.9	360.3
38 Large time deposits[10]	83.1	67.0	61.5	64.8	73.6	74.0	75.0	75.5
Money market mutual funds								
39 General purpose and broker-dealer	372.2	355.1	358.3	387.1	452.6	454.9	459.1	467.0
40 Institution-only	180.8	201.7	200.0	183.1	209.3	209.0	212.9	217.4
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	117.2	118.2	120.9	118.6r	116.1
42 Term	132.7	127.8	143.9	157.8r	180.0r	176.4r	175.3r	169.7
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,602.2	3,606.8	3,610.1	n.a.
44 Nonfederal debt	8,568.5r	8,809.8r	9,177.7r	9,644.4r	9,976.9r	10,030.5r	10,074.3	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	1993 Dec.	1994 Dec.[r]	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.[r]	1995 Nov.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	1.86	1.96	2.00	1.95	1.96	1.94	1.91	1.93	1.94	1.93	1.95
2 Savings deposits[3]	2.46	2.92	3.14	3.17	3.20	3.19	3.15	3.12	3.14	3.11	3.14
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.65	3.79	4.24	4.28	4.25	4.19	4.17	4.10	4.10	4.11	4.12
4 92 to 182 days	2.91	4.44	4.97	4.94	4.93	4.81	4.77	4.77	4.75	4.75	4.74
5 183 days to 1 year	3.13	5.12	5.60	5.60	5.49	5.27	5.18	5.15	5.14	5.15	5.11
6 More than 1 year to 2½ years	3.55	5.74	6.12	6.05	5.83	5.53	5.38	5.39	5.32	5.31	5.27
7 More than 2½ years	4.28	6.30	6.45	6.37	6.11	5.79	5.62	5.63	5.60	5.56	5.49
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	1.87	1.94	1.99	1.99	2.00	1.98	1.96	1.98	1.98	1.97	1.94
9 Savings deposits[3]	2.63	2.87	2.94	2.93	2.95	2.97	2.97	2.95	2.96	2.97	2.99
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	2.81	3.80	4.21	4.18	4.24	4.24	4.28	4.34	4.29	4.34	4.45
11 92 to 182 days	3.02	4.89	5.37	5.38	5.31	5.22	5.16	5.12	5.08	5.06	5.02
12 183 days to 1 year	3.31	5.52	5.94	5.87	5.83	5.61	5.47	5.45	5.35	5.32	5.28
13 More than 1 year to 2½ years	3.67	6.09	6.32	6.25	6.08	5.78	5.62	5.60	5.51	5.50	5.46
14 More than 2½ years	4.62	6.43	6.68	6.59	6.32	5.98	5.82	5.78	5.74	5.69	5.64
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	305,237	304,896	292,811	286,987	274,281	274,573	271,777	266,715	253,174	258,411	259,470
16 Savings deposits[3]	767,035	737,068	713,440	698,963	714,989	718,393	723,302	733,011	744,839	747,943	768,718
17 Personal	598,276	580,438	564,086	550,674	560,563	563,795	567,624	572,916	584,239	587,235	600,847
18 Nonpersonal	168,759	156,630	149,354	148,289	154,426	154,599	155,678	160,096	160,600	160,707	167,871
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	29,362	32,265	31,623	31,530	31,472	32,140	32,950	30,722	29,804	29,940	31,046
20 92 to 182 days	109,050	96,650	95,583	94,368	93,188	91,999	91,347	89,896	92,220	94,418	97,145
21 183 days to 1 year	145,386	163,062	176,657	179,625	184,560	187,185	186,716	187,141	189,338	188,859	189,124
22 More than 1 year to 2½ years	139,781	164,395	183,275	189,652	194,963	198,541	201,761	203,466	203,548	206,993	210,377
23 More than 2½ years	180,461	192,712	194,722	194,426	192,542	195,024	194,500	199,944	200,182	200,201	202,338
24 IRA and Keogh plan deposits	144,011	144,097	145,959	146,679	146,842	148,894	148,878	149,320	149,570	151,094	155,056
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	11,191	11,175	11,218	11,005	11,019	11,354	11,262	11,104	11,408	11,317	11,613
26 Savings deposits[3]	80,376	70,082	68,595	67,453	67,322	67,185	66,706	66,776	69,752	69,636	70,265
27 Personal	77,263	67,159	65,692	64,204	64,484	63,966	63,524	63,483	66,403	66,193	66,683
28 Nonpersonal	3,113	2,923	2,902	3,248	2,838	3,219	3,182	3,293	3,349	3,443	3,582
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	2,746	2,144	1,943	1,780	1,885	1,567	1,784	1,873	1,739	1,768	1,903
30 92 to 182 days	12,974	11,361	11,707	11,245	11,449	11,025	11,131	11,183	11,258	11,231	11,848
31 183 days to 1 year	17,469	18,391	20,277	21,051	20,956	21,702	22,157	22,488	24,837	25,036	25,887
32 More than 1 year to 2½ years	16,589	17,787	22,648	23,445	24,014	24,658	25,141	25,296	27,825	27,755	28,247
33 More than 2½ years	20,501	21,293	22,446	22,671	22,819	22,935	22,930	22,780	23,351	23,470	23,574
34 IRA and Keogh plan accounts	19,791	19,008	20,221	20,388	20,236	20,499	20,568	20,531	21,913	21,784	21,758

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

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

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1992[2]	1993[2]	1994[2]	1995[r]					
				Apr.	May	June	July	Aug.	Sept.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	313,128.1	334,784.1	369,029.1	367,823.2	423,264.5	413,335.1	391,037.6	407,356.9	399,316.1
2 Major New York City banks	165,447.7	171,224.3	191,168.8	185,842.3	217,587.7	203,342.3	197,712.1	206,835.9	207,562.6
3 Other banks	147,680.4	163,559.7	177,860.3	181,981.0	205,676.7	209,992.8	193,325.5	200,521.0	191,753.5
4 Other checkable deposits[4]	3,780.3	3,481.5	3,798.6	3,707.7	4,236.4	4,142.3	3,593.9	4,236.4	4,367.1
5 Savings deposits (including MMDAs)[5]	3,309.1	3,497.4	3,766.3	3,565.4	4,022.4	4,326.8	3,986.6	4,745.3	4,896.6
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	825.9	785.9	817.4	817.2	943.3	901.8	849.4	887.9	861.2
7 Major New York City banks	4,795.3	4,198.1	4,481.5	4,553.3	5,170.7	4,718.9	4,624.7	4,970.9	5,017.7
8 Other banks	428.7	424.6	435.1	444.6	505.8	505.7	462.9	480.7	454.1
9 Other checkable deposits[4]	14.4	11.9	12.6	12.7	15.0	15.1	12.9	15.5	16.3
10 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	5.0	5.6	6.0	5.5	6.5	6.6
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	313,344.9	334,899.2	369,121.8	362,784.7	412,762.0	425,855.1	390,210.5	421,841.6	396,666.0
12 Major New York City banks	165,595.0	171,283.5	191,226.0	180,169.1	207,259.8	209,349.5	196,873.1	213,958.6	207,994.2
13 Other banks	147,749.9	163,615.7	177,895.7	182,615.6	205,502.2	216,505.6	193,337.5	207,883.0	188,671.8
14 Other checkable deposits[4]	3,783.6	3,481.7	3,795.6	3,918.1	4,070.1	4,261.6	3,525.6	4,203.6	4,432.2
15 Savings deposits (including MMDAs)[5]	3,310.0	3,498.3	3,764.4	3,726.8	3,982.3	4,432.7	4,054.0	4,750.0	4,847.4
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	826.1	786.1	818.2	805.8	936.5	941.3	848.2	936.7	859.6
17 Major New York City banks	4,803.5	4,197.9	4,490.3	4,459.5	5,095.1	4,972.0	4,657.5	5,343.0	5,069.5
18 Other banks	428.8	424.8	435.3	445.6	513.6	527.7	462.8	506.6	448.7
19 Other checkable deposits[4]	14.4	11.9	12.6	13.2	14.5	15.7	12.9	15.6	16.7
20 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	5.2	5.6	6.1	5.6	6.5	6.6

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

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1995[r]							1995			
	Nov	May	June	July	Aug.	Sept	Oct	Nov	Nov. 8	Nov. 15	Nov. 22	Nov. 29
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,300.1	3,483.7	3,499.3	3,516.1	3,531.1	3,551.9	3,555.1	3,559.8	3,556.7	3,556.8	3,565.7	3,560.8
2 Securities in bank credit	954.2	977.0	973.7	964.2	971.2	976.7	975.8	972.1	968.9	970.4	975.0	974.2
3 U.S. government securities	732.5	713.7	711.5	705.9	710.2	707.6	712.5	712.6	711.7	710.6	715.5	713.2
4 Other securities	221.6	263.3	262.2	258.3	261.0	269.1	263.3	259.5	257.3	259.8	259.5	261.0
5 Loans and leases in bank credit[2]	2,345.9	2,506.7	2,525.6	2,551.9	2,559.9	2,575.2	2,579.2	2,587.7	2,587.8	2,586.4	2,590.7	2,586.7
6 Commercial and industrial	638.4	689.1	692.0	697.5	698.8	702.6	703.3	708.5	706.1	708.0	709.4	710.3
7 Real estate	991.5	1,042.6	1,051.6	1,062.6	1,067.9	1,071.7	1,074.4	1,076.0	1,076.3	1,075.5	1,076.5	1,076.2
8 Revolving home equity	74.9	77.2	77.6	78.0	78.4	78.7	78.7	79.1	79.1	79.1	79.2	79.3
9 Other	916.5	965.5	974.0	984.6	989.5	993.0	995.8	996.9	997.3	996.4	997.3	997.0
10 Consumer	445.2	473.0	478.1	481.1	486.3	489.2	489.1	491.1	490.5	491.7	490.7	491.9
11 Security[3]	73.3	90.1	89.9	89.3	84.6	87.1	84.7	83.9	87.1	83.3	84.6	81.0
12 Other	197.6	211.9	214.0	221.4	222.4	224.6	227.7	228.2	227.7	228.0	229.5	227.3
13 Interbank loans[4]	170.4[r]	185.3	187.4	195.1	192.1	196.0	199.9	200.4	218.5	197.8	197.8	188.8
14 Cash assets[5]	205.8	210.8	211.3	214.2	209.0	212.4	220.7	211.7	213.1	214.1	220.8	194.6
15 Other assets[6]	220.9	226.2	226.5	227.0	226.7	231.1	230.5	229.1	226.9	231.2	229.3	221.4
16 Total assets[7]	**3,841.0[r]**	**4,049.2**	**4,067.7**	**4,095.3**	**4,102.0**	**4,134.6**	**4,149.6**	**4,144.6**	**4,158.7**	**4,143.5**	**4,157.4**	**4,115.4**
Liabilities												
17 Deposits	2,521.3	2,567.3	2,581.5	2,608.6	2,614.7	2,628.0	2,643.0	2,634.7	2,637.9	2,645.0	2,643.6	2,607.4
18 Transaction	797.2	785.3	781.2	793.4	784.8	782.3	780.2	765.1	767.5	772.8	776.0	740.1
19 Nontransaction	1,724.2	1,782.0	1,803.3	1,815.2	1,829.9	1,845.7	1,862.8	1,869.7	1,870.4	1,872.2	1,867.6	1,867.3
20 Large time	359.1	392.9	395.9	400.8	407.3	413.2	422.0	422.5	424.6	424.0	421.5	419.7
21 Other	1,365.0	1,389.2	1,407.4	1,414.4	1,422.6	1,432.5	1,440.9	1,447.2	1,445.8	1,448.2	1,446.2	1,447.6
22 Borrowings	590.9[r]	688.9	676.4	691.7	672.1	676.4	674.5	655.6	657.4	647.9	665.0	652.2
23 From banks in the U.S.	168.9[r]	187.9	187.9	201.9	197.4	201.2	206.1	202.6	216.8	201.2	200.6	192.3
24 From nonbanks in the U.S.	422.0	500.9	488.5	489.8	474.7	475.3	468.5	453.0	440.5	446.7	464.4	459.9
25 Net due to related foreign offices	213.6	239.2	244.2	236.5	248.0	254.2	259.2	263.0	272.3	256.6	260.3	262.8
26 Other liabilities[8]	176.5	214.9	213.7	204.4	207.1	216.4	213.6	212.6	212.4	214.7	213.0	208.6
27 Total liabilities	**3,502.3[r]**	**3,710.3**	**3,718.8**	**3,741.3**	**3,742.0**	**3,775.0**	**3,790.3**	**3,765.9**	**3,780.0**	**3,764.2**	**3,781.9**	**3,731.0**
28 Residual (assets less liabilities)[9]	338.6[r]	338.9	348.9	354.0	360.0	359.6	359.3	378.7	378.7	379.3	375.5	384.4
	Not seasonally adjusted											
Assets												
29 Bank credit	3,309.5[r]	3,475.5	3,495.8	3,502.9	3,521.2	3,517.0	3,553.6	3,569.4	3,569.3	3,568.3	3,569.5	3,569.9
30 Securities in bank credit	955.9	978.3	974.5	959.7	968.7	972.4	973.6	973.0	971.4	973.3	974.2	972.7
31 U.S. government securities	733.7	712.8	711.2	702.0	711.0	709.3	711.2	713.4	713.8	712.1	714.8	713.3
32 Other securities	222.2	265.5	263.3	257.7	257.8	263.0	262.4	259.5	257.6	261.2	259.4	259.4
33 Loans and leases in bank credit[2]	2,353.6	2,497.2	2,521.3	2,543.2	2,552.4	2,574.7	2,580.0	2,596.5	2,597.9	2,595.0	2,595.3	2,597.2
34 Commercial and industrial	638.4	692.2	693.9	696.7	695.4	698.8	700.9	708.1	705.5	706.9	709.6	710.3
35 Real estate	996.2	1,041.0	1,051.4	1,061.9	1,067.1	1,073.0	1,077.1	1,081.2	1,082.2	1,081.1	1,080.5	1,081.1
36 Revolving home equity	75.4	77.0	77.7	78.0	78.5	79.1	79.3	79.5	79.6	79.5	79.5	79.6
37 Other	920.9	963.9	973.7	983.9	988.6	993.9	997.8	1,001.7	1,002.7	1,001.6	1,001.0	1,001.6
38 Consumer	445.4	471.5	475.5	478.8	485.8	490.3	489.1	491.2	490.0	491.5	490.5	493.0
39 Security[3]	75.0	83.9	85.9	83.9	81.5	85.4	84.1	86.2	91.3	85.3	85.1	83.1
40 Other	198.5	208.6	214.7	221.8	222.6	227.1	228.8	229.8	228.8	230.2	229.5	229.7
41 Interbank loans[4]	171.9[r]	179.7	184.4	191.0	187.4	192.3	198.3	202.3	214.4	204.6	195.1	194.3
42 Cash assets[5]	212.3	208.3	209.5	211.1	201.3	213.9	221.1	218.0	208.0	230.2	220.3	210.5
43 Other assets[6]	223.7	225.5	225.1	226.5	228.5	231.6	232.4	231.8	230.9	234.2	228.8	230.9
44 Total assets[7]	**3,860.8[r]**	**4,032.1**	**4,057.8**	**4,074.8**	**4,081.5**	**4,127.9**	**4,148.9**	**4,164.9**	**4,166.0**	**4,180.7**	**4,157.2**	**4,149.1**
Liabilities												
45 Deposits	2,536.4	2,558.3	2,581.6	2,599.5	2,600.6	2,624.4	2,638.6	2,650.1	2,644.4	2,675.7	2,644.7	2,630.4
46 Transaction	811.3	774.1	775.6	784.1	768.8	779.5	777.9	779.5	768.3	801.3	778.2	766.2
47 Nontransaction	1,725.1	1,784.1	1,806.0	1,815.4	1,831.9	1,844.9	1,860.7	1,870.6	1,876.1	1,874.5	1,866.4	1,864.3
48 Large time	358.3	397.1	398.4	400.2	408.0	413.1	419.8	421.7	424.0	422.1	421.2	419.4
49 Other	1,366.8	1,387.0	1,407.6	1,415.2	1,423.9	1,431.8	1,441.0	1,448.9	1,452.1	1,452.4	1,445.2	1,444.9
50 Borrowings	604.1[r]	674.7	683.4	692.6	681.0	686.4	681.8	676.0	682.8	675.8	673.7	670.6
51 From banks in the U.S.	173.2[r]	182.4	187.8	198.2	195.2	199.1	203.5	207.6	219.7	209.9	200.5	199.6
52 From nonbanks in the U.S.	431.0	492.2	495.6	494.4	485.9	487.3	478.2	468.4	463.1	465.9	473.3	471.0
53 Net due to related foreign offices	213.4	244.6	238.3	234.0	243.1	247.7	258.4	262.6	265.0	251.3	262.5	272.5
54 Other liabilities[8]	181.6	213.0	208.9	201.7	206.4	216.0	215.2	218.4	217.5	220.3	218.7	215.6
55 Total liabilities	**3,535.5[r]**	**3,690.5**	**3,712.3**	**3,727.8**	**3,731.3**	**3,774.5**	**3,793.9**	**3,807.0**	**3,809.7**	**3,823.1**	**3,799.5**	**3,789.2**
56 Residual (assets less liabilities)[9]	325.3	341.5	345.5	346.9	350.3	353.4	354.9	357.9	356.3	357.6	357.7	359.9

Footnotes appear on last page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1995[r]							1995			
	Nov	May	June	July	Aug	Sept	Oct	Nov	Nov 8	Nov 15	Nov 22	Nov 29
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,951.7	3,081.7	3,099.1	3,110.7	3,123.8	3,139.2	3,146.5	3,154.4	3,156.3	3,153.7	3,156.4	3,152.0
58 Securities in bank credit	871.2	860.2	858.6	849.4	852.6	857.3	856.6	855.4	854.9	854.3	855.9	856.8
59 U.S. government securities	670.9[r]	647.0	647.0	641.5	643.1	643.3	648.5	648.5	648.6	647.9	649.1	649.1
60 Other securities	200.4	213.1	211.6	207.9	209.5	214.0	208.2	206.9	206.3	206.4	206.8	207.7
61 Loans and leases in bank credit[2]	2,080.5	2,221.5	2,240.6	2,261.2	2,271.3	2,281.9	2,289.8	2,299.1	2,301.5	2,299.4	2,300.6	2,295.2
62 Commercial and industrial	476.8	516.6	519.0	523.6	524.6	526.8	529.1	532.6	532.4	532.7	533.5	531.8
63 Real estate	950.5	1,004.3	1,013.4	1,024.7	1,030.9	1,035.2	1,037.5	1,039.5	1,039.9	1,038.8	1,039.8	1,039.8
64 Revolving home equity	74.9	77.2	77.6	78.0	78.4	78.7	78.7	79.1	79.1	79.1	79.2	79.3
65 Other	875.5	927.1	935.8	946.7	952.5	956.5	958.9	960.4	960.8	959.8	960.7	960.6
66 Consumer	445.2	473.0	478.1	481.1	486.3	489.2	489.1	491.1	490.5	491.7	490.7	491.9
67 Security[3]	46.0	54.0	55.4	52.1	50.4	50.8	50.4	52.7	51.8	53.5	52.3	50.0
68 Other	162.0	173.6	174.6	179.7	179.1	179.9	183.7	183.2	183.8	182.7	184.2	181.7
69 Interbank loans[4]	147.1[r]	160.9	164.8	173.2	165.5	168.6	168.4	170.4	175.1	172.3	171.8	164.0
70 Cash assets[5]	181.5	182.6	184.5	187.5	182.7	187.1	194.2	183.0	184.5	185.4	191.0	167.0
71 Other assets[6]	167.1	170.6	170.3	172.5	171.9	174.2	175.3	174.8	172.5	176.8	175.0	173.8
72 **Total assets**[7]	**3,391.2**[r]	**3,539.0**	**3,561.7**	**3,586.8**	**3,587.3**	**3,612.3**	**3,627.9**	**3,626.3**	**3,632.1**	**3,631.8**	**3,637.9**	**3,600.6**
Liabilities												
73 Deposits	2,366.8	2,409.5	2,424.2	2,447.5	2,448.3	2,457.3	2,468.2	2,465.8	2,464.7	2,475.8	2,477.5	2,440.7
74 Transaction	787.3	775.9	771.9	784.0	775.5	773.3	771.1	755.4	757.7	763.1	766.2	730.6
75 Nontransaction	1,579.6	1,633.6	1,652.2	1,663.5	1,672.8	1,684.0	1,697.2	1,710.4	1,707.1	1,712.7	1,711.3	1,710.1
76 Large time	217.8	247.1	247.6	247.9	248.9	251.9	257.4	264.6	262.9	265.7	265.3	264.7
77 Other	1,361.8	1,386.6	1,404.6	1,415.6	1,423.9	1,432.1	1,439.8	1,445.8	1,444.2	1,447.0	1,446.0	1,445.4
78 Borrowings	491.7[r]	569.9	563.6	573.1	556.0	562.0	565.3	552.9	553.3	546.8	559.6	552.0
79 From banks in the U.S.	154.0[r]	165.2	168.5	182.3	179.3	183.0	186.9	183.8	198.2	182.2	180.1	174.8
80 From nonbanks in the U.S.	337.7	404.8	395.0	390.8	376.7	379.0	378.4	369.1	355.0	364.6	379.5	377.2
81 Net due to related foreign offices	66.4	84.0	90.2	82.2	91.0	93.4	94.7	90.1	96.0	86.0	87.4	91.6
82 Other liabilities[8]	131.5	147.4	146.7	139.1	139.3	146.2	143.7	144.3	145.0	146.5	144.8	140.3
83 **Total liabilities**	**3,056.5**[r]	**3,210.8**	**3,224.6**	**3,241.9**	**3,234.5**	**3,258.9**	**3,272.0**	**3,253.1**	**3,259.0**	**3,255.1**	**3,269.3**	**3,224.6**
84 Residual (assets less liabilities)[9]	334.7	328.2	337.0	344.9	352.8	353.4	355.9	373.2	373.1	376.7	368.7	376.0
	Not seasonally adjusted											
Assets												
85 Bank credit	2,959.9	3,080.1	3,100.0	3,100.9	3,115.7	3,137.6	3,147.4	3,163.4	3,165.5	3,164.4	3,163.3	3,160.8
86 Securities in bank credit	871.9	862.6	861.6	845.8	850.4	854.3	853.9	855.6	856.3	856.0	855.2	855.2
87 U.S. government securities	670.6	647.9	647.9	638.5	644.2	645.5	647.0	647.9	648.8	647.7	647.7	647.9
88 Other securities	201.2	214.7	213.7	207.3	206.2	208.7	206.9	207.7	207.5	208.4	207.5	207.3
89 Loans and leases in bank credit[2]	2,088.0	2,217.5	2,238.4	2,255.1	2,265.4	2,283.3	2,293.5	2,307.8	2,309.2	2,308.3	2,308.1	2,305.6
90 Commercial and industrial	476.9	520.5	520.8	522.4	520.8	523.5	527.8	532.4	532.2	532.5	533.5	531.6
91 Real estate	955.1	1,002.7	1,013.2	1,024.1	1,030.0	1,036.2	1,040.2	1,044.6	1,045.7	1,044.4	1,043.8	1,044.7
92 Revolving home equity	75.3	77.0	77.6	78.0	78.5	79.1	79.3	79.5	79.5	79.5	79.5	79.6
93 Other	879.8	925.7	935.6	946.1	951.5	957.2	960.9	965.1	966.1	964.9	964.3	965.1
94 Consumer	445.4	471.5	475.5	478.8	485.8	490.3	489.1	491.2	490.0	491.5	490.5	493.0
95 Security[3]	47.2	51.9	54.2	50.1	49.3	50.9	51.1	54.4	56.2	54.5	55.0	51.9
96 Other	163.4	171.0	174.6	179.7	179.5	182.4	185.4	185.2	185.1	185.4	185.2	184.5
97 Interbank loans[4]	148.7[r]	155.7	163.1	168.7	162.0	163.9	165.5	173.5	177.2	179.2	170.5	166.8
98 Cash assets[5]	188.1	181.4	182.0	184.2	174.3	187.2	193.8	189.5	179.5	201.0	190.9	183.1
99 Other assets[6]	168.8	169.9	169.6	172.9	172.9	175.6	177.6	176.5	175.7	179.0	173.5	176.4
100 **Total assets**[7]	**3,409.1**[r]	**3,530.3**	**3,557.8**	**3,570.1**	**3,568.2**	**3,607.4**	**3,628.0**	**3,646.4**	**3,641.3**	**3,667.0**	**3,641.6**	**3,630.6**
Liabilities												
101 Deposits	2,383.5	2,398.5	2,418.3	2,438.5	2,434.6	2,454.5	2,467.8	2,482.5	2,472.8	2,507.8	2,479.7	2,465.1
102 Transaction	801.4	765.2	766.5	774.7	759.5	769.9	768.5	769.7	758.6	791.2	768.5	756.6
103 Nontransaction	1,582.1	1,633.3	1,651.8	1,663.8	1,675.1	1,684.6	1,699.3	1,712.8	1,714.1	1,716.6	1,711.2	1,708.6
104 Large time	218.0	248.7	247.2	248.0	250.7	252.9	258.4	264.7	263.7	265.2	265.7	264.4
105 Other	1,364.1	1,384.6	1,404.6	1,415.9	1,424.4	1,431.8	1,440.9	1,448.1	1,450.5	1,451.4	1,445.6	1,444.1
106 Borrowings	505.2[r]	560.3	568.6	571.3	562.9	571.2	572.9	574.3	577.0	574.6	572.7	573.1
107 From banks in the U.S.	157.7[r]	161.9	168.2	178.2	177.3	180.4	185.4	188.3	200.4	189.5	180.8	181.3
108 From nonbanks in the U.S.	347.6	398.5	400.4	393.1	385.6	390.8	387.5	386.0	376.6	385.1	391.9	391.8
109 Net due to related foreign offices	64.9	91.8	89.6	81.8	89.1	88.7	92.0	88.4	91.8	81.9	87.8	92.4
110 Other liabilities[8]	136.0	145.2	142.9	138.0	138.2	145.9	146.4	149.1	149.3	150.9	149.5	145.9
111 **Total liabilities**	**3,089.6**[r]	**3,195.8**	**3,219.4**	**3,229.7**	**3,224.7**	**3,260.4**	**3,279.0**	**3,294.3**	**3,290.8**	**3,315.3**	**3,289.8**	**3,276.6**
112 Residual (assets less liabilities)[9]	319.5	334.5	338.4	340.4	343.5	347.1	349.0	352.1	350.5	351.8	351.8	354.0

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								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov 1	Nov 8	Nov 15	Nov 22	Nov 29
ASSETS									
1 Cash and balances due from depository institutions	116,244	132,703	110,443[r]	114,416[r]	135,624	111,258	128,260	117,603	112,645
2 U.S. Treasury and government securities	299,661[r]	298,900[r]	298,085	300,052	299,893	300,140	300,710	300,094	299,211
3 Trading account	23,486	23,542	23,691	23,368	21,730	22,176	24,475	24,622	25,727
4 Investment account	276,176[r]	275,358[r]	274,395	276,684	278,163	277,965	276,235	275,472	273,484
5 *Mortgage-backed securities*[1]	104,228[r]	103,941[r]	104,743[r]	106,313[r]	107,012	107,153	106,431	107,743	108,360
All others, by maturity									
6 One year or less	42,976	43,573	43,518	44,054	44,980	45,009	41,696	43,791	42,618
7 One year through five years	71,227[r]	70,438[r]	70,082[r]	70,207[r]	69,938	70,072	69,460	69,021	68,386
8 More than five years	57,745[r]	57,405[r]	56,052[r]	56,111[r]	56,202	55,731	55,647	54,917	54,120
9 Other securities	123,648[r]	122,454[r]	121,772	123,910	124,975	123,868	124,124	123,533	123,259
10 Trading account	1,435	1,253	1,265	1,326	1,447	1,636	1,642	1,806	1,873
11 Investment account	62,632[r]	62,660[r]	62,697	63,282	63,976	64,237	64,871	65,180	64,677
12 State and local government, by maturity	19,612	19,609	19,602	19,663	19,568	19,555	19,543	19,623	19,636
13 One year or less	4,982[r]	5,034	5,029	5,019	5,005	5,004	5,010	5,027	5,010
14 More than one year	14,630[r]	14,576	14,573	14,644	14,563	14,551	14,534	14,597	14,627
15 Other bonds, corporate stocks, and securities	43,020[r]	43,050[r]	43,095	43,620	44,409	44,682	45,327	45,557	45,011
16 Other trading account assets	59,580	58,542	57,810	59,302	59,552	57,995	57,612	56,546	56,708
17 Federal funds sold[2]	95,791	102,149	104,717[r]	106,132[r]	107,070	112,585	111,975	102,337	101,015
18 To commercial banks in the United States	62,837	67,852	66,824[r]	71,253[r]	69,511	72,904	73,241	66,752	66,310
19 To nonbank brokers and dealers in securities	27,758	28,886	31,466	29,198	32,666	35,125	34,341	32,587	30,614
20 To others[3]	5,197	5,410	6,426	5,680	4,894	4,556	4,393	2,999	4,061
21 Other loans and leases, gross	1,254,996	1,259,015[r]	1,256,133[r]	1,252,097[r]	1,266,762	1,268,627	1,266,389	1,268,439	1,264,866
22 Commercial and industrial	345,458	345,009[r]	345,303[r]	345,763[r]	351,125	350,157	350,063	350,778	348,765
23 Bankers acceptances and commercial paper	1,604	1,682	1,527	1,505	1,509	1,444	1,744	1,546	1,553
24 All other	343,854	343,327[r]	343,776[r]	344,258[r]	349,616	348,714	348,319	349,233	347,213
25 U.S. addressees	341,276	340,707[r]	341,174[r]	341,673[r]	346,996	346,109	345,705	346,614	344,666
26 Non-U.S. addressees	2,578	2,620	2,602	2,585	2,620	2,605	2,614	2,619	2,547
27 Real estate loans	499,075	501,503	499,973	499,576	502,042	505,254	503,089	502,003	501,942
28 Revolving, home equity	47,751	47,864	47,826	47,824	47,985	47,985	48,039	48,038	48,026
29 All other	451,323	453,639	452,147	451,752	454,057	457,269	455,050	453,965	453,916
30 To individuals for personal expenditures	247,017	246,792	245,936	245,260	246,105	246,407	246,579	246,405	247,279
31 To depository and financial institutions	66,772	66,445	65,335	62,286	63,959	66,542	66,885	66,324	66,143
32 *Commercial banks in the United States*	39,100	39,162	37,954	35,336	35,731	38,342	38,820	37,936	37,541
33 Banks in foreign countries	3,354	2,738	2,907	2,687	3,425	2,881	2,806	3,024	3,213
34 Nonbank depository and other financial institutions	24,318	24,545	24,475	24,263	24,803	25,318	25,258	25,364	25,390
35 For purchasing and carrying securities	13,442	15,501	15,096	15,227	16,153	14,989	14,031	16,342	15,434
36 To finance agricultural production	6,762	6,706	6,649	6,582	6,583	6,520	6,615	6,537	6,461
37 To states and political subdivisions	10,926	10,805	10,874	10,839	10,887	10,794	10,857	10,902	10,838
38 To foreign governments and official institutions	997	1,089	975	1,003	995	1,422	1,015	983	1,009
39 All other loans	26,770	27,057	27,815	27,236[r]	30,292	27,548	28,098	28,836	27,555
40 Lease financing receivables	37,778	38,108	38,177	38,325	38,623	38,994	39,157	39,330	39,439
41 LESS Unearned income	1,693	1,761	1,764	1,764	1,769	1,783	1,758	1,749	1,725
42 Loan and lease reserve[3]	33,889	33,505[r]	33,507[r]	33,450[r]	33,441	33,665	33,698	33,628	33,499
43 Other loans and leases, net	1,219,413	1,223,749	1,220,862	1,216,883[r]	1,231,553	1,233,179	1,230,933	1,233,062	1,229,642
44 All other assets	146,459[r]	139,198	138,729[r]	136,315[r]	142,318	137,438	142,999	138,039	138,456
45 **Total assets**	**2,001,217[r]**	**2,019,151**	**1,994,608[r]**	**1,997,707[r]**	**2,041,433**	**2,018,468**	**2,039,001**	**2,014,667**	**2,004,227**

