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495 John P. LaWare, Member, Board of Governors, presents the views of the Board on H.R.4803, the Non-Proliferation of Weapons of Mass Destruction and Regulatory Improvements Act of 1992, focusing on title II, concerning the activities in the United States of foreign banks that are controlled by foreign governments, and says that this legislation would severely curtail the U.S. activities of such banks, before the House Committee on Banking, Finance and Urban Affairs, May 8, 1992.

500 Lawrence B. Lindsey, Member, Board of Governors, addresses the concerns raised by the 1990 Home Mortgage Disclosure Act (HMDA) data and says that the Federal Reserve is increasing its efforts considerably toward better understanding the HMDA information and that the data will continue to provide Federal Reserve examiners with a basis for further analysis of whether institutions are considering all applicants fairly, before the Subcommittee on Housing and Community Development and the Subcommittee on Consumer Affairs and Coinage of the House Committee on Banking, Finance and Urban Affairs, May 14, 1992.

504 J. Virgil Mattingly, Jr., General Counsel, Board of Governors, reports on the Federal Reserve's actions regarding the Bank of Credit and Commerce International (BCCI) and says

that the Federal Reserve has continued to investigate the circumstances under which BCCI gained control of the shares of U.S. banking organizations, to prosecute enforcement actions against those responsible for wrongdoing by BCCI, and to work to ensure the separation and insulation of U.S. banking organizations from BCCI, before the Subcommittee on Terrorism, Narcotics and International Operations of the Senate Committee on Foreign Relations, May 14, 1992.

511 Edward W. Kelley, Jr., Member, Board of Governors, comments on the Federal Reserve's participation in the deliberations by the National Advisory Council on International Monetary and Financial Policies (NAC) on the fiscal 1990 Commodity Credit Corporation (CCC) program for Iraq and says that the Federal Reserve's reservations and opposition related to the fiscal 1990 CCC program for Iraq were based on concerns about Iraq's creditworthiness at that time and had been reinforced by the unfolding of the Banca Nazionale del Lavoro case in summer 1989, before the House Committee on Banking, Finance and Urban Affairs, May 21, 1992.

513 Governor Lindsey discusses some of the economic aspects of poverty and inequality in America and says that inflationary policies do not correspond with enhanced economic opportunity; in fact, lower inflation and interest rates greatly increase the affordability of housing in America, before the U.S. Commission on Civil Rights, May 22, 1992.

515 Wayne D. Angell, Member, Board of Governors, and Governor Kelley discuss and review the Federal Reserve System's expenses and budget for 1992 and say that the existing budget processes are working well in controlling costs while at the same time encouraging quality improvements, before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, May 27, 1992.

524 Governor Lindsey offers the Board's comments on H.R.5170, the Mortgage Refinancing Reform Act of 1992, which would amend both the Truth in Lending Act and the Real

Estate Settlement Procedures Act, and says that the Board believes that the burden and expense of compliance with this legislation would outweigh the consumer need for it, before the Subcommittee on Consumer Affairs and Coinage of the House Committee on Banking, Finance and Urban Affairs, May 27, 1992.

529 Theodore E. Allison, Assistant to the Board for Federal Reserve System Affairs, presents estimates of the effect on the Federal Reserve System of substituting a one-dollar coin for the one-dollar bank note now in circulation, as would be required by H.R.1245—the United States One Dollar Coin Act of 1991—and says that a dollar coin could produce sizable cost savings for the federal government as a whole, before the Task Force on Economic Policy, Projections, and Revenues of the House Committee on the Budget, May 28, 1992.

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534 *RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE*

At its meeting on March 31, 1992, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that included some bias toward easing during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater

reserve restraint might be acceptable or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with growth of M2 and M3 at annual rates of around 3½ percent and 1½ percent respectively over the three-month period from March through June.

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Recent Developments Affecting the Profitability and Practices of Commercial Banks

Allan D. Brunner, Diana Hancock, and Mary M. McLaughlin, of the Board's Division of Monetary Affairs, prepared this article. Thomas Allard and Andrew Laing provided research assistance.

Sluggish overall economic activity and continuing problems with asset quality made 1991 another difficult year for U.S. commercial banks. As the year progressed, however, some signs of a revival of their health emerged. Banks strengthened their financial condition by making substantial further provisions against loan losses, improving their capital and liquidity positions, widening their lending margins, and taking actions that should reduce expenses over the longer run through restructuring and, in some cases, consolidation. Financial markets responded favorably to these actions, as well as to prospects for an improving economy, by widening banks' access to capital and other sources of funds. Although demand for bank credit had not picked up as of late spring, impediments to banks' ability to support a brisker pace of credit expansion appear to have diminished.

Net income as a percentage of assets rose only 5 basis points last year, to 0.54 percent, despite a sharp increase in lending margins and large gains on securities (table 1). Profits were held down by a partial rollback of recent progress in reducing non-interest expenses (a rollback due in part to onetime restructuring charges) and also by an increased level of provisioning against loan losses. Charge-off rates and delinquency rates for loans of all

major types continued to increase last year. The increase was particularly noticeable for real estate loans, reflecting problems in the commercial real estate sector.

The growth of bank credit in 1991 remained subdued. Reflecting weak loan demand and tighter standards and terms on new loans, the total dollar volume of bank loans fell, and assets shifted dramatically toward U.S. government and federal agency securities. These assets, which include government-guaranteed collateralized mortgage obligations and mortgage pass-through securities, rose nearly 24 percent. In line with the weak growth of bank credit, banks bid unaggressively for deposits.

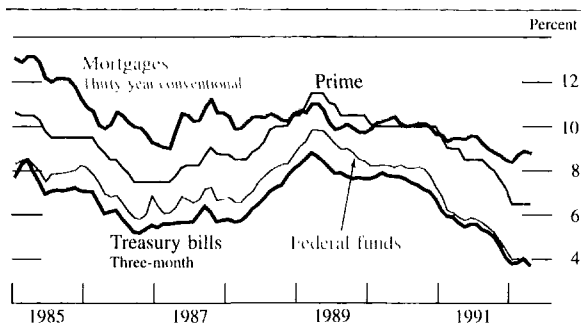
Prices of outstanding bank debt and equity rose markedly from the low levels of late 1990. Banks increased their equity more than \$13 billion and supplemented their capital by a \$1.5 billion increase in subordinated debt. The improved climate for banks in 1991 was due in part to a substantial decline in short-term interest rates stemming from Federal Reserve actions to ensure a sustainable

NOTE: Except where otherwise indicated, data in this article are from the quarterly Reports of Condition and Income for insured commercial banks and are consolidated (foreign and domestic offices). Data for each year are adjusted for mergers and acquisitions; the database contains all banks for which a complete year can be constructed. 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, excluding the ten largest banks; and the ten largest banks.

1. Income and expense as a percentage of average net consolidated assets, all insured commercial banks, 1989-91

Item	1989	1990	1991
Net income .....	.49	.49	.54
Gross interest income	10.00	9.57	8.59
Gross interest expense	6.46	6.13	4.98
Net interest margin	3.54	3.44	3.61
Loss provisions .....	.95	.93	.98
Noninterest income	1.57	1.63	1.73
Noninterest expense	3.40	3.45	3.69
Net noninterest margin	-1.83	-1.82	-1.96
Securities gains or losses .....	.03	.02	.09
Income before taxes .....	.78	.70	.76
Taxes and extraordinary items .....	.29	.21	.22
Cash dividends declared .....	.44	.42	.43
Retained income .....	.05	.07	.11

1. Selected interest rates, 1985-92



recovery from the recession that began in mid-1990 (chart 1). The improvement also reflected a revised market outlook for long-term bank earnings. The Federal Reserve and other bank supervisory agencies took several steps to improve bank lending margins and otherwise encourage bank lending. In late 1990 the Federal Reserve reduced the reserve requirement on nontransaction liabilities from 3 percent to zero, and early last year the Federal Reserve and other bank regulators encouraged their examiners to take a more balanced approach to assessing loan value by considering the strength of underlying cash flows in addition to current market value. In early 1992 the Federal Reserve took fur-

ther actions to ease monetary policy and to reduce reserve requirements.

The number of federally insured commercial banks that failed last year was 127, down from 169 in 1990 and a record high 220 in 1988. FDIC outlays rose, however, as difficulties were more concentrated at larger banks, many of which were heavily exposed to commercial real estate loans. Though the number of banks classified by the FDIC as "problem banks" remained nearly the same, year-end total assets at these banks increased 49 percent between 1990 and 1991, another indication that larger banks are having difficulty.

BALANCE SHEET DEVELOPMENTS

Loan quality problems, weak credit demand stemming from the economic slowdown, a further tightening of loan standards, and a considerable effort by businesses to shift from short-term financing, including bank loans, to longer-term funds contributed to the sluggishness of overall growth in bank balance sheets (table 2). These conditions also had an important influence on the composition of total bank credit and bank liabilities. (Appendix tables A.1 and A.2 contain detailed information on

2. Annual rate of growth of balance sheet items, all insured commercial banks, 1985-91¹

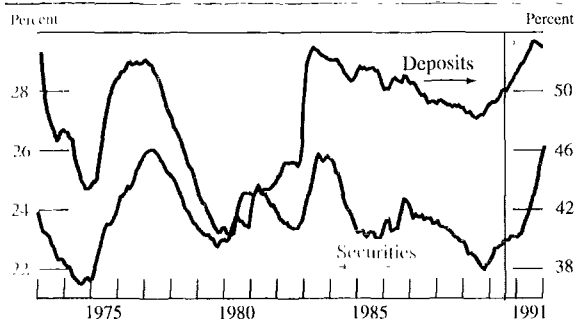
Item	1985	1986	1987	1988	1989	1990	1991
Total assets	8.5	7.7	2.0	4.4	5.9	2.8	2.6
Interest-earning assets ²	9.3	8.0	3.9	4.1	6.3	2.4	3.3
Loans	7.5	7.5	4.1	6.0	6.8	2.4	-1.4
Commercial and industrial	2.2	4.3	-1.5	2.4	3.4	-3	-7.8
Consumer	14.4	7.4	3.3	6.3	5.7	.4	-2.0
Credit card	22.9	12.8	6.7	8.7	10.2	.6	4.0
Installment and other	11.8	5.6	2.1	5.4	3.9	.3	-4.6
Real estate	13.1	17.7	16.6	13.8	13.6	9.1	4.7
Other	5.1	-2	-4.7	-2.9	-2	-6.6	-3.5
Securities	13.9	10.2	7.2	1.9	4.9	8.9	15.8
U.S. government	2.5	17.2	9.9	5.0	10.2	16.4	23.4
State and local government	33.0	-12.6	-13.7	-12.0	-9.8	-11.3	-11.9
Non-interest-earning assets	8.1	9.5	-5.5	1.9	5.5	-5	-3
Total liabilities	8.5	7.8	2.3	4.2	6.0	2.6	2.4
Deposits	7.7	7.9	2.3	4.2	5.4	4.1	3.0
Demand	9.0	14.0	-10.4	1.4	.7	1.0	-.8
Other checkable	17.8	33.3	8.3	8.1	2.7	6.7	16.4
Savings	23.8	13.4	39.9	1.2	1.0	6.6	16.0
Small-denomination time	2.8	-1.3	7.9	15.6	17.7	14.3	1.6
Large-denomination time	3.9	-2.0	11.5	8.8	7.4	-4.7	-19.0
Subordinated notes and debentures	43.7	14.6	3.5	-.5	15.4	21.1	6.9
Equity capital ³	8.8	7.1	-1.4	8.4	3.7	6.1	6.2
MEMO							
Loss reserves	24.2	24.8	74.5	-4.6	17.7	3.6	2.7

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

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

3. Includes banks with negative as well as positive equity.

2. Deposits and securities at insured commercial banks as a percentage of bank credit, 1973-91¹



1. Weekly data for insured domestically chartered and foreign-related banking institutions. Securities are U.S. government and federal agency securities. Shading indicates periods of recession as defined by the National Bureau of Economic Research (NBER).

2. Line indicates peak. NBER has not yet determined the trough of the 1990-91 recession.

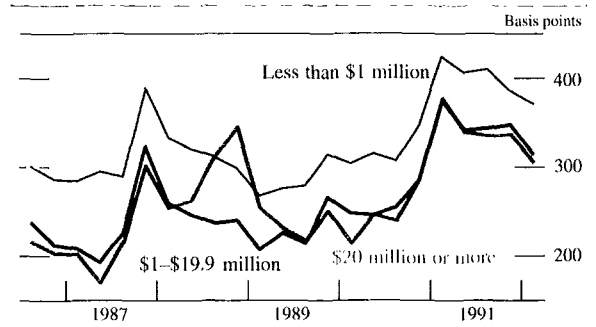
income, expenses, and portfolio composition for the years 1985 through 1991.)

Assets

Total assets at commercial banks expanded at only a 2½ percent pace in 1991. The total dollar volume of loans held in bank portfolios actually fell, with all three main types of loans—commercial and industrial, real estate, and consumer—weakening appreciably. Partly as a result, banks increased their degree of liquidity significantly in 1991, much more than in previous periods of economic slowdown. Holdings of U.S. government and federal agency securities—including guaranteed mortgage instruments—rose particularly sharply (chart 2). The liquidity of these instruments and capital pressures have increased their attractiveness.

Commercial and Industrial Loans. The total dollar volume of commercial and industrial loans at commercial banks dropped sharply in 1991 after edging down in 1990 (table 2). The decline stemmed partly from restrictive actions by banks concerned about repayment prospects and sensitive to capital pressures. Banks' decreased willingness to lend was evident in wider spreads between interest rates on prime-based loans and shorter-term market rates, such as the federal funds rate (chart 3), and also in continued tightening of loan standards throughout 1991 (chart 4). Many

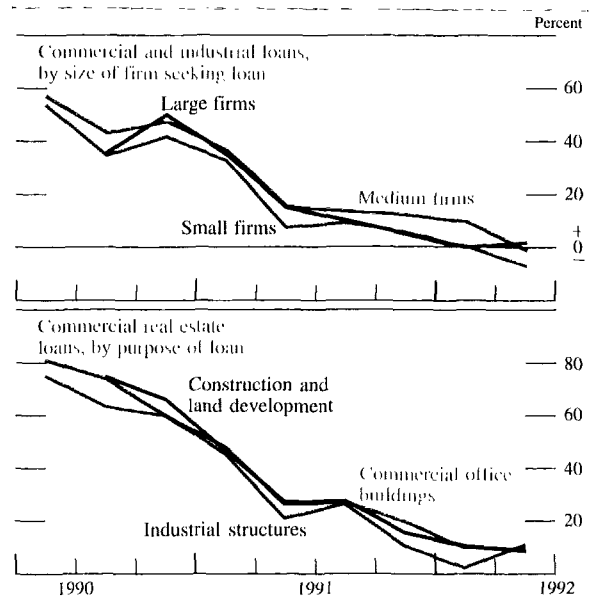
3. Spread of rates charged on floating rate, prime based loans made under commitment over federal funds rate, all commercial banks, by size of commitment, 1986-92



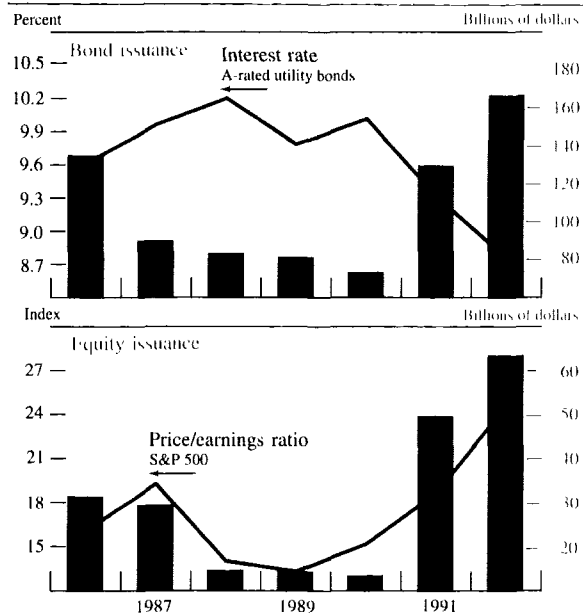
SOURCE: Federal Reserve quarterly Survey of Terms of Bank Lending.

respondents to the Federal Reserve's periodic Senior Loan Officer Opinion Survey on Bank Lending Practices (LPS) in early 1991 reported tighter terms and standards for C&I loans; however, the net number reporting tightening (number reporting tightening minus number reporting easing) declined over the year as capital pressures appeared to abate somewhat and the economy began to expand, albeit slowly.

4. Net percentage of selected large commercial banks tightening credit standards, 1990-92



SOURCE: Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices.

5. Gross bond and equity issuance by U.S. nonfinancial corporations, 1986-92¹

1. 1992 issuance represents annualized preliminary data for January through April.

Although supply conditions tightened in 1991, most of the decline in C&I loans appeared to reflect slack demand. The downturn in economic activity, which reduced desired inventory levels and business capital spending, together with a relatively low level of merger activity, held down the need for funds. The downtrend in business loans at commercial banks also reflected a substitution of bond and equity issuance for shorter-term sources of credit as long-term yields on bonds came down, prices of equity shares soared, and businesses moved to lock in longer-term financing at rates below those of recent years (chart 5). The drop in the yield on corporate bonds in 1991 helped push up gross debt issuance by U.S. nonfinancial corporations to an average monthly level of \$10.7 billion, the highest since 1986. Similarly, a 35 percent increase in share prices lifted gross equity issuance by U.S. nonfinancial corporations to a record high in 1991.

Real Estate Loans. The total dollar volume of real estate loans extended by banks continued to expand last year, though at a much reduced pace. Most of the increase was for residential real estate.

Despite the continuing shrinkage of the thrift industry, however, the pace of residential lending by banks slowed as sluggish economic growth held down the demand for housing. Also, the large share of fixed-rate mortgage originations increased the share of loans eligible for securitization. This increased banks' opportunities to substitute mortgage-backed securities for direct real estate loan investment. More restrictive policies toward mortgage lending also may have played a minor role in the slow growth of mortgage loans, as a small number of banks responding to LPSs in early 1991 reported tougher down-payment and payment-to-income requirements for residential mortgages.

A glut of unoccupied office space and a bleak outlook for income from rental of commercial buildings depressed demand for all types of commercial real estate in 1991. In addition, many respondents to LPSs in 1991 had tightened standards for commercial real estate loans, though the share of respondents reporting further tightening dropped as the year progressed (chart 4).

Nonresidential mortgages likely would have weakened even more had it not been for difficulties banks encountered with construction loans and so-called mini-perm loans. Mini-perm loans, which tend to have longer maturities than standard construction loans and may extend through a building's initial occupancy period, became prevalent in the mid-1980s for financing the construction of income properties. According to the June 1991 LPS, a significant share of mini-perm loans that had come due during the twelve months preceding the survey were not paid off in conformance with the original terms. In some cases the properties securing the loans were foreclosed on, but in many other cases the banks provided temporary or permanent (or "takeout") financing. Traditional lenders, such as life insurance companies, apparently have sharply limited the availability of long-term financing for these properties.

Consumer Loans. Although credit card lending expanded last year, after little growth in 1990, overall consumer lending contracted along with installment lending. The decline in installment debt evidently resulted from consumer efforts, in response to uncertain economic conditions, to delay purchases of automobiles and other durable

goods and to reduce high debt-to-income levels they had built up in earlier years.

In addition to weak demand, the growth of consumer loans held by banks was depressed by the securitization of more than \$23 billion in consumer receivables last year, slightly above the large volume in 1990. By removing these loans from banks' balance sheets, securitization reduces the amount of capital that banks are required to hold and at the same time allows banks to earn fee income by originating and servicing the securitized loans. Securitizations were especially strong both in 1990, when the interim capital standards were implemented, and in 1991, the year before full implementation of capital standards.

Securities. Banks increased their rate of acquisition of securities further last year, to around 15¾ percent. Although a pickup in securities holdings is typical in recessionary environments, the phenomenon was especially pronounced in 1991, in part because of the contraction in loans. All the increase was in U.S. government and federal agency securities, about half of which was in the form of mortgage-backed securities. Since the last recession, a liquid market for mortgage-backed securities issued or guaranteed by U.S. government agencies has made it possible for banks to convert real estate loans to marketable instruments—a practice that requires less capital than making loans under the risk-based capital requirements. The practice allows banks to diversify their real estate portfolios geographically and, because of government guarantees, to reduce credit risks.

Securities issued by state and local governments continued to run off last year, as they have since passage of the Tax Reform Act of 1986, which reduced the attractiveness of holding such securities acquired after August 7, 1986. Since 1986, the proportion of state and local government securities in bank asset portfolios has declined 3 percentage points, to about 2¼ percent.

Liabilities

With bank funding needs weak, total deposits at commercial banks grew at a 3 percent rate in 1991 on a year-end basis, the slowest pace since 1987 (table 2). The composition of bank liabilities also

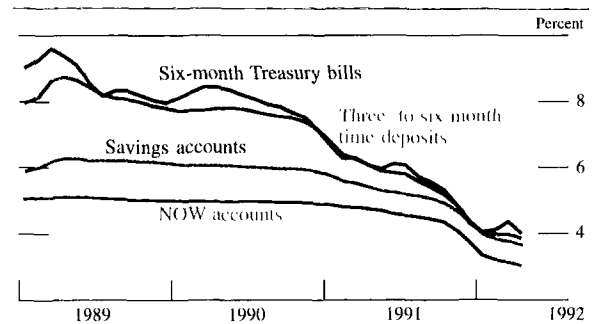
changed somewhat in 1991, as banks shifted toward retail deposits and continued to reduce their reliance on costly managed liabilities to fund asset growth.

Although retail deposits continued to rise relative to overall balance sheets, banks appeared to pursue them rather unaggressively. Rates offered on retail deposits fell broadly in line with money market rates. In addition, a number of commercial banks reduced expenditures on retail deposit advertising, according to informal contacts. As yields on small-denomination time deposits fell to very low levels by standards of recent years, a portion of these funds apparently shifted into stock and bond markets in a search for higher returns.

As is typical when short-term rates decline, deposit holders shifted some funds from maturing retail certificates of deposit into NOW accounts and savings deposits. The opportunity costs (that is, the rate of return forgone) of these liquid deposits fell last year as offering rates on them adjusted to lower short-term market rates more sluggishly than did yields on small-denomination time deposits (chart 6).

Although the opportunity costs of holding demand deposits also fell last year, these deposits declined slightly from year-end 1990 to year-end 1991. This decline likely owed in part to banks' efforts to hold down deposit insurance fees, which are based on quarter-end deposits. Even on a fourth-quarter-average to fourth-quarter-average basis, demand deposits increased at a sluggish 3½ percent rate, likely because corporations continued to shift away from compensating balances, and toward fees, to pay for bank services.

6. Rates on selected retail deposits at insured commercial banks and rate on six-month Treasury bills, 1989-92.¹



1. Savings accounts include money market deposit accounts.
SOURCE: Federal Reserve Monthly Survey of Selected Deposits.

Capital

Despite asset quality pressures and a higher rate of provisioning against loan losses, bank equity capital increased \$13.2 billion in 1991, or about 6 percent (table 3). More than \$7 billion of the gain came from additional holding company investments in subsidiary banks. These parent institutions took advantage of sharply rising stock prices to issue additional shares and then "downstreamed" the funds to their subsidiary banks. Retained income provided another \$3.5 billion in equity capital, and most of the balance came from the conversion of convertible debt, the exercising of stock options, and other equity sales. Improved investor confidence in the future profitability of the banking industry was evidenced by a narrowing of the spread between rates on subordinated notes and debentures for money center and regional banks and rates on Treasury issues (chart 7). During 1991, the industry added \$1.5 billion in subordinated debt, a 6.9 percent increase.

Large banks other than the ten largest made the most progress in building equity, increasing equity capital 9 percent. Net income at these banks dou-

bled in 1991, enabling them to retain income while increasing dividend payments. Small and medium-size banks increased their capital at a somewhat slower pace than did large banks, by about 5½ and 7¼ percent respectively. Small and medium-size banks were a little more profitable than in 1990 and retained more to build equity capital. In contrast to banks of other sizes, the ten largest banks made little overall progress in building new capital in 1991, though the group did raise substantial equity capital in early 1992. These banks were considerably less profitable than banks of other sizes and retained almost no earnings last year.

By year-end 1992, banks must meet two risk-based capital-ratio requirements. First, tier 1 capital—mainly common equity and perpetual preferred stock—must amount to at least 4 percent of risk-weighted assets. Second, total capital—tier 1 plus tier 2—must amount to at least 8 percent of risk-weighted assets. Tier 2 capital includes other types of preferred stock, subordinated debt, loan loss reserves (up to 1.25 percent of risk-based assets), and mandatory convertible debt. In addition, tier 1 capital must equal at least 3 percent of

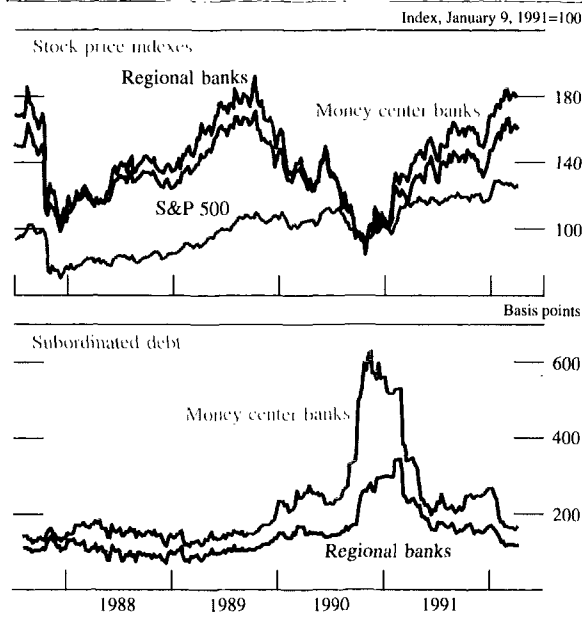
3. Retained income and change in total equity capital, insured commercial banks, by size of bank, 1985-91¹

Millions of dollars, except as noted

Item	1985	1986	1987	1988	1989	1990	1991
<i>Retained income</i>							
All banks	9,358	8,073	-7,936	11,303	1,458	2,391	3,495
Small	2,057	1,164	1,406	1,575	2,235	1,911	2,347
Medium	3,123	2,792	815	2,236	2,092	50	244
Large, excluding ten largest ..	2,852	2,491	-3,484	2,860	1,375	-1,124	873
Ten largest	1,325	1,627	-6,675	4,632	-4,244	1,554	31
<i>Net change in equity capital</i>							
All banks	13,373	11,883	-2,556	14,643	7,141	12,265	13,169
Small	3,167	2,294	2,382	2,546	3,006	2,890	3,127
Medium	5,013	4,437	2,279	2,978	3,823	3,607	4,332
Large, excluding ten largest ..	3,373	3,110	-2,494	4,377	2,889	3,118	5,521
Ten largest	1,819	2,042	-4,723	4,743	-2,577	2,650	189
<i>Change in equity capital (percent)</i>							
All banks	8.8	7.1	-1.4	8.4	3.7	6.1	6.2
Small	6.2	4.4	4.5	4.9	5.6	5.3	5.6
Medium	12.0	9.5	4.4	5.7	6.9	6.2	7.2
Large, excluding ten largest ..	10.8	8.5	-6.2	10.4	5.9	5.7	9.0
Ten largest	6.4	6.4	-13.9	16.2	-7.3	8.1	.5
<i>Change in equity capital attributable to retained income (percent)</i>							
All banks	70.0	67.9	...	77.2	20.4	19.5	26.5
Small	64.9	50.7	59.0	61.9	74.4	66.1	75.1
Medium	62.3	62.9	35.8	75.1	54.7	1.4	5.6
Large, excluding ten largest ..	84.6	80.1	...	65.3	47.6	...	15.8
Ten largest	72.8	79.7	...	97.7	...	58.6	16.6

1. Includes banks with negative as well as positive equity. Change in equity capital calculated from year-end to year-end. Components may not sum to totals because of rounding.

7. Stock price indexes, and spread of interest rates paid on bank subordinated debt over rates on comparable Treasury securities, 1987-91¹



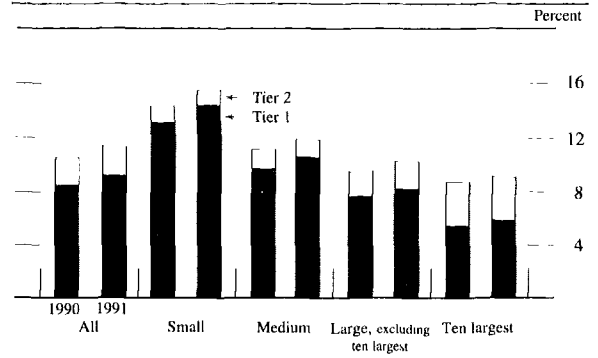
1. Data in top panel are for eleven money center and twenty-four regional banks as defined by Salomon Brothers. Data in lower panel are for a subset of banks in each of these groups. Yields on Treasury securities and subordinated debt are based on actively traded issues adjusted to a ten-year constant maturity.

unweighted total assets (the leverage ratio). (In practice, regulators require a leverage ratio above 3 percent for all but the most well-managed banks.)

Risk-weighted assets are calculated by multiplying the amount of assets in each asset category by a factor keyed to the credit risk of that category. Riskier assets have higher weights and require more capital. Thus, a zero percent weight is assigned to U.S. Treasury securities, government-backed mortgages, and mortgage-backed securities (MBSs) guaranteed by the Government National Mortgage Association; a 20 percent weight to most other MBSs and federal agency securities; a 50 percent weight to qualifying one- to four-family conventional mortgages and general obligation revenue bonds; and a 100 percent weight to most other loans, including C&I, consumer, and commercial real estate. In addition, banks must maintain capital against the credit exposures associated with most off-balance-sheet transactions.

The vast majority of banks meet the 1992 capital-ratio requirements. In 1991, banks across

8. Risk-based capital ratios at insured commercial banks, by size of bank, fourth quarter, 1990 and 1991¹



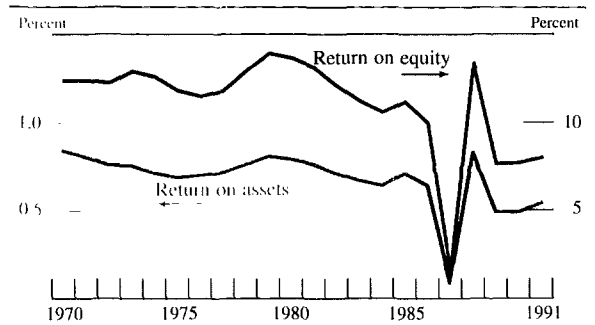
1. See text for explanation of capital tiers and risk adjustments.

all size categories made significant progress in increasing risk-based capital ratios, primarily by increasing their tier 1 capital (chart 8). Subordinated debt and intermediate-term preferred stock that qualified as tier 2 capital increased \$1 billion, industrywide, in 1991. The ten largest banks continued to rely relatively heavily on subordinated debt (which is classified as tier 2 capital).

TRENDS IN PROFITABILITY

Although profitability in the commercial banking industry remained depressed in 1991, the return on assets for all insured commercial banks edged up to 0.54 percent, and the return on equity increased to 8.09 percent (chart 9). Sharp declines in short-term interest rates and a steepening of the yield curve helped boost income, as net interest margins widened and banks realized hefty gains on securities,

9. Return on equity and on assets, all insured commercial banks, 1970-91



which helped offset adverse effects on profitability of higher loss provisioning (table 4). Profitability was also held down by elevated noninterest expenses, particularly onetime charges associated with restructuring. Even with depressed profitability, however, dividends paid as a share of assets remained at a high level for the banking system as a whole, and retained income, although up, was low for the third straight year.

Profitability measures for the industry as a whole tended to follow the patterns typical of cyclical downturns and recoveries, turning down as the economy slumped and beginning to rebound as the economy turned around. The industry ended the recession in poor shape. As loan delinquency rates soared during the second half of 1990 and the first half of 1991 with the weakening economy, net income was damped by increased provisions against future loan losses. Weaker profits were not a purely cyclical phenomenon, however. Net income was particularly low at banks that held high proportions of commercial real estate loans, and it deteriorated during the first half of 1991.

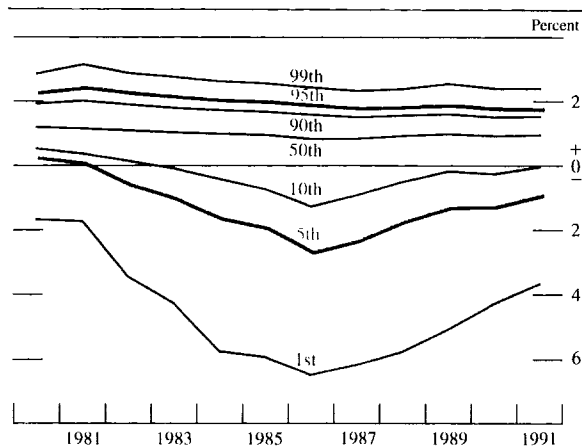
Although most banks improved their earnings in 1991, there were wide differences among banks of

4. Income and expense items as a percentage of average net consolidated assets, insured commercial banks, by size of bank, 1989-91

Year and size of bank	Net interest margin (taxable equivalent) ¹	Net noninterest margin	Loss provisions	Net income (return on assets)
1991				
All banks	3.71	-1.96	.98	.54
Small	4.25	-2.52	.47	.82
Medium	4.08	-2.18	1.05	.53
Large, excluding ten largest	3.58	-1.81	1.09	.58
Ten largest	2.96	-1.42	1.20	.21
1990				
All banks	3.55	-1.82	.93	.49
Small	4.25	-2.48	.49	.79
Medium	4.02	-2.04	1.11	.53
Large, excluding ten largest	3.31	-1.63	1.20	.28
Ten largest	2.73	-1.26	.76	.47
1989				
All banks	3.68	-1.83	.95	.49
Small	4.35	-2.49	.47	.85
Medium	4.10	-2.10	.76	.74
Large, excluding ten largest	3.49	-1.57	1.06	.55
Ten largest	2.82	-1.23	1.49	-.22

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.

10. Return on assets of insured commercial banks, by bank earnings percentile, 1980-91



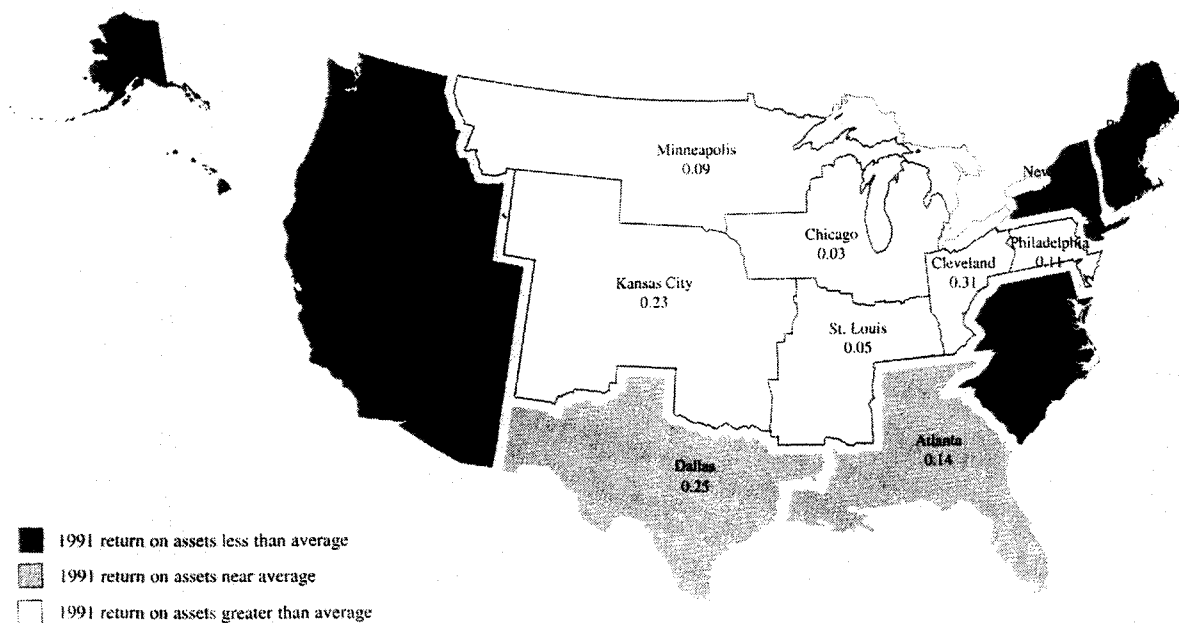
different sizes. Large banks other than the ten largest made the most progress on earnings; their average return on assets increased 30 basis points in 1991, as their taxable equivalent net interest margins widened 27 basis points. At the ten largest banks, however, loss provisions rose sharply and return on assets fell 26 basis points.

Looking at differences in earnings from bank to bank, rather than by size category, gives some perspective on heterogeneity in bank performance. The distribution of earnings in 1991 continued to narrow from the high degree of dispersion during the mid-1980s, a period of poor earnings for some banks whose loans were concentrated in the energy and agricultural industries (chart 10). Poor performers (banks at the 5th earnings percentile) improved their returns on assets during 1991, and banks at the 95th percentile continued to perform well notwithstanding the recession. The decrease in dispersion between 1990 and 1991 was also evident in the standard deviation for the return on assets, which declined from 1.14 to 1.05 percent.

Bank profitability varied considerably across regions in 1991 (chart 11). Earnings of banks in the San Francisco District deteriorated noticeably: Average return on assets fell from 1.01 percent in 1990 to 0.41 percent (compared with a national average rate of return on assets of 0.54 percent in 1991) as delinquencies on real estate credits mounted and banks made substantial provisions against future loan losses. Although banks in the Boston District on average experienced losses again in 1991, they showed the largest improve-

11. Change in return on assets from 1990 to 1991, all insured commercial banks, by Federal Reserve District

Percentage points



ment, with net income as a percentage of assets rising from -0.99 percent to -0.13 percent. Progress in the Boston District was due to widening interest margins, which in 1991 increased 35 basis points—twice the national average—as the proportion of nonperforming assets declined. Decreased provisions against loan losses in the Boston District likely reflected substantial charge-offs made in 1989 and 1990 and stabilization of the regional economy.

Banks in the central part of the country recorded profit rates well above the 1991 national average. These banks had a lower proportion of nonperforming assets, lower charge-off rates, and a smaller concentration of commercial real estate loans than did banks in the nation as a whole. Consequently, they made smaller provisions against future loan losses. Banks in the two southern Districts recorded 1991 profit rates near but slightly above the national average. Like banks in the central part of the country, these banks had a lower proportion of nonperforming assets and lower charge-off rates; however, their loans remained more concentrated in commercial real estate.

The ratios of dividends paid out to net income declined in 1991 for banks of all sizes except the ten largest, which maintained dividends at a high level despite weaker earnings. The overall result was retained income of \$3.5 billion for the industry. Retained income accounted for just over 25 percent of the increase in equity capital in 1991. Two-thirds of the retained income was at small banks.

Loan Losses

Loan quality at commercial banks continued to deteriorate in 1991 (table 5). For the banking system as a whole, net charge-offs rose to 1.55 percent of outstanding loans, from 1.40 percent in 1990 and 1.11 percent in 1989. Delinquencies at banks also moved up, to 5.85 percent from 5.26 percent in 1990 and 4.77 percent in 1989. The rise in both charge-off and delinquency rates was particularly sizable at the ten largest banks, where commercial real estate loans, as a percentage of outstanding loans, has been rising sharply for the

5. Measures of loan quality, insured commercial banks, by size of bank, 1989-91

Percentage of average outstanding loans

Year and size of bank	Net charge-offs	Delinquencies	Loss provisions	Loss reserves
<i>1991</i>				
All banks	1.55	5.85	1.59	2.62
Small .....	.72	4.33	.85	1.66
Medium	1.42	5.32	1.68	2.28
Large, excluding ten largest	1.54	5.69	1.73	2.72
Ten largest	2.37	7.90	1.87	3.64
<i>1990</i>				
All banks	1.40	5.26	1.49	2.54
Small .....	.69	4.18	.88	1.59
Medium	1.13	4.44	1.70	1.85
Large, excluding ten largest	1.65	5.36	1.88	2.53
Ten largest	1.93	6.95	1.18	4.13
<i>1989</i>				
All banks	1.11	4.77	1.52	2.45
Small .....	.70	4.12	.85	1.57
Medium .....	.90	3.77	1.16	1.61
Large, excluding ten largest	1.34	4.39	1.64	2.37
Ten largest	1.42	7.07	2.38	4.36

past decade. Increases in property taken over by banks because of loan problems were pervasive across banks of all sizes, in part reflecting the problems with mini-perm loans.

Detailed data on net charge-offs and delinquencies by type of loan are available for medium and large banks and for all banks with foreign offices (chart 12). For this large subset of banks, seasonally adjusted charge-off and delinquency rates for the major types of loans—commercial and industrial, real estate, and consumer—rose through the first half of 1991. For most types of loans, noticeable declines in charge-off and delinquency rates occurred over the second half of the year. Charge-offs of real estate loans continued to rise during the second half, however. For all types of loans, measures of loan-performance problems remained at relatively high levels at the end of 1991.

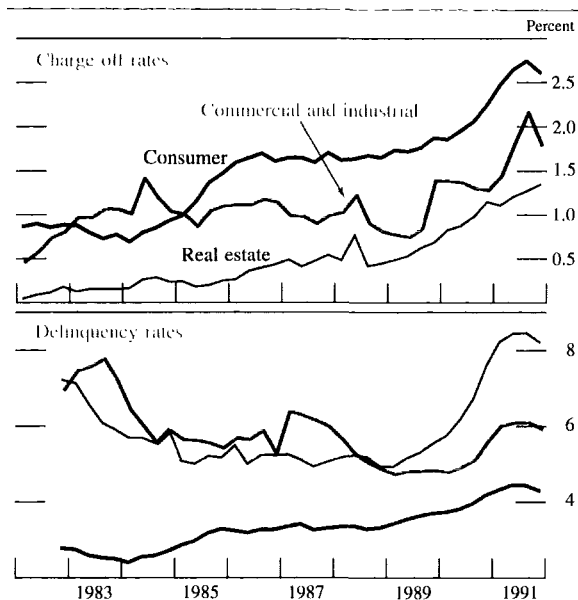
Not surprisingly, banks with the weakest earnings had the biggest problems with asset quality. Loss provisions as a percentage of average net consolidated assets were approximately twice as large at banks in the lowest earnings quartile as at banks in the highest quartile (table 6). Banks in the lowest earnings quartile also had relatively more nonperforming loans as a percentage of assets, which lowered their interest income and narrowed their net interest margins considerably. Additional

collection and legal fees as well as higher expenses for wages and salaries associated with problem loans also worsened noninterest margins at the low-earnings banks.

For the banking industry as a whole, loss reserves as a percentage of loans rose 8 basis points in 1991 (table 5). The ten largest banks made much larger loss provisions than in 1990; nevertheless, reflecting charge-offs, their loss reserves as a percentage of loans still fell. In contrast, reserves at banks of other sizes were higher at the end of 1991, even though the rate of provisioning at these banks fell over the year.

Net Interest Margin

Net interest margins widened 17 basis points in 1991. Although gross interest income fell about 1 percentage point as market rates and the prime rate dropped, gross interest expense declined more.

12. Charge-off and delinquency rates on loans by medium and large insured commercial banks, by type of loan, 1982-91¹

1. Data are from FFIEC's quarterly Reports of Condition and Income for banks with assets of at least \$300 million and for all banks with foreign offices. Data are consolidated (foreign and domestic offices) and seasonally adjusted. Charge-off rate series began in 1982:Q1; rates are annualized charge-offs, net of recoveries, divided by average outstanding loans. Delinquency rate series began in 1982:Q4; delinquent loans include loans past due thirty days or more and still accruing interest and loans on nonaccrual status.

6. Selected characteristics of insured commercial banks, by size of bank and earnings quartile, 1990 and 1991¹
 Percentage of average net consolidated assets, except as noted

Year and size of bank	Net interest margin	Loss provisions	Net noninterest margin	Employee wages and salaries	Net income (return on assets)
Lowest earnings quartile					
<i>1991</i>					
All banks	3.28	1.52	-2.20	1.65	-29
Small	3.84	1.09	-3.25	1.78	-40
Medium	3.39	1.77	-2.61	1.51	-71
All large	3.16	1.51	-1.92	1.67	-15
<i>1990</i>					
All banks	3.03	1.49	-2.04	1.60	-40
Small	3.82	1.25	-3.21	1.79	-59
Medium	3.43	2.08	-2.30	1.42	-66
All large	2.78	1.33	-1.77	1.63	-29
Highest earnings quartile					
<i>1991</i>					
All banks	4.58	.79	-1.65	1.45	1.66
Small	4.39	.25	-2.03	1.51	1.58
Medium	4.69	.86	-1.51	1.49	1.65
All large	4.68	1.30	-1.39	1.36	1.75
<i>1990</i>					
All banks	4.67	.66	-1.63	1.57	1.68
Small	4.42	.24	-2.02	1.53	1.59
Medium	4.57	.67	-1.51	1.57	1.70
All large	5.03	1.08	-1.38	1.62	1.73

1. Earnings are the return on average net consolidated assets.

The speed at which interest income and expense adjusted to changing market rates differed with bank size (chart 13). The margin at large banks (excluding the ten largest) increased 28 basis points. At the beginning of the year, these banks, which rely relatively heavily on overnight funding and on short-maturity deposits, generally had a greater proportion of their liabilities than assets eligible for near-term repricing compared with smaller banks. As a result, funding costs at large banks dropped more quickly than returns on assets did. Interpretation of these data, however, is complicated by the increased involvement of large banks in derivative markets and other off-balance-sheet activities. Income and expenses from these activities are included in noninterest income and expenses and trading account income, though these flows may be closely related to interest income and expenses, for example, through hedging.

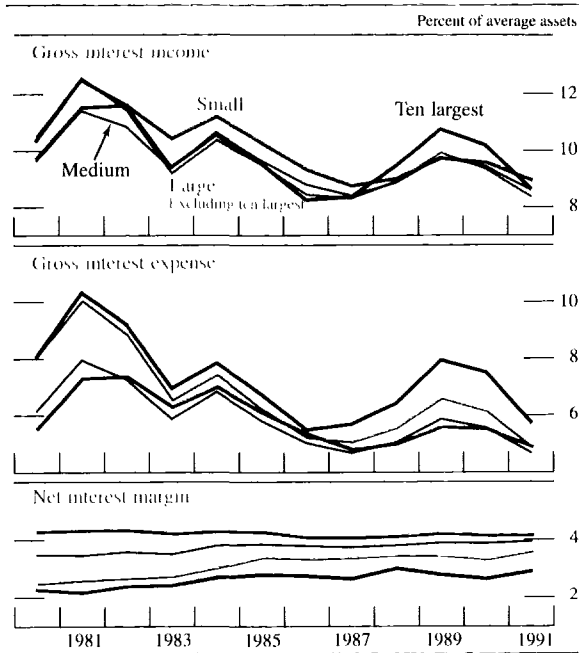
Interest margins rose more moderately at medium banks and were essentially unchanged at small banks. The liability structure of these institutions left them less well positioned to take advantage of lower market rates. Small and medium-size banks tend to rely more heavily on longer-term

time deposits and therefore did not realize the benefit of lower interest rates until the latter part of the year, when a sizable portion of those deposits matured and were redeposited or were moved into more liquid accounts earning lower rates.

The gross return on banks' loan portfolios (before interest expense and loss provisions), at 10.3 percent, declined more than 100 basis points from 1990. This decrease compares with the fall in money market rates of about 2 percentage points over the period and a decline in the average prime rate of 155 basis points (chart 1). The ten largest banks, a larger proportion of whose loans are repriced in relation to money market yields rather than the prime rate, faced the steepest decline in the average loan rate—about 180 basis points. The smallest banks earned about 60 basis points less on their loans than they had a year earlier.

Small banks earned more on their loan portfolios than the industry average—a reversal of the situation just two years earlier. Business loans at small banks are more likely to be tied to the prime rate than to market rates. The widening spread of the prime rate over market rates (chart 1) thus helped buoy the returns on loan portfolios of small banks.

13. Interest income and expense, and net interest margin, insured commercial banks, by size of bank, 1980-91



In addition, the loan portfolios of small banks tend to have a larger proportion of loans secured by real estate, which usually have longer terms and less volatile returns than the types of loans held by larger banks do. Finally, most real estate loans at small banks are secured by one- to four-family residential properties. These loans had lower delinquency rates than other types of real estate loans during 1991.

Rates earned on virtually all types of securities held by banks declined with market interest rates over the year. However, the drop in yields on securities, at 37 basis points, was not as severe as the drop in yields on loans, in part because the securities in banks' portfolios have relatively longer maturity periods.

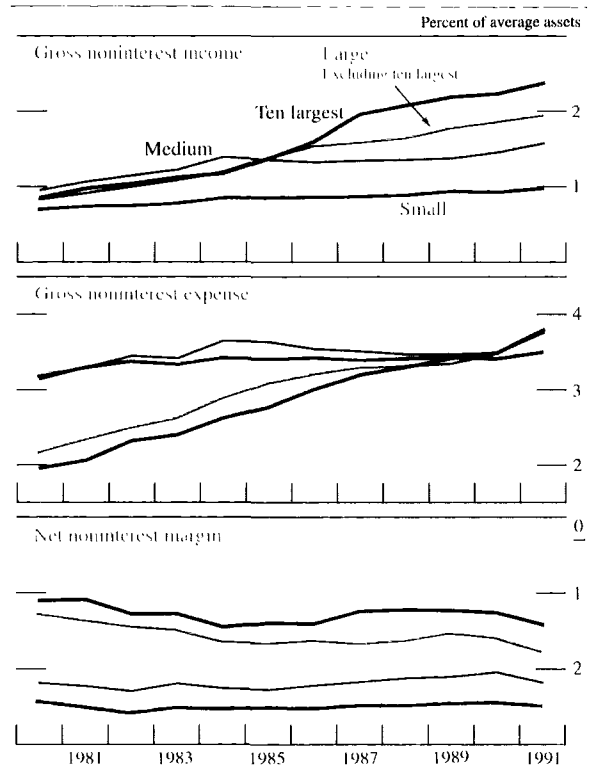
Noninterest Expenses and Income

Despite banks' efforts to control costs, noninterest expenses other than loss provisions were an important factor limiting gains in profits last year. (Non-interest expenses include wages and salaries, occupancy expenses, and other operating expenses.)

Industrywide, noninterest expenses increased 24 basis points relative to average assets. Large banks (excluding the ten largest) registered an increase triple that for small banks (chart 14). Expenses for wages and salaries grew faster than average assets, increasing 3 basis points, in contrast to the past two years, when these expenses as a percentage of assets remained constant. Wage and salary expenses were boosted by outlays associated with restructuring, including costs related to layoffs and early retirements. The ten largest banks, which reduced their staffs by more than 12,000 full-time equivalents, had particularly large increases in this expense category.

Expenses for premises and fixed assets (net of rental income) as a percentage of assets remained unchanged from their 1990 level. Small banks kept these expenses in check, but at larger banks these expenses drifted up in 1991 relative to assets.

14. Noninterest income and expense, and net noninterest margin, insured commercial banks, by size of bank, 1980-91



Operating expenses classified as "other" were responsible not only for the bulk of the increase in operating costs but also for the variation among banks of different sizes. At small banks, these expenses increased 9 basis points, compared with 22 basis points at all large banks. The jump in other operating expenses partly reflected an industrywide increase in deposit insurance premiums. As a percentage of deposits, premiums averaged 9 basis points higher in 1991 than in 1990. Higher insurance premiums would not, however, explain the variation in the increase in these expenses across banks of different sizes, particularly because larger banks tend to rely less on deposits than do smaller banks. Larger banks, however, have had stronger growth in off-balance-sheet activities and, most likely, the associated expenses. Some of the increase in other operating expenses also may have been associated with the deterioration in loan quality. In general, banks with sizable increases in these expenses also made large loan loss provisions, suggesting that higher noninterest expenses may stem from collection and legal expenses related to loan performance problems.

Some of the variation in noninterest expenses is likely due to onetime expenses related to consolidation and restructuring. This interpretation is strengthened by an analysis of banks according to merger activity (table 7). Noninterest expenses as a percentage of average assets were 17 basis points higher on average at banks that merged during 1991 than at other banks, even though wages and salaries as a percentage of average assets were 8 basis points lower. These differences were statistically significant at the 5 percent level in 1991 but

7. Selected characteristics of insured commercial banks, by size and merger activity, 1991

Percentage of average net consolidated assets

	Noninterest expense	Net income (return on assets)
<i>Banks that merged during calendar year 1991</i>		
All banks	3.84	.46
Small	3.57	.54
Medium	3.67	.83
All large	3.93	.30
<i>Banks that did not merge during calendar year 1991</i>		
All banks	3.67	.55
Small	3.46	.84
Medium	3.76	.48
All large	3.72	.46

were indistinguishable in 1990, the year before the merger. Some mergers may reduce costs in the long run because of economies of scale and scope in back-office operations and other overhead activities. However, implementation of a merger or a change in structure evidently is expensive in the short run, substantially so for some banks. Only medium-size banks that merged were able to hold noninterest expenses below those of their counterparts that did not merge during 1991. Large banks (including the ten largest) had the largest difference in noninterest expenses between the two groups of banks.

Noninterest income as a percentage of assets also grew in 1991 across all sizes of banks (chart 14). Hikes in service charges on deposits accounted for more than 70 percent of the change in noninterest income at large banks excluding the ten largest. At the ten largest banks, however, most of the increase came from other fee income, particularly fees on credit cards, fees for processing securities, consumer banking fees, and fees associated with over-the-counter derivatives.

Since 1985, noninterest income has become much more dispersed across banks of different sizes. At small banks, increases have amounted to only a few basis points, while at the ten largest banks noninterest income has climbed about 1 percentage point. For the largest banks, the increase essentially reflects greater emphasis on off-balance-sheet activities, such as loan servicing, mortgage banking, trust activities, and activities associated with over-the-counter derivatives, as well as securitization. The strong increases in noninterest income improved the noninterest margin steadily from 1985 to 1990, with an overall decrease in the negative spread between noninterest income and expense of 18 basis points. The net noninterest margin started to become more negative for banks with assets over \$5 billion in 1990 and became more negative across all size categories in 1991. For the industry, the net noninterest margin widened 14 basis points in 1991, largely offsetting the increase in the net interest margin.

DEVELOPMENTS IN EARLY 1992

Although bank profitability has improved somewhat and the recovery appears to be on a firmer

footing in early 1992, overall bank lending has yet to revive. Nevertheless, there is some indication that banks are more prepared to lend. Debt and equity issuance by bank holding companies picked up in the first quarter of 1992. Responses to the January and May 1992 LPSs indicated that banks had largely discontinued tightening their credit standards for most types of loans and that some easing had occurred. Profit reports for the first quarter of 1992 generally have been encouraging. Banks have held on to high net interest margins, in

part by aggressively cutting rates paid on retail deposits. Tighter expense control and improving credit quality should help bolster income for healthy banks; however, the assets of problem banks are at record levels. Bank profitability likely will continue to be depressed in the near term by costs associated with further industry consolidation, continued sluggish loan demand, lingering credit quality problems, and higher deposit insurance premiums.

A.1. Report of income, all insured commercial banks, 1985-91¹

Millions of dollars

Item	1985	1986	1987	1988	1989	1990	1991
Operating income, total	276,214	270,036	281,271	308,711	357,320	365,643	337,496
Interest income	245,513	234,642	240,577	265,093	308,895	312,379	280,932
Loans	181,733	173,371	177,249	196,185	231,924	232,638	207,103
Balances due from depositories	13,659	11,142	11,870	13,196	14,726	12,397	8,911
Gross federal funds sold and reverse repurchase agreements	9,395	8,926	8,808	10,034	12,598	12,181	8,819
Securities (excluding trading accounts)	37,392	37,871	38,699	40,755	45,219	49,799	51,398
Tax-exempt	6,235	10,598	9,086	8,015	7,180	6,252	5,358
Taxable	31,157	27,273	29,613	32,740	38,039	43,547	46,040
Trading account assets	3,333	3,331	3,950	4,922	4,427	5,365	4,700
Noninterest income	30,701	35,394	40,694	43,618	48,425	53,263	56,565
Service charges on deposits	7,336	7,917	8,663	9,332	10,153	11,347	12,711
Other operating income	23,365	27,477	32,031	34,286	38,272	41,916	43,854
Operating expense, total	254,570	251,645	274,935	275,524	333,928	343,338	315,710
Interest expense	155,748	141,107	142,670	160,515	199,486	200,149	162,892
Deposits	129,524	116,072	113,697	126,010	153,556	158,130	135,182
In foreign offices	30,117	24,442	25,946	28,248	33,436	34,031	25,096
In domestic offices	99,407	91,631	87,751	97,762	120,120	124,099	110,086
Transaction accounts	...	...	8,285	8,923	9,266	9,692	9,625
Savings deposits (including MMDAs)	...	...	27,864	28,997	31,483	32,668	30,354
Large-denomination certificates of deposit	22,769	19,376	18,937	21,920	28,796	26,658	19,290
Other time deposits	...	...	32,665	37,922	50,575	55,080	50,817
Gross federal funds purchased and repurchase agreements	16,457	15,810	15,749	18,154	24,030	21,953	13,768
Other	9,768	9,225	13,224	16,351	21,899	20,066	13,942
Loss provisions	17,585	21,769	36,896	16,265	29,501	30,412	31,966
Noninterest expense	81,237	88,769	95,370	98,743	104,941	112,777	120,853
Salaries, wages, and employee benefits	39,504	42,333	44,477	45,624	48,156	50,823	51,997
Occupancy expense	13,148	14,327	15,045	15,511	16,262	17,159	17,410
Other operating expenses	28,584	32,109	35,848	37,609	40,523	44,795	51,446
Securities gains or losses	1,505	3,820	1,380	279	777	515	2,936
Income before taxes	23,149	22,209	7,715	33,466	24,169	22,820	24,723
Taxes	5,545	5,235	5,303	9,858	9,307	7,470	7,892
Extraordinary items	238	253	163	809	298	692	687
Net income	17,842	17,227	2,576	24,418	15,159	16,041	17,517
Cash dividends declared	8,485	9,153	10,512	13,115	13,701	13,651	14,022
Retained income	9,358	8,073	-7,936	11,303	1,458	2,391	3,495

1. Numbers in table have been revised from previous years using uniform definitions across time and incorporating updated Call Report information.

Components may not sum to totals because of rounding.

A.2. Portfolio composition, interest rates, and income and expense, insured commercial banks, by size of bank, 1985-91¹

A. All banks

Item	1985	1986	1987	1988	1989	1990	1991
Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	86.59	86.98	87.43	87.94	87.86	87.71	87.95
Balances due from depositories	5.53	5.14	5.25	4.98	4.35	3.54	3.04
Loans	59.88	59.49	59.75	60.59	61.32	61.16	60.07
Commercial and industrial	22.02	20.80	19.92	19.41	19.06	18.49	17.34
U.S. addressees	17.29	16.80	16.51	16.44	16.48	15.98	14.98
Foreign addressees	4.72	4.00	3.41	2.97	2.58	2.51	2.35
Consumer	10.88	11.18	11.11	11.32	11.44	11.23	10.84
Credit card	2.56	2.88	2.98	3.14	3.30	3.31	3.31
Installment and other	8.31	8.30	8.13	8.18	8.14	7.92	7.53
Real estate	15.70	16.69	18.69	20.56	22.18	23.51	24.39
Construction and land development	3.20	3.49	3.87	4.01	4.14	3.97	3.37
Farmland	.41	.43	.46	.49	.51	.51	.53
One- to four-family residential	7.19	7.30	8.00	9.18	9.93	10.95	11.96
Home equity	n.a.	n.a.	n.a.	1.17	1.41	1.64	1.90
Other	n.a.	n.a.	n.a.	8.01	8.52	9.30	10.06
Multifamily residential	.44	.49	.56	.58	.59	.61	.64
Nonfarm nonresidential	4.00	4.42	5.21	5.77	6.29	6.72	7.12
Booked in foreign offices	.46	.55	.59	.52	.72	.76	.77
Depository institutions	2.88	2.53	2.39	2.17	1.90	1.66	1.50
Foreign governments	1.56	1.42	1.34	1.23	1.03	.79	.76
Agricultural production	1.51	1.21	1.03	.99	.96	.96	1.02
Other	4.51	4.75	4.30	3.85	3.64	3.41	3.16
Lease financing receivables	.84	.91	.97	1.07	1.11	1.11	1.07
Securities	15.52	16.09	16.67	16.84	16.73	17.25	18.66
U.S. government and other debt	10.58	10.79	12.33	13.15	13.38	14.35	16.08
U.S. government securities	9.49	9.24	10.03	10.35	10.77	11.85	13.59
U.S. Treasury	4.53	4.31	5.91	5.47	4.75	4.34	4.88
U.S. government agency and corporation obligations	4.96	4.93	4.12	4.88	6.03	7.51	8.70
Government-backed mortgage pools	.95	1.16	2.07	2.59	3.27	4.07	4.46
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.34	2.07
Other obligations	4.01	3.77	2.05	2.30	2.76	2.10	2.17
Other debt securities	1.08	1.55	2.29	2.80	2.61	2.50	2.49
State and local government	4.94	5.31	4.34	3.69	3.14	2.65	2.30
Taxable	n.a.	n.a.	.06	.06	.08	.08	.07
Tax-exempt	4.94	5.31	4.29	3.63	3.06	2.57	2.23
Equity ²	n.a.	n.a.	n.a.	n.a.	.26	.25	.28
Trading account assets	1.24	1.55	1.32	1.27	1.25	1.44	1.78
Gross federal funds sold and reverse repurchase agreements	4.42	4.71	4.43	4.26	4.20	4.33	4.40
Non-interest-earning assets	12.61	12.09	11.20	10.51	10.63	10.73	10.47
Interest-bearing liabilities	72.16	72.31	72.87	73.91	74.59	75.09	75.11
Deposits	60.89	59.90	60.27	61.17	61.68	62.50	63.47
In foreign offices	12.18	11.17	10.94	10.46	9.65	9.16	8.59
In domestic offices	48.72	48.72	49.34	50.74	52.03	53.34	54.88
Transaction accounts	4.56	5.20	6.01	6.27	6.16	6.22	6.76
Savings deposits (including MMDAs)	16.35	17.41	18.22	17.52	16.36	16.56	17.95
Large-denomination time deposits	11.47	10.78	10.60	11.09	11.69	11.18	9.63
Small-denomination time deposits	16.33	15.33	14.63	15.86	17.82	19.38	20.55
Gross federal funds purchased and reverse repurchase agreements	7.68	8.26	8.06	7.72	7.95	7.75	6.86
Other interest-bearing liabilities	3.59	4.15	4.54	5.02	4.96	4.85	4.79
Non-interest-bearing liabilities	21.66	21.48	21.08	20.00	19.14	18.65	18.34
Demand deposits	15.61	16.02	15.41	14.34	13.63	12.98	12.77
MEMO							
Money market liabilities	35.23	34.68	34.50	34.61	34.58	33.26	30.19
Loss reserves	.80	.93	1.37	1.55	1.51	1.55	1.58
Equity capital ³	6.18	6.21	6.05	6.09	6.27	6.26	6.55

A.2. Continued
A. All banks

Item	1985	1986	1987	1988	1989	1990	1991
	Effective interest rates (percent)						
<i>Rates earned</i>							
Interest-earning assets	11.69	10.39	9.99	10.70	11.11	10.62	9.52
Taxable equivalent	12.07	10.88	10.24	10.93	11.27	10.75	9.63
Loans, gross	11.94	10.72	10.18	10.80	11.97	11.41	10.30
Net of loss provisions	10.79	9.38	8.06	9.91	10.45	9.92	8.71
Securities	9.44	8.49	7.97	8.08	8.60	8.68	8.31
Taxable equivalent	10.67	10.30	8.90	8.85	9.16	9.15	8.70
State and local government	5.09	7.17	7.27	7.38	7.45	7.36	7.25
U.S. government and other debt	10.35	9.06	8.06	8.08	8.89	8.95	8.50
Equity	n.a.	n.a.	n.a.	n.a.	7.48	6.99	5.95
Trading account assets	10.12	7.83	10.05	12.65	11.11	10.13	7.58
<i>Rates paid</i>							
All interest-bearing liabilities	9.26	7.51	6.61	7.15	8.40	7.89	6.39
Gross federal funds purchased and repurchase agreements	7.97	6.78	6.51	7.39	9.21	7.95	5.72
Deposits	8.24	6.96	6.45	6.85	7.88	7.61	6.37
In foreign offices	9.48	7.78	7.90	8.91	10.88	10.71	8.55
In domestic offices	7.90	6.76	6.08	6.41	7.30	7.00	6.00
Transaction accounts	n.a.	n.a.	4.54	4.75	4.82	4.77	4.32
Savings deposits (including MMDAs)	n.a.	n.a.	5.26	5.50	6.15	5.95	5.07
Large-denomination certificates of deposit	8.73	7.32	6.86	7.38	8.62	7.98	6.61
Other time deposits	n.a.	n.a.	6.97	7.29	8.26	7.93	6.87
	Income and expense items as a percentage of average net consolidated assets						
Gross interest income	9.73	8.68	8.43	9.01	10.00	9.57	8.59
Taxable equivalent	10.05	9.09	8.64	9.20	10.14	9.69	8.69
Loans	7.20	6.41	6.21	6.67	7.51	7.13	6.33
Securities	1.48	1.40	1.36	1.39	1.46	1.53	1.57
Gross federal funds sold and reverse repurchase agreements .....	.37	.33	.31	.34	.41	.37	.27
Other .....	.68	.54	.55	.61	.62	.54	.42
Gross interest expense	6.17	5.22	5.00	5.46	6.46	6.13	4.98
Deposits	5.13	4.29	3.98	4.28	4.97	4.84	4.13
Gross federal funds purchased and repurchase agreements .....	.65	.58	.55	.62	.78	.67	.42
Other .....	.39	.34	.46	.56	.71	.61	.43
Net interest margin	3.56	3.46	3.43	3.55	3.54	3.44	3.61
Taxable equivalent	3.88	3.87	3.64	3.75	3.68	3.55	3.71
Loss provisions .....	.70	.81	1.29	.55	.95	.93	.98
Noninterest income	1.22	1.31	1.43	1.48	1.57	1.63	1.73
Service charges on deposits .....	.29	.29	.30	.32	.33	.35	.39
Other .....	.93	1.02	1.12	1.17	1.24	1.28	1.34
Noninterest expense	3.22	3.28	3.34	3.36	3.40	3.45	3.69
Salaries, wages, and employee benefits	1.57	1.57	1.56	1.55	1.56	1.56	1.59
Occupancy expense .....	.52	.53	.53	.53	.53	.53	.53
Other	1.13	1.19	1.26	1.28	1.31	1.37	1.57
Net noninterest margin	-2.00	-1.97	-1.91	-1.88	-1.83	-1.82	-1.96
Securities gains or losses .....	.06	.14	.05	.01	.03	.02	.09
Income before taxes .....	.92	.82	.27	1.14	.78	.70	.76
Taxes .....	.22	.19	.19	.34	.30	.23	.24
Extraordinary items .....	.01	.01	.01	.03	.01	.02	.02
Net income .....	.71	.64	.09	.83	.49	.49	.54
Cash dividends declared .....	.34	.34	.37	.45	.44	.42	.43
Retained income .....	.37	.30	-.28	.38	.05	.07	.11
MEMO							
Return on equity for banks with positive equity ...	11.29	10.21	2.26	14.41	8.04	8.02	8.09
Average assets (billions of dollars)	2,582	2,784	2,923	3,007	3,160	3,323	3,344

1. See text note and notes to tables in the text. Numbers in table have been revised from previous years using uniform definitions across time and incorporating updated Call Report information.

2. Before 1989, "equity" securities were combined with "other debt securities."

3. Includes banks with negative as well as positive equity.
n.a. not available

A.2. Portfolio composition, interest rates, and income and expense, insured commercial banks, by size of bank, 1985-91—Continued

B. Banks with less than \$300 million in assets

Item	1985	1986	1987	1988	1989	1990	1991
Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	89.85	90.00	90.50	90.83	90.97	91.17	91.35
Balances due from depositories	2.86	3.03	3.24	3.09	2.34	1.80	1.53
Loans	54.23	53.15	53.30	54.32	55.11	54.99	54.22
Commercial and industrial	14.48	13.71	12.95	12.36	12.04	11.49	10.62
U.S. addressees	...	...	...	...	...	...	...
Foreign addressees	...	...	...	...	...	...	...
Consumer	12.84	12.21	11.53	11.30	11.23	10.92	10.15
Credit card	.56	.60	.68	.77	.82	.91	.84
Installment and other	12.28	11.62	10.84	10.53	10.41	10.00	9.31
Real estate	20.67	21.74	23.78	25.68	27.03	28.01	28.82
Construction and land development	2.22	2.22	2.22	2.19	2.27	2.37	2.14
Farmland	1.26	1.37	1.55	1.73	1.82	1.88	1.97
One- to four-family residential	11.00	11.48	12.55	14.12	14.59	15.12	15.67
Home equity	n.a.	n.a.	n.a.	.76	.95	1.14	1.25
Other	n.a.	n.a.	n.a.	13.36	13.64	13.98	14.42
Multifamily residential	.49	.53	.59	.59	.61	.63	.69
Nonfarm nonresidential	5.69	6.14	6.87	7.04	7.74	8.01	8.35
Booked in foreign offices	.00	.00	.00	.00	.00	.00	.00
Depository institutions	.81	.56	.61	.69	.66	.48	.40
Foreign governments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Agricultural production	4.27	3.62	3.22	3.25	3.28	3.35	3.55
Other	.94	1.10	1.03	.85	.70	.58	.53
Lease financing receivables	.20	.19	.17	.17	.17	.16	.15
Securities	27.17	26.77	27.43	28.07	27.80	28.29	30.03
U.S. government and other debt	19.06	18.76	20.79	22.35	22.50	23.38	25.37
U.S. government securities	18.37	17.71	18.69	19.63	20.13	21.22	23.14
U.S. Treasury	3.82	3.61	10.56	9.77	8.78	8.73	9.30
U.S. government agency and corporation obligations	14.55	14.10	8.13	9.86	11.35	12.49	13.84
Government-backed mortgage pools	1.52	1.40	2.57	3.23	3.75	4.61	5.50
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.96	1.56
Other obligations	13.03	12.70	5.56	6.63	7.60	6.92	6.78
Other debt securities	.69	1.06	2.10	2.72	2.37	2.16	2.23
State and local government	8.11	8.01	6.64	5.72	4.99	4.58	4.32
Taxable	n.a.	n.a.	.17	.20	.22	.24	.24
Tax-exempt	8.11	8.01	6.47	5.52	4.77	4.34	4.08
Equity ²	n.a.	n.a.	n.a.	n.a.	.38	.33	.34
Trading account assets	.03	.06	.07	.06	.07	.07	.06
Gross federal funds sold and reverse repurchase agreements	5.55	7.00	6.45	5.29	5.66	6.03	5.52
Non-interest-earning assets	9.47	9.22	8.67	8.32	8.16	7.96	7.75
Interest-bearing liabilities	74.36	74.96	75.64	76.15	76.43	77.12	77.63
Deposits	72.13	72.97	73.67	74.19	74.47	75.23	75.78
In foreign offices	...	...	...	...	...	...	...
In domestic offices	72.04	72.91	73.64	74.16	74.41	75.17	75.70
Transaction accounts	8.02	8.99	10.29	10.68	10.47	10.52	11.07
Savings deposits (including MMDAs)	21.05	22.19	23.35	21.94	19.54	18.57	19.23
Large-denomination time deposits	11.63	11.42	10.96	10.89	11.19	11.11	10.01
Small-denomination time deposits	31.33	30.31	29.21	30.65	33.20	34.97	35.39
Gross federal funds purchased and repurchase agreements	1.60	1.36	1.36	1.34	1.32	1.33	1.33
Other interest-bearing liabilities	.63	.62	.61	.62	.63	.56	.52
Non-interest-bearing liabilities	17.59	17.03	16.28	15.61	15.19	14.44	13.86
Demand deposits	15.39	15.00	14.41	13.74	13.20	12.49	11.95
MEMO							
Money market liabilities	13.83	13.37	12.88	12.82	13.17	13.01	11.89
Loss reserves	.69	.77	.84	.86	.86	.87	.90
Equity capital ³	8.05	8.01	8.08	8.24	8.38	8.45	8.51

A.2. Continued

B. Banks with less than \$300 million in assets

Item	1985	1986	1987	1988	1989	1990	1991
	Effective interest rates (percent)						
<i>Rates earned</i>							
Interest-earning assets	13.19	11.88	11.28	11.72	10.48	10.28	9.60
Taxable equivalent	13.48	12.50	11.68	12.03	10.70	10.48	9.78
Loans, gross	12.44	11.45	10.75	10.96	11.70	11.52	10.92
Net of loss provisions	10.98	9.80	9.55	9.99	10.85	10.65	10.07
Securities	9.65	8.72	7.91	7.95	8.42	8.47	8.09
Taxable equivalent	10.22	10.30	8.95	8.66	9.05	9.03	8.57
State and local government	7.50	7.48	7.50	7.58	7.59	7.48	7.20
U.S. government and other debt	10.41	9.15	7.92	7.93	8.61	8.68	8.26
Equity	n.a.	n.a.	n.a.	n.a.	7.98	7.95	7.09
Trading account assets	10.90	8.64	9.41	15.03	14.95	9.73	8.91
<i>Rates paid</i>							
All interest-bearing liabilities	9.39	7.64	6.11	6.35	7.10	6.95	6.10
Gross federal funds purchased and repurchase agreements	7.83	6.58	6.29	6.78	8.43	7.69	5.72
Deposits	8.01	6.90	6.11	6.34	7.07	6.94	6.11
In foreign offices							
In domestic offices	8.01	6.90	6.11	6.34	7.07	6.94	6.11
Transaction accounts	n.a.	n.a.	4.93	4.99	5.07	5.01	4.60
Savings deposits (including MMDAs)	n.a.	n.a.	5.34	5.47	5.79	5.73	5.13
Large-denomination certificates of deposit	8.68	7.32	6.54	7.10	8.34	7.89	6.69
Other time deposits	n.a.	n.a.	6.94	7.15	8.00	7.85	6.93
	Income and expense items as a percentage of average net consolidated assets						
Gross interest income	10.22	9.26	8.69	8.95	9.65	9.50	8.89
Taxable equivalent	10.45	9.74	9.00	9.18	9.86	9.69	9.05
Loans	6.82	6.15	5.80	6.01	6.52	6.41	5.99
Securities	2.64	2.36	2.20	2.25	2.35	2.42	2.44
Gross federal funds sold and reverse repurchase agreements .....	.49	.50	.45	.43	.55	.52	.33
Other .....	.28	.25	.25	.26	.23	.15	.13
Gross interest expense	6.02	5.26	4.71	4.91	5.51	5.44	4.81
Deposits	5.85	5.12	4.57	4.76	5.34	5.30	4.70
Gross federal funds purchased and repurchase agreements .....	.13	.09	.09	.10	.12	.10	.08
Other .....	.05	.04	.05	.05	.05	.04	.03
Net interest margin	4.20	4.00	3.99	4.04	4.14	4.07	4.08
Taxable equivalent	4.42	4.49	4.29	4.27	4.35	4.25	4.25
Loss provisions .....	.80	.89	.65	.53	.47	.49	.47
Noninterest income .....	.82	.83	.84	.86	.91	.90	.95
Service charges on deposits .....	.42	.42	.41	.41	.42	.43	.44
Other .....	.40	.41	.43	.45	.49	.47	.51
Noninterest expense	3.37	3.39	3.36	3.38	3.40	3.38	3.47
Salaries, wages, and employee benefits	1.64	1.61	1.59	1.59	1.62	1.60	1.60
Occupancy expense .....	.52	.52	.51	.50	.50	.48	.48
Other	1.21	1.26	1.26	1.28	1.28	1.30	1.39
Net noninterest margin	-2.55	-2.56	-2.52	-2.52	-2.49	-2.48	-2.52
Securities gains or losses .....	.07	.15	.03	.01	.01	.00	.06
Income before taxes .....	.93	.71	.85	.99	1.19	1.10	1.15
Taxes .....	.19	.15	.24	.29	.35	.33	.35
Extraordinary items .....	.01	.02	.02	.02	.02	.02	.01
Net income .....	.75	.58	.62	.72	.85	.79	.82
Cash dividends declared .....	.43	.40	.41	.48	.51	.49	.47
Retained income .....	.32	.18	.21	.24	.34	.29	.35
MEMO							
Return on equity for banks with positive equity....	9.40	7.60	8.08	9.63	10.56	9.42	9.67
Average assets (billions of dollars)	658	669	672	653	661	665	671

A.2. Portfolio composition, interest rates, and income and expense, insured commercial banks, by size of bank, 1985-91 -Continued

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

Item	1985	1986	1987	1988	1989	1990	1991
Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	87.47	87.70	88.28	88.82	88.97	88.82	88.91
Balances due from depositories	4.02	3.36	3.21	2.93	2.33	2.02	1.80
Loans	59.74	60.54	62.00	63.24	64.32	63.31	61.09
Commercial and industrial	19.09	18.50	18.40	18.08	17.58	16.63	14.89
U.S. addressees	18.60	18.16	18.08	17.90	17.44	16.51	14.71
Foreign addressees .....	.49	.34	.32	.18	.14	.12	.18
Consumer	14.14	14.32	14.29	14.67	15.26	15.00	14.32
Credit card	3.51	3.86	4.01	4.02	4.57	4.72	4.95
Installment and other	10.63	10.47	10.28	10.64	10.70	10.28	9.37
Real estate	17.96	19.56	22.01	24.25	25.91	26.86	27.24
Construction and land development	4.04	4.39	4.82	4.80	4.83	4.38	3.71
Farmland .....	.20	.23	.24	.27	.27	.29	.29
One- to four-family residential	7.91	8.18	9.07	10.67	11.48	12.35	13.17
Home equity	n.a.	n.a.	n.a.	1.77	2.05	2.24	2.37
Other	n.a.	n.a.	n.a.	8.90	9.44	10.11	10.80
Multifamily residential .....	.55	.64	.65	.66	.68	.70	.77
Nonfarm nonresidential	5.24	6.10	7.21	7.84	8.64	9.14	9.25
Booked in foreign offices .....	.01	.01	.01	.01	.01	.01	.06
Depository institutions	1.95	1.58	1.36	1.19	1.06	1.01	.88
Foreign governments .....	.43	.33	.33	.23	.15	.08	.06
Agricultural production .....	.68	.56	.46	.46	.43	.48	.52
Other	4.71	4.88	4.42	3.57	3.07	2.42	2.35
Lease financing receivables .....	.77	.81	.74	.79	.84	.84	.83
Securities	18.31	18.21	18.10	18.17	18.05	18.78	20.81
U.S. government and other debt	12.26	11.89	13.17	14.03	14.24	15.27	17.74
U.S. government securities	11.07	10.38	11.01	11.19	11.76	12.99	15.41
U.S. Treasury	7.95	7.19	6.86	6.37	5.62	5.28	5.88
U.S. government agency and corporation obligations	3.12	3.19	4.15	4.82	6.14	7.70	9.54
Government-backed mortgage pools	1.00	1.17	2.13	2.38	3.06	3.77	4.49
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.79	2.74
Other obligations	2.12	2.02	2.02	2.43	3.08	2.14	2.31
Other debt securities	1.18	1.50	2.17	2.84	2.49	2.28	2.33
State and local government	6.05	6.32	4.93	4.15	3.51	3.18	2.69
Taxable	n.a.	n.a.	.04	.05	.05	.07	.07
Tax-exempt	6.05	6.32	4.88	4.10	3.46	3.11	2.62
Equity ²	n.a.	n.a.	n.a.	n.a.	.37	.33	.38
Trading account assets .....	.29	.34	.26	.32	.37	.36	.56
Gross federal funds sold and reverse repurchase agreements	5.11	5.25	4.71	4.16	3.91	4.35	4.65
Non-interest-earning assets	11.76	11.45	10.70	10.15	10.00	10.01	9.70
Interest-bearing liabilities	71.90	72.08	73.28	74.67	75.40	75.94	75.83
Deposits	60.73	60.89	60.96	62.55	63.48	64.73	65.53
In foreign offices	2.66	2.37	2.49	2.30	1.95	1.76	1.57
In domestic offices	58.08	58.52	58.48	60.25	61.53	62.97	63.96
Transaction accounts	5.35	6.28	7.07	7.44	7.24	7.45	8.02
Savings deposits (including MMDAs)	20.70	21.95	22.26	21.25	19.83	19.75	20.69
Large-denomination time deposits	13.58	12.58	12.53	12.54	12.75	11.92	10.32
Small-denomination time deposits	18.44	17.71	16.75	19.03	21.71	23.86	24.92
Gross federal funds purchased and reverse repurchase agreements	8.59	8.67	9.17	8.78	8.62	7.94	7.26
Other interest-bearing liabilities	2.58	2.53	3.16	3.33	3.30	3.26	3.04
Non-interest-bearing liabilities	21.71	21.39	20.22	18.76	17.86	17.21	17.14
Demand deposits	18.63	18.61	17.43	16.10	15.13	14.42	13.97
MEMO							
Money market liabilities	27.28	26.04	27.23	26.84	26.55	24.84	22.15
Loss reserves .....	.77	.85	1.02	1.02	1.03	1.17	1.39
Equity capital ³	6.40	6.53	6.49	6.58	6.74	6.85	7.03

A.2. Continued

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

Item	1985	1986	1987	1988	1989	1990	1991
	Effective interest rates (percent)						
<i>Rates earned</i>							
Interest-earning assets	11.04	10.04	9.56	9.79	10.74	10.37	9.47
Taxable equivalent	11.63	10.64	9.93	10.05	10.96	10.53	9.61
Loans, gross	11.78	10.74	10.11	10.58	11.56	11.13	10.28
Net of loss provisions	10.82	9.57	8.81	9.61	10.40	9.43	8.60
Securities	9.17	8.28	7.71	7.88	8.38	8.51	8.20
Taxable equivalent	10.92	10.14	8.81	8.65	9.04	9.01	8.61
State and local government	6.86	6.94	7.02	7.14	7.32	7.28	7.23
U.S. government and other debt	10.34	9.13	8.03	8.09	8.67	8.80	8.40
Equity	n.a.	n.a.	n.a.	n.a.	7.15	6.96	5.75
Trading account assets	8.46	7.34	5.53	6.31	7.56	10.54	6.36
<i>Rates paid</i>							
All interest-bearing liabilities	9.04	7.38	6.17	6.60	7.59	7.14	5.98
Gross federal funds purchased and repurchase agreements	7.83	6.59	6.38	7.35	8.98	7.85	5.54
Deposits	7.84	6.72	6.09	6.47	7.34	6.99	6.01
In foreign offices	8.63	6.95	6.79	7.56	8.97	8.11	6.73
In domestic offices	7.82	6.74	6.08	6.44	7.30	6.98	6.00
Transaction accounts	n.a.	n.a.	4.62	4.75	4.85	4.74	4.27
Savings deposits (including MMDAs)	n.a.	n.a.	5.27	5.53	6.13	5.95	5.09
Large-denomination certificates of deposit	8.57	7.25	6.79	7.38	8.71	7.98	6.55
Other time deposits	n.a.	n.a.	7.12	7.43	8.28	7.99	7.00
	Income and expense items as a percentage of average net consolidated assets						
Gross interest income	9.66	8.81	8.42	8.86	9.77	9.43	8.62
Taxable equivalent	10.18	9.33	8.74	9.09	9.97	9.58	8.75
Loans	7.14	6.63	6.44	6.85	7.63	7.23	6.44
Securities	1.71	1.55	1.44	1.46	1.54	1.63	1.74
Gross federal funds sold and reverse repurchase agreements .....	.42	.35	.30	.30	.37	.37	.29
Other .....	.39	.28	.24	.25	.23	.20	.15
Gross interest expense	5.81	5.02	4.67	5.05	5.87	5.56	4.67
Deposits	4.90	4.24	3.83	4.15	4.78	4.64	4.04
Gross federal funds purchased and repurchase agreements .....	.69	.59	.59	.66	.79	.64	.41
Other .....	.22	.18	.24	.25	.30	.27	.21
Net interest margin	3.85	3.79	3.75	3.81	3.90	3.88	3.95
Taxable equivalent	4.37	4.32	4.07	4.04	4.10	4.02	4.08
Loss provisions .....	.58	.72	.83	.63	.76	1.11	1.05
Noninterest income	1.35	1.32	1.34	1.35	1.37	1.45	1.57
Service charges on deposits .....	.35	.35	.35	.36	.37	.38	.42
Other	1.00	.97	.99	.99	1.00	1.07	1.15
Noninterest expense	3.63	3.54	3.51	3.47	3.47	3.49	3.75
Salaries, wages, and employee benefits	1.71	1.62	1.55	1.50	1.50	1.48	1.50
Occupancy expense .....	.57	.54	.53	.51	.50	.49	.50
Other	1.35	1.38	1.43	1.46	1.48	1.52	1.76
Net noninterest margin	-2.28	-2.22	-2.17	-2.12	-2.10	-2.04	-2.18
Securities gains or losses .....	.04	.12	.04	.00	.01	.01	.09
Income before taxes	1.03	.97	.78	1.06	1.05	.74	.81
Taxes .....	.19	.19	.27	.31	.31	.21	.28
Extraordinary items .....	.02	.01	.01	.01	.00	.00	.00
Net income .....	.85	.79	.53	.75	.74	.53	.53
Cash dividends declared .....	.38	.40	.42	.47	.49	.53	.50
Retained income .....	.47	.39	.10	.28	.25	.01	.03
MEMO							
Return on equity for banks with positive equity ...	12.98	11.96	10.05	12.96	11.58	7.58	7.50
Average assets (billions of dollars)	691	749	816	813	852	884	885

A.2. Portfolio composition, interest rates, and income and expense, insured commercial banks, by size of bank, 1985-91 - Continued

D. Banks with more than \$5 billion in assets, excluding ten largest

Item	1985	1986	1987	1988	1989	1990	1991
Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	84.87	85.64	86.19	87.21	86.77	86.65	86.90
Balances due from depositories	7.85	6.92	6.75	6.15	5.48	4.51	4.28
Loans	62.96	61.97	62.54	63.36	63.11	62.02	60.89
Commercial and industrial	26.10	24.79	23.87	23.27	22.79	21.79	20.52
U.S. addressees	21.71	21.33	21.03	21.13	21.32	20.49	19.34
Foreign addressees	4.39	3.46	2.84	2.14	1.47	1.29	1.18
Consumer	10.34	11.49	11.79	12.22	12.09	11.42	10.97
Credit card	4.32	4.79	4.87	5.05	4.95	4.47	4.07
Installment and other	6.02	6.69	6.92	7.17	7.14	6.95	6.91
Real estate	12.50	12.64	14.93	17.31	18.93	20.17	21.40
Construction and land development	4.33	4.54	4.90	5.09	5.33	4.86	3.90
Farmland	.08	.08	.09	.11	.13	.13	.13
One- to four-family residential	4.71	4.51	5.34	6.62	7.20	8.35	9.86
Home equity	n.a.	n.a.	n.a.	1.21	1.45	1.71	2.13
Other	n.a.	n.a.	n.a.	5.41	5.75	6.64	7.73
Multifamily residential	.33	.30	.38	.42	.45	.48	.55
Nonfarm nonresidential	2.89	3.03	4.00	4.99	5.65	6.16	6.83
Booked in foreign offices	.16	.17	.21	.09	.18	.19	.13
Depository institutions	3.82	3.07	2.76	2.16	1.74	1.57	1.66
Foreign governments	2.02	1.77	1.62	1.28	.86	.52	.38
Agricultural production	.45	.33	.31	.30	.30	.29	.32
Other	6.64	6.66	5.74	5.16	4.71	4.63	4.18
Lease financing receivables	1.09	1.21	1.53	1.66	1.69	1.64	1.46
Securities	9.65	12.25	13.08	13.37	13.61	14.79	16.19
U.S. government and other debt	6.06	7.55	9.31	10.22	10.86	12.55	14.27
U.S. government securities	5.40	6.52	7.61	8.02	8.74	10.57	12.15
U.S. Treasury	4.06	4.48	4.75	4.54	3.67	3.05	3.73
U.S. government agency and corporation obligations	1.34	2.03	2.86	3.48	5.07	7.52	8.41
Government-backed mortgage pools	.91	1.43	2.13	2.87	4.08	5.36	5.32
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.75	2.53
Other obligations	.42	.60	.73	.61	.99	.41	.56
Other debt securities	.66	1.02	1.71	2.20	2.12	1.98	2.12
State and local government	3.59	4.70	3.76	3.15	2.66	2.09	1.76
Taxable	n.a.	n.a.	.02	.01	.05	.03	.02
Tax-exempt	3.59	4.70	3.75	3.14	2.61	2.07	1.75
Equity ²	n.a.	n.a.	n.a.	n.a.	.11	.14	.15
Trading account assets	1.24	1.46	.97	.84	.82	.96	.94
Gross federal funds sold and reverse repurchase agreements	3.17	3.05	2.85	3.48	3.75	4.37	4.59
Non-interest-earning assets	14.23	13.32	12.25	11.06	11.74	11.78	11.44
Interest-bearing liabilities	71.08	71.04	71.78	73.55	74.69	75.36	74.56
Deposits	52.92	50.31	51.63	54.11	55.53	56.80	58.90
In foreign offices	14.45	12.19	11.57	10.38	8.74	7.41	6.55
In domestic offices	38.47	38.12	40.06	43.73	46.79	49.39	52.36
Transaction accounts	3.10	3.43	4.21	4.61	4.76	4.91	5.59
Savings deposits (including MMDAs)	13.09	13.96	15.14	15.12	14.55	15.68	17.87
Large-denomination time deposits	12.26	11.50	11.65	13.15	14.07	13.28	11.17
Small-denomination time deposits	10.03	9.23	9.14	10.84	13.41	15.52	17.73
Gross federal funds purchased and reverse repurchase agreements	13.17	14.90	14.18	12.95	13.07	12.47	10.24
Other interest-bearing liabilities	5.00	5.83	5.97	6.50	6.09	6.09	5.42
Non-interest-bearing liabilities	23.51	23.47	22.99	21.27	19.83	19.10	19.40
Demand deposits	16.29	17.17	16.44	15.03	14.06	13.54	13.97
MEMO							
Money market liabilities	45.08	44.64	43.58	43.18	42.12	39.38	33.53
Loss reserves	.91	1.04	1.55	1.73	1.50	1.57	1.66
Equity capital ³	5.40	5.49	5.23	5.17	5.47	5.54	6.04

