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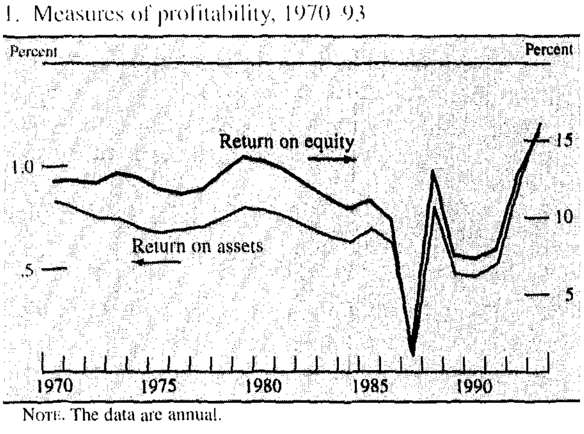
Profits and Balance Sheet Developments at U.S. Commercial Banks in 1993

William B. English and Brian K. Reid, of the Board's Division of Monetary Affairs, prepared this article. Thomas C. Allard assisted in the preparation of the data, and Susan V. Helfrey provided research assistance.

In 1993, U.S. commercial banks had their best year since World War II. The return on assets reached 1.21 percent, nearly one-third higher than in 1992. The return on equity also reached a postwar high, exceeding 15 percent for the first time (chart 1). Profits increased primarily because of a decline in provisions for loan losses. They continued to be boosted by relatively wide net interest margins, strong gains from trading activities, and high income from fees. Last year's profit performance allowed banks to increase dividends sharply and still to boost capital by retaining a very high share of income (table 1). Substantial issuance of equity and subordinated debt, when added to the high level of retained earnings, led to further increases in capital ratios. With profits high and capital ratios comfortable, banks appeared to be more willing to expand their balance sheets. The growth in bank assets picked up with securities holdings continuing the rapid increase of recent years and bank loans rising strongly after two years of decline. Bank loan growth picked up further in early 1994, reflecting an acceleration of business and consumer loans.[1]

1. Measures of profitability, 1970–93



NOTE. The data are annual.

Banks benefited from the good performance of the U.S. economy in 1993. Real gross domestic product increased about 3 percent, while inflation remained relatively low. Short-term interest rates were little changed over the year, as the Federal Reserve made no adjustments to the stance of monetary policy. Long-term rates, however, fell substantially during the first three quarters, with the thirty-year Treasury bond yield shedding about 1½ percentage points between January and October. Long-term rates turned upward late in the year but still finished 1993 down a full percentage point from the beginning of the year.

This environment helped bank profits in two ways. First, the continued economic expansion and the low interest rates contributed to an improvement in the quality of bank assets: Firms reduced their debt burdens, and commercial real estate

1. Except where otherwise indicated, data in this article are from the quarterly Report of Condition and Income (Call Report) for insured domestic commercial banks and nondeposit trust companies. The data, which cover all such institutions that filed at least one Call Report, consolidate information from foreign and domestic offices and have been adjusted to take account of mergers. Size categories of such institutions (hereafter called banks), which refer to assets at the start of each quarter, are as follows: small banks, those not among the largest 1,000 banks; medium-sized banks, those between numbers 101 and 1,000 by size; large banks, those between numbers 11 and 100 by size; and the ten largest banks. At the start of the fourth quarter of 1993, the ten largest banks had assets of more than \$36 billion, large banks had assets between \$6 billion and \$36 billion, medium-sized banks had assets between approximately \$300 million and \$6 billion, and small banks had assets of less than approximately \$300 million. Data for 1985–92 have been revised to reflect uniform definitions across time and to incorporate updated Call Report information. Because of report changes, data for the years preceding 1985 are not strictly comparable to the more recent data. In the tables, components may not sum to totals because of rounding.

1. Selected income and expense items, 1989–93
Percent

Item	1989	1990	1991	1992	1993
Net interest margin	3.51	3.45	3.60	3.89	3.90
Net noninterest margin	−1.79	−1.82	−1.93	−1.91	−1.81
Loss provisions	.97	.96	1.02	.78	.47
Gains on investment account securities	.02	.01	.09	.11	.09
Income before taxes	.77	.68	.75	1.32	1.72
Taxes and extraordinary items	.29	.21	.22	.41	.50
Net income	.48	.47	.53	.92	1.21
Dividends	.44	.42	.45	.41	.62
Retained income	.04	.05	.08	.50	.60

NOTE. Percentage of average net consolidated assets.

markets in much of the nation stabilized. Second, the expanding economy spurred demand for bank loans, which in turn increased bank revenues. The health of the banking sector may have contributed to the improvement in the economy, as banks eased their lending terms and standards thereby increasing the availability of bank credit.

The decline in long-term interest rates had negative implications for bank profits, however. Because bank assets generally have longer maturities than bank liabilities, the flattening of the yield curve should cut bank interest margins as assets mature or reprice. The decline in long-term rates also encouraged households to refinance home mortgages, cutting interest income from mortgages and mortgage-backed securities and, for banks with mortgage-servicing portfolios, eroding the value of purchased servicing rights as serviced mortgages were prepaid. Finally, the low level of long-term interest rates encouraged firms with access to the capital markets to substitute long-term financing for bank loans, thereby reducing bank revenues. These negative effects were offset, to some degree, by the capital gains that banks earned on their securities and by the fee income that they earned from refinancing activities.

The improved condition of the banking sector is clearly reflected in measures of bank distress. The number of banks classified by the Federal Deposit Insurance Corporation (FDIC) as "problem banks" fell more than 45 percent, to 426. Total assets at these banks declined about 40 percent, to $242 billion. Only 42 banks failed last year, the lowest annual total since 1982 and far fewer than the 100 banks that failed in 1992.

The consolidation of the banking industry continued, with a pickup in bank mergers and a further decline in new charters. According to FDIC figures, 482 mergers occurred in 1993, compared with 428 in 1992. Only 59 new charters were issued, the fewest in one year since the early 1950s. All told, the number of banks declined more than 4 percent last year. Despite this reduction, full-time-equivalent employees increased about 1 percent, reversing a three-year slide.

BALANCE SHEET DEVELOPMENTS

In 1993, the balance sheets of commercial banks expanded at the briskest pace since 1986 (table 2). On the asset side, bank loans increased for the first time in two years, while securities holdings continued to expand rapidly. On the liability side, deposit growth picked up slightly, but bank issuance of subordinated debt fell back from the high rate of 1992. Other liabilities expanded rapidly. Equity capital increased at nearly the same pace as in 1992.

Assets

Total bank assets grew nearly 5¾ percent in 1993, more than twice the increase in 1992. After two years of runoffs, bank loans increased 6 percent, as credit demand picked up and banks eased lending terms and standards. Securities growth remained at about the same high pace as that in 1992.

Loans

Commercial and industrial loans edged up for the first time since 1989. Real estate loan growth picked up to its fastest pace since 1990. Primarily, however, the strong rebound in bank loans reflected a substantial acceleration in consumer loans.

Commercial and industrial loans. Commercial and industrial loans, which had declined 4 percent in 1992 and 9 percent in 1991, grew ½ percent in 1993. The turnaround resulted from slower runoffs at the ten largest banks and moderate growth at banks in the other three size categories. In contrast, all four size groups had registered declines in 1992.

On the supply side, loan growth was bolstered by an easing of loan standards and terms. Responses to the Federal Reserve's periodic Senior Loan Officer Opinion Survey on Bank Lending Practices (LPS) indicated that banks began to ease terms and standards on commercial and industrial loans in the second quarter of 1993, reversing at least a part of the tightening registered in 1990 and early 1991 (chart 2). Respondent banks—about sixty banks, most of them quite large, located in all twelve Federal Reserve Districts—reported easing for borrowers of all sizes, although terms were relaxed less for smaller borrowers. Respondents attributed the more accommodative terms and standards to a more favorable economic outlook, to fewer problems in specific industries to which they lend, and to improvements in their expected capital positions owing to better asset quality.