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								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
LIABILITIES									
46 Deposits	1,189,956r	1,201,515	1,176,277r	1,169,394r	1,210,635	1,187,627	1,216,934	1,192,446	1,184,303
47 Demand deposits	307,917r	319,624	296,386r	290,203r	321,559	297,252	325,762	307,450	302,468
48 Individuals, partnerships, and corporations	261,251r	267,694	250,760r	245,301r	268,143	253,831	272,471	256,643	256,047
49 Other holders	46,666	51,930	45,627r	44,902r	53,416	43,421	53,291	50,807	46,422
50 States and political subdivisions	8,230	7,826	7,895	8,195	9,297	7,835	9,098	8,760	8,856
51 U.S. government	1,874	1,584	1,745	1,549	2,596	1,504	3,277	2,501	1,765
52 Depository institutions in the United States	21,147	23,359	19,313r	20,428r	26,039	18,902	25,635	21,493	19,811
53 Banks in foreign countries	5,642	5,419	6,243	5,219	5,540	4,816	5,213	5,653	5,601
54 Foreign governments and official institutions	921	613	575	675	515	962	592	1,159	655
55 Certified and officers' checks	8,852	13,129	9,856	8,836	9,428	9,401	9,475	11,240	9,733
56 Transaction balances other than demand deposits[4]	101,570	99,962	98,883	97,222	99,798	98,804	98,376	96,927	96,132
57 Nontransaction balances	780,469	781,929	781,008	781,969	789,278	791,571	792,797	788,069	785,703
58 Individuals, partnerships, and corporations	757,664	758,868	757,870	758,389	765,544	769,127	770,448	765,499	763,554
59 Other holders	22,805	23,061	23,137	23,579	23,734	22,443	22,349	22,570	22,149
60 States and political subdivisions	19,143	19,219	19,201	19,676	19,865	19,907	19,678	20,002	19,694
61 U.S. government	2,301	2,306	2,243	2,195	2,243	816	787	692	665
62 Depository institutions in the United States	1,048	1,222	1,380	1,400	1,297	1,400	1,571	1,559	1,496
63 Foreign governments, official institutions, and banks	313	314	313	308	328	320	314	317	294
64 Liabilities for borrowed money[5]	413,846	411,666	408,700	410,758r	420,083	417,919	415,329	411,051	409,951
65 Borrowings from Federal Reserve Banks	0	825	0	120	0	0	0	2,163	300
66 Treasury tax and loan notes	11,614	7,706	6,166	7,300	5,343	32	2,695	5,756	6,440
67 Other liabilities for borrowed money[6]	402,232	403,135	402,534	403,339r	414,740	417,887	412,635	403,133	403,211
68 Other liabilities (including subordinated notes and debentures)	207,994	215,372	218,859r	226,505r	219,890	221,276	214,795	218,745	218,044
69 **Total liabilities**	**1,811,796r**	**1,828,553**	**1,803,836r**	**1,806,657r**	**1,850,607**	**1,826,821**	**1,847,058**	**1,822,243**	**1,812,299**
70 Residual (total assets less total liabilities)[7]	189,421	190,598	190,772	191,051	190,826	191,647	191,943	192,424	191,929
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,672,159	1,675,503r	1,675,929r	1,675,602r	1,693,459	1,693,973	1,691,136	1,689,715	1,684,469
72 Time deposits in amounts of $100,000 or more	109,984	110,190	112,891r	115,667r	117,924	116,769	117,391	117,269	116,249
73 Loans sold outright to affiliates[9]	1,432	1,422	1,411	1,402	1,383	1,372	1,363	1,352	1,351
74 Commercial and industrial	280	281	281	281	281	281	281	281	279
75 Other	1,151	1,141	1,130	1,121	1,102	1,091	1,082	1,071	1,072
76 Foreign branch credit extended to U.S. residents[10]	25,941	26,430	25,896	26,545	26,318	26,211	25,577	25,849	26,122
77 Net owed to related institutions abroad	76,443	82,673	87,340	96,166	85,214	86,397	76,844	83,322	87,056

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 Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
ASSETS									
1 Cash and balances due from depository institutions	17,055	17,711	16,562	17,104	17,255	17,925	18,320	18,402	17,138
2 U.S. Treasury and government agency securities	41,884	41,476	42,896	43,129	43,941	43,463	42,887	44,649	43,479
3 Other securities	37,947	38,216r	38,181r	37,544r	35,504	33,727	35,370	34,776	34,968
4 Federal funds sold[1]	28,563	31,249	33,468	37,246	37,318	38,391	29,293	27,005	30,002
5 To commercial banks in the United States	9,391	10,981	10,986	14,813	13,476	14,290	8,908	8,435	10,032
6 To others[2]	19,172	20,267	22,482	22,433	23,842	24,101	20,384	18,570	19,970
7 Other loans and leases, gross	178,493r	176,453r	176,353r	177,022r	177,600	177,032	177,210	178,962	180,797
8 Commercial and industrial	113,346r	112,730r	112,787r	113,389r	113,876	113,500	113,689	114,694	116,502
9 Bankers acceptances and commercial paper	4,130r	4,046r	4,146r	4,118r	4,464	4,448	4,454	4,632	4,648
10 All other	109,217	108,684	108,642r	109,271	109,412	109,052	109,235	110,062	111,854
11 U.S. addressees	104,209	103,718	103,770r	104,415	104,580	104,225	104,325	104,955	106,706
12 Non-U.S. addressees	5,007	4,966	4,872	4,856	4,832	4,827	4,910	5,107	5,147
13 Loans secured by real estate	23,102	23,101	22,931r	22,923r	22,794	22,779	22,751	22,740	22,623
14 Loans to depository and financial institutions	29,216r	28,180r	28,292r	28,426r	28,355	28,782	28,641	28,780	29,246
15 Commercial banks in the United States	4,030r	4,054r	4,227r	3,982r	3,899	4,058	3,605	3,736	3,486
16 Banks in foreign countries	2,416	2,369	2,402	2,912	3,014	2,932	2,972	3,046	3,119
17 Nonbank financial institutions	22,770r	21,757r	21,663r	21,532r	21,442	21,792	22,064	21,998	22,641
18 For purchasing and carrying securities	6,255	5,925	6,402r	6,019	6,616	6,044	5,807	6,812	6,503
19 To foreign governments and official institutions	898	899	867	517	463	440	463	452	455
20 All other	4,257	4,213	3,806	4,312	4,122	4,115	4,392	4,113	4,102
21 Other assets (claims on nonrelated parties)	36,782r	37,918r	37,773r	37,350r	40,187	38,811	39,916	40,166	39,456
22 **Total assets[3]**	**366,163**	**368,700r**	**370,144r**	**373,231r**	**376,531**	**374,666**	**367,678**	**368,476**	**370,656**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	111,124	108,831	108,976	108,105	109,003	108,947	106,360	104,999	105,647
24 Demand deposits[4]	3,837	3,998	3,710	3,803	4,077	4,033	4,240	4,077	4,010
25 Individuals, partnerships, and corporations	3,024	3,131	2,772	3,112	3,098	3,051	3,109	3,022	3,145
26 Other	813	867	939	692	979	982	1,131	1,056	865
27 Nontransaction accounts	107,287	104,833	105,265	104,301	104,927	104,914	102,120	100,921	101,638
28 Individuals, partnerships, and corporations	75,410	73,581	74,664	74,131	75,103	75,492	73,247	72,801	73,555
29 Other	31,878	31,252	30,601	30,170	29,824	29,422	28,873	28,121	28,083
30 Borrowings from other than directly related institutions	75,572	77,136	78,617	73,873	75,109	73,574	69,343	70,245	67,879
31 Federal funds purchased[5]	40,464	43,623	45,052	44,936	44,782	45,233	42,372	44,715	43,455
32 From commercial banks in the United States	6,779	8,178	8,884	7,302	7,857	8,262	9,103	8,967	8,511
33 From others	33,685	35,446	36,168	37,634	36,925	36,970	33,268	35,748	34,945
34 Other liabilities for borrowed money	35,109	33,513	33,565	28,937	30,327	28,341	26,971	25,530	24,424
35 To commercial banks in the United States	4,955	4,914	4,395	4,234	4,397	4,524	4,688	4,605	4,670
36 To others	30,154	28,599	29,169	24,703	25,930	23,817	22,283	20,925	19,754
37 Other liabilities to nonrelated parties	53,392	55,322r	54,296r	52,517r	54,460	53,422	55,738	55,841	56,517
38 **Total liabilities[6]**	**366,163**	**368,700r**	**370,144r**	**373,231r**	**376,531**	**374,666**	**367,678**	**368,476**	**370,656**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	273,466r	272,359r	275,686r	276,147r	276,989	274,265	272,246	273,220	275,728
40 Net owed to related institutions abroad	100,635	101,734	103,344r	114,902r	113,233	113,407	111,555	112,876	115,797

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1995					
	1990	1991	1992	1993	1994	May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**595,382**	**650,580**	**648,819**	**657,938**	**660,719**	**669,686[r]**	**673,392**
Financial companies[1]											
2 Dealer-placed paper[2], total	214,706	212,999	226,456	218,947	223,038	258,006	251,555	262,695	261,904	268,838	271,299
3 Directly placed paper[3], total	200,036	182,463	171,605	180,389	207,701	216,879	218,005	215,473	215,361	213,883[r]	215,214
4 Nonfinancial companies[4]	147,914	133,370	147,558	155,739	164,643	175,695	179,259	179,770	183,454	186,965	186,879
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By holder											
6 Accepting banks	9,017	11,017	10,555	12,421	11,783						
7 Own bills	7,930	9,347	9,097	10,707	10,462						
8 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321						
Federal Reserve Banks[6]											
9 Foreign correspondents	918	1,739	1,276	725	410						
10 Others	44,836	31,014	26,364	19,202	17,642						
By basis											
11 Imports into United States	13,095	12,843	12,209	10,217	10,062						
12 Exports from United States	12,703	10,351	8,096	7,293	6,355						
13 All other	28,973	20,577	17,890	14,838	13,417						

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
5. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances *will be reported annually in September.*
6. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1993—Jan. 1	6.00	1993	6.00	1994—Jan.	6.00	1995—Jan.	8.50
		1994	7.15	Feb.	6.00	Feb.	9.00
1994—Mar. 24	6.25	1995	8.83	Mar.	6.06	Mar.	9.00
Apr. 19	6.75			Apr.	6.45	Apr.	9.00
May 17	7.25	1993—Jan.	6.00	May	6.99	May	9.00
Aug. 16	7.75	Feb.	6.00	June	7.25	June	9.00
Nov. 15	8.50	Mar.	6.00	July	7.25	July	8.80
		Apr.	6.00	Aug.	7.51	Aug.	8.75
1995—Feb. 1	9.00	May	6.00	Sept.	7.75	Sept.	8.75
July 7	8.75	June	6.00	Oct	7.75	Oct.	8.75
Dec. 20	8.50	July	6.00	Nov.	8.15	Nov.	8.75
		Aug.	6.00	Dec.	8.50	Dec.	8.65
		Sept.	6.00				
		Oct.	6.00				
		Nov.	6.00				
		Dec.	6.00				

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1992	1993	1994	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995, week ending Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	5.74	5.80	5.76	5.80	5.76	5.76	5.71	5.74	5.81
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	5.85	5.82	5.81	5.80	5.81	5.80	5.81	5.81	5.80
4 3-month	3.75	3.22	4.66	5.82	5.74	5.82	5.74	5.82	5.79	5.75	5.74	5.72
5 6-month	3.80	3.30	4.93	5.75	5.66	5.71	5.59	5.70	5.67	5.61	5.60	5.56
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	5.72	5.71	5.71	5.69	5.71	5.71	5.71	5.70	5.68
7 3-month	3.65	3.16	4.53	5.64	5.58	5.66	5.59	5.67	5.64	5.60	5.59	5.58
8 6-month	3.63	3.15	4.56	5.51	5.45	5.51	5.35	5.51	5.48	5.39	5.34	5.30
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	5.68	5.66	5.71	5.64	5.73	5.67	5.64	5.64	5.64
10 6-month	3.67	3.21	4.83	5.62	5.58	5.61	5.47	5.62	5.54	5.50	5.47	5.44
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	5.77	5.74	5.75	5.75	5.75	5.75	5.74	5.75	5.74
12 3-month	3.68	3.17	4.63	5.77	5.73	5.79	5.74	5.79	5.77	5.74	5.74	5.73
13 6-month	3.76	3.28	4.96	5.79	5.73	5.76	5.64	5.75	5.71	5.65	5.65	5.61
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	5.79	5.74	5.81	5.75	5.82	5.79	5.75	5.75	5.75
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	5.40	5.28	5.28	5.36	5.24	5.31	5.38	5.38	5.35
16 6-month	3.54	3.12	4.64	5.41	5.30	5.32	5.27	5.31	5.27	5.29	5.29	5.27
17 1-year	3.71	3.29	5.02	5.43	5.31	5.28	5.14	5.27	5.19	5.16	5.14	5.14
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	5.41	5.26	5.30	5.35	5.22	5.29	5.36	5.43	5.34
19 6-month	3.57	3.14	4.66	5.40	5.28	5.34	5.29	5.33	5.31	5.29	5.33	5.25
20 1-year	3.75	3.33	5.02	5.55	5.21	5.30	5.15	n.a.	n.a.	n.a.	5.15	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	5.75	5.62	5.59	5.43	5.58	5.48	5.45	5.43	5.44
22 2-year	4.77	4.05	5.94	5.98	5.81	5.70	5.48	5.67	5.54	5.51	5.48	5.49
23 3-year	5.30	4.44	6.27	6.10	5.89	5.77	5.57	5.75	5.64	5.62	5.58	5.56
24 5-year	6.19	5.14	6.69	6.24	6.00	5.86	5.69	5.84	5.75	5.73	5.71	5.70
25 7-year	6.63	5.54	6.91	6.41	6.13	5.97	5.83	5.95	5.87	5.85	5.85	5.84
26 10-year	7.01	5.87	7.09	6.49	6.20	6.04	5.93	6.04	5.98	5.97	5.96	5.92
27 20-year	n.a.	6.29	7.49	6.92	6.65	6.45	6.33	6.40	6.36	6.35	6.34	6.36
28 30-year	7.67	6.59	7.37	6.86	6.55	6.37	6.26	6.35	6.30	6.29	6.27	6.26
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	6.90	6.63	6.43	6.31	6.39	6.34	6.32	6.32	6.33
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	5.83	5.71	5.74	5.63	5.72	5.74	5.55	5.61	5.61
31 Baa	6.48	5.83	6.17	5.95	5.90	5.95	5.79	5.90	5.84	5.78	5.76	5.76
32 *Bond Buyer* series[14]	6.44	5.60	6.18	6.06	5.91	5.80	5.64	5.76	5.70	5.68	5.65	5.65
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	7.81	7.56	7.39	7.30	7.37	7.33	7.32	7.30	7.32
Rating group												
34 Aaa	8.14	7.22	7.97	7.57	7.32	7.12	7.02	7.10	7.05	7.04	7.02	7.03
35 Aa	8.46	7.40	8.15	7.69	7.45	7.27	7.18	7.25	7.21	7.20	7.18	7.19
36 A	8.62	7.58	8.28	7.79	7.56	7.39	7.32	7.37	7.35	7.34	7.32	7.33
37 Baa	8.98	7.93	8.63	8.19	7.93	7.75	7.68	7.73	7.70	7.71	7.69	7.71
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	7.84	7.55	7.36	7.30	7.40	7.33	7.38	7.27	7.29
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.99	2.78	2.82	2.49	2.42	2.41	2.37	2.41	2.41	2.37	2.40	2.35

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.
	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	266.81	274.38	281.81	289.52	298.18	300.05	310.41	311.78	317.58
2 Industrial	284.26	300.10	315.32	337.96	347.69	357.01	366.75	379.13	379.79	390.42	389.63	398.66
3 Transportation	201.02	242.68	247.17	252.37	254.36	254.70	256.80	279.15	285.63	295.54	291.16	300.06
4 Utility	99.48	114.55	104.96	102.08	104.70	106.02	108.12	109.59	111.06	114.67	123.59	119.49
5 Finance	179.29	216.55	209.75	213.29	219.38	228.45	236.26	240.49	245.27	260.72	265.12	266.12
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415.75	451.63	460.42	493.20	507.91	523.83	539.35	557.37	559.11	578.77	582.92	595.53
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	456.06	471.54	487.03	492.60	513.25	526.86	547.64	530.26	529.93
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	338,733	331,184	341,905	345,547	363,780	309,879	352,184	369,386	360,199
9 American Stock Exchange	14,171	18,188	17,951	17,905	19,404	19,266	24,622	23,283	21,825	25,422	17,865	16,724
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**43,990**	**60,310**	**61,160**	**60,270**	**62,520**	**64,070**	**66,340**	**67,600**	**71,440**	**77,076**	**75,005**	**77,875**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	12,745	12,440	13,403	13,710	13,830	13,900	14,806	14,753	15,509
12 Cash accounts	22,510	27,715	28,870	26,680	26,670	27,464	29,860	28,600	29,190	29,796	29,908	30,340

Margin requirements (percent of market value and effective date)[6]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. 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					
	1993	1994	1995	June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	1,153,226	1,257,451[r]	1,350,576	147,868	92,749	96,560	143,219	95,593	90,008
2 On budget	841,292	922,425[r]	999,496	115,998	65,788	69,265	112,510	72,200	63,651
3 Off budget	311,934	335,026	351,080	31,870	26,961	27,295	30,709	23,393	26,357
4 Outlays, total	1,408,532	1,460,553[r]	1,514,389	135,054	106,328	130,411	135,933	118,352	128,458
5 On budget	1,141,945	1,181,181[r]	1,225,724	120,236	80,931	104,135	105,098	92,151	101,767
6 Off budget	266,587	279,372	288,665	14,818	25,397	26,276	30,836	26,200	26,691
7 Surplus or deficit (−), total	255,306	−203,370	163,813	12,814	−13,579	−33,851	7,286	−22,758	−38,450
8 On budget	300,653	258,756[r]	226,228	4,237	15,143	−34,870	7,412	−19,951	−38,116
9 Off budget	45,347	55,654	62,415	17,051	1,564	1,019	−126	−2,807	−334
Source of financing (total)									
10 Borrowing from the public	248,594	184,696[r]	171,288	8,491	10,627	16,071	−6,618	13,353	38,339
11 Operating cash (decrease, or increase (−))	6,283	16,564	2,007	−34,312	11,635	30,776	−19,820	16,755	−4,911
12 Other[2]	429	1,842[r]	5,468	12,250	−8,683	−12,996	19,152	−7,350	5,022
MEMO									
13 Treasury operating balance (level, end of period)	52,506	35,942	37,949	60,540	48,905	18,129	37,949	21,194	26,105
14 Federal Reserve Banks	17,289	6,848	8,620	20,977	11,206	4,767	8,620	7,018	5,703
15 Tax and loan accounts	35,217	29,094	29,329	39,563	37,700	13,363	29,329	14,176	20,402

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.

SOURCE. 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						
	1994	1995	1993	1994		1995	1995		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,257,453**	**1,350,576**	**582,038**	**652,234**	**625,557**	**710,542**	**143,219**	**95,593**	**90,008**
2 Individual income taxes, net	543,055	590,157	262,073	275,052	273,474	307,498	60,909	51,840	39,524
3 Withheld	459,699	499,898	228,423	225,387	240,062r	251,398	36,295	46,918	39,945
4 Presidential Election Campaign Fund	70	69	2	63	10	58	1	0	1
5 Nonwithheld	160,047	175,815	41,768	117,937	42,031	132,006	24,743	5,899	1,991
6 Refunds	76,761	85,624	8,115	68,325	9,207	75,958	2,551	978	2,414
Corporation income taxes									
7 Gross receipts	154,205	174,422	68,266	80,536	78,392	92,132	33,719	4,813	3,056
8 Refunds	13,820	17,334	6,514	6,933	7,331	10,399	730	2,633	1,362
9 Social insurance taxes and contributions, net	461,475	484,474	206,176	248,301	220,141	261,837	39,902	32,104	38,199
10 Employment taxes and contributions[2]	428,810	451,046	192,749	228,714	206,613	228,663	39,304	30,549	34,919
11 Self-employment taxes and contributions[3]	24,433	27,127	4,335	20,762	4,135	23,429	2,910	−98	91
12 Unemployment insurance	28,004	28,878	11,010	17,301	11,177	18,001	235	1,214	2,940
13 Other net receipts[4]	4,661	4,550	2,417	2,284	2,349	2,267	364	342	340
14 Excise taxes	55,225	57,485	25,994	26,444	30,062	27,452	5,706	4,453	5,154
15 Customs deposits	20,099	19,300	10,215	9,500	11,042	8,847	1,634	1,786	1,593
16 Estate and gift taxes	15,225	14,764	6,617	8,197	7,071	7,424	1,289	1,160	1,349
17 Miscellaneous receipts[5]	21,988	27,306	9,227	11,170	13,305	15,749	789	2,070	2,496
OUTLAYS									
18 **All types**	**1,460,553**	**1,514,428**	**727,685**	**710,620**	**752,151r**	**760,824**	**135,972**	**118,352**	**128,458**
19 National defense	281,563	272,179	146,672	133,844	141,884	135,931	26,040	18,353	21,234
20 International affairs	17,083	16,448	10,186	5,800	11,889	4,727	1,479	1,074	1,616
21 General science, space, and technology	16,227	17,563	8,880	8,502	7,604r	8,611	1,612	1,427	1,474
22 Energy	5,219	5,146	1,663	2,237	2,923	2,358	969	348	489
23 Natural resources and environment	21,064	23,328	11,221	10,111	11,911	10,273	1,915	2,835	2,245
24 Agriculture	15,057	9,763	7,516	7,451	7,623	4,039	−102	1,109	2,291
25 Commerce and housing credit	−5,122	−18,740	−1,490	−4,962	−4,270	−13,936	2,490	−1,661	−1,465
26 Transportation	38,134	38,555	19,570	16,739	21,835	18,192	3,719	3,128	3,284
27 Community and regional development	10,454	11,000	4,288	4,571	6,282r	4,858	1,043	943	1,087
28 Education, training, employment, and social services	46,307	52,706	26,753	19,262	27,449r	25,738	4,802	3,556	4,185
29 Health	106,836	114,760	52,958	53,195	54,147	58,759	9,401	9,657	10,189
30 Social security and Medicare	464,312	495,701	223,735	232,777	236,817	251,975	42,605	40,732	41,947
31 Income security	214,036	220,214	102,380	109,080	101,806	117,639	19,591	14,522	18,134
32 Veterans benefits and services	37,642	37,935	19,852	16,686	19,761	19,267	4,517	1,594	3,280
33 Administration of justice	15,238	16,255	7,400	7,718	7,753	8,062	1,335	1,223	1,258
34 General government	11,316	13,856	6,531	5,084	7,355r	5,797	1,385	1,712	717
35 Net interest[6]	202,957	232,175	99,914	99,844	109,435	116,170	18,929	20,565	19,058
36 Undistributed offsetting receipts[7]	−37,772	−44,455	−20,344	−17,308	−20,066	−17,632	−5,796	−2,765	−2,565

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.

SOURCE. 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 Sept. 30	1993 Dec. 31	1994 Mar. 31	1994 June 30	1994 Sept. 30	1994 Dec. 31	1995 Mar. 31	1995 June 30	1995 Sept. 30
1 **Federal debt outstanding**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,827**	**4,891**	**4,978**	**5,001**
2 Public debt securities	4,412	4,536	4,576	4,646	4,693	4,800	4,864	4,951	4,974
3 Held by public	3,295	3,382	3,434	3,443	3,480	3,543	3,610	3,635	n.a.
4 Held by agencies	1,117	1,154	1,142	1,203	1,213	1,257	1,255	1,317	n.a.
5 Agency securities	25	27	26	28	29	27	27	27	27
6 Held by public	25	27	26	27	29	27	26	27	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**4,316**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**	**4,775**	**4,861**	**4,885**
9 Public debt securities	4,315	4,445	4,491	4,559	4,605	4,711	4,774	4,861	4,885
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	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 Q4	1995 Q1	1995 Q2	1995 Q3
1 **Total gross public debt**	**3,801.7**	**4,177.0**	**4,535.7**	**4,800.2**	**4,800.2**	**4,864.1**	**4,951.4**	**4,974.0**
By type								
2 Interest-bearing	3,798.9	4,173.9	4,532.3	4,769.2	4,769.2	4,860.5	4,947.8	4,950.6
3 Marketable	2,471.6	2,754.1	2,989.5	3,126.0	3,126.0	3,227.3	3,252.6	3,260.5
4 Bills	590.4	657.7	714.6	733.8	733.8	756.5	748.3	742.5
5 Notes	1,430.8	1,608.9	1,764.0	1,867.0	1,867.0	1,938.2	1,974.7	1,980.3
6 Bonds	435.5	472.5	495.9	510.3	510.3	517.7	514.7	522.6
7 Nonmarketable[1]	1,327.2	1,419.8	1,542.9	1,643.1	1,643.1	1,633.2	1,695.2	1,690.2
8 State and local government series	159.7	153.5	149.5	132.6	132.6	122.9	121.2	113.4
9 Foreign issues[2]	41.9	37.4	43.5	42.5	42.5	41.8	41.4	41.0
10 Government	41.9	37.4	43.5	42.5	42.5	41.8	41.4	41.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	135.9	155.0	169.4	177.8	177.8	178.8	180.1	181.2
13 Government account series[3]	959.2	1,043.5	1,150.0	1,259.8	1,259.8	1,259.2	1,322.0	1,324.3
14 Non interest-bearing	2.8	3.1	3.4	31.0	31.0	3.6	3.6	23.3
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	1,257.1	1,254.7	1,316.6	
16 Federal Reserve Banks	281.8	302.5	334.2	374.1	374.1	369.3	389.0	
17 Private investors	2,563.2	2,839.9	3,047.7	3,168.0	3,168.0	3,239.1	3,244.6	
18 Commercial banks	232.5	294.4	322.2	290.6	290.6	303.5	305.0	
19 Money market funds	80.0	79.7	80.8	67.6	67.6	67.7	58.7	
20 Insurance companies	181.8	197.5	234.5	242.8	242.8	259.0	260.0	
21 Other companies	150.8	192.5	213.0	226.5	226.5	230.3	227.7	n.a.
22 State and local treasuries	485.1	476.7	508.9	443.3	443.3	415.2	415.0	
Individuals								
23 Savings bonds	138.1	157.3	171.9	180.5	180.5	181.4	182.6	
24 Other securities	125.8	131.9	137.9	152.5	152.5	161.4	161.6	
25 Foreign and international[5]	491.7	549.7	623.0	688.6	688.6	729.6	783.7	
26 Other miscellaneous investors[6]	677.4	760.2	755.4	875.6	875.6	891.0	850.4	

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

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

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

Millions of dollars, daily averages

Item	1995			1995, week ending								
	Aug.	Sept.	Oct.	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	44,812	48,527	45,143	42,343	43,957	48,337	41,331	49,500	61,110	76,647	51,747	42,849
Coupon securities, by maturity												
2 Five years or less	88,513	89,933	90,911	85,213	76,008	89,090	98,718	106,331	102,544	84,443	93,256	94,036
3 More than five years	51,000	49,005	49,652	45,286	45,596	56,156	48,121	51,779	48,882	49,291	57,066	39,249
4 Federal agency	21,039	24,972	24,297	27,231	21,597	23,937	24,225	26,012	27,912	24,657	26,202	25,154
5 Mortgage-backed	27,588	29,574	30,050	23,234	41,187	34,205	20,949	27,425	56,101	35,160	22,998	23,445
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	107,723	110,578	107,881	100,148	96,410	112,366	109,545	120,333	123,848	116,751	116,031	98,686
7 Federal agency	757	661	712	757	723	583	666	881	881	909	664	624
8 Mortgage-backed	8,587	11,127	11,589	8,511	15,046	13,277	8,369	11,492	17,754	14,568	8,887	8,638
With other												
9 U.S. Treasury	76,601	76,887	77,825	72,694	69,151	81,217	78,625	87,277	88,689	93,629	86,038	77,448
10 Federal agency	20,282	24,311	23,586	26,475	20,875	23,354	23,559	25,131	27,031	23,748	25,538	24,530
11 Mortgage-backed	19,001	18,447	18,461	14,723	26,141	20,928	12,579	15,933	38,347	20,592	14,111	14,806
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	764	990	606	390	378	585	743	908	1,025	915	527	577
Coupon securities, by maturity												
13 Five years or less	1,747	2,070	1,577	1,519	1,452	1,448	1,742	1,733	1,832	1,444	2,570	2,390
14 More than five years	13,206	16,073	14,681	15,109	13,858	15,320	13,797	15,696	13,829	15,234	16,203	11,456
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	n.a.	0
Coupon securities, by maturity												
18 Five years or less	2,262	1,602	2,129	2,162	2,497	2,092	1,486	2,492	2,518	1,422	1,664	1,001
19 More than five years	4,032	4,257	4,714	3,907	4,808	6,107	3,764	4,647	4,580	5,049	5,778	2,691
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	1,123	897	983	1,201	1,243	1,334	572	571	1,922	1,270	1,015	310