A.2. Continued

D. Banks with more than \$5 billion in assets, excluding ten largest

Item	1985	1986	1987	1988	1989	1990	1991
	Effective interest rates (percent)						
<i>Rates earned</i>							
Interest-earning assets	11.08	9.80	9.48	9.88	11.06	10.35	9.25
Taxable equivalent	11.49	10.29	9.68	10.09	11.22	10.46	9.34
Loans, gross	11.63	10.43	9.89	10.46	11.66	10.96	9.85
Net of loss provisions	10.55	9.08	7.28	9.50	10.02	9.08	8.12
Securities	9.16	8.19	8.03	8.26	8.87	8.88	8.42
Taxable equivalent	11.07	10.38	8.90	9.08	9.48	9.25	8.76
State and local government	6.89	6.93	7.15	7.25	7.34	7.27	7.23
U.S. government and other debt	10.21	8.91	8.07	8.12	9.27	9.16	8.58
Equity	n.a.	n.a.	n.a.	n.a.	7.82	7.12	7.03
Trading account assets	9.60	6.83	7.23	7.96	8.66	8.03	6.89
<i>Rates paid</i>							
All interest-bearing liabilities	9.10	7.35	6.69	7.18	8.46	7.72	6.13
Gross federal funds purchased and repurchase agreements	8.10	6.86	6.64	7.45	9.37	8.11	5.70
Deposits	8.29	6.95	6.54	6.95	8.07	7.52	6.26
In foreign offices	9.33	7.67	7.80	8.90	11.15	10.08	8.27
In domestic offices	7.93	6.77	6.19	6.49	7.54	7.11	6.01
Transaction accounts	n.a.	n.a.	4.41	4.49	4.55	4.63	4.18
Savings deposits (including MMDAs)	n.a.	n.a.	5.21	5.46	6.26	6.00	4.99
Large-denomination certificates of deposit	8.76	7.46	7.13	7.54	8.69	8.04	6.64
Other time deposits	n.a.	n.a.	7.20	7.42	8.63	8.05	6.90
	Income and expense items as a percentage of average net consolidated assets						
Gross interest income	9.44	8.38	8.25	8.84	9.86	9.27	8.30
Taxable equivalent	9.78	8.80	8.43	9.03	10.01	9.36	8.39
Loans	7.42	6.50	6.36	6.81	7.57	7.00	6.19
Securities	0.89	1.04	1.08	1.14	1.23	1.35	1.39
Gross federal funds sold and reverse repurchase agreements .....	.25	.20	.22	.29	.37	.38	.28
Other .....	.88	.64	.59	.60	.69	.54	.44
Gross interest expense	6.14	5.13	4.97	5.47	6.51	6.05	4.80
Deposits	4.54	3.65	3.49	3.87	4.61	4.38	3.80
Gross federal funds purchased and repurchase agreements	1.12	1.06	.97	1.02	1.27	1.10	.65
Other .....	.48	.42	.51	.58	.63	.58	.36
Net interest margin	3.30	3.25	3.28	3.37	3.35	3.22	3.50
Taxable equivalent	3.64	3.67	3.46	3.56	3.49	3.31	3.58
Loss provisions .....	.69	.84	1.68	.63	1.06	1.20	1.09
Noninterest income	1.34	1.50	1.55	1.61	1.74	1.82	1.91
Service charges on deposits .....	.26	.27	.29	.31	.32	.35	.42
Other	1.08	1.23	1.26	1.30	1.41	1.47	1.49
Noninterest expense	3.05	3.17	3.26	3.28	3.31	3.45	3.72
Salaries, wages, and employee benefits	1.49	1.50	1.50	1.50	1.49	1.48	1.53
Occupancy expense .....	.48	.49	.49	.50	.50	.50	.51
Other	1.08	1.18	1.27	1.28	1.32	1.46	1.68
Net noninterest margin	-1.71	-1.67	-1.71	-1.67	-1.57	-1.63	-1.81
Securities gains or losses .....	.07	.17	.05	.00	.04	.03	.15
Income before taxes .....	.97	.91	-.06	1.08	.75	.42	.75
Taxes .....	.23	.22	.07	.30	.20	.15	.20
Extraordinary items .....	.01	.01	.00	.02	.00	.01	.03
Net income .....	.75	.70	-.13	.80	.55	.28	.58
Cash dividends declared .....	.26	.32	.35	.45	.39	.39	.50
Retained income .....	.48	.38	-.48	.35	.15	-.11	.09
MEMO							
Return on equity for banks with positive equity....	13.34	12.20	-2.44	15.97	9.71	5.82	9.40
Average assets (billions of dollars)	609	689	745	853	929	1,034	1,054

A.2. Portfolio composition, interest rates, and income and expense, insured commercial banks, by size of bank,
1985-91 Continued
E. Ten largest banks

Item	1985	1986	1987	1988	1989	1990	1991
Balance sheet items as a percentage of average consolidated assets including loss reserves							
Interest-earning assets	83.89	84.56	84.78	85.06	85.10	84.78	85.20
Balances due from depositories	7.75	7.39	8.02	7.76	7.16	5.55	4.13
Loans	62.99	62.06	60.37	59.97	61.18	62.94	63.02
Commercial and industrial	29.20	26.28	24.23	22.90	22.45	22.40	21.87
U.S. addressees	14.53	13.75	13.26	12.79	13.21	13.12	13.09
Foreign addressees	14.67	12.53	10.97	10.12	9.24	9.28	8.78
Consumer	5.71	6.37	6.20	6.24	6.25	6.74	7.08
Credit card	1.90	2.11	1.95	1.96	1.94	2.16	2.48
Installment and other	3.81	4.26	4.25	4.28	4.31	4.58	4.60
Real estate	11.08	12.64	13.87	15.37	17.49	20.14	21.21
Construction and land development	2.19	2.67	3.23	3.49	3.49	3.68	3.34
Farmland	.07	.07	.06	.06	.08	.08	.08
One- to four-family residential	4.79	5.04	5.17	5.91	7.34	9.15	10.12
Home equity	n.a.	n.a.	n.a.	.81	1.02	1.29	1.60
Other	n.a.	n.a.	n.a.	5.09	6.32	7.86	8.52
Multifamily residential	.38	.49	.62	.65	.66	.66	.56
Nonfarm nonresidential	1.92	2.28	2.51	2.66	3.00	3.45	3.85
Booked in foreign offices	1.74	2.09	2.28	2.60	2.92	3.12	3.25
Depository institutions	5.16	4.96	4.95	4.73	4.27	3.63	3.02
Foreign governments	3.98	3.68	3.54	3.50	3.24	2.72	2.83
Agricultural production	.54	.45	.36	.33	.29	.31	.31
Other	5.98	6.26	5.77	5.39	5.65	5.43	5.06
Lease financing receivables	1.34	1.43	1.44	1.50	1.53	1.57	1.65
Securities	5.89	7.10	8.37	8.90	9.00	8.95	9.23
U.S. government and other debt	4.19	4.99	6.33	7.01	7.22	7.66	8.18
U.S. government securities	2.39	2.37	3.06	3.45	3.62	3.87	4.72
U.S. Treasury	1.94	1.66	1.52	1.48	1.38	1.06	1.31
U.S. government agency and corporation obligations	.45	.71	1.54	1.97	2.24	2.81	3.41
Government-backed mortgage pools	.35	.62	1.47	1.87	2.02	2.15	2.22
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.58	1.08
Other obligations	.10	.09	.07	.10	.22	.07	.11
Other debt securities	1.80	2.61	3.27	3.56	3.60	3.79	3.46
State and local government	1.70	2.12	2.04	1.89	1.61	1.06	.76
Taxable	n.a.	n.a.	.01	.01	.02	.02	.01
Tax-exempt	1.70	2.12	2.04	1.88	1.59	1.05	.75
Equity ²	n.a.	n.a.	n.a.	n.a.	.22	.23	.29
Trading account assets	3.55	4.45	4.18	4.06	3.97	4.63	6.02
Gross federal funds sold and reverse repurchase agreements	3.71	3.56	3.84	4.37	3.79	2.71	2.80
Non-interest-earning assets	15.26	14.40	13.14	12.34	12.23	12.62	12.51
Interest-bearing liabilities	71.20	71.24	70.87	71.34	71.82	71.87	72.75
Deposits	57.01	55.62	55.71	55.95	55.73	56.34	56.30
In foreign offices	33.23	30.88	30.87	29.96	28.81	28.59	27.77
In domestic offices	23.79	24.74	24.84	25.99	26.92	27.74	28.52
Transaction accounts	1.47	2.06	2.54	2.77	2.72	2.71	2.96
Savings deposits (including MMDAs)	9.76	11.18	11.74	11.90	11.63	12.17	13.56
Large-denomination time deposits	8.21	7.42	6.84	7.00	7.81	7.44	6.23
Small-denomination time deposits	4.34	4.08	3.85	4.32	4.76	5.42	5.78
Gross federal funds purchased and reverse repurchase agreements	7.75	7.88	6.67	6.03	6.64	6.68	6.57
Other interest-bearing liabilities	6.44	7.73	8.48	9.36	9.45	8.85	9.88
Non-interest-bearing liabilities	24.10	23.94	24.70	24.06	23.38	23.51	22.35
Demand deposits	11.84	12.97	12.86	11.98	11.67	10.91	10.33
MEMO							
Money market liabilities	56.97	55.20	54.32	53.73	54.07	52.97	51.80
Loss reserves	.85	1.04	2.08	2.60	2.67	2.60	2.29
Equity capital ³	4.70	4.82	4.43	4.59	4.80	4.61	4.90

A.2. Continued

E. Ten largest banks

Item	1985	1986	1987	1988	1989	1990	1991
Effective interest rates (percent)							
<i>Rates earned</i>							
Interest-earning assets	11.31	9.69	9.55	10.78	12.27	11.62	9.91
Taxable equivalent	11.52	9.94	9.59	10.91	12.28	11.68	9.95
Loans, gross	11.96	10.37	10.09	11.38	13.13	12.27	10.45
Net of loss provisions	10.80	9.10	6.74	10.73	10.75	11.08	8.58
Securities	9.85	8.81	8.69	8.63	9.07	9.20	8.95
Taxable equivalent	11.44	10.60	8.96	9.48	9.17	9.59	9.18
State and local government	7.10	7.29	7.50	7.68	7.66	7.49	7.60
U.S. government and other debt	10.54	9.02	8.49	8.24	9.45	9.53	9.25
Equity	n.a.	n.a.	n.a.	n.a.	7.05	5.71	4.21
Trading account assets	10.43	8.20	11.16	14.50	12.13	10.75	7.84
<i>Rates paid</i>							
All interest-bearing liabilities	9.51	7.67	7.51	8.53	10.51	9.90	7.54
Gross federal funds purchased and repurchase agreements	7.95	6.87	6.50	7.42	9.27	7.74	5.97
Deposits	8.97	7.33	7.28	7.89	9.35	9.40	7.35
In foreign offices	9.61	7.89	8.03	9.03	10.93	11.11	8.76
In domestic offices	7.75	6.36	5.83	6.33	7.38	6.93	5.67
Transaction accounts	n.a.	n.a.	3.30	4.42	4.42	4.33	3.93
Savings deposits (including MMDAs)	n.a.	n.a.	5.15	5.55	6.54	6.20	5.09
Large-denomination certificates of deposit	9.16	7.21	7.16	7.43	8.62	7.94	6.49
Other time deposits	n.a.	n.a.	6.25	7.14	8.34	7.74	6.07
Income and expense items as a percentage of average net consolidated assets							
Gross interest income	9.56	8.26	8.36	9.45	10.75	10.19	8.67
Taxable equivalent	9.73	8.47	8.39	9.57	10.76	10.25	8.71
Loans	7.47	6.35	6.17	6.92	8.19	7.82	6.70
Securities .....	.58	.64	.74	.78	.84	.85	.83
Gross federal funds sold and reverse repurchase agreements .....	.31	.27	.28	.36	.37	.25	.17
Other	1.20	1.00	1.17	1.39	1.35	1.27	.97
Gross interest expense	6.75	5.49	5.69	6.43	7.95	7.52	5.75
Deposits	5.20	4.17	4.11	4.49	5.31	5.32	4.19
Gross federal funds purchased and repurchase agreements .....	.71	.60	.50	.57	.74	.63	.43
Other .....	.84	.73	1.07	1.37	1.90	1.58	1.14
Net interest margin	2.81	2.77	2.67	3.02	2.81	2.67	2.92
Taxable equivalent	2.98	2.98	2.70	3.14	2.82	2.73	2.96
Loss provisions .....	.72	.78	2.05	.39	1.49	.76	1.20
Noninterest income	1.37	1.60	1.96	2.08	2.19	2.23	2.37
Service charges on deposits .....	.12	.13	.16	.19	.21	.23	.26
Other	1.25	1.46	1.80	1.89	1.98	2.00	2.11
Noninterest expense	2.77	3.01	3.20	3.30	3.42	3.49	3.79
Salaries, wages, and employee benefits	1.40	1.53	1.60	1.63	1.66	1.71	1.77
Occupancy expense .....	.51	.56	.58	.61	.62	.64	.66
Other .....	.86	.92	1.02	1.06	1.14	1.14	1.36
Net noninterest margin	-1.40	-1.41	-1.24	-1.22	-1.23	-1.26	-1.42
Securities gains or losses .....	.06	.12	.07	.03	.03	.01	.04
Income before taxes .....	.74	.69	-.54	1.44	.13	.68	.34
Taxes .....	.27	.22	.16	.45	.38	.26	.16
Extraordinary items .....	.00	.00	.00	.08	.03	.06	.03
Net income .....	.47	.47	-.70	1.07	-.22	.47	.21
Cash dividends declared .....	.26	.23	.28	.38	.39	.26	.21
Retained income .....	.22	.25	-.98	.68	-.60	.21	.00
MEMO							
Return on equity for banks with positive equity	9.87	9.59	-15.61	22.82	-4.40	10.11	4.26
Average assets (billions of dollars)	624	676	690	688	718	740	734

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period February 1992 through April 1992, provides information on Treasury and System foreign exchange operations. It was presented by William J. McDonough, Executive Vice President in charge of the Foreign Group at the Federal Reserve Bank of New York and Manager of Foreign Operations for the System Open Market Account. Vivek Moorthy was primarily responsible for preparation of the report.¹

The dollar advanced against all major foreign currencies during the February to April period as an improved outlook for the U.S. recovery contrasted with evidence of economic and financial fragility abroad. The dollar's rise was most pronounced against the mark and other European currencies early in the period. By late February, however, the dollar had leveled off against the mark, and the focus of market attention shifted to the yen. During late March and April, the dollar largely consolidated its gains, trading in a relatively narrow range against both currencies. On balance, the dollar gained 2¼ percent against the German mark, 6 percent against the Japanese yen, and 2¼ percent on a trade-weighted basis as measured by the staff of the Federal Reserve Board.²

Shifts in short-term interest rate differentials reflecting relative economic and financial conditions in the major industrial countries supported the dollar against the yen but weighed on it against the mark. In the United States, most short-term interest rates rose slightly in February and March, as U.S. economic reports encouraged a more optimistic view of the strength of the U.S. recovery, and then eased modestly during April to end the period 10 to 15 basis points below their opening levels. Mean-

while, short-term interest rates in Japan declined 50 basis points over the period amid evidence of weakening domestic demand and turbulence in Japanese stock and bond markets. In Germany, short-term interest rates over the period edged up almost 40 basis points as government borrowing remained strong and market concerns about inflationary pressures failed to diminish. As a result, the interest rate gap favoring foreign short-term investments over their U.S. counterparts tended to narrow with Japan and widen with Germany.

FEBRUARY TO MID-MARCH

The dollar's strong rise during the first half of the reporting period reflected an emerging sense of optimism among market participants about the U.S. economy. At the outset, sentiment toward the economy was far from upbeat. Market participants were concerned about the failure of the recovery to spur significant job growth and about the ongoing weakness in consumer and business confidence. Indeed, the dollar opened the period with a soft tone, touching period lows of DM1.5570 and ¥124.70 after the release of a much weaker-than-expected January employment report on February 7.

Anxiety about the U.S. recovery, however, soon gave way to the view that the economy was strengthening. In mid-February, the release of two sets of highly favorable economic reports covering the month of January, one on retail sales and the other on housing starts, led to a rapid run-up of the dollar. Then, in early March, a series of positive reports, beginning with the February survey of purchasing managers, pushed the dollar up to levels not seen since the fall of 1991.

Statements by U.S. officials about this time reinforced the market's more positive outlook toward the U.S. economy and spurred the view that further monetary easing was unlikely in the near term.

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 DC 20051.

2. The trade-weighted basis is as measured by the Federal Reserve Board index.

Market participants paid particular attention to statements by the Federal Reserve Chairman suggesting that monetary easing already in the pipeline was adequate. As the outlook for the U.S. economy improved, short-term interest rates began to back up, and the narrowing of unfavorable interest rate differentials helped underpin the dollar.

The dollar's rise was most pronounced against the mark and other European currencies early in the period, although its advance against the yen continued longer and was ultimately of greater magnitude. The different behavior of the dollar against these two currencies in early to mid-February reflected both special factors affecting Germany and Japan and market expectations that the authorities might intervene in the currency markets to strengthen the yen.

In early February, the market's view that German interest rates had peaked and might begin to decline as early as midyear helped support the dollar against the mark and other European currencies. This view was based on two assumptions. Market operatives believed that the strong reaction both within Germany and throughout Europe to the Bundesbank's move to tighten monetary policy in December 1991 would discourage further tightening for some time. Meanwhile, growing evidence of a German economic downturn appeared to make additional policy action unnecessary.

As February progressed, however, several developments led market participants to reconsider the view that the German authorities would soon move to lower interest rates. These developments included reports showing a pickup in money supply growth and inflation in January as well as signs that wage negotiations in Germany in 1992 would result in settlements larger than anticipated earlier. In this environment, market participants first pushed the date of expected policy easing further into the future and then began to anticipate the possibility of additional tightening. As a result, the dollar levelled off against the mark at about DM1.65.

The prospect of continued tight German monetary policy was seen in the market as having implications for other European currencies as well. With respect to the Swiss franc, the Swiss authorities had chosen, in late 1991, not to take part in the German-led tightening of monetary policies in Europe to avoid aggravating Switzerland's year-long recession. During January, the franc managed to remain

stable against the mark. But in mid-February, when expectations for an early ease in German monetary policy waned, the Swiss franc began a sharp decline against the mark, prompting heavy intervention by the Swiss authorities and an eventual rise in Swiss interest rates that exceeded any comparable rise in German rates. The experience of the Swiss franc revealed to market participants the risks facing the authorities in other European countries experiencing weak growth, such as the United Kingdom, if they eased policy without a corresponding move in Germany.

Many of the factors that boosted the dollar against the European currencies were also operative in the market for the yen. Evidence of a pronounced slowdown in the Japanese economy mounted. From early to late February, interest rate differentials against the yen, although adverse to the dollar, narrowed considerably and did so to a greater extent than they did against the mark. Nevertheless, in February the dollar firmed less strongly against the yen than it did against the mark.

The dollar's tendency in February to appreciate less against the yen than against the mark, in part, reflected expectations of official intervention to support the yen. At the time, Japanese officials were making increasingly strong and frequent statements indicating that they would not tolerate an excessive yen decline. In the event, the Trading Desk at the Federal Reserve Bank of New York entered the Tokyo market on February 17, in cooperation with the Japanese authorities, to sell a total of \$100 million against the yen. This operation was followed on February 20 with the sale, again in Tokyo, of an additional \$50 million against the yen. The February 17 operation was financed by the U.S. Treasury. The February 20 operation was financed equally by the U.S. Treasury and the Federal Reserve.

By late February, the dollar's relative movements against the mark and the yen reversed. Having stabilized against the mark, the dollar continued to gain against the yen amid increasing signs of fragility in the Japanese economy and financial system and worries over the potential political ramifications of ongoing financial scandals. Concerns about the Japanese economy were reflected in an additional decline in Japanese short-term rates in late February and March, which served to further

reduce interest differentials unfavorable to the dollar.

At the same time, market participants concluded that the growing negative sentiment toward the Japanese currency would not be reversed by intervention that was not perceived as concerted and sustained. Thus, they increasingly shrugged off the possibility of intervention. In this environment, the dollar continued the steady advance against the yen that had begun in early January, rising to levels around ¥134 by mid-March.

MID-MARCH THROUGH APRIL

After mid-March, the dollar traded in relatively narrow ranges against the mark and the yen. The absence of clear direction in dollar exchange rates reflected several offsetting trends. On the one hand, reports on the U.S. economy reinforced the view that the recovery would remain weak by historical standards and thus offered little to justify a further dollar appreciation. On the other hand, governments abroad appeared increasingly preoccupied with domestic difficulties, a situation interpreted by market participants as precluding joint official action to bring the dollar lower. With dollar markets relatively lackluster through April, position takers tended to focus on movements of the European

currencies against one another, particularly the British pound and Swiss franc relative to the mark.

Market sentiment toward the U.S. economy underwent a subtle shift in March and April. Although data generally reinforced the earlier view that a recovery was under way, market participants tended to focus less on the fact of recovery and more on its strength. Many people questioned whether the recovery would be vigorous enough to warrant a reversal in the long-term downtrend in U.S. interest rates. Moreover, many of the economic reports that appeared favorable on the surface were attributed to special factors. For instance, the increase in February payrolls, though significantly higher than expected, was largely discounted on the grounds that a big increase in retail jobs may have partially reflected problems in seasonal adjustment. Subsequent favorable data on retail sales, housing starts, and home sales were similarly attributed to onetime factors. Thus, market participants were generally reluctant to push the dollar up further. Only when tensions mounted between the U.N. inspection team and Iraq over Iraq's nuclear weapons program did the dollar move above DM1.68, the perceived top of its trading range, to reach its period high against the mark of DM1.6860 on March 20. The dollar reached its period high against the yen of ¥134.97 on April 2.

By early April, doubts about the strength of the U.S. recovery intensified. The March employment report released on April 3 showed a small decline in private nonfarm payrolls. Meanwhile, the M2 measure of money supply, having risen sharply earlier in the year, fell toward the lower end of its target range, a decline that elicited expressions of concern by several U.S. officials. On April 9, the Federal Reserve relaxed reserve pressures to an extent consistent with a reduction of about ¼ percentage point in the federal funds rate. In this environment, other U.S. short-term interest rates declined, interest rate differentials moved against the dollar to varying degrees, and the dollar eased. Although the dollar received temporary support from favorable data in mid-April, most notably a sharp reduction in the February merchandise trade deficit, on balance the dollar was unchanged against the mark during April.

During the latter half of April, the mark received support from a rise in German short-term interest rates, a rise that helped further widen the already

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, April 30, 1992
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
<i>Bank for International Settlements</i>	
Dollars against Swiss Francs	600
Dollars against other authorized European currencies	1,250
Total	30,100

2. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury¹

Millions of dollars; drawings or repayments (-)

Central bank drawing on the U.S. Treasury	Amount of facility	Outstanding as of January 31, 1992	February	March	April	Outstanding as of April 30, 1992
National Bank of Panama	143.0 ²	143.0	-85.0	-58.0	...	...

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

2. Represents a bilateral credit facility with the National Bank of Panama that was established on January 28 and repaid in full on March 11.

substantial advantage accruing to short-term mark investments. The rise in German rates occurred as the Bundesbank issued warnings about the inflationary threat of rapid money supply growth and high wage settlements and as its operations served to lift rates on domestic securities repurchase agreements. Indeed, inflationary concerns were reinforced during April by a call to strike by German public sector employees and by an unexpected acceleration of growth in the M3 money supply from 8.6 percent in February to 9.4 percent in March—a rate well above the upper end of the Bundesbank's target range for M3 growth of 5.5 percent.

Meanwhile, the British pound came under pressure within the exchange rate mechanism (ERM) of the European Monetary System in response both to concerns over elections in the United Kingdom scheduled for April 9 and to the rise in German interest rates. Market participants expressed concern that the British election would not result in a clear mandate for any party or that a new government might not be committed to sterling's current parity within the ERM. Despite the protracted weakness of the U.K. economy in the months lead-

ing up to the election, the strong downward pressure, coupled with sterling's position near its lower intervention limit in the ERM, precluded any easing of monetary policy. In the end, sterling rose strongly after news of the Conservative party's victory in the April 9 election. Financial markets also rallied, with a key stock market index gaining about 6 percent after the results were announced.

The dollar remained remarkably stable against the yen during mid-March and April despite evidence of continuing weakness in the Japanese economy and mounting financial woes. This stability occurred against a backdrop of relatively steady short-term interest rate differentials, with short-term rates in both the United States and Japan declining by roughly the same amount. The decline in Japanese rates occurred throughout the period, both in anticipation of, and in further reaction to, the cut of 75 basis points in the Japanese discount rate on April 1.

The decline in Japanese stock prices appeared to have largely offsetting influences on the dollar-yen exchange rate. On the one hand, weakness in the stock market was seen both as increasing the prospects for further easing in Japan and as discouraging continued investment from abroad. On the other hand, market participants believed that Japanese institutions were repatriating funds from abroad to bolster bank capital ratios and that these capital inflows were providing support for Japanese currency. Data released subsequently indicated that Japanese residents were indeed large net sellers of foreign securities in March, resulting in an increase in net inflows to Japan.

Toward the end of the month, the possibility of official action to support the yen again became a focus of market attention with the approach of the Group of Seven (G-7) meeting in Washington in the last week of April. G-7 finance ministers and central bank governors issued a statement on April 26 noting that "the decline of the yen since their

3. Net profits or losses (-) on U.S. Treasury and Federal Reserve foreign exchange operations¹

Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of January 31, 1992	3,615.2	1,941.6
<i>February 1–April 30, 1992</i>		
Realized	0.0	0.0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1992	2,653.1	1,039.5

1. Data are on a value-date basis.

last meeting was not contributing to the adjustment process." Against the backdrop of this statement and subsequent comments by both U.S. and Japanese officials, the dollar declined from the higher end to the lower end of the range of ¥132 to ¥135 in which it had traded for most of April.

In other operations, the U.S. Treasury Exchange Stabilization Fund (ESF) repurchased the remaining \$2 billion equivalent of foreign currencies that it had warehoused with the Federal Reserve. The ESF also received repayment in full from Panama on a \$143 million special swap facility initiated in late January. As of the end of April, the U.S. monetary authorities had no forward transactions outstanding.

As of the end of April, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were \$2,653.1 million for the Federal Reserve and \$1,039.5 million for the ESF. There were no realized profits or losses during the period. 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, the Federal Reserve's holdings of these securities totaled \$8,776.8 million equivalent and the Treasury's holdings totaled \$8,852.7 million equivalent, valued at end-of-period exchange rates. □

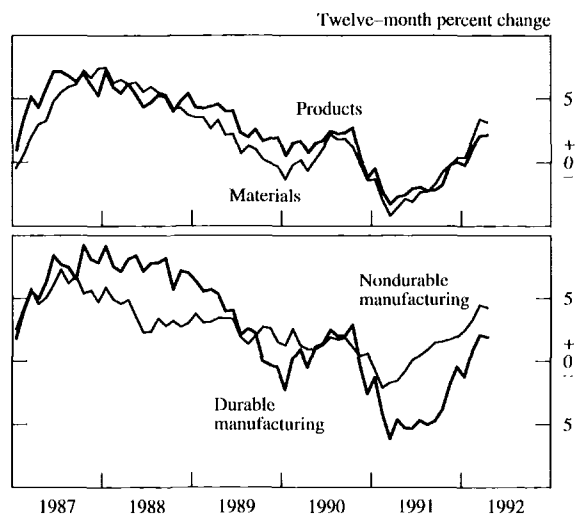
Industrial Production and Capacity Utilization

Released for Publication May 15

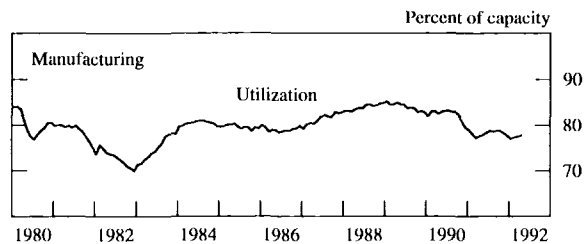
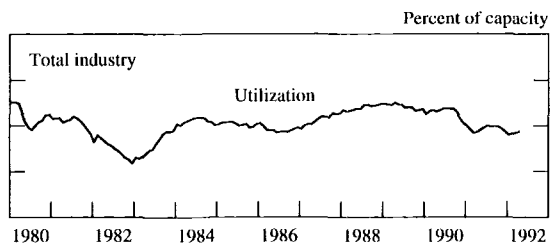
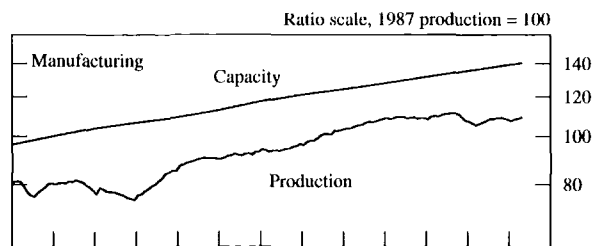
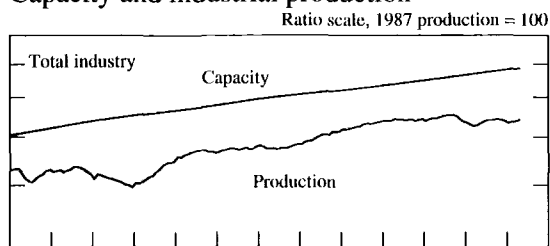
The index of industrial production increased 0.5 percent in April, following an upwardly revised gain of 0.4 percent in March. With the three monthly increases of about $\frac{1}{2}$ percent each from February through April, industrial production has retraced much of the decline between October and

January. The April increase was led by a sharp rise in auto production; output of trucks was about unchanged. Not including motor vehicles and parts, overall production advanced 0.3 percent last month, a rise similar to that in February and in March. At 108.2 percent of its 1987 annual average, total industrial production in April was 2.5 percent above its year-ago level. Total industrial capacity

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization

Category	Industrial production, index, 1987=100 ¹								
	1992				Percentage change				Apr. 1991 to Apr. 1992
	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^p	1992 ²				
					Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^p	
Total	106.6	107.2	107.6	108.2	-.7	.5	.4	.5	2.5
Previous estimate	106.4	106.9	107.2	...	-9	.5	.2	...	...
<i>Major market groups</i>									
Products, total	107.5	108.1	108.6	109.1	-.8	.5	.5	.5	2.1
Consumer goods	108.1	108.8	109.5	109.9	-.9	.6	.6	.4	4.2
Business equipment	119.9	121.2	121.8	122.8	-1.2	1.1	.5	.8	1.2
Construction supplies	95.5	95.9	96.1	96.7	.5	.5	.3	.6	1.9
Materials	105.2	105.7	106.1	106.7	-.5	.5	.3	.6	3.1
<i>Major industry groups</i>									
Manufacturing	107.4	108.1	108.5	109.0	-.6	.6	.4	.5	2.9
Durable	105.8	107.0	107.2	108.0	-1.1	1.1	.2	.8	1.9
Nondurable	109.5	109.4	110.1	110.3	.0	.0	.6	.3	4.2
Mining	97.8	98.3	97.6	98.4	-1.0	.5	-.7	.8	-2.4
Utilities	106.8	106.4	108.9	108.7	-1.0	-.4	2.3	-.2	2.6
Capacity utilization, percent									MEMO Capacity, per- centage change, Apr. 1991 to Apr. 1992
	Average, 1967-91	Low, 1982	High, 1988-89	1991	1992				
				Apr.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^p	
Total	82.1	71.8	85.0	78.6	78.0	78.3	78.4	78.7	2.4
Manufacturing	81.4	70.0	85.1	77.5	77.0	77.3	77.5	77.7	2.7
Advanced processing	81.0	71.4	83.6	77.3	75.7	76.1	76.2	76.4	3.1
Primary processing	82.3	66.8	89.0	78.2	80.2	80.3	80.5	80.8	1.8
Mining	87.4	80.6	87.2	88.3	85.3	85.7	85.1	85.8	.5
Utilities	86.7	76.2	92.3	82.6	82.6	82.2	84.0	83.8	1.1

1. Seasonally adjusted.

2. Change from preceding month to month indicated.

r Revised.

p Preliminary.

utilization rose 0.3 percentage point in April, to 78.7 percent.

When analyzed by market group, the data show that the output of durable consumer goods, apart from automotive products (but including furniture and appliances) surged in February and on average changed little in March and April. The production of nondurable consumer goods was flat last month, and, on balance, has changed little since last fall. In its third consecutive monthly increase, the output of business equipment excluding motor vehicles rose 0.4 percent in April. These recent gains reflect further increases in the production of information-processing equipment as well as a turnaround in the output of industrial equipment, which had declined for more than a year. The output of construction supplies increased 0.6 percent in April, continuing its string of increases this year. The production of materials also has moved up in recent

months. Improvements have been most noticeable in parts and supplies used by the motor vehicle industry; in addition, the output of many nondurables, such as textiles and chemicals, has increased in the past few months.

When analyzed by industry group, the data show that manufacturing output rose 0.5 percent in April, about the same increase as in February and in March. Utilization at factories rose 0.2 percentage point, to 77.7 percent; even so, the operating rate for manufacturing remained about 1 percentage point below the level of last September, its most recent high. The increases in the operating rates in April were about evenly split between advanced-processing and primary-processing industries. In advanced processing, operating rates at auto and light truck assembly facilities rose 5.1 percentage points in April, to 70.9 percent, while the rate for furniture manufacturers rose 1.1 percentage points

to 77 percent. In contrast, operating rates for apparel, for printing and publishing, and for instruments continued their recent downward trend. The increases in the utilization rates in primary-processing industries were more widespread, with only the rate for lumber production declining. The largest increases came in the paper and chemical industries.

The production at mines increased 0.8 percent, and the output of utilities edged down 0.2 percent. The increase in mining mainly reflected a partial rebound in coal mining, after a sharp decline in March, as well as a moderate gain in oil and gas extraction.

Statements to the Congress

Statement by Richard Spillenkothen, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, and Donald H. Wilson, Financial Markets Officer, Federal Reserve Bank of Chicago, before the Subcommittee on Policy, Research, and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 6, 1992

I am happy to be here today to discuss the securitization of commercial real estate loans and the related questions you raised in your letter of invitation, and I am most pleased that Mr. Donald Wilson of the Federal Reserve Bank of Chicago is with me. Mr. Wilson has worked extensively in the area of securitization and stands ready to help answer any questions you may have after my presentation.

To provide perspective, I will begin by reviewing the evolution and current state of the general asset-backed securities market. This review will be kept relatively brief because our colleague, Mr. Franklin Dreyer, of the Federal Reserve Bank of Chicago, presented an extended discussion on securitization when he appeared before this committee last summer.

In the beginning, government-guaranteed mortgages were placed in pools, and securities were issued that entitled the holders to the proceeds of the principal and interest payments that flowed from these mortgages. These securities were also guaranteed by the government. Non-government-guaranteed residential mortgages were also securitized, and most of the these securities were backed by government-sponsored agencies. Today more than \$1 trillion worth of government-related mortgaged-backed securities are outstanding. Moreover, in the past decade or so the process of securitization has been extended to nonmortgage consumer loans such as automobile loans and credit card receivables. Securities that are backed by these assets

are not guaranteed by the government but generally carry a credit enhancement provided by the private sector, and those securities account for a significant portion of the entire market. Furthermore, as I will discuss shortly, a limited volume of commercial real estate loans have been securitized in recent years without the benefit of government enhancement.

The range of terms available on securitized mortgage assets has also been greatly expanded over time. In particular, the innovations of collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) have resulted in securities that provide different claims and priorities on the principal and interest payments made on underlying loans, thus accommodating the various needs and preferences of investors.

This very impressive growth and development of securitized loans has occurred because of the benefits they provide to both issuers and investors. Originators of loans that sponsor asset-backed securities benefit from improved liquidity, enhanced fee income, and, to the extent that assets are removed from their balance sheets, less need for capital. Investors, on the other hand, acquire securities that require no management of the underlying loans on their part and yet provide an attractive return for instruments that pose, depending upon the nature of the credit enhancement, little or no credit risk. Furthermore, as I have noted, these securities increasingly have been structured to meet varying investor preferences for safety and predictability of cash flow and variability of values in relation to changes in interest rates. The importance of the safety and predictability of cash flow deserves to be given special emphasis because, to date at least, these qualities have been primarily responsible for the wide and deep attraction that asset-backed securities have had for various groups of investors.

Given the benefits provided by asset-backed

securities, the Federal Reserve and other agencies that supervise insured depository institutions have viewed their development as very salutary. Moreover, the participation of depository institutions in this market as both issuers of, and investors in, these securities has been considered altogether appropriate, provided that their participation is conducted in a safe and sound manner. To foster that end, we have issued guidance on how banking organizations should carry out securitization activities and given instructions to our examiners on how to review these activities for purposes of safety and soundness. We have also issued guidance on, and instructed our examiners to review, the investments of banking organizations in asset-backed securities. A principal concern in this regard is the interest rate risk that is inherent in some of the more complex tranches of securities issued under CMO and REMIC arrangements.

Finally, a key concern of our supervisory efforts has been to insure that the exposure to credit risk is properly reflected in capital positions of institutions that sell loans into pools with recourse or that provide guarantees of asset-backed securities. The supervisory agencies are currently reviewing their common policies pertaining to these capital requirements under the auspices of the Federal Financial Institutions Examination Council, and I shall say more about this effort toward the end of my remarks.

With that background now presented, it is appropriate to turn to the focus of this hearing, which is the securitization of commercial real estate loans. As I previously noted, to date there has been very little securitization of commercial real estate loans and it is instructive to ask why that has been the case. Our basic answer is that, because of the nature and quality of these loans, the market generally has not been able to design a securitized product that meets the requirements of investors without imposing unacceptable costs on issuers.

Commercial real estate loans are relatively heterogeneous in nature. Such loans are made to finance a wide range of building projects and properties, including strip shopping centers, office buildings, hotels, and various industrial plants and parks. Because of this diversity in property use and because of the circumstances

affecting different borrowers, the loans are made with considerably different maturities and repayment terms. This heterogeneity greatly complicates the process of predicting the future cash flows that even pools of the highest quality loans will produce. Without that predictability it is doubtful that demand for securities based on these pools will be broad. Given the innovations in the market in recent years, this aspect of the heterogeneity problem—uncertainty in cash flow—may possibly be amenable to resolution by firms that are expert in designing securitized products.

The lack of homogeneity among commercial real estate loans in terms of the credit quality of borrowers and of other characteristics that can affect the certainty of repayment is a much more formidable problem. This problem greatly complicates the task of performing due diligence on a loan pool and reaching judgments on the overall quality of a pool. A typical pool of securitized consumer loans, for example, consists of a large number of small loans, made on very similar terms to borrowers who have all met or exceeded pre-established and time-tested credit standards. Thus, these pools readily lend themselves to statistical assessments of loss expectation with a high degree of predictability. Such refined actuarial methods of loss estimation simply cannot be applied to pools composed of a much smaller number of large and diverse commercial real estate loans. This characteristic and the market's perception (based on the dramatic experience of recent years) of the riskiness of commercial real estate loans appear to be primarily working to impede the securitization of these loans and the development of a secondary market for securities that are backed by them. Indeed, most of the relatively small number of securitizations of commercial real estate loans that have been done so far, until the recent offerings of the Resolution Trust Corporation (RTC), have been privately placed, and there has been no active secondary market for any securities that are backed by commercial real estate loans.

We understand that the recent offerings of the RTC were generally well received by the market, and dealers are reported to be prepared to make an active market for them. The RTC has indicated, moreover, that it intends to make similar

offerings in the future, and this securitization activity may serve as a basis for the development of a broader market for securitized commercial real estate loans.

Whether that proves to be the case, however, remains to be seen, for the key to the success of the recently completed offering was the very sizable credit enhancements provided by the RTC. These enhancements included setting aside liquid assets to cover possible losses of approximately 30 percent of the value of the loans in the pool, as well as structuring each securitization into three tranches, with two of them subordinated so that the third, senior tranche was provided additional protection against credit risk. Altogether these enhancements provide holders of the senior tranches of securities, which received AAA ratings, with protection against loss on the pool of approximately 45 percent of its value. Market concern over the quality of commercial real estate loans held by the RTC may account for some important part of the exceptional size of this enhancement, but it seems clear that even better-grade commercial real estate loans will require considerable credit enhancement, given the general characteristics of these loans and the experience of recent years. For example, a recent proposal, reviewed by Board staff, to pool a combination of performing and nonperforming commercial real estate loans would have had the seller provide credit enhancement by retaining a subordinated interest in excess of 40 percent.

Thus, an ever-present tradeoff exists between the nature and quality of loans to be securitized and the level, and hence the cost, of enhancement that is necessary to make a securitized product marketable. Obviously, this tradeoff is one of the most important determinants of the viability of a securitized product, and the substantial credit enhancement demanded for commercial real estate loan securitization has, to date, been a principal obstacle to the issuance of such securities and the development of a secondary market for them.

With respect to the question of whether supervisors would have concerns about insured depositories participating in such securitization activity, either as investors or issuers, our view is that it is acceptable if it is done in a safe and sound

manner. We would, of course, expect any such securitized loans purchased by insured depository institutions to be sufficiently protected from the riskiness of the underlying pool of loans so that they are of investment grade. As for participation in the issuance of these securities, we would expect institutions to structure these transactions properly to ensure satisfactory performance of contract terms and at the same time to achieve that structuring without incurring excessive costs for credit enhancement and other expenses. If these conditions are met, the participation of depository institutions in securitized commercial real estate loans, either as investors or issuers, will provide the same benefits to depository institutions that other securitized products have provided to them.

Let me now turn to our policy pertaining to the maintenance of capital when assets are sold with recourse (that is, the seller agrees, under one of several possible arrangements, to cover some or all losses on the assets). Our policy is predicated upon the principle that a government-insured depository institution should hold capital that is commensurate with its risk exposure. That principle translated into our current policy on recourse and other credit enhancements is that generally banking organizations selling assets with any recourse must maintain capital as if they owned the assets.¹ This reflects the long-held view of the agencies that when an institution's obligation under a recourse agreement exceeds the normal loss expectation on the underlying assets, the institution is exposed to most, if not all, of the risks normally associated with owning those assets.

We emphasize that this policy has not precluded banking organizations from engaging in the securitization process. For example, in the case of consumer loans, banking organizations

1. In the Federal Reserve Board's recent clarifications to its risk-based capital guidelines, the Board approved a limited recourse exception with respect to the sale of residential mortgages with recourse. Banking organizations using this exception would not be required to maintain capital against residential mortgages that they have sold with recourse if, at the time of the transfer, the maximum possible recourse obligation is less than the expected loss on the transferred assets and a liability or specifically identified, noncapital reserve is established and maintained for an amount equal to the maximum loss possible under the recourse provision.

have taken the option of selling their loans without recourse, in which case there is no capital requirement to the selling banking organization. This has been accomplished by paying a third party to take the credit risk or by using a spread account, which is an escrow account whose funds are derived from a portion of the spread between the interest earned on the assets in the underlying pool and the lower interest paid on securities issued. These arrangements provide protection to investors without placing a bank's capital at risk.

Finally, we would note that the rapid growth in size of the securitization market and the extension of the securitization process to various kinds of consumer loans that has taken place in recent years also suggest that our policy on recourse has not been a major impediment to securitization activities nor to bank participation in these activities.

All this being said, however, the agencies have recognized that there is a need to review carefully and reassess our policies on recourse and other guarantee arrangements. In particular, we believe that the policy as it pertains to cases in which there is only very limited recourse exposure deserves scrutiny, and, more broadly, we are also considering whether we need to make our capital treatment of recourse arrangements more consistent with that for other types of guarantees when the same level of risk is involved.

Although we will not presume to predict the outcome in any detail at this time, we do believe

that it is appropriate to consider the need to refine our capital charges for transactions when the bank's risk is limited to an amount less than the normal capital charge associated with holding these assets on the balance sheet. Furthermore, we are also considering the advisability of refining our capital charge in those cases in which a depository institution is in a junior loss position—that is, when its own risk position is protected by credit enhancements provided by others. Our study of these matters has been under way for some time, and we hope to request public comments on concrete proposals in the not-too-distant future.

To sum up, it is clear that the securitization process as it has evolved to date has been beneficial to both the originators of asset-backed securities and to investors. And, moreover, similar benefits can be derived from the securitization of commercial real estate loans if the problems stemming from the heterogeneity and the uncertainty of the risk in these assets can be overcome. Such a development appears to require sufficient credit enhancement for such securities in a manner that is not prohibitively costly to issuers. As for the participation of insured depository institutions in the securitization of commercial real estate loans, we see no regulatory problems, so long as their activities are carried out in a safe and sound manner and a level of capital support is maintained against credit risk exposure that is commensurate with the degree of that exposure. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 8, 1992

I am pleased to appear before you this morning to present the views of the Federal Reserve Board on title II of H.R.4803, the Non-Proliferation of Weapons of Mass Destruction and Regulatory Improvements Act of 1992. We recognize the broad policy objectives of this legislation, which will be addressed by the other witnesses before the committee. As requested, I will focus my

remarks on title II, which concerns the activities in the United States of foreign banks that are owned or controlled by foreign governments. If enacted, this legislation would severely curtail the U.S. activities of such banks. It also would impose reporting requirements on all foreign banks and would provide for new sanctions on financial institutions for violations of export control provisions.

I will begin by providing you with an overview of the existing U.S. operations of foreign government-owned banks and the manner in which current law and regulation apply to them. I will identify the issues that have been associated with

government ownership of foreign banks and the reasons why the Federal Reserve believes that such issues do not require a prohibition on participation by foreign government-owned banks in the U.S. market. Then I will discuss the specific issues that are raised by the proposed legislation.

At the outset, I would like to say that the Federal Reserve appreciates the new authority to regulate foreign banks in the United States that was granted to us last year. As enacted by the Congress, the Foreign Bank Supervision Enhancement Act improves substantially the regulatory authority available to the Federal Reserve to monitor and examine the participation of all foreign banks in the U.S. market. We are now implementing this legislation; in April, the Federal Reserve adopted a regulation governing the entry by foreign banks into the U.S. market, and we are hiring 200 to 250 new examiners to conduct frequent examinations of U.S. offices of foreign banks, including, for the first time, representative offices of such banks. We intend to use our authority to enforce vigorously both the statutory and supervisory standards applicable to foreign bank operations in the United States, whether conducted by government or privately owned banks.

EXISTING U.S. OPERATIONS OF FOREIGN GOVERNMENT-OWNED BANKS

A foreign government is deemed to own or control a bank if it directly or indirectly owns 25 percent or more of the bank's voting shares or otherwise controls the bank. Although the absolute number of banks owned by foreign governments is large, such banks hold only a small percentage of the total U.S. assets of foreign banks. As of December 31, 1991, 275 foreign banks were operating in the United States, and their U.S. offices had total assets of \$888 billion. Eighty-five of these foreign banks are owned by foreign governments; the assets of their U.S. operations amount to \$120 billion, or about 13 percent of the total assets of U.S. offices of foreign banks or 3 percent of the total assets of all banking offices in the United States. A regional and country-by-country breakdown of these

amounts is set forth in Exhibit I to my testimony.¹

Banks owned by foreign governments, like privately owned foreign banks, do business in the United States primarily through branches and agencies. Foreign government-owned banks operated 162 offices in the United States as of year-end 1991. Of those offices, 10 were bank subsidiaries, 147 were branches and agencies, 2 were Edge corporations, and 3 were New York state-chartered Article XII investment companies. The branches and agencies accounted for 87 percent (\$105 billion) of the assets of foreign government-owned banks in the United States, although the assets of bank subsidiaries represented only 11 percent (\$13 billion) of the U.S. assets of foreign government-owned banks. The remaining 2 percent is accounted for by Edge Act corporations and Article XII companies.

Government-owned banks from thirty-seven countries currently operate in the United States. In terms of total assets of the U.S. operations, government-owned banks from countries in Europe clearly dominate. The European banks had U.S. assets of \$83 billion as of December 31, 1991, which represented 70 percent of the total assets of foreign government-owned banks, compared with \$28 billion for Asian and Middle Eastern government-owned banks and \$5 billion for Latin American banks. Italy, France, Israel, and Germany have the most significant U.S. presence of foreign government-controlled banks. For foreign banks over all, the Japanese banks have the largest share of U.S. assets; however, all but one of the Japanese banks operating in the United States are privately owned. The one Japanese government-owned bank, Shoko Chukin Bank, accounts for only 0.3 percent of the assets of Japanese banks in this country.

Government ownership of foreign banks may be either direct or indirect. That is, a foreign government, at the national, regional, or local level, or an agency of the government, may own the foreign bank directly, or a foreign government may own or control a corporation that, in

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20051.

turn, owns a bank with U.S. operations. Most foreign government ownership is direct; however, ten foreign banks that are indirectly owned by foreign governments are currently operating in the United States. As of December 31, 1991, the U.S. operations of these ten banks, which consisted of twenty-six branches and agencies and one Edge corporation, had total assets of approximately \$24 billion.

The Federal Reserve has considered the three types of issues that have been associated with foreign government ownership of banks operating in this country. First, foreign government-owned banks may have competitive advantages under U.S. law with respect to interstate banking and nonbanking activities. Second, foreign government-owned banks may make biased credit decisions based on priorities dictated by the government owner that could unduly favor foreign nationals and, if such nationals were not creditworthy, could weaken the condition of their U.S. operations. Finally, foreign government-owned banks may attempt to exploit competitive advantages to gain market share in the United States. Banks owned by foreign governments may have more advantageous access to funding than private banks to the extent that they can benefit from implicit government guarantees. They also may have more flexibility in pricing of services because government owners may be willing to accept lower levels of profitability.

The Federal Reserve monitors the participation of foreign government-owned banks in the U.S. market in light of these three issues. We have found no evidence suggesting that government-owned banks as a class operate in the United States differently from other foreign banks. Indeed, our information suggests that these banks have operated, and continue to operate, competitively on market terms. In our view, current law and regulation, including the increased regulatory authority granted in the Foreign Bank Supervision Enhancement Act enacted last year, provide the Federal Reserve with the ability to regulate the activities of all foreign banks, including those that are owned by foreign governments.

The major competitive advantages potentially available to a foreign government-owned bank

that have been identified thus far derive from the fact that the restrictions on interstate banking and nonbanking activities in the Bank Holding Company Act (BHC Act) do not apply to a foreign government that owns one or more foreign banks with U.S. operations because a foreign government is not a "company." One concern in this regard was that several government-owned banks from a single country might act in a coordinated fashion to select different states as their home states for purposes of avoiding the limitations on multistate expansion of domestic deposit-taking activities under the BHC Act and the International Banking Act. By contrast, a foreign privately owned company with several foreign banks would be permitted only one home state. This concern has diminished significantly as interstate restrictions have become less of a constraint on domestic banking organizations. In any case, there has been no indication that foreign banks owned by the same foreign government behave in such a coordinated fashion to take advantage of interstate opportunities. From all available evidence, these banks operate independently of one another and follow separate business plans. For example, all seven Italian government-owned banks operating in the United States have selected New York as their home state.

Another concern arose in connection with the BHC Act's restrictions on nonbanking activities. Some foreign governments, besides owning banks that operate in the United States, also own companies that engage in extensive nonbanking activities. For example, both France and Italy, among others, own several banks with U.S. operations and also own national airlines. Such cross-industry links may be incompatible with one of the stated purposes of the BHC Act—that of maintaining a separation between commerce and banking in the United States. The operation of both banks and nonbanks in the United States controlled by the same government owner could be viewed as inconsistent with the purposes of the BHC Act. However, a strict application of the act's nonbanking restrictions in these circumstances would have serious ramifications beyond the regulatory realm and might preclude certain foreign government-owned banks from engaging in any banking activities in the United States,

even when there is no evidence that the banks and nonbanks act together or in any way derive advantages in the United States from their common ownership.

Although the nonbanking restrictions of the BHC Act do not apply to a foreign government that owns a foreign bank, the bank regulatory agencies address the potential for abuse in several ways. If a foreign government-owned bank owns a subsidiary bank in the United States, the restrictions of section 23A of the Federal Reserve Act apply to transactions between the U.S. bank and any company that is owned by the foreign government. This provision imposes limits on loans by banks to affiliates and establishes strict collateral requirements. The application of section 23A is designed to curtail practices that conflict with the purposes of the BHC Act; that is, it helps ensure the safety of the U.S. bank by prohibiting unsound transactions with affiliated government-owned companies and also ensures that such companies do not have greater access to credit from the bank than nonaffiliated companies. In addition, the U.S. branches and agencies of foreign banks are monitored to ensure that they do not engage in preferential lending to affiliates, including government-owned affiliates. In sum, our experience has been that government-owned banks do not enjoy competitive advantages in the U.S. market by virtue of the nonbanking companies owned by the same government nor do the nonbanking companies obtain access to preferential credit. Similarly, we see no evidence that domestic banks are disadvantaged by such foreign organizations.

We have also been concerned about the potential negative effect of government policies on the U.S. operations of banks owned by foreign governments. Such banks might not operate in a fully market-oriented way through their U.S. branches and subsidiaries. In particular, government-owned banks might make biased credit judgments by discriminating in favor of companies headquartered in their home country. Such biased credit judgments could give competitive advantages to the companies so favored; these biased judgments could also weaken the balance sheet of the U.S. branch or subsidiary of the foreign bank. Although this concern is greatest with respect to companies owned by a govern-

ment that also owns a bank, it could in principle apply to private borrowers of the same nationality.

Another dimension of this concern is that a foreign government-owned bank might be operated in such a way as to support the general political-economic agenda of the home country (as distinct from a particular enterprise) by, for example, lending to support marketing agreements, cartels, or the government's foreign policy objectives. The result of these types of lending policies could be that the U.S. bank would become overexposed to the home country, to certain industries, or to groups of related borrowers.

However, as I stated earlier, foreign government-owned banks, as a class, operate on market terms. Indeed, the ratio of home country exposure to total assets for banks owned by foreign governments is lower than the comparable ratio for privately owned foreign banks. Similarly, the ratio of nonperforming loans to total assets is lower for foreign government-owned banks than for privately owned banks.

Another possibility is that a foreign government-owned bank may have funding advantages over other banks. In contrast to private owners, governments may be willing to provide funding at below-market cost to their banking entities and to accept lower levels of profitability. In theory, this would allow such entities to grow at unusually high rates. Actual data on the growth of U.S. branches and agencies of foreign government-owned banks, however, indicate that these entities have grown at a slower rate than branches and agencies of privately owned foreign banks.

Furthermore, any potential advantage to foreign government-owned banks in terms of capital—that is, the ability to operate with very low levels of capital—has been eroded substantially by the adoption of the Basle capital standards and the emphasis placed by market participants on capital strength. The Basle standards themselves apply to all internationally active banks of the Group of Ten countries and Luxembourg, regardless of the ownership of such banks. Many other governments have adopted these standards, and there is increasing pressure on banks from all countries to meet the internationally agreed upon capital rules.

It must be kept in mind that a government can subsidize its banks in several ways, other than by direct provision of funding. These ways include tax policies, cheap discount window credits, controlled interest rates in domestic markets, and toleration of noncompetitive domestic markets that favor local banks or provide a safety net. A government may provide these sorts of subsidies to any of its banks, regardless of whether such banks are government owned.

The Federal Reserve plans to continue to monitor the activities of government-owned foreign banks in the United States in light of the issues I have outlined. To date, the Federal Reserve has not found a pattern of abuse by government-owned banks or any measurable competitive disadvantage to domestic banks. Current law and regulations provide the Federal Reserve with adequate tools to supervise and regulate the U.S. activities of foreign government-owned banks.

ISSUES RAISED BY H.R.4803

I would now like to turn to the specific proposals set forth in title II of H.R.4803. The most troublesome proposal is section 202, which effectively denies access to the U.S. market by foreign government-owned banks.

The bill would preclude foreign government-owned banks from engaging in any financial transactions in the United States, either through any type of subsidiary, whether a bank or a nonbanking company, or through branches and agencies, except for extensions of credit for trade financing. Even trade financing would be difficult given the limitations on funding for such activities that would be imposed by the legislation. In the Federal Reserve's view, this proposal virtually to eliminate the activities in the United States of all foreign government-owned banks cannot be justified and would have serious negative ramifications. The issues that I discussed earlier do not justify effectively closing the U.S. market to foreign government-owned banks. This bill would preclude participation in the U.S. market by some of the world's largest and soundest institutions. Implementation of these restrictions on the activities of foreign government-

owned banks also may well have implications for the most favored nation obligations set forth in treaties of the United States with foreign countries. Such restrictions would also make negotiation of additional international agreements in financial services, which could provide substantial benefits to U.S. banks, much more difficult because access to the U.S. market by banks from our trading partners would be curtailed.

These provisions raise questions of consistency with the principle of national treatment and may also raise the possibility that retaliatory action of some sort could be taken against U.S. commercial banks operating overseas. As the Federal Reserve has testified before, the traditional U.S. policy of national treatment seeks to ensure that foreign and domestic banks have a fair and equal opportunity to participate in our markets. The motivation is not merely a commitment to equity and nondiscrimination, although such a commitment in itself is worthy. More fundamentally, the motivation also is to provide U.S. consumers of financial services with access to a deep, varied, competitive, and efficient banking market in which they can satisfy their financial needs on the best possible terms.

Current law applies the policy of national treatment to all foreign banks alike, whether they are privately owned or government owned. In our view, the existing legal and regulatory framework, including the particular regulatory attention that has been paid to the U.S. operations of foreign government-owned banks, is adequate to deal with abuses by government-owned banks on a case-by-case basis. The Federal Reserve advocates a case-by-case approach in this area because we have not observed a pattern of abuse. Most government-owned banks operating in the United States behave in a manner fully consistent with market practices and in compliance with law. Although we recognize that abuses have occurred, such abuses have been limited in number and cannot be attributed to the mere fact of government ownership.

Section 201 of the bill would require each branch, agency, or representative office of a foreign bank and each affiliate of a foreign bank that is organized under the laws of any state or maintains an office in any state to report to the Federal Reserve annually the names of the de-

pository institutions at which it retains deposit accounts. In the Federal Reserve's view, this type of reporting does not appear to serve any meaningful purpose because, to the extent it is needed, it can be obtained in the examination process.

The Federal Reserve already requires substantial reporting by foreign banks. Branches, agencies, and subsidiary banks of a foreign bank must file periodic call and country exposure reports. These reports provide regulators with information to judge the behavior and performance of foreign banks. Information in these reports also permits the Federal Reserve and the other regulatory agencies to compare foreign banks with their domestic counterparts. Moreover, under the recently enacted Foreign Bank Supervision Enhancement Act, each branch, agency, and subsidiary bank of a foreign bank is examined at least annually and more frequently if necessary. In contrast, the information required by this bill to be reported could become quickly outdated because deposits may be created and liquidated quickly.

The requirement also would not appear to be consistent with the principle of national treatment because comparable reporting is not required of domestic banks and bank holding companies. Finally, we are concerned about the extraterritorial reach of the provision: As drafted, it may require reporting of deposits held by a foreign affiliate of a foreign bank whether or not such deposits are related to U.S. operations.

The final section of title II would require

revocation of the charter or impose other comparable sanctions on any bank that is found to have violated export control laws and regulations. Unlike the provisions that are applicable to government-owned banks, these provisions are applied on a national treatment basis. I would note, however, that current law permits regulatory authorities to terminate the U.S. activities of a foreign bank that violates U.S. law and includes any violation of export control provisions.

CONCLUSION

In summary, the Federal Reserve believes that existing regulatory tools, bolstered by the recently passed Foreign Bank Supervision Enhancement Act, are sufficient to deal with the issues presented by the activities of foreign banks that are owned by foreign governments. Accordingly, we oppose the bill's attempt to close the U.S. market to foreign government-owned banks. If such a provision were enacted, the ultimate losers would be U.S. consumers of financial services. The incidence of improper activities does not appear to be any greater for government-owned banks than for other banks, whether foreign or domestic. We recognize the need to monitor the activities of government-owned banks, and we fully intend to take appropriate enforcement action on a case-by-case basis. We also believe, however, that the problems encountered do not justify the result called for in this legislation. □

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Housing and Community Development and the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 14, 1992

I am pleased to address this committee about the concerns raised by the 1990 Home Mortgage Disclosure Act (HMDA) data. I would also like to describe how we, at the Federal Reserve, are expanding our data analysis to strengthen our fair

lending enforcement and Community Reinvestment Act (CRA) activities.

Last October, when Governor LaWare, as Chairman of the Federal Financial Institutions Examination Council (FFIEC), announced the release of the 1990 HMDA data, he indicated that he found the data troubling. I fully share his concern. The preliminary analysis of the nationwide data showed that three-quarters of all mortgage loan applications are approved. But the statistics on applications that were not approved showed significant differences in loan denial rates among racial and ethnic groups. For example,

although 14 percent of whites applying for conventional home purchase loans were denied, 21 percent of Hispanic and 34 percent of African American applicants were turned down. Disproportionately high rejection rates for Hispanics and African Americans were evident even when applicants with approximately the same income were compared.

Let me be absolutely clear about the position of the Board of Governors. Discrimination based on race, gender, or ethnic background is not only illegal, it is morally repugnant. Indeed, there is only one legitimate criterion on which to base loan decisions: the expectation that repayment will be made according to the terms stipulated in the loan agreement. Our efforts must be directed at ensuring that only this criterion is used to make home mortgage or other loan decisions.

The HMDA data make clear that the differences in denial rates when applicants are grouped by race do not change notably regardless of income. Turndown rates for minorities substantially exceed the rate for whites whether one looks at low-income or high-income groups. Similar patterns exist if one looks at neighborhoods instead of applicants. The proportion of loan denials for home purchases increases as the percentage of minority residents increases regardless of the income level of the neighborhood. The fact that denial rates differ among racial groups in spite of statistically controlling for income underscores the troubling nature of these findings.

Many observers have pointed out that the home mortgage picture is more complicated than the preliminary analysis of the HMDA data indicates. These observers are undoubtedly correct. Income is not the primary reason for mortgage denials. The 1990 HMDA data make clear that credit history was the single most commonly cited reason for credit denial for whites, African Americans, and Hispanics. That fact should remind us that analysis of mortgage application decisions is analytically complicated and statistically tricky. Indeed, when the New York State Banking Department investigated the lending performance of ten savings banks in that state, they found little suggestion of bias.

As a result of the complexity of this issue, the Federal Reserve is increasing its efforts consid-

erably toward better understanding the HMDA information. In the interim, the HMDA data will continue to provide our examiners with a basis for further analysis of whether institutions are considering all applicants fairly. I will turn to a discussion of these activities later in my testimony.

BACKGROUND ON HMDA

The Home Mortgage Disclosure Act was passed in 1975. The law is based on the concept that the public should have access to information about the home lending activities of institutions that serve their communities. One purpose of the act is to encourage balanced lending through the provision of data to financial institutions, regulators, and the public.

To that end, the Federal Reserve Board's efforts to collect and process the data, and make it publicly available, have been in effect for some time. Since 1980, the Federal Reserve, on behalf of the federal financial regulatory agencies, has compiled information about the home lending activities of institutions covered by HMDA—basically, those lending institutions with offices in metropolitan areas. By matching the specific loans reported with demographic data from the census file, we produced individual HMDA reports showing the home lending picture for each reporting lender, as well as aggregate reports for lenders in each metropolitan area.

For regulators, HMDA data have augmented other procedures for detecting illegal credit practices and discrimination in examinations for consumer compliance. For example, in checking for compliance with the Fair Housing and Equal Credit Opportunity Acts, examiners draw samples of mortgage files to compare with the institutions' stated underwriting policies to ensure that all applicants are treated fairly. Similarly, in assessing Community Reinvestment Act (CRA) performance, HMDA data have often been a key indicator of how well banks are helping to meet the credit needs of their entire communities, including low- and moderate-income and minority areas.

Many banks have found that HMDA data provide valuable marketing information, en-

abling them to compare their performance with that of competitors. We have strongly encouraged banks to study their own HMDA data as a way to spot apparent "gaps" where credit services may not be reaching certain segments of their communities.

Community groups have often used the data to assess the home lending performance of institutions currently doing business in their neighborhoods, as well as those seeking to do so by merging with or acquiring a local institution. Through the CRA protest mechanism and other means, these groups and others have the opportunity to use the HMDA data and voice their concerns about a banking organization's CRA performance. HMDA data have also provided the basis for numerous studies over the years—by community groups, academic and news organizations, the Federal Reserve, and others—of how home loans are distributed across neighborhoods and income and racial groups.

With the statutory changes that took effect in 1990, HMDA data now provide an even more valuable tool to all parties concerned—especially to us, the regulators. For the first time, HMDA data collected for 1990 included information about applications that are denied or withdrawn; about the race, gender, and income of applicants; and about the secondary market purchasers of loans sold by lending institutions. The data also include, in about 60 percent of cases, the principal reasons cited by lenders for credit denial.

Gathering and analyzing these new data represent a substantial commitment of resources by all the agencies. In fact, the new HMDA data were the most massive data collection effort ever undertaken by the Federal Reserve, involving nearly 9,300 reporting institutions, representing about 24,000 reports for metropolitan areas and more than 1.2 million pages of data. About \$2.8 million has been spent to develop the system to process the HMDA data, and as of September of last year the agencies had spent an additional \$2.6 million to process the 1990 HMDA data. Last year we were able to release the data to the public about six months after the reporting deadline, and we are looking at ways to speed up the processing time beginning with the 1991 data.

CAUTION REGARDING RAW DATA AND THE BOSTON STUDY

Although the HMDA data provide very useful information, the data are not perfect, and we urge caution in drawing too many conclusions from a preliminary review of the data. The problem with drawing conclusions from the raw data is not just theoretical. It would be a mistake to discount the effect of a variety of factors that are at work in the loan process. According to the HMDA reports filed for 1990, credit history was the single most common reason for credit denial. However, the HMDA data do not contain any information regarding applicants' credit histories or a wide range of other factors that lenders consider in evaluating loan applications, such as debt-to-income ratio or job experience and tenure.

We also must bear in mind the statistical ramifications of volume. For example, an institution that has a very aggressive outreach program compared with an institution in which no such effort is made will undoubtedly generate a higher volume of applicants. However, the institution with the outreach program may be statistically penalized for the effort because gathering a greater number of applications may result in receiving a large number from less-qualified borrowers. This, in turn, may result in higher rejection rates in areas with high concentrations of low- and moderate-income people. This could be one reason why some minority-owned institutions turned down requests for home purchase loans relatively more frequently than other HMDA lenders.

The need for a better understanding of the data and more careful analysis is clear. Therefore, the Board has authorized the Federal Reserve Bank of Boston to conduct—in consultation with other federal supervisory agencies—a detailed study that should help answer some of the questions raised, at least in the Boston area, in our preliminary review of the HMDA data. In the study, we plan to gather additional data on African American, Hispanic, and white applicants from more than one hundred financial institutions operating in the Boston area. We believe that these data may prove useful in designing programs to reduce racial disparities in mortgage rejections.

The Boston study will give us an indication of which creditworthiness criteria are used by financial institutions in making mortgage loan decisions. Let me stress that this does not mean ratifying the existing set of criteria. Some of these criteria may have evolved through custom and may not be statistically linked to the likelihood of timely servicing of the loan. Information from the Boston study may stimulate financial institutions to reassess their criteria for determining creditworthiness. The incoming information might also help us inform consumers about actions they could take to improve their likelihood of loan approval.

The second benefit of the Boston study will be an improved ability to determine how much of the discrepancy in lending rates among racial groups is accounted for by key financial and employment variables that loan officers consider in their credit evaluations. To the extent that these financial variables do not explain the discrepancies, we intend to use the HMDA data to guide examiners to specific loan application files for more extensive review.

OTHER STEPS TO IMPROVE ENFORCEMENT

In spite of the limitations, the HMDA data are already augmenting the work of our examiners. For example, in CRA examinations HMDA data now provide a more precise picture of lending patterns for individual banks, and for the market as a whole. For example, examiners can now look at how application activity is distributed among various segments of the community; whether lending in low- and moderate-income neighborhoods is, in fact, proportional to low- and moderate-income borrowers; to what extent the gender of applicants seems to be related to the bank's propensity to lend; whether approval rates are higher for different types of loan products (such as conventional vs. government-insured mortgages); and how a bank that is being examined compares with its peers in its share of lending in specific neighborhoods. Such information, along with information gathered about other aspects of CRA performance during the course of the examination, can provide a more solid indi-

cation of areas of both strength and weakness of institutions with respect to CRA.

At the same time, we have been working to develop additional practical applications of the enhanced data for the examination process. Examiners have access to the mainframe computer by using our software capabilities. They can now readily retrieve and analyze this wealth of new data. We regard this automation capability as essential, given that the new HMDA aggregation tables for a *single* institution can be several hundred pages long. We continue to make additional modifications to enhance the examination process for fair lending and CRA. To accomplish this, the Federal Reserve has made a substantial investment of resources and will give further advancement of this work high priority.

We are not acting alone in this process, but in concert with the other federal financial regulatory agencies, to implement the HMDA analysis system. Because only 7 percent of the HMDA lenders are under the direct supervision of the Federal Reserve, we have been sensitive to the need to ensure that the other agencies have access to the HMDA data stored on the Board's mainframe and to coordinate with them any necessary adjustments or additions to the system. An interagency working group has also been formed to work on more advanced analytical tools and training for examiners from all the agencies.

Although we are working on the application of uses for the HMDA data to strengthen the examination process, we have been drawing on other methods at hand to promote compliance with fair lending laws. The Federal Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) allowed the imposition of civil money penalties to address *any* violation of law and regulation. We have already used this power to impose fines in the consumer area, and other such enforcement actions addressing violations of the Equal Credit Opportunity Act and non-compliance with the CRA are in process. Although to date the actions have involved fair lending issues other than racial discrimination, we will not hesitate to impose the stiff fines that the law now permits for all types of violations.

During 1991, we began a series of meetings with the Department of Justice, the Department

of Housing and Urban Development, the Federal Trade Commission, and the other financial institution regulators to discuss fair lending issues and our enforcement activities. In particular, we have been in contact with staff members of the Department of Justice about an ongoing investigation of mortgage lending practices in Atlanta, which may lead to new techniques for determining whether a lender has illegally discriminated against creditworthy applicants. The financial institution regulators are in the process of retaining a consultant to review our civil rights enforcement training and procedures. These efforts should help us design new tools for analyzing the fairness of an institution's mortgage lending activity.

The Federal Financial Institutions Examination Council has just released a new brochure entitled *Home Mortgage Lending and Equal Treatment* that will be useful as we continue to emphasize the education of lenders, as well as consumers, about potential pitfalls in the mortgage lending process. The publication alerts lenders to subtle forms of discrimination that can occur, perhaps unknowingly, in the lending process and how to avoid them. We are sending copies to all the banks we supervise, expecting that it will prompt many of them to take a closer look at some of the long-accepted loan origination, underwriting, appraisal, and marketing practices that can have unintended discriminatory effects. We published a similar guide for consumers entitled *Home Mortgages: Understanding the Process and Your Right to Fair Lending* just over a year ago.

COMMUNITY ECONOMIC DEVELOPMENT

In short, we are committed to continued efforts that can detect and prevent illegal credit discrim-

ination—but we are not stopping there. The ultimate goal of these laws is to ensure that safe and sound lending takes place in every community in the country and that it is done fairly. We have long believed that this goal could be achieved by other programs that serve as a counterpoint to enforcement activities. Consequently, for many years the Federal Reserve, through its Community Affairs Program, has worked with lenders around the country to refine strategies for community development lending. In 1991, we shared this type of experience and expertise through nine newsletters published by Reserve Banks, 124 conferences and seminars, and more than 300 speeches at the invitation of banking and community organizations. Examples of these efforts include a new community development finance curriculum designed to teach bankers, nonprofit organizations, and others the basic skills of community development lending using actual case studies; the development of manuals and software by Reserve Banks that can help lenders structure sound loans when public and private funds are involved; and our provision of technical support to multibank mortgage lending pools that are attempting to make housing credit more readily available to lower income and minority communities in several states. Although many of these initiatives have a broader focus than just minority housing concerns, they all contribute to the assurance that we are making progress in helping financial institutions serve their entire communities.

In conclusion, I am concerned, as you are, about the direction and use of the HMDA data. I am also deeply concerned about the many complex problems that seem to underlie the data. Obviously, there is a great deal to be done. The Federal Reserve stands ready to work with you, the industry, consumers, and others in furthering this important effort. □

Statement by J. Virgil Mattingly, Jr., General Counsel, Board of Governors of the Federal Reserve System, before the Subcommittee on Terrorism, Narcotics and International Operations of the Committee on Foreign Relations, U.S. Senate, May 14, 1992

I am pleased to appear again before this subcommittee to report on the Federal Reserve's actions regarding the Bank of Credit and Commerce International (BCCI). Since my last appearance, on August 1, 1991, the Federal Reserve has continued to investigate the circumstances under

which BCCI gained control of the shares of U.S. banking organizations, to prosecute enforcement actions against those responsible for wrongdoing by BCCI, and to work to ensure the separation and insulation of U.S. banking organizations from BCCI. Substantial progress has been made on each of these fronts and includes, most recently, shareholder approval of the Federal Reserve's proposal for an independent trustee to hold the shares of the First American banks. Today, I will provide a status report on the investigation and describe the actions that the Federal Reserve has taken to date regarding the First American banks and Independence Bank.

FEDERAL RESERVE ENFORCEMENT ACTIONS

The Federal Reserve is actively and aggressively pursuing its investigation of BCCI and those who assisted it in illegally and secretly gaining control of the shares of U.S. banking organizations. Because the investigation is ongoing, I must refrain from divulging details that could prejudice our case or the cases of the other law enforcement officials with whom we are working. I can, however, describe the charges that have been made public and the extent of the investigation to date.

As you may recall, on July 12, 1991, the Federal Reserve, acting on the basis of its investigation of the BCCI matter over the preceding months, took enforcement action against four individuals for their involvement with BCCI's illegal acquisition of Independence Bank, Encino, California. These individuals were Agha Hasan Abedi and Swaleh Naqvi, the two former senior officers of BCCI; Kemal Shoaib, a former senior officer of BCCI and the former chairman of Independence Bank; and Ghaith Pharaon, a Saudi Arabian businessman who was the owner of record of Independence Bank and a shareholder of BCCI. The Federal Reserve's notice alleged that these individuals arranged for Pharaon to acquire Independence Bank on behalf of BCCI, thus establishing BCCI as an illicit bank holding company in violation of the Bank Holding Company Act and Federal Reserve regulations. The notice further alleged that these indi-

viduals concealed this illegal transaction from the Federal Deposit Insurance Corporation (FDIC), the primary federal regulator of Independence Bank, as well as from the Federal Reserve.

An additional notice was issued on July 29, 1991, which alleged that BCCI had illegally acquired control of the shares of National Bank of Georgia, CenTrust Savings Bank, and Credit and Commerce American Holdings, N.V. (CCAH), the parent holding company of First American Bankshares. The Federal Reserve assessed a \$200 million civil money penalty against BCCI and initiated proceedings against nine individuals associated with BCCI to bar them from any future involvement with U.S. banking organizations. These individuals included Kamal Adham, Faisal Saud Al-Fulajj, A.R. Khalil, and Sayed Jawhary, each of whom the Federal Reserve alleged served as a nominee for BCCI in acquiring shares of CCAH, and five others, including Abedi and Naqvi.

At the request of the Department of Justice, which had concerns about double jeopardy in the event of a criminal prosecution, the Federal Reserve deferred an assessment of civil money penalties against these individuals. In September 1991, after the Justice Department's withdrawal of its request for deferral with respect to Shoaib and Pharaon, the Federal Reserve assessed civil money penalties of \$20 million against Shoaib and \$37 million against Pharaon in connection with the Independence Bank acquisition. These assessments are in addition to the \$200 million assessed against BCCI. The Federal Reserve, represented by the Justice Department, moved in U.S. District Court to freeze the U.S. assets of Shoaib, including certain deposit accounts. A freeze order was entered on October 15, 1991. In March of this year, the Federal Reserve entered a default judgment against Shoaib, after the recommendation of the administrative law judge assigned to the case. The Department of Justice is now pursuing collection actions against assets belonging to Shoaib.

On September 17, 1991, the Federal Reserve, again represented by the Justice Department, moved in U.S. District Court to freeze substantially all of the U.S. assets of Pharaon, and a freeze order was entered that same day. Pharaon's frozen assets represent an amount greater

than the penalty assessed against him, although there are competing claims to the assets. Pharaon has, through counsel, contested the charges against him in both the action for civil money penalties and the action seeking to bar him from U.S. banking. A substantial motions practice has taken place before the administrative law judge, and dispositive motions by Pharaon and the Federal Reserve are currently pending.

As for the other individuals whom the Federal Reserve has charged in the matter, Adham and Jawhary have filed answers contesting the Federal Reserve's July 29 charges, and one other respondent has consented to the entry of a cease-and-desist order. Service of other respondents has proved difficult because they are generally located in the Middle East. However, with the assistance of the Department of State, several respondents have been located and served, and efforts are continuing to effect service on the remaining respondents. The Federal Reserve has also moved for a default judgment against Abedi and Naqvi, who have been served.

On December 19, 1991, the fiduciaries appointed by the courts in the United Kingdom, Luxembourg, and the Cayman Islands to administer BCCI's affairs in liquidation entered into an agreement with the Justice Department, the New York County District Attorney, the Federal Reserve, and various federal and state regulatory agencies whereby BCCI agreed to plead guilty to federal and state criminal charges and to forfeit its assets in the United States, estimated at more than \$500 million. The agreement was approved and the conviction entered by the U.S. District Court for the District of Columbia on January 24, 1992, and by the appropriate New York court on December 20, 1991. Under the agreement, BCCI also consented to the Federal Reserve's \$200 million civil money penalty action, with the Federal Reserve agreeing to stay collection of the penalty in light of the forfeiture to the Justice Department of BCCI's U.S. assets.

I would note that the Board agreed to the settlement because it achieved the Federal Reserve's three primary aims. First, the assets forfeited under the plea agreement establish a fund that is available to provide additional capital support to U.S. banking organizations that were illegally acquired by BCCI. Second, the court-

appointed fiduciaries agreed to comply with the Federal Reserve's order of March 4, which requires BCCI to divest its interest in CCAH, First American Bankshares' parent holding company. Third, as part of the agreement, the court-appointed fiduciaries for BCCI agreed to cooperate in the Board's investigation of violations of U.S. banking laws and thereby to provide certain BCCI documents that we have been seeking for some time.

Even as adjudication of the charges that the Federal Reserve has brought to date proceeds, the Federal Reserve continues its investigation of BCCI and those who were responsible for its illicit activities in the United States. Federal Reserve investigators and examiners have traveled throughout the United States and to several foreign nations to compile evidence regarding BCCI's illegal acquisition of U.S. banking organizations. To date, Federal Reserve investigators have interviewed more than sixty individuals, issued more than seventy-five subpoenas for the production of documents, and taken numerous formal depositions comprising thousands of pages of testimony. Federal Reserve investigators have also reviewed hundreds of thousands of pages of documents.

The Federal Reserve's investigators have sought the cooperation of foreign law enforcement and regulatory agencies. The Bank of England has been particularly cooperative. However, bank secrecy laws in other countries in which BCCI operated continue to hinder the ability of Federal Reserve investigators to obtain necessary information.

At home, the Federal Reserve's investigators have continued to work with both the New York County District Attorney's Office and the Justice Department, with whom the Federal Reserve has established excellent, cooperative relationships, to unravel the relationships of BCCI to U.S. banks.

FEDERAL RESERVE ACTIONS REGARDING U.S. BANKS

First American Banks

Since the discovery in late 1990 of BCCI's control of certain shares of CCAH (First American

Bankshares' parent holding company), the Federal Reserve has actively sought to achieve a complete legal separation of the First American banks from BCCI. Arranging for divestiture has been a difficult and complex process, plagued with uncertainties regarding the ownership of certain CCAH shares and involving many parties that are located in other countries and that often have conflicting interests and claims. However, with the cooperation that the Federal Reserve has received from the Department of Justice and the New York County District Attorney, the shares of the First American banks should shortly be placed in the hands of an independent trustee with full authority to sell and convey title to the banks. The transfer of the banks to an independent trustee is designed to maintain public confidence in the banks by providing them with an effective and complete insulation from BCCI and related persons until they can be sold.

The process leading to the establishment of the trust began on March 4, 1991, when the Federal Reserve ordered BCCI to submit a plan to divest its interest in CCAH. That order also restricted financial and other dealings between BCCI and the First American banks. BCCI submitted a plan in May 1991 that provided for a trust to hold the shares of CCAH and to sell the shares or assets of CCAH as soon as possible.

Before that plan could be implemented, however, overseas banking authorities closed BCCI on July 5, 1991, and its affairs were placed in the hands of court-appointed fiduciaries in those foreign jurisdictions. Control of BCCI by the court-appointed fiduciaries achieved a limited separation of BCCI and the First American banks, but the Federal Reserve continued to seek divestiture to finally, completely, and irrevocably separate the two.

This effort was complicated by the fact that BCCI's interest in CCAH is not perfected, and the extent of that ownership interest is not clear. BCCI is not the record owner of any shares of CCAH; the shares of CCAH are registered in the names of various individuals and corporate entities. Rather, as the Board has charged, BCCI holds a beneficial interest—through nominee agreements and loans to shareholders—in more than 50 percent of those shares. Thus, although the Federal Reserve might have attempted to

force the court-appointed fiduciaries to sell BCCI's interest in CCAH, the fiduciaries would have first had to secure possession and title to the shares. Doing so would have entailed substantial litigation regarding precisely which CCAH shares were controlled by BCCI, as well as foreclosure proceedings to secure title to the shares apparently pledged to BCCI as collateral for loans to nominee shareholders. That process could easily have involved years of litigation.

Because of these problems, the Federal Reserve pushed to transfer control of the First American banks to an independent trust approved by the record holders of CCAH shares as the most expeditious method of achieving the divestiture on which the Federal Reserve insisted. This would enable the banks to be sold without the necessity of waiting for resolution of the various claims to the CCAH shares.

During the fall of 1991, the Federal Reserve and other involved parties agreed that divestiture of the First American banks could be achieved most expeditiously by transferring to a trust all of the shares of one of CCAH's subsidiary holding companies, First American Corporation, rather than transferring BCCI's undetermined interest in CCAH shares. First American Corporation is the immediate parent of First American Bankshares, the holding company that controls the First American banks.¹

This arrangement was deemed preferable to the transfer of BCCI's interest in CCAH because the trustee would receive 100 percent of the shares of a U.S. bank holding company, as opposed to BCCI's lesser and disputed interest in CCAH. The independent trustee would thereby gain full and absolute control of the First American banks and, because of this total control, will be able to effect a sale and convey clear title to the banks.

Early this year, an individual trustee was identified who was acceptable to all concerned, but major issues remained, including funding and indemnification for the trust. The Board believed that the plea agreement, which made funds for-

1. First American Corporation is a wholly owned subsidiary of Credit and Commerce American Investment, B.V. (CCAI), which, in turn, is a wholly owned subsidiary of CCAH.

feited by BCCI available to support the First American banks, provided a method to resolve these issues. The Justice Department provided significant assistance in this regard. The department proposed that the trust arrangement be established through the U.S. District Court for the District of Columbia, which has jurisdiction under the BCCI plea agreement. The New York County District Attorney and the proposed trustee endorsed this proposal, as did the board of directors of First American Bankshares, which on April 30, 1992, recommended the proposal to the CCAH shareholders.

Because the trust arrangement required CCAH shareholder approval, the Board asked the managing directors of CCAH to call a special shareholders meeting to consider the proposal. The meeting was called for May 12, and record holders of nearly 80 percent of the shares of CCAH executed proxies directing the managing director of First American Corporation's immediate parent, CCAI, to transfer the shares of First American Corporation to an independent trustee. Three CCAH record shareholders that hold the remaining CCAH shares did not vote.

Under the terms of the trust agreement, the trustee will, as I have indicated, hold all of the shares of First American Corporation and have all the rights of a shareholder, including the exclusive right to vote the shares. The trustee is directed to cause the sale of the First American banks expeditiously but within a one-year period, and it has the authority to transfer title to the banks without further CCAH shareholder approval or authorization. The trust agreement also establishes a process for determining which shares of CCAH are controlled by BCCI for the purpose of distribution of the proceeds of any sale of the First American shares or assets held by the trust. The proceeds of any sale will be used to repay bona fide debts at the holding companies, with the balance held by the court for distribution to the legitimate shareholders of CCAH. Proceeds of the sale attributable to BCCI's interest in CCAH are forfeited to the Justice Department under the terms of the plea agreement.

Although the trustee now has authority to sell the banks, the universe of prospective purchasers for the banks may be somewhat reduced by

federal law. Under the Douglas Amendment to the Bank Holding Company Act, a bank holding company is prohibited from acquiring a bank in another state unless the acquisition is expressly permitted by the laws of the bank's home state. Virginia, in which a large percentage of First American's banking assets are located, permits the acquisition of banks in that state by holding companies only from the southeastern United States. Therefore, banking organizations in the rest of the country are generally ineligible to acquire the First American banks.

I should add that the Federal Reserve's protective actions regarding the First American banks have not been limited to arranging the trust. The Federal Reserve has continued to monitor the banks' financial condition, to help coordinate supervision of the banks among the relevant state and federal banking authorities, and to encourage actions to maintain the banks' capital. In this regard, over the last twelve months the management of First American has arranged for the sale of individual First American banks. The Valley Fidelity Bank and Trust Company of Knoxville, Tennessee, was sold on September 2, 1991, and the First American Bank of Pensacola was sold on January 15, 1992. In addition, substantially all of the assets of the First American Bank of Georgia were sold on May 1, 1992. These actions have resulted in a substantial decrease in the assets of First American Bankshares and have helped to maintain its capital position.

INDEPENDENCE BANK

Beginning in August 1991, Federal Reserve staff members began meeting with representatives of the FDIC, the Superintendent of Banks of the State of California, and the court-appointed fiduciaries for BCCI to obtain capital support for Independence Bank from the fiduciaries. Discussions proceeded through September and October, at which point the Justice Department entered the negotiations and was able to conclude the plea agreement described above. Although Independence Bank was ultimately closed by the State of California, the plea agreement that followed the Independence Bank negotiations pro-

vides a fund from BCCI's forfeited assets that is available for repayment to the FDIC of the costs of resolving the bank.

*COOPERATION OF THE COURT-APPOINTED
FIDUCIARIES AND ABU DHABI
SHAREHOLDERS*

In its efforts to effect the divestiture of BCCI's interest in the First American organization, the Federal Reserve has sought the cooperation of the court-appointed fiduciaries for BCCI and the Abu Dhabi shareholders of BCCI in connection with the trust proposal and other matters.

