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# FEDERAL RESERVE BULLETIN

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

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The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Graphics Center under the direction of Peter G. Thomas, and Publications Services supervised by Linda C. Kyles.

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proposed legislation dealing with this issue and says that the Board urges the Congress to view the too-big-to-fail doctrine as one element of a very complex set of problems that need to be attacked on several fronts, before the Subcommittee on Economic Stabilization of the House Committee on Banking, Finance and Urban Affairs, May 9, 1991.

555 E. Gerald Corrigan, President, Federal Reserve Bank of New York, discusses certain aspects of the ongoing efforts to reform and modernize the banking and financial system of the United States and repeats his strong opposition to arrangements that would permit commercial firms to control banking institutions, before the Senate Committee on Banking, Housing, and Urban Affairs, May 15, 1991.

565 Alan Greenspan, Chairman, Board of Governors, discusses the low level of saving in the United States and says that inadequate domestic saving is impairing our economic prospects for the longer run and that substantial reductions in the federal budget deficit are still the surest way to overcome the shortage of domestic saving and, thus, to increase permanently the supply of domestic funds available for investment, before the Senate Committee on Finance, May 16, 1991.

569 William Taylor, Staff Director, Division of Banking Supervision and Regulation, Board of Governors, testifies about the experience of the Federal Reserve System with the Bank of Credit and Commerce International (BCCI), including some of the efforts undertaken by the Federal Reserve to investigate the relationship between the BCCI and First American Bankshares and the steps that the Federal Reserve is taking to strengthen the supervision of foreign banks in light of this experience, before the Subcommittee on Consumer and Regulatory Affairs of the Senate Committee on Banking, Housing, and Urban Affairs, May 23, 1991.

572 J. Virgil Mattingly, Jr., General Counsel, Board of Governors, describes the Federal Reserve's experience with the BCCI and expresses the Federal Reserve's support for S.1019, the Foreign Bank Supervision Enhancement Act, and says that as a result of the BCCI matter and other recent foreign bank supervisory problems, the Board determined that improvements in the existing statutory framework governing foreign bank operations in this country were needed and recommended the legislation being considered to build upon, and complement, the existing supervisory structure to fill those regulatory gaps that experience has demonstrated exist, before the Subcommittee on Consumer and Regulatory Affairs of the Senate Committee on Banking, Housing, and Urban Affairs, May 23, 1991.

582 The Board of Governors comments on H.R.6 and H.R.447 dealing with truth in savings and says that account holders should have adequate information on which to make informed saving decisions; however, because the implementation of the proposed legislation will require a set of complex rules, the law should be carefully tailored to ensure that compliance costs are minimized and that regulatory burdens do not lead institutions to discontinue products or decide not to develop new products, before the Subcommittee on Consumer Affairs and Coinage of the House Committee on Banking, Finance and Urban Affairs, May 30, 1991.

585 Stephen C. Schemering, Deputy Associate Director, Division of Banking Supervision and Regulation, Board of Governors, reviews the Federal Reserve's administration of its discount window activities with respect to the Madison National Bank and says that the loans to Madison National Bank were made consistent with the Federal Reserve's overall policy governing discount window lending, before the House Committee on Banking, Finance and Urban Affairs, May 31, 1991.

587 *ANNOUNCEMENTS*

Statement by Chairman Greenspan on the resignation of Karl Otto Poehl as President of the Deutsche Bundesbank.

# Recent Developments Affecting the Profitability and Practices of Commercial Banks

*Allan D. Brunner, John V. Duca, and Mary M. McLaughlin, of the Board's Division of Monetary Affairs, prepared this article. Thomas C. Allard and Charles R. Fendig provided research assistance.*

Nineteen-ninety proved to be a difficult year for the U.S. banking industry. U.S.-chartered insured commercial banks experienced a substantial increase in nonperforming loans, and as they attempted to keep pace through a continued high rate of loss provisions, their profitability edged down from the already depressed level of 1989. In contrast to the late 1980s, when heightened loss provisions were made for problem loans to developing countries, loan quality problems last year were concentrated in the commercial real estate sector and, to a lesser extent, in merger-related credits to highly leveraged firms.

Poor loan performance put strong pressure on the banking industry to improve its capital position in 1990. Loan quality problems, however, also lessened investor confidence in the banking industry, particularly in the second half of 1990. This period was marked by sharp declines in bank equity prices, large increases in the risk premiums demanded by investors on bank subordinated debt issues, and difficulties encountered by some large banks in obtaining funds in interbank markets. Confronted with these funding difficulties and weak earnings, and in anticipation of new capital standards, many banks restricted the growth of their assets and sought to preserve their profit margins in 1990, in part by widening margins on loans, aggressively cutting costs, tightening credit standards for approving loans, and stepping up the pace of loan securitizations.

These actions, along with slackening loan demand stemming from a weakening economy, slowed the expansion of loans held on bank balance sheets last year and led to a deceleration in the overall growth of interest-earning assets at U.S. banks (table 1).[1] Each of the three main categories of loans—real estate, business, and consumer loans—weakened; and in a development reminiscent of other economic slowdowns, holdings of U.S. government securities picked up.

Conditions improved somewhat after the turn of the year. The successful conclusion of the Gulf war, accumulating evidence suggesting an improved economic outlook, and monetary policy actions to foster a recovery all dramatically improved the financial market climate for banks in early 1991. Moreover, in recent surveys, the number of banks reporting tighter credit standards has been lower than it was during 1990.

On the liability side of their balance sheets, earnings pressures and difficulties in raising funds in financial markets led commercial banks in 1990 to increase their reliance on retail deposits for funding and to pay down managed liabilities. The continuing shrinkage of the thrift industry, which bolstered banks' share of retail deposits, aided this substitution.

The implementation of interim risk-based capital requirements at year-end 1990 heightened the

1. Except where otherwise noted, data reported in this article are from the quarterly Reports of Condition and Income for all insured commercial banks. Asset values are fully consolidated averages (foreign and domestic offices) net of loss reserves. Net income is net of all taxes estimated to be due on income, extraordinary gains, and gains on securities. Size categories of banks, based on year-end fully consolidated assets, are as follows: small—less than $300 million; medium—$300 million to $5 billion; large—$5 billion or more.

1. Annual growth rate of selected balance sheet items, all insured commercial banks, 1985–90[1]
Percent, except as noted

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | Outstanding, Dec. 31, 1990 (billions of dollars) |
|---|---|---|---|---|---|---|---|
| *Assets* | | | | | | | |
| Interest-earning assets[2] | 9.3 | 8.0 | 3.9 | 4.1 | 6.3 | 2.4 | 2,934 |
| Total loans | 7.6 | 7.6 | 4.2 | 6.1 | 6.8 | 2.4 | 2,069 |
| Commercial and industrial | 1.8 | 4.0 | −1.2 | 2.5 | 3.3 | −.4 | 615 |
| U.S. addressees | 6.0 | 10.7 | .4 | 6.9 | 4.9 | .5 | 532 |
| Foreign addressees | −6.2 | −12.1 | −5.5 | −14.0 | −.7 | −.6 | 83 |
| Consumer | 14.2 | 7.3 | 3.3 | 6.3 | 5.9 | .4 | 377 |
| Real estate | 13.1 | 17.7 | 16.6 | 13.8 | 13.6 | 9.1 | 812 |
| Foreign government | −3.8 | −.3 | −.2 | −9.7 | −19.4 | −10.7 | 25 |
| Agricultural | −10.0 | −11.1 | −6.2 | 3.2 | 3.4 | 7.5 | 33 |
| Security | 21.5 | −22.2 | −11.2 | −.4 | 15.8 | −30.0 | 13 |
| Total securities | 13.9 | 10.2 | 7.2 | 1.9 | 5.0 | 8.8 | 589 |
| U.S. government | 2.5 | 17.3 | 10.0 | 5.0 | 10.4 | 16.3 | 415 |
| State and local government | 32.9 | −12.6 | −13.7 | −12.0 | −10.2 | −11.3 | 83 |
| *Liabilities* | | | | | | | |
| Deposits | 7.7 | 7.8 | 2.3 | 4.2 | 5.5 | 4.1 | 2,594 |
| Foreign office | 1.2 | −2.7 | 8.8 | −7.8 | −.5 | −6.0 | 293 |
| Domestic office | 9.0 | 9.7 | 1.4 | 6.3 | 6.4 | 5.6 | 2,301 |
| Demand | 8.9 | 13.6 | −10.3 | 1.4 | .7 | 1.0 | 460 |
| Other checkable deposits | 17.8 | 33.4 | 8.3 | 8.1 | 2.8 | 6.7 | 218 |
| Savings (includes MMDAs) | 16.6 | 17.5 | −.9 | 1.3 | .9 | 6.6 | 566 |
| Small time | 3.4 | −1.1 | 7.6 | 14.6 | 17.7 | 14.1 | 698 |
| Large time | 2.0 | −1.5 | 13.0 | 8.9 | 7.1 | −4.7 | 360 |

1. Growth rates calculated from year-end to year-end.

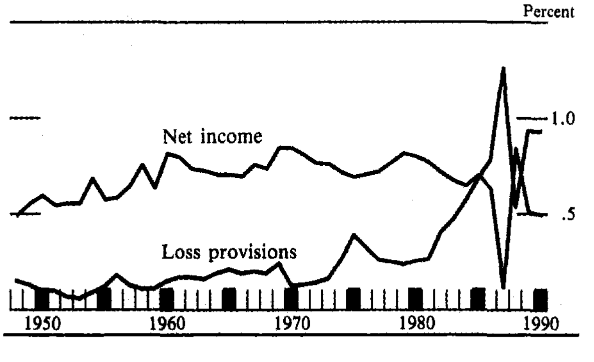
2. Includes trading account assets, federal funds sold, and interest-bearing balances.

importance of raising capital at many large banks. The new guidelines attempt to account for differences in the riskiness of various classes of assets in determining the capital adequacy of a bank. Although the composition of most banks' balance sheets is such that the new capital standards generally require more capital than did the previous regulations, especially for loans other than qualifying residential mortgages, the majority of banks already meet the even tougher 1992 standards.

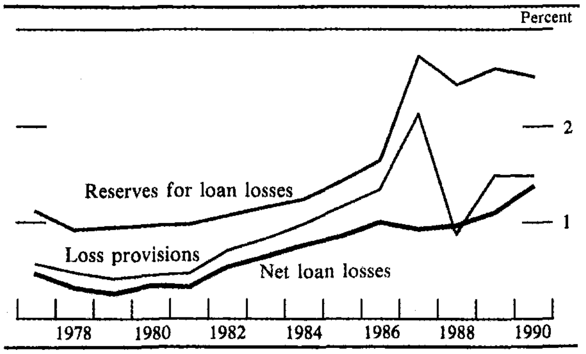
The 1990 developments were manifested in several key aggregate statistics that track the performance of the banking industry. Last year, elevated loan loss provisions, concentrated at banks with substantial exposure to commercial real estate loans, held down the industry's return on assets to 0.50 percent, the second lowest level since the late 1940s (chart 1), and its return on equity to 7.77 percent. Even with depressed profitability, dividends paid as a share of assets continued at high levels for the industry as a whole, and as a result, retained earnings remained low for the second consecutive year. Still, banks managed to increase their risk-weighted capital ratios after the first quarter of 1990, mainly by downsizing and restructuring their balance sheets. Although loss provisions remained high last year, rising losses caused banks to end the year with a slightly lower ratio of loan loss reserves to loans (chart 2).

Banks' net interest margin—the spread between interest income and interest expense—narrowed over 1990 (table 2). Interest expense dipped and loan rates held relatively firm, but interest income fell more than interest expense

1. Net income and loan loss provisions, as a percent of assets



2. Reserves for loan losses, loss provisions, and net loan losses, as a percent of loans[1]




1. Data for loans and reserves are averages. Losses are net of recoveries.

because of increases in nonperforming loans. (Appendix tables A.1 and A.2 contain detailed information on income, expenses, and portfolio composition, by size of bank, for the years 1985–90.)

In 1990, 158 federally insured commercial banks failed, down from the record of 204 set in 1989. As in recent years, the majority of the nation's failed banks were in the Southwest. Although the number of banks classified by the Federal Deposit Insurance Corporation as being in danger of becoming insolvent dipped last year, assets at troubled institutions rose sharply as those difficulties became more concentrated at larger banks.

## *BALANCE SHEET DEVELOPMENTS*

Changes in the balance sheet of the banking industry during 1990 largely reflected the effect of the economic slowdown on loan demand and the response of banks to new capital requirements, funding difficulties, and problems in loan quality.

### *Assets*

A sharp slowing in loan growth outweighed a pickup in the net acquisitions of U.S. government securities, resulting in a deceleration in the expansion of bank credit from year-end to year-end. Much of the overall deceleration in loan expansion reflected a moderation in the growth of real estate loans, a decline in commercial and industrial (C&I) loans, and an increased issuance of securities backed by consumer loans (a transaction that removes the loans from bank balance sheets).

*Real Estate Loans.* Real estate loans, the largest category of bank loans, continued expanding as a share of bank assets, albeit at a reduced rate. The composition of growth shifted last year, as in 1989, away from commercial and toward residential mortgages. This development likely resulted from the response of banks and their regulators to problems with loan quality and overbuilding in commercial real estate markets,

2. Income and expense as a percent of average net assets, all insured commercial banks, 1985–90

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Gross interest income | 9.58 | 8.50 | 8.34 | 8.95 | 9.92 | 9.57 |
| Gross interest expense | 6.08 | 5.11 | 4.95 | 5.42 | 6.41 | 6.13 |
| Net interest margin | 3.50 | 3.39 | 3.40 | 3.53 | 3.51 | 3.44 |
| Noninterest income | 1.20 | 1.28 | 1.41 | 1.47 | 1.55 | 1.63 |
| Loss provisions | .68 | .78 | 1.27 | .54 | .93 | .93 |
| Other noninterest expense | 3.17 | 3.22 | 3.30 | 3.33 | 3.37 | 3.45 |
| Securities gains | .06 | .14 | .05 | .01 | .02 | .02 |
| Income before tax | .90 | .80 | .29 | 1.14 | .80 | .70 |
| Taxes | .21 | .19 | .18 | .33 | .31 | .23 |
| Extraordinary items | .01 | .01 | .01 | .03 | .01 | .02 |
| Net income | .70 | .62 | .11 | .84 | .51 | .50 |
| Cash dividends declared | .33 | .33 | .36 | .44 | .44 | .42 |
| Net retained earnings | .37 | .29 | −.24 | .40 | .07 | .08 |
| MEMO | | | | | | |
| Net interest margin, taxable equivalent[1] | 3.88 | 3.79 | 3.61 | 3.78 | 3.70 | 3.59 |

1. For each bank with profits before tax greater than zero, income from tax-exempt state and local obligations was increased by $[t/(1 - t)]$ times the lesser of profits before tax or interest earned on tax-exempt obligations, where $t$ is the marginal federal income-tax rate. This adjustment approximates the equivalent pretax return on tax-exempt obligations.

the declining role of thrift institutions in providing residential mortgages, and the relatively lower risk weight assigned to qualifying residential mortgages under newly imposed risk-based capital guidelines.

The shrinkage of the thrift industry enabled banks to continue expanding their role in the primary mortgage market. Nonetheless, the growth rate of residential mortgages, excluding home equity loans, slowed last year because of the recession-dampened level of housing demand, the selling of mortgages in the mortgage-backed securities market, and to a lesser extent, more restrictive policies toward mortgage lending. A number of banks that responded to the August and October 1990 Lending Practices Surveys (LPSs) indicated that they had adopted tougher down payment and payments-to-income requirements for approving residential mortgages.

During the past two years, the growth of home equity loans has moderated from the rapid pace that followed the passage of the Tax Reform Act of 1986, which had phased out the interest deductibility of most nonmortgage household debt. This deceleration likely reflects the reduction over time in the number of eligible households without home equity lines as well as the effect of the economic slowdown on the loan demand of those with these lines. More recently, supply factors also may have played a role. Responses to LPSs over 1990 suggested that banks had adopted somewhat more cautious attitudes toward making home equity loans. According to the February 1990 LPS, banks reduced the size of such lines and the attractiveness of teaser rates offered on these loans.

The overbuilding in the market for nonresidential commercial structures helped further slow the expansion of longer-term bank credit in that market in 1990. A large majority of respondents to LPSs indicated that they had tightened their credit standards for approving commercial real estate loans in each quarter of 1990, although the share of respondents indicating further tightening ebbed somewhat near year-end.

Real estate loans for construction and land development fell about 7½ percent last year. This decline reflected, in part, weakening loan demand and the adoption of tougher credit standards by banks. Large majorities of respondents to LPSs conducted last year reported using tougher loan approval standards, likely resulting from accumulating evidence of overbuilding and mounting loan quality problems in real estate markets, as well as closer regulatory scrutiny. In addition, write-offs of nonperforming loans and foreclosures, concentrated in the Northeast, reduced loans on bank balance sheets.

*Commercial and Industrial Loans*. After moderate growth in 1989, C&I loans edged down at commercial banks in 1990, mainly because of a dip in such loans made to domestic addressees (table 1). The decline in economic activity held down the demand for loans to finance both working capital and business investment and reduced the demand for merger-related financing. The growth of business loans has also been depressed by banks' tightening of credit terms and standards. Large proportions of banks responding to LPSs throughout 1990 indicated that they had charged somewhat higher rates for C&I loans relative to their funding costs and, on loans to small and medium firms, had tightened nonprice terms of credit such as collateral requirements and loan covenants. In surveys conducted in the gloomy and uncertain environment following Iraq's invasion of Kuwait, sizable proportions of reporting banks indicated that they had tightened credit terms and standards on C&I loans to larger firms as well. A deterioration in the economic outlook was the most frequently cited and highly ranked reason for these loan policy changes, followed by problems specific to the industries of the borrowers.

The continued deceleration in merger-related lending and merger-related activity last year was in part a result of a more cautious approach to providing such financing. Very large proportions of respondents to an early-1990 LPS reported that they had raised their credit standards on merger-related loans. The performance of merger-related loans also deteriorated last year: The percentage of LPS respondents indicating that they had charged off merger-related loans was larger during 1990 than during 1989. In addition, most of the respondents who cited charge-offs of these loans reported an increase in merger-related charge-offs from 1989 to 1990.

*Consumer Loans.* The growth of consumer loans held by banks was depressed by the securitization of $22 billion of consumer receivables last year—mostly credit card debt. The rapid pace of securitizations, up substantially from an already elevated rate in 1989, was primarily motivated by banks' needs to comply with the new risk-based capital standards, which began to take effect at year-end 1990. By reducing loans held on balance sheets, securitization lowers the amount of capital that banks are required to hold while enabling them to continue earning fee income from originating and servicing the securitized loans. Also, the uncertainty surrounding developments in the Middle East and fears engendered by the recession may have sapped credit demand. Supply factors, too, may have restrained the growth of consumer loans, as the number of banks reporting an increased willingness to lend steadily declined in 1990.

*Loans to Foreign Addressees.* The sum of loans to foreign governments and C&I loans to foreign addressees, which includes many loans made to developing countries, contracted again last year. As part of their retrenchment in international lending, large banks, which account for almost all holdings of these loans, continued to restructure and reduce their exposure to heavily indebted developing countries. Loans to foreign governments posted another large decline, and business loans to foreigners continued to edge down.

*Securities.* Despite the deceleration in the growth of assets overall, security holdings grew 8¾ percent in 1990, an acceleration reflecting the sharp slowing in the growth of bank loans and the more favorable treatment of U.S. government securities relative to loans under the risk-based capital regulations. The surge in holdings of U.S. government securities more than outweighed continued runoffs in other securities, mainly municipal government securities. As in 1989, banks acquired more government-guaranteed mortgage-backed securities (MBSs). In general, banks find these securities attractive because the yields on MBSs are higher than those on comparable-maturity U.S. Treasury issues and because risk-based capital guidelines require less capital to be maintained for government-guaranteed MBSs than for most other items on a bank's balance sheet. To some extent, increased holdings of MBSs and of one- to four-family mortgages reflect the expansion of banks' role in mortgage markets as the thrift industry contracts.

By contrast, bank holdings of state and local government securities continued to decline, as they have since one of the tax advantages of holding such securities was eliminated by the passage of the Tax Reform Act of 1986. Runoffs of tax-exempt securities in 1990 were more pronounced at those banks that posted large losses and were therefore not in need of sheltering income from taxation. The less-favorable treatment of municipal securities relative to that of U.S. Treasury securities under risk-based capital guidelines may also have contributed to the recent declines in holdings of these securities. In addition, the emergence last year of widespread fiscal problems in many state and local governments likely reduced the attractiveness of purchasing their securities.

### *Liabilities*

Deposits at commercial banks grew 4 percent in 1990 on a year-end basis, a pace comparable to that of the past two years. However, the proportion of bank liabilities represented by demand deposits fell in 1990, as businesses likely continued their shift away from compensating balances and toward fees to pay for bank services.

Retail time and savings deposits, on the other hand, continued to become a larger source of funding, partly because depositors transferred or diverted funds from savings and loan institutions and partly because banks acquired thrift institutions. The strength in retail accounts was concentrated in small-denomination time deposits, a traditional source of funding for thrift institutions. These inflows helped reduce the need for banks to issue more-costly managed liabilities to fund their moderate growth in assets. In addition, the shift away from managed liabilities was also induced by increases late last year in the interest

3. Profit rates, insured commercial banks, by asset size, 1985–90
Percent

| Type of return and size of bank | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| *Return on assets*[1] | | | | | | |
| All banks | .70 | .62 | .11 | .84 | .51 | .50 |
| Less than $300 million | .74 | .58 | .63 | .74 | .88 | .80 |
| $300 million to $5 billion | .83 | .76 | .58 | .76 | .74 | .54 |
| $5 billion or more | | | | | | |
| Money center banks | .45 | .46 | −.86 | 1.06 | −.30 | .37 |
| Other | .74 | .68 | −.02 | .82 | .58 | .35 |
| *Return on equity*[2] | | | | | | |
| All banks | 11.18 | 9.97 | 1.80 | 13.52 | 7.94 | 7.77 |
| Less than $300 million | 9.19 | 7.21 | 7.76 | 8.89 | 10.32 | 9.31 |
| $300 million to $5 billion | 12.83 | 11.52 | 8.79 | 11.39 | 10.93 | 7.68 |
| $5 billion or more | | | | | | |
| Money center banks | 9.60 | 9.50 | −19.46 | 23.40 | −6.17 | 8.37 |
| Other | 13.56 | 12.18 | −.28 | 15.16 | 10.34 | 6.14 |

1. Net income as a percent of average fully consolidated assets net of loss reserves.

2. Net income as a percent of average equity capital.

costs of large time and Eurodollar deposits relative to other interest and deposit rates. The higher costs reflected larger risk premiums demanded by investors in bank liabilities not fully covered by deposit insurance.

Growth in the more liquid retail bank deposits, such as money market deposit accounts (MMDAs), other checkable deposits, and savings deposits, strengthened considerably last year. This pickup primarily reflected the fact that rates on liquid retail deposits reacted more slowly to declines in short-term market rates than did yields on small time deposits.

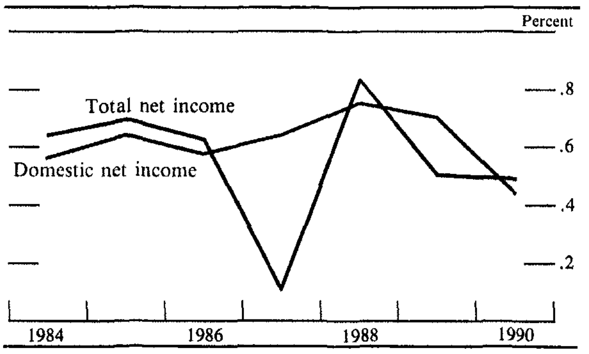
## *Trends in Profitability*

While small banks continued to post healthy profits in 1990, larger banks reported weak earnings (table 3). Most of this difference reflects substantial additions to loss provisions by medium and large banks for commercial real estate and domestic business loans (table 4). During the late 1980s, loss provisioning against loans to developing countries, which lowered income attributable to foreign operations, had accounted for most of the variation both in industry-wide profits across time and in profits across the

4. Loan losses and recoveries, insured commercial banks, by asset size, 1988–90
Millions of dollars, except as noted

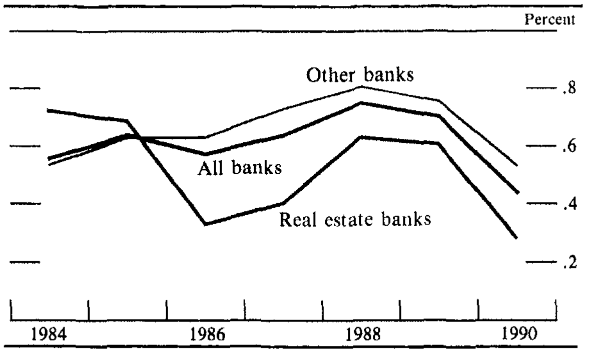
| Year and size of bank | Losses charged | Recoveries | Net charge-offs | | Loss provisions |
|---|---|---|---|---|---|
| | | | Amount | Percent of loans | |
| *1990* | | | | | |
| All banks | 32,152 | 4,078 | 28,074 | 1.37 | 30,296 |
| Less than $300 million | 3,196 | 698 | 2,498 | .68 | 3,138 |
| $300 million to $5 billion | 7,346 | 1,046 | 6,299 | 1.12 | 9,485 |
| $5 billion or more | | | | | |
| Money center banks | 9,610 | 905 | 8,705 | 2.10 | 5,197 |
| Other | 12,000 | 1,429 | 10,571 | 1.52 | 12,476 |
| *1989* | | | | | |
| All banks | 25,240 | 3,870 | 21,370 | 1.10 | 28,702 |
| Less than $300 million | 3,213 | 735 | 2,478 | 0.68 | 2,947 |
| $300 million to $5 billion | 5,791 | 959 | 4,831 | 0.88 | 6,153 |
| $5 billion or more | | | | | |
| Money center banks | 6,719 | 960 | 5,758 | 1.47 | 9,638 |
| Other | 9,516 | 1,215 | 8,302 | 1.31 | 9,963 |
| *1988* | | | | | |
| All banks | 21,742 | 4,024 | 17,718 | .97 | 15,825 |
| Less than $300 million | 3,545 | 779 | 2,766 | .78 | 3,280 |
| $300 million to $5 billion | 5,260 | 898 | 4,362 | .85 | 4,864 |
| $5 billion or more | | | | | |
| Money center banks | 4,589 | 1,107 | 3,482 | .90 | 2,324 |
| Others | 8,348 | 1,240 | 7,108 | 1.25 | 5,358 |

3. Total net income and domestic net income, as a percent of assets[1]




1. Domestic income excludes income attributable to foreign operations.

4. Domestic net income for commercial real estate banks and others, as a percent of assets[1]




1. A commercial real estate bank holds commercial mortgages and loans for land development and construction that equal at least one-eighth of its total assets; about one-fourth of U.S. banks are in this category.

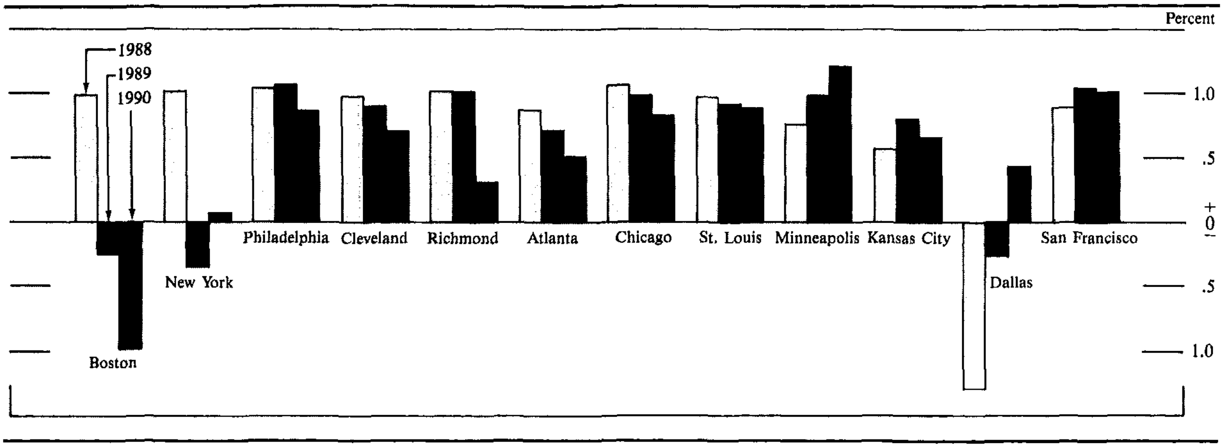
different size categories of banks. Indeed, for several years up to 1990, the return on assets for all banks, excluding net income attributable to foreign operations, had moved in a narrow range (chart 3). Last year, however, net income attributable to domestic operations fell, accounting for the weakness in bank profits.

The 47 percent increase in loss provisions for domestic loans in 1990 more than accounted for the 5½ percent increase in total provisions. By contrast, loss provisions attributable to foreign operations fell 84 percent last year, following an increase of 350 percent in 1989. Most of the decline in domestic earnings was likely attributable to the deterioration in the performance of commercial real estate loans. For about one-fourth of all U.S. banks, commercial mortgages plus construction and land development loans at each of them amounted to at least one-eighth of their total assets. At these "commercial real estate banks," net income attributable to domestic activities declined from 0.60 percent of assets in 1989 to 0.28 percent in 1990. This decline was greater than at other banks, where domestic income fell from 0.75 percent of assets in 1989 to 0.53 percent in 1990 (chart 4).

As a result of much-reduced provisioning for losses against loans to developing countries last year, net income attributable to foreign operations swung from a large loss in 1989 to a moderate gain last year. This turnaround aided the partial recovery in the profitability of money center banks, which hold the bulk of U.S. bank loans to developing countries.

The regional pattern of loss provisioning in 1990 is reflected in the profitability of banks grouped by Federal Reserve District (chart 5). In general, the return on assets fell in most of the eastern Districts because of large provisions made against commercial real estate loans. The one exception

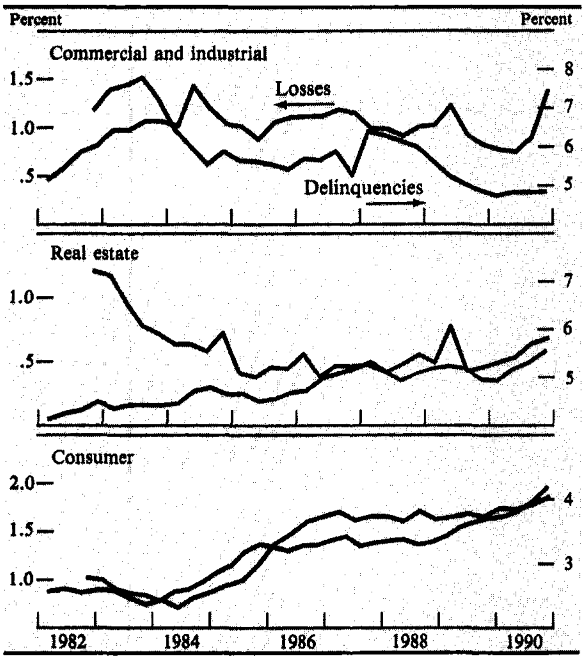
5. Net income as a percent of assets, by Federal Reserve District



was the New York District, where the slight recovery in profitability mainly reflected reduced provisioning against foreign loans by the money center banks. Profitability fell sharply in the Richmond District, while losses mounted in the Boston District. On the brighter side, the declining (albeit still large) backlog of troubled loans in the Dallas District allowed additions to loss provisions to diminish for the second straight year, and the return on assets of banks in the District rose markedly during 1990.

For the banking system as a whole, the net rate of loss (charge-off rate) on all loans rose from 1.09 percent in 1989 to 1.37 percent last year. Detailed data on charge-offs net of recoveries by type of loan are available for banks with assets of more than $300 million or with foreign offices (table 5). At this large subset of the banking industry, which accounts for nearly 80 percent of bank assets, the net charge-off rate on all loans rose from 1.21 percent in 1989 to 1.58 percent last year, paced by steep increases in charge-offs against real estate, consumer, and domestic business loans. On a seasonally adjusted basis, the charge-off and delinquency rates on these loans generally rose throughout last year (chart 6).

6. Loan losses and delinquencies at medium and large banks, by type of loan[1]




1. Percentages are annual rates of average amount outstanding, seasonally adjusted. Losses are net of recoveries; delinquent loans are those in nonaccrual status plus those accruing interest and at least thirty days past due.

## *Noninterest Income and Expense and Gains on Securities*

Noninterest income in 1990 increased about as much as noninterest expense (excluding loss provisions), leaving the negative spread between these two components unchanged. On the expense side, cost-cutting efforts and bank mergers contributed to a 1 percent decline in bank employment from year-end 1989 to year-end 1990. Nevertheless, salaries and employee benefits grew somewhat faster than total industry assets last year, in part because the growth of assets slowed. Noninterest income was supported by moderate increases in fees received for deposit services and additional fees for servicing newly issued securities backed by consumer loans. However, to some extent, increases in noninterest income were restrained by the slowdown in

5. Net loan losses, by type of loan, medium and large insured commercial banks, 1985–90
Percent of average total loans

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Total loans | .75 | .89 | .91 | 1.03 | 1.21 | 1.58 |
| Commercial and industrial | 1.02 | 1.14 | .96 | .95 | .93 | 1.31 |
| U.S. addressees | .94 | 1.10 | .86 | .82 | .78 | 1.20 |
| Foreign addressees | 1.25 | 1.29 | 1.35 | 1.55 | 1.70 | 1.89 |
| Consumer | 1.24 | 1.58 | 1.58 | 1.52 | 1.63 | 1.86 |
| Credit-card | 2.57 | 3.28 | 3.26 | 3.08 | 3.05 | 3.29 |
| Installment | .63 | .75 | .74 | .73 | .90 | 1.09 |
| Real estate | .22 | .38 | .47 | .42 | .52 | .92 |
| Foreign government | .84 | .47 | 2.58 | 9.35 | 17.01 | 21.05 |
| Depository institutions | .15 | .36 | .56 | .98 | 1.35 | 2.43 |
| U.S. | .12 | .33 | .11 | .15 | .19 | .08 |
| Foreign | .15 | .36 | .96 | 1.83 | 2.52 | 5.41 |

merger-related lending, which generates fee income.

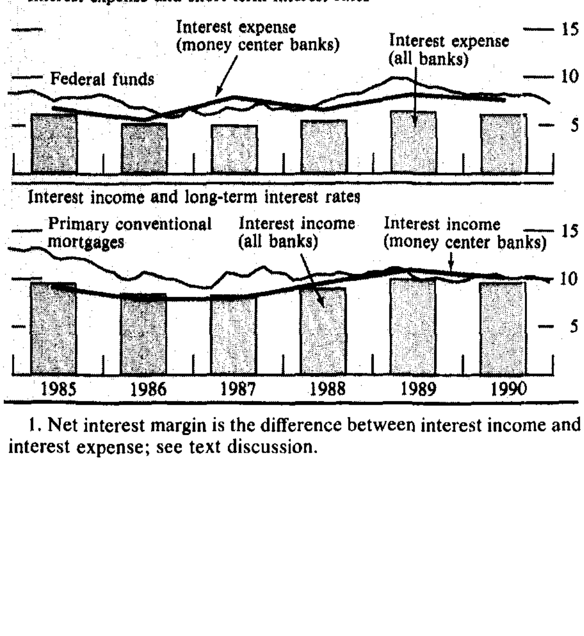
With long-term interest rates relatively stable in recent years, capital gains on the sale of investment-account securities continued to be low relative to the high levels that were seen in the mid-1980s.

### *Net Interest Margins*

The net interest margin of the banking industry fell in 1990, with sharp drops at money center banks and small changes at other banks (chart 7, top panel). Rates on sources of funds followed market rates downward last year and, somewhat more sluggishly, so did rates on interest-earning assets, but increases in nonperforming loans caused the narrowing of the interest margin.

In the second half of 1990 (and into 1991), short-term interest rates declined substantially as the Federal Reserve took steps to cushion the emerging economic slowdown. Interest expense as a proportion of assets, moving in line with short-term rates, dipped about ¼ percentage point

7. Interest expense and income, as a percent of assets, and interest rates[1]




1. Net interest margin is the difference between interest income and interest expense; see text discussion.

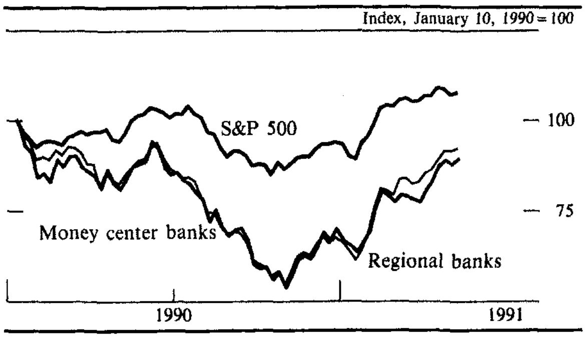
in 1990. The interest costs of managed liabilities, such as large time deposits and foreign deposits (for example, Eurodollar deposits), typically are more responsive to changes in market rates than are yields on retail deposits; hence, the drop in interest expense was larger at money center banks, which rely on managed liabilities for funding more than other banks do (chart 7, middle panel). But the drop in interest income, which overall was sharper than the fall in interest expense (about ⅓ percentage point), was also deeper at money center banks (chart 7, bottom panel) and other large banks largely because of increases in nonperforming loans (table 6). This negative effect of worsening loan quality was softened, however, by the lag in the adjustment of loan rates to the decline in short-term market rates.

### *Dividends and Retained Earnings*

Despite low levels of profitability, commercial banks paid dividends of 0.42 percent of assets in 1990, near the record rates posted in 1988 and 1989. Cuts in dividends, along with reduced provisioning for loans to developing countries, enabled money center banks to bolster their capital positions with retained earnings. But dividends as a share of profits surged at medium and large non-money-center banks, which maintained dividend payouts in the face of a substantial decline in profitability. As a result, medium banks retained virtually no earnings, and large banks other than money center banks dipped into capital to pay dividends. By contrast, small institutions continued paying out about two-thirds of profits in dividends, and their retained earnings as a share of assets stayed at levels near the average of the past five years.

Stock price indexes for money center and regional banks generally fell faster than the broad market through October (chart 8), likely reflecting the growing perception that the performance of merger-related and real estate loans was deteriorating. Such problems particularly affected stock prices of several New England bank holding companies, while concerns over economic problems in several heavily indebted developing countries depressed the stock prices of vulnerable money center banks. In the fourth quarter, however, a reduction in reserve requirements and other Fed-

8. Stock price indexes




eral Reserve actions to foster an economic recovery created a market climate in which bank stock price indexes recovered some of these losses.

### CAPITAL

As a whole, the banking industry added more equity last year than it did in 1989, despite the very low level of retained earnings and increased costs of issuing new bank equity and subordinated debt (table 7). Most of the net changes in equity capital occurred at smaller banks, where retained earnings remained at healthy levels. Large banks as a group raised only a bit more equity capital last year than in 1989, partly because their dividend payouts in 1990 exceeded earnings. Issuance of subordinated debt weakened last year as its cost rose sharply against a backdrop of market concerns about the health of large banks (chart 9). Nevertheless, the ratio of total capital to risk-adjusted assets actually rose for the industry as a whole between the first and fourth quarters of last year. The industry owed much of this increase to successful efforts by some large, less-well-capitalized banks to meet or exceed the initial phase-in of risk-based capital standards at the end of 1990 by securitizing loans, shifting the composition of their portfolios toward assets with lower risk weights, and paring down low-earning assets.

By year-end 1992, banks must meet three basic required capital ratios. First, tier 1 capital—mainly common equity and perpetual preferred stock—must amount to at least 4 percent of risk-weighted assets. Second, tier 1 capital must equal at least 3 percent of unweighted assets. Third, total capital—tier 1 plus tier 2—must

6. Nonperforming assets, insured commercial banks, by asset size, 1988–90
Percent of total loans outstanding, except as noted

| Year and size of bank | Past due | Nonaccrual loans | | | | Total nonaccrual loans plus other real estate owned[2] |
|---|---|---|---|---|---|---|
| | | Total | Selected components[1] | | | |
| | | | Real estate | Commercial and industrial: Foreign | Commercial and industrial: Domestic | |
| *1990* | | | | | | |
| All banks | 2.77 | 3.21 | 3.54 | 6.14 | 3.37 | 4.19 |
| Less than $300 million | 2.97 | 1.38 | 0.06 | .00 | .16 | 2.48 |
| $300 million to $5 billion | 2.96 | 2.24 | 2.98 | 4.02 | 3.01 | 3.27 |
| $5 billion or more | | | | | | |
| Money center banks | 2.12 | 5.93 | 6.54 | 6.94 | 4.79 | 6.85 |
| Other | 2.89 | 3.38 | 5.33 | 2.83 | 3.63 | 4.31 |
| *1989* | | | | | | |
| All banks | 2.31 | 2.46 | 2.33 | n.a. | n.a. | 3.06 |
| Less than $300 million | 2.77 | 1.32 | 1.23 | n.a. | n.a. | 2.39 |
| $300 million to $5 billion | 2.39 | 1.53 | 2.12 | 4.51 | 1.81 | 2.12 |
| $5 billion or more | | | | | | |
| Money center banks | 1.61 | 5.29 | 3.08 | 8.12 | 3.30 | 5.71 |
| Other | 2.40 | 2.19 | 3.16 | 3.97 | 1.93 | 2.63 |
| *1988* | | | | | | |
| All banks | 2.09 | 2.37 | 1.72 | n.a. | n.a. | 2.87 |
| Less than $300 million | 2.62 | 1.33 | 1.25 | n.a. | n.a. | 2.39 |
| $300 million to $5 billion | 2.11 | 1.25 | 1.62 | 7.14 | 1.52 | 1.75 |
| $5 billion or more | | | | | | |
| Money center banks | 1.59 | 5.56 | 2.25 | 10.06 | 3.34 | 5.90 |
| Other | 2.08 | 1.95 | 1.98 | 6.47 | 1.47 | 2.24 |

1. As a percent of total loans in that category.
2. As a percent of total loans outstanding plus other real estate owned.
n.a. Not available.

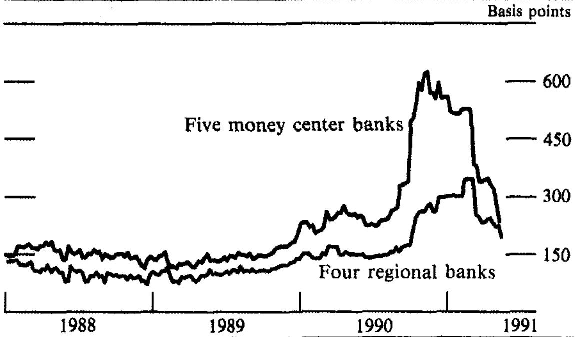
7. Retained income and change in total equity capital, insured commercial banks, 1985–90
Millions of dollars except as noted

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| *Retained income*[1] | | | | | | |
| All banks | 9,348 | 8,069 | −7,324 | 11,691 | 2,065 | 2,530 |
| Large banks | 4,177 | 4,121 | −10,142 | 7,567 | −2,565 | −609 |
| *Net change in equity capital* | | | | | | |
| All banks | 15,399 | 16,103 | 2,226 | 19,340 | 11,322 | 16,405 |
| Large banks | 5,559 | 7,446 | −5,554 | 10,914 | 2,638 | 5,610 |
| *Percent of change in equity capital from retained income*[2] | | | | | | |
| All banks | 61 | 50 | ... | 60 | 18 | 15 |
| Large banks | 75 | 55 | ... | 69 | ... | ... |

1. Net income less cash dividends declared on stock.
2. Retained income divided by the net change in equity capital.

equal at least 8 percent of risk-weighted assets. The corresponding interim ratios (1991–92) are 3.625 percent, 3 percent, and 7.25 percent. Tier 2 capital includes other types of preferred stock, subordinated debt, loan loss reserves (up to 1.25 percent of risk-based capital), and mandatory convertible debt. In the calculation of the risk-based capital ratio, a weight of 0 percent is applied to U.S. Treasury securities, mortgages backed by the Federal Housing and Veterans administrations, and MBSs guaranteed by the Government National Mortgage Association (GNMA). The risk weights are 20 percent for most other MBSs and federal agency securities, 50 percent for qualifying one- to four-family conventional mortgages, and 100 percent for most other loans, including C&I, consumer, and commercial real estate. To varying degrees, capital also must be maintained on most off-balance-sheet exposures to risk.

9. Spread of rates for debentures of commercial banks over rates for Treasury securities[1]

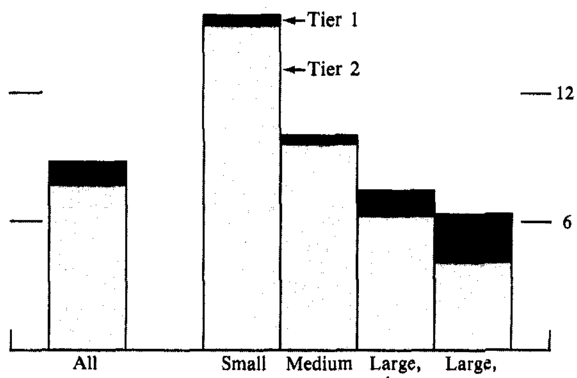



1. Rates for the banks are the mean of the quarterly average rates for the banks selected. Yields on Treasury securities and debentures are based on actively traded issues adjusted to a ten-year constant maturity.

Currently, the vast majority of banks meet the interim standards, and partly in response to market pressures, many already meet the final 1992 capital standards. Across banks of different size categories, the ratio of total capital to risk-weighted assets was somewhat lower for large banks. Moreover, the ratio of tier 1 capital to risk-adjusted assets was much lower at large banks, mainly because of the greater reliance by these banks on subordinated debt (chart 10).

In general, asset growth was faster at banks that began 1990 with high ratios of equity capital to assets. For example, interest-earning assets expanded 7¼ percent at large banks (those with at least $5 billion in assets) whose ratios of equity capital to assets were in the highest quartile, but such assets declined at a

10. Ratios of tier 1 and tier 2 capital to risk-adjusted assets, by size of bank, 1990:4[1]




1. See text discussion for definitions of capital tiers and risk adjustments.

similar pace at large banks in the lowest quartile. Interest-bearing assets at smaller banks with capital to asset ratios in the highest quartile grew nearly 11 percent last year but expanded only 3½ percent at smaller banks with ratios in the lowest quartile.

### *Developments in Early 1991*

Loan quality has continued to trouble the commercial banking industry into 1991. The deterioration in the performance of real estate loans, mainly commercial mortgages, has spread from the Northeast down the eastern seaboard, requiring additions to loss provisions. Moreover, signs of further weakening in the performance of merger-related lending have become more visible. After suffering large loan losses, particularly on commercial mortgages, the Bank of New England failed in January. In the face of mounting estimates of the costs of bank failures, the Federal Deposit Insurance Corporation has raised deposit insurance premiums and has asked the Congress for additional borrowing authority to close capital-deficient banks more quickly, thereby holding down the costs of resolutions.

First-quarter profit results were mixed. The profitability of several large banks was depressed, mainly by mounting real estate loss provisions and declining performance of loans to highly leveraged firms. Weak earnings and a need to preserve capital led several large banks to cut their dividend payments late last year and in early 1991. On the brighter side, the weakness in earnings of regional and money center banks did not hamper a rally in their equity prices, which rose sharply during the first quarter to outperform broader stock price indexes. A more favorable market assessment of the banking industry spurred banks to issue large volumes of subordinated debt and equity shortly after the Gulf war. Indeed, banks issued more subordinated debt and equity in the first quarter of 1991 than during all of 1990.

Survey responses to the May 1991 LPS indicated that banks continued to tighten their credit standards for riskier types of loans in early 1991, but to a much lesser extent than before the conclusion of the Gulf war. On the liability side of their balance sheets, deposit outflows from the thrift industry and acquisitions of thrift institutions have enabled banks to continue substituting retail deposits for more expensive, managed liabilities in an environment of slow asset expansion.

A.1. Report of income, all insured commercial banks, 1985–90
Millions of dollars

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| **Operating income, total** | **275,741** | **269,152** | **281,218** | **308,580** | **357,033** | **365,702** |
| Interest, total | 245,152 | 233,961 | 240,548 | 264,999 | 308,691 | 312,382 |
| Loans | 181,368 | 172,712 | 177,217 | 196,119 | 231,711 | 232,629 |
| Balances with banks | 13,660 | 11,139 | 11,874 | 13,198 | 14,750 | 12,396 |
| Gross federal funds sold and reverse repurchase agreements | 9,404 | 8,918 | 8,810 | 10,025 | 12,585 | 12,183 |
| Securities (excluding trading accounts) | 37,387 | 37,860 | 38,698 | 40,738 | 45,219 | 49,809 |
| Tax-exempt | 8,752 | 10,594 | 9,085 | 8,014 | 7,186 | 6,253 |
| Taxable | 28,635 | 27,266 | 29,613 | 32,724 | 38,033 | 43,556 |
| Trading account assets | 3,333 | 3,332 | 3,948 | 4,918 | 4,427 | 5,364 |
| Service charges on deposits | 7,333 | 7,908 | 8,659 | 9,323 | 10,151 | 11,348 |
| Other operating income | 23,257 | 27,282 | 32,012 | 34,258 | 38,192 | 41,972 |
| **Operating expense, total** | **254,184** | **250,821** | **274,060** | **275,050** | **332,889** | **343,202** |
| Interest, total | 155,549 | 140,762 | 142,379 | 160,455 | 199,342 | 200,161 |
| Deposits | 129,439 | 115,898 | 113,687 | 125,961 | 153,466 | 158,148 |
| Large certificates of deposit | 22,705 | 19,281 | 18,935 | 21,907 | 28,739 | 26,660 |
| Deposits in foreign offices | 30,117 | 24,440 | 25,946 | 28,248 | 33,436 | 34,031 |
| Other deposits | 76,618 | 72,177 | 68,806 | 75,806 | 91,290 | 97,457 |
| Gross federal funds purchased and repurchase agreements | 16,432 | 15,745 | 15,472 | 18,146 | 24,007 | 21,953 |
| Other borrowed money | 9,677 | 9,119 | 13,220 | 16,347 | 21,869 | 20,060 |
| Salaries, wages, and employee benefits | 39,467 | 42,262 | 44,463 | 45,595 | 48,129 | 50,827 |
| Occupancy expense | 13,137 | 14,291 | 15,041 | 15,496 | 16,249 | 17,159 |
| Loss provisions | 17,504 | 21,538 | 36,534 | 15,990 | 28,806 | 30,296 |
| Other operating expenses | 28,527 | 31,968 | 35,643 | 37,515 | 40,363 | 44,760 |
| Securities gains | 1,506 | 3,785 | 1,397 | 285 | 774 | 513 |
| Income before tax | 23,063 | 22,115 | 8,555 | 33,815 | 24,918 | 23,013 |
| Taxes | 5,499 | 5,184 | 5,267 | 9,871 | 9,504 | 7,507 |
| Extraordinary items | 237 | 271 | 162 | 833 | 315 | 668 |
| Net income | 17,802 | 17,202 | 3,450 | 24,777 | 15,730 | 16,175 |
| Cash dividends | 8,455 | 9,133 | 10,505 | 13,086 | 13,665 | 13,644 |

A.2. Portfolio composition, interest rates, and income and expenses, insured commercial banks, by size, 1985–90[1]

A. All banks

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Balance sheet items as a percent of average consolidated assets including loss reserves | | | | | |
| Interest-earning assets | 86.05 | 86.02 | 86.62 | 87.94 | 87.84 | 87.72 |
| Loans | 58.51 | 57.86 | 58.36 | 60.59 | 61.30 | 61.16 |
| Commercial and industrial | 22.26 | 20.96 | 20.04 | 19.55 | 19.20 | 18.59 |
| U.S. addressees | 17.50 | 16.93 | 16.60 | 16.55 | 16.60 | 16.07 |
| Foreign addressees | 4.76 | 4.03 | 3.44 | 3.00 | 2.60 | 2.53 |
| Real estate | 15.71 | 16.71 | 18.69 | 20.56 | 22.18 | 23.51 |
| Construction | 3.20 | 3.49 | 3.87 | 4.01 | 4.14 | 3.97 |
| Farmland | .41 | .43 | .46 | .49 | .51 | .51 |
| One- to four-family | 7.20 | 7.31 | 8.00 | 9.03 | 9.94 | 10.95 |
| Home equity | ... | ... | .97 | 1.13 | 1.41 | 1.64 |
| Other | ... | ... | 7.74 | 7.90 | 8.53 | 9.30 |
| Multifamily residential | .44 | .49 | .56 | .58 | .59 | .61 |
| Nonfarm residential | 4.00 | 4.43 | 5.21 | 5.77 | 6.29 | 6.72 |
| Consumer | 10.80 | 11.06 | 11.10 | 11.31 | 11.40 | 11.23 |
| Credit card | 2.48 | 2.75 | 2.97 | 3.13 | 3.26 | 3.31 |
| Installment and other | 8.32 | 8.31 | 8.13 | 8.18 | 8.14 | 7.92 |
| Foreign government | 1.56 | 1.43 | 1.34 | 1.23 | 1.03 | .79 |
| Agricultural production | 1.51 | 1.22 | 1.03 | .99 | .96 | .96 |
| Security | .83 | .79 | .63 | .53 | .54 | .48 |
| Other | 7.19 | 7.27 | 6.92 | 6.42 | 5.97 | 5.61 |
| Securities | 17.58 | 18.29 | 18.58 | 16.84 | 16.74 | 17.25 |
| U.S. government | 9.50 | 9.26 | 10.03 | 10.35 | 10.78 | 11.85 |
| U.S. Treasury | 4.40 | 4.29 | 5.58 | 5.47 | 4.75 | 4.34 |
| Government-backed mortgage pools | .96 | 1.16 | 2.08 | 2.59 | 3.27 | 4.07 |
| Other | 4.05 | 3.80 | 2.38 | 2.29 | 2.75 | 2.10 |
| State and local government | 6.99 | 7.49 | 6.25 | 3.69 | 3.14 | 2.65 |
| Taxable | ... | ... | .06 | .06 | .08 | .08 |
| Tax-exempt | ... | ... | 3.35 | 3.63 | 3.06 | 2.57 |
| Other bonds and stocks | 1.08 | 1.55 | 2.29 | 2.80 | 2.82 | 2.50 |
| Trading account assets | 1.24 | 1.55 | 1.32 | 1.26 | 1.25 | 1.44 |
| Gross federal funds sold and reverse repurchase agreements | 4.43 | 4.72 | 4.43 | 4.26 | 4.20 | 4.33 |
| Interest-bearing deposits | 5.53 | 5.15 | 5.26 | 4.99 | 4.36 | 3.54 |
| Other assets | 12.62 | 12.10 | 11.20 | 10.52 | 10.66 | 10.73 |
| Deposit liabilities | 77.30 | 76.72 | 76.43 | 76.22 | 76.01 | 76.20 |
| In foreign offices | 12.61 | 11.61 | 11.38 | 10.85 | 10.05 | 9.55 |
| In domestic offices | 64.69 | 65.11 | 65.06 | 65.37 | 65.96 | 66.65 |
| Demand deposits | 15.63 | 16.03 | 15.41 | 14.34 | 13.63 | 12.98 |
| Other checkable deposits | 4.57 | 5.21 | 6.01 | 6.27 | 6.16 | 6.22 |
| Other core deposits | | | | | | |
| MMDAs | 11.72 | 12.64 | 12.32 | 11.44 | 10.55 | 10.81 |
| Other savings | 4.64 | 4.79 | 5.76 | 6.08 | 5.81 | 5.75 |
| Small time | 16.67 | 15.68 | 14.95 | 16.16 | 18.15 | 19.71 |
| Large time deposits | 11.46 | 10.76 | 10.60 | 11.08 | 11.66 | 11.18 |
| Gross federal funds purchased and repurchase agreements | 7.68 | 8.25 | 8.06 | 7.72 | 7.95 | 7.75 |
| Other liabilities for borrowed money | 3.44 | 4.02 | 4.45 | 4.93 | 4.87 | 4.85 |
| Other borrowings | 5.70 | 5.17 | 4.90 | 3.49 | 3.39 | 3.39 |
| MEMO | | | | | | |
| Money market liabilities | 35.19 | 34.63 | 34.49 | 34.58 | 34.53 | 33.26 |
| Loss reserves | .80 | .92 | 1.36 | 1.54 | 1.50 | 1.55 |
| Total equity capital | 6.17 | 6.21 | 6.06 | 6.10 | 6.27 | 6.26 |

A.2.—Continued

A. All banks—Continued

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Effective interest rate (percent) | | | | | |
| *Rates earned* | | | | | | |
| Securities | 9.27 | 8.34 | 7.89 | 8.06 | 8.58 | 8.66 |
| State and local government | 7.42 | 7.20 | 7.28 | 7.38 | 7.46 | 7.37 |
| Loans, gross | 12.07 | 10.84 | 10.44 | 10.80 | 11.97 | 11.41 |
| Net of loss provisions | 10.87 | 9.46 | 8.24 | 9.92 | 10.48 | 9.92 |
| Taxable equivalent | | | | | | |
| Securities and gross loans | 11.93 | 10.77 | 10.12 | 10.31 | 11.48 | 10.46 |
| Securities | 11.45 | 10.52 | 9.11 | 8.06 | 9.32 | 9.28 |
| *Rates paid* | | | | | | |
| Interest-bearing deposits | 8.20 | 6.98 | 5.82 | 6.81 | 7.84 | 7.54 |
| Large certificates of deposit | 8.72 | 7.31 | 6.86 | 7.39 | 8.63 | 7.98 |
| In foreign offices | 9.48 | 7.78 | 7.90 | 8.92 | 10.89 | 10.71 |
| Other deposits | 7.66 | 6.67 | 5.10 | 5.34 | 6.93 | 6.74 |
| Other checkable deposits | ... | ... | ... | ... | 4.81 | 4.77 |
| MMDAs | ... | ... | ... | ... | 6.51 | 6.21 |
| Other savings | ... | ... | ... | ... | 5.49 | 5.47 |
| Other time | ... | ... | ... | ... | 8.25 | 7.93 |
| All interest-bearing liabilities | 8.29 | 7.01 | 6.11 | 7.26 | 8.52 | 7.87 |
| | Income and expenses as a percent of average net consolidated assets | | | | | |
| Gross interest income | 9.58 | 8.50 | 8.34 | 8.95 | 9.92 | 9.57 |
| Gross interest expense | 6.08 | 5.11 | 4.95 | 5.42 | 6.41 | 6.13 |
| Net interest margin | 3.50 | 3.39 | 3.40 | 3.53 | 3.51 | 3.44 |
| Taxable equivalent | 3.88 | 3.79 | 3.61 | 3.78 | 3.70 | 3.59 |
| Noninterest income | 1.20 | 1.28 | 1.41 | 1.47 | 1.55 | 1.63 |
| Loss provisions | .68 | .78 | 1.27 | .54 | .93 | .93 |
| Other noninterest expense | 3.17 | 3.22 | 3.30 | 3.33 | 3.37 | 3.45 |
| Securities gains | .06 | .14 | .05 | .01 | .02 | .02 |
| Income before tax | .90 | .80 | .29 | 1.14 | .80 | .70 |
| Taxes | .21 | .19 | .18 | .33 | .31 | .23 |
| Extraordinary items | .01 | .01 | .01 | .03 | .01 | .02 |
| Net income | .70 | .62 | .11 | .84 | .51 | .50 |
| Cash dividends declared | .33 | .33 | .36 | .44 | .44 | .42 |
| Net retained income | .37 | .29 | −.25 | .40 | .07 | .08 |
| MEMO | | | | | | |
| Average assets (billions of dollars) | 2,559 | 2,753 | 2,883 | 2,959 | 3,112 | 3,264 |
| Number of banks | 13,898 | 13,733 | 13,273 | 12,691 | 12,323 | 11,992 |

1. See text note 1 and notes to tables in the text.

A.2. Portfolio composition, interest rates, and income and expenses, insured commercial banks, by size, 1985–90—*Continued*

B. Banks with less than $300 million in assets

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Balance sheet items as a percent of average consolidated assets including loss reserves | | | | | |
| Interest-earning assets | 90.86 | 90.77 | 91.10 | 90.83 | 90.97 | 91.17 |
| Loans | 54.22 | 52.84 | 52.96 | 54.32 | 55.11 | 55.00 |
| Commercial and industrial | 15.00 | 14.01 | 13.23 | 12.74 | 12.45 | 11.78 |
| U.S. addressees | 14.96 | 13.99 | 13.21 | 12.72 | 12.24 | 11.75 |
| Foreign addressees | .04 | .02 | .02 | .02 | .03 | .03 |
| Real estate | 20.69 | 21.75 | 23.78 | 25.69 | 27.02 | 28.00 |
| Construction | 2.22 | 2.22 | 2.22 | 2.19 | 2.27 | 2.37 |
| Farmland | 1.27 | 1.38 | 1.55 | 1.73 | 1.81 | 1.87 |
| One- to four-family | 11.20 | 11.48 | 12.55 | 13.89 | 14.59 | 15.12 |
| Home equity | ... | ... | .64 | .72 | .95 | 1.14 |
| Other | ... | ... | 12.96 | 13.16 | 13.64 | 13.99 |
| Multifamily residential | .49 | .53 | .59 | .60 | .61 | .63 |
| Nonfarm residential | 5.70 | 6.14 | 6.87 | 7.29 | 7.74 | 8.00 |
| Consumer | 12.78 | 12.15 | 11.51 | 11.28 | 11.22 | 10.92 |
| Credit card | .48 | .53 | .66 | .74 | .82 | .91 |
| Installment and other | 12.29 | 11.62 | 10.85 | 10.53 | 10.40 | 10.00 |
| Foreign government | .02 | .02 | .01 | .01 | .01 | .01 |
| Agricultural production | 4.27 | 3.62 | 3.23 | 3.24 | 3.28 | 3.35 |
| Security | .08 | .07 | .06 | .06 | .05 | .04 |
| Other | 1.37 | 1.48 | 1.47 | 1.30 | 1.08 | .89 |
| Securities | 28.23 | 27.89 | 28.44 | 28.07 | 27.79 | 28.29 |
| U.S. government | 18.39 | 17.73 | 18.70 | 19.64 | 20.13 | 21.22 |
| U.S. Treasury | ... | ... | 9.11 | 9.77 | 8.79 | 8.73 |
| Government-backed mortgage pools | 1.52 | 1.40 | 2.58 | 3.25 | 3.76 | 4.61 |
| Other | ... | ... | 7.01 | 6.61 | 7.59 | 6.92 |
| State and local government | 9.16 | 9.10 | 7.65 | 5.72 | 4.99 | 4.58 |
| Taxable | ... | ... | .17 | .20 | .22 | .24 |
| Tax-exempt | ... | ... | 5.08 | 5.52 | 4.77 | 4.34 |
| Other bonds and stocks | .68 | 1.06 | 2.09 | 2.71 | 2.67 | 2.15 |
| Trading account assets | .03 | .06 | .07 | .05 | .07 | .06 |
| Gross federal funds sold and reverse repurchase agreements | 5.55 | 7.01 | 6.45 | 5.29 | 5.66 | 6.03 |
| Interest-bearing deposits | 2.86 | 3.03 | 3.25 | 3.10 | 2.35 | 1.80 |
| Other assets | 9.47 | 9.23 | 8.66 | 8.31 | 8.17 | 7.96 |
| Deposit liabilities | 87.81 | 88.14 | 88.11 | 87.96 | 87.71 | 87.75 |
| Demand deposits | 15.39 | 15.03 | 14.41 | 13.74 | 13.20 | 12.49 |
| Other checkable deposits | 8.03 | 9.00 | 10.30 | 10.68 | 10.47 | 10.52 |
| Other core deposits | | | | | | |
| MMDAs | 13.99 | 14.94 | 14.77 | 13.21 | 11.34 | 10.67 |
| Other savings | 7.07 | 7.25 | 8.41 | 8.73 | 8.20 | 7.90 |
| Small time | 31.61 | 30.46 | 29.25 | 30.67 | 33.22 | 34.99 |
| Large time deposits | 11.61 | 11.40 | 10.95 | 10.89 | 11.20 | 11.11 |
| Gross federal funds purchased and repurchase agreements | 1.59 | 1.36 | 1.34 | 1.32 | 1.32 | 1.33 |
| Other liabilities for borrowed money | .49 | .50 | .53 | .55 | .57 | .56 |
| Other borrowings | 1.73 | 1.54 | 1.38 | 1.05 | 1.14 | 1.05 |
| MEMO | | | | | | |
| Money market liabilities | 13.79 | 13.32 | 12.85 | 12.80 | 13.16 | 13.00 |
| Loss reserves | .68 | .77 | .84 | .85 | .86 | .87 |
| Total equity capital | 8.04 | 8.01 | 8.09 | 8.26 | 8.40 | 8.45 |

A.2.—Continued

B. Banks with less than $300 million in assets—Continued

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Effective interest rate (percent) | | | | | |
| *Rates earned* | | | | | | |
| Securities | 9.61 | 8.69 | 7.88 | 7.91 | 8.37 | 8.45 |
| State and local government | 7.65 | 7.55 | 7.53 | 7.58 | 7.59 | 7.48 |
| Loans, gross | 12.50 | 11.52 | 10.84 | 10.96 | 11.70 | 11.52 |
| Net of loss provisions | 11.01 | 9.85 | 9.63 | 10.04 | 10.89 | 10.67 |
| Taxable equivalent | | | | | | |
| Securities and gross loans | 12.11 | 11.13 | 10.27 | 9.98 | 10.91 | 10.07 |
| Securities | 11.36 | 10.40 | 9.24 | 7.91 | 9.19 | 9.17 |
| *Rates paid* | | | | | | |
| Interest-bearing deposits | 7.92 | 6.91 | 5.47 | 6.34 | 7.07 | 6.94 |
| Large certificates of deposit | 8.67 | 7.31 | 6.54 | 7.09 | 8.35 | 7.89 |
| Other deposits | 7.79 | 6.84 | 5.31 | 5.46 | 6.85 | 6.78 |
| NOW | ... | ... | ... | ... | 5.07 | 5.01 |
| MMDAs | ... | ... | ... | ... | 6.11 | 5.99 |
| Other savings | ... | ... | ... | ... | 5.36 | 5.37 |
| Other time | ... | ... | ... | ... | 8.00 | 7.85 |
| All interest-bearing liabilities | 7.92 | 6.91 | 5.50 | 6.36 | 7.11 | 6.95 |
| | Income and expenses as a percent of average net consolidated assets | | | | | |
| Gross interest income | 10.17 | 9.18 | 8.63 | 8.91 | 9.60 | 9.51 |
| Gross interest expense | 5.98 | 5.20 | 4.67 | 4.89 | 5.48 | 5.44 |
| Net interest margin | 4.18 | 3.97 | 3.97 | 4.03 | 4.12 | 4.07 |
| Taxable equivalent | 4.68 | 4.45 | 4.35 | 4.07 | 4.39 | 4.31 |
| Noninterest income | .81 | .82 | .83 | .85 | .90 | .90 |
| Loss provisions | .79 | .87 | .64 | .51 | .45 | .48 |
| Other noninterest expense | 3.35 | 3.36 | 3.33 | 3.35 | 3.37 | 3.38 |
| Securities gains | .07 | .15 | .03 | .01 | .01 | .00 |
| Income before tax | .92 | .71 | .86 | 1.01 | 1.22 | 1.11 |
| Taxes | .19 | .15 | .24 | .29 | .36 | .33 |
| Extraordinary items | .01 | .02 | .02 | .02 | .02 | .02 |
| Net income | .74 | .58 | .63 | .74 | .88 | .80 |
| Cash dividends declared | .43 | .40 | .41 | .47 | .51 | .49 |
| Net retained income | .32 | .19 | .23 | .27 | .37 | .30 |
| MEMO | | | | | | |
| Average assets (billions of dollars) | 652 | 664 | 666 | 647 | 656 | 656 |
| Number of banks | 13,100 | 12,871 | 12,414 | 11,796 | 11,393 | 11,024 |

A.2. Portfolio composition, interest rates, and income and expenses, insured commercial banks, by size, 1985–90—Continued

C. Banks with $300 million to $5 billion in assets

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Balance sheet items as a percent of average consolidated assets including loss reserves | | | | | |
| Interest-earning assets | 87.98 | 88.04 | 88.60 | 88.82 | 88.96 | 88.82 |
| Loans | 57.25 | 57.74 | 59.71 | 63.23 | 64.28 | 63.31 |
| Commercial and industrial | 19.32 | 18.70 | 18.51 | 18.22 | 17.73 | 16.71 |
| U.S. addressees | 18.79 | 18.33 | 18.13 | 17.92 | 17.56 | 16.58 |
| Foreign addressees | .53 | .37 | .38 | .23 | .17 | .14 |
| Real estate | 17.99 | 19.66 | 22.00 | 24.23 | 25.95 | 26.85 |
| Construction | 4.05 | 4.42 | 4.82 | 4.80 | 4.83 | 4.38 |
| Farmland | .20 | .23 | .24 | .27 | .27 | .29 |
| One- to four-family | 7.93 | 8.23 | 9.07 | 10.49 | 11.50 | 12.35 |
| Home equity | ... | ... | 1.51 | 1.70 | 2.04 | 2.25 |
| Other | ... | ... | 8.47 | 8.79 | 9.46 | 10.10 |
| Multifamily residential | .55 | .64 | .65 | .66 | .68 | .70 |
| Nonfarm residential | 5.25 | 6.13 | 7.21 | 8.01 | 8.65 | 9.13 |
| Consumer | 13.93 | 13.96 | 14.28 | 14.66 | 15.15 | 15.00 |
| Credit card | 3.28 | 3.46 | 4.01 | 4.02 | 4.43 | 4.72 |
| Installment and other | 10.65 | 10.50 | 10.28 | 10.64 | 10.72 | 10.28 |
| Foreign government | .43 | .33 | .33 | .23 | .15 | .08 |
| Agricultural production | .69 | .57 | .46 | .46 | .43 | .48 |
| Security | .65 | .61 | .54 | .39 | .36 | .28 |
| Other | 6.62 | 6.59 | 5.86 | 5.03 | 4.51 | 3.91 |
| Securities | 21.56 | 21.66 | 20.98 | 18.17 | 18.08 | 18.78 |
| U.S. government | 11.09 | 10.43 | 11.01 | 11.18 | 11.77 | 12.98 |
| U.S. Treasury | 7.96 | 7.20 | 6.86 | 6.37 | 5.63 | 5.28 |
| Government-backed mortgage pools | 1.01 | 1.18 | 2.13 | 2.39 | 3.08 | 3.77 |
| Other | 2.12 | 2.04 | 2.02 | 2.43 | 3.07 | 2.15 |
| State and local government | 9.28 | 9.73 | 7.80 | 6.45 | 3.52 | 3.18 |
| Taxable | ... | ... | .05 | .05 | .05 | .07 |
| Tax-exempt | ... | ... | 3.81 | 4.14 | 3.47 | 3.11 |
| Other bonds and stocks | 1.19 | 1.50 | 2.17 | 2.84 | 2.79 | 2.29 |
| Trading account assets | .29 | .34 | .26 | .32 | .37 | .36 |
| Gross federal funds sold and reverse repurchase agreements | 5.14 | 5.26 | 4.71 | 4.16 | 3.91 | 4.35 |
| Interest-bearing deposits | 4.03 | 3.38 | 3.21 | 2.94 | 2.33 | 2.02 |
| Other assets | 11.80 | 11.48 | 10.71 | 10.16 | 10.01 | 10.01 |
| Deposit liabilities | 79.74 | 79.90 | 78.56 | 78.75 | 78.77 | 79.28 |
| In foreign offices | 2.69 | 2.42 | 2.50 | 2.31 | 1.96 | 1.78 |
| In domestic offices | 77.05 | 77.49 | 76.05 | 76.44 | 76.81 | 77.50 |
| Demand deposits | 18.72 | 18.68 | 17.43 | 16.10 | 15.15 | 14.42 |
| Other checkable deposits | 5.36 | 6.31 | 7.08 | 7.44 | 7.26 | 7.45 |
| Other core deposits | | | | | | |
| MMDAs | 14.75 | 15.92 | 15.22 | 13.87 | 12.77 | 12.66 |
| Other savings | 5.98 | 6.12 | 6.90 | 7.37 | 7.09 | 7.08 |
| Small time | 18.68 | 17.91 | 16.88 | 19.13 | 21.87 | 23.97 |
| Large time deposits | 13.57 | 12.55 | 12.54 | 12.53 | 12.66 | 11.92 |
| Gross federal funds purchased and repurchase agreements | 8.56 | 8.60 | 9.17 | 8.79 | 8.60 | 7.94 |
| Other liabilities for borrowed money | 2.33 | 2.27 | 3.03 | 3.20 | 3.20 | 3.26 |
| Other borrowings | 3.13 | 2.82 | 2.70 | 1.65 | 1.66 | 1.50 |
| MEMO | | | | | | |
| Money market liabilities | 27.14 | 25.84 | 27.24 | 26.83 | 26.43 | 24.83 |
| Loss reserves | .77 | .85 | 1.02 | 1.02 | 1.03 | 1.17 |
| Total equity capital | 6.39 | 6.52 | 6.51 | 6.59 | 6.74 | 6.85 |

A.2.—Continued

C. Banks with $300 million to $5 billion in assets—Continued

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Effective interest rate (percent) | | | | | |
| *Rates earned* | | | | | | |
| Securities | 9.01 | 8.14 | 7.66 | 7.86 | 8.36 | 8.50 |
| State and local government | 7.35 | 7.13 | 7.19 | 7.14 | 7.33 | 7.28 |
| Loans, gross | 11.94 | 10.89 | 10.37 | 10.59 | 11.55 | 11.13 |
| Net of loss provisions | 10.94 | 9.68 | 9.04 | 9.63 | 10.42 | 9.43 |
| Taxable equivalent | | | | | | |
| Securities and gross loans | 11.79 | 10.78 | 10.06 | 10.12 | 11.15 | 10.23 |
| Securities | 11.36 | 10.49 | 9.19 | 7.86 | 9.21 | 9.15 |
| *Rates paid* | | | | | | |
| Interest-bearing deposits | 7.82 | 6.77 | 5.46 | 6.47 | 7.33 | 7.00 |
| Large certificates of deposit | 8.55 | 7.23 | 6.79 | 7.39 | 8.72 | 7.98 |
| In foreign offices | 8.63 | 6.96 | 6.79 | 7.65 | 8.97 | 8.11 |
| Other deposits | 7.58 | 6.64 | 5.11 | 5.37 | 6.93 | 6.75 |
| NOW | ... | ... | ... | ... | 4.85 | 4.75 |
| MMDAs | ... | ... | ... | ... | 6.58 | 6.26 |
| Other savings | ... | ... | ... | ... | 5.33 | 5.40 |
| Other time | ... | ... | ... | ... | 8.27 | 7.99 |
| All interest-bearing liabilities | 7.82 | 6.75 | 5.63 | 6.68 | 7.66 | 7.13 |
| | Income and expenses as a percent of average net consolidated assets | | | | | |
| Gross interest income | 9.41 | 8.52 | 8.23 | 8.73 | 9.62 | 9.43 |
| Gross interest expense | 5.66 | 4.86 | 4.56 | 4.98 | 5.78 | 5.56 |
| Net interest margin | 3.75 | 3.66 | 3.67 | 3.75 | 3.84 | 3.87 |
| Taxable equivalent | 4.25 | 4.17 | 3.99 | 3.87 | 4.09 | 4.06 |
| Noninterest income | 1.34 | 1.29 | 1.33 | 1.33 | 1.35 | 1.46 |
| Loss provisions | .56 | .69 | .78 | .61 | .73 | 1.10 |
| Other noninterest expense | 3.57 | 3.45 | 3.44 | 3.41 | 3.42 | 3.49 |
| Securities gains | .04 | .11 | .04 | .00 | .01 | .01 |
| Income before tax | 1.00 | .93 | .83 | 1.06 | 1.05 | .75 |
| Taxes | .18 | .18 | .26 | .31 | .31 | .21 |
| Extraordinary items | .01 | .01 | .01 | .01 | .01 | .00 |
| Net income | .83 | .76 | .58 | .76 | .74 | .54 |
| Cash dividends declared | .37 | .39 | .42 | .46 | .48 | .53 |
| Net retained income | .45 | .37 | .16 | .30 | .26 | .01 |
| MEMO | | | | | | |
| Average assets (billions of dollars) | 685 | 738 | 808 | 804 | 842 | 862 |
| Number of banks | 724 | 779 | 777 | 800 | 831 | 864 |

A.2. Portfolio composition, interest rates, and income and expenses, insured commercial banks, by size, 1985–90—Continued
D. Nine money center banks

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Balance sheet items as a percent of average consolidated assets including loss reserves | | | | | |
| Interest-earning assets | 80.56 | 80.09 | 80.65 | 84.84 | 84.64 | 84.13 |
| Loans | 61.91 | 60.07 | 58.41 | 58.53 | 59.31 | 60.46 |
| Commercial and industrial | 29.46 | 26.49 | 24.23 | 22.77 | 21.77 | 21.59 |
| U.S. addressees | 14.34 | 13.24 | 12.57 | 12.04 | 11.90 | 11.68 |
| Foreign addressees | 15.12 | 13.25 | 11.60 | 10.73 | 9.87 | 9.91 |
| Real estate | 10.49 | 11.45 | 12.52 | 13.71 | 16.10 | 18.40 |
| Construction | 2.18 | 2.52 | 2.88 | 2.96 | 3.14 | 3.39 |
| Farmland | .07 | .06 | .04 | .04 | .05 | .05 |
| One- to four-family | 4.22 | 4.17 | 4.35 | 5.03 | 6.46 | 7.96 |
| Home equity | ... | ... | .43 | .55 | .81 | 1.02 |
| Other | ... | ... | 4.26 | 4.48 | 5.66 | 6.94 |
| Multifamily residential | .38 | .45 | .56 | .60 | .63 | .60 |
| Nonfarm residential | 1.89 | 2.09 | 2.33 | 2.34 | 2.75 | 3.12 |
| Consumer | 5.78 | 6.13 | 5.99 | 5.82 | 5.84 | 6.36 |
| Credit card | 2.21 | 2.21 | 2.05 | 1.77 | 1.68 | 1.86 |
| Installment and other | 3.57 | 3.92 | 3.94 | 4.04 | 4.16 | 4.50 |
| Foreign government | 3.92 | 3.82 | 3.65 | 3.67 | 3.47 | 2.94 |
| Agricultural production | .49 | .36 | .28 | .26 | .23 | .24 |
| Security | 1.21 | 1.16 | .82 | .65 | .64 | .53 |
| Other | 11.57 | 11.67 | 11.75 | 11.65 | 11.26 | 10.38 |
| Securities | 7.15 | 8.49 | 9.38 | 8.65 | 8.90 | 9.13 |
| U.S. government | 2.31 | 2.28 | 2.75 | 3.08 | 3.24 | 3.79 |
| U.S. Treasury | 1.85 | 1.58 | 1.43 | 1.34 | 1.18 | .93 |
| Government-backed mortgage pools | .38 | .61 | 1.25 | 1.64 | 1.83 | 2.16 |
| Other | .09 | .09 | .07 | .10 | .24 | .07 |
| State and local government | 3.02 | 3.48 | 3.23 | 1.85 | 1.60 | 1.00 |
| Taxable | ... | ... | .01 | .01 | .02 | .02 |
| Tax-exempt | ... | ... | 1.57 | 1.84 | 1.58 | .98 |
| Other bonds and stocks | 1.82 | 2.73 | 3.40 | 3.72 | 4.07 | 4.10 |
| Trading account assets | 3.67 | 4.90 | 4.52 | 4.33 | 4.29 | 5.09 |
| Gross federal funds sold and reverse repurchase agreements | 3.54 | 3.62 | 3.95 | 4.64 | 4.10 | 2.88 |
| Interest-bearing deposits | 7.95 | 7.91 | 8.91 | 8.69 | 8.03 | 6.58 |
| Other assets | 15.31 | 14.38 | 13.13 | 12.47 | 12.55 | 13.19 |
| Deposit liabilities | 70.74 | 69.92 | 70.16 | 69.57 | 69.03 | 68.72 |
| In foreign offices | 35.86 | 34.64 | 35.03 | 34.02 | 32.62 | 32.49 |
| In domestic offices | 34.88 | 35.28 | 35.13 | 35.56 | 36.42 | 36.23 |
| Demand deposits | 11.51 | 12.46 | 12.34 | 11.53 | 11.09 | 10.41 |
| Other checkable deposits | 1.30 | 1.63 | 2.03 | 2.23 | 2.25 | 2.25 |
| Other core deposits | | | | | | |
| MMDAs | 7.35 | 7.70 | 6.89 | 6.72 | 6.51 | 6.77 |
| Other savings | 1.77 | 2.06 | 3.09 | 3.56 | 3.73 | 3.87 |
| Small time | 4.76 | 4.12 | 3.95 | 4.38 | 4.98 | 5.58 |
| Large time deposits | 8.18 | 7.30 | 6.83 | 7.14 | 7.87 | 7.36 |
| Gross federal funds purchased and repurchase agreements | 7.66 | 8.17 | 6.83 | 6.02 | 6.15 | 6.21 |
| Other liabilities for borrowed money | 6.51 | 7.95 | 8.69 | 9.52 | 9.80 | 9.44 |
| Other borrowings | 11.02 | 9.93 | 9.64 | 7.78 | 7.54 | 8.49 |
| MEMO | | | | | | |
| Money market liabilities | 58.21 | 58.07 | 57.41 | 56.69 | 56.44 | 55.45 |
| Loss reserves | .83 | 1.02 | 2.11 | 2.69 | 2.81 | 2.68 |
| Total equity capital | 4.69 | 4.78 | 4.33 | 4.42 | 4.66 | 4.46 |

A.2.—Continued

D. Nine money center banks—Continued

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Effective interest rate (percent) | | | | | |
| *Rates earned* | | | | | | |
| Securities | 9.41 | 8.51 | 8.48 | 8.67 | 9.16 | 9.28 |
| State and local government | 7.24 | 7.09 | 7.26 | 7.70 | 7.65 | 7.49 |
| Loans, gross | 12.08 | 10.53 | 10.41 | 11.40 | 13.35 | 12.43 |
| Net of loss provisions | 10.85 | 9.18 | 6.67 | 10.77 | 10.88 | 11.19 |
| Taxable equivalent | | | | | | |
| Securities and gross loans | 12.05 | 10.58 | 10.18 | 11.13 | 12.82 | 11.49 |
| Securities | 11.75 | 10.89 | 8.76 | 8.67 | 9.32 | 9.73 |
| *Rates paid* | | | | | | |
| Interest-bearing deposits | 8.91 | 7.41 | 6.70 | 7.89 | 9.39 | 9.22 |
| Large certificates of deposit | 9.07 | 7.45 | 7.33 | 8.04 | 8.68 | 8.15 |
| In foreign offices | 9.59 | 7.88 | 8.01 | 9.01 | 10.97 | 11.06 |
| Other deposits | 7.43 | 6.47 | 4.47 | 5.00 | 7.06 | 6.59 |
| Other checkable deposits | ... | ... | ... | ... | 4.56 | 4.40 |
| MMDAs | ... | ... | ... | ... | 6.66 | 6.21 |
| Other savings | ... | ... | ... | ... | 6.23 | 5.98 |
| Other time | ... | ... | ... | ... | 8.50 | 7.75 |
| All interest-bearing liabilities | 7.96 | 7.57 | 7.30 | 8.89 | 11.02 | 10.04 |
| | Income and expenses as a percent of average net consolidated assets | | | | | |
| Gross interest income | 9.10 | 7.85 | 7.90 | 9.55 | 10.92 | 10.17 |
| Gross interest expense | 6.74 | 5.57 | 7.93 | 6.63 | 8.24 | 7.69 |
| Net interest margin | 2.36 | 2.28 | 2.06 | 2.91 | 2.68 | 2.48 |
| Taxable equivalent | 2.53 | 2.49 | 2.09 | 2.97 | 2.70 | 2.55 |
| Noninterest income | 1.75 | 2.02 | 2.50 | 2.11 | 2.22 | 2.23 |
| Loss provisions | .75 | .79 | 2.16 | .38 | 1.50 | .76 |
| Other noninterest expense | 2.71 | 2.96 | 3.18 | 3.27 | 3.42 | 3.45 |
| Securities gains | .06 | .13 | .08 | .03 | .04 | .02 |
| Income before tax | .71 | .68 | −.70 | 1.40 | .02 | .51 |
| Taxes | .26 | .22 | .15 | .41 | .35 | .20 |
| Extraordinary items | .00 | .00 | .00 | .08 | .03 | .06 |
| Net income | .45 | .46 | −.86 | 1.06 | −.30 | .37 |
| Cash dividends declared | .25 | .21 | .28 | .38 | .36 | .22 |
| Net retained income | .21 | .25 | −1.14 | .69 | −.66 | .15 |
| MEMO | | | | | | |
| Average assets (billions of dollars) | 618 | 645 | 650 | 641 | 643 | 683 |

A.2. Portfolio composition, interest rates, and income and expenses, insured commercial banks, by size, 1985–90—Continued

E. Large banks other than money center banks

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Balance sheet items as a percent of average consolidated assets including loss reserves | | | | | |
| Interest-earning assets | 84.28 | 84.88 | 85.78 | 87.30 | 86.92 | 86.96 |
| Loans | 61.07 | 60.68 | 61.58 | 64.33 | 64.21 | 63.62 |
| Commercial and industrial | 26.02 | 24.79 | 23.98 | 23.42 | 23.29 | 22.39 |
| U.S. addressees | 21.96 | 21.60 | 21.36 | 21.42 | 21.74 | 21.02 |
| Foreign addressees | 4.06 | 3.19 | 2.62 | 1.99 | 1.55 | 1.37 |
| Real estate | 13.09 | 13.72 | 16.05 | 18.49 | 19.77 | 21.25 |
| *Construction* | 4.33 | 4.61 | 5.15 | 5.43 | 5.46 | 4.99 |
| Farmland | .08 | .10 | .11 | .12 | .14 | .14 |
| One- to four-family | 5.29 | 5.32 | 6.04 | 7.08 | 7.79 | 9.14 |
| Home equity | ... | ... | 1.16 | 1.33 | 1.57 | 1.85 |
| Other | ... | ... | 5.43 | 5.75 | 6.22 | 7.28 |
| Multifamily residential | .33 | .34 | .44 | .47 | .48 | .53 |
| Nonfarm residential | 2.91 | 3.18 | 4.11 | 5.15 | 5.66 | 6.22 |
| Consumer | 10.25 | 11.52 | 11.78 | 12.35 | 12.02 | 11.41 |
| Credit card | 4.00 | 4.60 | 4.68 | 5.09 | 4.95 | 4.53 |
| Installment and other | 6.26 | 6.91 | 7.10 | 7.26 | 7.07 | 6.88 |
| Foreign government | 2.08 | 1.71 | 1.59 | 1.23 | .84 | .50 |
| Agricultural production | .50 | .42 | .38 | .35 | .35 | .33 |
| Security | 1.43 | 1.32 | 1.04 | .91 | .98 | .86 |
| Other | 9.64 | 9.40 | 8.63 | 7.57 | 6.97 | 6.88 |
| Securities | 12.24 | 14.74 | 15.37 | 13.42 | 13.42 | 14.38 |
| U.S. government | 5.47 | 6.46 | 7.73 | 8.15 | 8.70 | 10.28 |
| U.S. Treasury | 4.14 | 4.45 | 4.72 | 4.55 | 3.69 | 3.04 |
| Government-backed mortgage pools | .88 | 1.41 | 2.29 | 3.00 | 4.08 | 5.19 |
| Other | .45 | .60 | .71 | .60 | .93 | .39 |
| State and local government | 6.13 | 7.30 | 6.00 | 3.14 | 2.61 | 2.08 |
| Taxable | ... | ... | .02 | .01 | .05 | .03 |
| Tax-exempt | ... | ... | 2.90 | 3.13 | 2.56 | 2.05 |
| Other bonds and stocks | .64 | .97 | 1.64 | 2.13 | 2.11 | 1.89 |
| Trading account assets | 1.12 | 1.14 | .79 | .74 | .77 | .86 |
| Gross federal funds sold and reverse repurchase agreements | 3.33 | 3.01 | 2.80 | 3.31 | 3.52 | 4.18 |
| Interest-bearing deposits | 7.64 | 6.46 | 6.03 | 5.50 | 4.99 | 3.92 |
| Other assets | 14.18 | 13.37 | 12.29 | 11.02 | 11.62 | 11.47 |
| Deposit liabilities | 69.94 | 68.90 | 69.41 | 70.17 | 70.48 | 71.35 |
| In foreign offices | 13.57 | 10.97 | 10.28 | 9.40 | 8.58 | 7.29 |
| In domestic offices | 56.37 | 57.93 | 59.13 | 60.77 | 61.90 | 64.06 |
| Demand deposits | 16.61 | 17.48 | 16.77 | 15.26 | 14.31 | 13.71 |
| Other checkable deposits | 3.26 | 3.77 | 4.59 | 4.96 | 4.96 | 5.08 |
| Other core deposits | | | | | | |
| MMDAs | 10.29 | 11.56 | 11.79 | 11.40 | 10.80 | 11.91 |
| Other savings | 3.44 | 3.60 | 4.56 | 4.83 | 4.51 | 4.54 |
| Small time | 10.48 | 10.06 | 9.91 | 11.48 | 13.67 | 15.78 |
| Large time deposits | 12.28 | 11.45 | 11.50 | 12.84 | 13.64 | 13.02 |
| Gross federal funds purchased and repurchase agreements | 13.24 | 14.40 | 13.76 | 12.73 | 13.03 | 12.46 |
| Other liabilities for borrowed money | 4.75 | 5.55 | 5.73 | 6.34 | 5.90 | 5.88 |
| Other borrowings | 7.46 | 6.67 | 6.22 | 3.79 | 3.60 | 3.17 |
| MEMO | | | | | | |
| Money market liabilities | 43.84 | 42.37 | 41.27 | 41.31 | 41.15 | 38.56 |
| Loss reserves | .92 | 1.06 | 1.54 | 1.68 | 1.46 | 1.57 |
| Total equity capital | 5.42 | 5.50 | 5.29 | 5.29 | 5.53 | 5.58 |

A.2.—Continued

E. Large banks other than money center banks—Continued

| Item | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| | Effective interest rate (percent) | | | | | |
| *Rates earned* | | | | | | |
| Securities | 8.87 | 7.94 | 7.90 | 8.25 | 8.86 | 8.85 |
| State and local government | 7.25 | 6.92 | 7.14 | 7.26 | 7.35 | 7.28 |
| Loans, gross | 11.76 | 10.52 | 10.24 | 10.49 | 11.63 | 10.95 |
| Net of loss provisions | 10.69 | 9.16 | 7.63 | 9.54 | 10.05 | 9.16 |
| Taxable equivalent | | | | | | |
| Securities and gross loans | 11.75 | 10.54 | 9.98 | 10.22 | 11.38 | 10.31 |
| Securities | 11.70 | 10.60 | 8.99 | 8.25 | 9.63 | 9.36 |
| *Rates paid* | | | | | | |
| Interest-bearing deposits | 8.34 | 6.90 | 5.88 | 6.82 | 7.98 | 7.43 |
| Large certificates of deposit | 8.80 | 7.34 | 7.06 | 7.40 | 8.70 | 7.99 |
| In foreign offices | 9.37 | 7.67 | 7.83 | 8.93 | 11.07 | 10.21 |
| Other deposits | 7.68 | 6.47 | 6.63 | 5.29 | 6.98 | 6.73 |
| NOW | ... | ... | ... | ... | 4.48 | 4.58 |
| MMDAs | ... | ... | ... | ... | 6.67 | 6.29 |
| Other savings | ... | ... | ... | ... | 5.43 | 5.38 |
| Other time | ... | ... | ... | ... | 8.55 | 8.03 |
| All interest-bearing liabilities | 8.09 | 6.87 | 6.18 | 7.27 | 8.58 | 7.66 |
| | Income and expenses as a percent of average net consolidated assets | | | | | |
| Gross interest income | 9.08 | 7.95 | 8.08 | 8.76 | 9.73 | 9.33 |
| Gross interest expense | 5.92 | 4.84 | 4.81 | 5.33 | 6.36 | 6.02 |
| Net interest margin | 3.16 | 3.12 | 3.27 | 3.42 | 3.37 | 3.31 |
| Taxable equivalent | 3.50 | 3.51 | 3.44 | 3.52 | 3.55 | 3.43 |
| Noninterest income | 1.43 | 1.49 | 1.59 | 1.61 | 1.73 | 1.84 |
| Loss provisions | .64 | .79 | 1.58 | .62 | 1.03 | 1.17 |
| Other noninterest expense | 3.04 | 3.10 | 3.27 | 3.29 | 3.29 | 3.47 |
| Securities gains | .07 | .16 | .05 | .00 | .04 | .03 |
| Income before tax | .96 | .88 | .06 | 1.13 | .82 | .54 |
| Taxes | .23 | .21 | .08 | .33 | .24 | .20 |
| Extraordinary items | .01 | .01 | .00 | .02 | .00 | .01 |
| Net income | .74 | .68 | −.02 | .82 | .58 | .35 |
| Cash dividends declared | .26 | .32 | .35 | .45 | .41 | .41 |
| Net retained income | .48 | .36 | −.36 | .37 | .17 | −.06 |
| MEMO | | | | | | |
| Average assets (billions of dollars) | 605 | 707 | 759 | 867 | 971 | 1,063 |
| Number of banks | 65 | 74 | 73 | 86 | 90 | 95 |

# Treasury and Federal Reserve Foreign Exchange Operations

*This quarterly report, covering the period February through April 1991, provides information on Treasury and System foreign exchange operations. It was presented by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.*[1]

After setting new historical lows against the mark in mid-February, the dollar rebounded strongly during the February–April period to close up on balance more than 15 percent against the mark and nearly 4 percent against the yen. The turnaround in the dollar was initially triggered by official intervention but then was quickly reinforced both by optimism engendered by the swift conclusion of the Persian Gulf war and by the accompanying expectations of an early recovery of the U.S. economy from recession. The dollar's rise was particularly pronounced against the mark and certain other European currencies and occurred mainly during late February and March. In April, when the initial euphoria about U.S. economic prospects began to fade, the dollar lost upward momentum while retaining a generally firm tone.

## *EARLY FEBRUARY—CONTINUED DOLLAR DECLINE*

The period opened with the dollar renewing a decline that had begun in late 1989. During the months just preceding the period, this decline had been temporarily interrupted, with market participants wary of selling dollars aggressively out of concern that war in the Persian Gulf might trigger large "safe-haven" flows into the dollar and push up the exchange rate. By early February, however, this possibility appeared remote. The dollar had not received lasting support from the outbreak of war in mid-January. With aerial bombing by the United States and its allies in Operation Desert Storm well under way, the likelihood that conflict would widen to the point of generating new and substantial flows into dollars receded. At the same time, concern that the war might become prolonged and serve as a drag on the U.S. economy intensified. In that environment, the dollar became vulnerable to selling pressure because of the continued movement of interest rate differentials against the dollar and the more attractive investment opportunities available elsewhere. Market participants felt that there was little official concern about exchange rate developments and saw little reason to expect the decline to end—even though the dollar appeared increasingly undervalued in terms of purchasing power.

On the last day of January, the Bundesbank had increased its official discount and Lombard rates in a move whose timing surprised many in the market. One day later, on February 1 as the period opened, the Federal Reserve discount rate was reduced 50 basis points to 6 percent, and the federal funds rate also moved down 50 basis points. The juxtaposition of the moves in the two countries served to reinforce the prevailing market expectation that the dollar was likely to continue to decline and encouraged those who had dollars to buy to postpone their purchases; and the dollar reached a low of DM1.4645 against the mark.

Beginning on the next business day, February 4, the U.S. monetary authorities intervened with the aim of reintroducing a sense of two-way risk for the dollar. On that day, the U.S. authorities purchased $100 million against marks and were

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, mail stop 138, Washington, D.C. 20551.

joined in concerted intervention by a large number of foreign central banks. This intervention, coming after a considerable absence, initially surprised the market and was taken as a show of concern, prompting the dollar to recover somewhat. Over the days that followed, the U.S. monetary authorities continued to operate in the market to dispel the impression that the dollar would continue to decline. In the seven days between February 4 and February 12, the U.S. authorities purchased a total of $1,389 million against marks, operating generally in concert with other monetary authorities.

For a time, doubts lingered in the market over official aims and resolve. Official comments suggesting that U.S. economic weakness would be addressed by further interest rate reductions and that other countries might be concerned about the impact of a dollar recovery on their own economies, left many market participants believing that the authorities were not committed to stopping the dollar's decline. Thus, although the dollar showed somewhat greater stability and at times firmed in response to instances of intervention, sentiment remained generally negative, and dollar rates drifted downward on balance. On February 11, the dollar set a new historic low of DM1.4430 against the mark while declining to ¥127.20 against the yen. At that point the dollar was 2 percent to 3 percent below its level at the end of January and more than 6 percent below its level of January 15, before the commencement of Operation Desert Storm.

Thereafter, the persistence of the central banks and the cumulative impact of their operations, in particular a round of concerted dollar purchases initiated on February 12 by European central banks before U.S. markets opened, finally helped convince market participants of the official commitment to ending the dollar's decline. Market participants paused to reassess exchange rate levels, and a sense of two-way risk returned to the market after a prolonged, albeit not continuous, decline in dollar exchange rates.

### *Mid-February through March—The Dollar Recovers*

As the dollar steadied, several other factors combined to engender recovery. At first, indications that the Gulf war would end quickly on terms favorable to the United States and its allies buoyed the dollar. On February 15, a radio broadcast from Baghdad suggesting conditions under which Iraq might withdraw its forces from Kuwait represented the first indication that the war might have reached a decisive point. Then, as the start of the allied ground offensive was seen as bringing the war to a quick end, the dollar gained further support. Market participants, recalling Chairman Greenspan's concerns in January about the economic impact of a long war, associated a short war with an early economic recovery. When the cease-fire was declared February 27, market participants became increasingly confident that the dollar and the U.S. economy would benefit.

Meanwhile, the assumption that interest rate differentials would move inexorably against dollar investments no longer appeared realistic. Several other countries were beginning to feel the effects of slowing demand, and around mid-February, official interest rates were reduced in the United Kingdom, Spain, the Netherlands, and Belgium. Rumors also circulated of a possible easing in Japan. Meanwhile, German market rates had moved up only modestly after the official rate increase of late January. Together, these developments called into question the view that the United States would remain alone in pursuing an accommodative monetary policy. At the same time, comments by various Federal Reserve officials, including Chairman Greenspan's congressional testimony of February 20, reminded market participants that there would be limits to the easing of monetary policy in the United States.

Another factor contributing to the dollar's rise during this period was the possibility that large market purchases of dollars to cover cash contributions for Desert Storm expenses and postwar reconstruction costs in the Persian Gulf might be forthcoming. The approval on March 6 by the upper house of the Japanese parliament of a ¥1.17 trillion contribution to the Desert Storm operation along with the prospect that such a large payment might be converted from yen into dollars in the market was a factor affecting the dollar–yen rate during much of the rest of the month of March.

At the same time, concerns began to grow about the implications for the German mark of the problematic economic situation in eastern Germany and of the social and political strife in the Soviet Union. Strikes and demonstrations in eastern Germany idling thousands of workers highlighted the difficulties of the economic restructuring. The decision of the German government late in February to seek a package of tax increases to help finance German unification was taken as an indication that the costs were also likely to be greater than previously believed. At about the same time, strains among republics of the Soviet Union and protests against the leadership of President Gorbachev intensified, leading to a further reassessment of the view that Germany was likely to reap early benefits from liberalization in the Soviet Union and elsewhere in Eastern Europe. These and other signs of uncertainty tended to weigh on the mark throughout the period.

For all of these reasons, sentiment toward the dollar had turned quite positive by early March. As the dollar rose, it gathered momentum that neither disappointing economic data nor further easing of U.S. monetary policy appeared to diminish. In early March, the dollar moved up through its January 15 levels. In the days that followed, it was pushed up further as market participants scrambled to cover short positions or to meet previously delayed requirements. The dollar's rise was accelerated at times by actions

1. Federal Reserve reciprocal currency arrangements

| Institution | Amount of facility, April 30, 1991 |
|---|---|
| Austrian National Bank | 250 |
| National Bank of Belgium | 1,000 |
| Bank of Canada | 2,000 |
| National Bank of Denmark | 250 |
| Bank of England | 3,000 |
| Bank of France | 2,000 |
| Deutsche Bundesbank | 6,000 |
| Bank of Italy | 3,000 |
| Bank of Japan | 5,000 |
| Bank of Mexico | 700 |
| Netherlands Bank | 500 |
| Bank of Norway | 250 |
| Bank of Sweden | 300 |
| Swiss National Bank | 4,000 |
| *Bank for International Settlements* | |
| Dollars against Swiss Francs | 600 |
| Dollars against other authorized European currencies | 1,250 |
| **Total** | **30,100** |

in the options markets. Writers of foreign currency options that had been purchased when the dollar's direction seemed uncertain hastened to cover their exposure as the likelihood quickly increased that those options would be exercised. The reversal of sentiment also triggered large shifts into dollar investments by portfolio and funds managers. By the end of March, the dollar had moved above DM1.70 and ¥140, 18 percent and 10 percent respectively above the lows for the period reached six weeks earlier on February 11.

As the dollar continued its upward move during March, exchange rates became increasingly susceptible to sharp movements. The rapid appreciation in the dollar made market participants wary, uncertain whether the dollar's rise would continue, and traders became more reluctant to maintain positions. On March 11, in one episode, the dollar rose sharply against the mark in Asian trading, and several European central banks responded by intervening to sell dollars. U.S. monetary authorities cooperated by selling a total of $200 million against marks and $30 million against yen in New York that same day and later that week to support their efforts in an environment of unsettled market conditions. March 19 and 22, in another such episode, the U.S. authorities joined other central banks and sold a total of $170 million against marks. Treasury Under Secretary Mulford stated that the U.S. authorities were concerned about the rapidity of the dollar's rise and would continue to cooperate with other central banks.

## *April—The Dollar's Rise Subsides*

By early April, the initial reaction to the end of the Gulf war had run its course. Market participants then turned their attention to the near-term economic and monetary policy prospects for various countries. With clear trends in these areas difficult to discern, exchange rates fluctuated, sometimes sharply but with less direction for the balance of the period.

The market's optimism about the near-term U.S. economic outlook was yet to be confirmed by statistical evidence. Employment data released early in April pointed to a continuing drop

2. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury[1]

Millions of dollars; drawings or repayments (−)

| Central bank drawing on the U.S. Treasury | Amount of facility | Outstanding as of January 31, 1991 | February | March | April | Outstanding as of April 30, 1991 |
|---|---|---|---|---|---|---|
| National Bank of Romania | 40.0[2] | ... | ... | { 40.0 / −40.0 } | ... | ... |

1. Data are on a value-date basis. Components may not add to totals because of rounding.

2. Represents the ESF portion of a $300 million short-term credit facility with the National Bank of Romania that was established on March 4, 1991, and expired on March 28, 1991.

in jobs after the end of the Gulf war. Also, monetary conditions in the United States continued to ease, and U.S short-term interest rates were roughly 150 and 300 basis points lower respectively than those in Japan and Germany. Yet market participants held to their belief that economic recovery would soon emerge in the United States, and they took note of early April reports suggesting that the Federal Reserve was adopting a more cautious attitude toward easing monetary policy.

In addition, market participants had come to expect that with economic growth slowing or actually turning negative in most of Europe and North America, world interest rates would trend downward. Canada and the United Kingdom were already embarked on a path of monetary easing in the face of severe recessions. With the exception of Germany, most European countries had already started to lower interest rates, or appeared poised to do so, to the extent that the European Monetary System constraints would permit. In Japan, Bank of Japan and government officials continued to express their commitment to a tight monetary policy. Market participants, however, noting the sharp decline in Japanese money supply growth and the apparent stabilization, after steep declines, of asset prices, increasingly came to expect an ease in the weeks ahead, and the yield curve remained steeply inverted.

Only for Germany did the market expect that interest rates might remain high, or increase further. Adding to the uncertainty about the German situation were the continuing concerns about the Soviet Union, Eastern Europe, and the German government's handling of the challenges of unification. In this context, the dollar rose further against the mark, reaching a seventeen-month high of DM1.7690 on April 22. In the days that followed, a number of foreign central banks entered the market on several occasions to restrain the dollar's rise against the mark.

As the period drew to a close, market participants began to focus on an upcoming meeting of the Group of Seven (G-7) in Washington. Some sought to protect themselves against the possibility that the G-7 might undertake some action to restrain the dollar's rise. In addition, there was speculation that the meeting might produce some understandings on interest rates, in which most countries, except Germany, would agree to reduce rates in a more or less coordinated fashion.

When markets first opened on April 29, after the weekend G-7 meeting, the dollar was quickly marked higher in the absence of any explicit statement in the G-7 communiqué of official intention to limit the dollar's rise. After having briefly reached DM1.7835, the dollar then started to fall back as market participants reconsidered the significance of the G-7 meeting and shifted their focus to the apparent absence of agreement on coordinated interest rate reductions. Many people thought that the United States might be the only G-7 member to ease monetary policy in the near term. When, in fact, the Federal Reserve announced a reduction in the discount rate, effective April 30, the dollar declined further. Altogether, in the last two days of the period, the dollar fell nearly 8 pfennigs against the mark, or almost 5 percent, before subsequently stabilizing. Nevertheless, the dollar closed up 15½ percent on balance for the three-month period as a whole, at DM1.7060. The dollar's movements against the yen in the final days of the period were more moderate, with the dollar closing the period at ¥136.10, up on balance ¾ percent. The

3. Net profits or losses (–) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

| Period and item | Federal Reserve | U.S. Treasury Exchange Stabilization Fund[2] |
|---|---|---|
| Valuation profits and losses on outstanding assets and liabilities as of January 31, 1991 | 5,688.0 | 3,027.2 |
| *February 1, 1991–April 30, 1991* | | |
| Realized | 179.4 | 146.9 |
| Valuation profits and losses on outstanding assets and liabilities as of April 30, 1991 | 2,316.3 | 570.6 |

1. Data are on a value-date basis. Valuation profits (losses) represent the increase (decrease) in dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with rates prevailing at the time the foreign currencies were acquired.

2. Includes valuation of funds warehoused with the Federal Reserve System.

dollar rose 12⅜ percent on a trade-weighted basis as measured by the staff of the Federal Reserve Board of Governors.

During the three-month period, the U.S. monetary authorities purchased a total of $1,389 million, all against German marks, and sold a total of $400 million, of which $370 million was against German marks and $30 million was against Japanese yen. Both the purchases and sales of foreign currencies were shared equally by the Federal Reserve and the Treasury's Exchange Stabilization Fund (ESF).

In other operations, the Treasury, through the ESF, continued to provide special drawing rights (SDRs) in exchange for dollars to certain foreign monetary authorities that required SDRs for the payment of International Monetary Fund charges and for repurchases. The ESF exchanged a total of $87.4 million worth of SDRs during the period. Since these operations began in July 1990, the Treasury has received a total of $971.1 million on sales of nearly SDR 700 million.