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							
	Aug.	Sept.	Oct.	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	5,044	7,744	−64	−2,108	−349	3,679	373	−3,245	883	27,013	11,183
Coupon securities, by maturity											
2 Five years or less	778	7,088	14,476	13,277	7,447	8,169	23,422	20,395	18,006	6,063	7,567
3 More than five years	−17,786	−17,370	−15,124	−16,905	−15,567	−14,084	−16,029	−13,579	−10,673	−11,541	−7,770
4 Federal agency	19,128	21,837	24,009	25,168	23,566	22,486	25,158	24,188	26,453	21,572	20,156
5 Mortgage-backed	30,040	32,596	36,240	32,985	38,074	38,282	36,631	33,432	34,810	34,594	35,726
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−3,539	−2,437[r]	−3,462	−2,074[r]	−2,100	−3,439	−3,963	−5,420	−4,751	−4,674	−5,451
Coupon securities, by maturity											
7 Five years or less	2,329	952	−930	961	−376	−646	−1,244	−2,804	−4,437	−4,570	−4,849
8 More than five years	−1,283	−8,204	−13,744	−8,879	−11,754	−14,280	−14,853	−17,390	−18,632	−17,461	−15,764
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
11 U.S. Treasury bills	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Coupon securities, by maturity											
12 Five years or less	2,239	2,175	3,044	2,089	3,962	3,613	3,620	1,272	1,809	1,238	−528
13 More than five years	−2,883	−3,203	−427	−2,163	−1,606	−1,516	389	2,424	3,644	4,679	2,076
14 Federal agency	0	0	0	0	0	0	0	0	0	0	0
15 Mortgage-backed	1,567	1,111	1,591	1,758	891	2,063	1,751	1,557	1,326	988	1,116
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	222,242[r]	219,028[r]	228,244	213,015	221,956	234,243	224,810	242,740	248,826	259,558	232,402
17 Term	408,236[r]	420,162[r]	420,502	408,953[r]	406,176	429,820	434,248	418,006	452,959	378,518	394,835
Securities borrowed											
18 Overnight and continuing	156,456	164,552	162,865	166,763	162,135	161,437	163,402	162,158	152,704	156,442	148,923
19 Term	62,392	64,797	65,506	63,271	63,979	67,270	64,833	67,506	72,258	63,511	62,110
Securities received as pledge											
20 Overnight and continuing	2,063	2,547	2,377	2,538	2,568	2,693	2,097	2,006	1,895	1,888	1,808
21 Term	112	87	43	42	49	33	51	37	52	112	22
Repurchase agreements											
22 Overnight and continuing	478,290[r]	496,262[r]	509,729	497,264[r]	504,181	512,491	498,152	534,796	545,731	558,030	460,497
23 Term	344,994[r]	356,122[r]	356,682	335,226[r]	334,171	363,840	375,729	366,676	399,698	328,008	401,933
Securities loaned											
24 Overnight and continuing	4,631	6,312	6,037	6,004	5,995	6,165	5,856	6,170	6,197	7,112	4,969
25 Term	2,102	2,478	2,776	3,012	2,896	2,738	2,682	2,631	2,711	2,855	2,991
Securities pledged											
26 Overnight and continuing	28,712	33,053	29,767	31,518	29,612	30,590	28,724	29,037	28,422	27,629	26,633
27 Term	3,062	3,643	3,892	3,880	3,929	3,864	3,851	3,939	3,762	4,096	5,066
Collateralized loans											
28 Overnight and continuing	17,000[r]	14,676[r]	16,631	14,258[r]	17,308	18,191	16,557	15,692	17,533	20,719	15,199
29 Term	n.a.	2,528	2,367	2,528	1,184	2,958	2,767	2,486	1,942	2,361	2,164
MEMO: Matched book[6]											
Securities in											
30 Overnight and continuing	210,359[r]	217,342[r]	232,058	222,846	226,323	237,029	232,898	238,111	242,689	260,282	228,587
31 Term	388,104[r]	404,573[r]	410,727	397,195[r]	396,212	421,379	421,296	411,926	448,559	374,658	396,538
Securities out											
32 Overnight and continuing	308,231[r]	318,299[r]	321,797	311,954[r]	319,842	334,957	312,779	325,805	335,422	341,193	265,471
33 Term	290,927[r]	299,735[r]	302,123	281,991	283,389	305,638	317,140	315,781	340,912	281,757	343,859

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

2. Securities positions are reported at market value.

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1991	1992	1993	1994	1995				
					May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**442,772**	**483,970**	**570,711**	**738,928**	**771,524**	**785,982**	**788,323**	**801,819**	**811,182**
2 Federal agencies	41,035	41,829	45,193	39,186	38,720	38,412	39,403	39,581	38,030
3 Defense Department[1]	7	7	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	9,809	7,208	5,315	3,455	3,156	2,652	2,652	2,652	2,512
5 Federal Housing Administration[4]	397	374	255	116	78	81	84	83	87
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	8,421	10,660	9,732	8,073	7,615	7,615	8,615	8,615	7,265
8 Tennessee Valley Authority	22,401	23,580	29,885	27,536	27,865	28,058	28,046	28,225	28,160
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	401,737	442,141	523,452	699,742	732,804	747,570	748,920	762,238	773,152
11 Federal Home Loan Banks	107,543	114,733	139,512	205,817	218,131	223,089	223,100	228,299	236,851
12 Federal Home Loan Mortgage Corporation	30,262	29,631	49,993	93,279	107,686	108,484	111,427	112,341	111,610
13 Federal National Mortgage Association	133,937	166,300	201,112	257,230	263,023	270,937	268,458	275,271	277,192
14 Farm Credit Banks[8]	52,199	51,910	53,123	53,175	54,054	53,915	54,635	54,979	55,800
15 Student Loan Marketing Association[9]	38,319	39,650	39,784	50,335	49,993	51,268	51,325	51,323	51,672
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**185,576**	**154,994**	**128,187**	**103,817**	**92,739**	**90,638**	**88,892**	**86,776**	**84,297**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	9,803	7,202	5,309	3,449	3,150	2,646	2,646	2,646	2,506
21 Postal Service[6]	8,201	10,440	9,732	8,073	7,615	7,615	8,615	8,615	7,265
22 Student Loan Marketing Association	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	48,534	42,979	38,619	33,719	30,759	30,004	28,419	27,384	26,845
26 Rural Electrification Administration	18,562	18,172	17,578	17,392	17,313	17,256	17,274	17,276	17,276
27 Other	84,931	64,436	45,864	37,984	30,702	29,917	28,738	27,655	27,205

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation; therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.
1 **All issues, new and refunding[1]**	**226,818**	**279,945**	**153,950**	**8,666[r]**	**12,323[r]**	**17,230[r]**	**11,575[r]**	**12,450[r]**	**9,698[r]**	**13,336[r]**	**16,580**
By type of issue											
2 General obligation	78,611	90,599	54,404	3,536	4,332	5,755	3,529	4,519	3,635	6,252	6,084
3 Revenue	136,580	189,346	99,546	5,016	7,472	12,201	6,248	7,789	6,129	7,322	10,496
By type of issuer											
4 State	24,874	27,999	19,186	994	1,315	1,329	645	617	1,510	1,825	1,491
5 Special district or statutory authority[2]	138,327	178,714	95,896	5,814	8,039	11,382	7,399	7,491	5,821	7,831	10,477
6 Municipality, county, or township	63,617	73,232	38,868	1,744	2,450	5,245	1,733	4,200	2,433	3,918	4,612
7 **Issues for new capital**	**101,865**	**91,434**	**105,972**	**6,184[r]**	**8,830[r]**	**13,083[r]**	**8,740[r]**	**6,685[r]**	**6,339[r]**	**7,828[r]**	**11,439**
By use of proceeds											
8 Education	18,852	16,831	21,267	1,863	2,594	2,494	1,924	1,180	1,929	1,725	3,250
9 Transportation	14,357	9,167	10,836	615	606	3,127	1,926	869	446	631	1,452
10 Utilities and conservation	12,164	12,014	10,192	345	1,282	1,235	485	1,504	563	1,794	756
11 Social welfare	16,744	13,837	20,289	1,547	1,738	2,062	1,333	1,421	1,228	1,587	2,253
12 Industrial aid	6,188	6,862	8,161	391	416	411	500	201	627	203	404
13 Other purposes	33,560	32,723	35,227	1,736	1,770	4,467	2,216	1,967	2,050	2,114	3,324

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	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.[r]	1995 Oct.
1 **All issues[1]**	**559,827**	**754,969**	n.a.	**40,101[r]**	**30,787[r]**	**54,789[r]**	**56,333[r]**	**33,796[r]**	**47,601[r]**	**56,217**	**49,729**
2 **Bonds[2]**	**471,502**	**641,498**	n.a.	**37,178**	**26,909**	**48,579**	**48,585**	**29,208[r]**	**41,363[r]**	**49,000**	**41,500**
By type of offering											
3 Public, domestic	378,058	486,879	365,050	32,990	22,756	40,052	42,398	23,147	32,351	43,000	35,000
4 Private placement, domestic[3]	65,853	116,240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,238	4,188	4,153	8,528	6,186	6,061[r]	9,012[r]	6,000	6,500
By industry group											
6 Manufacturing	82,058	88,002	31,981	2,174	2,876	2,139	6,330	4,456	3,982	4,580	3,022
7 Commercial and miscellaneous	43,111	60,293	27,900	1,978	1,815	6,085	4,528	1,078	2,480	2,182	3,240
8 Transportation	9,979	10,756	4,573	403	800	955	657	10	133	908	187
9 Public utility	48,055	56,272	11,713	959	331	2,530	2,661	498	620	1,819	2,444
10 Communication	15,394	31,950	11,986	411	336	1,767	1,745	1,520	1,089	2,787	2,807
11 Real estate and financial	272,904	394,226	333,135	31,254	20,752	35,103	32,664	21,646[r]	33,058[r]	36,724	30,300
12 **Stocks[3]**	**88,325**	**113,472**	n.a.	**2,923[r]**	**3,878[r]**	**6,210[r]**	**7,748[r]**	**4,588[r]**	**6,238[r]**	**7,217**	**8,229**
By type of offering											
13 Public preferred	21,339	18,897	12,432	205	656	1,507	731[r]	753	1,234	1,012	807
14 Common	57,118	82,657	47,881	2,718[r]	3,222[r]	4,703[r]	7,017[r]	3,835[r]	5,005[r]	6,205	7,422
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		1,013[r]	634	2,370[r]	2,345[r]	1,306	2,254[r]	2,355	1,689
17 Commercial and miscellaneous	20,231	25,761	n.a.	907	2,152[r]	1,134[r]	2,747[r]	1,968[r]	1,496[r]	2,660	4,343
18 Transportation	2,595	2,237		60	48	101	0	0	87[r]	99	39
19 Public utility	6,532	7,050		137	141	185	209	133	91	190	60
20 Communication	2,366	3,439		20	0	0	0	64	0	47	0
21 Real estate and financial	33,879	52,021		786	903	2,322	2,447[r]	1,117	2,304[r]	1,865	2,097

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	1995							
			Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 **Sales of own shares[2]**	**851,885**	**841,286**	**69,898**	**68,294**	**70,798**	**74,749**	**76,081**	**72,113**	**68,694**	**72,762**
2 Redemptions of own shares	567,881	699,823	60,970	59,957	57,033	61,932	56,344	57,610	54,473	56,173
3 Net sales[3]	284,004	141,463	8,928	8,337	13,765	12,817	19,736	14,503	14,221	16,588
4 **Assets[4]**	**1,510,209**	**1,550,490**	**1,657,370**	**1,710,280**	**1,769,287**	**1,808,753**	**1,880,754**	**1,908,525**	**1,962,817**	**1,963,344**
5 Cash[5]	100,209	121,296	121,424	124,092	128,375	122,461	126,340	127,173	127,446	134,034
6 Other	1,409,838	1,429,195	1,535,946	1,586,187	1,640,913	1,686,292	1,754,415	1,781,352	1,835,371	1,829,310

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.

2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.

5. Includes all U.S. Treasury securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1993	1994				1995		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	542.7	533.9	508.2	546.4	556.0	560.3	569.7	581.1	n.a.
2 Profits before taxes	395.9	462.4	524.5	501.7	483.5	523.1	538.1	553.5	570.6	574.1	n.a.
3 Profits-tax liability	139.7	173.2	202.5	191.5	184.1	201.7	208.6	215.6	220.0	220.4	n.a.
4 Profits after taxes	256.2	289.2	322.0	310.2	299.4	321.4	329.5	337.9	350.7	353.6	n.a
5 Dividends	171.1	191.7	205.2	194.6	196.3	202.5	207.9	213.9	217.1	219.9	223.7
6 Undistributed profits	85.1	97.5	116.9	115.6	103.0	118.9	121.6	124.0	133.5	133.8	n.a.
7 Inventory valuation	6.4	6.2	19.5	6.5	12.3	14.1	19.6	32.1	39.0	28.2	7.4
8 Capital consumption adjustment	15.7	29.5	37.7	38.8	37.0	37.4	37.5	38.8	38.1	35.2	35.4

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	1994				1995		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	494.5	511.3	524.1	551.0	568.5	586.9	594.7r
2 Consumer	118.3	116.5	134.8	120.1	124.3	130.3	134.8	135.8	141.7	146.2
3 Business	301.3	294.6	337.6	302.3	313.2	317.2	337.6	351.9	361.8	362.4r
4 Real estate	72.2	71.7	78.5	72.1	73.8	76.6	78.5	80.8	83.4	86.1
5 LESS: Reserves for unearned income	53.2	50.7	55.0	51.2	51.9	51.1	55.0	58.9	62.1	61.2
6 Reserves for losses	16.2	11.2	12.4	11.6	12.1	12.1	12.4	12.9	13.7	13.8
7 Accounts receivable, net	422.4	420.9	483.5	431.7	447.3	460.9	483.5	496.7	511.1	519.7r
8 All other	142.5	170.9	183.4	171.2	174.6	177.2	183.4	194.6	198.1	198.1
9 **Total assets**	**564.9**	**591.8**	**666.9**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.2**	**717.8r**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	24.2	23.3	21.6	21.2	21.0	21.5	21.8
11 Commercial paper	156.4	159.2	184.6	165.9	171.2	171.0	184.6	181.3	181.3	178.0
Debt										
12 Owed to parent	39.5	42.7	51.0	41.1	44.7	50.0	51.0	52.5	57.5	59.0
13 Not elsewhere classified	196.3	206.0	235.0	211.7	219.6	228.2	235.0	254.4	264.4	272.1
14 All other liabilities	68.0	87.1	99.5	90.5	89.9	95.0	99.5	102.5	102.1	101.7
15 Capital, surplus, and undivided profits	67.1	71.4	75.7	69.5	73.2	72.3	75.7	79.7	82.5	84.4
16 **Total liabilities and capital**	**564.9**	**591.8**	**666.9**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.2**	**717.1**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1992	1993	1994	1995					
				May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted								
1 **Total**	**539,996**	**545,533**	**614,784**	**653,872**	**660,714**	**661,656**	**671,807r**	**674,898r**	**681,790**
2 Consumer	157,579	160,349	176,198	186,584	188,666	189,898	191,806r	193,206r	193,792
3 Real estate[2]	72,473	71,965	78,770	82,843	84,198	84,886	85,756	86,121	87,266
4 Business	309,944	313,219	359,816	384,446	387,850	386,872	394,245r	395,571r	400,732
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,751**	**620,975**	**653,503**	**661,910**	**658,140**	**665,535r**	**672,304r**	**681,127**
6 Consumer	159,558	162,770	178,999	184,616	187,303	187,803	190,830r	193,266r	194,102
7 Motor vehicles	57,259	56,057	61,609	63,689	65,162	65,861	68,271r	68,857	70,816
8 Other consumer[3]	61,020	60,396	73,221	75,943	76,581	76,302	77,251	77,345	77,865
9 Securitized motor vehicles[4]	29,734	36,024	31,897	32,117	32,135	32,381	31,551	31,693r	30,096
10 Securitized other consumer[4]	11,545	10,293	12,272	12,867	13,425	13,259	13,757	15,371	15,325
11 Real estate[2]	72,243	71,727	78,479	82,735	83,351	84,987	86,107	86,128	87,471
12 Business	312,890	316,254	363,497	386,152	391,256	385,350	388,598r	392,910r	399,554
13 Motor vehicles	89,011	95,173	118,197	128,312	127,487	124,005	124,444r	125,053r	129,207
14 Retail[5]	20,541	18,091	21,514	21,228	22,142	22,953	23,883r	25,006	25,743
15 Wholesale[6]	29,890	31,148	35,037	39,512	36,989	32,147	31,392	29,313	32,209
16 Leasing	38,580	45,934	61,646	67,572	68,356	68,905	69,169	70,734r	71,255
17 Equipment	151,424	145,452	157,953	165,219	169,995	170,253	170,825	171,239	172,657
18 Retail	33,521	35,513	39,680	41,264	42,008	42,541	43,121	42,823	43,697
19 Wholesale[6]	8,680	8,001	9,678	10,643	11,725	12,111	12,278	12,210	11,581
20 Leasing	109,223	101,938	108,595	113,312	116,262	115,601	115,426	116,206	117,379
21 Other business[7]	60,856	53,997	61,495	64,099	64,365	63,869	64,941r	66,111	66,238
22 Securitized business assets[4]	11,599	21,632	25,852	28,522	29,409	27,223	28,388	30,507r	31,452
23 Retail	1,120	2,869	4,494	5,224	4,989	4,784	4,587	4,818r	4,586
24 Wholesale	5,756	10,584	14,826	17,676	18,310	16,469	17,986	19,773r	20,390
25 Leasing	4,723	8,179	6,532	5,622	6,110	5,970	5,815	5,916	6,476

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1992	1993	1994	1995 May	June	July	Aug.	Sept	Oct	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	178.1	181.7	169.4	170.4	174.8	174.3	178.6
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	136.3	137.7	130.4	130.6	131.8	133.0	136.4
3 Loan-to-price ratio (percent)	76.6	78.0	78.8	78.7	78.2	78.9	78.9	78.1	77.8	78.9
4 Maturity (years)	25.6	26.1	27.5	28.4	27.2	26.6	27.3	28.0	26.6	27.7
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.30	1.18	1.18	1.12	1.20	1.11	1.22
Yield (percent per year)										
6 Contract rate[1]	7.98	7.03	7.26	7.79	7.54	7.58	7.56	7.50	7.39	7.27
7 Effective rate[1,3]	8.25	7.24	7.47	7.99	7.73	7.78	7.75	7.69	7.58	7.46
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	7.84	7.80	7.98	7.91	7.78	7.62	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	8.03	8.00	8.09	8.03	8.03	7.61	n.a.
10 GNMA securities[6]	7.71	6.65	7.96	7.53	7.24	7.27	7.49	7.26	7.16	7.01
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	228,076	232,534	235,882	238,850	241,378	246,234	249,928
12 FHA/VA insured	22,593	23,857	28,377	28,576	28,886	28,761	28,640	28,515	28,442	28,424
13 Conventional	135,526	167,004	194,499	200,004	204,022	207,227	210,063	212,652	217,469	221,027
14 Mortgage transactions purchased (during period)	75,905	92,037	62,389	3,787	6,575	5,657	5,688	5,002	7,443	6,148
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	6,085	5,605	4,512	6,284	6,019	6,732	6,038
16 To sell[8]	10,493	5,097	1,820	28	9	26	53	9	0	10
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	81,008	85,532	88,874	91,544	94,989	99,758	102,997
18 FHA/VA insured	352	321	276	257	253	250	246	281	276	271
19 Conventional	33,313	54,691	72,416	80,751	85,278	88,624	91,298	94,708	99,482	102,726
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	10,982	7,001	7,316	9,594	11,458	11,092	9,989
21 Sales	179,208	208,723	117,110	10,479	5,326	6,074	8,161	10,239	9,856	9,011
22 Mortgage commitments contracted (during period)[9]	261,637	274,599	136,067	4,549	6,198	8,106	10,578	12,469	10,388	11,339

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

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1995[r] May	June	July	Aug.	Sept.	Oct.
				Seasonally adjusted					
1 **Total**	**730,847**	**790,351**	**902,853**	**959,117**	**970,608**	**979,375**	**989,695**	**993,843**	**1,004,393**
2 Automobile	257,436	280,566	317,237	327,993	330,709	337,127	339,770	341,155	344,749
3 Revolving	258,081	286,588	334,511	366,094	372,350	375,272	379,669	382,094	387,187
4 Other[2]	215,331	223,197	251,106	265,030	267,549	266,976	270,255	270,595	272,457
				Not seasonally adjusted					
5 **Total**	**748,057**	**809,440**	**925,000**	**950,620**	**964,256**	**971,965**	**990,428**	**996,525**	**1,004,639**
By major holder									
6 Commercial banks	330,088	367,566	427,851	434,863	437,498	441,165	451,784	449,502	451,232
7 Finance companies	118,279	116,453	134,830	139,632	141,743	142,163	145,522	146,202	148,681
8 Credit unions	91,694	101,634	119,594	123,975	125,313	126,500	128,424	129,027	130,304
9 Savings institutions	37,049	37,855	38,468	38,101	38,400	38,907	38,634	38,894	38,500
10 Nonfinancial business[3]	49,561	55,296	60,957	55,914	56,349	56,360	55,723	54,177	54,607
11 Pools of securitized assets[4]	121,386	130,636	143,300	158,135	164,953	166,870	170,341	178,723	181,315
By major type of credit[5]									
12 Automobile	258,226	281,458	318,213	326,546	330,739	336,154	341,716	344,401	347,591
13 Commercial banks	109,623	122,000	141,851	142,865	144,761	146,149	148,549	148,901	150,782
14 Finance companies	57,259	56,057	61,609	63,689	65,162	65,861	68,271	68,857	70,816
15 Pools of securitized assets[4]	33,888	39,481	34,918	36,244	36,690	37,071	36,681	37,476	36,453
16 Revolving	271,850	301,837	352,266	361,273	367,602	370,520	377,784	380,341	384,632
17 Commercial banks	132,966	149,920	180,183	183,006	182,950	184,245	189,163	185,572	186,463
18 Nonfinancial business[3]	44,466	50,125	55,341	50,595	51,006	50,520	48,976	48,968	49,358
19 Pools of securitized assets[4]	74,921	79,878	94,376	106,811	112,609	114,338	117,729	123,749	126,739
20 Other	217,981	226,145	254,521	262,801	265,881	264,734	269,467	271,845	272,416
21 Commercial banks	87,499	95,646	105,817	108,992	109,787	110,771	114,072	115,029	113,987
22 Finance companies	61,020	60,396	73,221	75,943	76,581	76,302	77,251	77,345	77,865
23 Nonfinancial business[3]	5,095	5,171	5,616	5,319	5,309	5,283	5,286	5,271	5,249
24 Pools of securitized assets[4]	12,577	11,277	14,006	15,080	15,654	15,461	15,931	17,498	18,123

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

2. Comprises mobile home loans and all other installment loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.

3. Includes retailers and gasoline companies.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1995 Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	n.a.	9.78	n.a.	n.a.	9.44	n.a.	n.a.
2 24-month personal	14.04	13.47	13.19	n.a.	14.03	n.a.	n.a.	13.84	n.a.	n.a.
Credit card plan										
3 All accounts	n.a.	n.a.	15.69	n.a.	16.15	n.a.	n.a.	15.98	n.a.	n.a.
4 Accounts assessed interest	n.a.	n.a.	15.77	n.a.	16.23	n.a.	n.a.	15.94	n.a.	n.a.
Auto finance companies										
5 New car	9.93	9.48	9.79	11.74	11.43	11.08	11.01	10.85	10.75	10.89
6 Used car	13.80	12.79	13.49	14.99	14.78	14.63	14.35	14.23	14.12	14.06
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	54.6	54.4	53.9	54.1	53.5	53.4	54.6
8 Used car	47.9	48.8	50.2	52.2	52.2	52.3	52.4	52.3	52.3	52.3
Loan-to-value ratio										
9 New car	89	91	92	92	92	92	92	92	92	92
10 Used car	97	98	99	100	99	99	100	99	100	99
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	16,029	16,155	16,083	16,086	16,056	16,402	16,430
12 Used car	9,119	9,875	10,709	11,505	11,396	11,518	11,637	11,662	11,725	11,883

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

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

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

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

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

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1991	1992	1993	1994	1993	1994				1995	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,184.1**	**11,727.9**	**12,368.3**	**12,970.5**	**12,368.3**	**12,490.8**	**12,620.8**	**12,776.8**	**12,970.5**	**13,140.6**	**13,343.2**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,336.5	3,387.7	3,395.4	3,432.3	3,492.3	3,557.9	3,583.5
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,309.9	3,361.4	3,368.0	3,404.1	3,465.6	3,531.5	3,556.7
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	26.6	26.3	27.4	28.2	26.7	26.4	26.8
5 Private	8,407.7	8,647.6	9,031.8	9,478.2	9,031.8	9,103.1	9,225.3	9,344.5	9,478.2	9,582.7	9,759.7
By instrument											
6 Tax-exempt obligations	1,108.6	1,139.7	1,215.2	1,185.2	1,215.2	1,217.6	1,209.9	1,200.9	1,185.2	1,170.2	1,164.6
7 Corporate bonds	1,086.9	1,154.5	1,229.7	1,251.7	1,229.7	1,238.6	1,247.5	1,251.1	1,251.7	1,262.1	1,292.0
8 Mortgages	3,920.0	4,043.9	4,220.6	4,407.9	4,220.6	4,248.3	4,301.3	4,357.6	4,407.9	4,454.7	4,505.9
9 Home mortgages	2,780.0	2,959.6	3,149.6	3,344.8	3,149.6	3,184.4	3,235.9	3,292.2	3,344.8	3,383.1	3,431.8
10 Multifamily residential	304.8	293.6	289.0	290.7	289.0	289.1	290.2	291.9	290.7	291.6	293.6
11 Commercial	755.8	710.3	700.8	689.4	700.8	693.5	693.1	691.0	689.4	696.5	696.1
12 Farm	79.3	80.4	81.2	83.0	81.2	81.3	82.1	82.6	83.0	83.4	84.4
13 Consumer credit	797.2	804.6	863.5	984.7	863.5	859.6	891.6	929.4	984.7	988.7	1,026.6
14 Bank loans n.e.c.	686.0	672.1	677.0	748.3	677.0	687.4	706.3	725.4	748.3	776.9	807.9
15 Commercial paper	98.5	107.1	117.8	139.2	117.8	129.9	135.7	138.7	139.2	149.8	162.5
16 Other loans	710.6	725.7	707.9	761.1	707.9	721.7	733.1	741.5	761.1	780.3	800.3
By borrowing sector											
17 Household	3,784.5	3,998.7	4,285.8	4,638.9	4,285.8	4,326.3	4,417.7	4,520.9	4,638.9	4,684.8	4,780.1
18 Nonfinancial business	3,712.1	3,716.1	3,750.1	3,887.5	3,750.1	3,782.5	3,825.8	3,852.5	3,887.5	3,960.8	4,050.0
19 Farm	135.0	136.0	138.3	141.2	138.3	136.7	141.5	143.1	141.2	138.9	143.4
20 Nonfarm noncorporate	1,116.9	1,075.0	1,050.4	1,065.8	1,050.4	1,052.6	1,056.3	1,060.2	1,065.8	1,083.0	1,091.5
21 Corporate	2,460.2	2,505.1	2,561.5	2,680.5	2,561.5	2,593.2	2,628.0	2,649.2	2,680.5	2,738.9	2,815.1
22 State and local government	911.1	932.8	995.9	951.8	995.9	994.3	981.9	971.1	951.8	937.1	929.6
23 **Foreign credit market debt held in United States**	**299.7**	**313.1**	**381.9**	**361.6**	**381.9**	**356.5**	**348.7**	**352.4**	**361.6**	**376.8**	**387.1**
24 Bonds	130.5	146.2	227.4	234.6	227.4	226.8	222.4	227.6	234.6	237.9	249.6
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	24.6	26.2	25.1	26.3	26.1	28.2	29.6
26 Commercial paper	81.8	77.7	68.7	41.4	68.7	43.3	42.0	39.9	41.4	50.9	48.5
27 U.S. government and other loans	65.9	65.3	61.1	59.6	61.1	60.3	59.2	58.6	59.6	59.8	59.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,483.8**	**12,041.0**	**12,750.2**	**13,332.2**	**12,750.2**	**12,847.3**	**12,969.5**	**13,129.2**	**13,332.2**	**13,517.4**	**13,730.4**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,751.0**	**3,005.7**	**3,300.6**	**3,762.2**	**3,300.6**	**3,426.5**	**3,525.7**	**3,626.8**	**3,762.2**	**3,834.1**	**3,936.3**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,884.1	2,168.4	1,884.1	1,961.5	2,030.5	2,089.8	2,168.4	2,192.7	2,245.0
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.6	523.7	563.7	600.3	638.3	700.6	716.3	748.1
32 Mortgage pool securities	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
33 Loans from U.S. government	4.8	4.8	4.8	.0	4.8	.0	.0	.0	.0	.0	.0
34 Private	1,186.8	1,285.8	1,416.5	1,593.8	1,416.5	1,465.1	1,495.2	1,537.0	1,593.8	1,641.4	1,691.3
35 Corporate bonds	638.9	725.8	844.4	952.1	844.4	882.0	906.6	930.4	952.1	990.2	1,027.3
36 Mortgages	4.8	5.4	8.9	18.7	8.9	11.4	14.5	17.5	18.7	20.0	21.2
37 Bank loans n.e.c.	78.4	80.5	66.5	54.3	66.5	62.4	55.3	52.4	54.3	57.1	59.4
38 Open market paper	385.7	394.3	393.5	442.8	393.5	408.8	410.3	420.5	442.8	454.1	462.8
39 Loans from Federal Home Loan Banks	79.1	79.9	103.1	125.9	103.1	100.4	108.5	116.2	125.9	120.0	120.5
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.6	528.5	563.7	600.3	638.3	700.6	716.3	748.1
41 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
42 Private financial sectors	1,186.8	1,285.8	1,416.5	1,593.8	1,416.5	1,465.1	1,495.2	1,537.0	1,593.8	1,641.4	1,691.3
43 Commercial banks	65.0	73.8	79.5	89.5	79.5	78.4	82.1	87.5	89.5	90.3	95.4
44 Bank holding companies	112.3	114.6	123.4	133.6	123.4	124.2	126.8	129.6	133.6	137.0	142.0
45 Funding corporations	139.1	161.6	169.9	199.3	169.9	190.7	191.5	200.6	199.3	221.2	229.1
46 Savings institutions	94.6	87.8	99.0	111.7	99.0	97.6	99.0	102.7	111.7	106.9	105.2
47 Credit unions	.0	.0	.2	.5	.2	.3	.3	.4	.5	.4	.3
48 Life insurance companies	.0	.0	.2	.6	.2	.3	.3	.3	.6	.6	.6
49 Finance companies	391.9	390.4	390.5	440.7	390.5	401.9	414.2	420.9	440.7	456.7	467.3
50 Mortgage companies	22.2	30.2	29.2	17.8	29.2	23.8	19.3	17.5	17.8	19.8	20.1
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	31.1	17.4	21.0	24.8	29.5	31.1	32.8	34.4
52 Brokers and dealers	19.0	21.7	33.7	34.3	33.7	31.3	31.3	29.4	34.3	26.9	26.8
53 Issuers of asset-backed securities (ABSs)	329.1	391.7	473.5	534.7	473.5	495.7	505.8	518.6	534.7	548.8	570.0
	All sectors										
54 **Total credit market debt, domestic and foreign**	**14,234.8**	**15,046.7**	**16,050.7**	**17,094.3**	**16,050.7**	**16,273.8**	**16,495.2**	**16,756.0**	**17,094.3**	**17,351.5**	**17,666.7**
55 U.S. government securities	4,335.7	4,795.5	5,215.8	5,660.7	5,215.8	5,349.2	5,425.9	5,522.1	5,660.7	5,750.6	5,828.5
56 Tax-exempt securities	1,108.6	1,139.7	1,215.2	1,185.2	1,215.2	1,217.6	1,209.9	1,200.9	1,185.2	1,170.2	1,164.6
57 Corporate and foreign bonds	1,856.3	2,026.4	2,301.5	2,438.4	2,301.5	2,347.3	2,376.5	2,409.1	2,438.4	2,490.2	2,568.9
58 Mortgages	3,924.8	4,049.3	4,229.6	4,426.6	4,229.6	4,259.7	4,315.8	4,375.2	4,426.6	4,471.7	4,527.1
59 Consumer credit	797.2	804.6	863.5	984.7	863.5	859.6	891.6	929.4	984.7	988.7	1,026.6
60 Bank loans n.e.c.	785.9	776.6	768.2	828.8	768.2	776.0	786.7	804.0	828.8	862.1	896.9
61 Open market paper	565.9	579.0	580.0	623.5	580.0	582.0	587.9	599.2	623.5	654.7	673.8
62 Other loans	860.4	875.7	877.0	946.6	877.0	882.5	900.8	916.2	946.6	960.1	980.4