Soon after the fiduciaries' appointment on July 5, 1991, Federal Reserve staff members contacted the fiduciaries to determine their intention with respect to the divestiture plan that had been submitted by BCCI before its closure. The fiduciaries responded that they would cooperate with the Board in its efforts to achieve a trust agreement, and they have recently joined with the Federal Reserve and the other parties in supporting the trust arrangement described above as a means of complying with the Federal Reserve's March 1991 divestiture order and the plea agreement that incorporated that order. We also anticipate that the fiduciaries will provide certain BCCI documents that the Board has requested relating to the First American acquisition.

The principal shareholders of CCAH—the ruler of Abu Dhabi and his eldest son and the Abu Dhabi Investment Authority—have been responsive to the Board's requests regarding First American. Before the July 5 seizure of BCCI, the Abu Dhabi shareholders caused BCCI, which they then controlled, to grant Federal Reserve investigators access to many of the documents evidencing the BCCI nominee arrangements regarding First American and Independence Bank. The Abu Dhabi shareholders have also provided substantial financial support for the First American banking organization over the last eighteen months and have supported the Federal Reserve's efforts to put in place a trust arrangement that would include a transfer of their CCAH shares to the trust.

The Federal Reserve has made requests to the Abu Dhabi government for access to certain

BCCI documents located in Abu Dhabi that were earlier withheld by BCCI on grounds of privilege. Those documents have recently been transferred to the court-appointed fiduciaries for BCCI, with whom the Board's request for access is pending. The Federal Reserve has also asked the Abu Dhabi government for access to former BCCI officers who were instrumental in the acquisition of First American and other persons in Abu Dhabi who may have information regarding the acquisition. We are hopeful that favorable action will be taken on these requests in the near future.

*EFFECT OF BCCI ON U.S. BANKING
ORGANIZATIONS*

One of the primary questions on which Federal Reserve examiners and investigators have focused is the degree to which BCCI affected the First American banks. The Federal Reserve has devoted considerable resources to determine whether and to what extent BCCI's illicit ownership resulted in harm to, or abuse of, the First American banks. More than fifty experienced examiners from the twelve Federal Reserve Districts have spent more than eight man-years in examining the First American Banks. Federal Reserve staff members have also worked extensively with other federal and state banking authorities who have conducted examinations of the First American banks.

Federal Reserve examiners have checked for any business dealings between the First American banks and persons known or believed to be connected to BCCI. In addition, loan portfolios were sampled for any evidence of loans with poor payment histories, frequent renewals or preferential terms, and for any other questionable lending practices. The work of the Federal Reserve examiners has included, among other procedures, a review of all loans of more than \$50,000 that were charged off between 1982 and 1991, selected overdraft reports for the last three years, all large loans repaid within six months of the examination, large depositor and high activity accounts, personnel files and expense accounts, and Bank Secrecy Act procedures. Examiners also conducted an intensive review of wire transfer activities and reviewed real estate

transactions, securities purchases, and other large-asset transactions. The Federal Reserve's workpapers and methodology have been reviewed by the General Accounting Office and have been made available to this subcommittee and others.

In addition to these efforts, during the last eighteen months, each of the primary federal and state regulators for the First American banks has conducted one or more full-scope examinations, which included in-depth reviews of all the banks' significant credit and deposit relationships.

The Federal Reserve's examinations, and those of other federal and state regulators, have to date uncovered no evidence of abuse of the credit facilities of the First American banks for the benefit of BCCI or its affiliates. The examinations have not to date found any credits currently outstanding to BCCI or its affiliates other than the trade-related credits discussed below and a small payment under a letter of credit issued in connection with a lease. At the holding company level, however, the Federal Reserve is continuing to investigate the circumstances and terms under which First American Bankshares acquired the National Bank of Georgia in 1987 and the role that BCCI or its agents played in the holding company's decision to make that acquisition.

Two of the First American banks have received additional scrutiny from the examiners: the First American Bank of New York because it served as BCCI's correspondent bank in the United States and the First American Bank of Georgia (formerly the National Bank of Georgia) because Pharaon was the record owner before its acquisition by First American Bankshares in 1987.

Besides the review procedures described above, Federal Reserve examiners reviewed all clearing transactions of more than \$100,000 by the New York subsidiary over a two-year period. In addition, all transactions of more than \$1,000,000 for that period were analyzed by country of origin and by country of disposition. This effort was undertaken to determine whether BCCI improperly used the clearing functions of that bank.

The review indicated that only certain trade-related transactions between the First American Bank of New York and a subsidiary of BCCI resulted in a loss to the bank. Bankers acceptances issued by the First American Bank of New York on behalf of BCCI's Hong Kong subsidiary

came due after BCCI was closed on July 5, 1991, and the BCCI subsidiary has not repaid the First American bank. The examinations produced no evidence that these transactions were undertaken other than in the ordinary course of business.

In its July 29 notice, the Federal Reserve alleged that BCCI participated in certain management decisions of the First American Bank of New York, which included the selection of the senior management of the bank and the purchase of branches. The notice also alleged that two of the New York subsidiary's officers, who were former officers of BCCI, monitored the First American bank's operations for BCCI.

With regard to the First American Bank of Georgia, the examinations have not uncovered any direct loans to BCCI. Before the 1987 acquisition of the National Bank of Georgia by First American Bankshares, however, several instances of common loan customers between the National Bank of Georgia and BCCI occurred, and in at least two instances the bank made loans secured by standby letters of credit issued by BCCI. Loans to interests of Pharaon were also made. However, losses incurred on these loans have been minor, and only one such transaction since 1987 has surfaced.

The Federal Reserve also continues to investigate a lease of certain property from Pharaon entered into by the National Bank of Georgia in 1985, from which Pharaon appears to have benefited substantially. In addition, the National Bank of Georgia, before its acquisition by First American, hired several individuals who had previously been employed by BCCI, and evidence has appeared of BCCI influence over National Bank of Georgia's management when Pharaon was the record owner.

Independence Bank was not a member of the Federal Reserve System. As a nonmember bank purporting to operate without a parent holding company, it was regulated by the State of California and the FDIC. Representatives of the FDIC will discuss the results of their investigation of Independence Bank. However, as noted above, the Federal Reserve has taken enforcement action against the former chairman of Independence Bank, Shoaib, charging him with having participated in BCCI's illegal acquisition of Independence Bank.

CHANGES IN FOREIGN BANK SUPERVISION

The Federal Reserve is currently implementing the Foreign Bank Supervision Enhancement Act of 1991, legislation co-sponsored by Senator Kerry and passed by the Congress largely in reaction to conduct at BCCI and Banca Nazionale del Lavoro. The act provides a process to control the entry into the United States of foreign banks and to strengthen the authority of the Federal Reserve to supervise and regulate foreign banks once they have entered. The new entry standards established under the act include requirements of consolidated home country supervision and supervisory access to information regarding any foreign banking organization seeking to do business in the United States. The act also applies to foreign banks the same financial, managerial, and operational standards that govern U.S. banks. The act grants federal regulators additional authority to terminate the U.S. activities of a foreign bank that is engaging in illegal, unsafe, or unsound practices.

In addition, the act grants the Federal Reserve authority to examine any office of a foreign bank in the United States. The Federal Reserve is authorized to coordinate examinations with other federal and state supervisors and is no longer directed to rely on the examinations of other supervisors in its examination of foreign banks. Each branch and agency of a foreign bank must be examined at least once during each twelve-month period.

The Federal Reserve is working to strengthen significantly its supervisory capabilities and processes with respect to the operation of foreign banks in this country. For example, the Federal Reserve is in the process of expanding its

examination staff to carry out its new examination responsibilities and has promulgated interim rules to implement the entry standards under the new act. The Federal Reserve hopes that the enhanced capabilities and new entry standards will reduce the potential for a recurrence of problems such as those presented by BCCI. Although new authority and expanded procedures cannot guarantee that criminal activity by foreign banks will not occur, they do address the potential for illegal activities by (1) creating a bar to U.S. entry or operation in the United States by weakly capitalized, poorly managed, or inadequately supervised foreign banking organizations and (2) strengthening the Federal Reserve's capabilities to uncover illicit activity at foreign banks.

CONCLUSION

The Federal Reserve is actively engaged in dealing with the BCCI matter and has deployed its most experienced and proven staff members to the task. The Federal Reserve will continue to cooperate with federal, state, and foreign bank supervisors and law enforcement agencies. Our immediate goals are to conclude our investigation and initiate whatever additional enforcement actions are warranted; to make the current separation in fact between BCCI and U.S. banks a complete and permanent separation in law so that these banks can be relieved of any remaining BCCI taint and operate free and clear of this controversy; and to ensure that all wrongdoers are prosecuted civilly and criminally to the extent provided by law. □

Statement by Edward W. Kelley, Jr., Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 21, 1992

I am pleased to appear today to comment on the Federal Reserve's participation in the deliberations by the National Advisory Council on Inter-

national Monetary and Financial Policies (NAC) on the fiscal 1990 Commodity Credit Corporation (CCC) program for Iraq.

As you know, the NAC has been assigned by the Congress the responsibility to assist in formulating U.S. positions in various international financial institutions and to evaluate the policies and practices of U.S. government agencies that make, or participate in making, foreign loans or

provide various forms of credit guarantees as part of U.S. foreign lending programs. The Federal Reserve was designated a member of the NAC under the Bretton Woods Agreements Act of 1945 and has participated in its deliberations since then.

The NAC is an advisory body. The principal function of the seven members of the NAC is to review proposed transactions, programs, and policy issues related to those institutions—both national and multilateral in which the United States is a member—that are involved in making foreign loans.

The diversity of interests, perspectives, and expertise represented by the member agencies of the NAC allows a thorough airing of divergent views on issues that come before the NAC. In most cases, a unanimity of views among NAC member agencies is attained. On the occasions when no consensus is reached, it may indicate a fundamental difference on a particular aspect of the lending program under consideration that often reflects the particular vantage point and institutional focus of the member agencies of the NAC.

In evaluating lending proposals and programs presented to the NAC, the Federal Reserve draws on its financial perspective and expertise. The Federal Reserve's principal contributions to the NAC process over time have been its ability to assess objectively the financial and economic soundness of proposals brought before the NAC and to share this expertise with other member agencies.

In light of this specialized focus of the Federal Reserve in NAC deliberations, for those proposals that involve major considerations other than economic and financial issues in which the Federal Reserve has special expertise (for example, when foreign policy or human rights issues are of overriding importance), the practice of the Federal Reserve in NAC deliberations is not to take a position on these matters and to abstain in the formal NAC decisionmaking process.

With regard to the Federal Reserve's position concerning the extension of CCC export credit sales guarantees for Iraq, even before the fiscal 1990 request for such guarantees, the Federal Reserve had become concerned about Iraq's creditworthiness and about the size of the pro-

grams of CCC export credit sales guarantees that were being proposed for Iraq by the U.S. Department of Agriculture. The Federal Reserve, therefore, was only willing to consider favorably considerably scaled-down programs of such credit guarantees to Iraq.

In considering the request for \$1 billion in additional CCC export credit sales guarantees for Iraq for fiscal 1990, Federal Reserve reservations were based on continued concerns about Iraq's creditworthiness at that time. The growing external indebtedness of Iraq and questions about Iraq's ability and willingness to service this debt led to a growing Federal Reserve uneasiness in approving large, new CCC export credit sales guarantees for Iraq. The Federal Reserve also noted Iraq's spotty debt-servicing record with other bilateral official creditors that included incidents of unilateral and selective reschedulings. Finally, the Federal Reserve questioned the appropriateness of allocating one-fifth of the CCC's fiscal 1990 budget to one country and of the CCC's having such a disproportionate share of its total CCC credits outstanding to one country.

The unfolding Banca Nazionale del Lavoro (BNL) case in the summer of 1989 reinforced the Federal Reserve's reservations and opposition about approving additional CCC export credit sales guarantees for Iraq. The revelations of the BNL case, in fact, led the NAC to postpone a scheduled consideration of the fiscal 1990 program of CCC export credit sales guarantees for Iraq. Only limited details concerning allegations concerning the connection between the BNL case and the CCC program to Iraq were known at the time that the NAC was considering the proposal for additional export credit sales guarantees to Iraq. However, given the Federal Reserve's ongoing and growing concern about Iraq's creditworthiness, even the limited allegations of linkages between the BNL case and the CCC export credit sales guarantee program provided, in our view, an additional reason to be cautious about further extensions of such guarantees to Iraq.

The Federal Reserve's reservations and opposition related to the fiscal 1990 CCC program for Iraq, therefore, were based on its evaluation of Iraq's creditworthiness, which was reinforced by the unfolding BNL case. □

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the U.S. Commission on Civil Rights, May 22, 1992

INFLATION AND ECONOMIC OPPORTUNITY

I am pleased to be able to be here today to discuss some of the economic aspects of poverty and inequality in America. I would like to note at the outset that I am here as an individual and that my views do not necessarily reflect those of my colleagues on the Board of Governors of the Federal Reserve System.

In particular, I would like to address a widespread misconception about macroeconomic policy and economic opportunity. It is believed by many commentators that an aggressive and inflationary monetary and fiscal policy environment is helpful for promoting economic opportunity. The reason for this belief is twofold. First, the creation of money and the consequent inflation provide funds for the state while eroding the real value of privately held financial wealth. Because financial wealth is relatively concentrated, this represents a highly progressive and redistributive form of taxation. Second, other things equal, inflation transfers real assets from creditors to debtors and effects a private redistribution besides the one carried out directly by the state.

The data that I wish to present today suggest that whatever the merits of this reasoning in theory, it has not worked in practice. Rather than massive quantities of fiscal or monetary stimulus, I believe that carefully targeted, incentive-oriented policies are crucial to the advancement of economic opportunity for all Americans. Although for data reasons the emphasis of my comments will be on evaluating the economic standing of African Americans, I believe that my conclusions are probably applicable to other relatively disadvantaged ethnic and racial groups as well as to individual Americans seeking economic opportunity.

The U.S. economy is now in the early stages of the third business cycle we have experienced in the last two decades. The first two of these business cycles were marked by very different sets of monetary and fiscal policies and very

different inflation scenarios. As such, a comparison of the two can provide useful evidence for evaluating the proposition that inflationary policies are useful in promoting economic opportunity. The first cycle ran from the 1973 peak to the 1981 peak, the second from the 1981 peak to the 1990 peak. I believe that it is important to use peak-to-peak analysis to control for the effects of the business cycle when determining levels of household income. Although it is true that the precise timing of business cycles is on a quarter-to-quarter, or even a month-to-month, basis, the detailed data on household income and poverty rates are collected on an annual basis. Hence my choice of the years 1973, 1981, and 1990 for analytic purposes.

The 1973–81 business cycle was marked by an aggressive fiscal and monetary policy posture that led to an increase in the year-over-year inflation rate from 6.2 percent to 10.3 percent. Not only was inflation accelerating over this period, but it also maintained a relatively high average rate of more than 10 percent. By contrast, the 1981–90 cycle saw a deceleration in inflation from 10.3 percent to 5.4 percent, with an average rate of less than 5 percent. Certainly these two periods should provide a test of the hypothesis that inflationary policies are good for opportunity and income distribution.

The data suggest that this is probably not the case. Table 1 shows the distribution of incomes of African American families in 1973, 1981, and 1990.¹ The income levels have been adjusted for inflation and reflect 1990 price levels. During the 1973–81 period little progress was made, on average, by black American families. The real median income of black families fell nearly 11 percent, far more than the 8.8 percent decline for white families. Most troubling was a sharp rise in the number of families with real incomes under \$10,000, although the deterioration in black family income was indicated among all income groups.

By contrast, the 1981–90 period saw a rise in median black family income of 12.3 percent, compared with a 9.2 percent rise in white median

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

family income. Most striking during this period was the sharp rise in the proportion of black families with incomes over \$50,000. I think these data illustrate that significant gains were made by many African Americans over the past decade as a significant black middle class emerged. Although this period was generally positive, I do find it troubling that more gains were not made by the lowest income group. Although this group expanded greatly during the 1970s, it failed to contract significantly during the 1980s.

One important adjustment to looking at income data is the role of family size. Table 2 presents the income of African American families in various quintiles relative to the poverty threshold for a family of that size. In the top three quintiles, the data indicate a relatively stable income-to-poverty threshold pattern during the 1973–81 period followed by a significant increase during the 1981–90 period. It should also be noted that black families in these income ranges made significantly greater income gains than white families earning the same income levels.

However, the fourth quintile of black families showed relatively little change in their income position, and the bottom quintile showed a continuing decline in its income level. It should be noted that these income data exclude in-kind transfer payments, which rose over this period. But the troubling fact remains that cash income for those black families who were least well off continued to deteriorate. A clear dichotomy exists between the quite favorable performance of the top three-fifths of black families and the much less favorable performance of other black families.

The third chart shows the impact of this on the distribution of income among black Americans. Between 1973 and 1990, the top quintile of black families saw their share of total black family income rise 3.3 percentage points and the bottom two quintiles saw their share decline 3.8 percentage points. Black family income today is less equally distributed than it was in 1973, and it is less equally distributed than is white family income.

I believe that all three charts document both the success stories of the last decade and the challenges ahead of us in the 1990s. Most important, they show that inflationary policies

do not correspond with enhanced economic opportunity. In fact, lower inflation helps to advance one of the very important measures of economic opportunity in America: home ownership. The fact is, *lower inflation and interest rates greatly increase the affordability of housing in America.* The National Association of Realtors puts out a housing affordability index. Today, by this measure, housing is more affordable to the typical family than it has been at any time since 1976. If one uses a slightly more complicated statistic that adjusts for housing quality, the favorable affordability comparison dates back to 1973. That is particularly good news for those families seeking to get their feet firmly planted on the ladder of economic opportunity and those entering the middle class. In this regard, the lower inflation of the 1980s and the correspondingly lower level of interest rates were probably of tremendous assistance to those top two or three quintiles of African American families who experienced such a favorable income performance.

Let me be clear on why lower inflation assists home ownership. Higher inflation and interest rates impose a form of forced saving on homebuyers. They must pay an inflation premium in their mortgage payment, which is offset by a rise in the nominal value of their home. Lower inflation lowers this forced saving component. As a result, a lower cash flow is needed to finance an identical house. Although the change may not lower the long-term net benefits of home ownership, it does allow more people to afford their own home.

Our challenge today is to reach those who were not able to advance in the past. This commission will be considering how to meet this challenge in the future. I believe that we need incentive-oriented programs—lower effective rates of taxation, lower hurdles to owning one's own business, and greater opportunities for home ownership. Each of these is targeted on individual initiative and attainment, which I believe is the key to success. What would be inappropriate, in my view, is a return to the inflationary policies of the 1970s. I believe that such a return would not only be ineffective, but it might also actually create new barriers to economic progress for those who need it the most. □

Statement by Wayne D. Angell and Edward W. Kelley, Jr., Members, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs of the U.S. House of Representatives, May 27, 1992

It is a pleasure for Governor Kelley and me to visit with this subcommittee today to discuss and review the Federal Reserve System's expenses and budget. Today, as we look at the Federal Reserve System's budget for 1992, Governor Kelley will discuss the Board's budget and major initiatives, and my comments will focus on the Reserve Bank budgets, as well as on major System initiatives.

The Board has recently made available to the public and to this subcommittee copies of our publication, *Annual Report: Budget Review, 1991-92*, which presents detailed information about spending plans for 1992. The attached tables have been updated for 1991 actual experience, and, therefore, some variations exist from data in that document.¹

The actual increase in Federal Reserve System expenses from 1986 to 1991 has been 5.2 percent. This increase is not a cost increase for a constant basket of services but reflects our response to supervision and regulation initiatives, expedited funds availability (EFA) legislation requirements, contingency planning initiatives, and several major initiatives for the U.S. Treasury.

For 1992, the Federal Reserve System has budgeted operating expenses of \$1.7 billion, an increase of 6.9 percent over the 1991 budget and 7.4 percent above 1991 actual expenses. From 1990 to 1991, expenses were up 6.3 percent, reflecting a 0.5 percent underspending of the 1991 budget. Before getting to the details of our 1992 plans, I would remind the subcommittee of two aspects of Federal Reserve System operations that affect our budget in unusual ways. First, 45 percent of System expenses (\$786 million) was recovered through priced service revenues. All increases in costs of priced services result in increased earnings returned to the U.S. Treas-

ury. Second, 9 percent (\$158 million) of our expenses is for fiscal agency operations provided to the Treasury Department and other agencies on a reimbursable basis. About 40 percent of total reimbursable expenses was actually reimbursed in 1991. Altogether, about 55 percent of our total expenses is either recovered through pricing or is reimbursable. On a net basis the cost to the public of the Federal Reserve System's operations is \$776 million of the total \$1.7 billion budgeted for 1992. Besides priced service revenues the System has very large earnings on the System's portfolio of assets that are derived directly from required bank reserves, currency issuance activities, and foreign exchange activities that enabled the Federal Reserve Banks to pay \$21 billion to the Treasury in 1991.

HISTORICAL OVERVIEW

It might be helpful to put the budget for 1992 in perspective by sketching the most recent ten-year history of System expenses. Between 1981 and 1991, Federal Reserve System expenses increased at an average annual rate of 5.4 percent; System employment decreased at an average annual rate of 0.1 percent; and volume in measured operations increased 30 percent over the ten-year period. Unit cost did increase in some services in the early eighties as Federal Reserve Bank volumes fell after the implementation of pricing under the Monetary Control Act. However, after the transition to pricing was completed in 1983, the composite unit cost for all functions has increased only 0.3 percent on an annual basis, even while improvements have been made in the quality of services.

For priced services, a decline in unit cost has been particularly noticeable in the electronic payment areas. Automated clearinghouse (ACH) unit cost has decreased 7.7 percent per year (1981-91), and funds transfer unit cost has decreased 1.4 percent per year during this same time period; since 1986, the decreases per year have been 11.4 percent for ACH and 1.9 percent for funds. Volume growth has averaged almost 8 percent per year for funds transfer and 23 percent per year for ACH transactions (1981-91). In our large check processing operation, on the other

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

hand, where there has been a significant effort to improve the quality of service through increased availability and improved deposit deadlines, unit cost has increased an average of 1.9 percent per year since 1983. Many of these initiatives have resulted in reducing Federal Reserve float. The daily average level of Federal Reserve float has been reduced from \$1.5 billion in 1983 to \$348 million in 1991.

For our nonpriced cash operations—involving the distribution of currency and coin—unit costs have also been declining. Since 1983 the decline has averaged about 1.2 percent per year, with volumes increasing 4.4 percent per year. However, in our fiscal agency operations, also nonpriced, unit costs have increased 4.8 percent per year since 1983, reflecting new operations and services for the Treasury. In this area, the Federal Reserve System has managed several initiatives for the Treasury to improve long-term efficiency in Treasury securities and savings bonds and to improve the quality of service to the public. Through 1991 the Federal Reserve has added 468 staff members and spent a cumulative \$96 million on these Treasury initiatives.

It is difficult to measure productivity improvements in the supervision and regulation area, and these activities have required significant increases in resources over the last ten years. We do not have good data regarding the benefit to the banking system and the insurance fund regarding the efficiency of additional supervision and regulation expenditures. Between 1981 and 1991, the number of staff members for supervision and regulation increased 610, and annual expenditures increased \$137.5 million. These resources have been employed to strengthen the ability of the Reserve Banks to identify and address problems in the banking organizations under their jurisdiction. Obviously, the Reserve Banks have had to deal with greatly increasing work loads in the past several years as reflected in the record number of bank failures and problem banks, as well as in the increasingly complex issues they have had to face in reviewing and processing regulatory applications and in developing supervisory policies to deal with new and changing banking risks.

In presenting our spending plans for 1992, I would like to mention that both the Reserve Bank budgets and the Board's budget must be approved by the Board of Governors. Reserve Bank budgets are first approved by the Banks' boards of directors and then reviewed by the Committee on Federal Reserve Bank Activities before submission to the Board of Governors. Governor Kelley oversees the Board's budget, and I will turn to him for that discussion.

BOARD OF GOVERNORS BUDGET

The 1992 budget of the Board of Governors comprises three parts: a Board operations budget of \$123.6 million, an extraordinary items budget of \$3.2 million for special projects of a unique or one-time nature, and an Office of Inspector General budget of \$2.0 million. The operations budget of \$123.6 million is 12.5 percent greater than 1991 expenses. Increases in salaries and benefits for current personnel and in the price of goods and services account for 51 percent of the rise. Initiatives to increase staffing and improve automation, largely in the supervision and regulation and monetary and economic policy operational areas, account for the remaining 49 percent.

The Board authorized 1,608 positions for the operational areas and 21 for the Office of Inspector General; no positions were required for the extraordinary items budget. The budget added a total of 39 positions for the operational areas; of this total, 25 were for the supervision and regulation function. Coupled with positions added during 1991 and fewer vacancies, the new positions will enhance the Board's ability to manage a growing work load in international supervision, enforcement, and litigation. The remaining 14 positions were added for the monetary and economic policy function to strengthen and expand long-term research, to help in a nationwide effort to improve the quality of government economic statistics, and to enhance analytical capabilities through additional automation.

The budget did not fund any requirements that might result from a proposed special investigative unit, pending further review of the requirements and estimates of necessary resources.

Operations Budget by Operational Area

Monetary and Economic Policy. The budget for the monetary and economic policy area is \$59.5 million, which is \$4.5 million, or 8.2 percent, more than 1991 expenses. The budget provided an increased level of funding for the divisions that support this function to meet an increasing work load, expand long-term research, and improve the quality of economic data. Automation initiatives, including continuation of the phased development of the research computing system, were key elements of the divisions' plans to manage the work load. Because productivity improvements alone were not sufficient to support these initiatives, fourteen positions were added.

Investments in research automation have produced productivity gains that, combined with adjustments in priorities and reductions in long-term research, have limited expenses and the degree of staff growth for the monetary policy function over the last five years. The greater 1992 personnel authorizations, in large measure driven by an effort to meet analytical requirements at the Board, also reflect increased requirements for support from the supervision and regulation operational area. Questions on such topics as the farm credit system, insurance companies, interest-rate risk, capital standards, and regulation of government-sponsored enterprises have added to the work load. Studies on banking legislation, deposit insurance, and consolidation in the banking industry are typical of areas requiring increased attention. The additional staff resources will slow continued growth in the volume of uncompensated staff overtime and will allow for a moderate increase in long-term research.

Supervision and Regulation. The budget for the supervision and regulation area is \$38.5 million; this amount is \$6.4 million, or 19.9 percent, over 1991 expenses. As noted earlier, twenty-five positions were added, which, in conjunction with positions added during 1991, caused the majority of the increase. The additional positions were required to meet continued growth in the work load, particularly in

international supervision, policy analysis, applications, and litigation and enforcement.

Besides costs associated directly with new initiatives, the budget funded the Board's share of the automation costs for development of the National Information Center (NIC). The NIC is the sole source of consolidated banking structure and financial data for bank holding companies. When the entire NIC is established, complete with national structure, supervisory, and certain financial data for financial and other related institutions, it will be of major benefit to the supervision and regulation operational area. The 1992 funding was approved to continue the scheduled transition from existing software to software that can access the NIC database. The completed NIC will reduce Systemwide costs, improve data integrity, and lead to more timely and more meaningful analysis of applications, merger requests, and other actions.

Substantial resources were also approved for the rewrite of the programming that produces the Bank Holding Company Performance Report (BHCP), an analytical tool used by all Reserve Banks and Board staff members. This report is utilized for determining the financial condition of Bank Holding Companies in connection with offsite analysis, on-site inspections, and reviews of proposed mergers and acquisitions.

Finally, resources were approved for enhanced software to access the Home Mortgage Disclosure Act (HMDA) database to provide improved analysis of the data used in the examination, applications, and research areas. On an annual basis, HMDA requires lending institutions that have more than \$10 million in assets, and offices in metropolitan statistical areas, to compile data regarding applications for origination and purchases of mortgage and home improvement loans. These data are then submitted to the supervisory agencies and processed by the FFIEC to produce a disclosure statement that the FFIEC must make available to the public.

Automation enhancements were approved to replace obsolete equipment with equipment capable of greater interaction with the BHCP, NIC, HMDA, and other critical databases. The upgraded equipment improves the staff members' ability to meet tight deadlines with high-quality analyses and finished products.

Services to Financial Institutions and the Public. Services to financial institutions and the public, which includes the payments function, has a budget of \$3.3 million, an increase of \$0.5 million, or 15.8 percent, over 1991 expenses. The increase was necessary to fund both improvement of cash tracking for the System and a lower level of staff vacancies.

System Policy Direction and Oversight. The budget for System policy direction and oversight is \$22.2 million, an increase of \$2.4 million, or 12.0 percent, over 1991 expenses.

The increase in this budget was tied to a lower level of vacancies, a new position, and the development of mainframe software to provide improved financial information. This budget also funded continued upgrading of office automation systems and the expansion of network facilities.

Operations Budget by Object of Expense

The most significant expense item in the Board's budget is for personnel, which accounts for about 75 percent of operating expenses. The 1992 increase in the salary budget, \$6.4 million, or 8.7 percent, includes not only annual salary increases for current personnel (4.9 percentage points) but also salaries for new positions (3.8 percentage points), both those added in late 1991 and the thirty-nine positions added for 1992. A lower vacancy rate also contributed to the increase.

Retirement costs for 1992 are \$0.8 million, or 16.3 percent, greater than 1991 expenses, primarily because of increases in the Board's matching contribution to the thrift plan and in the wage base subject to social security and medicare taxes.

Insurance costs are \$0.3 million, or 4.8 percent, greater than 1991 expenses. The rate increase for the health insurance plans, combined with a higher level of staffing for new positions and fewer vacancies, produced \$0.5 million of increase. Partially offsetting these increases was a \$0.2 million decrease in workers compensation, reflecting a large one-time payout in 1991.

The cost of goods and services accounted for 25 percent of the budget. To keep permanent

staff increases to a minimum, the budget funded increased use of contractual professional services to provide software development support for important projects as well as expert advice for data improvement and examiner training initiatives. The travel budget increased because of higher airfares, a greater volume of travel to resolve supervisory issues, and relocation costs for new staff members. Software expenses are higher as a result of rate increases for mainframe software and the changing technological needs of the Board.

Capital Budget

The capital budget for 1992 is \$5.0 million, which is \$54,600 greater than 1991 expenditures. The budget provided for requirements in the areas of automation and telecommunications and improvements to facilities.

Continued investment by all the Board's divisions in workstation, network, and office automation systems amounted to \$3.3 million. The budget includes funds for a premises-wide network, a document-management system, and a network for the administrative systems using off-the-shelf software.

Facilities improvements include a multiyear effort to repair concrete slabs in the parking garage and a new air handler to improve heating, ventilation, and air conditioning in the data center. Capital funds will also be required for the reconfiguration of office space.

Trends

The increase in the 1992 operations budget of the Board over 1991 expenses, 12.5 percent, was significantly greater than the 7.8 percent average annual rate of increase for the past five years and the 7.1 percent increase for the past ten years. The larger increase reflects the surge in work load that has exceeded the ability of managers to absorb through improved productivity.

The average annual increase in Board costs since 1982 has been 6.3 percent. Although this figure is low relative to the substantial growth in work load, the annual rate of increase has been

rising. For example, in the ten years ending in 1990 the average annual increase was 6.0 percent. The recent rise is attributable to a higher level of staffing, adjustments of salaries resulting from a revised employee compensation program, and sharp increases in benefit costs, particularly for health insurance. The salary and benefit changes have had a particularly noticeable impact because 75 percent of the Board's budget is for staffing. For the first time since 1988, the goods and services budget increased at a faster pace than the personnel budget. The shift is a result of depreciation expenses on a larger stock of capitalized automation equipment, costs of maintaining the Board's facilities and providing additional office space, and a decision to satisfy software requirements through temporary contractual arrangements rather than hiring additional permanent staff. The latter decision was made in recognition of the temporary nature of the increased requirement for software development for major projects such as the NIC and HMDA.

Personnel costs have been affected by the increase in the total number of positions and the decline in the number of position vacancies. The 1992 increase in positions, to a total of 1,608, returns the Board to the same number as in 1985. In recent years, increases in the supervision and regulation operational area were offset by decreases elsewhere. Between 1985 and 1991, the number of positions directly supporting the supervision and regulation function increased from 242 to 293, although the overall number of positions at the Board declined. The 1992 budget provided an additional 25 positions in this area to a new total of 318.

The combined effects of the revised employee compensation program and the slowdown in the economy have resulted in a reduced rate of staff turnover and a lower level of vacancies. Turnover in 1991 was the lowest in many years, and a low rate was projected in the 1992 budget. This is proving extremely important to the Board in meeting key requirements without further increases in the number of positions.

The 1992 rate increase for the Board's health insurance plan, 6.3 percent, is significantly below the 22 percent average annual rate of increase in the previous five years. The lower rate of in-

crease reflects some reductions in the plan's benefits, necessary in light of the large and continuing increases that were projected to continue indefinitely without management action.

Extraordinary Items

Three projects are covered by the extraordinary items budget. The first is the 1992 Survey of Consumer Finances, which will collect important financial data used for a wide variety of policy analysis and monetary policy purposes. The project reflects the Board's interest in enhancing the quality of economic data by obtaining information on income, assets, debts, pensions, employment, use of financial services, savings behavior, and other characteristics of U.S. households. Cross-categorization of the data will allow important statistical observations that are useful in a wide variety of economic studies.

The second project is an audit of the Federal Reserve Bank of Kansas City by a public accounting firm, which was originally scheduled to be performed in 1991. Because more lead time was needed for procurement, the project was rescheduled for 1992. The financial examinations program in the Division of Reserve Bank Operations and Payment Systems will audit the other Reserve Banks as usual. The objective of the outside audit is to provide assurance that internal audits at the Reserve Banks achieve desired controls and standards consistent with those applied by the accounting profession.

The third project covered by the extraordinary items budget is a study by an outside consultant to ensure the security of the transfer of funds and securities via Fedwire. The study will focus on additional security enhancements that should be incorporated into the Federal Reserve System information security architecture to ensure security of the Fedwire system.

Office of Inspector General

The 1992 Office of Inspector General (OIG) budget of \$2.0 million was \$0.4 million, or 28.0 percent, higher than 1991 expenses. The increase was due largely to the addition of two new audit

manager positions and related expenses. The office's goods and services expenses decreased slightly, primarily because of a one-time software purchase in 1991 and reduced use of external legal services.

Governor Angell will now discuss the Reserve Bank budgets.

RESERVE BANK BUDGETS

The Reserve Banks' 1992 expenses—both priced and nonpriced—were budgeted at 6.4 percent above the 1991 budget; the actual increase in expenses between 1990 and 1991 was 6.2 percent. Eight major initiatives account for almost a third of the budgeted increase in Reserve Bank expenses.

The initiative with the largest expense impact is facility improvements, which will add \$18.7 million to operating expenses in 1992, or 1.2 percent of the operating budget. Expenses associated with two building projects account for nearly all of the increase: New York's East Rutherford Operations Center, \$9.2 million, and Dallas's new building, \$7.9 million.

Initiatives in supervision and regulation are expected to increase expenses by \$8.5 million and employment by 108. A majority of the Reserve Banks see a need for additional staff members because of increased work loads, increased examination of foreign banks, and more problem institutions. Additional pressures result from the 1991 passage of the FDIC Improvement Act. Travel and automation costs add to the salary expense burden for the additional staff members.

Nine Banks collectively have budgeted \$2.8 million to improve the efficiency of check collection systems. Most of these projects are continuing efforts and are contributing to a reduction in check-staff levels.

Expenses for fiscal initiatives, which are reimbursable, are expected to add \$2.4 million. Most of this increase is for the final phase of the Regional Delivery System, which involves centralized issuance of over-the-counter savings bonds. Another savings bond initiative, known as Masterfile, provides for centralized processing of payroll deductions and will also add expenses. These projects are being implemented at the

request of the Treasury Department to bring operating efficiencies to the savings bond program.

Reserve Bank operations in today's environment require more reliable and secure computer systems, more office automation, and more communication networks. These needs are met partly through the initiative for automation and contingency projects (\$2.0 million).

The remaining initiatives include \$4.6 million for the last year of the plan to increase the employer's share of the matching contribution to the thrift plan: In 1992 the employer's share will increase from 70 cents to 80 cents on the dollar up to 6 percent of salary. An additional \$1.0 million is budgeted for currency processing equipment and personnel to handle currency volume growth on the West Coast.

Partially offsetting the above increases are initiatives that will result in savings of \$3.4 million. These savings are being achieved by increased productivity and consolidation of certain operations in four Districts.

Expenses by Service Line

Besides these major initiatives, it may be helpful to look at 1992 budgeted expenses on the basis of our four service lines.

Services to Financial Institutions and the Public. Expenses for services to financial institutions and the public, which include all of the priced services and some of the nonpriced services, are budgeted at \$1,042.1 million and account for two-thirds of total expenses. These expenses are increasing by \$61.7 million, or 6.3 percent, over 1991. Staffing for services to financial institutions and the public is budgeted at 8,974, a decrease of 70, or 0.8 percent. Expenses of priced services (all of which are within this service line) are budgeted at \$672.3 million, an increase of 4.0 percent; these services, incidentally, are expected to generate revenues of about \$786 million. Nonpriced services within this service line are budgeted at \$369.8 million, an increase of 7.5 percent.

Commercial check processing is by far the largest component in this service line (\$504.9

million); it accounts for 48.5 percent of the service line's expenses and employs 5,480 people. The anticipated increase in expenses is \$22.2 million, or 4.6 percent, and employment is expected to decline by 60, or 1.1 percent. The reduction in staff members results from continued automation in adjustments, conversion to optical disk storage systems, and improvements in return-item processing. Commercial check volume is budgeted to decrease 0.2 percent, and unit costs are budgeted to increase 4.2 percent. Continuing efforts to increase automation in the commercial check service should continue to lower unit costs in the future.

Our other large operations in this service line are currency (\$157.2 million and 1,524 people), automated clearinghouse (\$89.5 million and 361 people), and funds transfer (\$75.7 million and 158 people). Currency expenses are expected to increase 10.8 percent over 1991 because of rising volumes and implementation of new high speed equipment. In automated clearinghouse, a 10.9 percent increase in expenses reflects an anticipated volume increase of 15.9 percent. Funds transfer is expecting stable growth and a decrease of 2 in its average number of personnel; expenses will be up 8.8 percent primarily because of increased data processing costs.

Supervision and Regulation. Expenses for supervision and regulation, budgeted at \$261.2 million for 1992, are expected to increase \$23.9 million, or 10.1 percent, over 1991. This service line has been the fastest growing of the four and now constitutes 16.4 percent of total System expenses, compared with 14.3 percent in 1987. The budgeted level for staff members is 2,477, an increase of 135, or 5.8 percent, over 1991.

The expense increase for supervision and regulation is concentrated in the salary and benefit object for new and ongoing staff members as well as for travel, training, and automation (primarily laptop computers). Demands on the Federal Reserve Banks' examination staff members include more examinations of broader scope, increased emphasis on Bank Secrecy Act issues, and the need to monitor compliance with and pursue enhancements to international risk-based capital standards. Also, our examination staff members must handle a large number of organizations that

continue to require special attention in the form of extended examinations. The expense increase is also affected by initiatives for payment system risk and daylight overdraft pricing. In addition, the passage of the FDIC Improvement Act of 1991 will require additional resources in 1992 mainly for the examination of branches of foreign banks operating in this country.

Services to the U.S. Treasury and Other Government Agencies. Expenses for services to the U.S. Treasury and other government agencies are budgeted at \$180.1 million, an increase of \$10.6 million, or 6.2 percent, over 1991. These expenses continue at about 11 percent of total expenses in 1992. Staffing levels are budgeted to increase by thirty-two, or 1.7 percent. Operationally, the most significant development in this area is the continuing conversion of over-the-counter savings bonds to the Regional Delivery System, which is the main reason for the net staff increase. Savings bond volume is expected to increase 9.0 percent, and unit costs are budgeted to decrease by 0.4 percent.

Monetary and Economic Policy. Expenses in 1991 for the conduct of monetary and economic policy at the Federal Reserve Banks total \$113.0 million and account for about 7 percent of the total budget. An increase of \$6.3 million, or 5.9 percent, is anticipated in 1992. Employment, budgeted at 794, reflects an employment increase of 11 over actual 1991. Besides providing for the staff additions, the expense increase represents salary administration actions and increased equipment and data processing costs associated with automation initiatives.

Budgets by Object of Expense

Reserve Bank expenses on an object of expense basis also might be useful to the subcommittee.

Personnel. Operating expenses for personnel comprise officer and employee salaries, other compensation to personnel, and retirement and other benefits. Total personnel costs account for 65.0 percent of Reserve Bank expenses and are expected to increase 7.2 percent in 1992.

Salaries and other personnel expenses account for about 52 percent of 1992 Reserve Bank budgeted expenses and are expected to be \$47.5 million, or 6.1 percent, above 1991 expenses. Salaries alone are budgeted to increase by \$50.3 million, or 6.5 percent, and will be partially offset by a decline in other personnel expense of \$2.8 million, or 22.2 percent. The decrease in other personnel expenses results from a declining use of temporary help. Merit pay increases of \$37.1 million, or 4.8 percent, account for about 74 percent of salary expense growth. Staffing level increases, promotions, reclassifications, and structure adjustments account for about 26 percent of salary expense growth. These increases are partially offset by position vacancies and reduced overtime.

Expenses for retirement and other benefits, which account for 13.0 percent of Reserve Bank budgets, are anticipated to increase \$22.3 million, or 12.1 percent, in 1992. This increase is the result of continued escalation in hospital and medical costs, a rise in social security, and an increase in the thrift plan match in 1992.

Nonpersonnel. Nonpersonnel expenses account for 35.0 percent of Reserve Bank expenses and are projected to increase 6.2 percent in 1992.

Equipment expenses are expected to increase 8.1 percent and to account for 11.3 percent of total expenses in 1992. Most of the increase is in depreciation expenses resulting from acquisitions to expand data-processing and data-communications capabilities because of increased work loads.

Shipping costs (primarily for check operations) account for 5.7 percent of the 1992 budget and are projected to increase 3.5 percent in 1992. This relatively small increase is due primarily to savings in postage costs as a result of the implementation of the Regional Delivery System for savings bonds.

Building expenses, which account for 9.2 percent of total expenses, are expected to increase 10.3 percent in 1992 because of higher real estate taxes in several Districts and the full-year effect of recently completed capital projects. New York's East Rutherford Operations Center and the Dallas building project contribute heavily to the large increase in building expenses.

By their nature, capital outlays vary greatly from year to year. These expenditures are greatly affected by the near-completion of the Dallas building and New York's East Rutherford Operations Center—and by outlays for data-processing and data-communications equipment.

SPECIAL BUDGET EMPHASIS

The Board of Governors has continued to approve two research and development projects and has added a third project in the 1992 budget. These projects will provide long-range benefits to the Federal Reserve and the banking industry and ultimately the American public. Because spending on such projects is relatively high and short-term, the Federal Reserve accounts for them separately from its operating expenses. The budget for these special projects in 1992 is \$20.1 million. This amount includes \$4.3 million for check image processing, \$9.3 million for currency authentication systems, and \$6.5 million for the new project in 1992—automation consolidation.

The check image processing project will continue to build on previous years' research—the central concept is to test digital technologies to record images for use in processing checks. The focus in 1992 will be in three areas: (1) preparing for sustained tests of high-speed image capture systems for the government check application; (2) developing low-speed personal computer-based systems for the return-item application; and (3) leading efforts to develop industry standards for interchange of check images between banks.

The primary concept of the second project, currency authentication systems, is to improve capabilities for detection of counterfeit notes in the processing of incoming currency deposits at the Reserve Banks—and thereby promote the integrity of U.S. currency in circulation. These efforts should lead to effective counterfeit detector devices that will be attached to the Federal Reserve's high-speed currency processing equipment.

In 1992, the System will incur its first expenditures for automation consolidation. This project involves the consolidation of all mainframe

computer operations at three sites within the System—Richmond, Dallas, and New York. The 1992 project budget covers staffing of the project team and development of a detailed plan for achieving a consolidated automation environment within the Federal Reserve System.

Governor Kelley and I thank you for this opportunity to address the subcommittee on the Federal Reserve System budget. The existing budget processes are working well in controlling costs while at the same time encouraging quality improvements. We welcome your comments and would be pleased to address any questions you may have on our budget.

TESTIMONY ON H.R. 4398

You have also asked for our assessment of H.R. 4398, the Federal Reserve Bank Branch Modernization Act, a bill introduced by Mr. Erdreich on March 5, 1992. This much-needed action would remove outdated limitations on the acquisition or construction of branch buildings and should result in the least costly provision of space for Federal Reserve operations.

The construction, expansion, or modernization of Branch Federal Reserve Bank Buildings is authorized in section 10 of the Federal Reserve Act. Statutory limitations included in the act place an accumulative ceiling on branch construction. As most recently amended in 1974, the act places an aggregate cumulative limitation of \$140 million on funds that may be expended on Branch construction. Recently completed Branch buildings have exhausted the fund, and as a result, the Federal Reserve is unable to pursue needed branch construction projects.

A few of our Branch buildings need attention not just because they are more than thirty years old, but more important because they do not provide adequate types or amounts of space for check and cash or provide efficient building support systems. The Federal Reserve has experienced significant changes in facility requirements in recent years, primarily related to automation of check and cash, that have exacerbated the situation. Because many of the affected areas do not lend themselves to renovation—vaults and delivery courts, for instance—efforts by Branch

management to obtain needed space through leasing and renovating have provided only temporary relief. Although the Federal Reserve does lease space, experience has indicated that the long-term costs of leasing are higher than the costs of ownership. Before making any decisions related to the provision of space, I want to assure you that we thoroughly analyze the discounted life-cycle costs of several alternatives.

The latest analysis of projected building needs from the Reserve Banks suggests that either renovations, additions, or new facilities may be required in Birmingham, Nashville, Houston, San Antonio, and El Paso in the next five to ten years. The remaining balance in the Branch fund prohibits us from addressing these needs. A brief description of each Branch's needs follows.

Birmingham Branch

It is projected that the facility, constructed in 1927 with an addition constructed in 1959, will soon be unable to accommodate the anticipated demands and occupancy levels. The most significant deficiencies are related to inadequate and inefficient operations facilities that include the vault, the cash and check processing areas, and the secure and general delivery areas. Also, in recent years the basement has been damaged from a continuous influx of subsurface ground water that necessitates continuous operation of a sump pump.

Nashville Branch

The 1958 building will soon be inadequate to accommodate facility and occupancy demands. Specifically, the vaults and secure delivery court are, or will soon be, inadequate to accommodate volume levels.

Houston Branch

The 1958 building is inadequately sized for the long-term requirements. Specifically, the vault, cash processing, and delivery court areas are not adequate to allow efficient operations. In addi-

tion, should the Houston economy rebound to near previous levels, the Branch's activities and subsequent facility demands will further increase the pressure on the building.

San Antonio Branch

Although the building, constructed in 1956, has been well maintained, the facility does not provide adequate vault, cash processing, and delivery court areas. A significant upturn in the Texas economy will require that additional space be provided.

El Paso Branch

The 1957 building exhibits deficiencies similar to those identified in the other Branch buildings.

Those deficiencies are related to vault, operations areas, and delivery courts.

Branches, even more so than head offices, are primarily engaged in providing services to financial institutions and the U.S. Treasury. These services include check collection, currency and coin processing and distribution, funds transfer services, processing of government payments, and other services. All costs to provide these services (including building costs) are recovered either as reimbursable expenses (in the case of U.S. Treasury services) or by pricing the services.

To continue providing quality financial services in the most efficient manner, it is important that our facilities remain efficient. The provisions in the proposed amendment to section 10 would enable us to provide facilities for delivering services efficiently to the nation's financial institutions and the Treasury. Therefore, we encourage passage of H.R.4398. □

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs of the U.S. House of Representatives, May 27, 1992

I am glad to appear before your subcommittee today to offer the Federal Reserve Board's comments on H.R.5170, the Mortgage Refinancing Reform Act of 1992. The bill would amend both the Truth in Lending Act and the Real Estate Settlement Procedures Act (RESPA) to require good faith estimates of costs in refinancings of home loans within three days after an application has been made. The bill also would add a new section to the Truth in Lending Act to require "prompt" refund of unearned finance charges and insurance premiums when any consumer credit transaction is prepaid; prohibit the use of the "Rule of 78s" method for calculating the amount of finance charges to be rebated in prepayments of precomputed loans, and instead require the use of the actuarial method or another method that is as favorable to the consumer; and require that a disclosure of the amount due on

any precomputed loan be provided on the consumer's request. The bill would also amend the Truth in Lending Act to regulate "lock-in" agreements by making a creditor's commitment to a finance charge a requirement of the law, unless the creditor clearly discloses that the offered finance charge is subject to change. The bill would also permit a consumer to withdraw an application without additional obligation within three days after receiving disclosures. Finally, the bill would increase the amount of civil monetary penalties that could be imposed for violating the act in residential mortgage transactions and refinancings.

NEED FOR ADDITIONAL COMPLIANCE BURDEN

In our view, new regulation, even though well intended, must pass a basic test of balance and reasonableness. Consumer legislation should balance the need to address problems with the cost of such regulation to both consumers and lenders. This approach is not only in the interests of the economy as a whole, it is also in the interests

of consumers. Although consumers may benefit in some sense from protective regulation of the consumer credit market, for example, they may suffer if regulation leads to a restriction in the availability of low-cost credit options or if increased costs are passed on to consumers. Provision of additional paperwork in the mortgage process, which is already paperwork intensive, is not costless to consumers.

We understand the concerns that may have led to interest by the Congress in providing additional early information about costs in refinancings and in restricting certain creditor practices in loan prepayments and in loan term commitments. However, we must express our general opposition to the bill because we think that the burden and expense of compliance would outweigh the consumer need for the legislation.

Today, the need to consider the costs to financial institutions resulting from compliance with the myriad of laws that regulate them is *vital*. The Congress recognized this in the Federal Deposit Insurance Corporation Improvement Act of 1991 by calling for the federal banking agencies to study the cost of compliance with banking regulation. Because a significant increase in compliance burden likely would result from enactment of the proposed amendments to the Truth in Lending Act, we believe that a clear need for additional legislation should be established before the Congress acts. We do not think that the degree to which problems exist has been sufficiently established to justify additional general regulation in the area of refinancing disclosures, rebate calculation methods, and rate commitments.

The existence of compliance burden does not obviate the need for regulation when there is a pressing need for additional consumer protection. At this point, however, the volume of complaints by consumers does not suggest that such a pressing need exists. Since the beginning of 1991, the Federal Reserve System has registered a total of almost 3,300 consumer complaints on various issues (about half of which were referred to other regulatory agencies). Yet we received only thirteen complaints by consumers about various problems in refinancing loans (five related to problems in getting a pay-off amount and only three related to the adequacy of

cost information), three complaints about prepayment penalties, and no specific complaints about the Rule of 78s rebate method. Further, we have not received many complaints about undue delays in loan processing causing lock-ins to expire. We have recorded only about eighteen complaints from consumers asserting delays in loan closings (including loss of locked-in rates). Although complaints are not a precise gauge of the extent to which a consumer problem exists, the number of these complaints seems especially small given the large volume of mortgage refinancings during that time.¹ For example, according to data from the Home Mortgage Disclosure Act, in calendar year 1990, more than 700,000 (first and second lien) mortgages were refinanced. We estimate that many more were refinanced in 1991.

Based on these numbers, it does not appear that widespread consumer problems exist. In fact, we estimate that we may have received as many complaints from lenders about consumer behavior in refinancings as from consumers about lender behavior in refinancings. For example, lenders complain about consumers who make applications to several lenders, thus burdening them with processing loan applications that likely will not become closed loans. Another frequently mentioned complaint is that consumers threaten to rescind the refinanced loan after closing—requiring the lender to refund all fees, including fees paid to third parties for appraisals

1. The recent spate of refinancings may be over by the time this legislation could be implemented. The latest refinancing boom seemed to reach a peak in January 1992, when rates for fixed-rate loans were at a low of 8¼ percent, and the volume has generally declined since that time. The last refinancing boom was almost three and a half years ago; it lasted a few months from late 1986 to spring 1987. (According to the weekly index of mortgage refinancing activity of mortgage banking concerns published by the Mortgage Bankers Association, the greatest number of applications for refinancings was made during the week of January 17, when the index reached a peak of 1,428.40. By the end of January, the index was at 995.30. By the week of April 24, the index had declined almost 75 percent from the January 17 peak to a low of 341.50.) Because of provisions in the Truth in Lending Act, regulatory changes take effect only on October 1 and must be promulgated at least six months before that effective date. Sufficient time also must be provided in advance of these statutory dates to develop implementing regulations and seek public comment. Thus, it is likely that the earliest this law could be in effect is October 1, 1993.

and credit reports—unless the lender negotiates a lower rate.

We also suggest bearing in mind that substantial new requirements already have been imposed on real estate lending during the past few years. For example, only two years ago, the Congress amended RESPA to require several notices about transferring mortgage servicing and about escrow account balances. About three years ago, a law was enacted that requires lenders to use only certified or licensed appraisers in most federally related mortgage transactions. Not that long ago, the Truth in Lending Act was amended to require extensive early disclosures and other protections for home equity loans. All three of these relatively new requirements have been identified by lenders as imposing great compliance burdens. And, of course, these requirements were added to the numerous consumer protection laws already governing real estate lending.

Under the Truth in Lending Act, civil liability and statutory penalties of up to \$1,000 per loan (and up to \$500,000 in class actions) apply to certain violations of the disclosure requirements. Actual damages and court costs may also be recovered for a broader range of violations. The bill would add several new requirements that would be subject to monetary penalties and other penalties in case of successful recovery by a consumer in court. Furthermore, the bill would increase these penalties tenfold for violations of the new requirements. It is critical to consider these potential and substantial financial risks to creditors from noncompliance with the Truth in Lending Act when assessing the burden that could be imposed by the new requirements.

A more desirable, and perhaps more feasible, alternative to extensive new legislation is to encourage greater efforts by lenders to ensure that adequate information is provided voluntarily to consumers about the costs of refinancings and the degree to which a lock-in can be relied on. After the last refinancing boom in 1987, the Board (along with other government agencies, and consumer and industry groups) prepared a series of consumer information pamphlets about refinancings, settlement costs, and lock-ins. These information pamphlets were written

to explain these subjects and to give practical advice to consumers (including a checklist of questions to ask) so that they will be armed with adequate information when they shop for, and negotiate, loan terms. For example, *A Consumer's Guide to Mortgage Lock-ins* informs consumers that some lock-ins may expire before closing under certain circumstances and also suggests that consumers carefully monitor the loan processing to help prevent any delays. *A Consumer's Guide to Mortgage Refinancings* describes the types of fees that might be charged and gives a range of their costs. We promoted the availability of these pamphlets in a press conference when they were initially published in June 1988 and again more recently by a press release in February 1992. We have printed 250,000 of these pamphlets to date. They are also available through the Consumer Information Center in Pueblo, Colorado, and through the lending industry.

COMMENTS ON PROPOSED AMENDMENTS TO THE TRUTH IN LENDING ACT

We offer the following comments on the proposed amendments to the Truth in Lending Act.

Early Disclosures for Refinancings

The bill would amend section 128(b) of the Truth in Lending Act to require good faith estimates of disclosures about the cost of credit (such as the annual percentage rate (APR), finance charge, and payment schedule) whenever a home purchase mortgage that is subject to RESPA is satisfied and replaced with another consumer credit transaction. The bill also would require that disclosures for these "refinancings" be given earlier (within three days after application) than is now required. We would like to mention some of the implications of the amendment. Section 128(b), which currently requires early good faith estimates of Truth in Lending disclosures in purchase money mortgages only, represents an exception to the general requirement that loan-specific Truth in Lending disclosures only need to be

provided by consummation of the credit agreement (often at settlement). The statute requires disclosures to be given again at consummation if the APR for the loan varies from the early estimate by more than a small percentage. The bill would broaden the category of loans subject to early disclosure (and potentially redisclosure) requirements. Furthermore, as stated above, the bill could also broaden creditors' exposure in litigation.

Although under current Truth in Lending law consumers are not entitled to get estimated disclosures in refinancings of home loans within three days after application, they do get more precise credit disclosures before consummation. In addition, consumers possess another valuable protection under the law. When a consumer refinances a home loan with a new creditor, or increases his or her financial risk when refinancing with the original creditor, that consumer is entitled to the right of rescission. (A consumer who refinances a loan with the original creditor and does not increase the loan amount may not rescind the loan.) The right of rescission allows a consumer to cancel an obligation secured by a principal dwelling for three days after the loan is closed. After rescission, the security interest in the home becomes void and the consumer is entitled to receive a refund of all fees paid to the creditor or to a third party for the loan. Thus, if consumers have been misled about closing costs or finance charges, they have the right to rescind the loan.

The proposed amendment could benefit some consumers by requiring early estimated disclosures. However, in light of the relatively few complaints we have seen about consumer problems with refinancings, we are inclined to think that the existing disclosures and other protections that consumers have under the Truth in Lending Act are probably adequate. If it is demonstrated that there is a widespread problem with consumers being misled about closing costs in refinancings, as suggested anecdotally in a recent newspaper article, a more targeted approach to the problem might be justified—such as the proposed amendment to section 3 of the RESPA to require good faith estimates of closing costs (including points) within three days after application.

Restrictions on Methods of Rebating Finance Charges

Proposed section 115 would require prompt rebates of unearned finance charges and insurance premiums upon prepayment of any consumer loan, regulate the methods for computing rebates, and require disclosure of loan balances. The Board testified on a similar bill in the Senate in 1979 and continues to believe that the sum of the digits, or Rule of 78s, method for rebating unearned finance charges may be less fair to consumers who prepay longer-term loans in early years than other methods, such as rebates calculated according to the actuarial method. Nevertheless, we do not recommend federal regulation of the manner in which rebates are computed.

Under the Rule of 78s method, the finance charge is earned faster than under the actuarial method. In general, the longer the loan term and the higher the rate, the less favorable the Rule of 78s will be for the borrower who repays early compared with an actuarial method of computing rebates. The Rule of 78s method is not typically used in mortgages in which a periodic rate is applied to a declining balance and thus the issue may not be closely linked to the perception of consumer problems in refinancing home purchase loans. (As mentioned earlier, we have received no specific complaints by consumers since the beginning of 1991 about the use of the Rule of 78s in prepayments and very few complaints about prepayment penalties of any sort.)

With some exceptions (such as home equity loan restrictions and maximum APRs on adjustable rate mortgages), the Truth in Lending Act generally does not involve the substantive regulation of credit terms, such as the rate of interest that can be imposed or the types of charges that are permissible. Rather, the focus of the act is on ensuring that consumers receive the most important credit information before becoming contractually obligated. By venturing into substantive regulation of credit terms through the Truth in Lending Act, proposed section 115(b) of the bill would depart further from the statute's disclosure orientation.

Traditionally, rebate methods like other yield-producing terms, such as interest rates, the amount of transaction charges, and late charges,

have been regulated by the states. More than half of the states have either abolished or restricted the use of the Rule of 78s rebate method.² Because the states consider all determinants of credit in fashioning their laws, they are probably in a better position to regulate permissible rebate methods in relationship to other terms. Moreover, federal legislation prohibiting the Rule of 78s could be viewed as the beginning of federal control of a host of other terms that long have been controlled by the states. Rate (and insurance) regulation has been an important state function, and we suggest great caution in overturning this tradition, particularly on a piecemeal basis.

Furthermore, it is uncertain whether the benefit to consumers of restricting rebate methods would exceed the associated costs to consumers because creditors are likely to try to recapture any lost yield—possibly by assessing greater fees to all borrowers, not just those who choose to prepay their obligations.

The requirement in proposed section 115(c) of the bill would impose an additional burden on creditors. That section requires a disclosure to be provided, within five days of a consumer's request, of the amount necessary to prepay a loan with precomputed interest. We also note that the National Housing Act recently was amended to require creditors to provide a similar statement annually to borrowers on mortgages insured by the Federal Housing Administration. There might be additional burden to institutions from having to comply with two sets of federal requirements on disclosing the remaining principal balances that apply to different categories of loans.

Restrictions on Loan Term Commitments

The bill would also amend the Truth in Lending Act to ensure that commitments relating to fi-

2. We do not have information on the extent to which the Rule of 78s is being used to calculate rebates of unearned finance charges in prepayments. We suspect that it is not used widely in mortgage transactions. Furthermore, the method already is restricted or prohibited in numerous jurisdictions. Based on information in a report by the Consumer Federation of America in January 1992, almost 60 percent of the states either restrict or prohibit the Rule of 78s method.

nance charges in mortgage loans will be honored if the loan is closed within a specified time. The bill would also impose additional disclosure requirements on creditors. We would make many of the same observations about these lock-in provisions as we have about the other provisions of the bill. First, the requirements would involve another change in procedures and another new disclosure at a time when the complaints about the burden of compliance with consumer protection laws affecting mortgage lending are significant. Second, these provisions also would expose creditors to substantial additional civil liability risk in litigation by creating a new set of requirements that will be subject to civil liability under the act generally and by increasing these penalties for violations of the new provisions tenfold. Third, we are not aware of widespread problems with lenders honoring their commitments. And finally, state regulation of loan terms in our opinion is preferable to federal regulation, and we understand that more than half of the states already regulate lock-ins in some manner.

Proposed section 128(e)(1) would further transform the disclosure orientation of the Truth in Lending Act by making breaches of credit contracts a violation of the act. Furthermore, an unintended result of this provision might be that creditors will avoid locking-in any elements of the finance charge and instead make clear that these "offers" are subject to change, as provided in proposed section 128(e)(2).

In another substantive provision, the bill would allow consumers to withdraw their applications within three days after receipt of the disclosures, which are given within three days after application. A consequence of section 128(e)(4) might be that creditors would wait six days after an application is received to begin processing the application to see whether the consumer had mailed in a withdrawal. Thus, the bill could have the effect of increasing the length of time it takes to process a loan application.

CONCLUSION

In our experience, well-intentioned legislation and regulations, particularly as they pyramid one

on top of the other, involve a cumulative burden, which is sometimes not fully appreciated. With this in mind, the Congress has asked the federal banking agencies to study their regulations this year to assess the degree to which they impose unnecessary burdens on depository institutions

and to recommend limited revisions designed to reduce those burdens. All of us should be concerned about the expense and burden of new rules when a need for legislation has not been clearly demonstrated. In our view, this need has not been established. □

Statement by Theodore E. Allison, Assistant to the Board for Federal Reserve System Affairs, Board of Governors of the Federal Reserve System, before the Task Force on Economic Policy, Projections, and Revenues of the Committee on the Budget, U.S. House of Representatives, May 28, 1992

I am pleased to have this opportunity to present estimates of the impact on the Federal Reserve System of substituting a one-dollar coin for the one-dollar bank note now in circulation, as would be required by H.R. 1245, the United States One Dollar Coin Act of 1991. In brief, a dollar coin could produce sizable cost savings for the federal government as a whole, for three reasons: First, production costs for dollar coins, over time, would be lower than for dollar notes. Second, Federal Reserve processing costs for incoming coin deposits would be lower than for incoming note deposits. And, third, the Treasury's interest saving as a result of one-dollar coin seigniorage would be greater than the Federal Reserve's interest earnings derived from one-dollar notes (this is true because the number of dollar coins in circulation is likely to exceed significantly the number of dollar notes). These savings would aggregate to about \$400 million a year on average, in present value terms, over the next thirty years.

The potential savings can be achieved, however, only if the one-dollar note is withdrawn from circulation. Moreover, the budgetary savings would be even larger—more than \$500 million a year—if the two-dollar note is not made available.

Before turning to the impact of a dollar coin on the Federal Reserve's financial position and to the specific questions raised in your invitation for this testimony, I would like to explain briefly the ways in which the federal government budget

would be affected by issuance of a dollar coin. As will be seen, the budgetary impacts would be somewhat complex, and the overall savings would not come solely—or even predominantly—through the Federal Reserve.

Coins are placed into circulation in a process in which the Department of Treasury (1) mints new coins in accord with the needs of the public (using appropriated budget funds for all but the metal cost), (2) books a "profit" (called seigniorage) equal to the difference between the face value of the coins and their cost of production, which is treated as a means of financing the federal budget, and (3) deposits the coins with the Federal Reserve Banks for credit to the Treasury Department's checking account. Thus, in budgetary terms, production of additional coins would (a) raise budgeted outlays by the Treasury for Mint operations in the year of production and (b) increase seigniorage, and consequently reduce budgeted outlays for interest on the borrowing displaced thereby, in the year of production and in all future years.

The mechanism by which *notes* are placed into circulation is rather different: (1) The cost of new bank notes enters the federal budget indirectly: New notes are purchased by the Federal Reserve from the Bureau of Engraving and Printing, a unit of the Treasury Department, at a price set to recover the Bureau's full cost of production. The Bureau's expenses are not included in the federal budget. Instead, the Federal Reserve's outlays for production of new notes are assessed against the earnings of the Reserve Banks, thereby reducing the net earnings of the System remitted to the Treasury Department and, accordingly, miscellaneous receipts in the budget of the federal government. (2) The "profit" on the bank note issue also is accounted for differently than the "profit" (or seigniorage) on the coin issue: Bank notes in circulation are a liability of the Federal

Reserve Banks for which the Reserve Banks hold corresponding earning assets. Increases (or decreases) in bank notes in circulation would result in higher (or lower) Federal Reserve portfolio earnings and concomitantly higher (or lower) budgetary miscellaneous receipts of the federal government.

As a final budgetary implication, processing incoming deposits of coins is less costly for the Federal Reserve Banks than processing incoming deposits of notes.

To summarize, the federal government budgetary implications would fall into five categories: (1) increased budgetary expenses at the Treasury Department's Bureau of the Mint, which would produce the dollar coins; (2) Treasury interest savings as a consequence of the seigniorage derived from issuing one-dollar coins; (3) reduced Federal Reserve earnings on its portfolio of securities, which would decline as a result of withdrawing one-dollar notes from circulation (and concomitant lower net Federal Reserve earnings paid to the Treasury as a budgetary miscellaneous receipt); (4) reduced costs at the Federal Reserve for purchases of one-dollar notes (net of any increased cost of purchasing two-dollar notes); and (5) reduced costs at the Federal Reserve because processing incoming deposits of dollar coins is more economical than processing incoming deposits of dollar notes. As is clear, these budgetary effects are highly interrelated and therefore should be considered as a whole. Let me now take up the budgetary impacts in turn.

(1) *Mint expenses.* In the U.S. budgetary system, Mint expenses other than for metal are treated as outlays subject to the budget and appropriations processes. (Metal purchases are made through the Coinage Metal Fund, a revolving account not subject to budget or appropriations.) In manufacturing the replacement stock of nine billion one-dollar coins assumed to be necessary at the outset of the replacement period, the Mint initially would incur onetime budgeted outlays of \$164 million (nine billion coins at an assumed \$80 per thousand coins times an assumed 20 percent share of the \$80 for budgeted operating costs, plus an additional \$20 million for design and start-up costs). (The specific assumptions used in estimating these impacts can be

found in attachment 1.)¹ Thereafter, the Mint would incur the costs of producing only enough new one-dollar coins to replace those that were lost or mutilated during the year and to satisfy the public's need for growth in the coin stock. The average annual budgeted outlays of the Mint for one-dollar coins, discounted to the present, would be \$20 million.

(2) *Seigniorage and interest savings.* Unlike tax receipts and other governmental receipts, which are compared to governmental outlays in calculating the surplus or deficit, seigniorage—the difference between the face value and the cost of the year's coin production—is treated as a means of financing a deficit (or of reducing debt in a year with a surplus). Seigniorage thus reduces the Treasury's borrowing requirements in the year in which the coins are manufactured and in every year in the future in which the coins remain in circulation. In manufacturing the nine-billion-coin replacement stock and the smaller annual amounts thereafter, the Treasury would realize seigniorage of \$54 billion by the end of the thirty-year assumed life of the coin and would avoid borrowing of the same amount. The average annual interest savings, discounted to the present, would be \$430 million per year.

(3) *Federal Reserve portfolio earnings.* The Treasury will be receiving the Federal Reserve's earnings on assets associated with the stock of six billion one-dollar Federal Reserve notes assumed to be outstanding at the outset of the replacement process. For purposes of the federal budget, these earnings are treated as a miscellaneous receipt. If the one-dollar notes were withdrawn from circulation, and perhaps partially replaced by two-dollar notes, there would be a corresponding reduction in the Federal Reserve's portfolio, and the Treasury would lose the Federal Reserve earnings thereon—estimated at \$170 million per year, on average, in present value terms.

(4) *Federal Reserve new-note costs.* Upon introduction of a one-dollar coin, and consistent with the Mint's ability to manufacture the initial replacement stock of one-dollar coins, the Fed-

1. Attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

eral Reserve would discontinue its purchases of new one-dollar notes and perhaps increase its purchases of new two-dollar notes. The net savings in new-note costs would increase the Federal Reserve's earnings paid to the Treasury by an assumed average annual discounted amount of \$109 million.

(5) *Federal Reserve processing costs.* Depository institutions deposit at Federal Reserve Banks currency and coin that exceeds their requirements. Note deposits are verified by the Reserve Banks in a process in which each note is counted, examined for authenticity, checked for fitness, and, if unfit, shredded or, if fit, held in the vault for further circulation. Coin deposits, on the other hand, are verified in bulk—by weighing—at about half the cost of processing notes. In addition, Reserve Banks would likely receive fewer one-dollar coins from circulation, relative to the quantity in circulation, than they do one-dollar notes. Taking these differences into account, the Federal Reserve would realize discounted average processing-cost savings of \$47 million per year.

The total financial impact on the federal government would be the sum of the separate impacts described above—estimated to be a savings of \$395 million per year. These impacts have all been expressed as averages of discounted present values of future costs and savings over the thirty-year life of the coin.

I might note that the budgetary savings of \$395 million per year assumes that 25 percent of the value of one-dollar notes in circulation would be replaced by two-dollar notes. Those savings would be increased considerably if two-dollar notes were not made available. Our estimate is

that, without two-dollar notes, the average annual savings would rise from \$395 million to \$511 million per year.

You have invited us to address the possible need for an additional currency printing facility for the Bureau of Engraving and Printing if a new one-dollar coin were not introduced. That question is difficult to answer, in part because we understand that the Bureau is developing new, and potentially much more efficient, printing equipment that could increase the capacity of the present facilities significantly and in part because the Fort Worth facility has potential for horizontal expansion. It must be stressed, however, that all three relevant governmental entities—the Federal Reserve System, the Bureau of the Mint, and the Bureau of Engraving and Printing (not to mention the multitude of currency handlers and currency-equipment manufacturers in the private sector)—are involved continuously in long-term planning for facilities and equipment so that they can be prepared to meet efficiently the public's need for currency and coin. Consequently, it is essential that in connection with any one-dollar coin legislation there be an unequivocal commitment to discontinuing circulation of the one-dollar note. Without such a commitment, the uncertainty about future requirements, as we wait for the public's preference to become clear, will inevitably lead the three entities as a whole to overinvest in production and processing equipment.

I appreciate having this opportunity to present our estimates of the budgetary impact of replacing the one-dollar note with a new coin. If you have any questions, I would be pleased to try to answer them. □

Announcements

MEETING OF CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced that the Consumer Advisory Council held a meeting on Thursday, June 11, 1992. The meeting 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.

PROVISION OF FINANCIAL SERVICES TO CITIES AFFECTED BY CIVIL DISTURBANCES

The Federal Reserve Board announced on May 12, 1992, a series of steps designed to expedite the provision of financial services and to help rebuild areas of Los Angeles and other cities affected by recent civil disturbances.

Steps include a supervisory statement adopted by the federal regulatory agencies regarding banks and thrift institutions that are working in a constructive and prudent fashion with borrowers experiencing temporary difficulties.

The statement from the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision says that efforts to restructure debt or extend repayment terms—so long as these efforts are consistent with safe and sound banking practice—should not be subject to examiner criticism.

Other steps approved by the Federal Reserve include the following:

1. Taking into account investment in the affected areas by state member banks located outside those areas when assessing Community Reinvestment Act (CRA) performance and evaluating applications submitted to the Federal Reserve.

2. Providing human resources to the Ueberroth program and providing space, to the extent possi-

ble, at the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

3. Supporting the development of a multibank community development corporation to focus on South Central Los Angeles. This corporation will provide technical assistance, loans, and equity investments for small businesses that are rebuilding, relocating, or expanding in South Central Los Angeles.

4. Seeking passage of an amendment to the Federal Reserve Act to grant clear authority to state member banks to make equity investments in community development projects and corporations. At present, bank holding companies and national banks are authorized to make debt and equity investments in projects and corporations for public purposes such as low-income housing, small business development, and job creation.

5. Developing and sponsoring training programs for bankers and members of the community on the specific programs that will be available to businesses and property owners who are rebuilding in Los Angeles.

6. Expediting the applications process for state member banks and bank holding companies that are expanding into the affected areas or are undertaking new activities designed to assist in the economic redevelopment of affected areas.

The Community Affairs office at the Federal Reserve Bank of San Francisco routinely offers training to bankers and community organizations on community reinvestment and finance. In expanding this program to affected areas, business and community training will include information on the types and operation of programs that are available to assist them, and on how to develop business plans and structure financial statements for presentation to a financial institution.

Senior management from the Federal Reserve Bank of San Francisco has already been in contact with the Los Angeles Mayor's office and has extended general offers of assistance in the efforts to restore communities affected by the disturbances.

To encourage financial institutions in areas not directly affected by the disturbances to help in the rebuilding effort, the Federal Reserve will give positive consideration in assessing CRA performance for active participation by a financial institution in programs in which most or all of the financing provided may ultimately benefit low- and moderate-income borrowers or neighborhoods located outside the institution's delineated community.

In determining whether, and to what extent, positive consideration will be given, the Federal Reserve will assess the activities undertaken in the context of an institution's overall CRA program. When such participation augments or complements an overall CRA program that is directly responsible to the credit needs in an institution's delineated community, it will be considered favorably in reaching an overall CRA conclusion.

For further information, banking and community groups in the affected areas in California may telephone Ron Supinski at the Federal Reserve Bank of San Francisco at (415) 974-3231 or Sandra Conlan at the Los Angeles Branch at (213) 683-2902.

AMENDMENTS TO REGULATION O

The Federal Reserve Board announced on May 7, 1992, approval of amendments to Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks) to implement the requirements of section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA).

The most significant changes are the following:

- A new aggregate lending limit applicable to all of a bank's insiders
- The extension of an existing Regulation O lending limit to loans to directors and their related interests.

In connection with the implementation of the general aggregate limit on insider lending, the Board has determined to exercise its discretion under FDICIA to permit banks with deposits of less than \$100 million to establish a higher limit up to a maximum of two times the bank's unimpaired capital and unimpaired surplus.

The higher aggregate limit will be effective for a one-year period during which the Board, in consultation with the other federal banking agencies, will collect specific data on bank lending to insiders, including directors, to analyze the effect of a limitation on the ability of banks to attract directors and to serve the credit needs of local communities.

The Board also announced approval of an amendment to Regulation Y (Bank Holding Companies and Change in Bank Control) to implement a credit reporting requirement created by the FDICIA that applies to executive officers and directors of certain bank holding companies.

AMENDMENTS TO REGULATION Y

The Federal Reserve Board announced on May 8, 1992, approval of amendments to Regulation Y (Bank Holding Companies and Change in Bank Control) to expand the leasing activities that are generally permissible for bank holding companies to include non-full-payout leasing.

The amendments raise the maximum estimated residual value of leased personal property on which bank holding companies may rely for their compensation in leasing transactions to up to 100 percent of the acquisition cost of the leased property, subject to certain conditions, including volume limitations.

These transactions remain subject to the prudential limitations previously set forth in Regulation Y.

EFFECTIVE DATE OF AMENDMENTS TO REGULATIONS O AND Y

The Federal Reserve Board said on May 22, 1992, that the amendments to Regulations O and Y that the Board adopted on April 22, 1992, to implement the requirements of section 306 of the FDICIA were effective as of May 18, 1992.

The Board took this action in light of the fact that the requirements of section 306 of the FDICIA became effective on that date. The Board has issued a notice to correct the effective date of the final rule published in the Tuesday, May 19, 1992, issue of the *Federal Register*. The original notice in the *Federal Register* contained an effective date of June 18, 1992, which was in error.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MARCH 31, 1992

Domestic Policy Directive

The information reviewed at this meeting suggested that domestic final demand, especially in the consumer sector, had strengthened somewhat in recent months. Production and employment had not picked up commensurately because businesses apparently were meeting much of their increased sales by drawing down inventories. Wage and price increases had continued to trend downward.

Total nonfarm payroll employment rebounded in February from a large drop in January. The February gain was concentrated in retail trade, but employment in services also rose moderately further and manufacturing payrolls, after five months of decline, were lifted somewhat by the return of auto workers from temporary layoffs. The average workweek increased substantially in manufacturing and in some service-producing industries. Although employment picked up in February, appreciable expansion of the labor force brought a rise in the civilian unemployment rate to 7.3 percent, and initial claims for unemployment insurance remained elevated.

Industrial production rose considerably in February but was little changed on balance over the first two months of the year. Part of the increase reflected an upturn in motor vehicle assemblies, with the remainder being spread across a broad range of other goods. Among final products, gains were posted in both business products, notably office and computing equipment, and consumer goods. By contrast, utility output again was held down by unseasonably warm winter weather, and the production of defense and space equipment continued to ebb. Total industrial capacity utilization moved higher in February but remained well below its pre-recession high.

Retail sales registered large gains in January and February after edging down in the fourth quarter of 1991. The stronger sales were associated with sizable increases for most types of durable and nondurable goods. Single-family housing starts rose substantially further in January and February, reaching their highest level since the first quarter of 1990, and sales of both new and existing homes were up considerably on balance over the two months. With vacancy rates persisting at historically high levels, starts in the multifamily sector remained depressed.

Shipments of nondefense capital goods increased sharply in January and February, reflecting strength in office and computing equipment and in business purchases of motor vehicles; in addition, shipments of aircraft rebounded in January from a very low level in the fourth quarter. Recent data on orders pointed to further increases over coming months in outlays for business equipment other than aircraft. Nonresidential construction activity edged up in January but remained below its fourth-quarter average. Further declines were recorded in the construction of office buildings and hotels in January, and persisting weakness in commercial construction was signaled by continued decreases in appraised values of office properties in late 1991.

Business inventories registered steep declines in January after rising substantially in previous months. Stocks at wholesale and retail trade establishments reversed a sizable portion of the accumulation that occurred in the fourth quarter; even so, for many types of businesses in the trade sector, inventory-to-sales ratios remained at elevated levels. In manufacturing, inventories were reduced further in January, with much of the drawdown occurring in defense aircraft and parts, food products, and petroleum. Inventory-to-shipments ratios in most manufacturing industries remained well below the cyclical peaks reached in early 1991.

The nominal U.S. merchandise trade deficit narrowed slightly in January and was essentially

unchanged from its average rate in the fourth quarter. A decline in exports was concentrated in aircraft and automotive products. A slightly larger drop in the value of imports reflected weakness in both oil and consumer goods. The available data on fourth-quarter economic activity in the major foreign industrial countries indicated that real output declined in Canada, Germany, Japan, and the United Kingdom, while data for France pointed to little change. For the first quarter of this year, the limited data available showed some signs of recovery in continental Europe but suggested continued sluggishness in the other major industrial countries.

Producer prices of finished goods edged down on balance in January and February, as a reduction in energy prices more than offset an increase in food and other prices. Excluding the food and energy components, producer prices rose over the January–February period at about the 1991 pace. At the consumer level, food prices changed little over the two months while energy prices fell; prices of nonfood, non-energy items increased at about the same rate as last year but significantly below that of 1990. Average hourly earnings of production or nonsupervisory workers in February more than reversed a small decline in January. However, over the twelve-month period ending in February, this measure of worker earnings increased more slowly than in the twelve months ending in February 1991.

At its meeting on February 4–5, 1992, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but that included a bias toward possible easing during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might be acceptable or slightly lesser reserve restraint would be acceptable in the intermeeting period. The reserve conditions contemplated under this directive were expected to be consistent with growth of M2 and M3 at annual rates of around 3 percent and 1½ percent respectively over the three-month period from December through March.

Open market operations during the intermeeting period were directed toward maintaining the exist-

ing degree of pressure on reserve positions. Expected levels of adjustment plus seasonal borrowing were raised modestly immediately after the Committee meeting in anticipation of a slight rise in seasonal borrowing. In the event, adjustment plus seasonal borrowing remained quite low, averaging a little less than \$70 million over most of the intermeeting period; seasonal borrowing, newly subject to a market-based discount rate, increased relatively little and adjustment credit remained at depressed levels. The federal funds rate averaged around 4 percent over most of the intermeeting period, although late in the period the rate averaged a little lower.

Many other market interest rates rose appreciably over the intermeeting period, as market participants interpreted incoming data as indicating that the economic recovery was regaining some momentum. The most pronounced increases occurred at intermediate maturities, perhaps reflecting the improved cyclical outlook for business activity. Although yields on investment-grade corporate debt rose in tandem with rates on U.S. Treasury securities, yields on lesser-rated securities were unchanged to somewhat lower. Most broad indexes of stock prices declined somewhat over the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies increased substantially over the period. The dollar declined initially on market expectations of additional monetary easing in the United States, but it subsequently appreciated in response to indications of a strengthening of the recovery. Late in the intermeeting period, a tightening of money market conditions in Germany, where monetary growth continued to be quite rapid and concerns over wage pressures were mounting, contributed to a retreat in the dollar. The yen weakened on balance in relation to the dollar and other major currencies in response to indications of further declines in economic growth and resultant expectations of another monetary easing action in Japan.

Growth of M2 and M3 accelerated sharply in February, but M2 apparently leveled off or even declined slightly in March and M3 contracted somewhat. Growth of M2 and M3 from December through March appeared to have been, respectively, somewhat above and close to the Committee's expectations. Much of the growth in both aggre-

gates over recent months reflected a surge in transactions balances that, in turn, resulted to an important extent from narrow opportunity costs relative to market interest rates and from a bulge in demand deposits associated with mortgage refinancings and other financial market activity.

The staff projection prepared for this meeting pointed to a continuing recovery in economic activity. In the near term, growth in consumer spending was expected to moderate after the first-quarter spurt, but residential construction was likely to record further substantial gains, and the pace of nonfarm inventory liquidation should slow. Over time, the cumulative effects of earlier declines in interest rates, the progress achieved in strengthening household and business balance sheets, and some diminution of credit supply restraints would provide continuing impetus to economic activity. Moreover, the retarding effects of depressed non-residential construction activity were expected to lessen as the expansion progressed. The projection did not incorporate any major new fiscal initiatives at the federal level, and it anticipated that spending for goods and services at all levels of government would be restrained somewhat. The substantial, though diminishing, margin of slack in resource utilization was projected to be associated with appreciable further slowing in the underlying rate of inflation.

In the Committee's discussion, the members generally viewed the incoming information, including anecdotal reports from around the country, as providing substantial evidence of some quickening in the pace of overall economic activity. Final demands appeared to be strengthening in the context of improving business and consumer confidence. Nonetheless, key sectors of the economy, such as defense spending and commercial real estate, remained weak and a back-up in long-term interest rates, owing in part to lagging savings and strong demand for credit by the Treasury, threatened to limit gains in housing and business investment. With these cross-currents and sources of uncertainty raising at least some questions about the sustainability of the expansion, careful, ongoing evaluation was warranted. On balance, however, relatively moderate but sustained growth was seen as the most probable outcome. The members generally regarded the prospects for some continuing slack in labor and product markets as consistent

with their projections of a downtrend in the core rate of inflation.

With regard to financial developments bearing on the economic outlook, members stressed, as they had at earlier meetings, that considerable progress had been made in strengthening business and consumer balance sheets. While media attention continued to be focused on some large financial and nonfinancial firms that were experiencing difficulties, most businesses now appeared to be much more favorably positioned to weather adverse developments and to finance spending that would support an expanding economy. The improvement stemmed from ongoing efforts to streamline operations and enhance productivity and to reduce balance-sheet leverage and interest costs. For some business firms and many financial institutions, recent reports of a tendency for commercial real estate values to stabilize was a particularly favorable omen. Consumer balance sheets also were benefiting from lower interest rates that tended to lessen debt loads in relation to income and from the appreciated value of stock portfolios. On the negative side, the restructuring of business operations and balance sheets was still exerting considerable constraints on spending and lending activities, and it was unclear how much longer or to what extent those constraints would last. A number of members also expressed concern that the relatively slow growth of the broader monetary aggregates, were it to persist, might prove to be a harbinger of continued restraint in lending and of underlying weakness in the economy.

In their review of business conditions in different regions, members indicated that overall economic activity appeared to be rising in many parts of the nation while some signs of an emerging upturn could be discerned in most other areas. Improving business conditions generally were associated with better retail sales since the start of the year and with the further recovery in housing demand. Indeed, the growing demands for consumer goods stemmed to an extent from the strengthening of housing markets. These developments were accompanied and bolstered by widespread indications of some improvement in business and consumer confidence, and some members commented that pent-up demands for many consumer durables might well materialize in the context of further gains in overall consumer confidence. However,

most business executives were still very cautious despite increasing sales and a more favorable outlook for corporate profits, and consumer confidence remained well below earlier levels, apparently reflecting to a major extent the persistence of anxieties about job security and employment opportunities. Retail contacts and available statistical reports suggested that an important part of the spurt in retail sales in January and February was met out of inventories. Further growth in such sales would lead to efforts to rebuild inventories and induce related gains in production and incomes.

Sales of residential real estate and the construction of new homes, principally single-family dwellings, were displaying considerable strength across the country. In a number of areas the increases were appreciably greater than expected, though the gains appeared to be due at least in part to favorable weather conditions and thus might represent some borrowing from the future. Even so, and despite the inhibiting effects of recent increases in mortgage interest rates, the construction of single-family homes and its spillover effects in related industries were believed likely to make an important contribution to the overall expansion of economic activity over the next several quarters.

Construction of nonresidential structures continued to decline in many areas as work on existing buildings was completed and few new projects were started. Vacancy rates for office buildings remained high across the country, but there were indications in at least some major cities that prices and rental rates for commercial real estate might be stabilizing or even tending to firm. However, the better tone in those markets had not translated itself into new building activity. Indeed, commercial construction was likely to remain depressed for an extended period and to hold down the growth in overall business investment at a time when spending for business equipment might be trending appreciably higher.

The outlook for exports to a number of major foreign industrial countries was less encouraging than earlier, given financial and other difficulties that would tend to inhibit economic growth in those countries. On the favorable side, U.S. businesses had significantly enhanced their ability to compete in international markets over the course of recent years, partly through gains in productivity, and they were now in a better position both to

sustain the nation's exports and to meet competition from foreign products in domestic markets. Moreover, the improved health of many Latin American economies was being reflected in higher export sales to such countries. Some parts of the country also were benefiting from large increases in the number of foreign visitors. Nevertheless, members suggested that the export sector was vulnerable to weakness from abroad, and reports from some business contacts tended to reinforce those concerns.

Turning to the outlook for fiscal policy, members noted that market concerns about possible legislation that would substantially increase an already massive federal deficit appeared to have subsided. Nonetheless, an important reason for the rise in intermediate- and long-term interest rates since early January had been the apparently worsening outlook for federal deficit financing over the course of the next several years. Such deficits would tend to keep long-term interest rates fairly high, and in association with the nation's relatively low savings, they implied a financial constraint on the ability of the U.S. economy to generate robust increases in investment. Because the volume of savings available for investment was limited, interest rates had tended to react fairly strongly to indications of sizable gains in private spending.

The outlook for moderate economic growth and the associated, if diminishing, slack in labor and product markets were likely to prove consistent in the view of many members with further progress in reducing the core rate of inflation. Competitive price pressures remained strong in many local markets, and efforts to raise prices very often did not succeed. In this competitive environment, business firms seeking to maintain or increase profits were forced to concentrate on measures to curb costs rather than to raise prices. Labor markets were described as generally soft, and most wage settlements continued to have favorable implications for future costs and inflation. The outlook for energy costs, while always subject to unanticipated developments, nonetheless seemed favorable at this point.

In the Committee's discussion of policy, all of the members indicated that they were in favor of maintaining unchanged conditions in reserve markets for the period immediately ahead. A majority also indicated a preference for retaining the current

bias in the directive toward possible easing during the intermeeting period, while the remaining members were in favor of moving to a symmetrical directive. A steady policy course, at least for now, was viewed as desirable in the context of encouraging evidence of a strengthening economy and the outlook for continuing expansion at a pace that was deemed likely to be consistent with further progress toward price stability. The members acknowledged that the uncertainties in the economic outlook were considerable, but given the ongoing stimulus stemming from earlier easing actions, they agreed that for now an unchanged policy represented an appropriate balancing of the various risks to a satisfactory economic performance. In this connection, it was suggested that substantial further easing at this time might well fail to provide much added stimulus; indeed, it could prove to be counterproductive because of adverse repercussions in financial markets. Moreover, too much easing at this juncture could establish the basis for unduly rapid growth of money and credit when the economic expansion gathered momentum.