On March 6, the Treasury, through the ESF, along with the Bank for International Settlements (acting for certain participating member banks) established a $300 million near-term support facility to assist Romania in its economic adjustment efforts. The ESF share of the facility was $40 million. Romania drew the full amount on March 7. Romania repaid $38.7 million to the ESF on March 20 and, on the following day, repaid in full the remaining balance. The facility expired on March 29.

During the period, the Federal Reserve and the ESF realized profits of $179.4 million and $146.9 million respectively from sales of foreign currencies. As of the end of April, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $2,316.3 million for the Federal Reserve and $570.6 million for the ESF. The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. A portion of the balances is invested in securities issued by foreign governments. As of the end of April, holdings of such securities by the Federal Reserve amounted to $7,896.7 million equivalent, and holdings by the Treasury amounted to the equivalent of $7,726.2 million valued at end-of-period exchange rates.

NOTE. Daily U.S. intervention figures for 1985–89 are available to interested researchers on written request from the Financial Markets Section, Division of International Finance, B-1252, Board of Governors, Washington, D.C. 20551. Earlier years' data will become available as the data are edited and verified.

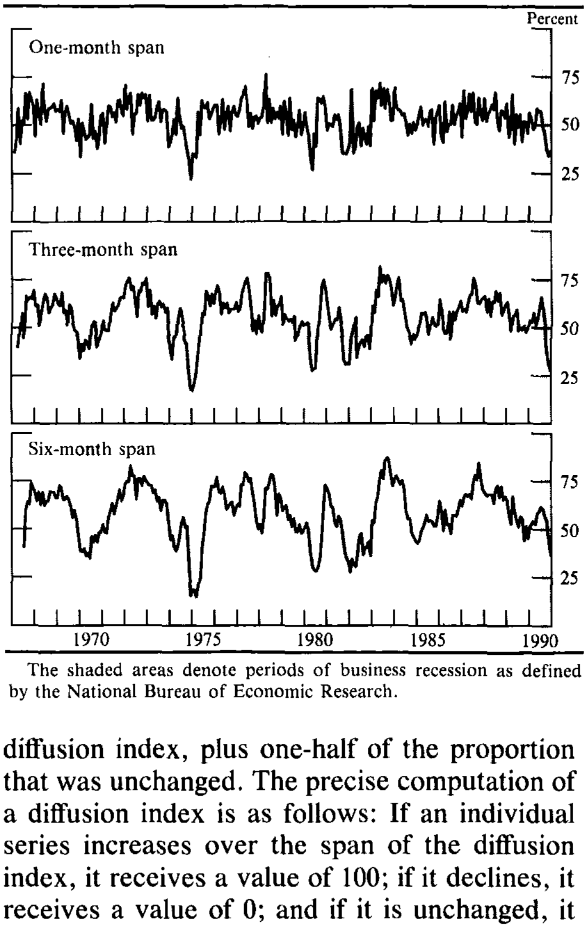
# Diffusion Indexes of Industrial Production

Beginning July 1991, the Federal Reserve will resume publication of diffusion indexes of industrial production (IP) in its monthly statistical release, *Industrial Production and Capacity Utilization*; diffusion indexes previously were published from July 1979 to March 1990. Like all diffusion indexes, those for IP summarize the direction of change over a given time period in a set of disaggregated data.[1] Thus, their purpose is to provide a measure of the breadth of change in the aggregate series.[2]

Output changes in the 250 series that constitute the total industrial production index form the basis for the calculation of the diffusion indexes.[3] The value of the diffusion index is equal to the proportion of series that increased over a given time period, referred to as the "span" of the diffusion index, plus one-half of the proportion that was unchanged. The precise computation of a diffusion index is as follows: If an individual series increases over the span of the diffusion index, it receives a value of 100; if it declines, it receives a value of 0; and if it is unchanged, it receives a value of 50. The diffusion index is then calculated by summing these values for each of the components and dividing the result by the number of series included in the diffusion index. Diffusion indexes of IP for spans of one, three, and six months are available for the period beginning July 1967.

The interpretation of diffusion indexes is straightforward: A value of 50 indicates that over the interval spanned by the diffusion index the proportion of series posting increases was equal to the proportion that declined, whereas a reading of more than 50 means that more series rose than declined. As indicated in the chart, the

Diffusion indexes of industrial production




The shaded areas denote periods of business recession as defined by the National Bureau of Economic Research.

1. Besides those for industrial production, diffusion indexes are calculated, for example, by the Bureau of Labor Statistics for payroll employment and by the Bureau of Economic Analysis for the indexes of leading, coincident, and lagging indicators. The diffusion indexes of payroll employment are described in Patricia M. Getz and Mark G. Ulmer, "Diffusion indexes: a barometer of the economy," *Monthly Labor Review* (April 1990), pp. 13–21. The diffusion indexes of leading, coincident, and lagging indicators are published in the *Survey of Current Business*.

2. The idea of studying the breadth of movements in economic time series was central to the work of Arthur Burns and Wesley Mitchell. *See* Arthur F. Burns and Wesley C. Mitchell, *Measuring Business Cycles*, National Bureau of Economic Research (New York, 1946). The uses and interpretation of diffusion indexes are discussed in, for example, Geoffrey H. Moore, *Business Cycles, Inflation, and Forecasting*, Ballinger Publishing Company for the National Bureau of Economic Research (Cambridge, Mass., 1980); H.O. Stekler, "Diffusion Index and First Difference Forecasting," *Review of Economics and Statistics*, vol. 43 (May 1961), pp. 201–208; Geoffrey H. Moore, "Diffusion Indexes: A Comment," *The American Statistician*, vol. 9 (October 1955), pp. 13–17, 30; and Arthur L. Broida, "Diffusion Indexes," *The American Statistician*, vol. 9 (June 1955), pp. 7–16.

3. The number of series in the total IP index has changed over time, and the calculation of the diffusion indexes reflects these changes. Specifically, from 1968 to 1971, the index comprised 238 series; from 1972 to 1976, 256 series; and since 1977, 250 series. The industrial production index is described in Kenneth Armitage and Dixon A. Tranum, "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

Diffusion indexes of industrial production for spans of one, three, and six months, 1967-90

| Year | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | One-month span | | | | | | |
| 1967 ....... | ... | ... | ... | ... | ... | ... | 51.1 | 66.7 | 53.2 | 67.1 | 63.3 | 60.3 |
| 1968 ....... | 60.3 | 44.3 | 62.9 | 55.3 | 50.6 | 71.7 | 57.8 | 52.3 | 58.6 | 59.1 | 59.5 | 61.2 |
| 1969 ....... | 57.4 | 58.2 | 57.4 | 62.9 | 46.0 | 57.0 | 59.9 | 55.7 | 51.1 | 52.3 | 49.4 | 42.2 |
| 1970 ....... | 34.2 | 51.1 | 46.4 | 43.0 | 43.9 | 45.1 | 60.8 | 43.5 | 46.4 | 38.4 | 44.3 | 54.9 |
| 1971 ....... | 56.1 | 40.9 | 49.8 | 59.9 | 59.5 | 54.4 | 56.5 | 51.5 | 62.4 | 62.9 | 57.0 | 54.9 |
| 1972 ....... | 70.9 | 58.4 | 64.7 | 66.7 | 45.5 | 55.7 | 56.1 | 65.9 | 60.4 | 66.7 | 63.9 | 65.9 |
| 1973 ....... | 52.2 | 65.5 | 52.5 | 52.5 | 54.1 | 59.6 | 62.0 | 51.8 | 57.6 | 58.0 | 56.9 | 39.2 |
| 1974 ....... | 41.6 | 45.5 | 52.9 | 45.5 | 63.9 | 53.3 | 48.6 | 49.4 | 42.7 | 37.3 | 31.8 | 22.4 |
| 1975 ....... | 35.3 | 34.9 | 33.7 | 56.9 | 45.1 | 62.7 | 59.2 | 58.8 | 61.6 | 53.3 | 55.7 | 58.8 |
| 1976 ....... | 60.4 | 60.4 | 45.5 | 51.8 | 63.1 | 47.8 | 56.1 | 59.6 | 47.1 | 56.9 | 59.6 | 55.3 |
| 1977 ....... | 54.5 | 57.6 | 63.5 | 65.5 | 70.3 | 62.7 | 49.2 | 56.0 | 48.0 | 54.0 | 54.4 | 50.8 |
| 1978 ....... | 53.6 | 54.0 | 59.6 | 76.3 | 51.2 | 63.1 | 51.2 | 58.4 | 53.2 | 56.4 | 53.6 | 59.6 |
| 1979 ....... | 45.2 | 62.0 | 56.4 | 44.8 | 63.9 | 47.6 | 52.4 | 44.0 | 49.6 | 57.6 | 45.2 | 49.2 |
| 1980 ....... | 56.4 | 49.2 | 44.4 | 34.1 | 27.3 | 45.2 | 39.2 | 63.9 | 63.5 | 61.2 | 64.7 | 59.2 |
| 1981 ....... | 47.2 | 50.8 | 50.0 | 49.2 | 55.2 | 52.8 | 55.2 | 48.0 | 35.7 | 35.7 | 35.3 | 37.3 |
| 1982 ....... | 40.8 | 68.3 | 35.7 | 39.2 | 48.4 | 50.8 | 39.2 | 48.0 | 43.2 | 40.0 | 48.8 | 39.2 |
| 1983 ....... | 68.7 | 52.0 | 67.5 | 63.5 | 71.5 | 60.0 | 68.7 | 58.4 | 68.3 | 64.3 | 52.0 | 52.4 |
| 1984 ....... | 69.1 | 58.8 | 57.6 | 57.2 | 54.8 | 55.6 | 51.2 | 44.4 | 50.0 | 45.6 | 51.2 | 47.2 |
| 1985 ....... | 50.0 | 55.2 | 59.2 | 50.0 | 52.8 | 52.8 | 49.2 | 57.2 | 57.6 | 40.0 | 53.2 | 56.4 |
| 1986 ....... | 60.0 | 43.6 | 40.8 | 61.6 | 46.4 | 50.0 | 50.0 | 60.0 | 50.0 | 54.8 | 56.4 | 60.8 |
| 1987 ....... | 43.6 | 67.5 | 53.2 | 56.8 | 65.9 | 56.8 | 66.3 | 51.2 | 50.0 | 63.5 | 55.6 | 52.0 |
| 1988 ....... | 63.1 | 51.6 | 56.0 | 57.2 | 60.4 | 58.0 | 66.7 | 51.6 | 46.8 | 57.2 | 56.8 | 53.6 |
| 1989 ....... | 60.8 | 43.6 | 48.0 | 65.5 | 40.0 | 55.2 | 48.8 | 55.2 | 41.2 | 51.6 | 51.2 | 45.6 |
| 1990 ....... | 56.0 | 52.8 | 47.6 | 49.6 | 58.4 | 56.8 | 57.0 | 49.2 | 45.2 | 37.3 | 34.5 | 36.5 |
| | | | | | | Three-month span | | | | | | |
| 1967 ....... | ... | ... | ... | ... | ... | ... | 44.7 | 66.2 | 64.6 | 65.8 | 65.0 | 69.2 |
| 1968 ....... | 69.2 | 61.2 | 62.0 | 51.1 | 58.2 | 63.3 | 67.5 | 65.8 | 57.8 | 60.3 | 62.0 | 67.5 |
| 1969 ....... | 65.4 | 62.4 | 61.6 | 68.4 | 57.8 | 59.1 | 51.5 | 62.0 | 60.3 | 52.3 | 48.9 | 48.1 |
| 1970 ....... | 34.2 | 41.4 | 38.0 | 43.5 | 42.2 | 39.2 | 49.8 | 53.2 | 51.9 | 40.1 | 43.0 | 46.0 |
| 1971 ....... | 53.6 | 48.9 | 48.5 | 48.5 | 57.4 | 62.9 | 58.6 | 60.3 | 62.0 | 65.4 | 65.8 | 65.4 |
| 1972 ....... | 71.7 | 74.3 | 75.9 | 69.8 | 71.4 | 65.1 | 55.7 | 69.0 | 68.6 | 73.3 | 72.2 | 75.7 |
| 1973 ....... | 61.2 | 69.4 | 56.9 | 61.2 | 54.9 | 62.4 | 63.5 | 60.8 | 62.4 | 58.4 | 60.4 | 47.1 |
| 1974 ....... | 40.4 | 33.7 | 44.7 | 45.9 | 55.3 | 60.0 | 55.7 | 50.2 | 43.1 | 41.6 | 27.5 | 18.0 |
| 1975 ....... | 17.3 | 21.2 | 25.9 | 35.7 | 44.7 | 57.6 | 56.9 | 69.0 | 66.7 | 61.6 | 67.5 | 62.7 |
| 1976 ....... | 68.2 | 71.8 | 68.2 | 57.3 | 62.7 | 60.4 | 62.7 | 57.6 | 59.6 | 59.6 | 60.0 | 63.1 |
| 1977 ....... | 58.4 | 60.0 | 67.8 | 70.7 | 74.3 | 75.9 | 69.1 | 59.6 | 48.4 | 53.6 | 46.8 | 56.0 |
| 1978 ....... | 49.6 | 47.6 | 58.4 | 78.3 | 78.3 | 75.9 | 56.0 | 63.9 | 56.4 | 61.2 | 62.0 | 65.9 |
| 1979 ....... | 51.6 | 56.4 | 54.8 | 53.6 | 54.4 | 52.8 | 56.0 | 43.6 | 46.0 | 50.0 | 53.2 | 51.2 |
| 1980 ....... | 52.0 | 52.4 | 51.6 | 35.7 | 27.7 | 28.5 | 28.9 | 48.8 | 60.4 | 71.9 | 74.7 | 69.1 |
| 1981 ....... | 60.8 | 53.2 | 49.2 | 52.0 | 54.4 | 54.0 | 60.4 | 53.6 | 46.0 | 32.9 | 30.9 | 31.3 |
| 1982 ....... | 30.9 | 45.6 | 50.4 | 55.2 | 34.5 | 40.0 | 42.0 | 43.6 | 40.0 | 45.6 | 45.6 | 38.8 |
| 1983 ....... | 61.2 | 57.6 | 69.5 | 65.9 | 81.5 | 73.5 | 77.1 | 73.1 | 77.1 | 75.1 | 70.3 | 61.6 |
| 1984 ....... | 65.5 | 71.9 | 75.9 | 63.9 | 64.3 | 57.6 | 51.6 | 48.8 | 46.4 | 41.6 | 46.4 | 44.0 |
| 1985 ....... | 46.4 | 51.6 | 57.6 | 57.2 | 58.0 | 52.8 | 46.4 | 50.8 | 55.2 | 52.0 | 50.8 | 51.6 |
| 1986 ....... | 64.3 | 58.4 | 49.2 | 46.8 | 47.2 | 58.0 | 44.0 | 58.0 | 54.0 | 58.4 | 60.4 | 63.5 |
| 1987 ....... | 58.4 | 59.6 | 58.0 | 62.7 | 66.7 | 67.1 | 75.5 | 72.3 | 62.7 | 62.4 | 64.3 | 65.1 |
| 1988 ....... | 65.9 | 58.0 | 64.7 | 56.0 | 63.5 | 63.1 | 68.7 | 63.9 | 67.9 | 56.8 | 58.8 | 62.0 |
| 1989 ....... | 63.1 | 55.2 | 48.4 | 56.0 | 56.4 | 59.2 | 48.4 | 50.0 | 48.8 | 50.8 | 47.6 | 49.6 |
| 1990 ....... | 53.6 | 52.8 | 57.6 | 51.2 | 54.8 | 59.8 | 65.5 | 59.6 | 51.4 | 39.6 | 32.1 | 28.1 |
| | | | | | | Six-month span | | | | | | |
| 1967 ....... | ... | ... | ... | ... | ... | ... | 40.9 | 59.9 | 64.1 | 62.9 | 73.8 | 71.3 |
| 1968 ....... | 71.3 | 68.8 | 64.6 | 69.2 | 62.9 | 69.2 | 62.4 | 64.6 | 64.6 | 69.6 | 69.2 | 69.2 |
| 1969 ....... | 66.2 | 66.2 | 72.6 | 71.7 | 65.4 | 65.4 | 67.1 | 65.0 | 62.0 | 56.1 | 59.9 | 54.9 |
| 1970 ....... | 38.8 | 38.4 | 39.7 | 36.3 | 37.6 | 35.0 | 46.0 | 43.5 | 46.8 | 43.5 | 48.1 | 48.5 |
| 1971 ....... | 52.3 | 48.5 | 48.1 | 56.1 | 59.1 | 63.3 | 57.8 | 62.0 | 65.4 | 70.5 | 64.6 | 66.7 |
| 1972 ....... | 73.0 | 74.7 | 74.7 | 82.7 | 77.6 | 77.6 | 65.5 | 76.1 | 76.1 | 72.5 | 77.3 | 75.3 |
| 1973 ....... | 73.7 | 72.5 | 72.5 | 68.6 | 70.2 | 64.3 | 66.3 | 59.6 | 64.7 | 65.1 | 63.1 | 54.1 |
| 1974 ....... | 44.7 | 46.7 | 40.8 | 38.8 | 42.0 | 47.1 | 53.7 | 56.1 | 51.0 | 51.4 | 29.4 | 15.7 |
| 1975 ....... | 18.4 | 18.0 | 14.9 | 20.8 | 25.1 | 41.2 | 47.8 | 58.4 | 62.7 | 64.3 | 72.2 | 72.2 |
| 1976 ....... | 72.2 | 76.9 | 69.4 | 68.6 | 71.8 | 67.8 | 60.4 | 61.6 | 63.1 | 63.9 | 57.3 | 60.8 |
| 1977 ....... | 62.7 | 62.0 | 72.9 | 72.9 | 79.2 | 78.4 | 74.7 | 76.3 | 69.1 | 63.1 | 54.0 | 50.0 |
| 1978 ....... | 52.4 | 48.0 | 56.0 | 71.1 | 70.7 | 73.9 | 78.3 | 77.9 | 71.5 | 57.2 | 67.9 | 66.3 |
| 1979 ....... | 59.6 | 60.8 | 62.4 | 55.2 | 57.2 | 51.2 | 55.6 | 48.8 | 48.8 | 52.4 | 48.0 | 48.8 |
| 1980 ....... | 51.2 | 53.2 | 48.8 | 37.3 | 30.5 | 28.5 | 28.1 | 30.5 | 34.9 | 45.2 | 61.2 | 72.7 |
| 1981 ....... | 71.1 | 68.3 | 62.0 | 61.2 | 53.6 | 51.2 | 56.8 | 54.8 | 48.4 | 40.0 | 34.9 | 33.3 |
| 1982 ....... | 27.7 | 34.5 | 31.3 | 30.5 | 37.3 | 46.0 | 47.6 | 36.9 | 40.0 | 40.4 | 43.2 | 36.1 |
| 1983 ....... | 54.4 | 53.2 | 63.1 | 66.7 | 75.1 | 80.3 | 75.9 | 85.9 | 87.1 | 85.5 | 78.3 | 72.3 |
| 1984 ....... | 75.9 | 77.5 | 75.1 | 73.1 | 75.1 | 71.1 | 59.2 | 55.2 | 55.6 | 48.0 | 46.0 | 44.0 |
| 1985 ....... | 42.8 | 44.0 | 48.8 | 50.8 | 53.6 | 57.6 | 54.0 | 54.4 | 54.0 | 51.6 | 51.6 | 56.4 |
| 1986 ....... | 64.3 | 60.0 | 49.2 | 60.0 | 52.0 | 52.4 | 47.6 | 57.2 | 57.2 | 56.8 | 60.4 | 64.7 |
| 1987 ....... | 62.0 | 66.3 | 67.9 | 66.7 | 67.9 | 65.5 | 73.9 | 77.9 | 75.5 | 84.3 | 75.9 | 70.3 |
| 1988 ....... | 68.7 | 67.1 | 67.9 | 67.9 | 67.9 | 63.5 | 70.7 | 72.3 | 66.3 | 71.9 | 65.1 | 66.7 |
| 1989 ....... | 64.7 | 57.6 | 52.8 | 66.7 | 58.8 | 54.8 | 51.2 | 56.4 | 55.6 | 44.0 | 51.6 | 45.2 |
| 1990 ....... | 51.2 | 52.8 | 54.4 | 52.8 | 58.4 | 59.6 | 61.6 | 60.4 | 56.8 | 54.4 | 44.4 | 37.3 |

Indexes are based on seasonally adjusted data.

average level of each of the diffusion indexes was greater than 50 from July 1967 to December 1990, which simply indicates that more industries recorded production advances than declines during this period.

The three- and six-month diffusion indexes are substantially smoother from month to month than the one-month index. This pattern occurs because transitory shocks to production that result from, for example, unseasonable weather or strikes can buffet the one-month diffusion index. In contrast, because they are calculated over longer periods, the three- and six-month indexes are better insulated from such factors.

Relationships between diffusion indexes of industrial production and percentage changes in the industrial production index are examined in James E. Kennedy, "Empirical Relationships between the Total Industrial Production Index and Its Diffusion Indexes," Finance and Economics Discussion Series 163 (Board of Governors of the Federal Reserve System, Divisions of Research and Statistics and Monetary Affairs, July 1991).[4]

4. This paper may be obtained on request from The Editor, Finance and Economics Discussion Series, Division of Research and Statistics, mail stop 89, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

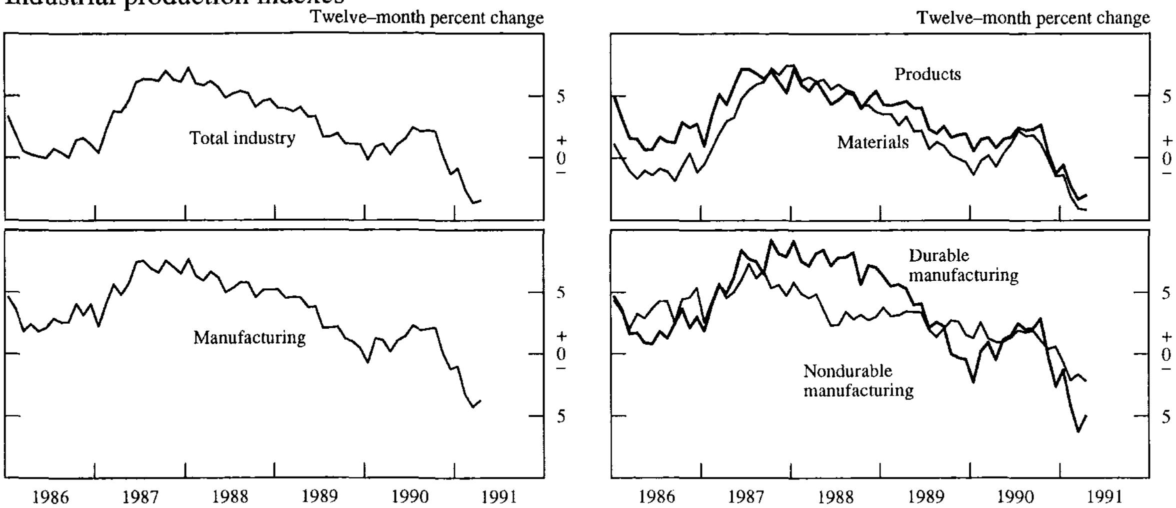
# Industrial Production and Capacity Utilization

*Released for publication on May 13*

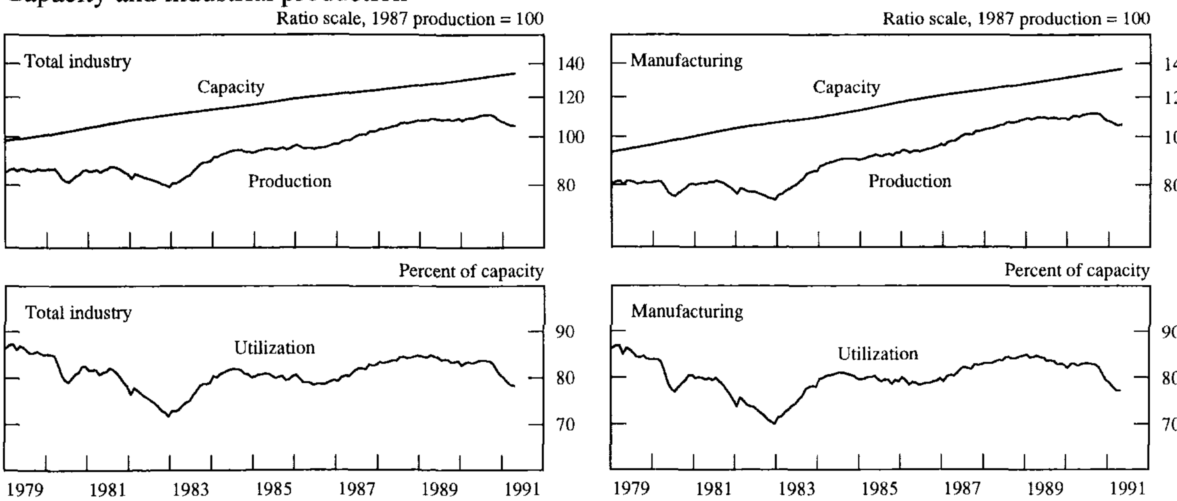
Industrial production edged up 0.1 percent in April, based on preliminary estimates, after having fallen a downward revised 0.6 percent in March. Production of motor vehicles rose again in April, with a jump in truck assemblies accounting for most of the gain. Outside of motor vehicles and parts, industrial production declined 0.2 percent. Total industrial capacity utilization decreased 0.2 percentage point to 78.3 percent. At 105.1 percent of its 1987 annual average, total industrial production in April was 3.4 percent below its year-ago level.

In market groups, production of consumer goods

Industrial production indexes




Capacity and industrial production




All series are seasonally adjusted. Latest series, April.

| Industrial production | 1987 = 100 | | | | Percentage change from preceding month | | | | Percentage change, Apr. 1990 to Apr. 1991 |
|---|---|---|---|---|---|---|---|---|---|
| | 1991 | | | | 1991 | | | | |
| | Jan. r | Feb. r | Mar. p | Apr. p | Jan. r | Feb. r | Mar. p | Apr. p | |
| **Total index** | **106.0** | **105.7** | **105.0** | **105.1** | **−.5** | **−.8** | **−.6** | **.1** | **−3.4** |
| Previous estimates | 106.6 | 105.7 | 105.3 | ... | −.5 | −.9 | −.3 | ... | ... |
| *Major market groups* | | | | | | | | | |
| **Products, total** | **107.8** | **107.0** | **106.5** | **106.6** | **−.5** | **−.8** | **−.4** | **.1** | **−3.0** |
| Consumer goods | 105.6 | 105.0 | 105.0 | 105.4 | −.1 | −.6 | .1 | .4 | −1.6 |
| Business equipment | 121.6 | 120.5 | 120.2 | 120.5 | .4 | −.9 | −.3 | .3 | −.9 |
| Construction supplies | 97.7 | 96.3 | 93.9 | 94.3 | −3.2 | −1.5 | −2.5 | .4 | −11.3 |
| Materials | 104.8 | 103.8 | 102.8 | 102.8 | −.5 | −.9 | −1.0 | .0 | −4.1 |
| *Major industry groups* | | | | | | | | | |
| Manufacturing | 107.0 | 106.0 | 105.1 | 105.4 | −.4 | −.9 | −.8 | .2 | −3.8 |
| Durable | 107.2 | 106.0 | 104.9 | 105.5 | −.3 | −1.0 | −1.1 | .6 | −5.0 |
| Nondurable | 106.8 | 106.0 | 105.4 | 105.2 | −.5 | −.8 | −.2 | −2.1 | |
| Mining | 101.7 | 102.9 | 102.1 | 101.0 | −1.6 | 1.2 | −.8 | −1.1 | −1.8 |
| Utilities | 107.6 | 105.2 | 106.0 | 106.0 | −1.1 | −2.3 | .8 | −.1 | −.7 |

| Capacity utilization | Percent of capacity | | | | | | | | Capacity growth, Apr. 1990 to Apr. 1991 |
|---|---|---|---|---|---|---|---|---|---|
| | Average, 1967–90 | Low, 1982 | High, 1988–89 | 1990 | 1991 | | | | |
| | | | | Apr. | Jan. r | Feb. r | Mar. r | Apr. p | |
| **Total industry** | **82.2** | **71.8** | **85.0** | **83.2** | **80.0** | **79.1** | **78.5** | **78.3** | **2.5** |
| Manufacturing | 81.5 | 70.0 | 85.1 | 82.5 | 78.9 | 78.0 | 77.2 | 77.1 | 2.9 |
| Advanced processing | 81.1 | 71.4 | 83.6 | 81.5 | 78.2 | 77.4 | 76.8 | 76.8 | 3.2 |
| Primary processing | 82.4 | 66.8 | 89.0 | 85.0 | 80.6 | 79.3 | 77.9 | 77.8 | 2.2 |
| Mining | 87.4 | 80.6 | 87.2 | 89.3 | 89.5 | 90.6 | 89.9 | 89.0 | −1.4 |
| Utilities | 86.8 | 76.2 | 92.3 | 84.4 | 84.1 | 82.1 | 82.7 | 82.6 | 1.5 |

r Revised.
p Preliminary.

NOTE. Indexes are seasonally adjusted.

other than motor vehicles was little changed in both March and April. This firming in production, after four months of significant declines, mostly reflected gains in output of durable consumer goods, such as furniture, carpeting, and appliances. Output of nondurable consumer goods continued weak, with the largest decline in April in the output of consumer fuels. Production of business equipment other than motor vehicles fell 0.3 percent in April, as another sharp drop in industrial equipment was only partially offset by a small gain in information processing equipment. After having fallen sharply for the past eight months, the output of construction supplies apparently changed little in April, buoyed by improvements in lumber and related products.

Output of materials was unchanged in April after having fallen every month since last September. Much of the improvement resulted from increased production of parts for motor vehicles; the output of paper and textiles also moved up. However, in April, there were further declines in the production of metals and chemicals, and a drop in energy materials.

In industry groups, manufacturing output increased 0.2 percent in April, while production at mines fell sharply and output of utilities was little changed. The operating rate for manufacturing slipped to 77.1 percent, its lowest level since August 1983, when it was at 76 percent. Utilization for advanced processing industries held steady in April, while the rate for primary processing fell off slightly.

Production picked up in April for many manufacturing industries, including motor vehicles and parts, textiles, and furniture. Production of fabricated metal products, particularly those related to the motor vehicle industry, also rose in April after having declined for the past half-year. In addition, lumber output has changed little, on balance, since February, after falling, on average, nearly 2 percent a month between July and February. Among the many industries in which output continued to fall in April, primary metals production dropped 0.8 percent, its fifth straight monthly decline. Likewise, weakness was still apparent in the chemical industry, as well as in transportation equipment other than motor vehicles.

# Statements to the Congress

*Statement by Richard F. Syron, President, Federal Reserve Bank of Boston, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 8, 1991.*

I am pleased to appear before you to discuss current questions about the availability of credit. As you are all aware, this issue has been of particular concern in New England. The lessons learned from our experience both during the credit laxity of the mid-1980s and the ensuing reaction should assist us in avoiding similar credit difficulties in the future.

In the hope of providing some perspective on these problems, I will begin by attempting to define what is commonly called the "credit crunch." I will then describe how developments in the financial and real sectors of the economy led to restricted credit availability and why the situation has been particularly acute in New England. Finally, I will conclude with the outlook for the future and caution that while we do not want to return to the credit conditions of the mid-1980s, which often were characterized by excessive credit expansion, we also must make sure that the 1990s do not become a period of excessive credit contraction.

## *CREDIT CRUNCHES*

One particular difficulty with the debate over the credit crunch is that the term is used to describe a variety of credit conditions. Few borrowers believe that they should ever be refused credit, and they interpret a denial as evidence of broader credit problems, rather than a problem specific to the project for which they seek credit. Few loan officers believe that they ever refuse credit for profitable projects, but the uncertainties surrounding any project and the underlying health of the economy make credit assessments essentially judgmental. The natural gap between optimistic borrowers and skeptical lenders is inherent to the credit process. Even during periods of rapid credit expansion, some borrowers will be denied credit that would certainly be granted in a world with complete information and no uncertainties. Thus, anecdotal evidence of credit denials is hardly evidence of a credit crunch.

Perhaps the best definition of a credit crunch can be reached by determining whether current lending patterns conform to standard practices at the same phase of previous business cycles. Clearly, lending behavior must change over the business cycle. Because credit evaluation is so dependent on expectations, the outlook for projects can vary significantly depending on whether lenders expect the economy to contract or expand. If credit conditions during recessions were to be compared with conditions during expansions, all recessions would qualify as credit crunches. Thus, a more useful definition of credit crunch asks whether credit availability is unusually restrictive for the current stage of the business cycle.

Historically, credit crunches have been associated with disintermediation, the loss of bank deposits when higher rates of return on assets were available from outside the banking sector. In the absence of regulation, depository institutions would normally have responded to such a loss of funds by raising the rates they paid on deposits; however, this was prevented in the past by ceilings on interest paid on bank deposits. The extent of bank losses of deposits would vary across institutions, depending on their depositors' sensitivity to return differentials, but most depository institutions responded to periods of disintermediation by tightening credit. As market interest rates dropped, the ceilings on bank deposit rates would become nonbinding, and disintermediation and the so-called credit crunch would end.

Our current credit problems are not the result of a drain of bank deposits, to be ended by lower interest rates. In substantial measure this period of tight credit is the result of a loss of bank capital, rather than a loss of deposits. The shrinking availability of credit from banks thus may be more accurately characterized as a capital crunch rather than a credit crunch.

This capital crunch has been uneven in its effects on our depository institutions. Equity capital losses have been particularly large in the Northeast, where banks have suffered extensive loan losses as a result of declining real estate prices and a bubble in real estate lending in the mid-eighties. Similarly, not all borrowers are equally affected by problems in the banking sector, since many borrowers depend almost entirely on financing unassociated with banks. Therefore, the current capital crunch primarily affects bank-dependent borrowers located in sectors of the country that have experienced large losses of capital.

Banks are but one of many sources of financing for many borrowers, particularly large ones.[1] Depository institutions play a declining role in providing funds to the nonfinancial sector of the economy. The recent drop in the flow of depository credit primarily reflects the loss of the intermediation services of the thrift industry. However, all depository institutions have had a diminished role in lending, as an increasing number of nonfinancial firms directly accessed national and international financial markets, and many consumer and mortgage loans were held by nondepository institutions as a result of securitization. In addition, other financial intermediaries have begun to compete in markets traditionally dominated by depository institutions. This competition is likely to increase, as problems in the banking sector limit the ability of banks to compete effectively with other financial institutions.

Thus, large firms and borrowers whose loans can be easily securitized will not be seriously hurt by the erosion in some bank's capital positions. The sector most likely to be affected is made up of small firms, which traditionally have relied heavily on bank credit to finance their operations. Banks have focused on this sector because lending to small firms requires an understanding of the local economy, the characteristics of small businesses, and the business acumen of management. Banks' expertise in evaluating and monitoring credit, particularly for these small privately held firms, has not been seriously invaded by competition from other financial intermediaries. But if this important source of financing is lost, small firms have few credit alternatives.

Existing relationships between borrowers and lenders are particularly important and often difficult to replicate for small businesses. Thus, when a small business' current lender either goes out of business or cuts back its lending activity, many companies have an extraordinarily difficult time in developing new access to credit. A primary reason for this is the simple economics of business lending. In many ways, the costs of gathering and evaluating information are as great for a loan of $100,000 as for a loan ten times that size.

Small businesses in New England have been particularly hurt by the capital crunch because the loss of bank capital is greatest in this region, which is also hardest hit by the recession. While the nation as a whole has maintained a relatively stable rate of growth of both bank capital and assets, the New England experience has been quite different. Capital and assets grew rapidly during the mid-1980s but have declined sharply since then.

The loss of bank capital in New England is particularly troubling. With little prospect of issuing new stock in the current economic environment, banks can restore their capital-to-asset ratio only by retaining more earnings and shrinking their assets. Many institutions in New England have been reducing their dividends and contracting their lending. In some areas, this process has made loans unavailable to otherwise creditworthy borrowers who are dependent on bank financing.

It is the loss of bank capital that differentiates credit availability at this stage of the current business cycle from similar periods previously. Thus, the answer to whether we are experiencing a credit crunch is "yes," in at least that respect. Regions that have lost substantial bank capital

1. The attachments to this statement are available on request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

are experiencing tighter credit conditions than they would otherwise. The major cause of this credit crunch is not monetary policy or changes in bank regulation, however; it is the loss of bank capital resulting from excessive credit growth during the mid-1980s. To understand our current problems with credit availability, it is essential to understand the changes in bank lending patterns that occurred in the 1980s.

## *Economic and Financial Developments in the 1980s*

During the 1980s many regions experienced business cycles that were out of sync with the country as a whole. The Southwest experienced an oil cycle, many midwestern states experienced a farm cycle, and New England experienced a real estate cycle. Each of these cycles in the real economy has an analog in the financial economy.

During the 1980s, employment in New England increased gradually but steadily despite only modest increases in the population. However, this smooth growth in New England employment as a whole masked large swings in several industry groups. Manufacturing of durable goods, a traditional strength of New England, grew rapidly in the late 1970s and early 1980s, fueled by growth in computer and other high technology companies. However, employment in these industries peaked by 1984 and declined for the rest of the decade as New England computer manufacturers lost market share.

This decline in manufacturing did not cause a drop in overall employment because of a simultaneous increase in construction employment. New England's share of construction employment started to increase in the late 1970s and rose very sharply after 1983. The construction boom, in turn, helped stimulate support industries such as financial services. Thus, the decline in one of our major industries, durable goods manufacturing, was camouflaged by the extraordinary increase in construction and related industries.

Such explosive growth in real estate was not sustainable in a region with only small increases in population. By the late 1980s the construction boom turned to bust, and that decline plus continuing weakness in manufacturing spilled over to other sectors of the regional economy. The result has been the worst drop in employment experienced in New England in the past two decades. In the three previous recessions, employment declines subsided approximately ten months after the peak. By contrast, New England employment has been declining for the past twenty-two months, and the trough may not occur until late this year or early next year.

Drops in employment of this magnitude were bound to have reverberations in the financial sector. Moreover, because the construction boom was financed almost entirely by credit, the banking sector had a large exposure to any downturn in real estate. Depository institutions had had many incentives to expand their real estate portfolios. Losses from Third World loans, farm loans, and oil loans encouraged the large New England banks to look for lending opportunities within their own region. Smaller thrift institutions, flush with new funds from conversion to stock ownership, were also aggressively seeking new lending opportunities. The rapid expansion of real estate lending in New England led to a relaxation of lending standards. While real estate lending roughly doubled nationwide between 1984 and 1988, real estate lending in New England grew nearly fourfold. This growth caused bank performance to be tied to the health of the real estate market. In 1990, real estate loans comprised 64 percent of all loans and leases for New England banks, a dramatic increase from 48 percent in 1985. On a purely anecdotal basis, in my conversations with bankers I have been struck by how much the very vocabulary we use reflects this increase in real estate lending. You could close your eyes and think you were talking to thrift institution bankers ten years earlier. Many of our institutions had essentially become real estate lenders rather than traditional commercial bankers.

At first, increasing bank exposure to the real estate market was quite profitable. New England house prices, which in 1984 were already 35 percent higher than those in the nation as a whole, had increased so rapidly that by 1987 they were twice the national average. These price increases outstripped the ability of both individuals and firms to pay, resulting in excess capacity. As this excess capacity increased over time, real estate prices softened and then began to fall. This has been even more true of commercial real estate than of the residential sector. Given the large exposure of New England depository institutions in real estate, this caused substantial problems for the banking sector.

The drop in real estate prices caused a substantial increase in nonperforming assets, much of it is real estate loans. As nonperforming assets grew, banks were forced to increase their loan-loss reserves, resulting in lower capital. Even worse, this decline may not yet fully reflect the extent of the problem. Nonperforming assets as a percentage of equity plus reserves have been rising through the end of 1990, indicating that further losses of bank capital are still possible. The capital position of many institutions has become sufficiently impaired that downsizing has been necessary. While most downsizing has involved selling or securitizing assets, banks have also tightened their credit standards.

During the explosive growth in lending in New England during the 1980s, credit controls at some institutions had become lax. Most banks have responded to the increase in nonperforming loans by reevaluating loan practices established during the boom, and some banks have concluded that more conservative lending standards are required. Correction of imprudent lending practices was indeed a necessary condition for restoring some stability to the New England banking market. Nonetheless, the shortage of capital and the need for many institutions to downsize has made credit availability more difficult, particularly for small firms, which are most dependent on banks for financing.

Problems with credit availability are measured by a survey conducted by the National Federation of Independent Businessmen. In the survey they ask, "Are loans easier or harder to get than they were three months ago?" They subtract responses of "easier" from responses of "harder:" Therefore an increase reflects tighter credit conditions. Small businessmen surveyed in New England during the boom thought that credit conditions were easier than did small businessmen in the rest of the country. However, since the late 1980s the survey indicates a substantial increase in New England respondents who believe that credit is tighter. This survey, along with substantial anecdotal evidence, suggests that small business has recently experienced significantly more difficulty in obtaining credit.

### *The Outlook and Policy Implications*

At least in New England, the 1980s was a period of excessive lending. In response to the large loan losses that occurred as a result of this bubble, banks and bank regulators have naturally reevaluated lending practices. A return to more prudent lending is essential for the financial health of the banking industry. However, we must ensure that the early 1990s do not become a mirror image of the mid-1980s. Given that credit judgments by both bankers and regulators ultimately reflect human sentiments, it can be expected that to some extent the overly optimistic expectations of the 1980s may be replaced by overly pessimistic expectations in the 1990s. However, with respect to the regulators, and I certainly include myself in that group, I believe that the more valid criticism is whether we should have done more to dampen the boom in the mid-1980s rather than how much overreaction there has been now. While it is strictly my personal view, I do believe that there may have been a shift in regulatory sentiment about some New England institutions that, while understandable or even appropriate on a case-by-case basis, may have been perverse for the economy as a whole. Any such possible overreaction by regulators and banks is now dissipating, however.

Despite the many problems with credit availability, we are finally beginning to see a few rays of hope. As our most troubled institutions are restructured to bring in new capital, many financial institutions are in a position once again to provide loans to creditworthy borrowers. As painful as the high unemployment rate and the drop in real estate prices are, they will provide the catalyst for restoring New England's competitive position in manufacturing, which requires land and labor costs more in line with costs in the rest of the nation. Finally, any restoration of the economy requires a restoration of consumer confidence, which appears to be improving. As economic activity resumes, a more sustainable rate of economic growth and a more viable banking sector will emerge in New England as in the rest of the country. The painful lesson from the New England experience that emerges for everyone is that avoiding booms that become bubbles is the only way to prevent busts.

I hope we have all learned that. □

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*Statement by Silas Keehn, President, Federal Reserve Bank of Chicago, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 8, 1991.*

I am very pleased to have this opportunity to give you my views on the recent trends in credit availability. While perhaps I need not emphasize the point, as the representative of a Reserve Bank located in the heart of the Midwest, it is entirely possible that the tenor of my comments will be different from what you may hear from other parts of the country.

### *THE LENDING SLOWDOWN*

We have all heard a great deal about the "credit crunch" during the past year. Unquestionably, there has been a tightening in the extension of credit, particularly commercial credit, by banks during this recent period. Many banks have raised their credit standards, and to a significant extent they have reduced commitments when the use of unborrowed lines would result in large increases in outstanding credit. In addition, they have raised interest rate spreads and tightened covenants and collateral requirements. These price and nonprice changes have had the effect of restraining the extension of credit. While the impact of this has been particularly significant in certain categories of lending, such as commercial real estate and highly leveraged transactions, the effect of this restraint has extended to other parts of the loan portfolio as well.

Several forces have contributed to the restraint on the extension of bank credit. Because of intense competitive conditions in the banking markets, interest rate spreads on many commercial transactions have been driven to very low levels. Many industry observers (and I strongly agree with them) feel that there is a significant overcapacity in the banking business, which, along with other market factors, accounts for these highly competitive conditions. As a consequence, a commercial loan as a stand-alone transaction frequently does not return an adequate level of profit. Indeed, some institutions will decline a perfectly creditworthy loan unless ancillary business will increase the profitability of the overall transaction. This profitability issue is contributing to the current restraint.

It is important to remember that the shift in lending attitudes follows a phase of strong credit extension that took place during the 1980s. It is a logical response that was entirely reasonable to expect given some of the credit problems that have emerged as a consequence of this period of aggressive credit expansion. While the decline in economic activity with the resultant decline in the demand for credit has certainly had an important effect on loan volume, this tightening of credit standards, reflecting a change in attitudes by bank management, has had a major role as well. To emphasize the point, for a variety of reasons we are going through a period of significant credit restraint.

Having said that, I do not think that monetary policy has been the cause of this restraint. In a classic liquidity sense, it is my view that we are not experiencing a "crunch." In the most recent period, bank reserves have been adequate, and very frequently conditions in this segment of the money market have been described as "soft." Monetary policy has been eased rather aggressively and regularly over the past six months. Recognizing that it is a matter of judgment, I do not think that the recent and current credit restraint in the markets can be attributed to a shortage of liquidity that has been induced by an overly restrictive monetary policy.

### *Credit Restraint*

What constitutes a credit "crunch," to my way of thinking, is when creditworthy borrowers, those that would normally find it possible to obtain credit even under adverse economic circumstances, cannot obtain financing. This is not currently the case, at least in the Midwest. A "crunch" is most likely to occur when all lenders serving a particular class of customers find their lending capacity contracting. As a classic example of this phenomenon, before Regulation Q, which imposed ceilings on interest rates, was removed, this is precisely what happened to mortgage borrowers when interest rates peaked dramatically—the good, the bad, and the indifferent as a class were unable to obtain credit.

What currently exists is credit restraint—not a "crunch." But irrespective of this definitional difference, when bank borrowers experience a restraint on the availability of credit, this restraint could have an impact on the performance of our economy. Firms may scale back on their plans and the projects for which the bank funds would have been used; if enough firms are affected, economic growth in the aggregate could suffer. Large firms, however, are less likely to be affected by this sort of problem. They operate in national or even international markets with many alternative suppliers of credit and therefore have greater flexibility. Moreover, credit intermediation outside the banking system may indeed be mitigating the impact of reduced credit extension by commercial banks. This involvement extends beyond the very large borrowers. Our senior loan officer opinion survey indicates that small and middle market firms are increasingly finding finance companies to be an attractive alternative to domestic banks.

This trend toward nonbank credit extension is apparent in the data for the nation as a whole. Business lending by finance companies grew at an annual rate of 12 percent in 1990 while lending by domestic banks was virtually unchanged. Finance companies represent only one of several alternative lenders that have stepped in to act as shock absorbers for the domestic banking system. Large commercial firms are increasingly turning to alternatives like finance companies, foreign banks, and the commercial paper market. Moreover, new credit-related activities like asset-backed commercial paper and prime rate funds have provided business with additional alternatives. Ignoring these new sources of credit can leave the observer with an overly pessimistic view of the state of the credit markets. Good data on many of these emerging alternatives are only now being assembled. However, some of the work done at the Federal Reserve Bank of Chicago suggests that the extension of business credit on a national basis could be growing significantly more rapidly than was thought earlier. The point is that focusing only on bank lending and not taking into account the broader recycling of credit within the financial markets may obscure the overall picture. While in the past some of these alternatives may have been feasible only for large corporations, increasingly more modest-sized companies are turning to these sources. While smaller firms do not yet have access to all these alternatives, the reduced reliance of large borrowers on bank credit has the potential benefit of freeing more bank resources for smaller borrowers.

### *The Effect of Regulatory Policies on Credit Extension*

While various regulatory policies, individually and cumulatively, certainly are exercising a restraint on credit extension, in the main, I do not think that the restraint has been regulatorily driven. Rather, we are experiencing a self-corrective process. There has been a marketplace reaction, and, as I noted earlier, bank managements have taken steps to deal with deteriorating asset quality and the recessionary environment. Though difficult to quantify, recessions do have an effect on lending attitudes separate and apart from the credit qualifications of the borrower; the same loan applicant that might have been approved during a strong economic expansion will be declined in a recessionary environment—lending officers will exercise a higher degree of caution during adverse times.

Capital requirements are certainly playing a role. In the early 1980s the Congress, regulators, and bankers began to be concerned that the banking industry did not possess a capital cushion that was adequate for the risks being taken. Regulators began pushing banks, particularly large banks, to increase their capital positions. The Congress registered its concern in 1983 when for the first time you gave regulators explicit statutory authority to set minimum capital requirements for banks. These efforts have had a positive result, and today, capital in the largest banking organizations is nearly twice the level of the early 1980s. As a result of this higher level of capital, the banking industry, which has undergone, and is continuing to undergo, a period of significant adjustment has, in the main, withstood some serious shocks better than anyone could have imagined only a few years ago. But in an environment in which it has been very difficult to raise capital in the markets and in which, because of intense competitive pressures and the need to provide reserves for loan losses, profitability has been reduced, the only other way of improving relative capital positions is to limit asset growth. Clearly this drive to increase capital is having an effect on the willingness of the banks to extend credit. But this is a constructive reaction and one that probably would have occurred without regulatory pressure. It is clear from the data that the better capitalized institutions have the ability to achieve greater asset growth and higher levels of profitability. To reiterate the point, improved capital positions will be absolutely critical to the health and well-being of the industry, and until capital has been increased to a point that bank managements and regulators alike feel is appropriate, this issue will have an inhibiting effect on the extension of credit.

### *Characteristics of the District*

I noted at the outset that coming from the Midwest I might provide a different response to the thrust of your hearings than is the case in other parts of the county. The early 1980s was a particularly difficult period for our region. Our economy relies very heavily on manufacturing, and because of that we have always been highly cyclical. Economic recessions that affected the national economy had a considerably greater impact on our area. Our manufacturing sector bore the brunt of the 1980–82 recession; during this period the region's employment declined at roughly twice the national rate. Even after the recession ended, employment did not bounce back, largely because the sharp run-up in the value of the dollar in the exchange markets limited the export of the region's manufactured products into the global markets. Adding to the stress experienced by the manufacturing sector, the region's agricultural sector also underwent a major structural adjustment as the virulent inflation of the late 1970s and early 1980s was brought down to more moderate levels. These adjustments, and it would be hard to overemphasize the magnitude of the adjustments that we experienced during this period, had a major effect on the banks in the region. We experienced a very high level of bank failures during this period as the undercapitalized or weakly managed institutions were unable to adjust their positions. But our banking system came out of this period stronger and better capitalized, learned the risks associated with asset value lending and the importance of adequate cash flows for loan repayment, and is now able to deal with the recessionary environment with less stress than was the case before. Some observers suggest that banks in the District, having been conditioned by the region's adverse experiences, are better prepared to deal with the current recession. Nonetheless, if the recession is longer and deeper than is generally anticipated, our banks will not escape the difficulties that have emerged in other areas.

In our District, smaller banks are a primary source of credit for small and medium-sized businesses. As a consequence, their lending experiences are most likely to reflect conditions in the District as they pertain to this segment of the market. In the Seventh Federal Reserve District, commercial and industrial lending by smaller banks grew a little less than 3 percent in 1990, down from 4.7 percent during 1989. This slowdown in lending appears to have been driven largely by the weakness in key manufacturing sectors like the automotive industry, not by tighter credit standards. To support that point, commercial lending at small Michigan banks was virtually flat during 1990 after having grown 4 percent in 1989. In general, these smaller Michigan banks are well capitalized with a relatively lower level of criticized assets suggesting that, to a very great extent, the reduced level of credit extension is a reflection of reduced activity in the automotive industry. In states such as Wisconsin and Indiana, where the economy has remained relatively strong, business lending continued to grow at a healthy rate in 1990. This pattern of commercial lending suggests that credit extension to small business in the Midwest is being driven by a slowdown in manufacturing activity in the area and not by restrictive credit terms, and we are not likely to see a significant increase in bank lending until the economy moves into the recovery phase. This conclusion has been reinforced by recent interviews with a number of small businesses.

Historically, the states in our District have had a unit banking orientation, which is to say that branching or at least extensive branching was not permitted. This meant that some local markets, on occasion, may have experienced greater credit restraint than others because funds did not flow freely across the region from surplus to deficit areas. This has been changing, but still it is a feature of our market that differentiates the region from others where statewide branching has been permitted for quite some while. I might say, however, that there is an interesting alternative argument to this point. Some of our smaller markets are served mainly by the banks in their particular areas. Many of these banks have been a "source of strength" to their markets because they have not been adversely affected by some of the problems that have had an impact on the larger institutions, and therefore they have not had to restrain the extension of credit. Adding to this, the smaller banks in our area quite frequently have had better capital positions and therefore have not had to restrain asset growth as a way of improving their capital positions—simply put, unit banking cuts two ways.

### *CONCLUSION*

To conclude, it is my opinion that the credit restraint that we are experiencing in the Midwest reflects an adjustment in the marketplace, and it is entirely possible that we are coming to the end of this phase. Barring a more adverse economic experience than is generally anticipated, I would expect to see a stabilization in asset quality, and that at some reasonably near-term point, and as the market process continues we will see an improvement in bank earnings. Capital positions, already significantly better than they were at the beginning of the last decade, will continue to show improvement, and as we go through this period the safety and soundness of the banking sector will be enhanced. This is absolutely fundamental to the economy of this country. A well-functioning economy experiencing good rates of sustained economic growth is dependent on a sound banking system. While in the short run the credit restraint that we have been experiencing has been difficult, particularly for those who have been denied credit, in the long term the overall economy will benefit from this significant transition. In the interim, while legislation to deal with the broad question of restructuring the financial system has become absolutely compelling, any specific legislative initiatives to deal with the credit restraint in an attempt to override the market process would seem ill-advised and would probably result in unintended distortions. □

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*Statement by Robert D. McTeer, Jr., President, Federal Reserve Bank of Dallas, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 8, 1991.*

I am pleased to appear before you to discuss credit conditions in the Eleventh Federal Reserve District, which includes all of Texas, northern Louisiana, and southern New Mexico. While I am personally new to the area, having assumed my position on February 1, our staff has done considerable work on the subject, which is summarized in the annotated bibliography attached to my written remarks.[1]

1. The attachments to this statement are available on request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

As you know, the banking industry in the Eleventh District experienced much turmoil in the 1980s. Two oil price shocks and a related collapse in real estate prices triggered bank and thrift institution failures of unprecedented proportions.

Banks in the Eleventh District began the decade of the 1980s in a very strong position in terms of profits and capital and prospects for the future. Yet, during the height of the later difficulties—from 1987 to 1989—more than 400 banks failed, which accounted for more than 50 percent of all the U.S. bank failures during that period, and these banks had 44 percent of the banking assets in our region.

The number of banks located in the Eleventh District peaked at just more than 2,100 in 1986 and fell to about 1,300 by the end of 1990, a decline of almost 40 percent. Although this consolidation included the results of a new branching law in Texas, much of it reflected failures. Eight of the nine largest banking organizations in Texas either required Federal Deposit Insurance Corporation (FDIC) assistance to continue operations or were acquired by out-of-state institutions. The thrift industry underwent an even larger retrenchment, with the number of thrift institutions declining more than half. A calamity of this magnitude obviously disrupted normal lending patterns and credit arrangements.

Although the difficulties that Eleventh District banks experienced during the past decade continue to affect their performance, we are beginning to see signs of recovery. Last year, after four consecutive years of losses, they showed an aggregate profit. Year-end income statements for 1990 showed earnings of $780 million. The overall return on assets remains low, at just less than ½ percent, but the transition to profitability is encouraging, particularly compared with the negative returns of the preceding four years. The charts attached to my testimony generally reflect substantial improvement in the health of the banking industry in the Eleventh District in 1990.

The positive returns in 1990 helped our banks reduce their troubled assets. Their capital also improved. Capital injections from the FDIC and from private sources increased the equity capital ratios to 6.1 percent, moving them closer to the national average. And for the first time since 1984, the rate of nonperforming assets fell below the rate at banks outside our region. The troubled asset ratio at Eleventh District banks fell to 2.5 percent of total assets by year-end 1990 from its peak of 8.3 percent in the third quarter of 1988, with progress made at both large and small banks.

I wanted to avoid getting bogged down on a definition of "credit crunch," but with respect to the Eleventh District let me just say that bank credit has contracted every year since 1985, including last year. The volume of outstanding loans at our District banks fell from a peak of more than $132 billion in 1985 to just more than $83 billion at the end of 1990. The ratio of loans to assets at Eleventh District banks declined from more than 59 percent to 46 percent from the end of 1985 to the end of 1990. While that ratio is a sign of past credit restraint, it may also be interpreted as an opportunity to expand lending in the future.

Despite the contraction in credit for the past four years, an economic recovery, nevertheless, began in our region in 1987 and continued modestly through last year and into this year despite the onset of national recession. The Eleventh District economy continued to have positive employment growth until recent weeks. If the national economy begins to recover soon, we could possibly escape another recession in our part of the country, and our banking recovery could proceed.

We do not fully understand the interrelationships between banking conditions and economic activity. Statistical research at our Federal Reserve Bank of Dallas has confirmed the expected impact of the local economy on our banks, but it has failed to confirm an independent impact running the other way. The economic recovery in the face of declining local bank and thrift lending suggests alternative sources of funds to local borrowers. Since large borrowers have access to commercial paper and the securities markets and since consumers have access to nonbank sources, the likely adverse impact of the cutback in local bank and thrift lending is probably concentrated among small and medium-sized business borrowers. Indeed, that is the source of most of the anecdotal evidence of a credit crunch.

The reduction in bank credit no doubt resulted from the massive loss of bank capital, and new sources of capital were scarce. It is also true that the major changes in our financial structure disrupted traditional relationships between borrowers and lenders and between correspondent and respondent banks—to the detriment of both business borrowers and the surviving banks. Rescuing banks brought needed capital to the devastated industry and stabilized the situation. Nevertheless, as the restructured banks shed problem loans and changed lending focus and strategies, even high-quality borrowers were forced to make new credit arrangements. Long-lasting relationships were severed and had to be replaced, often with new bankers unfamiliar with the borrowers' business or credit history. These disruptions occurred within an environment of closer scrutiny of new loans, rising loan standards, and declining appraisal and collateral values. And there seems to be a genuine perception of heightened uncertainty that has made bankers more cautious about putting their funds at risk.

Surviving banks had to contend with their own problems while their correspondent relationships were being disrupted. Furthermore, they had to compete with new players that had the advantage of government assistance and with existing troubled players that were paying a "Texas premium" trying to grow out of their problems. Banks that had remained relatively conservative during the boom years found their own survival threatened first by competition from their less conservative brothers and then by the subsidized rescuers of those competitors. It is no wonder that all involved have felt great frustration. That frustration was only compounded by the knowledge that these problems were considered to be merely "Texas problems" or "Southwest problems" until they began to be experienced elsewhere in the nation. Then they became national problems.

I know that you are familiar with the history that I have tried to summarize here and with the frustrations felt in my part of the country. I recall it here only because I consider it part of the responsibility of my new job to do so.

In concluding, let me say that bank credit by local institutions has been constrained and continues to be constrained in our area. However, the conditions that led to this credit "crunch," if you will, have been improving and an increasing number of our banks are poised to resume more normal lending activity. Surprisingly, our local economy has been able to recover despite the local credit situation, although no doubt the recovery would have been more vigorous without that constraint. If the national recovery comes soon and financial conditions remain favorable, the climate is right for the continued healing of our banking system and the continued recovery of our local economy.

Monetary policy has provided a positive environment for both. Short-term interest rates are at very low levels. The money supply is growing in the middle of its target range. The banking system is liquid. More money in the economy is no substitute for more capital in the banking system.

Fundamental banking reform is needed to prevent another disaster and to foster a healthier, more viable banking system for the future. However, care must be taken to avoid a worsening of the current banking situation in moving toward long-term reforms. For example, one concern I have is that deposit insurance might be cut back too severely before the "too-big-fail" problem is solved. Such a development could result in unfortunate unintended consequences for the many community banks and their borrowers in the Eleventh District and in the nation.

In the long run, the best thing the Federal Reserve can do for banking, as well as for the economy generally, is to provide a stable monetary environment.

Even the Texas banking crisis, though usually thought of as an aberration having its roots in an OPEC-related collapse in oil prices, can be traced to the inflationary seventies. It was in that period that the fiction was created and nurtured that betting on inflation generally, and higher oil prices in particular, was a sure bet. We have been reminded, once again, that markets eventually adjust and that exploding oil prices or real estate prices will sow the seeds of their own correction. In a stable monetary and price environment, extreme relative price changes will be more evident, not being masked by an inflationary price level, and lenders and investors will have a better basis for rational decisionmaking. □

*Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 9, 1991.*

I am pleased to appear before this subcommittee on behalf of the Federal Reserve Board to discuss the economic implications of the so-called too-big-to-fail doctrine and proposed legislation dealing with this issue. The concerns encompassed by the term "too big to fail" are among the most important reasons why we need to reform not only our deposit insurance system but also the broader structure of financial institutions and regulation. The Board urges the Congress to view the too-big-to-fail doctrine as one element of a very complex set of problems that need to be attacked on several fronts.

At the outset, I want to emphasize that the Board appreciates, and is sensitive to, the equity and efficiency arguments frequently advanced for eliminating too-big-to-fail policies. We are extremely uncomfortable with any regulatory policy that differentiates among banks, or their customers, largely on the basis of that institution's size. Under the too-big-to-fail doctrine, uninsured deposits at large banks typically have been protected in full—through purchase and assumption resolution methods—while those at smaller institutions generally face a greater risk of some loss.

Fairness alone would seem to argue that the treatment of depositors at a failed bank be independent of its size. Indeed, on many occasions the Board has indicated its view that the presumption should be that regulatory policy is equally applicable to banks of all sizes. It is desirable that no bank should assume that its scale insulates it from market or regulatory discipline, nor should the depositors with uninsured balances in a large bank assume that they face no risk of loss should that institution fail. For these reasons, the Board supports those provisions of the Treasury proposal that would enhance the accountability of, and tighten the criteria used by, regulators in resolving failed banks.

However, we believe strongly that it would be imprudent for the Congress to exclude all possibility of invoking the too-big-to-fail doctrine under any circumstances. One can contemplate situations in which uninsured liabilities of failing institutions should be protected, or normal regulatory actions delayed, in the interest of macroeconomic stability. Such a finding typically would be appropriate only in cases of clear systemic risk involving, for example, potential spillover effects leading to widespread depositor runs, impairment of public confidence in the broader financial system, or serious disruptions in domestic and international payments and settlement systems.

In practice, situations representing true systemic risk are rare. Indeed, one can envision improved circumstances in which even a very large bank could fail and not pose an inordinate risk to the economy. Unfortunately, the specific considerations relevant to such determinations are not fixed but will vary over time with, for example, the underlying strength of the financial system and the economy.

In principle, systemic risk also could develop if several smaller or regional banks were to fail. Partly because such failures could potentially have severe consequences for a community or region, purchase and assumption resolutions have not only been used with large banks but often with small institutions as well. Nevertheless, in practice systemic risks are more likely to be associated with failures of large institutions that are major participants in interbank financial markets and in clearance and settlement systems for securities transactions.

The Board endorses reforms that would foster a stronger and more resilient banking system, one in which bank failures would be less likely, and, should even a very large bank fail, the strength of other institutions would be sufficient to limit the potential for systemic risk. Thus, over the years we have been committed to higher capital standards, to the reduction of risk in the payment system, to finality criteria for clearinghouses and payment systems, and to improved international cooperation in the areas of payment systems and banking supervision. For the same reason, we also support the Treasury's proposals calling for frequent on-site examinations, prompt corrective action policies, interstate branching, and a broader range of permissible activities for financial services holding companies with well-capitalized bank subsidiaries. With these changes, we believe that over time the financial system and the economy could better tolerate large bank failures, thereby minimizing the likelihood that regulators would need to invoke the too-big-to-fail doctrine.

Even in such an environment, however, it would be impossible to confidently assert that a systemic risk situation involving one or more troubled banks would never occur, in large part because of varying macroeconomic and other circumstances. In our view, therefore, it is not only prudent but essential that policymakers retain the capacity to respond quickly, flexibly, and forcefully in conditions involving extensive risk to the financial system and the economy. I would note that while there surely are elements of unfairness in too-big-to-fail policies, unfairness also would result if regulators were required to ignore systemic risks. Such a mandate could needlessly expose banks and other financial institutions, their customers, and the broader society to severe economic disruptions and hardships that were neither of their own making nor within their control.

The remainder of my remarks today will amplify on the reasons that have led the Board to these views.

## *Systemic Risk*

The fundamental reason why it may sometimes be necessary to protect certain uninsured creditors or delay normal regulatory actions is systemic risk. Systemic risk refers to the possibility that financial difficulties at one bank, or possibly a small number of banks, may spill over to many more banks and perhaps the entire financial system. So long as problems can be isolated at a limited number of banks, but confidence maintained in the broader banking and financial system, there is little or no systemic risk.

One of the most serious and immediate potential effects of the failure of a very large bank is an impairment of the payment system that is so widespread as to disrupt the economic activity of the nation. In modern economies, the ability of individuals and firms to make and receive payment for goods and services is usually taken for granted. But, clearly, trade and commerce would be curtailed if this ability were substantially impaired for a major portion of the economy. One aspect of the potential problem is clear: When a bank fails, the ability of its depositors to make payments from their accounts would be severely limited were it not for government intervention designed to maintain the liquidity of insured, and sometimes uninsured, balances. Recent examples of the potential hardship such disruptions could place on exposed depositors can be seen in the failures of the Ohio, Maryland, and Rhode Island deposit insurance systems. Clearly the problems could be greater in the case of the failure of a large bank, or a contagion of failures at many banks.

There is another aspect of systemic risk that is generally not as well understood. Large banks are major providers of payments and other "correspondent" banking services for smaller banks as well as other financial institutions. Often these interbank relationships involve holdings of relatively sizable compensating or clearing balances at correspondent banks. Such interbank relationships are a key mechanism by which problems at a large correspondent bank can be transmitted to other financial institutions. There are two ways that this can occur. First, the loss of access to their balances at the correspondent could cause other financial institutions to experience liquidity and solvency problems of their own. Second, the failure of a major correspondent bank could cause clearing and settlement problems for the customers of other banks and financial institutions that, ultimately, depend on the correspondent for payment services. Both of these possibilities were concerns, for example, in the 1984 failure of Continental Illinois National Bank, which was an especially important participant in interbank markets.

Some of the clearest examples of payment system-related systemic risk are associated with foreign exchange markets, which involve the largest banks from all the major industrial countries, and are closely linked to and integrated with domestic money and capital markets. On any given day, a major bank will have entered into foreign exchange contracts to be settled on a future day, typically two days hence in the case of "spot market" contracts. If for any reason exchange rates were to move in the interim, a bank failure during this period could subject its counterparties, both banks and nonbanks, to unexpected capital losses.

Usually of greater immediate concern is the settlement risk arising from the traditional practice of paying out foreign currencies in settlement of foreign exchange contracts before counterpayments in U.S. dollars are fully completed. This practice arose because European banking markets operate in time zones at least five or six hours earlier than U.S. markets, while Far Eastern markets operate in time zones thirteen or fourteen hours earlier. The result is that both U.S. and foreign banks are typically exposed to the risk of losing the full amount of foreign currency paid out while they are awaiting dollar payments. This settlement risk, although managed by banks through various techniques, may amount to substantial temporary exposures lasting for a few hours during the day. Failure to complete these transactions in a timely manner would not only subject the counterparties to risk of loss but could undermine confidence in domestic and international payment systems, whose smooth functioning is essential to flows of goods and financial capital around the world.

To reduce systemic risks in the payment system, in recent years the Federal Reserve has worked with private payment and clearing systems to develop policies and procedures to reduce payment system risk. We believe that these initiatives have lowered the potential disruption to counterparties on large dollar networks. Still, it is the case that general instability in the banking system, such as would occur in a true systemic risk situation, could lead to multiple clearing and settlement failures. The Board believes that it is in the public interest for policymakers to have the tools and flexibility to prevent such an event.

Another serious aspect of systemic risk is the possibility of widespread depositor runs on both healthy and unhealthy banks. Such runs could be engendered by the failure of a major bank, for example, if such a failure generated significant uncertainty regarding the health of other banks. In days past, the primary concern was that depositors would run to currency, thereby causing a rapid and precipitous decline in the money supply and in the ability of banks to maintain old and make new loans. Today, while a flight to currency is not a realistic concern, in large part because of the success of the safety net, rapid and expanding runs from domestic bank deposits to government securities, other money market instruments, and foreign bank deposits could still seriously disrupt the process of intermediation on which many borrowers depend.

The process by which savings are turned into loans and other forms of financial investment is crucial to the creation of real capital in our economy, and therefore central to the means by which increased productivity and higher living standards are achieved. Banks are obviously major contributors to this process. Indeed, the primary value added by banks is their ability to attract and pool depositors' funds by issuing liquid liabilities, and then provide financing to individuals and firms for productive purposes by creating relatively illiquid loans.

A credit relationship between a borrower and a particular bank is not necessarily easily transferred to another financial institution. The unique information collected by individual banks about their customers is often expensive to acquire and may be the result of years of close interaction. True, securitization and technological change are making it increasingly possible for many bank customers to access credit markets directly, and the resultant decline in the value of the bank franchise is one of the key issues that needs to be addressed in banking reform. But for now—and for the foreseeable future—there will exist a core of business and other borrowers for whom banks serve as a primary source of funds. For example, data from our 1988 National Survey of Small Business Finances indicate that, of those small businesses having a loan or lease with a financial institution, more than half obtained such financing exclusively from one depository institution, and more than 80 percent had a loan or lease with a commercial bank. Moreover, it should be recognized that many securities are backed by bank credit guarantees or liquidity facilities.

We need only look to the economic and other costs imposed by the so-called credit crunch to get a sense of the critical importance of credit creation by banks to the stability and growth of our economy. In addition, research on the Great Depression points to the destruction of this function, caused by widespread bank failures, as a major contributor to the severity and length of the Depression. These arguments suggest that a rapid shift of deposits from one major portion of the banking industry to another—say from banks considered weak to those considered strong—would seriously disrupt credit creation. Such a disruption could easily feed into the real economy.

The implications of widespread difficulties in the banking sector—including perhaps major disruption of the payment system and extensive depositor runs on healthy banks—are not likely to be confined to banks. In large part this is due to the interconnections that I have already described between banks, other financial and commercial firms, and households. But there are other reasons why a loss of confidence at banks could spread. For example, all types of financial institutions depend on the maintenance of public confidence in the broad financial system for the successful conduct of their business. Problems in banking could reduce confidence in this broader system.

In addition, other financial intermediaries, for example, investment banks, depend on commercial banks for substantial amounts of short-term credit. A significant reduction in the supply of bank credit would reduce the ability of these institutions to provide underwriting services and liquidity support to a wide variety of securities markets, including those for stocks, bonds, and commercial paper. The resultant contraction in the availability and liquidity of such investment vehicles would tend to exacerbate the effects of a reduction of loans at banks. Indeed, the continued provision of credit to other financial intermediaries was one of the Board's primary concerns in our efforts to minimize the adverse effects of the October 1987 stock market break.

Large commercial banks are also major and direct participants in a variety of key financial markets. Examples include the markets for government securities, mortgage-backed securities, and foreign exchange. In their role as major participants and marketmakers, large banks are a primary source of liquidity for these markets. For this reason alone, the collapse of a major bank's participation could, for a time, significantly impair the functioning of these markets. In short, a variety of strong arguments can be made for the need to manage carefully the withdrawal of a major bank from financial markets.

The Congress and the banking regulators should take pride in the fact that systemic risk seems today to be a somewhat remote problem. One of the fundamental purposes of our banking safety net is to prevent systemic risk from becoming an observable reality. I think that there can be no doubt that over the past half century we have been extremely successful in achieving this goal. Indeed, stability in the banking system has undoubtedly contributed to the much milder contractions in the economy that we have experienced since World War II relative to earlier times. The problem is that we have also paid a price for our success. An excessive degree of moral hazard has been allowed to develop within the system. This has been manifested in various ways, including low bank capital ratios, high asset risk at many banks, reduced market discipline by depositors, and ultimately large losses by the deposit insurance funds. But reform should not deny or eliminate the benefits of our success; rather, it should attempt to maintain the benefits while minimizing their costs.

### *Further Actions Needed to Reduce Systemic Risk*

As I noted earlier, the Board urges the Congress to view the too-big-to-fail doctrine as one element in a complex set of problems that should be attacked simultaneously. In this regard, Chairman Greenspan and other Board members have argued repeatedly in favor of fundamental reform of our system of banking and financial regulation. Most recently, Chairman Greenspan testified last week before the Financial Institutions Subcommittee of the House Banking Committee on the Board's views on these issues. I shall not repeat his remarks here today except to reiterate my earlier observation that a vital component of the ultimate solution to the too-big-to-fail doctrine is a stronger banking system. We should promptly adopt reforms that will achieve this goal, including greater emphasis on capital adequacy, prompt corrective action to deal with financially distressed depositories, timely on-site examinations, full interstate branching, and a broader range of permissible activities for financial services holding companies with well-capitalized banking subsidiaries. As I noted earlier, by increasing the safety and soundness of our banking system, these reforms would lessen the likelihood of a major systemic threat and a need to invoke the too-big-to-fail doctrine.

A way to equalize the benefits of too-big-to-fail policies across depository institutions is to eliminate the deposit insurance limit, implying explicit 100 percent insurance for all deposits, including those in excess of $100,000. I would note that such a change in policy would further increase the degree of moral hazard in the banking system, virtually eliminate depositor discipline, and increase potential taxpayer liability. To offset these effects, much higher capital ratios and unacceptably intrusive regulation might be required.

It is important to understand that, even in a circumstance in which the too-big-too-fail doctrine is invoked, the stockholders, bondholders, and senior managers of the insolvent bank lose. This occurs even when all depositors are made whole, and the bank continues in operation. Thus, from the point of view of the owners, bondholders, and senior managers, the application of too-big-to-fail policies still would imply de facto failure of the bank, since their financial interest in the bank would be extinguished. In this sense, the too-big-to-fail doctrine implies no inequity of treatment across banks. Moreover, in the Board's view it is these very agents—stockholders, bondholders, and senior managers—who are in the best position to exert market discipline on the bank so as to limit the risk that the bank will ever become financially impaired.

### *Federal Reserve Role in Identifying Systemic Risk*

The Board believes that it should have a role in determining when systemic risk exists. As the nation's central bank, the Federal Reserve has responsibilities for the health of the domestic and international payment and financial systems. Thus, the Federal Reserve has both the perspective and the expertise that are useful for evaluating the systemic risk implications of a given crisis or imminent bank failure. Our responsibilities in this regard are carried out in part through administration of the discount window, which would likely be involved in any attempt to manage the demise of a major bank in an orderly way. To carry out our responsibilities for assessing systemic risk and administering the discount window, it is particularly important that we have the thorough understanding of banks and the payment system operations that we obtain through close and frequent contact with large banking organizations.

With the increasing globalization of banking, the world's central banks will need more than ever to coordinate responses to developments that may originate anywhere and may have an impact on domestic and international payment systems and financial markets. Thus, the Board believes that it is essential that the Federal Reserve—to conduct its stabilization policies, including protecting against systemic risk—have intimate familiarity with all banking organizations having a substantial international presence.

Inevitably, a determination of whether systemic risk is a substantial concern must be made on a case-by-case basis. Furthermore, the Board understands that it may be all too tempting for regulators to declare that systemic risk requires deviation from normal regulatory procedures. For these reasons, the Board supports the Treasury's proposal that both the Board and the Secretary of the Treasury, who also has major responsibilities for ensuring financial stability, as well as protecting taxpayers' funds, should jointly determine when systemic risk justifies such a deviation. Such a requirement would help ensure that a systemic risk exemption is not abused without rendering the decisionmaking excessively cumbersome and time consuming.

### *Other Issues*

In your letter of invitation you inquired as to how a too-big-to-fail policy, by which I understand you to mean a policy of protecting against systemic risk, should be funded. This is a difficult issue. On the one hand, banks, and particularly the largest banks, are clear beneficiaries of a policy that greatly reduces the likelihood of depositor runs on healthy banks. Thus, a case can be made for funding such a policy through deposit insurance premiums. On the other hand, the general public surely benefits from a too-big-to-fail policy, and thus taxpayer funding may be justifiable. Moreover, the Board is concerned about the adverse impact of continued high—let alone rising—deposit insurance premiums on the competitiveness, size, and viability of our banking system.

Rather than focus on the relatively narrow issue of funding systemic risk, the Board prefers to concentrate on the more general need to recapitalize the Bank Insurance Fund (BIF). The Board believes that any plan to recapitalize the Bank Insurance Fund must provide sufficient resources without imposing excessive burdens on the banking industry in the near term. The Board also believes that loans to the BIF that would be repaid with future premium revenues are the best means of striking this difficult balance. But I would stress that the BIF recapitalization should be considered within the context of the broader set of reforms I described earlier. If such reforms are enacted, the Board fully expects that the probability of facing a failure with systemic implications will decline over time. Thus, in the long run, the issue may become moot.

The final aspect of a policy of ensuring against systemic risk that I would note is that it is very rare to observe large bank failures in other industrialized nations. Two important reasons for this experience include the operation of financial safety nets abroad and the structure of foreign banking and financial markets. Indeed, many observers argue that an implicit too-big-to-fail policy is followed in these nations.

Virtually all of the industrial countries have deposit insurance systems. Often, however, these systems do not provide the same explicit protection for depositors as the Federal Deposit Insurance Corporation (FDIC). Support for the largest banks appears most likely to be channeled through countries' tax systems. In a few nations, the direct government ownership of some banks can also be regarded as part of the banking safety net. In addition, the possibility of direct government intervention to deal with severe problems at key financial institutions is not ruled out in most countries, although such intervention has been highly unusual. The fact is that regardless of institutional structure, observers conclude that explicitly or implicitly the norm in other industrial nations is that the largest banks will not be allowed to collapse. Thus the United States is far from being alone in having policies in place to deal with systemic risk. The Board believes that the widespread adoption of such policies abroad bears witness to the possible systemic cost of the uncontrolled collapse of a major bank.

### *CONCLUSION*

In closing, I would reiterate the Board's strong support for the principle that the presumption of policy should be that regulatory actions apply equally to banks of all sizes. However, one of the primary reasons why there is a safety net for depository institutions is that failure of these firms can produce systemic risks, and unchecked systemic risk can impose major costs on the entire economy. Over the past half century a fundamental, and successfully achieved, goal of policy has been to avoid systemic problems in the banking sector. In addition, the broad set of financial reforms proposed by the Treasury and supported by the Board would, in the Board's view, help further reduce the chance that we would find ourselves in a situation of serious systemic risk. But we should not fool ourselves into believing that we can guarantee that an impending bank failure will not be a threat to the stability of our economy. Real life is never so neat and tidy, the structure of the economy is not so fixed, and our ability to understand fast-breaking developments is not so perfect that we could ever ensure that. Therefore the Board strongly urges the Congress to continue to allow policymakers the flexibility to interrupt our normal regulatory and failure resolution procedures for the purpose of protecting against systemic destabilization. □

*Statement by E. Gerald Corrigan, President, Federal Reserve Bank of New York, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 15, 1991.*

I am delighted to have this opportunity to appear before you to discuss again certain aspects of the ongoing efforts to reform and modernize the banking and financial system of the United States. In discussing these issues with you, I have, in words that Yogi Berra is alleged to have uttered, a sense of "deja vu all over again." What I mean by that, of course, is that we have been discussing these issues for years. But now the time has come to act—a sentiment that I know is widely shared among the members of this committee.

You have asked me to respond to several questions on the banking and commerce issue. While those questions are covered in the opening section of this statement, I have also included several observations on other aspects of the reform process as a whole, many of which bear on issues that I have discussed with this committee on earlier occasions.

In considering the specific question of banking and commerce as well as the larger question of reform of the banking system, it seems clear to me that the Congress is faced with a very difficult dilemma. On the one hand, the need for progressive reform is urgent, to put it mildly. On the other hand, the need for caution is equally strong, since so very much is at stake not only for the well-being of our financial system over time but also for the health and vitality of the economy at large. Striking the proper balance between progressive change and caution is not easy, but that goal is within reach. I might note at the outset that in my judgment permitting commercial firms to control banks fails on both counts. It is neither progressive nor cautious.

## *Banking and Commerce*

As the committee knows, several weeks ago I appeared before the House Subcommittee on Telecommunications and Finance to discuss the banking–commerce question. At that time I submitted a rather lengthy statement. While I am sensitive to the appearance of placing before this committee what may be viewed as a rerun, I have attached to this statement that earlier testimony.[1] Even without the benefit of that lengthy statement, it will, I am sure, come as no surprise to you when I repeat my strong opposition to arrangements that would permit commercial firms to control banking institutions.

While that opposition is steadfast in current circumstances, I also have said on many occasions—including before this committee—that I am not opposed to providing a measure of greater flexibility in this area so long as the protections against control are not violated or threatened. In addition, I believe that the basic ground rules associated with passive investments in banking institutions are badly in need of clarification. In part, this need for clarification arises because the proliferation of new capital market instruments has made it very difficult to administer the existing rules in a setting in which there is a large gray area between investments of less than 5 percent for which control is presumed not to exist and investments of 25 percent or more for which control is presumed to exist. Of course, if such clarifications are made regarding passive investments in banking organizations, logic would suggest that the same ground rules should govern passive investments by bank holding companies in firms whose scope of activities fall outside the "closely related" test in the Bank Holding Company Act.

With that suggestion in mind, let me now turn to the specific questions posed by the committee regarding controlling investments in banking institutions by commercial firms.

1. Would allowing commercial firms to acquire and control banks bolster the capital base of the banking industry?

The answer to this question is unclear. Whether or not the capital base of the banking industry would be increased depends on several factors, including the nature of the investments, their size, how they are financed and, very

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

importantly, whether the "added" capital results from double-leveraging of the existing capital base of the commercial firms making the investments. To the extent the latter is the case, the "increase" in the capital base in banking could, over time, prove to be illusory.

In important respects, however, the question of whether the capital base in banking would be increased is the wrong question. Capital is attracted by profits. If the returns are not there, capital will not and should not flow to a firm or an industry. On the other hand, if the returns are there, capital will flow quite naturally. That is why it is so important to enact legislation that would remove the artificial barriers that are impeding the profitability of banking. In that environment, I am quite sure that sufficient capital will flow to the banking industry from traditional sources.

Finally, it is by no means clear to me that the banking system does not have, or have access to, adequate capital from traditional sources. Indeed, given the obvious "over-banking" problem in this country, a good case can be made that part of the problem in banking and finance may well be that we have too much capital chasing too few good loans.

2. What impact, if any, would allowing commercial firms to control banks have on our nation's monetary policy?

If commercial ownership of banking organizations becomes widespread, there is a danger that the resulting concentration of economic—and perhaps even political—power could have subtle but serious implications for monetary policy. This would be true even though it is highly unlikely that such arrangements could—by themselves—undermine the technical linkages between monetary policy and the economy. That is, as a purely technical matter, there is some set of credit market conditions and interest rates that could be achieved by the monetary authorities that would, for example, check inflationary pressures in the economy. However, in an environment in which there is widespread control of banks by commercial firms, achieving that result could be more costly to the society at large. That possibility arises for two reasons: First, if commercial firms controlled banks on a wide scale, the resulting economic power base might undermine the nation's will to resist short-run temptations to live with a "little more" inflation. Since a central bank can only be independent within the government and the society it serves, these pressures could—in very subtle but insidious ways—undermine the capacity of the central bank to perform its necessary task of promoting long-term goals relating to price stability, financial stability, and overall economic stability. Second, if commercial ownership of banks resulted in a further increase in overall leverage—and especially double leverage—the fragility of both the financial and nonfinancial sectors could increase further. In turn, that result could either (1) produce a situation in which the monetary authorities might, in the short run, feel compelled to be more tolerant of financial excesses or (2) produce a situation in which both the financial system and the economy at large are more prone to disruptions and instability. In fact, the first of these dangers would surely give rise to the second. In that eventuality, the ultimate costs of checking these excesses—costs that could not be avoided forever—could be very great indeed.

3. Would allowing commercial firms to control banks necessarily create new risks for the Bank Insurance Fund (BIF) administered by the Federal Deposit Insurance Corporation (FDIC) and for taxpayers who stand behind that fund?

There is no question that such risks would increase, just as there is no question that the risks of the extension of the safety net more generally to the commercial owners of banks would increase. Reasonable men and women can debate about the extent to which such risks might increase, but there is no doubt in my mind as to the direction of change. One compelling reason why such risks would increase is because there is no system of fire walls that is fail-safe. Indeed, and as outlined in my House statement in greater detail, the so-called contagion effects associated with problems in one part of a family of institutions simply cannot be safely isolated from the family as a whole. Experience has shown this to be the case time after time. When we need them the most, fire walls simply will not work.

4. Do you think there is any validity to concerns, expressed by some, that allowing banking and commercial firms to combine would lead to an unhealthy concentration of economic power in this country?

Yes, these concerns are entirely valid. In this connection, it is important to keep in mind that the nature of those risks is such that there is no middle ground on the banking–commerce issue. That is, there are some who would ask why commercial firms shouldn't be allowed to own selected banks. Or, why not allow commercial firms to own only troubled or failing banks? Implicit in these questions is the suggestion that we can have it both ways. That is, we can satisfy the desires of a few companies or a few banks, we can paper over some problems, and we can duck hard choices, while at the same time avoiding the concentration or other problems associated with commercial control of banks. I just do not see it that way. This is a very slippery slope and if we as a nation start down that slope we will, at that very instant, set in motion forces that will be very difficult and very costly to reverse.

5. Would allowing banking and commercial firms to combine necessarily undermine the arm's length relationship that now exists between banks and their creditors and weaken the cornerstone of effective banking—that is, independent credit decisions based on effective evaluations of creditworthiness?

"Necessarily" is a very strong word, but if the question were restated in terms of the *risks* to the impartiality of the credit decisionmaking process, the answer is clear. Yes, those risks would increase. The extent of the increase would, of course, depend upon how far and how fast a pattern of commercial ownership of banks might take hold. But even if the risks are perceived as relatively small, the costs could be very high.

6. Would a commercial firm that owns a bank be more apt to make its bank's credits available to its customers rather than to customers of its competitors?

Again, those risks would be present. In fact, these risks exist in virtually every facet of banking even without commercial ownership. With commercial ownership of banks, those risks would rise appreciably. On the other hand, so long as banking markets are truly competitive and so long as appropriate supervisory policies are in place, these risks are manageable. However, keeping them manageable in a context of commercial ownership of banks would be another story, especially given all the other problems that would arise in those circumstances.

To summarize, the risks associated with commercial ownership and control of banks are considerable. In my view, we as a nation should be prepared to run those risks only if there is some compelling public policy reason that dictates that course of action. I see nothing on the horizon that would qualify as that compelling public policy case for permitting such combinations. Thus, unless something changes radically, I remain steadfast in my opposition to commercial ownership or control of banking institutions.

## *Progressive but Cautious Reform*

While combining banking and commerce does not meet the test of either progressive or cautious change, there are proposals before this committee and the Congress that, in my judgment, would pass both of these tests. There are also pressing needs—such as the recapitalization of the Bank Insurance Fund (BIF)—that must be attended to promptly. As I see it, however, it would be a grave mistake were the Congress only to enact legislation to deal with the financial needs of the BIF, even if such legislation also included an appropriate title on "progressive supervision" and "early intervention." The Congress must recognize that the realities of the marketplace, including changing technology, are such that the current configuration of the banking and financial system in the United States is entirely too accident prone—a condition that ultimately threatens the capacity of the system to perform its vital economic tasks. Moreover, it is badly out of line with emerging trends throughout the world—to the continuing detriment of the international competitiveness of U.S. institutions and markets.

Whether we like it or not, we are going to see an important degree of consolidation in the U.S. banking and financial system. That result, as I am prone to say, is already "baked in the cake." The question, therefore, is not whether that process of consolidation will occur, but rather whether it will occur the hard way or the easy way and whether it will occur in a manner that is consistent with the public interest. Narrow legislation, in my view, virtually assures that we will be back in this room two or three or five years from now pasting together another damage control package in circumstances in which the task will be all the more difficult and the public interest all the more at risk.

When I speak of the inevitability of an important degree of consolidation in banking and finance, I do not mean to imply that we in the United States will end up with a highly concentrated banking and financial system such as we see in many other countries. I simply do not see that occurring here. Indeed, I would be vigorously opposed to such an outcome. Even putting aside regulatory restraints and antitrust laws, the realities of banking markets and relationships in this country are such that we will continue to have thousands—but not as many thousands—of banking and financial institutions. Moreover, I am absolutely certain that legions of independent community banks will survive and thrive in this otherwise changing environment.

Against this background, it seems clear to me that striking the right balance between the dictates of progressive yet cautious change requires—indeed demands—more than patchwork legislation. Yes, the BIF must be recapitalized and yes, there may be still unexplored ways to produce that result in a manner that minimizes adverse implications for the competitiveness of U.S. banks. Yes, a flexible system of "progressive supervision" and "early intervention," with the qualifications suggested by Chairman Greenspan in his April 23 testimony, should be enacted. Yes, a *very* careful and deliberate approach to deposit insurance reform can help.

But these changes, as necessary and as important as they are, are not sufficient because they do not get to the heart of the structural, competitive, and technological factors that are driving so many of the changes and problems that we see in the banking and financial system. That is why any legislation that would meet my personal standard of progressive change would also have to get at these basic structural problems and thus include—*at a minimum*—the effective repeal of the McFadden, Douglas, and Glass–Steagall Acts.

I recognize that in taking that position some would suggest that, in the name of progressive change, I am throwing caution to the wind. I also recognize that against the history of the savings and loan association mess, even a hint of throwing caution to the wind takes on special significance to the Congress and the American taxpayer. Allow me, therefore, to make several points that I believe will suggest that these structural changes can be made in a manner that is consistent with the need for caution.

First, the risks—and there are risks—of making these structural changes must be weighed against the risks of not making those changes. As noted earlier, the most important of the risks associated with not making those changes is that it would frustrate the necessary process of consolidation, cost reduction, and diversification in the banking and financial system and further undermine the competitiveness of U.S. banking institutions at home and abroad. Put differently, absent these progressive structural changes, the risks of further stress and instability in banking and finance will increase.

Second, whatever else may be said of these changes, they will over time, work in the direction of permitting institutions to better diversify their risks and their sources of income. This is important because when we look for common denominators among institutions that have failed, one (other than poor judgment and management) that stands out time and again is concentrations of activities and credit exposures. In this regard, it should be stressed that over time, the benefits of diversification of risk and income flows that would follow from these structural changes would not accrue solely to banking institutions. To the contrary, I think that important benefits would also arise to securities firms by virtue of their ability to own banks. I assume that is one of the reasons why so many securities firms own nonbank banks in the United States and own banks in foreign countries.

Third, under the system of progressive supervision I have in mind, the benefits of the repeal of these outdated laws would accrue only to the strongest of institutions, taking into account not simply capital positions but also the full range of supervisory criteria. In this connection, it should be noted that over the course of the recent credit crunch, call report data point to a striking difference between the rate of commercial and industrial (C&I) loan origination by strong banks relative to weak banks in all parts of the country. In other words, while C&I lending, has, of course, slowed across the board, that pattern is more evident at weak banks than at strong banks. This finding, in itself, is suggestive of why it is so important to promote strength and diversification in banking institutions.

Fourth, as a part of the process, there are several areas in which overall supervisory standards and practices must be strengthened. The system of progressive supervision based on capital zones that is part of the Treasury proposal and is incorporated into several other legislative proposals is responsive to this need for strengthening the supervisory process. However, capital and other prudential standards are, in my judgment, only as good as the on-site examination and inspection process. That is why I believe it is so very important that major emphasis be placed on strengthening the examination process. In saying that, I recognize that there are several proposals before the Congress calling for annual examinations of all banks or banking institutions.

It is important that the Congress recognize that achieving this goal, while important, is going to be expensive—very expensive. I say that with the knowledge that many banks are not now subject to annual examinations and with the knowledge that even when examinations occur annually, important differences can arise as to the scope of the examinations in such crucial areas as the composition and size of the sample of loans reviewed by the examiners. While it will be expensive, the Congress should also recognize that these costs will be very small relative to the costs of not taking the necessary steps to reinforce the examination process.

At the Federal Reserve Bank of New York we have maintained the practice of "full scope" annual examinations for virtually all institutions under our supervisory jurisdiction and certainly have maintained that practice for *all* major institutions under our jurisdiction. At times, the annual exam also is supplemented by limited scope or targeted examinations within a twelve-month period.

There is another important consideration in this regard. Namely, the examinations can only be as good as the examiners. I am proud of my examination force, and I know that they are good—damn good—at their profession. I believe that these examiners are among the best in the business—a view that I suspect is shared by their peers here and abroad. But, let's be realistic. The Federal Reserve Bank of New York employs 206 bank examiners whose average tenure is eight years and whose average salary is about $50,000. But these 200 individuals—together with their in-house analytical and support staff—are directly responsible for inspections of seven of the fifteen largest bank holding companies in the country with aggregate assets of more than $650 billion; federal examinations of five of the ten largest banks in the United States; federal examinations or inspections of about 175 other banks or bank holding companies as well as standby or back-up examination authority for about 250 foreign banking institutions operating in New York. Their work covers not only financial examinations but also a wide range of so-called compliance examinations in such areas as community reinvestment activities of the banks.

What I am suggesting, of course, is that the demands on the bank examination process, regionally and nationally—a process that I regard as the bedrock of the overall supervisory process—are enormous. As an extension of that, the Congress must recognize that to get it right will entail added resources of not inconsequential dimensions. This will be especially true in a setting in which interstate banking will bring with it the need to redouble our efforts in such areas as compliance examinations regarding the Community Reinvestment Act. I might also add that the suggestion that restructuring of the bank examination agencies would produce large offsetting savings is wrong. The amount of cooperation between the agencies at the federal level is considerable, and the amount of duplication is limited.

Fifth, this is not the time to relax supervisory standards as they apply to consolidated groups housing banking entities or to their parent holding companies. Not only would such a move be wholly incompatible with practices throughout the industrial world—practices that were recently confirmed in an emphatic fashion by the Swiss courts—but such a move ignores the fact that these holding companies are the financial and managerial nerve centers of the groups of entities they control. The holding company is also the major—and usually the sole—point of entry to the capital markets for the consolidated entity and all of its component parts.

In those circumstances and in the face of the difficult current and prospective problems, the relaxation of prudential standards at the level of the holding company strikes me as a major mistake. Accordingly, and consistent with the position I have taken before this committee on earlier occasions, I strongly favor supervisory policies at the level of the holding company that—at the least—would include the following: (1) minimal capital standards on a fully consolidated basis; (2) a program of on-site inspections of such companies along the lines of current practices; (3) consolidated reporting requirements, and (4) standby authority for inspection or examination of any unregulated affiliate of a holding company controlling depository institutions.

I have carefully considered the arguments for a lesser degree of ongoing supervision of holding companies. Some of these arguments have some merit, even if I personally do not find them persuasive. But, even if the arguments were fully persuasive as presented, they leave one glaring problem; namely, the suggestion that supervision can, or will be, strengthened when problems become apparent. The reality, of course, is that experience strongly suggests that when the problems become apparent, it is already too late.

Sixth and finally, it is possible to stage or phase in certain of these structural changes in such a way as to provide the Congress and the public with the necessary comfort that the process is occurring in an orderly fashion and is occurring in a manner that ensures that necessary changes in supervisory policies and practices are in place. There are any number of devices that could be used for this purpose. Further, and at the risk of sounding bureaucratic, consideration might be given to the *temporary* establishment of a body styled on the Depository Institutions Deregulation Committee of the early 1980s to coordinate and oversee this transition, including the preparation of periodic reports to the Congress on the progress and problems with the effort.

There is no course of action open to the Congress in the banking reform process that is risk free. There are risks with no legislation; there are risks with narrow legislation; and there are risks with broad legislation. However, I am convinced that with appropriate safeguards and with careful implementation, the risks associated with prudent broad legislation are lower and are more manageable than the risks associated with the alternatives. Moreover, only broad legislation gets to the fundamentals that are at the root of so many of the current problems in the banking and financial system.

### *Deposit Insurance, Too Big to Fail, and Systemic Risk*

While caution is needed in all aspects of this effort, nowhere is the need for caution greater than in efforts to cope with the highly sensitive and interrelated problems of deposit insurance reform, the too-big-to-fail issue, and systemic risk.

The economic and political sensitivities surrounding the so-called too-big-to-fail issue are understandably great. In part, that is true because of the obvious equity issues that arise in this connection. But the problems go well beyond the equity issues. For example, to the extent that practices produce a situation in which the financial landscape is littered with inefficient institutions—small or large—and to the extent that strong institutions must pay for the mistakes or abuses of the weak or reckless institutions, the economic costs of such practices can be considerable.

Having said that, it should also be said that the semantics of "too big to fail" are often misleading. On the one hand, shareholders, managers, and, increasingly, bondholders are not protected from "failure." On the other hand, we have seen any number of cases here and abroad in which decisions by governmental authorities—including state governments—have been made to protect broad classes of investors or depositors when the banking institution that was at risk of failure was not at all large and in fact was often quite small. What that says, of course, is that while the phrase "too big to fail" is catchy, the reality it seeks to describe is much more complex than the words suggest. The reality is that there are circumstances in which public authorities can, and should, reach the conclusion that the threat of losses on deposits—or perhaps even other categories of loss—carries with it risks to the well-being of the financial system as a whole that can easily justify taking extraordinary measures to protect against such losses. In other words, the authorities cannot afford to ignore the systemic risk phenomenon.

Systemic risk is one of those things that is hard to define but easy to recognize. Indeed, speaking as someone who has been at least indirectly involved with efforts to contain virtually every major financial disruption in this country for more than a decade, I can assure you that the threat of systemic risk can be very real. I can also say that while we have had a few close calls, we have not had a situation in which serious problems in one institution, a class of institutions, or a segment of the financial markets have spread to other institutions and markets in such a way as to inflict serious and very costly damage on financial markets generally or on the economy. Those latter conditions are, of course, what moves systemic risk from threat to reality.

With that in mind, a natural question is the following: What is it about financial institutions and financial markets that creates the systemic risk problem in the first instance? The short answer can be given in two words: confidence and linkages. The confidence part of that answer is well understood. But it should be stressed that the confidence factor relates not only to public confidence in financial institutions but also to public confidence in the authorities' understanding of these institutions and markets and public confidence that the authorities will act in a responsible fashion when confronted with problems.

The linkage aspect of the systemic risk problem, unfortunately, is not always well understood. The linkage problem—while related to the confidence problem—grows out of the enormously complex network of counterparty credit, liquidity, settlement and operational risks, and contingent risks on a national and international scale that characterize contemporary financial markets and institutions. The scale and complexity of these contractual obligations and counterparty risks are very difficult to convey. Let me try by way of example. On a typical business day, the Federal Reserve Bank of New York processes or settles about $2 trillion in electronic transfers or payments. While I can only guess, it would not surprise me if the total daily payment flows through the New York money markets were at least double that amount. To put that in perspective, a heavy day on the New York Stock Exchange entails transactions with a value of only $8 billion or $9 billion. At the other extreme, the gross national product for the United States for the year 1990 was $5.5 trillion. Virtually all banking institutions, small and large, local, regional, and national have direct or indirect credit or counterparty exposures that grow out of these transactions flows.

The reason why these linkages are so important to the systemic risk issue is that in the face of a problem or a perceived problem at a particular institution or group of institutions, other institutions will, quite naturally, take steps to protect themselves from outright loss and from the threat that money, securities, or other financial assets will not be delivered to them or that existing contracts will not be honored. This, in turn, gives rise to the threat of financial "gridlock," a threat that can easily take on the classic characteristics of a self-fulfilling prophecy. If, in those circumstances, confidence in the workings of the system begins to erode, the systemic problem is at hand. In this context, it is very important to recognize that when all is said and done the payment flows that permit the system to work can be made only through transactions accounts at banks.

This, of course, is why the payment system is so very important to the stability and integrity of the financial and economic system. It is also why the Federal Reserve, like most central banks, plays a direct role in the operation of, and the oversight of, the payment system. It is also the reason why payment, clearance, and settlement systems can so easily be the mechanism through which a localized problem in the financial system can take on systemic elements. Finally, it is the reason why in recent years the Federal Reserve has placed so very much effort on improvements in the safety, integrity, and reliability of payment, clearance, and settlement systems and in the process has assumed a position of leadership in parallel efforts throughout the world.

Because these issues of confidence and linkages are so central to the systemic risk problem and because they are so subtle, so complex, and, at times, so threatening, some people may question the wisdom of specific decisions made from time to time by the authorities in the face of particular problems in the financial system. That is understandable, but I am quite sure that there would be a great deal more questioning if a miscalculation resulted in a seemingly isolated event triggering a widespread and very costly systemic problem.

Looked at in that light, the problem is not that any institution is too big to fail. The problem is that there are institutions and there are circumstances—and not just circumstances involving banks or *big banks*—when the sudden and uncontrolled demise of one or a group of institutions, large or small, could unleash a series of events that take on systemic implications. In some cases, that reality requires that the authorities step in and play a major role in doing all that can reasonably be done in ensuring that the demise of such an institution takes place in an orderly fashion. This was the case with Drexel. In other cases, it might require, for example, that all depositors in a bank be kept whole even in the face of insolvency and the $100,000 formal limit on deposit insurance.

What I am suggesting, of course, is that systemic risk—especially in its very complex contemporary form—is a reality. It cannot be legislated away; it cannot be regulated away; and, as suggested from experience all over the world, neither it, nor the behavior of the authorities in the face of stress in the system, arises out of the mere presence of a formal system of deposit insurance no matter how poorly or how well that system is designed or administered.

To put it differently, any satisfactory solution to the too-big-to-fail problem and the related issue of deposit insurance reform must start with efforts that will reduce the risk of failures in the system at large and efforts that will provide the authorities with the tools and the ability to better contain and manage problems when they arise. This, again, is why broad legislation is so necessary; the structural changes get at the first of these needs while the supervisory and regulatory changes—including "early intervention"—get at the second.

I might add, in this regard, that early intervention may also help overcome one of the major practical obstacles to greater reliance on "open bank" solutions to problem institutions. That is, under current practices, it is difficult to organize competitive bidding packages for seriously weakened but still solvent and open banks. With clear legislation permitting early intervention in such circumstances, the benefits of competitive bidding can be realized even though the bank is open and technically solvent.

This can be very important because experience clearly suggests that the losses in banks that no longer have "going concern" value tend to increase dramatically, thus raising the cost to the deposit insurance fund. More important, open bank solutions clearly can help to contain and reduce the systemic risk problem, and anything that works in that direction also works in the direction of reducing the inequity and other problems associated with the too-big-to-fail issue.

In all of these circumstances, there are clear limits as to how much can safely and constructively be done in the area of deposit insurance reform at the present time. As the banking system regains its strength, that will change. However, there is one aspect of the deposit insurance issue that warrants further comment and that relates to brokered deposits. There is no question that in looking at the savings and loan mess the abuse of brokered deposits was a major contributor to the overall problem. Partly for this reason and partly because it is now so easy and so inexpensive to break large chunks of money into $100,000 pieces and deploy such monies into fully insured deposit accounts in multiple banking institutions, the brokered-deposit phenomenon seems to collide head on with one of the basic purposes of deposit insurance. For that reason and because practical alternatives are hard to come by, the Treasury proposal would essentially eliminate insurance coverage on brokered deposits over a two-year period.

While that approach has some appeal, it has the obvious disadvantage that it would eliminate those aspects of the brokered deposit market that serve a constructive purpose. I can see only one way to protect against the abuses of brokered deposits while still maintaining a viable marketplace for brokered deposits. That approach would center on attacking the problem not at the source but at the use. It might be possible, for example, to further strengthen the provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) as they pertain to brokered deposits by some combination of (1) adding disclosure rules; (2) providing explicit cease and desist authority regarding the use of brokered deposits by *any* depository institution; or (3) the establishment of licensing or registration requirements for all money brokers.

If something along these broad lines cannot be made to work, I must confess that I would then side with the Treasury, even though I recognize that this approach has the obvious disadvantage of throwing away the good with the bad.

To summarize, given the current condition of the banking system and the difficult transition that lies ahead even under the best of circumstances, there are no easy answers to the closely interrelated issues of deposit insurance reform, the too-big-to-fail issue, and systemic risk. To the extent that the Congress can enact broad and progressive legislation along the lines described earlier, such legislation would attack these problems from two directions: First, the combination of progressive supervision, prompt resolution, Federal Reserve–Treasury discretion in the face of systemic problems, limited changes in deposit insurance, and a strengthened system of supervision and examination would, taken as a group, tend to contain and minimize these problems over the next several years of transition; second, structural changes in such areas as McFadden, Douglas, and Glass–Steagall—with the safeguards suggested—would work in the direction of facilitating an orderly process of consolidation while providing greater opportunities for profitability and diversification, thereby getting at the heart of the structural and competitive problems in banking and finance.

As this transition occurs, the Congress and others should give further consideration to what additional steps might be taken to strike a better balance between the workings of the marketplace and reliance on the safety net. In that setting, consideration could be given to other possible reforms in deposit insurance, perhaps along the lines suggested by Senator Dixon and others. Who knows for sure? Maybe we will get lucky, and the progressive legislation of 1991 might yield an outcome by 1994 or 1995 that does not require further major surgery.

### *Supervisory Policy and the Role of the Federal Reserve*

On several earlier occasions I have stated to this committee my belief that the Federal Reserve, as the nation's central bank, must maintain an important role in the bank supervisory process. In saying that, I have acknowledged that such a statement, coming from me, cannot help but be construed by some as a position that is motivated by institutional self-interest. I recognize that danger, but because I believe that the principle is so important, allow me to conclude with a further elaboration on this point.

As with any chief executive officer, one of my most important duties is to try to motivate the employees who work for me and try to make sure that they understand why their individual jobs are important and how their individual duties fit into the bigger picture. In doing this, I often refer to what I like to call the "trilogy" of responsibilities of the central bank. The concept of the trilogy is borrowed from the literary world where its definition centers on three works that are closely related and develop a single theme. In the context of the Federal Reserve, the three components of the trilogy are: (1) monetary policy, which, of course, stands at the center of the trilogy; (2) the broad oversight of financial markets and institutions, with special emphasis on banking institutions; and (3) the oversight of and the direct participation in the workings of the payment system. If those are the elements of the trilogy, the single theme that unites them is stability: price stability, financial stability, and overall economic stability.

The components that make up that trilogy of functions are not separate and distinct; each depends on the other in precisely the same manner that the components of the literary trilogy depend on each other. If any one is left aside, the essence and common theme of the trilogy is lost.

While the analogy of the trilogy may be new, the recognition of the interrelationship of these specific functions is not. Indeed, that recognition was at the center of the thinking that went into the creation of the Federal Reserve in 1913. In fact, the preamble to the Federal Reserve Act specifically mentions the role of the Federal Reserve in the supervisory process:

> To provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Against that background, I must confess that I find it a little difficult to comprehend the view that essentially says: "Let the Federal Reserve tend to its monetary policy knitting and leave bank supervision to others." I find that view especially difficult to comprehend in the context of supervisory responsibilities as they apply to major banking organizations for which the systemic risk problem can be so very real.