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

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

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1992	1993	1994	1995								
				Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.r	Nov.
1 **Industrial production**[1]	**107.7r**	**111.5r**	**118.1**	**121.9r**	**121.4r**	**121.3r**	**121.4**	**121.5**	**122.7r**	**122.9**	**122.5**	**122.8**
Market groupings												
2 Products, total	106.4r	110.0r	115.6r	118.5r	117.7r	117.5r	117.9r	118.0r	119.2r	119.4	118.7	119.0
3 Final, total	108.7r	112.7r	118.3r	121.5r	120.9r	120.6r	121.1r	121.2r	122.4r	122.6	121.7	122.0
4 Consumer goods	106.0r	109.5r	113.7r	115.3r	114.4	114.1r	114.8r	114.6r	115.9r	115.9	115.4	115.8
5 Equipment	112.5r	117.5r	125.3r	131.4r	131.3	130.8r	131.2r	131.6r	132.9r	133.2	131.7	132.0
6 Intermediate	99.3r	101.8r	107.3r	109.2r	108.2r	108.2r	108.2r	108.5r	109.4r	109.7	109.8	109.7
7 Materials	109.7r	113.8r	122.0r	127.2r	127.0r	127.2r	126.8r	126.8r	128.1r	128.3	128.4	128.7
Industry groupings												
8 Manufacturing	108.2r	112.3r	119.7	124.0r	123.5r	123.2	123.3r	123.3r	124.2r	124.9	124.7	124.9
9 Capacity utilization, manufacturing (percent)[2]	79.5r	80.6r	83.3r	84.0r	83.3r	82.8r	82.6r	82.3r	82.6r	82.8	82.3	82.2
10 Construction contracts[3]	97.5	105.2	114.2r	116.0	108.0r	118.0	122.0r	118.0r	123.0r	119.0	114.0	113.0
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	114.1	114.1	114.0	114.3	114.3	114.6	114.7	114.8	114.9
12 Goods-producing, total	94.2	94.3	95.6	98.8	98.6	98.2	98.2	97.9	97.9	97.9	97.9	97.8
13 Manufacturing, total	95.3	94.8	95.1	97.5	97.4	97.1	97.0	96.6	96.6	96.4	96.3	96.2
14 Manufacturing, production workers	94.9	94.9	96.1	99.1	99.0	98.6	98.3	97.8	97.9	97.7	97.6	97.4
15 Service-producing	110.5	112.9	116.3	119.0	119.0	119.1	119.4	119.6	119.9	120.1	120.1	120.4
16 Personal income, total	135.6	141.4	150.0	157.6	157.9	157.6	158.5	159.5	159.6	160.3	n.a.	n.a.
17 Wages and salary disbursements	131.6	136.2	145.0	150.9	151.7	150.6	151.8	153.0	152.8	153.5	n.a.	n.a.
18 Manufacturing	118.0	120.0	126.0	130.6	128.9	128.1	128.4	128.5	128.9	129.3	n.a.	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	158.4	157.1	158.3	159.0	159.9	160.0	160.6	n.a.	n.a.
20 Retail sales[5]	126.4	134.7	145.1	150.6	150.5	152.2	153.5	152.9	153.9	153.8	153.2	154.3
Prices[6]												
21 Consumer (1982–84=100)	140.3	144.5	148.2	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6
22 Producer finished goods (1982=100)	123.2	124.7	125.5	127.1	127.6	128.1	128.2	128.2r	128.1	127.9	128.5	128.6

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 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1992	1993	1994	1995							
				Apr.	May	June	July	Aug.	Sept.r	Oct.r	Nov.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	132,737	131,811	131,869	132,519	132,211	132,591	132,648	132,442
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	121,478	120,962	121,034	121,550	121,417	121,867	121,944	121,734
3 Agriculture	3,207	3,074	3,409	3,594	3,357	3,451	3,409	3,362	3,273	3,455	3,276
Unemployment											
4 Number	9,384	8,734	7,996	7,665	7,492	7,384	7,559	7,431	7,451	7,249	7,432
5 Rate (percent of civilian labor force)	7.4	6.8	6.1	5.8	5.7	5.6	5.7	5.6	5.6	5.5	5.6
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**116,310**	**116,248**	**116,547**	**116,575**	**116,838**	**116,932**	**116,998**	**117,164**
7 Manufacturing	18,104	18,003	18,064	18,506	18,456	18,428	18,353	18,357	18,322	18,303	18,271
8 Mining	635	611	604	583	582	582	577	575	573	571	568
9 Contract construction	4,492	4,642	4,916	5,242	5,190	5,230	5,226	5,233	5,262	5,285	5,289
10 Transportation and public utilities	5,721	5,787	5,842	6,184	6,177	6,192	6,195	6,217	6,206	6,215	6,233
11 Trade	25,354	25,675	26,362	27,062	27,045	27,118	27,184	27,177	27,245	27,261	27,347
12 Finance	6,602	6,712	6,789	6,924	6,925	6,930	6,938	6,947	6,957	6,976	6,990
13 Service	29,052	30,278	31,805	32,548	32,630	32,784	32,820	32,986	33,047	33,083	33,170
14 Government	18,653	18,817	19,041	19,261	19,243	19,283	19,282	19,346	19,320	19,304	19,296

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1994[r]	1995[r]			1994[r]	1995[r]			1994[r]	1995[r]		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1987 = 100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**120.6**	**121.8**	**121.4**	**122.4**	**142.4**	**143.7**	**145.0**	**146.4**	**84.7**	**84.8**	**83.7**	**83.6**
2 Manufacturing	122.8	124.0	123.3	124.1	145.7	147.2	148.7	150.3	84.3	84.3	82.9	82.6
3 Primary processing[3]	118.4	119.1	117.7	117.1	132.6	133.4	134.4	135.4	89.3	89.3	87.6	86.5
4 Advanced processing[4]	124.9	126.3	126.0	127.5	152.1	153.8	155.6	157.5	82.1	82.2	81.0	80.9
5 Durable goods	129.8	132.0	131.4	133.0	154.9	156.8	158.9	161.1	83.8	84.2	82.7	82.6
6 Lumber and products	106.0	105.3	102.9	104.9	117.0	117.4	118.0	118.6	90.6	89.7	87.2	88.5
7 Primary metals	120.8	121.2	119.1	118.2	126.8	126.9	127.5	128.0	95.3	95.6	93.4	92.3
8 Iron and steel	124.3	125.4	121.9	121.3	131.0	130.9	131.7	132.5	94.9	95.8	92.6	91.6
9 Nonferrous	116.1	115.6	115.1	113.9	121.2	121.5	121.9	122.2	95.8	95.2	94.5	93.2
10 Industrial machinery and equipment	166.0	171.9	174.4	179.0	190.4	194.8	199.6	204.5	87.2	88.2	87.4	87.5
11 Electrical machinery	163.4	167.9	171.2	178.4	186.4	191.6	197.6	203.9	87.7	87.7	86.7	87.5
12 Motor vehicles and parts	144.3	147.7	140.5	140.7	169.6	172.1	174.2	176.4	85.1	85.8	80.6	79.7
13 Aerospace and miscellaneous transportation equipment	89.6	89.6	88.7	86.9	132.2	132.2	132.2	132.1	67.8	67.8	67.1	65.8
14 Nondurable goods	115.0	115.2	114.4	114.3	135.7	136.6	137.5	138.4	84.7	84.3	83.2	82.6
15 Textile mill products	116.0	116.4	113.7	110.9	128.1	129.1	130.1	131.1	90.5	90.2	87.5	84.6
16 Paper and products	121.8	121.0	121.2	119.4	129.8	130.6	131.5	132.5	93.8	92.7	92.1	90.1
17 Chemicals and products	123.4	125.3	124.0	124.5	152.8	153.7	154.7	155.6	80.7	81.5	80.1	80.0
18 Plastics materials	124.6	127.5	122.9	118.3	130.8	132.1	133.8	135.4	95.3	96.5	91.9	87.3
19 Petroleum products	107.5	108.3	108.0	109.2	115.9	116.0	116.2	116.4	92.7	93.3	92.9	93.8
20 Mining	100.1	100.6	100.7	100.2	112.0	112.0	112.0	112.0	89.3	89.8	89.9	89.5
21 Utilities	116.8	118.4	120.7	124.9	134.2	134.4	134.8	135.2	87.1	88.0	89.5	92.4
22 Electric	117.7	118.9	120.4	125.0	131.4	131.7	132.1	132.5	89.5	90.3	91.1	94.3

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1994	1995					
	High	Low	High	Low	High	Low	Nov.	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**84.6**	**83.5[r]**	**83.3[r]**	**83.8**	**83.7**	**83.2**	**83.1**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	84.2	82.6[r]	82.3[r]	82.6	82.8	82.3	82.2
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	89.1	86.9[r]	86.6[r]	86.1	86.8	86.4	86.0
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.1	82.1	80.8[r]	80.5[r]	81.2	81.1	80.7	80.5
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	83.7	82.3[r]	82.0[r]	82.6	83.1	82.3	82.2
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.1	89.1	87.2[r]	87.6[r]	87.5	90.3	89.4	88.6
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.2	94.7	92.0[r]	92.5[r]	90.1	94.3	93.0	93.4
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.0	93.6	90.3[r]	90.2[r]	88.9	95.7	91.8	91.9
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.2	96.0	94.2[r]	95.5[r]	91.6	92.5	94.4	95.2
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	71.8	87.2	86.7[r]	86.8[r]	87.8	88.1	88.5	89.2
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.0	87.3	86.6[r]	87.1[r]	87.7	87.8	87.5	87.0
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	56.6	85.0	79.8[r]	77.8[r]	80.6	80.8	78.6	78.7
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	78.8	67.7	66.7[r]	66.3[r]	66.0	65.0	60.7	58.7
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.3	84.8	83.0[r]	82.7	82.6	82.4	82.4	82.1
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.8	90.5	84.7[r]	84.0[r]	85.7	84.1	84.2	83.9
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.7	94.2	90.9[r]	91.8[r]	89.6	89.0	89.6	86.7
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.0	80.6	80.2[r]	79.8[r]	80.0	80.2	81.1	80.8
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	95.2	90.2[r]	87.9[r]	85.4	88.7	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.6	93.5	93.4[r]	93.7[r]	93.2	94.5	93.2	93.2
20 Mining	94.4	88.4	96.6	80.6	86.5	86.1	89.2	90.1	89.9[r]	89.2	89.3	88.2	88.2
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	87.0	89.7[r]	90.8[r]	95.3	90.9	90.5	91.5
22 Electric	99.0	82.7	88.3	78.7	94.8	86.7	89.6	91.6[r]	92.3[r]	98.1	92.5	92.2	92.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16-25. 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[r] avg.	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.[r]	1995 May[r]	1995 June[r]	1995 July[r]	1995 Aug.[r]	1995 Sept.[r]	1995 Oct.	1995 Nov.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.1**	**120.5**	**121.5**	**121.8**	**121.7**	**121.9**	**121.4**	**121.3**	**121.4**	**121.5**	**122.7**	**122.9**	**122.5**	**122.8**
2 Products	60.6[r]	115.6	117.5	118.2	118.4	118.3	118.5	117.7	117.5	117.9	118.0	119.2	119.4	118.7	119.0
3 Final products	46.3[r]	118.3	120.1	120.9	121.3	121.1	121.5	120.9	120.6	121.1	121.2	122.4	122.6	121.7	122.0
4 Consumer goods, total	28.6[r]	113.7	114.8	115.5	115.5	114.9	115.3	114.4	114.1	114.8	114.6	115.9	115.9	115.4	115.8
5 Durable consumer goods	5.6[r]	124.2	125.4	127.5	127.1	127.3	126.0	124.9	121.6	122.3	121.4	124.0	125.8	123.2	124.4
6 Automotive products	2.5	130.8	131.5	133.9	134.4	135.3	134.4	131.7	127.1	129.1	125.3	130.7	132.8	128.4	130.0
7 Autos and trucks	1.6	132.9	132.7	135.3	136.6	138.2	137.5	132.8	127.4	129.5	123.9	132.0	133.1	128.6	130.4
8 Autos, consumer	.9	106.2	104.5	109.1	111.4	111.5	111.2	105.5	99.4	99.2	101.0	100.6	102.6	100.2	99.7
9 Trucks, consumer	.7	180.2	182.6	181.4	180.6	185.2	183.6	180.9	177.1	183.6	163.9	188.2	187.7	179.1	185.3
10 Auto parts and allied goods	.9	124.9	127.8	129.4	128.4	127.9	126.7	128.0	125.0	126.8	126.6	126.6	130.7	126.5	127.6
11 Other	3.0	118.5	120.0	121.8	120.8	120.4	118.6	119.0	116.7	116.3	118.1	118.1	119.6	118.7	119.6
12 Appliances, televisions, and air conditioners	.7	132.7	133.9	139.5	137.9	135.0	132.2	131.6	131.2	131.4	132.2	135.8	139.4	138.6	140.4
13 Carpeting and furniture	.8	106.7	108.7	110.4	106.4	108.3	106.1	109.1	103.0	101.8	107.9	104.4	107.0	105.8	105.7
14 Miscellaneous home goods	1.5	118.8	120.1	120.4	121.3	120.7	119.7	118.8	118.1	118.0	117.4	118.0	117.8	117.0	118.1
15 Nondurable consumer goods	23.0	111.2	112.3	112.6	112.7	111.9	112.7	111.8	112.4	113.1	113.0	113.9	113.5	113.5	113.7
16 Foods and tobacco	10.3	109.2	111.6	111.5	111.5	110.1	111.5	111.2	111.5	113.1	112.8	111.8	111.4	111.2	111.6
17 Clothing	2.4	99.2	99.5	100.3	99.6	98.3	98.7	96.9	96.7	94.6	93.6	93.9	93.2	92.3	91.3
18 Chemical products	4.5	126.1	127.7	130.0	131.3	129.2	129.7	126.9	127.3	128.6	128.6	132.6	133.5	136.2	135.4
19 Paper products	2.9	107.1	107.0	106.6	106.0	106.6	105.9	106.9	106.5	106.3	107.6	106.7	107.3	106.5	107.0
20 Energy	2.9	113.8	110.8	110.6	110.9	113.1	113.9	112.2	115.8	115.8	116.1	122.3	118.9	117.6	119.3
21 Fuels	.9	106.6	109.0	107.2	107.6	108.7	110.4	108.8	108.2	108.8	108.2	108.4	111.4	108.7	109.0
22 Residential utilities	2.1	116.7	111.5	111.8	112.2	114.8	115.2	113.5	119.0	118.7	119.4	128.2	122.1	121.3	123.6
23 Equipment	17.7[r]	125.3	128.3	129.3	130.4	131.0	131.4	131.3	130.8	131.2	131.6	132.9	133.2	131.7	132.0
24 Business equipment	13.7[r]	144.9	150.2	151.5	153.2	154.3	155.1	155.0	154.3	155.1	155.7	157.5	158.3	156.8	157.6
25 Information processing and related	5.7	172.0	182.7	185.2	187.3	188.7	191.6	194.5	193.9	196.0	197.2	201.0	203.0	206.7	208.8
26 Computer and office equipment	1.4[r]	275.5	307.7	313.8	324.2	334.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	403.9	417.7
27 Industrial	4.0	122.0	124.2	125.0	126.5	127.2	126.9	126.1	126.5	126.2	127.1	129.1	128.9	128.6	129.3
28 Transit	2.6	140.4	142.2	142.4	143.8	145.9	145.7	142.9	139.6	140.3	139.8	138.0	137.9	122.7	120.1
29 Autos and trucks	1.2	141.1	144.2	142.9	145.6	147.7	146.2	141.5	137.8	139.5	139.9	141.3	143.3	135.7	135.6
30 Other	1.4[r]	123.2	125.7	125.9	127.2	127.2	126.3	123.2	122.7	122.6	122.6	122.2	123.4	122.1	123.8
31 Defense and space equipment	3.3[r]	71.9	69.4	69.2	68.9	68.2	67.8	67.1	66.8	66.8	66.5	66.1	65.2	64.3	63.2
32 Oil and gas well drilling	.6[r]	90.9	87.4	87.3	87.7	88.8	87.2	89.3	90.5	86.8	88.4	89.5	88.3	83.5	83.1
33 Manufactured homes	.2	132.9	140.1	150.2	153.1	144.6	145.8	146.6	148.3	149.6	148.6	155.9	158.0	158.9	...
34 Intermediate products, total	14.3	107.3	109.6	109.9	109.5	109.5	109.2	108.2	108.2	108.2	108.5	109.4	109.7	109.8	109.7
35 Construction supplies	5.3	106.2	108.7	110.5	109.7	109.5	109.2	108.0	106.6	107.2	107.3	107.0	108.8	108.5	108.0
36 Business supplies	9.0	108.2	110.4	109.7	109.5	109.6	109.3	108.5	109.4	109.1	109.5	111.0	110.4	110.7	110.9
37 Materials	39.4[r]	122.0	125.2	126.6	127.1	127.1	127.2	127.0	127.2	126.8	126.8	128.1	128.3	128.4	128.7
38 Durable goods materials	20.8[r]	132.3	137.3	139.2	140.0	140.2	140.3	139.8	139.8	139.7	140.2	142.3	144.1	144.4	145.1
39 Durable consumer parts	4.0[r]	135.2	139.0	142.0	142.9	142.6	140.4	137.9	135.9	135.8	133.9	138.4	139.7	139.6	140.0
40 Equipment parts	7.5	142.9	150.8	152.1	154.0	155.4	157.3	158.9	160.3	161.7	164.4	167.1	169.1	169.8	170.8
41 Other	9.2[r]	122.5	125.7	127.5	127.7	127.0	127.0	125.9	125.6	124.5	124.4	124.9	126.9	126.9	127.6
42 Basic metal materials	3.1[r]	121.9	124.7	127.4	126.7	126.4	126.7	126.1	125.5	123.5	124.9	123.1	126.9	125.7	126.5
43 Nondurable goods materials	8.9	118.0	120.6	122.1	122.2	121.5	121.5	121.7	122.2	120.4	118.9	118.8	117.8	118.7	117.7
44 Textile materials	1.1	109.9	114.5	113.2	115.1	113.5	113.6	113.2	112.8	109.0	102.6	109.2	106.2	107.1	107.2
45 Paper materials	1.8	118.8	122.0	121.8	120.9	121.6	122.5	122.3	125.6	121.0	123.9	120.4	116.8	120.8	115.1
46 Chemical materials	3.9[r]	120.2	122.5	124.7	126.4	125.7	125.6	125.6	126.2	125.2	124.4	123.1	123.3	123.6	124.0
47 Other	2.1[r]	117.9	119.4	122.6	119.5	117.8	117.4	118.4	116.9	117.4	113.8	114.6	115.1	114.3	113.9
48 Energy materials	9.7[r]	105.3	105.6	106.0	106.2	106.4	106.4	106.6	107.2	107.2	107.5	108.5	106.4	105.5	106.2
49 Primary energy	6.3	100.7	101.7	102.1	102.0	102.3	102.1	102.2	102.3	103.0	102.3	101.4	101.3	100.3	100.6
50 Converted fuel materials	3.3	114.5	113.4	113.5	114.3	114.5	114.9	115.5	116.9	115.5	118.1	122.8	116.6	115.9	117.4
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	117.6	120.0	121.0	121.3	121.1	121.3	120.9	121.0	121.1	121.2	122.3	122.4	122.2	122.5
52 Total excluding motor vehicles and parts	95.2	116.9	119.3	120.2	120.5	120.4	120.6	120.3	120.5	120.5	120.7	121.7	121.9	121.7	121.9
53 Total excluding computer and office equipment	98.2[r]	115.5	117.5	118.4	118.6	118.4	118.5	117.9	117.8	117.8	117.8	118.9	119.0	118.5	118.6
54 Consumer goods excluding autos and trucks	27.0[r]	112.5	113.6	114.2	114.1	113.4	113.8	113.1	113.3	113.9	114.0	114.8	114.8	114.5	114.8
55 Consumer goods excluding energy	25.7[r]	113.7	115.2	116.1	116.0	115.1	115.4	114.6	113.9	114.7	114.5	115.1	115.5	115.1	115.4
56 Business equipment excluding autos and trucks	12.5[r]	145.0	150.6	152.1	153.7	154.7	155.8	156.2	155.8	156.5	157.2	158.9	159.6	158.7	159.6
57 Business equipment excluding computer and office equipment	12.2[r]	129.4	132.5	133.3	134.3	134.6	134.8	133.7	132.5	133.2	133.2	134.4	134.5	131.8	131.5
58 Materials excluding energy	29.7[r]	128.0	132.2	134.0	134.6	134.5	134.6	134.3	134.4	133.8	133.7	135.1	136.1	136.5	136.7

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

Group	SIC[2] code	1992 proportion	1994[r] avg.	1994[r] Nov.	1994[r] Dec.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.[r]	1995 May[r]	1995 June[r]	1995 July[r]	1995 Aug.[r]	1995 Sept.[r]	1995 Oct.	1995 Nov.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**120.5**	**121.5**	**121.8**	**121.7**	**121.9**	**121.4**	**121.3**	**121.4**	**121.5**	**122.7**	**122.9**	**122.5**	**122.8**
60 Manufacturing	...	85.4[r]	119.7	122.7	123.8	124.1	123.9	124.0	123.5	123.2	123.3	123.3	124.2	124.9	124.7	124.9
61 Primary processing	...	26.6[r]	115.6	118.2	119.8	119.4	119.1	118.9	118.2	117.9	117.1	116.9	116.6	117.8	117.5	117.3
62 Advanced processing	...	58.9[r]	121.7	124.9	125.7	126.4	126.2	126.5	126.0	125.7	126.3	126.3	127.8	128.3	128.1	128.4
63 Durable goods	...	45.0[r]	125.8	129.5	131.2	131.8	132.1	132.2	131.6	131.1	131.5	131.5	133.2	134.5	133.8	134.3
64 Lumber and products	24	2.0	104.0	104.3	108.6	107.1	105.0	103.9	103.9	101.7	103.0	103.7	103.7	107.3	106.4	105.7
65 Furniture and fixtures	25	1.4	111.1	114.2	114.0	113.8	114.9	113.4	111.4	110.8	111.3	111.1	110.9	112.2	112.2	112.8
66 Stone, clay, and glass products	32	2.1	102.3	104.3	105.7	105.5	104.7	104.7	103.4	104.1	103.8	103.2	103.0	103.6	103.6	103.9
67 Primary metals	33	3.1	116.4	120.0	122.8	121.5	120.8	121.3	120.2	119.5	117.5	118.3	115.4	120.9	119.4	120.1
68 Iron and steel	331,2	1.7	119.3	122.6	127.4	125.5	124.9	125.8	123.5	123.0	119.2	119.3	117.7	127.0	122.1	122.5
69 Raw steel	331PT	.1	107.9	113.4	120.6	114.9	116.4	116.8	114.7	113.0	112.9	111.5	114.2	118.6	111.3	...
70 Nonferrous	333–6,9	1.4	112.2	116.3	116.7	116.2	115.3	115.4	115.7	114.8	114.9	116.5	111.9	113.1	115.5	116.7
71 Fabricated metal products	34	5.0	110.5	113.3	114.8	114.3	115.0	114.3	112.3	113.7	113.7	112.4	114.3	115.0	114.0	113.5
72 Industrial machinery and equipment	35	8.0[r]	157.7	165.9	167.5	171.1	171.8	172.4	174.3	174.6	174.4	176.0	179.5	181.6	181.1	187.0
73 Computer and office equipment	357	1.8[r]	275.5	307.7	313.8	324.2	331.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	403.9	417.7
74 Electrical machinery	36	7.2[r]	154.3	162.8	166.3	166.7	167.7	169.4	169.6	171.1	173.0	175.7	178.7	180.9	182.2	183.0
75 Transportation equipment	37	9.5[r]	115.3	116.3	117.3	117.8	118.5	118.0	115.7	113.2	113.4	111.6	114.1	114.0	109.4	108.5
76 Motor vehicles and parts	371	4.8	141.2	144.1	145.9	147.3	148.4	147.6	143.0	138.8	139.7	136.7	142.1	143.2	139.8	140.7
77 Autos and light trucks	371PT	2.5	133.1	132.8	135.7	137.1	138.6	137.9	132.9	127.3	129.2	124.3	131.6	132.8	128.4	130.0
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.7[r]	90.5	89.5	89.8	89.5	89.7	89.5	89.4	88.5	88.1	87.6	87.2	85.9	80.2	77.5
79 Instruments	38	5.4	109.1	110.3	110.4	110.8	110.5	110.9	111.2	109.6	110.9	110.2	111.4	111.3	111.4	111.7
80 Miscellaneous	39	1.3	120.1	122.7	122.1	123.5	124.1	123.3	122.7	122.3	123.1	121.4	122.4	122.9	122.2	123.1
81 Nondurable goods	...	40.5	113.0	115.1	115.5	115.6	114.8	115.1	114.6	114.4	114.3	114.3	114.3	114.3	114.5	114.4
82 Foods	20	9.4	113.2	111.8	114.9	115.9	114.2	115.0	115.1	115.9	116.1	115.3	115.5	115.3	115.0	115.0
83 Tobacco products	21	1.6	88.1	94.1	93.0	88.6	88.1	92.3	92.0	89.3	96.4	99.1	91.3	90.2	90.3	91.8
84 Textile mill products	22	1.8	113.5	115.9	116.6	117.2	115.9	116.2	117.2	113.6	110.4	109.9	112.4	110.5	111.0	110.9
85 Apparel products	23	2.2	100.1	101.0	101.6	100.6	99.8	99.3	97.4	97.5	95.5	94.8	94.5	94.2	92.6	92.0
86 Paper and products	26	3.6	119.2	122.3	122.5	121.0	121.0	121.1	121.2	122.4	119.9	121.3	118.6	118.2	119.3	115.7
87 Printing and publishing	27	6.8	100.1	101.3	100.7	100.1	100.3	99.3	99.2	99.0	98.6	99.0	100.5	100.3	100.2	100.8
88 Chemicals and products	28	9.9	121.3	123.2	124.7	126.2	124.7	125.0	123.5	124.0	124.1	124.0	124.4	125.1	126.8	126.5
89 Petroleum products	29	1.4	106.7	108.3	108.1	107.7	108.0	109.1	107.8	107.4	108.6	109.0	108.5	110.1	108.6	108.7
90 Rubber and plastic products	30	3.5	135.9	140.3	141.6	141.8	141.9	141.1	140.8	138.2	137.8	137.7	138.7	139.9	139.8	140.1
91 Leather and products	31	.3	87.5	86.2	85.8	85.4	85.1	85.8	82.7	83.0	81.2	78.7	80.8	80.5	78.7	77.1
92 Mining	...	6.9[r]	100.3	99.9	100.7	100.6	100.8	100.3	100.6	100.5	101.0	100.7	100.0	100.0	98.9	98.8
93 Metal	10	.5[r]	163.5	160.1	162.6	164.2	165.5	164.5	161.6	164.3	166.8	172.2	172.1	171.2	174.9	175.0
94 Coal	12	1.0	112.6	112.7	116.5	116.0	115.1	114.0	112.3	110.8	112.2	117.0	109.7	115.3	112.3	109.5
95 Oil and gas extraction	13	4.8[r]	93.3	92.7	92.9	92.4	93.0	92.2	93.1	93.4	93.6	91.9	92.4	91.3	90.2	90.8
96 Stone and earth minerals	14	.6	107.2	109.7	109.9	113.1	111.3	114.2	112.7	111.1	111.9	113.5	111.6	113.1	112.6	111.5
97 Utilities	...	7.7	117.9	116.7	116.5	117.3	118.5	119.2	118.8	122.1	121.0	122.7	128.8	123.1	122.5	124.1
98 Electric	491,493PT[r]	6.1	117.7	117.7	117.4	118.0	119.1	119.5	118.9	121.2	121.2	122.2	130.0	122.7	122.1	123.3
99 Gas	492,493PT[r]	1.6	118.5	112.8	113.1	114.3	116.4	118.0	118.4	125.5	120.6	124.5	124.3	124.3	122.9	127.1
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.6[r]	118.5	121.5	122.5	122.8	122.4	122.6	122.3	122.2	122.3	122.5	123.1	123.8	123.8	123.9
101 Manufacturing excluding office and computing machines	...	83.7[r]	116.6	119.2	120.2	120.4	120.0	120.1	119.3	118.9	119.1	118.9	119.8	120.3	119.9	119.9
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	**2,002.9[r]**	**2,195.0**	**2,230.9**	**2,244.6**	**2,247.3**	**2,246.9**	**2,252.0**	**2,236.5**	**2,231.5**	**2,239.1**	**2,238.8**	**2,257.8**	**2,267.9**	**2,248.3**	**2,256.8**
103 Final	...	1,552.2[r]	1,705.5	1,731.8	1,743.1	1,748.3	1,748.6	1,755.0	1,743.1	1,737.4	1,745.6	1,743.2	1,760.5	1,767.2	1,747.6	1,756.4
104 Consumer goods	...	1,033.4[r]	1,118.2	1,128.7	1,135.6	1,134.6	1,131.1	1,135.5	1,125.2	1,122.3	1,128.4	1,124.0	1,135.7	1,139.8	1,129.9	1,136.2
105 Equipment	...	518.8[r]	587.3	603.1	607.5	613.8	617.5	619.5	617.9	615.1	617.1	619.2	624.8	627.4	617.7	620.2
106 Intermediate	...	450.7[r]	489.5	499.1	501.5	499.0	498.3	497.0	493.4	494.0	493.5	495.6	497.3	500.7	500.7	500.4