With regard to possible adjustments to the degree of reserve pressure during the intermeeting period, many of the members endorsed the view that it would be premature to move away from a directive that was biased toward ease to a symmetrical directive. While the members generally anticipated that economic and financial developments during the intermeeting period would not call for an adjustment to policy, many remained concerned about the vulnerability of the expansion to a variety of risks. In the circumstances, any policy adjustments in the weeks ahead were more likely to be in the direction of some easing than toward restraint. A number of these members also commented that even though the risks of a deviation from the projected path of the economy now seemed to be in better balance than earlier, the consequences of a substantial shortfall from expectations would be much more severe than the effects of a comparable overshoot. Other members did not rule out the possible need for an easing move in the period ahead, but they believed that the more balanced risks that were now perceived to surround the economic outlook warranted a symmetric directive. Some observed that such a directive did not preclude an easing action that might be triggered by economic or financial developments, including the

behavior of the monetary aggregates, in the weeks ahead. Moreover, in the view of some of these members, a directive that remained tilted toward ease under prevailing circumstances could be misread by domestic and international observers as evidence of greater concern about the economic outlook than many members currently felt, or as an indication of a bias on the part of the Committee toward bolstering the real economy rather than securing further progress toward price stability.

In the course of the discussion, members expressed varying degrees of concern about the behavior of the monetary aggregates. According to the most recently available data for March, M2 apparently leveled off or declined slightly and M3 contracted somewhat. Moreover, the weekly pattern toward the end of March suggested the possibility of sluggish growth on average in April. While this development needed to be assessed in the context of emerging information on the economy and financial markets, it was suggested that a persisting shortfall in the growth of M2 and M3 could signal that monetary policy was not positioned to support a satisfactory expansion. For the year through March, growth of M2 had fallen somewhat short of the midpoint of the Committee's range for 1992, and in the view of some members growth near the midpoint or somewhat higher in the range might be more consistent with a desirable economic performance for the year. On the other hand, expansion of narrow money and reserves had been quite robust for some time. In the view of at least one member, the possibility could not be ruled out that this rapid growth could be signaling an overly accommodative monetary policy which, if continued, could boost inflation pressures at some point. Conclusions could not be drawn on the basis of short-term movements in the narrow or broad monetary aggregates, and in any event the implications for the economy of specific monetary growth rates were clouded by a variety of developments that the members had discussed at length at the February meeting. Nonetheless, against the background of relatively sluggish growth in the broader aggregates for an extended period, many members agreed that the ongoing performance of those aggregates should be monitored closely. Indeed, some observed that concerns about the behavior of the broader aggregates, rather than the currently available information on economic activity, per-

sueded them that a directive that was tilted toward ease was preferable to a symmetrical directive at this time.

At this meeting, the Committee reviewed its practices with regard to the maturity composition of its portfolio of Treasury obligations. The overall approach in recent years had been to meet the long-term need for growth in the System's portfolio through purchases in all maturity sectors of the market for Treasury obligations, with a major emphasis on ensuring substantial liquidity in the System's portfolio. With regard to the Treasury's quarterly financings, the Manager had followed the practice over the past several years of exchanging the bulk of the maturing securities held in the System account into the shortest issue offered by the Treasury, while placing relatively small amounts in the longer-term Treasury offerings. This approach had replaced the earlier practice of rolling over maturing System holdings into the refinancing issues in roughly proportionate amounts to the size of those issues being offered to the public. The System's participation in Treasury financings had contributed importantly to the reduction in the average maturity of the System portfolio in recent years; however, given Treasury techniques with regard to accommodating System rollovers, the System's actions did not have any effect on the amounts or the maturity composition of the securities being acquired by the public. The members generally agreed that current practices for managing the composition of the System's portfolio remained appropriate. Rollovers in Treasury financings would continue to be tilted toward the shorter-maturity offerings, and net additions to System holdings would be made in all maturity areas, taking account of the progress already made in enhancing the liquidity of the System's portfolio.

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 their preference for or acceptance of a directive that included some bias toward easing during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might be acceptable or

slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with growth of M2 and M3 at annual rates of around 3½ percent and 1½ 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 a strengthening in domestic final spending, although industrial production and overall employment do not appear to have picked up correspondingly. Retail sales registered large gains in January and February, with data on inventories, which are available through January, showing some offsetting decline in that month. Single-family housing starts increased substantially further in January and February. Recent data on orders and shipments of nondefense capital goods indicate an increase in outlays for business equipment, but nonresidential construction has remained in a steep decline. The nominal U.S. merchandise trade deficit narrowed slightly in January and was essentially unchanged from its average rate in the fourth quarter. Industrial production rose considerably in February, partly reflecting an upturn in motor vehicle assemblies, but was little changed on balance over the first two months of the year. Total nonfarm payroll employment rebounded in February from a large decline in January. With the labor force growing appreciably in recent months, the civilian unemployment rate has risen to 7.3 percent. Wage and price increases have continued to trend downward.

Most interest rates have risen appreciably since the Committee meeting on February 4-5. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies increased substantially over the intermeeting period.

Growth of M2 and M3 accelerated in February, but M2 appears to have leveled off and M3 to have declined in March. Much of the growth in the broader aggregates over recent months has been accounted for by a surge in transactions balances.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in 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 1991 to the fourth quarter of 1992. 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 depository institutions would continue to depress the growth of this aggregate 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. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might or

slightly lesser reserve restraint would be acceptable 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 3½ and 1½ percent, respectively.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Jordan, Kelley, LaWare, Lindsey, Melzer, Mullins, Ms. Phillips, and Mr. Syron. Votes against this action: None.

Legal Developments

FINAL RULE—AMENDMENTS TO REGULATIONS B, C, E, M, Z, AND AA

The Board of Governors is amending 12 C.F.R. Parts 202, 203, 205, 213, 226, and 227, its Regulations B, C, E, M, Z, and AA (Equal Credit Opportunity, Home Mortgage Disclosure, Electronic Fund Transfers, Consumer Leasing, Truth in Lending, and Unfair or Deceptive Acts or Practices) to implement the Foreign Bank Supervision Enhancement Act of 1991, Subtitle A of Title II of the Federal Deposit Insurance Corporation Improvement Act of 1991, which designated the administrative enforcement authority of federal agencies over United States branches and agencies of foreign banks, commercial lending company subsidiaries of foreign banks, and corporations organized or operating under sections 25 and 25A of the Federal Reserve Act.

Effective May 13, 1992, 12 C.F.R. Parts 202, 203, 205, 213, 226, and 227, are amended to read as follows:

Part 202—Equal Credit Opportunity

1. The authority citation for part 202 continues to read as follows:

Authority: 15 U.S.C. 1691-1691f.

2. Part 202 is amended by revising the first four paragraphs and the first three center headings of Appendix A to read as follows:

Appendix A to Part 202—Federal Enforcement Agencies

The following list indicates the federal agencies that enforce Regulation B for particular classes of creditors. Any questions concerning a particular creditor should be directed to its enforcement agency. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

National banks and federal branches and federal agencies of foreign banks

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act

Federal Reserve Bank serving the district in which the institution is located.

Nonmember insured banks and insured state branches of foreign banks

Federal Deposit Insurance Corporation Regional Director for the region in which the institution is located.

Part 203—Home Mortgage Disclosure

1. The authority citation for part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. Part 203 is amended by revising the introductory text of paragraphs A, B and C under paragraph VI of Appendix A to read as follows:

Appendix A to Part 203—Form and Instructions for Completion of HMDA Loan/Application Register

VI. Federal Supervisory Agencies

Send your loan/application register and direct any questions to the office of your federal supervisory agency as specified below. If you are the nondepository subsidiary of a bank, savings association, or credit union, send the register to the supervisory

agency for your parent institution. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

A. National banks and their subsidiaries and federal branches and federal agencies of foreign banks.

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

B. State member banks of the Federal Reserve System, their subsidiaries, subsidiaries of bank holding companies, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act.

Federal Reserve Bank serving the district in which the state member bank is located; for institutions other than state member banks, the Federal Reserve Bank specified by the Board of Governors.

C. Nonmember insured banks (except for federal savings banks) and their subsidiaries and insured state branches of foreign banks.

Regional Director of the Federal Deposit Insurance Corporation for the region in which the institution is located.

Part 205—Electronic Fund Transfers

1. The authority citation for part 205 continues to read as follows:

Authority: Pub. L. 95-630, 92 Stat. 3730 (15 U.S.C. 1693b).

2. Appendix B to Part 205 is added to read as follows:

Appendix B to Part 205—Federal Enforcement Agencies

The following list indicates which federal agency enforces Regulation E for particular classes of institutions. Any questions concerning compliance by a particular institution should be directed to the appropriate enforcing agency. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s))

shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

National banks, and federal branches and federal agencies of foreign banks

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act

Federal Reserve Bank serving the district in which the institution is located.

Non-member insured banks and insured state branches of foreign banks

Federal Deposit Insurance Corporation regional director for the region in which the institution is located.

Savings institutions insured under the Savings Association Insurance Fund of the FDIC and federally-chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund)

Office of Thrift Supervision Regional Director for the region in which the institution is located.

Federal credit unions

Division of Consumer Affairs, National Credit Union Administration, 2025 M Street, N.W., Washington, D.C. 20456.

Air carriers

Assistant General Counsel for Aviation Enforcement and Proceedings, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590.

Brokers and dealers

Division of Market Regulation, Securities and Exchange Commission, Washington, D.C. 20549.

Retail, department stores, consumer finance companies, certain other financial institutions, and all nonbank debit card issuers

Federal Trade Commission, Electronic Fund Transfers, Washington, D.C. 20580.

Part 213—Consumer Leasing

1. The authority citation for part 213 continues to read as follows:

Authority: 15 U.S.C. 1604.

2. Part 213 is amended by revising the first four paragraphs of Appendix D to read as follows:

Appendix D to Part 213—Federal Enforcement Agencies

The following list indicates which federal agency enforces Regulation M for particular classes of business. Any questions concerning compliance by a particular business should be directed to the appropriate enforcement agency. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

National banks and federal branches and federal agencies of foreign banks:

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act:

Federal Reserve Bank serving the district in which the institution is located.

Nonmember insured banks and insured state branches of foreign banks:

Federal Deposit Insurance Corporation Regional Director for the region in which the institution is located.

Part 226—Truth in Lending

1. The authority citation for part 226 continues to read as follows:

Authority: Truth in Lending Act, 15 U.S.C. 1604 and 1637(d)(5); Sec. 1204(c), Competitive Equality Banking Act, 12 U.S.C. 3806.

2. Part 226 is amended by revising the first four paragraphs and the the first three center headings of Appendix I to read as follows:

Appendix I—Federal Enforcement Agencies

The following list indicates which federal agency enforces Regulation Z for particular classes of businesses. Any questions concerning compliance by a particular business should be directed to the appropriate enforcement agency. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

National banks and federal branches and federal agencies of foreign banks

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act

Federal Reserve Bank serving the district in which the institution is located.

Non-member insured banks and insured state branches of foreign banks

Federal Deposit Insurance Corporation Regional director for the region in which the institution is located.

Part 227—Unfair or Deceptive Acts or Practices

1. The authority citation for part 227, Subpart B—Credit Practices Rule continues to read as follows:

Authority: 15 U.S.C. 57a.

2. In section 227.11, paragraphs (c)(1) through (3) are revised and a new paragraph (d) is added to read as follows:

Section 227.11—Authority, purpose, and scope.

(c) * * *

(1) The Comptroller of the Currency, in the case of national banks, banks operating under the code of laws for the District of Columbia, and federal branches and federal agencies of foreign banks;

(2) The Board of Governors of the Federal Reserve System, in the case of banks that are members of the Federal Reserve System (other than banks referred to in paragraph (c)(1) of this section), branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act; and

(3) The Federal Deposit Insurance Corporation, in the case of banks insured by the Federal Deposit Insurance Corporation (other than banks referred to in paragraphs (c)(1) and (c)(2) of this section), and insured state branches of foreign banks.

(d) The terms used in paragraph (c) of this section that are not defined in the Federal Trade Commission Act or in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

FINAL RULE—AMENDMENT TO REGULATION H

The Board of Governors is amending 12 C.F.R. Part 208, its Regulation H (Membership of State Banking Institutions in the Federal Reserve System). The Board is withdrawing an obsolete interpretation on messenger services provided by state member banks and removing it from the Code of Federal Regulations.

Effective May 19, 1992, 12 C.F.R. Part 208 is amended as follows:

Part 208—Membership of State Banking Institutions in the Federal Reserve System

1. The authority citation for part 208 continues to read as follows:

Authority: Sections 9, 11(a), 11(c), 19, 21, 25 and 25(a) of the Federal Reserve Act, as amended (12 U.S.C. 321–338, 248(a), 248(c), 461, 481–486, 601, and 611, respectively); sections 4 and 13(j) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1814 and

1823(j), respectively); section 7(a) of the International Banking Act of 1978 (12 U.S.C. 3105); sections 907–910 of the International Lending Supervision Act of 1983 (12 U.S.C. 3906–3909); sections 2, 12(b), 12(g), 12(i), 15B(c)(5), 17, 17A, and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o-4(c)(5), 78q, 78q-1, and 78w, respectively); section 5155 of the Revised Statutes (12 U.S.C. 36) as amended by the McFadden Act of 1927; and sections 1101–1122 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3310 and 3331–3351).

Section 208.110—[Removed].

2. Section 208.110 is removed.

FINAL RULE—AMENDMENTS TO REGULATIONS O AND Y

The Board of Governors is amending 12 C.F.R. Parts 215 and 225, its Regulations O and Y (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies and Change in Bank Control) to conform the regulations to the amendments to section 22(h) of the Federal Reserve Act (12 U.S.C. § 375b) made by section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”). As amended by section 306, section 22(h) establishes a limit on the total amount a bank may lend to its executive officers, directors, and principal shareholders, and the related interests of those persons. Section 22(h), as amended, also subjects extensions of credit to directors and their related interests to the same lending limit that applies currently to executive officers and principal shareholders and their related interests under section 22(h). *See* 12 C.F.R. 215.4(c). The final rule amends Regulation O to implement these amendments.

The final rule also amends Regulations O and Y to implement a reporting requirement required by section 306 that relates to certain credit extended to executive officers and principal shareholders of certain banks and bank holding companies. In addition, the final rule makes limited technical revisions to Regulation O to conform the regulation to section 306 and to correct existing ambiguities.

Effective May 18, 1992, 12 C.F.R. Parts 215 and 225 are amended as follows:

Part 215—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks

1. The authority citation for part 215 is revised to read as follows:

Authority: Secs. 11(i), 22(g), and 22(h), Federal Reserve Act (12 U.S.C. 248(i), 375a, 375(b)(7)), 12 U.S.C. 1817(k)(3) and 1972(2)(F)(vi), and sec. 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No 102-242, 105 Stat. 2236 (1991)).

Subpart A—Loans by Member Banks to Their Executive Officers, Directors, and Principal Shareholders

2. In part 215, the footnotes are removed or redesignated as shown in the following table:

Section and paragraph	Current number	New number
215.4(c)	3	removed
215.4(d)	4	3
215.5(a)	5	4
215.8	6	5
215.9	7	6
215.10(a)	8	7
215.10(b)	9	8

3. 12 C.F.R. 215.1 is amended by revising paragraph (a) to read as follows:

Section 215.1—Authority, purpose, and scope.

(a) *Authority.* This subpart is issued pursuant to sections 11(i), 22(g), and 22(h) of the Federal Reserve Act (12 U.S.C. 248(i), 375a, and 375b), 12 U.S.C. 1817(k)(3), and section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102-242, 105 Stat. 2236 (1991)).

* * * * *

4. 12 C.F.R. 215.2 is amended by revising paragraphs (a), (c), and (d), redesignating paragraphs (e) through (l) as paragraphs (g) through (n), adding new paragraphs (e) and (f), and revising newly designated paragraphs (h), (i), (l), and (m) to read as follows:

Section 215.2—Definitions.

* * * * *

(a) *Company* means any corporation, partnership, trust (business or otherwise), association, joint venture, pool syndicate, sole proprietorship, unincorporated

organization, or any other form of business entity not specifically listed herein. However, the term does not include:

- (1) An insured depository institution (as defined in 12 U.S.C. 1813); or
- (2) A corporation the majority of the shares of which are owned by the United States or by any State.

* * * * *

(c) *Director of a member bank* includes:

- (1) Any director of a member bank, whether or not receiving compensation;
- (2) Any director of a company of which the member bank is a subsidiary; and
- (3) Any director of any other subsidiary of that company. An advisory director is not considered a director if the advisory director—
 - (i) Is not elected by the shareholders of the company or bank;
 - (ii) Is not authorized to vote on matters before the board of directors; and
 - (iii) Provides solely general policy advice to the board of directors.

(d)(1) *Executive officer* of a company or bank means a person who participates or has authority to participate (other than in the capacity of a director) in major policymaking functions of the company or bank, whether or not: the officer has an official title; the title designates the officer an assistant; or the officer is serving without salary or other compensation.¹ The chairman of the board, the president, every vice president, the cashier, the secretary, and the treasurer of a company or bank are considered executive officers, unless: the officer is excluded, by resolution of the board of directors or by the bylaws of the bank or company, from participation (other than in the capacity of a director) in major policymaking functions of the bank or company; and the officer does not actually participate therein.

(2) For the purpose of sections 215.4 and 215.8 of this part, an executive officer of a member bank includes an executive officer of a company of which the member bank is a subsidiary; and any other subsidiary of that company, unless the executive officer of the subsidiary is excluded (by name or by

¹ The term is not intended to include persons who may have official titles and may exercise a certain measure of discretion in the performance of their duties, including discretion in the making of loans, but who do not participate in the determination of major policies of the bank or company and whose decisions are limited by policy standards fixed by the senior management of the bank or company. For example, the term does not include a manager or assistant manager of a branch of a bank unless that individual participates, or is authorized to participate, in major policymaking functions of the bank or company.

title) from participation in major policymaking functions of the member bank by resolutions of the boards of directors of both the subsidiary and the member bank, and does not actually participate in such major policymaking functions.

(e) *Foreign bank* has the meaning given in 12 U.S.C. 3101(7).

(f) *Insider* means an executive officer, director, or principal shareholder, and includes any related interest of such a person.

* * * * *

(h) *The lending limit* for a member bank is an amount equal to the limit of loans to a single borrower established by section 5200 of the Revised Statutes,² 12 U.S.C. 84. This amount is 15 percent of the bank's unimpaired capital and unimpaired surplus in the case of loans that are not fully secured, and an additional 10 percent of the bank's unimpaired capital and unimpaired surplus in the case of loans that are fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the loan. The lending limit also includes any higher amounts that are permitted by section 5200 of the Revised Statutes for the types of obligations listed therein as exceptions to the limit. A member bank's unimpaired capital and unimpaired surplus equals the sum of:

(1) The "total equity capital" of the member bank reported on its most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3);

(2) Any subordinated notes and debentures approved as an addition to the member bank's capital structure by the appropriate federal banking agency; and

(3) Any valuation reserves created by charges to the member bank's income reported on its most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3).

(i) *Member bank* means any banking institution that is a member of the Federal Reserve System, including any subsidiary of a member bank. The term does not include any foreign bank that maintains a branch in the United States, whether or not the branch is insured (within the meaning of 12 U.S.C. 1813(s)) and regardless of the operation of 12 U.S.C. 1813(h) and 12 U.S.C. 1828(j)(2).

* * * * *

2. Where State law establishes a lending limit for a state member bank that is lower than the amount permitted in section 5200 of the Revised Statutes, the lending limit established by applicable State laws shall be the lending limit for the state member bank.

(l) *Principal shareholder* means a person (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 percent of any class of voting securities of a member bank or company. Shares owned or controlled by a member of an individual's immediate family are considered to be held by the individual. A principal shareholder of a member bank includes:

(1) A principal shareholder of a company of which the member bank is a subsidiary; and

(2) A principal shareholder of any other subsidiary of that company.

(m) *Related interest* of a person means:

(1) A company that is controlled by that person; or
(2) A political or campaign committee that is controlled by that person or the funds or services of which will benefit that person.

* * * * *

5. 12 C.F.R. 215.3 is amended by revising paragraphs (a)(4), (a)(8), (b)(2) and (b)(5) to read as follows:

Section 215.3—Extension of credit.

(a) * * *

(4) An acquisition by discount, purchase, exchange, or otherwise of any note, draft, bill of exchange, or other evidence of indebtedness upon which an insider may be liable as maker, drawer, endorser, guarantor, or surety;

* * * * *

(8) Any other similar transaction as a result of which a person becomes obligated to pay money (or its equivalent) to a bank, whether the obligation arises directly or indirectly, or because of an endorsement on an obligation or otherwise, or by any means whatsoever.

(b) * * *

(2) A receipt by a bank of a check deposited in or delivered to the bank in the usual course of business unless it results in the carrying of a cash item for or the granting of an overdraft (other than an inadvertent overdraft in a limited amount that is promptly repaid, as described in section 215(4)(e) of this part);

* * * * *

(5) Indebtedness of \$5,000 or less arising by reason of any general arrangement by which a bank:

(i) Acquires charge or time credit accounts; or

(ii) Makes payments to or on behalf of participants in a bank credit card plan, check credit plan, interest bearing overdraft credit plan of the type

specified in section 215.4(e) of this part, or similar open end credit plan; Provided:

- (A) The indebtedness does not involve prior individual clearance or approval by the bank other than for the purposes of determining authority to participate in the arrangement and compliance with any dollar limit under the arrangement; and
- (B) The indebtedness is incurred under terms that are not more favorable than those offered to the general public.

* * * * *

6. 12 C.F.R. 215.4 is amended by revising paragraphs (a)(1), (b)(1) and (c), redesignating paragraphs (b)(2) and (b)(3) as paragraphs (b)(3) and (b)(4), respectively, adding a new paragraph (b)(2), redesignating paragraph (d) as paragraph (e), and adding a new paragraph (d) to read as follows:

Section 215.4—General prohibitions.

(a) * * *

(1) Is made on substantially the same terms (including interest rates and collateral) as, and following credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions by the bank with other persons that are not covered by this part and who are not employed by the bank; and

* * * * *

(b) *Prior approval.* (1) No member bank may extend credit (which term includes granting a line of credit) to any of its executive officers, directors, or principal shareholders or to any related interest of that person in an amount that, when aggregated with the amount of all other extensions of credit to that person and to all related interests of that person, exceeds the higher of \$25,000 or 5 percent of the member bank's unimpaired capital and unimpaired surplus, unless:

- (i) The extension of credit has been approved in advance by a majority of the entire board of directors of that bank; and
- (ii) the interested party has abstained from participating directly or indirectly in the voting.

(2) In no event may a member bank extend credit to any one of its executive officers, directors, or principal shareholders, or to any related interest of that person, in an amount that, when aggregated with all other extensions of credit to that person, and all related interests of that person, exceeds \$500,000, except by complying with the requirements of this paragraph.

* * * * *

(c) *Lending limit.* No member bank may extend credit to any of its executive officers, directors, or principal shareholders or to any related interest of that person in an amount that, when aggregated with the amount of all other extensions of credit by the member bank to that person and to all related interests of that person, exceeds the lending limit of the member bank specified in section 215.2(h) of this part. This prohibition does not apply to an extension of credit by a member bank to a company of which the member bank is a subsidiary or to any other subsidiary of that company.

(d) *Aggregate lending limit—*(1) *General limit.* A member bank may not extend credit to any insider unless the extension of credit is in an amount that, when aggregated with the amount of all outstanding extensions of credit by that bank to all of its insiders, does not exceed the bank's unimpaired capital and unimpaired surplus (as defined in section 215.2(h) of this part).

(2) *Member banks with deposits of less than \$100,000,000.* A member bank with deposits of less than \$100,000,000 may by resolution of its board of directors increase the general limit specified in paragraph (d)(1) of this section for the one-year period ending May 18, 1993, to a level not to exceed two times the bank's unimpaired capital and unimpaired surplus, if:

- (i) The board of directors determines that such higher limit is consistent with prudent, safe, and sound banking practices in light of the bank's experience in lending to its insiders and is necessary to attract or retain directors or to prevent restricting the availability of credit in small communities;
- (ii) The resolution sets forth the facts and reasoning on which the board of directors bases the finding, including the amount of the bank's lending to its insiders as a percentage of the bank's unimpaired capital and unimpaired surplus as of the date of the resolution;
- (iii) The bank has submitted the resolution to the appropriate Federal banking agency (as defined in 12 U.S.C. 1813(q)) with a copy to the Board of Governors; and
- (iv) The bank meets or exceeds, on a fully-phased in basis, all applicable capital requirements established by the appropriate Federal banking agency.

* * * * *

7. 12 C.F.R. 215.5 is amended by revising newly designated footnote 4 in paragraph (a) and by revising paragraph (d) to read as follows:

Section 215.5—Additional restrictions on loans to executive officers of member banks.

(a) * * * 4 * * *

(d) Any extension of credit by a member bank to any of its executive officers shall be:

- (1) Promptly reported to the member bank's board of directors;
- (2) In compliance with the requirements of section 215.4(a) of this part;
- (3) Preceded by the submission of a detailed current financial statement of the executive officer; and
- (4) Made subject to the condition in writing that the extension of credit will, at the option of the member bank, become due and payable at any time that the officer is indebted to any other bank or banks in an aggregate amount greater than the amount specified for a category of credit in paragraph (c) of this section.

8. 12 C.F.R. 215.11 is redesignated as § 215.13, §§ 215.6 through 215.10 are redesignated as §§ 215.7 through 215.11, respectively, and a new § 215.6 is added to read as follows:

Section 215.6—Prohibition on knowingly receiving unauthorized extension of credit.

No executive officer, director, or principal shareholder of a member bank shall knowingly receive (or knowingly permit any of that person's related interests to receive) from a member bank, directly or indirectly, any extension of credit not authorized under this part.

9. A new 12 C.F.R. 215.12 is added to read as follows:

Section 215.12—Reporting requirement for credit secured by certain bank stock.

Each executive officer or director of a member bank the shares of which are not publicly traded shall report annually to the board of directors of the member bank the outstanding amount of any credit that was extended to the executive officer or director and that is secured by shares of the member bank.

10. Newly designated 12 C.F.R. 215.13 is revised to read as follows:

4. Sections 215.5, 215.9, and 215.10 of this part implement section 22(g) of the Federal Reserve Act. For the purposes of those sections, an executive officer of a member bank does not include an executive officer of a bank holding company of which the member bank is a subsidiary or any other subsidiary of that bank holding company.

Section 215.13—Civil penalties.

Any member bank, or any officer, director, employee, agent, or other person participating in the conduct of the affairs of the bank, that violates any provision of this subpart (other than section 215.11) is subject to civil penalties as specified in section 29 of the Federal Reserve Act (12 U.S.C. 504).

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for part 225 is revised to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831(i), 1843(c)(8), 1844(b), 3106, 3108, 3907, 3909, 3310, and 3331-3351, and sec. 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102-242, 105 Stat. 2236 (1991)).

2. 12 C.F.R. 225.4 is amended by adding paragraph (f) to read as follows:

Section 225.4—Corporate practices.

* * * * *

(f) *Reporting requirement for credit secured by certain bank holding company stock.* Each executive officer or director of a bank holding company the shares of which are not publicly traded shall report annually to the board of directors of the bank holding company the outstanding amount of any credit that was extended to the executive officer or director and that is secured by shares of the bank holding company. For purposes of this paragraph, the terms "executive officer" and "director" shall have the meaning given in section 215.2 of Regulation O, 12 C.F.R. 215.2.

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control) to expand the leasing activities that are generally permissible for bank holding companies. The rule allows bank holding companies to enter into leasing transactions in which the companies may rely for compensation of their full leasing costs, at the inception of the initial lease, on estimated residual values for the leased property of up to 100 percent of the acquisition cost of the property, subject to certain conditions (so-called "higher residual value leasing"). The Board has by order previously permitted bank

holding companies to engage in higher residual value leasing. The final rule requires that higher residual value leasing transactions conform to the current leasing provision in Regulation Y except with respect to the residual value reliance limitation. The final rule contains additional requirements applicable only to the expanded leasing activity. These requirements include a limit on the volume of such leasing transactions similar to the limitation placed on the leasing activities of national banks under Section 108 of the Competitive Equality Banking Act (CEBA), amending the National Bank Act.

The final rule also alters the existing authority for a bank holding company to engage in full-payout leasing transactions by permitting bank holding companies to engage in these transactions and rely for compensation of their full leasing costs, at the inception of the initial lease, on estimated residual values for the leased property of up to 25 percent of the acquisition cost of the property.

Effective May 14, 1992, 12 C.F.R. Part 225 is amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for Part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1843(c)(8), 1844(b), 3106, 3108, 3907, and 3909.

2. In section 225.25, paragraph (b)(5) is redesignated as paragraph (b)(5)(i); paragraphs (b)(5)(i) through (vi) are redesignated as paragraphs (b)(5)(i)(A) through (F). Paragraphs (b)(5)(iv)(A) through (D) are redesignated as paragraphs (b)(5)(i)(D)(1) through (4). Newly redesignated paragraphs (b)(5)(i)(D), (b)(5)(i)(D)(3), and (b)(5)(i)(F) are revised, and paragraph (b)(5)(ii) is added to read as follows:

Section 225.25—List of permissible nonbanking activities.

* * * * *

(b) * * *

(5) Leasing. (i) *Leasing personal or real property.*

Leasing personal or real property or acting as agent, broker, or adviser in leasing such property if—

- (A) * * *
- (B) * * *
- (C) * * *

(D) at the inception of the initial lease the effect of the transaction (and, with respect to govern-

mental entities only, reasonably anticipated future transactions⁴) will yield a return that will compensate the lessor for not less than the lessor's full investment in the property plus the estimated total cost of financing the property over the term of the lease,⁵ from—

- (1) * * *
- (2) * * *
- (3) the estimated residual value of the property at the expiration of the initial term of the lease, which in no case shall exceed 25 percent of the acquisition cost of the property to the lessor; and
- (4) * * *
- (E) * * *

(F) at the expiration of the lease (including any renewals or extensions with the same lessee), all interest in the property shall be either liquidated or released on a nonoperating basis as soon as practicable but in no event later than two years from the expiration of the lease;⁶ however, in no case shall the lessor retain any interest in the property beyond 50 years after its acquisition of the property.

(ii) *Certain Higher Residual Value Leasing.* Leasing tangible personal property or acting as agent, broker, or adviser in leasing such property, in which the lessor relies on an estimated residual value of the property in excess of the 25 percent limitation described in paragraph (5)(i)(D)(3), if—

4. The Board understands that some federal, state, and local governmental entities may not enter into a lease for a period in excess of one year. Such an impediment does not prohibit a company authorized to conduct leasing activities under this paragraph from entering into a lease with such governmental entities if the company reasonably anticipates that the governmental entities will renew the lease annually until such time as the company is fully compensated for its investment in the leased property plus its costs of financing the property. Further, a company authorized to conduct personal property leasing activities under this paragraph may also engage in so-called "bridge" lease financing of personal property, but not real property, if the lease is short-term pending completion of long-term financing, by the same or another lender.

5. The estimate by the lessor of the total cost of financing the property over the term of the lease should reflect, among other factors, the term of the lease, the modes of financing available to the lessor, the credit rating of the lessor and/or the lessee, if a factor in the financing, and prevailing rates in the money and capital markets.

6. In the event of a default on, or early termination of, a lease agreement prior to the expiration of the lease term, the lessor shall either re-lease the property, subject to all the conditions of this paragraph, or liquidate the property as soon as practicable but in no event later than two years from the date of default on the lease agreement (in the event of a default) or termination of the lease (in the event of termination), or such additional time as the Board may permit under § 225.22(c)(1) of this regulation, as if the property were DPC property. During the period following default on, or expiration or termination of a lease, the lessor may lease the property on a short-term basis in a lease that does not conform to the requirements of this paragraph provided that the property is liquidated or re-leased in a conforming lease prior to the expiration of this period.

- (A) the activity otherwise meets the requirements of paragraph (5)(i);
- (B) the lessor in no case relies on an estimated residual value of the property in excess of 100 percent of the acquisition cost of the property to the lessor;
- (C)(1) the aggregate book value of all personal property described in subclause (2) does not exceed 10 percent of the bank holding company's consolidated domestic and foreign assets;
- (2) for purposes of calculating the limit provided in subclause (1), the bank holding company shall include all tangible personal property held for lease in transactions in which the bank holding company or any of its nonbank subsidiaries acting under authority of this paragraph, or any domestic subsidiary bank of such holding company, relies on an estimated residual value in excess of 25 percent of the acquisition cost of the property;
- (D) the initial term of the lease is at least 90 days;⁷
- (E) each company that conducts leasing transactions under this subparagraph (ii) maintains capitalization fully adequate to meet its obligations and support its activities, and commensurate with industry standards for companies engaged in comparable leasing activities; and
- (F) the bank holding company maintains separately identifiable records of the leasing activities conducted under subparagraphs (i) and (ii), where it conducts leasing activities under the authority of both subparagraphs.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

F.S.B., Inc.
Superior, Nebraska

Order Approving Merger of Bank Holding Companies and Banks

F.S.B., Inc., Superior, Nebraska ("FSB"), a bank

7. This minimum lease term requirement is not intended to prohibit a bank holding company from acquiring personal property subject to an existing lease with a remaining maturity of less than 90 days, provided that, at the inception of the lease, such lease conformed with all of the requirements of this paragraph.

holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with Hardy Insurance Agency, Inc. ("Hardy"), and thereby indirectly acquire Hardy State Bank ("Hardy Bank"), both of Hardy, Nebraska. In connection with this transaction, FSB's subsidiary bank, Farmers State Bank & Trust Company of Superior, Superior, Nebraska ("Farmers Bank"), a state member bank, has applied under the Bank Merger Act (12 U.S.C. § 1828(c)) to merge with Hardy Bank, and thereby to establish a branch at the location of Hardy Bank pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (56 *Federal Register* 65,901 (1991)). The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in section 3(c) of the BHC Act, the Bank Merger Act, and the Federal Reserve Act.

FSB is a one-bank holding company by virtue of its control of Farmers Bank. Since 1968, FSB's principals have controlled Hardy; thus, this proposal represents the reorganization of an existing ownership interest. FSB is the 89th largest commercial banking organization in Nebraska, controlling deposits of \$37.3 million, representing less than one percent of total deposits in commercial banks in the state.¹ Hardy is the 301st largest banking organization in Nebraska, controlling deposits of \$7.4 million, representing less than one percent of total deposits in commercial banks in the state. Upon consummation, FSB would become the 75th largest commercial banking organization in Nebraska, controlling deposits of \$44.7 million, representing less than one percent of total deposits in commercial banks in the state.

FSB and Hardy operate in the Nuckolls County banking market. FSB is the largest commercial banking or thrift organization (together, "depository institution") in the market, controlling deposits of \$37.1 million, representing approximately 33.4 percent of total deposits in depository institutions in the market ("market deposits").² Hardy is the fifth largest depos-

1. State deposit data are as of June 30, 1991. Market deposit data are as of June 30, 1990.

2. In this context, depository institutions include commercial banks, savings banks and savings associations. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. See *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

itory institution in the market, controlling deposits of \$7.5 million, representing approximately 6.7 percent of market deposits. Upon consummation of the proposed transaction, FSB would control deposits of \$44.6 million, representing approximately 40.1 percent of market deposits. The market would remain highly concentrated, with a Herfindahl-Hirschman Index ("HHI") of 2889.³

In other cases, the Board has noted that the HHI calculations may not accurately reflect the effect of a proposal on competition in the relevant banking market in light of other facts regarding the structure, make-up or other characteristics of the market.⁴ In this case, several characteristics of the market indicate that the competitive effects of the proposal are not as significant as represented by the market HHI figures.

The Nuckolls County banking market is contracting. Nuckolls County is a sparsely populated area that has experienced a steady decline in population.⁵ Between 1970 and 1990, Nuckolls County's population decreased from 7,404 to 5,786, and since 1986, the county's population has declined at an average annual rate of 5.6 percent.⁶ The number of retail establishments in Nuckolls County declined by approximately 40 percent between 1982 and 1987.⁷ The banking market has fewer residents per bank office than the average for other rural banking markets in the state.⁸ Between 1987 and 1990, average deposit

growth for the market was only 2.2 percent, which is less than one-half the rate for other rural Nebraska markets.⁹ Because the Nuckolls County banking market is relatively unattractive to entry compared to other banking markets, the chance that Hardy Bank could be sold to a competitor outside of the market is reduced.

Five depository institutions, including a branch of one of the largest thrift institutions in the state, will continue to operate in the market after consummation of the proposal. The second largest depository institution in the market would control 30.4 percent of market deposits, compared to a 40.1 percent market share for FSB. Approval of the acquisition also could allow management to gain some financial and operations efficiencies through elimination of duplicate boards of directors and through the pooling of capital accounts.

In view of all of the facts of record, in particular the characteristics of the Nuckolls County banking market, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.¹⁰

The financial and managerial resources and future prospects of FSB, Hardy, and their subsidiary banks are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served and the other factors the Board must consider under section 3 of the BHC Act and the Bank Merger Act, also are consistent with approval.

Farmers Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to establish a branch at the present site of Hardy Bank. The Board has considered the factors it is required to consider when reviewing applications for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 332) and finds these factors to be consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically

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

The Department of Justice has informed the Board that the Department does not object to this acquisition on competitive grounds.

4. See, e.g., *Laredo National Bancshares, Inc.*, 78 *Federal Reserve Bulletin* 139 (1992).

5. The Board has previously taken into account evidence of a declining market in evaluating the competitive effects of a proposal. See, e.g., *Lisco State Company*, 76 *Federal Reserve Bulletin* 31 (1990) (approving a proposal that increased the HHI from 2077 points to 5712 in a declining rural market). See also *Morrill Bancshares, Inc.*, 78 *Federal Reserve Bulletin* 333 (1992), and *First Formosa Inc.*, 76 *Federal Reserve Bulletin* 541 (1990).

6. *Rand McNally and Co.*, *Rand McNally Commercial Atlas and Marketing Guide* (1992).

7. Population and economic statistics are from the *Nebraska Statistical Handbook 1990-1991* (Nebraska Department of Economic Development (1990)).

8. The Nuckolls County banking market has 1,447 residents per bank office compared to an average of 2,357 for rural markets in Nebraska and 13,087 for the RMA counties in the state. *Rand*

McNally and Co., *Rand McNally Commercial Atlas and Marketing Guide* (1992).

9. *Id.*; McFadden Business Publications, *American Financial Directory* (Spring 1991).

10. In other cases involving the common ownership of banks, the Board has considered the competitive effects of a proposal at the time of the application and at the time that the banks became affiliated. See, e.g., *Mid-Nebraska Bancshares, Inc.* 64 *Federal Reserve Bulletin* 589 (1978), *aff'd*, *Mid-Nebraska Bancshares, Inc. v. Board of Governors of the Federal Reserve System*, 627 F.2d 266 (D.C. Cir. 1980). In light of the changes in the market's characteristics discussed above, consummation of this proposal would not result in a significantly adverse effect on competition at this time.

conditioned upon compliance by FSB and its subsidiaries with the commitments made in connection with these applications. The commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law. The acquisitions 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 22, 1992.

Voting for this action: Chairman Greenspan and Governors, Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Governor Mullins.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

National City Corporation
Cleveland, Ohio

Order Approving Application to Act as Agent in the Private Placement of Securities and to Engage in Securities-Related and Other Nonbanking Activities

National City Corporation, Cleveland, Ohio ("NCC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)), to acquire, through its subsidiary, National City Venture Capital Corporation, Cleveland, Ohio ("Venture Capital"), a limited partnership interest in Reserve Capital Group Limited Partnership, Cleveland, Ohio ("Partnership"),¹ which will engage *de novo*, on a domestic

basis, in the following activities:

- (1) the private placement, as agent, of all types of securities;
- (2) providing financial and transaction advice to financial and nonfinancial institutions ("financial advisory services"), including
 - (i) advice regarding the structuring of, and arranging for, loan syndications, interest rate "swaps," "caps," and similar transactions;
 - (ii) advice in connection with financing and other corporate transactions;
 - (iii) valuation services;
 - (iv) advice in connection with merger, acquisition and divestiture considerations;
 - (v) fairness opinions in connection with merger, acquisition and similar transactions; and
 - (vi) conducting feasibility studies for companies;
- (3) providing investment and financial advice pursuant to section 225.25(b)(4) of the Board's Regulation Y;
- (4) arranging commercial real estate equity financing pursuant to section 225.25(b)(14) of Regulation Y;
- (5) providing real estate and personal property appraising pursuant to section 225.25(b)(13) of Regulation Y; and
- (6) providing management consulting to depository institutions pursuant to section 225.25(b)(11) of Regulation Y.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (57 *Federal Register* 5887 (1992)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

NCC, with \$23.7 billion in total consolidated assets, is the second largest commercial banking organization in Ohio, controlling \$18.5 billion in deposits.² NCC operates 17 subsidiary banks in Ohio, Indiana, and Kentucky, and engages directly and through its subsidiaries in a broad range of permissible nonbanking activities throughout the United States.

1. Partnership is being organized as a Delaware Limited Partnership of which Venture Capital will be the sole limited partner. Reserve Capital Group, Inc., the sole general partner of Partnership ("General Partner"), will conduct the day-to-day operations of Partnership. Venture Capital has committed that Partnership will conduct the proposed activities in accordance with all applicable Board precedent and regulations. In this regard, section 1.3 of the partnership agreement limits Partnership's activities to those activities "that are not contrary to the rules and regulations promulgated by the Board of Governors of the Federal Reserve System or the Bank Holding Company Act of 1956, as amended." This section of the partnership agreement also prohibits Partnership from engaging in any activities

other than the proposed activities without the prior written consent of Venture Capital.

If Partnership

- (i) engages in any activities impermissible under the BHC Act as determined by the Board, or
 - (ii) conducts activities beyond those activities for which NCC has received Board approval to conduct through Partnership, or
 - (iii) does not conduct its activities in accordance with the commitments relied upon by the Board in considering this application,
- NCC has committed that it will either correct any such violations within a reasonable period of time or promptly divest its interest in Partnership.

2. Asset and deposit data are as of December 31, 1991.

The Board previously has determined by regulation that conducting the proposed investment and financial advisory activities, commercial real estate equity financing activities, real estate and personal property appraisal activities, and management consulting activities is closely related to banking under section 4(c)(8) of the BHC Act.³ NCC has committed that Partnership will conduct these activities subject to the limitations contained in Regulation Y.⁴

The Board previously has determined by order that the proposed financial advisory services are closely related to banking for purposes of section 4(c)(8) of the BHC Act.⁵ NCC has committed that Partnership will conduct these activities in accordance with the conditions set forth in those orders.⁶

Private placement involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent of the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933, and are offered only to financially sophisticated institutions and individuals and not to the public. NCC has committed that Partnership will not privately place registered securities and will only place securities with customers who qualify as accredited investors.⁷

The Board previously has determined by order that, subject to certain prudential limitations that address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed private placement activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.⁸ The Board also has previously determined that acting as agent in the private placement of securities does not constitute underwriting and dealing in securities for purposes of section 20 of the Glass-Steagall Act, and that revenue derived from this activity is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.⁹ NCC has committed that

Partnership will conduct its private placement activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* and *J.P. Morgan* orders.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.¹⁰ Based on the facts of this case, the Board concludes that financial considerations are consistent with approval of this application. The managerial resources of NCC also are consistent with approval.

In order to approve this application, the Board is required to determine that the performance of the proposed activities by NCC can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In addition, the Board expects that the *de novo* entry of Partnership into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Partnership can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on all the facts of record, and subject to the commitments made by NCC, as well as all of the terms and conditions set forth in this Order and in the above-noted Board orders, the Board has determined that the application should be, and hereby is, approved. Approval of this proposal is specifically conditioned on compliance by NCC and Partnership with the commitments made in connection with its application, as supplemented, and with the conditions referenced in this order. The Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with,

3. See 12 C.F.R. 225.25(b)(4); (b)(14); (b)(13); and (b)(11).

4. See *id.*

5. See *SunTrust Banks, Inc.*, 74 *Federal Reserve Bulletin* 256 (1988); *Signet Banking Corporation*, 73 *Federal Reserve Bulletin* 59 (1987).

6. See *id.*

7. NCC has also committed that Partnership will not privately place registered investment company securities. Further, Partnership will not privately place any securities of investment companies that are advised by NCC or any of its affiliates.

8. *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("Bankers Trust").

9. *J.P. Morgan and Company, Inc.*, 76 *Federal Reserve Bulletin* 26 (1990) ("J.P. Morgan"); *Bankers Trust*.

10. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155, 156 (1987).

and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective May 18, 1992.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

Comerica Incorporated
Detroit, Michigan

Comerica Bank
Detroit, Michigan

Order approving Merger of Bank Holding Companies and Merger of Banks

Comerica Incorporated, Detroit, Michigan ("Comerica"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Manufacturers National Corporation, Detroit, Michigan ("Manufacturers"), and thereby indirectly acquire Manufacturers Bank, N.A., Detroit, Michigan ("Manufacturers Bank"); Manufacturers National Bank of Ann Arbor, Ann Arbor, Michigan; and Manufacturers's subsidiary holding company, Affiliated Banc Group, Inc., Morton Grove, Illinois, and thereby indirectly acquire Affiliated Bank, Franklin Park, Illinois ("Affiliated Bank"), and Stanford State Bank, Stanford, Illinois.¹

Comerica has also applied under section 4(c)(8) of the BHC Act to acquire Manufacturers's nonbanking

1. In connection with this proposal, Comerica and Manufacturers have granted to each other an option to purchase, under certain circumstances, up to approximately 19.9 percent of the outstanding common stock of the other company. These options will terminate upon consummation of the proposed merger of Comerica and Manufacturers.

subsidiaries listed in Appendix A.² Comerica has also provided notice pursuant to section 25(a) of the Federal Reserve Act (12 U.S.C. § 611-631) ("Edge Act") and section 211.4 of the Board's Regulation K (12 C.F.R. 211.4), to acquire Manufacturers-Detroit International Corporation, Detroit, Michigan ("MDIC"), an Edge Act corporation.³

Comerica Bank, Detroit, Michigan, a state member bank, has applied under section 18(c) of the FDI Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with Manufacturers Bank with Comerica as the surviving entity. In addition, Comerica Bank has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the existing branch locations of Manufacturers Bank listed in Appendix B, and for permission to make an additional investment in bank premises pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371(d)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 5885 (1992)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4 of the BHC Act, the Bank Merger Act, the Edge Act and the Federal Reserve Act.

Comerica, with approximately \$14.2 billion in consolidated assets, controls five subsidiary banks located in California, Michigan, Ohio, and Texas, and a savings association in Florida.⁴ Manufacturers, with approximately \$11.9 billion in consolidated as-

2. Pursuant to section 4(g) of the BHC Act, Manufacturers controls an insured depository institution with limited trust powers, Manufacturers Bank and Trust of Florida, N.A., Palm Beach Gardens, Florida ("MBT"), that operates in Florida. Prior to consummation of this merger, Comerica proposes to merge MBT into an interim federal savings bank subsidiary and, subsequently, to merge the interim thrift with Comerica Bank-Florida, F.S.B., Clearwater, Florida, a SAIF-insured savings association. Comerica has applied for Board approval of these transactions under section 4(c)(8) of the BHC Act, and has applied for approval from the Office of Thrift Supervision ("OTS"), including approval under section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102-242, § 501, 105 Stat. 2236, 2388 (1991)). The OTS has approved this proposal.

3. MDIC is a subsidiary of Manufacturers Bank and will become a direct subsidiary of Comerica Bank. MDIC has two subsidiaries, Manufacturers International (Australia) Properties Limited, Sydney, Australia, and Manufacturers-Detroit International (Canada) Limited, Toronto, Ontario, Canada ("MDICL"), both of which are inactive. MDICL has an inactive subsidiary, Manufacturers Detroit International (Canada) Properties, Ltd., Toronto, Ontario, Canada.

4. Asset data are as of March 31, 1992.

sets, controls five subsidiary banks in Florida, Illinois, and Michigan. Upon consummation of the transaction, Comerica would become the largest commercial banking organization in Michigan, controlling deposits of \$16.5 billion, representing 22 percent of the deposits in commercial banks in the state.⁵ In Florida, upon consummation of the proposal, Comerica would become the 48th largest commercial banking or thrift organization (together, "depository institution") in the state, controlling deposits of \$170.4 million, representing less than 1 percent of total deposits in depository institutions in Florida.⁶ In Illinois, upon consummation of the proposal, Comerica would become the 13th largest commercial banking organization in the state, controlling deposits of \$1.3 billion, representing approximately 1 percent of the total deposits in commercial banks in Illinois.⁷

Douglas Amendment

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which bank is located, by language to that effect and not merely by implication."⁸ As part of this proposal, Comerica, which has Michigan as its home state, proposes to acquire the Illinois banking subsidiaries of Manufacturers.⁹ The Board previously has determined that the interstate banking statutes of Illinois permit the acquisition of Illinois banking organizations by banking organizations located in Michigan.¹⁰ Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal, however, is conditioned upon Comerica receiving all required state regulatory approvals.

5. Michigan deposit and ranking data are as of June 30, 1990.

6. Florida statewide data are as of June 30, 1991. Florida market data are as of June 30, 1990.

7. Illinois deposit and ranking data are as of June 30, 1991.

8. 12 U.S.C. § 1842(d).

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

10. Ill. Ann. Stat. ch. 17, para. 2510.01 (Smith-Hurd 1991). See *First of America Bank Corporation*, 75 *Federal Reserve Bulletin* 836 (1989). The Illinois Commissioner of Banks and Trust Companies has approved Comerica's application to acquire Affiliated Banc Group, Inc.

Competitive, Financial, Managerial and Supervisory Considerations

Comerica and Manufacturers compete directly in five banking markets in Michigan and Florida. After considering the competition offered by other depository institutions in the market, the number of competitors remaining in the market, the increase in concentration, and the other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in the Michigan banking markets of Ann Arbor and Grand Rapids, and the Florida banking markets of East Palm Beach and Naples.¹¹

In the Detroit banking market,¹² Comerica is the second largest depository institution, controlling deposits of \$8.4 billion, representing 18.3 percent of the total deposits in depository institutions in the market ("market deposits"). Manufacturers is the third largest depository institution in the market, with deposits of \$5.8 billion, representing approximately 12.7 percent of market deposits. Upon consummation, Comerica would become the largest banking organization in the market, with deposits of \$14.2 billion, representing 31 percent of market deposits, and the Herfindahl-Hirschman Index ("HHI") would increase by 465 points to 1876.¹³

A number of factors mitigate the potential anti-competitive effects of the proposed acquisition in the Detroit market. Forty-seven commercial banking organizations and thrift institutions, including some of the largest depository institutions in Michigan, would remain in the Detroit market upon consummation of the proposal.¹⁴ In addition, the Detroit banking market

11. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent, except the deposits of Comerica's thrift subsidiary which are included at 100 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See *Midwest Financial Group* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 50 *Federal Reserve Bulletin* 743 (1984).

12. The Detroit market is approximated by Oakland, Macomb, and Wayne Counties, and 33 cities and townships in the counties of Lapeer, St. Clair, Livingston, Washtenaw, and Monroe.

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

14. These data reflect the recently approved merger of First of America Bank Corporation, Kalamazoo, Michigan, and Security

is the largest banking market in Michigan and is attractive for entry by banking organizations. In this regard, seven banking organizations without previous representation in the Detroit market entered the market between 1986 and 1990.¹⁵ The Detroit Metropolitan Statistical Area ("MSA") has both the highest population and deposit size per banking office, as well as the highest per capita household income level, of any MSA in the state.¹⁶ In addition, there are no significant legal restrictions to market entry because Michigan law permits out-of-state banking organizations to acquire Michigan banks, including through *de novo* expansion,¹⁷ and permits branching on a statewide basis.¹⁸

The Board has sought comments from the United States Attorney General, the OCC, and the FDIC on the competitive effects of this proposal. The Attorney General has indicated that the proposal would not have significant adverse effects on competition in any relevant banking market. Neither the OCC or the FDIC has provided any objection to consummation of this proposal or indicated that the proposal would have any significant adverse competitive effects. Based on all the facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Detroit banking market or in any other relevant banking market.¹⁹

The Board also concludes that the financial and managerial resources and future prospects of Comerica, Manufacturers, and their subsidiary banks, and the other factors the Board must consider under section 3 of the BHC Act also are consistent with approval.²⁰

Bancorp, Inc., Southgate, Michigan. See *First of America Bank Corporation*, 78 *Federal Reserve Bulletin* 371 (1992). Accounting for this merger in the Comerica proposal, the HHI in the Detroit market would be 1936.

15. Three organizations entered the market *de novo* and four by acquisition.

16. The Detroit MSA closely approximates the Detroit banking market. The Detroit MSA also ranks the highest among Michigan MSAs in terms of average bank profitability and total deposit and household income growth.

17. Michigan law authorizes nationwide interstate banking on a reciprocal basis. Mich. Stat. Ann. § 23.710(130b)(4) (Callaghan 1991).

18. Mich. Stat. Ann. § 23.710(171) (Callaghan 1991).

19. The Board received one comment that asserted that the proposal does not comply with applicable antitrust laws. For the reasons discussed above, and based on all facts of record, the Board believes the competitive factors are consistent with approval.

20. Several comments were received regarding the financial and managerial aspects of this proposal. One commenter believed that Comerica is highly leveraged and that the merger will result in a weakened institution. Other commenters related individual complaints against Comerica's management, including one commenter's inability to resolve a dispute involving two accounts and one commenter's unsubstantiated doubt regarding Comerica. Another commenter has questioned Comerica's denial of his application to participate in a financing program for senior citizens. The Board has

Convenience and Needs Considerations

In considering the applications under section 3 of the BHC Act, the Bank Merger Act, and the Federal Reserve Act, the Board must consider the convenience and needs of the communities to be served by the institutions and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.²¹

The Board has received fifty-one comments regarding the CRA performance records of Comerica and Manufacturers.²² Twenty-five Michigan community organizations and individuals commented in support of the merger and have commended the CRA activities of Comerica and Manufacturers in that state. A number of these commenters noted that both banking institutions have provided financing and other support for various community development activities, particularly within low- and moderate-income and minority communities in Detroit. For example, the City of Detroit Finance Department commented that Comerica Bank and Manufacturers Bank played leadership roles in the creation of a CRA agreement for approximately \$2 billion between the City of Detroit and various lending institutions, and that both banks actively continue to contribute resources to community groups and major redevelopment initiatives in Detroit. Twenty Illinois community organizations and individuals, including two state legislators, also commented in support of the merger. These commenters praised

reviewed these comments in light of all the facts of record in this case, including the examination reports by appropriate federal agencies and informal investigations of some complaints by the Federal Reserve Bank of Chicago. Based on this review, and taking into account these comments, the Board concludes that the financial and managerial considerations relating to the proposal are favorable.

21. 12 U.S.C. § 2903.

22. One comment not related to the CRA maintained that the merger will result in the loss of 1800 jobs. Comerica has responded that most staff reductions will occur through early retirement under an enhanced retirement benefit program or attrition. Employees who are terminated as a result of the proposal will be entitled to a number of programs that include financial compensation, benefits continuation, and employee career assistance.

the CRA activities of Manufacturers's subsidiary bank, Affiliated Bank, in Illinois, noting that Affiliated Bank is actively involved in supporting community development groups, including efforts towards increasing affordable housing.²³

The Board also has received six comments from individuals and community organizations that raise concerns regarding the efforts by Comerica and Manufacturers to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, primarily in the cities of Detroit and Grand Rapids, Michigan, and Chicago, Illinois ("Protestants").²⁴ Specifically, Protestants allege that:

- (1) CRA performance by Comerica Bank and Manufacturers Bank in low- and moderate-income neighborhoods, particularly downtown Detroit, is inadequate in the areas of ascertaining credit needs, marketing credit products and lending; and
- (2) Comerica has failed to meet the credit needs of low- and moderate-income and minority communities in Grand Rapids, particularly in the areas of conventional and FHA mortgage lending and home improvement lending.²⁵

23. For example, one commenter praised Affiliated Bank for making loans on single room occupancy properties ("SRO") in low- and moderate-income communities and participating in educational seminars to increase the availability of SRO financing. Other commenters praised Affiliated Bank's efforts to develop affordable housing for the elderly.

24. These comments were submitted by Michigan Association of Community Organizations For Reform Now and Michigan Apartment Owners Association and Preservation Management Corporation, both in Detroit, Michigan; Coalition for Community Reinvestment (including South East Economic Development, Inc.) in Grand Rapids, Michigan; Illinois Association of Community Organizations for Reform Now and Local 880 of the Service Employees International Union (AFL-CIO) jointly, both in Chicago, Illinois ("Chicago Protestants"); and an Illinois state legislator. Chicago Protestants' comments were subsequently withdrawn as a result of discussions between Chicago Protestants, Comerica, and Manufacturers that resulted in an agreement to address issues raised by the Chicago Protestants, including by establishing a special mortgage lending program for low-income areas in Chicago.

25. One Protestant also expressed concern that the merger would jeopardize an existing agreement between a subsidiary bank of Manufacturers and the Protestant regarding lending over a three-year period in certain Grand Rapids census tracts. After these comments were filed, Comerica committed to honor this agreement. This Protestant also submitted a copy of a 1990 request for reconsideration of the Board's approval of Comerica's application to acquire two California banks (*Comerica, Incorporated*, 77 *Federal Reserve Bulletin* 131 (1991)) and noted that it had not received a response. The Board has no record of this request. Under the Board's Rules of Procedure, the standard for determining whether a reconsideration request will be granted is whether the request presents "relevant facts that, for good cause shown, were not previously presented to the Board." The Board has reviewed the copy of the request submitted by Protestant and concluded that the request takes exception to the Board's conclusions or weight given to the evidence in the record but fails to provide relevant facts that were not previously presented to the Board. Accordingly, this request would not have warranted reconsideration of the Comerica Order.

Protestants also allege, on the basis of data reported under the Home Mortgage Disclosure Act ("HMDA"), that subsidiary banks of Comerica and Manufacturers have engaged in illegal discriminatory lending practices in Detroit and Grand Rapids.²⁶

The Board has carefully reviewed the CRA performance records of Comerica, Manufacturers, and their subsidiary banks, as well as all comments received, and the responses to those comments, and all of the other relevant facts, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").²⁷

Record of Performance under the CRA

A. CRA Performance Examinations

The Agency CRA Statement indicates that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution. The Board has reviewed the overall records of performance under the CRA of these institutions, as well as the programs and policies that Comerica and Manufacturers have in place to fulfill their CRA responsibilities on an ongoing basis in light of the information provided and the views expressed by the commenters in this case. The Board has also reviewed the CRA examination records of these institutions.²⁸

Initially, the Board notes that all of Comerica's subsidiary banks have received at least a "satisfactory" rating from their primary supervisors in their most recent examination for CRA performance.²⁹ In partic-

26. Protestants in Grand Rapids have also criticized the accuracy of Comerica's HMDA data and have noted that racial data are missing for certain loans denied by Comerica's bank in Grand Rapids. Comerica has responded that some of these loans were indirect mobile home applications from dealers who are not required to collect racial data. These Protestants also have requested that the Board examine Comerica's lending criteria and investigate its lending practices by using "testers."

27. 54 *Federal Register* 13,742 (1989).

28. The Agency CRA Statement explains that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution. The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process. 54 *Federal Register* 13,745 (1989).

29. Comerica Bank-Texas, Dallas, Texas, received an "outstanding" performance rating from the FDIC as of October 1991. Plaza Bank of Commerce, San Jose, California, and Comerica Bank California (formerly Bank of Industry), City of Industry, California, both received "satisfactory" ratings from the FDIC in 1991 and 1988, although they were not Comerica subsidiaries at the time of their examinations. Comerica Bank-Florida, F.S.B., Clearwater, Florida (formed by Comerica in late 1990) has been examined for CRA

ular, Comerica Bank, which is Comerica's lead bank in Detroit and accounts for approximately 84 percent of the assets of Comerica, received an "outstanding" CRA performance rating from the Federal Reserve Bank of Chicago as of March 1991.

All of the subsidiary banks of Manufacturers also have satisfactory CRA performance ratings in their most recent examination by their primary regulators.³⁰ Manufacturers Bank, which is Manufacturers's lead bank in Detroit and accounts for approximately 87 percent of its assets, received a "satisfactory" CRA performance rating from the OCC as of July 1990. Affiliated Bank, Manufacturers's Illinois bank subsidiary, also received a "satisfactory" CRA performance rating as of August 1991 from the FDIC.

B. Corporate Policies

Comerica, Manufacturers and their subsidiary banks have in place the types of policies and procedures that the Board and other federal bank supervisory agencies have indicated contribute to an effective CRA program. For example, Comerica has established a CRA program to supervise and review the CRA performance of its subsidiary banks. CRA plans are developed for each subsidiary bank by the holding company and the Corporate Community Reinvestment Officer with input from each bank's executive management and CRA Committee. The plans are developed after a review of each bank's self-assessment of its CRA activities and incorporate specific initiatives related to the CRA performance categories and assessment factors designated by the federal banking regulators.

Comerica's subsidiary banks prepare a quarterly report reflecting the status of all initiatives addressed in the CRA Plan. The quarterly self-assessments and status reports are reviewed by the holding company as well as by each bank's CRA Committee and a committee of the bank's board of directors. Comerica's full board of directors reviews the CRA activities of the subsidiary banks and monitors their performance with the assistance of the holding company's Corporate

Public Affairs Department and Corporate Community Reinvestment Division.

Each Comerica subsidiary bank has policies and procedures in place to ensure that the bank's board of directors and management are involved in formulating CRA policies and monitoring CRA performance. For example, Comerica Bank's board of directors has established a CRA committee with responsibility for monitoring CRA performance, which reports to the full board of directors on a quarterly basis. Comerica's Corporate Community Reinvestment Officer administers and develops Comerica Bank's CRA plan and reports directly to the President of the bank. In addition, training and review procedures regarding CRA compliance have been incorporated throughout Comerica Bank's system. Its board of directors also reviews the types of credit offered at least annually for compliance with the CRA.

In 1991, Comerica Bank created the position of CRA Coordinator to implement the CRA plan for eight Michigan regions outside of southeastern Michigan that are within the service area of Comerica Bank-Detroit (the "outstate regions").³¹ The CRA Coordinator monitors CRA efforts in each outstate region and prepares a quarterly Community Reinvestment Plan status report which is made available to the public and distributed to local organizations. The CRA Coordinator also conducts CRA training for branch and corporate personnel.

Manufacturers also has instituted policies and programs of the type outlined by the Agency CRA Statement. For example, Manufacturers has adopted a corporate CRA Mission Statement and CRA staff conduct quarterly meetings for the Corporate CRA Coordinators' Committee and Corporate Community Support Committee. In addition, each of Manufacturers's subsidiary banks has a designated CRA compliance officer that attends a CRA compliance review sponsored by the holding company on a quarterly basis where policies and procedures are reviewed. The board of directors for Manufacturers' subsidiary banks review and approve the bank's CRA statement and each component of the CRA program on an annual basis.

Comerica's CRA programs and policies will be adopted by the merged organization. After the consolidation, each subsidiary bank will have a CRA board committee to focus on that bank's CRA compliance

performance by the OTS; however, a public rating is not available. Comerica Bank-Midwest, N.A., Toledo, Ohio (a limited-purpose credit card bank), and Comerica Trust Company of Florida, N.A., Boca Raton, Florida, have not been examined for CRA performance by their primary regulator.

30. Manufacturers Bank-Wilmington, Newark, Delaware, a limited-purpose credit card bank, has received a "satisfactory" rating from the FDIC as of January 1992. Manufacturers National Bank of Ann Arbor, Ann Arbor, Michigan, and Manufacturers Bank and Trust Company of Florida, N.A., Palm Beach Gardens, Florida, both received "satisfactory" CRA performance ratings as of July 1990 and August 1991, respectively. Stanford State Bank, Stanford, Illinois, which is a limited-purpose, state chartered bank, currently is inactive.

31. These regions include Jackson, Kalamazoo, Lansing, Midland, Muskegon, Battle Creek, Ann Arbor, and Grand Rapids. Comerica represents that management of Comerica Bank's operations in the outstate regions have each instituted their own CRA plans that are similar to the CRA plan for southeastern Michigan and are tailored to meet the specific credit needs of each market.

strategy, and a CRA/Community Support Management Committee to ensure compliance with the CRA throughout the entire organization. These committees will report to the parent holding company on a regular basis. In addition, the executive officer charged with overall CRA compliance for Comerica will be the senior vice president in charge of Corporate Public Affairs who will report directly to the President of the holding company. A Corporate CRA Coordinating Committee, which will include the employees from each depository institution with primary CRA responsibility for that institution, will be established to ensure that all of Comerica's depository institutions are uniformly applying corporate CRA-related policies and procedures and will meet on a scheduled basis. In addition, Comerica will incorporate into the existing Comerica CRA Plan those elements of Manufacturers's Community Support Program that will expand and enhance the existing CRA Plan.³²

C. Ascertainment and Marketing Efforts

Comerica Bank has a formal outreach program designed to establish and maintain an ongoing line of communication between the bank and its community regarding the need for credit products and services. Comerica Bank ascertains credit needs through direct forms of community contact initiated by directors, management, and staff of the bank. For example, the bank's branch managers have an established Branch Manager's Calling Program for community contacts.³³ Other components of the calling program target small businesses and realtors.³⁴ Comerica Bank solicits comments from customers at all bank facilities, and the results of these comments and the bank's responses are reviewed by the bank's President and Vice Chairman of the board of directors on a monthly basis. Members of Comerica Bank's board and management also ascertain community credit needs through participation in numerous community organizations.

Contacts with community groups are formally maintained through Comerica Bank's Community Relations Officer. Comerica Bank has also implemented a series of Focus Group meetings for suburban and Detroit consumers and community leaders through

which the bank ascertains community awareness of its credit products and services. In Grand Rapids, quarterly CRA Status Reports are sent to a number of community and civic organizations to provide a means for the community to become aware of and respond to Comerica Bank's efforts and provide input to improve CRA performance.

Comerica Bank uses information gathered through its outreach process to develop credit products to help meet identified credit needs and to market these products. One example of a product developed by this process was a secured bankcard loan product introduced in 1990 to assist low-income loan applicants and others in establishing a retail credit history. Comerica Mortgage Corporation has also developed a mortgage application kit which is provided in response to loan requests and is available at each of the bank's branches.³⁵

Comerica Bank markets its products using various media, including local newspapers, radio stations, community newspapers, brochures, and personal contacts designed to reach all members of its service community, including low- and moderate-income customers.³⁶ A number of advertisements promoting revolving credit and home equity loans were placed with radio stations that target minority individuals. Comerica Bank also communicates information about credit products and programs through its publication, "Comerica Partnerships," which is distributed quarterly to over 3,000 community groups, to each of the bank's branches, and to all employees. Comerica and the Michigan Small Business Development Center Network have published a Small Business Resource Directory that is distributed at seminars and similar events to assist small business owners in obtaining credit.

Manufacturers also ascertains community credit needs and markets credit products in a manner consistent with the Agency CRA Statement. For example, Manufacturers Bank maintains an ongoing dialogue with governmental officials, community coalitions and small business organizations. In addition, Manufacturers Bank has established an officer call program to

32. Portions of Manufacturers's corporate policies and procedures to be adopted for all banks in the Comerica system include uniform standards, procedures and formatting for CRA statements, a corporate CRA Policy Implementation Committee to ensure consistent implementation of corporate CRA policy, internal audit standards for CRA compliance, and CRA compliance training.

33. Comerica managers made 5,000 calls to community groups, businesses and individuals under this program in 1990.

34. Comerica Bank's Real Estate calling program is conducted through Comerica Mortgage Corporation, a subsidiary of Comerica Bank.

35. Comerica Mortgage Corporation's Market Focus Committee has responsibility for developing new products in response to identified credit needs.

36. Comerica's marketing efforts in Grand Rapids also account for low- and moderate-income consumers. For example, Comerica advertises its mortgage and other housing credit products in Grand Rapids in a local daily newspaper, a local monthly magazine, two minority newspapers, and nine neighborhood newsletters. In addition, Comerica has placed Spanish advertisements in a Spanish language telephone directory and has distributed a mortgage/home improvement brochure in English and Spanish. Comerica intends to expand its efforts in targeted marketing to low- and moderate-income and minority consumers in 1992.

develop contacts with smaller neighborhood groups, and has surveyed by mail a significant number of neighborhood and small business groups and Detroit churches in 1989 and 1990 as part of its overall ascertainment efforts.

Manufacturers Bank's marketing efforts are also designed to reach all segments of its community, including low- and moderate-income neighborhoods. In addition to advertising credit products in traditional media sources, Manufacturers Bank uses outreach meetings with community groups, promotional mailings to Detroit realtors and home improvement contractors, and neighborhood billboard advertisements.³⁷ These marketing efforts have emphasized mortgage and home improvement loans.³⁸

Comerica has committed to enhance its ascertainment and marketing efforts by incorporating some of Manufacturers's initiatives for the combined institutions. In this regard, Comerica subsidiary banks will use the comprehensive written surveys for ascertaining local credit needs currently used by Manufacturers's banks. These surveys are sent biannually to community leaders, neighborhood groups, churches and others interested in community and economic development. The results of the survey are analyzed and reviewed with each bank's executive management and, as appropriate, issues identified are incorporated into the development of each bank's CRA plan. Comerica will also adopt certain non-traditional means of marketing used by Manufacturers's banks to advertise its products to residents in low- and moderate-income neighborhoods.³⁹

D. Lending and Other Activities

The Board has reviewed lending and other activities of Comerica and Manufacturers in light of the Protestants' comments regarding CRA performance in various communities. In each of these communities, Comerica and Manufacturers have put in place a number of programs designed to help meet the credit needs of

the communities in which they are located, including the following.

Detroit. Comerica Bank's housing-related lending program features home improvement loans, an identified area of credit need in Detroit. In 1990, Comerica Bank extended 783 home improvement loans in Detroit, making 48 percent of these loans in low- and moderate-income neighborhoods and 58 percent in neighborhoods with a minority population greater than 89 percent. In addition, Comerica Bank engages in mortgage lending activities in low- and moderate-income and minority neighborhoods in Detroit, and its geographic distribution of mortgage loans in these areas exceeds the average for all HMDA reporting lenders. The total dollar volume of housing-related loans extended by Comerica Bank in Detroit also increased between 1989 and 1990.⁴⁰

Total lending for home mortgage and home improvement loans extended by Manufacturers Bank increased substantially between 1989 and 1990.⁴¹ Manufacturers Bank's housing loans were also geographically distributed throughout its service area. Thirty-five percent of the bank's mortgages in Detroit in 1990 were in low- and moderate-income neighborhoods, while 14 percent of these loans were made to borrowers in predominately minority neighborhoods and 48 percent were in integrated census tracts. Manufacturers Bank extended 59 percent of the home improvement loans in Detroit in 1990 to low- and moderate-income areas and 65 percent were extended to borrowers in predominately minority neighborhoods.

Comerica Bank and Manufacturers Bank are also involved in programs that provide access to non-conventional mortgage financing, including federal, state, and local programs. For example, Comerica Bank and Comerica Mortgage Corporation increased their FHA/VA loan volume from \$500,000 in 1988 to \$31.8 million in 1990. In addition to offering FHA and VA mortgages, both banks participate in the Michigan State Housing Development Authority ("MSHDA") mortgage program. The MSHDA program offers home loans with lower than market interest rates and alternative credit guidelines to applicants within certain income ranges. Both banks also participate in the Michigan Home Initiative, which, through the Federal Home Loan Mortgage Corporation, provides mortgages with flexible credit underwriting criteria to ap-

37. Manufacturers Bank has a direct-mail marketing program that is designed to reach individuals living within the low-income and minority neighborhoods within the city of Detroit.

38. Affiliated Bank also maintains regular contacts with individuals and groups and ascertains credit needs by conducting surveys, initiating Community Assessment Questionnaires, and by making direct contacts through the bank's formal call programs. Senior management reviews the results of these outreach efforts and uses information gathered to develop new products. In addition, Affiliated Bank has established a marketing program for its credit products which includes traditional advertising media as well as non-traditional methods to reach consumers in low- and moderate-income neighborhoods.

39. These advertising methods include billboards, flyers, seminars, targeted direct mail, placards on buses, and selected use of television and radio stations with minority audiences.

40. Comerica Bank made 956 housing-related loans in Detroit in 1990, totalling \$10.2 million, and 1,201 loans in 1989, totalling \$9.2 million.

41. Government-guaranteed and conventional mortgage and home improvement lending by Manufacturers Bank in Detroit increased from 218 loans in 1989, totalling \$2.6 million, to 1,199 loans in 1990, totalling \$7 million.

plicants who have received credit counseling under the program. In addition, both banks participate in the Partners United Mortgage Program administered by a consortium of lenders that provides for lower down payments and alternative credit underwriting criteria exclusively for properties within the city of Detroit.

Comerica and Manufacturers are also involved in the development and offering of new mortgage products in Detroit. Comerica is participating in Phase II of the Home Rehabilitation Program of the Detroit Neighborhood Investment Corporation, which will provide Detroit residents with below-market rate mortgage loans and use alternative underwriting criteria, and Comerica also acts as servicing agent for Phase I of the program. In addition, Comerica recently began offering a new mortgage product, the FHA 203(k) program, which is a federal program providing funding for home improvements prior to purchase. Under this program, the loan would begin as home improvement funding and would be converted to a mortgage once the dwelling conforms to Detroit's building code requirements.

Both Comerica Bank and Manufacturers Bank employ flexible underwriting criteria, such as a higher allowable debt-to-income ratio, the use of rent, utility, and other types of payments as a basis to develop credit history, and modification of usual minimum employment requirements. In addition, Comerica Bank and Manufacturers Bank each participate in the Detroit Mortgage Plan Review. Under this program, applicants who are denied mortgage loans can request that their loan applications be reviewed by a committee composed equally of representatives from the community and financial institutions.⁴² Both banks also have internal review procedures for all mortgage loan applications in Detroit that are recommended for denial.⁴³

In the area of small business lending, Comerica Bank has extended more than \$11 million in new credit in Detroit during the fourth quarter of 1991, for a total of \$30.9 million in 1991. Comerica Bank also made 15 SBA loans for a total of \$4.1 million in 1991. Comerica Bank has disbursed a total of 117 loans to small businesses, totalling \$4.1 million, during 1991 under the Michigan Strategic Fund's Capital Access program. In addition, Comerica Bank sponsors many small business workshops and presentations within its

local community through which it provides technical assistance and financial expertise.

Comerica and Manufacturers also participate in a number of local community development projects in Detroit. Comerica Bank's community development activities include the Detroit Neighborhood Investment Corporation, Detroit Neighborhood Housing Services, Inc., and Housing Initiative Program of the United Way of Oakland County.⁴⁴ Manufacturers has recently initiated the Manufacturers Bank Community Economic Development Fund, which is administered through the Community Foundation for Southeastern Michigan, for the purpose of making grants to community based economic and housing development programs. Comerica has committed to continue this fund after the merger, and will adopt Manufacturers's criteria for involvement with community groups and corporate contribution guidelines designed to provide direct financial support to organizations interested in community development.

Grand Rapids. Comerica restructured its CRA-related activities in Grand Rapids after the consolidation in May 1991 of Comerica Bank, N.A., Jackson, Michigan ("Comerica-Jackson"), into Comerica Bank in Detroit. The Grand Rapids region is now incorporated into the community service area of Comerica Bank, and Comerica's CRA Coordinator will implement and monitor Comerica Bank's CRA program for the outstate regions to strengthen outreach, ascertainment and lending performance in minority communities in Grand Rapids.⁴⁵ As a result of this restructuring, Comerica has enhanced the steps initiated by Comerica-Jackson in CRA-related lending and other activities.

For example, Comerica Bank and Comerica Mortgage Corporation offer liberalized underwriting criteria on conventional fixed rate mortgage products for low- and moderate-income individuals in service areas, including Grand Rapids. These steps include increasing conventional mortgage underwriting ratios for housing expenses and total debt, permitting a down payment from sources other than borrower's own funds, use of alternative documentation to complete applicant's credit history, inclusion of non-taxable income in gross income for purposes of underwriting criteria, flexible considerations relating to applicant's employment history, and consideration of nonfinancial equity for a down payment in conjunction with a formal program with a non-profit neighborhood hous-

42. Comerica and Manufacturers provide brochures explaining the Detroit Mortgage Plan and its procedures to individuals who are declined a mortgage or home improvement loans. These brochures are also available in the banks' branches.

43. In addition, Comerica Bank has committed to continue to retain any loan not meeting guidelines for sale on the secondary market in its own mortgage portfolio in order to eliminate such considerations from credit decisions on applications for mortgage loans.

44. Comerica Bank invests in a number of local bond issues and has participated as underwriter (or selling group member) in a number of state authority issues.

45. Four training sessions were held in the Grand Rapids region in 1991 under this program.

ing organization. Comerica also has initiated flexible appraisal procedures.

In addition, Comerica will introduce a special Community Support Mortgage product into the Grand Rapids service area. This credit product was developed by Manufacturers Bank in Detroit and was designed to overcome or minimize many of the factors that neighborhood organizations believed prohibited home ownership by low-income individuals.⁴⁶ Comerica has committed to conduct a housing-related focus group project with the University of Michigan to enhance the effectiveness of this product in low-income areas of Grand Rapids.

Comerica also has initiated steps to increase home improvement lending in service areas like Grand Rapids. In the case of creditworthy applicants, Comerica will advance 100 percent of the equity in the borrower's home as an exception to its normal 70 percent of equity limitation. Comerica also has eliminated in most cases its second mortgage lien requirement for home improvement loans under \$7500, and makes home equity loans available to borrowers purchasing their home through land contracts.

Low- and moderate-income housing initiatives in Grand Rapids are also supported by Comerica through its participation in the Michigan Multi-City Local Initiative Support Corporation ("LISC"). The Multi-City LISC has provided funding to support the development of low-income housing units and commercial space in Grand Rapids, and is developing a rent-to-own program for 30 homes in the Grand Rapids central city. Comerica's Regional President for Grand Rapids serves on the LISC Board and members of his staff provide technical support and services to the Multi-City LISC.⁴⁷

Comerica offers financial services designed to help in meeting the needs of low- and moderate-income individuals in Grand Rapids, including a basic checking and basic savings account. Comerica also provides government and non-customer check cashing services at a fee comparable to other banks in the area, and the bank's secured bankcard product is available to Grand Rapids customers. In addition, Comerica has committed to establish an automated teller machine ("ATM") in the central city of Grand Rapids by year-end 1992.⁴⁸

46. These factors included closing costs and high down payments. The Community Support Mortgage product minimizes closing and pre-paid expenses and is available with a 5 percent down payment and requires no private mortgage insurance.

47. Comerica has committed to lead a second fund-raising effort by the Multi-City LISC.

48. Comerica had previously committed to explore the establishment of an ATM in the central city area of Grand Rapids. See *Comerica, Incorporated*, *supra* at 133. Comerica initially investigated the feasibility of establishing a branch combined with an ATM, but, in light of economic considerations, reinstated its plans to establish an

Comerica has also increased its efforts in small business lending in Grand Rapids and currently offers conventional and government-guaranteed small business lending programs.⁴⁹ The total dollar volume of Comerica's small business loans increased in 1991 to \$8.9 million from \$5.8 million in 1990. The percentage of such loans to small businesses located in the central city area of Grand Rapids increased to 49 percent in 1991, totalling \$4.1 million, from 20 percent, totalling \$1.2 million in 1990. Comerica has also participated since 1990 in the Grand Rapids Commercial Lenders Committee, a consortium of banks, community organizations, and the city of Grand Rapids, to develop a loan program to help meet the needs of small businesses.⁵⁰ Comerica participates in government-sponsored small business lending programs such as the State of Michigan's Capital Access Loan Program and the SBA's 504 loan program.

Community organizations serving low-income and/or minority neighborhoods in Grand Rapids are also supported by Comerica. Comerica also participates in special credit programs such as the Grand Rapids Neighborhood Development Interest Subsidy Program. Comerica has committed to establish a grant program with the Grand Rapids Community Foundation targeted to provide financial assistance to specific groups interested in community development.

Chicago. Affiliated Bank was established by Manufacturers in late 1990 by the consolidation of several bank subsidiaries into one institution, and will account for approximately 6 percent of the assets of Comerica after consummation of the proposal. Following its establishment, Affiliated Bank's management implemented a substantial change in strategic planning from wholesale banking to retail markets and significantly redefined the bank's service areas. Accordingly, its CRA programs are not as well-established as Manufacturers Bank's programs in Detroit. Nevertheless, Affiliated Bank has put in place corporate CRA poli-

ATM alone. Comerica has committed that the proposed ATM will be a full service machine permitting withdrawals, transfers, inquiries, deposits and payments.

49. Comerica expanded its Small Business Loan Calling Program in Grand Rapids. In 1990, Comerica made 566 calls while in 1991 calls on existing and potential customers increased by 25 percent to 709. Comerica also sponsors seminars on preparing loan proposals and other business issues and provides technical advice on loan proposals on behalf of the Grand Rapids Opportunities for Women and the Grand Rapids Area Chamber of Commerce.

50. Comerica participated with the Committee to develop and distribute a small business information brochure containing information on government loan programs and alternative sources of financing and assistance. The Committee also developed a system to track small business loan applications, denials, and withdrawals in an effort to identify creditworthy applicants who are denied loans and to offer alternative financing programs to such applicants.

cies and programs to assist in meeting the credit needs of low- and moderate-income communities.

For example, both directors and officers of Affiliated Bank are involved in planning and monitoring CRA performance through a CRA Management Plan. In addition, the bank has established special loan programs in various communities for residential mortgages on one-to-four family units and mixed-use and commercial acquisitions.⁵¹ Affiliated Bank has provided financing for the purchase and rehabilitation of multi-family housing units for a local housing group, rehabilitation of low-income apartment buildings, and acquisition of SRO buildings in response to community needs. Affiliated Bank also participates in local community development projects and government guaranteed loan programs.⁵² The credit needs of local municipalities are supported by Affiliated Bank through the purchase or underwriting of bond issues.⁵³ Local communities also are supported through participation in community organizations and events.⁵⁴

In response to comments filed in this application, Comerica has committed to expand significantly Affiliated Bank's delineated service communities in Chicago. This expansion will add approximately 270 new census tracts of which approximately 200 are in low- and moderate-income areas.⁵⁵ To serve this expanded area, Comerica has also committed to increase its efforts in mortgage and consumer lending and to monitor closely the effectiveness of Affiliated Bank's CRA-related activities in these communities.⁵⁶

Comerica will establish three mortgage loan origination centers within the northern, central and southern portions of the new delineated area at strategic locations to be determined after discussions with neighborhood organizations. Marketing programs for these

centers will be designed in conjunction with neighborhood organizations and include non-traditional means of advertising to reach the maximum number of potential mortgage loan applicants.⁵⁷ In addition, Comerica will establish a fee-based incentive program for non-profit organizations—operating in low-income areas and participating in Affiliated Bank's counseling program—that refer mortgage applicants to the bank.

Comerica also will establish a separate consumer credit function staffed by six individuals with responsibilities that include developing and promoting new products, working with community groups to develop special programs to meet local credit needs, and developing effective advertising targeted to low- and moderate-income and minority areas. The consumer credit function will target all consumers in the expanded area, including focused attention on low- and moderate-income and minority residents and community group cooperative.⁵⁸ Comerica will also expand Affiliated Bank's community outreach and calling programs through contacts with additional community organizations in identified low-income areas.⁵⁹

In order to monitor the effectiveness of service to this expanded community, the Community Reinvestment Representatives at Affiliated Bank will report directly to the Corporate Community Reinvestment Officer at the holding company level. Comerica will also establish a CRA Committee at Affiliated Bank composed of representatives from executive management, branch system and consumer lending areas to meet on a monthly basis to assess the activities of the bank in the areas of community outreach and product development, marketing and ascertainment of credit needs, and lending activity in low- and moderate-income communities within the expanded service area. The CRA Committee will be co-chaired by the Comerica's Corporate Community Reinvestment Officer or a designee from the corporate community reinvestment staff and will report quarterly to a standing committee of Affiliated Bank's board of directors. In addition, Comerica's Corporate Community Reinvestment Officer will meet at least quarterly with the Federal Reserve Bank of Chicago staff to review Affiliated Bank's CRA program.

51. Affiliated Bank was recently certified as an FHA/VA lender and Comerica has committed to hire an FHA/VA underwriter.

52. Affiliated Bank had \$1.5 million outstanding in SBA loans as of June 30, 1991. In addition, Affiliated Bank recently became an authorized lender under the FHA Home Improvement (Title I) Loan Program and is an authorized lender under the State of Illinois' Guaranteed Student Loan Program. Affiliated Bank has also recently participated in community development programs such as the Illinois Economic Recovery Deposit Program, and the Housing Linked Deposit Program, and is involved in the City of Chicago Bank Participation Program.

53. As of August 1991, local municipal issues represented \$32.2 million, or 7 percent, of the bank's investment portfolio. The bank's loan portfolio includes industrial revenue bonds and other tax-exempt loans, primarily involving entities within the bank's delineated community.

54. Financing and technical assistance have been provided to neighborhood economic development groups, including Howard Area Community Center, Howard/Paulina Development Corporation, Rogers Park Community Council, and Edgewater Community Council.

55. Affiliated Bank's new service area includes over 50 percent of the low- and moderate-income census tracts in Chicago.

56. The FDIC will monitor compliance with these commitments in an inspection visitation to be scheduled within 12 months of consummation of the acquisition.

57. Promotional programs will include brochures for direct mailings and handouts by community groups, and advertising in community and church newsletters.

58. Consumer credit products offered will include personal loans and unsecured lines of credit, home equity and improvement loans, and automobile and student loans.

59. Comerica will establish a Community Advisory Council to strengthen Affiliated Bank's ascertainment efforts in low-income communities. This group will meet quarterly and will include representatives from low-income areas within Affiliated Bank's delineated service area.

E. HMDA Data and Lending Practices

The Board has reviewed the 1990 HMDA data reported by subsidiaries of Comerica and Manufacturers, and Protestants' comments regarding these data and 1989 HMDA data. Due to recent amendments to the HMDA, these banks were required for the first time to report the information regarding both loan approvals and denials to the banking agencies and the public. This information includes data on the race, gender and income of individual applicants, as well as the location of the property securing the potential loan and the disposition of the application.

Data cited by the Protestants show disparities in rates for housing-related loan applications, approvals, denials and withdrawals that vary by racial or ethnic group and income level in certain areas of Detroit, Grand Rapids and Chicago.⁶⁰ Several Protestants have alleged illegal discriminatory lending practices on the basis of these data in Detroit and Grand Rapids.

Because all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also assure equal access to credit by creditworthy applicants regardless of race, the Board is concerned when the record of an institution indicates disparities in lending to minority applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in the communities that the institution serves. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

The most recent examinations for CRA compliance and performance conducted by bank supervisory agencies found no evidence of illegal discrimination or other illegal credit practices in the subsidiary banks of Comerica and Manufacturers in Detroit, Grand Rapids

and Chicago.⁶¹ In the case of Comerica Bank and Affiliated Bank, these examinations specifically considered the results of 1990 HMDA data,⁶² and samplings of rejected loan applications.

Comerica has also taken steps designed to improve its lending to minorities and low- and moderate-income neighborhoods in Detroit, Grand Rapids and Chicago. For example, Comerica has recently instituted an action plan to encourage minority mortgage applicants in regions served by its banks outside Detroit that focuses on community outreach, real estate agents and marketing as effective means to increase loan applications from minorities.⁶³ Under this plan, targeted community, religious and civic organizations will be selected to assist Comerica in reaching minority communities.

These groups will receive product brochures from Comerica Mortgage Corporation and mailings expressing Comerica's willingness to make mortgage loans to their constituents and opportunities to meet with loan officers from Comerica's Speakers Bureau program. In addition, Comerica's business development representative will target real estate agencies that are actively involved in listing and financing houses in low- and moderate-income areas for increased outreach calls. Comerica also will develop a list of minority newspapers, publications, community newsletters, church bulletins and special interest newsletter for marketing its mortgages to minority communities. The success of these initiatives will be monitored by Comerica through its quarterly CRA reporting system in each of its regions.