As I see it, the view that monetary policy is separate and distinct from supervisory policy and that either or both can be separated from the workings of the payment system and from the systemic risk problem can be based only on a dangerously narrow view of what monetary policy is all about. Indeed, if there were nothing more to monetary policy than a mechanical decision as to whether the central bank buys or sells on a given day, one could argue that monetary policy and bank supervision are separate and distinct functions. But, in the United States and throughout most of the industrial world, this sharp distinction is not accepted. Indeed, the drafters of the proposed statute for the European System of Central Banks and the European Central Bank have included among the five basic tasks of the European Central Bank the following:

> To participate as necessary in the formulation, co-ordination and execution of policies relating to prudential supervision and the stability of the banking system.

In practice, monetary policy is not, nor will it ever be, a simple mechanical decision to buy or sell. It entails judgment, and one very important component of that judgment relates to conditions in financial markets and financial institutions, including a detailed working knowledge of such markets and institutions. For example, monetary policy was appropriately influenced by such events as the recent "credit crunch" and the 1987 stock market crash. In other cases, such as the Drexel episode or the "mini" market crash of 1989, monetary policy was not so influenced. In all such cases, however, the decision as to whether such events should influence monetary policy—even if only for a matter of days—must be faced and made one way or the other. Obviously, such decisions must be made in an informed manner. A very crucial ingredient in that decision-making comes from the direct, hands-on knowledge of the Federal Reserve that grows out of its supervisory responsibilities and its resulting close interaction with banking institutions—institutions that remain the "cushion" or the "shock absorber" of the financial system as a whole. Moreover, I can assure this committee that the necessary insights to make those decisions simply cannot be gained by reading some other agency's examination or inspection reports.

This is not to say that there may not be, from time to time, conflicts between monetary policy and supervisory policy. To the contrary, such conflicts do arise. The point is that in resolving those conflicts the central bank must be part of the solution and not part of the problem.

The direct linkages between banking supervision and the conduct of monetary policy are important, but they do not tell the whole story as to why it is crucial that the Federal Reserve continue to play a major role in the supervisory process. What is even more important is that the stability of the financial system is a prerequisite not only to the conduct of monetary policy but to the very goals of price stability and economic stability. They are a package deal; you cannot have one without the others. That is why every central bank that I know of is the "lender of last resort;" that is why the integrity and safety of the payment mechanism are so important; that is why the central bank must concern itself with the safety and soundness of those institutions that constitute the nerve center of the financial system at the local, regional, and national levels.

In these circumstances, I would hope that any restructuring of the responsibilities of the federal bank regulatory agencies would preserve a lead role for the Federal Reserve. Having said that, allow me to quickly add that I see no reason to undertake that regulatory restructuring task now. For one thing, the status quo, while not perfect, does work reasonably well. Beyond that, logic suggests the wisdom of getting the structural reforms of the banking and financial system firmly in place and then forging the regulatory apparatus to meet the needs of the changed system as it takes hold in practice. Finally, and perhaps most important, it seems to me quite risky to try to put in place massive regulatory restructuring as we work our way through the very difficult transition that lies ahead. That would only elevate the risk that something of consequence will fall between the cracks.

*SUMMARY*

My opposition to legislation that would permit commercial firms to control banking institutions is well known to this committee. I have tried in this statement, and in its attachment, to spell out in detail the reasons for that position. But, as strong as my opposition to banking–commerce combinations is, my support for what I have described as progressive, but cautious, legislation is even stronger. Few items on the national agenda strike me as having greater long-run implications for the health and competitiveness of our banking and financial system—and therefore our economy—than does the enactment of such broad-based progressive legislation this year. □

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*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, May 16, 1991.*

I appreciate the invitation to appear before this committee today. As you know, I have long been concerned about the low level of saving in the United States and am pleased that this important problem is drawing renewed attention. In my prepared statement, I will address some of the broader issues bearing on saving and investment as well as provide a review of the available evidence on tax incentives for personal saving.

Put simply, inadequate domestic saving is impairing our economic prospects for the longer run. I say this with full recognition that the appropriate level of saving for any economy is best left to private preferences, as reflected in the marketplace. However, as a society, we have in recent decades clearly intervened in the market process through subsidies that enhance consumption at the expense of saving. And, we would be well advised to endeavor to redress such imbalances.

Saving, of course, arises when part of the nation's current production is diverted from consumption, both private and public; it provides the funds for capital formation. Thus, by choosing to consume more now—and to save less—we are limiting our ability to expand and upgrade our stock of capital. It is the size of that stock and the new technologies embedded within it that, together with the quality of the labor force, ultimately determine our overall productive capacity and the future standard of living of our population.

The damage from low saving does not show up immediately. It is more insidious—it chips away at the productivity gains we are able to achieve over time; it gradually hampers our competitiveness in international markets; and, after a period of years, it results in a lower standard of living than we would otherwise enjoy.

Of course, U.S. investment can be funded by foreigners as well as by domestic residents. Indeed, since the mid-1980s, sizable inflows of capital from abroad have helped to sustain domestic investment and, thus, have cushioned the effect of inadequate domestic saving on worker productivity. But heavy reliance on foreign saving is neither a satisfactory nor a sustainable solution over the longer run. This may seem contrary to the idea that international capital markets are well integrated and that competing rates of return will draw funds to the most productive uses anywhere in the world. To be sure, in today's world, such inflows may tend to be sustained longer than in the past. Nevertheless, the evidence for the United States and for most other industrial nations over the past hundred years indicates that large inflows have not persisted and, thus, cannot be viewed as a reliable substitute for domestic saving on a long-term basis. In other words, domestic investment, for the most part, appears to follow domestic saving in the long run.

Reflecting the large current account deficits of recent years, foreigners are accumulating claims on a sizable portion of our future output. Furthermore, we know that we will have to support a rapidly growing population of retirees two or three decades in the future. In the end, our ability to meet those commitments, while providing rising living standards to future workers, will depend on the investments that we make in capital and in new technologies in the interim.

Indeed, on the basis of our recent saving behavior, it is difficult to see how we were able to achieve the high standard of living that we now enjoy. The answer is that we have not always been a low-saving society. Granted, the statistics are problematic, but it appears that in the period after the Civil War, when the United States began to emerge as an economic power, our saving and investment rates, as conventionally measured, were much higher than those in Europe and Japan. For example, between 1870 and 1910, domestic saving in the United States averaged close to 20 percent of gross national product. The best available estimates for Japan and Germany during that period place their saving rates at 15 percent or less. The saving rate in Great Britain, whose preeminence was fading, was closer to 10 percent.

The shift toward both a relatively low and an absolutely low saving rate began during the Great Depression, when the U.S. rate fell dramatically. In the decades after World War II, it stabilized at a level slightly below its pre-Depression average. Notably, between 1950 and 1979, domestic saving averaged about 16 percent of GNP—roughly the same as total investment. Budget deficits generally were small, at least by today's standards, and the private saving rate showed no discernible trend. Meanwhile, the United States enjoyed a positive—and gradually increasing—net foreign investment position. In the 1980s, the pattern changed markedly, as domestic saving fell well below investment, reflecting not only the enormous federal deficits, but also a large drop in the private saving rate. In recent years, U.S. saving (public and private) has totaled only about 13 percent of GNP.

Saving rates in Japan and Germany also have declined some over the past two decades, after their surge in the post-World-War-II recovery period, but they remain substantially above those in the United States. Relative to their GNPs, the Japanese have been saving roughly twice as much in gross terms as we have, while Germany's saving rate has been about one and one-half times ours. Cross-country comparisons of net saving should be viewed with some caution because of differences in how depreciation is measured; nonetheless, the gap in net saving probably is even larger than in the gross measures. The high saving rates in Japan and Germany have been mirrored in rapid rates of capital formation that have helped them improve their competitiveness relative to the United States and close much of the gap in living standards.

The issue of why one nation saves a lot while another saves relatively little—or why saving behavior changes over time—is complex. It undoubtedly reflects cultural influences as well as economic forces. I suspect, however, that part of the explanation relates to how well members of a society, both individually and collectively, assess their future needs and take action in the present to meet them. Collectively, we have recognized the need to build saving and capital and to improve our productivity performance, in anticipation of the significant increase in the ratio of retirees to workers in the next century. However, as last year's debate over the financing of social security made clear, we have yet to take sufficient actions to meet these needs. As you are well aware, the surpluses in the social security trusts have been overwhelmed by enormous deficits elsewhere in the federal budget.

Just as the budget deficit accounted for a large part of the fall in domestic saving in the 1980s, the surest way to raise saving in the 1990s is to get the deficit down. Last fall, you enacted a significant program of spending and tax changes and budget process reforms. Those actions set the underlying or "structural" deficit on a downward track and thus represented a strategy that is geared to the longer-run needs of the economy. I recognize that, in the near term, those savings are being swamped by the transitory effects of the weak economy. But, as the recovery takes hold, the federal sector's absorption of private saving should return to a downward trend.

The goal of a balanced budget is a good place to start. But, as I have said frequently in the past, it probably is not ambitious enough as a target for the longer run. As long as the non-social-security deficit remains sizable, we are doing little to ensure that adequate provisions are being made for the income of future retirees. Further actions must be taken to bring the rest of the budget into balance so that the trust funds will no longer be financing current government consumption but will translate dollar for dollar into national saving.

The federal budget deficit is only part of the story of the past decade. Saving by households and businesses also has dropped sharply. The fall in personal saving, in particular, has been studied extensively; in large part, it appears to be associated with the sizable increases in household wealth through the latter part of the 1980s. To understand the relation between wealth and the saving rate, it is important to note that personal income, as defined in the national income and product accounts (NIPA), measures the income from current production; it does not include the effects of capital gains or losses on assets already held by households; personal saving also ignores revaluations of existing assets. Thus, an increase in the value of an individual's stock portfolio or his house has no direct effect on his measured income. But, if he raises his spending in response to the capital gain, NIPA saving will fall.

Looking at the data, one sees clearly that the surge in the stock market between 1982 and 1987 was associated with increased consumption out of financial capital gains and, therefore, with reduced saving out of current income. In addition, the buildup of readily accessible home equity enabled many individuals to spend more out of current incomes than they would have otherwise—especially with home equity lines of credit making it much simpler to borrow against the value of one's house. The data for Great Britain in the late 1980s support a similar linkage between surging real estate prices and falling rates of saving set aside out of personal income; more recently, the British saving rate has turned up as house sales have cooled.

Analyses of the relation between saving and demographics in the 1980s also have attracted much attention; on the whole, however, the results of these studies—as well as the implications for the 1990s—are less clear cut than one would have expected. Nonetheless, with older members of the so-called baby boom generation moving into their forties, the issue of retirement saving is coming to the forefront.

One way to engender more national saving, of course, is to reduce the federal budget deficit. But, we can also take actions that should encourage individuals to save more. There is no shortage of proposals for new saving incentives. Some would function in a manner similar to that of the individual retirement accounts (IRAs) of the early and mid-1980s, which allowed workers to make deductible contributions and to defer the tax on both the principal and earnings until the accounts were cashed in. Other suggested incentives, such as the Family Savings Accounts favored by the Administration, would not allow deductible contributions up front but would permit earnings to accumulate tax free as long as the account balances were maintained for a specified amount of time. The plan offered by Senators Bentsen and Roth (S.612) incorporates both approaches.

When considering these proposals, a fundamental question that must be addressed is how they are likely to affect total national saving. It is relatively easy to imagine an incentive that will raise personal saving. But unless the increase is large enough to outweigh any associated drop in tax revenues—or sufficient deficit-reducing actions are taken elsewhere—the net effect on national saving will be negative. In other words, the sum of private consumption plus public consumption as a percentage of income must fall for the national saving rate to rise.

I recognize that, under the current budget procedures, any anticipated loss of revenue to the Treasury from a new tax-favored saving plan will have to be offset by increases in other taxes or by reductions in mandatory spending. This requirement should blunt much of the concern about potential drains on national saving—at least over the next five years. But, as a matter of sensible tax policy, any new incentive must first be evaluated on its own merits and in isolation from other considerations.

Essentially two types of evidence bear on that assessment. The first is the broad economic evidence on the relation between saving and the rate of return on saving, which has been studied intensively over the years. In theory, the higher after-tax rate of return produced by an IRA or other incentive has two effects. On the one hand, it increases the amount of future consumption that each dollar of current saving will buy, thereby providing an incentive to save more now to consume more later. On the other hand, because each dollar of existing saving generates more after-tax income, the individual can reduce current saving and still enjoy more consumption both now and in the future. In principle, either effect could dominate, leaving the question to empirical resolution. Unfortunately, economists have not been able to develop unambiguous evidence on this score.

The second type of evidence for evaluating a new tax incentive comes from the microeconomic studies of the 1982–86 IRA experience. Clearly, IRAs were very popular, with contributions averaging nearly $35 billion per year; this amount was equivalent to roughly one-quarter of personal saving as measured in the national income and product accounts. However, at the time, many analysts believed that little, if any, of the money flowing into the accounts represented new saving—a perception that undoubtedly contributed to the scaling back of IRAs as part of tax reform in 1986. It is important to remember that to have increased saving an IRA would need to have reduced consumption.

Since then, many new data have become available, and several studies of the IRA experience have been carried out. These studies provide a wealth of information, but, again, the results are inconclusive. Some essentially confirm the "conventional wisdom" that IRAs involved primarily a shifting of saving from one pile to another, without much effect on the total. But others suggest that IRAs provided a substantial boost to overall saving and that their effectiveness would have grown over time as people exhausted their opportunities to shuffle existing assets.

The lack of conclusive evidence on saving incentives makes it difficult to take a strong position either way on the desirability of a new IRA. In addition, that determination depends on how you plan to meet the pay-as-you-go requirements in the new budget procedures; the necessary cuts in spending or increases in other taxes may, in turn, have incentive effects of their own. In any event, the overall desirability of the package cannot be assessed until you specify and evaluate the offsetting elements.

In conclusion, it is important to continue to focus on the crucial need to restore saving in the United States to levels that are consistent with our longer-run economic objectives. As I noted earlier, the time is particularly opportune for exploring ways to facilitate retirement saving, given the large increase in the number of retirees that will occur within the next few decades. There may well be a role for a well-designed private saving incentive in that process. But, the historical evidence suggests that devising such an instrument will be a difficult task. In the end, substantial reductions in the federal budget deficit are still the surest way to overcome the shortage of domestic saving and, thus, to increase permanently the supply of domestic funds available for investment. □

*Statement by William Taylor, Staff Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer and Regulatory Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 23, 1991.*

I am pleased to appear before the subcommittee on Consumer and Regulatory Affairs of the Senate Banking Committee to testify about the experience of the Federal Reserve System with the Bank of Credit and Commerce International (BCCI). This part of the testimony will focus first on the BCCI's structure, the nature of supervision over its worldwide activities, and the origin of its offices in the United States and their supervision. Thereafter, I will describe some of the efforts undertaken by the Federal Reserve to investigate the relationship between the BCCI and First American Bankshares. Finally, I will discuss some of the steps that we are taking to strengthen the supervision of foreign banks in light of our experience.

## *Bank of Credit and Commerce*

Through a network of subsidiaries, affiliates, and branches, the Bank of Credit and Commerce has operated in seventy-three countries, with most of its banking offices located in Europe, Africa, the Middle East, the Caribbean, and South America. The holding company for these entities—BCCI (Holdings)—is chartered in Luxembourg. Two major subsidiaries of the BCCI (Holdings), Bank of Credit and Commerce International S.A. (BCCI S.A.) in Luxembourg and Bank of Credit and Commerce International (Overseas) Limited (BCCI Overseas) in the Cayman Islands, have operated agencies in the United States that are licensed by the states of California, New York, and Florida. Agency operations are limited by law, and, as such, the BCCI's offices in this country were not allowed to accept consumer deposits, nor were they able to offer insured deposits of any kind. As I will discuss, these offices have either been closed or will be shut down before the end of the year.

The BCCI is primarily owned by investors located in the Middle East, with control of most of its shares now held by the ruling family and government of Abu Dhabi. The bank is presently undertaking a restructuring that will focus its business activity in Europe, the Middle East, and the Far East.

## *Supervision over the BCCI's Activities by Foreign Bank Regulatory Authorities*

At the outset, I want to make it clear that the BCCI, unlike virtually any other major international bank, was not subject to a comprehensive system of supervisory oversight by authorities in its home country. As I indicated, both the holding company for the BCCI and one of its major banking subsidiaries are chartered in Luxembourg; but neither the holding company nor the subsidiary has conducted a banking business in that country. The BCCI appears to manage most of its global business out of offices in London. The regulatory authorities in Luxembourg, therefore, did not provide consolidated supervision of the BCCI organization. Based on its experience with the BCCI, Luxembourg has indicated that it will no longer license a bank or a bank holding company that does not conduct a banking business in that country.

Given the structure of the BCCI group, periodic reporting of prudential information on a consolidated basis was not produced. The financial accounts of each BCCI subsidiary had been audited yearly by different accounting firms. It was not until recently that a single firm was responsible for auditing all of the BCCI organization. Bank supervisors in each country where BCCI maintained a banking subsidiary required prudential and financial information that pertained to the BCCI entity incorporated locally. Given this approach, information about other BCCI-related organizations outside the jurisdiction of the local bank supervisor had to be obtained through direct contact with other central banks or bank regulatory authorities.

To provide some oversight of the BCCI's activities in a more structured format, several bank supervisors with significant BCCI banking operations in their countries decided several years ago to meet periodically to discuss the activities of the BCCI and to meet with management and the external auditor. These bank supervisors have, from time to time, required reporting from the external auditor on areas of particular concern.

### *ACTIVITIES OF THE BCCI IN THE UNITED STATES*

As previously mentioned, the BCCI group had state-licensed agency offices in California, Florida, and New York. As directed by the International Banking Act of 1978, the primary supervisory effort was carried out by the various states with the Federal Reserve providing support and residual supervision. The BCCI offices were established under state licenses from 1982 through 1984 and were examined roughly every eighteen months. Agency offices exhibiting problems were examined more frequently, while those offices that received a satisfactory rating were examined less frequently. Before the BCCI was indicted for money laundering in October 1988, twenty-two examinations of its U.S. offices had been conducted.

Offices in New York and in Tampa and Boca Raton, Florida, generally exhibited no significant problems. The examinations of the Miami and San Francisco offices, however, from time to time revealed problems in asset quality and internal controls. The 1984 report of the examination by the State of Florida and the Federal Reserve Bank of Atlanta of the Miami office, for example, cited internal control deficiencies. After a 1987 examination, a criminal referral was filed by the Federal Reserve Bank of Atlanta alerting law enforcement authorities to transactions uncovered during the examination that could be indicative of money laundering through the Miami office, and staff members of the Board of Governors forwarded this referral to the Internal Revenue Service for action by that agency.

On October 11, 1988, the BCCI and certain of its employees were indicted for laundering money through the Tampa, Florida, office. In continuing efforts to cooperate with other international, federal, and state authorities, the Federal Reserve immediately commenced simultaneous examinations of all the U.S. offices of the BCCI to determine whether any other improper transactions were evident and to assess the internal controls and asset quality of those offices. Board staff members also discussed the indictment and its potential ramifications with bank regulatory authorities in the United Kingdom, Cayman Islands, Luxembourg, and Hong Kong. Discussions with these authorities centered on whether they were aware of any money-laundering activity in their respective markets and whether the BCCI could meet its financial commitments in the United States.

The simultaneous examinations conducted after the indictment revealed that internal controls were deficient. Also, multiple referrals were made by the Federal Reserve in the ensuing months to the U.S. Attorney concerning money laundering transactions at the New York and Boca Raton, Florida, offices. As a direct result of the examinations, a cease and desist order was issued by the Federal Reserve on June 12, 1989, against the BCCI (Holdings) and the two subsidiary banks that maintained agency offices in the United States. The order required that the BCCI strengthen internal controls over all its U.S. operations, especially those controls designed to guard against money laundering. Other prudential safeguards were required, including establishing better systems and procedures to control lending activities and to assure compliance with U.S. laws and regulations.

### *STATUS OF THE BCCI'S U.S. OPERATIONS*

After the BCCI pled guilty to the charges of money laundering, the Florida Comptroller of Banks refused to renew the BCCI's agency licenses. As of January 11 of this year, the Florida offices of the BCCI (Overseas) have been closed. The San Francisco office of the BCCI S.A. has been voluntarily closed. The remaining offices of the BCCI S.A. in New York and Los Angeles are to be terminated by year-end under another Federal Reserve cease and desist order.

### *INVESTIGATION OF THE BCCI'S INVOLVEMENT WITH CREDIT AND COMMERCE AMERICAN HOLDINGS*

Mr. Mattingly will discuss in detail the investigation into the BCCI's connections with certain U.S. banks, including the First American organization.[1] I would like, however, to offer some general remarks as to the actions taken by the Federal Reserve to determine the connection between the BCCI and First American Bankshares.

Allegations of a linkage between the BCCI and First American was a major concern of the Federal Reserve when a group of foreign persons sought control of First American in 1981. In approving the holding company structure sought by these persons, the Federal Reserve held special hearings and relied, in the absence of any evidence to the contrary, on the representations of the new owners that the acquisition would not be financed by the BCCI and that the only role played by the BCCI was that of investment adviser to the individual shareholders.

As the money laundering activities of the BCCI began to unfold in 1987 and 1988, there was a growing concern regarding the company's overall management and character. Continuing reviews and examinations of First American and its banks failed to provide evidence that would substantiate control by the BCCI, and access to the books and records of the BCCI held outside the United States was limited not only by bank secrecy laws in some jurisdictions but also by the disjointed structure of the BCCI.

As already noted, although the company operated in many countries, no one country had a clear view of the BCCI's worldwide activities or the responsibility to supervise the company on a consolidated basis. During 1989 and 1990, we contacted various international, federal, and state authorities regarding the BCCI. Finally, in late 1990, a series of events, including new and specific information provided by interested authorities both here at home and abroad, led us to issue an order of investigation on January 4, 1991, and to seek the consent cease and desist order that was issued on January 22, 1991. Our investigation continues, as does our cooperation with, and reliance on, various state, federal, and international authorities.

1. The text of Mr. Mattingly's statement follows this one.

### *SUPERVISION OF FOREIGN FINANCIAL INSTITUTIONS*

Based on the Federal Reserve's experience with the BCCI and other foreign organizations and our continuing concern that sound prudential policies apply to all banking institutions in this country, we believe, that it is essential that steps be taken to strengthen the supervision of foreign banks operating in the United States. Mr. Mattingly will discuss a number of important legislative improvements the Board has proposed—changes that we hope the Congress will consider and enact at the earliest possible occasion.

At the same time, we recognize that there are steps, other than new legislation, that can be taken to strengthen our supervisory policies and procedures. The Federal Reserve has recently stepped up its efforts to coordinate with the primary state and federal supervisors of foreign branches and agencies to ensure that these offices are subject to examination on a regular basis. As part of this process, we are developing common examination procedures to be used by state and federal agencies in examining branches and agencies of foreign banks. We have also instituted a program for conducting, to the extent possible under current law, the simultaneous examination of the U.S. offices of selected foreign banks to obtain a comprehensive view of the foreign banks' U.S. operations. The Board and the Reserve Banks have also taken steps to increase and improve the sharing of information between the Federal Reserve and the state authorities that license foreign banks.

In addition, the Federal Reserve is in the process of developing proposals that would provide for the examination of foreign bank offices in the United States on the same basis as is currently employed for state member banks. Such supervision would, at a minimum, include annual onsite examinations by Federal Reserve examiners in close cooperation with state authorities, as well as a program of formal Federal Reserve comment to state licensing authorities when foreign banks seek to open new offices. While some of these steps will have significant budgetary implications, we believe that enhanced on-site examination coverage of foreign branches and agencies is essential if we are to have a fully adequate supervisory framework in place.

Let me conclude by stating that the Federal Reserve recognizes that the supervision and regulation of foreign banks must be strengthened. We are committed to working with the primary regulators of foreign branches and agencies, as well as the Congress, to see that this is accomplished in an effective and timely manner. □

*Statement by J. Virgil Mattingly, Jr., General Counsel, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer and Regulatory Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 23, 1991.*

I am pleased to appear today before this subcommittee to describe the Federal Reserve's experience with the Bank of Credit and Commerce International (BCCI) and to express the Federal Reserve's support for S.1019, the Foreign Bank Supervision Enhancement Act. As its name implies, this legislation is intended to strengthen the supervision and regulation of foreign banks operating in the United States.

## *SUMMARY*

Foreign bank operations in this country are large—accounting for about 21 percent of U.S. banking assets—and growing. Experience with fraud and other criminal activity at a small number of foreign banks over the past several years has convinced the Board that greater and better coordinated attention needs to be paid by state and federal regulators to the U.S. offices of these institutions. Although the problems do not at this time appear to be widespread in relation to the overall presence of foreign banks in the United States, recent experience in other areas of the financial services industry demonstrates that regulators cannot prudently ignore any early-warning signs of trouble.

For this reason, and in light of the Board's continuing strong interest in ensuring that sound prudential and supervisory policies are in place for all banking institutions in the United States, the Board has proposed legislation to fill gaps in the supervisory and regulatory framework governing foreign bank operations in this country. The proposals are intended to help ensure that the banking policies established by the Congress are implemented in a fair and uniform manner with respect to all entities conducting a banking business in the United States and that the sizable foreign bank community in this country adheres to legal requirements and operates in a safe and sound manner.

To this end, S.1019 would establish uniform federal standards for entry and expansion of foreign banks in the United States, including, importantly, a requirement of consolidated home country supervision and the application of the same financial, managerial, and operational standards that govern U.S. banks. The proposal would also grant regulators the power to terminate the activities of a foreign bank that is engaging in illegal, unsafe, or unsound practices and provide regulators with the information-gathering tools necessary to carry out their supervisory responsibilities. The proposal would clarify the Board's examination authority over foreign banks by providing that it may coordinate examinations of all U.S. offices of a foreign bank.

This legislation draws on the Board's overall experience in regulating foreign banks operating in this country, as well as its review of the loan practices of the Atlanta agency of Banca Nazionale del Lavoro and the U.S. activities of the BCCI, including its acquisition of First American Bankshares, a U.S. bank holding company, and its conviction for money laundering.

With regard to the BCCI case, the Board was concerned about the relationship of the BCCI to First American from the beginning. In the application by a group of Middle Eastern investors to acquire First American and at a hearing called by the Board on the matter in 1981, the Board received numerous assurances that the BCCI would not fund the acquisition and would have no relationship with First American other than serving as investment adviser to the investing shareholders.

In the years immediately after the acquisition, the Board had no indication that the BCCI had financed the acquisition of First American or that other assurances given to the Board had not been honored. Shortly after the BCCI was indicted for money laundering in 1988, the Federal Reserve began a special inquiry into any linkage between the BCCI and First American. During 1989 and 1990, the Board also consulted with law enforcement agencies and foreign and domestic bank supervisors regarding this issue. In late 1990, the Board learned from several sources that the BCCI had outstanding loans secured by shares of First American's parent holding company, Credit and Commerce American Holdings, N.V. (CCAH). In January 1991, the Board authorized a formal investigation with full discovery powers, made criminal referrals, and issued cease and desist orders upon consent, requiring the BCCI to divest shares of CCAH that it controls and to terminate its activities in the United States. The Board's investigation is intensive and ongoing and includes requests for documents, depositions, and witness interviews, both domestically and abroad. To avoid jeopardizing the ongoing criminal and civil investigations into the matter, my statement does not discuss the specific findings or evidence that have been developed to date.

I will now discuss in greater detail the BCCI case and what it indicates about the need for, and practical limits of, improved supervision and regulation of foreign banks in this country. I will then describe the Board's legislative recommendations.

### *THE BCCI CASE*

#### *Background*

Financial General Bankshares—the predecessor to First American Bankshares—was one of a handful of bank holding companies that were grandfathered under the Bank Holding Company Act of 1956 to retain ownership of banks in more than one state acquired before the statute was enacted. In 1956, Financial General owned banks in Virginia, Maryland, Georgia, Tennessee, New York, and the District of Columbia.

On April 29, 1977, an investor group led by J. William Middendorf II acquired control of Financial General. Within a few months, dissatisfaction with his leadership developed among some of the investors, who went in search of a buyer for their shares. They discussed a purchase of Financial General's shares with the chief executive officer of the BCCI, Agha Hasan Abedi.

In late 1977 and early 1978, four clients of the BCCI, acting on the recommendation of Mr. Abedi, began to purchase shares of Financial General, eventually acquiring approximately 20 percent of its voting shares. The investors, none of whom purchased more than 5 percent of the shares, were two prominent citizens of Saudi Arabia and Kuwait and two sons of the ruler of Abu Dhabi. In various official filings, the BCCI stated that it acted only as an investment adviser to these persons in connection with their purchases of Financial General shares and did not itself own, control, or vote any of the shares.

When the purchases were made public, the Securities and Exchange Commission filed a complaint alleging that each of the four Middle Eastern investors, the BCCI, Mr. Abedi, and certain U.S. shareholders of Financial General had acquired, as a group, control of more than 5 percent of Financial General's shares in violation of the Williams Act. In March 1978, the investors, without admitting fault, entered into a consent decree with the Securities and Exchange Commission (SEC). The investors agreed either to divest their shares or to proceed with a tender offer for all of Financial General's shares.

Three of the original four investors decided to proceed with the tender offer. They were joined by eleven additional individual and corporate investors from the Middle East who were also advised by BCCI. The investors formed CCAH, a Netherlands Antilles corporation, to make the tender offer.[1]

1. There were two other companies in the ownership chain: Credit and Commerce American Investment, B.V. (CCAI), a Netherlands company and a wholly owned subsidiary of

### *CCAH's Application to Acquire Financial General*

CCAH could not proceed to acquire Financial General's shares without Board approval under the Bank Holding Company Act. On October 19, 1978, CCAH filed an application seeking such approval. The application was opposed by Financial General, including its Maryland subsidiary bank. On February 16, 1979, the Board dismissed the application, concluding that the acquisition would be unlawful under a Maryland law that forbade any hostile acquisition of a Maryland bank.

The applicants challenged the Board's decision, but before the matter was adjudicated the investors and Financial General's management negotiated an agreement for the acquisition of Financial General by CCAH. In November 1980, CCAH again sought Board approval to acquire Financial General.

In reviewing such an application, the Board is required to consider the competitive effects of the proposal, the financial and managerial resources and future prospects of the companies concerned, and the convenience and needs of the relevant communities. The statutory factors do not distinguish between foreign and domestic acquirers, and thus these factors were applied to the CCAH application as they would be to a domestic holding company application. Under the Bank Holding Company Act, the Board's findings on these statutory factors must be supported by substantial evidence.

The application specified that the Middle Eastern investors were to be passive and would take no part in the management or operation of Financial General. The management of Financial General was to be vested in a board of directors that would include former Senator Stuart Symington, former Secretary of Defense Clark M. Clifford, and retired Lieutenant General Elwood R. Quesada. Investors controlling more than 50 percent of CCAH's shares transferred the power to vote their shares to Senator Symington for a period of five years. An experienced banker was to be selected as president and chief executive officer of Financial General, and this person was identified before the Board acted on the application.

In accordance with its procedures, the Board requested detailed information from the investors regarding their financial resources and affiliations. The Board received financial statements, including in the case of the largest shareholders the source of funds to be used to make the acquisition and letters from their banks confirming their financial statements. The materials showed that the investors were persons of considerable means and that the purchases were to be made from their own personal resources.

The Board also conducted background checks on the shareholders, soliciting information from various federal government agencies and a foreign bank supervisor. The Board also obtained information from the SEC regarding the original acquisition and two CCAH shareholders.

As a result of the SEC case, the Board focused great attention on the relationship between CCAH and the BCCI, specifically whether the BCCI had a stake in the planned acquisition, either directly or indirectly. The Board's concern was sufficiently serious that it took the unusual step of convening a hearing on this question and others raised by the application, requesting that the principal shareholders of CCAH appear and testify at the hearing.

In response to the Board's questions, CCAH and its principal shareholders stated that the BCCI would not be involved in the acquisition other than as an investment adviser to the CCAH investors and, in particular, would not fund the acquisition. At the hearing and in written submissions, CCAH shareholders and their counsel (Mr. Clifford and his partner, Robert A. Altman, of the firm of Clifford & Warnke) made the following statements:

- The application filed by CCAH stated: BCCI owns no shares of FGB, CCAH or CCAI, either directly or indirectly, nor will it if the application is approved. Neither is it a lender, nor will it be, with respect to the acquisition by any of the investors of either FGB, CCAI or CCAH shares.

CCAH; and FGB Holding Corporation, a District of Columbia corporation that was a wholly owned subsidiary of CCAI. FGB Holding was subsequently renamed First American Corporation and was the entity that acquired Financial General Bankshares.

• In a letter submitted to the Board in response to questions about the relationship between BCCI and CCAH, counsel for CCAH stated: "With regard to the stockholders of CCAH, all holdings constitute personal investments. None are held as an unidentified agent for another individual or organization."
• Sheikh Kamal Adham, the largest shareholder of CCAH, stated at the Board's hearing, "There is . . . no understanding or arrangement regarding any future relationship or proposed transactions between Financial General and BCCI." He further stated, "[I]t appears that there is doubt that there is somebody or BCCI is behind all of this deal. I would like to assure you that each one on his own rights will not accept in any way to be a cover for somebody else."
• CCAH counsel, when asked at the hearing about the relationship among CCAH and CCAI and BCCI, stated, "[T]here is no connection between those entities and BCCI in terms of ownership or other relationship."
• Asked about the function of BCCI in the proposal, CCAH counsel stated, "None. There is no function of any kind on the part of BCCI." He added, "I know of no present relationship. I know of no planned future relationship that exists . . . ."

The same representations were made to the other regulators involved in the application. The Comptroller of the Currency was advised by counsel that "none of the investors are borrowing to finance their respective equity contributions" and that "BCCI will have no involvement with the management and other affairs of Financial General nor will the BCCI be involved in the financing arrangements, if any are required, regarding this proposal." Based on these representations, the Office of the Comptroller (OCC) informed the Board that its concerns about the application had been addressed. The Bank Commissioner of Maryland approved the acquisition of the Maryland bank on June 26, 1981.

In a "Closing Statement" filed with the Board, the Virginia Commissioner of Financial Institutions recommended disapproval based on concerns about whether foreign ownership of U.S. banks was in the public interest and whether the investors would make management changes and reduce services to local communities in contravention of their commitments to the Board. His statement expressed particular concern with the acquisition by foreign organizations of U.S. banking organizations, particularly one as large as Financial General. As noted, however, the Bank Holding Company Act does not distinguish between foreign and domestic companies seeking control of U.S. banks, and the concerns about possible changes in management and services after the acquisition were not substantiated. The BCCI was not mentioned in the Commissioner's closing statement; the concern expressed was that the Middle Eastern shareholders would actively represent their own business interests in the management of CCAH, not that they were acting as nominees or borrowing to support their purchases.

On August 25, 1981, after having considered the hearing record, reports from staff, and the views of the federal and state agencies, the Board approved CCAH's acquisition of Financial General. Consummation of the acquisition was delayed, however, pending approval of the New York State Banking Department of the acquisition of Financial General's New York banks. The Department initially disapproved the application, principally because of concerns about a lack of reciprocity for American banks in Arab countries. On March 2, 1982, the Department granted its approval after CCAH's commitment to divest one of the New York banks. In a subsequent letter, the Department stated that "the information we received indicated that the investors were prestigious and reputable people."

The acquisition was consummated on April 19, 1982. Financial General was renamed First American in August 1982.[2] Mr. Clifford became chairman of the board of First American, and Mr. Symington became chairman of the board of CCAH. Mr. Clifford's law partner, Mr. Altman, was named president of First American Corporation and secretary and a managing director of CCAH.

### *The 1982–90 Period*

In the years immediately after the acquisition, there was no evidence to suggest that CCAH and First American were functioning other than in accordance with the statements made to the Board and the other regulators. The investors

2. During the course of the takeover, prior Financial General management had renamed most of the subsidiary banks First American Bank.

adhered to their commitment to inject $12 million in new capital into First American, and no dividends were paid to the investors in keeping with another commitment. On several occasions, the investors made additional capital injections to support First American's activities. Both federal and state examinations of First American and its subsidiary banks and of the U.S. offices of BCCI detected no irregularities in their dealings with each other, which were reported as limited.

In early 1989, after the BCCI's indictment for money laundering, the Federal Reserve Bank of Richmond conducted a special inquiry into the relationship between CCAH and the BCCI. The inquiry was initiated in connection with a pending application by CCAH to retain control of a Florida bank. Each of the First American subsidiary banks was asked to report on any transactions with the BCCI, and CCAH management was questioned on any relationship with the BCCI.

In its report to the Board on February 8, 1989, the Reserve Bank found no evidence of irregular or significant contacts between the First American banks and the BCCI or of failure by CCAH to adhere to its commitments. As for ownership of CCAH, senior management of CCAH and First American stated that the relationship between CCAH and the BCCI was no different in nature than at the time of the original application, and that the BCCI did not exercise a controlling influence over CCAH. The Reserve Bank noted that the common ownership of CCAH and the BCCI had increased, but the Bank Holding Company Act does not prohibit common ownership of banks or nonbanks by individuals, as it does in the case of companies. Thus, this common ownership, while significant, did not itself provide grounds for Board action.

During 1989 and 1990, concerns about a possible relationship between the BCCI and CCAH remained, and Federal Reserve staff continued inquiries into the matter. In this timeframe, Federal Reserve personnel made a number of inquiries of law enforcement authorities and foreign bank supervisors seeking information. In late 1989, the Board received informal advice from a foreign banking supervisor that the BCCI had loans outstanding to certain CCAH shareholders, but it was unclear whether the loans were for the purchase of CCAH stock or for other business activities of the shareholders and whether the loans were secured by CCAH stock. Board staff wrote to counsel for CCAH on December 13, 1989, asking for information on any loans by the BCCI or its affiliates to the original or subsequent investors in CCAH, either directly or indirectly and regardless of the purpose of the loan.

In response, the Board was advised by letter from the acting chief executive of the BCCI that the BCCI had not financed in any respect the acquisition of Financial General; that none of the CCAH shareholders had personal loans from the BCCI in 1981 or 1982; and that no CCAH stock was held as collateral against subsequent unrelated business loans by the BCCI to some of these shareholders. Counsel for CCAH at the same time advised that no pledge or security interest had ever been recorded on CCAH's share register by any lender. Kamal Adham, the principal shareholder of CCAH, also confirmed that his CCAH acquisition was primarily from personal funds and was not financed by the BCCI.

To verify the accuracy of the statements made by the BCCI in its 1990 letter, Board staff members requested the assistance of the foreign bank supervisor that had originally provided information to the Board. The supervisor responded that it had encountered difficulties in obtaining the necessary information but would continue its investigation.

In sum, during the 1989–90 period, Federal Reserve staff members consulted with law enforcement officials, including the New York County District Attorney's Office, other investigative federal agencies, and foreign bank supervisors to obtain information about allegations that the BCCI had acquired control of CCAH. The Board received no substantive evidence of such a relationship until late in 1990.

### *The Present Investigation*

In November 1990, the New York County District Attorney's Office informed Federal Reserve staff members that a confidential source had stated that a report prepared in October 1990 by the BCCI's outside auditors indicated that the BCCI had made substantial loans to CCAH shareholders secured by CCAH shares. Board staff members immediately requested access to this report from the U.S. General Manager of the BCCI. After a delay occasioned by the initial refusal of the auditor to permit the report to be examined by the Federal Reserve, the BCCI agreed to make the report available for review by a senior member of the Board's examination staff in the BCCI's main office in London. The review was conducted on December 10, 1990. The auditor's report and a conversation on that date with the new chief executive officer of the BCCI indicated that the BCCI had substantial loans outstanding, secured by CCAH stock. This was the first substantive evidence received by the Board confirming a financial relationship between the BCCI and CCAH.

Shortly after Board staff members gained access to the report, attorneys from a U.S. law firm representing the BCCI and its Abu Dhabi shareholders contacted my office to request a meeting. At a meeting on December 21, 1990, counsel explained that in the spring of 1990, the Abu Dhabi government had invested a very large sum in BCCI stock to correct certain capital deficiencies. As a result, the ownership interest of the Abu Dhabi royal family and government in the BCCI increased from approximately 30 percent to approximately 77 percent. Counsel went on to confirm that a substantial amount of the stock of CCAH had been pledged to the BCCI as collateral for hundreds of millions of dollars in loans to certain shareholders of CCAH and to provide other information relevant to the BCCI's control over the pledged CCAH shares. Counsel stated that the new controlling shareholders of the BCCI had retained his firm to help conduct a special inquiry into this and other matters at BCCI, and wished to cooperate with the Board in addressing the CCAH matter.

Based on the information described above, on January 4, 1991, the Board initiated a formal investigation, including authorization for the use of full discovery powers, into the circumstances of the BCCI's acquisition of control of CCAH and whether false or misleading statements had been made to the Board during the application process in 1981 and subsequently. On January 17, 1991, in response to my request for further information concerning the loan arrangements, counsel for the BCCI described certain documentary materials in the BCCI's files relevant to the question of nominee arrangements by the BCCI with certain CCAH shareholders. I should note that not all of the CCAH shareholders had borrowed from the BCCI, and some that had borrowed have since denied that the CCAH shares were held for the BCCI.

Although the investigation is not complete and there remain many unanswered questions, the Board determined in January 1991 that it had sufficient evidence to take certain action. On January 22, 1991, the Board sent a proposed cease and desist order to counsel for the BCCI and made criminal referrals to the Department of Justice. The cease and desist order, which was consented to by the BCCI on March 4 without admitting or denying any wrongdoing, requires that the BCCI divest its interest in CCAH and submit to the Board for its approval a plan to do so promptly. That order, and a similar one against CCAH, also prohibits transactions between the BCCI and CCAH and its subsidiary banks (other than capital injections into the banks) unless the transactions are in the ordinary course of business; any such transactions must be approved by the Federal Reserve Bank of Richmond, which is monitoring compliance with the orders. All such business transactions between the BCCI and CCAH are required to be eliminated shortly. Finally, the order requires that the BCCI submit a plan to cease all banking operations in the United States.

Also in January 1991, the Board briefed the appropriate state and federal banking supervisors concerning its preliminary findings regarding the BCCI's control of CCAH, and requested examinations of all First American banks, with particular attention to detection of any relationship with BCCI.

As I have indicated, the Board's investigation into this matter is continuing, as we try to determine fully the circumstances surrounding the BCCI's acquisition of control of CCAH, and to obtain the evidence necessary to document what violations of law have occurred and the persons involved. The investigative team has issued numerous subpoenas, interviewed and deposed witnesses, and reviewed thousands of pages of documents in this country and abroad.

That process is the most extensive in my experience with the Federal Reserve.

In carrying out this investigation and during previous efforts to determine any control linkage between CCAH and the BCCI, the Board has faced serious obstacles. I would emphasize how complex investigations of this nature are under the best of circumstances, but when the evidence is located all over the world and deliberately concealed, the difficulties are very greatly magnified. The shareholder register and other CCAH records in the United States and the Netherlands Antilles that were subject to Board examination or review indicated that the individuals and companies listed in CCAH's filings with the Board were, in fact, the owners of the shares of CCAH. There was no record of a security or other interest by the BCCI in the CCAH shares. The documents that evidence the arrangements between CCAH shareholders and the BCCI were maintained outside the United States. Moreover, documents reviewed during the investigation suggest that the BCCI deliberately structured various transactions so as to conceal from the Board the relationship between the BCCI and CCAH. Although the new owners of the BCCI have cooperated in the investigation, bank secrecy laws and pending litigation in foreign jurisdictions have made it difficult to obtain the documents necessary to determine and prove the full extent of the violations. In this connection, the Board has requested and received assistance in the investigation from foreign bank supervisors and continues to coordinate actively with federal and state law enforcement authorities.

Finally, during the course of the investigation, the Board also obtained information indicating that the BCCI acquired control of shares of the Independence Bank, headquartered in Encino, California, and the National Bank of Georgia, which became a subsidiary of First American in 1987 without receiving the necessary approval under the Bank Holding Company Act. The Board has issued a cease and desist order, consented to by the BCCI without admitting or denying any wrongdoing, that requires that the BCCI divest any shares of Independence Bank that it controls. The BCCI was required to divest National Bank of Georgia as a subsidiary of First American in the March cease and desist order.

I will now turn to an explanation of the Board's legislative recommendations and the reasons for these recommendations.

## *The Foreign Bank Supervision Enhancement Act of 1991*

As a result of the BCCI matter and several other recent foreign bank supervisory problems, the Board has conducted a review to determine whether the existing statutory framework governing foreign bank operations in this country is adequate. That review, together with the Board's ongoing interest in assuring that a sound prudential and supervisory structure governs banking operations in this country, convinced the Board that improvements in the framework, including standards for entry and the exercise of examination powers, in particular, were needed. As a result, the Board has recommended the legislation being considered here today. The legislation is not intended to impose sweeping new requirements or to alter radically the supervisory framework governing foreign bank operations in the United States. Rather, its purpose is to build upon, and complement, the existing supervisory structure to fill those regulatory gaps that experience has demonstrated exist.

The most pressing gap was addressed last year when the Board recommended, and the Congress adopted in the Crime Control Act of 1990, amendments to cover branches and agencies of foreign banks under various provisions of the criminal code governing bank fraud and other bank-related crimes. The present proposal takes the next step and seeks to strengthen the supervisory structure for foreign banks in the United States.

The International Banking Act (IBA) of 1978 for the first time subjected foreign banks with U.S. branches and agencies to federal regulation, chiefly requiring them to maintain reserves and generally limiting their activities and geographic expansion in the United States to those available to U.S. banking organizations. Because the IBA was based on a policy of national treatment, it attempted also to adapt the dual banking system to the unique characteristics of foreign bank branches and agencies. The IBA was largely successful in this effort but left foreign banks free of certain of the federal requirements imposed on U.S. banks. For example, in the IBA the Congress did not require prior federal review of foreign bank entry as had been recommended by the Board.

The Board's recommendations to correct these supervisory gaps have a common purpose: to ensure that foreign bank operations in this country are regulated, supervised, and examined in the same manner as U.S. banks. The recommended new procedures for the geographic expansion by, or examination of, foreign banks are already applied to banks in the United States, whether they have state or national charters. The Board's proposals establish the same framework for state-licensed offices of foreign banks as applies to any state-chartered bank, whether it is a member or nonmember bank.

Foreign banks have an important presence in, and hold a substantial portion of, the banking assets of this country. As of December 31, 1990, the U.S. branches and agencies of foreign banks in the United States alone had aggregate assets of $626 billion, or 18 percent of total banking assets in this country. When the assets of their subsidiary banks are included, this share rises to 21 percent. Well over 90 percent of foreign bank branch and agency assets are held in 489 state-licensed offices. In light of their size and importance to the nation's banking system, the participation of foreign banks in the U.S. economy, in the Board's view, is rightly a matter of national banking policy. This policy, if it is to be both fair and effective, must be applied on an equitable basis not only as between domestic banks and foreign banks but also among foreign banks themselves. The Board's proposal is intended to establish uniform standards for entry and participation in the U.S. market by foreign banks, whether through state or federal license, and to provide a basis for improved coordination and cooperation among state and federal supervisors in overseeing the various offices of foreign banks in this country.

At this point, the Board wishes to emphasize that its recommendations will not solve every supervisory problem relating to foreign banks. Fraud is extremely hard for any regulatory authority to detect, especially when bank employees actively conspire to prevent official scrutiny or when all relevant information relating to the fraudulent activity is maintained outside the United States. The Board's proposals are designed to minimize the potential for illegal activities by creating a bar to entry by questionable organizations and, in the event that illegal or improper activities are suspected, to provide as many regulatory and supervisory tools as possible to investigate and enforce compliance.

### *Financial and Managerial Strength*

As a starting point in its proposals, the Board recommends that the law establish clear and definite standards that would apply to any foreign institution seeking entry into the United States. Under the current system, a state may allow entry by a foreign bank based on its own criteria, which could differ substantially from the criteria applied by another state. In the interests of uniformity and in providing national treatment to all foreign banks, there should be a common set of standards that all applicants must meet to be participants in the U.S. banking market. These standards must be designed to continue to permit strong international banks to do business in the United States but to weed out weakly capitalized, poorly managed, or inadequately supervised institutions.

The proposal would not in any way replace or substitute for state regulatory approval of foreign bank branches and agencies. A state must still license a branch or agency of a foreign bank and must apply its own standards to the establishment and ongoing operation of the office, including standards that may be more stringent or rigorous than those proposed here. The Board's proposal establishes a minimum standard that all foreign banks operating in the United States must meet because of the significance and impact of these institutions on the nation's banking system. These offices are now an integral part of our economy and have access to the payment system. In light of their size, any problems or difficulties in this sector could have significant effects on the rest of the U.S. banking industry. For these reasons, the Board believes that foreign banks should meet the same standards of financial responsibility as are applied to U.S. banks, including the standards that would be applied to a U.S. bank operating internationally.

### *Home Country Supervision*

The Board also believes that it is critical that any foreign bank entrant be subject to comprehensive supervision on a consolidated basis by a home country regulator. When an institution operates internationally in separate jurisdictions with differing laws and regulations, consolidated review and supervision are the only means of determining its financial condition and the extent and lawfulness of its operations. The BCCI case provides an example of an institution that was not subject to consolidated review by any one regulator, which enhanced the BCCI's ability to carry out its operations without normal regulatory scrutiny. This standard of comprehensive and consolidated supervision was not a generally accepted principle of international bank supervision at the time the IBA was adopted, as it is today, and became so only after experience demonstrated the pitfalls of fragmented review of an international bank's operations. The Board recommends incorporation of this standard into the laws governing foreign banks operating in the United States.

### *Access to Information*

The Board also recommends that the standards include a requirement that the foreign bank agree to supply information on its activities and operations that a regulatory agency finds to be necessary to determine whether the bank is in compliance with U.S. banking requirements. Recent experience of the Board in the BCCI investigation has demonstrated the critical importance of agency access to this type of information. Without this type of agreement, it is difficult for the agency to detect and enforce compliance with the banking laws. The agency is in the position of having to use its enforcement authority to attempt to gain access to information that the bank may be trying deliberately to shield by holding it offshore.

The provision is not intended to grant authority to the agencies for "fishing expeditions," to allow the exercise of extraterritorial jurisdiction over the non-U.S. operations of the foreign bank, or to provide access to the records of customers unrelated to the bank's compliance with U.S. banking law. Rather, the provision seeks to confirm that a foreign bank that chooses to participate in the U.S. market, with all attendant privileges and responsibilities, will also make available to banking regulators *information that* is directly relevant to determining and enforcing the bank's compliance with U.S. banking requirements.

### *Requirement for Prior Approval*

As a means of implementing these standards, the Board recommends that there be a federal approval process that applies these standards to the proposed entry by a foreign bank through any form of banking office, whether a state or federally licensed office or a commercial lending company. The IBA gave the Board certain responsibilities for the supervision of foreign banks in the United States, but no federal agency has a voice in deciding whether individual institutions seeking to enter U.S. markets through state branches, agencies, or commercial lending companies meet the standards generally applicable to banking organizations in this country. The Board believes that it is important that the agency charged with responsibility for the overall supervision of foreign banks in this country have a role in deciding whether the foreign bank may establish or maintain a U.S. banking presence. This practice applies in other areas of federal bank regulation, and, given the size and importance of foreign bank offices in the U.S. banking market, the practice should be applied to these institutions as well.

### *Supervision of Representative Offices*

Foreign banks also participate in the U.S. market through representative offices. These are offices at which a foreign bank may promote the services offered by the foreign bank but may not engage directly in a banking business with customers. Representative offices may not make credit or other business decisions but must refer such decisions to the home office. Because their activities are intended to be limited, there is a lesser degree of regulation of these offices. There have, however, been instances in which foreign banks have used representative offices to conduct banking activities without licenses. To prevent such instances in the future, the Board believes that it would be appropriate to require federal review of the establishment by foreign banks of representative offices in the United States and to make these offices subject to examination.

### *Termination of Foreign Bank Offices*

Besides the establishment of standards for entry and federal approval authority, the Board has recommended that authority be provided to terminate the activities of a state branch, agency, representative office, or commercial lending company of a foreign bank for violations of law or the conduct of unsafe or unsound practices when the continuation of the activities would not be consistent with the public interest or the applicable statutory standards.

### *Coordinated Examinations*

Our experience has demonstrated the need to strengthen and coordinate federal and state examinations of the various branches and agencies of a foreign bank. Many foreign banks operate extensive interstate networks of branches and agencies licensed under the authority of the various states or the OCC. As a result, the timing of the examinations of the various offices and the elements of the various examination processes may differ widely. The IBA, although it gives the Board the residual responsibility for supervising all of a foreign bank's U.S. operations, also requires that the Board use the reports of examination of other regulators to the extent possible. The Board believes that the IBA should be amended to remove this requirement and to authorize the Board to call for coordinated or simultaneous examinations. Because such coordinated examinations would require the close cooperation of a number of different regulators, the Board believes that it is preferable that there be clear congressional authorization for such coordination, including authority to call for simultaneous examinations when appropriate.

This last point bears emphasis. It is axiomatic that the branch offices of a bank should be regulated and examined as part of a single entity. Thus, for example, the branches of a U.S. bank are not examined as separate units. The Board strongly believes that all offices of a foreign bank must also be treated and examined as parts of a single entity.

The proposal is not intended to interfere with state efforts to examine and supervise state-licensed branches and agencies. In implementing a coordinated examination program, the Board anticipates that examinations of state branches and agencies would be conducted in a manner similar to those of state member banks. The Federal Reserve has a long record in coordinating examinations of state member banks with the states. The Board applies a flexible approach designed to use resources efficiently while obtaining the necessary information from the examination. Depending on the state, the Board may conduct its own examination of the bank, participate in a joint examination with the state, or alternate examinations with the state every other year. Examination of branches and agencies may require greater coordination with the states and the OCC because of the interstate aspect of the foreign bank's operations and the number of different regulators that are involved, but it is to be hoped that the end result will provide a more comprehensive picture of a foreign bank's U.S. operations than is currently available. The Board hopes to enhance its existing communications and cooperation with federal and state bank regulators in conjunction with the program of coordinated examinations.

### *Cooperation with Foreign Supervisors*

In terms of supervising banks that operate internationally, a crucial aspect is cooperation and coordination with the home country regulators of such banks. Consequently, the Board recommends that the IBA be amended to clarify that the federal banking agencies are authorized to share supervisory information with their foreign counterparts, subject to adequate assurances of confidentiality, when such sharing is appropriate in carrying out the agency's supervisory responsibilities.

*OTHER PROPOSALS*

There are several other areas in which the Board has recommended either enhancing current requirements in the law or extending to foreign banks in the United States the same legal requirements that apply to U.S. banking organizations. These areas include requiring reports by foreign banks with U.S. operations of loans secured by 25 percent or more of the voting shares of an insured depository institution; requiring that a foreign bank with a branch, agency, or commercial lending company in the United States obtain prior approval before acquiring more than 5 percent of the shares of a U.S. bank or bank holding company; designating the banking agencies as the enforcement agencies for foreign bank branches and agencies with respect to consumer lending statutes; clarifying the managerial standards applicable to bank acquisitions in the Bank Holding Company Act; and confirming the authority to impose civil money penalties for violation of the IBA or its implementing regulations.

I might also note that, as part of the Treasury's proposed legislation on banking reform, state-chartered banks would be limited in their activities to those of a national bank, absent agency approval. If that portion of the banking reform legislation were to be enacted, consideration should be given to applying a similar limitation to the activities of state branches and agencies of foreign banks.

*CONCLUSION*

In sum, the Board's proposals are designed to be consistent with the policy established in the IBA of national treatment for foreign banks and to provide the federal regulators with the same authority over the U.S. operations of foreign banks as they have with respect to domestic banks. The proposals do not establish a new scheme of bank regulation; they apply to foreign banks the same structure of regulation as applies to domestic banks. The dual banking system is served in the same way as with domestic banks, and the proposed legislation recognizes that states have an important role in determining whether to invite foreign banks into their states under a scheme of state regulation. The Board's proposal also recognizes, however, that the presence of an international bank in the U.S. market has implications that go beyond the boundaries of any one state and that the national policies established by the Congress with respect to banking must also be served. □

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*Statement submitted by the Board of Governors of the Federal Reserve System to the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 30, 1991.*

Thank you for the opportunity to offer the comments of the Board of Governors of the Federal Reserve System on H.R.6 and H.R.447 dealing with Truth in Savings.

Both bills would require that depository institutions disclose rate and cost information in advertisements for their consumer deposit accounts, provide detailed rate and fee information in account schedules, and inform account holders when terms are changed. The Board (or the Federal Depository Institutions Regulatory Agency as specified in H.R.6) would be required to write rules to implement these requirements.

The Board believes that account holders should have adequate information on which to make informed savings decisions and supports disclosure of important account features. In fact, the Board's Regulation Q has for many years required disclosure of account terms in advertisements, and institutions covered by the regulation have been encouraged to make schedules of their fees available to account holders.

While the goal of the legislation is consistent with the Board's objectives, the implementation of this legislation will require a set of complex rules, increasing the already heavy regulatory burden placed on depository institutions. The cumulative effect of individual rules, each well intentioned in its purpose to address a specific concern, can be overwhelming—particularly for small institutions. Because of our experience with numerous consumer statutes for which we have rulewriting authority (for example, the Truth in Lending Act), we know firsthand that simple concepts such as "truth in savings" invariably result in complicated regulations. To encompass the diversity of industry practices and products, implementing rules are often intricate and voluminous. Moreover, we have learned that rules that are not intended to affect the variety of products offered nonetheless may have the practical effect of standardizing products and reducing the options that are available to consumers.

Consequently, if the Congress decides to go forward with legislation, the Board believes that the law should be carefully tailored to ensure that compliance costs are minimized and that regulatory burdens do not lead institutions to discontinue products or decide not to develop new products. In addition, the Board believes that there are a few disclosure requirements in the bills that may confuse consumers shopping for deposit accounts. Thus, the Board encourages the Congress to consider the following changes to the bills.

### *Disclosures to Existing Account Holders*

H.R.447 requires that depository institutions send, within ninety days after the Board adopts final regulations, a schedule of terms and conditions to *all existing account holders*. Mandating such a mailing to holders of the approximately 250 million consumer accounts (including certificates of deposit, savings, negotiable order of withdrawal [NOW], checking, and other accounts) would impose significant printing and mailing costs.

Mailing disclosures to existing customers does not promote the bill's purpose to provide disclosures when consumers are shopping for an account. Moreover, many depository institutions already provide account agreements or written disclosures to their customers when an account is opened. Mailing information to *existing* customers would provide information to consumers *after* they have made their choice of savings products and would frequently duplicate information that account holders are likely to have already received.

The bills already require that disclosures be made available to *any* person upon request. This requirement guarantees that existing account holders who want information will receive it, without mandating that institutions distribute schedules to all account holders. In addition, both bills would require that *all* account holders be provided with a description of any adverse changes to the terms of the account. This procedure ensures that existing account holders are alerted to any disadvantageous changes.

Thus, we believe that requiring all existing account holders to be provided with account information, as H.R.447 does, is of questionable value. In our view, H.R.6 takes a better approach. That bill simply requires that institutions include a notice on the periodic statement sent to existing account holders notifying them of the right to receive an account schedule.

Both bills require that the disclosures (or notice) be provided to existing account holders within three months after the regulation is issued in final form. There is no obvious reason for requiring that disclosures be given to existing account holders within three months of enactment of the bill, rather than the six-month time established for new customers under H.R.6. (We would also note that, other than for existing customers, H.R.447 does not specify when institutions would have to comply with the law.) Three months is too short a time for institutions to review the new regulation, reexamine their entire deposit product line, and prepare, print, and disseminate schedules to existing customers. If the Congress believes that a notice to existing account holders is desirable—as provided in

H.R.6—we believe the compliance time should be extended from three to six months.

### *EFFECTIVE PERCENTAGE YIELD DISCLOSURE*

A second concern of the Board deals with rate information required to be disclosed to consumers. H.R.447 requires a disclosure of the "effective percentage yield" for accounts with maturities of less than one year, besides the annual percentage yield (APY) that must be disclosed for all accounts. Current credit and deposit account regulations calculate rates based on an assumed year regardless of the maturity of the transaction. Adding another rate like an "effective percentage yield" would be confusing to customers who are accustomed to the concept of an annual yield and would be contrary to the purpose of the law—to provide clear disclosures to consumers. We strongly encourage the Congress to delete this requirement from H.R.447. If the Congress is concerned that consumers may be confused by use of an *annual* rate figure for an account that matures in less than a year, an advertisement might include a statement that the annual percentage yield is based on the current rate and assumes that the rate does not change at renewal and that all funds remain on deposit for a full year.

### *CIVIL LIABILITY*

A third concern deals with the civil liability provision in H.R.447. The provision is quite sweeping and provides that *any person* may bring an action against an institution for failing to comply with any requirements of the act or the implementing regulation. The Congress has expressed great concerns about overly broad civil liability rules; one of the issues that prompted revision to the Truth in Lending Act in 1980, for example, was the tremendous litigation over "technical" violations of the act. And we know from experience that the threat of litigation contributes greatly to the complexity of the implementing regulations. Frequently, regulatory amendments are adopted to address compliance issues that arise because of ambiguity in the statute or variations in products.

By contrast with H.R.447, H.R.6 provides that an *account holder* may bring an action against an institution for failing to comply with the act or the implementing regulation. Permitting any person to bring an action, including actions for violations of the advertising requirements, could encourage litigation by nonaccount holders. We encourage the Congress to adopt the approach taken by H.R.6, which provides a remedy to those individuals who have an account relationship with the institution and who might be harmed by an incorrect disclosure.

### *REQUIRED BALANCE COMPUTATION METHOD*

Finally, we question the approach taken in H.R.6 to mandate the methods that institutions may use to calculate the balance on which interest is figured. Mandating the balance computation method exceeds the scope of the stated purpose of the legislation—providing uniform disclosures for comparison by consumers. The Board believes that the approach taken in H.R.447—requiring *disclosure* of the balance computation method—is more consistent with the stated purpose of the legislation.

Besides these issues, we have attached a document setting forth several technical concerns about the bill that we urge the Congress to address.[1] We appreciate the opportunity to offer our views on the proposed legislation and hope that they will be helpful to you. □

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

*Statement by Stephen C. Schemering, Deputy Associate Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 31, 1991.*

I am pleased to appear before the committee today to review the Federal Reserve's administration of its discount window activities with respect to the Madison National Bank. I will also provide the Federal Reserve's responses to the five questions contained in the committee chairman's letter of invitation dated May 21, 1991. Last week the Federal Reserve provided the committee's staff with the documents and discount window data requested in that letter.

The loans to Madison National Bank were made consistent with the Federal Reserve's overall policy governing discount window lending. In general, Federal Reserve lending is intended to be a temporary source of liquidity, and, under Board regulation, may not serve as a substitute for capital. Loans are extended when other reasonably available sources of funds have already been fully utilized. Institutions using Federal Reserve credit are expected to take actions promptly to correct the liquidity shortage and repay the loans.

Most discount window borrowing consists of short-term adjustment credit made to assist institutions in meeting unforeseen, temporary requirements for funds. Federal Reserve credit is extended for longer periods to those smaller institutions that can demonstrate a recurring seasonal pattern in funding needs based on regular intra-yearly movements in deposits or loans.

Extended credit may be advanced to troubled depository institutions that are encountering sustained liquidity pressures and are unable to access alternative sources of funds on reasonable terms and conditions. In such situations, the Federal Reserve works in close cooperation with the primary regulator, either federal or state. The Federal Reserve is particularly sensitive to the responsibilities of the Federal Deposit Insurance Corporation (FDIC) as insurer and receiver of failed depository institutions in these situations. Therefore, we keep the FDIC fully informed of the status of discount window borrowings of troubled financial institutions and consult closely with that agency in making our decision whether to extend credit.

When the Federal Reserve extends credit to troubled institutions, we do so only when the primary regulator has not determined that the institution is capital insolvent. The Federal Reserve, in consultation with the FDIC, may lend for a short period to a failing institution for the purpose of facilitating an orderly resolution of the situation that minimizes the potential for disruption to the financial system and cost to the deposit insurance fund.

In the context of these general policies, I will now respond to the questions set forth in the committee's letter of invitation about the specifics of lending to the Madison National Bank.

1. Regarding Federal Reserve loans to Madison, please provide the rationale for those loans in light of Madison National Bank's financial condition at the time of the loans.

Madison National Bank was permitted access to the discount window for adjustment credit on January 22, 1991, in the amount of $1 million and the loan was increased to $3.6 million on January 23; this loan was repaid the next day. The bank borrowed for one day on January 29 in the amount of $2.5 million. On February 12, Madison National Bank again accessed the discount window for $3 million and continuously borrowed until its failure on May 10, when the loan totaled $125 million. (On May 10 a loan was also outstanding to Madison National Bank of Virginia, an affiliate, in the amount of $16 million.) Until May 1, the bank had not been found to be insolvent by the primary regulator, and efforts were under way by new management to restructure the bank and to attract new capital.

The Office of the Comptroller of the Currency (OCC) began a full-scope examination in early February, the final results of which were made available to the Federal Reserve on May 1. The examination findings revealed that the bank was "in imminent danger of insolvency." At that point, we notified the FDIC that the Federal Reserve's discount window loans would be limited to the purpose of effecting a prompt and orderly resolution of the bank. The continuation of the Federal Reserve's discount window loan subsequent to May 1 was made in close consultation with the FDIC and enabled that agency to arrange an assisted transaction under which the institution was closed with a minimum of disruption and inconvenience to the community and the bank's customers.

2. Did Federal Reserve loans permit Madison to stay open beyond the point when it became insolvent?

The bank was not declared insolvent until its closing on May 10, although we were aware on May 1 of its imminent insolvency. Failure to extend credit from May 1 through May 10 before the FDIC was ready to effect an orderly resolution might have disrupted the local payments system, denied insured depositors access to their funds for a period of time, possibly increased the FDIC's cost of resolution, and preempted the bank's attempt to respond to an OCC request for a capital plan.

3. What steps did the Federal Reserve take to ensure that Madison was a viable institution prior to providing it with loans?

Normally, in extending credit we would not conduct a full-scope examination to determine whether the bank is viable. Rather, we ascertain the bank's solvency from supervisory information provided by the primary regulator and determine that adequate collateral is available to secure the loan. On February 5, the OCC completed a targeted review of liquidity and the adequacy of the loan-loss reserve and found the bank's viability to be questionable, but the institution was not considered to be capital insolvent. In response to this situation, the OCC immediately scheduled a full-scope examination of asset quality to determine the full extent of the bank's problems. Although the bank's viability was in doubt, the solvency question could not be fully ascertained until completion of the examination, which occurred on May 1.

4. What factors changed between the time of the Federal Reserve loans to Madison and the May 1991 takeover of Madison by federal bank regulators?

Between the initiation of Federal Reserve lending on January 22 and the May 10 closure, the OCC completed a full-scope examination of asset quality of the institution. During this period, it began to appear less likely that management's efforts to recapitalize the bank would be successful. As noted in the response to question 1, on May 1 the OCC informed the Federal Reserve that, based on the findings of the examination, the bank was "in imminent danger of insolvency." On May 1, the examination results were presented to the bank directorate and the OCC required the bank to submit a capital plan by May 8 to cure its deficit equity position. On the morning of May 10, the OCC notified the bank that the capital plan was not acceptable, and that afternoon the OCC declared the bank insolvent.

5. Did the Federal Reserve perform its own examination of Madison prior to providing it with loans, or did the Federal Reserve rely on the results of the OCC's examination?

Consistent with our practice, we relied on the examination of the primary regulator for critical information about the financial condition of the bank while the Federal Reserve was lending. As noted above, the OCC was conducting a new examination over this period. □

# Announcements

## *Statement by Chairman Greenspan on the Resignation of Karl Otto Poehl as President of the Deutsche Bundesbank*

Chairman Alan Greenspan of the Federal Reserve Board issued on May 16, 1991, the following statement concerning the announced resignation of Karl Otto Poehl as President of the Deutsche Bundesbank:

> President Poehl has been a dedicated professional and an anchor of stability during his tenure as head of the Bundesbank. His keen judgment and wise counsel will be sorely missed by all of us. I wish my good friend well in whatever new endeavors he may undertake.

## *Nominations Sought for Members of the Consumer Advisory Council*

The Federal Reserve Board announced on May 31, 1991, that it is seeking nominations of qualified individuals for thirteen appointments to its Consumer Advisory Council to replace members whose terms expire on December 31, 1991. Nominations should be received by August 30, 1991.

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

Nominations should include the name, address, and telephone number of the nominee; past and present positions held; and special knowledge, interests, or experience related to consumer credit or other consumer financial services.

Nominations should be submitted in writing to Dolores S. Smith, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

## *Meeting of Consumer Advisory Council*

The Federal Reserve Board announced that its Consumer Advisory Council met on June 20 in a meeting that was open to the public.

The Council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

## *Modifications to the Criteria for Offering a Tiered Pricing Structure*

The Federal Reserve Board adopted on May 9, 1991, modifications to the criteria for offering a tiered pricing structure in the check collection service.

The revised criteria will enable Federal Reserve Banks to set fees that more precisely reflect their costs of collecting checks drawn on paying banks within a given check collection zone. The modifications are effective January 1, 1992. Specifically, the Board adopted the following modifications:

- Tiered pricing may be applied to deposits in all collection zones, provided clear cost differences exist.
- Reserve Banks may offer more than two price tiers within a collection zone, provided clear cost differences exist to justify more than two tiers.
- The approval process for implementation of tiered pricing in additional Federal Reserve offices will be the same as the approval process for other routine price and service-level changes.

The Board has not adopted an earlier proposed modification to eliminate the current requirement that a blended fee be offered as an alternative to tiered prices within each collection zone where tiered pricing has been implemented.

The Board, however, will continue to evaluate the need to offer a blended fee option and may determine to discontinue the blended fee alternative at some point in the future if circumstances warrant. In addition, the Board has provided clarification on several existing tiered pricing criteria.

# Record of Policy Actions of the Federal Open Market Committee

*MEETING HELD ON MARCH 26, 1991*

## *Domestic Policy Directive*

The information reviewed at this meeting suggested that economic activity had weakened further in the opening months of the year. Production cutbacks were evident in a wide range of industries, and private payrolls had fallen markedly, especially in the goods-producing sector. On the positive side, consumer confidence had rebounded sharply since the cease-fire in the Persian Gulf, retail sales and housing starts had strengthened recently, and exports had continued to expand. Broad measures of prices had slowed or contracted in January and February, but excluding energy and food prices, increases in those measures were higher than in previous months. Wage increases had moderated over the past several months.

Total nonfarm payroll employment fell sharply further in February. The decline was widespread across industries but was particularly pronounced in the durable goods segment of manufacturing. Construction employment edged up in February after a steep drop in January, when the weather was unusually adverse. The only major industry to post a notable job increase was health services. The civilian unemployment rate rose to 6.5 percent in February.

Industrial output declined markedly again in February, with cutbacks evident in a wide range of industries. Production of motor vehicles and parts slackened after being about unchanged on balance over the previous two months; output of other final products continued to fall in February, with the exception of computer equipment, which advanced for a second month. Capacity utilization in most major industries fell further in February; in manufacturing, operating rates were substantially below their 1989 highs.

Shipments of nondefense capital goods increased in February, boosted by a sizable advance in shipments of aircraft and parts; categories other than aircraft were down. New orders for business equipment suggested that spending on such goods would change little in coming months. Nonresidential construction put-in-place edged up in January from a downward-revised level for December but remained below its weak average for the fourth quarter. Available data on contracts, permits, and office vacancy rates pointed to considerable softness in nonresidential construction activity in coming months. Manufacturing and trade inventories rose considerably in January after little net change in the fourth quarter. With shipments and sales down sharply around the turn of the year, the ratio of inventories to sales in manufacturing and trade continued to rise in January.

After declining considerably in previous months, retail sales turned up in February. Sales at general merchandise, apparel, and furniture outlets jumped in February after posting sizable declines over the preceding few months, and purchases of automobiles and light trucks picked up from the very low sales pace in January. Consumer sentiment appeared to have rebounded sharply in early March from the low levels reached after Iraq's invasion of Kuwait. In February, housing starts more than retraced a sharp January decline but were still at a low level; in particular, multifamily construction activity remained very weak. Available data and anecdotal reports indicated that lower home prices and mortgage rates were stimulating some consumer interest in purchasing homes.

The nominal U.S. merchandise trade deficit increased slightly from December to January but was considerably below its average rate in the fourth quarter. The value of exports picked up in January from the strong fourth-quarter level; the value of imports declined considerably, mostly reflecting a drop in the price of imported oil. Among the major foreign industrial countries, economic activity in the fourth quarter of 1990 expanded more slowly in Germany and Japan, though there had been some tentative indications of a pickup in growth early this year in both countries. By contrast, some weakening in activity apparently had occurred in several other major industrial countries.

Among major components of broad measures of inflation for January and February, food prices rose more slowly or declined on balance and energy prices fell substantially further; however, prices of items other than food and energy rose more rapidly than in preceding months. At the producer level, this pickup reflected in part large increases in prices of motor vehicles. At the consumer level, increases in federal excise taxes on some items and an unusual bunching of price increases at the beginning of the year had boosted prices of nonfood, non-energy goods and services; as a result, the percent change in these prices over the twelve months ended in February was considerably above that for the previous twelve months. Average hourly earnings of production or supervisory workers were little changed over January and February; for the twelve months ended in February, these earnings had increased at a slower pace than in the comparable year-earlier period.

At its meeting on February 5-6, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but for giving special weight to potential developments that might require some easing during the intermeeting period. To reflect the tilt toward easing, the directive indicated that somewhat lesser reserve restraint would be acceptable in the intermeeting period, or slightly greater reserve restraint might be acceptable, depending upon progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The contemplated reserve conditions were expected to be consistent with growth of both M2 and M3 at annual rates of around 3½ to 4 percent over the period from December through March.

After the Committee meeting, open market operations initially were directed at maintaining the existing degree of pressure on reserve positions; subsequently, in early March, in response to information suggesting that economic activity had continued to decline through February, pressures on reserve positions were eased slightly. Adjustment plus seasonal borrowing tended to run at appreciably higher levels than expected over the intermeeting period; this seemed to reflect in part a greater willingness of banks to seek discount-window credit when conditions tightened in the federal funds market. In the early part of the intermeeting period, federal funds averaged a bit above 6¼ percent, but by the time of the March meeting the rate had dropped to about 6 percent. The federal funds rate was less volatile around its average level; this evidently reflected not only the change in attitudes toward use of the window but also the greater experience of banks in operating under the lower reserve requirement ratios put in place late last year and the rebound of required reserve balances from their seasonal low in February.

Other short-term interest rates had declined slightly since the Committee meeting on February 5-6; Treasury bill rates dropped by less than rates on private instruments. In longer-term markets, rates on Treasury bonds had risen appreciably while rates on high-grade bonds had changed little and those on lower-rated debt had fallen substantially. The narrowing in spreads of private over Treasury rates appeared to stem primarily from investor assessments of improved prospects for a recovery in U.S. economic activity and in business earnings and thus for reduced strains on borrowers. Stock prices moved up considerably on balance over the intermeeting period.

The trade-weighted value of the dollar in terms of the other G-10 currencies increased very sharply over the intermeeting period. In addition to optimism over the prospects for the U.S. economy in the aftermath of the Persian Gulf war, there was a growing perception by market participants that economic activity in the major trade partners of the United States was growing more slowly or declining and that in consequence interest rate spreads were likely to move in favor of dollar assets. Political difficulties in the Soviet Union also appeared to affect the German mark adversely.

At least partly in response to earlier declines in interest rates, growth of M2 and M3 strengthened substantially in February, and partial data suggested appreciable further growth in March. Such growth, which was faster than the Committee had anticipated, brought M2 up to the middle portion of its annual range and put M3 near the upper end of its range. Most of the acceleration in M2 reflected rapid expansion in its liquid retail deposit instruments. Offering rates on these accounts had responded in typically sluggish fashion to declines in market interest rates in recent months, and the opportunity costs associated with holding such deposits had narrowed accordingly. The strength in M3 reflected not only the faster growth of M2 but also in part the efforts of some depository institutions, in the wake of the elimination of the reserve requirement on nontransaction accounts, to replace federal funds and Eurodollar borrowings with funds raised through domestic issuance of large certificates of deposit.

The staff projection prepared for this meeting pointed to a turnaround in the economy in coming months. While further declines in activity were likely in the very near term, the rebound in business and consumer confidence following the declaration of a cease-fire in the Persian Gulf, the positive effects of lower oil prices on household purchasing power and of earlier declines in interest rates on housing demand, and the additional gains expected in exports were likely to foster an upturn in the economy before very long. Subsequently, increases in business orders and sales could lead to a further pickup in production, given generally lean inventories and, with some lag, to a rise in business spending for investment goods. On the other hand, the reduced availability of credit and the effects of the overhang of commercial structures on commercial construction activity, along with a moderately restrictive fiscal policy, were expected to continue to exert some restraint on domestic demand. Against the background of lower oil prices and some added slack in resource utilization, the staff projected a slowing in the pace of increases in prices and labor costs in coming quarters.

In the Committee's discussion of the economic outlook, members saw improving prospects for a recovery in business activity some time in the months ahead, especially in light of the sharp rebound in consumer and business sentiment since the cease-fire in the Persian Gulf war. A variety of financial indicators, including the performance of the stock and bond markets and the foreign exchange markets, along with faster monetary growth suggested both that an upturn in economic activity was widely expected and that liquidity had been made available to support it. Thus far, however, the surge in consumer confidence was not accompanied by appreciable evidence of stronger economic activity, though the February data in two key areas, retail sales and housing starts, were positive after a period of substantial weakness. In the view of many members, the anticipated upswing in economic activity might be relatively sluggish, at least in the early stages of the recovery. Consumers and businesses probably would remain relatively cautious in the context of continuing concerns about employment opportunities as well as heavy debt burdens and tight constraints on credit availability; in addition, confidence was vulnerable to further difficulties in the financial sector. Indeed, there was some risk that the recession could deepen considerably further, but on balance the conditions seemed to be in place for a turnaround in coming months. With regard to the outlook for inflation, members expressed disappointment about the lack of progress in reducing its underlying rate; however, they remained optimistic that reduced pressures in markets for output as well as for key inputs, indications of some moderation in wage increases, a firmer dollar, and weaker commodity prices all pointed to some subsidence in inflation over coming quarters. The slower average rate of money growth over the course of recent years suggested a monetary policy that had for some time been consistent with a gradual diminution in inflation.

In their reports on developments around the country, members noted that their contacts indicated a sharp rebound in business sentiment since the last Committee meeting, mirroring the marked increase of consumer confidence as the Persian Gulf war drew to a successful close. The effects of this change in attitudes by both producers and consumers were not yet evident in many statistical measures of economic activity, except perhaps in the housing sector and retail sales. Across the nation, regional economic activity remained uneven; it was still declining in some areas, albeit with increasing signs that it might be stabilizing, and appeared to have bottomed out or strengthened a little in other parts of the country. Manufacturing activity in particular remained depressed in many areas, notably those that were dominated by the production of motor vehicles and related parts. Members commented that many businesses, especially in the construction industry, were continuing to report difficulties in obtaining financing, but both loan demand and the availability of financing showed signs of improvement in some areas.

In their review of developments in key sectors of the economy, members emphasized that the timing and strength of the recovery would depend importantly on how quickly and to what extent the rebound in consumer confidence was translated into increased consumer spending. The performance of the consumer durables sector, notably autos, was a key element in the outlook; while expenditures on durable goods did not appear to have strengthened thus far, developments that might help to stimulate such spending included greater capital gains realized from sales of existing homes and more demand for household durables stemming from a possible pickup in the construction of new homes. Members also reported that automobile dealers had become more optimistic in many areas. However, many members believed that consumer expenditures were likely to be restrained by a combination of negative factors that included concerns about job security and debt burdens. Moreover, the fiscal problems of state and local governments were tending to erode consumer confidence in some parts of the country, and associated fiscal restraint measures would limit the growth in disposable incomes in those areas.

With regard to the outlook for business investment spending, stronger consumer expenditures in coming months should induce more business spending for inventories and, with some lag, for new equipment, especially in light of the recent improvement in business confidence. On the negative side, if a recovery in consumer spending failed to materialize, the upturn in business confidence might well reverse. Such a development could foster a sharp drop in business capital appropriations that in turn would deepen and extend the recession. With regard to construction activity, members commented that problems of overcapacity were likely to limit new nonresidential construction for an extended period in many areas. On the other hand, signs of renewed buyer interest in housing were widespread, and indeed developments in this sector of the economy were seen by some members as the most encouraging indication of a prospective economic recovery. Some concern was expressed regarding the possibility that persisting constraints on the availability of financing to homebuilders might continue to inhibit homebuilding activity, but given the expected strengthening in the overall economy and the already improving capital positions of many banking institutions, a degree of optimism seemed warranted that such financing might become more readily obtainable in the months ahead.

In the view of many members, the external sector of the economy was likely to make only a small contribution to the domestic expansion in coming quarters. While continuing growth in exports was helping to offset some of the weakness in manufacturing, some members referred to the possibility that further expansion in world demand for U.S. exports might be curtailed by slower growth abroad related to political uncertainties and economic developments in several nations; a partial offset was the potential for large reconstruction expenditures by Kuwait. The recent appreciation of the dollar also would tend to inhibit net exports over time.

Turning to the outlook for inflation, a number of members emphasized that recent increases in producer and consumer prices, excluding their food and energy components, were a disturbing development even though transitory factors helped to account for much of those increases. Concerns about inflation seemed to be echoed in financial markets, judging from the recent rise in long-term interest rates. At the same time, however, increases in labor compensation had continued to trend down, with relatively high unemployment levels contributing to much reduced pressures on wages in many local areas. In circumstances characterized by strong competitive conditions in most industries and thus widespread pressures on prices and profit margins, many business firms continued to seek ways to limit their labor costs. In this connection, members observed that efforts to hold down employment levels were likely to result in some further increases in unemployment even after a recovery got under way. The appreciation of the dollar in recent months would tend with some lag to moderate inflation pressures over coming quarters. On balance, the members remained optimistic about the prospects for appreciable reductions in the core rate of inflation, given their expectations of some continuing slack in resource use and of monetary expansion at a pace within the Committee's ranges for the year.

In the Committee's discussion of policy for the intermeeting period ahead, all of the members supported a proposal to maintain an unchanged degree of pressure on reserve positions. The System's policy actions over the course of recent months, including two reductions in the discount rate, represented substantial easing on a cumulative basis and most probably had positioned monetary policy to contribute to a satisfactory recovery in business activity. Changing economic and financial conditions could, of course, lead to a reassessment, but for now a steady policy course seemed indicated as the stimulative effects of earlier policy actions, the drop in oil prices, and the rebound in confidence worked their way through the economy. Some members observed that the most likely direction of the next policy move was not clear at this point and that caution was needed before any action was taken. Prevailing uncertainties suggesting that further easing could not be ruled out included the possibility that consumer spending would not strengthen materially and that business capital spending would continue to weaken. However, if the economy was indeed near its recession trough, additional easing would not be necessary and such a move might add to inflationary pressures later. On the other hand, while a firming of policy clearly would be premature at this point, a number of members commented that the Committee should be alert to the potential need to tighten reserve conditions promptly if emerging economic and financial conditions, including the behavior of the monetary aggregates, threatened progress toward price stability.

Many of the members commented that in current economic and financial circumstances the strengthening in M2 growth in February and March was a welcome development following an extended period of limited expansion. The faster growth tended to support expectations of a near-term recovery in economic activity. It also might be indicative of some rebound of public confidence in depository institutions. The growth of M2 for the year to date was near the middle of the Committee's annual range, but if the most recent rate of M2 growth was to continue for some time, this might signal the need to tighten reserve conditions to forestall a potential intensification of inflationary pressures. However, according to a staff analysis prepared for this meeting, monetary growth was likely to moderate somewhat over the second quarter as the effects of earlier declines in market interest rates on opportunity costs and desired money holdings tended to dissipate. On the assumption of an unchanged degree of pressure on reserve positions, the staff projected the cumulative expansion of M2 to be only slightly above the midpoint of the Committee's range at midyear.

Members expressed a range of views regarding possible intermeeting adjustments to the degree of reserve pressures, but a majority preferred – and all could accept – a directive that did not contain a bias toward tightening or easing. A symmetric directive represented a change from previous directives that had been tilted toward easing since mid-1990, and it was consistent with an assessment that the risks to the economy had shifted in recent weeks and were now more evenly balanced. Further declines in economic activity would not be surprising – nor should they necessarily be seen as calling for additional ease, given the lags in policy effects. Under current circumstances, policy adjustments should be made only in the event of particularly conclusive evidence, which might include a significant deviation in monetary growth from current expectations, that the recession might be deeper or the rebound less robust than anticipated. Other members expressed a preference for retaining a directive that was biased toward possible easing. Some of these members believed that, despite the improved prospects for a recovery, there were still marked risks of a prolonged recession and of a weak upturn, and in these circumstances the Committee should react relatively promptly to indications that the economy was not moving toward a turnaround. One member expressed a slight preference for biasing the directive toward restraint. In this view, the possibility of a continuing or even a deepening recession could not be ruled out, but the greater risks were in the direction of too much ease and of persisting or increasing inflation; consequently, the directive should envision any easing as a remote prospect.

At this meeting, the interaction between changes in the discount rate, as approved by the Board of Governors, and open market operations, as implemented under the current operating procedures and directives of the Committee, also was discussed. The principal issue related to the extent to which changes in the discount rate should show through to the federal funds rate that would be expected in the implementation of open market operations. In recent years, changes in the discount rate usually had been allowed to pass through automatically to the federal funds rate; there had been some exceptions involving instances where only partial pass-throughs had been permitted and where the change in the discount rate had been intended to conform the latter to movements that had already occurred in the federal funds rate. In general, however, both rates had tended to move together over time, and appropriately so, as adjustments to both policy instruments are made in the context of the same economic and financial developments. Members agreed that in general the existing practice should be continued, but that consultation among members of the Committee would be particularly appropriate in circumstances in which changes in the discount rate perhaps should not be permitted to show through entirely to market rates, or in which their showing through would result in quite sizable changes in money market rates in the period between meetings.

At the conclusion of the Committee's discussion, all of the members indicated that they favored a directive that called for maintaining the existing degree of pressure on reserve positions. The members also noted that they preferred or could accept a directive that did not include a presumption about the likely direction of any intermeeting adjustments in policy. Accordingly, the Committee decided that somewhat greater reserve restraint or somewhat lesser reserve restraint might be acceptable during the period ahead depending on progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated at this meeting were expected to be consistent with some reduction in the growth of M2 and M3 from their recent pace to annual rates of around 5½ and 3½ percent respectively over the three-month period from March through June.

At the conclusion of the meeting, the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that economic activity weakened further in the opening months of 1991. In February, total nonfarm payroll employment fell sharply further, especially in manufacturing, and the civilian unemployment rate rose to 6.5 percent. Industrial output also declined markedly again in February, with cutbacks evident in a wide range of industries. Advance indicators point to further weakness in business fixed investment in coming months, notably in nonresidential construction. On the other hand, after declining considerably in previous months, retail sales turned up in February; consumer sentiment appears to have rebounded sharply in recent weeks. Housing starts jumped in February, retracing a sizable decline in January but remaining at a low level. The nominal U.S. merchandise trade deficit increased somewhat in January but was considerably below its average rate in the fourth quarter. Energy prices fell substantially further in January and February, but prices of other consumer goods and services rose more rapidly than in preceding months. Wage increases have moderated in recent months.

Short-term interest rates have declined slightly since the Committee meeting on February 5–6. In longer-term markets, rates on Treasury bonds have risen appreciably, owing at least in part to heightened expectations of a recovery in U.S. economic activity. Risk premiums on corporate debt instruments have declined, and stock prices have moved up considerably on balance. The trade-weighted value of the dollar in terms of the other G-10 currencies increased very sharply over the intermeeting period.

Growth of M2 and M3 strengthened substantially in February, reflecting rapid expansion in liquid retail deposits; partial data suggest appreciable further growth in March.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability, promote a resumption of sustainable growth in output, and contribute to an improved pattern of international transactions. In furtherance of these objectives, the Committee at its meeting in February established ranges for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent, respectively, measured from the fourth quarter of 1990 to the fourth quarter of 1991. The monitoring range for growth of total domestic nonfinancial debt was set at 4½ to 8½ percent for the year. With regard to M3, the Committee anticipated that the ongoing restructuring of thrift depository institutions would continue to depress its growth relative to spending and total credit. 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. Depending upon progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, somewhat greater reserve restraint or somewhat lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from March through June at annual rates of about 5½ and 3½ percent, respectively.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Black, Forrestal, Keehn, Kelley, LaWare, Mullins, and Parry. Votes against this action: None.

# Legal Developments

*FINAL RULE—AMENDMENT TO REGULATION A*

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks), to reflect its recent approval of a reduction in discount rates at each Federal Reserve Bank. The discount rate is the interest rate that is charged depository institutions when they borrow from their district Federal Reserve Banks. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

The amendments to Regulation A were effective April 30, 1991. The discount rate changes were effective on the dates specified in sections 201.51 and 201.52. The Board of Governors is amending 12 C.F.R. Part 201 as set forth below:

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

*Authority:* Sections 10(a), 10(b), 13, 13a, 14(d) and 19 of the Federal Reserve Act (12 U.S.C. 347a, 347b, 343 *et seq.*, 347c, 348 *et seq.*, 357, 374, 374a and 461); and section 7(b) of the International Banking Act of 1978 (12 U.S.C. 347d).

2. Section 201.51 is revised to read as follows:

## Section 201.51—Short-term adjustment credit for depository institutions.

The rates for short-term adjustment credit provided to depository institutions under section 201.3(a) of Regulation A are:

| Federal Reserve Bank | Rate | Effective |
|---|---|---|
| Boston | 5.5 | Apr. 30, 1991 |
| New York | 5.5 | Apr. 30, 1991 |
| Philadelphia | 5.5 | Apr. 30, 1991 |
| Cleveland | 5.5 | May 1, 1991 |
| Richmond | 5.5 | Apr. 30, 1991 |
| Atlanta | 5.5 | Apr. 30, 1991 |
| Chicago | 5.5 | Apr. 30, 1991 |
| St. Louis | 5.5 | May 2, 1991 |
| Minneapolis | 5.5 | Apr. 30, 1991 |
| Kansas City | 5.5 | Apr. 30, 1991 |
| Dallas | 5.5 | Apr. 30, 1991 |
| San Francisco | 5.5 | Apr. 30, 1991 |

3. Section 201.52 is revised to read as follows:

## Section 201.52—Extended credit for depository institutions.

(a) *Seasonal credit.* The rates for seasonal credit extended to depository institutions under section 201.3(b)(1) of Regulation A are:

| Federal Reserve Bank | Rate | Effective |
|---|---|---|
| Boston | 5.5 | Apr. 30, 1991 |
| New York | 5.5 | Apr. 30, 1991 |
| Philadelphia | 5.5 | Apr. 30, 1991 |
| Cleveland | 5.5 | May 1, 1991 |
| Richmond | 5.5 | Apr. 30, 1991 |
| Atlanta | 5.5 | Apr. 30, 1991 |
| Chicago | 5.5 | Apr. 30, 1991 |
| St. Louis | 5.5 | May 2, 1991 |
| Minneapolis | 5.5 | Apr. 30, 1991 |
| Kansas City | 5.5 | Apr. 30, 1991 |
| Dallas | 5.5 | Apr. 30, 1991 |
| San Francisco | 5.5 | Apr. 30, 1991 |

(b) *Other extended credit.* The rates for other extended credit provided to depository institutions under sustained liquidity pressures or where there are exceptional circumstances or practices involving a particular institution under section 201.3(b)(2) of Regulation A are:

| Federal Reserve Bank | Rate | Effective |
|---|---|---|
| Boston | 5.5 | Apr. 30, 1991 |
| New York | 5.5 | Apr. 30, 1991 |
| Philadelphia | 5.5 | Apr. 30, 1991 |
| Cleveland | 5.5 | May 1, 1991 |
| Richmond | 5.5 | Apr. 30, 1991 |
| Atlanta | 5.5 | Apr. 30, 1991 |
| Chicago | 5.5 | Apr. 30, 1991 |
| St. Louis | 5.5 | May 2, 1991 |
| Minneapolis | 5.5 | Apr. 30, 1991 |
| Kansas City | 5.5 | Apr. 30, 1991 |
| Dallas | 5.5 | Apr. 30, 1991 |
| San Francisco | 5.5 | Apr. 30, 1991 |

These rates apply for the first 30 days of borrowing. For credit outstanding for more than 30 days, a flexible rate will be charged which takes into account rates on market sources of funds, but in no case will the rate charged be less than the basic discount rate plus one-half percentage point. Where extended credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the 30-day time period may be shortened.

### *AMENDMENT TO RULES REGARDING DELEGATIONS OF AUTHORITY*

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegations of Authority, by reorganizing the rules. The Board also is delegating to its Secretary, with the concurrence of the General Counsel, the authority to make technical corrections to its regulations.

Effective May 17, 1991, 12 C.F.R. Part 265 is amended as follows:

### *Part 265—Rules Regarding Delegation of Authority*

1. The authority citation for Part 265 is revised to read as follows:

*Authority:* Section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)).

2. Part 265 is revised to read as follows:

### Section 265.1—Authority, Purpose, and Scope.

(a) Pursuant to section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)), the Board of Governors of the Federal Reserve System (the "Board") may delegate, by published order or rule, any of its functions other than those relating to rulemaking or pertaining principally to monetary and credit policies to Board members and employees, Reserve Banks, or administrative law judges. Pursuant to section 11(i) of the Federal Reserve Act (12 U.S.C. 248(i)), the Board may make all rules and regulations necessary to enable it to effectively perform the duties, functions, or services specified in that Act. Pursuant to section 5(b) of the Bank Holding Company Act (12 U.S.C. 1844(b)), the Board is authorized to issue such regulations and orders as may be necessary to enable it to administer and carry out the purposes of this Act and prevent evasions thereof. Other provisions of Federal law also may authorize specific delegations by the Board.
(b) The Board's Rules Regarding Delegation of Authority (12 C.F.R. Part 265) detail the responsibilities that the Board has delegated. The table of contents, titles, and headings that appear in these Rules are used solely for their descriptive convenience. Section 265.4 addresses the specific functions delegated to Board members. The functions that have been delegated to Board employees are set forth in sections 265.5, 6, 7, 8, and 9. The functions that have been delegated to the Secretary of the Federal Open Market Committee are set forth in section 265.10. The functions that have been delegated to the Reserve Banks are set forth in section 265.11. Provisions for review of any action taken pursuant to delegated authority are found in section 265.3. Except as otherwise indicated in these Rules, the Board will review a delegated action only if a Board member, at his or her own initiative, requests a review.

### Section 265.2—Delegation of Functions Generally.

(a) The Board has determined to delegate authority to exercise the functions described in this Part.
(b) The Chairman of the Board shall assign responsibility for performing such delegated functions.

### Section 265.3—Board Review of Delegated Actions.

(a) *Request by Board member.* The Board shall review any action taken at a delegated level upon the vote of one member of the Board, either on the member's own initiative or on the basis of a petition for review by any person claiming to be adversely affected by the delegated action.
(b) *Petition for review.* A petition for review of a delegated action must be received by the Secretary of the Board not later than the fifth day following the date of the delegated action.
(c) *Notice of review.* The Secretary shall give notice of review by the Board of a delegated action to any person with respect to whom the action was taken not later than the tenth day following the date of the delegated action. Upon receiving notice, such person may not proceed further in reliance upon the delegated action until notified of the outcome of the review by the Board.
(d) *By action of a delegee.* A delegee may submit any matter to the Board for determination if the delegee considers it appropriate because of the importance or complexity of the matter.

### Section 265.4—Functions Delegated to Board Members.

(a) *Individual members.* Any Board member designated by the Chairman is authorized:
(1) *Review of denial of access to Board records; FOIA.* To review and determine an appeal of denial of access to Board records under the Freedom of

Information Act (5 U.S.C. 552), the Privacy Act (5 U.S.C. 552a), and the Board's rules regarding such access (12 C.F.R. Parts 261 and 261a, respectively).

(2) *Approval of amendments to notice of charges or cease and desist orders.* To approve (after receiving recommendations of the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel) amendments to any notice, temporary order, or proposed order previously approved by the Board in a specific formal enforcement matter (including a notice of charges or removal notice) or any proposed or temporary cease and desist order previously approved by the Board under 12 U.S.C. 1818(b) and (c).

(3) *Requests for permission to appeal rulings.*

(i) To act, when requested by the Secretary, upon any request under section 263.10(e) of the Board's Rules of Practice for Hearings (12 C.F.R. Part 263) for special permission to appeal from a ruling of the presiding officer on any motion made at a hearing conducted under the Rules, and if special permission is granted, the merits of the appeal shall be presented to the Board for decision.

(ii) Notwithstanding section 265.3 of this Part, the denial of special permission to appeal a ruling may be reviewed by the Board only if a Board member requests a review within two days of the denial. No person claiming to be adversely affected by the denial shall have any right to petition the Board or any Board member for review or reconsideration of the denial.

(b) *Three member Action Committee.* Any three Board members designated from time to time by the Chairman (the "Action Committee") are authorized:

(1) *Absence of quorum.* To act, upon certification by the Secretary of the Board of an absence of a quorum of the Board present in person, by unanimous vote on any matter that the Chairman has certified must be acted upon promptly in order to avoid delay that would be inconsistent with the public interest except for matters:

(i) relating to rulemaking;

(ii) pertaining principally to monetary and credit policies; and

(iii) for which a statute expressly requires the affirmative vote of more than three Board members.

(2) [*Reserved.*]

## Section 265.5—Functions Delegated to Secretary of the Board.

The Secretary of the Board (or the Acting Secretary) is authorized:

(a) *Procedure.*

(1) *Extension of time period for public participation in proposed regulations.* To extend, when appropriate under the Board's Rules of Procedure (12 C.F.R. 262.2(a) & (b)), the time period for public participation with respect to proposed regulations of the Board.

(2) *Extension of time period in notices, orders, rules, or regulations.*

(i) To grant or deny requests to extend any time period in any notice, order, rule, or regulation of the Board relating to filing information, comments, opposition, briefs, exceptions, or other matters, in connection with any application, request or petition for the Board's approval, authority, determination, or permission, or any other action by the Board.

(ii) Notwithstanding section 265.3 of this Part, no person claiming to be adversely affected by any such extension of time by the Secretary shall have the right to petition the Board or any Board member for review or reconsideration of the extension.

(3) *Conforming citations and references in Board rules and regulations.*

(i) To conform references to administrative positions or units in Board rules and regulations with changes in the administrative structure of the Board and in the government and agencies of the United States.

(ii) To conform citations and references in Board rules and regulations with other regulatory or statutory changes adopted or promulgated by the Board or by the government or agencies of the United States.

(4) *Technical corrections in Board rules and regulations.* To make technical corrections, such as spelling, grammar, construction, and organization (including removal of obsolete provisions and consolidation of related provisions), to the Board's rules, regulations, and orders and other records of Board action but only with the concurrence of the Board's General Counsel.

(b) *Availability of information.*

(1) *FOIA requests.* To make available, upon request, information in Board records and consider requests for confidential treatment of information in Board records under the Freedom of Information Act (5 U.S.C. 552) and under the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261).

(2) *Annual reports on Privacy Act.* To approve annual reports required by the Privacy Act (5 U.S.C. 552a(p)) from the Board to the Office of Management and Budget for inclusion in the President's annual consolidated report to Congress.

(3) *Report on prime rate of commercial banks.* To determine and report, under 26 U.S.C. (IRC) 6621, to the Secretary of the Treasury the average predominant prime rate quoted by commercial banks to large businesses.

(c) *Bank holding companies; Change in bank control; Mergers.*

(1) *Reports on competitive factors in bank mergers.* To furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation under the provisions of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)); the Bank Holding Company Act (12 U.S.C. 1842(a), 1843(c)(14)); the Bank Service Corporation Act (12 U.S.C. 1865(a), (b), 1867(d)); the Change in Bank Control Act (12 U.S.C. 1817(j)); and the Federal Reserve Act (12 U.S.C. 321 *et seq.*, 601–604a, 611 *et seq.*).

(2) *Reserve Bank director interlocks.* To take actions the Reserve Bank could take except for the fact that the Reserve Bank may not act because a director, senior officer, or principal shareholder of any holding company, bank, or company involved in the transaction is a director of a Reserve Bank or branch.

(d) *International banking.*

(1) *Establishment of foreign branch or foreign agency or of Edge or Agreement corporations.* To approve, under sections 25 and 25(a) of the Federal Reserve Act (12 U.S.C. 601–604a & 611–631) and Regulation K (12 C.F.R. Part 211), the establishment, directly or indirectly, of a foreign branch or agency by a member bank or an Edge or Agreement corporation if all of the following conditions are met:

(i) the appropriate Reserve Bank and relevant divisions of the Board's staff recommend approval;

(ii) no significant policy issue is raised on which the Board has not expressed its view; and

(iii) the application is not for the applicant's first full-service branch in a foreign country.

(2) *Acquisition of foreign company or U.S. company financing exports.* To grant, under sections 25 and 25(a) of the Federal Reserve Act (12 U.S.C. 603 & 615(c)) and section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 1843(c)(13)) and the Board's Regulations K and Y (12 C.F.R. Parts 211 and 225), specific consent to the acquisition, either directly or indirectly, by a member bank, an Edge or Agreement corporation, or a bank holding company of stock of a company chartered under the laws of a foreign country or a company chartered under the laws of a state of the United States that is organized and operated for the purpose of financing exports from the United States, and to approve any such acquisition that may exceed the limitations of section 25(a) of the Federal Reserve Act based on the company's capital and surplus, if all of the following conditions are met:

(i) the appropriate Reserve Bank and all relevant divisions of the Board's staff recommend approval;

(ii) no significant policy issue is raised on which the Board has not expressed its view;

(iii) the acquisition does not result, either directly or indirectly, in the bank, corporation, or bank holding company acquiring effective control of the company, except that this condition need not be met if:

(A) the company is to perform nominee, fiduciary, or other services incidental to the activities of a foreign branch or affiliate of the bank holding company, or corporation; or

(B) the stock is being acquired from the parent bank or bank holding company, or subsidiary Edge or Agreement corporation, as the case may be, and the selling parent or subsidiary holds the stock with the consent of the Board pursuant to Regulations K and Y (12 C.F.R. Parts 211 and 225).

(e) *Member banks.*

(1) *Waiver of penalty for early withdrawals of time deposits.* To permit depository institutions to waive the penalty for early withdrawal of time deposits under section 19(j) of the Federal Reserve Act (12 U.S.C. 371b) and section 204.2 of Regulation D (12 C.F.R. Part 204) if the following conditions are met:

(i) the President declares an area a major disaster or emergency area pursuant to section 301 of the Disaster Relief Act of 1974 (42 U.S.C. 5141);

(ii) the waiver is limited to depositors suffering disaster or emergency related losses in the officially designated area; and

(iii) the appropriate Reserve Bank and all relevant divisions of the Board's staff recommend approval.

(2) [*Reserved.*]

## Section 265.6—Functions Delegated to General Counsel.

The General Counsel of the Board (or the General Counsel's delegee) is authorized:

(a) *Procedure.*

(1) *Reconsideration of Board action.* To determine whether to grant a request for reconsideration of any Board action on an application under section 262.3(i) of the Board's Rules of Procedure (12 C.F.R. Part 262).

(2) *Public meetings.* To order, after consulting with the directors of other interested divisions of the Board and the appropriate Reserve Bank, that a public meeting or other proceeding be held, under section 262.25 of the Board's Rules of Procedure (12 C.F.R. Part 262), in connection with any application or notice filed with the Board, and to designate the presiding officer in the proceeding under terms and conditions the General Counsel deems appropriate.

(3) *Designation of Board counsel for hearings.* To designate Board staff attorneys as Board counsel in any proceeding ordered by the Board in accordance with section 263.6 of the Board's Rules of Practice for Hearings (12 C.F.R. Part 263).

(4) *Oaths, depositions, subpoenas.* To take, or authorize designated persons to take, with the concurrence of the Staff Director of the Division of Banking Supervision and Regulation, actions permitted under 12 U.S.C. 1818(n), 1820(c), and 12 U.S.C. 1844(f), including administering oaths and affirmations, taking depositions, and issuing, revoking, quashing, or modifying subpoenas duces tecum.

(5) *Operating circulars.* To approve provisions of Reserve Bank operating circulars related to uniform services.

(b) *Availability of Information.*

(1) *FOIA requests.* To make available information of the Board of the nature and in the circumstances described in the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261).

(2) [*Reserved.*]

(c) *Bank holding companies; Change in bank control; Mergers.*

(1) *Control determinations under § 2(g) of BHC Act.* To determine whether a company that transfers shares under section 2(g) of the Bank Holding Company Act (12 U.S.C. 1841(g)) is incapable of controlling the transferee.

(2) *Control determinations under § 4(c)(8) of BHC Act.* To determine, or issue an order for a hearing to determine, whether a company engaged in financial, fiduciary, or insurance activities falls within the exemption in section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), permitting retention or acquisition of control thereof by a bank holding company.

(3) *Notices under CBC Act.* To revoke acceptance of and return as incomplete a notice filed under the Change in Bank Control Act (12 U.S.C. 1817(j)) or to extend the time during which action must be taken on a notice where the General Counsel determines, with the concurrence of the Staff Director of the Division of Banking Supervision and Regulation, that the notice is materially incomplete under that Act or Regulation Y (12 C.F.R. Part 225) or contains material information that is substantially inaccurate.

(4) *Tax certifications.* To make prior and final certifications for federal tax purposes (26 U.S.C. (IRC) 1101-1103, 6158) with respect to distributions pursuant to the Bank Holding Company Act (12 U.S.C. 1841 *et seq.*).

(5) *Acquisition approval under § 5(d)(3) of the FDI Act.* To exercise, with the concurrence of the Staff Director of the Division of Banking Supervision and Regulation, the functions described in section 265.11(c)(10) of this Part (which refers to § 5(d)(3) of the FDI Act) in those cases in which the appropriate Federal Reserve Bank concludes that, because of unusual considerations, or for other good cause, it should not take action.

(d) *Management interlocks.*

(1) *General exceptions.* To grant exceptions from the prohibitions of Regulation L (12 C.F.R. Part 212) when the primary federal supervisor of the depository institution in need of management assistance approves.

(2) *Temporary exceptions.* To grant requests, after consultation with the Staff Director of the Division of Banking Supervision and Regulation, for temporary director interlocks under Regulation L (12 C.F.R. Part 212) for newly chartered banks, banks in low-income areas, minority banks, women's banks, organizations experiencing conditions endangering their safety or soundness, organizations sponsoring a credit union, and organizations that lose thirty percent or more of their directors or management officials due to changes in circumstances.

## Section 265.7—Functions Delegated to Staff Director of Division of Banking Supervision and Regulation.

The Staff Director of the Board's Division of Banking Supervision and Regulation (or the Director's delegee) is authorized:

(a) *Procedure.*

(1) *Cease and desist orders.* To refuse, with the prior concurrence of the appropriate Reserve Bank and the Board's General Counsel, an application to the Board to stay, modify, terminate, or set aside any effective cease and desist order previously issued by the Board under section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)), or any written agreement between the Board or the Reserve Bank and a bank holding company or any nonbanking subsidiary thereof or a state member bank.