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 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. 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	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.[r]	1995 Sept.[r]	1995 Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,372	1,293	1,282	1,235	1,243	1,243	1,275	1,355	1,368	1,405	1,395
2 One-family	911	987	1,068	990	931	911	905	930	958	1,011	1,044	1,073	1,059
3 Two-family or more	184	213	303	303	351	324	338	313	317	344	324	332	336
4 Started	1,200	1,288	1,457	1,366	1,319	1,238	1,269	1,282	1,298	1,432	1,392	1,389	1,337
5 One-family	1,030	1,126	1,198	1,055	1,048	987	1,009	988	1,034	1,107	1,126	1,121	1,099
6 Two-family or more	170	162	259	311	271	251	260	294	264	325	266	268	238
7 Under construction at end of period[1]	612	680	762	792	797	769	763	755	756	761	773	782	787
8 One-family	473	543	558	578	579	552	544	536	534	538	548	555	563
9 Two-family or more	140	137	204	214	218	217	219	219	222	223	225	227	224
10 Completed	1,158	1,193	1,347	1,436	1,302	1,443	1,334	1,342	1,256	1,345	1,246	1,253	1,298
11 One-family	964	1,040	1,160	1,209	1,080	1,222	1,089	1,072	1,053	1,037	1,012	993	1,027
12 Two-family or more	194	153	187	227	222	221	245	270	203	308	234	260	271
13 Mobile homes shipped	210	254	304	361	335	333	318	329	329	319	335	346	n.a.
Merchant builder activity in one-family units													
14 Number sold	610	666	670	643	575	612	607	667	723	781[r]	699	692	673
15 Number for sale at end of period[1]	265	293	338	342	347	347	348	347	347	344[r]	347	350	360
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.4	127.9	135.0	130.0	134.0	133.9	133.7	131.0[r]	134.5	129.1	133.4
17 Average	144.9	147.6	153.7	147.4	160.2	153.3	157.8	158.0	160.2	154.2[r]	160.8	157.1	153.4
EXISTING UNITS (one-family)													
18 Number sold	3,520	3,800	3,946	3,610	3,420	3,620	3,390	3,550	3,800	3,990	4,120	4,150	4,110
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	108.1	107.0	107.9	108.1	109.0	116.2	115.9	117.6	115.2	113.3
20 Average	130.8	133.1	136.4	135.3	133.4	134.5	134.2	135.4	143.3	142.2	144.4	140.5	138.7
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**435,022**	**464,504**	**506,904**	**521,054**	**521,429**	**523,467**	**522,094**	**514,515**	**518,934**	**528,185**	**526,535**	**532,278**	**546,869**
22 Private	315,695	339,161	376,566	384,806	383,652	383,301	382,220	376,148	377,486	385,233	383,556	384,927	390,927
23 Residential	187,870	210,455	238,884	241,938	240,207	237,894	234,109	231,342	228,388	232,415	232,254	235,594	237,381
24 Nonresidential	127,825	128,706	137,682	142,868	143,445	145,407	148,111	144,806	149,098	152,818	151,302	149,333	153,546
25 Industrial buildings	20,720	19,533	21,121	22,715	23,370	23,911	24,707	24,760	24,416	24,424	24,178	24,073	25,315
26 Commercial buildings	41,523	42,627	48,552	53,338	53,687	55,439	55,011	51,779	55,420	56,906	55,709	55,179	57,523
27 Other buildings	21,494	23,626	23,912	24,373	24,039	23,062	23,948	24,319	23,447	24,463	24,021	24,020	24,780
28 Public utilities and other	44,088	42,920	44,097	42,442	42,349	42,995	44,445	43,948	45,815	47,025	47,394	46,061	45,928
29 Public	119,322	125,342	130,337	136,248	137,777	140,166	139,874	138,367	141,447	142,952	142,979	147,351	155,942
30 Military	2,502	2,454	2,319	2,925	2,624	3,048	2,736	2,442	2,569	3,212	3,025	2,304	3,600
31 Highway	34,899	37,431	39,882	38,574	38,681	40,667	41,158	38,657	40,875	44,204	42,929	43,064	46,047
32 Conservation and development	6,021	5,978	6,228	6,681	7,128	7,139	6,273	5,531	6,117	5,326	6,773	6,499	7,341
33 Other	75,900	79,479	81,908	88,068	89,344	89,312	89,707	91,737	91,886	90,210	90,252	95,484	98,954

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.

SOURCE. 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, Nov. 1995[1]
	1994 Nov.	1995 Nov.	1994	1995			1995					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.7**	**2.6**	**1.9**	**3.2**	**3.2**	**1.8**	**.2**	**.1**	**.1**	**.3**	**.0**	**153.6**
2 Food	2.4	2.8	3.9	.0	3.6	3.6	.2	.2	.5	.3	−.1	149.4
3 Energy items	1.9	−2.7	.4	−1.1	5.4	−11.5	−.8	−.8	−1.4	.4	−.9	102.8
4 All items less food and energy	2.8	3.0	2.0	4.1	3.0	2.8	.2	.2	.2	.3	.1	163.0
5 Commodities	1.5	1.7	.3	2.6	.6	2.3	.1	.4	.1	.2	.0	140.7
6 Services	3.5	3.6	2.6	4.8	4.3	3.0	.3	.1	.3	.3	.2	175.7
PRODUCER PRICES (1982=100)												
7 Finished goods	1.3	2.0	2.2	3.2	.6	1.3	.1	−.1	.3	.1	.5	128.6
8 Consumer foods	.2	3.2	9.2	−1.2	−4.6	8.8	1.0[1]	.1[1]	1.0	.0	1.2	130.9
9 Consumer energy	2.0	−3.2	.0	11.3	1.5	−14.3	−2.5[1]	−.8[1]	−.5	.9	−.5	75.2
10 Other consumer goods	1.5	2.8	.6	2.9	3.2	2.3	.2	.1	.3	.1	.4	143.6
11 Capital equipment	1.7	2.4	.3	3.0	1.8	2.1	.2[1]	.2[1]	.1	−.1	.4	138.0
Intermediate materials												
12 Excluding foods and feeds	4.1	3.3	7.2	10.6	3.9	−.6	−.1[1]	.0[1]	−.1	−.4	−.1	125.3
13 Excluding energy	4.8	4.1	8.3	10.5	4.2	1.8	.3	.1	.1	−.3	−.2	135.5
Crude materials												
14 Foods	−8.9	13.4	−1.2	−4.6	−.8	42.3	4.1[1]	.8[1]	4.2	2.1	3.6	113.9
15 Energy	−6.9	−1.4	−7.6	−4.5	14.6	−22.0	−4.6[1]	−4.5[1]	3.2	−.4	2.1	68.3
16 Other	15.7	−1.5	27.9	21.9	4.6	−18.2	−1.8[1]	−1.1[1]	−2.1	−2.6	−2.1	161.7

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

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

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1992	1993	1994	1994		1995		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,738.4**	**6,791.7**	**6,897.2**	**6,977.4**	**7,030.0**	**7,113.2**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,628.4	4,657.5	4,734.8	4,782.1	4,851.0	4,898.1
3 Durable goods	492.7	538.0	591.5	591.5	617.7	615.2	620.3	632.4
4 Nondurable goods	1,295.5	1,339.2	1,394.3	1,406.1	1,420.7	1,432.2	1,446.2	1,449.1
5 Services	2,348.7	2,501.0	2,642.7	2,659.9	2,696.4	2,734.8	2,784.5	2,816.6
6 Gross private domestic investment	788.3	882.0	1,032.9	1,055.1	1,075.6	1,107.8	1,094.1	1,113.4
7 Fixed investment	785.2	866.7	980.7	992.5	1,020.8	1,053.3	1,056.9	1,074.5
8 Nonresidential	561.4	616.1	697.6	709.1	732.8	766.4	779.3	788.0
9 Structures	171.1	173.4	182.8	184.6	192.0	198.6	204.3	207.6
10 Producers' durable equipment	390.3	442.7	514.8	524.5	540.7	567.8	575.0	580.4
11 Residential structures	223.8	250.6	283.0	283.4	288.0	286.8	277.6	286.5
12 Change in business inventories	3.0	15.4	52.2	62.6	54.8	54.5	37.2	38.9
13 Nonfarm	−2.7	20.1	45.9	53.4	47.4	54.1	37.9	43.5
14 Net exports of goods and services	−30.3	−65.3	−98.2	−109.6	−98.9	−111.1	−124.7	−118.3
15 Exports	638.1	659.1	718.7	730.5	765.5	778.8	797.5	802.0
16 Imports	668.4	724.3	816.9	840.1	864.4	889.9	922.2	920.3
17 Government purchases of goods and services	1,125.3	1,148.4	1,175.3	1,188.8	1,185.8	1,198.7	1,209.6	1,220.1
18 Federal	449.0	443.6	437.3	444.3	431.9	434.4	434.7	436.8
19 State and local	676.3	704.7	738.0	744.5	753.8	764.3	774.8	783.3
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,686.2	6,729.1	6,842.4	6,922.9	6,992.8	7,074.3
21 Goods	2,292.0	2,390.4	2,532.4	2,543.6	2,603.3	2,638.1	2,650.0	2,682.5
22 Durable	968.6	1,032.4	1,118.8	1,125.8	1,151.8	1,175.0	1,178.6	1,201.7
23 Nondurable	1,323.4	1,358.1	1,413.6	1,417.8	1,451.5	1,463.1	1,471.4	1,480.8
24 Services	3,227.2	3,405.5	3,576.2	3,603.6	3,641.9	3,680.6	3,741.0	3,777.3
25 Structures	498.1	532.0	577.6	581.9	597.3	604.3	601.8	614.6
26 Change in business inventories	3.0	15.4	52.2	62.6	54.8	54.5	37.2	38.9
27 Durable goods	−13.0	8.6	34.8	44.1	36.3	48.0	28.3	26.3
28 Nondurable goods	16.0	6.7	17.4	18.5	18.5	6.5	8.9	12.6
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,344.0**	**5,367.0**	**5,433.8**	**5,470.1**	**5,487.8**	**5,544.6**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	**5,458.4**	**5,494.9**	**5,599.4**	**5,688.4**	**5,719.4**	n.a.
31 Compensation of employees	3,591.2	3,780.4	4,004.6	4,023.7	4,095.3	4,157.3	4,183.0	4,230.9
32 Wages and salaries	2,954.8	3,100.8	3,279.0	3,293.9	3,356.4	3,403.4	3,422.3	3,462.7
33 Government and government enterprises	567.3	583.8	602.8	604.4	609.0	617.2	620.3	624.4
34 Other	2,387.5	2,517.0	2,676.2	2,689.6	2,747.4	2,786.2	2,802.0	2,838.2
35 Supplement to wages and salaries	636.4	679.6	725.6	729.7	738.9	753.9	760.8	768.2
36 Employer contributions for social insurance	307.7	324.3	344.6	346.0	350.2	354.3	356.8	360.4
37 Other labor income	328.7	355.3	381.0	383.7	388.7	399.6	403.9	407.8
38 Proprietors' income[1]	418.7	441.6	473.7	467.0	485.7	493.6	487.2	492.3
39 Business and professional[1]	374.4	404.3	434.2	437.1	444.0	449.2	452.2	458.3
40 Farm[1]	44.4	37.3	39.5	29.8	41.7	44.4	35.0	34.0
41 Rental income of persons[2]	−5.5	24.1	27.7	32.6	29.0	25.4	24.2	20.5
42 Corporate profits[1]	405.1	485.8	542.7	556.0	560.3	569.7	581.1	n.a.
43 Profits before tax[3]	395.9	462.4	524.5	538.1	553.5	570.6	574.1	n.a.
44 Inventory valuation adjustment	6.4	−6.2	−19.5	−19.6	−32.1	−39.0	−28.2	−7.4
45 Capital consumption adjustment	15.7	29.5	37.7	37.5	38.8	38.1	35.2	35.4
46 Net interest	420.0	399.5	409.7	415.7	429.2	442.4	444.0	n.a.

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1992	1993	1994	1994		1995		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.7**	**5,734.5**	**5,856.6**	**5,962.0**	**6,008.1**	**6,075.8**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.0	3,293.9	3,356.4	3,403.4	3,422.3	3,462.7
3 Commodity-producing industries	757.6	773.8	818.2	821.8	837.3	848.5	842.0	846.6
4 Manufacturing	578.3	588.4	617.5	618.3	629.5	638.1	629.6	631.9
5 Distributive industries	682.3	701.9	748.5	753.5	769.6	776.8	782.9	795.4
6 Service industries	967.6	1,021.4	1,109.5	1,114.3	1,140.5	1,160.9	1,177.0	1,196.3
7 Government and government enterprises	567.3	583.8	602.8	604.4	609.0	617.2	620.3	624.4
8 Other labor income	328.7	355.3	381.0	383.7	388.7	399.6	403.9	407.8
9 Proprietors' income[1]	418.7	441.6	473.7	467.0	485.7	493.6	487.2	492.3
10 Business and professional[1]	374.4	404.3	434.2	437.1	444.0	449.2	452.2	458.3
11 Farm[1]	44.4	37.3	39.5	29.8	41.7	44.4	35.0	34.0
12 Rental income of persons[2]	−5.5	24.1	27.7	32.6	29.0	25.4	24.2	20.5
13 Dividends	161.0	181.3	194.3	196.9	202.7	205.5	208.1	211.6
14 Personal interest income	665.2	637.9	664.0	674.2	701.1	723.6	739.3	748.3
15 Transfer payments	860.2	915.4	963.4	969.0	979.7	1,004.8	1,018.6	1,031.0
16 Old-age survivors, disability, and health insurance benefits	414.0	444.4	473.5	476.5	483.1	496.7	503.4	508.3
17 LESS: Personal contributions for social insurance	248.7	261.3	281.4	282.9	286.6	293.8	295.4	298.4
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.7	5,734.5	5,856.6	5,962.0	6,008.1	6,075.8
19 LESS: Personal tax and nontax payments	648.6	686.4	742.1	744.1	754.7	777.6	807.0	807.0
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.6	4,990.3	5,101.9	5,184.4	5,201.0	5,268.8
21 LESS: Personal outlays	4,257.8	4,496.2	4,756.5	4,787.0	4,869.3	4,920.7	4,994.9	5,045.9
22 EQUALS: Personal saving	247.9	192.6	203.1	203.3	232.6	263.7	206.1	222.9
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,475.8	20,536.5	20,739.8	20,836.3	20,858.6	21,023.3
24 Personal consumption expenditures	13,110.4	13,390.8	13,715.4	13,716.6	13,853.5	13,880.1	13,965.7	14,033.4
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,697.0	14,927.0	15,048.0	14,973.0	15,095.0
26 Saving rate (percent)	5.5	4.1	4.1	4.1	4.6	5.1	4.0	4.2
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	**920.6**	**922.6**	**950.3**	**1,006.0**	**983.8**	n.a.
28 Gross private saving	980.8	1,002.5	1,053.5	1,052.7	1,082.7	1,126.4	1,090.0	n.a.
29 Personal saving	247.9	192.6	203.1	203.3	232.6	263.7	206.1	222.9
30 Undistributed corporate profits[1]	94.3	120.9	135.1	139.5	130.7	132.6	140.8	n.a.
31 Corporate inventory valuation adjustment	−6.4	−6.2	−19.5	−19.6	−32.1	−39.0	−28.2	−7.4
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	432.6	438.0	445.3	454.7	461.0
33 Noncorporate	261.8	261.2	283.1	277.3	281.3	284.7	288.4	292.0
34 Government surplus, or deficit (−), national income and product accounts	−257.8	−215.0	−132.9	−130.1	−132.3	−120.4	−106.2	n.a.
35 Federal	−282.7	−241.4	−159.1	−154.0	−161.1	−148.6	−129.6	n.a.
36 State and local	24.8	26.3	26.2	23.9	28.8	28.2	23.4	n.a.
37 **Gross investment**	**731.7**	**789.8**	**889.7**	**901.5**	**907.9**	**947.4**	**916.8**	n.a.
38 Gross private domestic investment	788.3	882.0	1,032.9	1,055.1	1,075.6	1,107.8	1,094.1	1,113.4
39 Net foreign investment	−56.6	−92.3	−143.2	−153.6	−167.7	−160.4	−177.3	n.a.
40 **Statistical discrepancy**	**8.8**	**2.3**	**−30.9**	**−21.1**	**−42.4**	**−58.6**	**−67.0**	n.a.

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

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

10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1992	1993	1994	1994		1995		
				Q3	Q4	Q1	Q2	Q3[p]
Balance on current account	−61,548	−99,925	−151,245	−39,714	−43,277	−39,025	−43,267	−39,482
Merchandise trade balance[2]	−96,106	−132,618	−166,099	−44,627	−43,488	−45,050	−48,802	−43,433
Merchandise exports	440,352	456,823	502,485	127,384	133,926	138,061	142,850	145,315
Merchandise imports	−536,458	−589,441	−668,584	−172,011	−177,414	−183,111	−191,652	−188,748
Military transactions, net	−2,142	448	2,148	1,124	679	542	587	736
Other service transactions, net	58,767	57,328	57,739	14,696	15,342	15,068	14,782	15,178
Investment income, net	10,080	9,000	−9,272	−2,533	−4,571	−1,961	−2,614	−4,153
U.S. government grants	−15,083	−16,311	−15,814	−3,488	−6,245	−2,867	−2,284	−2,834
U.S. government pensions and other transfers	−3,735	−3,785	−4,247	−1,064	−1,063	−782	−989	−987
Private remittances and other transfers	−13,330	−13,988	−15,700	−3,822	−3,931	−3,975	−3,947	−3,989
Change in U.S. government assets other than official reserve assets, net (increase, −)	−1,661	−330	−322	−283	−931	−152	−180	136
Change in U.S. official reserve assets (increase, −)	3,901	−1,379	5,346	−165	2,033	−5,318	−2,722	−1,893
Gold	0	0	0	0	0	0	0	0
Special drawing rights (SDRs)	2,316	−537	−441	−111	−121	−867	−156	362
Reserve position in International Monetary Fund	−2,692	−44	494	273	−27	−526	−786	−991
Foreign currencies	4,277	−797	5,293	−327	2,181	−3,925	−1,780	−1,264
Change in U.S. private assets abroad (increase, −)	−68,115	−182,880	−130,875	−27,492	−56,258	−69,873	−97,340	−41,095
Bank-reported claims[3]	20,895	29,947	915	1,590	−16,651	−29,284	−39,982	14,851
Nonbank-reported claims	45	1,581	−32,621	−8,051	−12,449	−11,518	−18,499	...
U.S. purchases of foreign securities, net	−46,415	−141,807	−49,799	−10,976	−15,238	−6,567	−21,731	−34,251
U.S. direct investments abroad, net	−42,640	−72,601	−49,370	−10,055	−11,920	−22,504	−17,128	−21,695
Change in foreign official assets in United States (increase, +)	40,466	72,146	39,409	19,691	−421	22,308	37,836	39,479
U.S. Treasury securities	18,454	48,952	30,723	16,477	7,470	10,131	25,169	20,597
Other U.S. government obligations	3,949	4,062	6,025	2,222	1,228	1,126	1,326	518
Other U.S. government liabilities[4]	2,180	1,706	2,211	494	692	−154	506	194
Other U.S. liabilities reported by U.S. banks[3]	16,571	14,841	2,923	1,298	−9,856	10,940	7,886	18,398
Other foreign official assets[5]	−688	2,585	−2,473	−800	45	265	2,949	−228
Change in foreign private assets in United States (increase, +)	113,357	176,382	251,956	60,045	85,136	72,533	86,495	66,185
U.S. bank-reported liabilities[3]	15,461	20,859	114,396	19,650	34,676	−531	12,239	−19,958
U.S. nonbank-reported liabilities	13,573	10,489	−4,324	487	−5,242	10,113	10,527	...
Foreign private purchases of U.S. Treasury securities, net	36,857	24,063	33,811	5,428	25,929	29,910	30,315	36,778
Foreign purchases of other U.S. securities, net	29,867	79,864	58,625	14,762	10,195	15,816	20,549	30,024
Foreign direct investments in United States, net	17,599	41,107	49,448	19,718	19,578	17,225	12,865	19,341
Allocation of special drawing rights	0	0	0	0	0	0	0	0
Discrepancy	−26,399	35,985	−14,269	−12,082	13,718	19,527	19,178	−23,330
Due to seasonal adjustment	...	...	...	−6,641	782	6,183	331	−7,086
Before seasonal adjustment	−26,399	35,985	−14,269	−5,441	12,936	13,344	18,847	−16,244
MEMO								
Changes in official assets								
U.S. official reserve assets (increase, −)	3,901	−1,379	5,346	−165	2,033	−5,318	−2,722	−1,893
Foreign official assets in United States, excluding line 25 (increase, +)	38,286	70,440	37,198	19,197	−1,113	22,462	37,330	39,285
Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	5,942	−3,717	−1,184	3,564	1,120	−322	−11	6,365

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 institutions 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[r]	1994[r]	1995 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 Goods and services, balance	−39,480	−74,842	−106,214	−11,076	−10,780	−11,280	−11,186	−8,359	−8,349	n.a.
2 Merchandise	−96,106	−132,618	−166,101	−16,336	−15,976	−16,493	−16,230	−13,504	−13,705	n.a.
3 Services	56,626	57,777	59,887	5,260	5,196	5,213	5,044	5,145	5,356	n.a.
4 Goods and services, exports	618,969	644,579	701,200	64,412	65,595	64,599	63,408	66,190	67,244	n.a.
5 Merchandise	440,352	456,824	502,484	47,157	48,307	47,381	46,368	49,084	49,858	n.a.
6 Services	178,617	187,755	198,716	17,255	17,288	17,218	17,040	17,106	17,386	n.a.
7 Goods and services, imports	−658,449	−719,421	−807,414	−75,488	−76,375	−75,879	−74,594	−74,549	−75,593	n.a.
8 Merchandise	−536,458	−589,442	−668,585	−63,493	−64,283	−63,874	−62,598	−62,588	−63,563	n.a.
9 Services	−121,991	−129,979	−138,829	−11,995	−12,092	−12,005	−11,996	−11,961	−12,030	n.a.

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1995 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**71,323**	**73,442**	**74,335**	**88,756**	**90,549**	**90,063**	**91,534**	**86,648**	**87,152**	**86,224**	**85,755**
2 Gold stock, including Exchange Stabilization Fund[1]	11,056	11,053	11,051	11,055	11,054	11,054	11,053	11,053	11,051	11,051	11,050
3 Special drawing rights[2,3]	8,503	9,039	10,039	11,743	11,923	11,869	11,487	11,146	11,035	10,949	11,034
4 Reserve position in International Monetary Fund[2]	11,759	11,818	12,030	14,206	14,278	14,276	14,761	14,470	14,681	14,700	14,572
5 Foreign currencies[4]	40,005	41,532	41,215	51,752	53,294	52,864	54,233	49,979	50,385	49,524	49,099

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1992	1993	1994	1995 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Deposits**	**205**	**386**	**250**	**166**	**227**	**167**	**190**	**165**	**201**	**275**	**194**
Held in custody											
2 U.S. Treasury securities[2]	314,481	379,394	441,866	469,482	474,181	482,506	505,613	502,737	506,572	507,075	522,950
3 Earmarked gold[3]	13,118	12,327	12,033	11,897	11,800	11,725	11,728	11,728[r]	11,728	11,709	11,702

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1993	1994	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.[p]
1 **Total**[1]	**483,002**	**520,578**	**552,623**	**560,324**	**580,073**	**604,392**	**612,828**	**619,419[r]**	**618,095**
By type									
2 Liabilities reported by banks in the United States[2]	69,808	73,031	85,564	84,859	91,583	93,743	104,745	110,051[r]	107,646
3 U.S. Treasury bills and certificates[3]	151,100	139,570	146,417	154,575	154,517	159,654	157,516	163,093	157,987
U.S. Treasury bonds and notes									
4 Marketable	212,237	254,059	265,178	263,404	274,254	291,034	290,670	286,145[r]	291,850
5 Nonmarketable[4]	5,652	6,109	6,174	6,209	6,245	6,288	6,329	6,366	6,407
6 U.S. securities other than U.S. Treasury securities[5]	44,205	47,809	49,290	51,277	53,474	53,673	53,568	53,764	54,205
By area									
7 Europe[1]	207,121	215,024	216,771	217,793	223,814	224,343	221,105	222,820	222,360
8 Canada	15,285	17,235	19,248	19,631	19,549	21,746	21,508	20,522	20,355
9 Latin America and Caribbean	55,898	41,492	42,475	44,707	50,288	58,007	63,264	63,375[r]	61,244
10 Asia	197,702	236,819	266,089	270,519	278,767	290,878	297,343	303,809[r]	305,061
11 Africa	4,052	4,179	4,200	4,281	4,427	4,309	4,433	4,684	4,761
12 Other countries	2,942	5,827	3,838	3,391	3,226	5,107	5,173	4,207	4,312

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 and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1991	1992	1993	1994 Dec.	1995 Mar.	1995 June	1995 Sept.
1 Banks' liabilities	75,129	72,796	78,259	89,587	96,190	106,069	101,456
2 Banks' claims	73,195	62,799	61,425	60,249	72,511	77,195	69,312
3 Deposits	26,192	24,240	20,401	19,640	24,257	28,915	25,668
4 Other claims	47,003	38,559	41,024	40,609	48,254	48,280	43,644
5 Claims of banks' domestic customers[2]	3,398	4,432	9,103	15,020	11,637	13,070	9,708