Comerica also will conduct credit counseling programs in Detroit, Grand Rapids and Chicago. In Detroit, credit counseling will be provided through Manufacturers's Homebuyer's Guidebook and Counseling program. Under this program, Manufacturers provides counseling services with participating community groups together with a Homebuyer's Guidebook developed by the bank to help potential homebuyers better understand the home buying process and mortgage financing procedures.⁶⁴ Comerica has also com-

60. One Protestant also maintains on the basis of 1990 HMDA data for loan applications by minorities that Manufacturers Bank of Lansing, Lansing, Michigan ("Manufacturers-Lansing"), is not meeting the credit needs of these communities. Analysis of these data shows that Manufacturers-Lansing's incidence of applications from, and lending to, minorities broadly corresponds to its approximately 10 percent minority population. This Protestant also submitted summaries of data based on 1990 HMDA reports regarding lending activities by Comerica Mortgage Corporation in the outstate regions of Lansing, Muskegon, Kalamazoo, Battle Creek, and Jackson. When these data are considered with lending data from Comerica, N.A., Comerica's lending in these areas shows improvement but also indicates some areas where housing-related lending in less affluent and minority communities could be strengthened. In this regard, Comerica has established a CRA committee to develop specific programs and products for the outstate regions, and an action plan to increase loans to minorities in these areas.

61. Affiliated Bank's CRA performance examination noted isolated, technical violations of applicable credit regulations. Management has committed to take corrective measures to address all these matters.

62. Examiners in Comerica Bank reviewed 1990 data from bank's supporting documents that were used for the preparation of its 1990 HMDA report.

63. Comerica recently has installed geocoding and mapping software that will assist in monitoring distributions of loans on the basis of geography and individual loans.

64. Manufacturers developed the Homebuyer's Guidebook in 1990 with input from the Manufacturers's Community Advisory Council, several neighborhood-based organizations, HUD, and the non-profit Credit Counseling Centers, Inc. The counseling services are provided by either a representative of Manufacturers or a professional in a

mitted to initiate a homebuyers/housing counseling program in Grand Rapids in conjunction with the Michigan Housing Coalition, and a home mortgage counseling program in Chicago with the Illinois Association of Community Organizations for Reform Now ("Illinois ACORN").

In addition to this counseling program, Comerica and Illinois ACORN have agreed to establish a special mortgage program at Affiliated Bank targeted to Chicago neighborhoods with median incomes below 80 percent of median income for the MSA. Mortgages made under this program will feature reduced closing fees, flexible requirements for source of income for cash down payments and income eligibility guidelines, waiver of cash reserve requirements, and flexible credit history guidelines. Illinois ACORN outreach workers will distribute promotional material describing the program throughout the service area and Illinois ACORN loan counselors will provide homebuyer counseling to identify prospective applicants. Any application rejected under this program will be reviewed by Affiliated Bank's senior management.

F. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Several commenters have raised both specific and general concerns about the adequacy of the existing CRA programs of Comerica and Manufacturers. Other comments have commended the CRA performance records of both institutions. Based on a review of the entire record of performance, including information provided by the commenters and the performance examinations by the banks' primary regulators, the Board believes that the efforts of Comerica and Manufacturers to help meet the credit needs of all segments of the communities served by these bank, including low- and moderate-income neighborhoods, are consistent with approval.

The Board recognizes that the record compiled in these applications points to areas for improvement in the CRA performance of both institutions, particularly in Grand Rapids and Chicago. In this regard, Comerica has initiated and has committed to initiate a number of steps designed to strengthen the CRA performance of the combined institutions. The outstanding CRA performance rating received by Comerica Bank, which represents more than 80 percent of Comerica's assets,

reflects Comerica's willingness to address promptly areas where improvements can be made to help meet community credit needs. The Board believes that this record, and the initiatives proposed by Comerica, will help the subsidiary banks of the resulting organization, particularly in Grand Rapids and Chicago, improve their CRA performance and address weaknesses described by several commenters.

In this light, and on the basis of all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of Comerica and Manufacturers, are consistent with approval of these applications. The Board expects Comerica to implement fully the CRA initiatives and commitments discussed in this Order and contained in its applications. Comerica's progress in implementing these initiatives and commitments will be monitored by the Federal Reserve Bank of Chicago and in future applications to expand its deposit-taking facilities.⁶⁵

Other Considerations

Comerica Bank has applied under the Bank Merger Act to merge with Manufacturers Bank. For the reasons discussed in this Order, the Board concludes that considerations relating to competition, financial and managerial resources and future prospects of the existing and proposed institutions, and convenience and needs of the communities to be served are consistent with approval.

Comerica also has applied under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries listed in the Appendix A. The Board has determined by regulation or order that each of the activities of these companies is closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act. The Board has approved applications by Manufacturers to own shares of each of these companies. Comerica has committed to abide by all of the parameters, conditions and commitments relied on by the Board in the

65. Several Protestants have requested that the Board hold a public hearing or meeting on these applications. Under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. §§ 262.3(e) and 262.25(d).

The Board has carefully considered these requests. In the Board's view, interested parties have had an ample opportunity to present written submissions, and Protestants have submitted substantial written comments that have been considered by the Board. In light of these submissions and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, or is otherwise warranted in this case. Accordingly, the requests by Protestants for a public meeting or hearing on this application is hereby denied.

designated homeowners group who receives training from Manufacturers and then works directly with individuals in the community.

relevant orders and regulations regarding these companies.

Comerica operates subsidiaries engaged in nonbanking activities that compete with Manufacturers's subsidiaries. In each case, the markets for these services are unconcentrated and there are numerous providers of these services. In light of these factors and the shares of each of the markets controlled by Comerica and Manufacturers, the Board concludes that consummation of this proposal would not have any significantly adverse effect on competition in the provision of these services in any relevant market. Furthermore, the record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Comerica's application to acquire the nonbanking subsidiaries of Manufacturers.

The Board also has considered Comerica's proposal to acquire MDIC under the Edge Act. Based on the facts of record, and for the reasons discussed in this order, the Board believes that the financial and managerial resources of Comerica are consistent with approval of the acquisition. The acquisition would result in the continuation of international services currently provided and would be in the public interest. Accordingly, the Board finds that the continued operation of this corporation upon acquisition by Comerica is consistent with the Edge Act and Regulation K.

Comerica Bank has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to establish branches at the present sites of Manufacturers Bank, N.A. listed in Appendix B. The Board has considered the factors it is required to consider when reviewing applications for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 322) and, for the reasons stated in this order, finds those factors to be consistent with approval. In connection with its branch applications, Comerica has requested permission under section 24A of the Federal Reserve Act (12 U.S.C. § 371(d)) to make an additional investment in bank premises. The Board concludes that Comerica's additional investment in bank premises will support Comerica's acquisition of the additional Manufacturers Bank premises, and is consistent with approval.

Based on the foregoing, including the conditions described in this Order, and all of the facts of record, including the commitments made by Comerica and Manufacturers and all its subsidiaries in connection with these applications, the Board has determined that

the applications should be, and hereby are, approved. The determinations as to Comerica's nonbanking activities are also subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's approval of this proposal is specifically conditioned on compliance by Comerica and its subsidiaries with these conditions and commitments which are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

The acquisition of Manufacturers's banks and the merger of the banks shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the acquisition of Manufacturers's banks and nonbanking companies shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 19, 1992.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Nonbanking Subsidiaries of Manufacturers National Corporation to be Acquired

(1) *Manucor Insurance Corporation*, Detroit, Michigan, and thereby engage in underwriting, as reinsurer, credit life insurance directly related to extensions of credit by Manufacturers' banking subsidiaries pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y;

(2) *Manucor Agency, Inc.*, Detroit, Michigan, and thereby engage in the sale of insurance directly related to extensions of credit by Manufacturers' subsidiary banks to assure repayment in the event of death, disability or involuntary unemployment pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y;

(3) *Manufacturers Bank and Trust of Florida, N.A.*, Palm Beach Gardens, Florida, and thereby engage in

trust company activities pursuant to section 225.25(b)(3) of the Board's Regulation Y;

(4) *Manufacturers, Federal Savings Bank (In Formation)*, Palm Beach Gardens, Florida, and thereby engage in operating a savings and loan association pursuant to section 225.25(b)(9) of the Board's Regulation Y;

(5) *Manufacturers Affiliated Trust Company*, Chicago, Illinois, and thereby engage in trust company activities pursuant to section 225.25(b)(3) of the Board's Regulation Y;

(6) *Manufacturers Bank-Wilmington*, Newark, Delaware, and thereby engage in operating a credit card bank pursuant to section 225.25(b)(1) of the Board's Regulation Y;

(7) *Wilson, Kemp & Associates, Inc.*, Detroit, Michigan, and thereby engage in providing investment and financial advice pursuant to section 225.25(b)(4) of the Board's Regulation Y;

(8) *Affiliated Asset-Based Lending Services, Inc.*, Morton Grove, Illinois, and thereby engage in lending activities pursuant to section 225.25(b)(1) of the Board's Regulation Y;

(9) *NSCC Leasing Corporation*, Morton Grove, Illinois, and thereby engage in leasing activities pursuant to section 225.25(b)(5) of the Board's Regulation Y; and

(10) *ML, Inc.* (d/b/a/ Magic Line), Dearborn, Michigan, to acquire an additional 11.1 percent for a total of 30.6 percent, and thereby engage in data processing activities pursuant to section 225.25(b)(7) of the Board's Regulation Y.

Appendix B

Branches and Facilities of Manufacturers Bank to be Acquired by Comerica Bank

Detroit

Bloomfield Township

1. 4057 W. Maple
2. 1166 N. Woodward
3. 1749 Woodward
4. 4055 Telegraph
5. 6001 Adams

Brownstown Township

6. 21333 Telegraph

Canton Township

7. 44880 Ford Road
8. 43443 Joy Road

Village of Carleton

9. 1106 Monroe Street

Clinton Township

10. 35795 Gratiot
11. 39200 Hayes

City of Dearborn

12. 13650 Michigan Avenue
13. 22101 Michigan Avenue
14. 13335 W. Warren
15. 850 N. Telegraph
16. 3655 S. Telegraph
17. 16150 Michigan Avenue

City of Dearborn Heights

18. 27300 Cherry Hill
19. 4401 S. Telegraph

City of Detroit

20. 100 Renaissance Center
21. 601 Shelby
22. 14601 Gratiot Avenue
23. 20011 Plymouth
24. 2799 W. Grand Blvd.
25. 21501 W. Eight Mile
26. 1258 Washington Blvd.
27. 13233 E. Jefferson
28. 3031 W. Grand Blvd.
29. 8060 W. Vernor
30. 14530 Livernois
31. 16745 E. Warren
32. 14661 Fenkell
33. 12400 Kelly
34. 18900 Joy Road
35. 2601 E. Seven Mile
36. 13401 W. Eight Mile
37. 20500 Greenfield
38. 19670 Sherwood
39. 2200 W. Fort Street
40. 13500 W. Chicago
41. 411 W. Lafayette
42. 11531 E. McNichols

City of Farmington Hills

43. 29305 Orchard Lake
44. 33452 W. Eight Mile
45. 30840 Northwestern
46. 36600 Grand River

City of Fraser

47. 32200 Gresbeck Hwy.

City of Grosse Pointe Woods

48. 20200 Mack Avenue
49. 21303 Mack Avenue
50. 19419 Mack Avenue

Harrison Township

51. 36375 E. Jefferson

City of Highland Park

52. 14048 Woodward Avenue

City of Livonia

53. 37601 Five Mile Road

54. 31425 Five Mile Road

55. 30905 Plymouth Road

56. 38047 Ann Arbor Road

57. 17111 North Laurel Park Drive

58. 39200 West Six Mile Road

Township of Macomb

59. 15301 Hall Road

City of Melvindale

60. 18225 Allen

City of New Baltimore

61. 32777 23 Mile Road

City of Northville

62. 129 E. Main Street

Northville Township

63. 41660 W. Six Mile

City of Novi

64. 26222 Novi Road

65. 3000 Union Lake Road

66. 21211 Haggerty Road

City of Pleasant Ridge

67. 24028 Woodward Avenue

Plymouth Township

68. 44560 Ann Arbor

Redford Township

69. 26095 Five Mile

70. 24525 Plymouth

71. 26716 W. Seven Mile

City of Rochester Hills

72. 1875 W. Auburn Road

73. 55 W. Avon Road

74. 1435 Walton Blvd

City of Romulus

75. 36450 Goddard

City of St. Clair Shores

76. 30200 Harper

77. 24055 Jefferson

78. 25901 Harper

Shelby Township

79. 7755 Twenty-Three Mile

City of Southfield

80. 24770 Telegraph

81. 15565 Northland Drive

82. 2000 West Twelve Mile Road

83. 27100 Lahser

84. 29201 Telegraph Road

85. 25250 Southfield Road

86. 30455 Southfield Road

87. 2000 Town Center, Suite 140

City of Sterling Heights

88. 34642 Van Dyke

89. 34756 Dequindre

90. 43020 Van Dyke

91. 1955 Eighteen Mile

City of Sylvan Lake

92. 2340 Orchard Lake

City of Taylor

93. 20202 Eureka

City of Troy

94. 4035 Rochester Road

City of Warren

95. 23208 Van Dyke

96. 11441 Twelve Mile Road

West Bloomfield Township

97. 4430 Orchard Lake

98. 33390 Fourteen Mile Road

99. 6070 W. Maple Road

City of Westland

100. 7126 N. Wayne

101. 360 S. Wayne

102. 29049 Joy

Ann Arbor

City of Ann Arbor

103. 75 Scio Church Road

104. 101 N. Main Street

Township of Cambridge

105. 7577 U.S. 12 at M-124

City of Clinton

106. 169 W. Michigan Avenue

Township of Pittsfield

107. 2795 Carpenter Road

Township of Raisin

108. 3737 N. Adrian Highway

City of Saline

109. 114 E. Michigan Avenue

110. 409 E. Michigan Avenue

Lansing

Township of Delta

111. 5510 W. Saginaw Street

112. 901 S. Creyts Road

City of Lansing

113. 101 N. Washington Square

114. 329 E. Grand River Avenue

115. 3316 S. Logan Street

116. 5226 S. Cedar Street

117. 223 N. Clippert Street

118. 5101 N. Grand River Avenue

119. 1110 E. Michigan Avenue

120. 7016 S. Cedar Street

Township of Meridian

121. 4829 Marsh Road

Grand Rapids

Township of Alpine

122. 857 Four Mile Road

City of Coopersville

123. 345 Main Street

124. 31 68th Avenue

City of Grand Rapids

125. 50 Monroe Avenue, N.W. Ste. 150

126. 1969 44th Street, S.E.

City of Grandville

127. 4350 44th Street, S.W.

Township of Plainfield

128. 4564 West River Drive

129. 4214 Plainfield Avenue, N.E.

Township of Wright

130. 14695 16th Avenue

Electronic Facilities Only

City of Dearborn

1. 18900 Michigan Avenue

2. 18101 Oakwood Blvd.

3. Ford World Headquarters

The American Road

City of Detroit

4. Renaissance Center

Tower 100-Level 1

Tower 600-Main Level

5. 4160 John R.

6. 300 River Front Park

City of Flat Rock

7. 22000 Gibraltar Road

City of Highland Park

8. 1200 Lynn Townsend Ave.

City of Livonia

9. 29514 W. Seven Mile

City of Northville

10. 143 Dunlop

City of Southfield

11. 18000 W. Nine Mile Rd.

City of Ann Arbor

12. 3693 Washtenaw

City of Lansing

13. 1217 Oakland St.

14. 501 Executive Drive

15. 407 S. Waverly

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

By the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board

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
County Bancshares, Inc., Troy, Alabama	First Federal Bank, FSB, Tuscaloosa, Alabama (Troy, Alabama branch)	Pike County Bank Troy, Alabama	April 30, 1992
Illinois Financial Services, Inc., Chicago, Illinois	Civic Federal Savings Bank Chicago, Illinois	Metropolitan Bancorp, Inc., Chicago, Illinois	May 1, 1992
Southern National Corporation, Lumberton, North Carolina	First Security Savings & Loan Association, Inc., Pinehurst, North Carolina	Southern National Bank of North Carolina, Lumberton, North Carolina	May 22, 1992
SouthTrust Corporation, Birmingham, Alabama SouthTrust of Georgia, Inc., Roswell, Georgia	SouthTrust Bank of Georgia, Roswell, Georgia	SouthTrust Bank of Georgia, N.A., Atlanta, Georgia	May 22, 1992

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
Fleet/Norstar Financial Group, Inc., Providence, Rhode Island	The New York Switch Corporation, Hackensack, New Jersey	May 11, 1992
Meridian Bancorp, Inc., Reading, Pennsylvania	C.A.S.E. Management, Inc., Malvern, Pennsylvania	May 18, 1992
SouthTrust Corporation, Birmingham, Alabama	to engage de novo in community development activities	May 1, 1992

Sections 3 and 4

Applicant(s)	Bank(s)	Effective Date
First Bank System, Inc., Minneapolis, Minnesota	Siouxland Bank Holding Company, Scottsdale, Arizona	May 19, 1992

APPLICATIONS APPROVED UNDER BANK MERGER 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.

Applicant(s)	Bank(s)	Effective Date
Meridian Bank, Reading, Pennsylvania	Equibank, Pittsburgh, Pennsylvania	May 1, 1992

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
BancWest Bancorp, Inc., Austin, Texas	Westside Bank, San Antonio, Texas	Dallas	May 11, 1992
Berkshire Financial Services, Inc., Lee, Massachusetts	Lee Bank, Lee, Massachusetts Lee National Banc Corp., Lee, Massachusetts	Boston	May 1, 1992
DunC Corp., Belvidere, Illinois	Capron Bancorp, Inc., Capron, Illinois	Chicago	May 12, 1992
Farmers State Bancshares, Inc., Mountain City, Tennessee	Farmers State Bank, Mountain City, Tennessee	Atlanta	May 7, 1992
First Bancorp, Inc., Lebanon, Virginia	The First Bank and Trust Company, Lebanon, Virginia	Richmond	May 12, 1992
Friendship Bancshares, Inc., Meta, Missouri	Mid America Bank, Linn, Missouri	St. Louis	May 7, 1992

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Harleysville National Corporation, Harleysville, Pennsylvania	Summit Hill Trust Company, Summit Hill, Pennsylvania	Philadelphia	April 24, 1992
Keystone Financial, Inc., Harrisburg, Pennsylvania	Main Line Bancshares, Inc., Wayne, Pennsylvania	Philadelphia	May 14, 1992
Lakeland First Financial Group, Inc., Succasunna, New Jersey	Lakeland Savings Bank, Succasunna, New Jersey	New York	May 1, 1992
The Merchants Holding Company, Winona, Minnesota	BRAD, Inc., Black River Falls, Wisconsin	Minneapolis	May 14, 1992
Midlothian State Bank Employee Stock Ownership Trust, Midlothian, Illinois	Midlothian State Bank, Midlothian, Illinois	Chicago	April 29, 1992
Mid-South Bancorp, Inc., Franklin, Kentucky	First Citizens Bank, Franklin, Tennessee	St. Louis	April 24, 1992
NBD Bancorp, Inc., Detroit, Michigan	NBD Indiana, Inc., Detroit, Michigan Summcorp, Fort Wayne, Indiana	Chicago	May 20, 1992
Northwest Bancorporation, Inc., Houston, Texas	South Main Bank, Houston, Texas	Dallas	May 20, 1992
The Peoples Bancshares, Inc., Sardis, Tennessee	The Peoples Bank, Sardis, Tennessee	St. Louis	April 24, 1992
Peoples Preferred Bancshares, Inc., Colquitt, Georgia	Columbia Banking Company, Inc., Columbia, Alabama	Atlanta	April 28, 1992
Peotone Bancorp, Inc., Peotone, Illinois	Rock River Bancorporation, Inc., Oregon, Illinois	Chicago	April 24, 1992
Slippery Rock Financial Corporation, Slippery Rock, Pennsylvania	The First National Bank of Slippery Rock, Slippery Rock, Pennsylvania	Cleveland	April 23, 1992
State Financial Services Corporation, Hales Corners, Wisconsin	Eastbrook State Bank, Brookfield, Wisconsin	Chicago	May 6, 1992
Wesbanco, Inc., Wheeling, West Virginia	The First National Bank of Barnesville, Barnesville, Ohio	Cleveland	May 6, 1992
West Milton Bancorp, Inc., West Milton, Pennsylvania	West Milton State Bank, West Milton, Pennsylvania	Philadelphia	May 5, 1992

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banc One Corporation, Columbus, Ohio	Diamond Savings and Loan Company, Findlay, Ohio Diamond Mortgage Company, Findlay, Ohio	Cleveland	May 11, 1992
Big Sioux Financial, Inc., Estelline, South Dakota	Hamlin County Agency, Hayti, South Dakota	Minneapolis	April 29, 1992
County Bancshares, Inc., Troy, Alabama	Pike County Federal Savings Bank, Troy, Alabama	Atlanta	April 30, 1992
F & M Bancorporation, Tulsa, Oklahoma	American Trustcorp, Inc., Tulsa, Oklahoma	Kansas City	April 30, 1992
Fifth Third Bancorp, Cincinnati, Ohio	First Federal Savings and Loan Association of Lima, Lima, Ohio	Cleveland	April 30, 1992
Franklin Financial Services Corporation, Chambersburg, Pennsylvania	FFSC Interim Federal Savings Bank, Waynesboro, Pennsylvania	Philadelphia	May 4, 1992
Manufacturers National Corporation, Detroit, Michigan	100 Talon Centre Associates Limited Partnership, Roseville, Michigan	Chicago	May 1, 1992
Montfort Bancorporation, Inc., Platteville, Wisconsin	Clare Enterprises of Platteville, Inc., Platteville, Wisconsin	Chicago	April 24, 1992
NBD Bancorp, Inc., Detroit, Michigan	NBD Indiana, Inc., Detroit, Michigan Summcorp Financial Services, Inc., Fort Wayne, Indiana	Chicago	May 20, 1992
Norwest Corporation, Minneapolis, Minnesota	U.S. Recognition, Inc., Ringwood, New Jersey	Minneapolis	April 27, 1992

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Daupin Deposit Corporation, Harrisburg, Pennsylvania	FB&T Corporation, Hanover, Pennsylvania	Philadelphia	April 30, 1992

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
1st Source Bank, South Bend, Indiana	Farmers State Bank of Wyatt, Wyatt, Indiana	Chicago	May 7, 1992
American Bank Kansas City, Missouri	American Bank of Platte County, Kansas City, Missouri Mercantile Bank of Kansas City, Kansas City, Missouri	Kansas City	May 18, 1992
Citizens Fidelity Bank and Trust Company, Louisville, Kentucky	Citizens Fidelity Bank and Trust Company Hardin County, Elizabethtown, Kentucky	St. Louis	April 22, 1992
King Bancshares, Inc., Kingman, Kansas	Kingman Savings and Loan Association, Kingman, Kansas	Kansas City	May 15, 1992

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. 3:92CV7118 (N.D. Ohio, filed March 3, 1992). Federal Tort Claims Act complaint alleging misrepresentation during application process. Motion to dismiss filed May 4, 1992.

State of Idaho, Department of Finance v. Board of Governors, No. 92-70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho.

Davis v. Board of Governors, No. 91-6972 (Supreme Court, filed December 4, 1991). Petition for *certiorari* seeking review of *Burke v. Board of Governors*, 940 F.2d 1360 (10th Cir. 1991), in which the court of appeals upheld Board orders assessing civil money penalties and issuing orders of prohibition. The

Supreme Court denied the petition for *certiorari* on May 18, 1992.

In re Subpoena Served on the Board of Governors, Nos. 91-5427, 91-5428 (D.C. Cir., filed December 27, 1991). Appeal of order of district court, dated December 3, 1991, requiring the Board and the Office of the Comptroller of the Currency to produce confidential examination material to a private litigant. The court of appeals stayed the district court order on January 7, 1992, and oral argument was held on the case on March 17, 1992.

Greenberg v. Board of Governors, No. 91-4200 (2d Cir., filed December 4, 1991). Petition for review of orders of prohibition issued by the Board on October 28, 1991. Oral argument was held on April 22, 1992.

First Interstate BancSystem of Montana, Inc. v. Board of Governors, No. 91-1525 (D.C. Cir., filed November 1, 1991). Petition for review of Board's order denying on Community Reinvestment Act grounds the petitioner's application under section 3 of the Bank Holding Company Act to merge with Commerce BancShares of Wyoming, Inc. Petitioners' brief is due August 21, 1992.

Board of Governors v. Kemal Shoib, No. CV 91-5152 (C.D. California, filed September 24, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On October 15, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets.

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

In re Smouha, No. 91-B-13569 (Bkr. S.D. New York, filed August 2, 1991). Ancillary proceeding under the U.S. Bankruptcy Code brought by provisional liquidators of BCCI Holdings (Luxembourg) S.A. and affiliated companies. On August 15, 1991, the bankruptcy court issued a temporary restraining order staying certain judicial and administrative actions, which has been continued by consent.

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. Motion to dismiss or for summary judgment filed June 7, 1991.

Synovus Financial Corp. v. Board of Governors, No. 89-1394 (D.C. Circuit, 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. On December 20, 1991,

the Court of Appeals vacated the Board's order, ruling that the Board has no authority over interstate relocations of national banks. Synovus's petition for rehearing was denied on March 27, 1992.

MCorp v. Board of Governors, No. CA3-88-2693 (N.D. Texas, filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. The case is pending.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

**Antioch Holding Company
Antioch, Illinois**

The Federal Reserve Board announced on May 26, 1992, the execution of a Written Agreement among the Federal Reserve Bank of Chicago and Antioch Holding Company, Antioch, Illinois.

**Pacific Western Bancshares
San Jose, California**

The Federal Reserve Board announced on May 13, 1992, the execution of two Written Agreements involving the Federal Reserve Bank of San Francisco and Pacific Western Bancshares, San Jose, California, and its subsidiary bank, the Pacific Western Bank, San Jose, California.

Membership of the Board of Governors of the Federal Reserve System, 1913–92

APPOINTIVE MEMBERS¹

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

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
Sherman J. Maisel.....	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer.....	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill.....	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns.....	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan.....	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher.....	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland.....	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich.....	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell.....	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.....	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee.....	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986. ³
Stephen S. Gardner.....	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly.....	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller.....	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters.....	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice.....	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz.....	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker.....	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley.....	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin.....	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger.....	Chicago	July 2, 1984	Resigned March 11, 1991
Wayne D. Angell.....	Kansas City	Feb. 7, 1986	
Manuel H. Johnson.....	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller.....	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.....	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan.....	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare.....	Boston	Aug. 15, 1988	
David W. Mullins, Jr.....	St. Louis	May 21, 1990	
Lawrence B. Lindsey.....	Richmond	Nov. 26, 1991	
Susan M. Phillips.....	Chicago	Dec. 2, 1991	

Chairmen⁴

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

Vice Chairmen⁴

Frederic A. Delano.....	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg.....	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss.....	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt.....	July 23, 1920–Sept. 14, 1930
J.J. Thomas.....	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom.....	Aug. 6, 1956–Dec. 2, 1947
C. Canby Balderston.....	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson.....	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell.....	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner.....	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz.....	July 27, 1979–Feb. 11, 1982
Preston Martin.....	Mar. 31, 1982–Mar. 31, 1986
Manuel H. Johnson.....	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–

*EX-OFFICIO MEMBERS¹**Secretaries of the Treasury*

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

Comptrollers of the Currency

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

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was *ex-officio* chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be

composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

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SYMBOLS AND ABBREVIATIONS

c	Corrected	GDP	Gross domestic product
e	Estimated	HUD	Department of Housing and Urban Development
p	Preliminary	IMF	International Monetary Fund
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IO	Interest only
*	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)	IPCs	Individuals, partnerships, and corporations
0	Calculated to be zero	IRA	Individual retirement account
. . .	Cell not applicable	MMDA	Money market deposit account
ATS	Automatic transfer service	n.a.	Not available
CD	Certificate of deposit	n.e.c.	Not elsewhere classified
CMO	Collateralized mortgage obligation	NOW	Negotiable order of withdrawal
FFB	Federal Financing Bank	OCB	Other checkable deposit
FHA	Federal Housing Administration	OPEC	Organization of Petroleum Exporting Countries
FHLBB	Federal Home Loan Bank Board	OTS	Office of Thrift Supervision
FHLMC	Federal Home Loan Mortgage Corporation	PO	Principal only
FmHA	Farmers Home Administration	REIT	Real estate investment trust
FNMA	Federal National Mortgage Association	REMIC	Real estate mortgage investment conduit
FSLIC	Federal Savings and Loan Insurance Corporation	RP	Repurchase agreement
G-7	Group of Seven	RTC	Resolution Trust Corporation
G-10	Group of Ten	SAIF	Savings Association Insurance Fund
GNMA	Government National Mortgage Association	SCO	Securitized credit obligation
		SDR	Special drawing right
		SMSA	Standard metropolitan statistical area
		VA	Veterans Administration

GENERAL INFORMATION

In some of the tables, details do not add to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

“U.S. government securities” may include guaranteed issues of U.S. government agencies (the flow of funds figures also

include not fully guaranteed issues) as well as direct obligations of the Treasury. “State and local government” also includes municipalities, special districts, and other political subdivisions.

A4 Domestic Financial Statistics □ July 1992

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted¹

Monetary and credit aggregate	1991			1992	1991	1992			
	Q2	Q3	Q4	Q1	Dec.	Jan.	Feb. [†]	Mar. [†]	Apr.
<i>Reserves of depository institutions²</i>									
1 Total	3.0	7.4	15.3	24.9	24.1	13.7	45.3	19.4	4.5
2 Required	8.9	7.9	15.5	25.0	22.5	13.4	44.7	20.6	2.3
3 Nonborrowed	3.4	4.3	19.3	25.4	22.2	12.8	48.9	19.1	4.6
4 Monetary base	4.2	6.6	8.4	9.8	7.8	9.1	16.4	3.9	4.9
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	7.4	7.5	11.1	16.5 [†]	9.0 [†]	16.4 [†]	27.2	10.3	5.2
6 M2	4.4	6	2.3	4.2	2.8 [†]	3.1	9.4	-6	-1.9
7 M3	1.8	-1.3	1.0	2.2 [†]	1.2	1.1 [†]	7.2	-2.9	-3.3
8 L	-1.9	7	1 [†]	2.0	-5	-1.2 [†]	8.1	3.5	n.a.
9 Debt	4.2	4.7	4.3	3.6	3.0	2.6 [†]	4.2	5.9	n.a.
<i>Nontransaction components</i>									
10 In M2	3.4	-1.6	-7	-1 [†]	-7	-1.7 [†]	3.1	-4.6	-4.5
11 In M3 only	-9.7	-9.9	-5.2 [†]	-7.4 [†]	-6.4 [†]	-8.2 [†]	-3.5	-14.1	-10.2
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings, including MMDAs	13.1	13.2	16.0	19.2	17.4	20.0	22.9	11.1	14.0
13 Small time	1.1	1.5	-8.4	-18.9	-15.6	-21.7	-23.5	-14.6	-6.7
14 Large time	-3.3	-8.0	-14.4	-18.2 [†]	-10.4	-25.8	-16.3	-17.2	-15.7
<i>Thrift institutions</i>									
15 Savings, including MMDAs	16.8	9.8	10.2 [†]	22.4 [†]	14.1 [†]	23.8 [†]	30.5	23.4	16.1
16 Small time	-14.2	-24.2	-22.5	-24.8 [†]	-21.1	-24.5	-31.6	-28.2	-39.7
17 Large time	-35.0	-40.3	-36.5	-29.7 [†]	-28.2	-24.5	-33.9	-45.5	-36.3
<i>Money market mutual funds</i>									
18 General purpose and broker-dealer	7.6	-4.7	-4.0	9	3.3	-1.7	12.3	-18.8	-12.7
19 Institution-only	28.8	11.4	37.2	26.9	38.0	22.1	38.2	-18.5	25.3
<i>Debt components⁴</i>									
20 Federal	6.8	13.9	12.2	8.1	7.7	6.1 [†]	6.1	15.4	n.a.
21 Nonfederal	3.4	1.9	1.7	2.2	1.5	1.4 [†]	3.6	2.8	n.a.

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

2. Figures incorporate adjustments for discontinuities 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 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 (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

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

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of \$100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking

offices in the United Kingdom and Canada, and (3) balances in both taxable and tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

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

Debt: 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 (1) overnight RPs and Eurodollars, (2) money market fund balances (general purpose and broker-dealer), (3) MMDAs, and (4) savings and small time deposits.

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

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

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

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT¹

Millions of dollars

Factor	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1992			1992						
	Feb.	Mar.	Apr.	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
	Feb.	Mar.	Apr.	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	304,147	308,062	305,176	310,221	306,913	308,715	304,422	305,495	305,370	304,656
U.S. government securities ²										
2 Bought outright—system account	263,190	265,433	266,478	264,642	266,790	266,267	267,561	266,011	266,372	265,764
3 Held under repurchase agreements	776	3,466	938	6,323	863	3,163	0	2,338	0	1,152
Federal agency obligations										
4 Bought outright	5,960	5,960	5,910	5,960	5,960	5,953	5,910	5,910	5,910	5,910
5 Held under repurchase agreements	40	93	12	206	57	7	0	20	0	24
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	63	38	59	78	35	122	13	24	55	61
8 Seasonal credit	22	32	47	30	38	37	35	39	46	67
9 Extended credit	2	2	2	2	1	1	0	1	3	4
10 Float	688	576	823	433	529	327	443	370	2,099	415
11 Other Federal Reserve assets	33,406	32,462	30,907	32,547	32,639	32,839	30,460	30,783	30,884	31,260
12 Gold stock	11,058	11,058	11,057	11,058	11,058	11,057	11,057	11,057	11,057	11,057
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	21,078	21,120	21,173	21,119	21,128	21,138	21,152	21,166	21,180	21,194
ABSORBING RESERVE FUNDS										
15 Currency in circulation	301,646	302,799	305,509	303,289	302,887	302,939	304,425	306,002	306,214	305,543
16 Treasury cash holdings	689	711	707	703	704	710	704	706	710	709
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,241	5,614	4,868	5,906	5,724	5,184	5,438	4,435	5,178	4,781
18 Foreign	225	218	202	232	205	241	198	212	173	221
19 Service-related balances and adjustments	4,529	4,665	4,846	4,498	4,900	4,610	4,888	n.a.	n.a.	n.a.
20 Other	242	278	268	288	281	285	284	299	245	239
21 Other Federal Reserve liabilities and capital	7,929	7,886	8,155	7,997	8,123	8,077	7,935	8,225	8,282	8,272
22 Reserve balances with Federal Reserve Banks	24,799	28,086	22,869	29,500	26,293	28,883	22,778	n.a.	n.a.	n.a.
End-of-month figures			Wednesday figures							
1992			1992							
Feb.			Mar. 18							
Mar.			Mar. 25							
Apr.			Apr. 1							
			Apr. 8							
			Apr. 15							
			Apr. 22							
			Apr. 29							
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	303,555	306,524	305,999	311,999	306,291	310,494	304,006	312,700	302,820	304,902
U.S. government securities ²										
2 Bought outright—system account	265,423	265,796	267,945	265,244	265,834	266,449	266,803	266,234	265,598	266,321
3 Held under repurchase agreements	0	1,805	0	6,856	1,160	3,717	0	9,477	0	713
Federal agency obligations										
4 Bought outright	5,960	5,960	5,910	5,960	5,960	5,910	5,910	5,910	5,910	5,910
5 Held under repurchase agreements	0	0	0	294	100	49	0	120	0	55
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	35	23	49	420	23	645	13	45	39	79
8 Seasonal credit	25	29	66	36	45	32	37	42	56	71
9 Extended credit	2	0	0	3	1	0	0	0	5	0
10 Float	290	512	926	422	346	993	603	-63	172	319
11 Other Federal Reserve assets	31,821	32,400	31,103	32,765	32,823	32,698	30,640	30,935	31,039	31,433
12 Gold stock	11,058	11,057	11,057	11,058	11,058	11,057	11,057	11,057	11,057	11,057
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	21,099	21,138	21,208	21,119	21,128	21,138	21,152	21,166	21,180	21,194
ABSORBING RESERVE FUNDS										
15 Currency in circulation	301,374	303,212	306,407	303,272	302,932	303,570	305,376	306,380	306,142	305,816
16 Treasury cash holdings	698	711	705	703	711	704	705	710	710	705
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,477	6,846	4,692	4,533	4,631	2,531	4,886	4,129	4,836	5,806
18 Foreign	264	262	206	258	172	242	203	184	160	254
19 Service-related balances and adjustments	4,623	4,610	5,717	4,498	4,900	4,610	4,888	n.a.	n.a.	n.a.
20 Other	231	364	260	299	305	314	265	266	192	245
21 Other Federal Reserve liabilities and capital	7,222	8,098	7,906	7,991	7,990	7,750	7,958	7,961	8,158	7,918
22 Reserve balances with Federal Reserve Banks	25,842	24,637	22,389	32,640	26,856	32,987	21,952	n.a.	n.a.	n.a.

1. For amounts of cash held as reserves, see table 1.12. Components may not sum to totals because of rounding.

2. 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.

3. Excludes required clearing balances and adjustments to compensate for float.

A6 Domestic Financial Statistics □ July 1992

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1989	1990	1991	1991			1992			
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Reserve balances with Reserve Banks ²	35,436	30,237	26,659	23,197	25,004	26,659	25,416	24,918	28,057 ^r	22,655
2 Total vault cash ³	29,828	31,786	32,513	32,299	31,714	32,513	34,135	34,218	31,647	31,071
3 Applied vault cash ⁴	27,374	28,884	28,872	28,386	28,053	28,872	30,396	30,320	28,225	27,800
4 Surplus vault cash ⁵	2,454	2,903	3,641	3,913	3,661	3,641	3,739	3,897	3,422	3,271
5 Total reserves ⁶	62,810	59,120	55,532	51,584	53,057	55,532	55,812	55,238	56,282	50,456
6 Required reserves	61,887	57,456	54,553	50,501	52,165	54,553	54,809	54,174	55,254 ^r	49,317
7 Excess reserve balances at Reserve Banks ⁷	923	1,664	979	1,083	892	979	1,003	1,065	1,028 ^r	1,139
8 Total borrowings at Reserve Banks ⁸	265	326	192	261	108	192	233	77	91	90
9 Seasonal borrowings	84	76	38	211	86	38	17	22	32	47
10 Extended credit ⁹	20	23	1	12	1	1	1	2	2	2
	Biweekly averages of daily figures for weeks ending									
	1992									
	Jan. 8	Jan. 22	Feb. 5	Feb. 19	Mar. 4	Mar. 18	Apr. 1 ^r	Apr. 15	Apr. 29	May 13
1 Reserve balances with Reserve Banks ²	27,557	26,147	22,374	25,108	25,922	29,111	27,578	22,885	22,138	21,752
2 Total vault cash ³	33,318	33,136	36,384	34,354	32,944	30,564	32,414	30,456	31,643	30,346
3 Applied vault cash ⁴	29,601	29,732	32,137	30,494	29,169	27,398	28,826	27,353	28,225	27,092
4 Surplus vault cash ⁵	3,717	3,424	4,248	3,860	3,775	3,166	3,588	3,103	3,418	3,255
5 Total reserves ⁶	57,158	55,879	54,511	55,602	55,091	56,509	56,403	50,238	50,363	48,844
6 Required reserves	56,020	54,966	53,488	54,435	54,151	56,001	54,788	49,174	49,149	48,206
7 Excess reserve balances at Reserve Banks ⁷	1,138	913	1,023	1,168	941	508	1,616	1,065	1,214	638
8 Total borrowings at Reserve Banks ⁸	521	136	130	69	63	75	117	36	118	153
9 Seasonal borrowings	22	13	20	22	24	29	38	37	57	75
10 Extended credit ⁹	1	0	2	2	3	2	1	1	4	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Components may not sum to totals because of rounding.

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

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end thirty days after the lagged computation periods during which the balances are held.

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

institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

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

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

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

8. Also includes adjustment credit.

9. 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.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks¹

Millions of dollars, averages of daily figures

Source and maturity	1992, week ending Monday								
	Feb. 3	Feb. 10	Feb. 17	Feb. 24	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
<i>Federal funds purchased, repurchase agreements, and other selected borrowings</i>									
From commercial banks in the United States									
1 For one day or under continuing contract	78,298	80,521	80,399	79,454	79,013	81,871	77,493	72,856	73,215
2 For all other maturities	16,179	15,834	15,725	15,685	16,533	16,364	16,666	16,554	15,967
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	20,786	19,659	21,232	25,031	22,497	19,725	19,359	19,026	18,107
4 For all other maturities	18,354	19,567	19,145	19,150	19,935	21,308	21,284	21,497	20,489
<i>Repurchase agreements on U.S. government and federal agency securities</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	14,808	15,391	14,360	14,926	13,733	13,735	12,281	12,199	12,219
6 For all other maturities	14,302	14,679	15,956	14,527	15,230	15,525	17,124	17,656	17,192
All other customers									
7 For one day or under continuing contract	25,417	25,678	26,202	26,841	26,888	25,523	25,290	25,761	26,121
8 For all other maturities	11,902	11,753	12,074	12,125	11,784	11,577	12,182	12,297	12,788
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	56,403	56,789	56,528	54,398	56,720	54,496	51,403	49,600	47,483
10 To all other specified customers ²	21,704	22,260	20,403	21,138	20,638	21,459	23,411	22,527	20,703

1. Banks with assets of \$4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release.
For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Current and previous levels								
	Adjustment credit ¹			Seasonal credit ²			Extended credit ³		
	On 5/29/92	Effective date	Previous rate	On 5/29/92	Effective date	Previous rate	On 5/29/92	Effective date	Previous rate
Boston	3.5	12/20/91	4.5	3.80	5/28/92	3.80	4.30	5/28/92	4.30
New York		12/20/91			5/28/92			5/28/92	
Philadelphia		12/20/91			5/28/92			5/28/92	
Cleveland		12/20/91			5/28/92			5/28/92	
Richmond		12/20/91			5/28/92			5/28/92	
Atlanta		12/20/91			5/28/92			5/28/92	
Chicago		12/20/91			5/28/92			5/28/92	
St. Louis		12/24/91			5/28/92			5/28/92	
Minneapolis	12/23/91	5/28/92	5/28/92						
Kansas City	12/20/91	5/28/92	5/28/92						
Dallas	12/20/91	5/28/92	5/28/92						
San Francisco	3.5	12/20/91	4.5	3.80	5/28/92	3.80	4.30	5/28/92	4.30

Range of rates for adjustment credit in recent years⁴

Effective date	Range (or level) — All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) — All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) — All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1981—May 5	13-14	14	1986—Mar. 7	7-7.5	7
1978—Jan. 9	6-6.5	6.5	8	14	14	10	7	7
20	6.5	6.5	Nov. 2	13-14	13	Apr. 21	6.5-7	6.5
May 11	6.5-7	7	6	13	13	July 11	6	6
12	7	7	Dec. 4	12	12	Aug. 21	5.5-6	5.5
July 3	7-7.25	7.25	1982—July 20	11.5-12	11.5	22	5.5	5.5
10	7.25	7.25	23	11.5	11.5	1987—Sept. 4	5.5-6	6
Aug. 21	7.75	7.75	Aug. 2	11-11.5	11	11	6	6
Sept. 22	8	8	3	11	11	1988—Aug. 9	6-6.5	6.5
Oct. 16	8-8.5	8.5	16	10.5	10.5	11	6.5	6.5
20	8.5	8.5	27	10-10.5	10	1989—Feb. 24	6.5-7	7
Nov. 1	8.5-9.5	9.5	30	10	10	27	7	7
3	9.5	9.5	Oct. 12	9.5-10	9.5	1990—Dec. 19	6.5	6.5
1979—July 20	10	10	13	9.5	9.5	1991—Feb. 1	6-6.5	6
Aug. 17	10-10.5	10.5	Nov. 22	9-9.5	9	4	6	6
20	10.5	10.5	26	9	9	Apr. 30	5.5-6	5.5
Sept. 19	10.5-11	11	Dec. 14	8.5-9	9	May 2	5.5	5.5
21	11	11	15	8.5-9	8.5	Sept. 13	5-5.5	5
Oct. 8	11-12	12	17	8.5	8.5	Sept. 17	5	5
10	12	12	1984—Apr. 9	8.5-9	9	Nov. 6	4.5-5	4.5
1980—Feb. 15	12-13	13	13	9	9	7	4.5	4.5
19	13	13	Nov. 21	8.5-9	8.5	Dec. 20	3.5-4.5	3.5
May 29	12-13	13	26	8.5	8.5	24	3.5	3.5
30	12	12	Dec. 24	8	8	In effect May 29, 1992	3.5	3.5
June 13	11-12	11	1985—May 20	7.5-8	7.5			
16	11	11	24	7.5	7.5			
29	10	10						
July 28	10-11	10						
Sept. 26	11	11						
Nov. 17	12	12						
Dec. 5	12-13	13						

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. The highest rate established for loans to depository institutions may be charged on adjustment-credit loans of unusual size that result from a major operating problem at the borrower's facility.

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

3. Extended credit may be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit

ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

Type of deposit ²	Requirements	
	Percent of deposits	Effective date
<i>Net transaction accounts³</i>		
1 \$0 million-\$42.2 million	3	12/17/91
2 More than \$42.2 million	10	4/2/91
3 Nonpersonal time deposits ⁵	0	12/27/90
4 Eurocurrency liabilities ⁶	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report or the Federal Reserve Bulletin*. Under provisions of the Monetary Control Act, 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. 17, 1991, the exemption was raised from \$3.4 million to \$3.6 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (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 against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject

to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 17, 1991, for institutions reporting quarterly, and Dec. 24, 1991, for institutions reporting weekly, the amount was increased from \$41.1 million to \$42.2 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as were the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction	1989	1990	1991	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. TREASURY SECURITIES										
<i>Outright transactions (excluding matched transactions)</i>										
Treasury bills										
1 Gross purchases	14,284	24,739	20,158	529	2,198	2,823	837	0	123	505
2 Gross sales	12,818	7,291	120	0	0	0	0	1,628	0	0
3 Exchanges	231,211	241,086	277,314	19,508	25,409	24,141	21,967	26,750	24,435	21,674
4 Redemptions	12,730	4,400	1,000	0	0	0	0	1,600	0	0
<i>Others within one year</i>										
5 Gross purchases	327	425	3,043	200	0	178	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	28,848	25,638	24,454	1,131	2,002	1,655	1,570	1,298	6,020	2,552
8 Exchanges	-25,783	-27,424	-28,090	-2,202	-2,034	-2,585	-3,562	-989	-2,742	-2,512
9 Redemptions	500	0	1,000	0	0	0	0	0	0	0
<i>One to five years</i>										
10 Gross purchases	1,436	250	6,583	650	0	2,133	300	0	1,027	1,425
11 Gross sales	490	200	0	0	0	0	0	0	0	0
12 Maturity shifts	-25,534	-21,770	-21,211	-1,131	-1,877	-1,492	-1,570	-1,174	-6,020	-2,552
13 Exchanges	23,250	25,410	24,594	2,202	1,686	2,135	3,562	539	2,292	2,512
<i>Five to ten years</i>										
14 Gross purchases	287	0	1,280	0	0	880	0	0	0	0
15 Gross sales	29	100	0	0	0	0	0	0	0	0
16 Maturity shifts	-2,231	-2,186	-2,037	0	-126	-163	0	-124	0	0
17 Exchanges	1,934	789	2,894	0	347	300	0	451	300	0
<i>More than ten years</i>										
18 Gross purchases	284	0	375	0	0	375	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	-1,086	-1,681	-1,209	0	0	0	0	0	0	0
21 Exchanges	600	1,226	600	0	0	150	0	0	150	0
<i>All maturities</i>										
22 Gross purchases	16,617	25,414	31,439	1,379	2,198	6,390	1,137	0	1,150	1,930
23 Gross sales	13,337	7,591	120	0	0	0	0	1,628	0	0
24 Redemptions	13,230	4,400	1,000	0	0	0	0	1,600	0	0
<i>Matched transactions</i>										
25 Gross sales	1,323,480	1,369,052	1,570,456	116,266	137,073	98,063	118,127	136,922	123,000	128,230
26 Gross purchases	1,326,542	1,363,434	1,571,534	118,481	135,281	97,925	118,263	136,282	124,654	126,673
<i>Repurchase agreements²</i>										
27 Gross purchases	129,518	219,632	310,084	40,447	12,432	14,165	51,345	21,412	9,824	48,758
28 Gross sales	132,688	202,551	311,752	40,447	3,718	22,879	36,000	33,228	13,353	46,953
29 Net change in U.S. government securities	-10,055	24,886	29,729	3,595	9,121	-2,462	16,619	-15,684	-725	2,178
FEDERAL AGENCY OBLIGATIONS										
<i>Outright transactions</i>										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	5	5	0	0	0	0	0	0
32 Redemptions	442	183	292	0	14	51	45	85	0	0
<i>Repurchase agreements²</i>										
33 Gross purchases	38,835	41,836	22,807	3,061	714	275	1,744	390	571	1,640
34 Gross sales	40,411	40,461	23,595	3,061	695	294	1,191	808	706	1,640
35 Net change in federal agency obligations	-2,018	1,192	-1,085	-5	5	-70	508	-503	-135	0
36 Total net change in System Open Market Account	-12,073	26,078	28,644	3,590	9,126	-2,532	17,127	-16,186	-860	2,178

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not sum 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 Statements¹

Millions of dollars

Account	Wednesday					End of Month		
	1992					1992		
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	Feb. 28	Mar. 31	Apr. 30
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,058	11,057	11,057
2 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
3 Coin	597	599	588	571	561	632	599	554
<i>Loans</i>								
4 To depository institutions	678	50	87	100	150	62	52	115
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
<i>Federal agency obligations</i>								
7 Bought outright	5,910	5,910	5,910	5,910	5,910	5,960	5,960	5,910
8 Held under repurchase agreements	49	0	120	0	55	0	0	0
9 Total U.S. Treasury securities	270,166	266,803	275,711	265,598	267,034	265,423	267,601	267,945
10 Bought outright ²	266,449	266,803	266,234	265,598	266,321	265,423	265,796	267,945
11 Bills	130,146	130,500	129,931	129,295	130,017	130,544	129,492	131,642
12 Notes	104,260	104,260	104,260	104,260	104,260	102,835	104,260	104,260
13 Bonds	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043
14 Held under repurchase agreements	3,717	0	9,477	0	713	0	1,805	0
15 Total loans and securities	276,803	272,763	281,828	271,609	273,149	271,444	273,613	273,971
16 Items in process of collection	6,494	5,898	6,081	5,812	5,441	5,155	8,172	5,236
17 Bank premises	1,009	1,009	1,010	1,014	1,014	1,001	1,007	1,014
<i>Other assets</i>								
18 Denominated in foreign currencies ³	26,060	24,094	23,967	24,011	24,034	25,999	26,060	23,964
19 All other ⁴	5,689	5,608	6,064	6,036	6,404	5,041	5,444	6,197
20 Total assets	337,727	331,046	340,613	330,149	331,678	330,347	335,971	332,011
LIABILITIES								
21 Federal Reserve notes	283,733	285,528	286,511	286,243	285,887	281,605	283,383	286,457
22 Total deposits	40,723	32,339	40,317	30,546	32,980	36,659	36,952	32,960
23 Depository institutions	37,636	26,985	35,737	25,358	26,675	30,688	29,480	27,801
24 U.S. Treasury—General account	2,531	4,886	4,129	4,836	5,806	5,477	6,846	4,692
25 Foreign—Official accounts	242	203	184	160	254	264	262	206
26 Other	314	265	266	192	245	231	364	260
27 Deferred credit items	5,522	5,221	5,824	5,202	4,894	4,860	7,538	4,688
28 Other liabilities and accrued dividends ⁵	2,202	2,166	2,138	2,057	2,002	2,317	2,226	2,052
29 Total liabilities	332,179	325,254	334,790	324,048	325,763	325,441	330,099	326,157
CAPITAL ACCOUNTS								
30 Capital paid in	2,746	2,748	2,776	2,782	2,788	2,734	2,745	2,790
31 Surplus	2,597	2,619	2,632	2,652	2,652	2,171	2,598	2,652
32 Other capital accounts	205	426	414	669	476	0	529	413
33 Total liabilities and capital accounts	337,727	331,046	340,613	330,149	331,678	330,347	335,971	332,011
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	267,940	266,835	269,126	269,035	268,888	268,036	271,183	274,023
Federal Reserve note statement								
35 Federal Reserve notes outstanding (issued to Bank)	361,794	360,792	360,044	358,953	358,729	363,222	362,146	358,760
36 LESS: Held by Federal Reserve Bank	78,061	75,264	73,533	72,711	72,843	81,617	78,762	72,303
37 Federal Reserve notes, net	283,733	285,528	286,511	286,243	285,887	281,605	283,383	286,457
<i>Collateral held against notes, net:</i>								
38 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,058	11,057	11,057
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	0	0	0	0	0	0
41 U.S. Treasury and agency securities	262,658	264,453	265,436	265,168	264,812	260,529	262,308	265,382
42 Total collateral	283,733	285,528	286,511	286,243	285,887	281,605	283,383	286,457

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover. Components may not sum 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 ninety days.

5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding ¹

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1992					1992		
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	Feb. 28	Mar. 31	Apr. 30
1 Total loans	678	50	87	100	150	62	52	115
2 Within fifteen days	663	29	74	96	145	58	46	92
3 Sixteen days to ninety days	15	21	13	5	6	4	6	24
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 Total acceptances	0	0	0	0	0	0	0	0
6 Within fifteen days	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 Total U.S. Treasury securities	270,166	266,803	275,711	265,598	267,034	265,423	265,796	267,945
10 Within fifteen days ²	15,705	12,038	19,454	13,009	14,707	8,559	6,571	13,540
11 Sixteen days to ninety days	64,311	67,692	65,933	62,279	61,967	69,052	67,222	57,553
12 Ninety-one days to one year	87,891	84,815	87,986	87,973	88,023	87,851	89,745	93,608
13 One year to five years	62,473	62,473	62,396	62,396	62,396	60,175	62,473	63,302
14 Five years to ten years	15,192	15,192	15,347	15,347	15,347	15,192	15,192	15,347
15 More than ten years	24,594	24,594	24,594	24,594	24,594	24,594	24,594	24,594
16 Total Federal agency obligations	5,959	5,910	6,030	5,910	5,965	5,960	5,960	5,910
17 Within fifteen days ²	69	20	164	149	160	403	220	105
18 Sixteen days to ninety days	524	734	702	612	677	502	524	677
19 Ninety-one days to one year	1,715	1,505	1,551	1,536	1,499	1,411	1,515	1,499
20 One year to five years	2,750	2,750	2,717	2,717	2,733	2,726	2,750	2,733
21 Five years to ten years	747	747	742	742	742	764	797	742
22 More than ten years	154	154	154	153	154	154	154	154

1. Components may not sum to totals because of rounding.

2. Holdings under repurchase agreements are classified as maturing within

fifteen days in accordance with the maximum possible maturity of the agreements.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1991				1992			
					Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
Seasonally adjusted												
1 Total reserves ³	47.60	47.73	49.10	53.75	51.15	51.82	52.69	53.75	54.37	56.42	57.33	57.55
2 Nonborrowed reserves ⁴	45.88	47.46	48.78	53.56	50.50	51.56	52.59	53.56	54.13	56.34	57.24	57.46
3 Nonborrowed reserves plus extended credit ⁵	47.12	47.48	48.80	53.56	50.80	51.57	52.59	53.56	54.13	56.34	57.24	57.46
4 Required reserves	46.55	46.81	47.44	52.77	50.22	50.73	51.80	52.77	53.36	55.35	56.30	56.41
5 Monetary base ⁶	263.77	274.57	300.35	325.22	318.50	320.93	323.13	325.22	327.68	332.15 ⁷	333.24 ⁸	334.60
Not seasonally adjusted												
6 Total reserves ⁷	49.00	49.18	50.58	55.38	50.99	51.43	52.89	55.38	55.79	55.17	56.17	58.69
7 Nonborrowed reserves	47.29	48.91	50.25	55.18	50.35	51.17	52.78	55.18	55.56	55.10	56.08	58.60
8 Nonborrowed reserves plus extended credit ⁸	48.53	48.93	50.28	55.19	50.65	51.18	52.78	55.19	55.56	55.10	56.08	58.60
9 Required reserves ⁹	47.96	48.26	48.91	54.40	50.07	50.35	51.99	54.40	54.79	54.11	55.14	57.55
10 Monetary base ⁹	267.46	278.30	304.04	329.35	317.28	319.14	323.06	329.35	328.75	328.58 ⁸	331.05 ⁸	335.80
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹⁰												
11 Total reserves ¹¹	63.75	62.81	59.12	55.53	51.13	51.58	53.06	55.53	55.81	55.24	56.28	50.46
12 Nonborrowed reserves	62.03	62.54	58.79	55.34	50.48	51.32	52.95	55.34	55.58	55.16	56.19	50.37
13 Nonborrowed reserves plus extended credit ¹¹	63.27	62.56	58.82	55.34	50.78	51.33	52.95	55.34	55.58	55.16	56.19	50.37
14 Required reserves	62.70	61.89	57.46	54.55	50.20	50.50	52.16	54.55	54.81	54.17	55.25	49.32
15 Monetary base ¹²	283.00	292.55	313.70	333.61	320.70	322.71	326.88	333.61	333.09	333.19 ⁸	335.82 ⁸	332.71
16 Excess reserves ¹³	1.05	.92	1.66	.98	.93	1.08	.89	.98	1.00	1.06	1.03	1.14
17 Borrowings from the Federal Reserve	1.72	.27	.33	.19	.65	.26	.11	.19	.23	.08	.09	.09

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly 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. 20531.

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 that are due to regulatory

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

9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all 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. Since the introduction of changes in reserve requirements (CRR), currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

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1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES¹

Billions of dollars, averages of daily figures

Item	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1992 ^r			
					Jan.	Feb.	Mar.	Apr.
Seasonally adjusted								
<i>Measures²</i>								
1 M1	786.9	794.1	826.1	898.1 ^r	910.4	931.0	939.0	943.1
2 M2	3,071.1	3,227.3	3,339.0	3,439.3 ^r	3,448.1	3,475.2	3,473.5	3,468.0
3 M3	3,923.1	4,059.8	4,114.6	4,171.4	4,175.1	4,200.1	4,189.9	4,178.3
4 L	4,677.9	4,891.7	4,966.6	4,988.2 ^r	4,983.3	5,017.1	5,031.9	n.a.
5 Debt	9,312.6	10,059.6	10,749.9	11,216.2	11,240.1	11,279.3	11,335.1	n.a.
<i>M1 components</i>								
6 Currency ³	212.3	222.6	246.8	267.3	269.4	271.6	271.8	273.6
7 Travelers checks ⁴	7.5	7.4	8.3	8.2	8.2	8.1	8.0	8.0
8 Demand deposits ⁵	286.5	279.0	277.1	289.5	293.8	305.1	309.7	311.3
9 Other checkable deposits ⁶	280.6	285.1	293.9	333.2	339.0	346.2	349.4	350.2
<i>Nontransaction components</i>								
10 In M2 ⁷	2,284.2	2,433.2	2,512.9	2,541.2	2,537.7	2,544.2	2,534.5	2,524.9
11 In M3 ⁸	852.0	832.5	775.6	732.0 ^r	727.0	724.9	716.4	710.3
<i>Commercial banks</i>								
12 Savings deposits, including MMDAs	542.7	541.4	581.9	664.9	676.0	688.9	695.3	703.4
13 Small time deposits ⁹	447.0	531.0	606.4	598.5	587.7	576.2	569.2	566.0
14 Large time deposits ^{10, 11}	366.9	398.2	374.0	354.0	346.4	341.7	336.8	332.4
<i>Thrift institutions</i>								
15 Savings deposits, including MMDAs	383.5	349.7	338.8	377.7 ^r	385.2	395.0	402.7	408.1
16 Small time deposits ⁹	585.9	617.5	562.3	464.5	455.0	443.0	432.6	418.3
17 Large time deposits ¹⁰	174.3	161.1	120.9	83.1	81.4	79.1	76.1	73.8
<i>Money market mutual funds</i>								
18 General purpose and broker-dealer	241.9	316.3	348.9	360.5	360.0	363.7	358.0	354.2
19 Institution-only	91.0	107.2	133.7	179.1	182.4	188.2	185.3	189.2
<i>Debt components</i>								
20 Federal debt	2,101.5	2,249.8	2,493.6	2,766.0	2,780.1	2,794.2	2,830.0	n.a.
21 Nonfederal debt	7,211.1	7,809.7	8,256.3	8,450.3	8,460.0	8,485.1	8,505.1	n.a.
Not seasonally adjusted								
<i>Measures²</i>								
22 M1	804.1	811.9	844.1	917.3	918.2	916.8	930.8	955.0
23 M2	3,083.8	3,240.0	3,351.9	3,453.2	3,456.1	3,462.4	3,474.1	3,486.0
24 M3	3,934.7	4,070.3	4,124.7	4,182.1	4,180.2	4,189.6	4,194.9	4,195.1
25 L	4,694.9	4,911.0	4,986.4	5,008.4 ^r	5,001.4	5,010.4	5,038.9	n.a.
26 Debt	9,298.0	10,045.1	10,737.2	11,203.6	11,228.1	11,249.9	11,300.4	n.a.
<i>M1 components</i>								
27 Currency ³	214.8	225.3	249.5	270.0	267.8	269.5	271.0	273.4
28 Travelers checks ⁴	6.9	6.9	7.8	7.7	7.8	7.8	7.7	7.6
29 Demand deposits ⁵	298.9	291.5	289.9	303.0	300.0	296.4	302.1	313.0
30 Other checkable deposits ⁶	283.5	288.1	296.9	336.5	342.5	343.2	349.9	361.0
<i>Nontransaction components</i>								
31 In M2 ⁷	2,279.7	2,428.1	2,507.8	2,535.9	2,537.9	2,545.6	2,543.3	2,531.0
32 In M3 ⁸	850.8	830.3	772.8	728.9	724.2	727.1	720.9	709.0
<i>Commercial banks</i>								
33 Savings deposits, including MMDAs	543.8	543.0	580.0	662.4	672.3	685.2	696.8	706.2
34 Small time deposits ⁹	446.0	529.5	606.3	598.7	589.5	577.6	569.5	565.5
35 Large time deposits ^{10, 11}	365.9	397.1	373.0	352.8	344.0	340.6	337.3	331.3
<i>Thrift institutions</i>								
36 Savings deposits, including MMDAs	381.1	347.6	337.7	376.3	383.1	392.9	403.7	409.8
37 Small time deposits ⁹	584.9	616.0	562.2	464.6	456.4	444.1	432.8	417.9
38 Large time deposits ¹⁰	175.2	162.0	120.6	82.8	80.9	78.8	76.3	73.6
<i>Money market mutual funds</i>								
39 General purpose and broker-dealer	240.8	314.6	346.8	358.1	359.5	368.8	366.9	360.5
40 Institution-only	91.4	107.8	134.4	180.3	188.1	196.9	191.4	190.9
<i>Repurchase agreements and eurodollars</i>								
41 Overnight	83.2	77.5	74.7	75.7	77.1	77.0	73.6	71.2
42 Term	227.4	178.5	158.3	128.6	126.6	128.1	131.4	128.4
<i>Debt components</i>								
43 Federal debt	2,098.9	2,247.5	2,491.3	2,764.9	2,782.4	2,799.1	2,834.6	n.a.
44 Nonfederal debt	7,199.0	7,797.7	8,245.8	8,438.7	8,445.7	8,450.9	8,465.8	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) weekly statistical 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 (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) overnight (and continuing-contract) repurchase agreements (RPs) issued by all depository institutions and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, (2) money market deposit accounts (MMDAs), (3) savings and small time deposits (time deposits—including retail RPs—in amounts of less than \$100,000), and (4) balances in both taxable and tax-exempt general purpose and broker-dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker-dealer), foreign governments and commercial banks, and the U.S. government. Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

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

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term

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

Debt: 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. This sum is seasonally adjusted as a whole.

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 account balances at all depository institutions, credit union share draft account balances, and demand deposits at thrift institutions.

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

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

9. Small time deposits—including retail RPs—are those issued in amounts of less than \$100,000. All IRAs and Keogh accounts at commercial banks and thrift institutions are subtracted from small time deposits.

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

11. Large time deposits at commercial banks less those held by money market funds, depository institutions, and foreign banks and official institutions.

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1.22 BANK DEBITS AND DEPOSIT TURNOVER¹

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

Bank group, or type of customer	1989 ²	1990 ²	1991 ^{2r}	1991				1992	
				Sept.	Oct.	Nov.	Dec. ^r	Jan. ^r	Feb.
DEBITS TO									
Seasonally adjusted									
<i>Demand deposits</i> ³									
1 All insured banks	256,150.4	277,916.3	281,050.1	281,469.0	287,974.5	278,234.2	293,941.3	306,523.0	298,098.7
2 Major New York City banks	129,319.9	131,784.0	140,905.5	142,143.2	144,228.7	140,769.6	149,502.5	161,915.3	154,751.0
3 Other banks	126,830.5	146,132.3	140,144.6	139,325.8	143,745.8	137,464.6	144,438.8	144,607.7	143,347.7
4 ATS-NOW accounts ⁴	2,910.5	3,349.6	3,624.6	3,679.1	3,759.9	3,553.7	3,786.5	3,719.4	3,787.2
5 Savings deposits ⁵	347.5	558.8	1,377.4	2,904.0	2,733.0	3,233.1	3,296.1	3,089.7	3,142.5
DEPOSIT TURNOVER									
<i>Demand deposits</i> ³									
6 All insured banks	735.1	800.6	817.6	817.9	837.1	787.3	841.8	870.1	817.6
7 Major New York City banks	3,421.5	3,804.1	4,391.9	4,498.2	4,607.9	4,214.7	4,637.4	4,997.4	4,633.3
8 Other banks	408.3	467.7	449.6	445.9	459.6	429.6	453.9	452.1	432.8
9 ATS-NOW accounts ⁴	15.2	16.5	16.1	15.7	15.9	14.8	15.7	15.1	15.1
10 Savings deposits ⁵	3.0	2.9	3.3	4.7	4.4	5.0	5.0	4.7	4.7
DEBITS TO									
Not seasonally adjusted									
<i>Demand deposits</i> ³									
11 All insured banks	256,133.2	277,400.0	280,922.8	271,983.5	296,037.8	267,995.2	301,642.6	306,706.9	276,158.6
12 Major New York City banks	129,400.1	131,784.7	140,563.0	137,659.5	149,704.6	136,592.8	153,462.8	158,932.3	143,476.0
13 Other banks	126,733.0	145,615.3	140,359.7	134,324.0	146,333.2	131,402.4	148,179.8	147,774.6	132,682.6
14 ATS-NOW accounts ⁴	2,910.7	3,342.2	3,622.4	3,679.4	3,770.6	3,314.0	3,841.0	4,130.2	3,450.5
15 MMDAs ⁶	2,677.1	2,923.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Savings deposits ⁵	546.9	557.9	1,408.3	3,110.7	3,132.6	2,939.5	3,331.1	3,364.7	2,872.0
DEPOSIT TURNOVER									
<i>Demand deposits</i> ³									
17 All insured banks	735.4	799.6	817.5	790.2	858.6	751.7	823.7	851.5	778.4
18 Major New York City banks	3,426.2	3,810.0	4,370.1	4,305.8	4,775.5	4,059.4	4,461.1	4,633.6	4,387.6
19 Other banks	408.0	466.3	450.6	430.2	466.8	406.9	445.1	453.6	412.0
20 ATS-NOW accounts ⁴	15.2	16.4	16.1	15.9	16.2	13.9	15.7	16.4	13.7
21 MMDAs ⁶	7.9	8.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Savings deposits ⁵	2.9	2.9	3.4	4.9	4.9	4.5	5.1	5.1	4.2

1. Historical tables containing revised data for earlier periods can 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.

2. Data in this table also appear on the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).

5. Excludes ATS and NOW accounts.

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars, averages of Wednesday figures

Item	1991 ^c								1992 ^f			
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Seasonally adjusted												
1 Total loans and securities²	2,764.8	2,773.1	2,773.7	2,776.7	2,789.0	2,805.4	2,822.6	2,838.0	2,846.0	2,845.9	2,852.2	2,864.0
2 U.S. government securities	483.9	493.5	502.4	512.6	523.0	538.7	550.8	562.5	564.7	568.9	576.5	588.1
3 Other securities	176.8	176.3	175.8	174.4	176.3	177.9	178.8	179.5	179.3	179.2	176.9	177.5
4 Total loans and leases³	2,104.0	2,103.4	2,095.4	2,089.8	2,089.6	2,088.7	2,093.0	2,095.9	2,102.1	2,097.8	2,098.7	2,098.4
5 Commercial and industrial	630.5	625.8	623.8	619.5	622.0	623.0	622.1	617.8	615.7	611.3	609.0	605.7
6 Bankers acceptances held ⁴	8.1	7.6	7.4	7.7	7.2	6.6	7.1	7.3	7.1	7.3	7.2	7.0
7 Other commercial and industrial	622.4	618.3	616.3	611.8	614.8	616.4	614.9	610.5	608.6	604.0	601.8	598.6
8 U.S. addressees ⁴	616.5	612.5	610.6	605.9	608.7	609.7	608.3	603.1	602.3	597.7	595.4	592.1
9 Non-U.S. addressees ⁴	5.9	5.7	5.7	5.9	6.1	6.7	6.7	7.4	6.3	6.3	6.4	6.5
10 Real estate	863.8	868.5	867.3	866.7	868.0	869.5	871.6	872.9	873.3	876.9	877.8	879.1
11 Individual	373.8	373.1	370.9	370.3	367.2	364.1	363.0	363.6	363.1	363.5	362.2	361.3
12 Security	49.1	49.0	47.4	48.4	50.0	51.1	53.4	54.5	59.4	57.0	60.4	65.0
13 Nonbank financial institutions	36.1	38.6	37.7	36.9	37.1	37.2	37.8	40.2	39.1	40.1	40.5	40.0
14 Agricultural	33.7	33.9	34.0	34.3	34.4	34.1	33.7	33.9	33.6	33.5	34.1	34.1
15 State and political subdivisions	31.7	31.3	30.9	30.5	30.1	29.5	29.1	28.9	28.0	28.1	28.1	27.8
16 Foreign banks	6.4	6.3	6.4	6.5	6.8	6.6	6.9	7.5	7.3	6.8	6.5	6.7
17 Foreign official institutions	2.4	2.5	2.3	2.2	2.3	2.4	2.5	2.4	2.3	2.2	2.2	2.1
18 Lease-financing receivables	33.0	33.2	32.4	31.7	31.7	31.5	31.4	31.6	31.5	31.6	31.5	31.5
19 All other loans	43.4	41.3	42.4	42.8	39.9	39.8	41.5	42.6	48.9	46.8	46.3	45.2
Not seasonally adjusted												
20 Total loans and securities²	2,760.7	2,774.2	2,766.9	2,773.8	2,789.1	2,808.1	2,827.9	2,844.4	2,842.7	2,848.4	2,852.9	2,863.1
21 U.S. government securities	483.9	492.7	500.3	511.1	521.6	537.6	551.7	558.5	564.2	572.8	581.8	590.4
22 Other securities	176.5	176.3	174.9	174.5	176.3	178.3	179.0	179.8	179.8	179.3	177.1	177.1
23 Total loans and leases³	2,100.3	2,105.3	2,091.7	2,088.2	2,091.2	2,092.3	2,097.2	2,106.1	2,098.7	2,096.4	2,094.0	2,095.7
24 Commercial and industrial	633.2	627.9	623.6	617.7	619.1	621.4	620.8	619.1	612.5	610.5	611.7	608.5
25 Bankers acceptances held ⁴	8.1	7.6	7.1	7.5	7.2	6.6	7.3	7.6	7.1	7.4	7.2	6.8
26 Other commercial and industrial	625.1	620.3	616.5	610.2	611.9	614.9	613.4	611.5	605.4	603.1	604.5	601.7
27 U.S. addressees ⁴	619.3	614.2	610.8	604.3	605.9	608.7	607.2	604.5	598.6	596.4	597.9	595.0
28 Non-U.S. addressees ⁴	5.9	6.0	5.8	5.8	6.0	6.2	6.2	7.0	6.8	6.7	6.6	6.7
29 Real estate	864.3	868.8	868.4	868.6	869.0	870.9	872.9	873.2	872.7	873.9	874.3	877.8
30 Individual	372.1	371.0	368.2	369.3	368.7	365.0	364.4	368.3	367.4	363.6	359.7	358.6
31 Security	46.7	49.1	46.2	47.3	48.6	50.8	53.5	55.1	58.9	61.6	62.2	66.5
32 Nonbank financial institutions	35.7	38.9	37.9	37.0	36.7	36.9	38.1	41.5	39.5	39.7	40.0	39.5
33 Agricultural	33.3	34.1	34.7	35.2	35.5	34.9	34.1	33.9	33.2	32.6	32.8	33.1
34 State and political subdivisions	31.7	31.3	30.7	30.4	30.1	29.6	29.1	28.7	28.4	28.2	28.1	27.8
35 Foreign banks	6.3	6.1	6.3	6.4	6.9	6.9	7.3	8.0	7.1	6.7	6.4	6.6
36 Foreign official institutions	2.4	2.5	2.3	2.2	2.3	2.4	2.5	2.4	2.3	2.2	2.2	2.1
37 Lease-financing receivables	33.0	32.9	32.1	31.6	31.5	31.6	31.5	31.6	31.8	31.7	31.7	31.5
38 All other loans	41.4	42.7	41.3	42.7	42.9	41.9	42.9	44.3	45.1	45.7	45.0	43.7

1. Data have been revised to reflect new seasonal adjustment factors and benchmarking to Call reports. Historical data may be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Components may not sum to totals because of rounding.

2. Adjusted to exclude loans to commercial banks in the United States.

3. Includes nonfinancial commercial paper held.

4. United States includes the fifty states and the District of Columbia.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Billions of dollars, monthly averages

Source of funds	1991								1992			
	May	June	July	Aug.	Sept.	Oct. ^f	Nov. ^f	Dec. ^f	Jan. ^f	Feb. ^f	Mar. ^f	Apr.
<i>Seasonally adjusted</i>												
1 Total nondeposit funds ²	260.8	250.4	248.5	246.9 ^f	249.3 ^f	264.3	267.4	280.4	284.7	289.0	289.6	291.5
2 Net balances due to related foreign offices ³	23.6	17.0	18.1	18.2	20.3	31.0	33.1	39.2	43.7	42.6	45.3	50.0
3 Borrowings from other than commercial banks in United States ⁴	237.2	233.4	230.4	228.7 ^f	229.0 ^f	233.4	234.3	241.2	240.9	246.4	244.2	241.5
4 Domestically chartered banks	167.7	164.4	160.7	156.5	155.2	154.3	151.1	153.3	155.9	158.9	154.8	151.6
5 Foreign-related banks	69.5	69.0	69.7	72.1	73.8 ^f	79.1	83.2	87.9	85.1	87.5	89.4	89.9
<i>Not seasonally adjusted</i>												
6 Total nondeposit funds ²	267.0	251.4	244.7	243.6 ^f	246.7 ^f	265.6	271.7	278.6	280.6	289.7	293.4	288.8
7 Net balances due to related foreign offices ³	26.2	16.5	14.8	16.4 ^f	19.5 ^f	30.6	34.0	42.7	44.4	42.8	45.7	48.6
8 Domestically chartered banks	-3	-3.7	-7.3	-7.2	-8.8	-7.2	-4.4	-3.8	-4.9	-1.0	-1.2	-5.4
9 Foreign-related banks	26.5	20.2	22.1	23.6	28.3	37.7	38.5	46.5	49.3	43.8	47.0	54.0
10 Borrowings from other than commercial banks in United States ⁴	240.9	234.9	229.8	227.2 ^f	227.2 ^f	235.0	237.6	235.9	236.2	246.9	247.7	240.2
11 Domestically chartered banks	170.9	164.6	158.9	154.8	154.1	155.1	155.4	152.0	151.6	159.4	157.9	149.7
12 Federal funds and security RP borrowings ⁵	168.1	161.7	155.7	151.1	150.6	151.9	152.1	148.8	148.1	155.9	154.6	146.3
13 Other ⁶	2.8	2.8	3.2	3.7	3.5	3.2	3.2	3.1	3.4	3.5	3.3	3.4
14 Foreign-related banks ⁶	70.0	70.4	70.9	72.4	73.1 ^f	79.9	82.3	83.9	84.6	87.4	89.8	90.5
MEMO												
<i>Gross large time deposits⁷</i>												
15 Seasonally adjusted	442.5	441.5	437.5	438.2	436.0	429.5	426.1	423.9	416.0	413.7	406.9	399.8
16 Not seasonally adjusted	443.7	442.8	437.1	440.0	437.5	429.7	425.8	422.6	413.6	412.6	407.3	398.8
<i>U.S. Treasury demand balances at commercial banks⁸</i>												
17 Seasonally adjusted	15.8	24.1	22.8	25.3	23.8	29.2	34.2	26.4	27.8	19.5	21.8	19.9
18 Not seasonally adjusted	19.9	23.6	20.7	17.2	26.9	28.7	28.5	25.4	33.1	25.2	20.1	17.7

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, 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.

Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.

Data have been revised to reflect new seasonal adjustment factors and benchmarking to Call reports. Historical data may be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Includes federal funds, repurchase agreements (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 International Banking Facilities (IBFs).

4. 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. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly averages of daily data 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 BANKS Last-Wednesday-of-Month Series¹

Billions of dollars

Account	1991 ¹							1992 ²			
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
ALL COMMERCIAL BANKING INSTITUTIONS²											
1 Total assets	3,415.0	3,439.8	3,402.5	3,431.6	3,473.1	3,514.4	3,545.4	3,502.9	3,502.0	3,499.8	3,514.7
2 Loans and securities	2,939.5	2,944.5	2,933.3	2,952.0	2,982.5	3,005.1	3,026.7	3,015.4	3,015.7	3,019.0	3,021.9
3 Investment securities	640.3	649.7	654.2	663.4	687.3	696.7	705.5	705.3	711.1	719.7	723.3
4 U.S. government securities	477.2	487.4	491.9	500.0	522.6	530.7	538.0	539.6	546.7	556.5	561.7
5 Other	163.0	162.3	162.3	163.4	164.7	166.0	167.4	165.6	164.4	163.1	161.6
6 Trading account assets	30.1	33.4	31.3	32.3	35.3	36.4	33.8	38.0	37.7	39.2	38.5
7 Total loans	2,269.1	2,261.5	2,247.7	2,256.2	2,259.9	2,271.9	2,287.5	2,272.2	2,266.9	2,260.2	2,260.1
8 Interbank loans	161.5	168.9	161.1	163.3	169.5	173.6	175.1	178.0	175.8	170.4	167.0
9 Loans excluding interbank	2,107.6	2,092.6	2,086.7	2,093.0	2,090.4	2,098.3	2,112.4	2,094.2	2,091.1	2,089.8	2,093.1
10 Commercial and industrial	627.4	622.2	616.7	619.0	619.1	621.6	621.1	609.7	609.2	609.5	605.0
11 Real estate	868.7	867.2	868.4	867.9	872.3	872.5	873.6	872.8	873.6	873.6	880.9
12 Individual	371.0	369.4	369.4	368.8	365.3	363.5	369.9	367.0	362.6	359.7	359.9
13 All other	240.6	233.8	232.1	237.3	233.7	240.7	248.5	243.9	246.5	247.0	247.3
14 Total cash assets	210.6	212.7	197.3	203.7	206.0	224.2	229.2	201.5	204.8	203.8	208.5
15 Reserves with Federal Reserve Banks	29.3	24.3	22.6	26.1	25.9	24.7	29.2	23.7	27.4	28.5	23.7
16 Cash in vault	29.8	29.7	31.0	30.2	30.7	29.6	30.8	31.2	30.7	29.7	30.8
17 Cash items in process of collection	78.2	88.0	71.9	75.5	75.5	90.6	87.7	73.0	73.6	71.5	78.5
18 Demand balances at U.S. depository institutions	29.2	27.3	27.6	27.2	29.2	32.7	33.3	28.4	29.0	28.3	28.7
19 Other cash assets	44.1	43.4	44.2	44.7	44.7	46.5	48.3	45.3	44.1	45.7	46.9
20 Other assets	264.9	282.5	271.9	275.9	284.5	285.1	289.5	286.0	281.5	277.0	284.3
21 Total liabilities	3,085.4	3,103.7	3,056.6	3,083.2	3,131.4	3,172.8	3,199.8	3,147.4	3,147.0	3,144.1	3,163.7
22 Total deposits	2,312.5	2,349.9	2,326.7	2,325.2	2,345.5	2,388.6	2,392.6	2,339.5	2,347.1	2,354.3	2,359.3
23 Transaction accounts	611.5	639.8	612.5	614.4	629.7	672.2	685.4	646.2	654.8	666.0	676.3
24 Savings deposits (excluding checkable)	613.5	623.1	627.5	631.4	643.7	651.8	657.7	669.3	681.9	692.6	694.2
25 Time deposits	1,087.5	1,087.0	1,086.7	1,079.4	1,072.1	1,064.6	1,049.5	1,023.9	1,010.4	985.8	988.9
26 Borrowings	499.9	489.4	467.5	484.8	504.5	491.1	504.8	508.0	505.3	496.0	500.8
27 Other liabilities	273.0	264.4	262.4	273.2	281.4	293.1	302.4	299.9	294.6	293.8	303.6
28 Residual (assets less liabilities)	329.5	336.0	345.9	348.4	341.7	341.6	345.7	355.5	355.1	355.7	351.1
DOMESTICALLY CHARTERED COMMERCIAL BANKS⁴											
29 Total assets	3,003.8	3,020.2	2,987.3	3,002.4	3,027.7	3,055.2	3,072.0	3,033.0	3,032.0	3,035.3	3,049.4
30 Loans and securities	2,655.6	2,663.8	2,651.9	2,660.4	2,677.0	2,691.6	2,698.6	2,691.4	2,691.2	2,700.7	2,698.7
31 Investment securities	601.9	610.8	613.7	621.6	640.0	646.5	652.2	653.4	660.6	668.8	673.0
32 U.S. government securities	456.8	466.7	470.3	477.3	494.7	500.7	506.4	509.8	518.4	528.0	532.9
33 Other	145.1	144.1	143.4	144.3	145.3	145.8	145.8	143.6	142.1	140.8	140.1
34 Trading account assets	30.1	33.4	31.3	32.3	35.3	36.4	33.8	38.0	37.7	39.2	38.5
35 Total loans	2,023.5	2,019.6	2,006.8	2,006.5	2,001.8	2,008.7	2,012.6	2,000.0	1,992.9	1,992.7	1,987.2
36 Interbank loans	136.7	146.2	141.3	142.3	144.1	150.1	149.4	154.4	152.1	149.2	138.6
37 Loans excluding interbank	1,886.8	1,873.5	1,865.5	1,864.2	1,857.6	1,858.6	1,863.2	1,845.6	1,841.7	1,843.5	1,848.5
38 Commercial and industrial	490.0	482.4	475.8	473.0	471.5	469.1	464.5	454.8	454.5	454.9	453.3
39 Real estate	816.9	814.8	815.6	814.9	818.6	818.8	819.0	819.3	818.3	819.2	826.8
40 Revolving home equity	66.0	66.6	67.3	68.1	69.2	70.0	70.0	70.8	70.4	70.3	71.0
41 Other real estate	750.9	748.2	748.3	746.8	749.4	749.4	749.0	748.5	747.8	748.8	755.8
42 Individual	371.0	369.4	369.4	368.8	365.3	363.5	369.9	367.0	362.6	359.7	359.9
43 All other	208.9	206.9	204.7	207.6	202.2	207.1	209.8	204.6	206.3	209.8	208.5
44 Total cash assets	185.2	187.7	171.5	176.4	179.0	197.5	201.7	176.0	179.8	177.8	182.4
45 Reserves with Federal Reserve Banks	28.2	23.9	22.1	24.9	25.1	24.0	28.5	23.3	26.8	28.0	23.0
46 Cash in vault	29.8	29.7	31.0	30.1	30.7	29.6	30.7	31.1	30.7	29.7	30.8
47 Cash items in process of collection	76.2	86.3	70.3	74.0	73.7	88.4	85.6	71.2	71.8	69.0	76.0
48 Demand balances at U.S. depository institutions	27.3	25.5	25.7	25.1	27.3	30.7	31.1	26.5	27.2	26.9	27.2
49 Other cash assets	23.6	22.4	22.4	22.3	22.3	24.8	25.8	24.0	23.3	24.1	25.4
50 Other assets	163.1	168.7	163.9	165.6	171.6	166.2	171.7	165.6	161.0	156.7	168.3
51 Total liabilities	2,776.8	2,792.5	2,755.0	2,769.4	2,795.4	2,821.8	2,836.5	2,793.9	2,792.3	2,794.8	2,807.4
52 Deposits	2,276.1	2,313.5	2,289.5	2,287.1	2,301.9	2,342.0	2,344.0	2,293.0	2,302.7	2,309.1	2,314.3
53 Transaction accounts	601.8	630.4	603.2	605.4	620.3	662.0	674.9	636.2	645.3	655.8	666.6
54 Savings deposits (excluding checkable)	609.8	619.4	623.8	627.6	639.9	647.9	653.7	665.3	677.8	688.5	690.1
55 Time deposits	1,064.6	1,063.7	1,062.6	1,054.1	1,041.7	1,032.0	1,015.4	991.6	979.6	964.8	957.6
56 Borrowings	370.1	353.2	340.1	356.1	362.3	346.5	356.4	365.2	359.2	354.3	367.3
57 Other liabilities	130.6	125.8	126.2	126.2	131.2	133.3	136.1	135.7	130.4	131.4	125.8
58 Residual (assets less liabilities)	226.9	227.7	232.4	233.0	232.3	233.4	235.5	239.1	239.6	240.4	242.0

1. Data have been revised to reflect benchmarking to quarterly Call reports. Back data are available from the Banking and Monetary Statistics Section, Board of Governors of the Federal Reserve System, Washington, DC 20551. Data in this table also appear in the Board's H.8 (510) weekly statistical release.

Data are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Components may not sum to totals because of rounding.

2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York

State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly-reporting foreign-related institutions and quarter-end condition reports.