The LPS responses show that the terms eased most were loan and line fees and spreads of loan rates over base rates. Data on loan spreads from the Federal Reserve's Survey of Terms of Bank Lending to Business suggest, however, that the overall narrowing of spreads last year was fairly small and

2. Annual rates of growth of balance sheet items, 1985–93

Percent

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total assets	8.92	7.74	2.00	4.38	5.42	2.65	1.36	2.24	5.69
Interest-earning assets	9.62	7.90	3.08	4.08	5.67	2.25	2.01	2.58	6.57
Loans and leases (net)	7.93	7.45	3.01	5.97	6.31	2.40	-2.62	-.98	6.07
Commercial and industrial	2.16	3.98	-1.94	1.88	3.01	-.69	-9.08	-4.06	.59
Real estate	13.78	17.56	16.58	12.49	12.82	8.80	2.78	2.01	6.14
Booked in domestic offices	13.53	17.17	17.13	12.06	13.15	8.56	2.95	2.64	6.18
Construction and land development	17.20	19.64	12.37	7.16	5.79	-7.42	-18.63	-23.38	-15.57
Farmland	11.58	11.92	13.82	7.27	7.62	3.66	6.88	7.97	4.77
One- to four-family	9.50	12.10	18.52	14.65	16.25	14.07	7.81	7.58	11.08
Multifamily residential	16.47	26.15	11.52	3.37	9.50	4.53	14.39	14.25	8.97
Nonfarm nonresidential	18.07	23.60	19.48	12.82	14.02	10.45	4.92	3.27	3.79
Booked in foreign offices	22.49	30.20	.84	27.03	3.00	16.65	-2.34	-17.80	4.66
Consumer	15.81	8.66	4.55	7.66	6.23	.52	-2.49	-1.49	8.93
Credit card	28.19	17.01	12.05	13.92	12.17	1.93	4.41	-1.95	13.27
Installment and other	12.12	5.79	1.71	5.04	3.55	-.16	-5.93	-1.24	6.54
Other loans	4.54	-.91	-5.33	-3.07	-.91	-5.69	-4.92	-4.26	10.08
Loan loss reserves and unearned income	9.13	9.61	44.41	-4.16	10.31	.38	-3.75	-4.66	-6.10
Securities	15.96	9.97	4.94	3.32	5.10	8.45	16.25	12.30	12.28
Investment account	14.06	10.32	7.51	2.99	4.07	8.19	14.44	11.46	8.11
U.S. Treasury	5.41	1.68	-.00	-5.78	-13.76	3.51	32.07	23.97	7.26
U.S. government agency and corporation	-3.98	53.59	25.47	22.58	33.54	24.02	15.90	12.79	9.61
State and local government	33.02	-12.64	-13.94	-12.06	-11.37	-11.50	-12.22	-1.99	8.53
Other	32.80	74.73	48.75	11.19	11.89	-2.07	5.90	-7.50	4.19
Trading account	41.40	6.21	-23.88	8.58	20.62	11.87	38.89	21.02	51.95
Other interest-earning assets	9.22	6.96	.22	-5.78	2.54	-11.68	2.82	1.60	-8.02
Non-interest-earning assets	4.62	6.67	-5.08	6.51	3.62	5.49	-3.10	-.27	-.87
Total liabilities	8.86	7.74	2.18	4.09	5.49	2.40	1.04	1.40	5.11
Deposits	7.94	7.81	2.31	4.11	4.80	3.87	1.59	.39	2.07
Booked in foreign offices	1.34	-2.49	8.86	-7.77	-1.08	-5.88	3.82	-5.85	15.06
Booked in domestic offices	9.22	9.66	1.26	6.16	5.68	5.24	1.31	1.19	.52
Demand	8.96	13.17	-10.77	.64	.34	.67	-2.02	12.48	5.70
Other checkable	17.79	32.76	7.81	7.61	2.41	6.36	14.82	18.54	5.09
Savings[1]	16.83	17.54	-.74	1.10	.44	6.48	14.38	13.18	3.57
Large time	4.29	-1.00	12.15	9.28	5.04	-5.67	-19.52	-26.34	-9.17
Small time	3.67	-1.41	7.53	14.41	17.20	14.04	-.34	-11.64	-6.07
Subordinated notes and debentures	43.86	15.85	3.72	-4.26	20.43	19.94	4.03	34.89	10.82
Other liabilities	12.67	7.12	1.46	4.32	8.40	-5.37	-2.01	5.25	20.61
Equity capital	9.79	7.71	-.67	8.81	4.34	6.62	5.95	13.78	12.71
MEMO[2]									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-3.53	-5.10	-1.30
Managed liabilities	9.17	3.08	6.90	2.32	5.25	-6.12	-6.11	-6.09	12.30

NOTE. Data are from year-end to year-end.

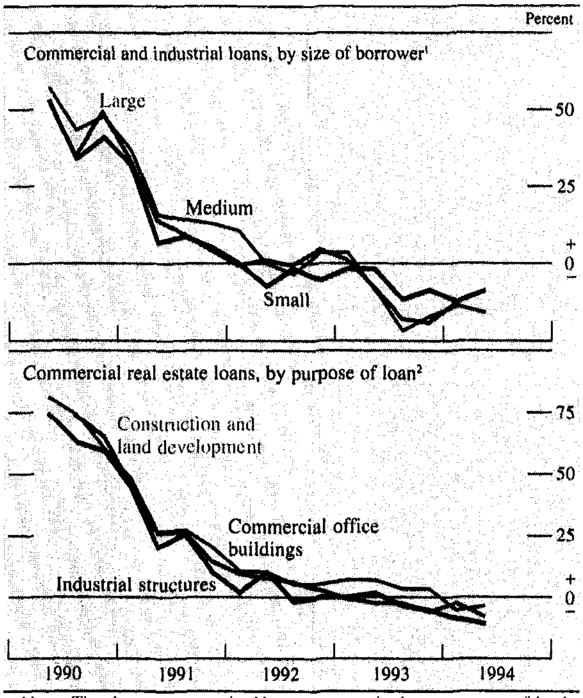
n.a. Not available.

1. Includes money market deposit accounts.

2. Commercial real estate loans are measured as the sum of construction and land development loans secured by real estate; real estate loans secured by nonfarm nonresidential properties; and loans to finance commercial real estate, construction, and land development activities not secured by real estate.

Managed liabilities are measured as the sum of deposits in foreign offices, large time deposits in domestic offices, federal funds purchased and securities sold under agreements to resell, demand notes issued to the U.S. Treasury, subordinated notes and debentures, and other borrowed money.

2. Net percentage of selected large commercial banks that tightened credit standards, 1990:Q2–94:Q2



NOTE. The data are quarterly. Net percentage is the percentage of banks reporting tightening less the percentage reporting easing.

1. The data for large firms begin in 1990:Q3. Size definition suggested for, and generally used by, survey respondents is that medium-sized firms are those with annual sales of between $50 million and $250 million.

2. The data for construction and land development loans begin in 1990:Q3.

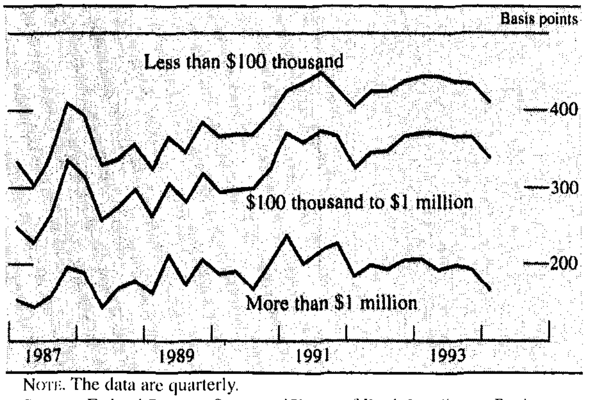
SOURCE. Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices.

that spreads on loans to small and medium-sized borrowers remained wide at year-end relative to historical norms (chart 3). As suggested by the LPS responses, measured spreads on large loans fell more rapidly than spreads on smaller loans last year.

On the demand side, a substantial pickup in investment spending by businesses likely spurred credit growth. The LPS responses indicate a pickup in demand for business loans last year, especially by small and medium-sized firms. Some LPS respondents noted that competition from the capital markets trimmed the demand for business loans by large firms. Issuance of corporate bonds was boosted by declines in long-term rates during much of the year. Gross issuance of bonds by nonfinancial firms reached an all-time high early in 1993 and remained strong by historical standards until long-term rates rose in the fall (chart 4). In many cases the funds raised were used, at least in part, to retire bank debt. Similarly, the strength of the stock market encouraged firms to issue equity, and they likely used a part of the proceeds to pay down bank debt. These factors helped to account for the continued weakness in commercial and industrial loans at the larger banks last year.