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1992	1993	1994	1995 Apr.	1995 May	1995 June	1995 July	1995 Aug.[r]	1995 Sept.	1995 Oct.[p]
By Holder and Type of Liability										
1 **Total, all foreigners**	**810,259**	**926,793**	**1,017,047**	**1,037,624**	**1,041,439**	**1,057,301**	**1,059,317**	**1,075,744**	**1,073,134**	**1,097,070**
2 Banks' own liabilities	606,444	627,040	721,624	720,976	722,735	735,054	730,208	744,997	734,272	760,747
3 Demand deposits	21,828	21,573	23,376	22,950	23,567	22,226	24,100	21,778	23,750	23,451
4 Time deposits[2]	160,385	175,032	186,400	182,196	184,299	195,214	191,739	196,816	188,000	202,048
5 Other[3]	93,237	112,056	115,933	123,852	127,544	122,722	140,910	139,068	136,103	145,619
6 Own foreign offices[4]	330,994	318,379	395,915	391,978	387,325	394,892	373,459	387,335	386,419	389,629
7 Banks' custodial liabilities[5]	203,815	299,753	295,423	316,648	318,704	322,247	329,109	330,747	338,862	336,323
8 U.S. Treasury bills and certificates[6]	127,644	176,739	162,826	175,540	182,046	182,204	188,621	187,318	193,070	189,118
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	42,177	48,278	40,331	45,112	44,252	45,175	47,254	47,968
10 Other	54,197	86,725	90,420	92,830	96,327	94,931	96,236	98,254	98,538	99,237
11 Nonmonetary international and regional organizations[8]	9,350	10,936	8,606	8,710	8,576	9,776	11,955	9,934	12,696	10,130
12 Banks' own liabilities	6,951	5,639	8,176	7,547	7,609	8,972	10,884	8,630	11,805	8,302
13 Demand deposits	46	15	29	214	34	114	43	40	64	383
14 Time deposits[2]	3,214	2,780	3,298	3,954	3,516	4,459	4,977	4,457	4,315	3,941
15 Other[3]	3,691	2,844	4,849	3,379	4,059	4,399	5,864	4,133	7,426	3,978
16 Banks' custodial liabilities[5]	2,399	5,297	430	1,163	967	804	1,071	1,304	891	1,828
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	763	510	312	551	826	354	1,342
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	400	456	492	520	478	537	486
19 Other	5	0	0	0	1	0	0	0	0	0
20 Official institutions[9]	159,563	220,908	212,601	231,981	239,434	246,100	253,397	262,261	273,144	265,633
21 Banks' own liabilities	51,202	64,231	59,580	67,999	68,974	73,129	75,379	83,346	85,998	83,284
22 Demand deposits	1,302	1,601	1,564	1,485	1,575	1,398	1,429	1,547	1,362	1,651
23 Time deposits[2]	17,939	21,654	23,511	25,788	27,462	27,426	29,502	31,554	32,048	30,195
24 Other[3]	31,961	40,976	34,505	40,726	39,937	44,305	44,448	50,245	52,588	51,438
25 Banks' custodial liabilities[5]	108,361	156,677	153,021	163,982	170,460	172,971	178,018	178,915	187,146	182,349
26 U.S. Treasury bills and certificates[6]	104,596	151,100	139,570	146,417	154,575	154,517	159,654	157,516	163,093	157,987
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	17,473	15,771	18,325	18,159	20,735	23,777	24,108
28 Other	39	95	206	92	114	129	205	664	276	254
29 Banks[10]	547,320	592,208	680,738	681,438	680,063	685,718	665,934	684,122	670,198	698,123
30 Banks' own liabilities	476,117	478,792	566,647	558,903	560,440	566,247	545,332	562,682	547,615	574,711
31 Unaffiliated foreign banks	145,123	160,413	170,732	166,925	173,115	171,355	171,873	175,347	161,196	185,082
32 Demand deposits	10,170	9,719	10,633	10,701	11,406	10,554	12,121	10,061	11,817	11,338
33 Time deposits[2]	90,296	105,192	111,156	100,613	103,681	111,674	104,806	108,842	98,868	114,497
34 Other[3]	44,657	45,502	48,943	55,611	58,028	49,127	54,946	56,444	50,511	59,247
35 Own foreign offices[4]	330,994	318,379	395,915	391,978	387,325	394,892	373,459	387,335	386,419	389,629
36 Banks' custodial liabilities[5]	71,203	113,416	114,091	122,535	119,623	119,471	120,602	121,440	122,583	123,412
37 U.S. Treasury bills and certificates[6]	11,087	10,712	11,219	15,717	14,437	15,021	15,535	15,489	16,170	16,299
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,234	15,815	10,955	11,188	10,583	10,142	9,665	9,804
39 Other	52,561	85,684	88,638	91,003	94,231	93,262	94,484	95,809	96,748	97,309
40 Other foreigners	94,026	102,741	115,102	115,495	113,366	115,707	128,031	119,427	117,096	123,184
41 Banks' own liabilities	72,174	78,378	87,221	86,527	85,712	86,706	98,613	90,339	88,854	94,450
42 Demand deposits	10,310	10,238	11,150	10,550	10,552	10,160	10,507	10,130	10,507	10,079
43 Time deposits[2]	48,936	45,406	48,435	51,841	49,640	51,655	52,454	51,963	52,769	53,415
44 Other[3]	12,928	22,734	27,636	24,136	25,520	24,891	35,652	28,246	25,578	30,956
45 Banks' custodial liabilities[5]	21,852	24,363	27,881	28,968	27,654	29,001	29,418	29,088	28,242	28,734
46 U.S. Treasury bills and certificates[6]	10,053	10,652	11,756	12,643	12,524	12,354	12,881	13,487	13,453	13,490
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	14,549	14,590	13,149	15,107	14,990	13,820	13,275	13,570
48 Other	1,592	946	1,576	1,735	1,981	1,540	1,547	1,781	1,514	1,674
Memo										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	17,651	11,938	12,158	10,129	10,409	9,915	10,372

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
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 for foreign customers.
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—Continued

Item	1992	1993	1994	1995 Apr.	May	June	July	Aug.	Sept.	Oct.
AREA										
50 **Total, all foreigners**	**810,259**	**926,793**	**1,017,047**	**1,037,624**	**1,041,439**	**1,057,301**	**1,059,317**	**1,075,744**	**1,073,134**	**1,097,070**
51 **Foreign countries**	**800,909**	**915,857**	**1,008,441**	**1,028,914**	**1,032,863**	**1,047,525**	**1,047,362**	**1,065,810**	**1,060,438**	**1,086,940**
52 Europe	307,670	378,107	392,931	368,495	377,387	374,702	377,555	376,475	361,949	376,384
53 Austria	1,611	1,917	3,649	4,030	3,961	3,854	3,923	3,869	5,221	4,887
54 Belgium and Luxembourg	20,567	28,670	21,978	22,855	25,734	21,078	24,793	24,591	24,036	25,102
55 Denmark	3,060	4,517	2,784	2,567	2,811	2,432	2,131	2,468	2,476	3,177
56 Finland	1,299	1,872	1,436	2,028	1,708	1,455	2,390	2,270	1,972	2,419
57 France	41,411	40,316	45,207	38,668	40,976	45,034	42,870	43,309	38,096	43,022
58 Germany	18,630	26,685	27,190	28,496	31,968	34,342	33,790	31,256	31,388	26,342
59 Greece	913	1,519	1,393	2,195	2,160	2,351	2,297	2,398	2,119	2,032
60 Italy	10,041	11,759	10,882	9,414	9,810	10,371	10,218	10,813	8,937	10,224
61 Netherlands	7,365	16,096	15,971	12,545	14,622	11,449	11,743	10,685	13,106	15,602
62 Norway	3,314	2,966	2,338	1,374	1,289	1,305	1,119	2,087	1,011	1,048
63 Portugal	2,465	3,366	2,846	2,940	2,855	2,674	3,164	2,933	3,033	2,901
64 Russia	577	2,511	2,714	5,011	7,042	7,177	6,313	7,265	6,367	7,338
65 Spain	9,793	20,493	14,655	9,859	9,780	10,532	9,089	9,973	10,060	13,409
66 Sweden	2,953	2,738	3,093	1,845	1,437	3,471	2,187	2,876	3,143	1,989
67 Switzerland	39,440	41,561	41,881	41,258	39,984	47,243	42,192	41,644	41,376	42,440
68 Turkey	2,666	3,227	3,341	3,624	3,187	3,255	2,972	3,523	3,936	4,066
69 United Kingdom	111,805	133,993	163,768	153,431	151,052	141,110	151,339	150,781	141,572	147,485
70 Yugoslavia[11]	504	570	245	219	220	220	214	146	215	210
71 Other Europe and other former U.S.S.R.[12]	29,256	33,331	27,760	26,136	26,791	25,349	24,811	23,588	23,885	22,691
72 Canada	22,420	20,235	24,627	28,563	27,716	29,451	28,888	28,296	28,847	35,356
73 Latin America and Caribbean	317,228	362,161	422,781	431,632	429,741	444,638	435,628	447,310	434,034	439,407
74 Argentina	9,477	14,477	17,199	10,154	10,210	10,806	12,336	11,538	11,179	11,525
75 Bahamas	82,284	73,800	103,684	97,304	92,324	97,244	88,580	95,808	92,583	96,002
76 Bermuda	7,079	8,117	8,467	8,955	8,617	7,156	6,907	6,873	6,073	6,661
77 Brazil	5,584	5,301	9,140	13,114	15,563	18,242	21,224	26,743	27,591	27,316
78 British West Indies	153,033	193,649	229,620	244,233	242,895	252,372	245,018	244,228	234,579	236,032
79 Chile	3,035	3,183	3,114	3,446	2,911	3,304	2,661	2,890	2,698	2,573
80 Colombia	4,580	3,171	4,579	3,598	3,401	3,273	3,429	3,349	3,257	3,397
81 Cuba	3	33	13	6	5	5	5	3	4	13
82 Ecuador	993	880	873	1,054	1,048	1,179	1,118	1,160	1,130	1,311
83 Guatemala	1,377	1,207	1,121	1,094	1,069	1,128	1,099	1,122	1,197	1,068
84 Jamaica	371	410	529	422	542	449	426	444	484	430
85 Mexico	19,454	28,018	12,244	17,246	18,174	19,172	20,977	22,120	22,063	20,879
86 Netherlands Antilles	5,205	4,686	4,530	4,076	6,001	4,626	6,066	4,778	5,016	5,328
87 Panama	4,177	3,582	4,542	4,816	4,881	4,297	4,624	4,998	4,678	4,462
88 Peru	1,080	926	899	931	1,004	996	943	1,028	909	897
89 Uruguay	1,955	1,611	1,594	1,930	2,091	2,029	1,951	1,937	1,839	1,842
90 Venezuela	11,387	12,786	13,975	12,122	12,041	11,187	11,419	11,193	11,963	12,626
91 Other	6,154	6,324	6,658	7,131	6,964	7,173	6,845	7,098	6,791	7,045
92 Asia	143,540	144,529	155,556	187,634	186,272	188,284	192,175	199,607	222,981	222,269
China										
93 People's Republic of China	3,202	4,011	10,066	12,138	9,459	10,579	11,908	13,208	22,273	22,351
94 Republic of China (Taiwan)	8,408	10,627	9,826	9,630	9,137	9,740	9,152	9,838	10,253	10,722
95 Hong Kong	18,499	17,132	17,087	20,069	22,690	23,031	25,124	24,152	21,852	21,848
96 India	1,399	1,114	2,338	2,194	1,939	2,104	2,269	2,745	2,914	3,001
97 Indonesia	1,480	1,986	1,587	1,696	2,331	2,115	1,962	2,175	2,366	2,172
98 Israel	3,773	4,435	5,155	5,411	5,326	4,570	4,596	4,723	4,207	3,812
99 Japan	58,435	61,466	64,259	84,761	83,174	83,348	85,801	89,102	104,261	103,967
100 Korea (South)	3,337	4,913	5,124	4,760	5,030	4,982	5,061	4,881	5,443	5,332
101 Philippines	2,275	2,035	2,714	2,257	2,704	2,538	2,652	2,793	2,786	2,840
102 Thailand	5,582	6,137	6,466	10,416	11,582	11,497	11,239	11,177	11,803	10,456
103 Middle Eastern oil-exporting countries[13]	21,437	15,824	15,475	15,730	15,612	16,865	16,468	15,779	16,892	17,350
104 Other	15,713	14,849	15,459	18,572	17,288	16,915	15,943	19,034	17,931	18,418
105 Africa	5,884	6,633	6,511	6,583	6,707	6,779	6,962	6,989	7,033	7,209
106 Egypt	2,472	2,208	1,867	2,102	2,045	2,143	1,840	1,924	2,127	1,948
107 Morocco	76	99	97	66	72	90	94	87	79	66
108 South Africa	190	451	433	401	539	594	1,000	746	467	934
109 Zaire	19	12	9	12	10	18	13	15	9	4
110 Oil-exporting countries[14]	1,346	1,303	1,343	1,328	1,302	1,418	1,364	1,667	1,792	1,544
111 Other	1,781	2,560	2,762	2,674	2,739	2,516	2,651	2,550	2,559	2,713
112 Other countries	4,167	4,192	6,035	6,007	5,040	3,671	6,154	7,133	5,594	6,315
113 Australia	3,043	3,308	5,141	4,912	4,255	2,944	5,472	5,459	4,777	5,007
114 Other	1,124	884	894	1,095	785	727	682	1,674	817	1,308
115 Nonmonetary international and regional organizations	9,350	10,936	8,606	8,710	8,576	9,776	11,955	9,934	12,696	10,130
116 International[15]	7,434	6,851	7,537	7,173	6,597	8,124	10,266	7,918	10,964	8,294
117 Latin American regional[16]	1,415	3,218	613	666	1,067	804	834	1,010	876	552
118 Other regional[17]	501	867	456	871	912	848	855	1,006	856	1,284

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1992	1993	1994	1995						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total, all foreigners**	**499,437**	**486,250**	**483,372**	**480,697**	**483,947**	**519,489**	**506,828**	**518,721**	**513,235**	**519,392**
2 **Foreign countries**	**494,355**	**483,845**	**478,781**	**477,760**	**482,337**	**516,856**	**505,511**	**517,304**	**510,408**	**517,734**
3 Europe	123,377	122,823	124,609	122,538	123,304	128,932	125,948	126,617	115,505	130,356
4 Austria	331	413	692	461	756	581	616	685	670	880
5 Belgium and Luxembourg	6,404	6,532	6,737	8,505	8,052	5,148	8,063	8,250	7,051	7,017
6 Denmark	707	382	1,030	549	508	599	443	428	410	634
7 Finland	1,418	594	691	700	431	394	967	1,001	1,221	1,916
8 France	14,723	11,822	12,767	13,132	14,083	15,362	15,419	15,166	13,927	14,766
9 Germany	4,222	7,722	6,732	7,156	6,644	7,986	6,272	7,859	7,802	7,192
10 Greece	717	680	592	560	407	442	445	386	385	404
11 Italy	9,047	8,836	6,041	6,209	6,219	6,734	6,066	5,747	5,911	5,605
12 Netherlands	2,468	3,063	2,957	3,551	5,998	4,356	4,478	4,354	4,721	4,469
13 Norway	355	396	504	1,295	1,382	1,019	1,206	1,047	1,392	1,456
14 Portugal	325	834	938	915	990	1,208	987	916	986	1,026
15 Russia	3,147	2,310	949	657	511	508	495	506	421	696
16 Spain	2,755	2,800	3,529	2,076	2,138	3,565	3,626	3,482	3,520	3,154
17 Sweden	4,923	4,252	4,096	3,522	3,319	2,939	3,557	2,820	2,677	2,604
18 Switzerland	4,717	6,603	7,492	7,398	7,631	10,290	7,539	7,362	7,219	6,320
19 Turkey	962	1,301	874	810	722	713	725	768	802	830
20 United Kingdom	63,430	61,963	66,558	63,642	62,218	65,790	63,746	64,498	54,368	68,988
21 Yugoslavia[2]	569	536	265	247	248	229	230	230	234	233
22 Other Europe and other former U.S.S.R.[3]	2,157	1,784	1,165	1,153	1,047	1,069	1,068	1,112	1,788	2,166
23 Canada	13,845	18,543	18,150	17,482	20,553	19,715	18,870	17,289	18,666	17,796
24 Latin America and Caribbean	218,078	223,997	222,541	224,901	223,659	243,232	237,824	248,921	249,503	249,310
25 Argentina	4,958	4,473	5,834	6,178	6,352	6,596	6,255	6,161	6,119	6,007
26 Bahamas	60,835	63,296	66,096	64,352	62,297	63,287	59,446	60,421	62,436	55,471
27 Bermuda	5,935	8,532	8,381	11,843	10,884	8,549	6,373	8,944	6,295	5,537
28 Brazil	10,773	11,845	9,579	10,896	11,192	11,522	12,528	12,981	13,093	13,346
29 British West Indies	101,507	98,708	95,609	94,155	95,284	113,870	113,951	117,416	119,524	122,061
30 Chile	3,397	3,619	3,794	4,247	3,867	4,316	4,245	4,642	4,436	4,619
31 Colombia	2,750	3,179	4,003	3,928	4,034	4,032	4,182	4,270	4,358	4,578
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	884	680	680	565	663	767	767	725	805	846
34 Guatemala	262	288	366	359	353	344	340	350	361	385
35 Jamaica	162	195	258	262	258	264	277	290	287	289
36 Mexico	14,991	15,713	17,721	17,182	17,375	17,277	17,146	16,833	16,483	16,653
37 Netherlands Antilles	1,379	2,682	1,055	1,333	1,778	2,881	2,730	6,313	5,602	9,233
38 Panama	4,654	2,893	2,179	2,507	2,433	2,506	2,512	2,503	2,575	2,825
39 Peru	730	656	996	1,116	1,095	1,359	1,332	1,368	1,464	1,500
40 Uruguay	936	969	503	366	398	377	424	424	386	441
41 Venezuela	2,525	2,907	1,828	1,679	1,662	1,608	1,647	1,596	1,480	1,826
42 Other	1,400	3,362	3,659	3,933	3,734	3,677	3,669	3,684	3,799	3,693
43 Asia	131,789	111,765	107,337	106,749	108,780	118,697	117,198	118,197	120,256	114,523
China										
44 People's Republic of China	906	2,271	836	980	879	1,143	1,206	1,163	1,316	1,241
45 Republic of China (Taiwan)	2,046	2,623	1,444	1,534	1,519	1,794	1,913	1,600	1,584	1,595
46 Hong Kong	9,642	10,826	9,159	11,602	12,069	14,894	14,753	14,496	15,677	12,539
47 India	529	589	994	1,139	1,126	1,210	1,732	1,905	1,944	1,924
48 Indonesia	1,189	1,527	1,470	1,463	1,427	1,443	1,516	1,620	1,596	1,623
49 Israel	820	826	688	683	783	949	748	700	712	886
50 Japan	79,172	60,029	59,425	55,191	58,475	61,039	61,268	63,288	63,059	61,817
51 Korea (South)	6,179	7,539	10,286	11,953	12,265	12,617	13,142	12,836	13,028	13,396
52 Philippines	2,145	1,409	660	496	532	916	596	623	750	673
53 Thailand	1,867	2,170	2,902	2,757	2,755	2,688	2,670	2,594	2,594	2,568
54 Middle Eastern oil-exporting countries[4]	18,540	15,113	13,741	13,292	11,643	12,569	11,946	11,403	11,723	9,963
55 Other	8,754	6,843	5,732	5,659	5,307	7,435	5,708	5,969	6,273	6,298
56 Africa	4,279	3,857	3,015	2,741	2,751	2,919	2,907	2,826	2,705	2,783
57 Egypt	186	196	225	181	237	204	193	194	202	224
58 Morocco	441	481	429	440	454	686	645	653	647	457
59 South Africa	1,041	633	671	584	579	563	531	544	454	604
60 Zaire	4	4	2	2	2	2	7	2	2	1
61 Oil-exporting countries[5]	1,002	1,129	842	700	658	657	659	614	615	586
62 Other	1,605	1,414	846	834	821	807	872	819	785	911
63 Other	2,987	2,860	3,129	3,349	3,290	3,361	2,764	3,454	3,773	2,966
64 Australia	2,243	2,037	2,186	1,768	1,877	1,999	2,072	2,072	2,632	2,095
65 Other	744	823	943	1,581	1,413	1,362	692	1,382	1,141	871
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,591	2,937	1,610	2,633	1,317	1,417	2,827	1,658

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1992	1993	1994	1995 Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 **Total**	**559,495**	**560,040**	**580,496**	...	...	**625,934**	...	...	**622,095**	...
2 Banks' claims	499,437	486,250	483,372	480,697	483,947	519,489	506,828	518,721[r]	513,235	519,392
3 Foreign public borrowers	31,367	29,004	23,470	22,193	19,075	23,772	19,716	21,423	22,291	20,937
4 Own foreign offices[2]	303,991	284,270	282,143	282,383	285,843	300,564	292,026	295,929	296,897	301,464
5 Unaffiliated foreign banks	109,342	100,169	111,494	104,883	104,005	112,162	113,309	111,578[r]	107,011	103,307
6 Deposits	61,550	49,186	59,142	54,970	51,454	58,583	59,456	57,386	50,490	46,697
7 Other	47,792	50,983	52,352	49,913	52,551	53,579	53,853	54,192[r]	56,521	56,610
8 All other foreigners	54,737	72,807	66,265	71,238	75,024	82,991	81,777	89,791[r]	87,036	93,684
9 Claims of banks' domestic customers[3]	60,058	73,790	97,124	...	...	106,445	...	...	108,860	...
10 Deposits	15,452	34,291	56,649	...	...	58,526	...	...	51,960	...
11 Negotiable and readily transferable instruments[4]	31,474	25,819	27,188	...	...	31,591	...	...	40,192	...
12 Outstanding collections and other claims	13,132	13,680	13,287	...	...	16,328	...	...	16,708	...
MEMO										
13 Customer liability on acceptances	8,655	7,846	8,377	...	...	8,500	...	...	8,751	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	29,287	32,004	26,429	29,437	35,409	34,221	35,133	34,203	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 from 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, bankers acceptances, and commercial paper.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1991	1992	1993	1994 Dec.	1995 Mar.	June[r]	Sept.[p]
Total	**195,302**	**195,119**	**201,611**	**201,117**	**198,959**	**218,572**	**215,744**
By borrower							
Maturity of one year or less	162,573	163,325	171,786	175,429	170,580	190,272	183,362
Foreign public borrowers	21,050	17,813	17,763	15,557	15,749	15,917	14,307
All other foreigners	141,523	145,512	154,023	159,872	154,831	174,355	169,055
Maturity of more than one year	32,729	31,794	29,825	25,688	28,379	28,300	32,382
Foreign public borrowers	15,859	13,266	10,880	7,670	7,689	7,726	7,721
All other foreigners	16,870	18,528	18,945	18,018	20,690	20,574	24,661
By area							
Maturity of one year or less							
Europe	51,835	53,300	57,392	58,188	54,389	60,573	51,869
Canada	6,444	6,091	7,673	7,360	7,417	8,210	7,765
Latin America and Caribbean	43,597	50,376	59,689	61,448	63,803	71,114	73,610
Asia	51,059	45,709	41,419	40,696	38,213	44,328	44,157
Africa	2,549	1,784	1,820	1,371	1,223	1,443	1,259
All other[3]	7,089	6,065	3,793	6,366	5,535	4,604	4,702
Maturity of more than one year							
Europe	3,878	5,367	5,276	3,865	4,496	3,700	4,361
Canada	3,595	3,287	2,558	2,495	3,596	3,084	2,795
Latin America and Caribbean	18,277	15,312	14,007	12,230	13,003	14,116	17,477
Asia	4,459	5,038	5,600	4,731	5,215	5,488	5,790
Africa	2,335	2,380	1,936	1,553	1,592	1,372	1,372
All other[3]	185	410	448	814	477	540	587

...ome banks include all types of depository institutions as well as some brokers and
2. Maturity is time remaining until 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		1994				1995		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**343.5**	**344.7**	**387.4**	**405.2**	**476.4**	**485.6**	**485.2**	**496.7**	**537.6**	**523.3**	**519.7**
2 G-10 countries and Switzerland	137.5	131.3	152.0	161.6	180.3	174.9	183.7	191.7	207.0	199.2	196.9
3 Belgium and Luxembourg	.0	5.6	7.1	7.4	8.0	8.6	9.6	7.0	8.3	7.3	8.5
4 France	11.3	15.3	12.3	12.0	16.6	19.1	21.2	19.7	20.1	19.3	17.4
5 Germany	8.3	9.1	12.2	12.6	29.9	25.0	24.2	23.8	30.4	29.1	27.7
6 Italy	5.6	6.5	8.7	7.6	15.6	14.0	11.6	11.8	10.6	10.7	12.6
7 Netherlands	.0	2.8	3.7	4.7	4.1	3.6	3.5	3.6	3.6	4.3	3.9
8 Sweden	1.9	2.3	2.5	2.7	2.9	3.0	2.6	2.7	3.1	3.0	2.7
9 Switzerland	3.4	4.8	5.6	5.9	6.3	6.5	6.2	6.9	6.2	6.1	6.0
10 United Kingdom	68.4	59.7	73.9	84.2	69.5	64.6	78.4	85.5	89.5	86.5	82.3
11 Canada	5.8	6.3	9.7	6.8	7.8	9.7	9.9	9.7	10.6	10.8	11.8
12 Japan	22.2	18.8	16.4	17.6	19.6	20.7	16.5	21.0	24.5	22.1	24.0
13 Other industrialized countries	22.8	24.0	26.0	24.6	41.2	41.7	41.6	45.2	43.9	43.2	49.6
14 Austria	.6	1.2	.6	.4	1.0	1.0	1.0	1.1	.9	.7	1.2
15 Denmark	.9	.9	1.1	1.0	1.1	1.1	.9	1.2	1.6	1.1	1.6
16 Finland	.7	.7	.6	.4	1.0	.8	.8	1.0	1.1	.5	.7
17 Greece	2.6	3.0	3.2	3.2	3.8	4.6	4.3	4.5	4.9	5.0	5.1
18 Norway	1.4	1.2	2.1	1.7	1.6	1.6	1.6	2.0	2.4	1.8	2.3
19 Portugal	.6	.4	1.0	.8	1.2	1.1	1.0	1.2	1.0	1.2	1.7
20 Spain	8.3	8.9	9.3	8.9	12.3	11.7	13.1	13.6	14.1	13.3	13.3
21 Turkey	1.4	1.3	2.1	2.1	2.4	2.1	1.8	1.6	1.4	1.4	2.0
22 Other Western Europe	1.8	1.7	2.2	2.6	3.0	2.8	1.0	2.7	2.5	2.6	3.0
23 South Africa	1.9	1.7	1.2	1.1	1.2	1.2	1.2	1.0	1.4	1.4	1.3
24 Australia	2.7	2.9	2.8	2.3	12.7	13.7	15.0	15.4	12.6	14.3	17.4
25 OPEC[2]	14.5	15.8	14.8	17.4	22.9	21.6	21.6	23.8	19.5	20.3	22.3
26 Ecuador	.7	.6	.5	.5	.5	.5	.4	.5	.5	.7	.7
27 Venezuela	5.4	5.2	5.4	5.1	4.7	4.4	3.9	3.7	3.5	3.5	3.0
28 Indonesia	2.7	2.7	2.8	3.3	3.4	3.2	3.3	3.8	4.0	4.1	4.4
29 Middle East countries	4.2	6.2	4.9	7.4	13.2	12.4	13.0	15.0	10.7	11.4	13.5
30 African countries	1.5	1.1	1.1	1.2	1.1	1.1	1.0	.9	.7	.6	.6
31 Non-OPEC developing countries	64.3	72.6	77.4	82.9	94.1	94.5	92.9	95.9	98.4	103.5	103.6
Latin America											
32 Argentina	4.8	6.6	7.2	7.7	8.7	9.9	10.5	11.2	11.4	12.3	10.9
33 Brazil	9.6	10.8	11.7	12.0	12.7	12.0	9.3	8.4	9.2	10.0	13.2
34 Chile	3.6	4.4	4.7	4.7	5.1	5.1	5.4	6.1	6.3	7.0	6.3
35 Colombia	1.7	1.8	2.0	2.1	2.2	2.4	2.4	2.6	2.6	2.6	2.9
36 Mexico	15.5	16.0	17.5	17.6	18.8	18.4	19.6	18.4	17.8	17.6	16.3
37 Peru	.4	.5	.3	.4	.6	.6	.6	.5	.6	.8	.7
38 Other	2.1	2.6	2.7	3.1	2.8	2.7	2.8	2.7	2.4	2.6	2.6
Asia											
China											
39 People's Republic of China	.3	.7	.5	2.0	.8	.8	1.0	1.1	1.1	1.4	1.7
40 Republic of China (Taiwan)	4.1	5.2	6.4	7.3	7.6	7.1	6.9	9.2	8.5	9.0	9.0
41 India	3.0	3.2	2.9	3.2	3.4	3.7	3.9	4.2	3.8	4.0	4.4
42 Israel	.5	.4	.4	.5	.4	.4	.4	.4	.6	.6	.5
43 Korea (South)	6.8	6.6	6.5	6.7	14.1	14.3	14.4	16.2	16.9	18.7	18.0
44 Malaysia	2.3	3.1	4.1	4.4	5.2	5.2	3.9	3.1	3.9	4.1	4.3
45 Philippines	3.7	3.6	2.6	3.1	3.4	3.2	2.9	3.3	3.0	3.6	3.3
46 Thailand	1.7	2.2	2.8	3.1	3.0	3.3	3.5	2.1	3.3	3.8	3.9
47 Other Asia	2.4	3.1	3.4	3.1	3.1	3.2	3.4	4.7	4.9	3.5	3.6
Africa											
48 Egypt	.4	.2	.2	.4	.4	.5	.3	.3	.4	.4	.4
49 Morocco	.7	.6	.6	.7	.7	.7	.7	.6	.6	.9	.9
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.7	1.0	.8	.8	1.0	.9	.9	.8	.7	.6	.7
52 Eastern Europe	2.4	3.1	3.0	3.1	3.4	3.0	3.0	2.7	2.3	1.8	3.4
53 Russia[4]	.9	1.9	1.7	1.6	1.5	1.2	1.1	.8	.6	.4	.6
54 Yugoslavia[5]	.9	.6	.6	.6	.5	.5	.5	.5	.4	.3	.4
55 Other	.7	.6	.7	.9	1.4	1.4	1.5	1.4	1.2	1.0	2.3
56 Offshore banking centers	53.8	58.1	67.9	72.0	78.1	79.9	76.3	70.5	84.4	83.0	84.0
57 Bahamas	11.9	6.9	12.7	10.8	13.4	13.0	13.4	10.0	12.6	7.9	10.4
58 Bermuda	2.3	6.2	5.5	8.6	8.9	6.5	6.0	8.3	8.7	8.5	6.3
59 Cayman Islands and other British West Indies	15.5	21.5	15.1	17.4	17.5	23.5	21.1	19.8	19.3	23.3	23.3
60 Netherlands Antilles	1.2	1.1	2.8	2.6	3.5	2.5	1.7	1.0	.9	2.5	5.5
61 Panama[6]	1.4	1.9	2.1	2.4	2.0	1.9	1.9	1.3	1.1	1.3	1.3
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	14.3	13.9	19.1	18.7	19.7	21.8	20.3	19.9	22.4	23.0	23.7
64 Singapore	7.1	6.5	10.4	11.2	13.0	10.6	11.8	10.1	19.2	16.4	13.3
65 Other[7]	.0	.0	.0	.1	.0	.0	.0	.1	.0	.0	.1
66 Miscellaneous and unallocated[8]	47.9	39.7	46.2	43.4	55.9	69.7	65.8	66.6	82.0	72.1	59.6