(2) *Modification of commitments or conditions.* To grant or deny requests for modifying, including extending the time for, performing a commitment or condition relied on by the Board or its delegee in taking any action under the Bank Holding Company Act, the Bank Merger Act, the Change in Bank Control Act of 1978, the Federal Reserve Act, or the International Banking Act. In acting on such requests, the Staff Director may take into account changed circumstances and good faith efforts to fulfill the commitments or conditions, and shall consult with the directors of other interested divisions where appropriate. The Staff Director may not take any action that would be inconsistent with or result in an evasion of the provisions of the Board's original action.

(3) *Notice of insufficient capital.* To issue, with the concurrence of the Board's General Counsel, a notice that a state member bank or bank holding company has insufficient capital and which directs the bank or company to file with its Reserve Bank a capital improvement plan under Subpart D of the Board's Rules of Practice for Hearings (12 C.F.R. Part 263).

(4) *Obtaining possession or control of securities; extending time period.* To approve, under section 403.5(g) of the Treasury Department regulations (17 C.F.R. Part 403) implementing the Government Securities Act of 1986, as amended (Pub. L. 99-571), the application of a member bank, a state branch or agency of a foreign bank, a foreign bank, or a commercial lending company owned or controlled by a foreign bank, to extend for one or more limited periods commensurate with the circumstances the 30-day time period specified in section 403.5(c)(1)(iii) of these regulations, provided the Staff Director is satisfied that the applicant is acting in good faith and that exceptional circumstances warrant such action.

(b) *Availability of Information.*

(1) *FOIA requests.* To make available information of the Board of the nature and in the circumstances described in section 261.11 of the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261).

(2) *FOIA; Availability of information.* To make available, under the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261), reports and other information of the Board acquired pursuant to the Board's Regulations G, T, U, and X (12 C.F.R. Parts 207, 220, 221, 224) of the nature and in circumstances described in sections 261.8(a)(2) and (3) of these Rules.

(c) *Bank holding companies; Change in bank control; Mergers.*

(1) *Bank holding company registration forms and annual reports.* To promulgate registration forms and annual reports and other forms for use in connection with the Bank Holding Company Act, after receiving clearance from the Office of Management and Budget (where necessary), under section 5 of the Bank Holding Company Act (12 U.S.C. 1844) and in accordance with 5 U.S.C. 553.

(2) *Emergency action.* To take actions the Reserve Bank could take under this Part at § 265.11(d)(5) and (f) if immediate or expeditious action is required to avert failure of a bank or savings association or because of an emergency pursuant to sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a), 1843(c)(8)) or the Change in Bank Control Act (12 U.S.C. 1817(j)).

(3) *Waiver of notice.* To waive, dispense with, modify or excuse the failure to comply with the requirement for publication and solicitation of public comment regarding a notice filed under the Change in Bank Control Act (12 U.S.C. 1817(j)), with the concurrence of the Board's General Counsel, provided a written finding is made that such disclosure would seriously threaten the safety or soundness of a bank holding company or a bank.

(4) *Notices for addition or change of directors or officers.* Under section 914(a) of the Financial Institutions Reform, Recovery and Enforcement Act (12 U.S.C. 1831i) and Subpart H of Regulation Y (12 C.F.R. Part 225), provided that no senior officer or director or proposed senior officer or director of the notificant is also a director of the Reserve Bank or a branch of the Reserve Bank:

(i) To determine the informational sufficiency of notices filed pursuant to section 225.71 of Regulation Y (12 C.F.R. Part 225); and

(ii) To waive the prior notice requirements of that section.

(5) *Acquisition approval under § 5(d)(3) of FDI Act.* To exercise, with the concurrence of the General Counsel, the functions described in section 265.11(c)(10) of this Part (which refers to § 5(d)(3) of the FDI Act) in those cases in which the appropriate Federal Reserve Bank concludes that, because of unusual considerations, or for other good cause, it should not take action.

(d) *International banking.*

(1) *Foreign bank reports.* To require submission of a report of condition respecting any foreign bank in which a member bank holds stock acquired under section 211.5(b) of Regulation K (12 C.F.R. Part 211) and section 25, paragraph 4, of the Federal Reserve Act (12 U.S.C. 602).

(2) *Edge corporation reports.* To require submission and publication of reports by an Edge corporation

under section 25(a), paragraph 19, of the Federal Reserve Act (12 U.S.C. 625).

(3) *Capital stock of Edge corporation; articles of association; additional investments in Agreement corporation.* To approve under sections 25 and 25(a) as of the Federal Reserve Act (12 U.S.C. 601, ¶ 3, & 618) and sections 211.4(a)(1) and (a)(7) of Regulation K (12 C.F.R. Part 211), increases and decreases in the capital stock of and amendments to the articles of association of an Edge corporation and additional investments by a member bank in the stock of an Agreement corporation.

(4) *Waiver or suspension of prior notice; specific consent.*

(i) To waive the 45 days' prior notice period for establishing a branch in an additional foreign country under section 211.3(a)(3) of Regulation K (12 C.F.R. Part 211).

(ii) To waive or suspend the 45 days' notice period for an investment that qualifies for the prior notice procedures in section 211.5(c)(2) of Regulation K (12 C.F.R. Part 211) or require that an investor file an application for the Board's specific consent.

(5) *Investment by foreign subsidiaries in U.S. affiliates.* To permit, after consultation with the Board's General Counsel, a foreign subsidiary of a bank holding company to invest in shares of a U.S. affiliate of the bank holding company where the investment is made as part of an internal corporate reorganization or an internal transfer of funds, subject to any conditions and terms the Staff Director and General Counsel deem appropriate and consistent with the purposes of Regulation K (12 C.F.R. Part 211).

(6) *Allocated transfer risk reserves.* To determine the need for establishing and the amount of any allocated transfer risk reserve against specified international assets, and notify the banking institutions of the determination and the amount of the reserve and whether the reserve may be reduced under Subpart D of Regulation K (12 C.F.R. Part 211).

(7) *Underwriting and dealing authority outside the United States; hedging techniques.* To approve, under section 211.5(d)(14) of Regulation K (12 C.F.R. Part 211):

(i) Requests for authority to engage in the activities of underwriting, distributing, and dealing in shares outside the United States, provided that the Staff Director has determined that the internal procedures and operations of the organization and the effect of the proposed activities on capital adequacy are consistent with approval.

(ii) Hedging methods authorized under section 211.5(d)(14)(iii)(A) of Regulation K (12 C.F.R. Part 211).

(e) *Member banks.*

(1) *Membership certification to FDIC.* To certify, under section 4(b) of the Federal Deposit Insurance Act (12 U.S.C. 1814(b)), to the Federal Deposit Insurance Corporation that the factors specified in section 6 of the Act (12 U.S.C. 1816) were considered with respect to the admission of a state-chartered bank to Federal Reserve membership.

(2) *Dollar exchange.* To permit any member bank to accept drafts or bill of exchange drawn upon it for the purpose of furnishing dollar exchange under section 13(12) of the Federal Reserve Act (12 U.S.C. 373).

(3) *ERISA violations.* To provide to the Department of Labor written notification of possible significant violations of the Employee Retirement Income Security Act (ERISA) by state member banks, in accordance with section 3004(b) of ERISA and the Interagency Agreement adopted to implement its provisions.

(4) *Examiners.* To select or approve the appointment of Federal Reserve examiners, assistant examiners, and special examiners for the purpose of making examinations for or by the direction of the Board under (12 U.S.C. 325, 338, 625, 1844(c), and 3105(b)(1)).

(5) *Capital stock reduction; branch applications; declaration of dividends; investment in bank premises.* To exercise the functions described in sections 265.11(e)(5), (11), and (12) of this Part (reductions in capital, issuance of subordinated debt, and early retirement of subordinated debt) when the conditions specified in those sections preclude a Reserve Bank's acting on a member bank request for action or the Reserve Bank considers that it should not take action, and to exercise the functions in sections 265.11(e)(2), (3), and (4) of this Part (approving branch applications, declaration of dividends, and investment in bank premises) in cases in which the appropriate Reserve Bank considers that it should not take action.

(6) *Security devices; Regulation P.* To exercise the functions described in section 265.11(a)(8) of this Part in those cases in which the appropriate Reserve Bank concludes that it should not take action for good cause.

(f) *Securities.*

(1) *Registration statements by member banks.* Under section 12(g) of the Securities Exchange Act (15 U.S.C. 78l(g)):

(i) to accelerate the effective date of a registration statement filed by a member bank with respect to its securities;

(ii) to accelerate termination of the registration of a security that is no longer held of record by 300 persons; and

(iii) to extend the time for filing a registration statement by a member bank.

(2) *Exemption from registration.* To issue notices with respect to an application by a state member bank for exemption from registration under section 12(h) of the Securities Exchange Act (15 U.S.C. 78(h)).

(3) *Accelerating registration of security on national securities exchange.* To accelerate the effective date of an application by a state member bank for registration of a security on a national securities exchange under section 12(d) of the Securities Exchange Act (15 U.S.C. 78l(d)).

(4) *Unlisted trading in security of state member bank.* To issue notices with respect to an application by a national securities exchange for unlisted trading privileges in a security of a state member bank under section 12(f) of the Securities Exchange Act (15 U.S.C. 78l(f)).

(5) *Transfer agent registration; acceleration; withdrawal or cancellation.*

(i) To accelerate, under section 17A(c)(2) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78q-1), the effective date of a registration statement for transfer agent activities filed by a member bank or a subsidiary thereof, a bank holding company or a subsidiary thereof that is a bank as defined in section 3(a)(6) of the Act other than a bank specified in clause (i) or (iii) of section 3(a)(34)(B) of the Act (15 U.S.C. 78c).

(ii) To withdraw or cancel, under section 17A(c)(3)(C) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78q-1(c)(3)(C)), the transfer agent registration of a member bank or a subsidiary thereof, a bank holding company, or a subsidiary thereof that is a bank as defined in section 3(a)(6) of that Act other than a bank specified in clause (i) or (iii) of section 3(a)(34)(B) of the Act (15 U.S.C. 78c), that has filed a written notice of withdrawal with the Board or upon a finding that such transfer agent is no longer in existence or has ceased to do business as a transfer agent.

(6) *Proxy solicitation; financial statements.*

(i) To permit the mailing of proxy and other soliciting materials by a state member bank before the expiration of the time prescribed therein under section 208.16 of Regulation H (12 C.F.R. Part 208).

(ii) To permit the omission of financial statements from reports by a state member bank, or to require other financial statements in addition to, or in substitution for, the statements required therein under section 208.16 of Regulation H (12 C.F.R. Part 208).

(7) *Municipal securities dealers.* Under section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w):

(i) To grant or deny requests for waiver of examination and waiting period requirements for municipal securities principals and representatives under Municipal Securities Rulemaking Board Rule G-3;

(ii) To grant or deny requests for a determination that a natural person or municipal securities dealer subject to a statutory disqualification is qualified to act as a municipal securities representative or dealer under Municipal Securities Rulemaking Board Rule G-4;

(iii) To approve or disapprove clearing arrangements under Municipal Securities Rulemaking Board Rule G-8, in connection with the administration of these rules for municipal securities dealers for which the Board is the appropriate regulatory agency under section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)).

(8) *Making reports available to SEC.* To make available, upon request, to the Securities and Exchange Commission reports of examination of transfer agents, clearing agencies, and municipal securities dealers for which the Board is the appropriate regulatory agency for use by the Commission in exercising its supervisory responsibilities under the Act under section 17(c)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(c)(3).

(9) *Issuing examination manuals, forms, and other materials.* To issue examination or inspection manuals, registration, report, agreement, and examination forms, guidelines, instructions, and other similar materials for use in administering sections 7, 8, 15B, and 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78g, 78h, 78o-4, and 78q-1).

(10) *List of OTC margin stocks.* To approve issuance of the list of OTC margin stocks and foreign margin stocks and add, omit, or remove any stock in circumstances indicating that such change is necessary or appropriate in the public interest under section 207.6 of Regulation G (12 C.F.R. Part 207), section 220.17(d) of Regulation T (12 C.F.R. Part 220), or section 221.7(d) of Regulation U (12 C.F.R. Part 221).

## Section 265.8—Functions Delegated to the Staff Director of the Division of International Finance.

The Staff Director of the Board's Division of International Finance (or the Director's delegee) is authorized:

(a) *Establishment of foreign accounts.* To approve the establishment of foreign accounts and the terms of any account-related agreements with the Federal Reserve Bank of New York under section 14(e) of the Federal Reserve Act (12 U.S.C. 358).
(b) [*Reserved.*]

## Section 265.9—Functions Delegated to the Director of the Division of Consumer and Community Affairs.

The Director of the Board's Division of Consumer and Community Affairs (or the Director's delegee) is authorized:
(a) *Issuing examination manuals, forms, and other materials.* To issue, pursuant to § 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)); §§ 108(b), 621(c), 704(b), 814(c), and 917(b) of the Consumer Credit Protection Act (15 U.S.C. 1607(b), 1681s(c), 1691c(b), and 1693o(b)); § 305(c) of the Home Mortgage Disclosure Act (12 U.S.C. 2804(c)); § 18(f)(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f)(3)); § 808(c) of the Civil Rights Act of 1968 (42 U.S.C. 3608(c)); and § 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)), examination or inspection manuals; report, agreement, and examination forms; guidelines, instructions, and other similar materials, in consultation with the Legal Division where appropriate, for use in connection with:
(1) §§ 1–921 of the Consumer Credit Protection Act, excluding §§ 201-500 (15 U.S.C. 1601-1693r);
(2) §§ 301–312 of the Home Mortgage Disclosure Act (12 U.S.C. 2801-2811);
(3) §§ 18(f)(1)-(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f)(1)-(3));
(4) § 805 of the Civil Rights Act of 1968 (42 U.S.C. 3605) and rules and regulations issued thereunder;
(5) § 1364 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(a)), and §§ 105(b) and 202(b) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b), 4106(b));
(6) § 19(j) of the Federal Reserve Act (12 U.S.C. 371b); and
(7) §§ 801–806 of the Community Reinvestment Act (12 U.S.C. 2901-2905).
(b) *Consumer Advisory Council.* Pursuant to § 703(b) of the Consumer Credit Protection Act (15 U.S.C. 1691(b)), to call meetings of and consult with the Consumer Advisory Council established under that section, approve the agenda for such meetings, and accept any resignations from Consumer Advisory Council Members.
(c) *Determining inconsistencies between state and federal laws.* To determine whether a state law is inconsistent with the following federal acts and regulations:
(1) §§ 111, 171(a), and 186(a) of the Truth in Lending Act (15 U.S.C. 1610(a), 1666j(a), 1667e(a)); section 226.28 of Regulation Z (12 C.F.R. Part 226);
(2) § 919 of the Electronic Fund Transfer Act (15 U.S.C. 1693q), section 205.12 of Regulation E (12 C.F.R. Part 205);
(3) § 705(f) of the Equal Credit Opportunity Act (15 U.S.C. 1691d(f)) and section 202.11 of Regulation B (12 C.F.R. Part 202);
(4) § 306(a) of the Home Mortgage Disclosure Act (12 U.S.C. 2805(a)) and Regulation C (12 C.F.R. Part 203).

## Section 265.10—Functions Delegated to the Secretary of Federal Open Market Committee.

The Secretary of the Federal Open Market Committee (or the Deputy Secretary in the Secretary's absence) is authorized:
(a) *Records of policy actions.* To approve for inclusion in the Board's Annual Report to Congress, records of policy actions of the Federal Open Market Committee.
(b) [*Reserved.*]

## Section 265.11—Functions Delegated to Federal Reserve Banks.

Each Federal Reserve Bank is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving applications or registration statements or to take other actions as indicated:
(a) *Procedure.*
(1) *Member bank affiliate's reports.* To extend the time for good cause shown, within which an affiliate of a state member bank must file reports under section 9(17) of the Federal Reserve Act (12 U.S.C. 334).
(2) *Edge corporation's divestiture of stock acquired dpc.* To extend the time in which an Edge corporation must divest itself of stock acquired to prevent a loss upon a debt previously contracted under section 25(a), paragraph 9, of the Federal Reserve Act (12 U.S.C. 615).
(3) *Edge corporation's corporate existence.* To extend the period of corporate existence of an Edge corporation under section 25(a), paragraph 22, of the Federal Reserve Act (12 U.S.C. 628).
(4) *Bank holding company registration statement.* To extend the time within which a bank holding company must file a registration statement under section 5(a) of the Bank Holding Company Act (12 U.S.C. 1844(a)).

(5) *Bank holding company divestiture of nonbanking interests.* To extend the time within which a bank holding company must divest itself of interests in nonbanking organizations under section 4(a) of the Bank Holding Company Act (12 U.S.C. 1843(a)).
(6) *Bank holding company divestiture of dpc interests.* To extend the time within which a bank holding company or any of its subsidiaries must divest itself of interests acquired in satisfaction of a debt previously contracted:
(i) under section 4(c)(2) of the Bank Holding Company Act (12 U.S.C. 1843(c)(2)) or section 225.22(c)(1) of Regulation Y (12 C.F.R. Part 225); or
(ii) under sections 2(a)(5)(D) and 3(a) of the Bank Holding Company Act (12 U.S.C. 1841(a)(5)(D) and 1842(a)).
(7) *Member bank's surrender of Reserve Bank stock upon withdrawal from membership.* To extend the time within which a member bank that has given notice of intention to withdraw from membership must surrender its Federal Reserve Bank stock and its certificate of membership under Regulation H (12 C.F.R. 208.11(c)).
(8) *Member bank's reports of condition.* To extend the time for publication of reports of condition under Regulation H (12 C.F.R. Part 208) for good cause shown.
(9) *Bank holding company's annual reports.* To grant to a bank holding company a 90-day extension of time in which to file an annual report, and for good cause shown grant an additional extension of time not to exceed 90 days under section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)).
(10) *Regulation K—Divestiture of interest acquired dpc.* To extend the time within which an investor, under Regulation K (12 C.F.R. 211.5(e)) must divest itself of interests acquired to prevent a loss upon a debt previously contracted.
(11) *Bank holding company's acquisition of shares, opening new bank, consummating merger.* To extend the time within which a bank holding company may acquire shares, open a new bank to be acquired, or consummate a merger in connection with an application approved by the Board, if no material change relevant to the proposal has occurred since its approval.
(12) *Member bank's establishing domestic or foreign branch; Edge or Agreement corporation's establishing branch or agency.* To extend the time, if no material change has occurred in the bank's or corporation's general condition since the application was approved, within which:
(i) a member bank may establish a domestic branch;
(ii) a member bank may establish a foreign branch; or
(iii) an Edge or Agreement corporation may establish a branch or agency.
(13) *Purchase of stock by Edge or Agreement Corporation, member bank, or bank holding company.* To extend the time within which an Edge or Agreement corporation, member bank, or a bank holding company may accomplish a purchase of stock if no material change has occurred in the general condition of the corporation, member bank, or bank holding company since such authorization under sections 25 or 25(a) of the Federal Reserve Act or section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 615(c), 628, 1843(c)(13)) was given.
(14) *Federal Reserve Membership.* To extend the time within which Federal Reserve membership must be accomplished, if no material change has occurred in the bank's general condition since the application was approved.
(15) *Enforcement actions; written agreements; cease and desist orders.* With the prior approval of both the Staff Director of the Board's Division of Banking Supervision and Regulation and the Board's General Counsel;
(i) To enter into a written agreement with a bank holding company or any nonbanking subsidiary thereof, with a state member bank, or with any other person or entity subject to the Board's supervisory jurisdiction under 12 U.S.C. 1818(b) concerning the prevention or correction of an unsafe or unsound practice in conducting the business of the bank holding company, nonbanking subsidiary, or state member bank or other entity, or concerning the correction or prevention of any violation of law, rule, or regulation, or any condition imposed in writing by the Board in connection with the granting of any application or other request by the bank or company or any other appropriate matter;
(ii) To stay, modify, terminate, or suspend an agreement entered into pursuant to this paragraph;
(iii) To stay, modify, terminate, or suspend an outstanding cease and desist order that has become final pursuant to 12 U.S.C. 1818(b) and (k). Any agreement authorized under this paragraph may, by its terms, be enforceable to the same extent and in the same manner as an effective and outstanding cease and desist order that has become final pursuant to 12 U.S.C. 1818(b) and (k).
(16) *Appointment of assistant Federal Reserve agents.* To approve the appointment of assistant Federal Reserve agents (including representatives or alternate representatives of such agents) under

section 4, paragraph 21 of the Federal Reserve Act (12 U.S.C. 306).

(b) *Availability of Information.*

(1) *Availability of Information; Board records.* To make available information of the Board of the nature and in the circumstances described in the Board's Rules Regarding Availability of Information (12 C.F.R. 261.11)

(2) [*Reserved.*]

(c) *Bank holding companies; Change in bank control; Mergers.*

(1) *Require reports under oath.* To require reports under oath to determine whether a company is complying with section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)).

(2) *Acquisition of going concern—authorization of consummation; early consummation.*

(i) To notify a bank holding company that, because the circumstances surrounding the application to acquire a going concern indicate that additional information is required or that the acquisition should be considered by the Board, the acquisition should not be consummated until specifically authorized by the Reserve Bank or by the Board.

(ii) To permit a bank holding company to make a proposed acquisition of a going concern before the expiration of the 30-day period referred to in Regulation Y (12 C.F.R. 225.23(a)(2)) because exigent circumstances justify consummation of the acquisition at an earlier time.

(3) *Petition for review of decision that adverse comments are not substantive; permit proposed de novo activities; authorization of consummation; early consummation.* Under section 225.4(b)(1) of Regulation Y (12 C.F.R. Part 225) and subject to section 265.3 of this Part, if a person submitting adverse comments that the Reserve Bank had decided are not substantive files a petition for review by the Board of that decision:

(i) To permit a bank holding company to engage *de novo* in activities specified in section 225.25 of Regulation Y (12 C.F.R. Part 225), or retain shares in a company established *de novo* and engaging in such activities, if the Reserve Bank's evaluation of the considerations specified in section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) leads it to conclude that the proposal can reasonably be expected to produce benefits to the public.

(ii) To notify a bank holding company that the proposal should not be consummated until specifically authorized by the Reserve Bank or by the Board or that the proposal should be processed in accordance with the procedures in section 225.23(a)(2) of Regulation Y (12 C.F.R. Part 225).

(iii) To permit a bank holding company to consummate the proposal before the expiration of the 45-day period referred to in section 225.23(a)(1) of Regulation Y because exigent circumstances justify consummation at an earlier time under section 225.4(b)(1) of Regulation Y (12 C.F.R. Part 225).

(4) *Permit or stay of modification or location of activities.* To permit or stay a proposed *de novo* modification or relocation of activities engaged in by a bank holding company on the same basis as *de novo* proposals under section 265.11(d)(3) of this Part.

(5) *Notices under Change in Bank Control Act.* With respect to a bank holding company or a state member bank:

(i) To determine the informational sufficiency of notices and reports filed under the Change in Bank Control Act (12 U.S.C. 1817(j);

(ii) To extend periods for consideration of notices;

(iii) To determine whether a person who is or will be subject to a presumption described in § 225.41(b) of Regulation Y (12 C.F.R. Part 225) should file a notice regarding a proposed transaction; and

(iv) To issue a notice of intention not to disapprove a proposed change in control if all the following conditions are met:

(A) no member of the Board has indicated an objection prior to the Reserve Bank's action;

(B) no senior officer or director of an involved party is also a director of the Federal Reserve Bank or a branch of the Reserve Bank;

(C) all relevant departments of the Reserve Bank concur;

(D) if the proposal involves shares of a state member bank or a bank holding company controlling a state member bank, the appropriate bank supervisory authorities have indicated that they have no objection to the proposal, or no objection has been received from them within the time allowed by the act; and

(E) no significant policy issue under the Change in Bank Control Act (12 U.S.C. 1817(j)) or section 225.41 of Regulation Y (12 C.F.R. Part 225) is raised by the proposal as to which the Board has not expressed its view.

(6) *Failure to comply with publication requirement under Change in Bank Control Act.* To waive, dispense with, modify, or excuse the failure to comply with the requirement for publication and solicitation of public comment regarding a notice filed under the Change in Bank Control Act, with the concurrence of the Board's Staff Director of the Division of Banking Supervision and Regulation and the Board's General Counsel, provided that a written finding is made that such disclosure or solicita-

tion would seriously threaten the safety or soundness of a bank holding company or bank under the Change in Bank Control Act (12 U.S.C. 1817(j)(2)).

(7) *Grandfathered nonbanking activities.* To determine under section 4(a)(2) of the Bank Holding Company Act (12 U.S.C. 1843(a)(2)) that termination of grandfathered nonbanking activities of a particular bank holding company is not warranted, provided the Reserve Bank is satisfied all of the following conditions are met:

(i) the company or its successor is "a company covered in 1970";

(ii) the nonbanking activities for which indefinite grandfather privileges are being sought do not present any significant unsettled policy issues; and

(iii) the bank holding company was lawfully engaged in such activities as of June 30, 1968 and has been engaged in such activities continuously thereafter.

(8) *Opening of additional nonbanking offices.* To approve applications by a bank holding company under sections 4(c)(8) and 5(b) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8), 1844(b)) and section 225.23(b) of Regulation Y (12 C.F.R. Part 225) to open additional offices to engage in nonbanking activities for which the bank holding company previously received approval pursuant to Board order, unless one of the conditions specified in § 265.11(f)(1), (2), (3), or (4), of this Part is present.

(9) *Notices for addition or change of directors or officers.* Under section 914(a) of the Financial Institutions Reform, Recovery and Enforcement Act (12 U.S.C. 1831i) and Subpart H of Regulation Y (12 C.F.R. Part 225), provided that no senior officer or director or proposed senior officer or director of the notificant is also a director of the Reserve Bank or a branch of the Reserve Bank:

(i) to determine the informational sufficiency of notices filed pursuant to section 225.71 of Regulation Y; and

(ii) to waive the prior notice requirements of that section.

(10) *Acquisition approvals under § 5(d)(3) of the FDI Act.* To approve, under section 5(d)(3)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)(E)), requests by a bank holding company to engage in any transaction described in section 5(d)(3)(A) of that Act.

(11) *Applications requiring Board approval; competitive factors reports for bank mergers.* To approve applications requiring prior approval of the Board and furnish to the Comptroller of the Currency and the Federal Deposit Insurance Corporation reports on competitive factors involved in a bank merger required to be approved by one of those agencies, unless one or more of the following conditions is present:

(i) a member of the Board has indicated an objection prior to the Reserve Bank's action; or

(ii) the Board has indicated that such delegated authority shall not be exercised by the Reserve Bank in whole or in part; or

(iii) a written substantive objection to the application has been properly made; or

(iv) the application raises a significant policy issue or legal question on which the Board has not established its position; or

(v) with respect to bank holding company formations, bank acquisitions or mergers, the proposed transaction involves two or more banking organizations:

(A) that rank among a state's five largest banking organizations, or among the 50 largest banking organizations in the United States (as measured by total domestic deposits within the relevant area); or

(B) that, upon consummation of the proposal, would control over 30 percent of total deposits in banking offices in the relevant geographic market, or would result in an increase of at least 200 points in the Herfindahl–Hirschman Index (HHI) in a highly concentrated market (a market with a post-merger HHI of at least 1800); or

(C) where divestitures designed to address any substantial anticompetitive effects are not effected on or before consummation of the proposed transaction; or

(vi) with respect to nonbank acquisitions:

(A) the nonbanking activities involved do not clearly fall within activities that the Board has designated as permissible for bank holding companies under section 225.25(b) of Regulation Y; or

(B) the proposal would involve the acquisition, by a banking organization that has total domestic banking assets of $1 billion or more, of a nonbanking organization that appears to have a significant presence in a permissible nonbanking activity. FDI Act, § 18(c) (12 U.S.C. 1828(c); BHC Act, § 3(a), 4(c)(8) (12 U.S.C. 1842(a), 1843(c)(8)); Bank Service Corporation Act, §§ 5(a), 5(b), 7(d) (12 U.S.C. 1865(a),(b), 1867(d)); Regulation Y, § 225.14, 225.23 (12 C.F.R. Part 225).

(d) *International banking.*

(1) *Application to establish Edge Corporation.* To approve the application by a U.S. banking organization to establish an Edge corporation under section 25(a) of the Federal Reserve Act (12 U.S.C.

611) and section 211.4(a) of Regulation K (12 C.F.R. Part 211) if all of the following criteria are met:

(i) The U.S. banking organization meets the capital adequacy guidelines and is otherwise in satisfactory condition;

(ii) The proposed Edge corporation will be a wholly owned subsidiary of a single banking organization; and

(iii) No other significant policy issue is raised on which the Board has not previously expressed its view.

(2) *Issuance of permit to Edge corporation to commence business.* To issue to an Edge corporation under section 25(a), paragraph 4, of the Federal Reserve Act (12 U.S.C. 614) and section 211.4(a)(2) and (a)(7) of Regulation K, (12 C.F.R. Part 211) a final permit to commence business and to approve amendments to the articles of association of any Edge corporation to reflect the following:

(i) any increase in capital stock where all additional shares are to be acquired by existing shareholders;

(ii) any change in the location of the home office in the city where the Edge corporation is presently located;

(iii) any change in the number of members of the board of directors;

(iv) any change in the name; and

(v) deletion of the requirements that all directors and shareholders must be U.S. citizens.

(3) *Edge corporation establishing branch abroad.* To approve, under section 211.3(a) of Regulation K (12 C.F.R. Part 211), an Edge corporation's application to establish a branch abroad, provided that no senior officer or director of the involved parties is also a director of a Reserve Bank or a branch of a Reserve Bank and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(4) *Member bank establishing foreign branch.* To approve under section 211.3(a) of Regulation K (12 C.F.R. Part 211) a member bank's establishing, directly or indirectly, a foreign branch where the application is not one for a full-service branch in a foreign country, provided that no senior officer or director of the involved parties is also a director of a Reserve Bank or a branch of a Reserve Bank and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(5) *Agreement with foreign bank concerning deposits of out-of-home-state branch.* To enter into an agreement or undertaking with a foreign bank that it shall receive only such deposits at its out-of-home-state branch as would be permissible for an Edge corporation under section 5 of the International Banking Act (12 U.S.C. 3103).

(6) *Waiver of 30-day prior notification period.* To waive the 30-day prior notification period with respect to a foreign bank's change of home state under section 211.22(c)(1) of Regulation K (12 C.F.R. Part 211).

(7) *Granting specific consent.* To grant prior specific consent to an investor for an investment in its first subsidiary or its first joint venture, where such investment does not exceed the general consent limitations under section 211.5(c) of Regulation K (12 C.F.R. Part 211).

(8) *Requiring application for specific consent.* To suspend the notification period or require that an investor file an application for the Board's specific consent under section 211.5(c)(2) of Regulation K (12 C.F.R. Part 211).

(9) *Investment in export trading company.* To issue a notice of intention not to disapprove a proposed investment in an export trading company if all the following criteria are met:

(i) the proposed export trading company will be a wholly owned subsidiary of a single investor, or ownership will be shared with an individual or individuals involved in the operation of the export trading company;

(ii) a bank holding company investor and its lead bank meet the minimum capital adequacy guidelines of the Board, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation or have enacted capital enhancement plans that have been determined by the appropriate supervisory authority to be acceptable;

(iii) the proposed activities of the export trading company do not include product research or design, product modification, or activities not specifically covered by the list of services contained in section 4(c)(14)(F)(ii) of the Bank Holding Company Act (12 U.S.C. 1843(c)(14)(F)(ii));

(iv) no other significant policy issue is raised on which the Board has not previously expressed its view under section 4(c)(14) of the Bank Holding Company Act (12 U.S.C. 1843(c)(14)) and Regulation K (12 C.F.R. Part 211).

(10) *Futures commission merchant activities.* To approve, under section 211.5(d)(17) of Regulation K (12 C.F.R. Part 211), applications to engage in futures commission merchant activities on an exchange that requires members to guarantee or otherwise contract to cover losses suffered by the other members, provided that the Board has previously approved the exchange and the application is ap-

proved on the same terms and conditions on which the Board based its prior approval of the exchange.

(e) *Member banks.*

(1) *Approval of membership applications.* To approve applications for membership in the Federal Reserve System under section 9 of the Federal Reserve Act (12 U.S.C. 321 *et seq.*) and Regulation H (12 C.F.R. Part 208) if the Reserve Bank is satisfied with respect to each of the following criteria:

(i) the financial history and condition of the applying bank and the general character of its management;

(ii) the adequacy of its capital structure in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities and its future earnings prospects;

(iii) the convenience and needs of the community to be served by the bank; and

(iv) whether its corporate powers are consistent with the purposes of the Federal Reserve Act and the Federal Deposit Insurance Act.

(2) *Waiver of notice of intention to withdraw from membership.* To approve or deny applications by state banks for waiver of the required six months' notice of intention to withdraw from Federal Reserve membership under section 9(10) of the Federal Reserve Act (12 U.S.C. 328).

(3) *Approval of branch applications.* To approve a state member bank's establishment of a domestic branch under section 9(3) of the Federal Reserve Act (12 U.S.C. 321) and Regulation H (12 C.F.R. Part 208) if the Reserve Bank is satisfied that approval is warranted after considering:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management;

(ii) the ability of the bank's management to cope successfully with existing or foreseeable problems, and to staff the proposed branch without any significant deterioration in the overall management situation;

(iii) the convenience and needs of the community;

(iv) the competitive situation (either actual or potential);

(v) the prospects for profitable operations of the proposed branch within a reasonable time, and the ability of the bank to sustain the operational losses of the proposed branch until it becomes profitable; and

(vi) the reasonableness of the bank's investment in bank premises after the expenditure for the proposed branch.

(4) *Declaration of dividends in excess of net profits.* To permit a state member bank, under section 9(6) of the Federal Reserve Act (12 U.S.C. 324) and (12 U.S.C. 60) to declare dividends in excess of net profits for the calendar year combined with the retained net profits of the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock, if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management; and

(ii) the bank's capitalization after payment of the proposed dividends.

(5) *Reduction of capital stock.* To permit a state member bank under section 9(11) of the Federal Reserve Act (12 U.S.C. 329) to reduce its capital stock if its capitalization thereafter will be:

(i) in conformity with the requirements of federal law; and

(ii) adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management.

(6) *Acceptance of drafts and bills of exchange.* To permit a member bank or a federal or state branch or agency of a foreign bank that is subject to reserve requirements under section 7(a) of the International Banking Act of 1978 (12 U.S.C. 3105a) to accept drafts or bills of exchange under section 13(7) of the Federal Reserve Act (12 U.S.C. 372) in an aggregate amount at any one time up to 200 percent of its paid-up and unimpaired capital stock and surplus, if the Reserve Bank is satisfied that such permission is warranted after giving consideration to the institution's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior-quality assets, all considered in relation to the strength of its management.

(7) *Investment in bank premises in excess of capital stock.* To permit a state member bank to invest in bank premises under section 24A of the Federal Reserve Act (12 U.S.C. 371a) in an amount in excess of its capital stock, if the Reserve Bank is

satisfied that approval is warranted after giving consideration to the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior-quality assets, all considered in relation to the strength of its management.

(8) *Security devices.* To determine whether security devices and procedures of state member banks are deficient in meeting the requirements of Regulation P (12 C.F.R. Part 216) and whether such requirements should be varied in the circumstances of a particular banking office, and whether to require corrective action.

(9) *Classifying member banks for election of directors.* To classify member banks for the purposes of electing Federal Reserve Bank class A and class B directors under section 4(16) of the Federal Reserve Act (12 U.S.C. 304), giving consideration to:

(i) the statutory requirement that each of the three groups shall consist as nearly as may be of banks of similar capitalization; and

(ii) the desirability that every member bank have the opportunity to vote for a class A or a class B director at least once every three years.

(10) *Waiver of penalty for deficient reserves.* To waive the penalty for deficient reserves by a member bank if, after a review of all the circumstances relating to the deficiency, the Reserve Bank concludes that waiver is warranted, except that in no case may a penalty be waived if the deficiency in reserves arises out of the bank's gross negligence or conduct inconsistent with the principles and purposes of reserve requirements.

(11) *Approval of subordinated debt.* To approve a state member bank's proposed subordinated debt issue as an addition to the bank's capital structure if all of the following conditions are met:

(i) the terms of the proposed debt issue satisfy the requirements of section 204.2(a)(1)(vii)(C) of Regulation D (12 C.F.R. Part 204) and the Board's guideline criteria for approval of subordinated debt as an addition to capital;

(ii) the appropriate Reserve Bank recommends approval; and

(iii) no significant policy issue is raised by the proposed issue as to which the Board has not expressed its view.

(12) *Retirement of subordinated debt.* To approve the retirement prior to maturity of capital notes described in section 204.2(a)(1)(vii)(c) of Regulation D (12 C.F.R. Part 204) and issued by a state member bank, provided the Reserve Bank is satisfied that the capital position of the bank will be adequate after the proposed redemption.

(f) *Securities.*

(1) *Application for termination of registration.* To approve applications for termination of registration by persons who are registered pursuant to sections 207.3(a)(1) and (2) of Regulation G (12 C.F.R. Part 207).

(2) *Agreements from nonmember banks; extensions of credit.* To accept agreements concerning extensions of credit to finance securities transactions on behalf of the Board from nonmember banks in the form prescribed by the Board under section 8(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78(a)).

(g) *Management interlocks.*

(1) *Change in circumstances requiring termination of management interlocks; Regulation L.* To grant time for compliance with section 121.6 of Regulation L (12 C.F.R. Part 212) of up to an aggregate of 15 months from the date on which the change in circumstances as specified in that section occurs when the additional time appears to be appropriate to avoid undue disruption to the depository organizations involved in the management interlocks.

(2) *Depository Institutions Management Interlocks Act.* After consultation with the Board's General Counsel, to decide not to disapprove notices made under 12 U.S.C. 3204(8) to establish director interlocks with diversified savings and loan holding companies.

## *Amendment to Rules Regarding Availability of Information*

The Federal Open Market Committee is amending 12 C.F.R. Part 271, its Rules Regarding Availability of Information, to conform its provisions regarding fees to the requirements of the Freedom of Information Reform Act. The new fee schedule is set out in "Appendix A" and reflects the direct costs to the Committee to conduct searches, review documents, and copy documents in response to requests made under the Freedom of Information Act. In addition, these amendments update other portions of the Rules.

Effective July 1, 1991, the Committee amends 12 C.F.R. Part 271 as follows:

### *Part 271—Rules Regarding Availability of Information*

1. The authority citation for Part 271 is revised to read as follows:

*Authority:* 12 U.S.C. 263; 5 U.S.C. 552.

2. Section 271.1 is revised to read as follows:

## Section 271.1—Authority.

This part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the *Federal Register* for the guidance of the public descriptions of the established places at which, the officers from whom, and the methods whereby, the public may obtain information, make submittals or requests, or obtain decisions, and the requirement that agencies promulgate, pursuant to notice and receipt of public comment, the fees applicable to those requests for information, and also pursuant to the Committee's authority under section 12A of the Federal Reserve Act, 12 U.S.C. 263, to issue regulations governing the conduct of its business.

3. In § 271.2, paragraph (b) is revised and paragraphs (c) and (d) are added to read as follows:

## Section 271.2—Definitions.

* * * * *

(b) *Records of the Committee.* (1) For purposes of requests submitted pursuant to the Freedom of Information Act (5 U.S.C. 552), the term "records of the Committee" includes rules, statements, opinions, orders, memoranda, letters, reports, accounts, and other written material, as well as magnetic tapes, computer printouts of information obtained through use of existing computer programs, charts, and other materials in machine readable form that constitute a part of the Committee's official files.

(c) *Board* and *Federal Reserve bank.* For the purposes of this part, "Board" means the Board of Governors of the Federal Reserve System established by the Federal Reserve Act of 1913 (38 Stat. 251). "Federal Reserve bank" means one of the district banks authorized by that same Act, 12 U.S.C. 222, including any branch of any such bank.

(d) *Search.* (1) For the purposes of this part, "search" means a reasonable search of the Committee's files and any other files containing records of the Committee as seems reasonably likely in the particular circumstances to contain documents of the kind requested. Searches may be done manually or by computer using existing programming. For purposes of computing fees under § 271.8 of this regulation, search time includes all time spent looking for material that is responsive to a request, including line-by-line identification of material within documents. Such activity is distinct from "review" of material to determine whether the material is exempt from disclosure.

4. Section 271.4 is amended by revising paragraph (c) to read as follows, and by removing paragraph (f):

## Section 271.4—Records available to the public on request.

* * * * *

(c) *Obtaining access to records.* Any person requesting access to records of the Committee shall submit such request in writing to the Secretary of the Committee. In any case in which the records requested, or copies thereof, are available at a Federal Reserve Bank, the Secretary of the Committee or his or her designee may so advise the person requesting access to the records. Every request for access to records of the Committee shall state the full name and shall describe such records in a manner reasonably sufficient to permit their identification without undue difficulty. The Secretary of the Committee or his or her designee shall determine within ten working days after receipt of a request for access to records of the Committee whether to comply with such request; and he shall immediately notify the requesting party of his decision, of the reasons therefor, and of the right of the requesting party to appeal to the Committee any refusal to make available the requested records of the Committee.

* * * * *

5. Section 271.5 is amended by revising paragraph (b)(3) to read as follows:

## Section 271.5—Deferment of availability of certain information.

* * * * *

(b) * * *

(3) Result in unnecessary or unwarranted disturbances in foreign exchange or domestic securities markets;

* * * * *

6. Section 271.6 is amended by revising paragraphs (b) and (d), by removing the word "or" at the end of paragraph (e) and adding a semicolon in place of the period at the end of paragraph (f), and adding paragraphs (g) and (h) to read as follows:

## Section 271.6—Information not disclosed.

* * * * *

(b) Relates solely to internal personnel rules or practices or other internal practices of the Committee within the meaning of 5 U.S.C. 552(b)(2);

* * * * *

(d) Is contained in inter- or intra-agency memorandums, reports, or letters that would not be routinely available by law to a party (other than an agency) in litigation with the Committee, including but not limited to:

(i) Memorandums;

(ii) Reports;

(iii) Other documents prepared by the staff or agents of the Committee;

(iv) Records of deliberations of the Committee and of discussions at meetings of the Committee, or staff or agents of the Committee.

* * * * *

(g) Constitutes records or information compiled for law enforcement purposes, to the extent permitted under 5 U.S.C. 552(b)(7).

(h) Constitutes a document or information that is covered by an order of a court of competent jurisdiction that prohibits its disclosure;

7. Section 271.8 is added to read as follows:

## Section 271.8—Fee schedule; waiver of fees.

(a) *Fee schedule.* Records of the Committee available for public inspection and copying are subject to a written Schedule of Fees for search, review, and duplication. (See Appendix A for Schedule of Fees.) The fees set forth in the Schedule of Fees reflect the full allowable direct costs of search, duplication, and review, and may be adjusted from time to time by the Secretary to reflect changes in direct costs.

(b) *Fees charged.* The fees charged only cover the full allowable direct costs of search, duplication, or review.

(1) *Direct costs* mean those expenditures which the Committee actually incurs in searching for and duplicating (and in the case of commercial requesters, reviewing) documents to respond to a request made under § 271.4 of this regulation. Direct costs include, for example, the salary of the employee performing work (the basic rate of pay for the employee plus a factor to cover benefits) and the cost of operating duplicating machinery. Not included in direct costs are overhead expenses such as costs of space, and heating or lighting the facility in which the records are stored.

(2) *Duplication* refers to the process of making a copy of a document necessary to respond to a request for disclosure of records, or for inspection of original records that contain exempt material or that otherwise cannot be inspected directly. Such copies may take the form of paper copy, microform, audio-visual materials, or machine readable documentation (*e.g.*, magnetic tape or disk), among others.

(3) *Review* refers to the process of examining documents located in response to a request that is for a commercial use to determine whether any portion of any document located is permitted to be withheld. It also includes processing any documents for disclosure, *e.g.*, doing all that is necessary to excise them and otherwise prepare them for release. Review does not include time spent resolving general legal or policy issues regarding the application of exemptions.

(c) *Commercial use.* (1) The fees in the Schedule of Fees for document search, duplication, and review apply when records are requested for commercial use.

(2) *Commercial use request* refers to a request from or on behalf of one who seeks information for a use or purpose that furthers the commercial, trade, or profit interests of the requester or the person on whose behalf the request is made.

(d) *Educational, research, or media use.* (1) Only the fees in the Schedule of Fees for document duplication apply when records are not sought for commercial use and the requester is a representative of the news media, or of an educational or noncommercial scientific institution, whose purpose is scholarly or scientific research. However, there is no charge for the first one hundred pages of duplication.

(2) *Educational institution* refers to a preschool, a public or private elementary or secondary school, or an institution of undergraduate higher education, graduate higher education, professional education, or an institution of vocational education which operates a program of scholarly research.

(3) *Noncommercial scientific institution* refers to an institution that is not operated on a "commercial" basis (as that term is used in paragraph (c) of this section) and which is operated solely for the purpose of conducting scientific research the results of which are not intended to promote any particular product or industry.

(4) *Representative of the news media* refers to any person who is actively gathering news for an entity that is organized and operated to publish or broadcast news to the public. The term "news" means information that is about current events or that would be of current interest to the public. "Free lance" journalists may be regarded as working for a news organization if they can demonstrate a solid basis for expecting publication through that organization, even though not actually employed by it.

(e) *Other uses.* For all other requests, the fees in the Schedule of Fees for document search and duplication apply. However, there is no charge for the first one hundred pages of duplication or the first two hours of search time.

(f) *Aggregated requests.* If the Secretary reasonably believes that a requester or group of requesters is attempting to break down a request into a series of requests, each seeking portions of a document or documents solely for the purpose of avoiding the assessment of fees, the Secretary may aggregate such requests and charge accordingly. It is considered reasonable for the Secretary to presume that multiple requests of this type made within a 30-day period have been made to avoid fees.

(g) *Payment procedures.* (1) Fee payment. The Secretary may assume that a person requesting records pursuant to § 271.4 of this regulation will pay the applicable fees, unless a request includes a limitation on fees to be paid or seeks a waiver or reduction of fees pursuant to paragraph (h) of this section.

(2) *Advance notification.* If the Secretary estimates that charges are likely to exceed $25, the requester shall be notified of the estimated amount of fees, unless the requester has indicated in advance willingness to pay fees as high as those anticipated. Upon receipt of such notice the requester may confer with the Secretary as to the possibility of reformulating the request in order to lower the costs.

(3) *Advance payment.*

(i) The Secretary may require advance payment of any fee estimated to exceed $250. The Secretary may also require full payment in advance where a requester has previously failed to pay a fee in a timely fashion.

(ii) For purposes of computing the time period for responding to requests under § 271.4(c) of this regulation, the running of the time period will begin only after the Secretary receives the required payment.

(4) *Late charges.* The Secretary may assess interest charges when a fee is not paid within 30 days of the date on which the billing was sent. Interest will be at the rate prescribed in section 3717 of Title 31 U.S.C. and will accrue from the date of the billing. This rate of interest is published by the Secretary of the Treasury before November 1 each year and is equal to the average investment rate for Treasury tax and loan accounts for the 12-month period ending on September 30 of each year. The rate is effective on the first day of the next calendar quarter after publication.

(5) *Fees for nonproductive search.* Fees for record searches and review may be charged even if no responsive documents are located or if the request is denied. The Secretary shall apply the standards set out in paragraph (h) of this section in determining whether to waive or reduce fees.

(h) *Waiver or reduction of fees.* (1) *Standards for determining waiver or reduction.* The Secretary or his or her designee shall grant a waiver or reduction of fees chargeable under paragraph (b) of this section where it is determined both that disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government, and that the disclosure of information is not primarily in the commercial interest of the requester. The Secretary or his or her designee shall also waive fees that are less than the average cost of collecting fees.

(2) *Contents of request for waiver.* The Secretary shall normally deny a request for a waiver of fees that does not include:

(i) A clear statement of the requester's interest in the requested documents;

(ii) The use proposed for the documents and whether the requester will derive income or other benefit from such use;

(iii) A statement of how the public will benefit from such use and from the Board's release of the requested documents; and

(iv) If specialized use of the documents or information is contemplated, a statement of the requester's qualifications that are relevant to the specialized use.

(3) *Burden of proof.* In all cases the burden shall be on the requester to present evidence or information in support of a request for a waiver or reduction of fees.

(4) *Employee requests.* In connection with any request by an employee, former employee, or applicant for employment, for records for use in prosecuting a grievance or complaint of discrimination against the Committee, fees shall be waived where the total charges (including charges for information provided under the Privacy Act of 1974 (5 U.S.C. 552a) are $50 or less; but the Secretary may waive fees in excess of that amount.

10. "Appendix A" is added to the end of Part 271 to read as follows:

### *Part 271—Rules Regarding Availability of Information*

* * * * *

## *Appendix A to Part 271—Freedom of Information Fee Schedule*

*Duplication:*

| | |
|---|---|
| Photocopy, per standard page | $.10 |
| Paper copies of microfiche, per frame | $.10 |
| Duplicate microfiche, per microfiche | $.30 |

*Search and Review:*

| | |
|---|---|
| Clerical/Technical, hourly rate | $17.00 |
| Professional/Supervisory, hourly rate | $32.00 |
| Manager/Senior Professional, hourly rate | $53.00 |

*Computer search and production:*

| | |
|---|---|
| Operator search time, hourly rate | $25.00 |
| Cassette tapes | $5.00 |
| PC computer output, per minute | $.10 |
| Mainframe computer output | Actual cost |

*Special Services:*

The Secretary of the Committee may agree to provide, and set fees to recover the costs of, special services not covered by the Freedom of Information Act, such as certifying records or information and sending records by special methods such as express mail. The Secretary may provide self-service photocopy machines and microfiche printers as a convenience to requesters.

*Fee Waivers:*

For qualifying educational and noncommercial scientific institution requesters and representatives of the news media, the Committee will not assess fees for review time, for the first 100 pages of reproduction, or, when the records sought are reasonably described, for search time. For other noncommercial use requests, no fees will be assessed for review time, for the first 100 pages of reproduction, or the first two hours of search time. For requesters qualifying for 100 free pages of reproduction, the fees for duplicate microfiche will be prorated to eliminate the charge for 100 frames.

The Committee will waive in full fees that total less than $5.

The Secretary of the Committee or his or her designee will also waive or reduce fees, upon proper request, if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government and is not primarily in the commercial interest of the requester. A fee reduction is available to employees, and applicants for employment who request records for use in prosecuting a grievance or complaint against the Committee

By order of the Federal Open Market Committee, May 16, 1991.

Donald L. Kohn
*Secretary of the Committee*

## *Orders Issued Under Bank Holding Company Act*

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

### BankAmerica Corporation
### San Francisco, California

*Order Approving Acquisition of a Bank*

BankAmerica Corporation, San Francisco, California, a bank holding company within the meaning of the Bank Holding Company Act, has applied for approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Bank of America, Texas, N.A., Houston, Texas, which will acquire the deposits and certain liabilities of Village Green National Bank, Jersey Village, Texas ("Bank").

Public notice of the application before the Board is not required by the Act, and in view of the emergency situation the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. In view of the emergency situation involving Bank, the Comptroller of the Currency has recommended immediate action by the Board to prevent the probable failure of Bank.

In connection with the application, the Secretary of the Board has taken into consideration the competitive effects of the proposed transaction and the financial and managerial resources and future prospects of the banks concerned, and the convenience and needs before the communities to be served. On the basis of the information before the Board, the Secretary of the Board finds that an emergency situation exists so as to require that the Secretary of the Board act immediately pursuant to the provisions of section 3(b) of the Act (12 U.S.C. § 1842(b)) in order to safeguard depositors of Bank. Having considered the record of this application in light of the factors contained in the Act, the Secretary of the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved on a basis that would not preclude immediate consummation of the proposal. On the basis of these considerations, the application is approved.

The transaction may be consummated immediately, but in no event 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 Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective May 9, 1991.

William W. Wiles
*Secretary of the Board*

## BOK Financial Corporation
## Tulsa, Oklahoma

*Order Approving Formation of a Bank Holding Company*

BOK Financial Corporation, Tulsa, Oklahoma ("Applicant"), has applied for the Board's approval, pursuant to section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring 99.99 percent of the voting shares of Bank of Oklahoma, N.A., Tulsa, Oklahoma ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (56 *Federal Register* 10,903 (1991)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Applicant is a nonoperating company formed for the purpose of acquiring Bank. Bank is the largest commercial banking organization in Oklahoma, controlling deposits of approximately $1.8 billion, representing 7.4 percent of the total deposits in commercial banking organizations in the state.[1] Bank ranks as the largest commercial banking organization in the Tulsa RMA banking market with approximately 28.8 percent of the total deposits in commercial banking organizations in the market.[2] Principals of Applicant are not affiliated with any other depository institutions in the market. Based on the facts of record, the Board believes that consummation of this proposal would not result in any adverse effects upon competition or increase the concentration of commercial banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval.

Applicant will acquire Bank with existing funds, and Applicant will have no debt outstanding upon consummation of the proposal. Upon consummation, Applicant and Bank will meet all applicable interim regulatory capital requirements. Based on the facts of record, including certain commitments and representations made by Applicant's principal, the Board concludes that financial and managerial resources and future prospects of Applicant and Bank are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board notes that the proposal would strengthen the Bank financially and that Applicant has indicated its intent to continue the improvement of Bank's financial condition. In addition, the proposal would transfer the Federal Deposit Insurance Corporation's equity interest in Bank to private ownership. The Board believes that this transaction would permit Bank to better serve the community and would result in substantial public benefits. Accordingly, in light of all the facts of record, including new ownership and management of Applicant and Bank, the Board concludes that considerations relating to the convenience and needs of the communities to be served are also 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. This approval is conditioned upon Applicant fulfilling its commitments, including commitments regarding the financial condition of Bank. The proposal shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 1, 1991.

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

WILLIAM W. WILES
*Secretary of the Board*

1. All state and market banking data are as of December 31, 1989.
2. The Tulsa, Oklahoma RMA includes all of Tulsa County and portions of Wagoner, Rogers, Osage, and Creek counties, all in Oklahoma.

## EuroHoldings, Inc.
## Coral Gables, Florida

*Order Approving Formation of a Bank Holding Company*

EuroHoldings, Inc., Coral Gables, Florida ("EuroHoldings"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring 99 percent of the voting shares of Transflorida Bank of Palm Beach, Boca Raton, Florida ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been

1. Currently, Bank's head office is in Boynton Beach, Florida, with branches in Boca Raton and Wellington, Florida. As part of the proposal, Bank will transfer its charter to Boca Raton, and the Boynton Beach and Wellington offices will be sold to a third party. EuroHoldings intends to change the name of Bank to "EuroBank."

published (56 *Federal Register* 7386 (1991)). 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.

EuroHoldings is a non-operating corporation formed for the purpose of acquiring Bank. Upon consummation of the transaction, Bank will control deposits of approximately $8 million and will be the 315th largest commercial banking organization in Florida, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[2] Based on all the facts of record, the Board believes that consummation of the proposal would have no adverse effect on the concentration of banking resources in Florida.

Bank operates in the East Palm Beach County, Florida banking market.[3] The office of Bank that EuroHoldings proposes to acquire controls less than one percent of the total deposits in commercial banks in the market. EuroHoldings and its principals are not affiliated with any other depository institution. Based on all the facts of record, consummation of the proposed transaction would not result in any adverse effects on existing or potential competition, nor would it increase the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval of the application.

The financial and managerial resources and future prospects of EuroHoldings and Bank are consistent with approval. In making this determination, the Board has relied upon the commitments and representations made by Applicant and its principals in this application, including the commitments that have been accepted by Applicant and its principals as conditions. Considerations relating to the convenience and needs of the community to be served also are consistent with approval. The State of Florida has approved this proposal after a public hearing.

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 specifically conditioned upon compliance with all commitments and representations made by Applicant and its principals in this application, including the commitments that have been accepted by Applicant and its principals as conditions. These commitments and representations, including the commitments that have been accepted by Applicant and its principals as conditions, are incorporated by reference and made a part hereof.

2. Data are as of June 30, 1990.

3. The East Palm Beach County banking market is approximated by the portion of East Palm Beach County, Florida, that is east of Loxahatchee.

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

By order of the Board of Governors, effective May 31, 1991.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## North Fork Bancorporation
## Mattituck, New York

*Order Approving Acquisition of a Bank Holding Company and Savings Bank Subsidiary*

North Fork Bancorporation, Mattituck, New York ("North Fork"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied pursuant to section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Eastchester Financial Corporation, White Plains, New York ("EFC"), and thereby to acquire indirectly EFC's sole subsidiary bank, Eastchester Savings Bank, Mount Vernon, New York.[1]

Notice of the application, affording interested parties an opportunity to comment, has been published (56 *Federal Register* 1642 (1991)). 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.

North Fork is the 32nd largest depository organization in New York, controlling $1.4 billion in deposits, representing less than one percent of the total deposits in depository organizations in the state.[2] EFC is the 57th largest depository organization in the state, controlling deposits of $416.4 million, representing less than one percent of the total deposits in depository organizations in the state. Consummation of this proposal would not result in a significantly adverse effect

1. Eastchester Savings Bank is a state-chartered, FDIC insured savings bank. North Fork proposes to cause its existing bank subsidiary, Southold Savings Bank, to form a subsidiary solely for the purpose of facilitating the acquisition. This subsidiary will merge with EFC, with EFC as the surviving company. Immediately following this merger, EFC will dissolve and Eastchester Savings Bank will merge with and into Southold. In connection with this application, North Fork has committed to cause Southold to divest the savings bank life insurance activities of both Southold and Eastchester Savings Bank.

2. State and market deposit data are as of June 30, 1989.

on the concentration of banking resources in New York.

North Fork and EFC compete directly in the metropolitan New York-New Jersey banking market,[3] which is considered to be unconcentrated. Upon consummation of this proposal, the Herfindahl-Hirschman Index ("HHI") would remain unchanged at 638.[4] Based on these and other facts of record, the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition in any relevant banking market.

Under section 3 of the BHC Act, the Board is required to consider the financial and managerial resources and future prospects of North Fork, EFC and their bank subsidiaries. North Fork has committed to raise additional capital and to contribute these funds to North Fork Bank and Trust Company, an existing bank subsidiary, before consummation of this proposal. Based on the facts of record, including this commitment, the Board finds that financial factors are consistent with approval. The Board also finds that managerial factors and considerations relating to convenience and needs of the communities to be served are consistent with approval.

Based on all of the facts of record, including commitments made by North Fork in connection with this application, the Board has determined that the application should be, and hereby is, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 17, 1991.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

3. The metropolitan New York-New Jersey banking market is approximated by New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey; and part of Fairfield County in Connecticut.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is less than 1000 is considered unconcentrated. Generally, the Department of Justice will not challenge a bank merger (in the absence of other factors indicating anticompetitive effects) if the post-merger HHI is less than 1000.

## *Orders Issued Under Bank Merger Act*

### Manufacturers and Traders Trust Company
### Buffalo, New York

*Order Approving the Acquisition of Assets and Assumption of Liabilities*

Manufacturers and Traders Trust Company, Buffalo, New York ("M&T Bank"), has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828) to acquire certain assets and assume certain liabilities from Goldome, New York, New York, and thereby to establish branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321).

Public notice of the application before the Board is not required by the Act, and in view of the emergency situation the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. In view of the emergency situation involving Goldome, the New York Deputy Superintendent of Banks has recommended immediate action by the Board to prevent the probable failure of Goldome.

In connection with the application, the Secretary of the Board has taken into consideration the competitive effects of the proposed transaction and the financial and managerial resources and future prospects of the institutions concerned, and the convenience and needs of the communities to be served. On the basis of the information before the Board, the Secretary of the Board finds that an emergency situation exists so as to require that the Secretary of the Board act immediately pursuant to the provisions of section 18(c)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)(3)) in order to safeguard depositors of Goldome. Having considered the record of this application in light of the factors contained in the Bank Merger Act and the Federal Reserve Act, the Secretary of the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved on a basis that would not preclude immediate consummation of the proposal. On the basis of these considerations, the application is approved.[1]

1. In connection with these applications, the Secretary has approved the request by M&T Bank to increase its investment in bank premises pursuant to section 24A of the Federal Reserve Act, 12 U.S.C. § 371d.

The transaction may be consummated immediately, but in no event 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 Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective May 31, 1991.

WILLIAM W. WILES
*Secretary of the Board*

*ORDERS ISSUED UNDER THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT ("FIRREA ORDERS")*

Recent orders have been issued by the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

| Bank Holding Company | Acquired Thrift | Surviving Bank(s) | Approval Date |
|---|---|---|---|
| Centura Banks, Inc., Rocky Mount, North Carolina | Watauga Savings and Loan Association, Inc., Boone, North Carolina | Centura Bank, Rocky Mount, North Carolina | May 17, 1991 |
| Vista Bancorp, Inc., Phillipsburg, New Jersey | First Atlantic Federal Savings Association, South Plainfield, New Jersey (2 Branches) | The Phillipsburg National Bank and Trust Company, Phillipsburg, New Jersey | May 3, 1991 |

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT*

*By the Secretary of the Board*

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

Section 4

| Applicant(s) | Bank(s) | Effective Date |
|---|---|---|
| Vista Bancorp, Inc., Phillipsburg, New Jersey | VAC, Inc., Phillipsburg, New Jersey | May 3, 1991 |

Sections 3 and 4

| Applicant(s) | Bank(s) | Effective Date |
|---|---|---|
| Northern Trust Corporation, Chicago, Illinois<br>Northern Trust of California Corporation, Chicago, Illinois | Northern Trust of California National Association, Santa Barbara, California<br>Tri-Valley National Bank, Dublin, California | May 20, 1991 |
| Northern Trust of California Corporation, Chicago, Illinois | Northern Trust of California National Association, Santa Barbara, California<br>Tri-Valley National Bank, Dublin, California | May 20, 1991 |
| Northern Trust of California Corporation, Chicago, Illinois | Berry, Hartell, Evers & Osbourne, Inc., San Francisco, California | May 20, 1991 |

*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 |
|---|---|---|---|
| American Community Bank Group, Inc., Minneapolis, Minnesota | Pierce County Bank and Trust Company, Ellsworth, Wisconsin | Minneapolis | May 17, 1991 |
| Arvest Bank Group, Inc., Bentonville, Arkansas | Village South National Bank, Tulsa, Oklahoma | St. Louis | May 15, 1991 |
| Bourbon Bancshares, Inc., Bourbon, Missouri | Peoples Security Bank, Licking, Missouri | St. Louis | May 1, 1991 |
| CB&T Financial Corp., Fairmont, West Virginia | Bank of Hundred, Hundred, West Virginia | Richmond | May 20, 1991 |
| CB&T Financial Corp., Fairmont, West Virginia | The Tygarts Valley National Bank, Elkins, West Virginia | Richmond | May 8, 1991 |
| Central BancShares, Inc., St. Paris, Ohio | The First Central National Bank of St. Paris, St. Paris, Ohio | Cleveland | May 10, 1991 |

Section 3—Continued

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| Central Banking Group, Inc., Oklahoma City, Oklahoma | Central Bank of Oklahoma City, Oklahoma City, Oklahoma<br>Friendly Bank of Oklahoma City, Oklahoma City, Oklahoma | Kansas City | May 1, 1991 |
| FEO Investments, Inc., Hoskins, Nebraska | Commercial State Bank, Hoskins, Nebraska | Kansas City | May 22, 1991 |
| First Decatur Bancshares, Inc., Decatur, Illinois | First National Bank of Mt. Zion, Mt. Zion, Illinois | Chicago | May 23, 1991 |
| First Heartland Bancorp, Sioux Center, Iowa | First Sioux Bancshares, Sioux Center, Iowa<br>Pender State Corporation, Pender, Nebraska | Chicago | April 30, 1991 |
| First National Bancorp, Inc., Madison, Wisconsin | Citizens State Bank, Belleville, Wisconsin | Chicago | April 26, 1991 |
| First National Insurance Agency, Inc., Exeter, Nebraska | First National Bank in Exeter, Exeter, Nebraska | Kansas City | April 29, 1991 |
| HP Holding Company, Oak Park, Illinois | Bank of Commerce and Industry, Chicago, Illinois | Chicago | April 29, 1991 |
| Johnson International, Inc., Racine, Wisconsin | Biltmore Investors Bank, Lake Forest, Illinois | Chicago | May 8, 1991 |
| Liberty National Bancorp, Inc., Louisville, Kentucky | Bank of Lexington & Trust Company, Inc., Lexington, Kentucky | St. Louis | May 7, 1991 |
| Locust Grove Banshares, Inc., Locust Grove, Oklahoma | Lakeside Bank of Salina, Salina, Oklahoma | Kansas City | May 2, 1991 |
| Minnesota-Wisconsin Bancshares, Inc., Newport, Minnesota<br>MidAmerica Banshares Inc., Newport, Minnesota<br>MidAmerica Bank Maplewood, Maplewood, Minnesota | The Battle Creek Bank, St. Paul, Minnesota | Minneapolis | May 17, 1991 |
| Orchard Bancorp, Orchard, Nebraska | Bank of Orchard, Orchard, Nebraska | Kansas City | May 21, 1991 |
| Prairie Bancorp, Inc., Manlius, Illinois | Bank of Ladd, Ladd, Illinois | Chicago | May 15, 1991 |
| Royal Bancshares, Inc., Elroy, Wisconsin | BGM Bancorporation, Inc., Gays Mills, Wisconsin | Chicago | May 1, 1991 |

Section 3—Continued

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| Sandwich Banco, Inc., Sandwich, Illinois | Colonial Bank of Granite City, Sycamore, Illinois | Chicago | May 17, 1991 |
| San Juan Bancshares, Inc., San Juan, Texas | San Juan Delaware Financial Corporation, Dover, Delaware<br>San Juan State Bank, San Juan, Texas | Dallas | April 29, 1991 |
| San Juan Delaware Financial Corporation, Dover, Delaware | San Juan State Bank, San Juan, Texas | Dallas | April 29, 1991 |
| Sunrise Bancorp, Inc., Wheeling, West Virginia | The Sunshine Bank of Wheeling, Wheeling, West Virginia | Cleveland | April 29, 1991 |
| Univest Corporation of Pennsylvania, Lancaster, Pennsylvania | Pennview Savings Bank, Souderton, Pennsylvania | Philadelphia | May 6, 1991 |
| Valley Banc Services Corporation, St. Charles, Illinois | Mattoon Bank, Mattoon, Illinois | Chicago | April 19, 1991 |
| Valley Bancshares, Inc., Mapleton, Iowa | Nisswa State Bank, Nisswa, Minnesota | Chicago | May 16, 1991 |

Section 4

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| Ashby Bancshares, Inc., Ashby, Minnesota | Rylander Insurance Agency, Ashby, Minnesota | Minneapolis | April 29, 1991 |
| BB&T Financial Corporation, Wilson, North Carolina | Albemarle Savings and Loan Association, Elizabeth City, North Carolina | Richmond | May 17, 1991 |
| BB&T Financial Corporation, Wilson, North Carolina | Gate City Federal Savings and Loan Association, Greensboro, North Carolina | Richmond | April 29, 1991 |
| Brooke Holdings, Inc., Jewell, Kansas | Brooke Corporation, Concordia, Kansas | Kansas City | May 3, 1991 |
| Crawford Bancorp, Inc., Robinson, Illinois | Peoples Federal Building and Loan Association, Oblong, Illinois | St. Louis | April 25, 1991 |
| First Citizens BancShares, Inc., Raleigh, North Carolina | First Federal Savings Bank, Hendersonville, North Carolina | Richmond | May 2, 1991 |

Section 4—Continued

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| First National Corporation of West Point, West Point, Mississippi | First National Finance Company, West Point, Mississippi | St. Louis | May 21, 1991 |
| First of America Bank Corporation, Kalamazoo, Michigan | First of America Community Development Corporation, Kalamazoo, Michigan | Chicago | May 23, 1991 |
| First Virginia Banks, Inc., Falls Church, Virginia | Harwood-Andrews, Inc., Farmville, Virginia | Richmond | May 23, 1991 |
| Pikeville National Corporation, Pikeville, Kentucky | First Federal Savings Bank, Campbellsville, Kentucky | Cleveland | April 29, 1991 |
| Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands<br>Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands<br>ABN AMRO Holding N.V., Amsterdam, The Netherlands<br>Amsterdam-Rotterdam Bank N.V., Amsterdam, The Netherlands | DBI Holdings, Inc., New York, New York | Chicago | May 8, 1991 |

Sections 3 and 4

| Applicant(s) | Nonbanking Activity/Company | Reserve Bank | Effective Date |
|---|---|---|---|
| Heron Lake Bancshares, Inc., Heron Lake, Minnesota | Heron Lake Bancorporation, Inc., Heron Lake, Minnesota<br>Heron Lake Agency, Heron Lake, Minnesota | Minneapolis | May 8, 1991 |

## *Applications Approved Under Bank Merger Act*

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| Centura Bank, Rocky Mount, North Carolina | Pioneer Savings Bank, Inc., Rocky Mount, North Carolina | Richmond | May 17, 1991 |
| United New Mexico Bank at Albuquerque, Albuquerque, New Mexico | United New Mexico Bank at Rio Rancho, Rio Rancho, New Mexico | Kansas City | April 26, 1991 |

## *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.*

*Fields v. Board of Governors*, No. 3:91CV069 (N.D. Ohio, filed February 5, 1991). Appeal of denial of request for information under the Freedom of Information Act.

*State of Illinois v. Board of Governors*, No. 90–3824 (7th Circuit, appeal filed December 19, 1990). Appeal of injunction restraining the Board from providing state examination materials in response to a Congressional subpoena. On November 30, 1990, the U.S. District Court for the Northern District of Illinois issued a preliminary injunction preventing the Board and the Chicago Reserve Bank from providing documents relating to the state examination in response to the subpoena. The House Committee on Banking, Finance and Urban Affairs has appealed the injunction. Argument in the case took place May 10, 1991.

*Citicorp v. Board of Governors*, No. 90–4124 (2d Circuit, filed October 4, 1990). Petition for review of Board order requiring Citicorp to terminate certain insurance activities conducted pursuant to Delaware law by an indirect nonbank subsidiary. Awaiting decision.

*Stanley v. Board of Governors*, No. 90–3183 (7th Circuit, filed October 3, 1990). Petition for review of Board order imposing civil money penalties on five former bank holding company directors. Oral argument was held May 16, 1991.

*Sibille v. Federal Reserve Bank of New York and Board of Governors*, No. 90-CIV-5898 (S.D. New York, filed September 12, 1990). Appeal of denial of Freedom of Information Act request.

*Kuhns v. Board of Governors*, No. 90–1398 (D.C. Cir., filed July 30, 1990). Petition for review of Board order denying request for attorney's fees pursuant to Equal Access to Justice Act. The petition for review was denied on April 12, 1991.

*May v. Board of Governors*, No. 90–1316 (D.C. Cir., filed July 27, 1990). Appeal of District Court order dismissing plaintiff's action under Freedom of Information and Privacy Acts. The Board's motion for summary affirmance was granted on May 16, 1991.

*Burke v. Board of Governors*, No. 90–9509 (10th Circuit, filed February 27, 1990). Petition for review of Board orders assessing civil money penalties and issuing orders of prohibition. Oral argument took place May 7, 1991.

*Kaimowitz v. Board of Governors*, No. 90–3067 (11th Cir., filed January 23, 1990). Petition for review of Board order dated December 22, 1989, approving application by First Union Corporation to acquire Florida National Banks. Petitioner objects to approval on Community Reinvestment Act grounds.

*Babcock and Brown Holdings, Inc. v. Board of Governors*, No. 89–70518 (9th Cir., filed November 22, 1989). Petition for review of Board determination that a company would control a proposed insured bank for purposes of the Bank Holding Company Act. Oral argument was held on April 9, and on April 17 the Court of Appeals dismissed the case as moot.

*Consumers Union of U.S., Inc. v. Board of Governors*, No. 90–5186 (D.C. Cir., filed June 29, 1990). Appeal of District Court decision upholding amendments to Regulation Z implementing the Home Equity Loan Consumer Protection Act. Awaiting decision.

*Synovus Financial Corp. v. Board of Governors*, No. 89–1394 (D.C. Cir., filed June 21, 1989). Petition for review of Board order permitting relocation of a bank holding company's national bank subsidiary from Alabama to Georgia. Awaiting decision.

*MCorp v. Board of Governors,* No. 89–2816 (5th Cir., filed May 2, 1989). Appeal of preliminary injunction against the Board enjoining pending and future enforcement actions against a bank holding company now in bankruptcy. On May 15, 1990, the Fifth Circuit vacated the district court's order enjoining the Board from proceeding with enforcement actions based on section 23A of the Federal Reserve Act, but upheld the district court's order enjoining such actions based on the Board's source-of-strength doctrine. 900 F.2d 852 (5th Cir. 1990). On March 4, 1991, the Supreme Court granted the parties' cross-petitions for *certiorari,* Nos. 90–913, 90–914. The Board's brief was filed on April 18, 1991.

*MCorp v. Board of Governors,* No. CA3–88–2693 (N.D. Tex., filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. Stayed pending outcome of *MCorp v. Board of Governors,* 900 F.2d 852 (5th Cir. 1990).

*White v. Board of Governors,* No. CU-S-88–623-RDF (D. Nev., filed July 29, 1988). Age discrimination complaint. Board's motion to dismiss or for summary judgment was denied on January 3, 1991. Awaiting trial date.

### *FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS*

#### Independent Bankgroup, Inc., Springfield, Vermont

The Federal Reserve Board announced on May 3, 1991, the issuance of a Cease and Desist Order against Independent Bankgroup, Inc., Springfield, Vermont.

#### BCCI Holdings (Luxembourg) S.A. Luxembourg, Luxembourg

The Federal Reserve Board announced on May 7, 1991, the joint issuance, with the Superintendent of Banks of the State of California, of an Order against BCCI Holdings (Luxembourg) S.A., Luxembourg, and Bank of Credit and Commerce International S.A., Luxembourg. Written Agreements Approved by Federal Reserve Banks

#### James Madison Limited Washington, D.C.

The Federal Reserve Board announced on May 6, 1991, the execution of a Written Agreement between the Federal Reserve Bank of Richmond and James Madison Limited, Washington, D.C.

#### Midlantic Corporation Edison, New Jersey

The Federal Reserve Board announced on May 20, 1991, the execution of a Written Agreement between the Federal Reserve Bank of New York and Midlantic Corporation, Edison, New Jersey.

# Financial and Business Statistics

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### *SECURITIES MARKETS AND CORPORATE FINANCE*

## 1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Annual rates of change, seasonally adjusted in percent[1]

| Monetary and credit aggregates | 1990 | | | 1991 | 1990 | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q2 | Q3 | Q4 | Q1^r | Dec. | Jan. | Feb.^r | Mar.^r | Apr. |
| *Reserves of depository institutions*[2] | | | | | | | | | |
| 1 Total | .2 | −.5 | 3.9 | 9.2 | 21.4 | 8.8 | 3.5 | −1.1 | −4.1 |
| 2 Required | .9 | −.5 | 1.7 | 4.7 | 3.6 | −3.6 | 12.8 | 14.7 | −.6 |
| 3 Nonborrowed | .7 | 3.8 | 7.8 | 9.1 | 19.1 | 3.8 | 10.5 | −.8 | −3.9 |
| 4 Monetary base[3] | 7.9 | 9.1 | 9.9 | 14.5 | 9.0 | 21.5 | 16.9 | 6.0 | −1.4 |
| *Concepts of money, liquid assets, and debt*[4] | | | | | | | | | |
| 5 M1 | 4.2 | 3.7 | 3.4 | 5.9 | 3.1 | 1.9 | 14.1 | 9.5 | −1.3 |
| 6 M2 | 3.9 | 3.0 | 2.1 | 3.6 | 1.9^r | 1.1 | 8.6 | 7.5 | 2.5 |
| 7 M3 | 1.3 | 1.6 | 1.0 | 4.3 | 1.2^r | 3.7 | 10.8 | 2.9 | .2 |
| 8 L | .9 | 2.0 | 1.5 | 3.7 | .8^r | 4.4^r | 8.3 | 1.2 | n.a. |
| 9 Debt | 7.0 | 7.1 | 5.9^r | 5.0 | 4.9^r | 4.2^r | 5.9 | 4.2 | n.a. |
| *Nontransaction components* | | | | | | | | | |
| 10 In M2[5] | 3.8 | 2.7 | 1.7 | 2.8 | 1.5 | .8^r | 6.8 | 6.9 | 3.8 |
| 11 In M3 only[6] | −9.1 | −3.8 | −3.5 | 7.3 | −1.8^r | 15.0^r | 20.1 | −16.7 | −9.6 |
| *Time and savings deposits* | | | | | | | | | |
| Commercial banks | | | | | | | | | |
| 12 Savings | 4.1 | 5.9 | 5.2 | 10.2 | 7.3 | 12.0 | 10.7 | 15.4 | 17.5 |
| 13 MMDAs | 9.6 | 8.2 | 3.5 | 6.1 | 3.2 | −2.2 | 17.5 | 17.8 | 14.8 |
| 14 Small-denomination time[7] | 12.7 | 15.5 | 11.5 | 8.9 | 17.5 | 7.0^r | 8.0 | 4.4 | −6.7 |
| 15 Large-denomination time[8,9] | −2.9 | −2.2 | −8.5 | 11.9 | −4.0 | 24.2^r | 21.9 | −3.6 | −6.9 |
| Thrift institutions | | | | | | | | | |
| 16 Savings | 2.2 | −3.3 | −7.3 | −.4 | −8.5 | −4.5 | 9.1 | 14.1 | 20.7 |
| 17 MMDAs | .4 | −7.7 | −7.2 | −.9 | −16.7 | −.9^r | 7.5 | 18.7 | 23.9 |
| 18 Small-denomination time[7] | −7.4 | −11.0 | −8.6 | −10.3 | −13.0 | −10.0^r | −10.5 | −14.7 | −11.4 |
| 19 Large-denomination time[8] | −28.7 | −27.3 | −26.3 | −31.9 | −39.3 | −29.8^r | −31.5 | −34.5 | −30.1 |
| *Money market mutual funds* | | | | | | | | | |
| 20 General purpose and broker-dealer | 4.7 | 10.0 | 11.2 | 19.4 | 16.4 | 29.7 | 14.1 | 18.0 | 3.0 |
| 21 Institution-only | 14.8 | 21.6 | 30.4 | 49.9 | 51.8 | 42.0 | 84.9 | 23.3 | 30.4 |
| *Debt components*[4] | | | | | | | | | |
| 22 Federal | 9.7 | 14.4 | 11.4 | 12.2 | 13.1 | 10.9 | 14.4 | 5.6 | n.a. |
| 23 Nonfederal | 6.2 | 4.9 | 4.2^r | 2.7 | 2.3^r | 2.0^r | 3.2 | 3.8 | n.a. |

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

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

3. Seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all 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.

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

M1: (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float; and (4) other checkable deposits (OCD), 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.

M2: M1 plus 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, money market deposit accounts (MMDAs), savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker-dealer money market mutual funds. Excludes individual retirement accounts (IRA) 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.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, 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 balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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 mutual fund holdings of these assets.

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

5. Sum of overnight RPs and Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits.

6. Sum of large time deposits, term RPs, term Eurodollars of U.S. residents, and money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

7. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

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

9. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

## 1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

| | Factors | Monthly averages of daily figures | | | Weekly averages of daily figures for week ending | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1991 | | | 1991 | | | | | | |
| | | Feb. | Mar. | Apr. | Mar. 13 | Mar. 20 | Mar. 27 | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
| | SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 | **Reserve Bank credit** | **286,467** | **285,011** | **285,272** | **285,061** | **285,153** | **283,699** | **286,888** | **286,427** | **284,787** | **284,199** |
| | U.S. government securities[1, 2] | | | | | | | | | | |
| 2 | Bought outright-system account | 235,257 | 238,299 | 240,832 | 238,476 | 237,476 | 237,285 | 240,866 | 241,929 | 240,092 | 240,451 |
| 3 | Held under repurchase agreements | 3,542 | 1,019 | 608 | 1,319 | 2,039 | 380 | 1,421 | 568 | 617 | 0 |
| | Federal agency obligations[2] | | | | | | | | | | |
| 4 | Bought outright | 6,342 | 6,342 | 6,314 | 6,342 | 6,342 | 6,342 | 6,342 | 6,342 | 6,342 | 6,302 |
| 5 | Held under repurchase agreements | 331 | 87 | 21 | 36 | 109 | 77 | 58 | 33 | 0 | 0 |
| 6 | Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Loans to depository institutions[2] | | | | | | | | | | |
| 7 | Adjustment credit | 145 | 143 | 69 | 65 | 109 | 34 | 131 | 31 | 124 | 41 |
| 8 | Seasonal credit | 36 | 53 | 79 | 45 | 56 | 68 | 67 | 71 | 69 | 83 |
| 9 | Extended credit | 34 | 51 | 85 | 38 | 56 | 72 | 52 | 72 | 79 | 90 |
| 10 | Float | 874 | 557 | 541 | 322 | 286 | 242 | 1,062 | 809 | 760 | 464 |
| 11 | Other Federal Reserve assets | 39,907 | 38,459 | 36,722 | 38,418 | 38,680 | 39,200 | 36,888 | 36,572 | 36,704 | 36,767 |
| 12 | Gold stock | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 |
| 13 | Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 14 | Treasury currency outstanding | 20,471 | 20,546 | 20,599 | 20,533 | 20,548 | 20,562 | 20,577 | 20,587 | 20,597 | 20,607 |
| | ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 | Currency in circulation | 284,133 | 286,408 | 287,527 | 286,944 | 286,745 | 286,047 | 286,994 | 288,199 | 288,303 | 287,196 |
| 16 | Treasury cash holdings | 576 | 616 | 640 | 609 | 619 | 622 | 624 | 628 | 640 | 646 |
| | Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 17 | Treasury | 11,221 | 6,406 | 4,931 | 5,869 | 4,801 | 6,131 | 8,352 | 4,796 | 3,780 | 5,509 |
| 18 | Foreign | 223 | 247 | 246 | 247 | 250 | 266 | 226 | 229 | 247 | 251 |
| 19 | Service-related balances and adjustments | 2,777 | 2,849 | 3,089 | 2,890 | 2,859 | 2,812 | 2,827 | 2,844 | 3,292 | 3,168 |
| 20 | Other | 195 | 220 | 239 | 212 | 256 | 206 | 208 | 220 | 242 | 232 |
| 21 | Other Federal Reserve liabilities and capital | 9,246 | 8,087 | 6,556 | 8,242 | 8,501 | 8,549 | 6,127 | 6,071 | 6,543 | 6,780 |
| 22 | Reserve balances with Federal Reserve Banks[3] | 19,643 | 21,800 | 23,720 | 21,657 | 22,746 | 20,705 | 23,182 | 25,102 | 23,413 | 22,100 |
| | | End-of-month figures | | | Wednesday figures | | | | | | |
| | | 1991 | | | 1991 | | | | | | |
| | | Feb. | Mar. | Apr. | Mar. 13 | Mar. 20 | Mar. 27 | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
| | SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 23 | **Reserve Bank credit** | **298,834** | **286,706** | **288,432** | **283,623** | **294,060** | **287,378** | **287,810** | **284,765** | **288,492** | **282,652** |
| | U.S. government securities[1, 2] | | | | | | | | | | |
| 24 | Bought outright-system account | 236,636 | 240,965 | 244,493 | 237,572 | 237,816 | 241,238 | 240,296 | 239,428 | 242,925 | 239,000 |
| 25 | Held under repurchase agreements | 14,768 | 0 | 0 | 0 | 9,857 | 0 | 4,371 | 0 | 2,072 | 0 |
| | Federal agency obligations[2] | | | | | | | | | | |
| 26 | Bought outright | 6,342 | 6,342 | 6,250 | 6,342 | 6,342 | 6,342 | 6,342 | 6,342 | 6,342 | 6,250 |
| 27 | Held under repurchase agreements | 1,266 | 0 | 0 | 0 | 592 | 0 | 266 | 0 | 0 | 0 |
| 28 | Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Loans to depository institutions[2] | | | | | | | | | | |
| 29 | Adjustment credit | 402 | 135 | 55 | 22 | 183 | 44 | 124 | 93 | 55 | 32 |
| 30 | Seasonal credit | 47 | 62 | 105 | 53 | 66 | 66 | 73 | 70 | 72 | 93 |
| 31 | Extended credit | 57 | 48 | 131 | 46 | 65 | 63 | 58 | 82 | 75 | 92 |
| 32 | Float | 1,073 | 2,582 | 913 | 977 | −181 | 299 | −223 | 2,070 | 377 | 170 |
| 33 | Other Federal Reserve assets | 38,245 | 36,573 | 36,484 | 38,611 | 39,321 | 39,327 | 36,502 | 36,680 | 36,574 | 37,015 |
| 34 | Gold stock | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 |
| 35 | Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 36 | Treasury currency outstanding | 20,494 | 20,577 | 20,617 | 20,533 | 20,548 | 20,562 | 20,577 | 20,587 | 20,597 | 20,607 |
| | ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 37 | Currency in circulation | 285,151 | 286,685 | 286,766 | 287,254 | 286,514 | 286,286 | 287,750 | 288,724 | 288,087 | 286,823 |
| 38 | Treasury cash holdings | 605 | 623 | 652 | 618 | 621 | 623 | 627 | 639 | 645 | 652 |
| | Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 39 | Treasury | 23,898 | 10,922 | 13,682 | 4,827 | 5,243 | 6,156 | 4,401 | 4,318 | 3,384 | 4,411 |
| 40 | Foreign | 329 | 228 | 292 | 228 | 197 | 299 | 214 | 214 | 196 | 186 |
| 41 | Service-related balances and adjustments | 2,854 | 2,827 | 3,174 | 2,890 | 2,859 | 2,812 | 2,827 | 2,844 | 3,292 | 3,168 |
| 42 | Other | 171 | 188 | 276 | 197 | 195 | 207 | 222 | 210 | 225 | 208 |
| 43 | Other Federal Reserve liabilities and capital | 8,216 | 5,670 | 6,826 | 8,331 | 8,506 | 8,392 | 5,815 | 6,177 | 6,512 | 6,939 |
| 44 | Reserve balances with Federal Reserve Banks[3] | 19,181 | 21,214 | 18,457 | 20,888 | 31,548 | 24,240 | 27,607 | 23,302 | 27,823 | 21,948 |

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* any securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Beginning with the May 1990 *Bulletin*, this table has been revised to correspond with the H.4.1 statistical release.
3. Excludes required clearing balances and adjustments to compensate for float.

NOTE. For amounts of currency and coin held as reserves, see table 1.12. Components may not add to totals because of rounding.

## 1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

| Reserve classification | Monthly averages[9] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1988 | 1989 | 1990 | 1990 | | | 1991 | | | |
| | Dec. | Dec. | Dec. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[r] | Apr. |
| 1 Reserve balances with Reserve Banks[2] | 37,837 | 35,436 | 30,237 | 32,127 | 33,382 | 30,237 | 22,023 | 19,827 | 21,734 | 23,508 |
| 2 Total vault cash[3] | 28,204 | 29,822 | 31,777 | 31,515 | 31,086 | 31,777 | 33,220 | 33,477 | 30,896 | 30,558 |
| 3 Applied vault cash[4] | 25,909 | 27,374 | 28,884 | 28,925 | 28,663 | 28,884 | 28,969 | 28,724 | 26,853 | 26,793 |
| 4 Surplus vault cash[5] | 2,295 | 2,448 | 2,893 | 2,590 | 2,423 | 2,893 | 4,250 | 4,753 | 4,043 | 3,766 |
| 5 Total reserves[6] | 63,746 | 62,810 | 59,120 | 61,052 | 62,045 | 59,120 | 50,992 | 48,551 | 48,586 | 50,301 |
| 6 Required reserves | 62,699 | 61,888 | 57,456 | 60,206 | 61,099 | 57,456 | 48,824 | 46,743 | 47,408 | 49,270 |
| 7 Excess reserve balances at Reserve Banks[7] | 1,047 | 922 | 1,665 | 847 | 947 | 1,665 | 2,168 | 1,809 | 1,179 | 1,032 |
| 8 Total borrowings at Reserve Banks | 1,716 | 265 | 326 | 410 | 230 | 326 | 534 | 252 | 241 | 231 |
| 9 Seasonal borrowings at Reserve Banks | 130 | 84 | 76 | 335 | 162 | 76 | 33 | 37 | 55 | 79 |
| 10 Extended credit at Reserve Banks[8] | 1,244 | 20 | 23 | 18 | 24 | 23 | 27 | 34 | 53 | 86 |
| | Biweekly averages of daily figures for weeks ending | | | | | | | | | |
| | 1990 | 1991 | | | | | | | | |
| | Dec. 26 | Jan. 9 | Jan. 23 | Feb. 6 | Feb. 20 | Mar. 6 | Mar. 20 | Apr. 3[r] | Apr. 17 | May 1 |
| 11 Reserve balances with Reserve Banks[2] | 28,413 | 26,198 | 21,193 | 18,776 | 20,049 | 20,228 | 22,209 | 21,949 | 24,257 | 23,061 |
| 12 Total vault cash[3] | 32,690 | 32,783 | 32,050 | 35,759 | 33,341 | 32,005 | 30,286 | 31,067 | 30,309 | 30,710 |
| 13 Applied vault cash[4] | 29,621 | 28,876 | 28,222 | 30,384 | 28,638 | 27,629 | 26,413 | 26,989 | 26,762 | 26,781 |
| 14 Surplus vault cash[5] | 3,069 | 3,908 | 3,828 | 5,375 | 4,703 | 4,376 | 3,873 | 4,078 | 3,547 | 3,929 |
| 15 Total reserves[6] | 58,034 | 55,074 | 49,415 | 49,160 | 48,687 | 47,857 | 48,622 | 48,938 | 51,019 | 49,843 |
| 16 Required reserves | 56,113 | 51,481 | 48,478 | 46,439 | 46,934 | 46,637 | 47,616 | 47,564 | 50,218 | 48,642 |
| 17 Excess reserve balances at Reserve Banks[7] | 1,922 | 3,592 | 937 | 2,721 | 1,753 | 1,221 | 1,007 | 1,374 | 801 | 1,201 |
| 18 Total borrowings at Reserve Banks | 504 | 295 | 884 | 191 | 179 | 426 | 185 | 212 | 224 | 244 |
| 19 Seasonal borrowings at Reserve Banks | 79 | 41 | 28 | 35 | 37 | 41 | 51 | 68 | 70 | 92 |
| 20 Extended credit at Reserve Banks[8] | 22 | 22 | 28 | 30 | 27 | 50 | 47 | 62 | 76 | 103 |

1. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance sheet "as-of" adjustments.
3. Total "lagged" vault cash held by those depository institutions currently subject to reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
4. All vault cash held during the lagged computation period by "bound" institutions (i.e., those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (i.e., 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. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
9. Data are prorated monthly averages of biweekly averages.

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

Averages of daily figures, in millions of dollars

| Maturity and source | 1990, week ending Monday[2] | | | | 1991, week ending Monday[2] | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dec. 10 | Dec. 17 | Dec. 24 | Dec. 31 | Jan. 7 | Jan. 14 | Jan. 21 | Jan. 28 | Feb. 4 |
| *Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds* | | | | | | | | | |
| From commercial banks in the United States | | | | | | | | | |
| 1 For one day or under continuing contract | 88,675 | 83,932 | 80,069 | 74,416 | 82,002 | 78,600 | 74,840 | 74,301 | 81,956 |
| 2 For all other maturities | 20,403 | 19,750 | 19,919 | 19,020 | 16,548 | 16,797 | 17,810 | 16,906 | 16,423 |
| From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies | | | | | | | | | |
| 3 For one day or under continuing contract | 35,472 | 34,350 | 29,847 | 28,065 | 29,672 | 30,986 | 28,746 | 32,895 | 33,366 |
| 4 For all other maturities | 21,495 | 20,976 | 20,512 | 21,031 | 20,037 | 20,563 | 21,015 | 21,157 | 20,974 |
| *Repurchase agreements on U.S. government and federal agency securities in immediately available funds* | | | | | | | | | |
| Brokers and nonbank dealers in securities | | | | | | | | | |
| 5 For one day or under continuing contract | 9,971 | 9,542 | 8,888 | 8,891 | 8,718 | 9,219 | 9,343 | 9,645 | 10,466 |
| 6 For all other maturities | 20,222 | 18,797 | 16,567 | 17,577 | 18,874 | 19,605 | 21,917 | 20,821 | 21,622 |
| All other customers | | | | | | | | | |
| 7 For one day or under continuing contract | 29,936 | 29,794 | 26,219 | 27,064 | 27,549 | 26,103 | 24,749 | 24,779 | 25,808 |
| 8 For all other maturities | 12,912 | 12,064 | 13,609 | 13,624 | 11,629 | 11,636 | 11,350 | 12,119 | 12,145 |
| 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 | 46,871 | 44,446 | 43,353 | 43,753 | 49,537 | 41,777 | 40,215 | 44,641 | 48,386 |
| 10 To all other specified customers[3] | 17,362 | 20,409 | 18,312 | 15,935 | 17,786 | 18,798 | 20,612 | 18,073 | 21,528 |

1. Banks with assets of $1 billion or more as of Dec. 31, 1977.
These data also appear in the Board's H.5 (507) release. For address, see inside front cover.
2. Beginning with the August Bulletin data appearing are the most current available. To obtain data from May 1, 1989, through April 16, 1990, contact the Division of Applications Development and Statistical Services, Financial Statement Reports Section, (202) 452-3349.
3. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

| Federal Reserve Bank | Adjustment credit and Seasonal credit[1] | | | Extended credit[2] First 30 days of borrowing | | | Extended credit[2] After 30 days of borrowing[3] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | On 5/31/91 | Effective date | Previous rate | On 5/31/91 | Effective date | Previous rate | On 5/31/91 | Effective date | Previous rate | Effective date |
| Boston | 5½ | 4/30/91 | 6 | 5½ | 4/30/91 | 6 | 6.35 | 5/30/91 | 6.35 | 5/16/91 |
| New York | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Philadelphia | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Cleveland | | 5/1/91 | | | 5/1/91 | | | 5/30/91 | | 5/16/91 |
| Richmond | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Atlanta | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Chicago | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| St. Louis | | 5/2/91 | | | 5/2/91 | | | 5/30/91 | | 5/16/91 |
| Minneapolis | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Kansas City | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| Dallas | | 4/30/91 | | | 4/30/91 | | | 5/30/91 | | 5/16/91 |
| San Francisco | 5½ | 4/30/91 | 6 | 5½ | 4/30/91 | 6 | 6.35 | 5/30/91 | 6.35 | 5/16/91 |

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 | 6–6½ | 6½ |
| 20 | 6½ | 6½ |
| May 11 | 6½–7 | 7 |
| 12 | 7 | 7 |
| July 3 | 7–7¼ | 7¼ |
| 10 | 7¼ | 7¼ |
| Aug. 21 | 7¾ | 7¾ |
| Sept. 22 | 8 | 8 |
| Oct. 16 | 8–8½ | 8½ |
| 20 | 8½ | 8½ |
| Nov. 1 | 8½–9½ | 9½ |
| 3 | 9½ | 9½ |
| 1979—July 20 | 10 | 10 |
| Aug. 17 | 10–10½ | 10½ |
| 20 | 10½ | 10½ |
| Sept. 19 | 10½–11 | 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 |

| Effective date | Range (or level)— All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| 1981—May 5 | 13–14 | 14 |
| 8 | 14 | 14 |
| Nov. 2 | 13–14 | 13 |
| 6 | 13 | 13 |
| Dec. 4 | 12 | 12 |
| 1982—July 20 | 11½–12 | 11½ |
| 23 | 11½ | 11½ |
| Aug. 2 | 11–11½ | 11 |
| 3 | 11 | 11 |
| 16 | 10½ | 10½ |
| 27 | 10–10½ | 10 |
| 30 | 10 | 10 |
| Oct. 12 | 9½–10 | 9½ |
| 13 | 9½ | 9½ |
| Nov. 22 | 9–9½ | 9 |
| 26 | 9 | 9 |
| Dec. 14 | 8½–9 | 9 |
| 15 | 8½–9 | 8½ |
| 17 | 8½ | 8½ |
| 1984—Apr. 9 | 8½–9 | 9 |
| 13 | 9 | 9 |
| Nov. 21 | 8½–9 | 8½ |
| 26 | 8½ | 8½ |
| Dec. 24 | 8 | 8 |

| Effective date | Range (or level)— All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| 1985—May 20 | 7½–8 | 7½ |
| 24 | 7½ | 7½ |
| 1986—Mar. 7 | 7–7½ | 7 |
| 10 | 7 | 7 |
| Apr. 21 | 6½–7 | 6½ |
| July 11 | 6 | 6 |
| Aug. 21 | 5½–6 | 5½ |
| 22 | 5½ | 5½ |
| 1987—Sept. 4 | 5½–6 | 6 |
| 11 | 6 | 6 |
| 1988—Aug. 9 | 6–6½ | 6½ |
| 11 | 6½ | 6½ |
| 1989—Feb. 24 | 6½–7 | 7 |
| 27 | 7 | 7 |
| 1990—Dec. 19 | 6½ | 6½ |
| 1991—Feb. 1 | 6–6½ | 6 |
| 4 | 6 | 6 |
| Apr. 30 | 5½–6 | 5½ |
| May 2 | 5½ | 5½ |
| In effect May 31, 1991 | 5½ | 5½ |

1. Adjustment credit is available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. After May 19, 1986, 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.

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished for 1986 and 1987 but was not renewed for 1988.

2. Extended credit is available to depository institutions, when similar assistance is not reasonably available from other sources, when exceptional circumstances or practices involve only a particular institution or when an institution is experiencing difficulties adjusting to changing market conditions over a longer period of time.

3. For extended-credit loans outstanding more than 30 days, a flexible rate somewhat above rates on market sources of funds ordinarily will be charged, but in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*; *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. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; 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 13-week period. The surcharge was eliminated on Nov. 17, 1981.

## 1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

| Type of deposit, and deposit interval[2] | Depository institution requirements after implementation of the Monetary Control Act | |
|---|---|---|
| | Percent of deposits | Effective date |
| *Net transaction accounts*[3, 4] | | |
| $0 million–$41.1 million | 3 | 12/18/90 |
| More than $41.1 million | 12 | 12/18/90 |
| *Nonpersonal time deposits*[5, 6] | 0 | 12/27/90 |
| *Eurocurrency liabilities*[7] | 0 | 12/27/90 |

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1988, the exemption was raised from $3.2 million to $3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, 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 can be checks, are not transaction accounts (such accounts are savings deposits).

4. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 18, 1990 for institutions reporting quarterly and Dec. 25, 1990 for institutions reporting weekly, the amount was increased from $40.4 million to $41.1 million.

5. The reserve requirements on nonpersonal time deposits with an original maturity of less than 1-1/2 years were reduced from 3 percent to 1-1/2 percent on the maintenance period that began December 13, 1990, and to zero for the maintenance period that began December 27, 1990, for institutions that report weekly. The reserve requirement on nonpersonal time deposits with an original maturity of 1-1/2 years or more has been zero since October 6, 1983.

6. For institutions that report quarterly, the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years were reduced from 3 percent to zero on January 17, 1991.

7. The reserve requirements on Eurocurrency liabilities were reduced from 3 percent to zero in the same manner and on the same dates as were the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years (see notes 5 and 6).

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

| Type of transaction | 1988 | 1989 | 1990 | 1990 | | | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| U.S. TREASURY SECURITIES | | | | | | | | | | |
| Outright transactions (*excluding matched transactions*) | | | | | | | | | | |
| Treasury bills | | | | | | | | | | |
| 1 Gross purchases | 8,223 | 14,284 | 24,739 | 631 | 933 | 6,658 | 0 | 0 | 1,967 | 313 |
| 2 Gross sales | 587 | 12,818 | 7,291 | 0 | 0 | 0 | 2,350 | 120 | 0 | 0 |
| 3 Exchange | 241,876 | 231,211 | 241,086 | 19,041 | 19,271 | 25,981 | 16,939 | 19,747 | 21,381 | 18,808 |
| 4 Redemptions | 2,200 | 12,730 | 4,400 | 0 | 0 | 0 | 3,000 | 1,000 | 0 | 0 |
| Others within 1 year | | | | | | | | | | |
| 5 Gross purchases | 2,176 | 327 | 425 | 0 | 0 | 325 | 0 | 0 | 100 | 700 |
| 6 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Maturity shift | 23,854 | 28,848 | 25,638 | 1,010 | 1,934 | 3,531 | 1,991 | 989 | 2,292 | 413 |
| 8 Exchange | -24,588 | -25,783 | -27,424 | 0 | 0 | -4,315 | 0 | -1,326[r] | -3,045[r] | -1,877 |
| 9 Redemptions | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 to 5 years | | | | | | | | | | |
| 10 Gross purchases | 5,485 | 1,436 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 2,950 |
| 11 Gross sales | 800 | 490 | 200 | 0 | 0 | 0 | 200 | 0 | 0 | 0 |
| 12 Maturity shift | -17,720 | -25,534 | -21,770 | -1,010 | -1,677 | -3,258 | -1,991 | -778 | -1,909 | -213 |
| 13 Exchange | 22,515 | 23,250 | 25,410 | 0 | 0 | 3,915 | 0 | 929[r] | 2,545[r] | 1,877 |
| 5 to 10 years | | | | | | | | | | |
| 14 Gross purchases | 1,579 | 287 | 0 | 0 | 0 | 0 | 0 | 0 | 350 | 50 |
| 15 Gross sales | 175 | 29 | 100 | 0 | 0 | 0 | 100 | 0 | 0 | 0 |
| 16 Maturity shift | -5,946 | -2,231 | -2,186 | 0 | -256 | 127 | 0 | -212 | -23[r] | -200 |
| 17 Exchange | 1,797 | 1,934 | 789 | 0 | 0 | 0 | 0 | 397[r] | 400[r] | 0 |
| Over 10 years | | | | | | | | | | |
| 18 Gross purchases | 1,398 | 284 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Maturity shift | -188 | -1,086 | -1,681 | 0 | 0 | -400 | 0 | 0 | -361[r] | 0 |
| 21 Exchange | 275 | 600 | 1,226 | 0 | 0 | 400 | 0 | 0 | 100 | 0 |
| All maturities | | | | | | | | | | |
| 22 Gross purchases | 18,863 | 16,617 | 25,414 | 631 | 933 | 6,983 | 0 | 0 | 2,417 | 4,013 |
| 23 Gross sales | 1,562 | 13,337 | 7,591 | 0 | 0 | 0 | 2,650 | 120 | 0 | 0 |
| 24 Redemptions | 2,200 | 13,230 | 4,400 | 0 | 0 | 0 | 3,000 | 1,000 | 0 | 0 |
| *Matched transactions* | | | | | | | | | | |
| 25 Gross sales | 1,168,484 | 1,323,480 | 1,369,052 | 120,036 | 127,265 | 116,601 | 125,844 | 130,751 | 127,589 | 151,096 |
| 26 Gross purchases | 1,168,142 | 1,326,542 | 1,363,434 | 120,280 | 129,722 | 114,488 | 123,442 | 126,141 | 127,502 | 151,412 |
| *Repurchase agreements*[2] | | | | | | | | | | |
| 27 Gross purchases | 152,613 | 129,518 | 219,632 | 31,996 | 19,844 | 36,457 | 45,684 | 36,337 | 44,688 | 23,821 |
| 28 Gross sales | 151,497 | 132,688 | 202,551 | 34,932 | 19,844 | 34,105 | 31,022 | 38,462 | 44,809 | 38,589 |
| 29 Net change in U.S. government securities | 15,872 | -10,055 | 24,886 | -2,060 | 3,390 | 7,222 | 6,608 | -7,855 | 2,209 | -10,439 |
| 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 | 587 | 442 | 183 | 0 | 34 | 0 | 1 | 0 | 0 | 0 |
| *Repurchase agreements*[2] | | | | | | | | | | |
| 33 Gross purchases | 57,259 | 38,835 | 41,836 | 7,394 | 5,913 | 2,774 | 2,091 | 4,416 | 3,546 | 2,518 |
| 34 Gross sales | 56,471 | 40,411 | 40,461 | 8,580 | 5,913 | 2,504 | 1,021 | 3,571 | 4,466 | 3,784 |
| 35 Net change in federal agency obligations | 198 | -2,018 | 1,192 | -1,186 | -34 | 270 | 1,070 | 845 | -920 | -1,266 |
| **36 Total net change in System Open Market Account** | **16,070** | **-12,073** | **26,078** | **-3,247** | **3,356** | **7,492** | **7,678** | **-7,010** | **1,290** | **-11,705** |

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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

Millions of dollars

| Account | Wednesday | | | | | End of month | | |
|---|---|---|---|---|---|---|---|---|
| | 1991 | | | | | 1991 | | |
| | Mar. 27 | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 | Feb. 28 | Mar. 29 | Apr. 30 |
| | Consolidated condition statement | | | | | | | |
| ASSETS | | | | | | | | |
| 1 Gold certificate account | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 |
| 2 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 3 Coin | 658 | 651 | 642 | 630 | 622 | 611 | 659 | 643 |
| Loans | | | | | | | | |
| 4 To depository institutions | 172 | 256 | 246 | 203 | 217 | 180 | 244 | 291 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Bought outright | 6,342 | 6,342 | 6,342 | 6,342 | 6,250 | 6,342 | 6,342 | 6,250 |
| 8 Held under repurchase agreements | 0 | 266 | 0 | 0 | 0 | 2,186 | 0 | 0 |
| U.S. Treasury securities | | | | | | | | |
| Bought outright | | | | | | | | |
| 9 Bills | 114,668 | 113,127 | 111,458 | 114,955 | 111,030 | 111,736 | 114,245 | 116,523 |
| 10 Notes | 95,307 | 95,907 | 96,707 | 96,707 | 96,707 | 91,407 | 95,457 | 96,707 |
| 11 Bonds | 31,263 | 31,263 | 31,263 | 31,263 | 31,263 | 31,163 | 31,163 | 31,263 |
| 12 Total bought outright[2] | 241,238 | 240,296 | 239,428 | 242,925 | 239,000 | 234,306 | 240,965 | 244,493 |
| 13 Held under repurchase agreements | 0 | 4,371 | 0 | 2,072 | 0 | 14,888 | 0 | 0 |
| 14 Total U.S. Treasury securities | 241,238 | 244,667 | 239,428 | 244,997 | 239,000 | 249,194 | 240,965 | 244,493 |
| 15 **Total loans and securities** | **247,752** | **251,531** | **246,015** | **251,541** | **245,467** | **257,901** | **247,551** | **251,035** |
| 16 Items in process of collection | 4,719 | 5,505 | 6,810 | 6,638 | 5,226 | 5,160 | 9,381 | 9,640 |
| 17 Bank premises | 896 | 899 | 899 | 906 | 906 | 875 | 896 | 906 |
| Other assets | | | | | | | | |
| 18 Denominated in foreign currencies[2] | 33,006 | 30,101 | 30,136 | 30,170 | 30,246 | 33,879 | 30,096 | 29,816 |
| 19 All other[3] | 5,674 | 5,579 | 5,672 | 5,516 | 5,751 | 6,704 | 5,647 | 5,862 |
| 20 **Total assets** | **313,781** | **315,341** | **311,250** | **316,478** | **309,293** | **326,206** | **315,305** | **318,978** |
| LIABILITIES | | | | | | | | |
| 21 Federal Reserve notes | 267,005 | 268,451 | 269,418 | 268,766 | 267,490 | 263,751 | 267,391 | 267,445 |
| Deposits | | | | | | | | |
| 22 To depository institutions | 27,205 | 31,014 | 25,898 | 31,463 | 25,234 | 19,902 | 24,067 | 22,081 |
| 23 U.S. Treasury—General account | 6,156 | 4,401 | 4,318 | 3,384 | 4,411 | 27,810 | 10,922 | 13,682 |
| 24 Foreign—Official accounts | 299 | 214 | 214 | 196 | 186 | 271 | 228 | 292 |
| 25 Other | 207 | 222 | 210 | 225 | 208 | 183 | 188 | 276 |
| 26 **Total deposits** | **33,867** | **35,850** | **30,640** | **35,267** | **30,038** | **48,165** | **35,405** | **36,330** |
| 27 Deferred credit items | 4,516 | 5,225 | 5,015 | 5,932 | 4,826 | 4,470 | 6,839 | 8,377 |
| 28 Other liabilities and accrued dividends[4] | 3,000 | 2,484 | 2,426 | 2,333 | 2,355 | 3,588 | 2,552 | 2,277 |
| 29 **Total liabilities** | **308,388** | **312,010** | **307,498** | **312,298** | **304,709** | **319,974** | **312,187** | **314,429** |
| CAPITAL ACCOUNTS | | | | | | | | |
| 30 Capital paid in | 2,501 | 2,501 | 2,506 | 2,511 | 2,511 | 2,450 | 2,501 | 2,513 |
| 31 Surplus | 2,423 | 760 | 1,245 | 1,661 | 1,884 | 2,423 | 751 | 1,808 |
| 32 Other capital accounts | 468 | 70 | 0 | 7 | 189 | 1,359 | −133 | 228 |
| 33 **Total liabilities and capital accounts** | **313,781** | **315,341** | **311,250** | **316,478** | **309,293** | **326,206** | **315,305** | **318,978** |
| 34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts | 241,444 | 240,818 | 235,835 | 239,813 | 237,406 | 255,092 | 245,789 | 241,334 |
| | Federal Reserve note statement | | | | | | | |
| 35 Federal Reserve notes outstanding issued to bank | 311,119 | 311,266 | 311,808 | 312,090 | 312,068 | 306,681 | 311,042 | 312,160 |
| 36 LESS: Held by bank | 44,114 | 42,814 | 42,390 | 43,324 | 44,578 | 42,930 | 43,651 | 44,716 |
| 37 Federal Reserve notes, net | 267,605 | 268,451 | 269,418 | 268,766 | 267,490 | 263,751 | 267,391 | 267,445 |
| *Collateral held against notes net:* | | | | | | | | |
| 38 Gold certificate account | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 |
| 39 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 40 Other eligible assets | 0 | 0 | 2,572 | 0 | 1,164 | 0 | 0 | 0 |
| 41 U.S. Treasury and agency securities | 245,928 | 247,375 | 245,770 | 247,690 | 245,250 | 242,675 | 246,315 | 246,369 |
| 42 **Total collateral** | **267,005** | **268,451** | **269,418** | **268,766** | **267,490** | **263,751** | **267,391** | **267,445** |

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover. Components may not add to totals because of rounding.
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 90 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 and maturity groupings | Wednesday | | | | | End of month | | |
|---|---|---|---|---|---|---|---|---|
| | 1991 | | | | | 1991 | | |
| | Mar. 13 | Mar. 20 | Mar. 27 | Apr. 3 | Apr. 10 | Feb. 27 | Mar. 29 | Apr. 30 |
| 1 Loans—Total | 122 | 314 | 173 | 256 | 246 | 125 | 173 | 291 |
| 2 Within 15 days | 87 | 308 | 166 | 201 | 192 | 125 | 166 | 254 |
| 3 16 days to 90 days | 35 | 6 | 6 | 55 | 53 | 4 | 6 | 38 |
| 4 91 days to 1 year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 Acceptances—Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Within 15 days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 16 days to 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 91 days to 1 year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 U.S. Treasury securities—Total | 237,572 | 247,673 | 241,238 | 240,301 | 239,428 | 236,238 | 240,965 | 244,493 |
| 10 Within 15 days[1] | 10,298 | 20,562 | 10,710 | 8,397 | 14,544 | 9,319 | 6,881 | 10,648 |
| 11 16 days to 90 days | 60,270 | 56,699 | 58,794 | 59,510 | 53,903 | 57,895 | 62,204 | 59,405 |
| 12 91 days to 1 year | 67,607 | 70,516 | 71,138 | 72,234 | 70,321 | 71,166 | 71,133 | 74,599 |
| 13 Over 1 year to 5 years | 61,037 | 61,537 | 62,237 | 61,801 | 62,301 | 59,549 | 62,387 | 61,376 |
| 14 Over 5 years to 10 years | 13,684 | 13,684 | 13,684 | 13,684 | 13,684 | 13,634 | 13,684 | 13,789 |
| 15 Over 10 years | 24,675 | 24,676 | 24,676 | 24,676 | 24,676 | 24,676 | 24,676 | 24,676 |
| 16 Federal agency obligations—Total | 6,342 | 6,934 | 6,342 | 6,342 | 6,342 | 6,342 | 6,342 | 6,250 |
| 17 Within 15 days[1] | 75 | 862 | 275 | 80 | 126 | 304 | 275 | 99 |
| 18 16 days to 90 days | 884 | 689 | 652 | 843 | 716 | 657 | 653 | 732 |
| 19 91 days to 1 year | 1,729 | 1,729 | 1,808 | 1,813 | 1,833 | 1,608 | 1,808 | 1,763 |
| 20 Over 1 year to 5 years | 2,428 | 2,428 | 2,393 | 2,393 | 2,418 | 2,548 | 2,393 | 2,442 |
| 21 Over 5 years to 10 years | 1,037 | 1,024 | 1,024 | 1,024 | 1,059 | 1,024 | 1,026 | 1,026 |
| 22 Over 10 years | 188 | 188 | 187 | 188 | 188 | 187 | 188 | 188 |

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

NOTE: Components may not sum to totals because of rounding.