Real estate loans. Real estate loans grew 6 percent in 1993, more than three times the rate in 1992. Most of the growth came in the residential sector, as it has for several years, with loans for one- to four-family mortgages rising 11 percent. Both demand and supply factors boosted home mortgage lending last year. The continued strength in the economy, coupled with the lowest level of mortgage rates in more than twenty years, led to a pickup in the demand for housing. At the same time, some of the LPS respondent banks indicated

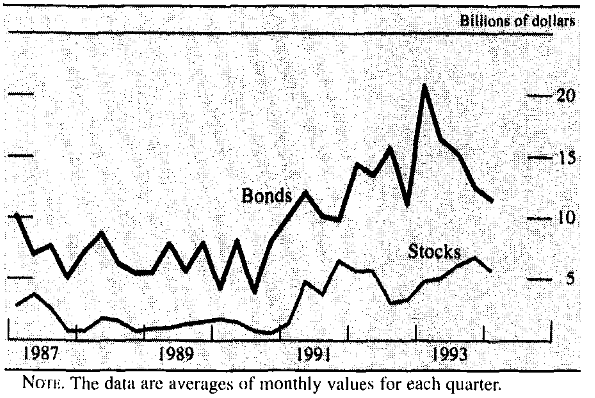
3. Loan rate spread over average federal funds rate, by size of loan, 1987–94:Q1



NOTE. The data are quarterly.

SOURCE. Federal Reserve Survey of Terms of Bank Lending to Business.

4. Gross offerings of long-term securities by nonfinancial corporations, 1987–94:Q1



NOTE. The data are averages of monthly values for each quarter.

SOURCES. Federal Reserve and Securities Data Corp.

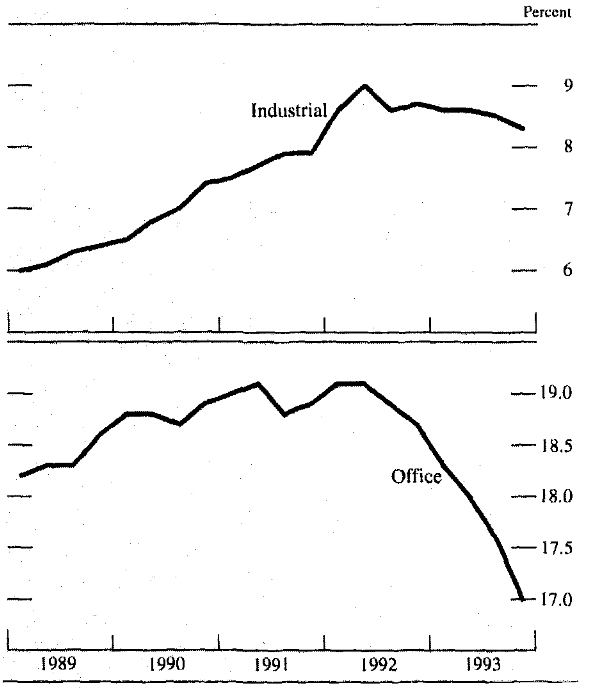
that they eased standards for making mortgage loans to individuals for home purchases in the second half of the year. Home mortgage loans on banks' books probably also received a temporary boost from the high level of refinancing activity last year. As mortgages were refinanced, banks held the new mortgages until they were sold to federal agencies or securitized directly by the banks. Moreover, some households likely took the opportunity provided by refinancing to extract some equity from their housing investment to pay down higher-cost consumer debt and to use for other purposes.

Banks also increased their indirect financing of residential mortgages by purchasing a substantial volume of mortgage-backed securities. Although these securities offer a lower yield than direct mortgage lending, they are attractive because of their greater liquidity, better diversification, lower capital charge, and—for Government National Mortgage Association (GNMA) securities—government backing. Last year, mortgage-backed securities held by banks accounted for 37¾ percent of total commercial bank financing of residential mortgages (loans plus mortgage-backed securities), up from 31½ percent in early 1990.

Commercial real estate loans declined about 1¼ percent in 1993, considerably less than in 1992. Responses to the LPS suggest that, although banks stopped tightening standards for such loans, lending standards remained tight relative to those in place a few years ago (chart 2). In part, this continued stringency reflects a needed correction to relatively low standards in the late 1980s. Also, overbuilding left many commercial real estate markets burdened with high vacancy rates and soft prices.

Nonetheless, commercial real estate markets appear to be recovering. Vacancy rates for industrial real estate, although high, have declined for two years, and vacancy rates for office properties began to fall sharply in 1992 and at the end of 1993 were well below their 1989 level (chart 5). According to the FDIC, almost 40 percent of the examiners and liquidators surveyed in January 1994 thought that the commercial real estate market in their area was improving, and only 5 percent thought it was worsening. Slightly more of them reported increasing prices than reported decreasing prices. The better condition of the market allowed several banks to sell large blocks of troubled real

5. Vacancy rates for commercial real estate, 1989–93



NOTE. The data are quarterly.
SOURCE. *CB Commercial Real Estate Group, Inc.*

estate loans to investor groups and thus to reduce the volume of such loans on their books. In addition, many banks reduced their holdings of other real estate owned, which declined more than one-third, to just less than $17 billion last year.

Consumer loans. Consumer loans supplied much of the impetus to total loan growth last year. After two years of runoffs, consumer loans grew nearly 9 percent. The increase reflected double-digit growth in credit card lending, as well as a substantial pickup in the growth of other consumer loans, and occurred despite an increase in auto leasing and the possible paydowns of consumer debt with the proceeds of mortgage refinancings that were noted above.

Three factors contributed to the rapid growth in consumer loans in 1993. First, strong consumer spending boosted the demand for credit. Total consumption expenditures increased 5½ percent in nominal terms, and the consumer durables component rose about 9 percent. The effects of this spending on consumer borrowing were reflected in the responses on the LPS, which showed a pickup in demand for consumer loans over the course of the year. Second, banks were more aggressive lenders, with an average of about 20 percent of the LPS respondents reporting increased willingness to make consumer loans last year. The survey responses were consistent with the data on consumer lending rates: The average rate charged by banks on forty-eight-month auto loans fell about 1 percentage point, over a quarter point more than the decline in auto loan rates at finance companies and more than the declines in deposit and market rates. Similarly, the average rate charged on banks' most common credit card plans fell more than a percentage point. Third, convenience use of credit cards likely increased. Both the card-issuing banks and the major credit card interchange systems contributed to the increase—the former by offering new promotions for card use and the latter by expanding the acceptance of credit cards at nontraditional outlets, such as grocery stores. The higher balances resulting from increased convenience use are more likely than other balances to be paid off within the typical interest-free grace period; nonetheless, they boost both the average level of consumer debt outstanding on any given day and bank revenue because the merchant pays the bank a fee when the latter's credit card is used.

Securities

Bank holdings of securities expanded 12¼ percent last year, almost exactly the same rate as in 1992. Investment account securities rose 8 percent, down from 11½ percent in 1992. This slower growth in investment account securities was offset, however, by a sharp jump in trading account assets, which grew more than 50 percent last year.

Bank holdings of investment securities were likely affected last year by the accounting changes required under Financial Accounting Standards Board Statement 115 (FASB 115). FASB 115 applies to financial statements in fiscal years beginning after December 15, 1993, but some banks implemented it as of year-end 1993. Other banks may have adjusted securities holdings in anticipation of its implementation. These changes require banks to mark to market investment account securities that they do not intend to hold to maturity, just as they do securities held in trading accounts. Capital gains and losses on such investment account securities do not affect reported income, as is the case for trading accounts, but they are reflected in a bank's equity account under the new generally accepted accounting principles. As a result, reported bank capital is likely to be more volatile.

Surveys suggested that banks would respond to FASB 115 by shortening the maturities of their securities holdings, thereby reducing the additional volatility imparted to reported capital. In early 1993, about a quarter of the LPS respondents indicated that the desired average maturity of their securities portfolio had declined, largely because of existing or anticipated rules on the valuation of securities portfolios. Similarly, a survey conducted in late 1992 by Ernst and Young indicated that FASB 115 would lead banks to shorten the maturity of their securities holdings.