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

4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

A20 Domestic Financial Statistics □ July 1992

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS¹

Millions of dollars, Wednesday figures

Account	1992									
	Mar. 4 ^f	Mar. 11 ^f	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	
ASSETS										
1 Cash and balances due from depository institutions	111,597	106,470	107,885	104,112	135,173	99,114	131,036	101,414	108,229	
2 U.S. Treasury and government securities	239,697	239,516	238,298	239,239 ^f	241,435	241,963	242,981	239,287	237,027	
3 Trading account	22,213	20,824	21,764	23,306	20,792	22,556	23,912	21,861	22,700	
4 Investment account	217,483	218,691	216,534	215,932 ^f	220,643	219,408	219,068	217,426	214,327	
5 Mortgage-backed securities ²	81,617	81,442	80,522	80,670 ^f	81,410	81,941	81,178	80,780	80,270	
All others, by maturity										
6 One year or less	24,497	25,423	25,725	26,089	26,992	27,498	28,490	26,899	25,777	
7 One year through five years	63,212	63,621	62,899	62,741	63,417	61,794	61,621	62,612	62,080	
8 More than five years	48,157	48,205	47,388	46,432	48,824	48,175	47,780	47,135	46,200	
9 Other securities	54,423	53,988	53,739	54,286 ^f	54,582	54,797	55,009	55,004	54,507	
10 Trading account	1,256	1,188	1,286	1,690	1,434	1,104	1,153	1,513	1,670	
11 Investment account	53,166	52,800	52,453	52,596 ^f	53,148	53,693	53,855	53,491	52,837	
12 State and political subdivisions, by maturity	22,155	22,152	22,116	22,064	21,897	21,898	21,867	21,822	21,855	
13 One year or less	3,325	3,361	3,338	3,322	3,303	3,320	3,336	3,289	3,313	
14 More than one year	18,830	18,790	18,779	18,742	18,594	18,578	18,531	18,533	18,541	
15 Other bonds, corporate stocks, and securities	31,011	30,649	30,337	30,532 ^f	31,251	31,795	31,988	31,669	30,982	
16 Other trading account assets	12,456	12,346	12,281	11,804	11,646	12,910	12,991	12,761	11,681	
17 Federal funds sold ³	106,866	94,426	98,102	93,869	96,426	96,007	117,240	98,686	93,099	
18 To commercial banks in the United States	69,704	60,048	63,756	60,083	65,371	65,531	75,469	59,218	58,726	
19 To nonbank brokers and dealers	30,993	27,606	28,587	28,536	25,684	25,893	35,981	35,087	29,144	
20 To others ⁴	6,168	6,772	5,759	5,250	5,370	4,583	5,790	4,381	5,228	
21 Other loans and leases, gross	1,006,001	1,003,355	1,003,121 ^f	1,002,180 ^f	1,007,314	997,576	1,002,957	996,203	999,441	
22 Commercial and industrial	290,632	289,184	289,751 ^f	289,079 ^f	289,720	287,264	288,223	286,570	286,586	
23 Bankers acceptances and commercial paper	1,751	1,750	1,631 ^f	1,475 ^f	1,377	1,403	1,493	1,411	1,445	
24 All other	288,880	287,434	288,120 ^f	287,604 ^f	288,343	285,861	286,730	285,159	285,141	
25 U.S. addressees	287,563	286,185	286,892 ^f	286,339 ^f	287,057	284,585	285,406	283,785	283,718	
26 Non-U.S. addressees	1,317	1,250	1,227 ^f	1,265 ^f	1,286	1,276	1,324	1,374	1,424	
27 Real estate loans	402,113	403,276	402,021 ^f	400,734 ^f	401,798	402,221	402,103	401,077	403,178	
28 Revolving, home equity	41,438	41,367	41,337 ^f	41,321	41,392	41,368	41,516	41,616	41,766	
29 All other	360,675	361,909	360,684 ^f	359,412 ^f	360,406	360,853	360,588	359,461	361,411	
30 To individuals for personal expenditures	182,880	182,228	182,160 ^f	182,260 ^f	181,216	180,410	180,411	180,988	181,581	
31 To financial institutions	43,923	44,165	44,474 ^f	44,946	45,351	43,898	43,084	42,581	43,244	
32 Commercial banks in the United States	19,082	19,837	20,170 ^f	20,428	19,699	19,178	18,903	19,155	19,092	
33 Banks in foreign countries	1,819	1,490	1,710	2,020	2,069	1,928	1,845	1,774	2,172	
34 Nonbank financial institutions	23,021	22,839	22,594	22,499	23,583	22,791	22,337	21,652	21,981	
35 For purchasing and carrying securities	14,980	13,231	13,751	14,217	15,561	13,117	17,393	14,021	14,096	
36 To finance agricultural production	5,805	5,804	5,784	5,784	5,810	5,826	5,844	5,870	5,895	
37 To states and political subdivisions	17,193	17,116	17,118	17,083	17,031	16,961	16,889	16,812	16,823	
38 To foreign governments and official institutions	855	861	915	852	904	920	892	863	881	
39 All other loans ⁵	21,747	21,631	21,346 ^f	21,439 ^f	24,135	21,210	22,420	21,745	21,553	
40 Lease-financing receivables	25,873	25,857	25,803 ^f	25,787 ^f	25,789	25,749	25,698	25,677	25,604	
41 Less: Unearned income	3,085	3,059	3,040 ^f	3,030 ^f	2,970	2,959	2,966	2,955	2,960	
42 Loan and lease reserve ⁶	38,551	38,587	38,444	38,169	37,494	37,583	37,822	37,608	37,659	
43 Other loans and leases, net	964,365	961,709	961,638 ^f	960,981 ^f	966,851	957,034	962,169	955,640	958,822	
44 Other assets	153,192	151,354	151,395 ^f	145,716 ^f	157,066	156,927	157,557	152,514	155,483	
45 Total assets	1,642,595	1,619,810	1,623,539^f	1,610,006^f	1,663,177	1,618,753	1,678,982	1,615,305	1,618,847	

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1992								
	Mar. 4 ^f	Mar. 11 ^f	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
LIABILITIES									
46 Deposits	1,139,926	1,127,578	1,117,010 ^f	1,114,260 ^f	1,164,482	1,134,881	1,180,113	1,116,397	1,117,130
47 Demand deposits	249,304	240,638	237,116 ^f	236,942 ^f	276,097	240,832	286,074	237,798	244,697
48 Individuals, partnerships, and corporations	198,899	192,683	191,250	188,978	216,902	195,793	216,531	189,504	194,496
49 Other holders	50,405	47,955	45,866 ^f	47,963 ^f	59,194	45,039	69,543	48,294	50,200
50 States and political subdivisions	7,780	7,182	7,645	8,059	8,602	7,434	8,293	8,658	8,107
51 U.S. government	2,149	1,803	1,671	1,535	3,857	1,854	14,398	3,750	3,544
52 Depository institutions in the United States	22,341	21,645	20,922	20,999	28,581	20,722	28,985	20,378	21,629
53 Banks in foreign countries	4,648	4,492	4,837	5,421	5,486	4,849	5,554	4,883	5,108
54 Foreign governments and official institutions	524	958	524	643	747	574	703	629	600
55 Certified and officers' checks	12,963	11,874	10,266 ^f	11,307 ^f	11,921	9,606	11,609	9,996	11,213
56 Transaction balances other than demand deposits	106,718	103,847	103,223	102,384	106,995	107,843	111,624	105,872	101,447
57 Nontransaction balances	783,904	783,093	776,671	774,935	781,390	786,206	782,415	772,727	770,986
58 Individuals, partnerships, and corporations	751,186	750,523	745,351 ^f	744,154 ^f	751,226	755,506	751,194	741,494	739,812
59 Other holders	32,718	32,570	31,320 ^f	30,781 ^f	30,164	30,700	31,220	31,233	31,174
60 States and political subdivisions	26,353	26,293	25,764 ^f	25,355 ^f	25,027	25,266	25,048	25,103	25,157
61 U.S. government	1,781	1,819	1,824	1,843	1,985	2,144	2,171	2,191	2,131
62 Depository institutions in the United States	4,305	4,168	3,437	3,274	2,873	3,015	3,729	3,663	3,614
63 Foreign governments, official institutions, and banks	279	290	296	309	279	275	273	276	272
64 Liabilities for borrowed money ⁶	282,777	269,890	284,985 ^f	270,744 ^f	274,977	259,653	275,905	277,394	281,633
65 Borrowings from Federal Reserve Banks	0	0	350	0	551	0	0	0	0
66 Treasury tax and loan notes	14,545	10,049	20,446	13,125	4,543	2,895	4,105	24,414	28,063
67 Other liabilities for borrowed money ⁷	268,233	259,842	264,189 ^f	257,619 ^f	269,883	256,757	271,800	252,980	253,571
68 Other liabilities (including subordinated notes and debentures)	99,137	101,613	100,608 ^f	104,002 ^f	102,213	102,196	101,209	98,667	97,945
69 Total liabilities	1,521,840	1,499,081	1,502,603^f	1,489,006^f	1,541,672	1,496,730	1,557,227	1,492,458	1,496,708
70 Residual (total assets less total liabilities) ⁸	120,755	120,729	120,937	121,000 ^f	121,505	122,023	121,755	122,848	122,139
MEMO									
71 Total loans and leases, gross, adjusted, plus securities ⁹	1,330,656	1,323,747	1,321,616 ^f	1,320,867 ^f	1,326,332	1,318,544	1,336,805	1,323,568	1,317,936
72 Time deposits in amounts of \$100,000 or more	158,762	156,660	153,531	152,256 ^f	151,112	153,584	152,272	150,523	150,413
73 Loans sold outright to affiliates ¹⁰	1,221	1,223	1,219	1,207	1,205	1,197	1,204	1,191	1,209
74 Commercial and industrial	690	692	692	679	676	683	683	684	691
75 Other	531	530	527	528	529	514	522	508	519
76 Foreign branch credit extended to U.S. residents ¹¹	23,225	23,247	23,173	23,186	22,911	22,645	22,875	22,872	22,912
77 Net due to related institutions abroad	-4,650	-3,406	-3,492	2,543	-3,365	-6,622	-7,087	-4,938	-6,720

1. Components may not sum to totals because of rounding.
 2. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.
 3. Includes securities purchased under agreements to resell.
 4. Includes allocated transfer risk reserve.
 5. Includes negotiable order of withdrawal accounts (NOWs), automatic transfer service (ATS), and telephone and preauthorized transfers of savings deposits.
 6. Includes borrowings only from other than directly related institutions.
 7. Includes federal funds purchased and securities sold under agreements to repurchase.
 8. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
 9. Excludes loans to and federal funds transactions with commercial banks in the United States.

10. 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.
 11. 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 in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. For ordering address, see inside front cover.

A22 Domestic Financial Statistics □ July 1992

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities¹

Millions of dollars, Wednesday figures

Account	1992								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
1 Cash and balances due from depository institutions	16,705	16,667	16,850	16,881	17,220	16,557	18,322	16,177	16,998
2 U.S. Treasury and government agency securities	20,005	19,865	19,596	19,541	20,004	20,521	20,440	19,749	19,737
3 Other securities	9,021 ^f	8,983	9,150	9,065	8,841	8,884	8,808	8,851	8,670
4 Federal funds sold ¹	13,795	12,652	12,233	9,194	12,271	11,616	13,137	16,622	14,124
5 To commercial banks in the United States	4,720	4,665	5,407	3,061	5,500	4,288	4,705	6,026	5,959
6 To others ²	9,075	7,987	6,827	6,133	6,770	7,329	8,432	10,596	8,165
7 Other loans and leases, gross	164,080 ^f	161,985	162,906	163,909	162,996	161,563	162,655	161,665	162,252
8 Commercial and industrial	98,171 ^f	97,341	97,764	97,311 ^f	97,785	97,718	97,292	96,665	95,446
9 Bankers acceptances and commercial paper	2,803 ^f	2,601	2,507	2,455	2,592	2,516	2,531	2,401	2,335
10 All other	95,369 ^f	94,740	95,257	94,855 ^f	95,193	95,202	94,761	94,264	93,111
11 U.S. addressees	92,483 ^f	91,875	92,376	92,015 ^f	92,288	92,274	91,840	91,307	90,237
12 Non-U.S. addressees	2,885 ^f	2,865	2,881	2,840	2,905	2,928	2,922	2,957	2,873
13 Loans secured by real estate	36,873	36,783	36,737	36,868 ^f	36,256	36,122	36,137	36,284	36,658
14 To financial institutions	20,718	19,966	19,595	20,605	21,201	20,752	21,200	21,140	21,918
15 Commercial banks in the United States	7,854	7,687	7,407	7,476	7,479	7,682	8,315	7,951	8,329
16 Banks in foreign countries	1,681	1,493	1,598	1,687	1,748	1,677	1,720	1,568	1,689
17 Nonbank financial institutions	11,183	10,787	10,590	11,442	11,974	11,393	11,166	11,621	11,900
18 For purchasing and carrying securities	5,841	5,479	6,319	6,614 ^f	5,385	4,361	5,369	5,165	5,726
19 To foreign governments and official institutions	354	381	369	363	359	376	347	326	324
20 All other	2,123	2,036	2,122	2,148	2,011	2,234	2,309	2,086	2,179
21 Other assets (claims on nonrelated parties) ..	28,475 ^f	30,229	28,161	27,542	27,380	27,665	27,897	27,915	28,216
22 Total assets ³	296,020 ^f	291,646	293,101	288,400	294,648	289,267	295,290	291,034	288,894
23 Deposits or credit balances due to other than directly related institutions	97,864	99,802	101,485	101,039	100,750	97,576	96,445	96,542	95,633
24 Demand deposits ⁴	3,753	3,529	3,516	3,638	3,752	3,651	4,118	3,330	3,333
25 Individuals, partnerships, and corporations	2,731	2,729	2,804	2,882	2,951	2,766	2,963	2,533	2,618
26 Other	1,022	800	713	756	801	885	1,155	797	715
27 Nontransaction accounts	94,112	96,273	97,968	97,401	96,999	93,924	92,327	93,212	92,300
28 Individuals, partnerships, and corporations	66,395	68,454	69,857	69,699	69,435	67,033	65,961	67,177	66,128
29 Other	27,717	27,819	28,112	27,702	27,563	26,891	26,366	26,035	26,172
30 Borrowings from other than directly related institutions	111,711 ^f	104,905	104,804	99,924	105,253	104,494	110,422	106,323	94,141
31 Federal funds purchased ⁵	61,262 ^f	49,828	49,472	45,861	51,167	51,652	57,181	45,753	43,892
32 From commercial banks in the United States	25,122	17,501	18,051	16,743	21,399	19,802	24,757	14,650	15,542
33 From others	36,140 ^f	32,326	31,421	29,118	29,768	31,850	32,424	31,103	28,350
34 Other liabilities for borrowed money	50,449 ^f	55,078	55,332	54,063	54,086	52,842	53,241	60,571	50,249
35 To commercial banks in the United States	12,917	13,945	14,537	14,520	13,484	13,828	13,314	13,350	12,363
36 To others	37,532 ^f	41,133	40,795	39,543	40,602	39,014	39,928	47,221	37,886
37 Other liabilities to nonrelated parties	25,763 ^f	25,939	24,329	24,183	23,597	24,428	24,664	24,914	26,365
38 Total liabilities ⁶	296,020 ^f	291,646	293,101	288,400	294,648	289,267	295,290	291,034	288,894
MEMO									
39 Total loans (gross) and securities, adjusted ⁷ ..	194,328 ^f	191,134	191,071	191,171	191,132	190,615	192,021	192,911	190,496
40 Net due to related institutions abroad	16,744 ^f	19,735	18,279	20,985	19,111	20,309	19,728	23,201	33,860

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 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 United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING¹

Millions of dollars, end of period

Item	1987 Dec.	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1991			1992		
						Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	358,997	458,464	525,831	561,142	530,300	532,342	534,969	530,300	533,342	527,941 ^r	539,749
Financial companies ²											
Dealer-placed paper ³											
2 Total	102,742	159,777	183,622	215,123	214,445	219,938	218,149	214,445	220,208	210,686 ^r	219,287
3 Bank-related (not seasonally adjusted) ⁴	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper ⁵											
4 Total	174,332	194,931	210,930	199,835	183,195	180,179	181,582	183,195	180,224	178,995	181,485
5 Bank-related (not seasonally adjusted) ⁴	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies ⁶	81,923	103,756	131,279	146,184	132,660	132,225	135,238	132,660	132,910	138,260	138,977
Bankers dollar acceptances (not seasonally adjusted) ⁷											
7 Total	70,565	66,631	62,972	54,771	43,770	44,910	43,947	43,770	43,112	41,375 ^r	39,309
Holder											
8 Accepting banks	10,943	9,086	9,433	9,017	11,017	9,876	10,750	11,017	11,291	10,578	9,640
9 Own bills	9,464	8,022	8,510	7,930	9,347	8,306	8,754	9,347	9,273	8,831	8,248
10 Bills bought	1,479	1,064	924	1,087	1,670	1,570	1,996	1,670	2,018	1,747	1,392
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	965	1,493	1,066	918	1,739	1,862	1,705	1,739	1,574	1,364	1,492
13 Others	58,658	56,052	52,473	44,836	31,014	33,172	31,491	31,014	30,247	29,423 ^r	28,177
Basis											
14 Imports into United States	16,483	14,984	15,651	13,096	12,843	13,265	13,472	12,843	12,995	12,853 ^r	11,569
15 Exports from United States	15,227	14,410	13,683	12,703	10,351	11,105	10,486	10,351	9,740	9,252 ^r	9,403
16 All other	38,855	37,237	33,638	28,973	20,577	20,541	19,982	20,577	20,377	19,269 ^r	18,337

1. Components may not sum to totals because of rounding.
2. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial-company paper sold by dealers in the open market.
4. Bank-related series were discontinued in January 1989.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
7. Data on bankers acceptances are gathered from institutions whose acceptances total \$100 million or more annually. The reporting group is revised every January. In January 1988, the group was reduced from 155 to 111 institutions. The current group, totaling approximately 100 institutions, accounts for more than 90 percent of total acceptances activity.

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans¹

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1989—Jan. 1	10.50	1989	10.87	1990—Jan.	10.11	1991—Jan.	9.52
Feb. 10	11.00	1990	10.01	Feb.	10.00	Feb.	9.05
24	11.50	1991	8.46	Mar.	10.00	Mar.	9.00
June 5	11.00			Apr.	10.00	Apr.	9.00
July 31	10.50	1989—Jan.	10.50	May	10.00	May	8.50
		Feb.	10.93	June	10.00	June	8.50
1990—Jan. 8	10.00	Mar.	11.50	July	10.00	July	8.50
		Apr.	11.50	Aug.	10.00	Aug.	8.50
1991—Jan. 2	9.50	May	11.50	Sept.	10.00	Sept.	8.20
Feb. 4	9.00	June	11.07	Oct.	10.00	Oct.	8.00
May 1	8.50	July	10.98	Nov.	10.00	Nov.	7.58
Sept. 13	8.00	Aug.	10.50	Dec.	10.00	Dec.	7.21
Nov. 6	7.50	Sept.	10.50			1992—Jan.	6.50
Dec. 23	6.50	Oct.	10.50			Feb.	6.50
		Nov.	10.50			Mar.	6.50
		Dec.	10.50			Apr.	6.50
						May	6.50

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

A24 Domestic Financial Statistics □ July 1992

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.

Item	1989	1990	1991	1992				1992, week ending				
				Jan.	Feb.	Mar.	Apr.	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24
MONEY MARKET INSTRUMENTS												
1 Federal funds ^{1,2,3}	9.21	8.10	5.69	4.03	4.06	3.98	3.73	3.94	4.09	3.98	3.65	3.47
2 Discount window borrowing ⁴	6.93	6.98	5.45	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
<i>Commercial paper^{3,5,6}</i>												
3 1-month	9.11	8.15	5.89	4.11	4.11	4.28	4.02	4.27	4.25	4.11	3.95	3.95
4 3-month	8.99	8.06	5.87	4.07	4.11	4.30	4.04	4.29	4.26	4.12	3.96	3.97
5 6-month	8.80	7.95	5.85	4.06	4.13	4.38	4.13	4.39	4.34	4.18	4.06	4.08
<i>Finance paper, directly placed^{3,5,7}</i>												
6 1-month	8.99	8.00	5.73	3.99	4.01	4.18	3.89	4.16	4.13	3.99	3.80	3.81
7 3-month	8.72	7.87	5.71	3.99	4.02	4.20	3.91	4.19	4.15	4.00	3.79	3.84
8 6-month	8.16	7.53	5.60	3.95	3.96	4.15	3.89	4.17	4.14	4.00	3.80	3.79
<i>Bankers acceptances^{3,5,8}</i>												
9 3-month	8.87	7.93	5.70	3.97	4.00	4.19	3.92	4.19	4.12	4.01	3.84	3.87
10 6-month	8.67	7.80	5.67	3.96	4.02	4.29	3.99	4.31	4.22	4.06	3.89	3.95
<i>Certificates of deposit, secondary market⁹</i>												
11 1-month	9.11	8.15	5.82	4.07	4.05	4.23	3.97	4.22	4.15	4.05	3.90	3.93
12 3-month	9.09	8.15	5.83	4.05	4.07	4.25	4.00	4.25	4.19	4.08	3.93	3.96
13 6-month	9.08	8.17	5.91	4.07	4.13	4.42	4.13	4.42	4.34	4.17	4.04	4.11
14 Eurodollar deposits, 3-month ^{3,10}	9.16	8.16	5.86	4.06	4.05	4.26	4.05	4.26	4.21	4.10	4.00	4.04
<i>U.S. Treasury bills, Secondary market^{3,5}</i>												
15 3-month	8.11	7.50	5.38	3.80	3.84	4.04	3.75	4.03	4.01	3.80	3.63	3.68
16 6-month	8.03	7.46	5.44	3.87	3.93	4.18	3.87	4.18	4.11	3.89	3.74	3.84
17 1-year	7.92	7.35	5.52	3.95	4.08	4.40	4.09	4.40	4.27	4.06	3.95	4.11
<i>Auction average^{3,5,11}</i>												
18 3-month	8.12	7.51	5.42	3.84	3.84	4.05	3.81	4.08	4.08	3.95	3.60	3.69
19 6-month	8.04	7.47	5.49	3.88	3.94	4.19	3.93	4.27	4.19	4.02	3.73	3.86
20 1-year	7.91	7.36	5.54	3.84	4.01	4.37	4.34	n.a.	n.a.	4.34	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
<i>Constant maturities¹²</i>												
21 1-year	8.53	7.89	5.86	4.15	4.29	4.63	4.30	4.64	4.50	4.25	4.14	4.32
22 2-year	8.57	8.16	6.49	4.96	5.21	5.69	5.34	5.75	5.53	5.26	5.21	5.40
23 3-year	8.55	8.26	6.82	5.40	5.72	6.18	5.93	6.26	6.09	5.81	5.77	6.02
24 5-year	8.50	8.37	7.37	6.24	6.58	6.95	6.78	7.00	6.86	6.69	6.65	6.89
25 7-year	8.52	8.52	7.68	6.70	6.96	7.26	7.15	7.29	7.20	7.09	7.03	7.24
26 10-year	8.49	8.55	7.86	7.03	7.34	7.54	7.48	7.56	7.49	7.40	7.38	7.58
27 30-year	8.45	8.61	8.14	7.58	7.85	7.97	7.96	7.97	7.92	7.89	7.89	8.04
<i>Composite¹³</i>												
28 Over 10 years (long-term)	8.58	8.74	8.16	7.48	7.78	7.93	7.88	7.93	7.87	7.80	7.78	7.96
STATE AND LOCAL NOTES AND BONDS												
<i>Moody's series¹⁴</i>												
29 Aaa	7.00	6.96	6.56	6.13	n.a.	n.a.	n.a.	6.50	6.40	6.43	6.35	6.29
30 Baa	7.40	7.29	6.99	6.47	n.a.	n.a.	n.a.	6.94	6.90	6.91	6.84	6.78
31 Bond Buyer series ¹⁵	7.23	7.27	6.92	6.54	6.74	6.76	6.67	6.77	6.73	6.66	6.60	6.68
CORPORATE BONDS												
32 Seasoned issues, all industries ¹⁶	9.66	9.77	9.23	8.64	8.75	8.81	8.77	8.81	8.78	8.75	8.73	8.80
<i>Rating group</i>												
33 Aaa	9.26	9.32	8.77	8.20	8.29	8.35	8.33	8.36	8.35	8.32	8.28	8.33
34 Aa	9.46	9.56	9.05	8.51	8.67	8.73	8.69	8.73	8.69	8.66	8.64	8.73
35 A	9.74	9.82	9.30	8.72	8.83	8.89	8.87	8.90	8.86	8.84	8.82	8.90
36 Baa	10.18	10.36	9.80	9.13	9.23	9.25	9.21	9.25	9.21	9.19	9.16	9.24
37 A-rated, recently offered utility bonds ¹⁷	9.79	10.01	9.32	8.57	8.79	8.91	8.82	8.87	8.77	8.78	8.81	8.90
MEMO: Dividend-price ratio¹⁸												
38 Preferred stocks	9.05	8.96	8.17	7.54	7.54	7.64	7.75	7.76	7.78	7.77	7.75	7.76
39 Common stocks	3.45	3.61	3.25	2.90	2.94	3.01	3.02	3.01	3.03	3.11	2.95	3.01

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
 2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
 3. Annualized using a 360-day year or bank interest.
 4. Rate for the Federal Reserve Bank of New York.
 5. Quoted on a discount basis.
 6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
 7. An average of offering rates on paper directly placed by finance companies.
 8. Representative closing yields for acceptances of the highest rated money center banks.
 9. An average of dealer offering rates on nationally traded certificates of deposit.
 10. Bid rates for Eurodollar deposits at 11 a.m. London time. Data are for indication purposes only.
 11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.

12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
 13. Unweighted average of rates on all outstanding bonds neither due nor callable in less than ten years, including one low-yielding "flower" bond.
 14. General obligations based on Thursday figures; Moody's Investors Service.
 15. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
 16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
 17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
 18. 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 ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1989	1990	1991	1991					1992			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Prices and trading volume (averages of daily figures)												
<i>Common stock prices (indexes)</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	180.13	183.66	206.35	213.33	212.55	213.10	213.25	214.26	229.34	228.12	225.21	224.55
2 Industrial	228.04	226.06	258.16	268.22	266.21	265.68	264.89	266.01	286.62	286.09	282.36	281.60
3 Transportation	174.90	158.80	173.97	178.42	177.99	187.45	188.52	185.47	201.55	205.53	204.09	201.28
4 Utility	94.33	90.72	92.64	92.38	93.72	95.25	96.78	98.08	99.31	96.19	94.16	94.92
5 Finance	162.01	133.21	150.84	157.70	157.69	158.94	159.78	159.96	174.50	174.05	173.49	171.05
6 Standard & Poor's Corporation (1941-43 = 10) ¹	323.05	335.01	376.20	389.40	387.20	386.88	385.87	388.51	416.08	412.56	407.36	407.41
7 American Stock Exchange (Aug. 31, 1973 = 50) ²	356.67	338.32	360.32	367.38	369.55	376.82	382.38	373.08	409.08	413.74	404.09	388.06
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	165,568	156,359	179,411	171,490	163,242	177,502	187,191	197,914	239,903	226,476	185,581	206,251
9 American Stock Exchange	13,124	13,155	12,486	12,514	13,378	13,764	14,487	17,475	20,444	18,126	15,654	14,096
Customer financing (millions of dollars, end-of-period balances)												
10 Margin credit at broker-dealers ³	34,320	28,210	36,660	32,240	33,170	33,360	34,840	36,660	36,350	38,200	39,090	38,750
<i>Free credit balances at brokers⁴</i>												
11 Margin accounts ⁵	7,040	8,050	8,290	7,040	6,950	6,965	7,040	8,290	7,865	7,620	7,350	8,780
12 Cash accounts	18,505	19,285	19,255	17,040	17,595	17,100	17,780	19,255	19,990	20,370	19,305	16,400
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. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.

3. Since July 1983, under the revised Regulation T, margin credit at broker-dealers has included credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.

4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.

5. New series since June 1984.

6. These requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements

on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

Effective June 8, 1988, margins were set to be the price option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

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1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1989	1990	1991								1992	
			May	June	July	Aug. ¹	Sept. ¹	Oct. ¹	Nov. ¹	Dec. ¹	Jan. ¹	Feb.
SAIF-insured institutions												
1 Assets	1,249,055	1,084,821	1,020,677	1,001,582	984,964 ¹	972,521	949,007	937,799	934,556	920,087	909,218	906,329
2 Mortgages	733,729	633,385	605,947	596,022	586,302 ¹	578,294	566,419	560,768	557,231	550,971	545,689	541,643
3 Mortgage-backed securities	170,532	155,228	141,582	139,536	137,098	135,751	135,246	134,957	133,344	129,554	127,461	127,802
4 Contra-assets to mortgage assets ¹	25,457	16,897	14,438	14,625	14,245 ¹	14,037	13,128	12,442	12,403	12,317	11,853	11,562
5 Commercial loans	32,150	24,125	21,724	20,645	20,301	20,390	18,166	18,148	17,509	17,540	16,846	16,068
6 Consumer loans	58,685	48,753	45,827	45,174	44,352	43,258	42,422	43,061	42,761	41,773	40,942	39,985
7 Contra-assets to non-mortgage loans ¹	3,592	1,939	1,739	1,745	1,676	1,545	1,398	1,770	1,153	1,254	1,121	1,068
8 Cash and investment securities	166,053	146,644	134,012	130,443	130,262 ¹	132,009	125,911	120,765	123,421	120,122	118,532	121,985
9 Other ¹	116,955	95,522	87,757	86,133	82,570 ¹	78,403	75,369	73,918	73,846	73,698	72,722	71,512
10 Liabilities and net worth	1,249,055	1,084,821	1,020,677	1,001,582	984,964 ¹	972,521	949,007	937,799	934,556	920,087	909,218	906,329
11 Savings capital	945,656	835,496	801,678	792,923	775,434	763,751	749,376	741,360	737,554	732,069	721,099	717,034
12 Borrowed money	252,230	197,353	159,625	151,474	146,901	142,908	132,727	127,356	125,146	121,924	119,954	118,537
13 FHL/BB	124,577	100,391	82,312	78,966	76,104	74,424	68,816	66,609	66,005	65,843	62,637	63,133
14 Other	127,653	96,962	77,313	72,508	70,797	68,484	63,911	60,747	59,141	56,081	57,317	55,404
15 Other	27,536	21,332	23,647	20,480	21,654	22,649	19,080	20,390	21,695	17,468	18,995	21,365
16 Net worth	23,612	30,640	35,720	36,705	40,975 ¹	43,214	47,824	48,699	50,159	48,640	49,170	49,392

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. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE: Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE: *Savings Association Insurance Fund (SAIF)-insured institutions*: Estimates by the Office of Thrift Supervision (OTS) for all institutions insured by the SAIF and based on the OTS thrift institution Financial Report.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS¹

Millions of dollars

Type of account or operation	Fiscal year 1989	Fiscal year 1990	Fiscal year 1991	Calendar year					
				1991		1992			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<i>U.S. budget²</i>									
1 Receipts, total	990,701	1,031,308	1,054,260	73,194	103,662	104,091	62,056	72,917	138,430
2 On-budget	727,035	749,652	760,377	50,898	80,172	79,937	38,290	46,353	103,405
3 Off-budget	263,666	281,656	293,883	22,296	23,490	24,154	23,766	26,564	35,025
4 Outlays, total	1,144,020	1,251,766	1,323,750	117,878 ¹	106,199	119,742	111,230 ¹	123,629 ¹	123,821
5 On-budget	933,107	1,026,711	1,082,067	95,585 ¹	95,500	97,188 ¹	88,006 ¹	100,700	102,795
6 Off-budget	210,911	225,065	241,685	22,293	10,698	22,553	23,224	22,929 ¹	21,026
7 Surplus or deficit (-), total	-153,319	-220,469	-269,492	-44,684 ¹	-2,537	-15,650	-49,174 ¹	-50,712 ¹	14,609
8 On-budget	-206,072	-277,059	-321,690	-44,687 ¹	-15,328	-17,251 ¹	-49,716 ¹	-54,347	610
9 Off-budget	52,753	56,590	52,198	3	12,792	1,601	542	3,635 ¹	13,999
<i>Source of financing (total)</i>									
10 Borrowing from the public	141,806	220,101	276,802	25,641	22,825	11,449	20,938	50,138	6,292
11 Operating cash (decrease, or increase (-))	3,425	818	-1,329	28,195	-24,258	925	30,975	-2,961	-21,262
12 Other	8,088	-451	-5,981	-9,152 ¹	3,970	3,276	-2,739 ¹	3,535 ¹	361
MEMO									
13 Treasury operating balance (level, end of period)	40,973	40,155	41,484	24,524	48,782	47,857	16,882	19,843	41,105
14 Federal Reserve Banks	13,452	7,638	7,928	6,317	17,697	10,828	5,477	6,846	4,692
15 Tax and loan accounts	27,521	32,517	33,556	18,207	31,085	37,028	11,405	12,997	36,413

1. Components may not sum to totals because of rounding.

2. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act also moved two social security trust funds (federal old-age survivors insurance and federal disability insurance trust fund) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

3. Includes special drawing rights (SDRs); reserve position on the U.S. quota

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

SOURCES: *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government (MTS)* and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year 1990	Fiscal year 1991	Calendar year						
			1990		1991		1992		
			H1	H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 All sources	1,031,308	1,054,260	548,861	503,123	540,504	519,288	62,056	72,917	138,430
2 Individual income taxes, net	466,884	467,827	243,087	230,745	232,389	233,983	22,213	19,503	67,993
3 Withheld	388,384	404,152	190,219	207,469	193,440	210,552	33,941	35,728	30,112
4 Presidential Election Campaign Fund	32	32	30	3	31	1	5	7	-6
5 Nonwithheld	151,285	142,693	117,675	31,728	109,405	33,296	1,056	3,925	56,862
6 Refunds	72,817	79,050	64,838	8,455	70,487	9,867	12,789	20,157	18,975
7 Corporation income taxes									
8 Gross receipts	110,017	113,599	58,830	54,044	58,903	54,016	2,348	13,547	16,693
9 Refunds	16,510	15,513	8,326	7,603	7,904	7,956	1,129	1,805	2,495
10 Social insurance taxes and contributions, net	380,047	396,011	210,476	178,468	214,303	186,839	32,282	34,237	47,461
11 Employment taxes and contributions	353,891	370,526	195,269	167,224	199,727	175,802	29,964	33,557	44,432
12 Self-employment taxes and contributions	21,795	25,457	19,017	2,638	22,150	3,306	1,472	1,853	12,588
13 Unemployment insurance	21,635	20,922	12,929	8,996	12,296	8,721	1,945	2,65	2,608
14 Other net receipts ²	4,522	4,563	2,278	2,249	2,279	2,317	373	415	422
15 Excise taxes	35,345	42,430	18,153	17,535	20,703	24,690	3,395	4,077	3,871
16 Customs deposits	16,707	15,921	8,096	8,568	7,488	8,694	1,291	1,412	1,374
17 Estate and gift taxes	11,500	11,138	6,442	5,333	5,631	5,521	733	879	1,477
18 Miscellaneous receipts ³	27,316	22,847	12,106	16,032	8,991	13,503	923	1,066	2,057
OUTLAYS									
18 All types	1,251,776	1,323,750	640,867	647,461	632,153	694,468^f	111,230^f	123,629^f	123,821
19 National defense	299,331	272,514	152,733	149,497	122,089	147,531	24,265	22,947	23,901
20 International affairs	13,762	16,167	6,770	8,943	7,592	7,651	1,217	1,675	2,595
21 General science, space, and technology	14,444	15,946	6,974	8,081	7,496	8,473	1,312	1,592	1,388
22 Energy	2,372	1,750	1,216	979	816	1,436	254	411	348
23 Natural resources and environment	17,067	18,708	7,343	9,933	8,324	11,221	1,244	1,397	1,666
24 Agriculture	11,958	14,864	7,450	6,878	7,684	7,335	1,055	1,527	1,747
25 Commerce and housing credit	67,160	75,639	38,672	37,491	17,992	36,579	-1,851	9,083 ^f	5,147
26 Transportation	29,485	31,531	13,754	16,218	14,748	17,094	2,111	2,462	2,463
27 Community and regional development	8,498	7,432	3,987	3,939	3,552	3,784	540	743	762
28 Education, training, employment, and social services	38,497	41,479	19,537	18,988	21,234	21,104	3,750	3,642	4,321
29 Health	57,716	71,183	29,488	31,424	35,608	41,458	6,808	7,423	7,460
30 Social security and medicare	346,383	373,495	175,997	176,353	190,247	193,156	32,937	33,485	34,270
31 Income security	147,314	171,618	78,475	75,948	88,778	87,923 ^f	18,465	19,754	18,830
32 Veterans benefits and services	29,112	31,344	15,217	15,479	14,326	17,425	3,142	1,833	2,926
33 Administration of justice	10,004	12,295	4,868	5,265	6,187	6,586	1,145	1,130	1,517
34 General government	10,724	11,358	4,916	6,976	5,212	6,821	1,189 ^f	881	675
35 Net interest ⁶	184,221	195,012	91,155	94,650	98,556	99,405	16,498	16,884	16,838
36 Undistributed offsetting receipts	-36,615	-39,356	-17,688	-19,829	-18,702	-20,435	-2,851	-3,238	-3,034

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the Budget have not been fully distributed across months.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

4. Federal employee retirement contributions and civil service retirement and disability fund.

5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6. Includes interest received by trust funds.

7. Consists of rents and royalties for the outer continental shelf and 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*.

A28 Domestic Financial Statistics □ July 1992

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION¹

Billions of dollars, end of month

Item	1990				1991				1992
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	3,081.90	3,175.50	3,266.10	3,397.30	3,491.70	3,562.90	3,683.10	3,820.40	n.a.
2 Public debt securities	3,052.00	3,143.80	3,233.30	3,364.80	3,465.20	3,538.00	3,665.30	3,801.70	3,881.30
3 Held by public	2,329.30	2,368.80	2,437.60	2,536.60	2,598.40	2,642.90	2,745.70	2,833.00	
4 Held by agencies	722.70	775.00	795.80	828.30	866.80	895.10	919.60	968.70	
5 Agency securities	29.90	31.70	32.80	32.50	26.50	25.00	17.80	18.70	n.a.
6 Held by public	29.80	31.60	32.60	32.40	26.40	24.80	17.60	18.60	
7 Held by agencies	.20	.20	.20	.10	.10	.10	.10	.10	
8 Debt subject to statutory limit	2,988.90	3,077.00	3,161.20	3,281.70	3,377.10	3,450.30	3,569.30	3,706.80	3,783.60
9 Public debt securities	2,988.60	3,076.60	3,160.90	3,281.30	3,376.70	3,449.80	3,569.00	3,706.40	3,783.20
10 Other debt ²	.30	.40	.40	.40	.40	.40	.30	.40	.40
11 MEMO: Statutory debt limit	3,122.70	3,122.70	3,195.00	4,145.00	4,145.00	4,145.00	4,145.00	4,145.00	4,145.00

1. Components may not sum to totals because of rounding.
 2. Consists of 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 Ownership¹

Billions of dollars, end of period

Type and holder	1988	1989	1990	1991	1991			1992
					Q2	Q3	Q4	Q1
1 Total gross public debt	2,684.4	2,953.0	3,364.8	3,801.7	3,538.0	3,665.3	3,801.7	3,881.3
By type								
2 Interest-bearing	2,663.1	2,931.8	3,362.0	3,798.9	3,516.1	3,662.8	3,798.9	3,878.5
3 Marketable	1,821.3	1,945.4	2,195.8	2,471.6	2,268.1	2,390.7	2,471.6	2,552.3
4 Bills	414.0	430.6	527.4	590.4	521.5	564.6	590.4	615.8
5 Notes	1,083.6	1,151.5	1,265.2	1,430.8	1,320.3	1,387.7	1,430.8	1,477.7
6 Bonds	308.9	348.2	388.2	435.5	411.2	423.4	435.5	443.8
7 Nonmarketable ²	841.8	986.4	1,166.2	1,327.2	1,248.0	1,272.1	1,327.2	1,326.2
8 State and local government series	151.5	163.3	160.8	159.7	161.0	158.1	159.7	157.8
9 Foreign issues ³	6.6	6.8	43.5	41.9	42.1	41.6	41.9	42.0
10 Government	6.6	6.8	43.5	41.9	42.1	41.6	41.9	42.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	107.6	115.7	124.1	135.9	131.3	133.5	135.9	139.9
13 Government account series ⁴	575.6	695.6	813.8	959.2	883.2	908.4	959.2	956.1
14 Non-interest-bearing	21.3	21.2	2.8	2.8	21.9	2.5	2.8	2.8
By holder ⁵								
15 U.S. Treasury and other federal agencies and trust funds	589.2	707.8	828.3	968.7	895.1	919.6	968.7	
16 Federal Reserve Banks	238.4	228.4	259.8	288.4	255.1	264.7	288.4	
17 Private investors	1,858.5	2,015.8	2,288.3	2,563.2	2,397.9	2,489.4	2,563.2	
18 Commercial banks	184.9	164.9	171.5	222.0	195.6	216.9	222.0	
19 Money market funds	11.8	14.9	45.4	80.0	55.2	64.5	80.0	
20 Insurance companies	118.6	125.1	142.0	168.0	152.5	162.9	168.0	
21 Other companies	87.1	93.4	108.9	150.8	130.8	142.0	150.8	
22 State and local treasuries	471.6	487.5	490.4	490.0	489.3	491.4	490.0	
Individuals								
23 Savings bonds	109.6	117.7	126.2	138.1	133.2	135.4	138.1	
24 Other securities	79.2	98.7	107.6	125.8	110.3	122.1	125.8	
25 Foreign and international ⁶	362.2	392.9	421.7	457.7	439.8	443.4	457.7	
26 Other miscellaneous investors	433.0	520.7	674.4	730.8	691.1	710.8	730.8	

1. Components may not sum to totals because of rounding.
 2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
 3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
 4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
 5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of investments of foreign balances and international accounts in the United States.

7. 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, the Treasury Bulletin.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

Millions of dollars, daily averages, par value

Item	1992			1992, week ending								
	Jan.	Feb.	Mar.	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
IMMEDIATE TRANSACTIONS²												
<i>By type of security</i>												
U.S. Treasury securities												
1 Bills	37,212	36,927	36,555	41,031	41,049	33,803	30,858	38,144	46,265	43,263	33,788	38,531
Coupon securities, by maturity												
2 Less than 3.5 years	48,693	50,004	42,685	50,196	42,751	42,544	41,682	38,399	41,172	49,269	44,717	46,521
3 3.5 to 7.5 years	43,820	32,906	31,441	33,266	31,151	33,283	29,279	30,834	34,638	38,199	28,083	32,738
4 7.5 to 15 years	19,367	17,337	13,835	14,253	15,785	14,483	12,516	11,920	12,516	12,545	11,177	15,425
5 15 years or more	17,455	14,718	13,122	14,638	14,612	12,385	12,277	12,100	10,870	12,866	10,358	13,096
Federal agency securities												
Debt, maturing in												
6 Less than 3.5 years	5,301	5,702	4,585	5,094	4,010	4,285	4,955	4,833	3,918	4,275	4,965	4,921
7 3.5 to 7.5 years	652	615	618	830	711	570	486	567	833	762	753	572
8 7.5 years or more	681	596	667	875	634	762	626	458	605	890	604	367
Mortgage-backed securities												
9 Pass-throughs	13,669	12,359	12,503 ^f	9,800	14,170	16,382	10,350	10,290	15,268	13,138	10,189	10,058
10 All others	2,948	2,646	2,499	2,664	3,090	1,847	1,814	3,310	3,234	2,642	2,366	3,345
<i>By type of counterparty</i>												
Primary dealers and brokers												
11 U.S. Treasury securities	105,664	95,816	87,201	96,260	93,941	85,834	81,295	81,072	90,527	95,526	80,795	90,524
Federal agency securities												
12 Debt	1,456	1,463	1,239	1,521	1,146	1,147	1,188	1,322	1,202	1,261	1,192	1,174
13 Mortgage-backed	7,284	6,390	7,054 ^f	5,892	8,244	8,217	6,390	5,815	7,735	7,572	6,052	5,685
Customers												
14 U.S. Treasury securities	60,884	56,276	50,437	57,123	51,407	50,665	45,317	50,324	54,935	60,615	47,327	55,787
Federal agency securities												
15 Debt	5,178	5,451	4,630	5,278	4,228	4,469	4,879	4,536	4,154	4,665	5,129	4,685
16 Mortgage-backed	9,332	8,416	7,949 ^f	6,573	9,016	10,012	5,774	7,785	10,768	8,207	6,503	7,718
FUTURE AND FORWARD TRANSACTIONS³												
<i>By type of deliverable security</i>												
U.S. Treasury securities												
17 Bills	4,078	4,242	4,728	7,619	6,484	4,335	2,388	3,781	3,673	3,663	2,684	4,081
Coupon securities, by maturity												
18 Less than 3.5 years	2,177	2,014	1,826	2,215	1,930	1,743	1,771	1,575	1,664	1,395	1,936	1,801
19 3.5 to 7.5 years	1,446	1,311	1,323	1,946	1,487	1,402	992	968	737	963	810	961
20 7.5 to 15 years	1,720	1,928	1,332	1,877	1,510	1,330	1,004	1,112	955	701	821	1,080
21 15 years or more	11,407	10,178	8,875	11,087	9,385	9,209	7,710	7,615	6,552	5,445	5,433	7,422
Federal agency securities												
Debt, maturing in												
22 Less than 3.5 years	67	38	54	10	11	142	62	21	27	15	138	108
23 3.5 to 7.5 years	75	44	36	33	25	37	43	41	8	39	122	59
24 7.5 years or more	26	51	37	12	28	55	59	15	9	21	5	11
Mortgage-backed												
25 Pass-throughs	17,241	14,856	14,143 ^f	13,844	16,000	14,989	13,333	12,003	13,558	14,670	12,521	10,323
26 Others	2,099	2,299	2,114	2,287	1,646	2,132	1,999	2,690	1,872	2,386	3,045	1,810
OPTION TRANSACTIONS⁵												
<i>By type of underlying security</i>												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,527	1,809	1,222	991	1,212	1,693	940	1,169	1,422	1,470	1,262	1,439
28 3.5 to 7.5 years	368	314	402	368	461	752	216	148	231	417	312	171
29 7.5 to 15 years	750	718	396	302	277	314	424	684	404	577	500	412
30 15 years or more	2,618	2,655	1,989	1,899	1,972	2,412	1,825	1,756	2,012	1,991	2,067	2,680
Federal agency, mortgage-backed securities												
31 Pass-throughs	791	722	356 ^f	385	458	451	193	294	406	258	184	144

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 such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest only securities (IOs), and principal only securities (POs).

4. Future transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All future transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury 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. Treasury and federal agency securities.

NOTE. In tables 1.42 and 1.43, the term "n.a." refers to data that are not published because of insufficient activity.

Data formerly shown under option transactions for U.S. Treasury securities, bills; Federal agency securities, debt; and mortgage-backed securities, other than pass-throughs are no longer available because of insufficient activity.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Millions of dollars

Item	1992			1992, week ending							
	Jan.	Feb.	Mar.	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22
Positions ²											
NET IMMEDIATE TRANSACTIONS³											
<i>By type of security</i>											
U.S. Treasury securities											
1 Bills	12,607	11,229	16,979	16,945	17,365	17,489	12,129	21,613	18,237	12,197	6,910
Coupon securities, by maturity											
2 Less than 3.5 years	2,425	3,136	-1,536	2,364	-874	-3,546	-939	-3,258	-2,996	-4,357	815
3 3.5 to 7.5 years	-7,485	-12,891	-7,305	-11,592	-7,546	-9,396	-2,721	-7,075	-2,646	-4,808	-5,637
4 7.5 to 15 years	-6,183	-3,040	-5,987	-3,323	-4,875	-5,770	-7,744	-7,262	-7,798	-7,130	-7,508
5 15 years or more	-1,643	-1,755	-2,340	-1,549	-2,075	-3,748	-2,225	-1,670	-2,246	-1,536	-1,983
Federal agency securities											
Debt, maturing in											
6 Less than 3.5 years	4,190	5,788	4,638	5,403	3,883	5,598	4,145	4,464	3,132	4,234	3,577
7 3.5 to 7.5 years	3,536	4,208	3,572	4,120	3,850	3,518	3,523	3,002	2,609	2,287	2,012
8 7.5 years or more	3,597	3,705	3,599	3,656	3,731	3,598	3,586	3,425	3,499	3,987	3,687
Mortgage-backed securities											
9 Pass-throughs	26,067	25,445	25,550	16,830	25,097	33,462	32,765	14,244	28,814	36,111	37,858
10 All others ⁴	18,947	16,417	14,209	15,546	14,383	12,738	13,598	15,542	14,737	15,844	15,837
Other money market instruments											
11 Certificates of deposit	3,442	2,717	2,593	2,182	2,651	2,981	2,440	2,523	2,463	3,187	2,880
12 Commercial paper	5,228	6,266	5,032	6,153	5,156	4,822	4,432	5,085	4,550	9,554	6,565
13 Bankers acceptances	1,195	1,456	894	1,226	908	845	776	850	1,163	1,027	937
FUTURE AND FORWARD TRANSACTIONS⁵											
<i>By type of deliverable security</i>											
U.S. Treasury securities											
14 Bills	-11,740	-7,362	-1,289	-2,168	-13	-42	-205	-4,911	-5,157	-308	1,771
Coupon securities, by maturity											
15 Less than 3.5 years	1,776	1,810	1,216	1,786	1,750	1,283	910	491	737	752	1,016
16 3.5 to 7.5 years	2,550	2,817	3,177	1,849	2,256	3,745	3,782	3,768	3,969	4,092	4,350
17 7.5 to 15 years	576	228	1,233	875	1,092	1,297	1,561	1,180	1,245	741	458
18 15 years or more	-4,835	-5,093	-6,388	-6,388	-5,267	-5,551	-7,156	-7,776	-7,529	-8,607	-7,385
Federal agency securities											
Debt, maturing in											
19 Less than 3.5 years	313	-24	-29	-19	-32	-21	-8	-66	-55	-23	-40
20 3.5 to 7.5 years	127	-37	5	29	39	100	-49	-98	-55	28	-2
21 7.5 years or more	17	59	30	65	-51	96	52	-2	-26	33	51
Mortgage-backed securities											
22 Pass-throughs	-7,680	-8,152	-6,630	1,829	-6,309	-12,371	-14,194	2,878	-7,466	-18,934	-22,980
23 All others ⁴	2,511	3,851	3,027	3,318	2,767	3,608	3,130	2,339	1,610	1,671	2,100
24 Certificates of deposit	-144,496	-112,128	-129,643	-113,906	-131,487	-128,847	-133,253	-134,698	-141,629	-134,205	-135,019
Financing ⁶											
<i>Reverse repurchase agreements</i>											
25 Overnight and continuing	203,915	211,815	211,356	219,297	208,649	217,530	213,295	199,757	199,495	206,913	194,542
26 Term	277,551	278,414	262,127	257,030	265,674	264,365	266,564	253,598	287,001	292,852	293,314
<i>Repurchase agreements</i>											
27 Overnight and continuing	320,575	322,505 ⁷	320,589 ⁷	325,968 ⁷	318,936	333,579	321,683	302,500	304,994	338,665	329,285
28 Term	258,693	264,340	241,871	240,120	241,764	246,613	252,320	225,438	257,316	260,810	262,215
<i>Securities borrowed</i>											
29 Overnight and continuing	66,170	71,618	75,832	71,504	76,597	75,785	75,457	78,315	77,141	75,264	79,757
30 Term	32,028	31,200	31,014	31,230	32,317	31,380	31,172	28,739	28,435	30,012	30,959
<i>Securities loaned</i>											
31 Overnight and continuing	7,327	7,703	7,613	7,506	7,769	6,912	8,940	6,770	6,692	7,074	7,158
32 Term	1,556	1,436	1,864	1,544	1,754	1,698	1,715	2,572	2,392	3,335	3,165
<i>Collateralized loans</i>											
33 Overnight and continuing	18,459	16,951	16,817	15,944	15,983	16,815	16,084	19,231	19,419	18,154	17,184
MEMO: Matched book⁷											
<i>Reverse repurchases</i>											
34 Overnight and continuing	144,047	150,143	153,365	153,438	151,839	155,228	155,195	150,788	150,841	153,516	145,449
35 Term	238,005	234,039	221,746	216,934	224,788	222,781	225,333	216,015	245,537	248,992	247,623
<i>Repurchases</i>											
36 Overnight and continuing	173,994	176,327	177,773	182,566	179,428	181,513	174,770	171,789	171,600	177,700	175,011
37 Term	194,820	197,647	180,439	178,373	179,898	180,882	187,615	173,561	200,373	199,427	200,294

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.

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 that 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 collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest only (IOs), and principal only (POs).

5. Future 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. Treasury 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 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 given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or types of collateralization.

NOTE: Data for future and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1988	1989	1990	1991	1991			1992	
					Oct.	Nov.	Dec.	Jan.	Feb.
1 Federal and federally sponsored agencies	381,498	411,805	434,668	442,772	438,032	439,670	442,772	440,317	0
2 Federal agencies	35,668	35,664	42,159	41,035	42,638	42,951	41,035	42,872	40,791
3 Defense Department ¹	8	7	7	7	7	7	7	7	7
4 Export-Import Bank ^{2,1}	11,033	10,985	11,376	9,809	11,267	11,267	9,809	9,809	9,809
5 Federal Housing Administration ³	150	328	393	397	337	365	397	335	372
6 Government National Mortgage Association participation certificates ⁴	0	0	0	0	0	0	0	0	0
7 Postal Service ⁵	6,142	6,445	6,948	8,421	8,421	8,421	8,421	8,421	8,421
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	22,606	22,891	22,401	24,300	22,182
9 United States Railway Association ⁶	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies ⁷	345,830	375,407	392,509	401,737	395,394	396,719	401,737	397,445	0
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	105,945	107,344	107,543	104,607	106,341
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	31,818	31,099	30,262	29,332	26,824
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	128,594	130,197	133,937	133,988	141,315
14 Farm Credit Banks ⁸	53,127	54,864	53,590	52,199	52,488	52,105	52,199	51,673	51,867
15 Student Loan Marketing Association ⁹	22,073	28,705	34,194	38,319	37,072	36,497	38,319	38,419	39,280
16 Financing Corporation ¹⁰	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	0
17 Farm Credit Financial Assistance Corporation ¹¹	690	847	1,261	1,261	1,261	1,261	1,261	1,261	0
18 Resolution Funding Corporation ¹²	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	0
MEMO									
19 Federal Financing Bank debt¹³	142,850	134,873	179,083	185,576	192,747	194,837	185,576	183,098	182,737
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank ³	11,027	10,979	11,370	9,803	11,261	11,261	9,803	9,803	9,803
21 Postal Service ⁵	5,892	6,195	6,698	8,201	8,201	8,201	8,201	8,201	8,201
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,820	4,820	4,820	4,820	4,820
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	11,375	11,375	10,725	10,725	10,025
24 United States Railway Association ⁶	0	0	0	0	0	0	0	0	0
<i>Other Lending¹⁴</i>									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	48,534	48,534	48,534	48,534	48,534
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,599	18,628	18,562	18,534	18,494
27 Other	26,324	23,724	70,896	84,931	89,957	92,018	84,931	82,481	82,860

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. On-budget since Sept. 30, 1976.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal 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 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is

shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. 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.

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1989	1990	1991	1991				1992			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 All issues, new and refunding¹	113,646	120,339	154,402	13,240	11,357	17,734	15,796	12,612	12,256	15,956	15,141
<i>By type of issue</i>											
2 General obligation	35,774	39,610	55,100	5,253	3,088	6,510	5,871	3,954	5,643	6,212	4,455
3 Revenue	77,873	81,295	99,302	7,987	8,269	11,224	9,925	8,658	6,613	9,744 ^r	10,686
<i>By type of issuer</i>											
4 State	11,819	15,149	24,939	3,371	7,195	1,171	1,671	1,036	3,021	3,174	575
5 Special district or statutory authority ²	71,022	72,661	80,614	6,272	605	10,817	9,435	8,243	5,162	7,511	9,802
6 Municipality, county, or township	30,805	32,510	48,849	3,597	3,557	5,746	4,690	3,333	4,073	5,271	4,764
7 Issues for new capital, total	84,062	103,235	116,953	9,586	8,967	13,495	12,020	7,127	7,691	10,637	9,020
<i>By use of proceeds</i>											
8 Education	15,133	17,042	21,664	1,507	1,511	1,297	1,924	2,385	1,974	1,075	2,208
9 Transportation	6,870	11,650	13,395	1,248	1,744	2,682	488	1,194	1,643	1,412	921
10 Utilities and conservation	11,427	11,739	21,447	1,573	1,825	1,915	1,931	1,953	894	2,104	1,380
11 Social welfare	16,703	23,099	26,121	2,793	1,276	2,621	3,070	868	1,683	1,811	2,582
12 Industrial aid	5,036	6,117	8,542	916	973	349	1,083	218	141	528	558
13 Other purposes	28,894	34,607	n.a.	1,549	1,638	4,631	3,524	n.a.	n.a.	3,707	1,371

1. Par amounts of long-term issues based on date of sale.
2. Since 1986, has included school districts.

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, offering, or issuer	1989	1990	1991	1991					1992		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 All issues¹	377,836	339,052	455,291	35,472	32,180	34,893	34,286	32,391	45,000	37,316^r	37,154
2 Bonds²	319,965	298,814	389,933	28,742	26,759	26,029	25,233	24,871	38,202	27,780^r	30,797
<i>By type of offering</i>											
3 Public, domestic	179,694	188,778	287,041	26,867	23,856	23,469	23,164	23,326	34,530	26,200	28,700
4 Private placement, domestic ³	117,420	86,982	74,930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	22,851	23,054	27,962	1,875	2,902	2,560	2,070	1,544	3,671	1,626 ^r	2,500
<i>By industry group</i>											
6 Manufacturing	76,175	52,635	85,535	7,643	6,994	4,732	4,761 ^r	4,980 ^r	7,322 ^r	3,844	8,713
7 Commercial and miscellaneous	49,465	40,018	37,809	1,388	967	1,209	1,819 ^r	1,953 ^r	2,798 ^r	1,664	3,672
8 Transportation	10,032	12,711	13,628	809	231	744	180	150	455	1,004	623
9 Public utility	18,656	17,621	23,994	1,897	1,315	1,430	3,073	2,238	3,761	3,569	1,896
10 Communication	8,461	6,597	9,331	668	408	958	226	1,085	2,467	416	300
11 Real estate and financial	157,176	169,231	219,637	16,337	16,844	16,957	15,175	14,464	21,399	17,283 ^r	15,595
12 Stocks²	57,870	40,165	n.a.	6,730	5,421	8,864	9,053	7,520	6,798	9,536	6,357
<i>By type of offering</i>											
13 Public preferred	6,194	3,998	17,408	1,952	666	3,527	3,240	2,771	739	4,306	625
14 Common	26,030	19,443	47,860	4,778	4,755	5,337	5,813	4,749	6,060	5,230	5,732
15 Private placement ³	25,647	16,736	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>By industry group</i>											
16 Manufacturing	9,308	5,649	↑	3,167	1,842	3,623	4,054	2,684	2,040	2,541	2,637
17 Commercial and miscellaneous	7,446	10,171	n.a.	2,050	858	2,095	2,158	2,535	1,233	3,194	1,595
18 Transportation	1,929	369	n.a.	56	0	16	0	0	426	78	193
19 Public utility	3,090	416	↓	150	55	320	174	233	200	489	704
20 Communication	1,904	3,822	↓	8	0	25	84	17	163	n.a.	53
21 Real estate and financial	34,028	19,738	↓	1,298	2,666	2,622	2,583	2,014	2,689	3,234	1,175

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.

2. Monthly data cover only public offerings.

3. Monthly data are not available.

SOURCES: 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 Assets

Millions of dollars

Item ¹	1990	1991	1991					1992		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. [†]	Mar.
1 Sales of own shares ²	344,420	464,488	38,014	37,316	45,218	41,365	51,018	66,048	48,015	52,235
2 Redemptions of own shares	288,441	342,088	28,128	26,319	27,957	28,454	39,050	41,917	30,869	37,375
3 Net sales ³	55,979	122,400	9,886	10,997	17,261	12,911	11,968	24,131	17,146	14,860
4 Assets ⁴	568,517	807,001	712,782	730,426	753,344	752,798	807,077	823,767	846,868	847,707
5 Cash ⁵	48,638	60,937	52,791	53,884	59,902	59,689	60,292	62,289	64,022	64,728
6 Other	519,875	746,064	659,992	676,543	693,492	693,109	746,785	761,478	782,846	782,979

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 dividends. Excludes reinvestment of capital gains distributions.
 3. Does not include sales or redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.
 5. Includes all U.S. Treasury securities and other short-term debt securities.
 SOURCE: Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1989	1990	1991	1990			1991				1992
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Profits with inventory valuation and capital consumption adjustment	351.7	319.0	306.8	339.8	299.8	296.1	302.1	303.5	306.1	315.6	347.0
2 Profits before taxes	344.5	332.3	312.4	331.6	335.1	326.1	309.1	306.2	318.2	316.1	339.8
3 Profits tax liability	138.0	135.3	124.5	137.9	138.8	127.1	119.4	123.5	128.6	126.4	134.9
4 Profits after taxes	206.6	197.0	187.9	193.7	196.3	199.0	189.7	182.7	189.6	189.7	204.9
5 Dividends	127.9	133.7	137.8	132.5	133.8	136.2	137.8	136.7	138.1	138.5	138.6
6 Undistributed profits	78.7	63.3	50.2	61.2	62.5	62.8	51.9	46.1	51.5	51.2	66.2
7 Inventory valuation	-17.5	-14.2	3.1	3.8	-32.6	-21.2	6.7	9.9	-4.8	.7	-2.9
8 Capital consumption adjustment	24.7	.8	-8.7	4.4	-2.7	-8.8	-13.6	-12.6	-7.3	-1.3	10.2

SOURCE: Survey of Current Business (U.S. Department of Commerce).

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1990	1991	1992 ¹	1990		1991				1992 ¹	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Total nonfarm business	532.61	529.20	553.68	534.11	530.13	535.50	524.57	527.86	528.88	544.99	557.48
Manufacturing											
2 Durable goods industries	82.58	77.95	78.18	82.48	79.03	81.24	79.69	74.51	76.36	80.32	79.63
3 Nondurable goods industries	110.04	105.66	104.63	111.57	110.69	109.90	107.66	102.54	102.54	101.52	106.64
Nonmanufacturing											
4 Mining	9.88	10.02	9.12	9.97	10.12	9.89	10.09	10.09	10.00	9.12	9.29
5 Transportation											
6 Railroad	6.40	5.92	6.44	5.66	6.81	5.59	6.27	6.50	5.32	5.33	6.53
7 Air	8.87	10.22	10.43	9.55	7.54	11.18	10.10	9.81	9.79	9.21	9.61
8 Other	6.20	6.55	7.56	5.87	6.82	6.48	6.68	6.52	6.54	6.88	7.70
Public utilities											
9 Electric	44.10	43.67	47.67	43.80	45.88	43.36	42.87	43.09	45.36	47.08	49.22
10 Gas and other	23.11	22.84	23.63	23.88	24.36	23.68	21.71	23.38	22.60	23.32	23.17
11 Commercial and other ²	241.43	246.37	266.00	241.32	238.87	244.19	239.50	251.42	250.37	262.20	265.68

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

insurance, personal and business services, and communication.
 SOURCE: Survey of Current Business (U.S. Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period; not seasonally adjusted

Account	1988	1989	1990	1990			1991			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross ¹	426.2	445.7	486.7	468.8	474.0	486.7	478.9	487.9	487.8	491.6
2 Consumer	146.2	140.8	136.0	138.6	140.9	136.0	131.6	133.9	132.5	129.6
3 Business	236.5	256.0	290.8	274.8	275.4	290.8	290.0	295.5	296.6	303.8
4 Real estate	43.5	48.9	59.9	55.4	57.7	59.9	57.3	58.5	58.7	58.1
5 LESS: Reserves for unearned income	50.0	52.0	56.6	54.3	55.1	56.6	57.0	58.7	59.6	58.5
6 Reserves for losses	7.3	7.7	9.2	8.2	8.6	9.2	10.3	10.8	12.9	13.2
7 Accounts receivable, net	368.9	386.1	420.9	406.3	410.3	420.9	411.6	418.4	415.2	419.9
8 All other	72.4	91.6	99.6	95.5	102.8	99.6	103.4	106.1	111.9	116.5
9 Total assets	441.3	477.6	520.6	501.9	513.1	520.6	515.0	524.5	527.1	536.4
LIABILITIES AND CAPITAL										
10 Bank loans	15.4	14.5	19.4	15.8	15.6	19.4	22.0	22.7	24.0	24.3
11 Commercial paper	142.0	149.5	152.7	152.4	148.6	152.7	141.2	140.6	138.1	141.3
<i>Debt</i>										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Due to parent	50.6	63.8	82.7	72.8	82.0	82.7	77.8	81.7	87.4	83.0
15 Not elsewhere classified	137.9	147.8	157.0	153.0	156.6	157.0	162.4	164.2	163.4	170.6
16 All other liabilities	59.8	62.6	66.0	66.1	68.7	66.0	68.0	72.2	72.1	73.7
17 Capital, surplus, and undivided profits	35.6	39.4	42.8	41.8	41.6	42.8	43.7	43.0	42.1	43.5
18 Total liabilities and capital	441.3	477.6	520.6	501.9	513.1	520.6	515.0	524.5	527.1	536.4

1. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change¹

Millions of dollars, end of period; seasonally adjusted, except as noted

Type of credit	1989	1990	1991	1991			1992			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
1 Total	258,957	292,638	309,709	310,876	311,632	309,709	306,905	308,162	306,698	
<i>Retail financing of installment sales</i>										
2 Automotive	39,479	38,110	33,204	34,167	33,664	33,204	31,764	31,886	30,230	
3 Equipment	29,627	31,784	35,404	33,989	33,375	35,404	33,841	34,433	34,965	
4 Pools of securitized assets ²	698	951	819	769	746	819	879	878	843	
<i>Wholesale</i>										
5 Automotive	33,814	32,283	32,487	31,831	32,292	32,487	31,788	32,877	32,123	
6 Equipment	6,928	11,569	9,790	11,075	10,414	9,790	9,274	9,302	8,807	
7 All other	9,985	9,126	8,459	8,407	8,418	8,459	8,072	8,271	8,554	
8 Pools of securitized assets ²	0	2,950	4,905	4,458	4,639	4,905	4,661	4,690	4,717	
<i>Leasing</i>										
9 Automotive	26,804	39,129	44,445	45,837	45,299	44,445	44,277	43,009	42,919	
10 Equipment	68,240	75,626	87,821	87,701	90,079	87,821	88,849	88,958	90,481	
11 Pools of securitized assets ²	1,247	1,849	1,820	1,803	1,885	1,820	1,837	1,753	1,755	
12 Loans on commercial accounts receivable and factored commercial accounts receivable	18,511	22,475	23,859	23,295	23,338	23,859	24,600	24,575	25,822	
13 All other business credit	23,623	26,784	26,697	27,544	27,483	26,697	27,062	27,531	25,481	
Net change (during period)										
1 Total	24,066	33,681	17,071	3,277	756	-1,923	-2,804	1,257	-1,463	
<i>Retail financing of installment sales</i>										
2 Automotive	2,269	-1,369	-4,906	48	-503	-460	-1,440	122	-1,656	
3 Equipment	1,442	2,157	3,619	-833	-614	2,029	-1,562	591	533	
4 Pools of securitized assets ²	-26	253	-132	-28	-23	73	60	-1	-35	
<i>Wholesale</i>										
5 Automotive	861	-1,532	204	1,759	461	195	-699	1,089	-755	
6 Equipment	957	4,641	-1,779	481	-662	-624	-516	28	-495	
7 All other	628	-859	-668	-289	11	41	-387	199	283	
8 Pools of securitized assets ²	0	2,950	1,955	405	181	266	-244	29	27	
<i>Leasing</i>										
9 Automotive	2,111	12,325	5,316	450	-538	-854	-168	-1,268	-89	
10 Equipment	10,581	7,386	12,195	969	2,378	-2,258	1,028	109	1,524	
11 Pools of securitized assets ²	526	602	-29	-41	82	-65	17	-84	2	
12 Loans on commercial accounts receivable and factored commercial accounts receivable	825	3,964	1,383	91	43	520	741	-25	1,247	
13 All other business credit	2,446	3,161	-87	264	-60	-786	366	469	-2,050	

1. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Data on pools of securitized assets are not seasonally adjusted.

1.53 MORTGAGE MARKETS Conventional Mortgages on New Homes

Millions of dollars, except as noted

Item	1989	1990	1991	1991			1992			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
<i>Terms¹</i>										
1 Purchase price (thousands of dollars).....	159.6	153.2	155.0	153.4	162.6	159.1	153.9	154.7	167.0	162.5
2 Amount of loan (thousands of dollars).....	117.0	112.4	114.0	115.0	116.0	113.8	114.9	110.2	123.2	122.7
3 Loan-price ratio (percent).....	74.5	74.8	75.0	76.5	73.5	73.1	75.2	72.9	76.1	76.9
4 Maturity (years).....	28.1	27.3	26.8	27.5	26.4	26.4	26.2	24.5	25.2	26.6
5 Fees and charges (percent of loan amount) ²	2.06	1.93	1.71	1.61	1.53	1.50	1.85	1.84	1.75	1.88
6 Contract rate (percent per year).....	9.76	9.68	9.02	8.78	8.38	8.28	8.17	8.29	8.21	8.26
<i>Yield (percent per year)</i>										
7 OTS series ³	10.11	10.01	9.30	9.04	8.64	8.53	8.49	8.65	8.51	8.58
8 HUD series ⁴	10.21	10.08	9.20	8.76	8.67	8.30	8.69	8.74	8.91	8.78
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (HUD series) ⁵	10.24	10.17	9.25	8.71	8.69	8.10	8.72	8.74	8.85	8.79
10 GNMA securities ⁶	9.71	9.51	8.59	8.34	8.09	7.81	7.81	8.01	8.20	8.10
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total.....	104,974	113,329	122,837	125,884	126,624	128,983	131,058	133,399	136,506	139,808
12 FHA/VA-insured.....	19,640	21,028	21,702	21,576	21,347	21,796	21,981	21,980	21,902	21,914
13 Conventional.....	85,335	92,302	101,135	104,308	105,077	107,187	109,077	111,419	114,604	117,894
<i>Mortgage transactions (during period)</i>										
14 Purchases.....	22,518	23,959	37,202	3,408	3,299	5,114	4,809	5,358	7,282	7,258
<i>Mortgage commitments (during period)⁷</i>										
15 Issued ⁸	n.a.	23,689	40,010	4,122	3,806	5,285	7,202	6,639	6,834	5,529
16 To sell ⁹	n.a.	5,270	7,608	917	569	78	249	343	1,143	2,219
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁹</i>										
17 Total.....	20,105	20,419	24,131	24,922	25,239	26,809	27,384	27,030	28,821	n.a.
18 FHA/VA-insured.....	590	547	484	462	468	460	456	450	446	n.a.
19 Conventional.....	19,516	19,871	23,283	24,460	24,772	26,349	26,928	26,580	28,376	n.a.
<i>Mortgage transactions (during period)</i>										
20 Purchases.....	78,588	75,517	97,727	8,644	10,170	11,475	11,475	12,190	16,001	n.a.
21 Sales.....	73,446	73,817	92,478	7,449	9,545	9,537	10,521	11,998 ^f	13,639 ^f	15,876
<i>Mortgage commitments (during period)¹⁰</i>										
22 Contracted.....	88,519	102,401	114,031	6,358	11,594	16,961	15,683	23,278	19,098	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
 2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
 3. Average effective interest rates on loans closed, assuming prepayment at the end of ten years; from Office of Thrift Supervision (OTS).
 4. Average contract rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD).
 5. Average gross yields on thirty-year, minimum-downpayment, first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.
 6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage

Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs 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 one-to-four-family loan commitments accepted in the Federal National Mortgage Association's (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. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, while the corresponding data for FNMA exclude swap activity.

A36 Domestic Financial Statistics □ July 1992

1.54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder and property	1988	1989	1990	1991				
				Q4	Q1	Q2	Q3	Q4 ^p
1 All holders	3,270,118	3,676,616	3,912,217	3,912,217	3,947,700	3,999,621	4,016,644	4,048,767
<i>By type of property</i>								
2 One- to four-family residences.....	2,201,231	2,549,935	2,765,111	2,765,111	2,790,684	2,837,989	2,870,100	2,904,287
3 Multifamily residences.....	291,405	303,416	307,069	307,069	310,746	311,817	308,357	310,276
4 Commercial.....	692,236	739,240	756,075	756,075	762,328	766,043	755,041	750,473
5 Farm.....	85,247	84,025	83,962	83,962	83,942	83,771	83,145	83,730
<i>By type of holder</i>								
6 Major financial institutions.....	1,831,472	1,931,537	1,913,945	1,913,945	1,902,050	1,898,114	1,860,161	1,845,625
7 Commercial banks ²	674,003	767,069	844,456	844,456	856,499	871,222	870,726	875,914
8 One- to four-family.....	334,367	389,632	453,698	453,698	461,916	476,188	478,678	484,596
9 Multifamily.....	33,912	38,876	37,008	37,008	38,379	37,562	36,394	37,523
10 Commercial.....	290,254	321,906	334,520	334,520	338,697	339,433	337,331	335,357
11 Farm.....	15,470	16,656	17,231	17,231	17,507	18,039	18,323	18,438
12 Savings institutions ³	924,606	910,254	801,628	801,628	776,551	755,219	719,341	698,754
13 One- to four-family.....	671,722	669,220	600,154	600,154	583,694	570,044	547,455	533,850
14 Multifamily.....	110,775	106,014	91,806	91,806	88,743	86,448	81,880	79,344
15 Commercial.....	141,433	134,370	109,168	109,168	103,647	98,280	89,603	85,183
16 Farm.....	676	650	500	500	468	447	402	377
17 Life insurance companies.....	232,863	254,214	267,861	267,861	269,000	271,674	270,094	270,958
18 One- to four-family.....	11,164	12,231	13,005	13,005	11,737	11,743	11,720	11,763
19 Multifamily.....	24,560	26,907	28,979	28,979	29,493	30,006	29,962	30,115
20 Commercial.....	187,549	205,472	215,121	215,121	216,768	219,204	218,179	218,111
21 Farm.....	9,590	9,604	10,756	10,756	11,001	10,721	10,233	10,968
22 Finance companies ⁴	37,846	45,476	48,777	48,777	48,187	48,972	50,658	51,567
23 Federal and related agencies.....	200,570	209,498	250,761	250,761	264,189	276,798	283,455	282,731
24 Government National Mortgage Association.....	26	23	20	20	22	22	22	23
25 One- to four-family.....	26	23	20	20	22	22	22	23
26 Multifamily.....	0	0	0	0	0	0	0	0
27 Farmers Home Administration ⁵	42,018	41,176	41,439	41,439	41,307	41,430	41,566	41,713
28 One- to four-family.....	18,347	18,422	18,527	18,527	18,522	18,521	18,598	18,496
29 Multifamily.....	8,513	9,054	9,640	9,640	9,720	9,898	9,990	10,141
30 Commercial.....	5,343	4,443	4,690	4,690	4,715	4,750	4,829	4,905
31 Farm.....	9,815	9,257	8,582	8,582	8,350	8,261	8,149	8,171
32 Federal Housing and Veterans' Administrations.....	5,973	6,087	8,801	8,801	9,492	10,210	11,395	12,744
33 One- to four-family.....	2,672	2,875	3,593	3,593	3,600	3,729	3,948	4,384
34 Multifamily.....	3,301	3,212	5,208	5,208	5,891	6,480	7,446	8,360
35 Federal National Mortgage Association.....	103,013	110,721	116,628	116,628	119,196	122,806	125,451	128,578
36 One- to four-family.....	95,833	102,295	106,081	106,081	108,348	111,560	113,696	116,336
37 Multifamily.....	7,180	8,426	10,547	10,547	10,848	11,246	11,755	12,242
38 Federal Land Banks.....	32,115	29,640	29,416	29,416	29,253	29,152	29,053	28,970
39 One- to four-family.....	1,890	1,210	1,838	1,838	1,884	2,041	2,124	2,225
40 Farm.....	30,225	28,430	27,577	27,577	27,368	27,111	26,929	26,745
41 Federal Home Loan Mortgage Corporation.....	17,425	21,851	21,857	21,857	23,221	23,649	23,906	24,881
42 One- to four-family.....	15,077	18,248	19,185	19,185	20,570	21,120	21,489	22,529
43 Multifamily.....	2,348	3,603	2,672	2,672	2,651	2,529	2,417	2,352
44 Mortgage pools or trusts ⁶	811,847	946,766	1,110,555	1,110,555	1,144,876	1,186,251	1,228,788	1,272,155
45 Government National Mortgage Association.....	340,527	368,367	403,613	403,613	409,929	413,707	422,501	429,772
46 One- to four-family.....	331,257	358,142	391,505	391,505	397,631	401,304	409,826	416,425
47 Multifamily.....	9,270	10,225	12,108	12,108	12,298	12,403	12,675	13,347
48 Federal Home Loan Mortgage Corporation.....	226,406	272,870	316,359	316,359	328,215	341,132	348,843	361,785
49 One- to four-family.....	219,988	266,060	308,369	308,369	319,978	332,624	341,183	354,214
50 Multifamily.....	6,418	6,810	7,990	7,990	8,237	8,509	7,660	7,571
51 Federal National Mortgage Association.....	178,250	228,232	299,833	299,833	312,101	331,089	351,917	372,107
52 One- to four-family.....	172,331	219,577	291,194	291,194	303,554	322,444	343,430	363,615
53 Multifamily.....	5,919	8,655	8,639	8,639	8,547	8,645	8,487	8,492
54 Farmers Home Administration ⁵	104	80	66	66	62	55	52	47
55 One- to four-family.....	26	21	17	17	14	13	12	11
56 Multifamily.....	0	0	0	0	0	0	0	0
57 Commercial.....	38	26	24	24	23	21	20	19
58 Farm.....	40	33	26	26	24	21	20	17
59 Individuals and others ⁷	426,229	588,815	636,955	636,955	636,585	638,457	644,241	648,256
60 One- to four-family.....	259,971	414,763	449,440	449,440	447,344	447,339	451,988	454,841
61 Multifamily.....	79,209	81,634	84,408	84,408	84,227	83,452	83,740	83,772
62 Commercial.....	67,618	73,023	83,816	83,816	85,790	88,495	89,424	90,628
63 Farm.....	19,431	19,395	19,291	19,291	19,224	19,171	19,089	19,014

1. Based on data from various institutional and governmental sources, with figures for 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 loans held by bank trust departments.

3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by institutions insured by the Federal Savings and Loan Insurance Corporation 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 loans on one- to four-family residences.

5. Securities guaranteed by the Farmers Home Administration (FmHA) 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 FmHA.