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

Billions of dollars, averages of daily figures

| Item | 1987 Dec. | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar.[r] | 1991 Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2] | Seasonally adjusted | | | | | | | | | | | |
| 1 **Total reserves[3]** | **45.81** | **47.60** | **47.73** | **49.10** | **48.26** | **47.94** | **48.24** | **49.10** | **49.47** | **49.61** | **49.57** | **49.40** |
| 2 Nonborrowed reserves[4] | 45.03 | 45.88 | 47.46 | 48.78 | 47.64 | 47.53 | 48.01 | 48.78 | 48.93 | 49.36 | 49.32 | 49.16 |
| 3 Nonborrowed reserves plus extended credit[5] | 45.52 | 47.12 | 47.48 | 48.80 | 47.64 | 47.55 | 48.04 | 48.80 | 48.96 | 49.39 | 49.38 | 49.25 |
| 4 Required reserves | 44.77 | 46.55 | 46.81 | 47.44 | 47.35 | 47.10 | 47.30 | 47.44 | 47.30 | 47.80 | 48.39 | 48.36 |
| 5 Monetary base[6] | 246.28 | 263.46 | 274.17 | 299.79 | 293.80 | 295.94 | 297.55 | 299.79 | 305.15 | 309.44 | 310.98 | 310.61 |
| ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2] | Not seasonally adjusted | | | | | | | | | | | |
| 6 **Total reserves[7]** | **47.04** | **49.00** | **49.18** | **50.58** | **48.11** | **47.55** | **48.42** | **50.58** | **50.76** | **48.55** | **48.59** | **50.30** |
| 7 Nonborrowed reserves | 46.26 | 47.29 | 48.91 | 50.25 | 47.48 | 47.14 | 48.19 | 50.25 | 50.22 | 48.30 | 48.34 | 50.07 |
| 8 Nonborrowed reserves plus extended credit[5] | 46.75 | 48.53 | 48.93 | 50.28 | 47.49 | 47.16 | 48.21 | 50.28 | 50.25 | 48.33 | 48.40 | 50.16 |
| 9 Required reserves[8] | 46.00 | 47.96 | 48.26 | 48.91 | 47.20 | 46.71 | 47.47 | 48.91 | 48.59 | 46.74 | 47.41 | 49.27 |
| 10 Monetary base[9] | 249.93 | 267.46 | 278.30 | 304.04 | 293.07 | 294.43 | 298.44 | 304.04 | 306.03 | 305.74 | 308.19 | 310.86 |
| NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10] | | | | | | | | | | | | |
| 11 **Total reserves[11]** | **62.14** | **63.75** | **62.81** | **59.12** | **61.45** | **61.05** | **62.05** | **59.12** | **50.99** | **48.55** | **48.59** | **50.30** |
| 12 Nonborrowed reserves | 61.36 | 62.03 | 62.54 | 58.79 | 60.83 | 60.64 | 61.82 | 58.79 | 50.46 | 48.30 | 48.35 | 50.07 |
| 13 Nonborrowed reserves plus extended credit[5] | 61.85 | 63.27 | 62.56 | 58.82 | 60.83 | 60.66 | 61.84 | 58.82 | 50.48 | 48.33 | 48.40 | 50.16 |
| 14 Required reserves | 61.09 | 62.70 | 61.89 | 57.46 | 60.54 | 60.21 | 61.10 | 57.46 | 48.82 | 46.74 | 47.41 | 49.27 |
| 15 Monetary base[12] | 266.06 | 283.00 | 292.55 | 313.70 | 307.21 | 308.85 | 312.69 | 313.70 | 309.30 | 308.53 | 311.04 | 313.95 |
| 16 Excess reserves[13] | 1.05 | 1.05 | .92 | 1.66 | .91 | .85 | .95 | 1.66 | 2.17 | 1.81 | 1.18 | 1.03 |
| 17 Borrowings from the Federal Reserve | .78 | 1.72 | .27 | .33 | .62 | .41 | .23 | .33 | .53 | .25 | .24 | .23 |

1. Latest monthly and biweekly figures are available from the Board's H.3(502) statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Monetary and Reserves Projections Section. Division of Monetary Affairs. Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
2. Figures reflect adjustments for discontinuities or "breaks" associated with regulatory changes in reserve requirements.
3. Seasonally adjusted, break adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).
4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).
5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves, the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).
8. To adjust required reserves for discontinuities because of 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 are equal to break-adjusted required reserves held against transactions deposits.
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 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. After the introduction of CRR, currency and vault cash figures are 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[2] | 1987 Dec. | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1991[r] Jan. | 1991[r] Feb. | 1991[r] Mar. | 1991[r] Apr. |
|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | |
| 1 M1 | 749.7 | 786.4 | 793.6 | 825.4 | 826.7 | 836.4 | 843.0 | 842.1 |
| 2 M2 | 2,910.1 | 3,069.9 | 3,223.1 | 3,330.0[r] | 3,333.0 | 3,357.0 | 3,378.1 | 3,385.2 |
| 3 M3 | 3,677.4 | 3,919.1 | 4,055.2 | 4,114.1[r] | 4,126.9 | 4,164.2 | 4,174.1 | 4,174.8 |
| 4 L | 4,337.0 | 4,676.0 | 4,889.9 | 4,961.3[r] | 4,979.4 | 5,013.8 | 5,019.0 | n.a. |
| 5 Debt | 8,345.1 | 9,107.6 | 9,790.4 | 10,448.5[r] | 10,485.1 | 10,537.0 | 10,574.2 | n.a. |
| *M1 components* | | | | | | | | |
| 6 Currency[3] | 196.8 | 212.0 | 222.2 | 246.4 | 251.6 | 255.1 | 256.7 | 256.6 |
| 7 Travelers checks[4] | 7.0 | 7.5 | 7.4 | 8.4 | 8.4 | 8.2 | 8.1 | 7.9 |
| 8 Demand deposits[5] | 286.5 | 286.3 | 278.7 | 276.9 | 272.9 | 276.2 | 277.1 | 275.7 |
| 9 Other checkable deposits[6] | 259.3 | 280.7 | 285.2 | 293.8[r] | 293.9 | 296.9 | 301.0 | 301.9 |
| *Nontransactions components* | | | | | | | | |
| 10 In M2[7] | 2,160.4 | 2,283.5 | 2,429.5 | 2,504.6[r] | 2,506.3 | 2,520.6 | 2,535.1 | 2,543.1 |
| 11 In M3 only[8] | 767.3 | 849.3 | 832.1 | 784.1[r] | 793.9 | 807.2 | 796.0 | 789.6 |
| *Time and Savings accounts* | | | | | | | | |
| Commercial banks | | | | | | | | |
| 12 Savings deposits | 178.3 | 192.1 | 187.7 | 199.4 | 201.4 | 203.2 | 205.8 | 208.8 |
| 13 Money market deposit accounts | 356.4 | 350.2 | 353.0 | 378.4 | 377.7 | 383.2 | 388.9 | 393.7 |
| 14 Small time deposits[9] | 388.0 | 447.5 | 531.4 | 598.1 | 601.6 | 605.6 | 607.8 | 604.4 |
| 15 Large time deposits[10, 11] | 326.6 | 368.0 | 401.9 | 386.1 | 393.9 | 401.1 | 399.9 | 397.6 |
| Thrift institutions | | | | | | | | |
| 16 Savings deposits | 233.7 | 232.3 | 216.4 | 211.4 | 210.6 | 212.2 | 214.7 | 218.4 |
| 17 Money market deposit accounts | 168.5 | 151.2 | 133.1 | 127.6 | 127.5 | 128.3 | 130.3 | 132.9 |
| 18 Small time deposits[9] | 529.7 | 584.3 | 614.5 | 566.1 | 561.4 | 556.5 | 549.7 | 544.5 |
| 19 Large time deposits[10] | 162.6 | 174.3 | 161.6 | 121.0 | 118.0 | 114.9 | 111.6 | 108.8 |
| *Money market mutual funds* | | | | | | | | |
| 20 General purpose and broker-dealer | 221.7 | 241.1 | 313.6 | 347.7 | 356.3 | 360.5 | 365.9 | 366.8 |
| 21 Institution-only | 88.9 | 86.9 | 101.9 | 125.7 | 130.1 | 139.3 | 142.0 | 145.6 |
| *Debt components* | | | | | | | | |
| 22 Federal debt | 1,957.9 | 2,114.2 | 2,268.1 | 2,532.8 | 2,555.9 | 2,586.6 | 2,598.6 | n.a. |
| 23 Nonfederal debt | 6,387.2 | 6,993.4 | 7,522.3 | 7,915.7[r] | 7,929.2 | 7,950.4 | 7,975.7 | n.a. |
| | Not seasonally adjusted | | | | | | | |
| 24 M1 | 766.2 | 804.2 | 811.9 | 844.3 | 833.2 | 823.4 | 835.0 | 852.8 |
| 25 M2 | 2,923.0 | 3,083.3 | 3,236.6 | 3,344.0[r] | 3,343.3 | 3,347.8 | 3,377.3 | 3,398.8 |
| 26 M3 | 3,690.3 | 3,931.5 | 4,067.0 | 4,126.2[r] | 4,133.0 | 4,152.3 | 4,173.4 | 4,183.9 |
| 27 L | 4,352.8 | 4,691.8 | 4,907.4 | 4,979.6[r] | 4,995.3 | 5,004.3 | 5,017.2 | n.a. |
| 28 Debt | 8,329.1 | 9,093.2 | 9,775.9 | 10,435.9[r] | 10,474.8 | 10,505.7 | 10,530.8 | n.a. |
| *M1 components* | | | | | | | | |
| 29 Currency[3] | 199.3 | 214.8 | 225.3 | 249.6 | 249.8 | 252.7 | 255.6 | 256.0 |
| 30 Travelers checks[4] | 6.5 | 6.9 | 6.9 | 7.8 | 7.8 | 7.8 | 7.8 | 7.5 |
| 31 Demand deposits[5] | 298.6 | 298.9 | 291.5 | 289.9 | 277.7 | 268.1 | 270.1 | 277.6 |
| 32 Other checkable deposits[6] | 261.8 | 283.5 | 288.2 | 297.0 | 297.9 | 294.9 | 301.6 | 311.8 |
| *Nontransactions components* | | | | | | | | |
| 33 In M2[7] | 2,156.8 | 2,279.1 | 2,424.7 | 2,499.8[r] | 2,510.0 | 2,524.3 | 2,542.3 | 2,546.0 |
| 34 In M3 only[8] | 767.3 | 848.2 | 830.4 | 782.2[r] | 789.7 | 804.5 | 796.1 | 785.2 |
| *Time and Savings accounts* | | | | | | | | |
| Commercial banks | | | | | | | | |
| 35 Savings deposits | 176.8 | 190.6 | 186.4 | 197.7 | 199.9 | 201.5 | 205.8 | 209.5 |
| 36 Money market deposit accounts | 359.0 | 353.2 | 356.5 | 381.6 | 380.6 | 384.7 | 391.1 | 393.9 |
| 37 Small time deposits[9] | 387.2 | 446.0 | 529.2 | 596.1 | 602.1 | 606.1 | 607.4 | 604.4 |
| 38 Large time deposits[10, 11] | 325.8 | 366.8 | 400.4 | 386.1 | 392.3 | 399.6 | 399.4 | 395.4 |
| Thrift institutions | | | | | | | | |
| 39 Savings deposits | 231.4 | 229.9 | 214.2 | 209.6 | 209.0 | 210.4 | 214.7 | 219.0 |
| 40 Money market deposit accounts | 168.6 | 151.6 | 133.7 | 128.7 | 128.4 | 128.8 | 131.0 | 133.0 |
| 41 Small time deposits[9] | 529.5 | 583.8 | 613.8 | 564.1 | 561.8 | 557.1 | 549.4 | 544.5 |
| 42 Large time deposits[10] | 163.3 | 175.2 | 162.6 | 121.1[r] | 117.5 | 114.5 | 111.5 | 108.1 |
| *Money market mutual funds* | | | | | | | | |
| 43 General purpose and broker-dealer | 221.1 | 240.7 | 313.5 | 347.8 | 356.6 | 364.7 | 372.5 | 371.2 |
| 44 Institution-only | 89.6 | 87.6 | 102.8 | 127.0 | 134.8 | 144.0 | 143.9 | 144.1 |
| *Repurchase agreements and Eurodollars* | | | | | | | | |
| 45 Overnight | 83.2 | 83.4 | 77.3 | 74.1[r] | 71.7 | 71.1 | 70.5 | 70.5 |
| 46 Term | 197.1 | 227.7 | 179.8 | 161.5[r] | 160.5 | 160.6 | 156.3 | 152.3 |
| *Debt components* | | | | | | | | |
| 47 Federal debt | 1,955.6 | 2,111.8 | 2,265.9 | 2,532.1 | 2,557.8 | 2,591.0 | 2,603.3 | n.a. |
| 48 Nonfederal debt | 6,373.5 | 6,981.4 | 7,509.9 | 7,903.8[r] | 7,917.1 | 7,914.7 | 7,927.5 | n.a. |

For notes see following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Money and Reserves Projection Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

M1: (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4), other checkable deposits (OCD) 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.

M2: M1 plus 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, money market deposit accounts (MMDAs), savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker–dealer money market mutual funds. Excludes individual retirement accounts (IRA) 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.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, 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 balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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 mutual fund holdings of these assets.

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages.

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 due to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions.

7. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits.

8. Sum of large time deposits, term RPs, term Eurodollars of U.S. residents, and money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

9. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

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

11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

## 1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

Debits are shown in billions of dollars, turnover as ratio of debits to deposits. Monthly data are at annual rates.

| Bank group, or type of customer | 1988 | 1989 | 1990[r] | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec.[r] | 1991 Jan.[r] | 1991 Feb. |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Seasonally adjusted | | | | | |
| DEBITS TO | | | | | | | | | |
| Demand deposits[3] | | | | | | | | | |
| 1 All insured banks | 219,795.7 | 256,150.4 | 277,916.3 | 267,680.2 | 295,490.0 | 294,468.6 | 267,479.9 | 279,437.8 | 253,096.1 |
| 2 Major New York City banks | 115,475.6 | 129,319.9 | 131,784.0 | 126,088.7 | 136,082.4 | 140,531.5 | 130,154.6 | 138,638.1 | 125,118.6 |
| 3 Other banks | 104,320.2 | 126,830.5 | 146,132.3 | 141,591.5 | 159,407.6 | 153,937.1 | 137,325.3 | 140,799.7 | 127,977.5 |
| 4 ATS-NOW accounts[4] | 2,478.1 | 2,910.5 | 3,349.6 | 3,110.7 | 3,449.3 | 3,479.2 | 3,368.4 | 3,559.1 | 3,174.4 |
| 5 Savings deposits[5] | 537.0 | 547.5 | 558.8 | 523.6 | 573.7 | 565.8 | 527.2 | 572.9 | 495.8 |
| DEPOSIT TURNOVER | | | | | | | | | |
| Demand deposits[3] | | | | | | | | | |
| 6 All insured banks | 622.9 | 735.1 | 800.6 | 764.8 | 865.9 | 857.1 | 779.5 | 828.3 | 738.3 |
| 7 Major New York City banks | 2,897.2 | 3,421.5 | 3,804.1 | 3,717.9 | 4,280.5 | 4,320.4 | 3,949.1 | 4,259.7 | 3,651.3 |
| 8 Other banks | 333.3 | 408.3 | 467.7 | 447.9 | 515.1 | 494.9 | 442.7 | 461.9 | 414.8 |
| 9 ATS-NOW accounts[4] | 13.2 | 15.2 | 16.5 | 15.1 | 16.8 | 16.8 | 16.2 | 17.0 | 15.1 |
| 10 Savings deposits[5] | 2.9 | 3.0 | 2.9 | 2.7 | 2.9 | 2.9 | 2.7 | 2.9 | 2.5 |
| | | | | Not seasonally adjusted | | | | | |
| DEBITS TO | | | | | | | | | |
| Demand deposits[3] | | | | | | | | | |
| 11 All insured banks | 219,790.4 | 256,133.2 | 277,400.0 | 257,936.7 | 298,947.2 | 277,536.6 | 275,664.8 | 283,545.5 | 259,372.9 |
| 12 Major New York City banks | 115,460.7 | 129,400.1 | 131,784.7 | 121,343.4 | 142,664.0 | 133,220.6 | 133,491.9 | 136,578.8 | 127,287.3 |
| 13 Other banks | 104,329.7 | 126,733.0 | 145,615.3 | 136,593.3 | 156,283.2 | 144,316.0 | 142,172.9 | 146,966.7 | 132,085.5 |
| 14 ATS-NOW accounts[4] | 2,477.3 | 2,910.7 | 3,342.2 | 3,131.6 | 3,462.0 | 3,259.5 | 3,430.2 | 3,923.1 | 3,237.8 |
| 15 MMDA[6] | 2,342.7 | 2,677.1 | 2,923.8 | 2,775.9 | 3,095.5 | 2,805.0 | 2,938.6 | 3,106.8 | 2,512.7 |
| 16 Savings deposits[5] | 536.3 | 546.9 | 557.9 | 513.6 | 616.3 | 505.1 | 530.1 | 589.2 | 494.9 |
| DEPOSIT TURNOVER | | | | | | | | | |
| Demand deposits[3] | | | | | | | | | |
| 17 All insured banks | 622.8 | 735.4 | 799.6 | 744.4 | 870.9 | 800.0 | 765.8 | 820.3 | 778.7 |
| 18 Major New York City banks | 2,896.7 | 3,426.2 | 3,810.0 | 3,607.3 | 4,376.5 | 4,067.4 | 3,760.0 | 3,993.4 | 3,899.0 |
| 19 Other banks | 333.2 | 408.0 | 466.3 | 436.6 | 503.1 | 459.3 | 438.2 | 471.9 | 439.7 |
| 20 ATS-NOW accounts[4] | 13.2 | 15.2 | 16.4 | 15.4 | 17.1 | 15.8 | 16.2 | 18.4 | 15.3 |
| 21 MMDA[6] | 6.6 | 7.9 | 8.0 | 7.5 | 8.3 | 7.4 | 7.8 | 8.2 | 6.6 |
| 22 Savings deposits[5] | 2.9 | 2.9 | 2.9 | 2.6 | 3.1 | 2.6 | 2.7 | 3.0 | 2.5 |

1. Historical tables containing revised data for earlier periods may be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

These data also appear on the Board's G.6 (406) release. For address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data are available beginning December 1978.

5. Excludes MMDA, ATS and NOW accounts.

6. Money market deposit accounts.

## 1.23 LOANS AND SECURITIES All Commercial Banks

Billions of dollars; averages of Wednesday figures

| Category | 1990 May | 1990 June | 1990 July | 1990 Aug. | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar. | 1991 Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | | | | |
| 1 **Total loans and securities**[1] | **2,655.4** | **2,670.1** | **2,683.0** | **2,704.9** | **2,708.0** | **2,713.6** | **2,716.6** | **2,723.6** | **2,721.2** | **2,735.1** | **2,750.9** | **2,751.6** |
| 2 U.S. government securities | 430.3 | 438.4 | 442.8 | 445.7 | 450.1 | 453.1 | 454.0 | 454.2 | 454.1 | 458.0 | 471.4 | 479.2 |
| 3 Other securities | 178.2 | 177.5 | 177.3 | 178.8 | 178.8 | 177.8 | 175.9 | 175.6 | 177.7 | 177.6 | 177.6 | 175.7 |
| 4 Total loans and leases[1] | 2,046.9 | 2,054.2 | 2,062.9 | 2,080.4 | 2,079.0 | 2,082.7 | 2,086.7 | 2,093.8 | 2,089.4 | 2,099.5 | 2,102.0 | 2,096.7 |
| 5 Commercial and industrial | 644.3 | 645.3 | 644.4 | 645.1 | 644.7 | 643.7 | 646.5 | 648.1 | 644.3 | 643.9 | 646.0 | 640.0 |
| 6 Bankers acceptances held[2] | 7.6 | 7.8 | 7.6 | 7.4 | 7.5 | 7.3 | 7.4 | 7.5 | 7.7 | 6.9r | 6.7 | 6.6 |
| 7 Other commercial and industrial | 636.7 | 637.4 | 636.7 | 637.7 | 637.1 | 636.4 | 639.1 | 640.5 | 636.6 | 637.1 | 639.4 | 633.4 |
| 8 U.S. addressees[3] | 632.2 | 633.2 | 632.5 | 633.4 | 632.6 | 631.7 | 634.0 | 635.3 | 631.1 | 631.5 | 633.7 | 627.9 |
| 9 Non-U.S. addressees[3] | 4.4 | 4.3 | 4.3 | 4.3 | 4.5 | 4.7 | 5.1 | 5.3 | 5.5 | 5.5 | 5.7r | 5.5 |
| 10 Real estate | 798.9 | 805.9 | 814.5 | 818.0 | 822.5 | 827.7 | 832.0 | 836.5 | 837.3 | 842.6 | 846.3 | 850.7 |
| 11 Individual | 378.4 | 377.6 | 376.4 | 378.2 | 378.6 | 379.7 | 378.7 | 378.9 | 375.9 | 377.7 | 375.5 | 374.1 |
| 12 Security | 35.5 | 35.0 | 38.7 | 44.6 | 41.3 | 40.5 | 39.6 | 40.6 | 43.1r | 43.2 | 38.8r | 39.7 |
| 13 Nonbank financial institutions | 34.1 | 34.4 | 34.7 | 35.0 | 35.2 | 34.8 | 34.6 | 34.7 | 34.2 | 35.3 | 36.1 | 35.3 |
| 14 Agricultural | 31.0 | 31.1 | 31.3 | 31.5 | 31.8 | 32.2 | 32.5 | 33.0 | 33.5r | 33.5r | 34.0r | 33.9 |
| 15 State and political subdivisions | 37.9 | 37.3 | 36.4 | 35.8 | 35.2 | 35.1 | 34.8 | 34.3r | 32.9r | 32.8r | 32.5r | 32.1 |
| 16 Foreign banks | 8.7 | 7.4 | 7.0 | 7.9 | 8.1 | 9.0 | 8.2 | 7.4 | 6.5r | 6.8r | 7.5r | 7.0 |
| 17 *Foreign official institutions* | 3.3 | 3.2 | 3.2 | 3.2 | 3.3 | 3.2 | 3.2 | 3.2 | 3.0 | 3.1 | 3.2 | 3.0 |
| 18 Lease financing receivables | 32.6 | 32.4 | 32.6 | 32.7 | 32.8 | 33.3 | 32.9 | 32.7 | 32.4 | 32.8 | 33.0 | 32.7 |
| 19 All other loans | 42.3 | 44.5 | 43.6 | 48.2 | 45.5 | 43.6 | 43.6 | 44.6 | 46.3r | 47.8r | 49.1r | 48.2 |
| | Not seasonally adjusted | | | | | | | | | | | |
| 20 **Total loans and securities**[1] | **2,654.5** | **2,670.8** | **2,677.5** | **2,700.1** | **2,707.0** | **2,715.5** | **2,720.1** | **2,730.5** | **2,721.0** | **2,737.3** | **2,748.3** | **2,751.3** |
| 21 U.S. government securities | 430.3 | 437.1 | 439.9 | 444.0 | 448.2 | 450.8 | 454.1 | 451.5 | 455.8 | 463.9 | 475.8 | 480.5 |
| 22 Other securities | 178.0 | 177.5 | 176.4 | 179.1 | 179.0 | 178.0 | 176.6 | 176.3 | 177.9 | 177.3 | 176.9 | 175.1 |
| 23 Total loans and leases[1] | 2,046.2 | 2,056.3 | 2,061.1 | 2,077.1 | 2,079.8 | 2,086.7 | 2,089.3 | 2,102.7 | 2,087.3 | 2,096.1 | 2,095.7 | 2,095.7 |
| 24 Commercial and industrial | 648.3 | 647.7 | 644.6 | 643.5 | 640.9 | 641.2 | 644.5 | 648.0 | 641.1 | 643.0 | 648.3 | 644.7 |
| 25 Bankers acceptances held[2] | 7.6 | 8.0 | 7.3 | 7.2 | 7.5 | 7.4 | 7.6 | 7.7 | 7.6 | 7.0 | 6.6 | 6.5 |
| 26 Other commercial and industrial | 640.8 | 639.7 | 637.3 | 636.3 | 633.4 | 633.8 | 636.9 | 640.3 | 633.4 | 636.1 | 641.6r | 638.2 |
| 27 U.S. addressees[3] | 636.3 | 635.5 | 632.9 | 631.8 | 628.8 | 629.1 | 631.9 | 635.1 | 628.2 | 630.6 | 636.2 | 632.3 |
| 28 Non-U.S. addressees[3] | 4.5 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 | 5.0 | 5.2 | 5.3 | 5.5 | 5.4 | 5.9 |
| 29 Real estate | 798.0 | 806.0 | 814.9 | 819.9 | 824.2 | 830.3 | 834.0 | 837.9 | 837.1 | 839.5 | 842.6 | 848.1 |
| 30 Individual | 376.6 | 375.6 | 374.1 | 377.4 | 380.4 | 380.6 | 379.8 | 383.8 | 380.1 | 377.1 | 372.8 | 371.5 |
| 31 Security | 34.9 | 37.1 | 38.6 | 43.9 | 40.3 | 39.5 | 38.5 | 40.0 | 40.9r | 44.7r | 40.1r | 41.2 |
| 32 Nonbank financial institutions | 33.8 | 34.5 | 34.6 | 35.0 | 34.9 | 34.7 | 35.0 | 36.1 | 34.7 | 34.9 | 35.4 | 34.9 |
| 33 Agricultural | 30.6 | 31.4 | 32.1 | 32.5 | 32.9 | 33.1 | 32.9 | 32.9 | 32.8r | 32.5r | 32.6r | 32.8 |
| 34 State and political subdivisions | 37.8 | 37.2 | 36.2 | 35.7 | 35.2 | 35.1 | 34.7 | 34.0 | 33.6r | 33.0r | 32.5r | 32.0 |
| 35 Foreign banks | 8.6 | 7.5 | 7.1 | 8.0 | 8.2 | 9.3 | 8.4 | 7.6 | 6.5r | 6.7r | 7.1r | 6.8 |
| 36 Foreign official institutions | 3.3 | 3.2 | 3.2 | 3.2 | 3.3 | 3.2 | 3.2 | 3.2 | 3.0 | 3.1 | 3.2 | 3.0 |
| 37 Lease financing receivables | 32.5 | 32.2 | 32.4 | 32.6 | 32.8 | 33.3 | 33.1 | 32.8 | 32.8 | 32.9 | 32.9 | 32.7 |
| 38 All other loans | 41.6 | 43.9 | 43.3 | 45.4 | 46.8 | 46.3 | 45.3 | 46.5 | 44.5r | 48.6r | 48.3r | 48.0 |

1. Excludes loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. United States includes the 50 states and the District of Columbia.

## 1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

| Source | 1990 | | | | | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[r] | Apr. |
| *Seasonally adjusted* | | | | | | | | | | | | |
| 1 Total nondeposit funds[2] | 269.0 | 272.3 | 281.1 | 283.8 | 283.0 | 291.8 | 292.4 | 287.7 | 277.2[r] | 265.5[r] | 264.6 | 263.3 |
| 2 Net balances due to related foreign offices[3] | 25.8 | 17.2 | 19.1 | 19.0 | 21.5 | 29.9 | 30.1 | 34.6[r] | 33.4 | 24.8[r] | 30.1 | 30.6 |
| 3 Borrowings from other than commercial banks in United States[4] | 243.2 | 255.1 | 262.0 | 264.8 | 261.5 | 262.0 | 262.3 | 253.2[r] | 243.7 | 240.7 | 234.5 | 232.7 |
| 4 Domestically chartered banks | 186.6 | 196.8 | 201.6 | 202.2 | 198.8 | 196.9 | 195.1 | 187.2 | 182.5 | 177.6 | 172.2 | 171.4 |
| 5 Foreign-related banks | 56.5 | 58.3 | 60.4 | 62.6 | 62.7 | 65.0 | 67.3[r] | 66.0 | 61.3 | 63.1 | 62.3 | 61.2 |
| *Not seasonally adjusted* | | | | | | | | | | | | |
| 6 Total nondeposit funds[2] | 277.3 | 275.1 | 277.2 | 282.5 | 278.6 | 288.7 | 293.6[r] | 282.2[r] | 272.5 | 268.5[r] | 269.8 | 264.0 |
| 7 Net balances due to related foreign offices[3] | 28.5 | 17.4 | 16.6 | 18.5 | 21.5 | 29.6 | 30.8 | 37.1 | 33.1 | 24.7 | 29.5 | 28.7 |
| 8 Domestically chartered banks | -1.3 | -6.1 | -5.8 | -3.4 | -4.2 | -1.0 | .6 | -4.2 | -15.3 | -15.2 | -6.1 | -3.6 |
| 9 Foreign-related banks | 29.8 | 23.5 | 22.4 | 21.9 | 25.8 | 30.6 | 30.2 | 41.3 | 48.4 | 40.0[r] | 35.6 | 32.4 |
| 10 Borrowings from other than commercial banks in United States[4] | 248.8 | 257.7 | 260.6 | 264.0 | 257.0 | 259.2 | 262.8 | 245.1[r] | 239.4 | 243.8[r] | 240.3 | 235.3 |
| 11 Domestically chartered banks | 191.6 | 197.7 | 199.1 | 201.7 | 195.6 | 195.0 | 197.6 | 182.9 | 177.9 | 179.8 | 176.6 | 172.2 |
| 12 Federal funds and security RP borrowings[5] | 188.3 | 194.6 | 196.2 | 198.1 | 191.6 | 191.7 | 194.8 | 180.1 | 174.7 | 177.1 | 173.4 | 169.4 |
| 13 Other[6] | 3.4 | 3.2 | 2.9 | 3.6 | 4.0 | 3.2 | 2.9 | 2.8 | 3.2 | 2.8 | 3.2 | 2.9 |
| 14 Foreign-related banks[6] | 57.2 | 60.0 | 61.5 | 62.3 | 61.5 | 64.2 | 65.1 | 62.1 | 61.5 | 63.9 | 63.7 | 63.0 |
| MEMO | | | | | | | | | | | | |
| Gross large time deposits[7] | | | | | | | | | | | | |
| 15 Seasonally adjusted | 454.4 | 451.5 | 451.9 | 449.2 | 443.6 | 438.0 | 435.2 | 431.8 | 441.0[r] | 450.6[r] | 450.9 | 451.0 |
| 16 Not seasonally adjusted | 454.0 | 451.0 | 450.5 | 450.1 | 445.4 | 440.4 | 437.8 | 431.8 | 439.3 | 449.1[r] | 450.5 | 448.7 |
| U.S. Treasury demand balances at commercial banks[8] | | | | | | | | | | | | |
| 17 Seasonally adjusted | 19.2 | 20.6 | 15.0 | 32.7 | 26.0 | 22.3 | 25.2 | 24.4 | 25.7 | 33.4 | 33.8 | 21.6 |
| 18 Not seasonally adjusted | 25.2 | 20.9 | 15.2 | 23.5 | 31.0 | 20.9 | 19.2 | 23.0 | 29.4 | 39.3 | 28.4 | 20.3 |

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

These data also appear in the Board's G.10 (411) release. For address, see inside front cover.

2. Includes federal funds, RPs, and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own IBFs.

4. Other borrowings are borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.

5. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

## 1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series[1]

Billions of dollars

| Account | 1990 | | | | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ALL COMMERCIAL BANKING INSTITUTIONS[2] | | | | | | | | | | | |
| 1 Loans and securities | 2,871.6 | 2,878.8 | 2,896.8 | 2,887.1 | 2,931.3 | 2,925.1 | 2,936.9 | 2,908.7 | 2,924.9 | 2,910.9 | 2,907.1 |
| 2 Investment securities | 589.8 | 588.3 | 597.2 | 601.7 | 604.9 | 603.3 | 605.6 | 612.8 | 614.0 | 628.3 | 628.5 |
| 3 U.S. government securities | 422.2 | 421.7 | 429.1 | 434.5 | 438.0 | 437.6 | 439.6 | 447.6 | 449.5 | 463.3 | 465.1 |
| 4 Other | 167.6 | 166.6 | 168.0 | 167.2 | 166.8 | 165.7 | 166.0 | 165.2 | 164.5 | 165.1 | 163.4 |
| 5 Trading account assets | 23.7 | 27.7 | 29.3 | 21.4 | 27.4 | 25.0 | 22.0 | 24.1 | 26.9 | 23.5 | 24.9 |
| 6 Total loans | 2,258.1 | 2,262.8 | 2,270.4 | 2,264.0 | 2,299.0 | 2,296.9 | 2,309.3 | 2,271.8 | 2,283.9 | 2,259.1 | 2,253.6 |
| 7 Interbank loans | 202.2 | 204.8 | 200.1 | 191.0 | 207.9 | 207.0 | 204.0 | 193.3 | 185.0 | 171.8 | 160.7 |
| 8 Loans excluding interbank | 2,055.9 | 2,057.9 | 2,070.3 | 2,073.0 | 2,091.2 | 2,089.8 | 2,105.3 | 2,078.6 | 2,099.0 | 2,087.3 | 2,092.9 |
| 9 Commercial and industrial | 646.9 | 641.5 | 639.7 | 639.7 | 643.4 | 644.4 | 650.8 | 637.2 | 645.1 | 648.5 | 643.6 |
| 10 Real estate | 807.9 | 816.0 | 820.1 | 825.0 | 831.5 | 833.7 | 838.3 | 836.9 | 840.1 | 842.5 | 849.0 |
| 11 Individual | 376.8 | 374.8 | 379.4 | 381.2 | 380.8 | 380.5 | 384.7 | 378.6 | 376.4 | 371.5 | 372.0 |
| 12 All other | 224.3 | 225.6 | 231.1 | 227.1 | 235.5 | 231.2 | 231.5 | 225.9 | 237.4 | 224.8 | 228.3 |
| 13 Total cash assets | 219.6 | 210.7 | 207.7 | 213.7 | 220.8 | 216.7 | 217.9 | 199.2 | 204.5 | 206.1 | 201.0 |
| 14 Reserves with Federal Reserve Banks | 31.8 | 29.8 | 30.0 | 33.6 | 29.7 | 33.0 | 23.4 | 16.5 | 18.1 | 25.0 | 23.1 |
| 15 Cash in vault | 28.9 | 28.8 | 30.3 | 29.3 | 29.4 | 32.8 | 32.0 | 30.4 | 29.8 | 28.9 | 29.1 |
| 16 Cash items in process of collection | 86.2 | 79.6 | 77.5 | 81.1 | 85.4 | 78.4 | 86.0 | 74.7 | 79.9 | 76.9 | 74.3 |
| 17 Demand balances at U.S. depository institutions | 27.7 | 27.3 | 27.3 | 27.0 | 28.5 | 28.4 | 29.6 | 28.1 | 27.7 | 27.6 | 26.4 |
| 18 Other cash assets | 45.0 | 45.2 | 42.5 | 42.8 | 47.8 | 44.2 | 46.8 | 49.6 | 49.0 | 47.7 | 48.1 |
| 19 Other assets | 207.5 | 205.3 | 220.8 | 226.6 | 230.1 | 226.6 | 245.1 | 249.9 | 259.6 | 263.1 | 260.4 |
| **20 Total assets/total liabilities and capital** | **3,298.6** | **3,294.8** | **3,325.3** | **3,327.4** | **3,382.2** | **3,368.5** | **3,399.9** | **3,357.8** | **3,388.9** | **3,380.1** | **3,368.5** |
| 21 Deposits | 2,282.4 | 2,290.9 | 2,296.5 | 2,300.1 | 2,332.0 | 2,319.9 | 2,363.4 | 2,334.6 | 2,365.0 | 2,382.5 | 2,381.9 |
| 22 Transaction deposits | 598.6 | 590.1 | 589.1 | 595.3 | 612.1 | 598.1 | 637.1 | 587.9 | 594.1 | 602.8 | 601.3 |
| 23 Savings deposits | 556.4 | 561.3 | 565.6 | 563.5 | 570.5 | 573.1 | 573.3 | 573.9 | 583.5 | 594.1 | 595.4 |
| 24 Time deposits | 1,127.5 | 1,139.5 | 1,141.8 | 1,141.3 | 1,149.4 | 1,148.8 | 1,152.9 | 1,172.8 | 1,187.3 | 1,185.6 | 1,185.3 |
| 25 Borrowings | 572.6 | 562.1 | 579.9 | 570.9 | 591.0 | 570.6 | 548.7 | 529.8 | 515.4 | 492.3 | 494.6 |
| 26 Other liabilities | 223.9 | 220.5 | 226.2 | 233.1 | 236.0 | 255.3 | 264.4 | 268.8 | 282.3 | 278.2 | 263.9 |
| 27 Residual (assets less liabilities) | 219.7 | 221.2 | 222.8 | 223.4 | 223.3 | 222.7 | 223.5 | 224.6 | 226.2 | 227.0 | 228.1 |
| MEMO | | | | | | | | | | | |
| 28 U.S. government securities (including trading account) | 436.1 | 440.4 | 446.3 | 445.1 | 454.2 | 451.9 | 451.1 | 459.4 | 463.7 | 475.9 | 479.0 |
| 29 Other securities (including trading account) | 177.4 | 175.6 | 180.2 | 178.0 | 178.1 | 176.4 | 176.5 | 177.5 | 177.2 | 176.0 | 174.5 |
| DOMESTICALLY CHARTERED COMMERCIAL BANKS[3] | | | | | | | | | | | |
| 30 Loans and securities | 2,608.3 | 2,614.4 | 2,631.8 | 2,620.5 | 2,658.4 | 2,645.1 | 2,654.2 | 2,628.0 | 2,642.3 | 2,635.6 | 2,628.9 |
| 31 Investment securities | 559.2 | 557.3 | 566.1 | 569.0 | 571.5 | 569.8 | 570.5 | 575.3 | 577.4 | 588.6 | 592.3 |
| 32 U.S. government securities | 407.7 | 406.5 | 414.1 | 417.9 | 420.9 | 420.8 | 421.7 | 426.5 | 429.3 | 440.2 | 445.5 |
| 33 Other | 151.5 | 150.8 | 152.0 | 151.2 | 150.6 | 149.1 | 148.8 | 148.7 | 148.2 | 148.5 | 146.8 |
| 34 Trading account assets | 23.7 | 27.7 | 29.3 | 21.4 | 27.4 | 25.0 | 22.0 | 24.1 | 26.9 | 23.5 | 24.9 |
| 35 Total loans | 2,025.5 | 2,029.4 | 2,036.4 | 2,030.0 | 2,059.5 | 2,050.3 | 2,061.7 | 2,028.6 | 2,038.0 | 2,023.5 | 2,011.7 |
| 36 Interbank loans | 153.3 | 153.7 | 153.7 | 146.0 | 164.0 | 157.4 | 160.0 | 151.7 | 150.9 | 148.3 | 134.2 |
| 37 Loans excluding interbank | 1,872.2 | 1,875.7 | 1,882.6 | 1,884.0 | 1,895.5 | 1,892.9 | 1,901.7 | 1,876.9 | 1,887.0 | 1,875.2 | 1,877.5 |
| 38 Commercial and industrial | 520.1 | 517.3 | 514.0 | 513.2 | 515.4 | 513.4 | 512.7 | 504.2 | 508.4 | 506.3 | 502.4 |
| 39 Real estate | 769.7 | 776.7 | 779.5 | 784.0 | 789.8 | 791.6 | 796.4 | 794.0 | 797.1 | 799.7 | 804.7 |
| 40 Individual | 376.8 | 374.8 | 379.4 | 381.2 | 380.8 | 380.5 | 384.7 | 378.6 | 376.4 | 371.5 | 372.0 |
| 41 All other | 205.5 | 206.9 | 209.8 | 205.7 | 209.5 | 207.4 | 207.9 | 200.2 | 205.1 | 197.7 | 198.4 |
| 42 Total cash assets | 193.3 | 184.7 | 181.7 | 187.0 | 189.3 | 187.7 | 188.3 | 166.6 | 172.7 | 177.0 | 171.6 |
| 43 Reserves with Federal Reserve Banks | 30.9 | 28.9 | 28.0 | 32.1 | 28.5 | 31.5 | 23.0 | 15.3 | 17.0 | 24.0 | 21.9 |
| 44 Cash in vault | 28.9 | 28.8 | 30.3 | 29.2 | 29.4 | 32.8 | 32.0 | 30.3 | 29.8 | 28.8 | 29.1 |
| 45 Cash items in process of collection | 84.2 | 78.1 | 75.9 | 79.0 | 83.6 | 76.4 | 83.9 | 72.9 | 78.2 | 74.9 | 72.6 |
| 46 Demand balances at U.S. depository institutions | 25.9 | 25.6 | 25.0 | 25.1 | 26.6 | 26.2 | 27.6 | 26.2 | 25.8 | 25.8 | 24.8 |
| 47 Other cash assets | 23.4 | 23.4 | 22.5 | 21.5 | 21.2 | 20.9 | 21.8 | 22.0 | 21.9 | 23.4 | 23.2 |
| 48 Other assets | 141.2 | 139.1 | 145.6 | 152.3 | 153.6 | 155.0 | 167.8 | 166.9 | 171.3 | 167.9 | 161.9 |
| **49 Total assets/liabilities and capital** | **2,942.9** | **2,938.2** | **2,959.1** | **2,959.7** | **3,001.3** | **2,987.8** | **3,010.3** | **2,961.4** | **2,986.3** | **2,980.4** | **2,962.4** |
| 50 Deposits | 2,200.0 | 2,209.2 | 2,214.9 | 2,220.1 | 2,253.8 | 2,243.3 | 2,283.5 | 2,236.2 | 2,255.2 | 2,266.2 | 2,258.8 |
| 51 Transaction deposits | 588.5 | 580.2 | 578.8 | 584.4 | 601.5 | 587.7 | 626.1 | 577.4 | 583.8 | 592.2 | 591.4 |
| 52 Savings deposits | 553.4 | 558.3 | 562.6 | 560.4 | 567.4 | 569.8 | 570.0 | 570.6 | 580.2 | 590.6 | 591.9 |
| 53 Time deposits | 1,058.1 | 1,070.7 | 1,073.5 | 1,075.3 | 1,085.0 | 1,085.8 | 1,087.4 | 1,088.1 | 1,091.2 | 1,083.4 | 1,075.6 |
| 54 Borrowings | 410.3 | 396.0 | 404.3 | 395.8 | 400.4 | 394.1 | 375.6 | 380.1 | 371.8 | 354.9 | 346.5 |
| 55 Other liabilities | 116.5 | 115.3 | 120.7 | 124.1 | 127.5 | 131.5 | 131.4 | 124.2 | 136.8 | 136.0 | 132.6 |
| 56 Residual (assets less liabilities) | 216.2 | 217.7 | 219.2 | 219.7 | 219.6 | 219.0 | 219.8 | 220.9 | 222.6 | 223.4 | 224.5 |
| MEMO | | | | | | | | | | | |
| 57 Real estate loans, revolving | 55.0 | 56.3 | 57.7 | 58.6 | 60.6 | 61.1 | 61.7 | 62.9 | 63.3 | 63.6 | 64.4 |
| 58 Real estate loans, other | 714.7 | 720.4 | 721.7 | 725.4 | 729.2 | 730.5 | 734.7 | 731.1 | 733.8 | 736.1 | 740.3 |

1. Back data are available from the Banking and Monetary Statistics section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551. *These data also appear in the Board's weekly H.8 (510) release.*

Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Loan and securities data for domestically chartered commercial banks are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition report data. Data for other banking institutions are estimates made for the last Wednesday of the month based on a weekly reporting sample of foreign-related institutions and quarter-end condition reports.

2. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

## 1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

| Account | 1991 Feb. 27[r] | Mar. 6[r] | Mar. 13[r] | Mar. 20[r] | Mar. 27[r] | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| 1 Cash and balances due from depository institutions | 98,934 | 104,435 | 101,539 | 107,649 | 103,457 | 106,830 | 99,594 | 108,426 | 97,911 |
| 2 U.S. Treasury and government securities | 187,553 | 192,349 | 190,753 | 191,799 | 189,565 | 195,895 | 194,450 | 195,595 | 191,835 |
| 3 Trading account | 14,707 | 18,541 | 16,139 | 16,121 | 12,605 | 17,101 | 15,974 | 16,062 | 13,906 |
| 4 Investment account | 172,846 | 173,807 | 174,614 | 175,678 | 176,959 | 178,793 | 178,476 | 179,532 | 177,928 |
| 5 Mortgage-backed securities[1] | 82,015 | 82,370 | 82,488 | 83,607 | 83,986 | 84,398 | 84,343 | 85,155 | 83,299 |
| 6 All other maturing in | | | | | | | | | |
| 7 One year or less | 18,358 | 18,178 | 18,255 | 17,981 | 18,941 | 19,546 | 19,359 | 19,240 | 19,058 |
| 8 Over one through five years | 39,725 | 39,966 | 41,016 | 41,079 | 41,007 | 41,151 | 41,001 | 41,401 | 41,718 |
| 9 Over five years | 32,749 | 33,294 | 32,855 | 33,011 | 33,026 | 33,698 | 33,774 | 33,736 | 33,853 |
| 10 Other securities | 60,187 | 60,305 | 60,049 | 59,687 | 59,962 | 59,217 | 58,896 | 58,548 | 58,589 |
| 11 Trading account | 1,348 | 1,412 | 1,267 | 1,267 | 1,553 | 1,353 | 1,221 | 1,163 | 1,392 |
| 12 Investment account | 58,839 | 58,893 | 58,781 | 58,419 | 58,409 | 57,864 | 57,674 | 57,385 | 57,197 |
| 13 State and political subdivisions, by maturity | 29,057 | 28,957 | 28,719 | 28,414 | 28,131 | 27,998 | 27,858 | 27,585 | 27,418 |
| 14 One year or less | 3,707 | 3,711 | 3,699 | 3,659 | 3,606 | 3,781 | 3,738 | 3,685 | 3,660 |
| 15 Over one year | 25,350 | 25,246 | 25,019 | 24,754 | 24,525 | 24,217 | 24,119 | 23,900 | 23,757 |
| 16 Other bonds, corporate stocks, and securities | 29,782 | 29,936 | 30,063 | 30,006 | 30,278 | 29,867 | 29,817 | 29,800 | 29,779 |
| 17 Other trading account assets | 10,826 | 11,254 | 10,708 | 9,997 | 9,184 | 10,997 | 9,631 | 9,717 | 9,717 |
| 18 Federal funds sold[2] | 73,536 | 80,289 | 74,904 | 69,027 | 69,931 | 79,788 | 79,521 | 85,577 | 68,905 |
| 19 To commercial banks in the U.S. | 47,717 | 54,636 | 47,085 | 45,249 | 48,485 | 59,095 | 53,921 | 60,026 | 45,186 |
| 20 To nonbank brokers and dealers | 21,688 | 22,043 | 24,146 | 20,626 | 17,656 | 17,250 | 21,772 | 21,541 | 20,548 |
| 21 To others[3] | 4,132 | 3,610 | 3,673 | 3,153 | 3,791 | 3,443 | 3,828 | 4,010 | 3,172 |
| 22 Other loans and leases, gross | 1,057,387 | 1,056,599 | 1,054,052 | 1,054,141 | 1,050,697 | 1,049,626 | 1,044,698 | 1,048,930 | 1,044,691 |
| 23 Commercial and industrial | 320,569 | 321,049 | 318,755 | 319,910 | 319,493 | 320,471 | 317,550 | 318,819 | 316,930 |
| 24 Bankers' acceptances and commercial paper | 1,540 | 1,569 | 1,540 | 1,588 | 1,679 | 1,697 | 1,671 | 1,736 | 1,601 |
| 25 All other | 319,029 | 319,480 | 317,216 | 318,322 | 317,814 | 318,774 | 315,879 | 317,083 | 315,330 |
| 26 U.S. addressees | 317,631 | 318,129 | 315,845 | 317,030 | 316,492 | 317,386 | 314,530 | 315,767 | 313,887 |
| 27 Non-U.S. addressees | 1,398 | 1,351 | 1,371 | 1,291 | 1,322 | 1,388 | 1,349 | 1,316 | 1,443 |
| 28 Real estate loans | 401,594 | 401,952 | 403,005 | 403,146 | 402,611 | 402,667 | 403,349 | 403,757 | 403,818 |
| 29 Revolving, home equity | 35,589 | 35,582 | 35,645 | 35,718 | 36,411 | 36,445 | 36,516 | 36,738 | 36,953 |
| 30 All other | 366,006 | 366,370 | 367,360 | 367,428 | 366,201 | 366,222 | 366,833 | 367,019 | 366,864 |
| 31 To individuals for personal expenditures | 194,751 | 193,924 | 193,416 | 192,155 | 191,378 | 190,191 | 190,216 | 190,612 | 190,520 |
| 32 To depository and financial institutions | 48,368 | 48,906 | 50,269 | 49,856 | 48,533 | 49,363 | 47,811 | 46,459 | 45,495 |
| 33 Commercial banks in the United States | 23,037 | 22,529 | 23,886 | 24,378 | 23,172 | 22,211 | 21,826 | 21,347 | 21,096 |
| 34 Banks in foreign countries | 2,866 | 3,239 | 3,235 | 2,716 | 2,730 | 3,855 | 2,922 | 2,520 | 2,465 |
| 35 Nonbank depository and other financial institutions | 22,465 | 23,137 | 23,148 | 22,762 | 22,632 | 23,297 | 23,063 | 22,592 | 21,933 |
| 36 For purchasing and carrying securities | 15,142 | 13,702 | 12,163 | 13,010 | 12,844 | 11,834 | 11,401 | 12,988 | 12,982 |
| 37 To finance agricultural production | 5,732 | 5,786 | 5,810 | 5,707 | 5,770 | 5,753 | 5,824 | 5,915 | 5,875 |
| 38 To states and political subdivisions | 20,447 | 20,289 | 20,174 | 20,129 | 20,201 | 19,927 | 19,832 | 19,913 | 19,912 |
| 39 To foreign governments and official institutions | 1,316 | 1,248 | 1,781 | 1,230 | 1,391 | 1,182 | 1,182 | 1,152 | 1,187 |
| 40 All other loans[4] | 22,110 | 22,309 | 21,305 | 21,705 | 21,231 | 21,003 | 20,384 | 22,191 | 20,871 |
| 41 Lease financing receivables | 27,358 | 27,435 | 27,374 | 27,294 | 27,244 | 27,234 | 27,149 | 27,124 | 27,102 |
| 42 LESS: Unearned income | 4,212 | 4,151 | 4,126 | 4,131 | 4,120 | 4,079 | 4,086 | 4,108 | 4,102 |
| 43 Loan and lease reserve[5] | 38,009 | 38,376 | 38,333 | 38,241 | 38,017 | 37,638 | 37,856 | 37,924 | 37,893 |
| 44 Other loans and leases, net | 1,015,166 | 1,014,072 | 1,011,593 | 1,011,769 | 1,008,560 | 1,007,909 | 1,002,756 | 1,006,898 | 1,002,696 |
| 45 Other assets | 163,825 | 162,100 | 162,903 | 161,949 | 160,496 | 161,813 | 159,101 | 157,071 | 153,077 |
| 46 **Total assets** | **1,610,027** | **1,624,803** | **1,612,448** | **1,611,876** | **1,601,156** | **1,622,451** | **1,603,948** | **1,621,832** | **1,582,730** |

Footnotes appear on the following page.

## 1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

| Account | 1991 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Feb. 27r | Mar. 6r | Mar. 13r | Mar. 20r | Mar. 27r | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
| LIABILITIES | | | | | | | | | |
| 47 Deposits | 1,098,876 | 1,107,116 | 1,108,887 | 1,100,393 | 1,102,446 | 1,120,385 | 1,116,138 | 1,122,723 | 1,094,449 |
| 48 Demand deposits | 216,397 | 217,712 | 219,746 | 212,990 | 218,178 | 228,608 | 223,484 | 231,802 | 214,376 |
| 49 Individuals, partnerships, and corporations | 173,451 | 176,383 | 176,476 | 171,433 | 173,621 | 183,825 | 181,150 | 184,693 | 170,130 |
| 50 Other holders | 42,947 | 41,329 | 43,270 | 41,557 | 44,557 | 44,783 | 42,334 | 47,109 | 44,246 |
| 51 States and political subdivisions | 6,808 | 6,081 | 5,826 | 6,721 | 6,943 | 6,620 | 6,652 | 6,926 | 7,121 |
| 52 U.S. government | 1,628 | 1,513 | 1,310 | 1,513 | 1,662 | 1,795 | 1,975 | 4,106 | 3,387 |
| 53 Depository institutions in the United States | 17,984 | 19,611 | 17,893 | 19,450 | 18,984 | 20,396 | 18,243 | 19,907 | 18,299 |
| 54 Banks in foreign countries | 4,922 | 4,872 | 5,187 | 4,582 | 5,415 | 6,346 | 4,854 | 5,445 | 5,118 |
| 55 Foreign governments and official institutions | 676 | 489 | 669 | 818 | 569 | 582 | 612 | 612 | 686 |
| 56 Certified and officers' checks | 10,929 | 8,763 | 12,385 | 8,473 | 10,984 | 9,045 | 9,998 | 10,112 | 9,635 |
| 57 Transaction balances other than demand deposits[4] | 84,412 | 88,984 | 86,838 | 86,817 | 86,607 | 91,982 | 91,697 | 94,692 | 88,294 |
| 58 Nontransaction balances | 798,067 | 800,421 | 802,304 | 800,586 | 797,661 | 799,795 | 800,958 | 796,229 | 791,779 |
| 59 Individuals, partnerships, and corporations | 759,990 | 762,602 | 764,439 | 762,717 | 760,034 | 763,102 | 764,171 | 759,419 | 754,989 |
| 60 Other holders | 38,077 | 37,818 | 37,864 | 37,869 | 37,628 | 36,693 | 36,786 | 36,810 | 36,790 |
| 61 States and political subdivisions | 31,212 | 30,937 | 31,031 | 31,215 | 31,195 | 30,432 | 30,818 | 30,826 | 30,730 |
| 62 U.S. government | 879 | 891 | 892 | 877 | 870 | 874 | 871 | 899 | 900 |
| 63 Depository institutions in the United States | 5,559 | 5,556 | 5,471 | 5,300 | 5,084 | 4,911 | 4,630 | 4,614 | 4,669 |
| 64 Foreign governments, official institutions, and banks | 427 | 435 | 471 | 477 | 479 | 476 | 467 | 471 | 491 |
| 65 Liabilities for borrowed money[5] | 287,568 | 295,984 | 277,883 | 289,061 | 274,978 | 282,743 | 266,222 | 279,977 | 267,922 |
| 66 Borrowings from Federal Reserve Banks | 0 | 2,313 | 0 | 62 | 11 | 80 | 0 | 0 | 0 |
| 67 Treasury tax and loan notes | 29,205 | 19,412 | 14,761 | 22,127 | 21,556 | 13,997 | 3,780 | 22,701 | 27,029 |
| 68 Other liabilities for borrowed money[6] | 258,363 | 274,259 | 263,122 | 266,872 | 253,411 | 268,666 | 262,442 | 257,277 | 240,893 |
| 69 Other liabilities (including subordinated notes and debentures) | 111,891 | 110,007 | 113,142 | 110,403 | 110,856 | 106,948 | 108,773 | 106,462 | 107,231 |
| 70 **Total liabilities** | **1,498,335** | **1,513,107** | **1,499,912** | **1,499,858** | **1,488,279** | **1,510,075** | **1,491,133** | **1,509,162** | **1,469,602** |
| 71 Residual (Total assets minus total liabilities)[7] | 111,692 | 111,696 | 112,535 | 112,018 | 112,877 | 112,375 | 112,815 | 112,671 | 113,127 |
| MEMO | | | | | | | | | |
| 72 Total loans and leases, gross, adjusted, plus securities[8] | 1,318,736 | 1,323,630 | 1,319,494 | 1,315,024 | 1,307,683 | 1,314,217 | 1,311,448 | 1,316,994 | 1,307,454 |
| 73 Time deposits in amounts of $100,000 or more | 208,756 | 207,268 | 206,634 | 205,140 | 202,474 | 201,740 | 201,890 | 200,745 | 199,099 |
| 74 Loans sold outright to affiliates, total[9] | 1,293 | 1,271 | 1,302 | 1,233 | 1,241 | 1,180 | 1,184 | 1,197 | 1,196 |
| 75 Commercial and industrial | 753 | 731 | 760 | 695 | 692 | 678 | 682 | 694 | 664 |
| 76 Other | 539 | 540 | 542 | 538 | 550 | 502 | 502 | 503 | 532 |
| 77 Foreign branch credit extended to U.S. residents[10] | 26,036 | 25,939 | 26,055 | 26,241 | 25,981 | 25,195 | 25,311 | 25,242 | 24,745 |
| 78 Net due to related institutions abroad | −7,036 | −6,038 | −2,985 | −5,194 | −4,161 | −8,749 | −4,273 | −4,509 | 1,707 |

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 NOW, ATS, and telephone and pre-authorized transfer savings deposits.
5. Includes borrowings only from other than directly related institutions.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.
8. Excludes loans to and federal funds transactions with commercial banks in the United States.
9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

NOTE. Data that formerly appeared on table 1.28 Asset and Liabilities of Large Weekly Reporting Commercial Banks in New York City may be obtained from the Board's H.4.2 (504) statistical release. For address see inside front cover.

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

Millions of dollars, Wednesday figures

| Account | 1991 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Feb. 27 | Mar. 6 | Mar. 13 | Mar. 20 | Mar. 27r | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
| 1 Cash and balances due from depository institutions | 17,845r | 17,588r | 17,092r | 16,021r | 15,505 | 15,516 | 15,741 | 16,708 | 15,605 |
| 2 U.S. Treasury and government agency securities | 13,082 | 14,426 | 14,600 | 16,126 | 14,940 | 14,295 | 13,457 | 12,504 | 12,750 |
| 3 Other securities | 7,732r | 7,723r | 7,788r | 7,770r | 7,819 | 7,823 | 7,791 | 7,585 | 7,617 |
| 4 Federal funds sold[1] | 9,696 | 8,841 | 8,686 | 10,589 | 5,153 | 9,449 | 8,320 | 9,844 | 8,484 |
| 5 To commercial banks in the United States | 3,953 | 3,888 | 2,682 | 4,630 | 1,654 | 5,290 | 3,976 | 4,903 | 3,307 |
| 6 To others[2] | 5,743 | 4,953 | 6,004 | 5,959 | 3,499 | 4,159 | 4,345 | 4,941 | 5,177 |
| 7 Other loans and leases, gross | 136,688r | 137,053r | 138,249r | 138,515r | 136,898 | 136,154 | 135,057 | 135,622 | 135,671 |
| 8 Commercial and industrial | 80,099r | 81,523r | 81,964r | 82,351r | 83,249 | 82,881 | 82,067 | 82,461 | 82,430 |
| 9 Bankers acceptances and commercial paper | 2,111 | 2,168 | 2,143 | 1,981 | 2,019 | 2,266 | 2,085 | 1,871 | 1,763 |
| 10 All other | 77,989r | 79,355r | 79,821r | 80,371r | 81,229 | 80,615 | 79,982 | 80,590 | 80,667 |
| 11 U.S. addressees | 75,535r | 76,898r | 77,379r | 77,978r | 78,731 | 78,180 | 77,615 | 78,204 | 78,435 |
| 12 Non-U.S. addressees | 2,454r | 2,457r | 2,442r | 2,392r | 2,499 | 2,435 | 2,367 | 2,386 | 2,231 |
| 13 Loans secured by real estate | 29,716r | 30,142r | 30,367r | 30,317r | 29,934 | 30,014 | 30,339 | 30,299 | 30,047 |
| 14 To financial institutions | 21,753r | 20,786r | 21,095r | 20,741r | 18,970 | 18,940 | 18,421 | 18,368 | 18,683 |
| 15 Commercial banks in the United States | 14,177 | 13,068 | 13,198 | 12,995 | 11,715 | 11,350 | 11,013 | 10,789 | 11,213 |
| 16 Banks in foreign countries | 1,514 | 1,658 | 1,704 | 1,785 | 1,702 | 1,784 | 1,496 | 1,890 | 1,889 |
| 17 Nonbank financial institutions | 6,062r | 6,060r | 6,192r | 5,961r | 5,553 | 5,806 | 5,912 | 5,689 | 5,581 |
| 18 For purchasing and carrying securities | 1,645 | 1,263 | 1,615 | 1,700 | 1,425 | 1,038 | 1,041 | 1,183 | 1,214 |
| 19 To foreign governments and official institutions | 290 | 212 | 211 | 192 | 259 | 188 | 214 | 220 | 225 |
| 20 All other | 3,184r | 3,126r | 2,997r | 3,214r | 3,062 | 3,094 | 2,975 | 3,090 | 3,071 |
| 21 Other assets (claims on nonrelated parties) | 31,291 | 30,577 | 30,626 | 30,090 | 29,551 | 29,333 | 29,474 | 29,093 | 29,321 |
| 22 **Total assets**[3] | **240,767** | **241,846** | **243,417** | **242,544** | **238,439** | **246,216** | **240,704** | **244,478** | **240,669** |
| 23 Deposits or credit balances due to other than directly related institutions | 73,281 | 72,822 | 75,688 | 76,238 | 77,874 | 77,392 | 78,356 | 80,698 | 82,268 |
| 24 Demand deposits[4] | 4,012r | 3,839r | 3,997 | 4,466 | 4,517 | 4,051 | 4,173 | 4,166 | 4,137 |
| 25 Individuals, partnerships, and corporations | 2,455r | 2,519r | 2,596r | 2,796 | 2,752 | 2,590 | 2,495 | 2,647 | 2,649 |
| 26 Other | 1,558 | 1,320 | 1,400r | 1,670 | 1,765 | 1,460 | 1,678 | 1,519 | 1,488 |
| 27 Nontransaction accounts | 69,269r | 68,983r | 71,691 | 71,772 | 73,357 | 73,341 | 74,183 | 76,532 | 78,131 |
| 28 Individuals, partnerships, and corporations | 52,494r | 51,862r | 53,804 | 54,050 | 54,312 | 54,394 | 54,804 | 55,684 | 56,812 |
| 29 Other | 16,774 | 17,121 | 17,887 | 17,722 | 19,046 | 18,947 | 19,380 | 20,848 | 21,319 |
| 30 Borrowings from other than directly related institutions | 90,136 | 94,049 | 94,790 | 90,377 | 85,213 | 97,663 | 95,427 | 93,253 | 90,610 |
| 31 Federal funds purchased[5] | 36,641 | 40,023 | 40,208 | 36,746 | 34,470 | 48,371 | 44,888 | 46,813 | 41,999 |
| 32 From commercial banks in the United States | 14,974 | 16,645 | 17,971 | 13,720 | 15,272 | 24,516 | 20,018 | 25,507 | 14,221 |
| 33 From others | 21,667 | 23,377 | 22,237 | 23,026 | 19,198 | 23,855 | 24,870 | 21,306 | 27,778 |
| 34 Other liabilities for borrowed money | 53,495 | 54,026 | 54,582 | 53,631 | 50,743 | 49,292 | 50,539 | 46,439 | 48,611 |
| 35 To commercial banks in the United States | 21,805r | 21,087r | 21,774r | 21,615r | 19,693 | 20,058 | 19,372 | 18,570 | 19,091 |
| 36 To others | 31,691r | 32,939r | 32,808r | 32,016r | 31,050 | 29,234 | 31,166 | 27,869 | 29,520 |
| 37 Other liabilities to nonrelated parties | 30,084 | 29,432 | 29,696 | 29,407 | 28,790 | 28,374 | 28,133 | 28,134 | 28,452 |
| 38 **Total liabilities**[6] | **240,767** | **241,846** | **243,417** | **242,544** | **238,439** | **246,216** | **240,704** | **244,478** | **240,669** |
| MEMO | | | | | | | | | |
| 39 Total loans (gross) and securities adjusted[7] | 149,068r | 151,088r | 153,443r | 155,376r | 151,441 | 151,082 | 149,636 | 149,863 | 150,002 |
| 40 Net due to related institutions abroad | 22,832 | 19,906 | 16,867 | 23,091 | 17,988 | 9,141 | 7,925 | 9,270 | 8,119 |

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net due from position.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. Includes net due to related institutions abroad for U.S. branches and agencies of foreign banks having a net due to position.
7. Excludes loans to and federal funds transactions with commercial banks in the U.S.

## 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Instrument | 1986 Dec. | 1987 Dec. | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Commercial paper (seasonally adjusted unless noted otherwise) | | | | | | | | | | |
| 1 **All issuers** | **331,316r** | **358,997r** | **458,464r** | **530,123r** | **566,688r** | **561,148r** | **564,482r** | **566,688r** | **569,378r** | **561,597r** | **566,069** |
| Financial companies[1] | | | | | | | | | | | |
| *Dealer-placed paper*[2] | | | | | | | | | | | |
| 2 Total | 101,707 | 102,742 | 159,777 | 186,343 | 218,953 | 205,673 | 211,986 | 218,953 | 216,148 | 217,812 | 224,865 |
| 3 Bank-related (not seasonally adjusted)[3] | 2,265 | 1,428 | 1,248 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *Directly placed paper*[4] | | | | | | | | | | | |
| 4 Total | 151,897 | 174,332 | 194,931 | 212,640 | 201,862 | 205,420 | 204,191 | 201,862 | 202,997 | 197,990 | 190,620 |
| 5 Bank-related (not seasonally adjusted)[3] | 40,860 | 43,173 | 43,155 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 6 Nonfinancial companies[5] | 77,712 | 81,923 | 103,756 | 131,140 | 145,873 | 150,055 | 148,305 | 145,873 | 150,233 | 145,795 | 150,584 |
| | Bankers dollar acceptances (not seasonally adjusted)[6] | | | | | | | | | | |
| 7 **Total** | **64,974** | **70,565** | **66,631** | **62,972** | **54,771** | **52,093** | **53,968** | **54,771** | **56,498** | **52,831** | **48,795** |
| *Holder* | | | | | | | | | | | |
| 8 Accepting banks | 13,423 | 10,943 | 9,086 | 9,433 | 9,017 | 9,189 | 8,751 | 9,017 | 10,029 | 10,240 | 9,237 |
| 9 Own bills | 11,707 | 9,464 | 8,022 | 8,510 | 7,930 | 7,868 | 7,535 | 7,930 | 8,539 | 8,391 | 7,569 |
| 10 Bills bought | 1,716 | 1,479 | 1,064 | 924 | 1,087 | 1,321 | 1,217 | 1,087 | 1,490 | 1,849 | 1,668 |
| Federal Reserve Banks | | | | | | | | | | | |
| 11 Own account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Foreign correspondents | 1,317 | 965 | 1,493 | 1,066 | 918 | 1,145 | 880 | 918 | 927 | 892 | 872 |
| 13 Others | 50,234 | 58,658 | 56,052 | 52,473 | 44,836 | 41,760 | 44,337 | 44,836 | 45,542 | 41,699 | 38,686 |
| *Basis* | | | | | | | | | | | |
| 14 Imports into United States | 14,670 | 16,483 | 14,984 | 15,651 | 13,096 | 12,408 | 12,758 | 13,096 | 14,284 | 13,799 | 12,509 |
| 15 Exports from United States | 12,960 | 15,227 | 14,410 | 13,683 | 12,703 | 13,238 | 13,865 | 12,703 | 12,870 | 12,082 | 11,500 |
| 16 All other | 37,344 | 38,855 | 37,237 | 33,638 | 28,973r | 26,447 | 27,345 | 28,973r | 29,344 | 26,950 | 24,786 |

1. Institutions engaged primarily in activities such as, but not limited to, 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. Beginning January 1989, bank-related series have been discontinued.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with $100 million or more in total acceptances. The panel is revised every January and currently has about 100 respondents. The current reporting group accounts for over 90 percent of total acceptances activity.

## 1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per year

| Date of change | Rate | Period | Average rate | Period | Average rate | Period | Average rate |
|---|---|---|---|---|---|---|---|
| 1988— Jan. 4 | 8.75 | 1988 | 9.32 | 1989— Jan. | 10.50 | 1990— Jan. | 10.11 |
| Feb. 2 | 8.50 | 1989 | 10.87 | Feb. | 10.93 | Feb. | 10.00 |
| May 11 | 9.00 | 1990 | 10.01 | Mar. | 11.50 | Mar. | 10.00 |
| July 14 | 9.50 | | | Apr. | 11.50 | Apr. | 10.00 |
| Aug. 11 | 10.00 | 1988— Jan. | 8.75 | May | 11.50 | May | 10.00 |
| Nov. 28 | 10.50 | Feb. | 8.51 | June | 11.07 | June | 10.00 |
| | | Mar. | 8.50 | July | 10.98 | July | 10.00 |
| 1989— Feb. 10 | 11.00 | Apr. | 8.50 | Aug. | 10.50 | Aug. | 10.00 |
| 24 | 11.50 | May | 8.84 | Sept. | 10.50 | Sept. | 10.00 |
| June 5 | 11.00 | June | 9.00 | Oct. | 10.50 | Oct. | 10.00 |
| July 31 | 10.50 | July | 9.29 | Nov. | 10.50 | Nov. | 10.00 |
| | | Aug. | 9.84 | Dec. | 10.50 | Dec. | 10.00 |
| 1990— Jan. 8 | 10.00 | Sept. | 10.00 | | | | |
| | | Oct. | 10.00 | | | 1991— Jan. | 9.52 |
| 1991— Jan. 2 | 9.50 | Nov. | 10.05 | | | Feb. | 9.05 |
| Feb. 4 | 9.00 | Dec. | 10.50 | | | Mar. | 9.00 |
| May 1 | 8.50 | | | | | Apr. | 9.00 |
| | | | | | | May | 8.50 |

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

## 1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; weekly, monthly and annual figures are averages of business day data unless otherwise noted.

| Instrument | 1988 | 1989 | 1990 | 1991 | | | | 1991, week ending | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Jan. | Feb. | Mar. | Apr. | Mar. 29 | Apr. 5 | Apr. 12 | Apr. 19 | Apr. 26 |
| MONEY MARKET RATES | | | | | | | | | | | | |
| 1 Federal funds[1,2,3] | 7.57 | 9.21 | 8.10 | 6.91 | 6.25 | 6.12 | 5.91 | 6.10 | 6.00 | 5.90 | 5.69 | 5.92 |
| 2 Discount window borrowing[2,11] | 6.20 | 6.93 | 6.98 | 6.50 | 6.00 | 6.00 | 5.98 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Commercial paper[3,4,5] | | | | | | | | | | | | |
| 3 1-month | 7.58 | 9.11 | 8.15 | 7.12 | 6.53 | 6.48 | 6.08 | 6.36 | 6.25 | 5.99 | 6.03 | 6.07 |
| 4 3-month | 7.66 | 8.99 | 8.06 | 7.10 | 6.49 | 6.41 | 6.07 | 6.29 | 6.20 | 5.99 | 6.02 | 6.10 |
| 5 6-month | 7.68 | 8.80 | 7.95 | 7.02 | 6.41 | 6.36 | 6.07 | 6.27 | 6.17 | 5.99 | 6.04 | 6.12 |
| Finance paper, directly placed[3,4,6] | | | | | | | | | | | | |
| 6 1-month | 7.44 | 8.99 | 8.00 | 6.95 | 6.31 | 6.31 | 5.95 | 6.17 | 6.11 | 5.86 | 5.90 | 5.96 |
| 7 3-month | 7.38 | 8.72 | 7.87 | 6.92 | 6.38 | 6.28 | 5.94 | 6.16 | 6.08 | 5.86 | 5.88 | 5.97 |
| 8 6-month | 7.14 | 8.16 | 7.53 | 6.59 | 6.14 | 6.20 | 5.91 | 6.14 | 6.05 | 5.84 | 5.86 | 5.91 |
| Bankers acceptances[3,4,7] | | | | | | | | | | | | |
| 9 3-month | 7.56 | 8.87 | 7.93 | 6.96 | 6.36 | 6.24 | 5.92 | 6.14 | 6.02 | 5.88 | 5.89 | 5.92 |
| 10 6-month | 7.60 | 8.67 | 7.80 | 6.84 | 6.22 | 6.21 | 5.92 | 6.13 | 6.01 | 5.89 | 5.90 | 5.94 |
| Certificates of deposit, secondary market[3,8] | | | | | | | | | | | | |
| 11 1-month | 7.59 | 9.11 | 8.15 | 7.10 | 6.45 | 6.47 | 6.03 | 6.30 | 6.18 | 5.98 | 5.97 | 6.04 |
| 12 3-month | 7.73 | 9.09 | 8.15 | 7.17 | 6.52 | 6.45 | 6.06 | 6.31 | 6.18 | 6.00 | 6.00 | 6.08 |
| 13 6-month | 7.91 | 9.08 | 8.17 | 7.17 | 6.51 | 6.50 | 6.16 | 6.39 | 6.26 | 6.09 | 6.13 | 6.21 |
| 14 Eurodollar deposits, 3-month[3,9] | 7.85 | 9.16 | 8.16 | 7.23 | 6.60 | 6.44 | 6.11 | 6.35 | 6.25 | 6.13 | 6.01 | 6.13 |
| U.S. Treasury bills | | | | | | | | | | | | |
| Secondary market[3,4] | | | | | | | | | | | | |
| 15 3-month | 6.67 | 8.11 | 7.50 | 6.22 | 5.94 | 5.91 | 5.65 | 5.82 | 5.75 | 5.59 | 5.63 | 5.66 |
| 16 6-month | 6.91 | 8.03 | 7.46 | 6.28 | 5.93 | 5.92 | 5.71 | 5.83 | 5.77 | 5.67 | 5.70 | 5.73 |
| 17 1-year | 7.13 | 7.92 | 7.35 | 6.25 | 5.91 | 6.00 | 5.85 | 5.94 | 5.87 | 5.84 | 5.87 | 5.86 |
| Auction average[3,4,12] | | | | | | | | | | | | |
| 18 3-month | 6.68 | 8.12 | 7.51 | 6.30 | 5.95 | 5.91 | 5.67 | 5.86 | 5.80 | 5.60 | 5.57 | 5.69 |
| 19 6-month | 6.92 | 8.04 | 7.47 | 6.34 | 5.93 | 5.91 | 5.73 | 5.84 | 5.79 | 5.68 | 5.67 | 5.79 |
| 20 1-year | 7.17 | 7.91 | 7.36 | 6.22 | 5.85 | 6.06 | 5.88 | n.a. | n.a. | 5.88 | n.a. | n.a. |
| CAPITAL MARKET RATES | | | | | | | | | | | | |
| U.S. Treasury notes and bonds | | | | | | | | | | | | |
| Constant maturities[13] | | | | | | | | | | | | |
| 21 1-year | 7.65 | 8.53 | 7.89 | 6.64 | 6.27 | 6.40 | 6.24 | 6.34 | 6.26 | 6.22 | 6.26 | 6.25 |
| 22 2-year | 8.10 | 8.57 | 8.16 | 7.13 | 6.87 | 7.10 | 6.95 | 7.10 | 6.97 | 6.94 | 6.95 | 6.98 |
| 23 3-year | 8.26 | 8.55 | 8.26 | 7.38 | 7.08 | 7.35 | 7.23 | 7.36 | 7.25 | 7.24 | 7.21 | 7.25 |
| 24 5-year | 8.47 | 8.50 | 8.37 | 7.70 | 7.47 | 7.77 | 7.70 | 7.79 | 7.69 | 7.69 | 7.70 | 7.74 |
| 25 7-year | 8.71 | 8.52 | 8.52 | 7.97 | 7.73 | 8.00 | 7.92 | 8.01 | 7.92 | 7.92 | 7.89 | 7.96 |
| 26 10-year | 8.85 | 8.49 | 8.55 | 8.09 | 7.85 | 8.11 | 8.04 | 8.10 | 8.03 | 8.04 | 8.00 | 8.09 |
| 27 30-year | 8.96 | 8.45 | 8.61 | 8.27 | 8.03 | 8.29 | 8.21 | 8.28 | 8.22 | 8.21 | 8.16 | 8.25 |
| Composite[14] | | | | | | | | | | | | |
| 28 Over 10 years (long-term) | 8.98 | 8.58 | 8.74 | 8.33 | 8.12 | 8.38 | 8.29 | 8.37 | 8.30 | 8.29 | 8.23 | 8.32 |
| State and local notes and bonds | | | | | | | | | | | | |
| Moody's series[15] | | | | | | | | | | | | |
| 29 Aaa | 7.36 | 7.00 | 6.96 | 6.57 | 6.41 | 6.76 | n.a. | 6.97 | 6.89 | 6.73 | 6.61 | 6.57 |
| 30 Baa | 7.83 | 7.40 | 7.29 | 7.17 | 7.03 | 7.29 | n.a. | 7.40 | 7.30 | 7.21 | 7.13 | 7.09 |
| 31 *Bond Buyer* series[16] | 7.68 | 7.23 | 7.27 | 7.08 | 6.91 | 7.10 | 7.02 | 7.14 | 7.06 | 7.02 | 6.98 | 7.01 |
| Corporate bonds | | | | | | | | | | | | |
| Seasoned issues[17] | | | | | | | | | | | | |
| 32 All industries | 10.18 | 9.66 | 9.77 | 9.62 | 9.36 | 9.43 | 9.33 | 9.43 | 9.36 | 9.33 | 9.29 | 9.34 |
| 33 Aaa | 9.71 | 9.26 | 9.32 | 9.04 | 8.83 | 8.93 | 8.86 | 8.92 | 8.86 | 8.87 | 8.81 | 8.89 |
| 34 Aa | 9.94 | 9.46 | 9.56 | 9.37 | 9.16 | 9.21 | 9.12 | 9.23 | 9.16 | 9.11 | 9.09 | 9.11 |
| 35 A | 10.24 | 9.74 | 9.82 | 9.61 | 9.38 | 9.50 | 9.39 | 9.49 | 9.43 | 9.39 | 9.33 | 9.41 |
| 36 Baa | 10.83 | 10.18 | 10.36 | 10.45 | 10.07 | 10.09 | 9.94 | 10.06 | 9.98 | 9.96 | 9.93 | 9.93 |
| 37 A-rated, recently offered utility bonds[18] | 10.20 | 9.79 | 10.01 | 9.83 | 9.54 | 9.58 | 9.46 | 9.49 | 9.41 | 9.41 | 9.49 | 9.50 |
| MEMO: Dividend/price ratio[19] | | | | | | | | | | | | |
| 38 Preferred stocks | 9.23 | 9.05 | n.a. | 8.71 | 8.46 | 8.56 | 8.43 | 8.58 | 8.41 | 8.45 | 8.47 | 8.38 |
| 39 Common stocks | 3.64 | 3.45 | n.a. | 3.82 | 3.35 | 3.26 | 3.19 | 3.25 | 3.22 | 3.27 | 3.11 | 3.17 |

1. The daily effective federal funds rate is a weighted average of rates on trades through N.Y. brokers.
2. Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Quoted on a discount basis.
5. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
6. An average of offering rates on paper directly placed by finance companies.
7. Representative closing yields for acceptances of the highest rated money center banks.
8. An average of dealer offering rates on nationally traded certificates of deposit.
9. Bid rates for Eurodollar deposits at 11 a.m. London time.
10. One of several base rates used by banks to price short-term business loans.
11. Rate for the Federal Reserve Bank of New York.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
14. Unweighted average of rates on all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower"bond.
15. General obligation based on Thursday figures; Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

## 1.36 STOCK MARKET Selected Statistics

| Indicator | 1988 | 1989 | 1990 | 1990 Aug. | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar. | 1991 Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Prices and trading (averages of daily figures) | | | | | | | | | | | |
| *Common stock prices* | | | | | | | | | | | | |
| 1 New York Stock Exchange (Dec. 31, 1965 = 50) | 149.96r | 180.13 | 183.48 | 181.45 | 173.22 | 168.05 | 172.21 | 179.57 | 177.95 | 197.75 | 203.56 | 207.71 |
| 2 Industrial | 180.83 | 228.04 | 225.81 | 226.73 | 216.81 | 208.58 | 212.81 | 221.86 | 220.69 | 246.74 | 255.36 | 260.16 |
| 3 Transportation | 134.07r | 174.90 | 158.64 | 147.41 | 136.95 | 131.99 | 132.96 | 141.31 | 145.89 | 166.06 | 166.26 | 166.90 |
| 4 Utility | 72.22 | 94.33 | 90.61 | 85.81 | 83.30 | 87.27 | 89.69 | 91.56 | 88.59 | 92.08 | 92.29 | 92.92 |
| 5 Finance | 127.41 | 162.01 | 133.23 | 128.14 | 118.59 | 108.01 | 113.76 | 122.18 | 121.39 | 141.03 | 145.41 | 152.64 |
| 6 Standard & Poor's Corporation (1941–43 = 10)[1] | 265.86r | 323.05 | 334.63 | 330.75 | 315.41 | 307.12 | 315.29 | 328.75 | 325.49 | 362.26 | 372.28 | 379.68 |
| 7 American Stock Exchange (Aug. 31, 1973 = 50)[2] | 295.06r | 356.67 | 338.36 | 333.49 | 318.53 | 296.67 | 294.88 | 305.54 | 304.08 | 338.11 | 353.98 | 365.02 |
| *Volume of trading (thousands of shares)* | | | | | | | | | | | | |
| 8 New York Stock Exchange | 161,509r | 165,568 | 156,842 | 174,446 | 142,054 | 159,590 | 149,916 | 155,836 | 166,323 | 226,635 | 196,343 | 182,510 |
| 9 American Stock Exchange | 9,955 | 13,124 | 13,155 | 15,881 | 11,668 | 11,294 | 10,368 | 11,620 | 10,870 | 16,649 | 15,326 | 13,140 |
| | Customer financing (end-of-period balances, in millions of dollars) | | | | | | | | | | | |
| **10 Margin credit at broker-dealers[3]** | **32,740** | **34,320** | **28,210** | **30,350** | **29,640** | **28,650** | **27,820** | **28,210** | **27,390** | **28,860** | **29,660r** | **30,020** |
| *Free credit balances at brokers[4]* | | | | | | | | | | | | |
| 11 Margin-account[5] | 5,660 | 7,040 | 8,050 | 7,140 | 7,285 | 7,245 | 7,300 | 8,050 | 7,435 | 7,190 | 7,320 | 6,975 |
| 12 Cash-account | 16,595 | 18,505 | 19,285 | 16,745 | 16,185 | 15,820 | 17,025 | 19,285 | 18,825 | 19,435 | 19,555 | 17,830 |

| Indicator | Margin requirements (percent of market value and effective date)[6] | | | | | |
|---|---|---|---|---|---|---|
| | Mar. 11, 1968 | June 8, 1968 | May 6, 1970 | Dec. 6, 1971 | Nov. 24, 1972 | Jan. 3, 1974 |
| 13 Margin stocks | 70 | 80 | 65 | 55 | 65 | 50 |
| 14 Convertible bonds | 50 | 60 | 50 | 50 | 50 | 50 |
| 15 Short sales | 70 | 80 | 65 | 55 | 65 | 50 |

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through 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 in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit 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.

## 1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1988 | 1989 | 1990 | | | | | | | | 1991 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. |
| | SAIF-insured institutions | | | | | | | | | | | |
| 1 **Assets** | **1,350,500** | **1,249,055** | **1,197,787** | **1,174,615** | **1,162,559** | **1,157,160** | **1,125,652** | **1,115,311** | **1,107,499** | **1,083,673** | **1,064,986** | **1,053,675** |
| 2 Mortgages | 764,513 | 733,729 | 708,550 | 691,239 | 689,079 | 684,967 | 665,891 | 662,304 | 653,471 | 633,634 | 624,852 | 619,799 |
| 3 Mortgage-backed securities | 214,587 | 170,532 | 165,741 | 159,173 | 158,146 | 156,398 | 154,197 | 153,469 | 155,616 | 155,308 | 151,515 | 149,433 |
| 4 Contra-assets to mortgage assets[1] | 37,950 | 25,457 | 22,044 | 20,337 | 19,552 | 19,323 | 18,788 | 17,131 | 17,038 | 16,910 | 15,151 | 14,640 |
| 5 Commercial loans | 33,889 | 32,150 | 30,351 | 28,753 | 28,483 | 27,868 | 26,761 | 26,052 | 25,262 | 24,129 | 23,670 | 23,198 |
| 6 Consumer loans | 61,922 | 58,685 | 55,659 | 55,171 | 54,667 | 53,387 | 51,874 | 49,370 | 48,595 | 47,224 | 46,701 | 46,172 |
| 7 Contra-assets to nonmortgage loans[2] | 3,056 | 3,592 | 1,771 | 1,980 | 1,978 | 2,022 | 1,981 | 1,753 | 1,675 | 1,896 | 1,566 | 1,803 |
| 8 Cash and investment securities | 186,986 | 166,053 | 152,391 | 155,674 | 150,399 | 153,061 | 147,959 | 145,286 | 146,004 | 146,543 | 140,465 | 138,817 |
| 9 Other[3] | 129,610 | 116,955 | 108,910 | 106,922 | 103,314 | 102,825 | 99,739 | 97,713 | 97,263 | 95,641 | 94,600 | 92,699 |
| 10 **Liabilities and net worth** | **1,350,500** | **1,249,055** | **1,197,787** | **1,174,615** | **1,162,559** | **1,157,160** | **1,125,652** | **1,115,311** | **1,107,499** | **1,083,673** | **1,064,986** | **1,053,675** |
| 11 Savings capital | 971,700 | 945,656 | 902,653 | 890,497 | 885,286 | 878,736 | 857,688 | 851,802 | 846,816 | 835,494 | 823,532 | 816,525 |
| 12 Borrowed money | 299,400 | 252,230 | 241,943 | 230,169 | 222,442 | 221,872 | 213,562 | 206,769 | 202,316 | 195,818 | 187,509 | 182,166 |
| 13 FHLBB | 134,168 | 124,577 | 114,047 | 109,733 | 106,127 | 105,882 | 101,731 | 100,574 | 100,493 | 100,391 | 95,838 | 94,658 |
| 14 Other | 165,232 | 127,653 | 127,896 | 120,436 | 116,315 | 115,990 | 111,831 | 106,195 | 101,823 | 95,427 | 91,671 | 87,508 |
| 15 Other | 24,216 | 27,556 | 28,807 | 25,151 | 26,732 | 28,236 | 23,923 | 25,569 | 26,132 | 21,300 | 22,061 | 23,227 |
| 16 Net worth | n.a. | 23,612 | 24,384 | 28,797 | 28,099 | 28,317 | 30,480 | 31,170 | 32,235 | 31,061 | 31,883 | 31,756 |
| | SAIF-insured federal savings banks | | | | | | | | | | | |
| 17 **Assets** | **425,966** | **498,522** | **570,795** | **583,392** | **580,847** | **584,632** | **591,136** | **588,880** | **585,847** | **576,531** | **567,373** | **556,708** |
| 18 Mortgages | 230,734 | 283,844 | 317,985 | 323,516 | 328,236 | 328,895 | 332,927 | 332,431 | 328,122 | 320,233 | 316,889 | 313,880 |
| 19 Mortgage-backed securities | 64,957 | 70,499 | 77,781 | 78,001 | 80,474 | 80,994 | 82,418 | 82,219 | 84,190 | 81,205 | 79,451 | 78,290 |
| 20 Contra-assets to mortgage assets[1] | 13,140 | 13,548 | 10,798 | 10,200 | 9,227 | 9,339 | 9,964 | 9,578 | 9,305 | 9,591 | 8,222 | 7,777 |
| 21 Commercial loans | 16,731 | 18,143 | 19,713 | 19,683 | 18,810 | 18,662 | 18,767 | 18,458 | 18,197 | 17,674 | 17,299 | 17,008 |
| 22 Consumer loans | 24,222 | 28,212 | 32,407 | 32,745 | 31,003 | 31,183 | 30,750 | 30,682 | 30,421 | 29,933 | 31,179 | 29,292 |
| 23 Contra-assets to nonmortgage loans[2] | 889 | 1,193 | 707 | 970 | 870 | 813 | 980 | 572 | 809 | 990 | 770 | 895 |
| 24 Finance leases plus interest | 880 | 1,101 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 25 Cash and investment | 61,029 | 64,538 | 70,999 | 75,081 | 71,354 | 73,756 | 73,602 | 75,117 | 72,454 | 75,940 | 71,066 | 67,721 |
| 26 Other | 35,412 | 39,981 | 44,840 | 47,723 | 44,150 | 44,129 | 46,043 | 45,287 | 45,319 | 45,008 | 44,768 | 44,210 |
| 27 **Liabilities and net worth** | **425,966** | **498,522** | **570,795** | **583,392** | **580,847** | **584,632** | **591,136** | **588,880** | **585,847** | **576,531** | **567,373** | **556,708** |
| 28 Savings capital | 298,197 | 360,547 | 413,009 | 427,379 | 423,472 | 424,260 | 434,705 | 436,080 | 436,903 | 434,297 | 428,822 | 422,745 |
| 29 Borrowed money | 99,286 | 108,448 | 123,415 | 121,721 | 118,393 | 120,592 | 119,991 | 115,472 | 111,270 | 107,270 | 102,313 | 97,089 |
| 30 FHLBB | 46,265 | 57,032 | 61,057 | 60,666 | 61,287 | 62,209 | 61,605 | 60,256 | 60,265 | 59,949 | 57,703 | 56,078 |
| 31 Other | 53,021 | 51,416 | 62,358 | 61,055 | 57,106 | 58,383 | 58,386 | 55,216 | 51,005 | 47,321 | 44,610 | 41,011 |
| 32 Other | 8,075 | 9,041 | 10,307 | 8,889 | 9,245 | 10,128 | 8,253 | 9,063 | 9,824 | 8,193 | 8,356 | 8,721 |
| 33 Net worth | 20,218 | 22,716 | 21,138 | 21,944 | 26,424 | 26,420 | 24,859 | 24,837 | 24,931 | 24,172 | 25,285 | 25,432 |

1.37—Continued

| Account | 1988 | 1989 | 1990 May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | 1991 Jan. | Feb. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Credit unions[4] | | | | | | | | | | | |
| 34 **Total assets/liabilities and capital** | **174,593** | **183,688** | **195,020** | **195,302** | **194,523** | **196,625** | **197,272** | | | | | |
| 35 Federal | 114,566 | 120,666 | 128,648 | 128,142 | 127,564 | 128,715 | 129,086 | | | | | |
| 36 State | 60,027 | 63,022 | 66,372 | 67,160 | 66,959 | 67,910 | 68,186 | | | | | |
| 37 Loans outstanding | 113,191 | 122,608 | 123,205 | 123,968 | 124,343 | 126,156 | 127,341 | n.a. | n.a. | n.a. | n.a. | n.a. |
| 38 Federal | 73,766 | 80,272 | 80,550 | 81,063 | 81,063 | 82,040 | 82,823 | | | | | |
| 39 State | 39,425 | 42,336 | 42,655 | 42,905 | 43,280 | 44,116 | 44,518 | | | | | |
| 40 Savings | 159,010 | 167,371 | 176,701 | 178,127 | 176,360 | 178,081 | 177,532 | | | | | |
| 41 Federal | 104,431 | 109,653 | 116,402 | 116,717 | 115,305 | 116,411 | 115,469 | | | | | |
| 42 State | 54,579 | 57,718 | 60,299 | 61,408 | 61,056 | 61,670 | 62,063 | | | | | |
| | Life insurance companies[5] | | | | | | | | | | | |
| 43 **Assets** | | **1,299,756** | | **1,376,660** | | | **1,387,463** | | | **1,411,881** | | |
| *Securities* | | | | | | | | | | | | |
| 44 Government | | 178,141 | | 195,287 | | | 202,962 | | | 208,782 | | |
| 45 United States[6] | | 153,361 | | 175,156 | | | 180,200 | | | | | |
| 46 State and local | | 9,028 | | 10,963 | | | 11,818 | | | 12,038 | | |
| 47 Foreign[7] | | 15,752 | | 16,589 | | | 15,988 | | | 16,544 | | |
| 48 Business | n.a. | 663,677 | n.a. | 705,070 | n.a. | n.a. | 709,470 | n.a. | n.a. | 724,603 | n.a. | n.a. |
| 49 Bonds | | 538,063 | | 570,245 | | | 588,251 | | | 596,053 | | |
| 50 Stocks | | 125,614 | | 134,825 | | | 121,219 | | | 128,550 | | |
| 51 Mortgages | | 254,215 | | 264,865 | | | 266,063 | | | 267,922 | | |
| 52 Real estate | | 39,908 | | 44,188 | | | 44,544 | | | 44,718 | | |
| 53 Policy loans | | 57,439 | | 63,144 | | | 60,641 | | | 61,562 | | |
| 54 Other assets | | 106,376 | | 104,106 | | | 103,783 | | | 104,294 | | |

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass-through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.
2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
3. Holding of stock in Federal Home Loan Bank and Finance leases plus interest are included in "Other" (line 9).
4. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
5. Data are no longer available on a monthly basis for life insurance companies.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *SAIF-insured institutions:* Estimates by the OTS for all institutions insured by the SAIF and based on the OTS thrift Financial Report.

*SAIF-insured federal savings banks:* Estimates by the OTS for federal savings banks insured by the SAIF and based on the OTS thrift Financial Report.

*Credit unions:* Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.

*Life insurance companies:* Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| | Type of account or operation | Fiscal year 1988 | Fiscal year 1989 | Fiscal year 1990[r] | Calendar year | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1990 | | 1991 | | | |
| | | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. |
| | *U.S. budget*[1] | | | | | | | | | |
| 1 | Receipts, total | 908,166 | 990,701 | 1,031,308 | 70,507 | 101,900 | 100,713 | 67,657 | 64,805 | 140,380 |
| 2 | On-budget | 666,675 | 727,035 | 749,654 | 24,976[r] | 82,059 | 70,023 | 45,594[r] | 39,011 | 108,746 |
| 3 | Off-budget | 241,491 | 263,666 | 281,654 | 24,976 | 19,841 | 30,690 | 22,063 | 25,794 | 31,634 |
| 4 | Outlays, total | 1,063,318 | 1,144,020 | 1,251,766 | 118,142[r] | 109,212 | 99,023[r] | 93,834[r] | 105,876[r] | 110,249 |
| 5 | On-budget | 860,627 | 933,107 | 1,026,701 | 96,694[r] | 94,679 | 79,105 | 72,667 | 83,340[r] | 90,362 |
| 6 | Off-budget | 202,691 | 210,911 | 225,065 | 21,448 | 14,532 | 19,918 | 21,167 | 22,536 | 19,887 |
| 7 | Surplus, or deficit (−), total | −155,151 | −153,319[r] | −220,458 | −47,635[r] | −7,311 | 1,690 | −26,177 | −41,071[r] | 30,131 |
| 8 | On-budget | −193,952 | −206,072 | −277,047 | −51,163[r] | −12,620 | −9,082 | −27,073 | −44,329[r] | 18,384 |
| 9 | Off-budget | 38,800 | 52,753 | 56,590 | 3,528 | 5,309 | 10,772 | 896 | 3,258 | 11,747 |
| | Source of financing (total) | | | | | | | | | |
| 10 | Borrowing from the public | 166,139 | 141,806 | 264,453 | 46,776 | 19,700 | 31,764 | 34,611 | −9,913 | −9,399 |
| 11 | Operating cash (decrease, or increase (−)) | −7,962 | 3,425 | 818 | 12,533 | −9,286 | −30,627 | 2,341 | 28,473 | −16,214 |
| 12 | Other[2] | −3,026 | 8,088[r] | −44,813 | −11,674[r] | −3,103 | −2,827 | −10,775 | 22,511[r] | −4,518 |
| | MEMO | | | | | | | | | |
| 13 | Treasury operating balance (level, end of period) | 44,398 | 40,973 | 40,155 | 22,902 | 32,188 | 62,815 | 60,474 | 32,001 | 48,215 |
| 14 | Federal Reserve Banks | 13,023 | 13,452 | 7,638 | 5,495 | 8,960 | 27,810 | 23,898 | 10,922 | 13,682 |
| 15 | Tax and loan accounts | 31,375 | 27,521 | 32,517 | 17,406 | 23,228 | 35,006 | 36,577 | 21,078 | 34,533 |

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget.

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

SOURCE. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and the *Budget of the U.S. Government.*

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

Millions of dollars

| Source or type | Fiscal year 1989 | Fiscal year 1990 | Calendar year | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1989 | | 1990 | | 1991 | | |
| | | | H1 | H2 | H1 | H2 | Feb. | Mar. | Apr. |
| RECEIPTS | | | | | | | | | |
| 1 **All sources** | **990,701** | **1,031,308** | **527,574** | **470,276** | **548,861** | **503,123** | **67,657** | **64,805** | **140,380** |
| 2 Individual income taxes, net | 445,690 | 466,884 | 233,572 | 218,706 | 243,087 | 230,745 | 27,929 | 11,288 | 77,768 |
| 3 Withheld | 361,386 | 390,480 | 174,230 | 193,296 | 190,219 | 207,469 | 32,737 | 30,478 | 36,428 |
| 4 Presidential Election Campaign Fund | 32 | 32 | 28 | 3 | 30 | 3 | 4 | 9 | 6 |
| 5 Nonwithheld | 154,839 | 149,189 | 121,563 | 33,303 | 117,675 | 31,728 | 1,186 | 4,426 | 60,246 |
| 6 Refunds | 70,567 | 72,817 | 62,251 | 7,898 | 64,838 | 8,455 | 5,998 | 23,625 | 18,912 |
| Corporation income taxes | | | | | | | | | |
| 7 Gross receipts | 117,015 | 110,017 | 61,585 | 52,269 | 58,830 | 54,044 | 3,611 | 14,338 | 15,526 |
| 8 Refunds | 13,723 | 16,510 | 7,259 | 6,842 | 8,326 | 7,603 | 1,116 | 1,531 | 2,229 |
| 9 Social insurance taxes and contributions, net | 359,416 | 380,047 | 200,127 | 162,574 | 210,476 | 178,468 | 29,872 | 33,045 | 42,478 |
| 10 Employment taxes and contributions[2] | 332,859 | 353,891 | 184,569 | 152,407 | 195,269 | 167,224 | 27,824 | 32,416 | 39,671 |
| 11 Self-employment taxes and contributions[3] | 18,504 | 21,795 | 16,371 | 1,947 | 19,017 | 2,638 | 1,445 | 1,463 | 12,707 |
| 12 Unemployment insurance | 22,011 | 21,635 | 13,279 | 7,909 | 12,929 | 8,996 | 1,678 | 226 | 2,435 |
| 13 Other net receipts[4] | 4,546 | 4,522 | 2,277 | 2,260 | 2,278 | 2,249 | 370 | 402 | 372 |
| 14 Excise taxes | 34,386 | 35,345 | 16,814 | 16,799 | 18,153 | 17,535 | 2,594 | 4,149 | 3,842 |
| 15 Customs deposits | 16,334 | 16,707 | 7,918 | 8,667 | 8,096 | 8,568 | 1,215 | 1,271 | 1,219 |
| 16 Estate and gift taxes | 8,745 | 11,500 | 4,583 | 4,451 | 6,442 | 5,333 | 772 | 864 | 1,546 |
| 17 Miscellaneous receipts[5] | 22,839 | 27,316 | 10,235 | 13,651 | 12,106 | 16,032 | 2,780 | 1,381 | 231 |
| OUTLAYS | | | | | | | | | |
| 18 **All types** | **1,144,020** | **1,251,766** | **565,425** | **587,394** | **640,867** | **647,218** | **93,834** | **105,876** | **110,249** |
| 19 National defense | 303,559 | 299,335 | 148,098 | 149,613 | 152,733 | 149,497 | 16,881 | 15,743 | 21,651 |
| 20 International affairs | 9,574 | 13,760 | 6,567 | 5,971 | 6,770 | 8,943 | 1,026 | 2,001 | 1,513 |
| 21 General science, space, and technology | 12,838 | 14,420 | 6,238 | 7,091 | 6,974 | 8,081 | 1,188 | 1,317 | 1,369 |
| 22 Energy | 3,702 | 2,470 | 2,221 | 1,449 | 1,216 | 979 | 31 | 61 | −40 |
| 23 Natural resources and environment | 16,182 | 17,009 | 7,022 | 9,183 | 7,343 | 9,933 | 1,183 | 1,283 | 1,385 |
| 24 Agriculture | 16,948 | 11,998 | 9,619 | 4,132 | 7,450 | 6,878 | 578 | 1,240 | 2,115 |
| 25 Commerce and housing credit | 29,091 | 67,495 | 4,129 | 22,295 | 38,672 | 37,491 | −2,257 | 6,154 | 4,700 |
| 26 Transportation | 27,608 | 29,495 | 12,953 | 14,982 | 13,754 | 16,218 | 2,134 | 2,139 | 2,624 |
| 27 Community and regional development | 5,361 | 8,466 | 1,833 | 4,879 | 3,987 | 3,939 | 494 | 497 | 697 |
| 28 Education, training, employment, and social services | 36,694 | 37,479 | 18,083 | 18,663 | 19,537 | 18,988 | 3,509 | 3,782 | 3,319 |
| 29 Health | 48,390 | 58,101 | 24,078 | 25,339 | 29,488 | 31,424 | 5,464 | 5,623 | 5,882 |
| 30 Social security and medicare | 317,506 | 346,383 | 162,195 | 162,322 | 175,997 | 176,353 | 30,476 | 30,643 | 31,975 |
| 31 Income security | 136,031 | 148,299 | 70,937 | 67,950 | 78,475 | 75,948 | 15,475 | 16,836 | 16,034 |
| 32 Veterans benefits and services | 30,066 | 29,112 | 14,891 | 14,864 | 15,217 | 15,479 | 2,591 | 2,731 | 3,200 |
| 33 Administration of justice | 9,422 | 10,076 | 4,801 | 4,909 | 4,868 | 5,265 | 1,010 | 941 | 1,136 |
| 34 General government | 9,124 | 10,822 | 3,858 | 4,760 | 4,916 | 6,976 | 147 | 717 | 419 |
| 35 Net interest[6] | 169,317 | 183,790 | 86,009 | 87,927 | 91,155 | 94,650 | 16,782 | 17,120 | 15,802 |
| 36 Undistributed offsetting receipts[7] | −37,212 | −36,615 | −18,131 | −18,935 | −17,688 | −19,829 | −2,879 | −2,952 | −3,531 |

1. Functional details do not add 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. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf, U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1990*.