Thus far, however, the evidence suggests that the decline in the average maturity of bank investment account securities has been fairly small. The distribution of securities by maturity reported in the December 1993 Call Report shows a small shift toward shorter maturities (table 3). These data, however, likely overstate the actual expected maturities of bank securities holdings because banks must report the maturity of mortgage-backed securities based on the stated final maturity of the underlying mortgages rather than on their expected maturities, which reflect anticipated prepayments.

3. Maturity structure of selected assets and liabilities at year-end, 1990–93

Percent

Account and maturity range	1990	1991	1992	1993
Loans and leases				
Three months or less	51.29	49.00	48.47	48.57
Three months–one year	14.65	15.69	15.95	16.51
One–five years	22.46	23.73	23.90	23.28
More than five years	11.59	11.57	11.69	11.65
Total	100	100	100	100
Securities				
Three months or less	11.67	12.33	12.69	13.61
Three months–one year	14.30	13.70	14.07	16.35
One–five years	34.16	34.50	36.98	35.72
More than five years	39.87	39.47	36.27	34.32
Total	100	100	100	100
Time deposits				
Three months or less	42.17	39.70	36.16	34.11
Three months–one year	38.73	39.55	38.54	37.16
More than one year	19.10	20.75	25.30	28.72
Total	100	100	100	100

NOTE. Maturity ranges of three months to one year include maturities of exactly one year. Maturity ranges of one year to five years include maturities of exactly five years.

This problem is most severe in the case of collateralized mortgage obligations (CMOs). Most of the CMOs in banks' investment accounts have reported maturities of more than five years, but LPS data indicate that these securities have an average expected maturity of well under five years. As a result of this reporting problem, the Call Report data may not adequately capture changes in the expected maturity of bank securities. The American Bankers Association Portfolio Managers Survey avoids this difficulty by asking banks for the "average weighted life" of their securities portfolios after taking into account expected prepayments on mortgage-backed securities. The most recent survey indicates that the average weighted life of the respondents' investment account securities was 3.3 years at the end of 1993, down only slightly from 3.4 years at the end of 1992.

It is possible, however, that banks delayed adjusting their portfolios until after the implementation of FASB 115. In the May 1994 LPS, half of the surveyed banks said they had shortened the average maturity of their securities portfolio because of the new accounting rules. In addition, a significant number of banks reported increased hedging activity.

Even taking into account the difference between reported and expected maturities, bank holdings of securities appear to have longer maturities than bank loans. Thus, the maturity of bank assets may have increased slightly in recent years because of the shift of bank assets from loans to securities. On the liability side, the maturities of bank time deposits have increased since 1990. The share of time deposits in total deposits has declined rapidly, however, and so the average maturity of all deposits may have decreased. The average maturity of liabilities has been boosted, however, by increased issuance of subordinated and senior debt with relatively long maturities. In addition, banks have increased their reliance on equity finance.

Investment account securities. Growth of securities held in investment accounts slowed in 1993, and growth rates were more uniform across various types of securities. In previous years, Treasury and agency securities had paced the growth of securities. Last year, however, the growth of U.S. Treasury securities fell sharply, to 7¼ percent from more than 20 percent in 1992 and more than 30 percent in 1991. The growth of U.S. government agency securities, which peaked at more than 30 percent in 1989, fell further, to about 9½ percent in 1993. Within this category, the level of agency CMOs actually declined in the fourth quarter.

In contrast, municipal securities, which had run off since a tax law change in 1986 reduced their attractiveness to banks, expanded 8½ percent last year. According to a recent LPS, at the end of 1993 nearly half of the dollar volume of the respondents' municipal securities holdings had been purchased before the tax change. Such securities were grandfathered under the favorable pre-1987 rules. About three-quarters of their remaining tax-exempt securities were "bank-qualified" instruments. These securities, which also retain the pre-1987 tax treatment, are obligations of local government entities and charitable organizations whose total annual issuance is less than $10 million. The gross issuance of long-term bank-qualified securities has been very strong in recent years, and these securities account for much of the recent increase in holdings of tax-exempt instruments. In addition, yields on tax-exempt securities rose last fall relative to those on comparable taxable securities. Several LPS respondents indicated that this increase had led them to purchase tax-exempt instruments. Finally, a few banks noted that improved profitability or exhaustion of net operating loss carryforwards made tax-exempt securities more attractive.

Trading account assets. Assets held in trading accounts expanded rapidly in 1993, primarily because of a large increase in the trading accounts of the top ten banks. These banks' trading accounts, which include more than 80 percent of the trading account assets at all banks, expanded more than 45 percent last year. Trading accounts at other banks grew even more rapidly, almost doubling in 1993. These large increases suggest that the high level of trading profits last year may have encouraged banks to increase their trading activities.

Liabilities

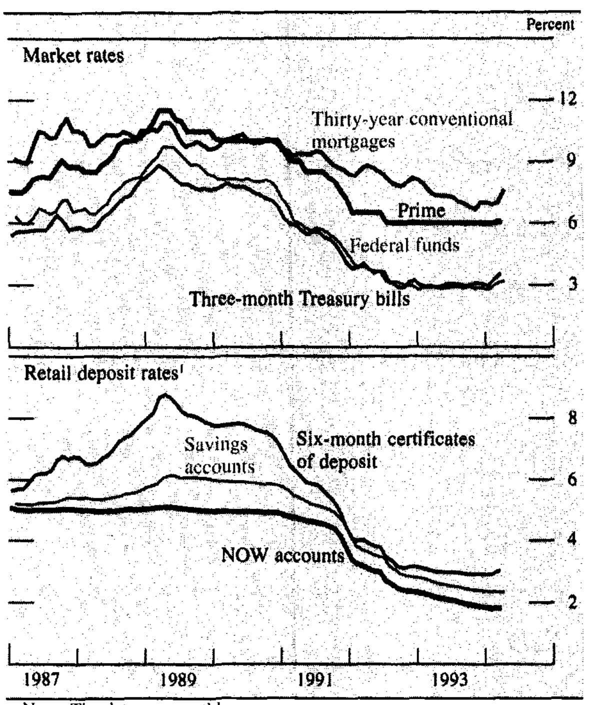
Total bank liabilities rose 5 percent last year, the largest increase since 1989. The growth in total liabilities resulted from continued expansion of transaction deposits, albeit at a slower pace than in 1992, a less rapid runoff in time deposits, and strong growth in other liability categories.

Transaction Deposits

Transaction deposits expanded in 1993, although more slowly than in 1992. Domestic demand deposits rose 5¾ percent, and other checkable deposits grew more than 5 percent. Demand deposits had increased rapidly in 1992 as a result of the decline in short-term rates, but their growth slowed last year as short-term rates stabilized. The slower growth in other checkable deposits reflected the decline in rates on these accounts relative to money market rates. For example, the average yield on NOW accounts fell last year, responding with a lag to the reduction in market rates in previous years (chart 6).

Transaction deposit growth would have slowed further but for the surge in mortgage refinancings generated by last year's decline in long-term rates. Refinancings temporarily increase the level of transaction deposits because mortgage servicers must hold prepayments of mortgages securitized by GNMA or the Federal National Mortgage Association in transaction accounts for up to six weeks before distributing the money to the holders of the security.

6. Selected interest rates, 1987–94:Q1



NOTE. The data are monthly.

1. Rates at all commercial banks; savings accounts include money market deposit accounts.

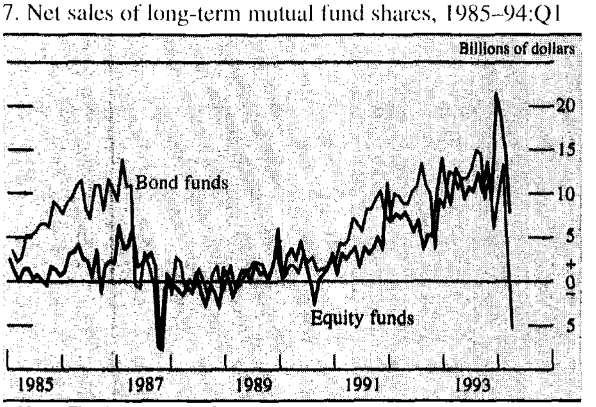
SOURCE. Federal Reserve Monthly Survey of Selected Deposits.