6. Outstanding principal balances of mortgage-backed 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. entities.

1.55 CONSUMER INSTALLMENT CREDIT Total Outstanding and Net Change¹

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1988	1989	1990	1991			1992		
				Oct.	Nov.	Dec.	Jan.	Feb. ¹	Mar.
Seasonally adjusted									
1 Total	664,049	718,863	735,102	730,317	730,147	729,420	729,473	729,007	727,400
2 Automobile	284,214	290,676	284,585	270,013	268,123	267,909	268,256	267,767	267,504
3 Revolving	174,104	199,082	220,110	233,661	234,666	234,504	234,816	235,950	236,005
4 Mobile home	25,348	22,471	20,919	18,943	19,059	19,116	18,649	18,259	18,312
5 Other	180,383	206,633	209,487	207,700	208,300	207,891	207,752	207,031	205,579
Not seasonally adjusted									
6 Total	674,855	730,901	748,300	730,722	732,256	743,548	733,256	725,507	720,398
<i>By major holder</i>									
7 Commercial banks	324,792	342,770	347,466	335,258	334,904	340,930	335,983	331,367	328,313
8 Finance companies	146,212	140,832	137,430	131,778	130,679	129,566	126,677	127,281	125,658
9 Credit unions	88,340	93,114	92,911	92,746	92,373	92,779	91,922	91,471	90,917
10 Retailers	48,438	44,154	43,552	37,359	38,651	43,130	40,580	39,108	38,556
11 Savings institutions	63,399	57,253	45,616	37,424	36,987	36,014	35,153	34,193	33,687
12 Gasoline companies	3,674	3,935	4,822	4,529	4,388	4,362	4,377	4,151	3,988
13 Pools of securitized assets ²	n.a.	48,843	76,483	91,628	94,274	96,767	98,564	97,936	99,379
<i>By major type of credit³</i>									
14 Automobile	284,328	290,705	284,813	272,092	268,927	268,284	266,888	265,170	264,749
15 Commercial banks	123,392	126,288	126,259	119,276	118,502	117,494	116,750	116,197	115,810
16 Finance companies	97,245	82,721	74,396	69,364	67,907	66,549	65,151	65,412	64,464
17 Pools of securitized assets ²	0	18,235	24,537	26,803	26,237	27,997	29,431	28,482	29,848
18 Revolving	184,045	210,310	232,370	231,862	235,674	247,519	239,019	234,981	232,418
19 Commercial banks	123,020	130,811	132,433	126,234	125,734	132,625	126,736	123,913	121,748
20 Retailers	43,833	39,583	39,029	33,055	34,319	38,652	36,169	34,727	34,189
21 Gasoline companies	3,674	3,935	4,822	4,529	4,388	4,362	4,377	4,151	3,988
22 Pools of securitized assets ²	n.a.	23,477	44,335	56,290	59,459	60,139	60,087	60,633	60,953
23 Mobile home	25,143	22,240	20,666	19,026	19,021	18,877	18,808	18,427	18,228
24 Commercial banks	9,025	9,112	9,763	9,600	9,656	9,552	9,638	9,409	9,298
25 Finance companies	7,191	4,716	5,252	5,358	5,401	5,520	5,509	5,509	5,524
26 Other	181,339	207,646	210,451	207,742	208,633	208,868	208,541	206,927	205,003
27 Commercial banks	69,355	76,559	79,011	80,148	81,012	81,259	82,859	81,848	81,357
28 Finance companies	41,776	53,395	57,801	57,056	57,371	57,497	56,017	56,360	55,670
29 Retailers	4,605	4,571	4,523	4,304	4,332	4,478	4,411	4,381	4,367
30 Pools of securitized assets ²	n.a.	7,131	7,611	8,535	8,578	8,631	9,046	8,821	8,579

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT¹

Percent per year, except as noted

Item	1989	1990	1991	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INTEREST RATES										
<i>Commercial banks²</i>										
1 48-month new car	12.07	11.78	11.14	n.a.	n.a.	10.61	n.a.	n.a.	9.89	n.a.
2 24-month personal	15.44	15.46	15.18	n.a.	n.a.	14.88	n.a.	n.a.	14.39	n.a.
3 120-month mobile home ³	14.11	14.02	13.70	n.a.	n.a.	13.37	n.a.	n.a.	12.93	n.a.
4 Credit card	18.02	18.17	18.23	n.a.	n.a.	18.19	n.a.	n.a.	18.09	n.a.
<i>Auto finance companies</i>										
5 New car	12.62	12.54	12.41	12.38	12.23	10.79	10.41	10.04	10.19	10.92
6 Used car	16.18	15.99	15.60	15.60	15.46	15.06	14.90	14.34	14.00	14.19
OTHER TERMS⁴										
<i>Maturity (months)</i>										
7 New car	54.2	54.6	55.1	55.4	55.4	54.1	53.7	53.5	53.8	54.3
8 Used car	46.6	46.1	47.2	47.2	47.0	47.0	46.9	48.4	48.0	48.0
<i>Loan-to-value ratio</i>										
9 New car	91	87	88	87	88	88	88	89	89	89
10 Used car	97	95	96	96	97	96	93	97	97	97
<i>Amount financed (dollars)</i>										
11 New car	12,001	12,071	12,494	12,460	12,684	13,245	13,476	13,135	13,340	13,137
12 Used car	7,954	8,289	8,884	8,996	9,077	9,029	9,105	9,007	8,912	10,042

1. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. 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 at seasonally adjusted annual rates

Transaction category or sector	1987	1988	1989	1990	1991	1990			1991			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	722.8	767.2	714.7	644.5	465.9	669.3	593.2	479.9	434.5	538.9	476.1	414.1
<i>By lending sector and instrument</i>												
2 U.S. government	143.9	155.1	146.4	246.9	278.2	239.6	242.3	271.5	199.2	269.1	365.5	278.7
3 Treasury securities	142.4	137.7	144.7	238.7	291.9	234.2	243.6	272.5	223.2	275.3	394.3	274.9
4 Agency issues and mortgages	1.5	17.4	1.6	8.2	-13.8	5.4	-1.3	-1.0	-24.0	-6.2	-28.8	3.8
5 Private	578.9	612.1	568.4	397.6	187.7	429.7	350.9	208.5	235.2	269.7	110.6	135.4
<i>By instrument</i>												
6 Debt capital instruments	487.1	463.5	414.9	328.5	254.7	335.2	277.3	250.2	289.3	320.2	179.8	229.5
7 Tax-exempt obligations	83.5	53.7	65.0	45.5	32.3	56.2	36.5	18.3	25.3	37.7	37.9	28.2
8 Corporate bonds	79.1	103.4	74.3	47.7	85.8	66.8	30.2	65.7	83.7	104.1	88.3	67.1
9 Mortgages	324.5	306.5	275.7	235.3	136.6	212.2	210.6	166.1	180.3	178.4	53.6	134.2
10 Home mortgages	234.9	231.0	218.0	215.2	139.2	218.4	187.6	158.3	140.5	161.5	115.0	139.8
11 Multifamily residential	24.4	16.7	16.4	3.6	3.2	-7.5	17.0	3.6	14.7	4.3	-14.1	8.1
12 Commercial	71.6	60.8	42.7	16.7	-5.5	2.5	4.8	4.0	25.0	14.9	-44.6	-17.5
13 Farm	-6.4	-2.1	-1.5	-1.1	-2	-1.2	1.3	2	-2	-2.3	-2.6	3.8
14 Other debt instruments	91.8	148.6	153.5	69.2	-67.0	94.5	73.6	-41.7	-54.0	-50.5	-69.2	-94.1
15 Consumer credit	33.5	50.4	43.1	14.3	-16.5	14.2	13.4	-4.2	-21.2	-7.0	-26.3	-11.3
16 Bank loans n.e.c.	9.9	40.5	39.9	1.5	-25.7	26.7	-6.9	-20.6	3.2	-36.1	-22.9	-47.0
17 Open market paper	1.6	11.9	21.4	9.7	-18.4	-7	19.3	-34.4	-6.9	-16.1	-42.4	-8.1
18 Other	46.8	45.8	49.1	43.7	-6.4	54.4	47.7	17.6	-29.1	8.7	22.4	-27.6
<i>By borrowing sector</i>												
19 State and local government	83.0	48.9	63.2	42.6	24.4	48.9	34.6	12.4	25.5	28.0	20.2	23.8
20 Household	302.2	315.8	287.3	257.8	160.3	274.5	223.8	165.5	169.7	186.9	108.3	176.1
21 Nonfinancial business	193.7	247.4	217.9	97.3	3.1	106.3	92.5	30.5	40.0	54.8	-17.9	-64.4
22 Farm	-10.6	-7.5	1.6	2.5	2.6	-5.5	8.7	1.1	4.7	1.6	.9	3.4
23 Nonfarm noncorporate	65.9	62.4	50.0	15.3	-21.6	14.1	11.2	4.8	5.8	6.6	-47.2	-51.7
24 Corporate	138.5	192.5	166.3	79.5	22.1	97.8	72.6	24.6	29.4	46.6	28.5	-16.0
25 Foreign net borrowing in United States	6.2	6.4	10.6	23.5	15.6	36.3	26.2	19.0	62.8	-59.6	22.7	36.4
26 Bonds	7.4	6.9	5.3	21.6	16.4	20.7	1.9	28.6	11.5	14.7	16.5	22.9
27 Bank loans n.e.c.	-3.6	-1.8	-1	-2.9	4.0	1.3	2.0	-5.2	8.1	-3.5	1.4	9.9
28 Open market paper	3.8	8.7	13.1	12.3	6.4	23.1	25.6	15.6	46.7	-51.9	16.0	14.9
29 U.S. government loans	-1.4	-7.5	-7.7	-7.5	-11.2	-8.8	-3.3	-20.0	-3.5	-18.8	-11.1	-11.4
30 Total domestic plus foreign	729.0	773.6	725.3	668.0	481.4	705.6	619.4	498.9	497.2	479.3	498.8	450.5
Financial sectors												
31 Total net borrowing by financial sectors	264.1	213.4	191.0	168.3	135.4	192.3	92.0	220.7	101.3	83.2	141.8	215.3
<i>By instrument</i>												
32 U.S. government-related	171.8	119.8	151.0	167.4	157.0	172.8	146.2	185.6	149.6	118.0	172.9	187.6
33 Sponsored-credit-agency securities	30.2	44.9	25.2	17.1	8.8	11.6	13.7	37.1	13.1	-29.7	20.6	31.1
34 Mortgage pool securities	142.3	74.9	125.8	150.3	148.2	161.2	132.5	148.9	136.5	147.6	152.3	156.3
35 Loans from U.S. government	-8	.0	.0	-1	.0	.0	.0	-5	.0	.0	.0	.2
36 Private	92.4	93.7	40.0	.9	-21.6	19.5	-54.3	35.2	-48.3	-34.7	-31.1	27.7
37 Corporate bonds	44.2	18.2	17.7	15.6	44.5	82.7	-64.1	24.9	38.1	63.1	10.8	66.0
38 Mortgages	.4	.3	.0	.3	-1	.2	.1	.6	.1	-1	.9	-1.2
39 Bank loans n.e.c.	-3.6	.6	1.9	1.2	3.7	2.1	2.0	1.1	1.3	-2.9	9.6	6.7
40 Open market paper	26.9	54.8	31.3	8.6	-31.7	-38.6	35.1	24.2	-52.0	-46.3	-16.0	-12.3
41 Loans from Federal Home Loan Banks	24.4	19.7	-11.0	-24.7	-38.0	-26.9	-27.3	-15.7	-35.8	-48.5	-36.4	-31.5
<i>By borrowing sector</i>												
42 Sponsored credit agencies	29.5	44.9	25.2	17.0	8.8	11.6	13.7	36.7	13.1	-29.7	20.6	31.3
43 Mortgage pools	142.3	74.9	125.8	150.3	148.2	161.2	132.5	148.9	136.5	147.6	152.3	156.3
44 Private	92.4	93.7	40.0	.9	-21.6	19.5	-54.3	35.2	-48.3	-34.7	-31.1	27.7
45 Commercial banks	6.2	-3.0	-1.4	-1.1	-12.9	-9.9	-5.8	14.2	-17.9	-11.9	-8.5	-13.1
46 Bank affiliates	14.3	5.2	6.2	-27.7	-5.4	-29.5	-42.0	-30.8	-8.0	-3.3	-7.9	-2.4
47 Savings and loan associations	19.6	19.9	-14.1	-31.2	-39.6	-45.0	-30.9	-20.6	-43.2	-51.4	-37.7	-26.3
48 Mutual savings banks	8.1	1.9	-1.4	-5	-2.7	4.1	-2.7	1.3	1.9	-9	-3.3	-8.6
49 Finance companies	4.7	33.5	31.1	23.2	6.0	47.4	1.1	25.1	-9.4	-4.8	-6.8	45.0
50 Real estate investment trusts (REITs)	.4	3.6	-1.9	-1.9	-2	-2.7	-1.4	.3	-6	-1	4.0	-4.3
51 Securitized credit obligation (SCO) issuers	39.1	32.5	21.4	40.1	33.3	55.1	27.5	45.6	28.9	37.7	29.2	37.5

A40 Domestic Financial Statistics □ July 1992

1.57—Continued

Transaction category or sector	1987	1988	1989	1990	1991	1990			1991			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
All sectors												
52 Total net borrowing, all sectors	993.1	987.0	916.3	836.3	616.9	897.8	711.3	719.7	598.5	562.5	640.6	665.8
53 U.S. government securities	316.4	274.9	297.3	414.4	435.1	412.4	388.5	457.5	348.8	387.1	538.4	466.1
54 State and local obligations	83.5	53.7	65.0	45.5	32.3	56.2	36.5	18.3	25.3	37.7	37.9	28.2
55 Corporate and foreign bonds	130.7	128.5	97.3	84.8	146.7	170.2	-32.0	119.2	133.2	182.0	115.5	156.1
56 Mortgages	324.9	306.7	275.7	235.6	136.5	212.3	210.7	166.8	180.4	178.3	54.5	133.0
57 Consumer credit	33.5	50.4	43.1	14.3	-16.5	14.2	13.4	-4.2	-21.2	-7.0	-26.3	-11.3
58 Bank loans n.e.c.	2.7	39.3	41.6	-2	-18.1	30.1	-2.8	-24.7	12.6	-42.5	-11.9	-30.4
59 Open market paper	32.3	75.4	65.9	30.7	-43.6	-16.3	79.9	5.4	-12.2	-114.3	-42.5	-5.5
60 Other loans	69.1	58.1	30.4	11.4	-55.6	18.6	17.1	-18.6	-68.4	-58.7	-25.1	-70.3
61 MEMO: U.S. government, cash balance	-7.9	10.4	-5.9	8.3	14.7	-17.6	18.4	24.2	34.6	-35.8	-14.6	74.4
<i>Totals net of changes in U.S. government cash balances</i>												
62 Net borrowing by domestic nonfinancial sectors	730.7	756.8	720.6	636.2	451.2	686.9	574.7	455.7	399.9	574.7	490.8	339.7
63 Net borrowing by U.S. government	151.8	144.7	152.3	238.6	263.5	257.2	223.8	247.3	164.6	304.9	380.2	204.2
External corporate equity funds raised in United States												
64 Total net share issues	7.1	-119.3	-65.4	15.8	208.6	56.4	-19.5	27.0	116.1	179.8	237.5	300.9
65 Mutual funds	70.2	6.1	38.5	65.7	150.6	77.1	45.9	83.7	97.6	125.2	178.1	201.3
66 All other	-63.1	-125.4	-103.9	-50.0	58.0	-20.7	-65.4	-56.7	18.5	54.6	59.4	99.6
67 Nonfinancial corporations	-75.5	-129.5	-124.2	-63.0	17.5	-48.0	-74.0	-61.0	-12.0	11.0	17.0	54.0
68 Financial corporations	14.5	3.2	3.0	6.1	6.4	3.3	6.5	2.8	4.3	7.0	7.0	7.2
69 Foreign shares purchased in United States	-2.1	.9	17.3	6.9	34.2	23.9	2.2	1.6	26.2	36.6	35.3	38.4

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category or sector	1987	1988	1989	1990	1991	1990			1991			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Total funds advanced in credit markets to domestic nonfinancial sectors	722.8	767.2	714.7	644.5	465.9	669.3	593.2	479.9	434.5	538.9	476.1	414.1
2 Total net advances by federal agencies and foreign sectors	248.0	208.1	188.1	261.7	246.8	290.1	347.4	190.8	282.9	213.7	290.4	200.4
<i>By instrument</i>												
3 U.S. government securities	70.1	85.2	30.2	74.4	99.4	100.9	142.0	45.6	140.1	50.9	123.5	83.1
4 Residential mortgages	139.1	86.3	137.9	184.1	173.7	185.2	176.3	180.5	176.0	186.6	180.6	151.3
5 Federal Home Loan Bank advances to thrifts	24.4	19.7	-11.0	-24.7	-38.0	-26.9	-27.3	-15.7	-35.8	-48.5	-36.4	-31.5
6 Other loans and securities	14.3	16.8	31.0	27.8	11.8	31.0	56.4	-19.6	2.5	24.6	22.6	-2.5
<i>By lender</i>												
7 U.S. government	-7.9	-9.4	-2.6	33.6	9.8	36.1	63.6	-3.7	28.1	28.8	4.6	-22.5
8 Sponsored credit agencies and mortgage pools	169.3	112.0	125.3	166.7	160.2	163.6	182.4	141.9	164.0	123.9	185.0	167.6
9 Monetary authority	24.7	10.5	-7.3	8.1	31.1	30.8	26.2	-24.2	60.2	1.8	57.4	5.0
10 Foreign	61.8	95.0	72.7	53.2	45.8	59.6	75.1	76.8	30.6	59.1	43.3	50.3
<i>Agency and foreign borrowing not included in line 1</i>												
11 Sponsored credit agencies and mortgage pools	171.8	119.8	151.0	167.4	157.0	172.8	146.2	185.6	149.6	118.0	172.9	187.6
12 Foreign	6.2	6.4	10.6	23.5	15.6	36.3	26.2	19.0	62.8	-59.6	22.7	36.4
13 Total private domestic funds advanced	652.8	685.3	688.2	573.7	391.6	588.2	418.2	493.7	363.9	383.6	381.3	437.7
14 U.S. government securities	246.3	189.7	267.2	340.0	335.7	311.5	246.6	411.9	208.7	336.2	415.0	383.0
15 State and local obligations	83.5	53.7	65.0	45.5	32.3	56.2	36.5	18.3	25.3	37.7	37.9	28.2
16 Corporate and foreign bonds	67.5	94.4	65.5	63.4	83.2	75.7	27.1	95.6	73.5	97.0	84.9	77.3
17 Residential mortgages	120.2	161.3	96.5	34.6	-31.3	25.7	28.2	-18.6	-20.9	-20.8	-79.8	-3.5
18 Other mortgages and loans	159.8	205.9	183.1	65.6	-66.3	92.1	52.6	-29.2	41.5	-115.0	-112.9	-78.9
19 LESS: Federal Home Loan Bank advances	24.4	19.7	-11.0	-24.7	-38.0	-26.9	-27.3	-15.7	-35.8	-48.5	-36.4	-31.5
20 Total credit market funds advanced by private financial institutions	497.3	538.5	534.0	388.7	348.4	282.4	299.4	519.5	307.4	214.3	407.0	464.6
<i>By lending institution</i>												
21 Commercial banks	135.3	157.0	177.0	121.2	92.7	140.9	107.6	61.8	123.3	30.1	77.0	140.4
22 Savings institutions	136.8	118.0	-90.9	-153.4	-157.3	-211.9	-160.8	-170.8	-173.6	-153.2	-205.2	-97.3
23 Insurance and pension funds	149.1	176.4	197.9	183.7	215.5	241.6	135.6	188.3	209.4	218.3	230.2	204.0
24 Other financial institutions	76.2	87.1	249.9	237.2	197.6	111.7	216.9	440.2	148.4	119.2	305.0	217.6
<i>By source of funds</i>												
25 Private domestic deposits and repurchase agreements	173.8	229.6	209.5	53.3	1.0	5.7	45.5	-22.8	214.6	-118.1	-72.6	-20.0
26 Credit market borrowing	92.4	93.7	40.0	9.9	-21.6	19.5	-54.3	-35.2	-48.3	-34.7	-31.1	27.7
27 Other sources	231.1	215.3	284.5	334.5	369.0	268.6	308.2	507.1	141.1	367.2	510.7	456.9
28 Foreign funds	43.7	9.3	-9.9	24.0	-20.7	23.5	87.5	-28.5	9.4	-99.3	30.3	-23.1
29 Treasury balances	-5.8	7.3	-3.4	5.3	5.7	-1.0	13.7	3.4	20.6	-22.3	5.7	18.7
30 Insurance and pension reserves	94.9	174.1	192.0	164.1	235.5	209.1	128.3	222.1	291.6	178.7	276.2	195.4
31 Other, net	98.4	24.5	105.8	141.0	148.5	36.9	78.7	310.1	-180.6	310.1	198.5	265.9
<i>Private domestic nonfinancial investors</i>												
32 Direct lending in credit markets	247.9	240.5	194.2	185.9	21.7	325.4	64.6	9.4	8.2	134.5	-56.8	8.8
33 U.S. government securities	100.5	134.5	125.5	123.3	47.7	175.4	134.6	-5.7	16.7	162.1	-5.8	17.5
34 State and local obligations	96.1	57.3	62.7	24.9	9.6	40.0	7.6	-13.5	15.2	22.1	16.3	-14.9
35 Corporate and foreign bonds	6.4	-32.2	-26.5	-23.4	-21.0	21.3	-120.3	-2.8	4.8	19.2	-90.6	-17.5
36 Open market paper	13.3	41.9	2.9	18.8	-36.6	53.0	12.8	-9.6	-46.6	-85.7	-1.8	-12.2
37 Other loans and mortgages	31.5	39.0	29.6	42.3	21.9	35.7	29.8	41.0	18.1	16.7	25.0	27.8
38 Deposits and currency	190.3	233.1	225.7	83.0	28.1	24.7	74.2	20.4	231.2	-94.7	-38.4	14.5
39 Currency	19.0	14.7	11.7	22.6	19.7	22.6	30.9	16.9	38.7	6.0	8.0	25.9
40 Checkable deposits	-3.3	12.5	6.6	-4.4	52.0	4.5	-4.1	-23.5	56.3	14.2	104.7	32.8
41 Small time and savings accounts	76.0	122.4	98.2	59.4	19.5	19.9	40.8	61.6	104.8	1.0	-52.8	25.1
42 Money market fund shares	28.9	21.2	86.7	56.0	34.5	-32.7	106.0	42.1	171.0	-63.5	-1.7	32.0
43 Large time deposits	47.6	40.6	9.1	-42.1	-91.2	-15.5	-70.7	-66.4	-60.8	-72.8	-106.3	-124.8
44 Security repurchase agreements	21.6	32.9	14.9	-20.5	-13.8	18.2	-26.5	-36.6	-56.7	3.0	-16.5	14.9
45 Deposits in foreign countries	-2.5	-11.2	4.4	7.1	7.5	7.8	-2.2	26.3	-22.2	17.5	26.1	8.6
46 Total of credit market instruments, deposits, and currency	438.2	473.6	419.9	268.9	49.8	350.1	138.7	29.8	239.3	39.8	-95.2	15.3
MEMO												
47 Public holdings as percent of total	34.0	26.9	25.9	39.2	51.3	41.1	56.1	38.2	56.9	44.6	58.2	44.5
48 Private financial intermediation (percent)	76.2	78.6	77.6	67.8	89.0	48.0	71.6	105.2	84.5	55.9	106.7	106.2
49 Total foreign funds	105.5	104.3	62.8	77.2	25.1	83.1	162.6	48.3	40.0	-40.2	73.6	27.1
<i>Corporate equities not included above</i>												
50 Total net issues	7.1	-119.3	-65.4	15.8	208.6	56.4	-19.5	27.0	116.1	179.8	237.5	300.9
51 Mutual fund shares	70.2	6.1	38.5	65.7	150.6	77.1	45.9	83.7	97.6	125.2	178.1	201.3
52 Other equities	-63.1	-125.4	-103.9	-50.0	58.0	-20.7	-65.4	-56.7	18.5	54.6	59.4	99.6
53 Acquisitions by financial institutions	22.2	4.1	18.9	27.5	76.5	64.6	-44.4	53.2	80.9	57.1	91.1	76.7
54 Other net purchases	-15.1	-123.3	-84.3	-11.7	132.1	-8.3	24.9	-26.2	35.2	122.7	146.3	224.2

NOTES BY LINE NUMBER.

- Line 1 of table 1.57.
- Sum of lines 3-6 or 7-10.
- Includes farm and commercial mortgages.
- Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
- Line 1 less line 2 plus lines 11 and 12. Also line 20 less line 26 plus line 32. Also sum of lines 28 and 47 less lines 40 and 46.
- Includes farm and commercial mortgages.
- Line 38 less lines 39 and 45.
- Excludes equity issues and investment company shares. Includes line 19.
- Foreign deposits at commercial banks, plus bank borrowings from foreign branches, plus liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking institutions in foreign banks.
- Demand deposits and note balances at commercial banks.

30. Excludes investment of these reserves in corporate equities.

31. Mainly retained earnings and net miscellaneous liabilities.

32. Line 13 less line 20 plus line 26.

33-37. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.

39. Mainly an offset to line 9.

46. Sum of lines 32 and 38, or line 13 less line 27 plus lines 39 and 45.

47. Line 2 divided by line 1.

48. Line 20 divided by line 13.

49. Sum of lines 10 and 28.

50 and 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding appear in the Board's Z.1 (780) quarterly statistical release. For ordering address, see inside front cover.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars, end of period

Transaction category or sector	1988	1989	1990	1991	1990			1991			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors											
1 Total credit market debt owed by domestic nonfinancial sectors	9,242.3	9,987.1	10,760.5	11,229.1	10,445.0	10,597.7	10,760.5	10,833.4	10,958.3	11,084.3	11,229.1
<i>By lending sector and instrument</i>											
2 U.S. government	2,104.9	2,251.2	2,498.1	2,776.3	2,347.4	2,410.4	2,498.1	2,548.8	2,591.9	2,687.2	2,776.3
3 Treasury securities	2,082.3	2,227.0	2,465.8	2,757.7	2,314.4	2,377.8	2,465.8	2,522.4	2,567.1	2,669.6	2,757.7
4 Agency issues and mortgages	22.6	24.2	32.4	18.6	32.9	32.6	32.4	26.4	24.8	17.6	18.6
5 Private	7,137.4	7,735.9	8,262.4	8,452.8	8,097.6	8,187.3	8,262.4	8,284.6	8,366.4	8,397.0	8,452.8
<i>By instrument</i>											
6 Debt capital instruments	5,035.8	5,467.9	5,932.3	6,187.0	5,793.2	5,868.4	5,932.3	5,991.7	6,077.6	6,128.7	6,187.0
7 Tax-exempt obligations	939.4	1,004.4	1,049.8	1,082.1	1,031.4	1,043.0	1,049.8	1,052.8	1,060.7	1,072.9	1,082.1
8 Corporate bonds	852.6	926.9	974.5	1,060.3	950.6	958.1	974.5	995.5	1,021.5	1,043.6	1,060.3
9 Mortgages	3,243.8	3,536.6	3,908.0	4,044.6	3,811.2	3,867.3	3,908.0	3,943.5	3,995.4	4,012.2	4,044.6
10 Home mortgages	2,173.9	2,404.3	2,765.1	2,904.3	2,675.7	2,726.0	2,765.1	2,790.7	2,838.0	2,870.1	2,904.3
11 Multifamily residential	286.7	304.4	305.7	308.9	300.5	304.8	305.7	309.3	310.4	306.9	308.9
12 Commercial	696.4	742.6	753.3	747.7	751.1	752.3	753.3	759.5	763.2	752.1	747.7
13 Farm	86.8	85.3	84.0	83.7	84.0	84.3	84.0	83.9	83.8	83.1	83.7
14 Other debt instruments	2,101.6	2,268.0	2,330.0	2,265.8	2,304.4	2,318.9	2,330.0	2,292.9	2,288.8	2,268.4	2,265.8
15 Consumer credit	743.6	794.7	808.9	792.5	789.4	798.7	808.9	782.3	784.2	783.7	792.5
16 Bank loans n.e.c.	810.0	759.8	754.1	731.2	753.3	750.5	754.1	748.5	740.9	734.8	731.2
17 Open market paper	85.7	107.1	116.9	98.5	128.7	131.8	116.9	120.8	119.4	107.0	98.5
18 Other	562.3	606.4	650.1	643.7	633.1	637.9	650.1	641.3	644.3	642.8	643.7
<i>By borrowing sector</i>											
19 State and local government	752.5	815.7	858.3	882.6	841.8	852.9	858.3	861.3	866.7	874.6	882.6
20 Household	3,188.9	3,501.5	3,897.7	4,060.7	3,777.2	3,841.9	3,897.7	3,914.9	3,966.3	4,002.6	4,060.7
21 Nonfinancial business	3,196.0	3,418.7	3,506.3	3,509.5	3,478.6	3,492.5	3,506.3	3,508.4	3,533.4	3,519.8	3,509.5
22 Farm	137.6	139.2	140.5	143.1	138.7	141.6	140.5	139.5	142.6	143.6	143.1
23 Nonfarm noncorporate	1,130.5	1,180.5	1,194.3	1,172.7	1,195.4	1,195.1	1,194.3	1,195.4	1,197.4	1,181.9	1,172.7
24 Corporate	1,927.9	2,098.9	2,171.5	2,193.7	2,144.6	2,155.8	2,171.5	2,173.5	2,193.4	2,194.3	2,193.7
25 Foreign credit market debt held in United States	255.7	265.4	288.9	304.4	277.0	283.4	288.9	301.4	288.8	294.5	304.4
26 Bonds	94.0	98.5	120.1	136.5	112.4	112.9	120.1	122.9	126.6	130.7	136.5
27 Bank loans n.e.c.	21.5	21.4	18.5	22.5	19.3	19.8	18.5	20.5	19.7	20.0	22.5
28 Open market paper	49.9	63.0	75.3	81.8	65.1	71.5	75.3	87.0	74.0	78.0	81.8
29 U.S. government loans	90.2	82.5	75.0	63.7	80.2	79.3	75.0	70.9	68.4	65.7	63.7
30 Total credit market debt owed by nonfinancial sectors, domestic and foreign	9,498.0	10,252.5	11,049.4	11,533.5	10,721.9	10,881.2	11,049.4	11,134.8	11,247.0	11,378.8	11,533.5
Financial sectors											
31 Total credit market debt owed by financial sectors	1,999.8	2,219.4	2,512.0	2,648.2	2,425.3	2,447.7	2,512.0	2,530.5	2,550.7	2,585.3	2,648.2
<i>By instrument</i>											
32 U.S. government-related	1,098.4	1,249.3	1,418.4	1,575.4	1,330.1	1,367.9	1,418.4	1,452.1	1,480.3	1,524.3	1,575.4
33 Sponsored credit-agency securities	348.1	373.3	393.7	402.5	381.0	384.4	393.7	397.0	389.6	394.7	402.5
34 Mortgage pool securities	745.3	871.0	1,019.9	1,168.1	944.2	978.5	1,019.9	1,050.3	1,085.9	1,124.8	1,168.1
35 Loans from U.S. government	5.0	5.0	4.9	4.9	5.0	5.0	4.9	4.9	4.9	4.9	4.9
36 Private	901.4	970.0	1,093.5	1,072.7	1,095.1	1,079.8	1,093.5	1,078.4	1,070.3	1,061.0	1,072.7
37 Corporate bonds	331.9	378.2	515.9	561.2	528.0	511.6	515.9	529.7	544.2	546.7	561.2
38 Mortgages	3.4	3.4	4.2	4.1	4.0	4.1	4.2	4.2	4.2	4.4	4.1
39 Bank loans n.e.c.	35.6	37.5	38.6	42.3	36.5	36.7	38.6	36.5	37.0	39.0	42.3
40 Open market paper	377.7	409.1	417.7	386.0	400.3	409.6	417.7	400.9	390.1	387.0	386.0
41 Loans from Federal Home Loan Banks	152.8	141.8	117.1	79.1	126.3	117.9	117.1	107.0	94.7	83.9	79.1
<i>By borrowing sector</i>											
42 Sponsored credit agencies	353.1	378.3	398.5	407.4	385.9	389.4	398.5	401.8	394.4	399.5	407.4
43 Mortgage pools	745.3	871.0	1,019.9	1,168.1	944.2	978.5	1,019.9	1,050.3	1,085.9	1,124.8	1,168.1
44 Private financial sectors	901.4	970.0	1,093.5	1,072.7	1,095.1	1,079.8	1,093.5	1,078.4	1,070.3	1,061.0	1,072.7
45 Commercial banks	78.8	77.4	76.3	63.4	71.6	70.7	76.3	68.1	65.9	64.6	63.4
46 Bank affiliates	136.2	142.5	114.8	109.4	134.3	122.9	114.8	114.4	113.3	110.5	109.4
47 Savings and loan associations	159.3	145.2	114.0	74.4	125.6	116.2	114.0	102.8	89.4	78.2	74.4
48 Mutual savings banks	18.6	17.2	16.7	14.0	16.7	16.2	16.7	16.4	16.6	15.9	14.0
49 Finance companies	361.4	392.5	536.0	542.0	529.5	529.8	536.0	533.7	532.5	530.8	542.0
50 Real estate investment trusts (REITs)	11.4	10.1	10.6	11.1	10.4	10.3	10.6	10.6	10.8	12.0	11.1
51 Securitized credit obligation (SCO) issuers	135.7	185.1	225.2	258.5	206.9	213.8	225.2	232.4	241.8	249.1	258.5
All sectors											
52 Total credit market debt, domestic and foreign	11,497.8	12,471.9	13,561.3	14,181.7	13,147.2	13,328.9	13,561.3	13,665.3	13,797.7	13,964.1	14,181.7
53 U.S. government securities	3,198.3	3,495.6	3,911.7	4,346.8	3,672.5	3,773.4	3,911.7	3,996.1	4,067.4	4,206.7	4,346.8
54 State and local obligations	939.4	1,004.4	1,049.8	1,082.1	1,031.4	1,043.0	1,049.8	1,052.8	1,060.7	1,072.9	1,082.1
55 Corporate and foreign bonds	1,278.5	1,403.6	1,610.5	1,758.0	1,591.0	1,582.6	1,610.5	1,648.1	1,692.3	1,720.9	1,758.0
56 Mortgages	3,247.2	3,540.1	3,912.2	4,048.8	3,815.3	3,871.4	3,912.2	3,947.7	3,995.6	4,016.6	4,048.8
57 Consumer credit	743.6	794.7	808.9	792.5	789.4	798.7	808.9	782.3	784.2	783.7	792.5
58 Bank loans n.e.c.	767.2	818.6	811.3	795.9	809.1	807.0	811.3	805.6	797.6	793.8	795.9
59 Open market paper	513.4	579.2	609.9	566.3	594.0	612.9	609.9	608.8	583.6	572.0	566.3
60 Other loans	810.2	835.7	847.0	791.4	844.6	840.0	847.0	824.0	812.4	797.3	791.4

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted, end of period

Transaction category or sector	1988	1989	1990	1991	1990			1991			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Total funds advanced in credit markets to domestic nonfinancial sectors	9,242.3	9,987.1	10,760.5	11,229.1	10,445.0	10,597.7	10,760.5	10,833.4	10,958.3	11,084.3	11,229.1
2 Total held by federal agencies and foreign sector	2,223.2	2,413.1	2,673.3	2,920.2	2,529.9	2,611.3	2,673.3	2,729.0	2,789.3	2,855.9	2,920.2
<i>By instrument</i>											
3 U.S. government securities	651.5	688.9	763.3	862.6	714.1	745.6	763.3	789.5	808.7	835.9	862.6
4 Residential mortgages	900.4	1,038.4	1,221.0	1,394.7	1,126.5	1,171.8	1,221.0	1,261.4	1,306.7	1,352.6	1,394.7
5 Federal Home Loan Bank advances to thrifts	152.8	141.8	117.1	79.1	126.3	117.9	117.1	107.0	94.7	83.9	79.1
6 Other loans and securities	518.5	544.1	571.9	583.8	563.1	576.0	571.9	571.1	579.1	583.4	583.8
<i>By type of lender</i>											
7 U.S. government	214.6	207.0	240.6	250.3	227.4	242.7	240.6	248.2	256.6	257.1	250.3
8 Sponsored credit agencies and mortgage pools	1,113.0	1,238.2	1,403.4	1,563.6	1,315.0	1,360.5	1,403.4	1,438.8	1,468.7	1,514.2	1,563.6
9 Monetary authority	240.6	233.3	241.4	272.5	237.8	240.8	241.4	247.3	253.7	264.7	272.5
10 Foreign	655.0	734.6	787.9	833.7	749.8	767.5	787.9	794.7	810.3	819.9	833.7
<i>Agency and foreign debt not in line 1</i>											
11 Sponsored credit agencies and mortgage pools	1,098.4	1,249.3	1,418.4	1,575.4	1,330.1	1,367.9	1,418.4	1,452.1	1,480.3	1,524.3	1,575.4
12 Foreign	255.7	265.4	288.9	304.4	277.0	283.4	288.9	301.4	288.8	294.5	304.4
13 Total private domestic holdings	8,373.2	9,088.7	9,794.4	10,188.8	9,522.1	9,637.7	9,794.4	9,857.9	9,938.1	10,047.2	10,188.8
14 U.S. government securities	2,546.8	2,806.7	3,148.4	3,484.1	2,958.5	3,027.7	3,148.4	3,206.5	3,258.7	3,370.8	3,484.1
15 State and local obligations	939.4	1,004.4	1,049.8	1,082.1	1,031.4	1,043.0	1,049.8	1,052.8	1,060.7	1,072.9	1,082.1
16 Corporate and foreign bonds	744.8	809.8	873.2	956.4	842.7	850.5	873.2	892.4	915.8	938.3	956.4
17 Residential mortgages	1,560.2	1,670.4	1,849.8	1,818.5	1,849.7	1,839.0	1,838.7	1,841.7	1,841.7	1,824.4	1,818.5
18 Other mortgages and loans	2,734.7	2,939.2	2,990.4	2,926.7	2,966.2	2,975.4	2,990.4	2,974.6	2,955.9	2,924.8	2,926.7
19 Less: Federal Home Loan Bank advances	152.8	141.8	117.1	79.1	126.3	117.9	117.1	107.0	94.7	83.9	79.1
20 Total credit market claims held by private financial institutions	7,055.3	7,602.9	8,132.4	8,480.4	7,931.6	7,990.0	8,132.4	8,200.4	8,261.9	8,355.5	8,480.4
<i>By holding institution</i>											
21 Commercial banks	2,476.2	2,643.9	2,765.1	2,860.5	2,709.5	2,739.0	2,765.1	2,778.6	2,793.1	2,815.2	2,860.5
22 Savings institutions	1,565.2	1,478.2	1,345.1	1,184.6	1,424.2	1,385.9	1,345.1	1,302.8	1,263.6	1,210.0	1,184.6
23 Insurance and pension funds	1,836.1	2,034.0	2,218.1	2,433.5	2,153.3	2,173.8	2,218.1	2,274.9	2,329.6	2,385.5	2,433.5
24 Other finance	1,177.9	1,446.7	1,804.2	2,001.8	1,644.5	1,691.3	1,804.2	1,844.1	1,875.6	1,944.8	2,001.8
<i>By source of funds</i>											
25 Private domestic deposits and repurchase agreements	3,581.3	3,790.4	3,843.8	3,844.6	3,806.5	3,812.1	3,843.8	3,873.3	3,836.0	3,812.1	3,844.6
26 Credit market debt	901.4	970.0	1,093.5	1,072.7	1,095.1	1,079.8	1,093.5	1,078.4	1,070.3	1,061.0	1,072.7
27 Other sources	2,572.6	2,842.5	3,195.1	3,563.0	3,030.0	3,098.0	3,195.1	3,248.7	3,355.6	3,482.3	3,563.0
28 Foreign funds	71.6	62.1	86.1	65.5	63.5	86.6	86.1	84.8	55.3	64.8	65.5
29 U.S. Treasury balances	29.0	25.6	30.9	36.6	32.1	36.6	30.9	26.3	36.0	38.5	36.6
30 Insurance and pension reserves	1,723.2	1,908.2	2,067.7	2,286.3	1,983.0	2,018.6	2,067.7	2,126.8	2,174.6	2,237.4	2,286.3
31 Other, net	748.9	846.6	1,010.4	1,174.7	951.3	956.2	1,010.4	1,010.7	1,089.6	1,141.5	1,174.7
<i>Private domestic nonfinancial investors</i>											
32 Credit market claims	2,219.3	2,455.9	2,755.5	2,781.1	2,685.7	2,727.6	2,755.5	2,736.0	2,746.5	2,752.7	2,781.1
33 U.S. government securities	1,050.7	1,169.0	1,278.0	1,325.7	1,214.5	1,256.8	1,278.0	1,277.7	1,290.5	1,298.7	1,325.7
34 State and local obligations	486.7	549.4	574.2	583.9	568.9	573.8	574.2	568.2	576.8	584.0	583.9
35 Corporate and foreign bonds	52.4	64.7	194.8	177.7	217.8	201.3	194.8	198.1	201.7	185.1	177.7
36 Open market paper	243.0	245.9	264.7	228.1	264.5	266.4	264.7	250.1	232.1	230.5	228.1
37 Other loans and mortgages	386.5	427.0	443.8	465.7	420.0	429.2	443.8	441.8	445.5	454.5	465.7
38 Deposits and currency	3,814.5	4,039.7	4,122.7	4,150.8	4,066.6	4,076.1	4,122.7	4,149.5	4,124.4	4,105.6	4,150.8
39 Currency	220.1	231.8	254.4	274.0	242.7	247.2	254.4	262.0	265.9	264.8	274.0
40 Checkable deposits	532.9	532.9	533.3	585.2	514.2	503.5	533.3	515.5	524.3	540.8	585.2
41 Small time and savings accounts	2,156.2	2,254.7	2,313.2	2,332.7	2,286.6	2,295.8	2,313.2	2,342.5	2,338.8	2,324.7	2,332.7
42 Money market fund shares	318.9	405.6	461.6	496.1	425.9	452.1	461.6	509.6	489.6	489.1	496.1
43 Large time deposits	390.3	399.3	358.3	267.1	387.1	374.1	358.3	342.9	319.7	297.8	267.1
44 Security repurchase agreements	182.9	197.9	177.4	163.6	192.7	186.6	177.4	162.9	163.6	159.8	163.6
45 Deposits in foreign countries	13.1	17.6	24.6	32.1	17.5	16.8	24.6	14.3	22.5	28.7	32.1
46 Total of credit market instruments, deposits, and currency	6,033.8	6,495.6	6,878.3	6,931.9	6,752.3	6,803.7	6,878.3	6,885.5	6,870.9	6,858.3	6,931.9
MEMO											
47 Public holdings as percent of total	23.4	23.5	24.2	25.3	23.6	24.0	24.2	24.5	24.8	25.1	25.3
48 Private financial intermediation (percent)	97.2	94.2	87.8	82.1	91.6	90.5	87.8	86.7	85.7	83.5	82.1
49 Total foreign funds	726.6	796.7	873.9	899.2	813.3	854.1	873.9	879.5	865.6	884.7	899.2
<i>Corporate equities not included above</i>											
50 Total market value	3,619.8	4,374.8	4,084.6	5,219.5	4,400.7	3,824.0	4,084.6	4,635.1	4,669.3	4,937.0	5,219.5
51 Mutual fund shares	478.3	555.1	578.5	852.4	587.9	547.3	578.5	643.0	681.3	764.0	852.4
52 Other equities	3,141.6	3,819.7	3,506.2	4,367.2	3,812.8	3,276.8	3,506.2	3,992.1	3,988.0	4,172.9	4,367.2
53 Holdings by financial institutions	1,113.6	1,416.9	1,342.1	1,844.4	1,459.6	1,232.6	1,342.1	1,572.0	1,577.7	1,708.0	1,844.4
54 Other holdings	2,506.2	2,958.0	2,742.6	3,375.1	2,941.1	2,591.4	2,742.6	3,063.2	3,091.6	3,229.0	3,375.1

NOTES BY LINE NUMBER.

- Line 1 of table 1.59.
- Sum of lines 3-6 or 7-10.
- Includes farm and commercial mortgages.
- Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
- Line 1 less line 2 plus lines 11 and 12. Also line 20 less line 26 plus line 32. Also sum of lines 27 and 46 less lines 39 and 45.
- Includes farm and commercial mortgages.
- Line 38 less lines 39 and 45.
- Excludes equity issues and investment company shares. Includes line 19.
- Foreign deposits at commercial banks, plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
- Demand deposits and note balances at commercial banks.

30. Excludes net investment of these reserves in corporate equities.

31. Mainly retained earnings and net miscellaneous liabilities.

32. Line 13 less line 20 plus line 26.

33-37. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.

39. Mainly an offset to line 9.

46. Sum of lines 32 and 38, or line 13 less line 27 plus lines 39 and 45.

47. Line 2 divided by lines 1 plus 12.

48. Line 20 divided by line 13.

49. Sum of lines 10 and 28.

50-52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding appear in the Board's z.1 (780) quarterly statistical release. For ordering address, see inside front cover.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, 1987=100, except as noted

Measure	1989	1990	1991	1991					1992 ^r			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Industrial production¹	108.1	109.2	107.1	108.0	108.4	108.4	108.1	107.4	106.6	107.2	107.6	108.2
<i>Market groupings</i>												
2 Products, total	108.6	110.1	108.1	108.5	108.9	109.0	109.0	108.4	107.5	108.1	108.6	109.1
3 Final, total	109.1	110.9	109.6	109.8	110.4	110.6	110.6	109.9	108.7	109.5	110.0	110.6
4 Consumer goods	106.7	107.3	107.5	108.4	109.4	109.7	110.0	109.1	108.1	108.8	109.5	109.9
5 Equipment	112.3	115.5	112.2	111.6	111.8	111.9	111.4	110.9	109.4	110.3	110.7	111.5
6 Intermediate	106.8	107.7	103.4	104.4	104.3	104.1	103.9	103.8	103.9	103.9	104.3	104.5
7 Materials	107.4	107.8	105.5	107.2	107.5	107.4	106.6	105.8	105.2	105.7	106.1	106.7
<i>Industry groupings</i>												
8 Manufacturing	108.9	109.9	107.4	108.4	108.9	109.0	108.6	108.1	107.4	108.1	108.5	109.0
9 Capacity utilization, manufacturing (percent) ²	83.9	82.3	78.2	78.6	78.8	78.7	78.2	77.7	77.0	77.3	77.5	77.7
10 Construction contracts (1982=100) ³	172.9	156.2	129.1 ^r	150.0	143.0	157.0	134.0	152.0	95.0	100.0	94.0	n.a.
11 Nonagricultural employment, total ⁴	106.0	107.6	106.6	106.6	106.7	106.7	106.5	106.5	106.4	106.5	106.6	106.7
12 Goods-producing, total	102.5	101.0	96.4	96.4	96.3	96.0	95.5	95.3	95.1	95.1	95.1	95.1
13 Manufacturing, total	102.2	100.5	96.9	96.9	96.8	96.6	96.4	96.2	95.9	95.9	95.9	96.0
14 Manufacturing, production worker	102.3	100.0	96.0	96.3	96.0	95.9	95.6	95.4	95.1	95.3	95.4	95.5
15 Service-producing	107.1	109.7	109.9	109.9	110.0	110.1	110.0	110.1	110.0	110.2	110.2	110.4
16 Personal income, total	115.2	123.1	127.2	127.7	128.2	128.4	128.3	129.6	129.3	130.5	131.3	n.a.
17 Wages and salary disbursements	114.4	121.1	124.2	124.9	125.4	125.4	126.2	125.4	125.4	126.9	127.5	n.a.
18 Manufacturing	110.6	113.4	113.5	114.4	114.6	115.6	114.5	115.4	113.4	114.5	114.7	n.a.
19 Disposable personal income ⁵	115.2	123.4	128.2	128.9	129.3	129.7	129.5	130.9	130.6	131.8	133.3	n.a.
20 Retail sales ⁶	113.2	117.4	118.4 ^r	118.6	119.0	118.9	118.9	118.8	121.3	123.3	122.1	123.2
<i>Prices⁷</i>												
21 Consumer (1982-84=100)	124.0	130.7	136.2	136.6	137.2	137.4	137.8	137.9	138.1	138.6	139.3	139.5
22 Producer finished goods (1982=100)	113.6	119.2	121.7	121.7	121.4	122.2	122.3	121.9	121.7	121.9	122.0	122.2

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," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Co., 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 U.S. Bureau of the Census data published in *Survey of Current Business*.

7. Based on data not seasonally adjusted, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted; except as noted

Category	1989	1990	1991	1991				1992			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^r	Mar. ^r	Apr.
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	188,601	190,216	191,883	192,240	192,386	192,522	192,661	192,796	192,906	193,036	193,168
2 Labor force (including Armed Forces) ¹	126,077	126,954	127,421	127,708	127,605	127,444	127,675	128,083	128,309	128,604	128,830
3 Civilian labor force	123,869	124,787	125,303	125,590	125,508	125,374	125,619	126,046	126,287	126,590	126,830
<i>Employment</i>											
4 Nonagricultural industries ²	114,142	114,728	114,644	113,806	113,663	113,500	113,545	113,951	113,811	114,155	114,465
5 Agriculture	3,199	3,186	3,233	3,283	3,204	3,272	3,183	3,166	3,232	3,194	3,209
<i>Unemployment</i>											
6 Number	6,528	6,874	8,426	8,501	8,641	8,602	8,891	8,929	9,244	9,242	9,155
7 Rate (percent of civilian labor force)	5.3	5.5	6.7	6.8	6.9	6.9	7.1	7.1	7.3	7.3	7.2
8 Not in labor force	62,524	63,262	64,462	64,532	64,781	65,078	64,986	64,713	64,597	64,432	64,338
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	108,329	109,971	108,975	109,066	109,073	108,843	108,882	108,760	108,866	108,905	109,031
10 Manufacturing	19,442	19,111	18,427	18,414	18,377	18,337	18,293	18,238	18,245	18,246	18,254
11 Mining	693	711	697	684	679	674	670	666	663	661	655
12 Contract construction	5,187	5,136	4,696	4,699	4,671	4,584	4,589	4,602	4,578	4,594	4,583
13 Transportation and public utilities	5,644	5,826	5,823	5,829	5,828	5,816	5,811	5,794	5,801	5,790	5,787
14 Trade	25,770	25,843	25,412	25,387	25,335	25,261	25,247	25,175	25,293	25,252	25,298
15 Finance	6,695	6,739	6,707	6,692	6,697	6,694	6,701	6,693	6,701	6,704	6,710
16 Service	27,120	28,240	28,778	28,937	29,019	29,008	29,057	29,073	29,075	29,091	29,163
17 Government	17,779	18,322	18,434	18,424	18,467	18,469	18,514	18,519	18,510	18,567	18,581

1. Persons sixteen years of age and older. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

2. Includes self-employed, unpaid family, and domestic service workers.

3. Includes all full- and part-time employees who worked during, or received

pay for, the pay period that includes the twelfth day of the month and excludes proprietors, self-employed persons, household and 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.

SOURCE: Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1991			1992	1991			1992	1991			1992	
	Q2	Q3	Q4	Q1 ¹	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 ¹	
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)				
1 Total industry	106.4	108.1	107.9	107.2	134.5	135.3	136.2	137.0	79.1	79.9	79.3	78.2	
2 Manufacturing	106.7	108.5	108.6	108.0	136.9	137.9	138.9	139.7	77.9	78.7	78.2	77.3	
3 Primary processing	100.8	104.1	104.1	103.9	127.5	128.1	128.8	129.3	79.1	81.2	80.8	80.4	
4 Advanced processing	109.4	110.6	110.7	109.9	141.3	142.4	143.5	144.6	77.4	77.7	77.1	76.0	
5 Durable goods	106.7	108.1	107.7	106.7	140.9	141.8	142.8	143.7	75.7	76.2	75.4	74.2	
6 Lumber and products	94.0	95.1	95.1	98.1	125.2	125.4	125.7	125.9	75.1	75.8	75.7	77.9	
7 Primary metals	95.9	102.0	102.5	102.4	128.6	129.0	129.3	129.1	74.6	79.1	79.2	79.3	
8 Iron and steel	92.8	100.3	103.2	104.3	133.5	134.0	134.5	134.1	69.5	74.8	76.7	77.8	
9 Nonferrous	100.3	104.5	101.4	99.8	121.5	121.7	121.9	122.1	82.6	85.8	83.2	81.7	
10 Nonelectrical machinery	123.5	123.5	122.7	122.2	159.5	161.2	162.8	164.3	77.4	76.6	75.4	74.4	
11 Electrical machinery	110.6	111.2	110.4	110.6	144.0	145.3	146.6	147.9	76.8	76.5	75.3	74.8	
12 Motor vehicles and parts	89.5	95.9	97.0	91.7	134.2	134.9	135.6	136.2	66.7	71.1	71.5	67.3	
13 Aerospace and miscellaneous transportation equipment	106.4	105.2	102.8	99.7	137.9	138.7	139.6	140.4	77.2	75.9	73.7	71.0	
14 Nondurable goods	106.7	109.1	109.7	109.7	131.9	132.9	133.8	134.8	80.9	82.1	82.0	81.4	
15 Textile mill products	99.4	104.1	104.1	104.4	117.7	118.0	118.3	118.8	84.5	88.2	88.0	87.9	
16 Paper and products	102.7	107.6	107.4	105.6	117.1	117.9	118.7	119.3	87.7	91.2	90.5	88.4	
17 Chemicals and products	109.3	112.1	113.0	113.4	139.7	141.0	142.3	143.4	78.2	79.5	79.4	79.1	
18 Plastics materials	115.6	125.4	126.2	126.2	139.2	142.6	146.1	146.1	83.0	87.9	86.4	85.2	
19 Petroleum products	107.6	108.1	107.1	106.9	121.4	121.4	121.4	121.4	88.6	89.0	88.2	88.1	
20 Mining	101.1	101.8	99.7	97.9	114.3	114.6	114.7	114.7	88.4	88.9	87.0	85.4	
21 Utilities	109.6	110.4	109.4	107.4	128.4	128.8	129.2	129.5	85.3	85.7	84.7	82.9	
22 Electric	114.4	115.2	111.6	109.9	124.3	124.7	125.2	125.6	92.1	92.4	89.1	87.5	
	Previous cycle ²		Latest cycle ³		1991	1991				1992 ¹			
	High	Low	High	Low	Apr.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^P
	Capacity utilization rate (percent)												
1 Total industry	89.2	72.6	87.3	71.8	78.6	79.9	79.8	79.3	78.7	78.0	78.3	78.4	78.7
2 Manufacturing	88.9	70.8	87.3	70.0	77.5	78.8	78.7	78.2	77.7	77.0	77.3	77.5	77.7
3 Primary processing	92.2	68.9	89.7	66.8	78.2	81.3	81.4	80.8	80.2	80.2	80.3	80.5	80.8
4 Advanced processing	87.5	72.0	86.3	71.4	77.3	77.7	77.6	77.1	76.6	75.7	76.1	76.2	76.4
5 Durable goods	88.8	68.5	86.9	65.0	75.4	76.2	75.9	75.5	74.8	73.8	74.5	74.5	74.9
6 Lumber and products	90.1	62.2	87.6	60.9	74.1	75.8	74.6	76.7	75.7	77.4	78.2	78.0	77.6
7 Primary metals	100.6	66.2	102.4	46.8	73.6	79.3	79.4	80.0	78.3	79.2	79.4	79.4	79.5
8 Iron and steel	105.8	66.6	110.4	38.3	68.7	75.1	76.2	78.5	75.5	78.1	77.3	78.1	77.6
9 Nonferrous	92.9	61.3	90.5	62.2	81.1	85.7	84.5	82.5	82.6	81.0	82.7	81.4	82.4
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	77.7	76.1	76.1	75.4	74.7	74.1	74.3	74.7	75.0
11 Electrical machinery	87.8	63.8	89.4	71.1	76.4	76.2	75.1	75.5	75.2	74.6	74.9	74.9	74.8
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	64.3	73.6	74.2	70.7	69.6	64.0	68.8	69.1	72.6
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	78.0	75.3	74.8	73.9	72.3	71.2	71.0	70.9	70.8
14 Nondurable goods	87.9	71.8	87.0	76.9	80.5	82.3	82.4	81.9	81.6	81.4	81.2	81.5	81.5
15 Textile mill products	92.0	60.4	91.7	73.8	82.7	87.4	89.2	88.2	86.5	86.9	88.1	88.7	88.8
16 Paper and products	96.9	69.0	94.2	82.0	86.7	91.4	92.1	89.4	90.0	89.9	87.6	87.9	88.9
17 Chemicals and products	87.9	69.9	85.1	70.1	78.3	79.6	80.0	79.4	78.9	78.7	79.0	79.5	79.6
18 Plastics materials	102.0	50.6	90.9	63.4	80.5	87.0	89.5	87.2	82.5	83.1	83.0	82.7	84.0
19 Petroleum products	96.7	81.1	89.5	68.2	87.1	89.4	87.3	87.9	89.5	87.8	88.1	88.3	88.8
20 Mining	94.4	88.4	96.6	80.6	88.3	88.5	87.9	86.8	86.2	85.3	85.7	85.1	85.8
21 Utilities	95.6	82.5	88.3	76.2	82.6	85.1	84.8	85.9	83.4	82.6	82.2	84.0	83.8
22 Electric	99.0	82.7	88.3	78.7	88.5	90.8	89.7	90.0	87.7	87.1	86.8	88.7	88.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering 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), pp. 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 Value¹

Monthly data seasonally adjusted

Group	1987 pro- por- tion	1991 avg.	1991									1992			
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^l	Apr. ^p
Index (1987 = 100)															
MAJOR MARKETS															
1 Total index	100.0	107.1	105.5	106.4	107.3	108.1	108.0	108.4	108.4	108.1	107.4	106.6	107.2	107.6	108.2
2 Products.....	60.8	108.1	106.9	107.7	108.6	108.7	108.5	108.9	109.0	109.0	108.4	107.5	108.1	108.6	109.1
3 Final products.....	46.0	109.6	108.7	109.3	110.1	110.2	109.8	110.4	110.6	110.6	109.9	108.7	109.5	110.0	110.6
4 Consumer goods, total.....	26.0	107.5	105.5	106.6	108.0	108.3	108.4	109.4	109.7	110.0	109.1	108.1	108.8	109.5	109.9
5 Durable consumer goods.....	5.6	102.3	99.3	101.1	104.2	105.5	104.0	107.7	107.5	106.0	104.6	101.3	105.3	105.9	107.9
6 Automotive products.....	2.5	97.8	94.2	97.4	100.4	102.3	98.6	106.5	106.7	103.6	101.3	94.2	101.6	103.3	107.5
7 Autos and trucks.....	1.5	90.2	85.0	89.2	92.5	98.1	90.2	103.0	105.1	99.0	96.7	84.3	94.3	95.7	102.5
8 Trucks, consumer.....	.9	84.6	78.3	81.9	83.8	92.8	83.0	94.6	92.6	89.8	88.2	79.1	84.8	81.9	93.2
9 Other.....	.6	99.6	96.3	101.6	107.1	106.9	102.2	117.1	126.1	114.5	111.0	93.0	110.2	118.8	118.3
10 Auto parts and allied goods.....	1.0	109.3	108.0	109.5	112.2	108.6	111.3	111.8	109.1	110.5	108.2	109.1	112.6	114.8	115.0
11 Other.....	3.1	105.8	103.4	104.1	107.3	108.1	108.3	108.7	108.1	108.0	107.2	106.9	108.2	108.0	108.2
12 Appliances, A/C, and TV.....	.8	99.5	97.3	96.8	104.8	100.6	99.6	104.1	102.1	102.3	98.9	99.6	102.7	103.5	101.7
13 Carpeting and furniture.....	.9	99.4	97.0	96.9	99.2	103.1	103.9	101.8	101.6	101.5	101.1	102.4	102.0	103.7	103.0
14 Miscellaneous home goods.....	1.4	113.4	110.8	112.8	113.8	115.5	115.9	115.6	115.6	115.2	115.5	114.7	115.0	114.2	114.7
15 Nondurable consumer goods.....	20.4	109.0	107.2	108.1	109.0	109.0	109.6	109.8	110.3	111.1	110.3	110.0	109.8	110.5	110.5
16 Foods and tobacco.....	9.1	106.7	105.3	106.2	106.9	106.9	107.1	107.8	107.8	108.1	107.0	107.3	107.3	107.6	107.7
17 Clothing.....	2.6	93.5	90.6	92.0	93.9	94.3	94.8	95.2	96.3	96.5	96.2	95.0	95.2	95.2	94.7
18 Chemical products.....	3.5	115.8	115.0	113.9	114.3	115.4	117.4	117.3	117.0	117.9	118.0	118.1	118.5	119.2	119.2
19 Paper products.....	2.5	123.6	122.7	121.8	123.3	122.1	122.6	124.8	125.6	126.4	126.8	126.8	124.7	125.3	125.7
20 Energy.....	2.7	108.5	104.4	109.0	110.0	109.4	109.5	106.7	108.5	112.0	109.3	106.8	106.4	109.1	109.3
21 Fuels.....	.7	103.5	101.4	103.6	104.9	105.2	104.4	104.4	103.5	103.6	104.3	103.8	103.5	102.8	104.7
22 Residential utilities.....	2.0	110.4	105.5	111.0	111.9	110.9	111.5	107.6	110.3	115.1	111.2	108.0	107.5	111.5	111.0
23 Equipment.....	20.0	112.2	112.8	112.7	112.8	112.8	111.6	111.8	111.9	111.4	110.9	109.4	110.3	110.7	111.5
24 Business equipment.....	13.9	121.5	121.3	121.7	121.9	122.5	121.3	122.2	122.3	121.8	121.4	119.9	121.2	121.8	122.8
25 Information processing and related.....	5.6	131.5	131.5	131.8	130.9	131.1	130.3	130.3	131.7	133.4	134.0	134.1	134.7	135.3	136.1
26 Office and computing.....	1.9	155.5	155.6	155.6	154.0	156.0	153.1	152.2	156.0	157.8	159.1	160.6	162.4	163.8	165.5
27 Industrial.....	4.0	108.0	109.3	109.3	109.1	109.0	108.6	108.2	106.8	104.2	102.3	100.2	101.5	102.1	102.4
28 Transit.....	2.5	126.8	124.1	125.9	128.0	132.1	126.7	132.7	133.1	130.5	129.5	124.2	127.9	129.6	132.7
29 Autos and trucks.....	1.2	88.6	84.4	87.9	90.8	96.6	86.2	99.3	101.1	96.5	96.1	84.9	94.7	95.0	101.0
30 Other.....	1.9	113.6	112.7	113.0	114.8	114.0	114.8	114.2	113.6	113.8	114.1	113.1	112.9	113.5	113.8
31 Defense and space equipment.....	5.4	91.1	92.5	91.5	91.0	90.0	89.8	89.1	89.1	88.8	88.1	86.7	86.2	86.1	86.0
32 Oil and gas well drilling.....	.6	93.3	105.1	101.3	103.0	97.8	86.7	80.1	79.0	78.1	75.8	71.8	73.9	76.2	79.2
33 Manufactured homes.....	.2	85.5	83.1	86.6	90.8	86.5	90.3	86.2	86.3	87.0	87.9	98.4	99.7	98.7	101.5
34 Intermediate products, total.....	14.7	103.4	101.2	102.7	104.0	104.0	104.4	104.3	104.1	103.9	103.8	103.9	103.9	104.3	104.5
35 Construction supplies.....	6.0	96.0	94.9	95.8	97.4	96.9	96.7	96.5	95.4	95.9	95.0	95.5	95.9	96.1	96.7
36 Business supplies.....	8.7	108.4	105.6	107.5	108.5	109.0	109.7	109.7	110.1	109.4	110.0	109.9	109.5	110.1	110.0
37 Materials.....	39.2	105.5	103.4	104.5	105.4	107.0	107.2	107.5	107.4	106.6	105.8	105.2	105.7	106.1	106.7
38 Durable goods materials.....	19.4	107.1	104.9	106.2	106.7	108.2	109.1	109.3	108.8	108.6	108.1	107.0	108.1	108.3	108.8
39 Durable consumer parts.....	4.2	96.4	92.1	95.5	97.3	100.2	100.1	101.3	101.6	100.5	97.0	95.3	97.1	98.2	100.2
40 Equipment parts.....	7.3	114.4	114.6	114.8	113.6	113.5	114.3	113.9	113.6	113.7	114.2	114.1	115.2	115.0	115.6
41 Other.....	7.9	106.0	102.6	103.8	105.3	107.5	109.0	109.3	108.2	108.3	108.4	106.7	107.4	107.5	107.0
42 Basic metal materials.....	2.8	106.0	101.6	103.0	105.9	108.8	110.2	109.5	107.7	108.1	108.1	105.1	107.1	106.5	106.3
43 Nondurable goods materials.....	9.0	105.9	103.1	103.7	104.9	108.1	107.8	108.3	109.6	107.7	107.1	107.3	107.1	108.0	108.7
44 Textile materials.....	1.2	97.0	94.7	96.8	98.1	101.4	101.5	99.5	101.8	99.9	98.5	98.9	101.5	101.8	102.0
45 Pulp and paper materials.....	1.9	106.9	102.0	101.5	106.9	110.3	108.2	110.4	112.0	108.6	109.6	107.4	106.7	106.7	108.5
46 Chemical materials.....	3.8	106.1	102.9	103.9	103.9	107.7	107.9	108.2	109.9	108.3	107.0	107.6	106.6	107.9	108.7
47 Other.....	2.1	109.7	109.0	109.2	108.6	110.5	110.9	111.3	111.2	110.1	109.7	111.2	111.1	112.5	112.5
48 Energy materials.....	10.9	102.3	101.1	102.4	103.4	104.1	103.3	103.6	103.1	102.2	100.4	100.4	100.5	100.5	101.3
49 Primary energy.....	7.2	102.4	100.5	101.2	104.7	106.2	104.5	103.8	102.8	100.9	100.4	100.5	100.6	99.3	100.6
50 Converted fuel materials.....	3.7	102.0	102.4	104.7	101.0	100.1	101.0	103.4	103.8	104.5	100.5	100.2	100.4	102.8	102.6
SPECIAL AGGREGATES															
51 Total excluding autos and trucks.....	97.3	107.6	106.1	106.9	107.8	108.4	108.5	108.6	108.5	108.3	107.7	107.3	107.5	108.0	108.4
52 Total excluding motor vehicles and parts.....	95.3	107.9	106.5	107.3	108.1	108.6	108.8	108.8	108.8	108.7	108.0	107.6	107.8	108.3	108.6
53 Total excluding office and computing machines.....	97.5	105.8	104.2	105.2	106.2	106.9	106.8	107.3	107.2	106.8	106.1	105.3	105.8	106.2	106.7
54 Consumer goods excluding autos and trucks.....	24.5	108.6	106.7	107.6	108.9	108.9	109.5	109.8	109.9	110.7	109.8	109.6	109.7	110.3	110.4
55 Consumer goods excluding energy.....	23.3	107.4	105.6	106.3	107.7	108.1	108.3	109.7	109.8	109.8	109.1	108.3	109.1	109.5	110.0
56 Business equipment excluding autos and trucks.....	12.7	124.8	125.2 ^r	125.0	125.0	125.0	124.7	124.4	124.4	124.3	123.9	123.4	123.9	124.5	125.0
57 Business equipment excluding office and computing equipment.....	12.0	116.0	115.7	116.3	116.7	117.0	116.2	117.3	116.9	116.0	115.3	113.3	114.5	115.0	115.8
58 Materials excluding energy.....	28.4	106.7	104.3	105.4	106.1	108.2	108.7	109.0	109.1	108.3	107.8	107.1	107.7	108.2	108.7

A48 Domestic Nonfinancial Statistics □ July 1992

2.13—Continued

Group	SIC ² code	1987 proportion	1991 avg.	1991								1992				
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^f	Feb. ^f	Mar. ^f	Apr. ^p
Index (1987 = 100)																
MAJOR INDUSTRIES																
1 Total index		100.0	107.1	105.5	106.4	107.3	108.1	108.0	108.4	108.4	108.1	107.4	106.6	107.2	107.6	108.2
2 Manufacturing		84.4	107.4	105.9	106.6	107.5	108.3	108.4	108.9	109.0	108.6	108.1	107.4	108.1	108.5	109.0
3 Primary processing		26.7	102.4	99.6	100.7	102.1	103.7	104.1	104.4	104.7	104.1	103.5	103.6	103.9	104.2	104.7
4 Advanced processing		57.7	109.8	108.9	109.3	109.9	110.5	110.3	111.0	111.0	110.7	110.3	109.2	110.0	110.4	111.0
5 Durable goods		47.3	107.1	106.0	106.7	107.3	108.1	107.8	108.4	108.2	107.8	107.1	105.8	107.0	107.2	108.0
6 Lumber and products	24	2.0	94.2	92.7	92.5	96.7	94.8	95.3	95.2	93.8	96.4	95.2	97.4	98.5	98.3	97.8
7 Furniture and fixtures	25	1.4	99.1	98.3	98.5	99.4	100.5	101.3	101.2	100.5	99.9	100.6	98.7	98.1	98.7	100.2
8 Clay, glass, and stone products	32	2.5	94.9	94.2	95.1	95.0	95.8	95.5	94.4	94.4	92.8	93.0	92.8	94.4	95.1	95.7
9 Primary metals	33	3.3	99.5	94.5	96.9	96.4	101.2	102.6	102.3	102.6	103.5	101.3	102.5	102.5	102.3	102.2
10 Iron and steel	331.2	1.9	98.0	91.6	94.0	92.9	99.5	100.6	100.8	102.4	105.6	101.7	105.0	103.6	104.3	103.3
11 Raw steel		1	97.3	91.0	88.9	94.0	102.6	102.4	100.9	101.3	99.1	97.6	103.3	102.7	98.8	98.6
12 Nonferrous	333-6.9	1.4	101.5	98.5	101.0	101.5	103.5	105.5	104.4	102.9	100.5	100.8	98.9	101.0	99.4	100.7
13 Fabricated metal products	34	5.4	100.4	98.0	99.1	99.8	100.9	101.4	101.9	101.9	101.8	101.2	99.7	100.5	100.1	100.7
14 Nonelectrical machinery	35	8.6	123.5	123.5	123.6	123.4	123.9	123.3	123.1	123.5	122.8	121.9	121.4	122.1	123.2	124.0
15 Office and computing machines	357	2.5	155.5	155.6	155.6	154.0	156.0	153.0	152.2	155.9	157.8	159.1	160.5	162.4	163.9	165.5
16 Electrical machinery	36	8.6	110.1	109.7	110.6	111.5	111.0	111.5	111.0	109.8	110.7	110.6	110.0	110.8	111.0	111.2
17 Transportation equipment	37	9.8	98.6	97.2	98.2	99.7	101.3	99.0	102.2	102.4	99.7	98.0	93.8	96.9	97.1	99.4
18 Motor vehicles and parts	371	4.7	90.4	86.2	89.8	92.5	96.7	91.6	99.5	100.4	95.9	94.6	87.1	93.8	94.3	99.2
19 Autos and light trucks		2.3	89.4	84.0	88.2	91.2	97.3	89.1	101.8	103.2	97.6	95.5	83.5	92.9	93.7	101.1
20 Aerospace and miscellaneous transportation equipment	372-6.9	5.1	106.0	107.2	105.8	106.1	105.4	105.6	104.6	104.3	103.1	101.2	99.8	99.7	99.6	99.6
21 Instruments	38	3.3	118.2	118.6	118.2	117.3	116.5	116.9	118.1	118.2	118.7	119.0	118.3	118.7	117.9	117.9
22 Miscellaneous	39	1.2	119.3	117.5	118.7	119.8	121.6	123.2	121.5	120.6	120.7	121.0	121.2	120.2	119.9	120.8
23 Nondurable goods		37.2	107.9	105.9	106.5	107.6	108.6	109.0	109.6	110.1	109.6	109.5	109.5	109.4	110.1	110.3
24 Foods	20	8.8	108.6	107.6	107.8	108.6	108.3	108.7	109.5	109.4	110.1	109.6	109.2	109.5	110.1	110.4
25 Tobacco products	21	1.0	99.7	97.6	98.7	99.4	102.6	103.1	102.7	102.2	97.7	94.7	98.8	98.5	99.5	97.5
26 Textile mill products	22	1.8	100.5	97.2	99.2	101.7	104.2	104.7	103.2	105.5	104.4	102.5	103.1	104.6	105.5	105.7
27 Apparel products	23	2.4	96.2	93.2	95.2	96.2	97.8	98.3	98.1	98.7	98.8	99.0	97.5	97.5	97.6	97.0
28 Paper and products	26	3.6	105.1	101.3	101.3	105.3	108.1	106.5	108.0	109.0	106.1	107.0	107.1	104.5	105.0	106.5
29 Printing and publishing	27	6.4	112.3	110.7	110.6	111.2	111.9	112.3	113.3	114.4	114.2	114.5	114.8	114.2	114.4	114.5
30 Chemicals and products	28	8.6	110.9	109.0	109.2	109.6	111.5	112.3	112.6	113.5	113.0	112.6	112.7	113.3	114.3	114.6
31 Petroleum products	29	1.3	107.5	105.7	107.5	109.6	108.3	107.3	108.6	106.0	106.7	108.6	106.6	106.9	107.3	107.9
32 Rubber and plastic products	30	3.0	110.0	106.6	109.2	110.5	110.1	112.6	113.8	113.2	112.6	113.0	113.2	114.0	114.8	115.3
33 Leather and products	31	3.3	88.1	90.0	89.5	90.9	91.0	87.1	85.8	83.9	84.3	83.2	83.0	81.4	82.2	82.5
34 Mining		7.9	101.1	100.9	100.2	102.1	102.7	101.3	101.4	100.7	99.6	98.8	97.8	98.3	97.6	98.4
35 Metal	10	3	150.2	145.7	148.0	157.0	153.0	155.5	153.1	146.5	151.5	154.0	144.2	152.9	153.1	150.8
36 Coal	11.12	1.2	109.2	105.9	103.4	110.2	116.0	110.8	110.1	107.9	108.4	107.6	107.3	107.9	103.0	105.6
37 Oil and gas extraction	13	5.7	95.8	96.6	96.0	96.9	96.4	95.7	96.0	96.0	94.1	93.0	92.4	92.7	92.3	92.9
38 Stone and earth minerals	14	7	108.1	107.0	107.5	106.4	107.8	107.0	107.3	105.9	105.8	106.4	104.8	103.5	107.3	107.5
39 Utilities		7.6	109.2	105.9	111.4	111.5	110.9	110.7	109.7	109.4	111.0	107.9	106.8	106.4	108.9	108.7
40 Electric	491,3PT	6.0	112.8	109.8	116.4	117.1	116.6	115.6	113.4	112.2	112.7	109.9	109.3	109.0	111.5	111.3
41 Gas	492,3PT	1.6	96.0	91.6	92.8	90.7	89.7	92.4	95.8	98.9	104.7	100.5	97.5	96.9	99.4	99.1
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts		79.8	108.4	107.1	107.6	108.3	109.0	109.3	109.5	109.5	109.3	108.9	108.6	108.9	109.3	109.6
43 Manufacturing excluding office and computing machines		82.0	106.0	104.4	105.1	106.1	106.9	107.0	107.6	107.6	107.1	106.6	105.8	106.4	106.8	107.3
Gross value (billions of 1982 dollars, annual rates)																
MAJOR MARKETS																
44 Products, total		1,734.8	1,880.0	1,853.3	1,875.7	1,890.5	1,895.3	1,885.5	1,901.8	1,911.4	1,904.9	1,888.9	1,869.5	1,889.2	1,903.3	1,914.8
45 Final		1,350.9	1,481.8	1,464.6	1,478.1	1,490.5	1,496.1	1,484.5	1,501.5	1,510.0	1,504.1	1,488.0	1,468.7	1,491.5	1,501.8	1,513.4
46 Consumer goods		833.4	879.8	862.9	874.4	884.2	888.3	882.7	898.3	902.4	902.2	894.5	877.6	890.3	895.6	902.9
47 Equipment		517.5	602.0	601.7	603.7	606.2	607.8	601.8	603.3	607.6	601.8	593.5	591.1	601.1	606.2	610.5
48 Intermediate		384.0	398.2	388.7	397.6	400.1	399.2	401.0	400.3	401.4	400.8	401.0	400.7	397.7	401.5	401.4

1. Data in this table also appear in the Board's G.17 (419) weekly statistical release. For ordering address see 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. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates, except as noted

Item	1989	1990	1991	1991							1992		
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar.
Private residential real estate activity (thousands of units, except as noted)													
NEW UNITS													
1 Permits authorized	1,339	1,111	949 ^f	956 ^f	971 ^f	940 ^f	974 ^f	994 ^f	979 ^f	1,073 ^f	1,106	1,146	1,094
2 One-family	932	794	754 ^f	759 ^f	782 ^f	764 ^f	782	788 ^f	792 ^f	873 ^f	913	946	907
3 Two-or-more-family	407	317	195 ^f	197 ^f	189 ^f	176 ^f	192 ^f	206 ^f	187 ^f	200 ^f	193	200	187
4 Started	1,376	1,193	1,014	1,036	1,053	1,053	1,020	1,085	1,085	1,118	1,180	1,257	1,344
5 One-family	1,003	895	840	870	881	864	864	887	907	972	989	1,109	1,077
6 Two-or-more-family	373	298	174	166	172	172	156	198	178	146	191	148	267
7 Under construction at end of period	850	711	606	654	652	648	632	631	633	633	640	633	666
8 One-family	535	449	434	446	452	455	452	451	454	458	466	468	490
9 Two-or-more-family	315	262	173	208	200	193	180	180	179	175	174	165	176
10 Completed	1,423	1,308	1,091	1,104	1,065	1,051	1,193	1,073	1,021	1,021	1,043	1,087	1,104
11 One-family	1,026	966	838	817	809	821	870	879	824	851	838	910	952
12 Two-or-more-family	396	342	253	287	256	230	323	194	197	170	205	177	152
13 Mobile homes shipped	198	188	171	172	175	175	172	171	171	176	192	197	197
<i>Merchant builder activity in one-family units</i>													
14 Number sold	650	535	507	513	505	522	499	526	578	578 ^f	647	602	513
15 Number for sale at end of period ¹	365	321	283	296	295	292	292	289	286	283	281	269	276
<i>Price of units sold (thousands of dollars)²</i>													
16 Median	120.4	122.3	120.0	119.0	120.0	120.8	120.0	122.6	118.5	122.0	123.3	118.0	119.9
17 Average	148.3	149.0	147.0	145.9	148.2	141.8	147.3	147.4	141.7	143.0 ^r	144.3	147.1	146.5
EXISTING UNITS (one-family)													
18 Number sold	3,346	3,211	3,219	3,480	3,260	3,190	3,120	3,150	3,230	3,310	3,220	3,490	3,510
<i>Price of units sold (thousands of dollars)²</i>													
19 Median	92.9	95.2	99.7	102.1	103.4	102.0	100.3	99.1	97.9	100.3	102.4	102.8	104.0
20 Average	118.0	118.3	127.4	130.6	132.2	130.9	127.8	126.4	124.9	127.3	130.5	128.8	130.2
Value of new construction ³ (millions of dollars)													
CONSTRUCTION													
21 Total put in place	443,720	446,433	403,955	398,189	398,409	403,151	406,983	408,779	405,482	400,825	409,731	413,342	419,889
22 Private	345,416	337,776	295,187	290,871	290,299	293,402	296,621	296,306	293,693	291,202	296,186	298,094	301,067
23 Residential	196,551	182,856	160,561	158,282	158,039	162,800	166,378	166,919	166,474	165,378	170,072	170,705	173,733
24 Nonresidential, total	148,865	154,920	134,626	132,589	132,260	130,602	130,243	129,387	127,219	125,824	126,114	127,389	127,334
25 Industrial buildings	20,412	23,849	21,732	20,868	20,885	20,418	20,321	21,373	21,665	22,472	22,424	22,307	23,372
26 Commercial buildings	65,496	62,866	47,997	47,596	47,144	46,341	45,589	44,580	42,155	40,763	39,731	41,062	40,211
27 Other buildings	19,683	21,591	20,707	20,429	20,674	19,973	20,615	20,657	20,368	20,770	20,711	20,871	21,455
28 Public utilities and other	43,274	46,614	44,190	43,696	43,557	43,870	43,518	42,577	43,031	41,819	43,248	43,149	42,296
29 Public	98,303	108,655	108,769	107,318	108,110	109,749	110,361	112,472	111,790	109,624	113,545	115,249	118,821
30 Military	3,520	2,734	1,880	1,864	1,759	1,783	2,261	1,181	1,829	2,671	2,039	2,206	2,573
31 Highway	28,171	30,595	29,012	28,776	28,854	30,047	28,610	29,038	28,737	28,991	29,151	31,920	30,327
32 Conservation and development	4,989	4,718	5,331	5,807	4,688	4,901	4,226	6,095	6,812	5,412	5,346	5,766	6,013
33 Other	61,623	70,608	72,546	70,871	72,809	73,018	75,264	76,158	74,412	72,550	77,009	75,357	79,908

1. Not at annual rates.

2. Not seasonally adjusted.

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

SOURCE: Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier				Index level, Apr. 1992 ¹	
	1991 Apr.	1992 Apr.	1991			1992	1991	1992				
			June	Sept.	Dec.	Mar.	Dec.	Jan.	Feb.	Mar.		Apr.
CONSUMER PRICES² (1982-84=100)												
1 All items	4.9	3.2	3.0	3.0	3.2	3.5	.2	.1	.3	.5	.2	139.5
2 Food	4.1	1.0	4.8	-2.3	2.7	1.5	.3	-.4	.3	.5	-.1	138.1
3 Energy items	4.0	.0	-.8	1.2	3.6	-6.9	.1	-1.5	-.9	.6	.4	99.5
4 All items less food and energy	5.1	3.9	3.2	4.6	3.1	4.8	.2	.3	.4	.5	.3	146.6
5 Commodities	4.0	3.0	2.2	4.4	.6	5.3	-.2	.2	.6	.5	.2	132.4
6 Services	5.8	4.3	3.3	4.6	4.3	4.8	.4	.4	.3	.5	.3	154.8
PRODUCER PRICES (1982=100)												
7 Finished goods	3.3	.9	.7	1.3	1.0	.7	-.1	-.3	.2	.2	.2	122.2
8 Consumer foods	1.7	-1.9	-.6	-4.4	-1.0 ^r	-.7 ^r	-.1 ^r	-.4 ^r	1.1	-.5	-.3	122.9
9 Consumer energy	11.3	-.5	-1.5	3.7	-.5	-7.0	-1.4	-2.8	-.1	1.2	.5	75.3
10 Other consumer goods	4.2	2.7	1.8	3.6	2.4	3.0	.1	.4	.1	.2	.4	136.7
11 Capital equipment	3.3	1.7	1.6	1.3	1.9	1.9	.2	.2	.0	.2	.2	128.4
<i>Intermediate materials</i>												
12 Excluding foods and feeds	1.2	-.1	-1.0	-.4	-1.7	.0	-.1	-.5	.5	.0	.1	114.0
13 Excluding energy .....	.8	.2	-.7	-1.3	.0	1.7	.1	-.2	.4	.2	.0	121.8
<i>Crude materials</i>												
14 Foods	-5.3	-3.2	-8.6	-6.6	-4.9 ^r	12.6 ^r	-.6 ^r	2.0 ^r	2.2	-1.2	-1.4	105.5
15 Energy	4.9	-1.6	.5	-.5	5.3 ^r	-21.2 ^r	-3.9 ^r	-3.6 ^r	1.2	-3.4	2.7	75.5
16 Other	-3.7	-3.2	-14.1	-4.9	-5.9 ^r	13.6 ^r	-.2 ^r	-.4 ^r	1.4	2.2	.2	128.5

1. Not seasonally adjusted.

2. Figures for consumer prices are for all urban consumers and reflect a

rental-equivalence measure of homeownership.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1989	1990	1991	1991				1992
				Q1	Q2	Q3	Q4	Q1
GROSS DOMESTIC PRODUCT								
1 Total	5,244.0	5,513.8	5,672.6	5,589.0	5,652.6	5,709.2	5,739.7	5,809.3
<i>By source</i>								
2 Personal consumption expenditures	3,517.9	3,742.6	3,889.1	3,827.7	3,868.5	3,916.4	3,943.7	4,023.5
3 Durable goods	459.8	465.9	445.2	440.7	440.0	452.9	447.3	468.3
4 Nondurable goods	1,146.9	1,217.7	1,251.9	1,246.3	1,252.9	1,257.4	1,251.1	1,270.8
5 Services	1,911.2	2,059.0	2,191.9	2,140.7	2,175.6	2,206.1	2,245.2	2,284.5
6 Gross private domestic investment	837.6	802.6	726.7	709.3	708.8	740.9	747.9	712.4
7 Fixed investment	801.6	802.7	745.2	748.4	745.8	744.5	742.0	745.0
8 Nonresidential	570.7	587.0	550.1	560.0	554.6	546.8	539.0	535.3
9 Structures	193.1	198.7	174.6	184.0	180.0	169.0	165.2	161.1
10 Producers' durable equipment	377.6	388.3	375.5	375.9	374.7	377.8	373.8	374.2
11 Residential structures	230.9	215.7	195.1	188.4	191.2	197.7	203.0	209.8
12 Change in business inventories	36.0	.0	-18.5	-39.2	-37.1	-3.6	6.0	-32.7
13 Nonfarm	35.5	-2.0	-15.0	-35.0	-34.0	-3.2	12.1	-29.5
14 Net exports of goods and services	-82.9	-74.4	-30.7	-36.8	-17.2	-37.3	-31.4	-22.7
15 Exports	504.9	550.4	591.3	565.9	589.8	597.0	612.5	613.6
16 Imports	587.8	624.8	622.0	602.7	607.0	634.3	643.8	636.3
17 Government purchases of goods and services	971.4	1,042.9	1,087.5	1,088.8	1,092.5	1,089.1	1,079.5	1,096.1
18 Federal	401.4	424.9	445.1	451.5	452.1	444.9	432.0	441.8
19 State and local	570.0	618.0	642.4	637.3	640.4	644.2	647.5	654.3
<i>By major type of product</i>								
20 Final sales, total	5,208.1	5,513.8	5,691.1	5,628.2	5,689.6	5,712.8	5,733.8	5,842.0
21 Goods	2,062.1	2,167.6	2,211.7	2,208.6	2,223.2	2,214.1	2,200.8	2,251.1
22 Durable	892.9	934.7	926.5	916.4	939.5	929.4	920.5	941.7
23 Nondurable	1,169.2	1,233.0	1,285.2	1,292.1	1,283.7	1,284.7	1,280.3	1,309.3
24 Services	2,634.7	2,834.0	3,012.9	2,951.7	2,999.0	3,035.1	3,065.7	3,118.1
25 Structures	511.3	512.2	466.5	467.9	467.4	463.5	467.3	472.9
26 Change in business inventories	36.0	.0	-18.5	-39.2	-37.1	-3.6	6.0	-32.7
27 Durable goods	26.9	-7.0	-25.2	-43.5	-33.5	-9.2	-14.5	-23.7
28 Nondurable goods	9.1	7.0	6.7	4.3	-3.6	5.6	20.4	-9.0
MEMO								
29 Total GDP in 1987 dollars	4,836.9	4,884.9	4,848.8	4,824.0	4,840.7	4,862.7	4,868.0	4,891.9
NATIONAL INCOME								
30 Total	4,244.7	4,459.6	4,542.2 ¹	4,489.8	4,530.8	4,559.8	4,588.3 ¹	n.a.
31 Compensation of employees	3,101.3	3,290.3	3,388.2	3,342.9	3,377.4	3,405.3	3,427.4	3,459.7
32 Wages and salaries	2,585.8	2,738.9	2,808.2	2,771.1	2,800.2	2,822.4	2,839.3	2,863.0
33 Government and government enterprises	478.6	514.0	540.5	536.0	540.1	541.8	544.2	552.6
34 Other	2,107.2	2,224.9	2,267.7	2,235.1	2,260.1	2,280.6	2,295.1	2,310.4
35 Supplement to wages and salaries	515.5	551.4	580.0	571.8	577.2	582.9	588.1	596.7
36 Employer contributions for social insurance	261.7	277.3	289.4	287.5	288.7	290.2	291.1	295.7
37 Other labor income	253.7	274.0	290.6	284.2	288.5	292.8	297.0	301.1
38 Proprietors' income ¹	347.0	373.2	379.7	364.2	380.0	382.5	392.0	403.1
39 Business and professional ¹	305.5	330.7	344.5	331.4	340.4	350.5	355.9	366.2
40 Farm ¹	41.4	42.5	35.1	32.8	39.6	32.0	36.1	37.0
41 Rental income of persons ²	-7.9	-12.9	-12.7	-11.9	-11.7	-14.2	-13.1	-10.7
42 Corporate profits ¹	351.7	319.0	306.8 ¹	302.1	303.5	306.1	315.6 ¹	n.a.
43 Profits before tax ³	344.5	332.3	312.4 ¹	309.1	306.2	318.2	316.1 ¹	n.a.
44 Inventory valuation adjustment	-17.5	-14.2	3.1	6.7	9.9	-4.8	7	-3.7
45 Capital consumption adjustment	24.7	.8	-8.7	-13.6	-12.6	-7.3	-1.3	10.4
46 Net interest	452.6	490.1	480.2	492.6	481.6	480.1	466.5	453.5

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 (U.S. Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1989	1990	1991	1991				1992
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 Total personal income	4,380.2	4,679.8	4,834.4	4,768.0	4,821.1	4,853.3	4,895.3	4,956.1
2 Wage and salary disbursements	2,585.8	2,738.9	2,808.3	2,770.9	2,800.6	2,822.4	2,839.3	2,863.0
3 Commodity-producing industries	723.8	745.4	738.7	733.4	735.2	742.3	744.1	738.1
4 Manufacturing	542.1	555.8	556.5	549.3	552.3	559.9	564.3	559.7
5 Distributive industries	607.5	634.6	641.2	635.1	642.0	644.0	643.9	648.3
6 Service industries	775.9	845.0	887.8	866.5	883.0	894.4	907.2	924.0
7 Government and government enterprises	478.6	514.0	540.6	535.8	540.5	541.8	544.2	552.6
8 Other labor income	253.7	274.0	290.6	284.2	288.5	292.8	297.0	301.1
9 Proprietors' income ¹	347.0	373.2	379.7	364.2	380.0	382.5	392.0	403.1
10 Business and professional	305.5	330.7	344.5	331.4	340.4	350.5	355.9	366.2
11 Farm	41.4	42.5	35.1	32.8	39.6	32.0	36.1	37.0
12 Rental income of persons ²	-7.9	-12.9	-12.7	-11.9	-11.7	-14.2	-13.1	-10.7
13 Dividends	119.8	124.8	128.5	128.7	127.4	128.7	129.4	129.4
14 Personal interest income	669.0	721.3	718.6	730.1	721.8	716.7	705.7	688.1
15 Transfer payments	624.4	684.9	759.5	737.2	751.5	763.7	785.4	827.3
16 Old-age survivors, disability, and health insurance benefits	325.1	352.0	380.0	373.1	377.2	381.7	388.1	403.5
17 LESS: Personal contributions for social insurance	211.7	224.3	238.0	235.4	237.0	239.3	240.4	245.1
18 EQUALS: Personal income	4,380.2	4,679.8	4,834.4	4,768.0	4,821.1	4,853.3	4,895.3	4,956.1
19 LESS: Personal tax and nontax payments	591.7	621.0	616.1	617.1	613.6	615.1	618.4	617.0
20 EQUALS: Disposable personal income	3,788.6	4,058.8	4,218.4	4,151.0	4,207.5	4,238.2	4,276.8	4,339.1
21 LESS: Personal outlays	3,622.4	3,853.1	3,999.1	3,938.4	3,978.7	4,025.7	4,053.5	4,133.6
22 EQUALS: Personal saving	166.1	205.8	219.3	212.6	228.8	212.5	223.4	205.6
MEMO								
<i>Per capita (1987 dollars)</i>								
23 Gross domestic product	19,550.5	19,540.2	19,189.8	19,166.5	19,187.7	19,220.9	19,184.8	19,230.6
24 Personal consumption expenditures	13,027.6	13,050.8	12,897.9	12,877.4	12,892.0	12,930.2	12,891.4	13,026.9
25 Disposable personal income	14,030.0	14,154.0	13,990.0	13,965.0	14,022.0	13,992.0	13,981.0	14,049.0
26 Saving rate (percent)	4.4	5.1	5.2	5.1	5.4	5.0	5.2	4.7
GROSS SAVING								
27 Gross saving	743.4	710.9	715.2 ^f	746.9	713.1	697.2	703.8 ^f	n.a.
28 Gross private saving	826.5	850.4	886.8 ^f	873.0	892.1	875.5	906.6 ^f	n.a.
29 Personal saving	166.1	205.8	219.3	212.6	228.8	212.5	223.4	205.6
30 Undistributed corporate profits ¹	85.8	49.9	44.6 ^f	45.0	43.4	39.4	50.6 ^f	n.a.
31 Corporate inventory valuation adjustment	-17.5	-14.2	3.1	6.7	9.9	-4.8	.7	-3.7
<i>Capital consumption allowances</i>								
32 Corporate	350.5	365.5	383.6	380.1	383.2	384.6	386.6	384.7
33 Noncorporate	224.0	229.3	239.3	235.3	236.8	239.1	246.1	240.6
34 Government surplus, or deficit (-), national income and product accounts	-83.0	-139.5	-171.6 ^f	-126.1	-179.1	-178.4	-202.9 ^f	n.a.
35 Federal	-124.2	-165.3	-201.6 ^f	-146.4	-206.7	-210.2	-243.1 ^f	n.a.
36 State and local	41.1	25.7	30.0	20.4	27.6	31.8	40.3 ^f	n.a.
37 Gross investment	740.7	719.0	734.3	764.9	729.6	719.1	723.4	688.0
38 Gross private domestic	837.6	802.6	726.7	709.3	708.8	740.9	747.9	712.4
39 Net foreign	-96.8	-83.6	7.6	55.7	20.8	-21.8	-24.5	n.a.
40 Statistical discrepancy	-2.7	8.1	19.0 ^f	18.0	16.5	22.0	19.6 ^f	n.a.

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

SOURCE: Survey of Current Business (U.S. Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted, except as noted¹

Item credits or debits	1989	1990	1991	1990	1991				
				Q4	Q1	Q2	Q3	Q4	
1 Balance on current account	-106,304	-92,123	-8,615	-23,402	10,374	2,897	-11,617	-10,266	
2 Not seasonally adjusted				-25,136	15,507	4,593	-16,502	-12,213	
3 Merchandise trade balance	-115,917	-108,115	-73,586	-27,728	-18,538	-15,337	-20,849	-18,662	
4 Merchandise exports	361,451	389,550	416,517	100,580	100,549	103,889	104,018	108,061	
5 Merchandise imports	-477,368	-497,665	-490,103	-128,308	-119,087	-119,426	-124,867	-126,723	
6 Military transactions, net	-6,203	-7,219	5,280	-2,243	-2,329	-1,484	-882	-584	
7 Investment income, net	2,689	17,945	9,364	6,133	4,902	2,365	1,863	234	
8 Other service transactions, net	28,618	33,595	41,158	9,716	9,420	10,445	11,131	10,163	
9 Remittances, pensions, and other transfers	-4,420	-4,843	-5,383	-1,201	-1,336	-1,336	-1,293	-1,417	
10 U.S. government grants (excluding military)	-11,071	-17,486	25,111	-8,079	18,255	8,444	-1,587	0	
11 Change in U.S. government assets other than official reserve assets, net (increase, -)	1,320	2,976	3,572	4,759	1,422	-493	3,197	-553	
12 Change in U.S. official reserve assets (increase, -)	-25,293	-2,158	5,763	-1,092	-353	1,014	3,878	1,226	
13 Gold	0	0	0	0	0	0	0	0	
14 Special drawing rights (SDRs)	-535	-192	-177	-93	31	-190	6	-23	
15 Reserve position in International Monetary Fund	471	731	-367	-4	341	72	-114	17	
16 Foreign currencies	-25,229	-2,697	6,307	-995	-43	1,132	3,986	1,232	
17 Change in U.S. private assets abroad (increase, -)	-104,637	-58,524	-77,083	-38,370	-2,192	-15,702	-18,281	-40,908	
18 Bank-reported claims	-51,255	5,333	3,428	-24,513	20,598	1,215	2,325	-20,710	
19 Nonbank-reported claims	2,581	-1,944	-4,798	-2,509	-1,308	-2,076	-1,414		
20 U.S. purchases of foreign securities, net	-22,575	-28,476	-46,215	-7,546	-9,430	-12,833	-12,533	-11,419	
21 U.S. direct investments abroad, net	-33,388	-33,437	-29,498	-3,802	-12,052	-2,008	-6,659	-8,779	
22 Change in foreign official assets in United States (increase, +)	8,624	32,425	20,585	20,301	6,631	-3,105	3,854	13,205	
23 U.S. Treasury securities	149	28,643	18,623	20,119	2,381	-2,287	5,799	12,730	
24 Other U.S. government obligations	1,383	667	926	708	29	-219	407	767	
25 Other U.S. government liabilities ⁴	281	1,703	1,603	1,102	1,012	370	453	-232	
26 Other U.S. liabilities reported by U.S. banks ⁵	4,976	2,998	-1,856	-707	2,501	-1,084	-2,830	-443	
27 Other foreign official assets ⁶	1,835	-1,586	1,289	-921	766	115	25	383	
28 Change in foreign private assets in United States (increase, +)	207,925	53,879	58,919	18,732	-7,361	6,608	23,125	36,546	
29 U.S. bank-reported liabilities	63,382	9,975	-15,046	17,261	-18,795	-28,687	6,474	25,962	
30 U.S. nonbank-reported liabilities	5,454	3,779	-511	-1,840	-1,616	-760	1,865		
31 Foreign private purchases of U.S. Treasury securities, net	29,618	1,131	16,861	-2,029	3,409	13,434	1,488		
32 Foreign purchases of other U.S. securities, net	38,920	1,781	35,417	802	5,306	15,073	10,154	4,884	
33 Foreign direct investments in United States, net	70,551	37,213	22,198	4,538	4,336	7,548	6,100	4,214	
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0	
35 Discrepancy	18,366	63,526	-3,139	19,072	-8,522	8,781	-4,156	750	
36 Due to seasonal adjustment				2,007	4,322	496	-6,232	1,407	
37 Statistical discrepancy in recorded data before seasonal adjustment	18,366	63,526	-3,139	17,066	-12,844	8,285	2,076	-657	
MEMO									
<i>Changes in official assets</i>									
38 U.S. official reserve assets (increase, -)	-25,293	-2,158	5,763	-1,092	-353	1,014	3,878	1,226	
39 Foreign official assets in United States excluding line 25 (increase, +)	8,343	30,722	18,982	19,199	5,619	-3,475	3,401	13,437	
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	10,738	2,163	-3,656	575	988	-3,162	-4,352	2,870	

1. Seasonal factors not calculated for lines 6, 10, 12-16, 18-20, 22-34, and 38-40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 6.

3. Reporting banks include all types of depository institution as well as some

brokers and dealers.

4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE: *Survey of Current Business* (U.S. Department of Commerce).

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3.11 U.S. FOREIGN TRADE¹

Millions of dollars; monthly data seasonally adjusted

Item	1989	1990	1991 ^f	1991 ^f				1992		
				Sept.	Oct.	Nov.	Dec.	Jan. [†]	Feb. [†]	Mar. [‡]
1 Exports of domestic and foreign merchandise, (F.A.S. value), excluding grant-aid shipments	363,812	393,592	421,730	35,283	36,842	37,269	36,053	35,467	37,654	36,975
2 General imports (customs value), including merchandise for immediate consumption plus entries into bonded warehouses	473,211	495,311	487,129	41,757	42,712	41,382	41,675	41,266	40,948	42,791
3 Trade balance	-109,399	-101,718	-65,399	-6,475	-5,870	-4,113	-5,622	-5,799	-3,294	-5,816

1. The Census basis data differ from merchandise trade data shown in table 3.10, lines 3-5, U.S. International Transactions Summary, because of coverage and timing. On the export side, the largest difference 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, this table includes imports of gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately in table

3.10, line 6. Since Jan. 1, 1987, Census data have been released forty-five 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. Components may not sum to totals because of rounding.