## 1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

| Item | 1989 Mar. 31 | 1989 June 30 | 1989 Sept. 30 | 1989 Dec. 31 | 1990 Mar. 31 | 1990 June 30 | 1990 Sept. 30 | 1990 Dec. 31 | 1991 Mar. 31 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Federal debt outstanding** | **2,763.6** | **2,824.0** | **2,881.1** | **2,975.5** | **3,081.9** | **3,175.5** | **3,266.1** | **3,397.3** | **3,491.7** |
| 2 Public debt securities | 2,740.9 | 2,799.9 | 2,857.4 | 2,953.0 | 3,052.0 | 3,143.8 | 3,233.3 | 3,364.8 | 3,465.2 |
| 3 Held by public | 2,133.4 | 2,142.1 | 2,180.7 | 2,245.2 | 2,329.3 | 2,368.8 | 2,437.6 | 2,536.6 | n.a. |
| 4 Held by agencies | 607.5 | 657.8 | 676.7 | 707.8 | 722.7 | 775.0 | 795.8 | 828.3 | n.a. |
| 5 Agency securities | 22.7 | 24.0 | 23.7 | 22.5 | 29.9 | 31.7 | 32.8 | 32.5 | n.a. |
| 6 Held by public | 22.3 | 23.6 | 23.5 | 22.4 | 29.8 | 31.6 | 32.6 | 32.4 | n.a. |
| 7 Held by agencies | .4 | .5 | .1 | .1 | .2 | .2 | .2 | .1 | n.a. |
| 8 **Debt subject to statutory limit** | **2,725.6** | **2,784.6** | **2,829.8** | **2,921.7** | **2,988.9** | **3,077.0** | **3,161.2** | **3,281.7** | **3,377.1** |
| 9 Public debt securities | 2,725.5 | 2,784.3 | 2,829.5 | 2,921.4 | 2,988.6 | 3,076.6 | 3,160.9 | 3,281.3 | 3,376.7 |
| 10 Other debt[1] | .2 | .2 | .3 | .3 | .3 | .4 | .4 | .4 | .4 |
| 11 MEMO: Statutory debt limit | 2,800.0 | 2,800.0 | 2,870.0 | 3,122.7 | 3,122.7 | 3,122.7 | 3,195.0 | 4,145.0 | 4,145.0 |

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

SOURCES. *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States.*

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

Billions of dollars, end of period

| Type and holder | 1987 | 1988 | 1989 | 1990 | 1990 Q2 | 1990 Q3 | 1990 Q4 | 1991 Q1 |
|---|---|---|---|---|---|---|---|---|
| 1 **Total gross public debt** | **2,431.7** | **2,684.4** | **2,953.0** | **3,364.8** | **3,143.8** | **3,233.3** | **3,364.8** | **3,465.2** |
| *By type* | | | | | | | | |
| 2 Interest-bearing debt | 2,428.9 | 2,663.1 | 2,931.8 | 3,362.0 | 3,121.5 | 3,210.9 | 3,362.0 | 3,441.4 |
| 3 Marketable | 1,724.7 | 1,821.3 | 1,945.4 | 2,195.8 | 2,028.0 | 2,092.8 | 2,195.8 | 2,227.9 |
| 4 Bills | 389.5 | 414.0 | 430.6 | 527.4 | 453.5 | 482.5 | 527.4 | 533.3 |
| 5 Notes | 1,037.9 | 1,083.6 | 1,151.5 | 1,265.2 | 1,192.7 | 1,218.1 | 1,265.2 | 1,280.4 |
| 6 Bonds | 282.5 | 308.9 | 348.2 | 388.2 | 366.8 | 377.2 | 388.2 | 399.3 |
| 7 Nonmarketable[1] | 704.2 | 841.8 | 986.4 | 1,166.2 | 1,093.5 | 1,118.2 | 1,166.2 | 1,213.5 |
| 8 State and local government series | 139.3 | 151.5 | 163.3 | 160.8 | 164.3 | 161.3 | 160.8 | 159.4 |
| 9 Foreign issues[2] | 4.0 | 6.6 | 6.8 | 43.5 | 36.4 | 36.0 | 43.5 | 42.8 |
| 10 Government | 4.0 | 6.6 | 6.8 | 43.5 | 36.4 | 36.0 | 43.5 | 42.8 |
| 11 Public | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12 Savings bonds and notes | 99.2 | 107.6 | 115.7 | 124.1 | 120.1 | 122.2 | 124.1 | 127.7 |
| 13 Government account series[3] | 461.3 | 575.6 | 695.6 | 813.8 | 758.7 | 779.4 | 813.8 | 853.1 |
| 14 Non-interest-bearing debt | 2.8 | 21.3 | 21.2 | 2.8 | 22.3 | 22.4 | 2.8 | 23.8 |
| *By holder*[4] | | | | | | | | |
| 15 U.S. government agencies and trust funds | 477.6 | 589.2 | 707.8 | 828.3 | 775.0 | 795.8 | 828.3 | |
| 16 Federal Reserve Banks | 222.6 | 238.4 | 228.4 | 259.8 | 231.4 | 232.5 | 259.8 | |
| 17 Private investors | 1,731.4 | 1,858.5 | 2,015.8 | 2,288.3 | 2,141.8 | 2,207.3 | 2,288.3 | |
| 18 Commercial banks | 201.5 | 193.8 | 174.8 | n.a. | 189.2 | 188.0 | n.a. | |
| 19 Money market funds | 14.6 | 11.8 | 14.9 | n.a. | 28.1 | 33.6 | n.a. | |
| 20 Insurance companies | 104.9 | 107.3 | 130.1 | n.a. | 137.0 | 138.9 | n.a. | n.a. |
| 21 Other companies | 84.6 | 87.1 | 98.8 | n.a. | 112.1 | 114.6 | n.a. | |
| 22 State and local Treasurys | 284.6 | 313.6 | 338.7 | n.a. | 345.7 | 344.0 | n.a. | |
| Individuals | | | | | | | | |
| 23 Savings bonds | 101.1 | 109.6 | 117.7 | 126.2 | 121.9 | 123.9 | 126.2 | |
| 24 Other securities | 71.3 | 79.2 | 98.8 | n.a. | 112.1 | 114.6 | n.a. | |
| 25 Foreign and international[5] | 299.7 | 362.2 | 392.9 | n.a. | 392.3 | 404.9 | n.a. | |
| 26 Other miscellaneous investors[6] | 569.1 | 593.4 | 672.5 | n.a. | n.a. | n.a. | n.a. | |

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. Treasury agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. Treasury agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
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. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States;* data by holder and the *Treasury Bulletin.*

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

Millions of dollars, daily averages

| Item | 1991 | | | 1991, week ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan. | Feb. | Mar. | Feb. 27 | Mar. 6 | Mar. 13 | Mar. 20 | Mar. 27 | Apr. 3 | Apr. 10 | Apr. 17 | Apr. 24 |
| IMMEDIATE TRANSACTIONS[2] | | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | | |
| U.S. government securities | | | | | | | | | | | | |
| 1 Bills | 35,403 | 32,223[r] | 32,648 | 29,526[r] | 30,844[r] | 40,782 | 32,542 | 27,073 | 30,129 | 32,920 | 31,788 | 27,703 |
| Coupon securities | | | | | | | | | | | | |
| 2 Maturing in less than 3.5 years | 38,084 | 42,249[r] | 35,168 | 36,650[r] | 31,602[r] | 38,501 | 36,362 | 35,569 | 29,982 | 29,643 | 39,424 | 42,368 |
| 3 Maturing in 3.5 to 7.5 years | 28,006[r] | 30,587[r] | 26,889 | 29,980[r] | 26,538[r] | 28,473 | 29,859 | 23,184 | 25,469 | 28,912 | 33,169 | 30,168 |
| 4 Maturing in 7.5 to 15 years | 10,874[r] | 16,109[r] | 12,169 | 12,744[r] | 11,231[r] | 13,956 | 13,786 | 10,467 | 9,784 | 10,712 | 11,890 | 10,703 |
| 5 Maturing in 15 years or more | 14,905 | 17,860[r] | 14,127 | 14,398[r] | 15,053[r] | 17,059 | 15,433 | 11,078 | 9,297 | 12,696 | 14,435 | 13,979 |
| Federal agency securities | | | | | | | | | | | | |
| Debt | | | | | | | | | | | | |
| 6 Maturing in less than 3.5 years | 4,715[r] | 3,946 | 4,375 | 3,875[r] | 3,960[r] | 4,091 | 4,440 | 4,912 | 4,412 | 3,854 | 4,074 | 3,883 |
| 7 Maturing in 3.5 to 7.5 years | 453 | 607 | 601 | 457 | 576 | 487 | 686 | 618 | 683 | 580 | 567 | 648 |
| 8 Maturing in 7.5 years or more | 1,079 | 677 | 644 | 465 | 435[r] | 846 | 692 | 505 | 790 | 504 | 737 | 687 |
| Mortgage-backed | | | | | | | | | | | | |
| 9 Pass-throughs | 10,991 | 10,070 | 9,712 | 10,060 | 8,380 | 11,358 | 10,884 | 8,557 | 8,218 | 10,189 | 13,197 | 10,959 |
| 10 All others[3] | 1,066 | 1,416 | 1,303 | 1,715 | 1,335 | 1,205 | 1,233 | 1,261 | 1,763 | 1,269 | 1,601 | 1,276 |
| *By type of counterparty* | | | | | | | | | | | | |
| Primary dealers and brokers | | | | | | | | | | | | |
| 11 U.S. government securities | 78,827[r] | 85,703[r] | 76,452 | 77,454[r] | 73,171 | 89,342 | 81,204 | 66,674 | 63,350 | 70,667 | 79,505 | 78,334 |
| Federal agency | | | | | | | | | | | | |
| 12 Debt securities | 1,985 | 1,439 | 1,559 | 1,148 | 1,173[r] | 1,463 | 1,766 | 1,676 | 1,758 | 1,412 | 1,777 | 1,354 |
| 13 Mortgage backed securities | 6,048 | 5,627 | 5,650 | 5,957 | 5,079 | 6,626 | 5,874 | 5,317 | 4,623 | 5,091 | 7,497 | 6,058 |
| Customers | | | | | | | | | | | | |
| 14 U.S. government securities | 48,445 | 53,326[r] | 44,549 | 45,843[r] | 42,097[r] | 49,428 | 46,777 | 40,696 | 41,311 | 44,217 | 51,201 | 46,587 |
| Federal agency | | | | | | | | | | | | |
| 15 Debt securities | 4,262[r] | 3,792 | 4,062 | 3,649[r] | 3,798[r] | 3,961 | 4,051 | 4,359 | 4,128 | 3,526 | 3,601 | 3,864 |
| 16 Mortgage-backed securities | 6,008 | 5,858 | 5,365 | 5,817 | 4,637 | 5,937 | 6,243 | 4,501 | 5,358 | 6,368 | 7,301 | 6,176 |
| FUTURE AND FORWARD TRANSACTIONS[4] | | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | | |
| U.S. government securities | | | | | | | | | | | | |
| 17 Bills | 6,339 | 4,669 | 4,607 | 3,662 | 5,115 | 6,268 | 3,795 | 3,591 | 4,010 | 3,159 | 2,805 | 3,679 |
| Coupon securities | | | | | | | | | | | | |
| 18 Maturing in less than 3.5 years | 1,470 | 2,258 | 1,351 | 2,012 | 1,557 | 1,445 | 1,370 | 1,212 | 999 | 874 | 1,140 | 1,149 |
| 19 Maturing in 3.5 to 7.5 years | 804 | 867 | 847 | 782 | 615[r] | 922 | 1,227 | 479 | 1,092 | 395 | 691 | 677 |
| 20 Maturing in 7.5 to 15 years | 861 | 1,419 | 1,059 | 1,199 | 1,239 | 867 | 1,392 | 930 | 674 | 792 | 683 | 883 |
| 21 Maturing in 15 years or more | 9,362 | 9,507 | 9,023 | 8,269 | 9,921 | 10,488 | 10,497 | 6,974 | 5,006 | 7,164 | 8,040 | 9,080 |
| Federal agency securities | | | | | | | | | | | | |
| Debt | | | | | | | | | | | | |
| 22 Maturing in less than 3.5 years | 121 | 137 | 100 | 126 | 10 | 39 | 167 | 191 | 41 | 4 | 167 | 31 |
| 23 Maturing in 3.5 to 7.5 years | 40 | 23 | 34 | 19 | 12 | 45 | 50 | 31 | 15 | 72 | 27 | 8 |
| 24 Maturing in 7.5 years or more | 62 | 52 | 36 | 80 | 29 | 46 | 9 | 51 | 58 | 6 | 14 | 29 |
| Mortgage-backed | | | | | | | | | | | | |
| 25 Pass-throughs | 9,203 | 9,662 | 8,313 | 6,995 | 7,189 | 9,597 | 8,545 | 8,021 | 7,502 | 10,218 | 8,608 | 10,624 |
| 26 All others[3] | 1,108[r] | 1,059[r] | 1,285 | 930 | 1,170 | 1,436 | 1,273 | 1,104 | 1,617 | 1,353 | 995 | 1,932 |
| OPTION TRANSACTIONS[5] | | | | | | | | | | | | |
| *By type of underlying securities* | | | | | | | | | | | | |
| U.S. government securities | | | | | | | | | | | | |
| 27 Bills | 64 | 102 | 2 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 30 | 0 |
| Coupon securities | | | | | | | | | | | | |
| 28 Maturing in less than 3.5 years | 1,136 | 1,596[r] | 1,014 | 1,651 | 1,144[r] | 1,118 | 980 | 636 | 1,528 | 713 | 614 | 794 |
| 29 Maturing in 3.5 to 7.5 years | 245 | 300[r] | 287 | 253 | 278 | 370 | 381 | 188 | 116 | 112 | 363 | 184 |
| 30 Maturing in 7.5 to 15 years | 187 | 226[r] | 308 | 177 | 369[r] | 320 | 363 | 198 | 288 | 261 | 290 | 171 |
| 31 Maturing in 15 years or more | 2,691 | 2,659 | 1,786 | 2,268 | 1,706 | 2,075 | 1,840 | 1,489 | 1,829 | 1,737 | 2,520 | 2,492 |
| Federal agency securities | | | | | | | | | | | | |
| Debt | | | | | | | | | | | | |
| 32 Maturing in less than 3.5 years | 0 | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 4 | 4 |
| 33 Maturing in 3.5 to 7.5 years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Maturing in 7.5 years or more | 0 | 1 | 0 | 4 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Mortgage-backed | | | | | | | | | | | | |
| 35 Pass-throughs | 356 | 365 | 297 | 285 | 189 | 430 | 383 | 175 | 274 | 588 | 359 | 196 |
| 36 All others[3] | 2 | 1 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 29 | 10 |

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages for transactions are based on the number of trading days in the period. Immediate, forward, and future transactions are reported at principal value, which does not include accrued interest; option transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

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

3. Includes securities such as CMOs, REMICs; IOs, and POs.

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. government securities and federal agency debt securities are included when the time to delivery is more than five days. Forward contracts for mortgage-backed securities are included when the time to delivery is more than thirty days.

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

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

Millions of dollars

| Item | 1991 Jan. | 1991 Feb. | 1991 Mar. | 1991, week ending Feb. 20 | Feb. 27 | Mar. 6 | Mar. 13 | Mar. 20 | Mar. 27 | Apr. 3 | Apr. 10 | Apr. 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Positions[2] | | | | | | | | |
| NET IMMEDIATE[3] | | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | | |
| U.S. government securities | | | | | | | | | | | | |
| 1 Bills | 11,468 | 12,610r | 12,824 | 12,083r | 11,290 | 10,778 | 17,496 | 14,112 | 6,796 | 16,015 | 14,827 | 9,146 |
| Coupon securities | | | | | | | | | | | | |
| 2 Maturing in less than 3.5 years | 4,300r | 7,542r | 1,564 | 12,202r | 2,662 | 1,717 | 250 | 206 | 3,231 | 3,090 | 4,031 | 4,246 |
| 3 Maturing in 3.5 to 7.5 years | -1,310r | -3,914r | 882 | -6,059r | -632 | -878 | -210 | 103 | 2,940 | 3,191 | 5,765 | 3,869 |
| 4 Maturing in 7.5 to 15 years | -7,514r | -5,149r | -4,928 | -4,484r | -4,593 | -4,344 | -3,967 | -5,385 | -5,640 | -5,437 | -6,691 | -5,799 |
| 5 Maturing in 15 years or more | -13,768r | -12,599r | -16,065 | -12,697r | -13,895 | -16,350 | -16,661 | -15,707 | -16,007 | -15,326 | -13,437 | -12,880 |
| Federal agency securities | | | | | | | | | | | | |
| Debt | | | | | | | | | | | | |
| 6 Maturing in less than 3.5 years | 4,006 | 5,128 | 4,743 | 5,291 | 6,389 | 6,783 | 3,810 | 5,352 | 4,022 | 3,512 | 3,035 | 4,044 |
| 7 Maturing in 3.5 to 7.5 years | 1,930 | 2,212 | 2,620 | 2,162 | 2,222 | 2,514 | 2,792 | 2,569 | 2,509 | 2,763 | 2,584 | 2,267 |
| 8 Maturing in 7.5 years or more | 7,392 | 7,153r | 6,267 | 7,063r | 7,054 | 6,926 | 6,421 | 6,064 | 5,936 | 5,946 | 5,593 | 5,441 |
| Mortgage-backed | | | | | | | | | | | | |
| 9 Pass-throughs | 23,290 | 24,668 | 23,988 | 25,590 | 22,040 | 23,320 | 25,797 | 24,893 | 23,211 | 21,600 | 24,628 | 25,288 |
| 10 All others[4] | 10,665 | 10,599 | 9,000 | 10,473 | 10,783 | 9,805 | 9,178 | 8,929 | 8,281 | 8,865 | 9,150 | 9,433 |
| Other money market instruments | | | | | | | | | | | | |
| 11 Certificates of deposit | 2,934r | 2,821r | 2,404 | 2,786r | 2,022 | 2,400 | 2,451 | 2,531 | 2,256 | 2,364 | 2,170 | 2,027 |
| 12 Commercial paper | 6,243 | 6,020 | 5,769 | 5,708 | 5,482 | 6,144 | 5,821 | 5,764 | 5,174 | 6,166 | 5,811 | 6,746 |
| 13 Bankers' acceptances | 1,041 | 1,020 | 908 | 1,039 | 1,043 | 762 | 1,022 | 945 | 739 | 1,155 | 744 | 1,412 |
| FUTURE AND FORWARD[5] | | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | | |
| U.S. government securities | | | | | | | | | | | | |
| 14 Bills | -21,345 | -15,684r | -9,921 | -14,759r | -11,165 | -6,679 | -11,199 | -11,531 | -9,479 | -10,507 | -11,485 | -11,739 |
| Coupon securities | | | | | | | | | | | | |
| 15 Maturing in less than 3.5 years | -1,258r | -1,684r | -1,137 | -1,284r | -1,446 | -1,318 | -1,388 | -801 | -1,261 | -799 | -1,315 | -1,476 |
| 16 Maturing in 3.5 to 7.5 years | -3,147 | -2,095r | -1,194 | -2,134r | -1,608 | -1,056 | -1,561 | -235 | -1,590 | -1,746 | -2,467 | -1,986 |
| 17 Maturing in 7.5 to 15 years | -918r | -495r | -181 | -611r | -289 | -166 | -813 | 672 | -199 | -559 | 227 | -479 |
| 18 Maturing in 15 years or more | -5,487 | -4,531r | -3,726 | -3,906 | -2,792 | -2,342 | -3,700 | -2,964 | -5,126 | -4,731 | -5,631 | -8,393 |
| Federal agency securities | | | | | | | | | | | | |
| Debt | | | | | | | | | | | | |
| 19 Maturing in less than 3.5 years | 236 | 218 | 80 | 234 | 171 | 90 | 108 | -52 | 214 | 15 | -31 | -235 |
| 20 Maturing in 3.5 to 7.5 years | 15 | 120 | 123 | 75 | 142 | 194 | 1 | 317 | 54 | 11 | 189 | 297 |
| 21 Maturing in 7.5 years or more | -84 | -38 | -29 | -47 | -7 | -22 | -10 | -23 | -62 | -26 | -48 | -22 |
| Mortgage-backed | | | | | | | | | | | | |
| 22 Pass-throughs | -11,001 | -14,009 | -9,464 | -14,658 | -10,075 | -11,203 | -11,354 | -8,987 | -7,738 | -7,401 | -11,506 | -11,270 |
| 23 All others[4] | -547 | -674 | 502 | -674 | -710 | -291 | -430 | 853 | 1,080 | 1,696 | 1,833 | 1,120 |
| Other money market instruments | | | | | | | | | | | | |
| 24 Certificates of deposit | 53,424r | 17,877r | 5,000 | 4,917r | 2,498 | -6,326 | 5,036 | 14,922 | 6,653 | 1,673 | -3,127 | 1,315 |
| 25 Commercial paper | 0 | 0 | -19 | 0 | 0 | 0 | 0 | -50 | -50 | 29 | 0 | 0 |
| 26 Bankers' acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | Financing[6] | | | | | | | | |
| Reverse repurchase agreements | | | | | | | | | | | | |
| 27 Overnight and continuing | 161,799 | 166,419 | 179,145 | 169,523 | 170,914 | 182,558 | 183,511 | 178,461 | 176,475 | 172,254 | 181,215 | 188,286 |
| 28 Term | 222,596 | 238,768 | 224,668 | 233,033 | 231,059 | 221,502 | 233,812 | 238,384 | 206,381 | 221,417 | 232,991 | 231,902 |
| Repurchase agreements | | | | | | | | | | | | |
| 29 Overnight and continuing | 261,845 | 273,462 | 280,236 | 284,136 | 277,814 | 290,048 | 280,431 | 282,021 | 272,972 | 274,768 | 279,230 | 286,232 |
| 30 Term | 189,444 | 206,983 | 195,158 | 201,160 | 201,593 | 187,622 | 204,997 | 211,004 | 183,270 | 182,319 | 199,820 | 209,260 |
| Securities borrowed | | | | | | | | | | | | |
| 31 Overnight and continuing | 53,229 | 50,385 | 52,701 | 49,962 | 50,199 | 50,041 | 49,339 | 52,353 | 57,827 | 54,215 | 52,139 | 49,855 |
| 32 Term | 24,357 | 23,369 | 23,796 | 22,978 | 24,532 | 25,416 | 25,013 | 23,022 | 23,426 | 21,236 | 20,588 | 20,600 |
| Securities lent | | | | | | | | | | | | |
| 33 Overnight and continuing | 5,906r | 6,497r | 6,833 | 6,773r | 6,900 | 6,904 | 6,203 | 6,602 | 7,734 | 6,660 | 6,348 | 6,442 |
| 34 Term | 716r | 931 | 982 | 871 | 1,328 | 826 | 831 | 1,029 | 1,335 | 780 | 645 | 860 |
| Collateralized loans | | | | | | | | | | | | |
| 35 Overnight and continuing | 5,950 | 5,109 | 4,198 | 4,639 | 3,772 | 3,851 | 4,841 | 4,264 | 3,919 | 3,965 | 3,939 | 4,293 |
| 36 Term | 1,066 | 1,599 | 1,605 | 1,648 | 1,740 | 1,740 | 1,567 | 1,525 | 1,600 | 1,619 | 1,976 | 2,002 |
| MEMO: Matched book[7] | | | | | | | | | | | | |
| Reverse repurchases | | | | | | | | | | | | |
| 37 Overnight and continuing | 106,486 | 109,746 | 116,036 | 112,897 | 110,232 | 117,176 | 112,749 | 118,468 | 119,242 | 110,214 | 115,048 | 118,321 |
| 38 Term | 181,794 | 195,243 | 180,364 | 190,709 | 189,774 | 178,956 | 188,760 | 188,987 | 168,109 | 174,141 | 194,190 | 196,699 |
| Repurchases | | | | | | | | | | | | |
| 39 Overnight and continuing | 141,455 | 144,722 | 148,269 | 147,567 | 148,540 | 159,509 | 148,983 | 146,205 | 140,818 | 146,813 | 152,413 | 155,490 |
| 40 Term | 140,092 | 158,034 | 144,928 | 153,053 | 151,409 | 139,251 | 152,061 | 157,669 | 136,535 | 133,349 | 147,247 | 161,308 |

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data. Data for positions and financing are averages of close-of-business Wednesday data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities settle on the issue date of offering. Net immediate positions of mortgage-backed securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty days or less.
4. Includes securities such as CMOs, REMICs, IOs, and POs.
5. Futures positions are standardized contracts arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. government securities and for federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed securities are included when the time to delivery is more than thirty days.
6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without a requirement for advance notice by either party; term agreements have a fixed maturity of more than one business day.
7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns listed above. The reverse repurchase and repurchase numbers are not always equal due to the "matching" of securities of different values or types of collateralization.

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

| Agency | 1987 | 1988 | 1989 | 1990 | 1990 | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Nov. | Dec. | Jan. | Feb. | Mar. |
| 1 **Federal and federally sponsored agencies** | **341,386** | **381,498** | **411,805** | **434,668** | **430,842** | **434,668** | **445,430** | **441,440** | **437,847** |
| 2 Federal agencies | 37,981 | 35,668 | 35,664 | 42,159 | 42,191 | 42,159 | 42,141 | 42,191 | 41,149 |
| 3 Defense Department[1] | 13 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 4 Export-Import Bank[2,3] | 11,978 | 11,033 | 10,985 | 11,376 | 11,346 | 11,376 | 11,376 | 11,376 | 11,186 |
| 5 Federal Housing Administration[4] | 183 | 150 | 328 | 393 | 387 | 393 | 329 | 361 | 370 |
| 6 Government National Mortgage Association participation certificates[5] | 1,615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Postal Service[6] | 6,103 | 6,142 | 6,445 | 6,948 | 6,948 | 6,948 | 6,948 | 6,948 | 6,948 |
| 8 Tennessee Valley Authority | 18,089 | 18,335 | 17,899 | 23,435 | 23,510 | 23,435 | 23,481 | 23,499 | 22,638 |
| 9 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Federally sponsored agencies[7] | 303,405 | 345,830 | 375,407 | 392,509 | 388,651 | 392,509 | 403,289 | 399,249 | 396,698 |
| 11 Federal Home Loan Banks | 115,727 | 135,836 | 136,108 | 117,895 | 116,627 | 117,895 | 115,402 | 112,874 | 113,311 |
| 12 Federal Home Loan Mortgage Corporation | 17,645 | 22,797 | 26,148 | 30,941 | 30,035 | 30,941 | 33,157 | 32,640 | 31,425 |
| 13 Federal National Mortgage Association | 97,057 | 105,459 | 116,064 | 123,403 | 122,257 | 123,403 | 125,849 | 125,974 | 124,885 |
| 14 Farm Credit Banks[8] | 55,275 | 53,127 | 54,864 | 53,590 | 53,469 | 53,590 | 53,717 | 52,480 | 51,890 |
| 15 Student Loan Marketing Association[9] | 16,503 | 22,073 | 28,705 | 34,194 | 33,777 | 34,194 | 35,736 | 35,854 | 35,761 |
| 16 Financing Corporation[10] | 1,200 | 5,850 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 |
| 17 Farm Credit Financial Assistance Corporation[11] | 0 | 690 | 847 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 |
| 18 Resolution Funding Corporation[12] | 0 | 0 | 4,522 | 23,055 | 23,055 | 23,055 | 29,996 | 29,996 | 29,996 |
| MEMO | | | | | | | | | |
| 19 **Federal Financing Bank debt**[13] | **152,417** | **142,850** | **134,873** | **179,083** | **177,620** | **179,083** | **181,062** | **181,714** | **181,907** |
| *Lending to federal and federally sponsored agencies* | | | | | | | | | |
| 20 Export-Import Bank[3] | 11,972 | 11,027 | 10,979 | 11,370 | 11,340 | 11,370 | 11,370 | 11,370 | 11,180 |
| 21 Postal Service[6] | 5,853 | 5,892 | 6,195 | 6,698 | 6,698 | 6,698 | 6,698 | 6,698 | 6,698 |
| 22 Student Loan Marketing Association | 4,940 | 4,910 | 4,880 | 4,850 | 4,850 | 4,850 | 4,850 | 4,850 | 4,850 |
| 23 Tennessee Valley Authority | 16,709 | 16,955 | 16,519 | 14,055 | 14,130 | 14,055 | 14,101 | 14,119 | 13,258 |
| 24 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Other Lending*[14] | | | | | | | | | |
| 25 Farmers Home Administration | 59,674 | 58,496 | 53,311 | 52,324 | 52,324 | 52,324 | 52,169 | 52,544 | 52,669 |
| 26 Rural Electrification Administration | 21,191 | 19,246 | 19,265 | 18,890 | 18,968 | 18,890 | 18,906 | 18,906 | 18,904 |
| 27 Other | 32,078 | 26,324 | 23,724 | 70,896 | 69,310 | 70,896 | 72,968 | 73,227 | 74,348 |

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. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
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 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17.
9. Before late 1981, 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. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains 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 | 1988 | 1989 | 1990 | 1990 | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb.[r] | Mar. | Apr. |
| 1 **All issues, new and refunding**[1] | **114,522** | **113,646** | **120,339** | **13,930** | **8,512** | **9,961** | **12,250** | **7,230** | **11,335** | **10,864** | **10,916** |
| *Type of issue* | | | | | | | | | | | |
| 2 General obligation | 30,312 | 35,774 | 39,610 | 3,763 | 3,530 | 3,024 | 3,536 | 2,343 | 4,838 | 4,219 | 3,771 |
| 3 Revenue | 84,210 | 77,873 | 81,295 | 10,167 | 4,982 | 6,937 | 8,714 | 4,887 | 6,497 | 6,645[r] | 7,145 |
| *Type of issuer* | | | | | | | | | | | |
| 4 State | 8,830 | 11,819 | 15,149 | 2,317 | 1,470 | 1,337 | 1,396 | 713 | 2,027 | 1,195 | 1,199 |
| 5 Special district and statutory authority[2] | 74,409 | 71,022 | 72,661 | 8,188 | 4,512 | 5,879 | 7,032 | 4,563 | 4,903 | 6,599 | 6,604 |
| 6 Municipalities, counties, and townships | 31,193 | 30,805 | 32,510 | 3,425 | 2,530 | 2,745 | 3,822 | 1,954 | 4,405 | 3,070 | 3,113 |
| 7 **Issues for new capital, total** | **79,665** | **84,062** | **103,235** | **12,713** | **7,936** | **9,058** | **10,707** | **6,977** | **10,403** | **9,675** | **10,156** |
| *Use of proceeds* | | | | | | | | | | | |
| 8 Education | 15,021 | 15,133 | 17,042 | 1,472 | 1,743 | 1,009 | 1,418 | 1,079 | 1,579 | 2,583 | 2,001 |
| 9 Transportation | 6,825 | 6,870 | 11,650 | 920 | 1,069 | 727 | 2,008 | 711 | 146 | 421 | 1,305 |
| 10 Utilities and conservation | 8,496 | 11,427 | 11,739 | 687 | 806 | 1,301 | 776 | 1,196 | 2,046 | 1,886 | 2,171 |
| 11 Social welfare | 19,027 | 16,703 | 23,099 | 3,995 | 1,153 | 1,992 | 2,001 | 891 | 898 | 2,140 | 921 |
| 12 Industrial aid | 5,624 | 5,036 | 6,117 | 674 | 497 | 540 | 933 | 607 | 803 | 554 | 319 |
| 13 Other purposes | 24,672 | 28,894 | 34,607 | 4,965 | 2,668 | 4,392 | 3,571 | 2,493[r] | 5,166 | 2,091 | 3,439 |

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts beginning 1986.

SOURCES. Investment Dealer's Digest beginning April 1990. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

## 1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

| Type of issue or issuer, or use | 1988 | 1989 | 1990 | 1990 | | | | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| 1 **All issues**[1] | **410,849** | **376,627** | **235,306**[r] | **13,773** | **14,987** | **20,534**[r] | **25,058**[r] | **20,969**[r] | **17,212**[r] | **29,863**[r] | **33,849** |
| 2 **Bonds**[2] | **353,048** | **318,756** | **235,306**[r] | **12,965** | **14,561** | **19,572**[r] | **23,823**[r] | **19,180**[r] | **16,316**[r] | **28,061**[r] | **29,900** |
| *Type of offering* | | | | | | | | | | | |
| 3 Public, domestic | 202,170 | 181,276 | 188,814[r] | 11,769 | 12,652 | 17,707[r] | 22,117[r] | 18,504[r] | 15,662[r] | 25,000[r] | 27,700 |
| 4 Private placement, domestic[3] | 127,700 | 114,629 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5. Sold abroad | 23,178 | 22,851 | 23,054 | 1,196 | 1,909 | 1,865 | 1,706 | 676 | 654[r] | 3,061[r] | 2,200 |
| *Industry group* | | | | | | | | | | | |
| 6 Manufacturing | 70,306 | 76,345 | 38,233[r] | 854 | 2,598 | 3,531 | 6,593[r] | 2,816[r] | 3,316[r] | 7,700[r] | 6,500 |
| 7 Commercial and miscellaneous | 62,790 | 49,726 | 11,098 | 304 | 138 | 548 | 821 | 1,061 | 1,408 | 1,762[r] | 1,206 |
| 8 Transportation | 10,275 | 10,105 | 4,926 | 489 | 533 | 230 | 457 | 351 | 711 | 563 | 985 |
| 9 Public utility | 19,579 | 17,130 | 13,893 | 818 | 928 | 796 | 2,209 | 2,032 | 682[r] | 1,375[r] | 500 |
| 10 Communication | 5,593 | 8,461 | 4,816[r] | 48 | 250 | 378[r] | 693[r] | 1,320[r] | 97 | 557[r] | 1,000 |
| 11 Real estate and financial | 184,503 | 156,991 | 138,907 | 10,453 | 10,113 | 14,089 | 13,050 | 11,601 | 10,103[r] | 16,104[r] | 19,709 |
| 12 **Stocks**[2] | **57,802** | **57,870** | n.a. | **808** | **426** | **962** | **1,235** | **1,789** | **896** | **1,802** | **3,949** |
| *Type* | | | | | | | | | | | |
| 13 Preferred | 6,544 | 6,194 | 3,998 | 145 | 100 | 550 | 265 | 175 | 0 | 150 | 1,233 |
| 14 Common | 35,911 | 26,030 | 19,443 | 663 | 327 | 412 | 970 | 1,614 | 896 | 1,652 | 2,716 |
| 15 Private placement[3] | 15,346 | 25,647 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *Industry group* | | | | | | | | | | | |
| 16 Manufacturing | 7,608 | 9,308 | n.a. | 125 | 0 | 60 | 154 | 46 | 60 | 183 | 564 |
| 17 Commercial and miscellaneous | 8,449 | 7,446 | 5,026 | 251 | 172 | 194 | 42 | 110 | 18 | 546 | 1,096 |
| 18 Transportation | 1,535 | 1,929 | 126 | 71 | 0 | 7 | 0 | 5 | 242 | 0 | 249 |
| 19 Public utility | 1,898 | 3,090 | 4,229 | 139 | 39 | 297 | 462 | 288 | 218 | 335 | 354 |
| 20 Communication | 515 | 1,904 | 416 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |
| 21 Real estate and financial | 37,798 | 34,028 | 11,055 | 218 | 215 | 400 | 574 | 1,327 | 359 | 737 | 1,686 |

1. Figures which represent gross proceeds of issues maturing in more than one year, are principal amount or number of units multiplied by offering price. Excludes 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 include only public offerings.
3. Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

## 1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

| Item | 1989 | 1990 | 1990 Aug. | Sept. | Oct. | Nov. | Dec. | 1991 Jan. | Feb. | Mar. |
|---|---|---|---|---|---|---|---|---|---|---|
| INVESTMENT COMPANIES[1] | | | | | | | | | | |
| 1 **Sales of own shares[2]** | **306,445** | **345,780** | **29,227** | **23,387** | **27,511** | **25,583** | **34,553** | **38,012** | **30,605** | **31,600** |
| 2 Redemptions of own shares[3] | 272,165 | 289,573 | 24,837 | 21,053 | 23,112 | 22,085 | 29,484 | 27,648 | 23,390 | 25,384 |
| 3 Net sales | 34,280 | 56,207 | 4,390 | 2,334 | 4,399 | 3,498 | 5,069 | 10,364 | 7,215 | 6,216 |
| 4 **Assets[4]** | **553,871** | **570,744** | **554,722** | **535,787** | **538,306** | **557,676** | **570,744** | **590,296** | **616,472** | **629,543** |
| 5 Cash position[5] | 44,780 | 48,638 | 51,103 | 51,128 | 51,847 | 52,829 | 48,638 | 53,549 | 53,899 | 52,948 |
| 6 Other | 509,091 | 522,106 | 503,619 | 484,659 | 486,459 | 504,847 | 522,106 | 536,747 | 562,573 | 576,595 |

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 investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

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

## 1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

| Account | 1988 | 1989 | 1990r | 1989 Q2 | Q3 | Q4 | 1990 Q1 | Q2 | Q3 | Q4r | 1991 Q1 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Corporate profits with inventory valuation and capital consumption adjustment | 337.6 | 311.6 | 298.3 | 321.4 | 306.7 | 290.9 | 296.8 | 306.6 | 300.7 | 288.9 | 288.0 |
| 2 Profits before tax | 316.7 | 307.7 | 304.7 | 314.6 | 291.4 | 289.8 | 296.9 | 299.3 | 318.5 | 304.1 | 282.7 |
| 3 Profits tax liability | 136.2 | 135.1 | 132.1 | 140.8 | 127.8 | 123.5 | 129.9 | 133.1 | 139.1 | 126.5 | 115.1 |
| 4 Profits after tax | 180.5 | 172.6 | 172.5 | 173.8 | 163.6 | 166.3 | 167.1 | 166.1 | 179.4 | 177.6 | 167.6 |
| 5 Dividends | 110.0 | 123.5 | 133.9 | 122.1 | 125.0 | 127.7 | 130.3 | 133.0 | 135.1 | 137.2 | 137.5 |
| 6 Undistributed profits | 70.5 | 49.1 | 38.7 | 51.7 | 38.6 | 38.6 | 36.8 | 33.2 | 44.3 | 40.4 | 30.2 |
| 7 Inventory valuation | −27.0 | −21.7 | −11.4 | −23.1 | −6.1 | −14.5 | −11.4 | −.5 | −19.8 | −13.8 | 8.3 |
| 8 Capital consumption adjustment | 47.8 | 25.5 | 4.9 | 29.9 | 21.4 | 15.6 | 11.3 | 7.7 | 2.0 | −1.4 | −3.0 |

SOURCE. *Survey of Current Business* (Department of Commerce).

## 1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

| Industry | 1989 | 1990 | 1991[1] | 1989 Q3 | Q4 | 1990 Q1 | Q2 | Q3 | Q4 | 1991 Q1 | Q2[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Total nonfarm business** | **507.40** | **532.96** | **546.41** | **514.95** | **519.58** | **532.45** | **535.49** | **534.86** | **529.02** | **540.82** | **547.91** |
| *Manufacturing* | | | | | | | | | | | |
| 2 Durable goods industries | 82.56 | 82.99 | 80.88 | 83.60 | 83.41 | 86.35 | 84.34 | 82.67 | 78.62 | 81.36 | 80.86 |
| 3 Nondurable goods industries | 101.24 | 109.79 | 112.51 | 102.40 | 108.47 | 105.02 | 110.82 | 111.81 | 111.52 | 107.37 | 113.28 |
| *Nonmanufacturing* | | | | | | | | | | | |
| 4 Mining | 9.21 | 9.87 | 9.85 | 9.24 | 9.38 | 9.58 | 9.84 | 9.98 | 10.09 | 10.02 | 10.12 |
| Transportation | | | | | | | | | | | |
| 5 Railroad | 6.26 | 6.41 | 6.18 | 6.36 | 6.80 | 6.45 | 6.66 | 5.60 | 6.90 | 5.80 | 6.07 |
| 6 Air | 6.73 | 8.98 | 10.06 | 8.89 | 5.75 | 9.35 | 9.36 | 10.05 | 7.17 | 9.61 | 8.86 |
| 7 Other | 5.85 | 6.20 | 6.82 | 5.78 | 5.69 | 6.33 | 5.84 | 5.76 | 6.88 | 6.83 | 6.67 |
| Public utilities | | | | | | | | | | | |
| 8 Electric | 44.81 | 43.98 | 46.66 | 44.44 | 44.66 | 43.37 | 42.62 | 43.63 | 46.31 | 45.87 | 46.61 |
| 9 Gas and other | 21.47 | 23.02 | 22.41 | 20.75 | 21.15 | 22.34 | 21.65 | 23.85 | 24.22 | 22.85 | 21.97 |
| 10 Commercial and other[2] | 229.28 | 241.72 | 251.04 | 233.50 | 234.25 | 243.66 | 244.37 | 241.51 | 237.32 | 251.11 | 253.48 |

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10.
1. Anticipated by business.
2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.

SOURCE. *Survey of Current Business* (Department of Commerce).

## 1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period

| Account | 1987 | 1988 | 1989 | 1989 Q2 | 1989 Q3 | 1989 Q4 | 1990 Q1 | 1990 Q2 | 1990 Q3 | 1990 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | | |
| Accounts receivable, gross[2] | | | | | | | | | | |
| 1 Consumer | 141.1 | 146.2 | 140.8 | 143.9 | 146.3 | 140.8 | 137.9 | 138.6 | 140.9 | 136.0 |
| 2 Business | 207.4 | 236.5 | 256.0 | 250.9 | 246.8 | 256.0 | 262.9 | 274.8 | 275.4 | 290.8 |
| 3 Real estate | 39.5 | 43.5 | 48.9 | 47.1 | 48.7 | 48.9 | 52.1 | 55.4 | 57.7 | 59.9 |
| 4 Total | 388.1 | 426.2 | 445.8 | 441.9 | 441.8 | 445.8 | 452.8 | 468.8 | 474.0 | 486.7 |
| *Less:* | | | | | | | | | | |
| 5 Reserves for unearned income | 45.3 | 50.0 | 52.0 | 52.2 | 52.9 | 52.0 | 51.9 | 54.3 | 55.1 | 56.6 |
| 6 Reserves for losses | 6.8 | 7.3 | 7.7 | 7.5 | 7.7 | 7.7 | 7.9 | 8.2 | 8.6 | 8.9 |
| 7 Accounts receivable, net | 336.0 | 368.9 | 386.1 | 382.2 | 381.3 | 386.1 | 393.0 | 406.3 | 410.3 | 421.2 |
| 8 All other | 58.3 | 72.4 | 91.6 | 81.4 | 85.2 | 91.6 | 92.5 | 95.5 | 102.8 | 103.6 |
| 9 **Total assets** | **394.2** | **441.3** | **477.6** | **463.6** | **466.4** | **477.6** | **485.5** | **501.9** | **513.1** | **524.8** |
| LIABILITIES | | | | | | | | | | |
| 10 Bank loans | 16.4 | 15.4 | 14.5 | 12.1 | 12.2 | 14.5 | 13.9 | 15.8 | 15.6 | 18.6 |
| 11 Commercial paper | 128.4 | 142.0 | 149.5 | 149.0 | 147.2 | 149.5 | 152.9 | 152.4 | 148.6 | 152.7 |
| Debt | | | | | | | | | | |
| 12 Other short-term | 28.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 13 Long-term | 137.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 14 Due to parent | n.a. | 50.6 | 63.8 | 59.8 | 60.3 | 63.8 | 70.5 | 72.8 | 82.0 | 77.3 |
| 15 Not elsewhere classified | n.a. | 137.9 | 147.8 | 140.5 | 145.1 | 147.8 | 145.7 | 153.0 | 156.6 | 157.4 |
| 16 All other liabilities | 52.8 | 59.8 | 62.6 | 63.5 | 61.8 | 62.6 | 61.7 | 66.1 | 68.7 | 78.7 |
| 17 Capital, surplus, and undivided profits | 31.5 | 35.6 | 39.4 | 38.8 | 39.8 | 39.4 | 40.7 | 41.8 | 41.6 | 40.2 |
| 18 **Total liabilities and capital** | **394.2** | **441.3** | **477.6** | **463.6** | **466.4** | **477.6** | **485.5** | **501.9** | **513.1** | **524.8** |

1. Components may not sum to totals because of rounding.

2. Excludes pools of securitized assets.

## 1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change[1]

Millions of dollars, seasonally adjusted

| Type | 1988r | 1989r | 1990r | 1990r Oct. | 1990r Nov. | 1990r Dec. | 1991r Jan. | 1991r Feb. | 1991r Mar. |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Total** | **234,891** | **258,957** | **292,638** | **287,623** | **289,335** | **292,638** | **293,383** | **294,284** | **294,225** |
| Retail financing of installment sales | | | | | | | | | |
| 2 Automotive | 37,210 | 39,479 | 38,110 | 39,165 | 38,475 | 38,110 | 38,016 | 37,548 | 36,649 |
| 3 Equipment | 28,185 | 29,627 | 31,784 | 30,667 | 30,908 | 31,784 | 31,956 | 32,058 | 32,332 |
| 4 Pools of securitized assets[2] | n.a. | 698 | 951 | 902 | 927 | 951 | 911 | 879 | 828 |
| Wholesale | | | | | | | | | |
| 5 Automotive | 32,953 | 33,814 | 32,283 | 34,143 | 32,905 | 32,283 | 32,404 | 31,428 | 30,329 |
| 6 Equipment | 5,971 | 6,928 | 11,569 | 10,752 | 10,874 | 11,569 | 11,299 | 11,108 | 10,880 |
| 7 All other | 9,357 | 9,985 | 9,126 | 9,495 | 9,451 | 9,126 | 9,366 | 9,142 | 8,868 |
| 8 Pools of securitized assets[2] | n.a. | 0 | 2,950 | 2,192 | 2,841 | 2,950 | 2,836 | 3,353 | 3,354 |
| Leasing | | | | | | | | | |
| 9 Automotive | 24,693 | 26,804 | 39,129 | 31,535 | 31,833 | 39,129 | 38,921 | 38,922 | 39,279 |
| 10 Equipment | 57,658 | 68,240 | 75,626 | 79,713 | 80,818 | 75,626 | 76,841 | 79,052 | 80,969 |
| 11 Pools of securitized assets[2] | n.a. | 1,247 | 1,849 | 1,724 | 1,884 | 1,849 | 1,854 | 1,810 | 1,868 |
| 12 Loans on commercial accounts receivable and factored commercial accounts receivable | 17,687 | 18,511 | 22,475 | 20,761 | 21,553 | 22,475 | 21,891 | 22,084 | 21,666 |
| 13 All other business credit | 21,176 | 23,623 | 26,784 | 26,574 | 26,866 | 26,784 | 27,089 | 26,899 | 27,204 |
| | Net change (during period) | | | | | | | | |
| 14 **Total** | **28,900** | **24,067** | **33,681** | **3,881** | **1,712** | **3,303** | **745** | **901** | **−59** |
| Retail financing of installment sales | | | | | | | | | |
| 15 Automotive | 1,070 | 2,267 | −1,369 | 537 | −690 | −365 | −94 | −468 | −900 |
| 16 Equipment | 3,108 | 1,442 | 2,157 | −8 | 241 | 877 | 171 | 103 | 274 |
| 17 Pools of securitized assets[2] | n.a. | −26 | 253 | −44 | 25 | 24 | −40 | −32 | −51 |
| Wholesale | | | | | | | | | |
| 18 Automotive | 2,883 | 862 | −1,531 | 244 | −1,238 | −622 | 121 | −975 | −1,100 |
| 19 Equipment | 393 | 958 | 4,641 | 850 | 122 | 695 | −270 | −192 | −228 |
| 20 All other | 1,029 | 628 | −860 | −129 | −44 | −325 | 240 | −224 | −275 |
| 21 Pools of securitized assets[2] | n.a. | 0 | 2,300 | 679 | 649 | 109 | −114 | 517 | 1 |
| Leasing | | | | | | | | | |
| 22 Automotive | 2,596 | 2,110 | 12,326 | 463 | 298 | 7,296 | −209 | 1 | 358 |
| 23 Equipment | 14,166 | 10,581 | 7,385 | 971 | 1,105 | −5,192 | 1,215 | 2,211 | 1,917 |
| 24 Pools of securitized assets[2] | n.a. | 526 | 602 | 69 | 160 | −35 | 5 | −44 | 58 |
| 25 Loans on commercial accounts receivable and factored commercial accounts receivable | −484 | 826 | 3,964 | 135 | 793 | 922 | −585 | 194 | −418 |
| 26 All other business credit | 4,134 | 3,163 | 3,163 | 114 | 291 | −82 | 305 | −190 | 305 |

1. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

2. Data on pools of securitized assets are not seasonally adjusted.

## 1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

| Item | 1988 | 1989 | 1990 | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar. | 1991 Apr. |
|---|---|---|---|---|---|---|---|---|---|---|
| | Terms and yields in primary and secondary markets | | | | | | | | | |
| PRIMARY MARKETS | | | | | | | | | | |
| Conventional mortgages on new homes | | | | | | | | | | |
| *Terms*[1] | | | | | | | | | | |
| 1 Purchase price (thousands of dollars) | 150.0 | 159.6 | 153.2 | 146.1 | 151.5 | 156.3 | 148.3 | 153.2 | 136.7 | 151.4 |
| 2 Amount of loan (thousands of dollars) | 110.5 | 117.0 | 112.4 | 105.1 | 111.2 | 115.4 | 112.3 | 113.8 | 100.4 | 114.5 |
| 3 Loan/price ratio (percent) | 75.5 | 74.5 | 74.8 | 73.5 | 75.0 | 74.9 | 77.2 | 76.3 | 74.6 | 76.4 |
| 4 Maturity (years) | 28.0 | 28.1 | 27.3 | 26.9 | 27.1 | 28.6 | 28.1 | 28.3 | 25.7 | 26.8 |
| 5 Fees and charges (percent of loan amount)[2] | 2.19 | 2.06 | 1.93 | 1.80 | 1.68 | 1.85 | 1.75 | 1.73 | 1.59 | 2.12 |
| 6 Contract rate (percent per year) | 8.81 | 9.76 | 9.68 | 9.68 | 9.61 | 9.45 | 9.36 | 9.28 | 9.16 | 9.24 |
| *Yield (percent per year)* | | | | | | | | | | |
| 7 OTS series[3] | 9.18 | 10.11 | 10.01 | 9.98 | 9.90 | 9.76 | 9.65 | 9.57 | 9.43 | 9.60 |
| 8 HUD series[4] | 10.30 | 10.21 | 10.08 | 10.11 | 9.86 | 9.66 | 9.53 | 9.49 | 9.49 | 9.51 |
| SECONDARY MARKETS | | | | | | | | | | |
| *Yield (percent per year)* | | | | | | | | | | |
| 9 FHA mortgages (HUD series)[5] | 10.49 | 10.24 | 10.17 | 10.23 | 9.81 | 9.66 | 9.58 | 9.57 | 9.61 | 9.61 |
| 10 GNMA securities[6] | 9.83 | 9.71 | 9.51 | 9.66 | 9.46 | 9.08 | 8.87 | 8.66 | 8.75 | 8.62 |
| | Activity in secondary markets | | | | | | | | | |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | | | | | | | | | | |
| *Mortgage holdings (end of period)* | | | | | | | | | | |
| 11 Total | 101,329 | 104,974 | 113,329 | 114,216 | 115,085 | 116,628 | 117,445 | 118,284 | 119,196 | 120,074 |
| 12 FHA/VA-insured | 19,762 | 19,640 | 21,028 | 21,495 | 21,530 | 21,751 | 21,854 | 21,947 | 21,976 | 21,972 |
| 13 Conventional | 81,567 | 85,335 | 92,302 | 92,721 | 93,555 | 94,877 | 95,591 | 96,337 | 97,220 | 98,102 |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 14 Purchases | 23,110 | 22,518 | 23,959 | 2,077 | 2,078 | 2,410 | 1,781 | 1,792 | 1,987 | 2,942 |
| *Mortgage commitments*[7] | | | | | | | | | | |
| 15 Issued (during period)[8] | n.a. | n.a. | n.a. | 1,849 | 2,426 | 2,104 | 1,889 | 1,779 | 3,087 | 3,880 |
| 16 To sell (during period)[9] | n.a. | n.a. | n.a. | 92 | 0 | 0 | 2 | 0 | 109 | 839 |
| FEDERAL HOME LOAN MORTGAGE CORPORATION | | | | | | | | | | |
| *Mortgage holdings (end of period)*[9] | | | | | | | | | | |
| 17 Total | 15,105 | 20,105 | 20,419 | 20,790 | 21,301 | 21,857 | 22,300 | 22,855 | 23,221 | n.a. |
| 18 FHA/VA | 620 | 590 | 547 | 530 | 524 | 518 | 511 | 503 | 499 | n.a. |
| 19 Conventional | 14,485 | 19,516 | 19,871 | 20,260 | 20,777 | 21,339 | 21,789 | 22,352 | 22,722 | n.a. |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 20 Purchases | 44,077 | 78,588 | 75,517 | 6,118 | 6,981 | 10,637 | 5,018 | 5,217 | 4,549 | n.a. |
| 21 Sales | 39,780 | 73,446 | 73,817 | 5,734 | 6,314 | 9,918 | 4,438[r] | 4,549[r] | 6,183[r] | 6,226 |
| *Mortgage commitments*[10] | | | | | | | | | | |
| 22 Contracted (during period) | 66,026 | 88,519 | 102,401 | 10,972 | 10,164 | 12,938 | 8,437 | 5,579 | 5,936 | n.a. |

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissable contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Does not include standby commitments issued, but includes standby commitments converted.
9. Includes participation as well as whole loans.
10. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

## 1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

| Type of holder, and type of property | 1988 | 1989 | 1990 | 1989 | 1990 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q4 | Q1 | Q2 | Q3 | Q4[p] |
| 1 **All holders** | **3,265,352** | **3,552,716** | **3,858,580** | **3,552,716** | **3,693,622** | **3,757,289** | **3,813,083** | **3,858,580** |
| 2 1- to 4-family | 2,184,449 | 2,408,575 | 2,690,678 | 2,408,575 | 2,530,708 | 2,593,951 | 2,643,112 | 2,690,678 |
| 3 Multifamily | 290,651 | 302,537 | 300,173 | 302,537 | 304,758 | 300,644 | 301,756 | 300,173 |
| 4 Commercial | 704,970 | 757,538 | 783,498 | 757,538 | 774,253 | 778,694 | 783,916 | 783,498 |
| 5 Farm | 85,282 | 84,066 | 84,231 | 84,066 | 83,903 | 84,000 | 84,299 | 84,231 |
| 6 Selected financial institutions | 1,826,706 | 1,927,883 | 1,918,662 | 1,927,883 | 1,935,745 | 1,937,175 | 1,930,841 | 1,918,662 |
| 7 Commercial banks[2] | 669,237 | 763,415 | 841,814 | 763,415 | 783,542 | 811,407 | 828,178 | 841,814 |
| 8 1- to 4-family | 317,585 | 368,518 | 427,740 | 368,518 | 381,221 | 405,545 | 418,225 | 427,740 |
| 9 Multifamily | 33,158 | 37,996 | 36,180 | 37,996 | 36,833 | 37,274 | 36,737 | 36,180 |
| 10 Commercial | 302,989 | 340,204 | 360,243 | 340,204 | 348,676 | 351,412 | 355,843 | 360,243 |
| 11 Farm | 15,505 | 16,697 | 17,651 | 16,697 | 16,812 | 17,176 | 17,373 | 17,651 |
| 12 Savings institutions[3] | 924,606 | 910,254 | 809,829 | 910,254 | 891,921 | 860,903 | 836,600 | 809,829 |
| 13 1- to 4-family | 671,722 | 669,220 | 610,809 | 669,220 | 658,405 | 642,110 | 626,789 | 610,809 |
| 14 Multifamily | 110,775 | 106,014 | 91,789 | 106,014 | 103,841 | 97,359 | 94,714 | 91,789 |
| 15 Commercial | 141,433 | 134,370 | 106,708 | 134,370 | 129,056 | 120,866 | 114,567 | 106,708 |
| 16 Farm | 676 | 650 | 524 | 650 | 619 | 568 | 530 | 524 |
| 17 Life insurance companies | 232,863 | 254,214 | 267,018 | 254,214 | 260,282 | 264,865 | 266,063 | 267,018 |
| 18 1- to 4-family | 11,164 | 12,231 | 12,837 | 12,231 | 12,525 | 12,740 | 12,773 | 12,837 |
| 19 Multifamily | 24,560 | 26,907 | 28,171 | 26,907 | 27,555 | 28,027 | 28,100 | 28,171 |
| 20 Commercial | 187,549 | 205,472 | 215,121 | 205,472 | 210,422 | 214,024 | 214,585 | 215,121 |
| 21 Farm | 9,590 | 9,604 | 10,890 | 9,604 | 9,780 | 10,075 | 10,605 | 10,890 |
| 22 Finance companies[4] | 37,846 | 45,476 | 48,777 | 45,476 | 45,808 | 47,104 | 49,784 | 48,777 |
| 23 Federal and related agencies | 200,570 | 209,498 | 247,693 | 209,498 | 216,146 | 227,818 | 242,695 | 247,693 |
| 24 Government National Mortgage Association | 26 | 23 | 21 | 23 | 22 | 21 | 21 | 21 |
| 25 1- to 4-family | 26 | 23 | 21 | 23 | 22 | 21 | 21 | 21 |
| 26 Multifamily | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 Farmers Home Administration[5] | 42,018 | 41,176 | 41,324 | 41,176 | 41,125 | 41,175 | 41,269 | 41,324 |
| 28 1- to 4-family | 18,347 | 18,422 | 18,494 | 18,422 | 18,419 | 18,434 | 18,476 | 18,494 |
| 29 Multifamily | 8,513 | 9,054 | 9,623 | 9,054 | 9,199 | 9,361 | 9,477 | 9,623 |
| 30 Commercial | 5,343 | 4,443 | 4,671 | 4,443 | 4,510 | 4,545 | 4,608 | 4,671 |
| 31 Farm | 9,815 | 9,257 | 8,536 | 9,257 | 8,997 | 8,835 | 8,708 | 8,536 |
| 32 Federal Housing and Veterans Administration | 5,973 | 6,087 | 8,570 | 6,087 | 6,355 | 6,792 | 7,938 | 8,570 |
| 33 1- to 4-family | 2,672 | 2,875 | 3,362 | 2,875 | 3,027 | 3,054 | 3,248 | 3,362 |
| 34 Multifamily | 3,301 | 3,212 | 5,208 | 3,212 | 3,328 | 3,738 | 4,690 | 5,208 |
| 35 Federal National Mortgage Association | 103,013 | 110,721 | 115,508 | 110,721 | 112,353 | 112,855 | 113,718 | 115,508 |
| 36 1- to 4-family | 95,833 | 102,295 | 104,900 | 102,295 | 103,300 | 103,431 | 103,722 | 104,900 |
| 37 Multifamily | 7,180 | 8,426 | 10,608 | 8,426 | 9,053 | 9,424 | 9,996 | 10,608 |
| 38 Federal Land Banks | 32,115 | 29,640 | 29,145 | 29,640 | 29,325 | 29,595 | 29,441 | 29,145 |
| 39 1- to 4-family | 1,890 | 1,210 | 1,820 | 1,210 | 1,197 | 1,741 | 1,766 | 1,820 |
| 40 Farm | 30,225 | 28,430 | 27,325 | 28,430 | 28,128 | 27,854 | 27,675 | 27,325 |
| 41 Federal Home Loan Mortgage Corporation | 17,425 | 21,851 | 20,525 | 21,851 | 19,823 | 19,979 | 20,508 | 20,525 |
| 42 1- to 4-family | 15,077 | 18,248 | 17,870 | 18,248 | 16,772 | 17,316 | 17,810 | 17,870 |
| 43 Multifamily | 2,348 | 3,603 | 2,655 | 3,603 | 3,051 | 2,663 | 2,697 | 2,655 |
| 44 Mortgage pools or trusts[6] | 811,847 | 946,766 | 1,101,589 | 946,766 | 984,811 | 1,024,893 | 1,060,640 | 1,101,589 |
| 45 Government National Mortgage Association | 340,527 | 368,367 | 404,076 | 368,367 | 376,962 | 385,456 | 394,859 | 404,076 |
| 46 1- to 4-family | 331,257 | 358,142 | 393,656 | 358,142 | 366,300 | 374,960 | 384,474 | 393,656 |
| 47 Multifamily | 9,270 | 10,225 | 10,419 | 10,225 | 10,662 | 10,496 | 10,385 | 10,419 |
| 48 Federal Home Loan Mortgage Corporation | 226,406 | 272,870 | 309,486 | 272,870 | 281,736 | 295,340 | 301,797 | 309,486 |
| 49 1- to 4-family | 219,988 | 266,060 | 301,450 | 266,060 | 274,084 | 287,232 | 293,721 | 301,450 |
| 50 Multifamily | 6,418 | 6,810 | 8,036 | 6,810 | 7,652 | 8,108 | 8,077 | 8,036 |
| 51 Federal National Mortgage Association | 178,250 | 228,232 | 303,880 | 228,232 | 246,391 | 263,330 | 281,806 | 303,880 |
| 52 1- to 4-family | 172,331 | 219,577 | 295,438 | 219,577 | 237,916 | 254,811 | 273,335 | 295,438 |
| 53 Multifamily | 5,919 | 8,655 | 8,442 | 8,655 | 8,475 | 8,519 | 8,471 | 8,442 |
| 54 Farmers Home Administration[5] | 104 | 80 | 68 | 80 | 76 | 72 | 70 | 68 |
| 55 1- to 4-family | 26 | 21 | 17 | 21 | 20 | 19 | 18 | 17 |
| 56 Multifamily | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 57 Commercial | 38 | 26 | 24 | 26 | 25 | 24 | 24 | 24 |
| 58 Farm | 40 | 33 | 27 | 33 | 31 | 30 | 29 | 27 |
| 59 Individuals and others[7] | 426,229 | 468,569 | 590,637 | 468,569 | 556,920 | 567,403 | 578,908 | 590,637 |
| 60 1- to 4-family | 259,971 | 294,517 | 402,385 | 294,517 | 374,143 | 382,343 | 393,027 | 402,385 |
| 61 Multifamily | 79,209 | 81,634 | 80,978 | 81,634 | 83,666 | 82,040 | 80,636 | 80,978 |
| 62 Commercial | 67,618 | 73,023 | 87,995 | 73,023 | 79,576 | 83,557 | 85,865 | 87,995 |
| 63 Farm | 19,431 | 19,395 | 19,278 | 19,395 | 19,536 | 19,463 | 19,379 | 19,278 |

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not bank trust departments.
3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. Assumed to be entirely 1- to 4-family loans.
5. Farmers Home Administration-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.
6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated. Includes private pools which are not shown as a separate line item.
7. 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 other U.S. agencies.

## 1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars, amounts outstanding, end of period

| Holder, and type of credit | 1989r | 1990r | 1990r | | | | | | 1991r | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| | Seasonally adjusted | | | | | | | | | | |
| 1 **Total** | **718,863** | **735,102** | **732,750** | **733,844** | **735,547** | **735,433** | **736,411** | **735,102** | **732,962** | **732,762** | **731,830** |
| 2 Automobile | 290,676 | 284,585 | 288,136 | 286,818 | 285,627 | 285,024 | 284,412 | 284,585 | 283,746 | 282,626 | 280,332 |
| 3 Revolving | 199,082 | 220,110 | 215,119 | 217,024 | 219,090 | 220,031 | 221,690 | 220,110 | 219,588 | 221,556 | 224,804 |
| 4 Mobile home | 22,471 | 20,919 | 21,211 | 21,191 | 21,073 | 20,680 | 20,492 | 20,919 | 20,459 | 20,200 | 20,105 |
| 5 Other | 206,633 | 209,487 | 208,284 | 208,811 | 209,758 | 209,698 | 209,817 | 209,487 | 209,170 | 208,379 | 206,588 |
| | Not seasonally adjusted | | | | | | | | | | |
| 6 **Total** | **730,901** | **748,300** | **730,660** | **736,480** | **738,946** | **736,091** | **738,626** | **748,300** | **736,399** | **729,264** | **724,855** |
| *By major holder* | | | | | | | | | | | |
| 7 Commercial banks | 342,770 | 347,466 | 336,658 | 340,525 | 342,698 | 341,755 | 342,882 | 347,466 | 341,426 | 339,282 | 335,803 |
| 8 Finance companies | 140,832 | 137,450 | 138,796 | 139,496 | 140,890 | 141,329 | 139,195 | 137,450 | 134,965 | 133,021 | 131,552 |
| 9 Credit unions | 93,114 | 92,911 | 92,260 | 93,071 | 92,996 | 93,190 | 92,918 | 92,911 | 91,991 | 91,131 | 90,263 |
| 10 Retailers | 44,154 | 43,552 | 39,165 | 39,557 | 38,963 | 38,282 | 39,095 | 43,552 | 40,945 | 38,864 | 38,497 |
| 11 Savings institutions | 57,253 | 45,616 | 53,541 | 51,822 | 50,683 | 48,055 | 47,121 | 45,616 | 44,939 | 43,875 | 42,491 |
| 12 Gasoline companies | 3,935 | 4,822 | 4,396 | 4,722 | 4,723 | 4,749 | 4,753 | 4,822 | 4,766 | 4,404 | 4,296 |
| 13 Pools of securitized assets[2] | 48,843 | 76,483 | 65,844 | 67,287 | 67,993 | 68,731 | 72,662 | 76,483 | 77,367 | 78,687 | 81,953 |
| *By major type of credit*[3] | | | | | | | | | | | |
| 14 Automobile | 290,705 | 284,813 | 288,741 | 289,371 | 289,169 | 287,304 | 285,379 | 284,813 | 282,214 | 279,913 | 277,445 |
| 15 Commercial banks | 126,288 | 126,259 | 126,475 | 127,647 | 128,268 | 127,667 | 126,544 | 126,259 | 126,235 | 124,745 | 123,344 |
| 16 Finance companies | 82,721 | 74,397 | 77,716 | 77,205 | 78,116 | 78,033 | 75,224 | 74,397 | 72,015 | 70,287 | 69,233 |
| 17 Pools of securitized assets[2] | 18,235 | 24,537 | 22,099 | 21,988 | 21,390 | 20,944 | 23,475 | 24,537 | 25,123 | 26,872 | 27,757 |
| 18 Revolving | 210,310 | 232,370 | 213,140 | 216,633 | 218,279 | 218,337 | 222,643 | 232,370 | 223,606 | 220,714 | 221,387 |
| 19 Commercial banks | 130,811 | 132,433 | 125,248 | 126,683 | 127,415 | 127,108 | 129,117 | 132,433 | 125,814 | 125,673 | 124,635 |
| 20 Retailers | 39,583 | 39,029 | 34,731 | 35,101 | 34,528 | 33,867 | 34,657 | 39,029 | 36,510 | 34,509 | 34,179 |
| 21 Gasoline companies | 3,935 | 4,822 | 4,396 | 4,722 | 4,723 | 4,749 | 4,753 | 4,822 | 4,766 | 4,404 | 4,296 |
| 22 Pools of securitized assets[2] | 23,477 | 44,335 | 36,785 | 38,194 | 39,606 | 40,798 | 42,297 | 44,335 | 44,773 | 44,451 | 46,722 |
| 23 Mobile home | 22,240 | 20,666 | 21,245 | 21,185 | 21,195 | 20,773 | 20,472 | 20,666 | 20,614 | 20,362 | 20,013 |
| 24 Commercial banks | 9,112 | 9,763 | 9,005 | 9,338 | 9,263 | 9,274 | 9,199 | 9,763 | 9,748 | 9,730 | 9,615 |
| 25 Finance companies | 4,716 | 5,252 | 5,328 | 5,358 | 5,423 | 5,400 | 5,364 | 5,252 | 5,367 | 5,330 | 5,328 |
| 26 Other | 207,646 | 210,451 | 207,534 | 209,291 | 210,303 | 209,677 | 210,132 | 210,451 | 209,965 | 208,275 | 206,010 |
| 27 Commercial banks | 76,559 | 79,011 | 75,930 | 76,857 | 77,752 | 77,706 | 78,022 | 79,011 | 79,629 | 79,134 | 78,209 |
| 28 Finance companies | 53,395 | 57,801 | 55,752 | 56,933 | 57,351 | 57,896 | 58,607 | 57,801 | 57,583 | 57,404 | 56,991 |
| 29 Retailers | 4,571 | 4,523 | 4,434 | 4,456 | 4,435 | 4,415 | 4,438 | 4,523 | 4,435 | 4,355 | 4,318 |
| 30 Pools of securitized assets[2] | 7,131 | 7,611 | 6,960 | 7,105 | 6,997 | 6,989 | 6,890 | 7,611 | 7,471 | 7,364 | 7,474 |

1. The Board's series cover 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.

These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

## 1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

| Item | 1988 | 1989 | 1990 | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb. | 1991 Mar. |
|---|---|---|---|---|---|---|---|---|---|---|
| INTEREST RATES | | | | | | | | | | |
| Commercial banks[2] | | | | | | | | | | |
| 1 48-month new car[3] | 10.85 | 12.07 | 11.78 | n.a. | n.a. | 11.62 | n.a. | n.a. | 11.60 | n.a. |
| 2 24-month personal | 14.68 | 15.44 | 15.46 | n.a. | n.a. | 15.69 | n.a. | n.a. | 15.42 | n.a. |
| 3 120-month mobile home[3] | 13.54 | 14.11 | 14.02 | n.a. | n.a. | 13.99 | n.a. | n.a. | 13.88 | n.a. |
| 4 Credit card | 17.78 | 18.02 | 18.17 | n.a. | n.a. | 18.23 | n.a. | n.a. | 18.28 | n.a. |
| Auto finance companies | | | | | | | | | | |
| 5 New car | 12.60 | 12.62 | 12.54 | 12.34 | 12.57 | 12.74 | 12.86 | 12.99 | 13.16 | 13.14 |
| 6 Used car | 15.11 | 16.18 | 15.99 | 16.03 | 16.12 | 16.07 | 16.04 | 15.70 | 15.90 | 15.82 |
| OTHER TERMS[4] | | | | | | | | | | |
| Maturity (months) | | | | | | | | | | |
| 7 New car | 56.2 | 54.2 | 54.6 | 54.3 | 54.6 | 54.6 | 54.7 | 54.9 | 55.2 | 55.2 |
| 8 Used car | 46.7 | 46.6 | 46.1 | 46.1 | 46.1 | 46.0 | 45.8 | 47.4 | 47.1 | 47.2 |
| Loan-to-value ratio | | | | | | | | | | |
| 9 New car | 94 | 91 | 87 | 85 | 85 | 85 | 85 | 88 | 88 | 87 |
| 10 Used car | 98 | 97 | 95 | 95 | 95 | 95 | 94 | 96 | 96 | 97 |
| Amount financed (dollars) | | | | | | | | | | |
| 11 New car | 11,663 | 12,001 | 12,071 | 11,837 | 11,917 | 11,986 | 12,140 | 12,229 | 12,081 | 12,121 |
| 12 Used car | 7,824 | 7,954 | 8,289 | 8,403 | 8,423 | 8,494 | 8,530 | 8,600 | 8,605 | 8,763 |

1. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.
2. Data for midmonth of quarter only.
3. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

## 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

| Transaction category, sector | 1986 | 1987 | 1988 | 1989 | 1990 | 1989 | | | 1990 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| | Nonfinancial sectors | | | | | | | | | | | |
| 1 **Total net borrowing by domestic nonfinancial sectors** | **836.9** | **687.0** | **760.8** | **678.2** | **662.1** | **666.8** | **678.8** | **620.2** | **788.6** | **611.8** | **687.2** | **561.0** |
| *By sector and instrument* | | | | | | | | | | | | |
| 2 U.S. government | 215.0 | 144.9 | 157.5 | 151.6 | 272.5 | 100.1 | 173.9 | 185.0 | 247.3 | 228.2 | 286.1 | 328.4 |
| 3 Treasury securities | 214.7 | 143.4 | 140.0 | 150.0 | 264.4 | 95.0 | 166.8 | 189.6 | 217.8 | 222.9 | 287.5 | 329.4 |
| 4 Agency issues and mortgages | .4 | 1.5 | 17.4 | 1.6 | 8.2 | 5.1 | 7.1 | -4.6 | 29.6 | 5.4 | -1.3 | -1.0 |
| 5 Private domestic nonfinancial sectors | 621.9 | 542.1 | 603.3 | 526.6 | 389.6 | 566.7 | 504.9 | 435.2 | 541.3 | 383.6 | 401.0 | 232.6 |
| 6 Debt capital instruments | 465.8 | 453.2 | 459.2 | 379.8 | 309.6 | 390.1 | 369.2 | 347.0 | 393.7 | 318.9 | 282.8 | 243.0 |
| 7 Tax-exempt obligations | 22.7 | 49.3 | 49.8 | 30.4 | 19.4 | 28.7 | 34.1 | 19.1 | 13.0 | 24.7 | 29.8 | 10.1 |
| 8 Corporate bonds | 126.8 | 79.4 | 102.9 | 73.7 | 61.5 | 86.5 | 62.7 | 87.4 | 45.2 | 75.2 | 46.0 | 79.6 |
| 9 Mortgages | 316.3 | 324.5 | 306.5 | 275.7 | 228.7 | 275.0 | 272.4 | 240.5 | 335.6 | 218.9 | 207.0 | 153.3 |
| 10 Home mortgages | 218.7 | 234.9 | 231.0 | 218.0 | 214.4 | 211.3 | 221.0 | 214.3 | 272.8 | 228.2 | 179.3 | 177.4 |
| 11 Multifamily residential | 33.5 | 24.4 | 16.7 | 16.4 | -.7 | 21.4 | 11.8 | 9.5 | 22.1 | -18.2 | 3.1 | -9.7 |
| 12 Commercial | 73.6 | 71.6 | 60.8 | 42.7 | 14.8 | 41.5 | 40.9 | 19.9 | 40.1 | 10.9 | 22.7 | -14.6 |
| 13 Farm | -9.5 | -6.4 | -2.1 | -1.5 | .2 | .9 | -1.3 | -3.2 | .5 | -1.9 | 1.9 | .2 |
| 14 Other debt instruments | 156.1 | 88.9 | 144.1 | 146.8 | 80.0 | 176.5 | 135.6 | 88.2 | 147.6 | 64.7 | 118.2 | -10.4 |
| 15 Consumer credit | 58.0 | 33.5 | 50.2 | 39.1 | 18.4 | 36.9 | 37.1 | 44.1 | 14.9 | 10.5 | 26.6 | 21.6 |
| 16 Bank loans n.e.c. | 66.9 | 10.0 | 39.8 | 39.9 | -3.0 | 45.1 | 50.8 | 7.7 | 18.7 | 6.5 | 5.6 | -43.0 |
| 17 Open market paper | -9.3 | 2.3 | 11.9 | 20.4 | 9.7 | 39.5 | 16.9 | -6.9 | 69.6 | -6.2 | 17.3 | -41.7 |
| 18 Other | 40.5 | 43.2 | 42.2 | 47.4 | 54.9 | 55.0 | 30.9 | 43.3 | 44.3 | 53.9 | 68.7 | 52.6 |
| 19 By borrowing sector | 621.9 | 542.1 | 603.3 | 526.6 | 389.6 | 566.7 | 504.9 | 435.2 | 541.3 | 383.6 | 401.0 | 232.6 |
| 20 State and local governments | 36.2 | 48.8 | 45.6 | 29.6 | 14.6 | 33.3 | 28.6 | 16.5 | 8.9 | 17.7 | 28.7 | 3.1 |
| 21 Households | 293.0 | 302.2 | 314.9 | 285.0 | 260.1 | 264.0 | 290.8 | 291.8 | 335.0 | 269.7 | 246.8 | 189.0 |
| 22 Nonfinancial business | 292.7 | 191.0 | 242.8 | 211.9 | 114.9 | 269.4 | 185.4 | 126.9 | 197.4 | 96.2 | 125.6 | 40.4 |
| 23 Farm | -16.3 | -10.6 | -7.5 | 1.6 | 3.0 | -5.0 | -2.1 | 8.9 | 6.3 | -4.8 | 5.2 | 5.1 |
| 24 Nonfarm noncorporate | 99.2 | 77.9 | 65.7 | 50.8 | 14.3 | 56.9 | 40.2 | 35.0 | 44.4 | 5.2 | 22.3 | -14.5 |
| 25 Corporate | 209.7 | 123.7 | 184.6 | 159.5 | 97.6 | 217.4 | 147.3 | 83.1 | 146.8 | 95.8 | 98.1 | 49.8 |
| 26 Foreign net borrowing in United States | 9.7 | 4.5 | 6.3 | 10.9 | 23.3 | -6.9 | 30.4 | 16.9 | -3.5 | 42.5 | 32.9 | 21.2 |
| 27 Bonds | 3.1 | 7.4 | 6.9 | 5.3 | 21.1 | 11.5 | 8.1 | -1.0 | 28.1 | 27.4 | 3.2 | 25.7 |
| 28 Bank loans n.e.c. | -1.0 | -3.6 | -1.8 | -.1 | -2.8 | -3.2 | 3.7 | -4.3 | -6.7 | -2.0 | 1.9 | -4.3 |
| 29 Open market paper | 11.5 | 2.1 | 8.7 | 13.3 | 12.3 | -6.6 | 20.7 | 22.2 | -16.4 | 23.1 | 27.3 | 15.3 |
| 30 U.S. government loans | -3.9 | -1.4 | -7.5 | -7.5 | -7.4 | -8.7 | -2.1 | .1 | -8.5 | -6.1 | .5 | -15.5 |
| 31 **Total domestic plus foreign** | **846.6** | **691.5** | **767.1** | **689.1** | **685.4** | **659.9** | **709.2** | **637.1** | **785.1** | **654.3** | **720.1** | **582.2** |
| | Financial sectors | | | | | | | | | | | |
| 32 **Total net borrowing by financial sectors** | **285.1** | **300.2** | **247.6** | **205.5** | **199.4** | **154.1** | **123.9** | **187.3** | **198.6** | **172.6** | **170.9** | **255.4** |
| *By instrument* | | | | | | | | | | | | |
| 33 U.S. government related | 154.1 | 171.8 | 119.8 | 151.0 | 170.6 | 128.8 | 124.8 | 156.4 | 176.2 | 183.8 | 137.5 | 184.8 |
| 34 Sponsored credit agency securities | 15.2 | 30.2 | 44.9 | 25.2 | 22.6 | 22.5 | 13.2 | -4.7 | 14.3 | 17.0 | 20.6 | 38.8 |
| 35 Mortgage pool securities | 139.2 | 142.3 | 74.9 | 125.8 | 148.0 | 106.3 | 111.6 | 161.1 | 162.0 | 166.8 | 116.9 | 146.1 |
| 36 Loans from U.S. government | -.4 | -.8 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 37 Private financial sectors | 131.0 | 128.4 | 127.8 | 54.5 | 28.8 | 25.3 | -.9 | 30.9 | 22.3 | -11.3 | 33.5 | 70.5 |
| 38 Corporate bonds | 82.9 | 78.9 | 51.7 | 36.8 | 44.1 | 28.5 | 26.7 | 39.6 | 37.7 | 64.0 | 22.3 | 52.4 |
| 39 Mortgages | .1 | .4 | .3 | .0 | .7 | .0 | .3 | -.4 | -.7 | .8 | 2.6 | .0 |
| 40 Bank loans n.e.c. | 4.0 | -3.2 | 1.4 | 1.8 | .7 | -.1 | 2.0 | 4.2 | -2.2 | -.6 | 1.9 | 3.8 |
| 41 Open market paper | 24.2 | 27.9 | 54.8 | 26.9 | 8.0 | 10.1 | 11.0 | 36.3 | 9.5 | -44.6 | 37.2 | 29.8 |
| 42 Loans from Federal Home Loan Banks | 19.8 | 24.4 | 19.7 | -11.0 | -24.7 | -13.1 | -41.0 | -48.8 | -22.0 | -30.9 | -30.5 | -15.5 |
| *By sector* | | | | | | | | | | | | |
| 43 **Total** | **285.1** | **300.2** | **247.6** | **205.5** | **199.4** | **154.1** | **123.9** | **187.3** | **198.6** | **172.6** | **170.9** | **255.4** |
| 44 Sponsored credit agencies | 14.9 | 29.5 | 44.9 | 25.2 | 22.6 | 22.5 | 13.2 | -4.7 | 14.3 | 17.0 | 20.6 | 38.8 |
| 45 Mortgage pools | 139.2 | 142.3 | 74.9 | 125.8 | 148.0 | 106.3 | 111.6 | 161.1 | 162.0 | 166.8 | 116.9 | 146.1 |
| 46 Private financial sectors | 131.0 | 128.4 | 127.8 | 54.5 | 28.8 | 25.3 | -.9 | 30.9 | 22.3 | -11.3 | 33.5 | 70.5 |
| 47 Commercial banks | -3.6 | 6.2 | -3.0 | -1.4 | -1.1 | 2.5 | 3.5 | -.7 | -4.9 | -7.9 | -12.5 | 21.0 |
| 48 Bank affiliates | 15.2 | 14.3 | 5.2 | 6.2 | -27.7 | 2.9 | 16.5 | -3.9 | -10.0 | -32.2 | -40.2 | -28.5 |
| 49 Savings and loan associations | 20.9 | 19.6 | 19.9 | -14.1 | -32.4 | -16.3 | -44.7 | -56.2 | -15.8 | -53.5 | -36.5 | -24.0 |
| 50 Mutual savings banks | 4.2 | 8.1 | 1.9 | -1.4 | -.1 | .0 | -2.3 | .7 | -8.3 | 6.5 | .3 | 1.1 |
| 51 Finance companies | 54.7 | 40.8 | 67.7 | 46.3 | 50.9 | 40.4 | 23.5 | 52.6 | 27.1 | 27.5 | 91.3 | 57.8 |
| 52 REITs | .8 | .3 | 3.5 | -1.9 | -.3 | -2.8 | -3.1 | .1 | -.5 | -2.0 | 1.3 | -.1 |
| 53 SCO Issuers | 39.0 | 39.1 | 32.5 | 20.8 | 39.5 | -1.4 | 5.7 | 38.2 | 34.7 | 50.3 | 29.7 | 43.3 |

1.57—Continued

| Transaction category, sector | 1986 | 1987 | 1988 | 1989 | 1990 | 1989 | | | 1990 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| | All sectors | | | | | | | | | | | |
| 54 **Total net borrowing** | **1,131.7** | **991.7** | **1,014.7** | **894.5** | **884.8** | **814.0** | **833.0** | **824.4** | **983.7** | **826.8** | **891.0** | **837.5** |
| 55 U.S. government securities | 369.5 | 317.5 | 277.2 | 302.6 | 443.1 | 228.9 | 298.7 | 341.4 | 423.6 | 412.1 | 423.6 | 513.3 |
| 56 State and local obligations | 22.7 | 49.3 | 49.8 | 30.4 | 19.4 | 28.7 | 34.1 | 19.1 | 13.0 | 24.7 | 29.8 | 10.1 |
| 57 Corporate and foreign bonds | 212.8 | 165.7 | 161.5 | 115.8 | 126.7 | 126.5 | 97.6 | 125.9 | 111.0 | 166.6 | 71.4 | 157.7 |
| 58 Mortgages | 316.4 | 324.9 | 306.7 | 275.7 | 229.4 | 275.0 | 272.7 | 240.1 | 334.9 | 219.7 | 209.5 | 153.4 |
| 59 Consumer credit | 58.0 | 33.5 | 50.2 | 39.1 | 18.4 | 36.9 | 37.1 | 44.1 | 14.9 | 10.5 | 26.6 | 21.6 |
| 60 Bank loans n.e.c. | 69.9 | 3.2 | 39.4 | 41.5 | −5.1 | 41.9 | 56.5 | 7.5 | 9.8 | 4.0 | 9.4 | −43.5 |
| 61 Open market paper | 26.4 | 32.3 | 75.4 | 60.6 | 30.0 | 42.9 | 48.5 | 51.6 | 62.6 | −27.7 | 81.9 | 3.3 |
| 62 Other loans | 56.1 | 65.5 | 54.4 | 28.9 | 22.8 | 33.2 | −12.2 | −5.4 | 13.9 | 17.0 | 38.8 | 21.6 |
| 63 MEMO: U.S. government, cash balance | .0 | −7.9 | 10.4 | −5.9 | 8.6 | 20.7 | −22.7 | −7.3 | 22.9 | −38.1 | 21.1 | 28.3 |
| Totals net of changes in U.S. government cash balances | | | | | | | | | | | | |
| 64 Net borrowing by domestic nonfinancial | 836.9 | 694.9 | 750.4 | 684.1 | 653.6 | 646.1 | 701.6 | 627.6 | 765.7 | 649.9 | 666.1 | 532.6 |
| 65 Net borrowing by U.S. government | 215.0 | 152.8 | 147.1 | 157.5 | 264.0 | 79.4 | 196.7 | 192.4 | 224.4 | 266.3 | 265.1 | 300.1 |
| | External corporate equity funds raised in United States | | | | | | | | | | | |
| 66 **Total net share issues** | **86.8** | **10.9** | **−124.2** | **−63.7** | **17.2** | **−43.0** | **−61.0** | **14.9** | **−4.7** | **51.3** | **−9.6** | **31.7** |
| 67 Mutual funds | 159.0 | 73.9 | 1.1 | 41.3 | 66.9 | 34.0 | 57.9 | 72.4 | 53.1 | 76.5 | 51.7 | 86.2 |
| 68 All other | −72.2 | −63.0 | −125.3 | −105.1 | −49.7 | −77.0 | −118.9 | −57.6 | −57.8 | −25.2 | −61.3 | −54.4 |
| 69 Nonfinancial corporations | −85.0 | −75.5 | −129.5 | −124.2 | −63.0 | −98.7 | −146.3 | −79.3 | −69.0 | −48.0 | −74.0 | −61.0 |
| 70 Financial corporations | 11.6 | 14.6 | 3.3 | 2.4 | 6.1 | 4.3 | −.1 | 4.5 | 10.0 | .3 | 12.6 | 1.5 |
| 71 Foreign shares purchased in United States | 1.2 | −2.1 | .9 | 16.7 | 7.2 | 17.4 | 27.5 | 17.2 | 1.3 | 22.5 | .1 | 5.1 |

## 1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

| Transaction category, or sector | 1986 | 1987 | 1988 | 1989 | 1990 | 1989 Q2 | 1989 Q3 | 1989 Q4 | 1990 Q1 | 1990 Q2 | 1990 Q3 | 1990 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Total funds advanced in credit markets to domestic nonfinancial sectors** | **836.9** | **687.0** | **760.8** | **678.2** | **662.1** | **666.8** | **678.8** | **620.2** | **788.6** | **611.8** | **687.2** | **561.0** |
| *By public agencies and foreign* | | | | | | | | | | | | |
| 2 Total net advances | 280.2 | 248.8 | 210.7 | 187.6 | 278.7 | 15.5 | 218.3 | 203.8 | 234.4 | 314.3 | 316.1 | 249.9 |
| 3 U.S. government securities | 69.4 | 70.1 | 85.2 | 30.7 | 79.9 | -103.3 | 115.7 | 27.1 | 17.3 | 97.1 | 134.9 | 70.2 |
| 4 Residential mortgages | 136.3 | 139.1 | 86.3 | 137.9 | 179.0 | 119.7 | 127.7 | 178.3 | 182.2 | 206.7 | 160.8 | 166.3 |
| 5 FHLB advances to thrifts | 19.8 | 24.4 | 19.7 | -11.0 | -24.7 | -13.1 | -41.0 | -48.8 | -22.0 | -30.9 | -30.5 | -15.5 |
| 6 Other loans and securities | 54.7 | 15.1 | 19.4 | 30.0 | 44.5 | 12.1 | 15.8 | 47.1 | 56.8 | 41.3 | 50.9 | 28.9 |
| Total advanced, by sector | | | | | | | | | | | | |
| 7 U.S. government | 9.7 | -7.9 | -9.4 | -2.4 | 34.0 | -6.0 | -9.3 | 5.7 | 33.5 | 41.3 | 59.1 | 2.0 |
| 8 Sponsored credit agencies | 153.3 | 169.3 | 112.0 | 125.3 | 170.1 | 28.0 | 126.4 | 158.4 | 184.2 | 166.3 | 155.6 | 174.4 |
| 9 Monetary authorities | 19.4 | 24.7 | 10.5 | -7.3 | 8.1 | -1.6 | -31.2 | -4.6 | -6.3 | 40.4 | 24.4 | -25.9 |
| 10 Foreign | 97.8 | 62.7 | 97.6 | 72.1 | 66.4 | -4.9 | 132.4 | 44.2 | 22.9 | 66.4 | 77.0 | 99.4 |
| Agency and foreign borrowing not in line 1 | | | | | | | | | | | | |
| 11 Sponsored credit agencies and mortgage pools | 154.1 | 171.8 | 119.8 | 151.0 | 170.6 | 128.8 | 124.8 | 156.4 | 176.2 | 183.8 | 137.5 | 184.8 |
| 12 Foreign | 9.7 | 4.5 | 6.3 | 10.9 | 23.3 | -6.9 | 30.4 | 16.9 | -3.5 | 42.5 | 32.9 | 21.2 |
| *Private domestic funds advanced* | | | | | | | | | | | | |
| 13 Total net advances | 720.5 | 614.5 | 676.2 | 652.5 | 577.3 | 773.3 | 615.7 | 589.7 | 727.0 | 523.8 | 541.5 | 517.1 |
| 14 U.S. government securities | 300.1 | 247.4 | 192.1 | 271.9 | 363.2 | 332.2 | 183.0 | 314.3 | 406.2 | 314.9 | 288.8 | 443.0 |
| 15 State and local obligations | 22.7 | 49.3 | 49.8 | 30.4 | 19.4 | 28.7 | 34.1 | 19.1 | 13.0 | 24.7 | 29.8 | 10.1 |
| 16 Corporate and foreign bonds | 89.7 | 66.9 | 91.3 | 66.1 | 67.7 | 91.1 | 65.6 | 70.6 | 57.0 | 81.7 | 47.2 | 84.8 |
| 17 Residential mortgages | 115.9 | 120.2 | 161.3 | 96.5 | 34.8 | 113.0 | 105.1 | 45.5 | 112.7 | 3.3 | 21.6 | 1.5 |
| 18 Other mortgages and loans | 212.0 | 155.2 | 201.4 | 176.6 | 67.6 | 195.2 | 186.9 | 91.5 | 116.1 | 68.3 | 123.6 | -37.7 |
| 19 LESS: Federal Home Loan Bank advances | 19.8 | 24.4 | 19.7 | -11.0 | -24.7 | -13.1 | -41.0 | -48.8 | -22.0 | -30.9 | -30.5 | -15.5 |
| *Private financial intermediation* | | | | | | | | | | | | |
| 20 Credit market funds advanced by private financial institutions | 730.0 | 528.4 | 562.3 | 511.1 | 394.1 | 600.9 | 345.9 | 623.4 | 379.9 | 275.8 | 404.8 | 515.8 |
| 21 Commercial banking | 198.1 | 135.4 | 156.3 | 177.3 | 119.9 | 160.9 | 183.7 | 184.3 | 188.1 | 126.1 | 104.6 | 60.7 |
| 22 Savings institutions | 107.6 | 136.8 | 120.4 | -90.9 | -141.0 | -42.3 | -135.8 | -201.9 | -56.6 | -210.3 | -167.4 | -129.6 |
| 23 Insurance and pension funds | 160.1 | 179.7 | 198.7 | 177.9 | 226.1 | 188.1 | 136.1 | 205.1 | 168.8 | 238.9 | 231.0 | 265.5 |
| 24 Other finance | 264.2 | 76.6 | 86.9 | 246.8 | 189.1 | 294.2 | 161.9 | 436.0 | 79.5 | 121.1 | 236.6 | 319.2 |
| 25 Sources of funds | 730.0 | 528.4 | 562.3 | 511.1 | 394.1 | 600.9 | 345.9 | 623.4 | 379.9 | 275.8 | 404.8 | 515.8 |
| 26 Private domestic deposits and RPs | 277.1 | 162.8 | 229.2 | 225.2 | 72.8 | 267.4 | 284.4 | 208.0 | 113.0 | 36.7 | 91.8 | 49.6 |
| 27 Credit market borrowing | 131.0 | 128.4 | 127.8 | 54.5 | 28.8 | 25.3 | -.9 | 30.9 | 22.3 | -11.3 | 33.5 | 70.5 |
| 28 Other sources | 321.8 | 237.1 | 205.3 | 231.4 | 292.5 | 308.2 | 62.3 | 384.6 | 244.6 | 250.3 | 279.6 | 395.6 |
| 29 Foreign funds | 12.9 | 43.7 | 9.3 | -9.9 | 46.5 | -35.4 | 30.4 | -20.6 | 46.4 | 13.4 | 122.2 | 4.2 |
| 30 Treasury balances | 1.7 | -5.8 | 7.3 | -3.4 | 5.3 | 13.9 | -19.9 | 5.0 | 13.1 | -13.4 | 18.2 | 3.4 |
| 31 Insurance and pension reserves | 119.9 | 135.4 | 177.6 | 140.5 | 209.2 | 123.2 | 82.6 | 193.9 | 144.8 | 219.2 | 219.8 | 252.8 |
| 32 Other, net | 187.3 | 63.9 | 11.0 | 104.2 | 31.5 | 206.4 | -30.8 | 206.3 | 40.3 | 31.1 | -80.7 | 135.2 |
| *Private domestic nonfinancial investors* | | | | | | | | | | | | |
| 33 Direct lending in credit markets | 121.5 | 214.6 | 241.7 | 195.9 | 212.0 | 197.7 | 268.9 | -2.8 | 369.3 | 236.8 | 170.1 | 71.9 |
| 34 U.S. government securities | 27.0 | 86.0 | 129.0 | 134.3 | 198.4 | 136.2 | 196.8 | 4.3 | 250.7 | 186.2 | 178.1 | 178.5 |
| 35 State and local obligations | -19.9 | 61.8 | 53.5 | 28.4 | -1.3 | 5.1 | 39.0 | 12.8 | .4 | 13.0 | 16.0 | -34.3 |
| 36 Corporate and foreign bonds | 52.9 | 23.3 | -9.4 | .7 | -26.6 | 9.4 | -4.7 | 14.6 | 38.0 | -27.2 | -82.4 | -34.8 |
| 37 Open market paper | 9.9 | 15.8 | 36.4 | 5.4 | 15.9 | 17.8 | 21.4 | -64.6 | 45.3 | 39.8 | 13.7 | -35.3 |
| 38 Other | 51.7 | 27.6 | 32.2 | 27.1 | 25.6 | 29.2 | 16.4 | 30.1 | 34.9 | 24.9 | 44.8 | -2.1 |
| 39 Deposits and currency | 297.5 | 179.3 | 232.8 | 241.3 | 100.1 | 290.6 | 261.8 | 230.6 | 138.0 | 60.3 | 137.8 | 64.3 |
| 40 Currency | 14.4 | 19.0 | 14.7 | 11.7 | 22.6 | 12.8 | 6.0 | 10.1 | 26.1 | 23.1 | 32.2 | 9.1 |
| 41 Checkable deposits | 96.4 | -.9 | 12.9 | 1.5 | -1.0 | -41.7 | 14.7 | 65.8 | -11.0 | -4.2 | 16.9 | -5.6 |
| 42 Small time and savings accounts | 120.6 | 76.0 | 122.4 | 100.5 | 67.5 | 99.0 | 163.1 | 109.1 | 111.3 | 29.3 | 63.0 | 66.6 |
| 43 Money market fund shares | 43.2 | 28.9 | 20.2 | 85.2 | 62.4 | 119.2 | 116.7 | 65.6 | 72.2 | 4.7 | 110.9 | 62.0 |
| 44 Large time deposits | -3.2 | 37.2 | 40.8 | 23.1 | -45.8 | 61.1 | -23.8 | -13.4 | -24.6 | -15.4 | -78.8 | -64.2 |
| 45 Security RPs | 20.2 | 21.6 | 32.9 | 14.9 | -10.5 | 29.8 | 13.7 | -19.2 | -34.9 | 22.3 | -20.2 | -9.1 |
| 46 Deposits in foreign countries | 5.9 | -2.5 | -11.2 | 4.4 | 4.7 | 10.4 | -28.6 | 12.4 | -1.1 | .6 | 13.9 | 5.6 |
| 47 **Total of credit market instruments, deposits, and currency** | **419.0** | **393.9** | **474.5** | **437.2** | **312.1** | **488.3** | **530.7** | **227.7** | **507.3** | **297.1** | **307.9** | **136.2** |
| 48 Public holdings as percent of total | 33.1 | 36.0 | 27.5 | 27.2 | 40.7 | 2.3 | 30.8 | 32.0 | 29.9 | 48.0 | 43.9 | 42.9 |
| 49 Private financial intermediation (in percent) | 101.3 | 86.0 | 83.2 | 78.3 | 68.3 | 77.7 | 56.2 | 105.7 | 52.3 | 52.7 | 74.8 | 99.7 |
| 50 Total foreign funds | 110.7 | 106.4 | 106.9 | 62.2 | 113.0 | -40.3 | 162.8 | 23.6 | 69.3 | 79.8 | 199.2 | 103.6 |
| MEMO: Corporate equities not included above | | | | | | | | | | | | |
| 51 **Total net issues** | **86.8** | **10.9** | **-124.2** | **-63.7** | **17.2** | **-43.0** | **-61.0** | **14.9** | **-4.7** | **51.3** | **-9.6** | **31.7** |
| 52 Mutual fund shares | 159.0 | 73.9 | 1.1 | 41.3 | 66.9 | 34.0 | 57.9 | 72.4 | 53.1 | 76.5 | 51.7 | 86.2 |
| 53 Other equities | -72.2 | -63.0 | -125.3 | -105.1 | -49.7 | -77.0 | -118.9 | -57.6 | -57.8 | -25.2 | -61.3 | -54.4 |
| 54 Acquisitions by financial institutions | 50.9 | 32.0 | -2.9 | 17.2 | 30.1 | -14.1 | 6.1 | 76.9 | 42.1 | 72.1 | -36.5 | 42.8 |
| 55 Other net purchases | 35.9 | -21.2 | -121.4 | -80.9 | -12.9 | -28.9 | -67.1 | -62.1 | -46.8 | -20.8 | 26.9 | -11.0 |

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

## 1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

| Transaction category, sector | 1986 | 1987 | 1988 | 1989 | 1989 Q2 | 1989 Q3 | 1989 Q4 | 1990 Q1 | 1990 Q2 | 1990 Q3 | 1990 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nonfinancial sectors | | | | | | | | | | |
| 1 **Total credit market debt owed by domestic nonfinancial sectors** | **7,646.3** | **8,343.9** | **9,096.0** | **9,805.2** | **9,438.7** | **9,605.1** | **9,805.2** | **10,069.4** | **10,226.6** | **10,394.1** | **10,579.9** |
| *By sector and instrument* | | | | | | | | | | | |
| 2 U.S. government | 1,815.4 | 1,960.3 | 2,117.8 | 2,269.4 | 2,165.7 | 2,206.1 | 2,269.4 | 2,360.9 | 2,401.7 | 2,470.2 | 2,568.9 |
| 3 Treasury securities | 1,811.7 | 1,955.2 | 2,095.2 | 2,245.2 | 2,142.1 | 2,180.7 | 2,245.2 | 2,329.3 | 2,368.8 | 2,437.6 | 2,536.5 |
| 4 Agency issues and mortgages | 3.6 | 5.2 | 22.6 | 24.2 | 23.6 | 25.4 | 24.2 | 31.6 | 32.9 | 32.6 | 32.4 |
| 5 Private domestic nonfinancial sectors | 5,831.0 | 6,383.6 | 6,978.2 | 7,535.8 | 7,273.0 | 7,399.0 | 7,535.8 | 7,708.6 | 7,824.9 | 7,923.9 | 8,011.0 |
| 6 Debt capital instruments | 3,962.7 | 4,427.9 | 4,886.4 | 5,283.3 | 5,091.4 | 5,189.9 | 5,283.3 | 5,449.4 | 5,533.8 | 5,610.6 | 5,678.2 |
| 7 Tax-exempt obligations | 679.1 | 728.4 | 790.8 | 821.2 | 804.9 | 816.4 | 821.2 | 822.4 | 827.4 | 838.0 | 840.6 |
| 8 Corporate bonds | 669.4 | 748.8 | 851.7 | 925.4 | 887.9 | 903.5 | 925.4 | 936.7 | 955.5 | 967.0 | 986.9 |
| 9 Mortgages | 2,614.2 | 2,950.7 | 3,243.8 | 3,536.6 | 3,398.6 | 3,470.0 | 3,536.6 | 3,690.4 | 3,750.9 | 3,805.6 | 3,850.7 |
| 10 Home mortgages | 1,720.8 | 1,943.1 | 2,173.9 | 2,404.3 | 2,287.6 | 2,347.6 | 2,404.3 | 2,530.7 | 2,594.0 | 2,643.1 | 2,690.7 |
| 11 Multifamily residential | 246.2 | 270.0 | 286.7 | 304.4 | 298.3 | 301.2 | 304.4 | 303.7 | 298.9 | 299.8 | 298.1 |
| 12 Commercial | 551.4 | 648.7 | 696.4 | 742.6 | 725.9 | 734.9 | 742.6 | 772.1 | 773.9 | 778.4 | 777.7 |
| 13 Farm | 95.8 | 88.9 | 86.8 | 85.3 | 86.8 | 86.3 | 85.3 | 83.9 | 84.0 | 84.3 | 84.2 |
| 14 Other debt instruments | 1,868.2 | 1,955.7 | 2,091.9 | 2,252.6 | 2,181.6 | 2,209.1 | 2,252.6 | 2,259.1 | 2,291.2 | 2,313.3 | 2,332.8 |
| 15 Consumer credit | 659.8 | 693.2 | 743.5 | 790.6 | 756.7 | 771.0 | 790.6 | 774.3 | 783.3 | 793.9 | 809.0 |
| 16 Bank loans n.e.c. | 666.0 | 673.3 | 713.1 | 763.0 | 740.3 | 750.7 | 763.0 | 756.2 | 761.6 | 761.1 | 760.2 |
| 17 Open market paper | 62.9 | 73.8 | 85.7 | 107.1 | 110.1 | 113.3 | 107.1 | 126.0 | 128.7 | 131.8 | 116.9 |
| 18 Other | 479.6 | 515.3 | 549.6 | 591.9 | 574.5 | 574.1 | 591.9 | 602.6 | 617.6 | 626.5 | 646.8 |
| 19 By borrowing sector | 5,831.0 | 6,383.6 | 6,978.2 | 7,535.8 | 7,273.0 | 7,399.0 | 7,535.8 | 7,708.6 | 7,824.9 | 7,923.9 | 8,011.0 |
| 20 State and local governments | 510.1 | 558.9 | 604.5 | 634.1 | 619.9 | 629.9 | 634.1 | 634.3 | 637.6 | 647.9 | 648.8 |
| 21 Households | 2,596.1 | 2,879.1 | 3,191.5 | 3,501.8 | 3,330.7 | 3,411.4 | 3,501.8 | 3,625.0 | 3,699.7 | 3,768.4 | 3,834.1 |
| 22 Nonfinancial business | 2,724.8 | 2,945.6 | 3,182.2 | 3,400.0 | 3,322.5 | 3,357.6 | 3,400.0 | 3,449.3 | 3,487.6 | 3,507.6 | 3,528.2 |
| 23 Farm | 156.6 | 145.5 | 137.6 | 139.2 | 139.5 | 139.2 | 139.2 | 137.4 | 140.2 | 141.5 | 140.9 |
| 24 Nonfarm noncorporate | 997.6 | 1,075.4 | 1,145.1 | 1,195.9 | 1,177.6 | 1,183.0 | 1,195.9 | 1,208.0 | 1,208.9 | 1,209.8 | 1,210.2 |
| 25 Corporate | 1,570.6 | 1,724.6 | 1,899.5 | 2,064.8 | 2,005.3 | 2,035.5 | 2,064.8 | 2,103.9 | 2,138.6 | 2,156.3 | 2,177.1 |
| 26 Foreign credit market debt held in United States | 238.3 | 244.6 | 253.9 | 261.5 | 252.2 | 257.7 | 261.5 | 260.4 | 272.0 | 279.3 | 284.8 |
| 27 Bonds | 74.9 | 82.3 | 89.2 | 94.5 | 92.1 | 94.2 | 94.5 | 102.1 | 107.7 | 108.6 | 115.6 |
| 28 Bank loans n.e.c. | 26.9 | 23.3 | 21.5 | 21.4 | 21.5 | 22.6 | 21.4 | 19.0 | 19.3 | 19.8 | 18.6 |
| 29 Open market paper | 37.4 | 41.2 | 49.9 | 63.0 | 52.7 | 57.5 | 63.0 | 59.3 | 65.1 | 71.5 | 75.3 |
| 30 U.S. government loans | 99.1 | 97.7 | 93.2 | 82.6 | 85.8 | 83.4 | 82.6 | 80.0 | 80.0 | 79.4 | 75.3 |
| 31 **Total domestic plus foreign** | **7,884.7** | **8,588.5** | **9,349.9** | **10,066.8** | **9,690.8** | **9,862.8** | **10,066.8** | **10,329.8** | **10,498.7** | **10,673.3** | **10,864.7** |
| | Financial sectors | | | | | | | | | | |
| 32 **Total credit market debt owed by financial sectors** | **1,529.8** | **1,836.8** | **2,084.4** | **2,322.4** | **2,234.1** | **2,263.8** | **2,322.4** | **2,356.3** | **2,403.3** | **2,444.4** | **2,520.2** |
| *By instrument* | | | | | | | | | | | |
| 33 U.S. government related | 810.3 | 978.6 | 1,098.4 | 1,249.3 | 1,169.5 | 1,203.6 | 1,249.3 | 1,286.1 | 1,328.0 | 1,365.4 | 1,418.5 |
| 34 Sponsored credit agency securities | 273.0 | 303.2 | 348.1 | 373.3 | 369.0 | 370.4 | 373.3 | 376.0 | 378.9 | 381.9 | 396.0 |
| 35 Mortgage pool securities | 531.6 | 670.4 | 745.3 | 871.0 | 795.6 | 828.2 | 871.0 | 905.2 | 944.2 | 978.5 | 1,017.5 |
| 36 Loans from U.S. government | 5.7 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| 37 Private financial sectors | 719.5 | 858.2 | 986.1 | 1,073.0 | 1,064.6 | 1,060.2 | 1,073.0 | 1,070.2 | 1,075.3 | 1,079.0 | 1,101.8 |
| 38 Corporate bonds | 287.4 | 366.3 | 418.0 | 482.7 | 466.1 | 472.7 | 482.7 | 491.7 | 508.2 | 513.6 | 526.8 |
| 39 Mortgages | 2.7 | 3.1 | 3.4 | 3.4 | 3.5 | 3.5 | 3.4 | 3.2 | 3.5 | 4.1 | 4.1 |
| 40 Bank loans n.e.c. | 36.1 | 32.8 | 34.2 | 36.0 | 33.8 | 34.1 | 36.0 | 33.2 | 34.8 | 34.9 | 36.7 |
| 41 Open market paper | 284.6 | 322.9 | 377.7 | 409.1 | 399.4 | 398.8 | 409.1 | 409.1 | 402.5 | 408.4 | 417.1 |
| 42 Loans from Federal Home Loan Banks | 108.6 | 133.1 | 152.8 | 141.8 | 161.9 | 151.1 | 141.8 | 132.9 | 126.3 | 117.9 | 117.1 |
| 43 **Total, by sector** | **1,529.8** | **1,836.8** | **2,084.4** | **2,322.4** | **2,234.1** | **2,263.8** | **2,322.4** | **2,356.3** | **2,403.3** | **2,444.4** | **2,520.2** |
| 44 Sponsored credit agencies | 278.7 | 308.2 | 353.1 | 378.3 | 374.0 | 375.4 | 378.3 | 381.0 | 383.8 | 386.8 | 400.9 |
| 45 Mortgage pools | 531.6 | 670.4 | 745.3 | 871.0 | 795.6 | 828.2 | 871.0 | 905.2 | 944.2 | 978.5 | 1,017.5 |
| 46 Private financial sectors | 719.5 | 858.2 | 986.1 | 1,073.0 | 1,064.6 | 1,060.2 | 1,073.0 | 1,070.2 | 1,075.3 | 1,079.0 | 1,101.8 |
| 47 Commercial banks | 75.6 | 81.8 | 78.8 | 77.4 | 75.7 | 77.0 | 77.4 | 73.4 | 73.3 | 70.7 | 76.3 |
| 48 Bank affiliates | 116.8 | 131.1 | 136.2 | 142.5 | 141.2 | 144.0 | 142.5 | 141.5 | 133.8 | 122.5 | 114.7 |
| 49 Savings and loan associations | 119.8 | 139.4 | 159.3 | 145.2 | 167.9 | 155.7 | 145.2 | 137.1 | 125.6 | 115.1 | 112.7 |
| 50 Mutual savings banks | 8.6 | 16.7 | 18.6 | 17.2 | 17.7 | 17.5 | 17.2 | 15.4 | 16.7 | 17.3 | 17.1 |
| 51 Finance companies | 328.1 | 378.8 | 446.1 | 496.2 | 478.0 | 481.2 | 496.2 | 499.6 | 510.3 | 530.1 | 546.6 |
| 52 REITs | 6.5 | 7.3 | 11.4 | 10.1 | 10.6 | 10.0 | 10.1 | 10.1 | 9.8 | 10.2 | 10.3 |
| 53 SCO issuers | 64.0 | 103.1 | 135.7 | 184.4 | 173.5 | 174.9 | 184.4 | 193.1 | 205.7 | 213.1 | 224.0 |
| | All sectors | | | | | | | | | | |
| 54 **Total credit market debt** | **9,414.4** | **10,425.3** | **11,434.3** | **12,389.1** | **11,925.0** | **12,126.6** | **12,389.1** | **12,686.1** | **12,902.0** | **13,117.7** | **13,384.9** |
| 55 U.S. government securities | 2,620.0 | 2,933.9 | 3,211.1 | 3,513.7 | 3,330.3 | 3,404.7 | 3,513.7 | 3,642.0 | 3,724.8 | 3,830.6 | 3,982.4 |
| 56 State and local obligations | 679.1 | 728.4 | 790.8 | 821.2 | 804.9 | 816.4 | 821.2 | 822.4 | 827.4 | 838.0 | 840.6 |
| 57 Corporate and foreign bonds | 1,031.7 | 1,197.4 | 1,358.9 | 1,502.6 | 1,446.1 | 1,470.5 | 1,502.6 | 1,530.5 | 1,571.4 | 1,589.3 | 1,629.3 |
| 58 Mortgages | 2,617.0 | 2,953.8 | 3,247.2 | 3,540.1 | 3,402.1 | 3,473.6 | 3,540.1 | 3,693.6 | 3,754.3 | 3,809.7 | 3,854.8 |
| 59 Consumer credit | 659.8 | 693.2 | 743.5 | 790.6 | 756.7 | 771.0 | 790.6 | 774.3 | 783.3 | 793.9 | 809.0 |
| 60 Bank loans n.e.c. | 729.0 | 729.5 | 768.9 | 820.3 | 795.6 | 807.4 | 820.3 | 808.4 | 815.7 | 815.8 | 815.5 |
| 61 Open market paper | 384.9 | 437.9 | 513.4 | 579.2 | 562.2 | 569.6 | 579.2 | 594.5 | 596.3 | 611.7 | 609.2 |
| 62 Other loans | 693.1 | 751.1 | 800.5 | 821.4 | 827.1 | 813.5 | 821.4 | 820.5 | 828.9 | 828.8 | 844.2 |