Nontransaction Deposits

Nontransaction deposits declined on the whole last year, with a small increase in savings deposits more than offset by the continued decline in time deposits. Savings deposits (including money market deposit accounts) increased 3½ percent, well below the 13 percent rise posted a year earlier. The slower growth reflected the decline in rates on savings accounts relative to market rates as deposit rates continued to adjust to previous declines in market rates. Both large and small time deposits fell last year, although less rapidly than in 1992. Rates on small time deposits declined last year, but not as much as rates on NOW and savings deposits.

The low rates on bank deposits, the steep yield curve, and the strong performance of stocks and bonds in recent years have encouraged savers to shift from deposits to stock and bond mutual funds (chart 7). Net monthly sales of shares of long-term bond funds averaged $11.6 billion, an increase of more than 20 percent since 1992. Sales of equity fund shares, boosted in large part by the quadrupling of inflows to international equity funds, accelerated more than 60 percent. With this large increase, sales of shares of equity funds reached

7. Net sales of long-term mutual fund shares, 1985–94:Q1



NOTE. The data are monthly.

Source. Investment Company Institute.

about the same level as those of long-term bond funds, averaging $11.7 billion per month last year.

In contrast to the declines in domestic nontransactions deposits, deposits booked in foreign offices grew 15 percent, accounting for the bulk of the growth in deposits. The increase in funding abroad may be the result of lower U.S. dollar funding costs in Europe and Japan, owing to the weakness of their economies and the resulting low level of demand for funds. Indeed the spreads between Eurodollar interest rates and U.S. interest rates were relatively narrow last year by historical standards.

Other Liabilities

Banks also increased borrowing from other sources in 1993. Subordinated notes and debentures expanded more than 10 percent, but this increase was well below that posted in 1992. Other liabilities increased more than 20 percent, with much of the increase coming in federal funds purchased and securities sold under agreement to repurchase and in other borrowed money. Federal funds and repurchase borrowing rose 8½ percent, while other borrowed money grew more than 40 percent. The category "other borrowed money" includes, among other items, senior debt. Press reports indicated that senior debt issuance was heavy in 1993, as improved capital ratios allowed some banks to issue relatively low-cost senior debt rather than more expensive capital-augmenting subordinated debt. This anecdotal evidence is consistent with the slowing of subordinated debt issuance.

Off-Balance-Sheet Items

Banks continued to expand their off-balance-sheet activities last year. Unused loan commitments increased more than 14 percent, doubling the gain posted in 1992 and suggesting a further advance in credit availability. At year-end, unused commitments totaled nearly $1.5 trillion—more than two-thirds of total loans. As they have been in recent years, unused commitments were divided fairly equally between credit card lines and commercial and industrial credit lines. Other types of commitments, including home equity lines of credit, amounted to less than 10 percent of the total.

The volume of commercial and standby letters of credit outstanding leveled out after declining for two years. Performance standby letters of credit declined more than 10 percent, while commercial and similar letters of credit changed little. Financial standby letters of credit, which make up more than 60 percent of total bank letters of credit, rebounded, rising 5½ percent after having fallen 12 percent over the previous two years.

The increase in financial standby letters of credit is likely the result, in part, of the banking industry's strong recovery over the past two years. Since letters of credit increase risk-weighted assets, the improved capital position of U.S. banks may have increased banks' willingness to provide them.

Bank activities in derivatives markets also expanded last year. The credit-equivalent value of all interest rate and exchange rate contracts rose about 2 percent, to more than $200 billion. The credit equivalent value is an estimate of the credit exposure on an off-balance-sheet derivatives contract that is intended to be comparable to the on-balance-sheet credit exposure created by a loan. The estimate is the sum of the current exposure (the replacement cost) and an estimate of the potential future increase in credit exposure (a small fraction of the notional principal value of the contract). The total credit equivalent value of bank interest rate contracts (including the value of interest rate swaps, futures contracts, forward contracts, and option contracts) increased 44 percent, reaching 2¼ percent of bank assets at year-end. In contrast, the credit equivalent value of all foreign exchange contracts (including the value of exchange rate swaps, commitments to buy foreign exchange, and option contracts) declined 16½ percent, to less than 3¼ percent of bank assets. As in the past, the vast majority of these derivatives contracts were held by the ten largest banks.

TRENDS IN PROFITABILITY

Net income at commercial banks rose 37 percent in 1993 and lifted the return on assets 29 basis points, to 1.21 percent. The return on equity rose 2¾ percentage points, to 15½ percent. Nearly all of the increase in net income from 1992 to 1993 was attributable to lower loan loss provisions, which fell to 0.47 percent of assets (table 4). The net

4. Selected income and expense items, by size of bank, 1990–93

Percent

Year and size of bank	Net income	Net interest margin	Net noninterest margin	Loss provisions
1993				
All	1.21	3.90	−1.81	.47
Small	1.25	4.38	−2.43	.26
Medium	1.21	4.25	−2.09	.46
Large	1.26	3.85	−1.66	.47
Ten largest	1.13	3.16	−1.14	.64
1992				
All	.92	3.89	−1.91	.78
Small	1.07	4.37	−2.49	.43
Medium	.92	4.19	−2.19	.76
Large	1.04	3.86	−1.73	.78
Ten largest	.61	3.15	−1.27	1.12
1991				
All	.53	3.60	−1.93	1.02
Small	.77	4.08	−2.52	.51
Medium	.61	3.95	−2.11	1.06
Large	.51	3.40	−1.69	1.19
Ten largest	.22	2.95	−1.43	1.21
1990				
All	.47	3.45	−1.82	.96
Small	.74	4.06	−2.48	.52
Medium	.51	3.83	−2.00	1.11
Large	.24	3.22	−1.59	1.27
Ten largest	.48	2.72	−1.28	.77

NOTE. Percentage of average net consolidated assets.

noninterest margin narrowed considerably to a minus 1.81 percent, also boosting net income; and, despite a flattening of the yield curve, the average net interest margin was about unchanged, at 3.90 percent of assets.

Banks in all size categories improved their profitability, but the ten largest banks showed the largest gain. These banks cut their rate of loan loss provisioning almost in half, to an average 64 basis points. This decline, along with a narrower net noninterest margin, nearly doubled these banks' average return on assets to 1.13 percent, just below the industry average. Lower loan loss provisions and narrower noninterest margins also accounted for most of the increase in net incomes of banks in other size categories.

Bank income varied widely by Federal Reserve District (table 5). Although some of the largest improvements in earnings in 1993 were among Districts that had experienced returns on assets below the industry average in 1992, increases were more uniform than in 1992. Consequently, banks in the Boston, New York, Richmond, and San Francisco Districts remained the least profitable on average. The largest increase in profitability occurred at banks in the Philadelphia District,

5. Return on assets, by Federal Reserve District, 1991–93

Percent

District	1991	1992	1993
Boston	−.13	.72	.94
New York	.10	.64	1.01
Philadelphia	1.23	1.55	1.99
Cleveland	.97	1.31	1.49
Richmond	.29	.81	1.04
Atlanta	.61	1.03	1.24
Chicago	.84	.92	1.22
St. Louis	.92	1.11	1.27
Minneapolis	1.31	1.60	1.78
Kansas City	.83	1.06	1.29
Dallas	.65	1.05	1.34
San Francisco	.41	.70	1.09
All Districts	**.53**	**.92**	**1.21**

NOTE. Return on assets is net income as a percentage of average net consolidated assets.

where banks earned an average return on assets of 1.99 percent. The high profits in this District and in the Minneapolis District partly result from the regional concentration of credit card banks, which have much higher average rates of return on assets than other banks have.

The strong 1993 profits for banks showed through to the results for bank holding companies, whose return on assets averaged 1.14 percent.[2] The return on equity for bank holding companies jumped to 14 percent. Their assets grew 8¼ percent. The pace and composition of asset growth were similar to those for banks—securities at holding companies rose 11 percent, and loans and leases grew 6½ percent.

Loss Provisions and Asset Quality

High loan loss reserves and improved asset quality allowed banks to reduce provisioning in 1993 (table 6). Delinquent loans (those that are more than thirty days past due or that are on nonaccrual status) fell sharply and ended 1993 at about 3.5 percent of total loans, down from more than 6 percent in early 1991. Small banks had the lowest delinquency rate, but differences among the categories narrowed. Net charge-offs as a share of loans fell to 0.85 percent, down from 1.30 percent in 1992. Because loan growth was positive and provisioning

2. These data are for bank holding companies with more than one bank subsidiary, which account for 93 percent of all bank holding company assets.