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

Millions of dollars, end of period

	Type of liability, and area or country	1991	1992	1993	1994				1995	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**44,708**	**45,511**	**50,330**	**52,102**	**55,350**	**57,190**	**54,586**	**51,092**	**50,565**
2	Payable in dollars	39,029	37,456	38,728	38,543	42,936	42,712	39,651	37,204	35,635
3	Payable in foreign currencies	5,679	8,055	11,602	13,559	12,414	14,478	14,935	13,888	14,930
	By type									
4	Financial liabilities	22,518	23,841	28,959	30,485	33,245	35,871	32,852	29,752	28,832
5	Payable in dollars	18,104	16,960	18,545	18,930	22,819	23,262	19,792	17,645	15,876
6	Payable in foreign currencies	4,414	6,881	10,414	11,555	10,426	12,609	13,060	12,107	12,956
7	Commercial liabilities	22,190	21,670	21,371	21,617	22,105	21,319	21,734	21,340	21,733
8	Trade payables	9,252	9,566	8,802	8,979	9,911	9,550	10,005	9,908	10,558
9	Advance receipts and other liabilities	12,938	12,104	12,569	12,638	12,194	11,769	11,729	11,432	11,175
10	Payable in dollars	20,925	20,496	20,183	19,613	20,117	19,450	19,859	19,559	19,759
11	Payable in foreign currencies	1,265	1,174	1,188	2,004	1,988	1,869	1,875	1,781	1,974
	By area or country									
	Financial liabilities									
12	Europe	12,003	13,387	18,810	20,582	23,689	23,813	20,870	16,804	17,217
13	Belgium and Luxembourg	216	414	175	525	524	661	495	612	778
14	France	2,106	1,623	2,539	2,606	1,590	2,241	1,727	2,046	1,101
15	Germany	682	889	975	1,214	939	1,467	1,961	1,755	1,589
16	Netherlands	1,056	606	534	564	533	648	552	633	530
17	Switzerland	408	569	634	1,200	631	633	688	883	1,056
18	United Kingdom	6,528	8,610	13,332	13,865	18,255	16,848	14,709	10,025	11,133
19	Canada	292	544	859	508	698	618	629	1,817	894
20	Latin America and Caribbean	4,784	4,053	3,359	3,554	3,125	3,139	3,021	3,024	2,808
21	Bahamas	537	379	1,148	1,158	1,052	1,112	926	931	851
22	Bermuda	114	114	0	120	115	15	80	149	138
23	Brazil	6	19	18	18	18	7	207	58	58
24	British West Indies	3,524	2,850	1,533	1,613	1,297	1,344	1,160	1,231	1,118
25	Mexico	7	12	17	14	13	15	0	10	3
26	Venezuela	4	6	5	5	5	5	5	5	4
27	Asia	5,381	5,818	5,689	5,650	5,694	8,149	8,147	7,911	7,720
28	Japan	4,116	4,750	4,620	4,638	4,760	6,947	7,013	6,890	6,791
29	Middle Eastern oil-exporting countries[1]	13	19	23	24	24	31	35	27	25
30	Africa	6	6	133	133	9	133	135	156	151
31	Oil-exporting countries[2]	4	0	123	124	0	123	123	122	122
32	All other[3]	52	33	109	58	30	19	50	40	42
	Commercial liabilities									
33	Europe	8,701	7,398	6,827	6,553	6,919	6,866	6,835	6,812	6,964
34	Belgium and Luxembourg	248	298	239	263	254	287	241	271	288
35	France	1,039	700	655	554	712	742	760	692	581
36	Germany	1,052	729	684	577	670	552	604	504	575
37	Netherlands	710	535	688	628	649	674	722	574	476
38	Switzerland	575	350	375	388	473	391	327	329	434
39	United Kingdom	2,297	2,505	2,039	2,142	2,309	2,350	2,444	2,848	2,902
40	Canada	1,014	1,002	879	1,039	1,070	1,068	1,037	1,198	1,107
41	Latin America and Caribbean	1,355	1,533	1,658	1,900	2,000	1,783	1,857	1,389	1,856
42	Bahamas	3	3	21	8	2	6	19	8	3
43	Bermuda	310	307	350	493	418	200	345	265	401
44	Brazil	219	209	214	209	215	147	161	97	108
45	British West Indies	107	33	27	20	24	33	23	29	12
46	Mexico	307	457	481	554	703	672	574	362	428
47	Venezuela	94	142	123	147	192	189	276	273	204
48	Asia	9,334	10,594	10,980	10,927	10,968	10,501	11,058	10,937	10,874
49	Japan	3,721	3,612	4,314	4,617	4,389	4,235	4,801	4,785	4,350
50	Middle Eastern oil-exporting countries[1]	1,498	1,889	1,534	1,534	1,834	1,680	1,603	1,800	1,810
51	Africa	715	568	453	478	510	468	428	463	482
52	Oil-exporting countries[2]	327	309	167	194	241	264	256	248	252
53	Other[3]	1,071	575	574	720	638	633	519	541	450

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1991	1992	1993	1994				1995	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**45,262**	**45,073**	**48,881**	**50,716**	**49,513**	**51,406**	**56,743**	**52,177**	**57,657r**
2 Payable in dollars	42,564	42,281	44,883	46,596	45,018	47,065	52,690	47,878	53,276r
3 Payable in foreign currencies	2,698	2,792	3,998	4,120	4,495	4,341	4,053	4,299	4,381
By type									
4 Financial claims	27,882	26,509	27,528	29,379	27,337	28,930	32,876	28,651	33,539r
5 Deposits	20,080	17,695	15,681	16,404	15,842	16,764	18,720	17,218	22,149
6 Payable in dollars	19,080	16,872	15,146	15,847	15,203	16,153	18,245	16,609	21,477
7 Payable in foreign currencies	1,000	823	535	557	639	611	475	609	672
8 Other financial claims	7,802	8,814	11,847	12,975	11,495	12,166	14,156	11,433	11,390r
9 Payable in dollars	6,910	7,890	10,655	11,788	10,172	10,978	13,096	10,266	10,303r
10 Payable in foreign currencies	892	924	1,192	1,187	1,323	1,188	1,060	1,167	1,087
11 Commercial claims	17,380	18,564	21,353	21,337	22,176	22,476	23,867	23,526	24,118r
12 Trade receivables	14,468	16,007	18,390	18,480	19,375	19,713	21,034	20,581	21,177r
13 Advance payments and other claims	2,912	2,557	2,963	2,857	2,801	2,763	2,833	2,945	2,941
14 Payable in dollars	16,574	17,519	19,082	18,961	19,643	19,934	21,349	21,003	21,496r
15 Payable in foreign currencies	806	1,045	2,271	2,376	2,533	2,542	2,518	2,523	2,622
By area or country									
Financial claims									
16 Europe	13,441	9,331	7,249	7,411	6,763	8,156	7,679	7,277	7,439r
17 Belgium and Luxembourg	13	8	134	125	83	114	86	69	81
18 France	269	764	826	790	995	831	800	808	706
19 Germany	283	326	526	466	459	413	540	443	355
20 Netherlands	334	515	502	503	472	503	429	606	601
21 Switzerland	581	490	530	535	509	747	523	490	499
22 United Kingdom	11,534	6,252	3,535	3,853	3,127	4,440	4,436	3,919	4,493r
23 Canada	2,642	1,833	2,032	2,294	3,080	3,164	3,801	4,064	3,929
24 Latin America and Caribbean	10,717	13,893	16,031	16,645	14,799	14,952	18,841	15,500	20,579r
25 Bahamas	827	778	1,310	1,385	1,288	1,086	2,369	905	2,322
26 Bermuda	8	40	125	34	39	52	27	37	85
27 Brazil	351	686	654	672	466	411	520	487	460
28 British West Indies	9,056	11,747	12,536	13,281	11,993	12,271	14,880	13,274	16,798r
29 Mexico	212	445	868	850	614	655	606	475	524
30 Venezuela	40	29	161	26	33	32	35	27	27
31 Asia	640	864	1,657	2,550	2,234	2,175	1,838	1,457	1,226
32 Japan	350	668	892	1,657	1,349	662	931	584	467
33 Middle Eastern oil-exporting countries[1]	5	3	3	5	2	19	141	4	5
34 Africa	57	83	99	76	74	87	249	77	64
35 Oil-exporting countries[2]	1	9	1	0	1	1	0	9	9
36 All other[3]	385	505	460	403	387	396	468	276	302
Commercial claims									
37 Europe	8,193	8,451	9,105	8,793	8,952	8,812	9,517	9,047	9,231r
38 Belgium and Luxembourg	194	189	184	182	189	179	213	198	216
39 France	1,585	1,537	1,947	1,830	1,779	1,766	1,879	1,783	1,673
40 Germany	955	933	1,018	950	940	883	1,027	995	1,026r
41 Netherlands	645	552	423	355	294	331	307	335	349
42 Switzerland	295	362	432	415	686	538	557	562	620
43 United Kingdom	2,086	2,094	2,377	2,348	2,443	2,505	2,547	2,404	2,460r
44 Canada	1,121	1,286	1,781	1,870	1,875	1,906	1,988	2,006	1,986r
45 Latin America and Caribbean	2,655	3,043	3,274	3,560	3,900	3,960	4,117	4,146	4,344r
46 Bahamas	13	28	11	13	18	34	9	17	21
47 Bermuda	264	255	182	222	295	246	234	202	207
48 Brazil	427	357	460	419	500	471	612	678	766r
49 British West Indies	41	40	71	58	67	49	83	59	85
50 Mexico	842	924	990	1,011	1,048	1,136	1,243	1,114	1,113r
51 Venezuela	203	345	293	292	303	388	348	294	318
52 Asia	4,591	4,866	5,979	5,932	6,266	6,561	6,881	7,013	7,181r
53 Japan	1,899	1,903	2,275	2,447	2,490	2,586	2,623	2,725	2,806r
54 Middle Eastern oil-exporting countries[1]	620	693	701	654	608	605	690	690	697
55 Africa	430	554	493	487	472	445	454	475	463r
56 Oil-exporting countries[2]	95	78	72	88	78	59	67	75	61
57 Other[3]	390	364	721	695	711	792	910	839	913r

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1993	1994	1995 Jan.–Oct.	1995 Apr.	May	June	July	Aug.	Sept.	Oct.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,664	350,558	374,344	30,082	38,769	45,429	42,444	41,908	44,448	41,487
2 Foreign sales	298,086	348,648	368,174	29,206	36,087	43,199	40,009	39,366	44,217	42,856
3 Net purchases, or sales (−)	**21,578**	**1,910**	**6,170**	**876**	**2,682**	**2,230**	**2,435**	**2,542**	**231**	**−1,369**
4 Foreign countries	**21,306**	**1,900**	**6,362**	**877**	**2,692**	**2,238**	**2,443**	**2,565**	**294**	**−1,329**
5 Europe	10,658	6,717	2,883	165	381	−44	2,045	1,836	−1,319	1,647
6 France	−103	201	−659	−80	−66	−79	261	17	−126	−54
7 Germany	1,642	2,110	−1,695	−261	−528	−224	8	−104	−136	5
8 Netherlands	−602	2,251	2,919	349	174	70	364	431	197	528
9 Switzerland	2,986	−30	−2,701	−673	−476	−201	−20	−847	9	449
10 United Kingdom	4,559	840	6,184	1,125	1,382	243	1,445	2,330	−1,114	878
11 Canada	−3,213	−1,160	−1,747	−197	75	−740	−425	−10	−197	−74
12 Latin America and Caribbean	5,719	−2,108	4,231	570	−26	1,651	881	1,811	751	−2,921
13 Middle East[1]	−321	−1,142	−469	59	−87	−99	24	−5	−77	−8
14 Other Asia	8,198	−1,207	1,278	314	2,013	1,358	107	−961	1,048	61
15 Japan	3,825	1,190	−3,550	29	86	−466	141	1,076	−598	56
16 Africa	63	29	29	−10	41	15	−5	17	34	−17
17 Other countries	202	771	157	−24	295	97	−136	−123	54	−17
18 Nonmonetary international and regional organizations	**272**	**10**	**−192**	**−1**	**−10**	**−8**	**−8**	**−23**	**−63**	**−40**
BONDS[2]										
19 Foreign purchases	283,824	289,614	237,868	18,163	22,830	27,934	23,811	24,742	26,615r	26,327
20 Foreign sales	217,824	229,665	164,247	14,111	16,609	18,774	14,943	16,741	17,338r	19,199
21 Net purchases, or sales (−)	**66,000**	**59,949**	**73,621**	**4,052**	**6,221**	**9,160**	**8,868**	**8,001**	**9,277r**	**7,128**
22 Foreign countries	**65,462**	**59,064**	**74,056**	**4,035**	**6,309**	**9,167**	**9,035**	**7,982**	**9,255r**	**7,196**
23 Europe	22,587	37,093	57,717	2,271	4,944	7,772	6,246	5,561	6,782r	6,321
24 France	2,346	242	905	−874	27	44	7	538	63	732
25 Germany	887	657	4,676	−83	−17	667	51	1,163	916	113
26 Netherlands	−290	3,322	1,143	−37	191	−59	557	45	203	204
27 Switzerland	−627	1,055	774	−87	124	−130	317	−99	343	148
28 United Kingdom	19,686	31,592	48,266	3,396	4,764	7,062	4,969	3,775	4,334r	4,502
29 Canada	1,668	2,958	2,421	184	277	159	169	415	349	139
30 Latin America and Caribbean	15,691	5,442	5,564	889	678	289	1,145	754	1,720	−61
31 Middle East[1]	3,248	771	1,494	326	−26	64	348	281	241	−246
32 Other Asia	20,846	12,153	6,657	356	426	785	1,189	919	139r	1,126
33 Japan	11,569	5,486	4,053	275	871	293	1,026	1,008	−371r	645
34 Africa	1,149	−7	−92	−11	−5	47	−13	64	23	−223
35 Other countries	273	654	295	20	15	51	−49	−12	1	140
36 Nonmonetary international and regional organizations	**538**	**885**	**−435**	**17**	**−88**	**−7**	**−167**	**19**	**22**	**−68**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−62,691	−47,236	−41,840	−2,135	−3,648	−4,379	−8,188	−5,904	−7,955r	−5,494
38 Foreign purchases	245,490	386,942	282,762	24,519	29,229	29,067	28,582	30,867	28,712	29,382
39 Foreign sales	308,181	434,178	324,602	26,654	32,877	33,446	36,770	36,771	36,667r	34,876
40 Bonds, net purchases, or sales (−)	−80,377	−9,272	−35,681	−824	−4,368	−7,473	−5,009	−3,755r	−4,868r	−5,569
41 Foreign purchases	745,952	848,288	737,493	53,639	75,199	96,154	66,737	72,277r	83,396r	81,257
42 Foreign sales	826,329	857,560	773,174	54,463	79,567	103,627	71,746	76,032	88,264r	86,826
43 Net purchases, or sales (−), of stocks and bonds	**−143,068**	**−56,508**	**−77,521**	**−2,959**	**−8,016**	**−11,852**	**−13,197**	**−9,659r**	**−12,823r**	**−11,063**
44 Foreign countries	**−143,232**	**−57,028**	**−76,390**	**−3,115**	**−8,020**	**−11,541**	**−12,978**	**−9,486r**	**−12,878r**	**−10,609**
45 Europe	−100,872	−2,712	−36,107	−1,893	−7,561	−5,857	−7,961	−2,539	−2,924r	−5,810
46 Canada	−15,664	−7,475	−7,278	−1,193	−1	−1,425	−1,751	−851r	−3,133r	1,563
47 Latin America and Caribbean	−7,600	−18,347	−6,508	585	471	−512	−659	817	781r	−3,883
48 Asia	−15,159	−24,276	−26,620	−558	−1,388	−2,941	−3,158	−7,250	−7,533	−1,770
49 Africa	−185	−467	−302	−14	−68	−67	−45	34	−117	5
50 Other countries	−3,752	−3,751	425	−42	527	−739	596	303	48	−714
51 Nonmonetary international and regional organizations	**164**	**520**	**−1,131**	**156**	**4**	**−311**	**−219**	**−173**	**55**	**−454**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1993	1994	1995	1995						
			Jan.–Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total estimated**	**23,552**	**78,796**	**129,567**	**6,400**	**14,519**	**22,578**	**31,865**	**26,082**	**−11,072[r]**	**6,303**
2 Foreign countries	23,368	78,632	129,079	6,416	14,568	22,395	31,382	26,442	−11,002[r]	6,134
3 Europe	−2,373	38,608	51,746	3,152	509	2,665	13,336	9,170	6,377	−3,124
4 Belgium and Luxembourg	1,218	1,098	339	62	−512	−148	−53	580	143	−25
5 Germany	−9,976	5,709	5,632	1,216	−4,129	−1,866	1,039	2,995	2,568	2,831
6 Netherlands	−515	1,254	2,161	−243	40	1,078	883	−1,468	−1,915	1,644
7 Sweden	1,421	794	673	−70	211	63	124	100	61	92
8 Switzerland	−1,501	481	760	−173	353	9	206	−515	818	174
9 United Kingdom	6,197	23,438	37,809	2,251	5,203	1,359	7,315	7,950	5,570	−5,965
10 Other Europe and former U.S.S.R.	783	5,834	4,372	109	−657	2,170	3,822	−472	−868	−1,875
11 Canada	10,309	3,491	87	−1,391	201	433	720	−825	−2,284[r]	−1,864
12 Latin America and Caribbean	−4,561	−10,179	31,351	3,212	3,803	5,368	513	11,265	−5,299	17,453
13 Venezuela	390	−319	−295	184	−16	121	−114	−359	−524	−92
14 Other Latin America and Caribbean	−5,795	−20,493	16,719	2,189	2,425	5,158	1,034	5,364	1,171	3,033
15 Netherlands Antilles	844	10,633	14,927	839	1,394	89	−407	6,260	−5,946	14,512
16 Asia	20,582	47,042	44,269	1,189	9,845	12,605	16,490	7,322	−10,055	−6,879
17 Japan	17,070	29,518	21,242	1,487	6,291	5,585	6,658	5,430	−4,021	−10,115
18 Africa	1,156	240	754	−36	39	242	−1	−130	108	501
19 Other	−1,745	−570	872	290	171	1,082	324	−360	151	47
20 Nonmonetary international and regional organizations	184	164	488	−16	−49	183	483	−360	−70	169
21 International	−330	526	−12	−294	356	−409	311	−140	−196	2
22 Latin American regional	653	−154	423	228	−528	629	99	−10	−6	185
MEMO										
23 Foreign countries	23,368	78,632	129,079	6,416	14,568	22,395	31,382	26,442	−11,002[r]	6,134
24 Official institutions	1,306	41,822	37,791	3,158	−1,774	10,850	16,780	−364	−4,525[r]	5,705
25 Other foreign	22,062	36,810	91,288	3,258	16,342	11,545	14,602	26,806	−6,477[r]	429
Oil-exporting countries										
26 Middle East[2]	−8,836	−38	4,986	733	−1,063	815	3,582	1,890	−50	−624
27 Africa[3]	−5	0	2	0	0	1	0	0	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Dec. 31, 1995		Country	Rate on Dec. 31, 1995	
	Percent	Month effective		Percent	Month effective
Austria	3.0	Dec. 1995	Germany	3.0	Dec. 1995
Belgium	3.0	Dec. 1995	Italy	9.0	June 1995
Canada	5.79	Dec. 1995	Japan	.5	Sept. 1995
Denmark	4.25	Dec. 1995	Netherlands	2.75	Dec. 1995
France[2]	4.45	Dec. 1995	Switzerland	1.5	Dec. 1995

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	1993	1994	1995	1995						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	3.18	4.63	5.93	5.89	5.79	5.79	5.74	5.81	5.75	5.64
2 United Kingdom	5.88	5.45	6.63	6.63	6.73	6.74	6.71	6.69	6.61	6.42
3 Canada	5.14	5.57	7.14	7.07	6.69	6.62	6.66	6.66	6.02	5.91
4 Germany	7.17	5.25	4.43	4.45	4.46	4.35	4.09	4.00	3.91	3.82
5 Switzerland	4.79	4.03	2.94	3.09	2.77	2.79	2.67	2.15	1.98	1.94
6 Netherlands	6.73	5.09	4.30	4.21	4.14	4.02	3.85	3.88	3.73	3.58
7 France	8.30	5.72	6.43	7.04	6.31	5.81	5.86	6.73	5.74	5.47
8 Italy	10.09	8.45	10.43	10.91	10.93	10.45	10.36	10.74	10.65	10.58
9 Belgium	8.10	5.65	4.73	4.62	4.52	4.41	4.20	4.14	3.87	3.74
10 Japan	2.96	2.24	1.20	1.16	.91	.82	.56	.51	.54	.52

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	1993	1994	1995	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.
1 Australia/dollar[2]	67.993	73.161	74.073	72.792	74.137	75.371	75.699	74.534	74.053
2 Austria/schilling	11.639	11.409	10.076	9.765	10.168	10.270	9.955	9.974	10.142
3 Belgium/franc	34.581	33.426	29.472	28.562	29.735	30.044	29.105	29.154	29.615
4 Canada/dollar	1.2902	1.3664	1.3725	1.3612	1.3552	1.3509	1.3458	1.3534	1.3693
5 China, P.R./yuan	5.7795	8.6404	8.3700	8.3207	8.3253	8.3374	8.3353	8.3334	8.3350
6 Denmark/krone	6.4863	6.3561	5.5999	5.4073	5.6060	5.6587	5.4912	5.4923	5.5791
7 Finland/markka	5.7251	5.2340	4.3763	4.2592	4.3170	4.3754	4.2781	4.2489	4.3361
8 France/franc	5.6669	5.5459	4.9864	4.8307	4.9727	5.0352	4.9374	4.8882	4.9565
9 Germany/deutsche mark	1.6545	1.6216	1.4321	1.3886	1.4456	1.4601	1.4143	1.4173	1.4406
10 Greece/drachma	229.64	242.50	231.68	225.45	232.38	235.65	232.65	234.16	238.06
11 Hong Kong/dollar	7.7357	7.7290	7.7357	7.7385	7.7416	7.7368	7.7317	7.7338	7.7345
12 India/rupee	31.291	31.394	32.418	31.385	31.592	33.310	34.656	34.710	34.966
13 Ireland/pound[2]	146.47	149.69	160.35	163.96	160.25	159.05	161.32	160.54	159.18
14 Italy/lira	1,573.41	1,611.49	1,629.45	1,609.71	1,607.18	1,613.41	1,605.69	1,592.67	1,593.88
15 Japan/yen	111.08	102.18	93.96	87.40	94.74	100.55	100.84	101.94	101.85
16 Malaysia/ringgit	2.5738	2.6237	2.5073	2.4500	2.4813	2.5124	2.5324	2.5389	2.5399
17 Netherlands/guilder	1.8585	1.8190	1.6044	1.5557	1.6195	1.6354	1.5846	1.5877	1.6127
18 New Zealand/dollar[2]	54.127	59.358	65.625	67.417	65.687	65.607	65.899	65.224	64.996
19 Norway/krone	7.1009	7.0553	6.3355	6.1710	6.3438	6.3943	6.2397	6.2536	6.3579
20 Portugal/escudo	161.08	165.93	149.88	145.88	149.88	152.11	148.94	148.68	151.03
21 Singapore/dollar	1.6158	1.5275	1.4171	1.3984	1.4116	1.4331	1.4231	1.4128	1.4148
22 South Africa/rand	3.2729	3.5526	3.6286	3.6404	3.6402	3.6616	3.6502	3.6499	3.6632
23 South Korea/won	805.75	806.93	772.82	760.05	768.88	772.04	767.20	769.78	771.31
24 Spain/peseta	127.48	133.88	124.64	119.71	123.45	125.41	122.51	121.81	122.53
25 Sri Lanka/rupee	48.211	49.170	51.047	50.899	51.227	52.547	52.539	53.199	53.808
26 Sweden/krona	7.7956	7.7161	7.1406	7.1749	7.2383	7.1227	6.8301	6.6088	6.6393
27 Switzerland/franc	1.4781	1.3667	1.1812	1.1556	1.1962	1.1868	1.1453	1.1437	1.1631
28 Taiwan/dollar	26.416	26.465	26.495	26.278	27.234	27.432	26.925	27.257	27.315
29 Thailand/baht	25.333	25.161	24.921	24.755	24.960	25.129	25.115	25.166	25.164
30 United Kingdom/pound[2]	150.16	153.19	157.85	159.52	156.68	155.90	157.79	156.25	154.05
MEMO									
31 United States/dollar[3]	93.18	91.32	84.25	81.90	84.59	85.69	84.10	84.14	85.07

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 1995[1]

Commercial and industrial loans

Type of maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent): Weighted average effective[3]	Loan rate (percent): Standard error[4]	Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days						
ALL BANKS									
1 Overnight[6]	14,385,356	7,138		6.55	.20	11.1	58.7	2.1	Fed funds
2 One month or less (excluding overnight)	11,161,572	1,958	17	6.91	.17	26.8	66.6	6.4	Other
3 Fixed rate	9,399,793	2,777	16	6.76	.22	22.0	62.6	7.2	Other
4 Floating rate	1,761,779	761	21	7.71	.25	52.8	88.1	1.9	Foreign
5 More than one month and less than one year	10,669,979	219	148	7.80	.16	46.8	80.9	10.6	Foreign
6 Fixed rate	4,826,445	292	116	7.05	.23	34.9	83.1	11.9	Foreign
7 Floating rate	5,843,534	182	175	8.43	.18	56.6	79.1	9.5	Prime
8 Demand[7]	17,757,969	308		7.70	.18	44.8	68.7	5.4	Prime
9 Fixed rate	8,282,070	1,354		6.31	.23	19.0	64.3	7.6	Other
10 Floating rate	9,475,899	184		8.92	.19	67.3	72.4	3.5	Prime
11 Total short-term	**53,974,877**	**473**	**49**	**7.25**	**.16**	**32.5**	**68.0**	**5.8**	**Other**
12 Fixed rate (thousands of dollars)	36,660,979	1,308	26	6.62	.22	18.8	63.9	5.9	Other
13 1–99	366,195	18	124	10.01	.12	83.7	40.6	.3	Other
14 100–499	518,850	226	104	8.57	.19	66.9	67.1	8.6	Other
15 500–999	645,729	695	44	7.56	.18	52.5	79.5	11.3	Other
16 1,000–4,999	5,541,025	2,357	36	6.99	.18	30.6	72.6	7.7	Other
17 5,000–9,999	5,365,033	6,561	37	6.77	.09	24.1	67.5	9.4	Other
18 10,000 or more	24,224,148	22,122	17	6.38	.07	12.0	61.0	4.6	Other
19 Floating rate (thousands of dollars)	17,313,897	201	135	8.60	.19	61.5	76.7	5.6	Prime
20 1–99	1,787,805	28	179	10.22	.06	81.8	86.9	2.3	Prime
21 100–499	3,321,441	199	184	9.70	.04	75.4	87.8	4.2	Prime
22 500–999	1,564,746	665	163	9.36	.08	71.2	88.4	10.4	Prime
23 1,000–4,999	3,843,214	1,944	140	8.65	.12	56.9	83.2	5.6	Prime
24 5,000–9,999	1,676,083	6,665	106	8.21	.23	58.2	79.6	7.2	Prime
25 10,000 or more	5,120,608	22,948	106	7.16	.34	47.1	56.4	5.6	Foreign
			Months						
26 Total long-term	**8,057,156**	**334**	**46**	**8.41**	**.16**	**67.9**	**68.7**	**4.3**	**Prime**
27 Fixed rate (thousands of dollars)	1,721,950	180	46	8.09	.26	61.7	53.8	6.5	Other
28 1–99	173,042	22	42	9.77	.12	91.2	26.5	.6	Other
29 100–499	249,339	180	55	9.10	.14	89.1	41.3	4.7	Other
30 500–999	111,867	657	53	8.61	.67	76.9	73.1	10.7	Other
31 1,000 or more	1,187,701	4,770	44	7.58	.29	50.3	58.6	7.3	Other
32 Floating rate (thousands of dollars)	6,335,206	435	46	8.49	.16	69.6	72.7	3.8	Prime
33 1–99	286,861	32	47	10.12	.12	87.5	64.7	1.8	Prime
34 100–499	896,765	218	39	9.51	.07	81.3	80.1	5.1	Prime
35 500–999	467,668	650	51	9.21	.17	71.1	88.5	18.1	Prime
36 1,000 or more	4,683,912	5,440	47	8.13	.31	66.1	70.3	2.2	Prime
			Days	Loan rate (percent): Effective[3]	Loan rate (percent): Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	14,052,969	8,518		6.48	6.28	9.1	57.8	2.2	8.75
38 One month or less (excluding overnight)	10,719,561	4,333	17	6.78	6.57	24.6	66.6	6.1	8.75
39 More than one month and less than one year	7,373,175	897	132	6.90	6.70	31.5	80.5	10.9	8.79
40 Demand[7]	10,968,407	2,375		6.36	6.18	26.5	60.4	6.3	8.75
41 Total short-term	**43,114,112**	**2,542**	**36**	**6.60**	**6.40**	**21.2**	**64.5**	**5.7**	**8.76**
42 Fixed rate	35,498,930	3,569	24	6.51	6.32	16.5	63.8	5.9	8.75
43 Floating rate	7,615,183	1,086	108	6.99	6.78	43.3	68.1	4.8	8.78
			Months						
44 Total long-term	**4,699,378**	**1,024**	**44**	**7.39**	**7.15**	**56.6**	**65.3**	**3.0**	**8.79**
45 Fixed rate	1,198,615	485	43	7.31	7.10	53.0	62.8	6.7	8.81
46 Floating rate	3,500,763	1,654	44	7.42	7.17	57.8	66.1	1.7	8.78