SOURCE: FT900, *Summary of U.S. Export and Import Merchandise Trade* (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1988	1989	1990	1991			1992			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. [‡]
1 Total	47,802	74,609	83,316	74,508	74,651	77,719	75,868	75,088	74,657	74,712
2 Gold stock, including Exchange Stabilization Fund ¹	11,057	11,059	11,058	11,059	11,058	11,057	11,058	11,058	11,057	11,057
3 Special drawing rights ²	9,637	9,951	10,989	10,710	10,942	11,240	10,980	11,020	10,947	10,930
4 Reserve position in International Monetary Fund ²	9,745	9,048	9,076	9,065	8,943	9,488	9,113	8,996	8,994	8,968
5 Foreign currencies ⁴	17,363	44,551	52,193	43,674	43,708	45,934	44,717	44,014	43,659	43,757

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at \$42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; since January 1981,

5 currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—\$867 million; 1971—\$717 million; 1972—\$710 million; 1979—\$1,139 million; 1980—\$1,152 million; 1981—\$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS¹

Millions of dollars, end of period

Asset	1988	1989	1990	1991			1992			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. [‡]
1 Deposits	347	589	369	223	346	968	321	264	262	206
<i>Held in custody</i>										
2 U.S. Treasury securities ²	232,547	224,911	278,499	280,249	285,905	281,107	293,958	297,834	300,277	303,413
3 Earmarked gold ³	13,636	13,456	13,387	13,326	13,307	13,303	13,303	13,305	13,304	13,304

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 at face value in dollars or foreign currencies.

3. Held for foreign and international accounts and valued at \$42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data¹

Millions of dollars, end of period

Assets	1988	1989	1990	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
All foreign countries										
1 Total, all currencies	505,595	545,366	556,925	547,038	546,570	550,777	548,901	547,938^f	550,618	562,398
2 Claims on United States	169,111	198,835	188,496	177,572	176,959	177,828	176,301	180,092 ^f	178,026	193,228
3 Parent bank	129,856	157,092	148,837	137,036	136,570	137,165	137,509	142,277 ^f	142,019	156,923
4 Other banks in United States	14,918	17,042	13,296	13,692	13,432	13,543	12,884	11,715	10,837	11,612
5 Nonbanks	24,337	24,701	26,363	26,844	26,957	27,120	25,908	26,100	25,170	24,693
6 Claims on foreigners	299,728	300,575	312,449	299,910	299,915	304,212	303,934	297,360 ^f	301,900	300,026
7 Other branches of parent bank	107,179	113,810	135,003	114,526	108,269	107,343	111,729	103,456	108,052	112,326
8 Banks	96,932	99,703	72,602	77,293	80,060	84,980	81,970	82,292 ^f	83,255	79,311
9 Public borrowers	17,163	16,456	17,555	18,930	18,685	18,940	18,652	18,223	18,421	18,328
10 Nonbank foreigners	78,454	79,606	87,289	89,161	92,901	92,949	91,583	93,389 ^f	92,172	90,061
11 Other assets	36,756	45,936	55,980	69,536	69,696	68,737	68,666	70,486 ^f	70,692	69,144
12 Total payable in U.S. dollars	357,573	382,498	379,479	367,828	365,223	365,143	363,941	359,621^f	365,149	381,065
13 Claims on United States	163,456	191,184	180,174	171,393	170,615	171,701	169,662	173,827 ^f	172,377	187,538
14 Parent bank	126,929	152,294	142,962	133,450	132,929	133,984	133,476	138,686 ^f	138,754	153,653
15 Other banks in United States	14,167	16,386	12,513	13,109	12,904	12,668	12,025	10,924	10,006	10,956
16 Nonbanks	22,360	22,504	24,699	24,834	24,782	25,049	24,161	24,217	23,617	22,929
17 Claims on foreigners	177,685	169,900	174,451	166,677	164,543	165,633	167,010	157,338 ^f	163,622	163,877
18 Other branches of parent bank	80,736	82,949	95,298	79,860	75,649	75,986	78,114	70,637	75,087	78,067
19 Banks	54,884	48,396	36,440	40,656	41,132	42,800	41,635	39,964 ^f	41,839	39,671
20 Public borrowers	12,131	10,961	12,298	13,609	13,889	13,671	13,685	13,202	13,136	13,217
21 Nonbank foreigners	29,934	27,384	30,415	32,532	33,873	33,188	33,576	33,335 ^f	33,561	32,922
22 Other assets	16,432	21,624	24,854	29,758	30,063	27,789	27,269	28,456 ^f	29,149	29,650
United Kingdom										
23 Total, all currencies	156,835	161,947	184,818	172,113	172,795	174,648	175,599	174,467	172,479	169,275
24 Claims on United States	40,089	39,212	45,560	34,409	32,615	32,531	35,257	36,660	34,655	37,015
25 Parent bank	34,243	35,847	42,413	31,205	29,021	28,901	31,931	32,765	31,302	34,048
26 Other banks in United States	1,123	1,058	792	997	1,502	1,259	1,267	1,432	1,211	1,158
27 Nonbanks	4,723	2,307	2,355	2,207	2,092	2,371	2,059	2,463	2,142	1,809
28 Claims on foreigners	106,388	107,657	115,536	105,699	108,397	111,323	109,692	108,006	107,645	101,627
29 Other branches of parent bank	35,625	37,728	46,367	39,077	36,757	36,047	35,735	33,357	33,924	33,599
30 Banks	36,765	36,159	31,604	31,658	33,375	36,709	36,394	36,497	36,700	33,499
31 Public borrowers	4,019	3,293	3,860	3,502	3,492	3,512	3,306	3,377	3,144	3,060
32 Nonbank foreigners	29,979	30,477	33,705	31,462	34,773	34,465	34,257	34,775	33,877	31,469
33 Other assets	10,358	15,078	23,722	32,005	31,783	30,794	30,650	29,801	30,179	30,633
34 Total payable in U.S. dollars	103,503	103,208	116,762	105,243	103,439	103,591	105,974	103,833	102,341	102,283
35 Claims on United States	38,012	36,404	41,259	31,772	29,995	30,054	32,418	33,801	31,788	34,464
36 Parent bank	33,252	34,329	39,609	29,673	27,404	27,689	30,370	31,239	29,724	32,645
37 Other banks in United States	964	843	334	727	1,378	894	822	901	678	725
38 Nonbanks	3,796	1,232	1,316	1,372	1,213	1,471	1,226	1,661	1,386	1,094
39 Claims on foreigners	60,472	59,062	63,701	56,354	57,155	59,200	58,791	55,281	55,985	52,306
40 Other branches of parent bank	28,474	29,872	37,142	30,840	28,655	29,210	28,667	26,827	26,747	25,933
41 Banks	18,494	16,579	13,135	12,485	13,269	15,480	15,219	14,106	14,789	13,154
42 Public borrowers	2,840	2,371	3,143	2,899	2,969	2,848	2,853	2,707	2,657	2,623
43 Nonbank foreigners	10,664	10,240	10,281	10,130	12,262	11,662	12,052	11,641	11,792	10,596
44 Other assets	5,019	7,742	11,802	17,117	16,289	14,337	14,765	14,751	14,568	15,513
Bahamas and Cayman Islands										
45 Total, all currencies	170,639	176,006	162,316	169,898	170,529	170,846	168,326	167,648^f	168,972	175,687
46 Claims on United States	105,320	124,205	112,989	116,263	117,782	118,164	115,244	116,488 ^f	115,400	122,556
47 Parent bank	73,409	87,882	77,873	80,890	83,286	83,348	81,520	84,506 ^f	84,499	91,343
48 Other banks in United States	13,145	15,071	11,869	12,063	11,028	11,457	10,907	9,626	8,969	9,809
49 Nonbanks	18,766	21,252	23,247	23,310	23,468	23,359	22,817	22,356	21,932	21,404
50 Claims on foreigners	58,393	44,168	41,356	45,321	43,662	44,177	45,229	42,866 ^f	44,033	44,285
51 Other branches of parent bank	17,954	11,309	13,416	10,326	9,086	10,268	11,098	10,549	11,528	11,278
52 Banks	28,268	22,611	16,310	20,535	20,300	19,865	20,174	18,998 ^f	19,311	19,645
53 Public borrowers	5,830	5,217	5,807	7,149	7,435	7,363	7,161	6,600	6,545	6,599
54 Nonbank foreigners	6,341	5,031	5,823	7,311	6,841	6,681	6,796	6,719 ^f	6,649	6,763
55 Other assets	6,926	7,633	7,971	8,314	9,085	8,505	7,853	8,294 ^f	9,539	8,846
56 Total payable in U.S. dollars	163,518	170,780	158,390	165,966	166,598	166,582	163,771	163,078^f	164,548	171,114

1. Since June 1984, 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

Liabilities	1988	1989	1990	1991					1992	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
All foreign countries										
57 Total, all currencies	505,595	545,366	556,925	547,038	546,570	550,777	548,901	547,938 ^f	550,618	562,398
58 Negotiable certificates of deposit (CDs)	28,511	23,500	18,060	17,579	18,928	18,334	16,284	16,156	15,988	14,637
59 To United States	185,577	197,239	189,412	188,381	186,246	188,686	198,121	189,083 ^f	190,885	210,012
60 Parent bank	114,720	138,412	138,748	131,931	130,092	131,383	136,431	127,532 ^f	123,775	142,551
61 Other banks in United States	14,737	11,704	7,463	11,843	10,356	12,892	13,260	13,683	12,674	14,137
62 Nonbanks	56,120	47,123	43,201	44,607	45,798	44,411	48,430	47,868 ^f	54,436	53,324
63 To foreigners	270,923	296,850	311,668	295,393	295,282	298,152	288,254	295,861 ^f	299,046	292,659
64 Other branches of parent bank	111,267	119,591	139,113	113,849	108,534	109,085	112,033	105,873 ^f	108,744	113,314
65 Banks	72,842	76,452	58,986	62,665	68,286	67,945	63,097	72,407 ^f	71,346	63,060
66 Official institutions	15,183	16,750	14,791	19,420	17,247	19,394	15,596	16,704	16,972	15,697
67 Nonbank foreigners	71,631	84,057	98,778	99,459	101,215	101,728	97,528	100,877 ^f	101,984	100,588
68 Other liabilities	20,584	27,777	37,785	45,685	46,114	45,605	46,242	46,838 ^f	44,699	45,090
69 Total payable in U.S. dollars	367,483	396,613	383,522	367,450	366,449	369,515	370,561	360,409 ^f	363,680	380,079
70 Negotiable CDs	24,045	19,619	14,094	13,180	14,157	13,813	11,909	11,442	11,515	10,278
71 To United States	173,190	187,286	175,654	176,642	174,274	176,254	185,286	176,635 ^f	179,178	197,958
72 Parent bank	107,150	132,563	130,510	125,429	123,399	124,625	129,669	121,098 ^f	117,272	135,761
73 Other banks in United States	13,468	10,519	6,052	10,368	9,011	11,436	11,707	12,191	11,532	13,036
74 Nonbanks	52,572	44,204	39,092	40,845	41,864	40,193	43,910	43,346 ^f	50,374	49,161
75 To foreigners	160,766	176,460	179,002	163,299	161,850	164,275	158,993	156,339 ^f	156,744	156,216
76 Other branches of parent bank	84,021	87,636	98,128	79,427	75,243	76,224	76,601	70,839 ^f	74,466	77,492
77 Banks	28,493	30,537	20,251	21,239	25,653	24,501	24,156	25,781 ^f	23,665	21,910
78 Official institutions	8,224	9,873	7,921	12,591	10,565	13,375	10,304	10,555	10,652	9,625
79 Nonbank foreigners	40,028	48,414	52,702	50,042	50,389	50,175	47,932	49,164 ^f	47,961	47,189
80 Other liabilities	9,482	13,248	14,772	14,329	16,168	15,173	14,373	15,993 ^f	16,243	15,627
United Kingdom										
81 Total, all currencies	156,835	161,947	184,818	172,113	172,795	174,648	175,599	174,467	172,479	169,275
82 Negotiable CDs	24,528	20,056	14,256	12,941	14,145	13,506	11,333	10,993	10,581	9,816
83 To United States	36,784	36,036	39,928	31,534	29,137	30,560	37,720	31,018	30,631	35,225
84 Parent bank	27,849	29,726	31,806	23,707	21,080	22,629	29,834	23,112	23,464	27,937
85 Other banks in United States	2,037	1,256	1,505	1,724	2,053	1,934	1,438	2,325	1,891	1,201
86 Nonbanks	6,898	5,054	6,617	6,103	6,004	5,997	6,448	5,581	5,276	6,087
87 To foreigners	86,026	92,307	108,531	98,572	100,267	102,299	98,167	104,868	104,432	96,702
88 Other branches of parent bank	26,812	27,397	36,709	29,898	26,879	26,977	30,054	27,561	27,864	27,937
89 Banks	30,609	29,780	25,126	23,525	28,254	27,959	25,541	31,929	30,686	26,017
90 Official institutions	7,873	8,551	8,361	12,071	10,045	12,628	9,670	10,432	10,685	9,277
91 Nonbank foreigners	20,732	26,579	38,335	33,078	35,089	34,735	32,902	34,946	35,197	33,471
92 Other liabilities	9,497	13,548	22,103	29,066	29,246	28,283	28,379	27,588	26,835	27,532
93 Total payable in U.S. dollars	105,907	108,178	116,094	104,303	103,238	104,433	108,755	103,232	100,882	101,417
94 Negotiable CDs	22,063	18,143	12,710	11,249	12,397	12,042	10,076	9,236	9,061	8,562
95 To United States	32,588	33,056	34,697	27,272	24,394	25,517	33,003	26,419	26,261	30,808
96 Parent bank	26,404	28,812	29,955	22,228	19,391	20,923	28,260	21,663	21,788	26,272
97 Other banks in United States	1,752	1,065	1,156	1,259	1,704	1,481	1,177	1,954	1,639	1,032
98 Nonbanks	4,432	3,179	3,586	3,785	3,299	3,113	3,566	2,802	2,834	3,504
99 To foreigners	47,083	50,517	60,014	56,829	56,639	57,527	56,626	57,522	55,216	52,059
100 Other branches of parent bank	18,561	18,384	25,957	20,878	18,319	18,678	20,800	18,498	18,863	18,792
101 Banks	13,407	12,244	9,488	8,401	12,040	10,542	11,069	13,061	11,188	9,861
102 Official institutions	4,348	5,454	4,692	9,149	7,050	9,995	7,156	7,580	7,698	6,628
103 Nonbank foreigners	10,767	14,435	19,877	18,401	19,230	18,312	17,601	18,383	17,467	16,778
104 Other liabilities	4,173	6,462	8,673	8,953	9,808	9,347	9,050	10,055	10,344	9,988
Bahamas and Cayman Islands										
105 Total, all currencies	170,639	176,006	162,316	169,898	170,529	170,846	168,326	167,648 ^f	168,972	175,687
106 Negotiable CDs	953	678	646	1,055	981	1,034	1,173	1,382	1,709	932
107 To United States	122,332	124,859	114,738	128,150	130,223	129,781	129,872	130,285 ^f	131,009	138,990
108 Parent bank	62,894	75,188	74,941	82,075	84,853	83,057	79,394	79,585 ^f	73,744	82,050
109 Other banks in United States	11,494	8,883	4,526	8,841	7,070	9,728	10,231	10,045	9,733	11,696
110 Nonbanks	47,944	40,788	35,271	37,234	38,300	36,996	40,247	40,655 ^f	47,532	45,244
111 To foreigners	45,161	47,382	44,444	38,616	36,861	37,857	35,200	34,106 ^f	34,425	34,002
112 Other branches of parent bank	23,686	23,414	24,715	20,515	19,675	19,555	17,388	16,590 ^f	17,050	17,100
113 Banks	8,336	8,823	5,388	5,431	5,218	5,984	5,662	5,497 ^f	5,054	5,139
114 Official institutions	1,074	1,097	622	647	666	646	572	450	490	536
115 Nonbank foreigners	12,065	14,048	13,519	12,023	11,302	11,672	11,578	11,569 ^f	11,831	11,227
116 Other liabilities	2,193	3,087	2,488	2,077	2,464	2,174	2,081	1,875 ^f	1,829	1,763
117 Total payable in U.S. dollars	162,950	171,250	157,132	165,235	166,226	166,157	163,603	162,637 ^f	164,241	171,049

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1989	1990	1991 ^r				1992		
			Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^p
1 Total¹	312,477	344,529	351,193	357,956	366,235	364,505	376,278	379,241	385,282
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	36,496	39,880	39,125	41,505	42,785	38,361	41,418	42,489	43,856
3 U.S. Treasury bills and certificates ³	76,985	79,424	90,394	94,428	92,855	92,692	92,711	94,731	102,143
U.S. Treasury bonds and notes									
4 Marketable	179,269	202,487	197,460	197,972	205,166	207,687	216,374	216,181	212,767
5 Nonmarketable ⁴	568	4,491	4,765	4,796	4,827	4,858	4,892	4,922	4,956
6 U.S. securities other than U.S. Treasury securities ⁴	19,159	18,247	19,449	19,255	20,602	20,907	20,883	20,918	21,560
<i>By area</i>									
7 Western Europe ¹	132,849	167,191	165,068	170,407	173,975	169,747	174,544	174,542	179,386
8 Canada	9,482	8,671	9,608	9,121	9,428	7,460	7,642	8,251	7,130
9 Latin America and Caribbean	9,313	21,184	31,925	32,583	33,975	36,038	37,143	38,142	40,134
10 Asia	153,338	138,096	133,736	134,635	137,490	139,558	146,222	147,925	148,783
11 Africa	1,030	1,434	1,558	1,519	1,383	2,092	2,409	2,408	2,011
12 Other countries ⁵	6,469	7,955	9,296	9,689	9,982	9,608	8,316	7,971	7,836

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes

bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

SOURCE: Based on Treasury Department 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 Currencies¹

Millions of dollars, end of period

Item	1988	1989	1990	1991			
				Mar.	June	Sept.	Dec. ^r
1 Banks' liabilities	74,980	67,835	70,477	64,815	59,306	63,063	74,986
2 Banks' claims	68,983	65,127	66,796	65,404	60,534	63,518	73,137
3 Deposits	25,100	20,491	29,672	27,587	27,795	29,632	26,307
4 Other claims	43,884	44,636	37,124	37,818	32,739	33,886	46,830
5 Claims of banks' domestic customers ²	364	3,507	6,309	4,375	1,648	2,348	3,274

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 States¹
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1989	1990	1991	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan. ^f	Feb. ^f	Mar. ^p
1 All foreigners	736,878	759,634	754,203^r	739,374	750,213	758,168	754,203^r	750,966	754,080	771,452
2 Banks' own liabilities	577,498	577,229	573,600 ^r	558,008	565,384	575,625	573,600 ^r	571,373	573,756	580,949
3 Demand deposits	22,032	21,723	20,319	19,889	17,637	21,630	20,319	19,309	18,906	19,286
4 Time deposits ²	168,780	168,017	159,844 ^r	150,211	154,693	154,314	159,844 ^r	148,183	145,861	147,957
5 Other ³	67,823	65,822	65,614 ^r	67,927	72,934	75,679	65,614 ^r	73,006	75,861	75,255
6 Own foreign offices ⁴	318,864	321,667	327,823 ^r	319,981	320,120	324,002	327,823 ^r	330,875	333,128	338,451
7 Banks' custody liabilities ⁵	159,380	182,405	180,603	181,366	184,829	182,543	180,603	179,593	180,324	190,503
8 U.S. Treasury bills and certificates ⁶	91,100	96,796	110,734	107,019	112,280	110,938	110,734	110,000	112,172	119,882
9 Other negotiable and readily transferable instruments ⁷	19,526	17,578	18,664	16,791	17,047	17,206	18,664	17,745	16,894	18,429
10 Other	48,754	68,031	51,205	57,556	55,502	54,399	51,205	51,848	51,258	52,192
11 Nonmonetary international and regional organizations⁸	4,894	5,918	8,947^r	7,160	7,665	8,721	8,947^r	9,895	10,615	10,182
12 Banks' own liabilities	3,279	4,540	6,793 ^r	5,655	5,964	6,828	6,793 ^r	8,112	8,879	8,280
13 Demand deposits	96	36	43	36	28	24	43	39	35	144
14 Time deposits ²	927	1,050	2,764 ^r	2,307	2,490	2,392	2,764 ^r	2,049	2,058	1,441
15 Other ³	2,255	3,455	3,986	3,312	3,446	4,412	3,986	6,024	6,786	6,695
16 Banks' custody liabilities ⁵	1,616	1,378	2,154	1,505	1,701	1,893	2,154	1,783	1,736	1,902
17 U.S. Treasury bills and certificates ⁶	197	364	1,730	1,032	1,246	1,530	1,730	1,328	1,317	1,225
18 Other negotiable and readily transferable instruments ⁷	1,417	1,014	424	473	455	363	424	455	417	637
19 Other	2	0	0	0	0	0	0	0	2	40
20 Official institutions⁹	113,481	119,303	131,053^r	129,519	135,933	135,640	131,053^r	134,129	137,220	145,999
21 Banks' own liabilities	31,108	34,910	34,376 ^r	34,603	37,559	38,960	34,376 ^r	37,908	38,605	39,756
22 Demand deposits	2,196	1,924	2,642	1,645	1,307	1,621	2,642	1,480	1,297	1,342
23 Time deposits ²	10,495	14,359	16,474 ^r	13,951	14,544	13,145	16,474 ^r	16,307	14,655	17,657
24 Other ³	18,417	18,628	15,260	19,007	21,708	24,194	15,260	20,121	22,653	20,757
25 Banks' custody liabilities ⁵	82,373	84,393	96,677	94,916	98,374	96,680	96,677	96,221	98,615	106,243
26 U.S. Treasury bills and certificates ⁶	76,985	79,424	92,692	90,394	94,428	92,855	92,692	92,711	94,731	102,143
27 Other negotiable and readily transferable instruments ⁷	5,028	4,766	3,879	4,102	3,811	3,611	3,879	3,422	3,697	4,019
28 Other	361	203	106	420	135	214	106	88	187	81
29 Banks¹⁰	515,275	540,805	520,106^r	511,935	515,954	521,517	520,106^r	515,494	516,516	526,083
30 Banks' own liabilities	454,273	458,470	457,534 ^r	442,303	447,730	455,881	457,534 ^r	451,527	453,291	460,270
31 Unaffiliated foreign banks	135,409	136,802	129,711 ^r	122,322	127,610	131,879	129,711 ^r	120,652	120,163	121,819
32 Demand deposits	10,279	10,053	8,630	8,990	8,164	11,396	8,630	8,807	8,369	8,543
33 Time deposits ²	90,557	88,541	82,936 ^r	74,589	78,181	80,199	82,936 ^r	73,988	74,560	74,473
34 Other ³	34,573	38,208	38,145 ^r	38,743	41,265	40,284	38,145 ^r	37,857	37,234	38,803
35 Own foreign offices ⁴	318,864	321,667	327,823 ^r	319,981	320,120	324,002	327,823 ^r	330,875	333,128	338,451
36 Banks' custody liabilities ⁵	61,002	82,335	62,572	69,632	68,224	65,636	62,572	63,967	63,225	65,813
37 U.S. Treasury bills and certificates ⁶	9,367	10,669	7,471	8,161	8,363	7,855	7,471	7,713	7,733	8,344
38 Other negotiable and readily transferable instruments ⁷	5,124	5,341	5,694	5,816	6,041	5,852	5,694	5,853	5,999	6,733
39 Other	46,510	66,325	49,407	55,655	53,820	51,929	49,407	50,401	49,493	50,736
40 Other foreigners	103,228	93,608	94,097^r	90,760	90,661	92,290	94,097^r	91,448	89,729	89,188
41 Banks' own liabilities	88,839	79,309	74,897 ^r	75,447	74,131	73,956	74,897 ^r	73,826	72,981	72,643
42 Demand deposits	9,460	9,711	9,004	9,218	8,138	8,589	9,004	8,983	9,205	9,257
43 Time deposits ²	66,801	64,067	57,670 ^r	59,364	59,478	58,578	57,670 ^r	55,839	54,588	54,386
44 Other ³	12,577	5,530	8,223	6,865	6,515	6,789	8,223	9,004	9,188	9,000
45 Banks' custody liabilities ⁵	14,389	14,299	19,200	15,313	16,530	18,334	19,200	17,622	16,748	16,545
46 U.S. Treasury bills and certificates ⁶	4,551	6,339	8,841	7,432	8,243	8,698	8,841	8,248	8,391	8,170
47 Other negotiable and readily transferable instruments ⁷	7,958	6,457	8,667	6,400	6,740	7,380	8,667	8,015	6,781	7,040
48 Other	1,880	1,503	1,692	1,481	1,547	2,256	1,692	1,359	1,576	1,335
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,203	7,073	7,456	7,542	7,596	7,137	7,456	7,855	8,049	8,008

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. For U.S. banks, includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of 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	1989	1990	1991	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^f	Mar. ^g
1 Total	736,878	759,634	754,203 ^f	739,374	750,213	758,168	754,203 ^f	750,966 ^f	754,080	771,452
2 Foreign countries	731,984	753,716	745,256 ^f	732,214	742,548	749,447	745,256 ^f	741,071 ^f	743,465	761,270
3 Europe	237,501	254,452	249,001	237,068	246,935	251,443	249,001	244,628 ^f	245,881	256,070
4 Austria	1,233	1,229	1,193	1,109	1,232	1,313	1,193	1,041	1,030	1,230
5 Belgium-Luxembourg	10,648	12,382	13,337	13,992	13,659	14,600	13,337	13,348 ^f	15,156	16,290
6 Denmark	1,415	1,399	937	1,038	912	1,143	937	991	997	892
7 Finland	570	602	1,341	618	938	1,080	1,341	893	623	1,190
8 France	26,903	30,946	31,808	27,467	30,491	31,095	31,808	29,244 ^f	26,449	25,857
9 Germany	7,578	7,485	8,620	7,500	7,891	8,032	8,620	7,853 ^f	9,235	9,531
10 Greece	1,028	934	765	944	840	890	765	873	895	1,058
11 Italy	16,169	17,735	13,541	12,507	12,274	13,288	13,541	10,798	9,554	9,893
12 Netherlands	6,613	5,350	7,161	6,311	6,546	6,124	7,161	7,965 ^f	7,322	9,254
13 Norway	2,401	2,357	1,866	1,459	1,173	1,452	1,866	1,922 ^f	1,398	1,286
14 Portugal	2,418	2,958	2,184	2,391	2,431	2,223	2,184	1,114	2,540	2,071
15 Spain	4,364	7,544	11,391	10,834	12,279	11,148	11,391	9,371	10,653	13,487
16 Sweden	1,491	1,837	2,222	1,435	1,217	1,105	2,222	1,887	2,544	2,106
17 Switzerland	34,496	36,690	37,236	38,343	36,733	36,711	37,236	35,667 ^f	34,727	37,111
18 Turkey	1,818	1,169	1,598	1,336	1,493	1,836	1,598	1,476	1,677	1,598
19 United Kingdom	102,362	109,555	100,247	95,612	99,466	99,844	100,247	102,380 ^f	102,160	103,415
20 Yugoslavia	1,474	928	622	854	807	544	622	493	529	504
21 Other Western Europe ¹¹	13,563	11,689	9,224	9,670	12,964	15,357	9,224	13,755 ^f	13,999	15,439
22 U.S.S.R.	350	119	241	117	178	236	241	161 ^f	238	168
23 Other Eastern Europe ¹²	608	1,545	3,467	3,329	3,411	3,422	3,467	3,396 ^f	4,155	3,690
24 Canada	18,865	20,349	21,563	24,039	24,685	23,131	21,563	18,646	20,437	20,884
25 Latin America and Caribbean	311,028	332,997	343,817 ¹³	342,851	340,473	345,107	343,817 ^f	348,715 ^f	347,827	349,441
26 Argentina	7,304	7,365	7,758	6,869	7,190	7,452	7,758	7,899 ^f	7,878	8,310
27 Bahamas	99,341	107,386	99,834 ¹⁴	96,141	99,858	100,339	99,834 ^f	100,689 ^f	99,214	101,679
28 Bermuda	2,884	2,822	3,178	3,120	3,191	3,295	3,178	3,658	3,478	3,339
29 Brazil	6,351	5,834	5,942	6,069	5,998	5,811	5,942	5,785	5,760	5,770
30 British West Indies	138,309	147,321	162,427 ¹⁵	165,769	160,488	163,419	162,427 ^f	165,048 ^f	166,919	165,472
31 Chile	3,212	3,145	3,284	3,090	3,348	3,388	3,284	3,322	3,408	3,623
32 Colombia	4,653	4,492	4,662	4,642	4,823	4,797	4,662	4,627	4,713	4,912
33 Cuba	10	11	2	8	4	12	2	6	5	11
34 Ecuador	1,391	1,379	1,232	1,226	1,237	1,236	1,232	1,248 ^f	1,217	1,168
35 Guatemala	1,312	1,541	1,594	1,585	1,541	1,589	1,594	1,554	1,549	1,539
36 Jamaica	209	257	231	213	202	201	231	234	227	271
37 Mexico	15,423	16,650	19,957	20,958	19,958	20,499	19,957	20,372 ^f	20,319	21,540
38 Netherlands Antilles	6,310	7,357	5,592	5,565	5,499	5,924	5,592	6,272 ^f	6,231	5,219
39 Panama	4,362	4,574	4,695	4,374	4,450	4,563	4,695	4,349 ^f	4,404	4,144
40 Peru	1,984	1,294	1,249	1,305	1,234	1,240	1,249	1,233	1,221	1,187
41 Uruguay	2,284	2,520	2,111	2,539	2,442	2,373	2,111	2,313	2,158	2,054
42 Venezuela	9,482	12,271	13,181	12,348	12,237	12,171	13,181	13,520 ^f	12,424	12,383
43 Other	6,206	6,779	6,888	7,030	6,773	6,798	6,888	6,586	6,702	6,820
44 Asia	156,201	136,844	120,486 ¹	119,608	120,434	120,019	120,486 ^f	119,199 ^f	120,148	125,766
45 China										
46 Mainland	1,773	2,421	2,625 ^f	2,198	2,494	2,783	2,625 ^f	2,739	2,607	2,677
47 Taiwan	19,588	11,246	11,495	10,100	12,443	11,675	11,495	10,951	10,588	10,596
48 Hong Kong	12,416	12,754	14,374	14,476	13,941	13,795	14,374	15,162	14,867	14,716
49 Indonesia	780	1,233	2,418	2,487	2,504	2,613	2,418	2,297	2,356	2,028
50 India	1,281	1,238	1,463	1,078	1,230	1,412	1,463	1,037	1,276	1,516
51 Israel	1,243	2,767	2,015	2,847	2,115	2,108	2,015	2,193	2,137	2,536
52 Japan	81,184	67,076	47,029 ¹⁶	48,091	47,068	46,004	47,029 ^f	46,086 ^f	44,821	49,593
53 Korea	3,215	2,287	2,538	2,131	2,169	2,555	2,538	2,442	2,754	2,827
54 Philippines	1,766	1,585	2,449	1,651	1,926	2,139	2,449	2,256	2,462	2,638
55 Thailand	2,093	1,443	2,252	3,348	3,113	3,581	2,252	2,933	3,224	3,330
56 Middle-East oil-exporting countries ¹⁷	13,370	15,829	15,752	15,309	15,529	16,301	15,752	15,901	18,410	19,280
56 Other	17,491	16,965	16,076	15,892	15,902	15,053	16,076	15,202	14,646	14,029
57 Africa	3,824	4,630	4,822	4,483	4,558	4,465	4,822	5,042	4,919	4,886
58 Egypt	686	1,425	1,621	1,123	1,241	1,060	1,621	1,620	1,632	1,337
59 Morocco	78	104	79	82	78	93	79	86	82	90
60 South Africa	206	228	228	242	207	173	228	201	199	191
61 Zaire	86	53	31	37	42	32	31	28	30	35
62 Oil-exporting countries ¹⁴	1,121	1,110	1,082	1,145	1,182	1,280	1,082	1,204	1,214	1,428
62 Other	1,648	1,710	1,781	1,852	1,808	1,827	1,781	1,903	1,762	1,805
64 Other countries	4,564	4,444	5,567	4,165	5,463	5,282	5,567	4,841	4,253	4,223
65 Australia	3,867	3,807	4,464	3,231	4,445	4,116	4,464	3,619	3,063	3,100
66 All other	697	637	1,103	934	1,018	1,166	1,103	1,222	1,188	1,123
67 Nonmonetary international and regional organizations	4,894	5,918	8,947 ^f	7,160	7,665	8,721	8,947 ^f	9,895 ^f	10,615	10,182
68 International ¹⁵	3,947	4,390	6,451 ^f	5,122	5,411	6,180	6,451 ^f	7,439 ^f	8,292	7,774
69 Latin American regional	684	1,048	1,181	1,094	1,242	1,366	1,181	1,422	1,500	1,786
70 Other regional ¹⁶	263	479	1,315	944	1,012	1,175	1,315	1,034	823	622

11. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.

12. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

14. Comprises Algeria, Gabon, Libya, and Nigeria.

15. Excludes "holdings of dollars" of the International Monetary Fund.

16. 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 States¹
Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1989	1990	1991	1991				1992		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^f	Mar. ^g
1 Total	534,492	511,543	514,248 ^f	499,931	511,082	514,637	514,248 ^f	508,616 ^f	509,007	512,911
2 Foreign countries	530,630	506,750	507,875 ^f	497,224	509,301	511,347	507,875 ^f	504,421 ^f	502,467	506,502
3 Europe	119,025	113,093	114,252	103,340	103,710	107,754	114,252	112,665 ^f	110,871	112,930
4 Austria	415	362	327	297	374	325	327	211	447	377
5 Belgium-Luxembourg	6,478	5,473	6,158	7,175	7,677	6,962	6,158	6,726	7,453	7,006
6 Denmark	582	497	686	670	624	671	686	792	709	736
7 Finland	1,027	1,047	1,912	908	1,195	1,378	1,912	1,854	1,586	1,320
8 France	16,146	14,468	15,112	14,504	13,085	14,813	15,112	15,204 ^f	13,742	14,055
9 Germany	2,865	3,343	3,339	2,678	2,077	2,839	3,339	3,295	3,405	3,782
10 Greece	788	727	553	473	487	555	553	550	562	537
11 Italy	6,662	6,052	8,242	6,541	6,370	6,362	8,242	8,000	7,346	8,584
12 Netherlands	1,904	1,761	2,539	1,949	2,169	2,220	2,539	2,664	2,454	2,277
13 Norway	609	782	669	679	682	776	669	801	665	687
14 Portugal	376	292	344	266	301	358	344	360	350	368
15 Spain	1,930	2,668	1,844	2,337	2,410	2,480	1,844	2,487	2,120	3,317
16 Sweden	1,773	2,094	2,315	1,896	1,842	2,347	2,315	2,751	2,923	2,636
17 Switzerland	6,141	4,202	4,540	4,048	4,195	4,469	4,540	4,497	3,921	3,370
18 Turkey	1,071	1,405	1,063	1,385	1,195	1,151	1,063	1,065	1,078	945
19 United Kingdom	65,527	65,151	60,429	54,243	55,436	55,917	60,429	56,619 ^f	57,110	58,117
20 Yugoslavia	1,329	1,142	824	802	803	848	824	822	810	807
21 Other Western Europe ²	1,302	597	789	773	714	1,001	789	1,152	1,110	861
22 U.S.S.R.	1,179	530	1,970	1,157	1,358	1,689	1,970	2,331	2,491	2,659
23 Other Eastern Europe ³	921	499	597	559	716	593	597	484 ^f	589	489
24 Canada	15,451	16,091	15,025 ^f	14,750	16,099	15,845	15,025 ^f	14,791 ^f	15,792	15,391
25 Latin America and Caribbean	230,438	231,506	246,028 ^f	250,969	255,126	252,834	246,028 ^f	249,880 ^f	245,802	251,623
26 Argentina	9,270	6,967	5,869	5,749	5,735	5,778	5,869	5,823	5,834	5,794
27 Bahamas	77,921	76,525	87,173 ^f	80,643	85,959	87,160	87,173 ^f	89,258 ^f	84,173	88,753
28 Bermuda	1,315	4,056	2,185	6,854	4,305	4,102	2,185	3,535	4,444	3,649
29 Brazil	23,749	17,995	11,845	11,885	11,499	11,687	11,845	12,421	12,747	12,367
30 British West Indies	68,749	88,565	107,864	112,790	116,429	111,999	107,864	107,268 ^f	106,999	109,155
31 Chile	4,353	3,271	2,805	2,732	2,721	2,833	2,805	2,817	2,746	2,778
32 Colombia	2,784	2,587	2,425	2,432	2,542	2,574	2,425	2,374	2,330	2,338
33 Cuba	1	0	0	0	0	0	0	0	0	0
34 Ecuador	1,688	1,387	1,053	1,115	1,095	1,090	1,053	1,044	1,034	993
35 Guatemala	197	191	228	185	191	195	228	214	230	233
36 Jamaica	297	238	158	150	162	161	158	157	158	152
37 Mexico	23,376	14,851	16,606	16,441	16,874	17,401	16,606	17,058	17,364	17,350
38 Netherlands Antilles	1,921	7,998	1,126	3,619	1,247	1,122	1,126	1,112	898	1,099
39 Panama	1,740	1,471	1,563	1,478	1,546	1,641	1,563	1,651	1,662	1,707
40 Peru	771	663	739	712	722	724	739	735	669	647
41 Uruguay	929	786	599	577	555	550	599	548	604	604
42 Venezuela	9,652	2,571	2,527	2,463	2,406	2,634	2,527	2,610	2,611	2,562
43 Other	1,726	1,384	1,263	1,144	1,138	1,183	1,263	1,255	1,299	1,442
44 Asia	157,474	138,722	125,336 ^f	120,533	126,978	127,191	125,336 ^f	119,729 ^f	122,546	119,662
45 China										
45 Mainland	634	620	747	621	597	698	747	813	699	719
46 Taiwan	2,776	1,952	2,089	1,460	1,578	1,584	2,089	1,919	1,881	1,970
47 Hong Kong	11,128	10,648	9,723	9,567	10,204	10,172	9,723	9,859	9,721	10,582
48 India	621	655	441	459	482	450	441	445	418	518
49 Indonesia	651	933	952	869	841	872	952	1,012	1,043	1,084
50 Israel	813	774	855	945	994	907	855	873	943	898
51 Japan	111,300	90,699	84,797 ^f	80,532	84,767	85,504	84,797 ^f	80,519 ^f	80,197	74,605
52 Korea	5,323	5,766	6,029	5,164	5,363	5,797	6,029	5,683	6,272	6,390
53 Philippines	1,344	1,247	1,910	1,633	1,916	1,971	1,910	1,849	1,789	1,829
54 Thailand	1,140	1,573	1,713 ^f	1,939	1,831	1,803	1,713 ^f	1,633 ^f	1,621	1,599
55 Middle East oil-exporting countries ⁴	10,149	10,749	8,284	10,433	9,973	9,957	8,284	8,073	10,976	12,265
56 Other	11,594	13,106	7,796	6,911	8,432	7,476	7,796	7,051 ^f	6,986	7,203
57 Africa	5,890	5,445	4,928	5,281	5,273	5,242	4,928	4,874	4,741	4,762
58 Egypt	502	380	294	320	302	351	294	255	223	271
59 Morocco	559	513	575	579	589	583	575	591	550	547
60 South Africa	1,628	1,525	1,235	1,498	1,495	1,493	1,235	1,217	1,189	1,175
61 Zaire	16	16	4	8	9	7	4	4	4	4
62 Oil-exporting countries ⁵	1,648	1,486	1,298	1,270	1,260	1,320	1,298	1,116	1,112	1,164
63 Other	1,537	1,525	1,522	1,606	1,618	1,488	1,522	1,691	1,663	1,601
64 Other countries	2,354	1,892	2,306	2,351	2,115	2,481	2,306	2,482	2,715	2,134
65 Australia	1,781	1,413	1,665	1,526	1,503	1,718	1,665	1,473	1,478	1,353
66 All other	573	479	641	825	612	763	641	1,009	1,237	781
67 Nonmonetary international and regional organizations ⁶	3,862	4,793	6,373 ^f	2,707	1,781	3,290	6,373 ^f	4,195	6,540	6,409

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 and Eastern European countries not listed in line 23.

3. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States¹
Payable in U.S. Dollars
Millions of dollars, end of period

Type of claim	1989	1990	1991 ^r	1991				1992		
				Sept.	Oct.	Nov.	Dec. ^r	Jan. ^l	Feb. ^l	Mar. ^p
1 Total	593,087	579,044	580,345	567,307			580,345			
2 Banks' own claims on foreigners	534,492	511,543	514,248	499,931	511,082	514,637	514,248	508,616	509,007	512,911
3 Foreign public borrowers	60,511	41,900	37,247	35,680	35,261	36,323	37,247	35,171	38,609	37,043
4 Own foreign offices	296,011	304,315	318,952	304,518	313,021	313,783	318,952	307,625	306,286	318,432
5 Unaffiliated foreign banks	134,885	117,272	116,449	113,872	119,829	120,218	116,449	121,900	118,985	113,911
6 Deposits	78,185	65,253	69,125	68,482	72,534	71,610	69,125	71,884	70,784	66,921
7 Other	56,700	52,019	47,324	45,390	47,295	48,608	47,324	50,016	48,201	46,990
8 All other foreigners	43,085	48,056	41,600	45,861	42,971	44,313	41,600	43,920	45,127	43,525
9 Claims of banks' domestic customers ³	58,594	67,501	66,097	67,376			66,097			
10 Deposits	13,019	14,375	15,240	19,512			15,240			
11 Negotiable and readily transferable instruments ⁴	30,983	41,333	37,918	35,054			37,918			
12 Outstanding collections and other claims	14,592	11,792	12,939	12,810			12,939			
13 MEMO: Customer liability on acceptances	12,899	13,628	7,418	8,739			7,418			
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	45,767	44,574	39,036	38,213	39,822	40,589	39,036	37,575	38,971	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. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of 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 States¹
Payable in U.S. Dollars
Millions of dollars, end of period

Maturity, by borrower and area	1988	1989	1990	1991			
				Mar.	June	Sept.	Dec. ^l
1 Total	233,184	238,123	206,903	199,216	199,517	195,164	195,079
<i>By borrower</i>							
2 Maturity of one year or less ²	172,634	178,346	165,985	158,660	160,346	159,829	160,694
3 Foreign public borrowers	26,562	23,916	19,305	21,794	19,286	17,461	20,841
4 All other foreigners	146,071	154,430	146,680	136,866	141,060	142,368	139,853
5 Maturity of more than one year ²	60,550	59,776	40,918	40,555	39,171	35,335	34,385
6 Foreign public borrowers	35,291	36,014	22,269	22,417	20,820	17,925	16,189
7 All other foreigners	25,259	23,762	18,649	18,138	18,352	17,410	18,196
<i>By area</i>							
8 Maturity of one year or less ²							
9 Europe	55,909	53,913	49,184	49,840	50,368	51,207	51,849
10 Canada	6,282	5,910	5,450	5,939	7,309	5,682	6,425
11 Latin America and Caribbean	57,991	53,003	49,782	42,670	41,127	47,280	42,973
12 Asia	46,224	37,755	53,258	53,993	53,150	49,462	49,961
13 Africa	3,337	3,225	3,040	3,008	2,937	2,815	2,535
14 All other ³	2,891	4,541	5,272	3,212	5,455	3,383	6,951
15 Maturity of more than one year ²							
16 Europe	4,666	4,121	3,859	4,128	3,832	3,717	3,876
17 Canada	1,922	2,353	3,290	3,390	3,823	3,676	3,546
18 Latin America and Caribbean	47,547	45,816	25,774	24,962	23,220	19,232	18,741
19 Asia	3,613	4,172	5,165	5,414	5,645	6,095	5,460
20 Africa	2,301	2,630	2,374	2,426	2,456	2,393	2,349
21 All other ³	501	684	456	237	195	222	413

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 Banks¹

Billions of dollars, end of period

Area or country	1987	1988	1989	1990				1991			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 Total	382.4	346.3	338.8	333.9	321.7	331.5	317.8	325.6	321.0	336.8	341.8^f
2 G-10 countries and Switzerland	159.7	152.7	152.9	146.6	139.3	143.6	132.1	129.9	130.2	134.7	137.5
3 Belgium-Luxembourg.....	10.0	9.0	6.3	6.7	6.2	6.5	5.9	6.2	6.1	5.8	6.0
4 France.....	13.7	10.5	11.7	10.4	10.2	11.1	10.4	9.7	10.5	11.1	11.3
5 Germany.....	12.6	10.3	10.5	11.2	11.2	11.1	10.6	8.8	8.3	9.7	8.2
6 Italy.....	7.5	6.8	7.4	5.9	5.4	4.4	5.0	4.0	3.6	4.5	5.6
7 Netherlands.....	4.1	2.7	3.1	3.1	2.7	3.8	3.0	3.3	3.3	3.0	4.7
8 Sweden.....	2.1	1.8	2.0	2.1	2.3	2.3	2.2	2.0	2.5	2.1	1.9
9 Switzerland.....	5.6	5.4	7.1	6.2	6.3	5.6	4.4	3.7	3.3	3.9	3.4
10 United Kingdom.....	68.8	66.2	67.2	64.0	59.9	62.6	60.8	62.3	59.8	65.6	68.5
11 Canada.....	5.5	5.0	5.4	4.8	5.1	5.0	5.9	6.8	8.2	5.9	5.8
12 Japan.....	29.8	34.9	32.2	32.2	30.1	31.3	23.9	23.2	24.6	23.2	22.2
13 Other developed countries	26.4	21.0	20.7	23.0	22.4	23.0	22.6	23.1	21.1	21.7	22.6
14 Austria.....	1.9	1.5	1.5	1.5	1.5	1.6	1.4	1.4	1.1	1.0	.6
15 Denmark.....	1.7	1.1	1.1	1.2	1.1	1.1	1.1	.9	1.2	.9	.9
16 Finland.....	1.2	1.1	1.0	1.1	.9	.8	.7	1.0	.8	.7	.7
17 Greece.....	2.0	1.8	2.5	2.6	2.7	2.8	2.7	2.5	2.4	2.3	2.6
18 Norway.....	2.2	1.8	1.4	1.7	1.4	1.6	1.6	1.5	1.5	1.4	1.4
19 Portugal.....	.6	.4	.4	.7	.8	.6	.6	.6	.6	.5	.6
20 Spain.....	8.0	6.2	7.1	8.2	7.8	8.4	8.3	9.0	7.0	8.3	8.2
21 Turkey.....	2.0	1.5	1.2	1.3	1.4	1.6	1.7	1.7	1.9	1.6	1.4
22 Other Western Europe.....	1.6	1.3	.7	1.0	1.1	.7	.9	.8	.9	1.0	1.6
23 South Africa.....	2.9	2.4	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.6	1.9
24 Australia.....	2.4	1.8	1.6	2.1	1.8	2.0	1.8	1.9	2.0	2.4	2.7
25 OPEC countries²	17.4	16.6	17.1	15.5	15.3	14.2	12.8	17.1	14.0	15.6	14.6
26 Ecuador.....	1.9	1.7	1.3	1.2	1.1	1.1	1.0	.9	.9	.8	.7
27 Venezuela.....	8.1	7.9	7.0	6.1	6.0	6.0	5.0	5.1	5.3	5.6	5.4
28 Indonesia.....	1.9	1.7	2.0	2.1	2.0	2.3	2.7	2.8	2.6	2.8	2.8
29 Middle East countries.....	3.6	3.4	5.0	4.3	4.4	3.1	2.5	6.6	3.7	5.0	4.2
30 African countries.....	1.9	1.9	1.7	1.8	1.8	1.7	1.7	1.6	1.5	1.5	1.5
31 Non-OPEC developing countries	97.8	85.3	77.5	68.8	66.7	67.1	65.4	66.4	65.0	65.2	64.3
<i>Latin America</i>											
32 Argentina.....	9.5	9.0	6.3	5.6	5.2	5.0	5.0	4.7	4.6	4.7	4.8
33 Brazil.....	24.7	22.4	19.0	17.5	16.7	15.4	14.4	13.9	11.6	10.5	9.5
34 Chile.....	6.9	5.6	4.6	4.3	3.7	3.6	3.5	3.6	3.6	3.7	3.6
35 Colombia.....	2.0	2.1	1.8	1.8	1.7	1.8	1.8	1.7	1.6	1.6	1.7
36 Mexico.....	23.5	18.8	17.7	12.8	12.6	12.8	13.0	13.7	14.3	16.2	15.5
37 Peru.....	1.1	.8	.6	.5	.5	.5	.5	.5	.5	.4	.4
38 Other.....	2.8	2.6	2.8	2.8	2.3	2.4	2.3	2.2	2.0	1.9	2.1
<i>Asia</i>											
39 China											
40 Mainland.....	.3	.3	.3	.3	.2	.2	.2	.4	.6	.4	.3
41 Taiwan.....	8.2	3.7	4.5	3.8	3.6	4.0	3.5	3.6	4.1	4.1	4.1
42 India.....	1.9	2.1	3.1	3.5	3.6	3.6	3.3	3.0	2.8	3.0	3.0
43 Israel.....	1.0	1.2	.7	.6	.7	.6	.5	.5	.5	.5	.5
44 Korea (South).....	5.0	6.1	5.9	5.3	5.6	6.2	6.2	6.8	6.9	6.5	6.8
45 Malaysia.....	1.5	1.6	1.7	1.8	1.8	1.8	1.9	2.0	2.1	2.3	2.3
46 Philippines.....	5.2	4.5	4.1	3.7	3.9	3.9	3.8	3.7	3.7	3.6	3.7
47 Thailand.....	.7	1.1	1.3	1.1	1.3	1.5	1.5	1.6	1.7	1.9	1.7
47 Other Asia.....	.7	.9	1.0	1.2	1.1	1.6	1.7	2.1	2.3	2.3	2.4
<i>Africa</i>											
48 Egypt.....	.6	.4	.4	.4	.5	.4	.4	.4	.4	.4	.4
49 Morocco.....	.9	.9	.9	.9	.9	.9	.8	.8	.7	.7	.7
50 Zaire.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa.....	1.3	1.1	1.0	.9	.8	.8	1.0	.8	.8	.8	.7
52 Eastern Europe	3.2	3.6	3.5	3.3	2.9	2.7	2.3	2.1	2.1	1.8	2.4
53 U.S.S.R.....	.3	.7	.7	.8	.4	.4	.2	.3	.4	.4	.9
54 Yugoslavia.....	1.8	1.8	1.6	1.4	1.4	1.3	1.2	1.0	1.0	.8	.9
55 Other.....	1.1	1.1	1.3	1.2	1.1	1.1	.9	.8	.7	.7	.7
56 Offshore banking centers	54.5	44.2	36.6	43.1	40.3	42.6	42.5	50.2	48.5	52.7	52.0
57 Bahamas.....	17.3	11.0	5.5	9.2	8.5	8.9	2.8	8.4	6.8	6.8	12.0
58 Bermuda.....	.6	.9	1.7	1.2	2.5	4.5	4.4	4.4	4.2	7.1	2.2
59 Cayman Islands and other British West Indies.....	13.5	12.9	9.0	10.9	8.5	9.3	11.5	14.2	15.1	14.1	15.9
60 Netherlands Antilles.....	1.2	1.0	2.3	2.6	2.3	2.2	7.9	1.1	1.4	3.5	1.2
61 Panama.....	3.7	2.5	1.4	1.3	1.4	1.5	1.4	1.4	1.3	1.3	1.3
62 Lebanon.....	1.1	1.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong.....	11.2	9.6	9.7	9.8	10.0	8.7	7.7	11.6	12.4	12.1	12.2
64 Singapore.....	7.0	6.1	7.0	8.0	7.0	7.5	6.6	8.9	7.2	7.7	7.1
65 Other.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated⁶	23.2	22.6	30.3	33.3	34.5	38.1	39.8	36.5	40.0	44.7	48.3^f

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).

Since June 1984, 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.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type and area or country	1988	1989	1990	1990		1991			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 Total	32,952	38,764	43,417	45,614	43,417	40,982	39,794	40,653	40,823
2 Payable in dollars	27,335	33,973	38,535	40,034	38,535	36,415	35,317	36,174	36,098
3 Payable in foreign currencies	5,617	4,791	4,882	5,580	4,882	4,566	4,477	4,479	4,725
<i>By type</i>									
4 Financial liabilities	14,507	17,879	18,467	20,347	18,467	17,557	17,280	18,175	18,690
5 Payable in dollars	10,608	14,035	14,737	16,059	14,737	14,188	13,928	14,686	15,186
6 Payable in foreign currencies	3,900	3,844	3,730	4,288	3,730	3,369	3,352	3,489	3,504
7 Commercial liabilities	18,445	20,885	24,949	25,267	24,949	23,424	22,515	22,478	22,133
8 Trade payables	6,505	8,070	10,494	10,960	10,494	8,842	8,699	9,039	9,018
9 Advance receipts and other liabilities	11,940	12,815	14,456	14,306	14,456	14,583	13,815	13,439	13,115
10 Payable in dollars	16,727	19,938	23,798	23,974	23,798	22,227	21,390	21,488	20,912
11 Payable in foreign currencies	1,717	947	1,152	1,292	1,152	1,197	1,125	990	1,221
<i>By area or country</i>									
<i>Financial liabilities</i>									
12 Europe	9,962	11,660	9,866	11,299	9,866	9,219	9,318	9,835	9,900
13 Belgium-Luxembourg	289	340	344	350	344	285	297	347	162
14 France	359	258	700	463	700	632	556	416	1,247
15 Germany	699	464	622	606	622	561	659	654	658
16 Netherlands	880	941	990	942	990	945	917	943	932
17 Switzerland	1,033	541	576	628	576	577	535	510	316
18 United Kingdom	6,533	8,818	6,024	7,679	6,024	5,579	5,731	6,397	5,955
19 Canada	388	610	229	309	229	278	293	305	268
20 Latin America and Caribbean	839	1,357	3,400	3,560	3,400	3,636	3,308	3,472	3,854
21 Bahamas	184	157	371	395	371	392	375	314	512
22 Bermuda	0	17	0	0	0	0	12	0	0
23 Brazil	0	0	0	0	0	0	0	1	1
24 British West Indies	645	724	2,407	2,548	2,407	2,674	2,319	2,555	2,737
25 Mexico	1	6	5	4	5	6	6	6	8
26 Venezuela	0	0	4	0	4	4	4	4	4
27 Asia	3,312	4,151	4,562	4,697	4,562	4,420	4,350	4,559	4,610
28 Japan	2,563	3,299	3,360	3,562	3,360	3,347	3,297	3,530	3,533
29 Middle East oil-exporting countries ²	3	2	5	4	5	1	4	19	13
30 Africa	2	2	2	2	2	2	9	3	6
31 Oil-exporting countries ³	0	0	0	0	0	0	7	2	4
32 All other ⁴	4	100	409	479	409	2	2	1	52
<i>Commercial liabilities</i>									
33 Europe	7,319	9,071	10,310	10,039	10,310	9,826	8,835	8,976	8,726
34 Belgium-Luxembourg	158	175	275	245	275	263	254	229	247
35 France	455	877	1,218	1,270	1,218	1,214	1,246	999	880
36 Germany	1,699	1,392	1,270	1,051	1,270	1,389	1,044	914	943
37 Netherlands	587	710	844	699	844	730	745	750	704
38 Switzerland	417	693	775	746	775	661	586	490	471
39 United Kingdom	2,079	2,620	2,792	2,839	2,792	2,813	2,328	3,071	3,168
40 Canada	1,217	1,124	1,251	1,263	1,251	1,231	1,186	1,018	992
41 Latin America and Caribbean	1,090	1,224	1,671	1,690	1,671	1,621	1,646	1,512	1,351
42 Bahamas	49	41	12	18	12	14	6	14	3
43 Bermuda	286	308	538	371	538	495	505	450	310
44 Brazil	95	100	145	129	145	218	180	209	217
45 British West Indies	34	27	30	42	30	36	50	46	107
46 Mexico	217	323	475	592	475	346	364	290	302
47 Venezuela	114	164	130	165	130	126	121	101	93
48 Asia	6,915	7,550	9,471	9,533	9,471	8,623	8,818	8,869	9,233
49 Japan	3,094	2,914	3,639	3,356	3,639	3,412	3,394	3,317	3,610
50 Middle East oil-exporting countries ^{2,5}	1,385	1,632	2,016	2,728	2,016	1,568	1,699	1,808	1,496
51 Africa	576	886	841	1,334	841	655	594	835	761
52 Oil-exporting countries ³	202	339	422	610	422	225	224	356	357
53 All other ⁴	1,328	1,030	1,406	1,408	1,406	1,468	1,436	1,268	1,070

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 States¹

Millions of dollars, end of period

Type, and area or country	1988	1989	1990	1990		1991			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 Total	33,805	33,173	35,008	32,387	35,008	35,213	36,837	37,898	41,330 ^F
2 Payable in dollars	31,425	30,773	32,499	29,902	32,499	32,945	34,779	35,585	38,890 ^F
3 Payable in foreign currencies	2,381	2,400	2,509	2,485	2,509	2,268	2,058	2,313	2,440 ^F
<i>By type</i>									
4 Financial claims	21,640	19,297	19,609	17,865	19,609	19,498	20,741	22,221	24,484 ^F
5 Deposits	15,643	12,353	13,495	11,916	13,495	12,907	12,417	16,055	17,018 ^F
6 Payable in dollars	14,544	11,364	12,400	10,640	12,400	11,901	11,644	15,070	16,209 ^F
7 Payable in foreign currencies	1,099	989	1,095	1,276	1,095	1,006	773	985	809 ^F
8 Other financial claims	5,997	6,944	6,114	5,949	6,114	6,590	8,325	6,166	7,466 ^F
9 Payable in dollars	5,220	6,190	5,247	5,296	5,247	5,894	7,637	5,493	6,646 ^F
10 Payable in foreign currencies	777	754	866	652	866	696	688	673	820 ^F
11 Commercial claims	12,166	13,876	15,400	14,522	15,400	15,715	16,095	15,677	16,846 ^F
12 Trade receivables	11,091	12,253	13,521	12,744	13,521	13,649	13,912	13,235	14,104 ^F
13 Advance payments and other claims	1,075	1,624	1,878	1,778	1,878	2,066	2,183	2,442	2,742 ^F
14 Payable in dollars	11,660	13,219	14,852	13,966	14,852	15,150	15,498	15,022	16,035 ^F
15 Payable in foreign currencies	505	657	548	556	548	565	597	655	811
<i>By area or country</i>									
16 Financial claims									
17 Europe	10,278	8,463	9,505	9,013	9,505	10,588	11,821	13,029	13,366 ^F
18 Belgium-Luxembourg	18	28	76	27	76	85	74	76	13
19 France	203	153	358	145	358	193	255	245	252
20 Germany	120	152	367	142	367	312	298	434	337
21 Netherlands	348	238	265	264	265	380	429	420	386
22 Switzerland	217	153	357	228	357	422	433	580	589
23 United Kingdom	9,039	7,496	7,838	7,980	7,838	8,981	10,184	10,905	11,160 ^F
24 Canada	2,325	1,904	2,904	2,006	2,904	1,850	1,986	2,084	2,565 ^F
25 Latin America and Caribbean	8,160	8,020	6,096	6,107	6,096	6,161	5,849	6,118	7,561 ^F
26 Bahamas	1,846	1,890	1,594	1,443	1,594	1,847	1,031	1,396	1,717
27 Bermuda	19	7	3	4	3	6	4	19	8
28 Brazil	47	224	68	70	68	68	127	124	115
29 British West Indies	5,763	5,486	4,026	4,191	4,026	3,810	4,307	4,209	5,327 ^F
30 Mexico	151	94	177	158	177	179	161	173	182 ^F
31 Venezuela	21	20	25	23	25	28	29	32	40
32 Asia	623	590	860	531	860	568	747	637	624
33 Japan	354	213	523	207	523	246	398	279	343
34 Middle East oil-exporting countries ²	5	8	8	9	8	11	4	3	5
35 Africa	106	140	37	49	37	62	64	61	57
36 Oil-exporting countries ³	10	12	0	7	0	3	1	1	1
37 All other ⁴	148	180	206	158	206	268	275	292	311 ^F
38 Commercial claims									
39 Europe	5,181	6,209	7,038	6,497	7,038	7,041	7,434	6,863	7,814 ^F
40 Belgium-Luxembourg	189	242	212	188	212	226	220	186	192
41 France	672	964	1,240	1,206	1,240	1,273	1,388	1,328	1,538 ^F
42 Germany	669	696	806	642	806	870	953	852	931 ^F
43 Netherlands	212	479	555	491	555	604	707	641	637
44 Switzerland	344	313	301	300	301	324	296	259	287
45 United Kingdom	1,324	1,575	1,774	1,673	1,774	1,636	1,813	1,803	2,062 ^F
46 Canada	983	1,091	1,073	1,152	1,073	1,211	1,240	1,231	1,134 ^F
47 Latin America and Caribbean	2,241	2,184	2,371	2,408	2,371	2,314	2,418	2,489	2,552 ^F
48 Bahamas	36	58	14	25	14	15	16	8	11
49 Bermuda	230	323	246	340	246	231	245	255	263
50 Brazil	299	297	324	252	324	309	297	384	388
51 British West Indies	22	36	40	35	40	49	43	37	41
52 Mexico	461	508	661	652	661	653	711	740	827
53 Venezuela	227	147	192	224	192	181	195	196	201
54 Asia	2,993	3,570	4,064	3,659	4,064	4,282	4,123	4,209	4,466 ^F
55 Japan	946	1,199	1,399	1,223	1,399	1,756	1,582	1,742	1,786
56 Middle East oil-exporting countries ²	453	518	460	408	460	497	500	495	633 ^F
57 Africa	435	429	488	372	488	394	428	431	417
58 Oil-exporting countries ³	122	108	67	72	67	68	63	80	95
59 All other ⁴	333	393	366	434	366	473	452	454	463

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

Transaction and area or country	1990	1991	1991					1992		
			Jan. - Mar.	Sept.	Oct.	Nov.	Dec.	Jan. ¹	Feb. ¹	Mar. ²
U.S. corporate securities										
STOCKS										
1 Foreign purchases	173,293	210,782	63,485	12,919	17,201	20,587	14,729	23,302	21,317	18,866
2 Foreign sales	188,419	199,598	66,451	13,659	16,791	19,594	17,446	25,900	21,094	19,457
3 Net purchases, or sales (-)	-15,126	11,183	-2,966	-740	410	993	-2,717	-2,598	223	-591
4 Foreign countries	-15,197	10,615	-2,868	-850	365	956	-2,700	-2,479	224	-613
5 Europe	-8,479	182	-1,536	-567	-452	-238	-1,883	-1,318	-105	-113
6 France	-1,234	18	-279	-95	-21	-50	-125	-28	-224	-27
7 Germany	-367	-63	-175	62	12	22	44	-160	30	-45
8 Netherlands	-397	-228	-87	38	6	-42	-52	44	-114	-17
9 Switzerland	-2,866	-139	279	-48	-93	-508	-7	-286	304	261
10 United Kingdom	-2,980	-222	-1,440	-501	-216	254	-1,637	-882	-304	-254
11 Canada	886	3,809	892	16	385	694	131	260	222	410
12 Latin America and Caribbean	-1,330	2,177	1,062	25	366	-197	-280	1,025	359	-322
13 Middle East ¹	-2,435	-126	-49	-402	-6	39	-35	-271	101	121
14 Other Asia	-3,477	4,263	-3,493	210	267	735	-665	-2,211	-396	-886
15 Japan	-2,891	1,181	-3,305	135	156	158	-429	-2,194	-615	-496
16 Africa	-63	153	32	-7	20	14	7	13	15	4
17 Other countries	-298	158	224	-125	-215	-91	25	23	28	173
18 Nonmonetary international and regional organizations	71	568	-98	110	45	37	-17	-119	-1	22
BONDS ²										
19 Foreign purchases	118,764	152,815	51,719	14,492	12,844	16,035	15,092	16,498	18,027	17,194
20 Foreign sales	102,047	125,146	43,319	12,315	10,709	13,051	12,348	14,367	14,731	14,221
21 Net purchases, or sales (-)	16,717	27,669	8,400	2,177	2,135	2,984	2,744	2,131	3,296	2,973
22 Foreign countries	17,187	27,800	8,271	2,216	2,198	2,883	2,701	2,098	3,290	2,883
23 Europe	10,079	13,651	4,927	-111	1,722	1,284	1,084	1,390	2,372	1,165
24 France	373	854	22	93	-25	110	75	-2	58	-34
25 Germany	-377	1,577	993	156	213	274	113	594	277	122
26 Netherlands	172	482	-119	-18	44	91	13	-113	9	-15
27 Switzerland	284	572	309	-52	-64	-449	73	-67	252	124
28 United Kingdom	10,383	9,239	3,413	384	1,878	714	184	905	1,786	722
29 Canada	1,906	1,340	-136	-155	86	51	114	-153	97	-80
30 Latin America and Caribbean	4,291	2,446	2,730	130	-365	110	624	506	768	1,456
31 Middle East ¹	76	2,185	111	350	182	313	253	-75	-71	257
32 Other Asia	1,083	8,237	561	2,027	526	1,164	543	339	101	121
33 Japan	727	5,730	-180	1,149	237	874	149	257	-121	-316
34 Africa	96	56	71	-2	12	13	11	28	15	28
35 Other countries	-344	-115	7	-23	35	-52	72	63	8	-64
36 Nonmonetary international and regional organizations	-471	-131	129	-39	-63	101	43	33	6	90
Foreign securities										
37 Stocks, net purchases, or sales (-) ³	-9,205	-31,446	-7,810	-2,163	-2,381	-2,016	-1,716	-2,554	-2,316	-2,940
38 Foreign purchases	122,641	119,853	35,886	9,940	11,310	13,155	11,015	12,485	10,590	12,811
39 Foreign sales	131,846	151,299	43,696	12,103	13,691	15,171	12,731	15,039	12,906	15,751
40 Bonds, net purchases, or sales (-)	-22,412	-15,842	-1,344	-1,064	-4,721	779	-1,839	-1,389	451	-406
41 Foreign purchases	314,645	324,809	100,327	23,546	33,240	29,938	26,296	35,511	32,538	32,278
42 Foreign sales	337,057	340,652	101,671	24,610	37,961	29,159	28,135	36,900	32,087	32,684
43 Net purchases, or sales (-), of stocks and bonds	-31,617	-47,288	-9,154	-3,227	-7,102	-1,237	-3,555	-3,943	-1,865	-3,346
44 Foreign countries	-28,943	-47,054	-9,898	-3,407	-6,766	-1,680	-3,925	-4,194	-2,030	-3,674
45 Europe	-8,443	-34,377	-7,734	-2,594	-5,700	-4,898	-4,326	-4,604	-2,273	-857
46 Canada	-7,502	-7,636	-221	-352	-1,619	675	8	-905	1,330	-646
47 Latin America and Caribbean	-8,854	837	-589	454	546	991	-478	-818	708	-479
48 Asia	-3,828	-7,113	-702	-1,155	-198	1,505	316	2,183	-1,513	-1,372
49 Africa	-137	-8	-14	2	1	-41	159	-5	-10	1
50 Other countries	-180	1,243	-638	238	204	88	396	-45	-272	-321
51 Nonmonetary international and regional organizations	-2,673	-234	744	180	-336	443	370	251	165	328

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 securi-

ties 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.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1990	1991	1992	1991				1992		
			Jan.- Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^p
Transactions, net purchases or sales (-) during period ¹										
1 Estimated total ²	18,927	22,342	4,877	-3,862	414	5,446	4,483	10,623	3,172 ^r	-8,918
2 Foreign countries ²	18,764	22,161	3,872	-2,804	-171	5,352	3,774	9,866	3,555 ^r	-9,549
3 Europe ²	18,455	9,507	7,747	464	228	5,023	2,779	5,324	7,326 ^r	-4,903
4 Belgium-Luxembourg.....	10	523	764	-190	1	201	-21	559	296	-91
5 Germany ²	5,880	-4,725	779	195	326	707	-139	805	287 ^r	-313
6 Netherlands.....	1,077	-3,735	-2,658	-426	549	-25	-888	1,936	-967	245
7 Sweden.....	1,152	-662	582	3	46	-74	582	180	300	102
8 Switzerland ²	112	1,005	-657	-184	195	1,105	-778	142	-388	-411
9 United Kingdom.....	-1,260	5,647	7,039	-32	-311	212	2,349	2,649	6,234	-1,844
10 Other Western Europe.....	11,463	11,440	1,848	1,090	-578	2,910	1,664	2,925	1,524 ^r	-2,601
11 Eastern Europe.....	13	13	50	8	0	-13	10	0	40	10
12 Canada.....	-4,627	-2,746	-1,028	78	-838	-441	-1,841	964	-1,552	-440
13 Latin America and Caribbean.....	14,734	11,539	-4,750	-1,076	-2,086	-3,842	1,075	-2,920	-1,191	-639
14 Venezuela.....	33	10	508	-2	20	7	122	266	169	73
15 Other Latin America and Caribbean.....	3,943	5,316	-994	-1,883	-14	-525	-1,065	-357	-444	-193
16 Netherlands Antilles.....	10,757	6,213	-4,264	809	-2,092	-3,324	2,018	-2,829	-916	-519
17 Asia.....	-10,952	3,471	3,938	-2,067	3,467	3,709	864	7,675	-430	-3,307
18 Japan.....	-14,785	-4,034	-5,360	-3,625	4,111	503	-1,332	-398	-1,933	-3,029
19 Africa.....	313	689	432	10	39	-26	318	207	100	125
20 All other.....	842	-299	-2,467	-213	-981	929	579	-1,384	-698 ^r	-385
21 Nonmonetary international and regional organizations.....	163	181	1,005	-1,058	585	94	709	757	-383 ^r	631
22 International.....	287	-355	770	-1,211	287	95	786	197	-228 ^r	801
23 Latin American regional.....	-2	-72	-7	152	72	-133	-156	-58	51	0
MEMO										
24 Foreign countries ²	18,764	22,161	3,872	-2,804	-171	5,352	3,774	9,866	3,555 ^r	-9,549
25 Official institutions.....	23,218	5,200	5,080	830	512	7,194	2,521	8,687 ^r	-193 ^r	-3,414
26 Other foreign ²	-4,453	16,961	-1,208	-3,634	-683	-1,842	1,253	1,179 ^r	3,748 ^r	-6,135
Oil-exporting countries										
27 Middle East ³	-387	-6,822	2,535	-795	313	96	-163	623	1,679	233
28 Africa ⁴	0	239	48	0	0	0	219	48	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Includes U.S. Treasury notes, denominated in foreign currencies, publicly issued to private foreign residents.

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 BANKS¹

Percent per year

Country	Rate on May 31, 1992		Country	Rate on May 31, 1992		Country	Rate on May 31, 1992	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	8.0	Dec. 1991	Germany.....	8.0	Dec. 1991	Norway.....	10.50	July 1990
Belgium.....	8.5	Dec. 1991	Italy.....	12.0	Nov. 1991	Switzerland.....	7.0	Aug. 1991
Canada.....	6.33	May 1992	Japan.....	3.75	Apr. 1992	United Kingdom.....	.....	.....
Denmark.....	9.5	Dec. 1991	Netherlands.....	8.5	Dec. 1991			
France.....	9.6	Dec. 1991						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood

that the central bank transacts the largest proportion of its credit operations.
2. Since Feb. 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3. Minimum lending rate suspended as of Aug. 20, 1981. or makes advances

3.27 FOREIGN SHORT-TERM INTEREST RATES¹

Averages of daily figures, percent per year

Type or country	1989	1990	1991	1991		1992				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	9.16	8.16	5.86	4.96	4.48	4.06	4.05	4.26	4.05	3.84
2 United Kingdom.....	13.87	14.73	11.47	10.44	10.73	10.60	10.33	10.58	10.56	10.00
3 Canada.....	12.20	13.00	9.07	7.75	7.50	7.23	7.42	7.63	7.10	6.60
4 Germany.....	7.04	8.41	9.15	9.33	9.48	9.45	9.51	9.59	9.63	9.70
5 Switzerland.....	6.83	8.71	8.01	7.89	7.99	7.55	7.28	8.16	8.48	8.77
6 Netherlands.....	7.28	8.57	9.19	9.32	9.59	9.45	9.52	9.52	9.42	9.43
7 France.....	9.27	10.20	9.49	9.41	9.97	9.86	9.93	9.99	9.92	9.83
8 Italy.....	12.44	12.11	12.04	11.66	12.46	12.00	12.17	12.25	12.38	12.39
9 Belgium.....	8.65	9.70	9.30	9.39	9.61	9.41	9.50	9.56	9.50	9.51
10 Japan.....	5.39	7.75	7.33	6.22	6.02	5.18	5.19	4.95	4.72	4.72

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES¹

Currency units per dollar, except as noted

Country/currency unit	1989	1990	1991	1991	1992				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar ²	79.186	78.069	77.872	77.122	74.756	75.178	75.865	76.241	75.587
2 Austria/schilling	13.236	11.331	11.686	11.003	11.108	11.391	11.693	11.620	11.422
3 Belgium/franc	39.409	33.424	34.195	32.198	32.501	33.307	34.189	33.927	33.386
4 Canada/dollar	1.1842	1.1668	1.1460	1.1467	1.1571	1.1825	1.1928	1.1874	1.1991
5 China, P.R./yuan	3.7673	4.7921	5.3337	5.4232	5.4618	5.4776	5.4871	5.5098	5.5182
6 Denmark/krone	7.3210	6.1899	6.4038	6.0831	6.1257	6.2763	6.4462	6.3906	6.2678
7 Finland/markka	4.2963	3.8300	4.0521	4.2447	4.2971	4.4230	4.5325	4.5023	4.4076
8 France/franc	6.3802	5.4467	5.6468	5.3406	5.3858	5.5088	5.6400	5.5773	5.4548
9 Germany/deutsche mark	1.8808	1.6166	1.6610	1.5630	1.5788	1.6186	1.6616	1.6493	1.6225
10 Greece/drachma	162.60	158.59	182.63	179.52	182.42	187.13	192.26	192.83	192.09
11 Hong Kong/dollar	7.8008	7.7899	7.7712	7.7738	7.7612	7.7582	7.7463	7.7404	7.7421
12 India/rupee	16.213	17.492	22.712	25.818	25.863	25.992	28.378	28.896	28.542
13 Ireland/pound ²	141.80	165.76	158.26	170.46	168.73	164.87	160.50	161.65	164.62
14 Italy/lira	1,372.28	1,198.27	1,241.28	1,182.21	1,189.76	1,215.92	1,248.28	1,241.55	1,220.95
15 Japan/yen	138.07	145.00	134.59	128.04	125.46	127.70	132.86	133.54	130.77
16 Malaysia/ringgit	2.7079	2.7057	2.7503	2.7417	2.6891	2.6012	2.5779	2.5521	2.5223
17 Netherlands/guilder	2.1219	1.8215	1.8720	1.7618	1.7780	1.8218	1.8706	1.8568	1.8268
18 New Zealand/dollar ²	59.561	59.619	57.832	55.256	54.194	54.177	54.790	54.138	53.514
19 Norway/krone	6.9131	6.2541	6.4912	6.1558	6.2044	6.3472	6.5188	6.4606	6.3311
20 Portugal/escudo	157.53	142.70	144.77	138.90	136.92	139.47	143.26	141.09	135.23
21 Singapore/dollar	1.9511	1.8134	1.7283	1.6453	1.6337	1.6361	1.6601	1.6567	1.6408
22 South Africa/rand.	2.6214	2.8885	2.7633	2.7665	2.7831	2.8156	2.8830	2.8783	2.8483
23 South Korea/won	674.29	710.64	736.73	761.68	767.09	769.93	775.68	782.55	786.83
24 Spain/peseta	118.44	101.96	104.01	99.70	100.05	101.73	104.88	103.90	101.47
25 Sri Lanka/rupee	35.947	40.078	41.200	42.523	42.665	42.879	42.744	43.231	43.445
26 Sweden/krona	6.4559	5.9231	6.0521	5.7158	5.7461	5.8764	6.0263	5.9667	5.8462
27 Switzerland/franc	1.6369	1.3901	1.4356	1.3855	1.4039	1.4561	1.5094	1.5194	1.4907
28 Taiwan/dollar	26.407	26.918	26.759	25.759	25.150	25.049	25.407	25.308	25.016
29 Thailand/baht	25.725	25.609	25.528	25.431	25.328	25.463	25.637	25.644	25.550
30 United Kingdom/pound ²	163.82	178.41	176.74	182.72	180.90	177.78	172.38	175.66	180.95
MEMO									
31 United States/dollar ³	98.60	89.09	89.84	85.65	86.09	88.04	90.44	89.84	88.30

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the

currencies of ten industrial countries. The weight for each of the ten countries is the 1972-76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64, August 1978, p. 700).

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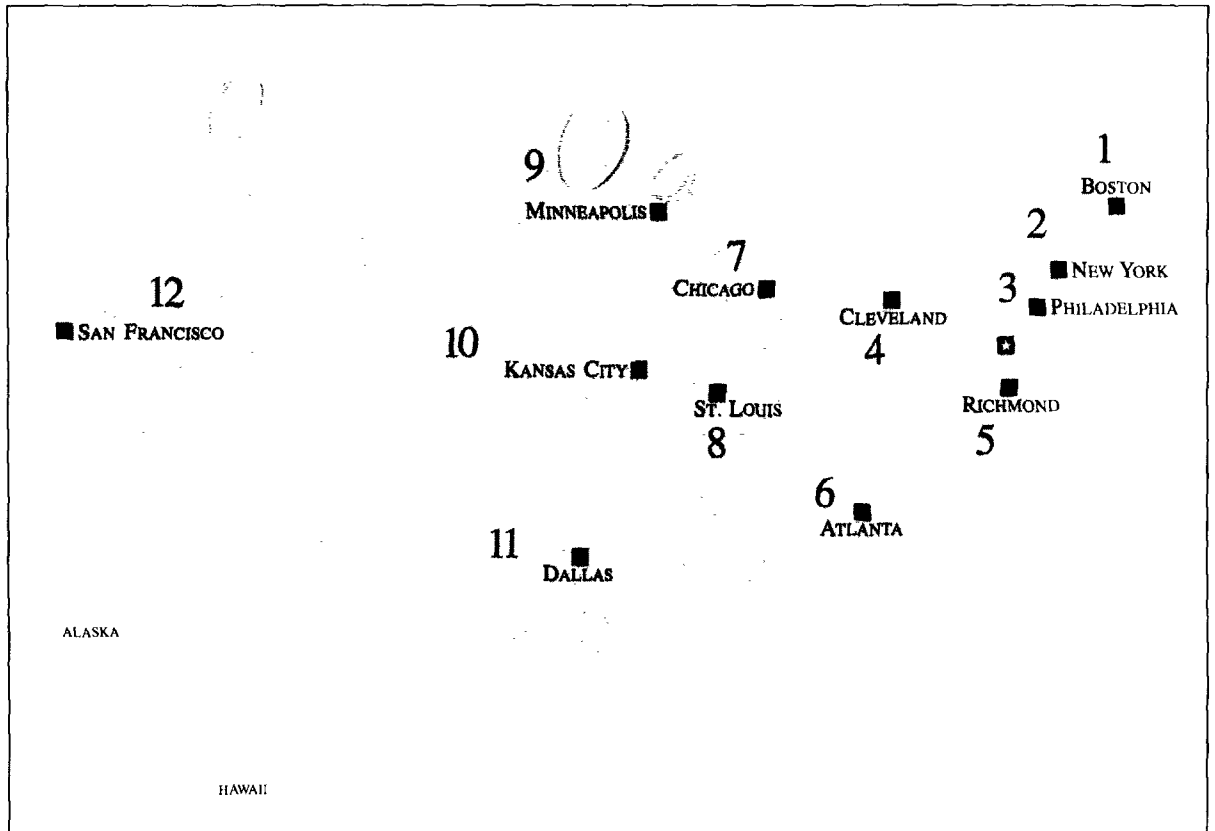
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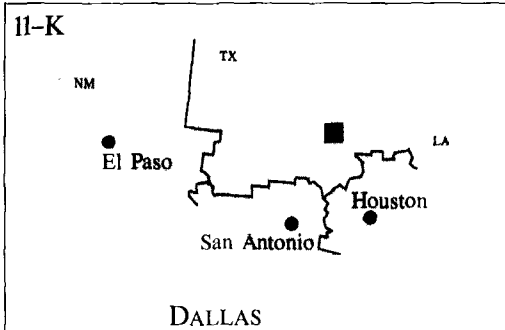
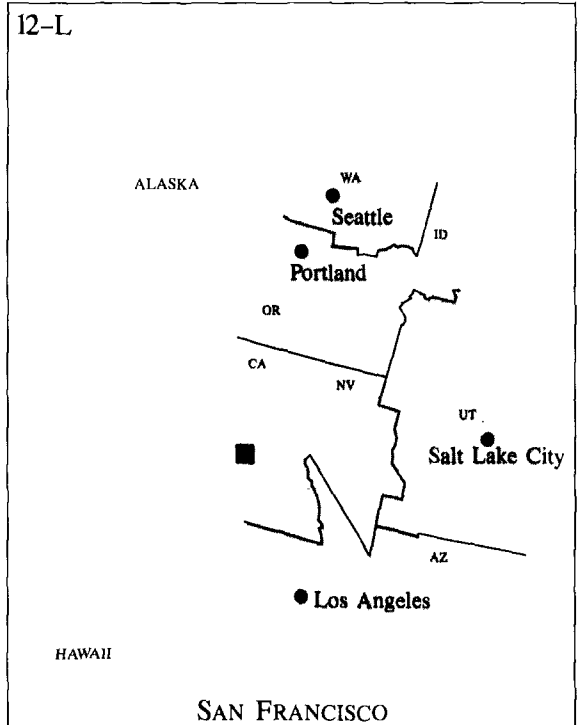
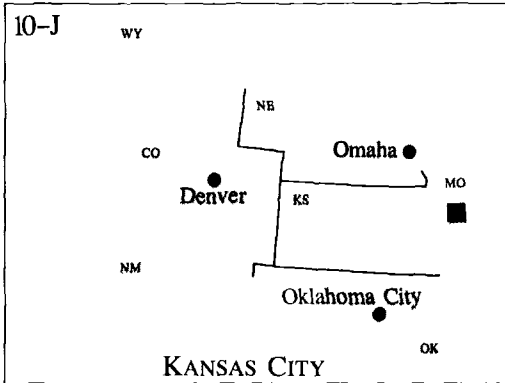
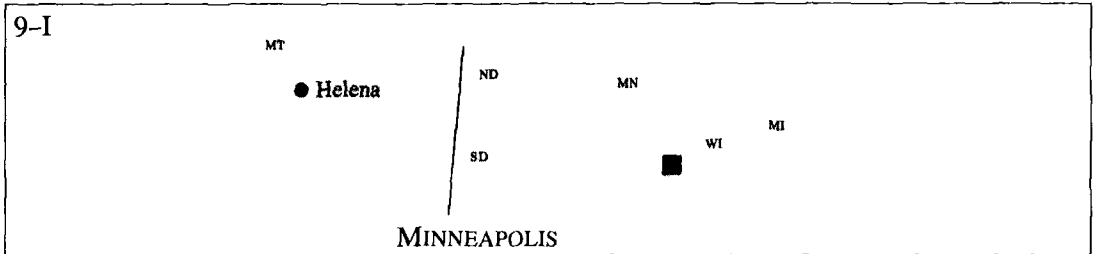
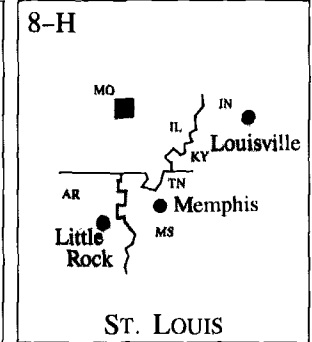
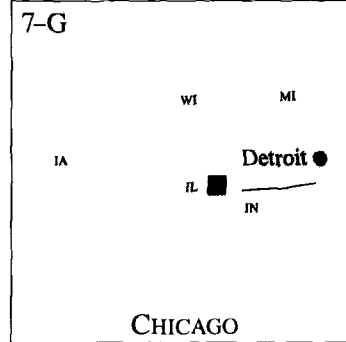
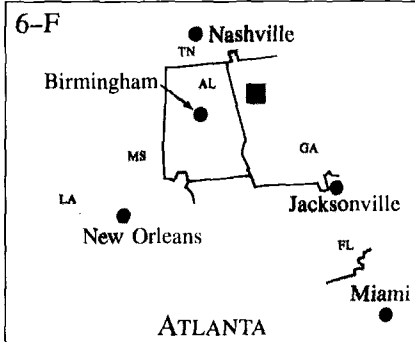
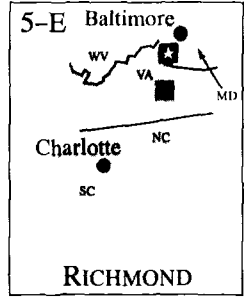
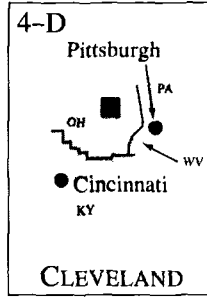
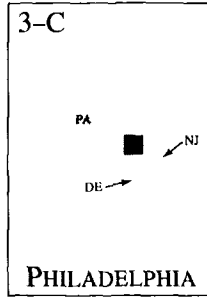
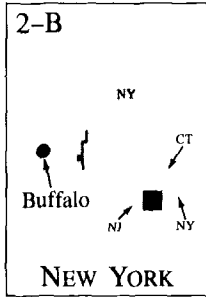
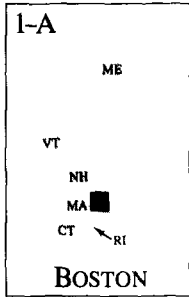
NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the

Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.



Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or facility	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Richard N. Cooper Jerome H. Grossman	Richard F. Syron Cathy E. Minehan	
NEW YORK*	10045	Ellen V. Futter Maurice R. Greenberg	E. Gerald Corrigan James H. Oltman	
Buffalo	14240	Herbert L. Washington		James O. Aston
PHILADELPHIA	19105	Peter A. Benoliel Jane G. Pepper	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	John R. Miller A. William Reynolds	Jerry L. Jordan William H. Hendricks	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino ¹
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart ¹
RICHMOND*	23219	Anne Marie Whittemore Henry J. Faison	Robert P. Black Jimmie R. Monhollon	
Baltimore	21203	John R. Hardesty, Jr.		Ronald B. Duncan ¹
Charlotte	28230	Anne M. Allen		Walter A. Varvel ¹
<i>Culpeper Communications and Records Center 22701</i>				John G. Stoides ¹
ATLANTA	30303	Edwin A. Huston Leo Benatar	Robert P. Forrestal Jack Guynn	
Birmingham	35283	Nelda P. Stephenson		Donald E. Nelson ¹
Jacksonville	32231	Lana Jane Lewis-Brent		Fred R. Herr ¹
Miami	33152	Michael T. Wilson		James D. Hawkins ¹
Nashville	37203	Harold A. Black		James T. Curry III
New Orleans	70161	Victor Bussie		Melvyn K. Purcell
				Robert J. Musso
CHICAGO*	60690	Richard G. Cline Robert M. Healey	Silas Keehn Daniel M. Doyle	
Detroit	48231	J. Michael Moore		Roby L. Sloan ¹
ST. LOUIS	63166	H. Edwin Trusheim Robert H. Quenon	Thomas C. Melzer James R. Bowen	
Little Rock	72203	James R. Rodgers		Karl W. Ashman
Louisville	40232	Daniel L. Ash		Howard Wells
Memphis	38101	Seymour B. Johnson		Ray Laurence
MINNEAPOLIS	55480	Delbert W. Johnson Gerald A. Rauenhorst	Gary H. Stern Thomas E. Gainor	
Helena	59601	J. Frank Gardner		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr. Herman Cain	Thomas M. Hoenig Henry R. Czerwinski	
Denver	80217	Barbara B. Grogan		Kent M. Scott
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75222	Leo E. Linbeck, Jr. Henry G. Cisneros	Robert D. McTeer, Jr. Tony J. Salvaggio	
El Paso	79999	Alvin T. Johnson		Sammie C. Clay
Houston	77252	Judy Ley Allen		Robert Smith, III ¹
San Antonio	78295	Roger R. Hemminghaus		Thomas H. Robertson
SAN FRANCISCO	94120	James A. Vohs Robert F. Erburu	Robert T. Parry Patrick K. Barron	
Los Angeles	90051	To be announced		John F. Moore ¹
Portland	97208	William A. Hilliard		Leslie R. Watters
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema ¹

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; 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.