6. Measures of loan quality, by size of bank, 1990–93
Percent

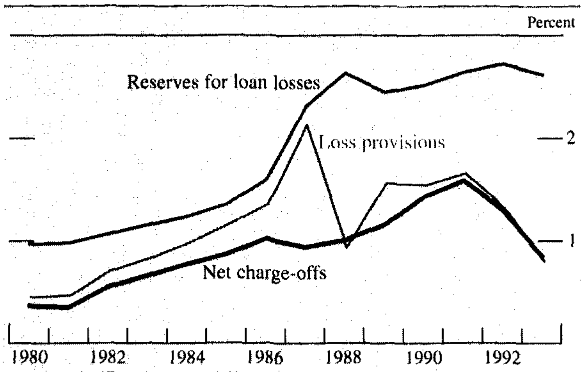
Year and size of bank	Net charge-offs	Delinquency rate [1]	Loss provisions
1993			
All	.85	4.14	.81
Small	.43	3.24	.48
Medium	.74	3.56	.78
Large	.93	4.01	.79
Ten largest	1.20	5.76	1.12
1992			
All	1.30	5.35	1.32
Small	.63	3.89	.80
Medium	1.19	4.55	1.26
Large	1.37	5.23	1.29
Ten largest	1.87	7.68	1.85
1991			
All	1.59	6.03	1.66
Small	.77	4.41	.93
Medium	1.43	5.28	1.70
Large	1.67	6.13	1.92
Ten largest	2.38	8.21	1.87
1990			
All	1.44	5.22	1.55
Small	.72	4.19	.94
Medium	1.19	4.47	1.73
Large	1.73	5.36	2.02
Ten largest	1.94	6.85	1.19

NOTE. Percentage of outstanding loans.
1. Delinquent loans are nonaccrual loans and those that are accruing interest but are more than thirty days past due.

was less than charge-offs, loan loss reserves declined as a share of loans (chart 8) but remained near historical highs. Although loan loss reserves declined, the large drop in delinquencies increased the ratio of loan loss reserves to delinquent loans to 70 percent at year-end, up from its recent low of 43 percent in 1991.

Loan quality improved for the three major loan categories (chart 9). In 1993, net charge-offs and delinquencies for commercial and industrial loans dropped to their lowest levels since before 1985, perhaps partly as a result of the relatively tight lending standards in the early 1990s. Delinquency and charge-off rates for real estate loans tumbled, in part reflecting improvements in commercial real estate markets and bank sales of troubled real estate loans. Measures of consumer loan quality returned to levels attained before the recession, as the economic expansion strengthened the financial position of households.

8. Reserves for loan losses, loss provisions, and net charge-offs as a percentage of loans, 1980–93

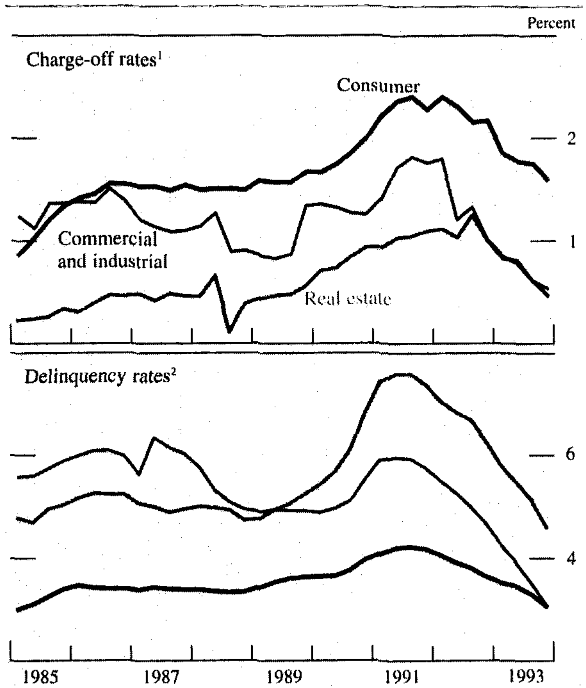


NOTE. The data are annual.

Interest Income and Expense

For the year as a whole, interest income and interest expense as a share of average assets fell by equal amounts, leaving the net interest margin at

9. Charge-off and delinquency rates, by type of loan, 1985–93

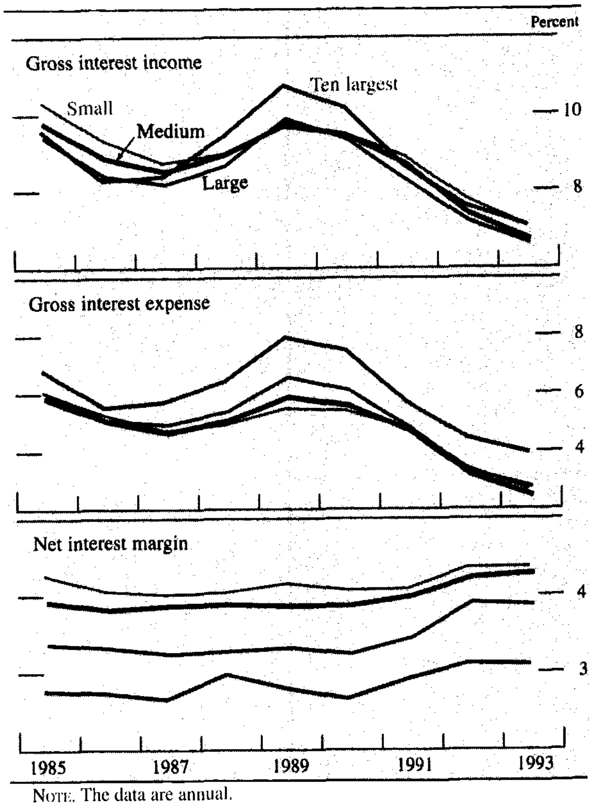


NOTE. The data are quarterly and seasonally adjusted.
1. The charge-off rate for a category of loans is the category's annualized charge-offs for the period, net of recoveries, divided by the category's average level of outstanding loans for the period.
2. Delinquent loans are nonaccrual loans and those accruing interest but more than thirty days past due. The delinquency rate for a category of loans is the category's average level of delinquent loans for the period divided by the category's average level of outstanding loans for the period. Before 1987, the data are for domestic loans only.

3.9 percent of assets. Net interest rate margins, which began to widen in 1990, peaked at 4.0 percent in the fourth quarter of 1992, before falling back slightly throughout 1993. Even though the yield curve flattened somewhat last year, as intermediate- and long-term rates fell and short-term rates held steady, banks buffered the decline in interest margins partly by reducing deposit interest rates. The decline in interest rates on NOW accounts and savings deposits reestablished more typical relationships between these rates and money market rates. And although rates on certificates of deposit (CDs) declined less than those on liquid deposits last year, CD rates had declined substantially in previous years, allowing banks to pay lower rates than they had been paying on maturing longer-term CDs. Banks also bolstered interest income by maintaining wider-than-average spreads between business loan rates and market interest rates, at the expense of faster loan growth. As a consequence, the average return on loans declined less than that on securities, supporting the gross return on assets.