## 1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

| Transaction category, or sector | 1986 | 1987 | 1988 | 1989 | 1989 | | | 1990 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 1 **Total funds advanced in credit markets to domestic nonfinancial sectors** | **7,646.3** | **8,343.9** | **9,096.0** | **9,805.2** | **9,438.7** | **9,605.1** | **9,805.2** | **10,069.4** | **10,226.6** | **10,394.1** | **10,579.9** |
| *By public agencies and foreign* | | | | | | | | | | | |
| 2 Total held | 1,779.4 | 2,006.6 | 2,199.7 | 2,379.3 | 2,263.5 | 2,317.4 | 2,379.3 | 2,419.9 | 2,503.0 | 2,582.0 | 2,656.5 |
| 3 U.S. government securities | 509.8 | 570.9 | 651.5 | 682.1 | 642.7 | 668.6 | 682.1 | 679.2 | 706.9 | 737.4 | 762.0 |
| 4 Residential mortgages | 678.5 | 814.1 | 900.4 | 1,038.4 | 954.4 | 991.1 | 1,038.4 | 1,077.7 | 1,126.5 | 1,171.8 | 1,215.9 |
| 5 FHLB advances to thrifts | 108.6 | 133.1 | 152.8 | 141.8 | 161.9 | 151.1 | 141.8 | 132.9 | 126.3 | 117.9 | 117.1 |
| 6 Other loans and securities | 482.4 | 488.6 | 495.1 | 517.0 | 504.5 | 506.6 | 517.0 | 530.2 | 543.3 | 555.0 | 561.4 |
| 7 Total held, by type of lender | 1,779.4 | 2,006.6 | 2,199.7 | 2,379.3 | 2,263.5 | 2,317.4 | 2,379.3 | 2,419.9 | 2,503.0 | 2,582.0 | 2,656.5 |
| 8 U.S. government | 255.3 | 240.0 | 217.6 | 207.1 | 211.5 | 207.8 | 207.1 | 216.2 | 227.8 | 242.0 | 241.2 |
| 9 Sponsored credit agencies and mortgage pools | 835.9 | 1,001.0 | 1,113.0 | 1,238.2 | 1,157.8 | 1,193.5 | 1,238.2 | 1,274.0 | 1,315.0 | 1,358.0 | 1,406.8 |
| 10 Monetary authority | 205.5 | 230.1 | 240.6 | 233.3 | 238.4 | 227.6 | 233.3 | 224.4 | 237.8 | 240.8 | 241.4 |
| 11 Foreign | 482.8 | 535.5 | 628.5 | 700.6 | 655.7 | 688.5 | 700.6 | 705.2 | 722.4 | 741.3 | 767.1 |
| Agency and foreign debt not in line 1 | | | | | | | | | | | |
| 12 Sponsored credit agencies and mortgage pools | 810.3 | 978.6 | 1,098.4 | 1,249.3 | 1,169.5 | 1,203.6 | 1,249.3 | 1,286.1 | 1,328.0 | 1,365.4 | 1,418.5 |
| 13 Foreign | 238.3 | 244.6 | 253.9 | 261.5 | 252.2 | 257.7 | 261.5 | 260.4 | 272.0 | 279.3 | 284.8 |
| *Private domestic holdings* | | | | | | | | | | | |
| 14 Total private holdings | 6,915.6 | 7,560.4 | 8,248.5 | 8,936.8 | 8,596.9 | 8,749.0 | 8,936.8 | 9,196.0 | 9,323.7 | 9,456.7 | 9,626.7 |
| 15 U.S. government securities | 2,110.1 | 2,363.0 | 2,559.7 | 2,831.6 | 2,687.6 | 2,736.1 | 2,831.6 | 2,962.8 | 3,017.9 | 3,093.2 | 3,220.3 |
| 16 State and local obligations | 679.1 | 728.4 | 790.8 | 821.2 | 804.9 | 816.4 | 821.2 | 822.4 | 827.4 | 838.0 | 840.6 |
| 17 Corporate and foreign bonds | 606.6 | 674.3 | 765.6 | 831.6 | 797.7 | 814.5 | 831.6 | 847.6 | 866.2 | 878.5 | 899.3 |
| 18 Residential mortgages | 1,288.5 | 1,399.0 | 1,560.2 | 1,670.4 | 1,631.5 | 1,657.7 | 1,670.4 | 1,756.7 | 1,766.4 | 1,771.1 | 1,772.9 |
| 19 Other mortgages and loans | 2,339.8 | 2,528.7 | 2,724.9 | 2,923.8 | 2,837.0 | 2,875.3 | 2,923.8 | 2,939.4 | 2,972.1 | 2,993.8 | 3,010.6 |
| 20 LESS: Federal Home Loan Bank advances | 108.6 | 133.1 | 152.8 | 141.8 | 161.9 | 151.1 | 141.8 | 132.9 | 126.3 | 117.9 | 117.1 |
| *Private financial intermediation* | | | | | | | | | | | |
| 21 Credit market claims held by private financial institutions | 6,018.0 | 6,564.5 | 7,128.6 | 7,662.7 | 7,424.6 | 7,507.8 | 7,662.7 | 7,850.5 | 7,915.0 | 8,000.6 | 8,123.5 |
| 22 Commercial banking | 2,187.6 | 2,323.0 | 2,479.3 | 2,656.6 | 2,549.0 | 2,599.6 | 2,656.6 | 2,680.4 | 2,720.7 | 2,751.1 | 2,776.5 |
| 23 Savings institutions | 1,297.9 | 1,445.5 | 1,567.7 | 1,480.7 | 1,561.0 | 1,530.3 | 1,480.7 | 1,461.3 | 1,409.5 | 1,371.5 | 1,339.7 |
| 24 Insurance and pension funds | 1,525.4 | 1,705.1 | 1,903.8 | 2,081.6 | 1,999.0 | 2,031.6 | 2,081.6 | 2,152.5 | 2,198.4 | 2,242.5 | 2,307.6 |
| 25 Other finance | 1,007.1 | 1,091.0 | 1,177.9 | 1,443.8 | 1,315.6 | 1,346.2 | 1,443.8 | 1,556.4 | 1,586.4 | 1,635.5 | 1,699.6 |
| 26 Sources of funds | 6,018.0 | 6,564.5 | 7,128.6 | 7,662.7 | 7,424.6 | 7,507.8 | 7,662.7 | 7,850.5 | 7,915.0 | 8,000.6 | 8,123.5 |
| 27 Private domestic deposits and RPs | 3,199.0 | 3,354.2 | 3,599.1 | 3,824.3 | 3,679.1 | 3,742.5 | 3,824.3 | 3,846.6 | 3,837.6 | 3,852.9 | 3,897.0 |
| 28 Credit market debt | 719.5 | 858.2 | 986.1 | 1,073.0 | 1,064.6 | 1,060.2 | 1,073.0 | 1,070.2 | 1,075.3 | 1,079.0 | 1,101.8 |
| 29 Other sources | 2,099.5 | 2,352.1 | 2,543.5 | 2,765.5 | 2,680.9 | 2,705.1 | 2,765.5 | 2,933.7 | 3,002.1 | 3,068.8 | 3,124.7 |
| 30 Foreign funds | 18.6 | 62.3 | 71.5 | 61.6 | 49.4 | 55.0 | 61.6 | 63.4 | 66.3 | 94.1 | 108.2 |
| 31 Treasury balances | 27.5 | 21.6 | 29.0 | 25.6 | 34.4 | 30.3 | 25.6 | 16.7 | 32.1 | 36.6 | 30.9 |
| 32 Insurance and pension reserves | 1,398.5 | 1,527.8 | 1,692.5 | 1,826.0 | 1,770.0 | 1,785.7 | 1,826.0 | 1,861.5 | 1,907.7 | 1,940.6 | 1,996.7 |
| 33 Other, net | 655.0 | 740.3 | 750.5 | 852.3 | 827.2 | 834.0 | 852.3 | 992.1 | 996.0 | 997.5 | 988.8 |
| *Private domestic nonfinancial investors* | | | | | | | | | | | |
| 34 Credit market claims | 1,617.0 | 1,854.1 | 2,106.0 | 2,347.1 | 2,236.9 | 2,301.5 | 2,347.1 | 2,415.6 | 2,484.1 | 2,535.0 | 2,605.0 |
| 35 U.S. government securities | 848.7 | 936.7 | 1,072.2 | 1,206.4 | 1,122.9 | 1,171.3 | 1,206.4 | 1,256.2 | 1,288.7 | 1,332.3 | 1,414.4 |
| 36 Tax-exempt obligations | 212.6 | 274.4 | 340.9 | 369.3 | 353.8 | 363.1 | 369.3 | 362.5 | 368.5 | 372.4 | 368.1 |
| 37 Corporate and foreign bonds | 90.5 | 114.0 | 100.4 | 130.5 | 128.2 | 131.1 | 130.5 | 152.1 | 156.2 | 151.8 | 138.4 |
| 38 Open market paper | 145.1 | 178.5 | 218.0 | 228.7 | 236.7 | 239.3 | 228.7 | 230.1 | 247.2 | 247.9 | 244.6 |
| 39 Other | 320.1 | 350.4 | 374.4 | 412.1 | 395.3 | 396.8 | 412.1 | 414.8 | 423.3 | 430.6 | 439.5 |
| 40 Deposits and currency | 3,410.1 | 3,583.9 | 3,832.3 | 4,073.6 | 3,926.2 | 3,979.0 | 4,073.6 | 4,094.9 | 4,096.7 | 4,118.3 | 4,173.7 |
| 41 Currency | 186.3 | 205.4 | 220.1 | 231.8 | 226.4 | 224.4 | 231.8 | 234.4 | 242.7 | 247.2 | 254.4 |
| 42 Checkable deposits | 516.6 | 515.4 | 527.2 | 528.7 | 495.0 | 486.1 | 528.7 | 501.2 | 510.7 | 501.2 | 527.7 |
| 43 Small time and savings accounts | 1,948.3 | 2,017.1 | 2,156.2 | 2,256.7 | 2,189.3 | 2,224.4 | 2,256.7 | 2,289.4 | 2,292.3 | 2,302.4 | 2,324.2 |
| 44 Money market fund shares | 268.9 | 297.8 | 318.0 | 403.3 | 362.1 | 391.0 | 403.3 | 436.7 | 426.3 | 454.5 | 465.7 |
| 45 Large time deposits | 336.7 | 373.9 | 414.7 | 437.8 | 435.7 | 440.0 | 437.8 | 431.1 | 415.8 | 407.1 | 392.0 |
| 46 Security RPs | 128.5 | 150.1 | 182.9 | 197.9 | 196.9 | 200.9 | 197.9 | 188.3 | 192.5 | 187.9 | 187.4 |
| 47 Deposits in foreign countries | 24.8 | 24.3 | 13.1 | 17.6 | 20.7 | 12.1 | 17.6 | 13.9 | 16.4 | 18.3 | 22.3 |
| 48 **Total of credit market instruments, deposits, and currency** | **5,027.2** | **5,438.0** | **5,938.2** | **6,420.7** | **6,163.0** | **6,280.5** | **6,420.7** | **6,510.6** | **6,580.7** | **6,653.3** | **6,778.7** |
| 49 Public holdings as percent of total | 22.6 | 23.4 | 23.5 | 23.6 | 23.4 | 23.5 | 23.6 | 23.4 | 23.8 | 24.2 | 24.5 |
| 50 Private financial intermediation (in percent) | 87.0 | 86.8 | 86.4 | 85.7 | 86.4 | 85.8 | 85.7 | 85.4 | 84.9 | 84.6 | 84.4 |
| 51 Total foreign funds | 501.3 | 597.8 | 700.1 | 762.3 | 705.1 | 743.5 | 762.3 | 768.6 | 788.7 | 835.4 | 875.2 |
| MEMO: Corporate equities not included above | | | | | | | | | | | |
| 52 **Total market value** | **3,360.6** | **3,325.0** | **3,619.8** | **4,378.9** | **4,069.7** | **4,395.4** | **4,378.9** | **4,170.3** | **4,336.4** | **3,846.4** | **3,995.8** |
| 53 Mutual fund shares | 413.5 | 460.1 | 478.3 | 555.1 | 514.8 | 543.9 | 555.1 | 550.3 | 587.9 | 547.3 | 579.9 |
| 54 Other equities | 2,947.1 | 2,864.9 | 3,141.6 | 3,823.8 | 3,555.0 | 3,851.5 | 3,823.8 | 3,620.0 | 3,748.5 | 3,299.1 | 3,415.9 |
| 55 Holdings by financial institutions | 974.6 | 1,039.5 | 1,176.1 | 1,492.3 | 1,343.0 | 1,478.5 | 1,492.3 | 1,435.6 | 1,543.0 | 1,312.1 | 1,408.3 |
| 56 Other holdings | 2,385.9 | 2,285.5 | 2,443.7 | 2,886.6 | 2,726.8 | 2,917.0 | 2,886.6 | 2,734.6 | 2,793.4 | 2,534.3 | 2,587.4 |

NOTES BY LINE NUMBER.

1. Line 1 of table 1.59.
2. Sum of lines 3–6 or 8–11.
6. Includes farm and commercial mortgages.
12. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
14. Line 1 less line 2 plus line 12 and 13. Also line 21 less line 28 plus line 34. Also sum of lines 29 and 48 less lines 41 and 47.
19. Includes farm and commercial mortgages.
27. Line 40 less lines 41 and 47.
28. Excludes equity issues and investment company shares. Includes line 20.
30. Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
31. Demand deposits and note balances at commercial banks.
32. Excludes net investment of these reserves in corporate equities.
33. Mainly retained earnings and net miscellaneous liabilities.
34. Line 14 less line 21 plus line 28.
35–39. Lines 15–19 less amounts acquired by private finance plus amounts borrowed by private finance. Line 39 includes mortgages.
41. Mainly an offset to line 10.
48. Lines 34 plus 40, or line 14 less line 29 plus 41 and 47.
49. Line 2/line 1 and 13.
50. Line 21/line 14.
51. Sum of lines 11 and 30.
52–54. Includes issues by financial institutions.

NOTE. *Full statements for sectors and transaction types in flows and in amounts* outstanding may be obtained from Flow of Funds Section, Stop 95, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1977 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

| Measure | 1988 | 1989 | 1990 | 1990 | | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb.[r] | Mar.[r] | Apr. |
| 1 **Industrial production (1987 = 100)**[1] | **105.4** | **108.1** | **109.2** | **110.5** | **110.6** | **109.9** | **108.3** | **107.2** | **106.6** | **105.7** | **105.0** | **105.1** |
| *Market groupings* | | | | | | | | | | | | |
| 2 Products, total (1987 = 100) | 105.3 | 108.6 | 110.1 | 110.9 | 111.4 | 111.0 | 109.3 | 108.4 | 107.8 | 107.0 | 106.5 | 106.6 |
| 3 Final, total (1987 = 100) | 105.6 | 109.1 | 110.9 | 111.9 | 112.6 | 112.3 | 110.2 | 109.2 | 109.1 | 108.4 | 108.2 | 108.4 |
| 4 Consumer goods (1987 = 100) | 104.0 | 106.7 | 107.3 | 107.8 | 108.7 | 108.6 | 106.5 | 105.7 | 105.6[r] | 105.0 | 105.0 | 105.4 |
| 5 Equipment (1987 = 100) | 107.6 | 112.3 | 115.5 | 117.2 | 117.8 | 117.0 | 115.1 | 113.6 | 113.6[r] | 112.8 | 112.4 | 112.3 |
| 6 Intermediate (1987 = 100) | 104.4 | 106.8 | 107.7 | 107.9 | 107.4 | 107.0 | 106.2 | 106.0 | 103.8[r] | 102.5 | 101.0 | 100.7 |
| 7 Materials (1987 = 100) | 105.6 | 107.4 | 107.8 | 109.7 | 109.4 | 108.3 | 106.8 | 105.3 | 104.8[r] | 103.8 | 102.8 | 102.8 |
| *Industry groupings* | | | | | | | | | | | | |
| 8 Manufacturing (1987 = 100) | 105.8 | 108.9 | 109.9 | 111.1 | 111.2 | 110.7 | 108.9 | 107.5 | 107.0 | 106.0 | 105.1 | 105.4 |
| Capacity utilization (percent)[2] | | | | | | | | | | | | |
| 9 Manufacturing | 83.9 | 83.9 | 82.3 | 82.9 | 82.8 | 82.2 | 80.7 | 79.4 | 78.9 | 78.0 | 77.2 | 77.1 |
| 10 Construction contracts (1982 = 100)[3] | 166.7 | 172.9 | 153.6 | 149.0 | 146.0 | 147.0 | 146.0 | 130.0 | 132.0 | 133.0 | 128.0 | n.a. |
| 11 Nonagricultural employment, total[4] | 128.0 | 131.5 | 133.8 | 134.1 | 134.1 | 133.9 | 133.6 | 133.4 | 133.2 | 132.8 | 132.5 | 132.4 |
| 12 Goods-producing, total | 103.4 | 104.0 | 102.7 | 102.8 | 102.4 | 101.8 | 100.7 | 100.3 | 99.4 | 98.9 | 98.2 | 97.9 |
| 13 Manufacturing, total | 98.3 | 98.7 | 96.8 | 96.9 | 96.6 | 96.3 | 95.2 | 95.0 | 94.6 | 93.8 | 93.3 | 93.1 |
| 14 Manufacturing, production- worker | 93.5 | 93.8 | 91.5 | 91.7 | 91.2 | 90.9 | 89.6 | 89.3 | 88.9 | 87.9 | 87.4 | 87.2 |
| 15 Service-producing | 138.3 | 142.9 | 146.8 | 147.3 | 147.4 | 147.4 | 147.4 | 147.2 | 147.3 | 147.0 | 146.9 | 146.8 |
| 16 Personal income, total | 253.2 | 272.7 | 289.0 | 290.8 | 292.2 | 292.1 | 293.4 | 295.1 | 294.0[r] | 294.5 | 295.2 | n.a. |
| 17 Wages and salary disbursements | 244.6 | 258.9 | 272.2 | 274.5 | 276.4 | 274.8 | 274.8 | 277.1 | 275.7[r] | 275.7 | 276.1 | n.a. |
| 18 Manufacturing | 196.5 | 203.1 | 205.0 | 206.7 | 207.0 | 206.0 | 202.9 | 205.4 | 202.6[r] | 200.9 | 200.4 | n.a. |
| 19 Disposable personal income[5] | 252.2 | 270.1 | 286.1 | 287.6 | 288.7 | 288.7 | 290.1 | 291.6 | 290.5[r] | 291.2 | 291.9 | n.a. |
| 20 Retail sales[6] | 228.2 | 241.7 | 250.9 | 251.7 | 254.0 | 253.5 | 254.3 | 249.4 | 246.2 | 251.6 | 252.6 | 252.4 |
| Prices[7] | | | | | | | | | | | | |
| 21 Consumer (1982–84 = 100) | 118.3 | 124.0 | 130.7 | 131.6 | 132.7 | 133.5 | 133.8 | 133.8 | 134.6 | 134.8 | 135.0 | 135.2 |
| 22 Producer finished goods (1982 = 100) | 108.0 | 113.6 | 119.2 | 119.3 | 120.4 | 122.3 | 122.9 | 122.0[r] | 121.9 | 121.2 | 120.6 | 120.9 |

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision" in the *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, 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 in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary and the prior three months have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

| Category | 1988 | 1989 | 1990 | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb.[r] | 1991 Mar. | 1991 Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| HOUSEHOLD SURVEY DATA | | | | | | | | | | | |
| 1 **Noninstitutional population[1]** | **186,837** | **188,601** | **190,216** | **190,568** | **190,717** | **190,854** | **190,999** | **191,116** | **191,248** | **191,384** | **191,525** |
| 2 Labor force (including Armed Forces)[1] | 123,893 | 126,077 | 126,954 | 127,137 | 127,067 | 126,880 | 127,307 | 126,777 | 127,209 | 127,467 | 127,817 |
| 3 Civilian labor force | 121,669 | 123,869 | 124,787 | 124,970 | 124,875 | 124,723 | 125,174 | 124,638 | 125,076 | 125,326 | 125,672 |
| *Employment* | | | | | | | | | | | |
| 4 Nonagricultural industries[2] | 111,800 | 114,142 | 114,728 | 114,689 | 114,558 | 114,201 | 114,321 | 113,759 | 113,696 | 113,656 | 114,243 |
| 5 Agriculture | 3,169 | 3,199 | 3,186 | 3,194 | 3,175 | 3,185 | 3,253 | 3,163 | 3,222 | 3,098 | 3,156 |
| *Unemployment* | | | | | | | | | | | |
| 6 Number | 6,701 | 6,528 | 6,874 | 7,087 | 7,142 | 7,337 | 7,600 | 7,715 | 8,158 | 8,572 | 8,274 |
| 7 Rate (percent of civilian labor force) | 5.5 | 5.3 | 5.5 | 5.7 | 5.7 | 5.9 | 6.1 | 6.2 | 6.5 | 6.8 | 6.6 |
| 8 Not in labor force | 62,944 | 62,524 | 63,262 | 63,431 | 63,650 | 63,974 | 63,692 | 64,339 | 64,039 | 63,917 | 63,708 |
| ESTABLISHMENT SURVEY DATA | | | | | | | | | | | |
| 9 **Nonagricultural payroll employment[3]** | **105,536** | **108,413** | **110,330** | **110,612** | **110,432** | **110,165** | **110,004** | **109,813** | **109,527** | **109,286[r]** | **109,162** |
| 10 Manufacturing | 19,350 | 19,426 | 19,064 | 19,019 | 18,951 | 18,744 | 18,693 | 18,615 | 18,462 | 18,369[r] | 18,327 |
| 11 Mining | 713 | 700 | 735 | 736 | 733 | 738 | 740 | 737 | 740 | 738[r] | 735 |
| 12 Contract construction | 5,110 | 5,200 | 5,205 | 5,176 | 5,093 | 5,029 | 4,983 | 4,841 | 4,866 | 4,792[r] | 4,771 |
| 13 Transportation and public utilities | 5,527 | 5,648 | 5,838 | 5,870 | 5,870 | 5,866 | 5,882 | 5,883 | 5,843 | 5,831[r] | 5,828 |
| 14 Trade | 25,132 | 25,851 | 26,151 | 26,214 | 26,147 | 26,082 | 26,001 | 25,974 | 25,835 | 25,757[r] | 25,703 |
| 15 Finance | 6,649 | 6,724 | 6,833 | 6,851 | 6,843 | 6,833 | 6,829 | 6,829 | 6,824 | 6,825[r] | 6,828 |
| 16 Service | 25,669 | 27,096 | 28,209 | 28,440 | 28,475 | 28,548 | 28,573 | 28,622 | 28,613 | 28,618[r] | 28,639 |
| 17 Government | 17,386 | 17,769 | 18,295 | 18,306 | 18,320 | 18,325 | 18,303 | 18,312 | 18,344 | 18,356 | 18,331 |

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

## 2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

| Series | 1990 | | | 1991 | 1990 | | | 1991 | 1990 | | | 1991 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 | Q3 | Q4 | Q1[r] | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1[r] |
| | Output (1987 = 100) | | | | Capacity (percent of 1987 output) | | | | Utilization rate (percent) | | | |
| 1 **Total industry** | **109.4** | **110.5** | **108.5** | **105.8** | **131.1** | **131.9** | **132.8** | **133.6** | **83.5** | **83.7** | **81.7** | **79.2** |
| 2 Manufacturing | 110.2 | 111.1 | 109.0 | 106.1 | 133.0 | 134.0 | 135.0 | 136.0 | 82.8 | 82.9 | 80.8 | 78.0 |
| 3 Primary processing | 106.3 | 107.6 | 104.7 | 100.5 | 124.8 | 125.5 | 126.1 | 126.8 | 85.2 | 85.8 | 83.0 | 79.3 |
| 4 Advanced processing | 112.1 | 112.8 | 111.0 | 108.6 | 136.9 | 138.0 | 139.1 | 140.2 | 81.9 | 81.7 | 79.8 | 77.5 |
| 5 Durable | 112.4 | 113.6 | 110.0 | 106.0 | 137.1 | 138.0 | 139.0 | 139.9 | 82.0 | 82.3 | 79.1 | 75.8 |
| 6 Lumber and products | 102.3 | 101.5 | 95.7 | 92.1 | 123.5 | 124.0 | 124.6 | 125.0 | 82.8 | 81.8 | 76.8 | 73.7 |
| 7 Primary metals | 107.4 | 112.2 | 107.3 | 97.9 | 127.4 | 127.7 | 127.9 | 128.2 | 84.2 | 87.9 | 83.9 | 76.4 |
| 8 Iron and steel | 107.5 | 114.3 | 110.0 | 96.5 | 132.2 | 132.5 | 132.7 | 133.0 | 81.3 | 86.3 | 82.9 | 72.5 |
| 9 Nonferrous | 107.1 | 109.2 | 103.4 | 99.9 | 120.6 | 120.9 | 121.1 | 121.3 | 88.8 | 90.3 | 85.3 | 82.4 |
| 10 Nonelectrical machinery | 126.7 | 128.5 | 126.4 | 124.4 | 153.1 | 154.7 | 156.3 | 157.9 | 82.8 | 83.1 | 80.8 | 78.8 |
| 11 Electrical machinery | 112.2 | 112.4 | 109.9 | 108.1 | 138.7 | 140.0 | 141.4 | 142.7 | 80.9 | 80.3 | 77.8 | 75.7 |
| 12 Motor vehicles and parts | 102.6 | 103.7 | 89.4 | 80.9 | 132.4 | 132.7 | 132.9 | 133.4 | 77.5 | 78.2 | 67.2 | 60.7 |
| 13 Aerospace and miscellaneous transportation equipment | 113.6 | 114.5 | 113.3 | 109.8 | 134.3 | 135.2 | 136.1 | 137.0 | 84.6 | 84.7 | 83.3 | 80.2 |
| 14 Nondurable | 107.5 | 108.1 | 107.8 | 106.1 | 127.9 | 128.9 | 129.9 | 130.9 | 84.0 | 83.8 | 83.0 | 81.0 |
| 15 Textile mill products | 102.4 | 101.3 | 98.2 | 94.3 | 116.3 | 116.6 | 117.0 | 117.3 | 88.1 | 86.9 | 84.0 | 80.4 |
| 16 Paper and products | 104.5 | 107.2 | 105.8 | 102.4 | 114.5 | 115.1 | 115.7 | 116.4 | 91.3 | 93.2 | 91.4 | 88.0 |
| 17 Chemicals and products | 109.9 | 110.8 | 110.2 | 109.3 | 134.6 | 135.9 | 137.1 | 138.4 | 81.6 | 81.5 | 80.4 | 79.0 |
| 18 Plastics materials | 116.3 | 117.2 | 118.1 | 115.3 | 128.4 | 130.6 | 132.9 | 129.5 | 90.6 | 89.7 | 88.9 | 85.0 |
| 19 Petroleum products | 106.0 | 110.0 | 107.4 | 107.5 | 121.2 | 121.3 | 121.4 | 121.4 | 87.4 | 90.7 | 88.5 | 88.6 |
| 20 Mining | 102.5 | 103.4 | 103.1 | 102.3 | 115.0 | 114.5 | 114.0 | 113.6 | 89.1 | 90.3 | 90.4 | 90.0 |
| 21 Utilities | 107.8 | 110.5 | 108.3 | 106.3 | 126.6 | 127.1 | 127.6 | 128.1 | 85.2 | 86.9 | 84.8 | 83.0 |
| 22 Electric | 111.0 | 112.9 | 111.2 | 109.1 | 121.9 | 122.6 | 123.2 | 123.8 | 91.1 | 92.1 | 90.2 | 88.1 |

| Series | Previous cycle[2] | | Latest cycle[3] | | 1990 | | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | Apr. | Sept. | Oct. | Nov. | Dec. | Jan.[r] | Feb.[r] | Mar.[r] | Apr[p] |
| | Capacity utilization rate (percent) | | | | | | | | | | | | |
| 23 **Total industry** | **89.2** | **72.6** | **87.3** | **71.8** | **83.2** | **83.6** | **83.0** | **81.6** | **80.6** | **80.0** | **79.1** | **78.5** | **78.3** |
| 24 Manufacturing | 88.9 | 70.8 | 87.3 | 70.0 | 82.5 | 82.8 | 82.2 | 80.7 | 79.4 | 78.9 | 78.0 | 77.2 | 77.1 |
| 25 Primary processing | 92.2 | 68.9 | 89.7 | 66.8 | 85.0 | 85.1 | 84.3 | 83.2 | 81.5 | 80.6 | 79.3 | 77.9 | 77.8 |
| 26 Advanced processing | 87.5 | 72.0 | 86.3 | 71.4 | 81.5 | 81.8 | 81.3 | 79.6 | 78.5 | 78.2 | 77.4 | 76.8 | 76.8 |
| 27 Durable | 88.8 | 68.5 | 86.9 | 65.0 | 81.2 | 82.2 | 81.2 | 79.1 | 77.2 | 76.8 | 75.8 | 74.8 | 75.1 |
| 28 Lumber and products | 90.1 | 62.2 | 87.6 | 60.9 | 83.7 | 80.7 | 78.9 | 76.6 | 74.9 | 75.4 | 73.0 | 72.6 | 72.9 |
| 29 Primary metals | 100.6 | 66.2 | 102.4 | 46.8 | 83.5 | 87.4 | 85.0 | 85.3 | 81.4 | 77.8 | 77.5 | 73.8 | 73.1 |
| 30 Iron and steel | 105.8 | 66.6 | 110.4 | 38.3 | 80.7 | 86.0 | 83.2 | 84.8 | 80.8 | 74.5 | 73.6 | 69.4 | 67.8 |
| 31 Nonferrous | 92.9 | 61.3 | 90.5 | 62.2 | 87.9 | 89.6 | 87.7 | 85.9 | 82.3 | 83.0 | 83.6 | 80.5 | 81.4 |
| 32 Nonelectrical machinery | 96.4 | 74.5 | 92.1 | 64.9 | 82.4 | 82.8 | 82.2 | 80.8 | 79.5 | 79.8 | 78.8 | 77.7 | 77.1 |
| 33 Electrical machinery | 87.8 | 63.8 | 89.4 | 71.1 | 80.5 | 80.1 | 78.6 | 78.1 | 76.6 | 75.7 | 75.8 | 75.7 | 75.4 |
| 34 Motor vehicles and parts | 93.4 | 51.1 | 93.0 | 44.5 | 72.4 | 81.0 | 78.1 | 64.5 | 59.0 | 62.3 | 59.8 | 59.8 | 64.4 |
| 35 Aerospace and miscellaneous transportation equipment | 77.0 | 66.6 | 81.1 | 66.9 | 84.6 | 84.3 | 84.0 | 83.1 | 82.8 | 81.1 | 80.3 | 79.1 | 78.6 |
| 36 Nondurable | 87.9 | 71.8 | 87.0 | 76.9 | 84.3 | 83.6 | 83.6 | 82.9 | 82.4 | 81.8 | 81.0 | 80.3 | 80.0 |
| 37 Textile mill products | 92.0 | 60.4 | 91.7 | 73.8 | 86.9 | 86.3 | 86.6 | 83.3 | 82.1 | 80.2 | 80.4 | 80.6 | 81.7 |
| 38 Paper and products | 96.9 | 69.0 | 94.2 | 82.0 | 92.2 | 93.3 | 92.5 | 90.9 | 91.0 | 89.8 | 87.9 | 86.4 | 86.8 |
| 39 Chemicals and products | 87.9 | 69.9 | 85.1 | 70.1 | 82.2 | 81.4 | 81.0 | 80.2 | 79.9 | 79.8 | 79.0 | 78.2 | 77.8 |
| 40 Plastics materials | 102.0 | 50.6 | 90.9 | 63.4 | 90.8 | 88.9 | 90.0 | 90.2 | 86.5 | 86.2 | 85.0 | 83.8 | 84.2 |
| 41 Petroleum products | 96.7 | 81.1 | 89.5 | 68.2 | 88.1 | 90.1 | 89.5 | 88.9 | 87.0 | 86.2 | 89.3 | 90.1 | 87.9 |
| 42 Mining | 94.4 | 88.4 | 96.6 | 80.6 | 89.3 | 90.9 | 89.9 | 90.6 | 90.8 | 89.5 | 90.6 | 89.9 | 89.0 |
| 43 Utilities | 95.6 | 82.5 | 88.3 | 76.2 | 84.4 | 86.7 | 85.6 | 83.8 | 85.1 | 84.1 | 82.1 | 82.7 | 82.6 |
| 44 Electric | 99.0 | 82.7 | 88.3 | 78.7 | 90.2 | 91.9 | 91.2 | 88.9 | 90.6 | 89.3 | 87.3 | 87.8 | 87.7 |

1. These data also appear in the Board's G.17 (419) release. For address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pages 411–35.

2. Monthly high 1973; monthly low 1975.

3. Monthly highs 1978 through 1980; monthly lows 1982.

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

| Groups | 1987 proportion | 1990 avg. | 1990 Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | 1991 Jan.[r] | Feb.[r] | Mar.[r] | Apr.[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR MARKET | | | | | | | | | | | | | | | |
| 1 **Total index** | **100.0** | **109.2** | **108.8** | **109.4** | **110.1** | **110.4** | **110.5** | **110.6** | **109.9** | **108.3** | **107.2** | **106.6** | **105.7** | **105.0** | **105.1** |
| 2 Products | 60.8 | 110.1 | 109.8 | 110.5 | 110.9 | 110.9 | 110.9 | 111.4 | 111.0 | 109.3 | 108.4 | 107.8 | 107.0 | 106.5 | 106.6 |
| 3 Final products | 46.0 | 110.9 | 110.4 | 111.2 | 111.7 | 111.7 | 111.9 | 112.6 | 112.3 | 110.2 | 109.2 | 109.1 | 108.4 | 108.2 | 108.4 |
| 4 Consumer goods | 26.0 | 107.3 | 107.2 | 107.4 | 107.8 | 107.5 | 107.8 | 108.7 | 108.6 | 106.5 | 105.7 | 105.6 | 105.0 | 105.0 | 105.4 |
| 5 Durable consumer goods | 5.6 | 106.2 | 107.3 | 109.3 | 112.1 | 108.3 | 107.4 | 110.4 | 106.9 | 99.4 | 96.0 | 97.6 | 95.6 | 96.2 | 99.1 |
| 6 Automotive products | 2.5 | 102.3 | 102.4 | 107.0 | 112.2 | 106.7 | 104.6 | 111.8 | 107.1 | 93.5 | 86.7 | 90.6 | 88.4 | 89.6 | 94.8 |
| 7 *Autos and trucks* | *1.5* | *97.4* | *95.8* | *105.6* | *112.9* | *104.8* | *101.5* | *113.0* | *107.5* | 84.2 | 74.6 | 79.6 | 75.2 | 77.3 | 85.6 |
| 8 Autos, consumer | .9 | 92.2 | 87.7 | 96.8 | 103.8 | 98.0 | 97.2 | 111.5 | 104.6 | 80.7 | 77.2 | 83.2 | 79.2 | 76.8 | 78.9 |
| 9 Trucks, consumer | .6 | 106.1 | 109.3 | 120.4 | 128.3 | 116.1 | 108.8 | 115.4 | 112.2 | 90.2 | 70.2 | 73.6 | 68.6 | 78.0 | 97.0 |
| 10 Auto parts and allied goods | 1.0 | 109.6 | 112.2 | 108.9 | 111.2 | 109.5 | 109.3 | 110.0 | 106.4 | 107.3 | 104.8 | 107.1 | 108.3 | 108.0 | 108.6 |
| 11 Other | 3.1 | 109.4 | 111.2 | 111.1 | 112.0 | 109.5 | 109.6 | 109.3 | 106.8 | 104.1 | 103.4 | 103.2 | 101.2 | 101.5 | 102.5 |
| 12 Appliances, A/C, and TV | .8 | 102.0 | 104.4 | 103.6 | 107.5 | 100.2 | 101.9 | 101.0 | 94.6 | 90.8 | 89.9 | 92.8 | 94.5 | 96.3 | 96.6 |
| 13 *Carpeting and furniture* | *.9* | *104.9* | *107.5* | *107.6* | *107.8* | *106.0* | *104.9* | *106.0* | *103.8* | *99.2* | *100.9* | *100.3* | *93.9* | *94.2* | *97.5* |
| 14 Miscellaneous home goods | 1.4 | 116.4 | 117.3 | 117.5 | 117.2 | 116.9 | 116.8 | 116.1 | 115.5 | 114.6 | 112.5 | 110.8 | 109.7 | 109.0 | 109.0 |
| 15 Nondurable consumer goods | 20.4 | 107.6 | 107.1 | 106.9 | 106.6 | 107.3 | 107.9 | 108.2 | 109.1 | 108.5 | 108.4 | 107.8 | 107.5 | 107.4 | 107.2 |
| 16 Foods and tobacco | 9.1 | 105.9 | 105.6 | 105.2 | 104.4 | 105.1 | 105.7 | 105.3 | 106.7 | 107.8 | 107.5 | 106.3 | 106.1 | 105.8 | 105.6 |
| 17 Clothing | 2.6 | 95.7 | 96.0 | 96.4 | 95.7 | 95.6 | 94.6 | 95.3 | 94.2 | 91.7 | 92.1 | 90.6 | 90.7 | 90.1 | 89.8 |
| 18 Chemical products | 3.5 | 113.3 | 113.5 | 113.0 | 112.8 | 112.4 | 114.3 | 115.1 | 115.9 | 113.5 | 113.5 | 114.7 | 115.2 | 115.0 | 115.6 |
| 19 Paper products | 2.5 | 119.7 | 118.1 | 118.6 | 118.3 | 120.3 | 119.3 | 121.9 | 123.4 | 122.8 | 122.7 | 122.1 | 120.8 | 120.8 | 120.0 |
| 20 Energy | 2.7 | 105.9 | 104.1 | 104.1 | 105.3 | 106.7 | 109.0 | 108.0 | 108.8 | 106.4 | 106.6 | 106.5 | 105.8 | 107.0 | 105.9 |
| 21 Fuels | .7 | 102.9 | 101.6 | 98.2 | 102.6 | 104.6 | 106.0 | 105.6 | 104.0 | 101.1 | 98.1 | 99.8 | 103.4 | 105.0 | 100.8 |
| 22 *Residential utilities* | 2.0 | *107.0* | *105.0* | *106.3* | *106.3* | *107.5* | *110.0* | *108.9* | *110.6* | 108.4 | 109.7 | 109.0 | 106.6 | 107.8 | 107.8 |
| 23 Equipment, total | 20.0 | 115.5 | 114.7 | 116.2 | 116.8 | 117.2 | 117.2 | 117.8 | 117.0 | 115.1 | 113.6 | 113.6 | 112.8 | 112.4 | 112.3 |
| 24 Business equipment | 13.9 | 123.1 | 121.6 | 123.5 | 124.4 | 125.0 | 125.4 | 126.4 | 125.4 | 122.9 | 121.2 | 121.6 | 120.5 | 120.2 | 120.5 |
| 25 Information processing and related | 5.6 | 127.2 | 126.4 | 126.6 | 126.3 | 128.0 | *128.5* | 129.5 | 130.1 | 128.8 | *127.5* | *130.1* | *131.4* | *131.5* | *131.8* |
| 26 Office and computing | 1.9 | 149.8 | 149.3 | 148.9 | 150.6 | 152.7 | 152.2 | 153.6 | 155.3 | 149.8 | 148.9 | 155.0 | 157.1 | 156.1 | 157.5 |
| 27 Industrial | 4.0 | 115.3 | 114.2 | 115.8 | 116.0 | 117.2 | 117.9 | 117.4 | 115.4 | 115.3 | 112.3 | 111.5 | 109.1 | 108.6 | 107.6 |
| 28 Transit | 2.5 | 129.9 | 126.2 | 132.5 | 137.4 | 135.5 | 135.4 | 140.5 | 137.5 | 126.3 | 123.4 | 124.0 | 121.1 | 120.6 | 124.2 |
| 29 Autos and trucks | 1.2 | 96.8 | 95.2 | *105.7* | *112.2* | *103.1* | *101.5* | *111.0* | *106.5* | 83.9 | 75.3 | 79.8 | 75.6 | 77.3 | *85.0* |
| 30 Other | 1.9 | 118.5 | 117.6 | 119.4 | 119.9 | 119.2 | 119.8 | 118.5 | 117.0 | 117.6 | 118.5 | 115.0 | 112.0 | 110.8 | 109.8 |
| 31 Defense and space equipment | 5.4 | 97.3 | 97.3 | 97.6 | 97.6 | 97.8 | 97.7 | 97.3 | 97.3 | 96.2 | 95.8 | 94.4 | 94.5 | 93.8 | 92.7 |
| 32 Oil and gas well drilling | .6 | 109.0 | 114.3 | 118.6 | 119.5 | 116.2 | 106.9 | 107.4 | 107.1 | 109.7 | 107.3 | 106.4 | 108.2 | 107.7 | 105.1 |
| 33 Manufactured homes | .2 | 90.8 | 89.7 | 91.3 | 92.8 | 90.0 | 93.4 | 91.8 | 89.0 | 87.3 | 83.4 | 83.1 | 77.3 | 79.3 | 81.5 |
| 34 Intermediate products, total | 14.7 | 107.7 | 108.0 | 108.3 | 108.3 | 108.4 | 107.9 | 107.4 | 107.0 | 106.2 | 106.0 | 103.8 | 102.5 | 101.0 | 100.7 |
| 35 Construction supplies | 6.0 | 105.2 | 106.4 | 105.5 | 106.0 | 106.7 | 105.3 | 103.8 | 103.1 | 101.8 | 101.0 | 97.7 | 96.3 | 93.9 | 94.3 |
| 36 Business supplies | 8.7 | 109.4 | 109.1 | 110.2 | 109.8 | 109.5 | 109.7 | 109.9 | 109.7 | 109.2 | 109.4 | 108.1 | 106.8 | 105.9 | 105.2 |
| 37 Materials, total | 39.2 | 107.8 | 107.3 | 107.7 | 108.8 | 109.6 | 109.7 | 109.4 | 108.3 | 106.8 | 105.3 | 104.8 | 103.8 | 102.8 | 102.8 |
| 38 Durable goods materials | 19.4 | 111.8 | 110.9 | 112.5 | 113.8 | 114.0 | 114.9 | 114.1 | 112.5 | 110.4 | 107.5 | 106.8 | 105.4 | 103.7 | 104.1 |
| 39 Durable consumer parts | 4.2 | 104.0 | 103.2 | 108.5 | 108.5 | 108.1 | 110.4 | 109.0 | 106.0 | 98.5 | 91.1 | 94.2 | 90.3 | 88.1 | 91.5 |
| 40 Equipment parts | 7.3 | 118.1 | 117.4 | 118.1 | 119.1 | 119.2 | 119.4 | 119.8 | 118.6 | 117.4 | 116.9 | 115.9 | 116.1 | 115.1 | 114.4 |
| 41 *Other* | 7.9 | 110.2 | 108.9 | 109.6 | 111.8 | 112.4 | 113.1 | 111.6 | 110.4 | 110.2 | 107.4 | 105.2 | 103.4 | 101.4 | 101.3 |
| 42 *Basic metal materials* | 2.8 | 111.9 | 110.2 | 109.2 | 113.6 | 115.5 | 116.3 | 115.8 | 112.0 | 112.7 | 109.6 | 104.6 | 104.8 | 102.0 | 100.9 |
| 43 Nondurable goods materials | 9.0 | 106.0 | 106.1 | 105.2 | 106.1 | 107.8 | 106.8 | 106.9 | 106.5 | 105.6 | 104.9 | 104.9 | 103.6 | 102.9 | 102.7 |
| 44 Textile materials | 1.2 | 96.7 | 95.6 | 97.4 | 99.4 | 100.2 | 97.8 | 98.1 | 97.9 | 95.1 | 91.4 | 89.1 | 91.4 | 91.8 | 93.0 |
| 45 Pulp and paper materials | 1.9 | 106.4 | 106.0 | 104.5 | 104.8 | 109.0 | 106.9 | 109.4 | 108.6 | 107.2 | 108.5 | 106.0 | 104.1 | 102.2 | 103.5 |
| 46 Chemical materials | 3.8 | 106.8 | 107.4 | 105.4 | 107.3 | 108.5 | 108.0 | 106.6 | 105.6 | 105.8 | 105.7 | 106.7 | 104.4 | 103.7 | 102.8 |
| 47 Other | 2.1 | 109.5 | 109.8 | 109.8 | 108.8 | 109.9 | 109.3 | 110.1 | 110.8 | 109.4 | 107.6 | 109.3 | 108.6 | 108.0 | 107.3 |
| 48 Energy materials | 10.9 | 102.1 | 101.8 | 101.1 | 102.1 | 103.3 | 103.0 | 103.0 | 102.3 | 101.6 | 102.0 | 101.1 | 101.2 | 101.2 | 100.7 |
| 49 Primary energy | 7.2 | 101.3 | 100.3 | 100.1 | 101.2 | 103.3 | 102.1 | 101.0 | 100.7 | 101.4 | 101.9 | 101.3 | 102.5 | 102.3 | 101.8 |
| 50 Converted fuel materials | 3.7 | *103.5* | *104.6* | *102.9* | *103.9* | *103.4* | *104.9* | *107.0* | *105.3* | *102.0* | *102.1* | *100.9* | 98.7 | 99.0 | 98.5 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | |
| 51 Total excluding autos and trucks | 97.3 | 109.5 | 109.2 | 109.5 | 110.0 | 110.6 | 110.7 | 110.6 | 110.0 | 109.0 | 108.1 | 107.4 | 106.6 | 105.8 | 105.6 |
| 52 Total excluding motor vehicles and parts | 95.3 | 109.8 | 109.5 | 109.7 | 110.2 | 110.8 | 110.9 | 110.7 | 110.2 | 109.4 | 108.6 | 107.8 | 107.0 | 106.3 | 106.0 |
| 53 Total excluding office and computing machines | 97.5 | 108.2 | 107.8 | 108.4 | 109.1 | 109.3 | 109.4 | 109.5 | 108.8 | 107.3 | 106.1 | 105.4 | 104.4 | 103.8 | 103.8 |
| 54 Consumer goods excluding autos and trucks | 24.5 | 107.9 | 107.9 | 107.6 | 107.5 | 107.6 | 108.2 | 108.4 | 108.7 | 107.9 | 107.6 | 107.2 | 106.8 | 106.7 | 106.6 |
| 55 Consumer goods excluding energy | 23.3 | *107.5* | *107.5* | *107.8* | *108.1* | *107.6* | *107.7* | *108.7* | *108.6* | *106.5* | *105.6* | *105.5* | 104.9 | 104.8 | 105.4 |
| 56 Business equipment excluding autos and trucks | 12.7 | 125.6 | 124.2 | 125.3 | 125.6 | 127.2 | 127.8 | 128.0 | 127.2 | 126.8 | 125.6 | 125.7 | 124.9 | 124.4 | 124.0 |
| 57 Business equipment excluding office and computing equipment | 12.0 | 118.7 | 117.2 | 119.4 | 120.2 | 120.5 | 121.1 | 122.0 | 120.6 | 118.6 | 116.7 | 116.2 | 114.6 | 114.4 | 114.5 |
| 58 *Materials excluding energy* | 28.4 | 110.0 | 109.4 | 110.2 | 111.4 | 112.1 | 112.3 | 111.8 | 110.6 | 108.9 | 106.6 | 106.2 | 104.8 | 103.4 | 103.7 |

2.13—Continued

| Groups | SIC code | 1987 proportion | 1990 avg. | 1990 Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | 1991 Jan.r | Feb.r | Mar.r | Apr.p |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR INDUSTRY | | | | | | | | | | | | | | | | |
| 1 **Total index** | ...... | **100.0** | **109.2** | **108.8** | **109.4** | **110.1** | **110.4** | **110.5** | **110.6** | **109.9** | **108.3** | **107.2** | **106.6** | **105.7** | **105.0** | **105.1** |
| 2 Manufacturing | ...... | 84.4 | 109.9 | 109.5 | 110.3 | 110.8 | 111.1 | 111.1 | 111.2 | 110.7 | 108.9 | 107.5 | 107.0 | 106.0 | 105.1 | 105.4 |
| 3 Primary processing | ...... | 26.7 | 106.3 | 105.9 | 106.1 | 107.0 | 107.9 | 108.0 | 106.9 | 106.2 | 104.9 | 102.9 | 102.0 | 100.6 | 99.0 | 99.0 |
| 4 Advanced processing | ...... | 57.7 | 111.6 | 111.3 | 112.4 | 112.6 | 112.5 | 112.5 | 113.2 | 112.8 | 110.8 | 109.5 | 109.3 | 108.5 | 108.0 | 108.2 |
| 5 Durable | ...... | 47.3 | 111.6 | 111.1 | 112.6 | 113.4 | 113.4 | 113.5 | 113.8 | 112.5 | 109.9 | 107.5 | 107.2 | 106.0 | 104.9 | 105.5 |
| 6 Lumber and products | 24 | 2.0 | 101.6 | 103.3 | 101.7 | 102.0 | 103.6 | 100.5 | 100.3 | 98.2 | 95.5 | 93.5 | 94.2 | 91.2 | 90.8 | 91.2 |
| 7 Furniture and fixtures | 25 | 1.4 | 105.9 | 107.6 | 108.0 | 108.7 | 108.0 | 106.7 | 106.9 | 104.4 | 102.3 | 102.0 | 99.0 | 96.0 | 95.7 | 96.9 |
| 8 Clay, glass, and stone products | 32 | 2.5 | 105.7 | 105.1 | 106.4 | 106.1 | 106.0 | 106.6 | 104.5 | 104.4 | 103.8 | 100.7 | 97.2 | 98.5 | 95.2 | 95.0 |
| 9 Primary metals | 33 | 3.3 | 108.4 | 106.4 | 106.2 | 109.5 | 110.3 | 114.6 | 111.6 | 108.6 | 109.1 | 104.2 | 99.7 | 99.4 | 94.7 | 93.9 |
| 10 Iron and steel | 331,2 | 1.9 | 109.9 | 106.7 | 105.5 | 110.3 | 110.6 | 118.3 | 113.9 | 110.3 | 112.6 | 107.3 | 99.0 | 97.9 | 92.5 | 90.5 |
| 11 Raw steel | ...... | .1 | 109.6 | 104.9 | 107.6 | 111.8 | 113.9 | 118.5 | 111.6 | 112.8 | 109.5 | 100.6 | 104.7 | 97.9 | 89.8 | 88.0 |
| 12 Nonferrous | 333–6,9 | 1.4 | 106.2 | 105.9 | 107.1 | 108.3 | 109.8 | 109.4 | 108.4 | 106.2 | 104.1 | 99.8 | 100.6 | 101.5 | 97.7 | 98.8 |
| 13 Fabricated metal products | 34 | 5.4 | 105.9 | 105.0 | 107.1 | 106.7 | 107.7 | 107.9 | 106.8 | 106.4 | 104.3 | 101.9 | 101.7 | 98.6 | 97.0 | 98.1 |
| 14 Nonelectrical machinery | 35 | 8.6 | 126.5 | 125.7 | 126.9 | 127.5 | 128.3 | 128.8 | 128.5 | 128.1 | 126.3 | 124.7 | 125.5 | 124.5 | 123.2 | 122.6 |
| 15 Office and computing machines | 357 | 2.5 | 149.8 | 149.3 | 149.0 | 150.6 | 152.7 | 152.2 | 153.6 | 155.3 | 149.8 | 148.9 | 155.0 | 157.1 | 156.1 | 157.5 |
| 16 Electrical machinery | 36 | 8.6 | 111.4 | 111.3 | 112.4 | 112.8 | 112.2 | 112.5 | 112.5 | 110.8 | 110.4 | 108.7 | 107.6 | 108.2 | 108.4 | 108.3 |
| 17 Transportation equipment | 37 | 9.8 | 105.5 | 105.1 | 109.0 | 111.0 | 109.3 | 107.9 | 111.1 | 109.2 | 100.1 | 96.6 | 97.6 | 95.6 | 95.0 | 97.7 |
| 18 Motor vehicles and parts | 371 | 4.7 | 96.8 | 95.8 | 104.0 | 108.0 | 102.7 | 101.0 | 107.5 | 103.8 | 85.8 | 78.5 | 83.0 | 79.8 | 80.0 | 86.2 |
| 19 Autos and light trucks | ...... | 2.3 | 96.6 | 94.6 | 104.3 | 111.6 | 103.8 | 100.9 | 112.8 | 107.1 | 83.7 | 74.9 | 80.1 | 75.8 | 77.2 | 84.7 |
| 20 Aerospace and miscellaneous transportation equipment | 372–6,9 | 5.1 | 113.3 | 113.4 | 113.5 | 113.8 | 115.2 | 114.1 | 114.2 | 114.0 | 113.1 | 112.9 | 110.8 | 110.0 | 108.6 | 108.1 |
| 21 Instruments | 38 | 3.3 | 116.8 | 115.8 | 116.5 | 115.0 | 116.9 | 117.5 | 118.4 | 118.1 | 118.1 | 117.3 | 119.0 | 119.1 | 118.1 | 118.8 |
| 22 Miscellaneous manufacturers | 39 | 1.2 | 120.0 | 118.6 | 119.1 | 119.6 | 120.4 | 121.8 | 121.3 | 121.5 | 122.5 | 119.1 | 116.1 | 114.0 | 113.6 | 113.1 |
| 23 Nondurable | ...... | 37.2 | 107.8 | 107.5 | 107.4 | 107.6 | 108.1 | 108.1 | 108.0 | 108.4 | 107.7 | 107.4 | 106.8 | 106.0 | 105.4 | 105.2 |
| 24 Foods | 20 | 8.8 | 107.6 | 107.0 | 106.8 | 106.1 | 107.1 | 107.7 | 107.6 | 108.8 | 109.6 | 109.1 | 108.3 | 108.0 | 107.9 | 107.6 |
| 25 Tobacco products | 21 | 1.0 | 98.6 | 98.8 | 97.2 | 95.6 | 98.5 | 96.3 | 96.4 | 97.8 | 99.0 | 101.1 | 100.0 | 99.4 | 98.7 | 97.3 |
| 26 Textile mill products | 22 | 1.8 | 100.8 | 100.9 | 102.7 | 103.6 | 102.9 | 100.4 | 100.7 | 101.2 | 97.4 | 96.1 | 94.0 | 94.3 | 94.7 | 96.0 |
| 27 Apparel products | 23 | 2.4 | 98.8 | 98.7 | 99.2 | 99.3 | 99.2 | 98.8 | 98.4 | 97.2 | 95.5 | 94.9 | 92.9 | 93.1 | 92.5 | 92.6 |
| 28 Paper and products | 26 | 3.6 | 105.3 | 105.3 | 104.0 | 104.2 | 107.8 | 106.5 | 107.5 | 106.8 | 105.1 | 105.4 | 104.2 | 102.2 | 100.7 | 101.4 |
| 29 Printing and publishing | 27 | 6.4 | 111.9 | 112.0 | 112.8 | 112.0 | 111.4 | 110.9 | 111.6 | 112.9 | 112.4 | 112.8 | 112.1 | 110.7 | 109.7 | 109.3 |
| 30 Chemicals and products | 28 | 8.6 | 110.3 | 110.3 | 109.2 | 110.3 | 110.4 | 111.1 | 110.9 | 110.7 | 110.0 | 109.9 | 110.1 | 109.3 | 108.6 | 108.3 |
| 31 Petroleum products | 29 | 1.3 | 108.2 | 106.8 | 104.6 | 106.5 | 110.5 | 110.2 | 109.3 | 108.6 | 107.8 | 105.6 | 104.7 | 108.5 | 109.3 | 106.7 |
| 32 Rubber and plastic products | 30 | 3.0 | 110.2 | 109.0 | 110.9 | 112.8 | 110.9 | 112.0 | 110.3 | 110.6 | 109.6 | 106.9 | 108.8 | 105.5 | 104.9 | 104.8 |
| 33 Leather and products | 31 | .3 | 100.0 | 102.6 | 103.5 | 102.0 | 102.5 | 99.6 | 100.3 | 95.3 | 89.9 | 92.6 | 89.6 | 88.6 | 87.8 | 86.3 |
| 34 Mining | ...... | 7.9 | 102.6 | 102.9 | 102.2 | 102.2 | 104.0 | 102.4 | 103.9 | 102.6 | 103.3 | 103.4 | 101.7 | 102.9 | 102.1 | 101.0 |
| 35 Metal | 10 | .3 | 153.1 | 152.7 | 148.7 | 156.7 | 164.8 | 155.7 | 163.6 | 146.8 | 153.4 | 162.0 | 143.1 | 148.0 | 147.0 | 146.6 |
| 36 Coal | 11,12 | 1.2 | 113.2 | 114.2 | 110.0 | 113.5 | 118.5 | 110.2 | 116.8 | 114.7 | 112.9 | 110.6 | 108.4 | 112.8 | 109.9 | 106.7 |
| 37 Oil and gas extraction | 13 | 5.7 | 95.5 | 95.7 | 96.0 | 94.6 | 95.5 | 95.8 | 95.8 | 95.8 | 97.3 | 96.7 | 96.0 | 97.2 | 97.3 | 96.6 |
| 38 Stone and earth minerals | 14 | .7 | 119.5 | 120.2 | 119.9 | 121.1 | 121.8 | 120.1 | 121.7 | 118.0 | 113.5 | 118.9 | 119.2 | 112.6 | 108.2 | 107.2 |
| 39 Utilities | ...... | 7.6 | 108.0 | 106.7 | 107.1 | 109.7 | 109.7 | 111.4 | 110.3 | 109.2 | 106.9 | 108.8 | 107.6 | 105.2 | 106.0 | 106.0 |
| 40 Electric | 491,3PT | 6.0 | 110.8 | 109.7 | 110.3 | 113.1 | 112.1 | 113.6 | 112.9 | 112.1 | 109.6 | 111.8 | 110.4 | 108.0 | 108.9 | 108.8 |
| 41 Gas | 492,3PT | 1.6 | 97.3 | 95.5 | 95.2 | 97.4 | 100.7 | 103.3 | 100.9 | 98.1 | 97.0 | 97.6 | 97.5 | 94.7 | 95.5 | 95.4 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | | |
| 42 Manufacturing excluding motor vehicles and parts | ...... | 79.8 | 110.7 | 110.3 | 110.7 | 111.0 | 111.6 | 111.7 | 111.4 | 111.1 | 110.3 | 109.1 | 108.4 | 107.6 | 106.6 | 106.5 |
| 43 Manufacturing excluding office and computing machines | ...... | 82.0 | 108.7 | 108.3 | 109.2 | 109.6 | 109.8 | 109.9 | 110.0 | 109.4 | 107.7 | 106.2 | 105.6 | 104.5 | 103.6 | 103.8 |
| | | Gross value (billions of 1982 dollars, annual rates) | | | | | | | | | | | | | | |
| MAJOR MARKET | | | | | | | | | | | | | | | | |
| 44 **Products, total** | ...... | **1734.8** | **1,911.4** | **1,906.2** | **1,922.2** | **1,937.0** | **1,923.5** | **1,929.5** | **1,941.6** | **1,939.6** | **1,882.8** | **1,859.4** | **1,860.4** | **1,850.7** | **1,850.6** | **1,855.2** |
| 45 Final | ...... | 1350.9 | 1,497.7 | 1,493.9 | 1,506.0 | 1,523.4 | 1,508.7 | 1,516.3 | 1,529.1 | 1,523.7 | 1,470.8 | 1,450.8 | 1,459.6 | 1,455.1 | 1,459.3 | 1,465.3 |
| 46 Consumer goods | ...... | 833.4 | 882.9 | 883.9 | 885.9 | 893.8 | 886.0 | 885.9 | 895.2 | 892.7 | 865.2 | 857.6 | 857.9 | 855.0 | 860.8 | 864.4 |
| 47 Equipment | ...... | 517.5 | 614.8 | 610.0 | 620.1 | 629.6 | 622.7 | 630.4 | 633.9 | 631.0 | 605.6 | 593.2 | 601.7 | 600.0 | 598.5 | 600.9 |
| 48 Intermediate | ...... | 384.0 | 413.7 | 412.3 | 416.2 | 413.6 | 414.9 | 413.1 | 412.5 | 415.9 | 412.0 | 408.7 | 400.8 | 395.6 | 391.3 | 389.9 |

1. These data also appear in the Board's G.17 (419) release. For requests see address inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

| Item | 1988 | 1989 | 1990 | 1990 June | July | Aug. | Sept. | Oct. | Nov. | Dec. | 1991 Jan.[r] | Feb.[r] | Mar. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Private residential real estate activity (thousands of units) | | | | | | | | | | | | |
| NEW UNITS | | | | | | | | | | | | | |
| 1 Permits authorized | 1,456 | 1,339 | 1,111[r] | 1,123[r] | 1,086[r] | 1,055[r] | 989[r] | 925[r] | 916[r] | 854[r] | 802 | 876 | 892 |
| 2 1-family | 994 | 932 | 794[r] | 801[r] | 781[r] | 756[r] | 730[r] | 703[r] | 668[r] | 645 | 611 | 695 | 689 |
| 3 2-or-more-family | 462 | 407 | 317[r] | 322[r] | 305[r] | 299[r] | 259[r] | 222[r] | 248[r] | 209[r] | 191 | 181 | 203 |
| 4 Started | 1,488 | 1,376 | 1,193 | 1,187 | 1,155 | 1,131 | 1,106 | 1,026 | 1,130 | 971 | 847 | 992 | 901 |
| 5 1-family | 1,081 | 1,003 | 895 | 890 | 876 | 835 | 858 | 839 | 769 | 751 | 648 | 788 | 736 |
| 6 2-or-more-family | 407 | 373 | 298 | 297 | 279 | 296 | 248 | 187 | 361 | 220 | 199 | 204 | 165 |
| 7 Under construction, end of period[1] | 919 | 850 | 711 | 847 | 831 | 815 | 790 | 766 | 756 | 744 | 717 | 713 | 685 |
| 8 1-family | 570 | 535 | 449 | 538 | 528 | 517 | 503 | 497 | 486 | 478 | 461 | 458 | 445 |
| 9 2-or-more-family | 350 | 315 | 262 | 309 | 303 | 298 | 287 | 269 | 270 | 266 | 256 | 255 | 240 |
| 10 Completed | 1,530 | 1,423 | 1,308 | 1,294 | 1,312 | 1,307 | 1,314 | 1,275 | 1,246 | 1,155 | 1,125 | 1,095 | 1,178 |
| 11 1-family | 1,085 | 1,026 | 966 | 950 | 988 | 950 | 963 | 930 | 922 | 878 | 841 | 837 | 864 |
| 12 2-or-more-family | 445 | 396 | 342 | 344 | 324 | 357 | 351 | 345 | 324 | 277 | 284 | 258 | 314 |
| 13 Mobile homes shipped | 218 | 198 | 188 | 190 | 187 | 193 | 184 | 186 | 181 | 167 | 168 | 157 | 157 |
| *Merchant builder activity in 1-family units* | | | | | | | | | | | | | |
| 14 Number sold | 675 | 650 | 535 | 549 | 541 | 525 | 504 | 465 | 480 | 464[r] | 409 | 485 | 490 |
| 15 Number for sale, end of period[1] | 368 | 363 | 318[r] | 354 | 350 | 345 | 338 | 334 | 327 | 318[r] | 316 | 313 | 308 |
| *Price (thousands of dollars)*[2] | | | | | | | | | | | | | |
| Median | | | | | | | | | | | | | |
| 16 Units sold | 113.3 | 120.4 | 122.3 | 125.0 | 118.7 | 118.4 | 113.0 | 120.0 | 118.9 | 127.0 | 120.0 | 120.0 | 125.0 |
| Average | | | | | | | | | | | | | |
| 17 Units sold | 139.0 | 148.3 | 149.0 | 150.4 | 149.8 | 144.7 | 142.1 | 153.0 | 143.3 | 153.4[r] | 150.7 | 150.5 | 163.4 |
| EXISTING UNITS (1-family) | | | | | | | | | | | | | |
| 18 Number sold | 3,594 | 3,439 | 3,316 | 3,370 | 3,320 | 3,410 | 3,160 | 3,070 | 3,150 | 3,130 | 2,900 | 3,160 | 3,220 |
| *Price of units sold (thousands of dollars)*[2] | | | | | | | | | | | | | |
| 19 Median | 89.2 | 92.9 | 95.2 | 98.9 | 98.1 | 97.2 | 94.4 | 92.9 | 92.0 | 91.7 | 95.6 | 94.0 | 98.2 |
| 20 Average | 112.5 | 118.0 | 118.3 | 122.5 | 121.1 | 120.7 | 116.8 | 115.9 | 115.6 | 114.1 | 123.0 | 119.7 | 125.2 |
| | Value of new construction[3] (millions of dollars) | | | | | | | | | | | | |
| CONSTRUCTION | | | | | | | | | | | | | |
| 21 **Total put in place** | **422,076** | **432,068** | **433,999** | **441,088** | **437,010** | **436,338** | **423,941** | **420,186** | **415,737** | **406,639** | **396,007** | **397,377** | **391,421** |
| 22 Private | 327,102 | 333,514 | 324,435 | 329,556 | 331,269 | 323,518 | 317,516 | 309,354 | 301,861 | 295,482 | 292,403 | 287,601 | 283,216 |
| 23 Residential | 198,101 | 196,551 | 186,852 | 189,462 | 187,083 | 184,409 | 179,713 | 174,573 | 169,292 | 164,751 | 161,730 | 155,155 | 155,113 |
| 24 Nonresidential, total | 129,001 | 136,963 | 137,583 | 140,094 | 144,186 | 139,109 | 137,803 | 134,781 | 132,569 | 130,731 | 130,673 | 132,446 | 128,103 |
| Buildings | | | | | | | | | | | | | |
| 25 Industrial | 14,931 | 18,506 | 20,563 | 20,405 | 23,609 | 20,239 | 19,862 | 19,598 | 19,530 | 20,748 | 20,854 | 21,150 | 20,716 |
| 26 Commercial | 58,104 | 59,389 | 54,630 | 56,581 | 56,951 | 55,347 | 53,648 | 51,880 | 49,806 | 49,534 | 48,623 | 48,316 | 45,519 |
| 27 Other | 17,278 | 17,848 | 18,824 | 19,272 | 19,792 | 19,801 | 20,267 | 19,606 | 19,377 | 18,428 | 18,503 | 18,560 | 18,398 |
| 28 Public utilities and other | 38,688 | 41,220 | 43,566 | 43,836 | 43,834 | 43,722 | 44,026 | 43,697 | 43,856 | 42,021 | 42,693 | 44,420 | 43,470 |
| 29 Public | 94,971 | 98,551 | 109,564 | 111,532 | 105,741 | 112,820 | 106,425 | 110,833 | 113,877 | 111,157 | 103,604 | 109,776 | 108,205 |
| 30 Military | 3,579 | 3,520 | 3,735 | 5,868 | 3,308 | 2,888 | 2,543 | 1,981 | 2,982 | 1,890 | 2,164 | 1,960 | 2,033 |
| 31 Highway | 30,140 | 29,502 | 31,987 | 30,311 | 28,775 | 31,865 | 31,322 | 33,231 | 35,289 | 34,562 | 27,310 | 33,021 | 32,078 |
| 32 Conservation and development | 4,726 | 4,969 | 4,735 | 3,958 | 4,460 | 4,776 | 3,482 | 4,939 | 5,068 | 5,486 | 5,608 | 4,681 | 4,306 |
| 33 Other | 56,526 | 60,560 | 69,107 | 71,395 | 69,198 | 73,291 | 69,078 | 70,682 | 70,538 | 69,219 | 68,522 | 70,114 | 69,788 |

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in 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 Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

## 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 (at annual rate) | | | | Change from 1 month earlier | | | | | Index level Apr. 1991[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1990 Apr. | 1991 Apr. | 1990 | | | 1991 | 1990 | 1991 | | | | |
| | | | June | Sept. | Dec.r | Mar.r | Dec.r | Jan.r | Feb. | Mar. | Apr. | |
| **CONSUMER PRICES[2] (1982–84=100)** | | | | | | | | | | | | |
| 1 All items | **4.7** | **4.9** | **4.1** | **8.2** | **4.9** | **2.4** | **.3** | **.4** | **.2** | **−.1** | **.2** | **135.2** |
| 2 Food | 5.7 | 4.1 | 2.5 | 4.6 | 3.9 | 2.4 | .1 | .6 | −.2 | .2 | .7 | 136.7 |
| 3 Energy items | .8 | 4.0 | 1.2 | 44.2 | 18.0 | −30.7 | −.4 | −2.4 | −4.0 | −2.6 | −.7 | 99.5 |
| 4 All items less food and energy | 4.8 | 5.1 | 4.6 | 6.0 | 3.8 | 6.8 | .4 | .8 | .7 | .1 | .2 | 141.1 |
| 5 Commodities | 3.4 | 4.0 | 2.0 | 3.3 | 2.3 | 7.9 | .2 | 1.0 | 1.0 | −.1 | .2 | 128.6 |
| 6 Services | 5.6 | 5.8 | 5.5 | 7.2 | 4.8 | 6.4 | .4 | .7 | .6 | .3 | .1 | 148.4 |
| **PRODUCER PRICES (1982=100)** | | | | | | | | | | | | |
| 7 Finished goods | 3.7 | 3.2 | 1.0 | 11.3 | 5.1 | −4.5 | −.4 | −.2 | −.6 | −.3 | .2 | 120.9 |
| 8 Consumer foods | 4.7 | 1.8 | −1.6 | 2.3 | 1.3 | .6 | −.3 | −.3 | .2 | .2 | .4 | 125.4 |
| 9 Consumer energy | −.6 | 10.4 | −4.6 | 118.7 | 21.1 | −37.2 | −4.0 | −3.2 | −5.1 | −3.2 | −.3 | 75.1 |
| 10 Other consumer goods | 4.1 | 4.2 | 3.8 | 3.5 | 3.4 | 5.3 | .0 | .7 | .5 | .2 | .4 | 133.1 |
| 11 Capital equipment | 3.9 | 2.9 | 2.7 | 3.6 | 3.3 | 3.2 | .3 | .3 | .2 | .2 | −.2 | 125.7 |
| 12 Intermediate materials[3] | .4 | 1.2 | .4 | 13.4 | 4.2 | −9.5 | −.8 | −.5 | −.9 | −1.1 | −.4 | 114.1 |
| 13 Excluding energy | −.1 | .9 | .7 | 4.0 | 2.3 | −1.9 | −.1 | .0 | −.1 | −.4 | −.2 | 121.7 |
| Crude materials | | | | | | | | | | | | |
| 14 Foods | 3.1 | −5.3 | −3.8 | −7.8 | −7.3 | 1.1 | −1.2 | −.9 | .0 | 1.2 | −1.0 | 109.0 |
| 15 Energy | −5.4 | 5.6 | −39.2 | 305.8 | −18.8 | −53.5 | −10.2 | 5.9 | −15.9 | −7.3 | .0 | 77.2 |
| 16 Other | −2.4 | −3.8 | 13.5 | 5.9 | −18.1 | −3.0 | −1.3 | .2 | .2 | −1.1 | −.5 | 132.5 |

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

## 2.16 GROSS NATIONAL PRODUCT AND INCOME

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

| Account | 1988 | 1989 | 1990 | 1989 | 1990 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q4 | Q1 | Q2 | Q3 | Q4 |
| GROSS NATIONAL PRODUCT | | | | | | | | |
| 1 **Total** | **4,873.7** | **5,200.8** | **5,465.1** | **5,289.3** | **5,375.4** | **5,443.3** | **5,514.6** | **5,527.3** |
| *By source* | | | | | | | | |
| 2 Personal consumption expenditures | 3,238.2 | 3,450.1 | 3,657.3 | 3,518.5 | 3,588.1 | 3,622.7 | 3,693.4 | 3,724.9 |
| 3 Durable goods | 457.5 | 474.6 | 480.3 | 471.2 | 492.1 | 478.4 | 482.3 | 468.5 |
| 4 Nondurable goods | 1,060.0 | 1,130.0 | 1,193.7 | 1,148.8 | 1,174.7 | 1,179.0 | 1,205.0 | 1,216.0 |
| 5 Services | 1,720.7 | 1,845.5 | 1,983.3 | 1,898.5 | 1,921.3 | 1,965.3 | 2,006.2 | 2,040.4 |
| 6 Gross private domestic investment | 747.1 | 771.2 | 741.0 | 762.7 | 747.2 | 759.0 | 759.7 | 698.3 |
| 7 Fixed investment | 720.8 | 742.9 | 746.1 | 737.7 | 758.9 | 745.6 | 750.7 | 729.2 |
| 8 Nonresidential | 488.4 | 511.9 | 524.1 | 511.8 | 523.1 | 516.5 | 532.8 | 524.0 |
| 9 Structures | 139.9 | 146.2 | 147.0 | 147.1 | 148.8 | 147.2 | 149.8 | 142.1 |
| 10 Producers' durable equipment | 348.4 | 365.7 | 377.1 | 364.7 | 374.3 | 369.3 | 383.0 | 381.9 |
| 11 Residential structures | 232.5 | 231.0 | 222.0 | 225.9 | 235.9 | 229.1 | 217.9 | 205.2 |
| 12 Change in business inventories | 26.2 | 28.3 | −5.0 | 25.0 | −11.8 | 13.4 | 9.0 | −30.8 |
| 13 Nonfarm | 29.8 | 23.3 | −7.4 | 24.1 | −17.0 | 13.0 | 6.8 | −32.4 |
| 14 Net exports of goods and services | −74.1 | −46.1 | −31.2 | −35.3 | −30.0 | −24.9 | −41.3 | −28.8 |
| 15 Exports | 552.0 | 626.2 | 672.8 | 642.8 | 661.3 | 659.7 | 672.7 | 697.4 |
| 16 Imports | 626.1 | 672.3 | 704.0 | 678.1 | 691.3 | 684.6 | 714.1 | 726.2 |
| 17 Government purchases of goods and services | 962.5 | 1,025.6 | 1,098.1 | 1,043.3 | 1,070.1 | 1,086.4 | 1,102.8 | 1,132.9 |
| 18 Federal | 380.3 | 400.0 | 424.0 | 399.9 | 410.6 | 421.9 | 425.8 | 437.6 |
| 19 State and local | 582.3 | 625.6 | 674.1 | 643.4 | 659.6 | 664.6 | 677.0 | 695.3 |
| *By major type of product* | | | | | | | | |
| 20 Final sales, total | 4,847.5 | 5,172.5 | 5,470.2 | 5,264.3 | 5,387.2 | 5,429.9 | 5,505.6 | 5,558.2 |
| 21 Goods | 1,908.9 | 2,044.4 | 2,148.3 | 2,060.9 | 2,122.8 | 2,133.1 | 2,161.4 | 2,175.9 |
| 22 Durable | 840.3 | 894.7 | 939.0 | 894.2 | 941.4 | 930.1 | 943.4 | 941.2 |
| 23 Nondurable | 1,068.6 | 1,149.7 | 1,209.3 | 1,166.7 | 1,181.4 | 1,203.0 | 1,218.0 | 1,234.7 |
| 24 Services | 2,488.6 | 2,671.2 | 2,864.5 | 2,747.5 | 2,791.3 | 2,834.2 | 2,889.6 | 2,943.0 |
| 25 Structures | 450.0 | 456.9 | 457.4 | 455.9 | 473.0 | 462.5 | 454.6 | 439.3 |
| 26 Change in business inventories | 26.2 | 28.3 | −5.0 | 25.0 | −11.8 | 13.4 | 9.0 | −30.8 |
| 27 Durable goods | 19.9 | 11.9 | −11.1 | 13.2 | −21.6 | .0 | 9.8 | −32.5 |
| 28 Nondurable goods | 6.4 | 16.4 | 6.0 | 11.9 | 9.8 | 13.4 | −.8 | 1.7 |
| MEMO | | | | | | | | |
| 29 **Total GNP in 1982 dollars** | **4,016.9** | **4,117.7** | **4,157.3** | **4,133.2** | **4,150.6** | **4,155.1** | **4,170.0** | **4,153.4** |
| NATIONAL INCOME | | | | | | | | |
| 30 **Total** | **3,984.9** | **4,223.3** | **4,418.4[r]** | **4,267.1** | **4,350.3** | **4,411.3** | **4,452.4** | **4,459.7[r]** |
| 31 Compensation of employees | 2,905.1 | 3,079.0 | 3,244.2 | 3,128.6 | 3,180.4 | 3,232.5 | 3,276.9 | 3,286.9 |
| 32 Wages and salaries | 2,431.1 | 2,573.2 | 2,705.3 | 2,612.7 | 2,651.6 | 2,696.3 | 2,734.2 | 2,738.9 |
| 33 Government and government enterprises | 446.6 | 476.6 | 508.0 | 486.7 | 497.1 | 505.7 | 511.3 | 518.1 |
| 34 Other | 1,984.5 | 2,096.6 | 2,197.2 | 2,126.0 | 2,154.5 | 2,190.6 | 2,222.9 | 2,220.8 |
| 35 Supplement to wages and salaries | 474.0 | 505.8 | 538.9 | 515.9 | 528.8 | 536.1 | 542.7 | 548.0 |
| 36 Employer contributions for social insurance | 248.5 | 263.9 | 280.8 | 268.4 | 276.0 | 279.7 | 282.7 | 284.8 |
| 37 Other labor income | 225.5 | 241.9 | 258.1 | 247.5 | 252.8 | 256.4 | 260.0 | 263.2 |
| 38 Proprietors' income[1] | 354.2 | 379.3 | 402.5 | 381.7 | 404.0 | 401.7 | 397.9 | 406.2 |
| 39 Business and professional[1] | 310.5 | 330.7 | 352.6 | 336.0 | 346.6 | 350.8 | 355.6 | 357.4 |
| 40 Farm[1] | 43.7 | 48.6 | 49.9 | 45.7 | 57.4 | 51.0 | 42.4 | 48.8 |
| 41 Rental income of persons[2] | 16.3 | 8.2 | 6.9 | 4.1 | 5.5 | 4.3 | 8.4 | 9.3 |
| 42 Corporate profits[1] | 337.6 | 311.6 | 298.3[r] | 290.9 | 296.8 | 306.6 | 300.7 | 288.9[r] |
| 43 Profits before tax[3] | 316.7 | 307.7 | 304.7[r] | 289.8 | 296.9 | 299.3 | 318.5 | 304.1[r] |
| 44 Inventory valuation adjustment | −27.0 | −21.7 | −11.4 | −14.5 | −11.4 | −.5 | −19.8 | −13.8 |
| 45 Capital consumption adjustment | 47.8 | 25.5 | 4.9 | 15.6 | 11.3 | 7.7 | 2.0 | −1.4 |
| 46 Net interest | 371.8 | 445.1 | 466.7 | 461.7 | 463.6 | 466.2 | 468.3 | 468.4 |

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

SOURCE. *Survey of Current Business* (Department of Commerce).

## 2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

| Account | 1988 | 1989 | 1990 | 1989 | 1990 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q4 | Q1 | Q2 | Q3 | Q4[r] |
| PERSONAL INCOME AND SAVING | | | | | | | | |
| 1 **Total personal income** | **4,070.8** | **4,384.3** | **4,645.5** | **4,469.2** | **4,562.8** | **4,622.2** | **4,678.5** | **4,718.5** |
| 2 Wage and salary disbursements | 2,431.1 | 2,573.2 | 2,705.3 | 2,612.7 | 2,651.6 | 2,696.3 | 2,734.2 | 2,738.9 |
| 3 Commodity-producing industries | 696.4 | 720.6 | 729.3 | 721.4 | 724.6 | 731.1 | 735.3 | 726.0 |
| 4 Manufacturing | 524.0 | 541.8 | 546.8 | 540.9 | 541.2 | 548.1 | 551.8 | 546.1 |
| 5 Distributive industries | 572.0 | 604.7 | 637.2 | 614.6 | 627.0 | 637.3 | 642.7 | 641.9 |
| 6 Service industries | 716.2 | 771.4 | 830.8 | 790.0 | 802.9 | 822.2 | 844.9 | 853.0 |
| 7 Government and government enterprises | 446.6 | 476.6 | 508.0 | 486.7 | 497.1 | 505.7 | 511.3 | 518.1 |
| 8 Other labor income | 225.5 | 241.9 | 258.1 | 247.5 | 252.8 | 256.4 | 260.0 | 263.2 |
| 9 Proprietors' income[1] | 354.2 | 379.3 | 402.5 | 381.7 | 404.0 | 401.7 | 397.9 | 406.2 |
| 10 Business and professional[1] | 310.5 | 330.7 | 352.6 | 336.0 | 346.6 | 350.8 | 355.6 | 357.4 |
| 11 Farm[1] | 43.7 | 48.6 | 49.9 | 45.7 | 57.4 | 51.0 | 42.4 | 48.8 |
| 12 Rental income of persons[2] | 16.3 | 8.2 | 6.9 | 4.1 | 5.5 | 4.3 | 8.4 | 9.3 |
| 13 Dividends | 102.2 | 114.4 | 123.8 | 118.2 | 120.5 | 122.9 | 124.9 | 126.7 |
| 14 Personal interest income | 547.9 | 643.2 | 680.4 | 664.9 | 670.5 | 678.0 | 685.3 | 687.9 |
| 15 Transfer payments | 587.7 | 636.9 | 694.8 | 655.9 | 680.9 | 686.7 | 696.4 | 715.1 |
| 16 Old-age survivors, disability, and health insurance benefits | 300.5 | 325.3 | 350.7 | 334.1 | 347.2 | 347.6 | 351.1 | 356.8 |
| 17 LESS: Personal contributions for social insurance | 194.1 | 212.8 | 226.2 | 215.8 | 222.9 | 224.1 | 228.6 | 228.9 |
| 18 EQUALS: Personal income | 4,070.8 | 4,384.3 | 4,645.5 | 4,469.2 | 4,562.8 | 4,622.2 | 4,678.5 | 4,718.5 |
| 19 LESS: Personal tax and nontax payments | 591.6 | 658.8 | 699.4 | 669.6 | 675.1 | 696.5 | 709.5 | 716.6 |
| 20 EQUALS: Disposable personal income | 3,479.2 | 3,725.5 | 3,946.1 | 3,799.6 | 3,887.7 | 3,925.7 | 3,969.1 | 4,001.9 |
| 21 LESS: Personal outlays | 3,333.6 | 3,553.7 | 3,766.0 | 3,625.5 | 3,696.4 | 3,730.6 | 3,802.6 | 3,834.4 |
| 22 EQUALS: Personal saving | 145.6 | 171.8 | 180.1 | 174.1 | 191.3 | 195.1 | 166.5 | 167.5 |
| MEMO | | | | | | | | |
| Per capita (1982 dollars) | | | | | | | | |
| 23 Gross national product | 16,302.4 | 165.5[r] | 165.4[r] | 16,546.0 | 16,575.9 | 16,554.2 | 16,562.9 | 16,449.4 |
| 24 Personal consumption expenditures | 10,578.3 | 106.8[r] | 106.7[r] | 10,688.2 | 10,692.1 | 10,672.5 | 10,711.5 | 10,588.7 |
| 25 Disposable personal income | 11,368.0 | 11,531.0 | 11,509.0 | 11,541.0 | 11,586.0 | 11,564.0 | 11,511.0 | 11,376.0 |
| 26 Saving rate (percent) | 4.2 | 4.6 | 4.6 | 4.6 | 4.9 | 5.0 | 4.2 | 4.2 |
| GROSS SAVING | | | | | | | | |
| 27 **Gross saving** | **656.1** | **691.5** | **657.3[r]** | **674.8** | **664.8** | **679.3** | **665.9** | **619.2[r]** |
| 28 Gross private saving | 751.3 | 779.3 | 787.9[r] | 786.4 | 795.0 | 806.7 | 772.2 | 777.8[r] |
| 29 Personal saving | 145.6 | 171.8 | 180.1 | 174.1 | 191.3 | 195.1 | 166.5 | 167.5 |
| 30 Undistributed corporate profits[1] | 91.4 | 53.0 | 32.2[r] | 39.8 | 36.7 | 40.5 | 26.5 | 25.2[r] |
| 31 Corporate inventory valuation adjustment | −27.0 | −21.7 | −11.4 | −14.5 | −11.4 | −.5 | −19.8 | −13.8 |
| *Capital consumption allowances* | | | | | | | | |
| 32 Corporate | 322.1 | 346.4 | 363.0 | 356.5 | 356.7 | 359.7 | 365.5 | 370.3 |
| 33 Noncorporate | 192.2 | 208.0 | 212.6 | 216.0 | 210.3 | 211.4 | 213.8 | 214.8 |
| 34 Government surplus, or deficit (−), national income and product accounts | −95.3 | −87.8 | −130.6[r] | −111.6 | −130.2 | −127.3 | −106.4 | −158.6[r] |
| 35 Federal | −141.7 | −134.3 | −166.0[r] | −150.1 | −168.3 | −166.0 | −145.7 | −184.3[r] |
| 36 State and local | 46.5 | 46.4 | 35.4[r] | 38.5 | 38.1 | 38.6 | 39.3 | 25.7[r] |
| 37 **Gross investment** | **627.8** | **674.4** | **655.6** | **671.8** | **665.6** | **676.1** | **661.0** | **619.6** |
| 38 Gross private domestic | 747.1 | 771.2 | 741.0 | 762.7 | 747.2 | 759.0 | 759.7 | 698.3 |
| 39 Net foreign | −119.2 | −96.8 | −85.5 | −90.9 | −81.6 | −82.9 | −98.7 | −78.7 |
| 40 **Statistical discrepancy** | **−28.2** | **−17.0** | **−1.7[r]** | **−3.0** | **.7** | **−3.2** | **−4.9** | **.4[r]** |

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

SOURCE. *Survey of Current Business* (Department of Commerce).

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

| Item credits or debits | 1988 | 1989 | 1990 | 1989 Q4 | 1990 Q1 | 1990 Q2 | 1990 Q3 | 1990 Q4[p] |
|---|---|---|---|---|---|---|---|---|
| 1 Balance on current account | −128,862 | −110,035 | −99,297 | −26,692 | −22,320 | −22,733 | −26,481 | −27,762 |
| 2 Not seasonally adjusted | ......... | ......... | ......... | −27,926 | −18,327 | −20,987 | −30,672 | −29,311 |
| 3 Merchandise trade balance[2] | −126,986 | −114,864 | −108,680 | −28,746 | −26,809 | −23,225 | −29,785 | −28,861 |
| 4 Merchandise exports | 320,337 | 360,465 | 389,286 | 91,738 | 96,093 | 96,585 | 96,152 | 100,456 |
| 5 Merchandise imports | −447,323 | −475,329 | −497,966 | −120,484 | −122,902 | −119,810 | −125,937 | −129,317 |
| 6 Military transactions, net | −5,452 | −6,319 | −6,414 | −1,776 | −1,287 | −1,382 | −1,705 | −2,042 |
| 7 Investment income, net | 1,610 | −913 | 7,534 | 561 | 2,004 | −990 | 2,256 | 4,265 |
| 8 Other service transactions, net | 16,971 | 26,783 | 29,337 | 7,900 | 7,212 | 7,286 | 6,852 | 7,988 |
| 9 Remittances, pensions, and other transfers | −4,261 | −3,758 | −4,101 | −889 | −1,038 | −921 | −1,106 | −1,037 |
| 10 U.S. government grants | −10,744 | −10,963 | −16,972 | −3,742 | −2,402 | −3,501 | −2,993 | −8,075 |
| 11 Change in U.S. government assets, other than official reserve assets, net (increase, −) | 2,969 | 1,185 | 2,971 | −47 | −659 | −808 | −360 | 4,797 |
| 12 Change in U.S. official reserve assets (increase, −) | −3,912 | −25,293 | −2,158 | −3,202 | −3,177 | 371 | 1,739 | −1,092 |
| 13 Gold | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Special drawing rights (SDRs) | 127 | −535 | −192 | −204 | −247 | −216 | 363 | −93 |
| 15 Reserve position in International Monetary Fund | 1,025 | 471 | 731 | −23 | 234 | 493 | 8 | −4 |
| 16 Foreign currencies | −5,064 | −25,229 | −2,697 | −2,975 | −3,164 | 94 | 1,368 | −995 |
| 17 Change in U.S. private assets abroad (increase, −) | −83,232 | −102,953 | −62,062 | −45,496 | 36,741 | −31,257 | −33,273 | −34,273 |
| 18 Bank-reported claims[3] | −56,322 | −50,684 | 816 | −32,658 | 52,353 | −13,639 | −13,489 | −24,409 |
| 19 Nonbank-reported claims | −2,847 | 1,391 | ......... | 47 | 1,202 | −1,550 | 625 | ......... |
| 20 U.S. purchase of foreign securities, net | −7,846 | −21,938 | −26,785 | −4,109 | −7,496 | −11,247 | −1,223 | −6,819 |
| 21 U.S. direct investments abroad, net | −16,217 | −31,722 | −36,370 | −8,776 | −9,318 | −4,821 | −19,186 | −3,045 |
| 22 *Change in foreign official assets in United States (increase, +)* | 39,515 | 8,823 | 30,778 | −7,016 | −8,203 | 5,541 | 13,588 | 19,851 |
| 23 U.S. Treasury securities | 41,741 | 333 | 28,704 | −7,342 | −5,897 | 2,442 | 12,058 | 20,101 |
| 24 Other U.S. government obligations | 1,309 | 1,383 | 667 | 569 | −521 | 346 | 134 | 708 |
| 25 Other U.S. government liabilities[4] | −710 | 332 | 1,486 | 412 | −381 | 1,089 | −202 | 979 |
| 26 Other U.S. liabilities reported by U.S. banks[3] | −319 | 4,940 | 1,495 | −820 | −1,278 | 1,918 | 1,871 | −1,016 |
| 27 Other foreign official assets[5] | −2,506 | 1,835 | −1,574 | 165 | −126 | −254 | −273 | −921 |
| 28 Change in foreign private assets in United States (increase, +) | 181,926 | 205,829 | 56,766 | 76,336 | −24,786 | 19,954 | 42,543 | 19,055 |
| 29 U.S. bank-reported liabilities[3] | 70,235 | 61,199 | 19,786 | 36,674 | −32,264 | 4,897 | 27,591 | 19,562 |
| 30 U.S. nonbank-reported liabilities | 6,664 | 2,867 | ......... | 1,732 | 290 | 1,317 | 4,425 | ......... |
| 31 Foreign private purchases of U.S. Treasury securities, net | 20,239 | 29,951 | 1,144 | 5,671 | −835 | 3,614 | 312 | −1,947 |
| 32 Foreign purchases of other U.S. securities, net | 26,353 | 39,568 | 4,096 | 10,793 | 2,486 | 2,890 | −1,670 | 390 |
| 33 Foreign direct investments in United States, net | 58,435 | 72,244 | 25,708 | 21,466 | 5,537 | 7,236 | 11,885 | 1,050 |
| 34 Allocation of SDRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Discrepancy | −8,404 | 22,443 | 73,002 | 6,117 | 22,404 | 28,932 | 2,244 | 19,424 |
| 36 Owing to seasonal adjustments | ......... | ......... | ......... | 3,560 | 3,023 | −767 | −4,980 | 2,726 |
| 37 Statistical discrepancy in recorded data before seasonal adjustment | −8,404 | 22,443 | 73,002 | 2,558 | 19,381 | 29,699 | 7,224 | 16,698 |
| MEMO | | | | | | | | |
| Changes in official assets | | | | | | | | |
| 38 U.S. official reserve assets (increase, −) | −3,912 | −25,293 | −2,158 | −3,202 | −3,177 | 371 | 1,739 | −1,092 |
| 39 Foreign official assets in United States (increase, +) excluding line 25 | 40,225 | 8,491 | 29,292 | −7,428 | −7,822 | 4,452 | 13,790 | 18,872 |
| 40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above) | −2,996 | 10,713 | 1,902 | −1,379 | 2,953 | 208 | −1,600 | 341 |

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise data and are included in line 6.
3. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
4. Primarily associated 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.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

## 3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are seasonally adjusted.

| Item | 1988 | 1989 | 1990 | 1990 | | | | 1991[r] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[p] |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value | 322,426 | 363,812 | 393,592 | 32,231 | 34,631 | 33,586 | 33,570 | 34,144 | 33,599 | 33,991 |
| GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses | | | | | | | | | | |
| 2 Customs value | 440,952 | 473,211 | 495,311 | 41,315 | 44,527 | 43,123 | 39,895 | 41,520 | 39,103 | 38,037 |
| Trade balance | | | | | | | | | | |
| 3 **Customs value** | **−118,526** | **−109,399** | **−101,718** | **−9,084** | **−9,897** | **−9,536** | **−6,325** | **−7,376** | **−5,504** | **−4,047** |

1. The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustment is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above. As of Jan. 1, 1987 census data are released 45 days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type | 1987 | 1988 | 1989 | 1990 | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[p] |
| 1 **Total** | **45,798** | **47,802** | **74,609** | **82,822** | **83,041** | **83,316** | **85,006** | **82,797** | **78,002** | **78,927** |
| 2 Gold stock, including Exchange Stabilization Fund[1] | 11,078 | 11,057 | 11,059 | 11,060 | 11,059 | 11,058 | 11,058 | 11,058 | 11,058 | 11,058 |
| 3 Special drawing rights[2,3] | 10,283 | 9,637 | 9,951 | 10,876 | 11,059 | 10,989 | 10,922 | 10,958 | 10,368 | 10,325 |
| 4 Reserve position in International Monetary Fund[2] | 11,349 | 9,745 | 9,048 | 9,066 | 8,871 | 9,076 | 9,468 | 9,556 | 8,910 | 8,806 |
| 5 Foreign currencies[4] | 13,088 | 17,363 | 44,551 | 51,820 | 52,052 | 52,193 | 53,558 | 51,225 | 47,666 | 48,108 |

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. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus 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

| Assets | 1987 | 1988 | 1989 | 1990 | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[p] |
| 1 Deposits | 244 | 347 | 589 | 297 | 264 | 369 | 271 | 329 | 228 | 292 |
| *Assets held in custody* | | | | | | | | | | |
| 2 U.S. Treasury securities[2] | 195,126 | 232,547 | 224,911 | 266,749 | 272,399 | 278,499 | 286,722 | 286,471 | 272,505 | 271,779 |
| 3 Earmarked gold[3] | 13,919 | 13,636 | 13,456 | 13,415 | 13,389 | 13,387 | 13,377 | 13,382 | 13,374 | 13,363 |

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies at face value.
3. Earmarked gold and the gold stock are valued at $42.22 per fine troy ounce. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

## 3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

| Asset account | 1987 | 1988 | 1989 | 1990 | | | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| | | | | | | All foreign countries | | | | |
| 1 **Total, all currencies** | **518,618** | **505,595** | **545,366** | **546,172** | **552,542** | **558,626** | **556,925** | **563,997r** | **560,968r** | **546,491** |
| 2 Claims on United States | 138,034 | 169,111 | 198,835 | 182,593 | 177,571 | 180,938 | 188,496 | 183,991r | 188,174r | 183,296 |
| 3 Parent bank | 105,845 | 129,856 | 157,092 | 140,897 | 135,568 | 140,302 | 148,837 | 141,498r | 145,967r | 143,151 |
| 4 Other banks in United States | 16,416 | 14,918 | 17,042 | 14,272 | 13,261 | 12,937 | 13,296 | 14,541 | 12,887 | 12,268 |
| 5 Nonbanks | 15,773 | 24,337 | 24,701 | 27,424 | 28,742 | 27,699 | 26,363 | 27,952 | 29,320 | 27,877 |
| 6 Claims on foreigners | 342,520 | 299,728 | 300,575 | 311,248 | 319,318 | 323,020 | 312,449r | 321,247r | 313,595r | 307,102 |
| 7 Other branches of parent bank | 122,155 | 107,179 | 113,810 | 123,359 | 128,747 | 135,177 | 135,003r | 132,157r | 124,584r | 129,529 |
| 8 Banks | 108,859 | 96,932 | 90,703 | 83,305 | 82,706 | 81,440 | 72,602r | 81,219r | 80,030 | 72,757 |
| 9 Public borrowers | 21,832 | 17,163 | 16,456 | 16,379 | 16,335 | 16,591 | 17,555r | 18,260r | 17,893r | 17,915 |
| 10 Nonbank foreigners | 89,674 | 78,454 | 79,606 | 88,205 | 91,530 | 89,812 | 87,289r | 89,611 | 91,088 | 86,901 |
| 11 Other assets | 38,064 | 36,756 | 45,956 | 52,331 | 55,653 | 54,668 | 55,980r | 58,759r | 59,199r | 56,093 |
| 12 **Total payable in U.S. dollars** | **350,107** | **357,573** | **382,498** | **360,210** | **362,537** | **371,753** | **379,479r** | **380,116r** | **380,180r** | **381,848** |
| 13 Claims on United States | 132,023 | 163,456 | 191,184 | 174,016 | 168,988 | 172,336 | 180,174 | 175,909r | 180,601r | 176,209 |
| 14 Parent bank | 103,251 | 126,929 | 152,294 | 135,100 | 129,882 | 134,436 | 142,962 | 135,793r | 140,789r | 138,206 |
| 15 Other banks in United States | 14,657 | 14,167 | 16,386 | 13,422 | 12,441 | 12,088 | 12,513 | 13,739 | 12,266 | 11,757 |
| 16 Nonbanks | 14,115 | 22,360 | 22,504 | 25,494 | 26,665 | 25,812 | 24,699 | 26,377 | 27,546 | 26,246 |
| 17 Claims on foreigners | 202,428 | 177,685 | 169,690 | 163,994 | 168,722 | 174,832 | 174,451r | 179,762r | 173,527r | 180,415 |
| 18 Other branches of parent bank | 88,284 | 80,736 | 82,949 | 84,378 | 90,198 | 95,599 | 95,298r | 93,847r | 87,394r | 95,106 |
| 19 Banks | 63,707 | 54,884 | 48,396 | 39,413 | 37,531 | 37,795 | 36,440 | 41,134 | 40,785 | 40,451 |
| 20 Public borrowers | 14,730 | 12,131 | 10,961 | 11,166 | 11,201 | 11,202 | 12,298 | 13,136 | 12,944 | 13,206 |
| 21 Nonbank foreigners | 35,707 | 29,934 | 27,384 | 29,037 | 29,792 | 30,236 | 30,415 | 31,645 | 32,404 | 31,652 |
| 22 Other assets | 15,656 | 16,432 | 21,624 | 22,200 | 24,827 | 24,585 | 24,854r | 24,445r | 26,052r | 25,224 |
| | | | | | | United Kingdom | | | | |
| 23 **Total, all currencies** | **158,695** | **156,835** | **161,947** | **178,484** | **184,660** | **188,182** | **184,818** | **184,817** | **180,211** | **175,025** |
| 24 Claims on United States | 32,518 | 40,089 | 39,212 | 42,574 | 39,862 | 42,301 | 45,560 | 40,197 | 41,278 | 41,916 |
| 25 Parent bank | 27,350 | 34,243 | 35,847 | 39,042 | 35,904 | 38,453 | 42,413 | 36,533 | 37,662 | 38,759 |
| 26 Other banks in United States | 1,259 | 1,123 | 1,058 | 723 | 694 | 1,088 | 792 | 1,095 | 924 | 848 |
| 27 Nonbanks | 3,909 | 4,723 | 2,307 | 2,809 | 3,264 | 2,760 | 2,355 | 2,569 | 2,692 | 2,309 |
| 28 Claims on foreigners | 115,700 | 106,388 | 107,657 | 114,863 | 122,203 | 124,077 | 115,536 | 121,077 | 115,361 | 110,329 |
| 29 Other branches of parent bank | 39,903 | 35,625 | 37,728 | 44,408 | 47,390 | 49,499 | 46,367 | 47,857 | 41,653 | 44,341 |
| 30 Banks | 36,735 | 36,765 | 36,159 | 34,088 | 35,480 | 36,135 | 31,604 | 34,050 | 34,518 | 30,660 |
| 31 Public borrowers | 4,752 | 4,019 | 3,293 | 3,639 | 3,521 | 3,675 | 3,860 | 3,953 | 4,029 | 3,943 |
| 32 Nonbank foreigners | 34,310 | 29,979 | 30,477 | 32,728 | 35,812 | 34,768 | 33,705 | 35,217 | 35,161 | 31,385 |
| 33 Other assets | 10,477 | 10,358 | 15,078 | 21,047 | 22,595 | 21,804 | 23,722 | 23,543 | 23,572 | 22,780 |
| 34 **Total payable in U.S. dollars** | **100,574** | **103,503** | **103,208** | **106,899** | **109,950** | **115,182** | **116,762** | **114,413** | **113,673** | **114,347** |
| 35 Claims on United States | 30,439 | 38,012 | 36,404 | 37,997 | 35,429 | 37,668 | 41,259 | 36,120 | 37,644 | 38,439 |
| 36 Parent bank | 26,304 | 33,252 | 34,329 | 36,024 | 33,145 | 35,614 | 39,609 | 33,754 | 35,345 | 36,536 |
| 37 Other banks in United States | 1,044 | 964 | 843 | 466 | 419 | 611 | 334 | 771 | 615 | 562 |
| 38 Nonbanks | 3,091 | 3,796 | 1,232 | 1,507 | 1,865 | 1,443 | 1,316 | 1,595 | 1,684 | 1,341 |
| 39 Claims on foreigners | 64,560 | 60,472 | 59,062 | 59,811 | 63,720 | 66,876 | 63,701 | 67,996 | 64,682 | 65,034 |
| 40 Other branches of parent bank | 28,635 | 28,474 | 29,872 | 33,990 | 37,069 | 39,630 | 37,142 | 38,120 | 33,136 | 36,150 |
| 41 Banks | 19,188 | 18,494 | 16,579 | 13,206 | 13,571 | 13,915 | 13,135 | 14,905 | 15,840 | 15,097 |
| 42 Public borrowers | 3,313 | 2,840 | 2,371 | 2,866 | 2,790 | 2,862 | 3,143 | 3,242 | 3,290 | 3,220 |
| 43 Nonbank foreigners | 13,424 | 10,664 | 10,240 | 9,749 | 10,290 | 10,469 | 10,281 | 11,729 | 12,416 | 10,567 |
| 44 Other assets | 5,575 | 5,019 | 7,742 | 9,091 | 10,801 | 10,638 | 11,802 | 10,297 | 11,347 | 10,874 |
| | | | | | | Bahamas and Caymans | | | | |
| 45 **Total, all currencies** | **160,321** | **170,639** | **176,006** | **153,266** | **153,529** | **153,850** | **162,316** | **167,306r** | **168,209r** | **163,315** |
| 46 Claims on United States | 85,318 | 105,320 | 124,205 | 106,606 | 107,009 | 106,694 | 112,989 | 115,806r | 118,783r | 110,727 |
| 47 Parent bank | 60,048 | 73,409 | 87,882 | 70,177 | 70,877 | 71,416 | 77,873 | 78,350r | 81,888r | 75,485 |
| 48 Other banks in United States | 14,277 | 13,145 | 15,071 | 12,539 | 11,605 | 11,017 | 11,869 | 12,877 | 11,380 | 10,753 |
| 49 Nonbanks | 10,993 | 18,766 | 21,252 | 23,890 | 24,527 | 24,261 | 23,247 | 24,579 | 25,515 | 24,489 |
| 50 Claims on foreigners | 70,162 | 58,393 | 44,168 | 39,573 | 38,062 | 38,669 | 41,356 | 42,801 | 40,363 | 43,665 |
| 51 Other branches of parent bank | 21,277 | 17,954 | 11,309 | 11,638 | 12,152 | 12,697 | 13,416 | 12,292 | 11,477 | 13,658 |
| 52 Banks | 33,751 | 28,268 | 22,611 | 18,076 | 15,994 | 16,299 | 16,310 | 18,343 | 16,863 | 17,571 |
| 53 Public borrowers | 7,428 | 5,830 | 5,217 | 4,818 | 4,876 | 4,775 | 5,807 | 6,528 | 6,484 | 6,846 |
| 54 Nonbank foreigners | 7,706 | 6,341 | 5,031 | 5,041 | 5,040 | 4,898 | 5,823 | 5,638 | 5,539 | 5,590 |
| 55 Other assets | 4,841 | 6,926 | 7,633 | 7,087 | 8,458 | 8,487 | 7,971 | 8,699r | 9,063r | 8,923 |
| 56 **Total payable in U.S. dollars** | **151,434** | **163,518** | **170,780** | **149,615** | **149,271** | **149,754** | **158,390** | **162,458r** | **163,533r** | **159,226** |