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 1995[1] —Continued

Commercial and industrial loans—*Continued*

Type of maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	9,878,130	7,015	*	6.62	.24	11.4	68.0	1.4	Domestic
2 One month or less (excluding overnight)	8,432,075	3,828	18	6.93	.18	29.7	61.5	3.9	Other
3 Fixed rate	6,882,617	4,899	17	6.77	.12	24.5	55.2	4.5	Other
4 Floating rate	1,549,458	1,943	21	7.61	.29	52.7	89.3	1.3	Foreign
5 More than one month and less than one year	5,680,852	862	130	7.48	.15	41.0	88.4	10.0	Foreign
6 Fixed rate	2,928,564	2,200	97	7.00	.16	34.9	85.1	10.5	Foreign
7 Floating rate	2,752,288	523	165	7.99	.20	47.5	92.0	9.3	Prime
8 Demand[7]	12,767,728	534	*	7.24	.18	38.5	62.2	4.9	Other
9 Fixed rate	6,944,060	4,652	*	6.13	.21	16.3	61.6	5.9	Other
10 Floating rate	5,823,668	260		8.55	.20	64.9	62.9	3.8	Prime
11 **Total short-term**	**36,758,785**	**1,078**	**38**	**7.04**	**.15**	**29.6**	**67.7**	**4.5**	**Other**
12 Fixed rate (thousands of dollars)	26,440,907	4,712	21	6.58	.16	18.8	64.7	4.4	Other
13 1–99	30,533	33	108	8.98	.21	74.8	70.7	2.7	Other
14 100–499	224,360	264	65	7.96	.21	59.9	74.8	7.4	Other
15 500–999	443,272	700	37	7.44	.29	49.8	78.4	8.9	Other
16 1,000–4,999	4,114,280	2,357	34	6.97	.19	31.5	68.1	5.1	Other
17 5,000–9,999	4,191,855	6,594	22	6.80	.10	24.5	62.0	4.7	Other
18 10,000 or more	17,436,607	21,161	16	6.39	.11	13.0	64.0	4.0	Domestic
19 Floating rate (thousands of dollars)	10,317,877	362	108	8.22	.19	57.2	75.3	4.8	Prime
20 1–99	596,174	33	165	10.04	.04	75.1	89.0	1.4	Prime
21 100–499	1,565,993	205	171	9.64	.04	73.2	90.5	3.0	Prime
22 500–999	836,893	668	152	9.20	.07	66.1	86.8	7.3	Prime
23 1,000–4,999	2,166,140	1,969	129	8.36	.12	49.1	85.0	5.6	Prime
24 5,000–9,999	1,057,078	6,657	85	7.87	.40	39.2	73.2	3.2	Prime
25 10,000 or more	4,095,599	21,081	87	7.23	.43	55.6	60.6	5.6	Other
			Months						
26 **Total long-term**	**6,028,605**	**1,130**	**45**	**8.21**	**.15**	**66.1**	**71.2**	**3.2**	**Prime**
27 Fixed rate (thousands of dollars)	994,592	1,158	43	7.78	.22	51.5	56.3	8.7	Prime
28 1–99	12,433	29	44	9.32	.24	85.8	49.0	4.0	Other
29 100–499	52,156	237	48	8.32	.41	67.4	72.6	3.2	Other
30 500–999	43,106	687	49	8.22	.39	78.7	87.4	17.5	Foreign
31 1,000 or more	886,897	5,975	42	7.71	.39	48.8	53.9	8.7	Prime
32 Floating rate (thousands of dollars)	5,034,012	1,125	46	8.30	.14	68.9	74.1	2.1	Prime
33 1–99	67,886	42	35	9.81	.07	86.8	80.0	3.2	Prime
34 100–499	416,458	235	35	9.42	.10	75.5	89.3	7.6	Prime
35 500–999	264,443	682	36	9.06	.24	66.7	85.9	5.6	Prime
36 1,000 or more	4,285,225	6,058	48	8.12	.34	68.1	71.8	1.3	Prime
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	9,685,436	8,085	*	6.56	6.36	9.7	67.4	1.4	8.75
38 One month or less (excluding overnight)	8,154,336	5,084	17	6.83	6.61	27.9	61.0	3.5	8.75
39 More than one month and less than one year	4,412,841	2,807	116	6.90	6.70	30.9	87.9	7.5	8.75
40 Demand[7]	9,229,294	3,736	*	6.24	6.06	26.0	56.0	4.8	8.75
41 **Total short-term**	**31,481,906**	**4,600**	**30**	**6.58**	**6.38**	**22.2**	**65.3**	**3.8**	**8.75**
42 Fixed rate	25,933,638	5,782	20	6.52	6.32	17.4	64.2	4.3	8.75
43 Floating rate	5,548,268	2,352	88	6.88	6.67	44.6	70.5	1.6	8.75
			Months						
44 **Total long-term**	**3,868,491**	**3,457**	**44**	**7.37**	**7.13**	**58.2**	**67.1**	**2.1**	**8.75**
45 Fixed rate	777,077	1,752	43	7.27	7.05	47.4	63.7	7.7	8.75
46 Floating rate	3,091,414	4,575	44	7.40	7.15	60.9	68.0	.7	8.75

Footnotes appear at the end of the table

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 1995[1]—Continued

Commercial and industrial loans—Continued

Type of maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	4,507,226	7,423	[illegible]	6.40	.22	10.6	38.3	3.8	Fed funds
2 One month or less (excluding overnight)	2,729,497	780	14	6.86	.22	18.1	82.5	13.9	Other
3 Fixed rate	2,517,176	1,271	13	6.72	.28	15.1	82.7	14.6	Other
4 Floating rate	212,321	140	24	8.43	.29	53.9	79.0	5.8	Prime
5 More than one month and less than one year	4,989,128	119	169	8.17	.18	53.4	72.4	11.4	Prime
6 Fixed rate	1,897,882	125	146	7.12	.27	34.9	79.9	14.1	Foreign
7 Floating rate	3,091,246	115	184	8.81	.16	64.7	67.7	9.7	Prime
8 Demand[7]	4,990,241	148	[illegible]	8.90	.17	60.8	85.1	6.7	Prime
9 Fixed rate	1,338,010	289	[illegible]	7.24	.22	32.7	78.4	16.9	Other
10 Floating rate	3,652,231	125	[illegible]	9.50	.18	71.1	87.6	3.0	Prime
11 **Total short-term**	**17,216,092**	**215**	**73**	**7.71**	**.17**	**38.7**	**68.8**	**8.4**	**Prime**
12 Fixed rate (thousands of dollars)	10,220,072	456	36	6.72	.24	18.7	62.0	9.7	Fed funds
13 1–99	335,662	17	125	10.11	.13	84.5	37.9	.1	Other
14 100–499	294,489	203	132	9.04	.24	72.3	61.2	9.6	Other
15 500–999	202,458	684	56	7.83	.43	58.3	82.0	16.4	Foreign
16 1,000–4,999	1,426,745	2,354	40	7.06	.15	27.8	85.6	15.1	Foreign
17 5,000–9,999	1,173,177	6,446	96	6.65	.13	22.8	87.4	26.3	Other
18 10,000 or more	6,787,540	25,046	18	6.37	.15	9.4	53.3	6.0	Fed funds
19 Floating rate (thousands of dollars)	6,996,020	122	171	9.15	.17	67.9	78.6	6.6	Prime
20 1–99	1,191,631	26	181	10.32	.08	85.1	85.9	2.7	Prime
21 100–499	1,755,448	193	191	9.76	.04	77.4	85.3	5.2	Prime
22 500–999	727,853	663	170	9.56	.14	77.0	90.3	13.9	Prime
23 1,000–4,999	1,677,074	1,911	153	9.02	.13	67.0	80.8	5.6	Prime
24 5,000–9,999	619,004	6,679	154	8.79	.42	90.5	90.4	13.9	Prime
25 10,000 or more	1,025,009	35,511	167	6.88	.61	13.2	39.7	5.4	Foreign
			Months						
26 **Total long-term**	**2,028,551**	**108**	**48**	**8.98**	**.17**	**73.3**	**61.3**	**7.9**	**Prime**
27 Fixed rate (thousands of dollars)	727,357	83	50	8.51	.29	75.7	50.4	3.5	Other
28 1–99	160,608	22	42	9.81	.13	91.6	24.8	.4	Other
29 100–499	197,183	170	57	9.31	.21	94.8	33.0	5.1	Other
30 500–999	68,761	639	56	8.86	.85	75.7	64.1	6.4	Other
31 1,000 or more	300,804	2,990	48	7.22	.48	54.7	72.4	3.4	Other
32 Floating rate (thousands of dollars)	1,301,194	129	46	9.24	.17	72.0	67.4	10.3	Prime
33 1–99	218,975	30	51	10.22	.17	87.6	60.0	1.3	Prime
34 100–499	480,307	206	43	9.59	.12	86.4	72.0	2.9	Prime
35 500–999	203,225	612	71	9.41	.05	76.7	92.0	34.3	Prime
36 1,000 or more	398,687	2,596	35	8.21	.49	43.8	53.4	11.9	Prime
			Days	Loan rate (percent): Effective[3]	Loan rate (percent): Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	4,367,534	9,666	[illegible]	6.30	6.11	7.9	36.4	3.9	8.75
38 One month or less (excluding overnight)	2,565,225	2,948	13	6.64	6.43	14.1	84.3	14.6	8.75
39 More than one month and less than one year	2,960,334	446	154	6.89	6.69	32.4	69.5	15.9	8.85
40 Demand[7]	1,739,113	810	[illegible]	7.03	6.86	29.2	84.1	14.2	8.77
41 **Total short-term**	**11,632,206**	**1,150**	**50**	**6.64**	**6.44**	**18.7**	**62.5**	**10.9**	**8.78**
42 Fixed rate	9,565,292	1,752	32	6.49	6.30	14.2	62.6	10.3	8.76
43 Floating rate	2,066,914	444	150	7.30	7.07	39.5	61.8	13.3	8.85
			Months						
44 **Total long-term**	**830,887**	**240**	**43**	**7.47**	**7.25**	**49.3**	**56.5**	**6.8**	**8.95**
45 Fixed rate	421,537	208	43	7.37	7.18	63.2	61.2	4.7	8.92
46 Floating rate	409,349	284	43	7.57	7.33	35.0	51.6	8.9	8.98

Footnotes appear at the end of the table

4.23 TERMS OF LENDING AT COMMERCIAL BANKS *Survey of Loans Made, November 6–10, 1995*[1]—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage *loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the* survey. As of September 30, 1990 assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.

2. Average maturities are weighted by loan size, excludes demand loans.

3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.

5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate), the *federal funds* rate, *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates, and *other* base rates not included in the foregoing classifications.

6. Overnight loans mature on the following business day.

7. Demand loans have no stated date of maturity.

8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.

10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1995[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**786,902**	**321,155**	**605,018**	**259,066**	**74,938**	**34,380**	**62,501**	**18,658**
2 Claims on nonrelated parties	701,605	179,179	537,889	145,177	71,206	15,848	58,401	12,686
3 Cash and balances due from depository institutions	148,343	119,391	127,767	100,704	7,680	6,975	10,800	10,238
4 Cash items in process of collection and unposted debits	2,871	0	2,693	0	5	0	109	0
5 Currency and coin (U.S. and foreign)	22	n.a.	15	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	87,873	66,335	75,301	55,151	4,846	4,195	7,057	6,658
7 U.S. branches and agencies of other foreign banks (including IBFs)	81,831	63,193	70,045	52,160	4,408	4,109	6,936	6,643
8 Other depository institutions in United States (including IBFs)	6,042	3,142	5,255	2,991	438	86	121	15
9 Balances with banks in foreign countries and with foreign central banks	57,239	53,056	49,492	45,553	2,793	2,780	3,627	3,580
10 Foreign branches of U.S. banks	2,194	1,658	1,878	1,370	33	32	210	210
11 Other banks in foreign countries and foreign central banks	55,044	51,398	47,614	44,183	2,760	2,749	3,417	3,370
12 Balances with Federal Reserve Banks	340	n.a.	267	n.a.	34	n.a.	6	n.a.
13 **Total securities and loans**	**407,046**	**48,843**	**279,381**	**35,760**	**56,709**	**7,478**	**40,719**	**1,831**
14 Total securities, book value	94,297	10,653	86,403	9,431	4,498	628	2,775	568
15 U.S. Treasury	25,461	n.a.	24,305	n.a.	643	n.a.	400	n.a.
16 Obligations of U.S. government agencies and corporations	25,056	n.a.	24,372	n.a.	402	n.a.	99	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	43,779	10,653	37,726	9,431	3,452	628	2,276	568
18 Securities of foreign governmental units	14,180	4,449	12,896	4,019	737	264	453	141
19 All Other	29,599	6,204	24,830	5,412	2,716	364	1,824	427
20 Federal funds sold and securities purchased under agreements to resell	50,147	5,889	45,837	4,778	1,870	598	1,594	360
21 U.S. branches and agencies of other foreign banks	10,287	3,613	8,287	2,926	987	227	558	360
22 Commercial banks in United States	13,918	560	12,973	560	451	0	161	0
23 Other	25,942	1,716	24,577	1,292	432	371	875	0
24 Total loans, gross	312,896	38,201	193,070	26,337	52,253	6,853	37,948	1,263
25 LESS: Unearned income on loans	146	12	92	8	42	2	4	0
26 EQUALS: Loans, net	312,749	38,190	192,978	26,329	52,212	6,851	37,944	1,263
Total loans, gross, by category								
27 Real estate loans	36,152	210	21,165	55	10,239	154	2,626	0
28 Loans to depository institutions	33,949	22,015	21,820	13,946	7,063	4,978	904	619
29 Commercial banks in United States (including IBFs)	14,609	7,965	8,456	4,060	5,372	3,538	503	331
30 U.S. branches and agencies of other foreign banks	13,086	7,624	7,296	3,803	5,253	3,508	377	282
31 Other commercial banks in United States	1,523	341	1,160	257	118	30	126	49
32 Other depository institutions in United States (including IBFs)	103	0	103	0	0	0	0	0
33 Banks in foreign countries	19,236	14,050	13,261	9,886	1,692	1,440	401	288
34 Foreign branches of U.S. banks	420	341	339	319	20	20	0	0
35 Other banks in foreign countries	18,815	13,709	12,922	9,567	1,672	1,420	401	288
36 Loans to other financial institutions	29,674	807	23,466	433	2,315	14	3,283	281
37 Commercial and industrial loans	191,177	12,957	108,349	9,888	31,775	1,640	28,881	352
38 U.S. addressees (domicile)	166,019	145	90,158	132	28,711	9	27,683	1
39 Non-U.S. addressees (domicile)	25,158	12,812	18,191	9,756	3,065	1,631	1,198	351
40 Acceptances of other banks	946	82	624	79	167	0	96	0
41 U.S. banks	172	0	143	0	10	0	0	0
42 Foreign banks	774	82	481	79	156	0	96	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,249	1,915	2,758	1,750	172	67	104	11
44 Loans for purchasing or carrying securities (secured and unsecured)	10,223	45	9,974	45	114	0	90	0
45 All other loans	5,971	140	3,363	109	408	0	1,959	0
46 Assets held in trading accounts	43,911	265	41,603	190	181	75	2,125	0
47 All other assets	52,158	4,791	43,301	3,746	4,766	721	3,162	257
48 Customers' liabilities on acceptances outstanding	10,697	n.a.	7,256	n.a.	2,563	n.a.	430	n.a.
49 U.S. addressees (domicile)	8,209	n.a.	5,088	n.a.	2,503	n.a.	383	n.a.
50 Non-U.S. addressees (domicile)	2,489	n.a.	2,168	n.a.	60	n.a.	47	n.a.
51 Other assets including other claims on nonrelated parties	41,461	4,791	36,045	3,746	2,203	721	2,732	257
52 Net due from related depository institutions[5]	85,297	141,976	67,130	113,889	3,732	18,532	4,100	5,972
53 Net due from head office and other related depository institutions[5]	85,297	n.a.	67,130	n.a.	3,732	n.a.	4,100	n.a.
54 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	141,976	n.a.	113,889	n.a.	18,532	n.a.	5,972
55 **Total liabilities**[4]	**786,902**	**321,155**	**605,018**	**259,066**	**74,938**	**34,380**	**62,501**	**18,658**
56 Liabilities to nonrelated parties	659,089	298,105	548,632	242,731	52,386	33,760	36,961	14,078

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1995[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
57 Total deposits and credit balances	175,086	226,308	147,276	205,006	5,343	7,816	10,947	7,284
58 Individuals, partnerships, and corporations	120,967	14,551	98,598	9,953	4,586	599	8,320	161
59 *U.S. addressees (domicile)*	108,088	203	91,764	203	2,851	0	7,456	0
60 Non-U.S. addressees (domicile)	12,879	14,348	6,834	9,750	1,735	599	863	161
61 Commercial banks in United States (including IBFs)	32,988	60,460	28,947	56,238	350	2,270	2,394	1,663
62 U.S. branches and agencies of other foreign banks	18,594	56,162	16,146	52,382	120	2,093	1,141	1,162
63 Other commercial banks in United States	14,394	4,298	12,800	3,856	230	177	1,253	201
64 Banks in foreign countries	8,356	124,416	7,806	114,074	181	4,034	159	4,456
65 Foreign branches of U.S. banks	2,774	4,721	2,618	4,189	0	269	135	238
66 *Other banks in foreign countries*	5,582	119,695	5,188	109,885	181	3,765	24	4,218
67 Foreign governments and official institutions (including foreign central banks)	3,484	26,842	3,095	24,702	198	911	13	1,004
68 All other deposits and credit balances	9,020	39	8,612	38	6	0	53	1
69 Certified and official checks	270		217		22		7	
70 Transaction accounts and credit balances (excluding IBFs)	8,272		6,611		369		366	
71 Individuals, partnerships, and corporations	6,500		5,151		295		352	
72 U.S. addressees (domicile)	4,789		4,099		218		347	
73 Non-U.S. addressees (domicile)	1,711		1,052		76		6	
74 Commercial banks in United States (including IBFs)	204		198		3		0	
75 U.S. branches and agencies of other foreign banks	22		21		0		0	
76 Other commercial banks in United States	183		177		2		0	
77 Banks in foreign countries	808		615		39		2	
78 Foreign branches of U.S. banks	2		1		0		0	
79 Other banks in foreign countries	806		614		39		2	
80 *Foreign governments and official institutions* (including foreign central banks)	364		321		5		3	
81 All other deposits and credit balances	126		109		6		1	
82 Certified and official checks	270		217		22		7	
83 Demand deposits (included in transaction accounts and credit balances)	7,664		6,304		316		353	
84 Individuals, partnerships, and corporations	6,094		5,021		246		340	
85 U.S. addressees (domicile)	4,614		4,037		182		335	
86 Non-U.S. addressees (domicile)	1,480		985		64		5	
87 Commercial banks in United States (including IBFs)	159	n.a.	154	n.a.	1	n.a.	0	n.a.
88 U.S. branches and agencies of other foreign banks	6		4		0		0	
89 Other commercial banks in United States	153		149		1		0	
90 Banks in foreign countries	779		587		39		2	
91 *Foreign branches of U.S. banks*	2		1		0		0	
92 Other banks in foreign countries	778		587		39		2	
93 Foreign governments and official institutions (including foreign central banks)	296		270		4		3	
94 All other deposits and credit balances	66		54		2		1	
95 Certified and official checks	270		217		22		7	
96 Nontransaction accounts (including MMDAs, excluding IBFs)	166,814		140,665		4,973		10,581	
97 Individuals, partnerships, and corporations	114,467		93,447		4,292		7,967	
98 U.S. addressees (domicile)	103,299		87,665		2,633		7,109	
99 Non-U.S. addressees (domicile)	11,168		5,782		1,659		858	
100 Commercial banks in United States (including IBFs)	32,784		28,749		347		2,394	
101 U.S. branches and agencies of other foreign banks	18,573		16,126		120		1,141	
102 Other commercial banks in United States	14,211		12,623		227		1,252	
103 Banks in foreign countries	7,549		7,191		141		158	
104 Foreign branches of U.S. banks	2,772		2,617		0		135	
105 Other banks in foreign countries	4,776		4,574		141		23	
106 Foreign governments and official institutions (including foreign central banks)	3,120		2,774		193		10	
107 All other deposits and credit balances	8,895		8,504		0		52	
108 IBF deposit liabilities		226,308		205,006		7,816		7,284
109 Individuals, partnerships, and corporations		14,551		9,953		599		161
110 *U.S. addressees (domicile)*		203		203		0		0
111 Non-U.S. addressees (domicile)		14,348		9,750		599		161
112 Commercial banks in United States (including IBFs)		60,460		56,238		2,270		1,663
113 U.S. branches and agencies of other foreign banks		56,162		52,382		2,093		1,462
114 Other commercial banks in United States	n.a.	4,298	n.a.	3,856	n.a.	177	n.a.	201
115 Banks in foreign countries		124,416		114,074		4,034		4,456
116 Foreign branches of U.S. banks		4,721		4,189		269		238
117 Other banks in foreign countries		119,695		109,885		3,765		4,218
118 Foreign governments and official institutions (including foreign central banks)		26,842		24,702		911		1,004
119 All other deposits and credit balances		39		38		0		1

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1995[1] – Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
120 Federal funds purchased and securities sold under agreements to repurchase	70,628	18,137	60,868	12,946	6,265	3,672	2,883	1,102
121 U.S. branches and agencies of other foreign banks	11,123	4,541	7,431	2 276	2,871	1,796	727	430
122 Other commercial banks in United States	7,218	146	5,110	112	1,501	34	545	0
123 Other	52,287	13,450	48,327	10.558	1,893	1,842	1,611	672
124 Other borrowed money	100,461	48,528	57,545	20.460	28,995	21,668	11,980	5,545
125 Owed to nonrelated commercial banks in United States (including IBFs)	32,737	16,933	13,636	4,335	15,224	10,815	2,623	1,360
126 Owed to U.S. offices of nonrelated U.S. banks	9,429	1,898	5,815	499	2,612	1,281	628	79
127 Owed to U.S. branches and agencies of nonrelated foreign banks	23,308	15,034	7,821	3,836	12,612	9,534	1,995	1,281
128 Owed to nonrelated banks in foreign countries	32,473	29,216	17,607	14,638	10,659	10,525	3,654	3,621
129 Owed to foreign branches of nonrelated U.S. banks	1,712	1,607	458	421	752	727	460	460
130 Owed to foreign offices of nonrelated foreign banks	30,761	27,608	17,149	14,217	9,907	9,798	3,194	3,161
131 Owed to others	35,251	2,379	26,302	1,487	3,112	329	5,704	563
132 All other liabilities	86,606	5,132	77,937	4,320	3,968	604	3,866	148
133 Branch or agency liability on acceptances executed and outstanding	11,214	n.a.	7,751	n.a.	2,524	n.a.	442	n.a.
134 Trading liabilities	39,873	75	38,623	74	106	2	1,120	0
135 Other liabilities to nonrelated parties	35,519	5,057	31,563	4,246	1,338	602	2,304	148
136 Net due to related depository institutions[5]	127,813	23,050	56,386	16,334	22,552	620	25,540	4,580
137 Net owed to head office and other related depository institutions[5]	127,813	n.a.	56,386	n.a.	22,552	n.a.	25,540	n.a.
138 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	23,050	n.a.	16,334	n.a.	620	n.a.	4,580
MEMO								
139 Non-interest-bearing balances with commercial banks in United States	979	0	727	0	101	0	55	0
140 Holding of commercial paper included in total loans	654		580		8		30	
141 Holding of own acceptances included in commercial and industrial loans	4,453		3,160		1,105		79	
142 Commercial and industrial loans with remaining maturity of one year or less	111,179		62,216		19,119		17,542	
143 Predetermined interest rates	64,400	n.a.	36,844	n.a.	10,327	n.a.	12,183	n.a.
144 Floating interest rates	46,780		25,372		8,793		5,359	
145 Commercial and industrial loans with remaining maturity of more than one year	79,997		46,133		12,656		11,339	
146 Predetermined interest rates	19,686		12,097		2,594		3,513	
147 Floating interest rates	60,311		34,036		10,062		7,826	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1995[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
148 Components of total nontransaction accounts, included in total deposits and credit balances of *nontransaction accounts, including IBFs*	168,719	n.a.	142,924	n.a.	5,462	n.a.	10,743	n.a.
149 Time CDs in denominations of $100,000 or more	133,771	n.a.	112,434	n.a.	3,478	n.a.	9,144	n.a.
150 Other time deposits in denominations of $100,000 or more	27,720	n.a.	24,665	n.a.	1,058	n.a.	1,238	n.a.
151 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	7,228	n.a.	5,825	n.a.	926	n.a.	362	n.a.
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
152 Market value of securities held	0	0	0	0	0	0	0	0
153 Immediately available funds with a maturity greater than one day included in other borrowed money	58,090	n.a.	29,280	n.a.	20,983	n.a.	6,605	n.a.
154 Number of reports filed[6]	532	0	252	0	122	0	47	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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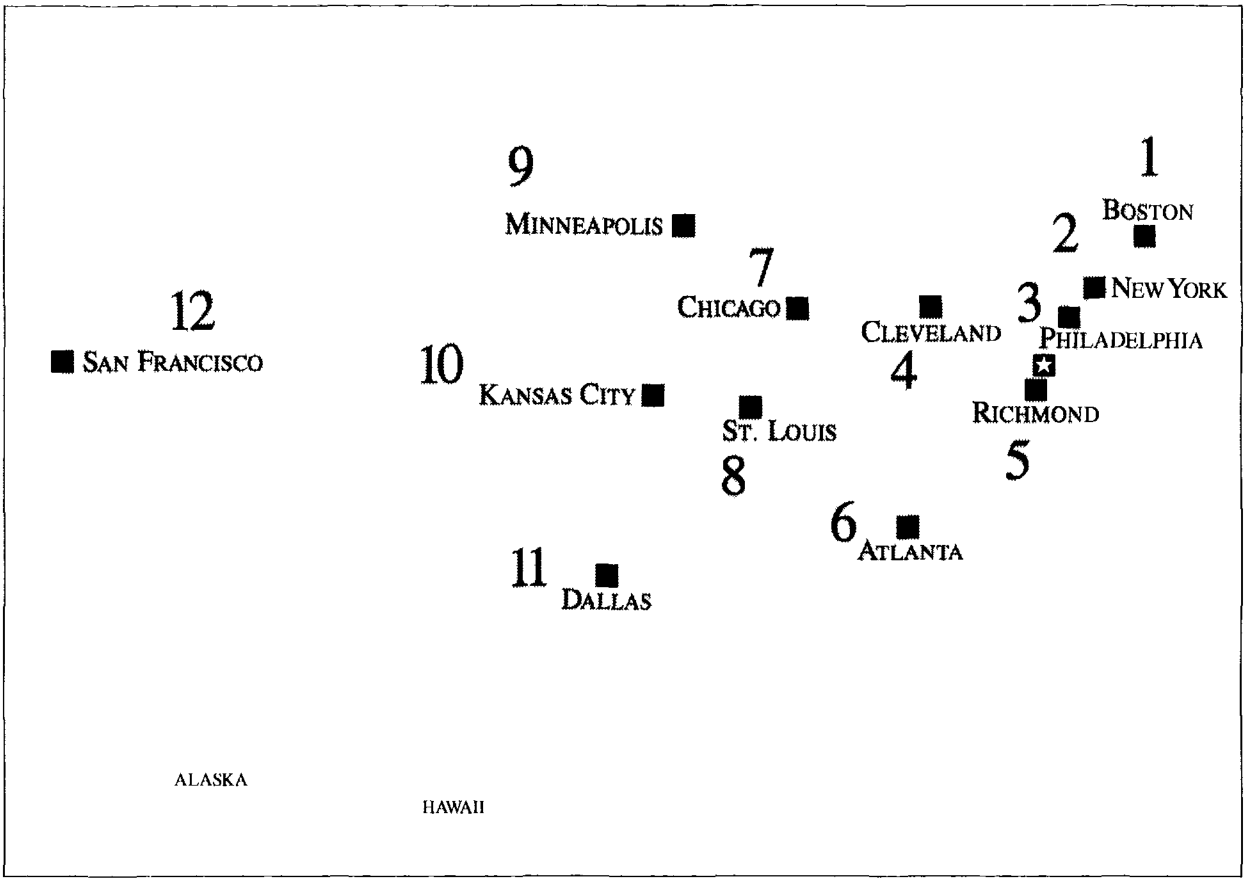


LEGEND

Both pages

■ Federal Reserve Bank city

⧈ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

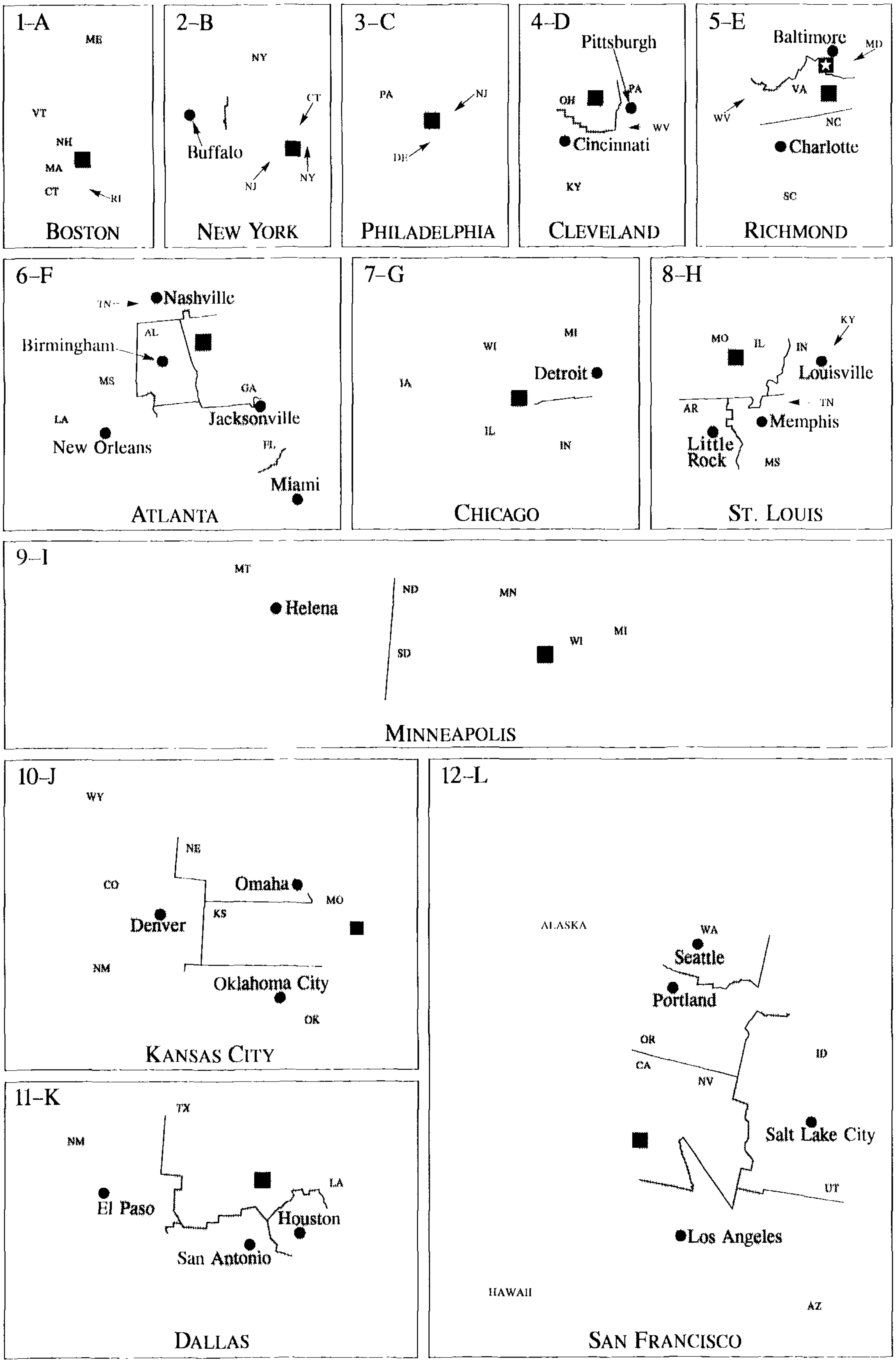
— Branch boundary

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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