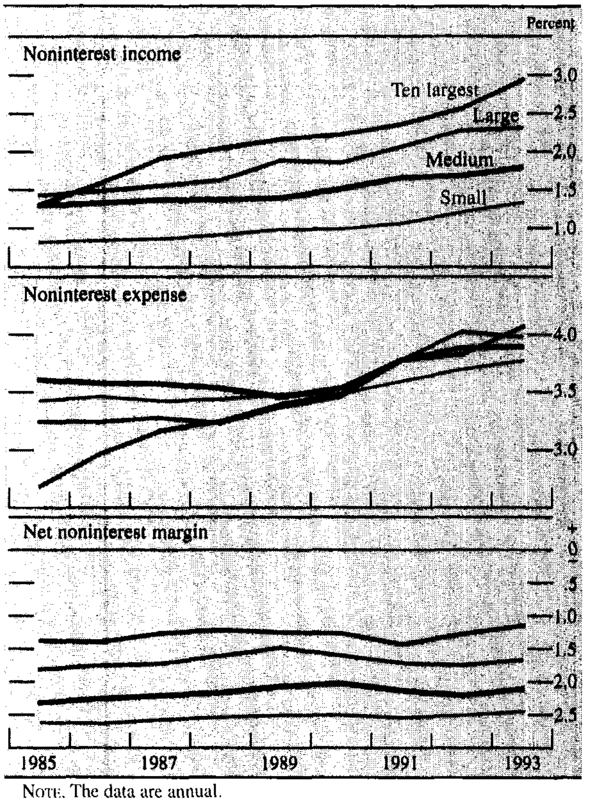
The pattern of net interest margins across bank-size categories changed little in 1993 (chart 10). The ten largest banks continued to have the narrowest margins. These banks finance a smaller share of their assets with transaction accounts and retail deposits, which carry lower interest rates than other types of liabilities. As a result, interest expense at these banks is much higher than that at other banks. Gross interest income as a percentage of average assets was again the highest for the ten largest banks and the small banks. Differences in interest income among the size categories are driven primarily by the returns on loan portfolios. The ten largest banks and the small banks, on average, earn 50 to 100 basis points more on their loans than do banks in the other size categories. In contrast, while the ten largest banks have the highest return on securities, the differences among the other size categories are small.

10. Interest income, interest expense, and net interest margin as a percentage of average assets, by size of bank, 1985–93



NOTE. The data are annual.

11. Noninterest income, noninterest expense, and net noninterest margin as a percentage of average assets, by size of bank, 1985–93



NOTE. The data are annual.

Noninterest Income and Expense

For the banking system as a whole, the negative spread between noninterest income and expense narrowed in 1993 for the second straight year, as noninterest income rose 18 basis points and noninterest expenses edged up 8 basis points. Securities trading gains rose sharply last year and accounted for half of the increase in noninterest income. Another source of growth in 1993 was in the broad category of "other noninterest income," which includes mortgage servicing and refinancing fees. Further declines in mortgage interest rates and the resultant waves of refinancings likely helped to boost this income category. The increase in noninterest expense partially reflected salaries, which rose 3 basis points as a share of assets. Other noninterest expenses, a category that includes deposit insurance premiums, advanced 6 basis points. Insurance premiums have tripled since 1989 and have added about 10 basis points to noninterest expense over this period.

The most substantial decline in the noninterest margin occurred at the ten largest banks even though their noninterest expense increased sharply (chart 11). These banks benefited the most from securities trading gains, which pushed up their noninterest income 30 basis points. Noninterest income also rose for banks in other size categories. An increase in service charges on deposits and in securities trading gains lifted noninterest income at large banks. The increase in noninterest income at small and medium-sized banks was concentrated in "other noninterest income." Noninterest margins advanced less at small banks, which posted a larger increase in wages and salaries.

Changes in Capital

Bank capital surged in 1993, as higher profits enabled banks to increase retained earnings even as they hiked dividends 50 percent. The higher level of retained earnings, along with additional sales of equity and capital transfers from parent holding companies, lifted equity capital as a share of assets from 7½ percent in the fourth quarter of 1992 to 8 percent in the fourth quarter of 1993. The proportion of industry assets at the end of 1993 at well-capitalized banks—adjusted for bank examiners' ratings—rose to almost 82 percent, up from 30 percent at the end of 1990. The fraction at undercapi-

7. Retained income and change in total equity capital, by size of bank, 1986–93

Millions of dollars except as noted

Item and size of bank	1986	1987	1988	1989	1990	1991	1992	1993
Retained income								
All banks	8,066	−8,117	11,202	1,180	1,777	2,836	17,277	21,226
Small	1,047	1,227	1,468	2,018	1,661	2,098	3,836	4,726
Medium	2,432	1,561	1,535	2,264	−135	261	4,256	4,175
Large	2,892	−3,468	3,454	820	−1,310	409	5,855	5,341
Ten largest	1,695	−7,436	4,745	−3,922	1,561	67	3,330	6,984
Net change in equity capital[1]								
All banks	12,797	−1,231	15,843	8,419	13,465	12,900	31,860	33,307
Small	1,334	1,010	467	2,517	1,673	1,064	3,262	2,625
Medium	4,686	4,221	3,355	4,356	4,204	4,665	4,908	7,184
Large	4,400	−970	6,837	3,110	4,763	6,942	9,556	13,213
Ten largest	2,378	−5,493	5,185	−1,565	2,826	228	14,134	10,284
Change in equity capital (percent)[1]								
All banks	7.60	−.68	8.80	4.30	6.59	5.92	13.81	12.69
Small	2.54	1.88	.85	4.56	2.90	1.79	5.39	4.12
Medium	10.44	8.52	6.24	7.62	6.84	7.10	6.97	9.54
Large	11.26	−2.23	16.09	6.30	9.08	12.13	14.90	17.93
Ten largest	7.40	−15.92	17.88	−4.58	8.66	.64	39.61	20.64
Change in equity capital attributable to retained income (percent)[1]								
All banks	63.03	...	70.71	14.02	13.20	21.98	54.23	63.73
Small	78.49	121.49	314.35	80.17	99.28	197.18	117.60	180.04
Medium	51.90	36.98	45.75	51.97	...	5.59	86.72	58.12
Large	65.73	...	50.52	26.37	...	5.89	61.27	40.42
Ten largest	71.28	...	91.51	...	55.24	29.39	23.56	67.91

NOTE. ... Not applicable.

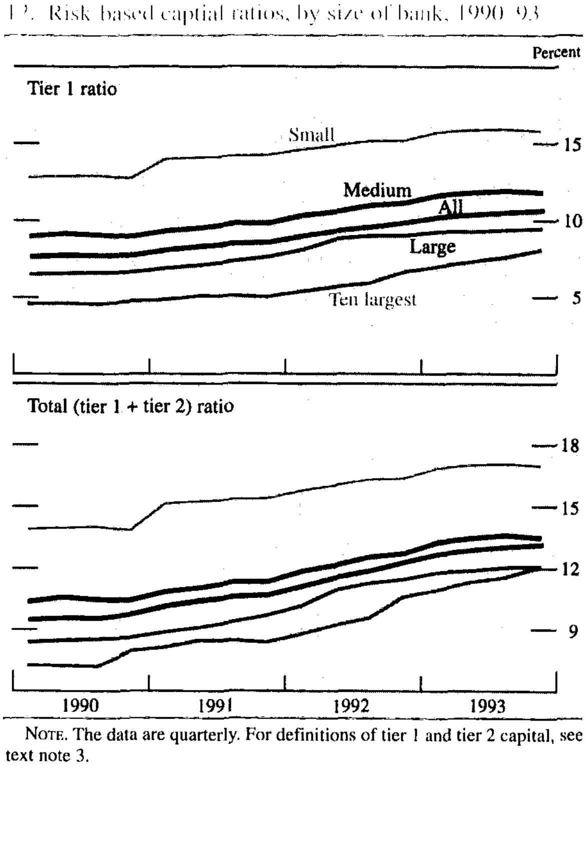
1. Calculated from year-end to year-end.

talized institutions fell to 6½ percent, about one-fifth of the proportion in 1990.

Equity capital increased about 20 percent at large banks, but only 4 percent at small banks, which have the highest capital ratios (table 7). Retained earnings accounted for about 70 percent of the increase in capital at the ten largest banks, but only 40 percent of the increase at other large banks, as the latter depended more on sales of equity and capital infusions from their parent bank holding companies. The increase in equity capital boosted risk-based capital ratios, with the ten largest banks experiencing the largest increase (chart 12).[3]

3. The agencies' risk-based capital guidelines are based upon the Basle Accord and were modified by the Federal Deposit Insurance Corporation Improvement Act of 1991. Tier 1 capital includes mainly common equity and certain perpetual preferred stock. Tier 2 capital consists primarily of subordinated debt, non–tier 1 preferred stock, and loan loss reserves. Risk-weighted assets are calculated by multiplying the amount of assets and the credit equivalent amount of off-balance-sheet items in each risk-weight category by a factor accounting for the credit risk of that category. For a summary of the evolution of risk-based capital standards, see Allan D. Brunner and William B. English, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1992," *Federal Reserve Bulletin* (July 1993), pp. 661–62.