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14—Continued

| Liability account | 1987 | 1988 | 1989 | 1990 | | | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| | All foreign countries | | | | | | | | | |
| 57 **Total, all currencies** | **518,618** | **505,595** | **545,366** | **546,172** | **552,542** | **558,626** | **556,925** | **563,997r** | **560,968r** | **546,491** |
| 58 Negotiable CDs | 30,929 | 28,511 | 23,500 | 21,977 | 22,089 | 21,521 | 18,060 | 19,106 | 18,595 | 19,920 |
| 59 To United States | 161,390 | 185,577 | 197,239 | 172,916 | 167,575 | 171,592 | 189,412 | 186,279r | 187,562r | 185,178 |
| 60 Parent bank | 87,606 | 114,720 | 138,412 | 117,384 | 113,098 | 115,519 | 138,748 | 134,118r | 132,227r | 128,009 |
| 61 Other banks in United States | 20,355 | 14,737 | 11,704 | 8,976 | 7,984 | 9,140 | 7,463 | 9,341 | 10,580 | 10,961 |
| 62 Nonbanks | 53,429 | 56,120 | 47,123 | 46,556 | 46,493 | 46,933 | 43,201 | 42,820 | 44,755 | 46,208 |
| 63 To foreigners | 304,803 | 270,923 | 296,850 | 317,202 | 327,139 | 328,534 | 311,668r | 319,854r | 316,605r | 305,804 |
| 64 Other branches of parent bank | 124,601 | 111,267 | 119,591 | 125,382 | 131,045 | 137,849 | 139,113r | 132,214r | 124,437r | 128,916 |
| 65 Banks | 87,274 | 72,842 | 76,452 | 75,351 | 75,815 | 72,352 | 58,986r | 70,222r | 73,873r | 63,338 |
| 66 Official institutions | 19,564 | 15,183 | 16,750 | 17,475 | 18,436 | 17,996 | 14,791 | 17,343 | 16,648 | 15,830 |
| 67 Nonbank foreigners | 73,364 | 71,631 | 84,057 | 98,994 | 101,843 | 100,337 | 98,778r | 100,075r | 101,647r | 97,720 |
| 68 Other liabilities | 21,496 | 20,584 | 27,777 | 34,077 | 35,739 | 36,979 | 37,785r | 38,758r | 38,206r | 35,589 |
| 69 **Total payable in U.S. dollars** | **361,438** | **367,483** | **396,613** | **364,972** | **363,963** | **372,359** | **383,581r** | **384,395r** | **380,601r** | **380,871** |
| 70 Negotiable CDs | 26,768 | 24,045 | 19,619 | 17,219 | 17,022 | 16,845 | 14,094 | 15,141 | 14,446 | 15,335 |
| 71 To United States | 148,442 | 173,190 | 187,286 | 159,059 | 153,350 | 157,013 | 175,713 | 172,189r | 174,661r | 172,900 |
| 72 Parent bank | 81,783 | 107,150 | 132,563 | 109,490 | 104,651 | 106,951 | 130,569 | 126,067r | 125,022r | 120,883 |
| 73 Other banks in United States | 18,951 | 13,468 | 10,519 | 7,501 | 6,486 | 7,686 | 6,052 | 7,627 | 8,715 | 9,415 |
| 74 Nonbanks | 47,708 | 52,572 | 44,204 | 42,068 | 42,213 | 42,376 | 39,092 | 38,495 | 40,924 | 42,602 |
| 75 To foreigners | 177,711 | 160,766 | 176,460 | 175,725 | 178,969 | 183,461 | 179,002r | 182,131r | 175,761r | 177,902 |
| 76 Other branches of parent bank | 90,469 | 84,021 | 87,636 | 85,303 | 89,658 | 95,556 | 98,128r | 94,765r | 87,288r | 93,910 |
| 77 Banks | 35,065 | 28,493 | 30,537 | 26,576 | 23,669 | 25,022 | 20,251 | 23,661 | 25,553 | 23,803 |
| 78 Official institutions | 12,409 | 8,224 | 9,873 | 9,346 | 9,689 | 9,091 | 7,921 | 10,585 | 10,004 | 9,171 |
| 79 Nonbank foreigners | 39,768 | 40,028 | 48,414 | 54,500 | 55,953 | 53,792 | 52,702 | 53,120r | 52,916 | 51,018 |
| 80 Other liabilities | 8,517 | 9,482 | 13,248 | 12,969 | 14,622 | 15,040 | 14,772r | 14,934r | 15,733r | 14,734 |
| | United Kingdom | | | | | | | | | |
| 81 **Total, all currencies** | **158,695** | **156,835** | **161,947** | **178,484** | **184,660** | **188,182** | **184,818** | **184,817** | **180,211** | **175,025** |
| 82 Negotiable CDs | 26,988 | 24,528 | 20,056 | 17,542 | 17,557 | 17,144 | 14,256 | 14,872 | 14,363 | 15,820 |
| 83 To United States | 23,470 | 36,784 | 36,036 | 35,485 | 32,143 | 36,500 | 39,928 | 34,389 | 34,070 | 34,453 |
| 84 Parent bank | 13,223 | 27,849 | 29,726 | 25,461 | 22,013 | 26,165 | 31,806 | 25,548 | 25,670 | 26,213 |
| 85 Other banks in United States | 1,536 | 2,037 | 1,256 | 1,765 | 1,430 | 1,671 | 1,505 | 1,861 | 1,401 | 1,230 |
| 86 Nonbanks | 8,711 | 6,898 | 5,054 | 8,259 | 8,700 | 8,664 | 6,617 | 6,980 | 6,999 | 7,010 |
| 87 To foreigners | 98,689 | 86,026 | 92,307 | 106,494 | 114,959 | 113,958 | 108,531 | 113,754 | 110,454 | 105,090 |
| 88 Other branches of parent bank | 33,078 | 26,812 | 27,397 | 30,487 | 32,357 | 34,406 | 36,709 | 34,547 | 30,978 | 33,084 |
| 89 Banks | 34,290 | 30,609 | 29,780 | 30,111 | 33,870 | 32,844 | 25,126 | 31,765 | 32,801 | 26,643 |
| 90 Official institutions | 11,015 | 7,873 | 8,551 | 9,578 | 10,788 | 9,534 | 8,361 | 10,368 | 9,728 | 8,935 |
| 91 Nonbank foreigners | 20,306 | 20,732 | 26,579 | 36,318 | 37,944 | 37,174 | 38,335 | 37,074 | 36,947 | 36,428 |
| 92 Other liabilities | 9,548 | 9,497 | 13,548 | 18,963 | 20,001 | 20,580 | 22,103 | 21,802 | 21,324 | 19,662 |
| 93 **Total payable in U.S. dollars** | **102,550** | **105,907** | **108,178** | **107,216** | **108,064** | **114,090** | **116,153** | **114,367** | **112,343** | **112,427** |
| 94 Negotiable CDs | 24,926 | 22,063 | 18,143 | 15,502 | 15,237 | 15,100 | 12,710 | 13,387 | 12,790 | 13,816 |
| 95 To United States | 17,752 | 32,588 | 33,056 | 30,368 | 26,867 | 31,117 | 34,756 | 29,114 | 29,705 | 30,225 |
| 96 Parent bank | 12,026 | 26,404 | 28,812 | 23,963 | 20,334 | 24,381 | 30,014 | 23,945 | 24,389 | 24,896 |
| 97 Other banks in United States | 1,308 | 1,752 | 1,065 | 1,471 | 1,035 | 1,318 | 1,156 | 1,324 | 926 | 800 |
| 98 Nonbanks | 4,418 | 4,432 | 3,179 | 4,934 | 5,498 | 5,418 | 3,586 | 3,845 | 4,390 | 4,529 |
| 99 To foreigners | 55,919 | 47,083 | 50,517 | 54,679 | 57,639 | 59,787 | 60,014 | 63,702 | 60,977 | 59,985 |
| 100 Other branches of parent bank | 22,334 | 18,561 | 18,384 | 18,560 | 20,797 | 23,288 | 25,957 | 24,954 | 21,339 | 24,049 |
| 101 Banks | 15,580 | 13,407 | 12,244 | 11,116 | 10,465 | 11,911 | 9,488 | 11,539 | 12,993 | 10,146 |
| 102 Official institutions | 7,530 | 4,348 | 5,454 | 5,324 | 5,751 | 5,000 | 4,692 | 7,158 | 6,570 | 6,154 |
| 103 Nonbank foreigners | 10,475 | 10,767 | 14,435 | 19,679 | 20,626 | 19,588 | 19,877 | 20,051 | 20,075 | 19,636 |
| 104 Other liabilities | 3,953 | 4,173 | 6,462 | 6,667 | 8,321 | 8,086 | 8,673 | 8,164 | 8,871 | 8,401 |
| | Bahamas and Caymans | | | | | | | | | |
| 105 **Total, all currencies** | **160,321** | **170,639** | **176,006** | **153,266** | **153,529** | **153,850** | **162,316** | **167,306r** | **168,209r** | **163,315** |
| 106 Negotiable CDs | 885 | 953 | 678 | 553 | 560 | 561 | 646 | 654 | 629 | 729 |
| 107 To United States | 113,950 | 122,332 | 124,859 | 104,243 | 103,577 | 104,086 | 114,738 | 120,658r | 122,148r | 118,512 |
| 108 Parent bank | 53,239 | 62,894 | 75,188 | 62,308 | 62,506 | 61,350 | 74,941 | 80,567r | 78,173r | 72,314 |
| 109 Other banks in United States | 17,224 | 11,494 | 8,883 | 5,398 | 4,959 | 5,798 | 4,526 | 5,655 | 7,618 | 8,209 |
| 110 Nonbanks | 43,487 | 47,944 | 40,788 | 36,537 | 36,112 | 36,938 | 35,271 | 34,436 | 36,357 | 37,989 |
| 111 To foreigners | 43,815 | 45,161 | 47,382 | 46,237 | 46,867 | 46,299 | 44,444 | 42,883 | 42,555 | 41,417 |
| 112 Other branches of parent bank | 19,185 | 23,686 | 23,414 | 24,781 | 25,864 | 25,579 | 24,715 | 23,099 | 22,923 | 22,018 |
| 113 Banks | 10,769 | 8,336 | 8,823 | 7,519 | 6,794 | 6,569 | 5,588 | 6,063 | 6,188 | 6,274 |
| 114 Official institutions | 1,504 | 1,074 | 1,097 | 731 | 703 | 763 | 622 | 811 | 728 | 674 |
| 115 Nonbank foreigners | 12,357 | 12,065 | 14,048 | 13,206 | 13,506 | 13,388 | 13,519 | 12,910 | 12,716 | 12,451 |
| 116 Other liabilities | 1,671 | 2,193 | 3,087 | 2,233 | 2,525 | 2,904 | 2,488 | 3,111 | 2,877 | 2,657 |
| 117 **Total payable in U.S. dollars** | **152,927** | **162,950** | **171,250** | **148,621** | **147,781** | **148,197** | **157,132** | **162,118r** | **162,850r** | **158,232** |

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item | 1988 | 1989 | 1990 | | | | 1991[r] | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[p] |
| 1 **Total**[1] | **304,132** | **312,477** | **324,007** | **329,964** | **340,542** | **343,908** | **352,084** | **361,552** | **349,445** |
| *By type* | | | | | | | | | |
| 2 Liabilities reported by banks in the United States[2] | 31,519 | 36,496 | 40,202 | 44,681 | 43,170 | 39,494 | 41,450 | 43,064 | 42,084 |
| 3 U.S. Treasury bills and certificates[3] | 103,722 | 76,985 | 72,472 | 72,457 | 80,220 | 78,493 | 82,520 | 82,611 | 82,484 |
| U.S. Treasury bonds and notes | | | | | | | | | |
| 4 Marketable | 152,429 | 179,269 | 189,159 | 190,534 | 195,305 | 203,185 | 205,726 | 213,043 | 201,315 |
| 5 Nonmarketable[4] | 523 | 568 | 3,717 | 3,741 | 3,765 | 4,491 | 4,521 | 4,550 | 4,580 |
| 6 U.S. securities other than U.S. Treasury securities[5] | 15,939 | 19,159 | 18,457 | 18,551 | 18,082 | 18,245 | 17,867 | 18,284 | 18,982 |
| *By area* | | | | | | | | | |
| 7 Western Europe[1] | 123,752 | 133,417 | 156,275 | 163,363 | 169,277 | 171,170 | 173,005 | 178,009 | 170,348 |
| 8 Canada | 9,513 | 9,482 | 10,171 | 8,903 | 8,639 | 8,598 | 8,106 | 7,777 | 8,494 |
| 9 Latin America and Caribbean | 10,030 | 8,745 | 11,776 | 11,615 | 14,298 | 15,777 | 16,379 | 18,307 | 19,329 |
| 10 Asia | 151,887 | 153,338 | 136,333 | 137,032 | 139,235 | 138,159 | 143,617 | 146,296 | 139,827 |
| 11 Africa | 1,403 | 1,030 | 1,383 | 1,305 | 1,404 | 1,433 | 1,659 | 1,439 | 1,802 |
| 12 Other countries[6] | 7,548 | 6,469 | 8,068 | 7,748 | 7,692 | 8,071 | 8,612 | 9,013 | 8,930 |

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

## 3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies[1]

Millions of dollars, end of period

| Item | 1987 | 1988 | 1989 | 1990 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Mar. | June | Sept. | Dec. |
| 1 Banks' own liabilities | 55,438 | 74,980 | 67,835 | 63,273 | 68,650 | 69,827 | 69,275[r] |
| 2 Banks' own claims | 51,271 | 68,983 | 65,127 | 61,082 | 66,680 | 68,064 | 66,108 |
| 3 Deposits | 18,861 | 25,100 | 20,491 | 21,585 | 20,281 | 23,718 | 25,526 |
| 4 Other claims | 32,410 | 43,884 | 44,636 | 39,497 | 46,399 | 44,346 | 40,582 |
| 5 Claims of banks' domestic customers[2] | 551 | 364 | 3,507 | 1,649 | 2,612 | 2,843 | 6,563 |

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

| Holder and type of liability | 1988 | 1989 | 1990 | 1990 | | | | 1991[r] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[p] |
| 1 **All foreigners** | **685,339** | **736,878** | **755,455** | **731,516** | **737,343** | **744,298** | **755,455** | **754,968** | **760,464** | **749,179** |
| 2 Banks' own liabilities | 514,532 | 577,498 | 577,424 | 561,795 | 564,094 | 561,298 | 577,424 | 569,835 | 576,112 | 568,854 |
| 3 Demand deposits | 21,863 | 22,032 | 21,734 | 22,085 | 20,212 | 19,680 | 21,734 | 19,696 | 20,130 | 20,218 |
| 4 Time deposits[2] | 152,164 | 168,780 | 168,096 | 159,040 | 158,674 | 162,289 | 168,096 | 159,427 | 162,287 | 164,029 |
| 5 Other[3] | 51,366 | 67,823 | 67,560 | 67,406 | 75,398 | 72,280 | 67,560 | 76,804 | 75,704 | 72,222 |
| 6 Own foreign offices[4] | 289,138 | 318,864 | 320,034 | 313,264 | 309,810 | 307,049 | 320,034 | 313,908 | 317,992 | 312,385 |
| 7 Banks' custody liabilities[5] | 170,807 | 159,380 | 178,031 | 169,721 | 173,250 | 183,000 | 178,031 | 185,132 | 184,352 | 180,324 |
| 8 U.S. Treasury bills and certificates[6] | 115,056 | 91,100 | 98,179 | 91,361 | 94,821 | 101,243 | 98,179 | 105,801 | 105,301 | 103,477 |
| 9 Other negotiable and readily transferable instruments[7] | 16,426 | 19,526 | 17,408 | 17,198 | 17,680 | 18,294 | 17,408 | 17,886 | 18,182 | 17,396 |
| 10 Other | 39,325 | 48,754 | 62,444 | 61,162 | 60,748 | 63,464 | 62,444 | 61,445 | 60,869 | 59,451 |
| 11 **Nonmonetary international and regional organizations**[8] | **3,224** | **4,894** | **5,918** | **6,422** | **5,404** | **5,324** | **5,918** | **7,908** | **6,555** | **6,270** |
| 12 Banks' own liabilities | 2,527 | 3,279 | 4,540 | 5,111 | 4,369 | 3,179 | 4,540 | 6,431 | 4,092 | 4,407 |
| 13 Demand deposits | 71 | 96 | 36 | 101 | 57 | 33 | 36 | 67 | 40 | 22 |
| 14 Time deposits[2] | 1,183 | 927 | 1,038 | 1,245 | 885 | 773 | 1,038 | 1,587 | 1,672 | 1,914 |
| 15 Other[3] | 1,272 | 2,255 | 3,467 | 3,765 | 3,427 | 2,373 | 3,467 | 4,776 | 2,381 | 2,471 |
| 16 Banks' custody liabilities[5] | 698 | 1,616 | 1,378 | 1,311 | 1,034 | 2,145 | 1,378 | 1,478 | 2,462 | 1,863 |
| 17 U.S. Treasury bills and certificates[6] | 57 | 197 | 364 | 479 | 248 | 1,077 | 364 | 423 | 1,620 | 1,103 |
| 18 Other negotiable and readily transferable instruments[7] | 641 | 1,417 | 1,014 | 817 | 782 | 1,022 | 1,014 | 1,005 | 842 | 760 |
| 19 Other | 0 | 2 | 0 | 15 | 5 | 46 | 0 | 50 | 0 | 0 |
| 20 **Official institutions**[9] | **135,241** | **113,481** | **117,988** | **112,673** | **117,137** | **123,390** | **117,988** | **123,970** | **125,675** | **124,568** |
| 21 Banks' own liabilities | 27,109 | 31,108 | 34,698 | 36,237 | 39,893 | 38,065 | 34,698 | 37,558 | 38,768 | 38,520 |
| 22 Demand deposits | 1,917 | 2,196 | 1,940 | 2,498 | 2,121 | 1,784 | 1,940 | 1,686 | 1,577 | 1,645 |
| 23 Time deposits[2] | 9,767 | 10,495 | 13,965 | 11,547 | 11,535 | 12,824 | 13,965 | 11,850 | 13,317 | 13,878 |
| 24 Other[3] | 15,425 | 18,417 | 18,793 | 22,192 | 26,237 | 23,457 | 18,793 | 24,022 | 23,873 | 22,998 |
| 25 Banks' custody liabilities[5] | 108,132 | 82,373 | 83,290 | 76,436 | 77,244 | 85,325 | 83,290 | 86,413 | 86,908 | 86,048 |
| 26 U.S. Treasury bills and certificates[6] | 103,722 | 76,985 | 78,493 | 72,472 | 72,457 | 80,220 | 78,493 | 82,520 | 82,611 | 82,484 |
| 27 Other negotiable and readily transferable instruments[7] | 4,130 | 5,028 | 4,594 | 3,676 | 4,361 | 4,725 | 4,594 | 3,712 | 3,923 | 3,472 |
| 28 Other | 280 | 361 | 203 | 289 | 427 | 380 | 203 | 180 | 374 | 92 |
| 29 **Banks**[10] | **459,523** | **515,275** | **537,076** | **517,854** | **514,636** | **519,067** | **537,076** | **524,635** | **531,810** | **523,458** |
| 30 Banks' own liabilities | 409,501 | 454,273 | 458,053 | 439,390 | 436,852 | 438,014 | 458,053 | 446,155 | 452,152 | 445,866 |
| 31 Unaffiliated foreign banks | 120,362 | 135,409 | 138,018 | 126,127 | 127,041 | 130,965 | 138,018 | 132,247 | 134,160 | 133,481 |
| 32 Demand deposits | 9,948 | 10,279 | 10,048 | 10,405 | 8,989 | 8,996 | 10,048 | 8,992 | 9,508 | 10,040 |
| 33 Time deposits[2] | 80,189 | 90,557 | 89,040 | 80,273 | 80,187 | 83,620 | 89,040 | 81,613 | 82,523 | 84,411 |
| 34 Other[3] | 30,226 | 34,573 | 38,930 | 35,449 | 37,866 | 38,349 | 38,930 | 41,641 | 42,129 | 39,031 |
| 35 Own foreign offices[4] | 289,138 | 318,864 | 320,034 | 313,264 | 309,810 | 307,049 | 320,034 | 313,908 | 317,992 | 312,385 |
| 36 Banks' custody liabilities[5] | 50,022 | 61,002 | 79,024 | 78,464 | 77,785 | 81,053 | 79,024 | 78,480 | 79,658 | 77,592 |
| 37 U.S. Treasury bills and certificates[6] | 7,602 | 9,367 | 12,958 | 13,002 | 13,642 | 13,510 | 12,958 | 12,803 | 13,937 | 13,506 |
| 38 Other negotiable and readily transferable instruments[7] | 5,725 | 5,124 | 5,356 | 6,184 | 5,840 | 5,841 | 5,356 | 6,129 | 6,498 | 6,398 |
| 39 Other | 36,694 | 46,510 | 60,710 | 59,278 | 58,303 | 61,701 | 60,710 | 59,548 | 59,222 | 57,688 |
| 40 **Other foreigners** | **87,351** | **103,228** | **94,473** | **94,566** | **100,166** | **96,518** | **94,473** | **98,454** | **96,424** | **94,882** |
| 41 Banks' own liabilities | 75,396 | 88,839 | 80,134 | 81,056 | 82,980 | 82,040 | 80,134 | 79,692 | 81,100 | 80,061 |
| 42 Demand deposits | 9,928 | 9,460 | 9,710 | 9,081 | 9,045 | 8,868 | 9,710 | 8,951 | 9,005 | 8,511 |
| 43 Time deposits[2] | 61,025 | 66,801 | 64,054 | 65,975 | 66,067 | 65,072 | 64,054 | 64,377 | 64,775 | 63,826 |
| 44 Other[3] | 4,443 | 12,577 | 6,370 | 6,000 | 7,868 | 8,100 | 6,370 | 6,365 | 7,321 | 7,723 |
| 45 Banks' custody liabilities[5] | 11,956 | 14,389 | 14,339 | 13,509 | 17,186 | 14,477 | 14,339 | 18,762 | 15,324 | 14,821 |
| 46 U.S. Treasury bills and certificates[6] | 3,675 | 4,551 | 6,363 | 5,408 | 8,476 | 6,436 | 6,363 | 10,055 | 7,133 | 6,384 |
| 47 Other negotiable and readily transferable instruments[7] | 5,929 | 7,958 | 6,445 | 6,521 | 6,697 | 6,705 | 6,445 | 7,040 | 6,919 | 6,766 |
| 48 Other | 2,351 | 1,880 | 1,531 | 1,580 | 2,013 | 1,336 | 1,531 | 1,667 | 1,272 | 1,671 |
| 49 MEMO: Negotiable time certificates of deposit in custody for foreigners | 6,425 | 7,203 | 7,022 | 6,346 | 6,199 | 6,466 | 7,022 | 6,963 | 6,718 | 7,157 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks. Data exclude "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

| Area and country | 1988 | 1989 | 1990 | 1990 | | | | 1991[r] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[p] |
| 1 **Total** | **685,339** | **736,878** | **755,455** | **731,516** | **737,343** | **744,298** | **755,455** | **754,968[r]** | **760,464[r]** | **749,179** |
| 2 **Foreign countries** | **682,115** | **731,984** | **749,537** | **725,094** | **731,940** | **738,974** | **749,537** | **747,059[r]** | **753,909[r]** | **742,909** |
| 3 Europe | 231,912 | 237,501 | 254,960 | 244,063 | 245,718 | 247,225 | 254,960 | 247,883[r] | 250,618[r] | 250,316 |
| 4 Austria | 1,155 | 1,233 | 1,229 | 1,433 | 1,401 | 1,385 | 1,229 | 1,615 | 1,567[r] | 1,632 |
| 5 Belgium–Luxembourg | 10,022 | 10,648 | 12,407 | 12,130 | 12,207 | 11,510 | 12,407 | 12,382 | 12,559 | 12,145 |
| 6 Denmark | 2,200 | 1,415 | 1,405 | 2,055 | 1,985 | 1,779 | 1,405 | 1,121 | 1,019 | 989 |
| 7 Finland | 285 | 570 | 602 | 392 | 660 | 422 | 602 | 404[r] | 489 | 662 |
| 8 France | 24,777 | 26,903 | 30,946 | 29,111 | 29,131 | 29,196 | 30,946 | 29,371[r] | 28,081 | 28,211 |
| 9 Germany | 6,772 | 7,578 | 7,386 | 7,815 | 8,438 | 8,196 | 7,386 | 8,262 | 9,604 | 9,076 |
| 10 Greece | 672 | 1,028 | 934 | 1,435 | 993 | 949 | 934 | 895 | 797 | 746 |
| 11 Italy | 14,599 | 16,169 | 17,736 | 16,259 | 16,732 | 16,051 | 17,736 | 16,167[r] | 17,353 | 17,368 |
| 12 Netherlands | 5,316 | 6,613 | 5,375 | 5,385 | 6,082 | 6,056 | 5,375 | 5,680[r] | 6,562 | 6,204 |
| 13 Norway | 1,559 | 2,401 | 2,358 | 1,951 | 1,875 | 2,330 | 2,358 | 2,181 | 2,078 | 2,121 |
| 14 Portugal | 903 | 2,418 | 2,958 | 2,992 | 2,985 | 2,959 | 2,958 | 2,877 | 2,684 | 2,778 |
| 15 Spain | 5,494 | 4,364 | 7,694 | 4,335 | 5,312 | 7,347 | 7,694 | 8,964 | 8,224 | 9,934 |
| 16 Sweden | 1,284 | 1,491 | 1,837 | 833 | 1,706 | 2,304 | 1,837 | 1,256 | 710[r] | 1,159 |
| 17 Switzerland | 34,199 | 34,496 | 36,915 | 34,537 | 34,239 | 34,031 | 36,915 | 35,570 | 37,391[r] | 38,613 |
| 18 Turkey | 1,012 | 1,818 | 1,169 | 1,634 | 1,451 | 1,358 | 1,169 | 1,124[r] | 1,195 | 1,480 |
| 19 United Kingdom | 111,811 | 102,362 | 109,527 | 104,728 | 100,983 | 103,034 | 109,527 | 102,371[r] | 103,842[r] | 102,938 |
| 20 Yugoslavia | 529 | 1,474 | 928 | 2,043 | 1,753 | 1,571 | 928 | 1,030 | 959[r] | 848 |
| 21 Other Western Europe[1] | 8,598 | 13,563 | 11,889 | 13,240 | 16,258 | 15,141 | 11,889 | 14,348[r] | 12,800[r] | 10,545 |
| 22 U.S.S.R | 138 | 350 | 119 | 240 | 234 | 220 | 119 | 196 | 88 | 142 |
| 23 Other Eastern Europe[2] | 591 | 608 | 1,546 | 1,515 | 1,294 | 1,388 | 1,546 | 2,071 | 2,614[r] | 2,722 |
| 24 Canada | 21,062 | 18,865 | 20,332 | 20,796 | 19,654 | 20,679 | 20,332 | 19,215[r] | 23,836[r] | 23,446 |
| 25 *Latin America and Caribbean* | 271,146 | 311,028 | 326,995 | 314,347 | 319,932 | 318,387 | 326,995 | 332,977[r] | 336,390[r] | 326,415 |
| 26 Argentina | 7,804 | 7,304 | 7,366 | 7,981 | 7,722 | 7,664 | 7,366 | 7,659 | 7,678[r] | 7,870 |
| 27 Bahamas | 86,863 | 99,341 | 107,311 | 97,998 | 98,330 | 97,689 | 107,311 | 105,055[r] | 102,377[r] | 96,373 |
| 28 Bermuda | 2,621 | 2,884 | 2,809 | 2,641 | 2,482 | 2,518 | 2,809 | 3,101 | 3,037[r] | 2,871 |
| 29 Brazil | 5,314 | 6,351 | 5,853 | 6,150 | 5,915 | 6,470 | 5,853 | 5,945[r] | 6,268[r] | 6,507 |
| 30 British West Indies | 113,840 | 138,309 | 140,569 | 139,440 | 144,374 | 141,385 | 140,569 | 148,066[r] | 153,930[r] | 149,960 |
| 31 Chile | 2,936 | 3,212 | 3,145 | 3,134 | 3,170 | 3,422 | 3,145 | 3,188[r] | 3,064 | 2,995 |
| 32 Colombia | 4,374 | 4,653 | 4,492 | 3,926 | 4,285 | 4,251 | 4,492 | 4,467 | 4,308 | 3,786 |
| 33 Cuba | 10 | 10 | 11 | 10 | 49 | 9 | 11 | 18 | 8 | 7 |
| 34 Ecuador | 1,379 | 1,391 | 1,379 | 1,348 | 1,314 | 1,310 | 1,379 | 1,359 | 1,332 | 1,319 |
| 35 Guatemala | 1,195 | 1,312 | 1,541 | 1,517 | 1,485 | 1,478 | 1,541 | 1,564 | 1,580 | 1,617 |
| 36 Jamaica | 269 | 209 | 257 | 217 | 219 | 228 | 257 | 224 | 256[r] | 268 |
| 37 Mexico | 15,185 | 15,423 | 16,769 | 16,701 | 16,680 | 16,501 | 16,769 | 17,053[r] | 17,300[r] | 17,557 |
| 38 Netherlands Antilles | 6,420 | 6,310 | 7,381 | 6,554 | 7,101 | 7,350 | 7,381 | 7,100 | 6,942 | 6,600 |
| 39 Panama | 4,353 | 4,362 | 4,575 | 4,636 | 4,617 | 4,644 | 4,575 | 4,336 | 4,340 | 4,506 |
| 40 Peru | 1,671 | 1,984 | 1,295 | 1,362 | 1,360 | 1,327 | 1,295 | 1,347 | 1,323 | 1,364 |
| 41 Uruguay | 1,898 | 2,284 | 2,520 | 2,512 | 2,512 | 2,446 | 2,520 | 2,595 | 2,640 | 2,512 |
| 42 Venezuela | 9,147 | 9,482 | 12,945 | 11,107 | 11,365 | 13,001 | 12,945 | 12,846[r] | 12,951[r] | 13,174 |
| 43 Other | 5,868 | 6,206 | 6,779 | 7,113 | 6,951 | 6,693 | 6,779 | 7,053 | 7,055[r] | 7,127 |
| 44 Asia | 147,838 | 156,201 | 138,060 | 136,878 | 137,241 | 143,684 | 138,060 | 136,920[r] | 133,569[r] | 133,598 |
| China | | | | | | | | | | |
| 45 Mainland | 1,895 | 1,773 | 2,421 | 2,115 | 2,173 | 2,493 | 2,421 | 2,866 | 2,724[r] | 3,031 |
| 46 Taiwan | 26,058 | 19,588 | 11,277 | 12,468 | 12,237 | 11,418 | 11,277 | 11,119[r] | 11,154[r] | 11,178 |
| 47 Hong Kong | 12,248 | 12,416 | 12,689 | 13,836 | 13,767 | 13,843 | 12,689 | 14,868[r] | 14,744 | 15,724 |
| 48 India | 699 | 780 | 1,225 | 1,005 | 953 | 1,116 | 1,225 | 1,464[r] | 1,628 | 1,175 |
| 49 Indonesia | 1,180 | 1,281 | 1,238 | 1,397 | 1,261 | 1,261 | 1,238 | 1,191[r] | 1,719 | 1,941 |
| 50 Israel | 1,461 | 1,243 | 2,767 | 942 | 921 | 3,075 | 2,767 | 2,823 | 2,509[r] | 2,966 |
| 51 Japan | 74,015 | 81,184 | 68,290 | 68,934 | 67,925 | 69,137 | 68,290 | 64,182[r] | 62,257[r] | 57,361 |
| 52 Korea | 2,541 | 3,215 | 2,280 | 2,560 | 2,442 | 2,732 | 2,280 | 2,406[r] | 2,180 | 2,214 |
| 53 Philippines | 1,163 | 1,766 | 1,585 | 1,340 | 1,274 | 1,549 | 1,585 | 1,455 | 1,655 | 1,609 |
| 54 Thailand | 1,236 | 2,093 | 1,443 | 1,626 | 1,448 | 1,681 | 1,443 | 2,228 | 2,148[r] | 2,403 |
| 55 Middle-East oil-exporting countries[3] | 12,083 | 13,370 | 15,844 | 14,044 | 16,412 | 17,431 | 15,844 | 14,734 | 13,721[r] | 15,809 |
| 56 Other | 13,260 | 17,491 | 17,002 | 16,611 | 16,428 | 17,949 | 17,002 | 17,584[r] | 17,131 | 18,189 |
| 57 Africa | 3,991 | 3,824 | 4,630 | 4,152 | 4,225 | 4,390 | 4,630 | 5,177 | 5,157 | 4,910 |
| 58 Egypt | 911 | 686 | 1,425 | 970 | 1,099 | 996 | 1,425 | 1,476 | 1,416 | 1,449 |
| 59 Morocco | 68 | 78 | 104 | 93 | 87 | 90 | 104 | 107 | 90 | 91 |
| 60 South Africa | 437 | 206 | 228 | 393 | 235 | 283 | 228 | 212 | 317 | 312 |
| 61 Zaire | 85 | 86 | 53 | 44 | 45 | 55 | 53 | 55[r] | 50[r] | 52 |
| 62 Oil-exporting countries[4] | 1,017 | 1,121 | 1,110 | 966 | 1,050 | 1,288 | 1,110 | 1,508 | 1,528 | 1,369 |
| 63 Other | 1,474 | 1,648 | 1,710 | 1,687 | 1,708 | 1,678 | 1,710 | 1,819[r] | 1,755 | 1,636 |
| 64 Other countries | 6,165 | 4,564 | 4,560 | 4,858 | 5,169 | 4,610 | 4,560 | 4,888 | 4,339 | 4,225 |
| 65 Australia | 5,293 | 3,867 | 3,807 | 4,127 | 4,371 | 3,804 | 3,807 | 3,882 | 3,433 | 3,131 |
| 66 All other | 872 | 697 | 753 | 732 | 797 | 807 | 753 | 1,007 | 906 | 1,094 |
| 67 Nonmonetary international and regional organizations | 3,224 | 4,894 | 5,918 | 6,422 | 5,404 | 5,324 | 5,918 | 7,908[r] | 6,555 | 6,270 |
| 68 International[5] | 2,503 | 3,947 | 4,390 | 5,198 | 4,289 | 4,203 | 4,390 | 6,428[r] | 4,880 | 4,709 |
| 69 Latin American regional | 589 | 684 | 1,048 | 668 | 627 | 809 | 1,048 | 975 | 1,235 | 1,170 |
| 70 Other regional[6] | 133 | 263 | 479 | 556 | 487 | 312 | 479 | 506 | 440 | 391 |

1. Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23.
2. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Excludes "holdings of dollars" of the International Monetary Fund.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

## 3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

| Area and country | 1988 | 1989 | 1990 | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb.r | 1991 Mar.p |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Total** | **491,165** | **534,492** | **512,323** | **493,463** | **495,593** | **505,352** | **512,323** | **497,293r** | **508,329** | **492,849** |
| 2 ***Foreign countries*** | **489,094** | **530,630** | **507,529** | **488,115** | **491,309** | **500,202** | **507,529** | **494,672r** | **504,579** | **489,984** |
| 3 Europe | 116,928 | 119,025 | 113,737 | 105,406 | 103,631 | 107,189 | 113,737 | 108,431r | 107,841 | 104,357 |
| 4 Austria | 483 | 415 | 362 | 369 | 247 | 268 | 362 | 248r | 400 | 270 |
| 5 Belgium–Luxembourg | 8,515 | 6,478 | 5,458 | 5,629 | 5,147 | 6,441 | 5,458 | 6,169 | 5,905 | 5,655 |
| 6 Denmark | 483 | 582 | 497 | 659 | 489 | 842 | 497 | 567r | 472 | 580 |
| 7 Finland | 1,065 | 1,027 | 1,047 | 972 | 814 | 861 | 1,047 | 1,083r | 1,381 | 1,172 |
| 8 France | 13,243 | 16,146 | 14,531 | 14,403 | 13,750 | 13,386 | 14,531 | 15,202r | 14,357 | 14,915 |
| 9 Germany | 2,329 | 2,865 | 3,449 | 3,403 | 3,242 | 3,634 | 3,449 | 3,562 | 3,620 | 3,315 |
| 10 Greece | 433 | 788 | 729 | 686 | 729 | 720 | 729 | 653 | 654 | 667 |
| 11 Italy | 7,936 | 6,662 | 6,066 | 4,629 | 5,070 | 5,171 | 6,066 | 6,141r | 5,846 | 6,784 |
| 12 Netherlands | 2,541 | 1,904 | 1,736 | 2,219 | 1,711 | 1,849 | 1,736 | 1,938 | 2,093 | 2,128 |
| 13 Norway | 455 | 609 | 777 | 744 | 732 | 661 | 777 | 701 | 670 | 765 |
| 14 Portugal | 261 | 376 | 304 | 407 | 444 | 368 | 304 | 345 | 314 | 370 |
| 15 Spain | 1,823 | 1,930 | 2,758 | 2,312 | 2,373 | 2,584 | 2,758 | 2,864r | 2,526 | 3,339 |
| 16 Sweden | 1,977 | 1,773 | 2,073 | 2,332 | 2,577 | 2,251 | 2,073 | 2,145r | 2,306 | 2,305 |
| 17 Switzerland | 3,895 | 6,141 | 4,473 | 4,043 | 3,475 | 3,995 | 4,473 | 2,082r | 2,548 | 3,298 |
| 18 Turkey | 1,233 | 1,071 | 1,405 | 1,377 | 1,371 | 1,346 | 1,405 | 1,377r | 1,509 | 1,537 |
| 19 United Kingdom | 65,706 | 65,527 | 65,312 | 57,833 | 58,267 | 59,919 | 65,312 | 60,548r | 60,375 | 53,761 |
| 20 Yugoslavia | 1,390 | 1,329 | 1,142 | 1,120 | 1,226 | 1,160 | 1,142 | 1,084 | 980 | 991 |
| 21 Other Western Europe[2] | 1,152 | 1,302 | 587 | 690 | 667 | 619 | 587 | 705 | 841 | 1,131 |
| 22 U.S.S.R. | 1,255 | 1,179 | 530 | 940 | 825 | 653 | 530 | 505 | 501 | 781 |
| 23 Other Eastern Europe[3] | 754 | 921 | 499 | 640 | 474 | 459 | 499 | 512 | 545 | 593 |
| 24 Canada | 18,889 | 15,451 | 16,091 | 15,445 | 16,185 | 14,295 | 16,091 | 16,952r | 19,364 | 17,004 |
| 25 Latin America and Caribbean | 214,264 | 230,438 | 230,043 | 211,853 | 217,247 | 228,593 | 230,043 | 229,577r | 234,808 | 228,847 |
| 26 Argentina | 11,826 | 9,270 | 6,874 | 7,549 | 7,028 | 7,024 | 6,874 | 6,727 | 6,601 | 6,481 |
| 27 Bahamas | 66,954 | 77,921 | 76,504 | 71,534 | 71,934 | 71,026 | 76,504 | 78,334 | 79,648 | 72,004 |
| 28 Bermuda | 483 | 1,315 | 4,006 | 3,736 | 3,662 | 4,291 | 4,006 | 1,771 | 2,699 | 2,962 |
| 29 Brazil | 25,735 | 23,749 | 17,994 | 18,651 | 18,626 | 18,393 | 17,994 | 17,953 | 17,943 | 18,328 |
| 30 British West Indies | 55,888 | 68,749 | 87,061 | 73,601 | 78,046 | 86,333 | 87,061 | 93,924 | 97,217 | 98,974 |
| 31 Chile | 5,217 | 4,353 | 3,271 | 3,264 | 3,372 | 3,373 | 3,271 | 3,227 | 3,239 | 3,164 |
| 32 Colombia | 2,944 | 2,784 | 2,585 | 2,563 | 2,544 | 2,531 | 2,585 | 2,555 | 2,528 | 2,441 |
| 33 Cuba | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| 34 Ecuador | 2,075 | 1,688 | 1,387 | 1,498 | 1,487 | 1,499 | 1,387 | 1,361 | 1,361 | 1,325 |
| 35 Guatemala[4] | 198 | 197 | 191 | 215 | 211 | 152 | 191 | 193 | 191 | 199 |
| 36 Jamaica[4] | 212 | 297 | 238 | 254 | 262 | 265 | 238 | 243 | 171 | 180 |
| 37 Mexico | 24,637 | 23,376 | 15,068 | 15,366 | 15,359 | 15,380 | 15,068 | 14,661r | 14,848 | 15,044 |
| 38 Netherlands Antilles | 1,306 | 1,921 | 7,998 | 1,818 | 3,310 | 7,386 | 7,998 | 2,199 | 1,604 | 1,302 |
| 39 Panama | 2,521 | 1,740 | 1,471 | 1,556 | 1,463 | 1,449 | 1,471 | 1,534 | 1,502 | 1,538 |
| 40 Peru | 1,013 | 771 | 663 | 649 | 667 | 730 | 663 | 659 | 694 | 702 |
| 41 Uruguay | 910 | 929 | 786 | 804 | 794 | 787 | 786 | 767 | 626 | 588 |
| 42 Venezuela | 10,733 | 9,652 | 2,611 | 7,274 | 7,102 | 6,585 | 2,611 | 2,118r | 2,254 | 2,168 |
| 43 Other Latin America and Caribbean | 1,612 | 1,726 | 1,334 | 1,521 | 1,382 | 1,390 | 1,334 | 1,351 | 1,683 | 1,449 |
| 44 Asia | 130,881 | 157,474 | 140,216 | 147,580 | 146,800 | 142,577 | 140,216 | 132,033r | 135,078 | 132,213 |
| China | | | | | | | | | | |
| Mainland | 762 | 634 | 620 | 542 | 639 | 689 | 620 | 565 | 497 | 655 |
| 46 Taiwan | 4,184 | 2,776 | 1,934 | 1,681 | 1,061 | 1,586 | 1,934 | 1,776 | 1,475 | 1,243 |
| 47 Hong Kong | 10,143 | 11,128 | 10,644 | 9,026 | 8,478 | 8,506 | 10,644 | 8,250 | 8,792 | 9,738 |
| 48 India | 560 | 621 | 655 | 864 | 524 | 540 | 655 | 624 | 590 | 530 |
| 49 Indonesia | 674 | 651 | 933 | 826 | 896 | 923 | 933 | 926 | 1,081 | 1,135 |
| 50 Israel | 1,136 | 813 | 774 | 698 | 688 | 758 | 774 | 934 | 842 | 910 |
| 51 Japan | 90,149 | 111,300 | 92,023 | 106,549 | 106,369 | 100,083 | 92,023 | 91,035r | 90,814 | 85,388 |
| 52 Korea | 5,213 | 5,323 | 5,737 | 5,688 | 5,533 | 5,533 | 5,737 | 5,980r | 6,007 | 6,217 |
| 53 Philippines | 1,876 | 1,344 | 1,247 | 1,333 | 1,206 | 1,175 | 1,247 | 1,230 | 1,261 | 1,440 |
| 54 Thailand | 848 | 1,140 | 1,573 | 1,279 | 1,444 | 1,523 | 1,573 | 1,587 | 1,791 | 1,973 |
| 55 Middle East oil-exporting countries[5] | 6,213 | 10,149 | 10,984 | 10,430 | 11,098 | 10,947 | 10,984 | 9,109r | 12,255 | 12,493 |
| 56 Other Asia | 9,122 | 11,594 | 13,092 | 8,663 | 8,865 | 10,314 | 13,092 | 10,016 | 9,673 | 10,489 |
| 57 Africa | 5,718 | 5,890 | 5,445 | 5,544 | 5,601 | 5,705 | 5,445 | 5,439r | 5,424 | 5,484 |
| 58 Egypt | 507 | 502 | 380 | 430 | 411 | 383 | 380 | 384 | 314 | 304 |
| 59 Morocco | 511 | 559 | 513 | 542 | 534 | 519 | 513 | 514 | 511 | 538 |
| 60 South Africa | 1,681 | 1,628 | 1,525 | 1,594 | 1,576 | 1,726 | 1,525 | 1,517r | 1,518 | 1,628 |
| 61 Zaire | 17 | 16 | 16 | 20 | 19 | 19 | 16 | 17 | 21 | 17 |
| 62 Oil-exporting countries[6] | 1,523 | 1,648 | 1,486 | 1,534 | 1,510 | 1,492 | 1,486 | 1,467r | 1,478 | 1,452 |
| 63 Other | 1,479 | 1,537 | 1,525 | 1,424 | 1,551 | 1,566 | 1,525 | 1,539r | 1,582 | 1,544 |
| 64 Other countries | 2,413 | 2,354 | 1,998 | 2,287 | 1,845 | 1,843 | 1,998 | 2,240 | 2,063 | 2,079 |
| 65 Australia | 1,520 | 1,781 | 1,518 | 1,863 | 1,416 | 1,483 | 1,518 | 1,674 | 1,547 | 1,468 |
| 66 All other | 894 | 573 | 479 | 424 | 429 | 360 | 479 | 566 | 517 | 611 |
| 67 Nonmonetary international and regional organizations[7] | 2,071 | 3,862 | 4,793 | 5,347 | 4,284 | 5,151 | 4,793 | 2,621 | 3,751 | 2,864 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
3. Beginning April 1978 comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
4. Included in "Other Latin America and Caribbean" through March 1978.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

## 3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

| Type of claim | 1988 | 1989 | 1990 | 1990 | | | | 1991r | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.p |
| 1 **Total** | **538,689** | **593,087** | **581,614** | **559,263** | ........ | ........ | **581,614** | ........ | ........ | ........ |
| 2 Banks' own claims on foreigners | 491,165 | 534,492 | 512,323 | 493,463 | 495,593 | 505,352 | 512,323 | 497,293 | 508,329 | 492,849 |
| 3 Foreign public borrowers | 62,658 | 60,511 | 41,927 | 48,423 | 46,714 | 46,903 | 41,927 | 38,870 | 43,692 | 43,907 |
| 4 Own foreign offices[2] | 257,436 | 296,011 | 303,127 | 278,948 | 281,529 | 291,011 | 303,127 | 298,964 | 304,485 | 294,045 |
| 5 Unaffiliated foreign banks | 129,425 | 134,885 | 119,690 | 125,045 | 124,833 | 121,447 | 119,690 | 117,647 | 117,624 | 111,289 |
| 6 Deposits | 65,898 | 78,185 | 67,673 | 72,393 | 72,132 | 68,441 | 67,673 | 69,200 | 69,116 | 63,211 |
| 7 Other | 63,527 | 56,700 | 52,017 | 52,652 | 52,701 | 53,006 | 52,017 | 48,446 | 48,508 | 48,078 |
| 8 All other foreigners | 41,646 | 43,085 | 47,579 | 41,046 | 42,517 | 45,992 | 47,579 | 41,812 | 42,528 | 43,608 |
| 9 Claims of banks' domestic customers[3] | 47,524 | 58,594 | 69,291 | 65,801 | ........ | ........ | 69,291 | ........ | ........ | ........ |
| 10 Deposits | 8,289 | 13,019 | 17,272 | 14,707 | ........ | ........ | 17,272 | ........ | ........ | ........ |
| 11 Negotiable and readily transferable instruments[4] | 25,700 | 30,983 | 33,430 | 34,094 | ........ | ........ | 33,430 | ........ | ........ | ........ |
| 12 Outstanding collections and other claims | 13,535 | 14,592 | 18,588 | 16,999 | ........ | ........ | 18,588 | ........ | ........ | ........ |
| 13 MEMO: Customer liability on acceptances | 19,596 | 12,899 | 13,583r | 12,860 | ........ | ........ | 13,583r | ........ | ........ | ........ |
| Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5] | 45,360 | 45,509 | 43,395r | 43,016 | 42,827 | 48,405 | 43,395r | 45,259 | 41,491 | n.a. |

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.
Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 *Bulletin*, p. 550.

## 3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

| Maturity; by borrower and area | 1987 | 1988 | 1989 | 1990 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Mar. | June | Sept. | Dec.r |
| 1 **Total** | **235,130** | **233,184** | **238,123** | **211,640** | **208,443** | **213,898** | **208,026** |
| *By borrower* | | | | | | | |
| 2 Maturity of 1 year or less[2] | 163,997 | 172,634 | 178,346 | 160,129 | 159,164 | 166,687 | 168,085 |
| 3 Foreign public borrowers | 25,889 | 26,562 | 23,916 | 23,345 | 20,778 | 21,770 | 20,717 |
| 4 All other foreigners | 138,108 | 146,071 | 154,430 | 136,784 | 138,387 | 144,917 | 147,368 |
| 5 Maturity over 1 year[2] | 71,133 | 60,550 | 59,776 | 51,510 | 49,279 | 47,211 | 39,941 |
| 6 Foreign public borrowers | 38,625 | 35,291 | 36,014 | 27,894 | 27,961 | 26,213 | 20,928 |
| 7 All other foreigners | 32,507 | 25,259 | 23,762 | 23,616 | 21,318 | 20,998 | 19,013 |
| *By area* | | | | | | | |
| Maturity of 1 year or less[2] | | | | | | | |
| 8 Europe | 59,027 | 55,909 | 53,913 | 48,484 | 49,312 | 51,579 | 49,235 |
| 9 Canada | 5,680 | 6,282 | 5,910 | 5,680 | 5,720 | 5,520 | 5,439 |
| 10 Latin America and Caribbean | 56,535 | 57,991 | 53,003 | 46,415 | 44,332 | 43,941 | 49,314 |
| 11 Asia | 35,919 | 46,224 | 57,755 | 51,768 | 51,126 | 56,366 | 55,785 |
| 12 Africa | 2,833 | 3,337 | 3,225 | 3,166 | 2,991 | 2,951 | 3,040 |
| 13 All other[3] | 4,003 | 2,891 | 4,541 | 4,616 | 5,683 | 6,330 | 5,273 |
| Maturity of over 1 year[2] | | | | | | | |
| 14 Europe | 6,696 | 4,666 | 4,121 | 4,389 | 4,201 | 4,426 | 3,871 |
| 15 Canada | 2,661 | 1,922 | 2,353 | 2,712 | 2,819 | 3,033 | 3,291 |
| 16 Latin America and Caribbean | 53,817 | 47,547 | 45,816 | 35,529 | 33,189 | 31,295 | 25,975 |
| 17 Asia | 3,830 | 3,613 | 4,172 | 5,552 | 5,866 | 5,646 | 3,869 |
| 18 Africa | 1,747 | 2,301 | 2,630 | 2,764 | 2,739 | 2,544 | 2,374 |
| 19 All other[3] | 2,381 | 501 | 684 | 565 | 465 | 266 | 561 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Remaining time to maturity.
3. Includes nonmonetary international and regional organizations.

## 3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1,2]

Billions of dollars, end of period

| Area or country | 1987 | 1988 | 1989 | | | | 1990 | | | | 1991 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Mar. | June | Sept. | Dec. | Mar. | June | Sept. | Dec. | Mar.[p] |
| 1 **Total** | **382.4** | **346.3** | **346.3** | **340.0** | **346.5** | **338.8** | **334.1** | **322.2** | **332.8** | **318.6[r]** | **324.2** |
| 2 G-10 countries and Switzerland | 159.7 | 152.7 | 145.5 | 145.1 | 146.4 | 152.9 | 146.9 | 140.0 | 145.2 | 133.7[r] | 130.6 |
| 3 Belgium-Luxembourg | 10.0 | 9.0 | 8.6 | 7.8 | 6.9 | 6.3 | 6.6 | 6.2 | 6.5 | 5.9 | 6.1 |
| 4 France | 13.7 | 10.5 | 11.2 | 10.8 | 11.1 | 11.7 | 10.5 | 10.3 | 11.1 | 10.4 | 9.7 |
| 5 Germany | 12.6 | 10.3 | 10.2 | 10.6 | 10.4 | 10.5 | 11.2 | 11.2 | 11.2 | 10.7 | 8.7 |
| 6 Italy | 7.5 | 6.8 | 5.2 | 6.1 | 6.8 | 7.4 | 6.0 | 5.4 | 4.5 | 5.0 | 4.1 |
| 7 Netherlands | 4.1 | 2.7 | 2.8 | 2.8 | 2.4 | 3.1 | 3.1 | 2.7 | 3.8 | 2.9 | 3.3 |
| 8 Sweden | 2.1 | 1.8 | 2.3 | 1.8 | 2.0 | 2.0 | 2.1 | 2.3 | 2.3 | 2.1 | 2.0 |
| 9 Switzerland | 5.6 | 5.4 | 5.1 | 5.4 | 6.1 | 7.1 | 6.3 | 6.4 | 5.7 | 4.7 | 3.8 |
| 10 United Kingdom | 68.8 | 66.2 | 65.6 | 64.5 | 63.7 | 67.2 | 64.0 | 59.9 | 62.7[r] | 60.9[r] | 62.5 |
| 11 Canada | 5.5 | 5.0 | 4.0 | 5.1 | 5.9 | 5.4 | 4.8 | 5.2 | 5.1 | 5.9[r] | 6.7 |
| 12 Japan | 29.8 | 34.9 | 30.5 | 30.2 | 31.0 | 32.2 | 32.4 | 30.4 | 32.4[r] | 25.1 | 23.7 |
| 13 Other developed countries | 26.4 | 21.0 | 21.1 | 21.2 | 21.0 | 20.7 | 23.1 | 22.6 | 23.2 | 22.8 | 23.1 |
| 14 Austria | 1.9 | 1.5 | 1.4 | 1.7 | 1.5 | 1.5 | 1.5 | 1.5 | 1.6 | 1.4 | 1.4 |
| 15 Denmark | 1.7 | 1.1 | 1.1 | 1.4 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | .9 |
| 16 Finland | 1.2 | 1.1 | 1.0 | 1.0 | 1.1 | 1.0 | 1.1 | .9 | .8 | .7 | 1.0 |
| 17 Greece | 2.0 | 1.8 | 2.1 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.7 | 2.5 |
| 18 Norway | 2.2 | 1.8 | 1.6 | 1.8 | 1.4 | 1.4 | 1.7 | 1.4 | 1.5 | 1.6 | 1.5 |
| 19 Portugal | .6 | .4 | .4 | .6 | .4 | .4 | .4 | .8 | .6 | .6 | .6 |
| 20 Spain | 8.0 | 6.2 | 6.6 | 6.2 | 6.9 | 7.1 | 8.3 | 7.9 | 8.5 | 8.4 | 9.0 |
| 21 Turkey | 2.0 | 1.5 | 1.3 | 1.1 | 1.2 | 1.2 | 1.3 | 1.4 | 1.6 | 1.7 | 1.7 |
| 22 Other Western Europe | 1.6 | 1.3 | 1.1 | 1.1 | 1.0 | .7 | 1.0 | 1.1 | .7 | .9 | .8 |
| 23 South Africa | 2.9 | 2.4 | 2.2 | 2.1 | 2.1 | 2.0 | 2.0 | 1.9 | 1.9 | 1.8 | 1.8 |
| 24 Australia | 2.4 | 1.8 | 2.4 | 1.9 | 2.1 | 1.6 | 2.1 | 1.9 | 2.0 | 1.9 | 1.9 |
| 25 OPEC countries[3] | 17.4 | 16.6 | 16.2 | 16.1 | 16.2 | 17.1 | 15.5 | 15.3 | 14.4 | 13.1 | 17.2 |
| 26 Ecuador | 1.9 | 1.7 | 1.6 | 1.5 | 1.5 | 1.3 | 1.2 | 1.1 | 1.1 | 1.0 | .9 |
| 27 Venezuela | 8.1 | 7.9 | 7.9 | 7.5 | 7.4 | 7.0 | 6.1 | 6.0 | 6.0 | 5.0 | 5.1 |
| 28 Indonesia | 1.9 | 1.7 | 1.7 | 1.9 | 2.0 | 2.0 | 2.1 | 2.0 | 2.3 | 2.7 | 2.8 |
| 29 Middle East countries | 3.6 | 3.4 | 3.3 | 3.4 | 3.5 | 5.0 | 4.3 | 4.4 | 3.3 | 2.8 | 6.7 |
| 30 African countries | 1.9 | 1.9 | 1.7 | 1.6 | 1.9 | 1.7 | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 |
| 31 Non-OPEC developing countries | 97.8 | 85.3 | 85.9 | 83.4 | 81.2 | 77.5 | 68.8 | 66.6 | 67.2[r] | 65.5 | 66.0 |
| *Latin America* | | | | | | | | | | | |
| 32 Argentina | 9.5 | 9.0 | 8.5 | 7.9 | 7.6 | 6.3 | 5.5 | 5.1 | 4.9 | 4.9 | 4.6 |
| 33 Brazil | 24.7 | 22.4 | 22.8 | 22.1 | 20.9 | 19.0 | 17.5 | 16.7 | 15.4 | 14.4 | 14.0 |
| 34 Chile | 6.9 | 5.6 | 5.7 | 5.2 | 4.9 | 4.6 | 4.3 | 3.7 | 3.6 | 3.5 | 3.6 |
| 35 Colombia | 2.0 | 2.1 | 1.9 | 1.7 | 1.6 | 1.8 | 1.8 | 1.7 | 1.8 | 1.8 | 1.7 |
| 36 Mexico | 23.5 | 18.8 | 18.3 | 17.7 | 17.2 | 17.7 | 12.7 | 12.6 | 13.1 | 13.2 | 13.1 |
| 37 Peru | 1.1 | .8 | .7 | .6 | .6 | .6 | .5 | .5 | .5 | .5 | .5 |
| 38 Other Latin America | 2.8 | 2.6 | 2.7 | 2.6 | 2.9 | 2.8 | 2.7 | 2.3 | 2.4 | 2.3 | 2.3 |
| *Asia* | | | | | | | | | | | |
| China | | | | | | | | | | | |
| 39 Mainland | .3 | .3 | .5 | .3 | .3 | .3 | .3 | .2 | .2 | .2 | .3 |
| 40 Taiwan | 8.2 | 3.7 | 4.9 | 5.2 | 5.0 | 4.5 | 3.8 | 3.6 | 4.0[r] | 3.5 | 3.5 |
| 41 India | 1.9 | 2.1 | 2.6 | 2.4 | 2.7 | 3.1 | 3.5 | 3.6 | 3.6 | 3.3 | 3.5 |
| 42 Israel | 1.0 | 1.2 | .9 | .8 | .7 | .7 | .6 | .7 | .6 | .5 | .5 |
| 43 Korea (South) | 5.0 | 6.1 | 6.1 | 6.6 | 6.5 | 5.9 | 5.3 | 5.6 | 6.2 | 6.2 | 6.7 |
| 44 Malaysia | 1.5 | 1.6 | 1.7 | 1.6 | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 1.9 | 2.0 |
| 45 Philippines | 5.2 | 4.5 | 4.4 | 4.4 | 4.0 | 4.1 | 3.7 | 3.9 | 3.9 | 3.8 | 3.7 |
| 46 Thailand | .7 | 1.1 | 1.0 | 1.0 | 1.3 | 1.3 | 1.1 | 1.3 | 1.5 | 1.5 | 1.9 |
| 47 Other Asia | .7 | .9 | .8 | .8 | 1.0 | 1.0 | 1.2 | 1.1 | 1.6 | 1.7 | 2.1 |
| *Africa* | | | | | | | | | | | |
| 48 Egypt | .6 | .4 | .5 | .6 | .5 | .4 | .4 | .5 | .4 | .4 | .4 |
| 49 Morocco | .9 | .9 | .9 | .9 | .8 | .9 | .9 | .9 | .9 | .8 | .8 |
| 50 Zaire | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 51 Other Africa[4] | 1.3 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | .9 | .8 | .8 | 1.0 | .8 |
| 52 Eastern Europe | 3.2 | 3.6 | 3.5 | 3.4 | 3.5 | 3.5 | 3.4 | 2.9 | 2.7 | 2.3 | 2.0 |
| 53 U.S.S.R. | .3 | .7 | .7 | .6 | .8 | .7 | .8 | .4 | .4 | .2 | .3 |
| 54 Yugoslavia | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 1.6 | 1.4 | 1.4 | 1.3 | 1.2 | 1.0 |
| 55 Other | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.3 | 1.2 | 1.1 | 1.1 | .9 | .7 |
| 56 Offshore banking centers | 54.5 | 44.2 | 48.7 | 43.2 | 49.2 | 36.6 | 42.9 | 40.1 | 41.8[r] | 40.5[r] | 46.5 |
| 57 Bahamas | 17.3 | 11.0 | 15.8 | 11.0 | 11.4 | 5.5 | 9.2 | 8.5 | 8.9 | 2.8 | 7.8 |
| 58 Bermuda | .6 | .9 | 1.1 | .7 | 1.3 | 1.7 | .9 | 2.2 | 4.0 | 4.3 | 3.3 |
| 59 Cayman Islands and other British West Indies | 13.5 | 12.9 | 12.2 | 10.8 | 15.3 | 9.0 | 10.9 | 8.5 | 9.0 | 10.0 | 12.6 |
| 60 Netherlands Antilles | 1.2 | 1.0 | .9 | 1.0 | 1.1 | 2.3 | 2.6 | 2.3 | 2.2 | 7.9 | 1.1 |
| 61 Panama[5] | 3.7 | 2.5 | 2.2 | 1.9 | 1.5 | 1.4 | 1.3 | 1.4 | 1.5 | 1.4 | 1.6 |
| 62 Lebanon | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 |
| 63 Hong Kong | 11.2 | 9.6 | 9.6 | 10.4 | 10.7 | 9.7 | 9.8 | 10.0 | 8.7[r] | 7.4[r] | 11.3 |
| 64 Singapore | 7.0 | 6.1 | 6.8 | 7.3 | 7.8 | 7.0 | 8.0 | 7.0 | 7.5[r] | 6.4[r] | 8.7 |
| 65 Others[6] | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 66 Miscellaneous and unallocated[7] | 23.2 | 22.6 | 25.0 | 27.4 | 28.7 | 30.3 | 33.3 | 34.5 | 38.1[r] | 40.6[r] | 38.5 |

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. This group comprises the 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).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

## 3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

| Type, and area or country | 1987 | 1988 | 1989 | 1989 Sept. | 1989 Dec. | 1990 Mar. | 1990 June | 1990 Sept. | 1990 Dec. |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Total** | **28,302** | **32,952** | **38,653** | **36,544** | **38,653** | **38,832** | **39,642** | **44,557** | **42,180** |
| 2 Payable in dollars | 22,785 | 27,335 | 33,808 | 31,683 | 33,808 | 34,463 | 35,090 | 39,431 | 37,812 |
| 3 Payable in foreign currencies | 5,517 | 5,617 | 4,846 | 4,861 | 4,846 | 4,369 | 4,552 | 5,126 | 4,368 |
| *By type* | | | | | | | | | |
| 4 Financial liabilities | 12,424 | 14,507 | 18,365 | 17,141 | 18,365 | 17,928 | 19,495 | 20,484 | 17,935 |
| 5 Payable in dollars | 8,643 | 10,608 | 14,462 | 13,289 | 14,462 | 14,635 | 16,055 | 16,644 | 14,712 |
| 6 Payable in foreign currencies | 3,781 | 3,900 | 3,903 | 3,852 | 3,903 | 3,293 | 3,441 | 3,840 | 3,223 |
| 7 Commercial liabilities | 15,878 | 18,445 | 20,288 | 19,403 | 20,288 | 20,904 | 20,147 | 24,073 | 24,245 |
| 8 Trade payables | 7,305 | 6,505 | 7,588 | 6,906 | 7,588 | 7,434 | 6,881 | 9,956 | 10,002 |
| 9 Advance receipts and other liabilities | 8,573 | 11,940 | 12,700 | 12,497 | 12,700 | 13,470 | 13,266 | 14,118 | 14,243 |
| 10 Payable in dollars | 14,142 | 16,727 | 19,345 | 18,394 | 19,345 | 19,828 | 19,036 | 22,787 | 23,100 |
| 11 Payable in foreign currencies | 1,737 | 1,717 | 943 | 1,009 | 943 | 1,076 | 1,111 | 1,286 | 1,145 |
| *By area or country* | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| 12 Europe | 8,320 | 9,962 | 11,609 | 11,213 | 11,609 | 11,050 | 11,883 | 11,345 | 9,590 |
| 13 Belgium-Luxembourg | 213 | 289 | 340 | 308 | 340 | 318 | 332 | 350 | 344 |
| 14 France | 382 | 359 | 258 | 242 | 258 | 277 | 196 | 503 | 670 |
| 15 Germany | 551 | 699 | 521 | 592 | 521 | 482 | 601 | 660 | 676 |
| 16 Netherlands | 866 | 880 | 947 | 855 | 947 | 901 | 934 | 948 | 975 |
| 17 Switzerland | 558 | 1,033 | 541 | 799 | 541 | 529 | 552 | 633 | 576 |
| 18 United Kingdom | 5,557 | 6,533 | 8,741 | 8,207 | 8,741 | 8,256 | 8,741 | 7,539 | 5,796 |
| 19 Canada | 360 | 388 | 573 | 575 | 573 | 476 | 345 | 357 | 261 |
| 20 Latin America and Caribbean | 1,189 | 839 | 1,268 | 1,367 | 1,268 | 1,814 | 2,573 | 3,394 | 3,239 |
| 21 Bahamas | 318 | 184 | 157 | 186 | 157 | 272 | 249 | 368 | 344 |
| 22 Bermuda | 0 | 0 | 17 | 7 | 17 | 0 | 0 | 0 | 0 |
| 23 Brazil | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 British West Indies | 778 | 645 | 635 | 743 | 635 | 1,061 | 1,782 | 2,409 | 2,274 |
| 25 Mexico | 13 | 1 | 6 | 4 | 6 | 5 | 4 | 4 | 5 |
| 26 Venezuela | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| 27 Asia | 2,451 | 3,312 | 4,814 | 3,886 | 4,814 | 4,483 | 4,636 | 4,906 | 4,434 |
| 28 Japan | 2,042 | 2,563 | 3,963 | 3,130 | 3,963 | 3,445 | 3,434 | 3,771 | 3,256 |
| 29 Middle East oil-exporting countries[2] | 8 | 3 | 2 | 2 | 2 | 3 | 5 | 4 | 5 |
| 30 Africa | 4 | 2 | 2 | 4 | 2 | 3 | 3 | 2 | 2 |
| 31 Oil-exporting countries[3] | 1 | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 0 |
| 32 All other[4] | 100 | 4 | 100 | 97 | 100 | 102 | 55 | 479 | 409 |
| Commercial liabilities | | | | | | | | | |
| 33 Europe | 5,516 | 7,319 | 8,918 | 8,335 | 8,918 | 9,165 | 8,343 | 9,733 | 10,251 |
| 34 Belgium-Luxembourg | 132 | 158 | 179 | 137 | 179 | 233 | 297 | 248 | 285 |
| 35 France | 426 | 455 | 871 | 806 | 871 | 882 | 929 | 1,191 | 1,251 |
| 36 Germany | 909 | 1,699 | 1,365 | 1,185 | 1,365 | 1,145 | 962 | 1,023 | 1,235 |
| 37 Netherlands | 423 | 587 | 699 | 548 | 699 | 688 | 607 | 701 | 838 |
| 38 Switzerland | 559 | 417 | 621 | 531 | 621 | 583 | 607 | 708 | 735 |
| 39 United Kingdom | 1,599 | 2,079 | 2,648 | 2,717 | 2,648 | 2,954 | 2,466 | 2,804 | 2,819 |
| 40 Canada | 1,301 | 1,217 | 1,124 | 1,189 | 1,124 | 1,150 | 1,179 | 1,266 | 1,290 |
| 41 Latin America and Caribbean | 864 | 1,090 | 1,187 | 1,086 | 1,187 | 1,304 | 1,278 | 1,554 | 1,594 |
| 42 Bahamas | 18 | 49 | 41 | 27 | 41 | 37 | 22 | 18 | 12 |
| 43 Bermuda | 168 | 286 | 308 | 305 | 308 | 516 | 412 | 371 | 538 |
| 44 Brazil | 46 | 95 | 100 | 113 | 100 | 116 | 106 | 126 | 137 |
| 45 British West Indies | 19 | 34 | 27 | 30 | 27 | 18 | 29 | 42 | 30 |
| 46 Mexico | 189 | 217 | 304 | 220 | 304 | 241 | 285 | 506 | 420 |
| 47 Venezuela | 162 | 114 | 154 | 107 | 154 | 85 | 119 | 120 | 121 |
| 48 Asia | 6,565 | 6,915 | 7,188 | 7,088 | 7,188 | 7,015 | 7,073 | 8,797 | 8,924 |
| 49 Japan | 2,578 | 3,094 | 2,915 | 2,676 | 2,915 | 2,745 | 3,182 | 3,189 | 3,606 |
| 50 Middle East oil-exporting countries[2,5] | 1,964 | 1,385 | 1,401 | 1,442 | 1,401 | 1,393 | 1,125 | 2,321 | 1,701 |
| 51 Africa | 574 | 576 | 844 | 648 | 844 | 753 | 885 | 1,315 | 789 |
| 52 Oil-exporting countries[3] | 135 | 202 | 307 | 255 | 307 | 263 | 277 | 593 | 422 |
| 53 All other[4] | 1,057 | 1,328 | 1,027 | 1,057 | 1,027 | 1,517 | 1,390 | 1,408 | 1,397 |

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

## 3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

| Type, and area or country | 1987 | 1988 | 1989 | 1989 Sept. | 1989 Dec. | 1990 Mar. | 1990 June | 1990 Sept. | 1990 Dec. |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Total** | **30,964** | **34,035** | **31,437** | **32,088** | **31,437** | **29,815** | **31,577** | **30,903** | **33,413r** |
| 2 Payable in dollars | 28,502 | 31,654 | 29,106 | 29,806 | 29,106 | 27,687 | 29,265 | 28,504 | 30,968r |
| 3 Payable in foreign currencies | 2,462 | 2,381 | 2,330 | 2,282 | 2,330 | 2,128 | 2,312 | 2,399 | 2,445r |
| *By type* | | | | | | | | | |
| 4 Financial claims | 20,363 | 21,869 | 17,689 | 19,135 | 17,689 | 16,558 | 18,035 | 16,572 | 18,033r |
| 5 Deposits | 14,894 | 15,643 | 10,400 | 12,154 | 10,400 | 10,451 | 9,869 | 10,303 | 11,458r |
| 6 Payable in dollars | 13,765 | 14,544 | 9,473 | 11,278 | 9,473 | 9,583 | 8,799 | 9,110 | 10,489r |
| 7 Payable in foreign currencies | 1,128 | 1,099 | 927 | 877 | 927 | 868 | 1,070 | 1,193 | 969r |
| 8 Other financial claims | 5,470 | 6,226 | 7,289 | 6,981 | 7,289 | 6,108 | 8,166 | 6,269 | 6,575r |
| 9 Payable in dollars | 4,656 | 5,450 | 6,535 | 6,073 | 6,535 | 5,420 | 7,433 | 5,616 | 5,709r |
| 10 Payable in foreign currencies | 814 | 777 | 754 | 908 | 754 | 688 | 733 | 652 | 866r |
| 11 Commercial claims | 10,600 | 12,166 | 13,748 | 12,953 | 13,748 | 13,257 | 13,542 | 14,331 | 15,380r |
| 12 Trade receivables | 9,535 | 11,091 | 12,140 | 11,472 | 12,140 | 11,635 | 11,821 | 12,518 | 13,439r |
| 13 Advance payments and other claims | 1,065 | 1,075 | 1,608 | 1,481 | 1,608 | 1,622 | 1,721 | 1,813 | 1,940r |
| 14 Payable in dollars | 10,081 | 11,660 | 13,099 | 12,455 | 13,099 | 12,684 | 13,034 | 13,778 | 14,770r |
| 15 Payable in foreign currencies | 519 | 505 | 650 | 498 | 650 | 573 | 508 | 554 | 610 |
| *By area or country* | | | | | | | | | |
| Financial claims | | | | | | | | | |
| 16 Europe | 9,531 | 10,279 | 7,040 | 7,528 | 7,040 | 6,964 | 9,604 | 7,950 | 7,970r |
| 17 Belgium-Luxembourg | 7 | 18 | 28 | 166 | 28 | 22 | 126 | 27 | 76 |
| 18 France | 332 | 203 | 153 | 173 | 153 | 198 | 141 | 143 | 366 |
| 19 Germany | 102 | 120 | 192 | 120 | 192 | 505 | 93 | 97 | 371 |
| 20 Netherlands | 350 | 348 | 303 | 292 | 303 | 315 | 332 | 315 | 333r |
| 21 Switzerland | 65 | 218 | 95 | 111 | 95 | 122 | 137 | 176 | 320 |
| 22 United Kingdom | 8,467 | 9,039 | 6,035 | 6,419 | 6,035 | 5,587 | 8,556 | 6,971 | 6,246r |
| 23 Canada | 2,844 | 2,325 | 1,892 | 2,359 | 1,892 | 1,758 | 2,035 | 1,994 | 2,887r |
| 24 Latin America and Caribbean | 7,012 | 8,160 | 7,590 | 8,315 | 7,590 | 6,984 | 5,479 | 5,666 | 5,751r |
| 25 Bahamas | 1,994 | 1,846 | 1,516 | 1,699 | 1,516 | 1,662 | 992 | 977 | 1,261 |
| 26 Bermuda | 7 | 19 | 7 | 33 | 7 | 4 | 3 | 4 | 3r |
| 27 Brazil | 63 | 47 | 224 | 70 | 224 | 79 | 84 | 70 | 68r |
| 28 British West Indies | 4,433 | 5,763 | 5,431 | 6,125 | 5,431 | 4,824 | 4,003 | 4,215 | 4,031 |
| 29 Mexico | 172 | 151 | 94 | 105 | 94 | 152 | 153 | 158 | 160 |
| 30 Venezuela | 19 | 21 | 20 | 36 | 20 | 21 | 20 | 23 | 25 |
| 31 Asia | 879 | 844 | 831 | 826 | 831 | 763 | 815 | 733 | 1,173 |
| 32 Japan | 605 | 574 | 439 | 460 | 439 | 416 | 473 | 450 | 850 |
| 33 Middle East oil-exporting countries[2] | 8 | 5 | 8 | 7 | 8 | 7 | 6 | 9 | 8 |
| 34 Africa | 65 | 106 | 140 | 75 | 140 | 67 | 62 | 49 | 37 |
| 35 Oil-exporting countries[3] | 7 | 10 | 12 | 8 | 12 | 11 | 8 | 7 | 0 |
| 36 All other[4] | 33 | 155 | 195 | 31 | 195 | 23 | 41 | 179 | 215 |
| Commercial claims | | | | | | | | | |
| 37 Europe | 4,180 | 5,181 | 6,168 | 5,429 | 6,168 | 6,026 | 6,042 | 6,428 | 7,103r |
| 38 Belgium-Luxembourg | 178 | 189 | 241 | 220 | 241 | 219 | 208 | 189 | 210 |
| 39 France | 650 | 672 | 956 | 829 | 956 | 958 | 908 | 1,140 | 1,297r |
| 40 Germany | 562 | 669 | 687 | 686 | 687 | 699 | 662 | 638 | 804r |
| 41 Netherlands | 133 | 212 | 478 | 396 | 478 | 450 | 475 | 491 | 549r |
| 42 Switzerland | 185 | 344 | 305 | 222 | 305 | 270 | 235 | 300 | 302 |
| 43 United Kingdom | 1,073 | 1,324 | 1,572 | 1,398 | 1,572 | 1,690 | 1,586 | 1,679 | 1,799r |
| 44 Canada | 936 | 983 | 1,058 | 1,278 | 1,058 | 1,121 | 1,125 | 1,135 | 1,043r |
| 45 Latin America and Caribbean | 1,930 | 2,241 | 2,177 | 2,147 | 2,177 | 2,061 | 2,204 | 2,392 | 2,316r |
| 46 Bahamas | 19 | 36 | 57 | 10 | 57 | 22 | 17 | 25 | 14 |
| 47 Bermuda | 170 | 230 | 323 | 271 | 323 | 243 | 284 | 340 | 249r |
| 48 Brazil | 226 | 299 | 292 | 239 | 292 | 231 | 234 | 252 | 320r |
| 49 British West Indies | 26 | 22 | 36 | 33 | 36 | 38 | 46 | 35 | 39r |
| 50 Mexico | 368 | 461 | 509 | 509 | 509 | 525 | 581 | 649 | 644 |
| 51 Venezuela | 283 | 227 | 147 | 189 | 147 | 188 | 223 | 223 | 191 |
| 52 Asia | 2,915 | 2,993 | 3,538 | 3,316 | 3,538 | 3,257 | 3,419 | 3,575 | 4,037r |
| 53 Japan | 1,158 | 946 | 1,184 | 1,176 | 1,184 | 1,061 | 1,080 | 1,211 | 1,429r |
| 54 Middle East oil-exporting countries[2] | 450 | 453 | 515 | 410 | 515 | 432 | 414 | 403 | 459r |
| 55 Africa | 401 | 435 | 418 | 399 | 418 | 425 | 390 | 372 | 488r |
| 56 Oil-exporting countries[3] | 144 | 122 | 107 | 87 | 107 | 89 | 98 | 71 | 67 |
| 57 All other[4] | 238 | 333 | 389 | 383 | 389 | 367 | 361 | 429 | 394r |

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

## 3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

| Transactions, and area or country | 1989 | 1990 | 1991 Jan.–Mar. | 1990 Sept. | 1990 Oct. | 1990 Nov. | 1990 Dec. | 1991 Jan. | 1991 Feb.r | 1991 Mar.p |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. corporate securities | | | | | | | | | |
| STOCKS | | | | | | | | | | |
| 1 Foreign purchases | 214,061 | 173,227 | 53,541 | 8,804 | 11,633 | 12,551 | 13,316 | 10,241 | 21,683 | 21,617 |
| 2 Foreign sales | 204,114 | 188,373 | 51,045 | 11,318 | 15,434 | 13,368 | 14,573 | 11,048 | 20,604 | 19,393 |
| 3 **Net purchases, or sales (–)** | **9,946** | **–15,146** | **2,496** | **–2,515** | **–3,801** | **–817** | **–1,257** | **–807** | **1,079** | **2,224** |
| 4 **Foreign countries** | **10,180** | **–15,218** | **2,438** | **–2,460** | **–3,759** | **–812** | **–1,267** | **–808** | **1,023** | **2,223** |
| 5 Europe | 481 | –8,498 | –1,154 | –1,166 | –1,415 | –582 | –487 | –610 | –1,243 | 699 |
| 6 France | –708 | –1,234 | 102 | –151 | –159 | –80 | –49 | –24 | 27 | 100 |
| 7 Germany | –830 | –368 | –318 | 2 | –87 | –14 | –144 | –114 | –204 | 0 |
| 8 Netherlands | 79 | –398 | –127 | –47 | –61 | 21 | –46 | –142 | –104 | 119 |
| 9 Switzerland | –3,277 | –2,867 | –808 | –124 | –213 | –169 | –263 | –222 | –943 | 357 |
| 10 United Kingdom | 3,691 | –2,992 | –90 | –721 | –687 | –282 | 149 | –93 | 29 | –26 |
| 11 Canada | –881 | 892 | 778 | 197 | 155 | 216 | 279 | 24 | 470 | 284 |
| 12 Latin America and Caribbean | 3,042 | –1,337 | 1,174 | –216 | –357 | 292 | –280 | 233 | 937 | 3 |
| 13 Middle East[1] | 3,531 | –2,435 | 366 | –437 | –558 | –430 | –251 | –279 | 675 | –30 |
| 14 Other Asia | 3,577 | –3,477 | 1,458 | –711 | –1,517 | –420 | –406 | –196 | 432 | 1,223 |
| 15 Japan | 3,330 | –2,891 | –639 | –737 | –1,135 | –194 | –382 | –271 | –366 | –2 |
| 16 Africa | 131 | –63 | 79 | –1 | –31 | –5 | –14 | 33 | 31 | 16 |
| 17 Other countries | 299 | –298 | –265 | –125 | –35 | 117 | –108 | –13 | –279 | 28 |
| 18 **Nonmonetary international and regional organizations** | **–234** | **71** | **59** | **–55** | **–42** | **–5** | **9** | **2** | **56** | **1** |
| BONDS[2] | | | | | | | | | | |
| 19 Foreign purchases | 120,550 | 118,464 | 32,043 | 7,398 | 8,842 | 11,205 | 9,943 | 8,859r | 8,468 | 14,716 |
| 20 Foreign sales | 87,376 | 101,571 | 28,492 | 9,388 | 7,673 | 7,754 | 7,890 | 8,575r | 9,269 | 10,649 |
| 21 **Net purchases, or sales (–)** | **33,174** | **16,892** | **3,551** | **–1,990** | **1,169** | **3,452** | **2,052** | **284r** | **–801** | **4,068** |
| 22 **Foreign countries** | **32,821** | **17,348** | **3,347** | **–2,020** | **1,405** | **3,456** | **2,055** | **103r** | **–723** | **3,966** |
| 23 Europe | 19,064 | 10,231 | 1,837 | –925 | 428 | 2,046 | 1,088 | –130r | –1,065 | 3,032 |
| 24 France | 372 | 373 | 405 | –103 | –74 | 24 | 39 | 31 | 68 | 305 |
| 25 Germany | –238 | –377 | 213 | 4 | –29 | –59 | –41 | –54 | 78 | 189 |
| 26 Netherlands | 850 | 172 | 68 | –72 | 35 | 52 | 110 | 47 | 1 | 20 |
| 27 Switzerland | –511 | 392 | 293 | 0 | –193 | 148 | 45 | 360 | –217 | 150 |
| 28 United Kingdom | 18,123 | 10,429 | 792 | –382 | 371 | 1,727 | 1,406 | –102r | –885 | 1,779 |
| 29 Canada | 1,116 | 1,906 | 561 | –89 | 127 | 93 | –85 | 71 | 106 | 385 |
| 30 Latin America and Caribbean | 3,686 | 4,279 | 774 | –223 | 282 | 343 | 495 | –17 | 439 | 351 |
| 31 Middle East[1] | –182 | 76 | 54 | –46 | –10 | –35 | 74 | 69 | –2 | –13 |
| 32 Other Asia | 9,025 | 1,104 | 116 | –711 | 628 | 1,033 | 486 | 131 | –209 | 194 |
| 33 Japan | 6,292 | 747 | 368 | –871 | 386 | 812 | 399 | 308 | –214 | 274 |
| 34 Africa | 56 | 96 | 2 | 8 | 2 | 6 | –9 | –15 | 10 | 7 |
| 35 Other countries | 57 | –344 | 2 | –34 | –53 | –30 | 7 | –5 | –2 | 10 |
| 36 **Nonmonetary international and regional organizations** | **353** | **–455** | **204** | **30** | **–237** | **–4** | **–2** | **181r** | **–78** | **102** |
| | Foreign securities | | | | | | | | | |
| 37 *Stocks, net purchases, or sales (–)*[3] | *–13,120* | *–8,729* | *–6,886* | *452* | *–319* | *1,068* | *–1,831* | *–404r* | *–3,177* | *–3,305* |
| 38 Foreign purchases | 109,792 | 122,532 | 27,886 | 7,521 | 9,282 | 10,060 | 7,244 | 6,230r | 10,561 | 11,095 |
| 39 Foreign sales[3] | 122,912 | 131,261 | 34,772 | 7,069 | 9,601 | 8,993 | 9,075 | 6,634r | 13,738 | 14,400 |
| 40 Bonds, net purchases, or sales (–) | –5,943 | –22,294 | –3,109 | –573 | –2,791 | 165 | –4,771 | –173r | –1,945 | –991 |
| 41 Foreign purchases | 234,320 | 314,228 | 104,501 | 25,719 | 35,235 | 32,837 | 33,372 | 27,138r | 37,202 | 40,161 |
| 42 Foreign sales | 240,263 | 336,522 | 107,610 | 26,292 | 38,026 | 32,671 | 38,143 | 27,312r | 39,146 | 41,152 |
| 43 **Net purchases, or sales (–), of stocks and bonds** | **–19,063** | **–31,023** | **–9,995** | **–122** | **–3,110** | **1,233** | **–6,602** | **–577r** | **–5,122** | **–4,296** |
| 44 **Foreign countries** | **–19,101** | **–28,349** | **–8,548** | **–397** | **–2,312** | **1,207** | **–5,860** | **–538r** | **–5,166** | **–2,845** |
| 45 Europe | –17,721 | –7,752 | –3,045 | –71 | –911 | 2,017 | –919 | 342r | –3,118 | –269 |
| 46 Canada | –4,180 | –7,374 | –1,368 | 6 | –893 | –1,740 | –659 | –573r | –797 | 3 |
| 47 Latin America and Caribbean | 426 | –8,960 | 780 | –402 | 262 | 283 | –2,811 | 351r | 314 | 114 |
| 48 Asia | 2,532 | –3,885 | –5,105 | –305 | –687 | 706 | –1,571 | –792 | –1,811 | –2,502 |
| 49 Africa | 93 | –137 | 54 | 12 | 4 | –69 | 28 | 22 | 30 | 2 |
| 50 Other countries | –251 | –240 | 136 | 363 | –87 | 11 | 73 | 112 | 216 | –193 |
| 51 **Nonmonetary international and regional organizations** | **38** | **–2,673** | **–1,446** | **275** | **–798** | **25** | **–742** | **–39** | **44** | **–1,451** |

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. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data above.

## 3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

| Country or area | 1989 | 1990 | 1991 | 1990 | | | | 1991 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jan. – Mar. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb.[r] | Mar.[p] |
| | Transactions, net purchases or sales (−) during period[1] | | | | | | | | | |
| 1 **Estimated total[2]** | **54,203** | **19,930** | **870** | **1,014** | **−1,066** | **5,848** | **6,531** | **2,978[r]** | **13,250** | **−15,358** |
| 2 Foreign countries[2] | 52,301 | 20,245 | 1,952 | 1,346 | −1,051 | 5,538 | 6,541 | 4,610[r] | 11,790 | −14,448 |
| 3 Europe[2] | 36,286 | 19,096 | 1,721 | 5,065 | 245 | 2,070 | 4,461 | 3,356[r] | 2,933 | −4,568 |
| 4 Belgium–Luxembourg | 1,048 | −2 | 524 | −99 | 72 | −68 | −105 | 260 | 149 | 115 |
| 5 Germany[2] | 7,904 | 5,732 | −5,606 | 633 | 580 | 1,677 | 571 | −542 | −1,691 | −3,373 |
| 6 Netherlands | −1,141 | 1,012 | −392 | 956 | −454 | −249 | 625 | 300 | −85 | −607 |
| 7 Sweden | 693 | 1,142 | −862 | −33 | 163 | 276 | 721 | −661 | 43 | −244 |
| 8 Switzerland[2] | 1,098 | 112 | 778 | 548 | 619 | −6 | 200 | 170 | 139 | 470 |
| 9 United Kingdom | 20,198 | −1,309 | 3,289 | 1,611 | −1,740 | −1,625 | 244 | 2,829[r] | −54 | 513 |
| 10 Other Western Europe | 6,508 | 12,388 | 3,985 | 1,444 | 1,004 | 2,069 | 2,204 | 995 | 4,432 | −1,442 |
| 11 Eastern Europe | −21 | 13 | 6 | 0 | 0 | −5 | 0 | 6 | 0 | 0 |
| 12 Canada | 698 | −4,558 | −1,074 | −866 | −637 | −468 | 155 | −795 | −171 | −108 |
| 13 Latin America and Caribbean | 464 | 15,587 | −1,324 | −1,946 | 4,731 | 4,316 | 1,610 | −5,150 | 3,110 | 715 |
| 14 Venezuela | 311 | −50 | −147 | −50 | −2 | 49 | 1 | −153 | −1 | 6 |
| 15 Other Latin America and Caribbean | −322 | 4,880 | 2,669 | −1,150 | 646 | 978 | 1,208 | −592 | 1,901 | 1,360 |
| 16 Netherlands Antilles | 475 | 10,757 | −3,846 | −747 | 4,086 | 3,290 | 401 | −4,405 | 1,210 | −650 |
| 17 Asia | 13,297 | −11,047 | 2,608 | −1,751 | −5,192 | −930 | −72 | 7,019 | 5,537 | −9,948 |
| 18 Japan | 1,681 | −14,880 | −2,821 | −2,092 | −4,059 | −1,153 | −2,407 | 2,244 | 1,915 | −6,980 |
| 19 Africa | 116 | 313 | 188 | 151 | 83 | 8 | −3 | 78 | 110 | 0 |
| 20 All other | 1,439 | 855 | −168 | 692 | −281 | 543 | 389 | 102 | 269 | −540 |
| 21 Nonmonetary international and regional organizations | 1,902 | −316 | −1,082 | −332 | −15 | 310 | −10 | −1,633[r] | 1,461 | −910 |
| 22 International | 1,473 | −191 | −1,368 | −154 | −100 | 159 | −125 | −1,571[r] | 1,104 | −901 |
| 23 Latin America regional | 231 | −2 | −41 | −75 | −59 | 0 | 92 | −202 | 156 | 5 |
| Memo | | | | | | | | | | |
| 24 Foreign countries[2] | 52,301 | 20,245 | 1,952 | 1,346 | −1,051 | 5,538 | 6,541 | 4,610[r] | 11,790 | −14,448 |
| 25 Official institutions | 26,840 | 23,916 | −1,870 | 3,807 | 1,375 | 4,771 | 7,880 | 2,541[r] | 7,317 | −11,728 |
| 26 Other foreign[2] | 25,461 | −3,671 | 3,822 | −2,462 | −2,426 | 767 | −1,339 | 2,069[r] | 4,473 | −2,719 |
| Oil-exporting countries | | | | | | | | | | |
| 27 Middle East[3] | 8,148 | −387 | −318 | 241 | −1,247 | −878 | 1,014 | 523 | 644 | −1,485 |
| 28 Africa[4] | −1 | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 21 | −6 |

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

| Country | Rate on May 31, 1991 | | Country | Rate on May 31, 1991 | | Country | Rate on May 31, 1991 | |
|---|---|---|---|---|---|---|---|---|
| | Percent | Month effective | | Percent | Month effective | | Percent | Month effective |
| Austria | 6.5 | Oct. 1989 | France[1] | 9.0 | Mar. 1990 | Norway | 10.50 | July 1990 |
| Belgium | 10.5 | Nov. 1989 | Germany, Fed. Rep. of | 6.50 | Feb. 1991 | Switzerland | 6.0 | Oct. 1989 |
| Canada | 9.06 | May 1991 | Italy | 11.5 | May 1991 | United Kingdom[2] | ....... | ......... |
| Denmark | 9.50 | Jan. 1991 | Japan | 6.0 | Aug. 1990 | | | |
| | | | Netherlands | 7.75 | Feb. 1991 | | | |

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government 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 the central bank transacts the largest proportion of its credit operations.

## 3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per year, averages of daily figures

| Country, or type | 1988 | 1989 | 1990 | 1990 | | 1991 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| 1 Eurodollars | 7.85 | 9.16 | 8.16 | 8.04 | 7.87 | 7.23 | 6.60 | 6.44 | 6.11 | 5.94 |
| 2 United Kingdom | 10.28 | 13.87 | 14.73 | 13.57 | 13.75 | 13.91 | 13.20 | 12.33 | 11.90 | 11.48 |
| 3 Canada | 9.63 | 12.20 | 13.00 | 12.36 | 11.95 | 11.13 | 10.37 | 9.97 | 9.67 | 9.12 |
| 4 Germany | 4.28 | 7.04 | 8.41 | 8.79 | 9.17 | 9.25 | 8.96 | 8.99 | 9.08 | 8.98 |
| 5 Switzerland | 2.94 | 6.83 | 8.71 | 8.39 | 8.65 | 8.44 | 7.81 | 8.17 | 8.26 | 8.10 |
| 6 Netherlands | 4.72 | 7.28 | 8.57 | 8.73 | 9.27 | 9.31 | 9.01 | 9.04 | 9.11 | 9.05 |
| 7 France | 7.80 | 9.27 | 10.20 | 9.88 | 10.14 | 10.14 | 9.64 | 9.34 | 9.21 | 9.13 |
| 8 Italy | 11.04 | 12.44 | 12.11 | 12.42 | 13.45 | 13.13 | 13.31 | 12.52 | 11.90 | 11.46 |
| 9 Belgium | 6.69 | 8.65 | 9.70 | 9.03 | 9.81 | 9.91 | 9.51 | 9.28 | 9.20 | 9.00 |
| 10 Japan | 4.43 | 5.39 | 7.75 | 8.35 | 8.27 | 8.18 | 8.01 | 8.09 | 7.96 | 7.82 |

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, CD rate.

## 3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar

| Country/currency | 1988 | 1989 | 1990 | 1990 | 1991 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| 1 Australia/dollar[2] | 78.409 | 79.186 | 78.069 | 77.019 | 77.930 | 78.351 | 77.107 | 77.947 | 77.427 |
| 2 Austria/schilling | 12.357 | 13.236 | 11.331 | 10.539 | 10.616 | 10.416 | 11.341 | 11.977 | 12.104 |
| 3 Belgium/franc | 36.785 | 39.409 | 33.424 | 31.014 | 31.088 | 30.475 | 33.206 | 35.017 | 35.363 |
| 4 Canada/dollar | 1.2306 | 1.1842 | 1.1668 | 1.1603 | 1.1560 | 1.1549 | 1.1572 | 1.1535 | 1.1499 |
| 5 China, P.R./yuan | 3.7314 | 3.7673 | 4.7921 | 5.2352 | 5.2352 | 5.2352 | 5.2352 | 5.2767 | 5.3257 |
| 6 Denmark/krone | 6.7412 | 7.3210 | 6.1899 | 5.7735 | 5.8115 | 5.6953 | 6.1886 | 6.5163 | 6.5793 |
| 7 Finland/markka | 4.1933 | 4.2963 | 3.8300 | 3.6341 | 3.6431 | 3.5941 | 3.8512 | 3.9925 | 4.0431 |
| 8 France/franc | 5.9595 | 6.3802 | 5.4467 | 5.0895 | 5.1253 | 5.0398 | 5.4862 | 5.7540 | 5.8282 |
| 9 Germany/deutsche mark | 1.7570 | 1.8808 | 1.6166 | 1.4982 | 1.5091 | 1.4805 | 1.6122 | 1.7027 | 1.7199 |
| 10 Greece/drachma | 142.00 | 162.60 | 158.59 | 156.08 | 159.70 | 158.82 | 174.16 | 184.76 | 188.14 |
| 11 Hong Kong/dollar | 7.8072 | 7.8008 | 7.7899 | 7.8034 | 7.7950 | 7.7943 | 7.7911 | 7.7939 | 7.7798 |
| 12 India/rupee | 13.900 | 16.213 | 17.492 | 18.127 | 18.339 | 18.860 | 19.243 | 19.906 | 20.519 |
| 13 Ireland/punt[2] | 152.49 | 141.80 | 165.76 | 177.77 | 168.68 | 179.81 | 157.43 | 157.12 | 155.68 |
| 14 Italy/lira | 1,302.39 | 1,372.28 | 1,198.27 | 1,129.26 | 1,134.38 | 1,111.19 | 1,201.96 | 1,261.57 | 1,275.67 |
| 15 Japan/yen | 128.17 | 138.07 | 145.00 | 133.89 | 133.70 | 130.54 | 137.39 | 137.11 | 138.22 |
| 16 Malaysia/ringgit | 2.6190 | 2.7079 | 2.7057 | 2.7030 | 2.7140 | 2.6969 | 2.7418 | 2.7498 | 2.7573 |
| 17 Netherlands/guilder | 1.9778 | 2.1219 | 1.8215 | 1.6904 | 1.7015 | 1.6689 | 1.8174 | 1.9186 | 1.9379 |
| 18 New Zealand/dollar[2] | 65.560 | 59.354 | 59.619 | 59.574 | 59.476 | 60.120 | 59.389 | 58.909 | 58.647 |
| 19 Norway/krone | 6.5243 | 6.9131 | 6.2541 | 5.8717 | 5.8993 | 5.7919 | 6.2899 | 6.6198 | 6.6953 |
| 20 Portugal/escudo | 144.27 | 157.53 | 142.70 | 132.82 | 134.43 | 130.45 | 140.97 | 148.00 | 149.59 |
| 21 Singapore/dollar | 2.0133 | 1.9511 | 1.8134 | 1.7275 | 1.7455 | 1.7180 | 1.7589 | 1.7688 | 1.7688 |
| 22 South Africa/rand | 2.2770 | 2.6214 | 2.5885 | 2.5395 | 2.5643 | 2.5412 | 2.6636 | 2.7325 | 2.7975 |
| 23 South Korea/won | 734.52 | 674.29 | 710.64 | 718.58 | 720.83 | 723.97 | 727.73 | 728.36 | 727.99 |
| 24 Spain/peseta | 116.53 | 118.44 | 101.96 | 95.75 | 95.08 | 92.61 | 100.21 | 105.08 | 106.45 |
| 25 Sri Lanka/rupee | 31.820 | 35.947 | 40.078 | 40.244 | 40.300 | 40.598 | 40.750 | 40.836 | 40.988 |
| 26 Sweden/krona | 6.1370 | 6.4559 | 5.9231 | 5.6338 | 5.6345 | 5.5516 | 5.9081 | 6.1145 | 6.1578 |
| 27 Switzerland/franc | 1.4643 | 1.6369 | 1.3901 | 1.2814 | 1.2714 | 1.2685 | 1.3918 | 1.4399 | 1.4574 |
| 28 Taiwan/dollar | 28.636 | 26.407 | 26.918 | 27.162 | 27.197 | 27.109 | 27.311 | 27.333 | 27.282 |
| 29 Thailand/baht | 25.312 | 25.725 | 25.609 | 25.208 | 25.244 | 25.141 | 25.447 | 25.578 | 25.645 |
| 30 United Kingdom/pound[2] | 178.13 | 163.82 | 178.41 | 192.19 | 193.46 | 196.41 | 182.14 | 174.97 | 172.38 |
| MEMO | | | | | | | | | |
| 31 United States/dollar[3] | 92.72 | 98.60 | 89.09 | 83.35 | 83.51 | 82.12 | 88.12 | 91.41 | 92.29 |

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For 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 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64, August 1978, p. 700).

# Guide to Tabular Presentation, Statistical Releases, and Special Tables

## *GUIDE TO TABULAR PRESENTATION*

### *Symbols and Abbreviations*

| | |
|---|---|
| c | Corrected |
| e | Estimated |
| 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 |
| n.a. | Not available |
| n.e.c. | Not elsewhere classified |
| IPCs | Individuals, partnerships, and corporations |
| REITs | Real estate investment trusts |
| RPs | Repurchase agreements |
| SMSAs | Standard metropolitan statistical areas |
| . . . | Cell not applicable |

### *General Information*

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.

In some of the tables, details do not add to totals because of rounding.

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*References are to pages A3–A69 although the prefix "A" is omitted in this index*

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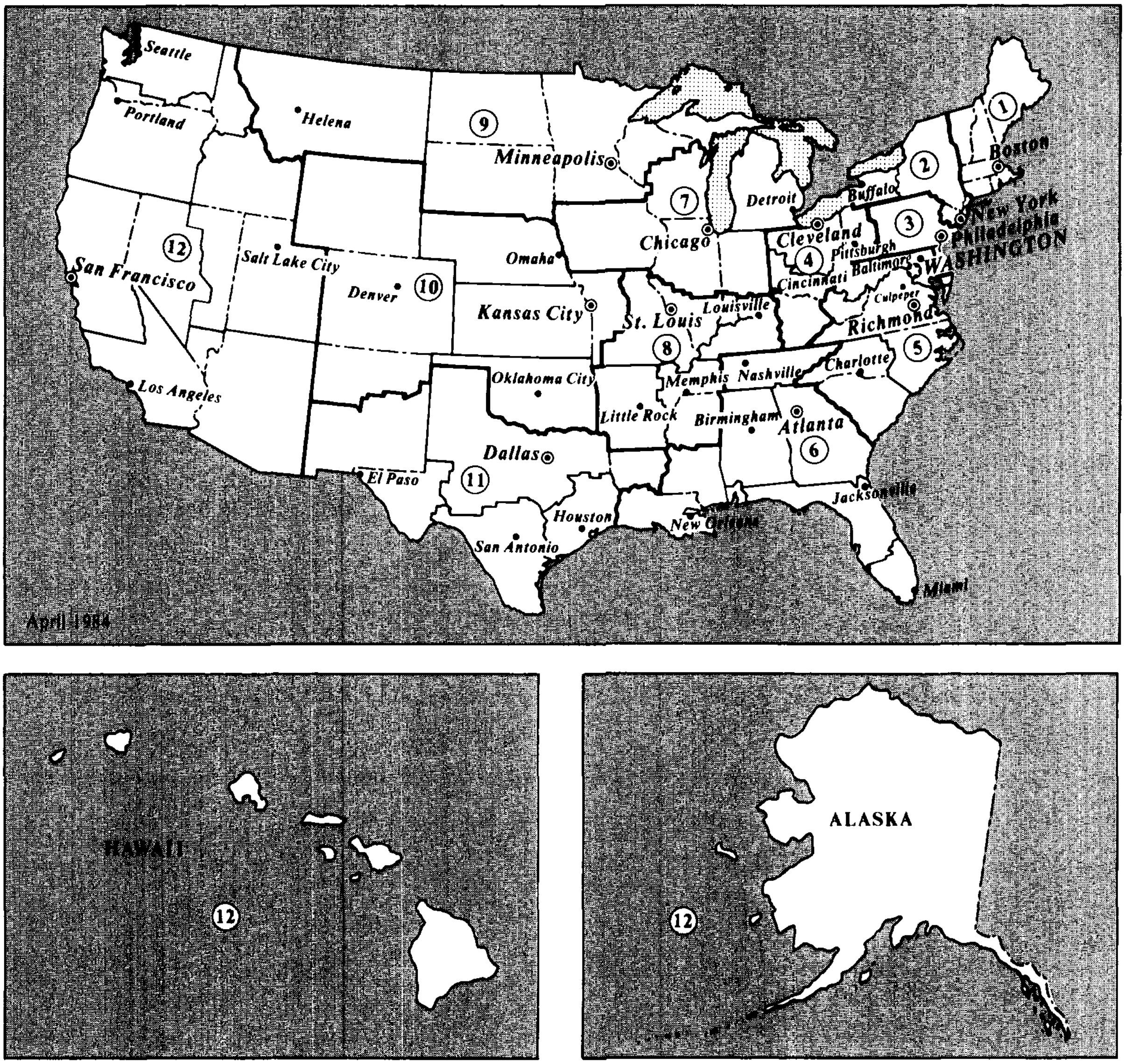
| ST. LOUIS | 63166 | H. Edwin Trusheim | Thomas C. Melzer | |
| | | Robert H. Quenon | James R. Bowen | |
| Little Rock | 72203 | Wm. Earle Love | | Karl W. Ashman |
| Louisville | 40232 | Lois H. Gray | | Howard Wells |
| Memphis | 38101 | Katherine H. Smythe | | Ray Laurence |
| MINNEAPOLIS | 55480 | Delbert W. Johnson | Gary H. Stern | |
| | | Gerald A. Rauenhorst | Thomas E. Gainor | |
| Helena | 59601 | James E. Jenks | | John D. Johnson |
| KANSAS CITY | 64198 | Fred W. Lyons, Jr. | Roger Guffey | |
| | | Burton A. Dole, Jr. | Henry R. Czerwinski | |
| Denver | 80217 | Barbara B. Grogan | | Kent M. Scott |
| Oklahoma City | 73125 | Ernest L. Holloway | | David J. France |
| Omaha | 68102 | Herman Cain | | Harold L. Shewmaker |
| DALLAS | 75222 | Hugh G. Robinson | Robert D. McTeer, Jr. | |
| | | Leo E. Linbeck, Jr. | Tony J. Salvaggio | |
| El Paso | 79999 | W. Thomas Beard, III | | Sammie C. Clay |
| Houston | 77252 | Gilbert D. Gaedcke, Jr. | | Robert Smith, III[1] |
| San Antonio | 78295 | Roger R. Hemminghaus | | Thomas H. Robertson |
| SAN FRANCISCO | 94120 | Robert F. Erburu | Robert T. Parry | |
| | | Carolyn S. Chambers | Carl E. Powell | |
| Los Angeles | 90051 | Yvonne B. Burke | | Thomas C. Warren[2] |
| Portland | 97208 | William A. Hilliard | | Leslie R. Watters |
| Salt Lake City | 84125 | D.N. Rose | | Andrea P. Wolcott |
| Seattle | 98124 | Bruce R. Kennedy | | Gerald R. Kelly[1] |

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.
2. Executive Vice President.

# The Federal Reserve System

## Boundaries of Federal Reserve Districts and Their Branch Territories




*LEGEND*

— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

Board of Governors of the Federal Reserve System

Federal Reserve Bank Cities

Federal Reserve Branch Cities

Federal Reserve Bank Facility