12. Risk-based capital ratios, by size of bank, 1990–93



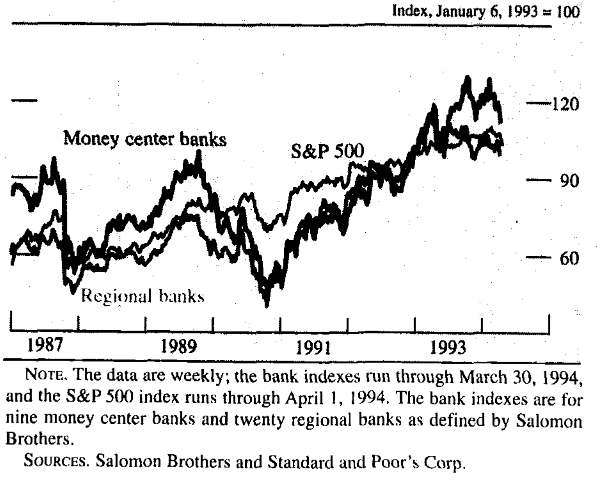
NOTE. The data are quarterly. For definitions of tier 1 and tier 2 capital, see text note 3.

The rapid growth in bank stock prices slowed in 1993, especially in the case of regional banks (chart 13). Stock prices of money center banks rose 20 percent—more than twice as fast as the S&P 500 stock index—but regional bank stock prices edged up only 3 percent. A sell-off following the announcement of first-quarter results erased gains made early in the year. While money center stocks rebounded over the summer, regional bank stocks performed less well. Bank stock prices were battered again in the fall, following the announcement of third-quarter results, but recovered somewhat late in the year.

DEVELOPMENTS IN 1994

Over the first several months of 1994, market interest rates rose sharply as investors responded to data indicating considerable momentum in the economy and as the Federal Reserve took actions to move monetary policy away from the accommodative stance of recent years. Banks raised the prime rate about in line with the increase in money market rates, maintaining the wide spread that has prevailed during the past three years. Broad stock prices were mixed, with regional bank stocks outperforming money center stocks. Many analysts have indicated that market participants expected the enactment of interstate branching legislation and a consequent acceleration of mergers among regional institutions, which would increase the value of potential target banks.

13. Stock price indexes, 1987–94:Q1



NOTE. The data are weekly; the bank indexes run through March 30, 1994, and the S&P 500 index runs through April 1, 1994. The bank indexes are for nine money center banks and twenty regional banks as defined by Salomon Brothers.

SOURCES. Salomon Brothers and Standard and Poor's Corp.

In the first quarter, asset growth accelerated at the domestic offices of U.S. commercial banks. Banks, apparently seeing the higher yields as attractive, purchased a large volume of government securities toward the end of the quarter. Other securities expanded briskly as well; but this expansion resulted almost entirely from the federal banking agencies' adoption of an accounting rule that requires banks to report, except under special circumstances, the fair-market value of off-balance-sheet items. (Before the rule change, banks had been permitted to report only the net amount of unrealized gains and losses from off-balance-sheet items.) Consumer and commercial and industrial loans also expanded more rapidly in the new year. LPS data show increased willingness to make consumer installment loans and continued easing of terms and standards on commercial and industrial loans. Deposit growth remained weak, in part because banks only sluggishly adjusted deposit interest rates to rising market rates. Investors responded to the decline of securities prices by reducing acquisitions of long-term mutual fund shares and by stepping up purchases of money market mutual fund shares.

Bank profitability appears to have remained strong in the first quarter of 1994, although a bit below the record level attained in 1993. Net interest margins likely declined somewhat, but loan loss provisions remained low. In contrast to 1993, trading gains fell at several large banks, moderating the effect of one of last year's sources of income.

A.1. Report of income, all insured domestic commercial banks and nondeposit trust companies, 1985–93

Millions of dollars

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
Gross interest income	247,798	237,680	244,784	272,351	316,362	319,987	289,440	256,524	244,595
Taxable equivalent	258,920	250,198	250,914	278,080	320,729	323,801	292,780	259,648	247,530
Loans	183,438	175,601	180,407	201,549	237,288	238,503	214,005	186,075	178,336
Securities	37,700	38,372	39,438	42,003	46,636	50,969	52,570	51,799	48,630
Gross federal funds sold and reverse repurchase agreements	9,554	9,119	9,020	10,374	12,997	12,544	9,125	5,909	4,783
Other	17,108	14,589	15,918	18,425	19,440	17,969	13,740	12,740	12,846
Gross interest expense	157,102	142,804	144,975	165,001	204,581	204,703	167,693	122,494	105,531
Deposits	130,627	117,549	115,627	129,468	157,037	161,287	138,761	98,737	79,409
Gross federal funds purchased and repurchase agreements	16,585	15,900	15,917	18,621	24,826	22,728	14,375	9,280	8,442
Other	9,892	9,354	13,429	16,913	22,716	20,688	14,557	14,477	17,682
Net interest margin	90,696	94,876	99,809	107,350	111,781	115,284	121,747	134,030	139,064
Taxable equivalent	101,818	107,394	105,939	113,079	116,148	119,098	125,087	137,154	141,999
Loss provisions[1]	17,820	22,167	37,711	17,486	31,034	32,206	34,351	26,775	16,597
Noninterest income	31,261	36,149	41,867	45,539	51,582	55,607	60,880	67,214	75,931
Service charges on deposits	7,368	7,973	8,735	9,455	10,235	11,423	12,818	14,117	14,869
Fiduciary activities	5,478	6,328	7,143	7,454	8,302	8,880	9,466	10,451	11,192
Foreign-exchange gains and fees	1,504	1,649	2,496	2,179	2,231	2,816	2,623	3,347	3,231
Trading income	892	1,201	1,064	1,510	1,817	2,038	3,326	2,928	6,018
Other	16,020	18,994	22,428	24,942	28,998	30,451	32,648	36,371	40,625
Noninterest expense	82,456	90,528	97,666	102,005	108,558	116,380	125,961	132,838	140,294
Salaries and employee benefits	40,037	43,053	45,333	46,878	49,293	52,030	53,536	55,487	58,460
Premises and fixed assets	13,324	14,556	15,312	15,910	16,647	17,516	17,885	18,145	18,552
Other	29,094	32,919	37,020	39,216	42,618	46,834	54,540	59,207	63,281
Net noninterest margin	−51,195	−54,379	−55,799	−56,466	−56,976	−60,773	−65,081	−65,624	−64,363
Gains on investment account securities	1,552	3,935	1,441	275	794	476	2,897	3,957	3,042
Income before taxes	23,233	22,267	7,741	33,672	24,569	22,780	25,214	45,589	61,146
Taxes	5,618	5,266	5,407	10,016	9,550	7,720	8,274	14,500	19,925
Extraordinary items	228	277	199	809	311	649	995	412	2,072
Net income	**17,844**	**17,279**	**2,536**	**24,468**	**15,307**	**15,705**	**17,927**	**31,502**	**43,295**
Cash dividends declared	8,521	9,213	10,652	13,267	14,127	13,928	15,092	14,226	22,068
Retained income	9,321	8,066	−8,117	11,202	1,180	1,777	2,836	17,277	21,226

1. Includes provision for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–93

A. All banks

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Balance sheet items as a percentage of average consolidated assets including loss reserves								
Interest-earning assets	86.68	87.10	87.48	88.00	87.92	87.81	88.03	88.33	88.50
Loans and leases, net	59.59	59.09	59.12	59.80	60.63	60.52	59.54	57.29	56.23
Commercial and industrial	22.16	20.87	19.98	19.50	19.09	18.50	17.33	15.78	14.90
U.S. addressees	17.41	16.84	16.57	16.55	16.54	15.99	15.00	13.54	12.74
Foreign addressees	4.75	4.02	3.41	2.95	2.55	2.51	2.33	2.24	2.16
Consumer	11.04	11.38	11.42	11.71	11.89	11.77	11.45	11.00	10.95
Credit card	2.63	2.98	3.17	3.47	3.69	3.78	3.88	3.79	3.83
Installment and other	8.41	8.40	8.26	8.24	8.20	7.99	7.57	7.20	7.12
Real estate	15.88	16.90	19.00	20.86	22.50	23.86	24.86	24.87	24.81
In domestic offices	15.42	16.35	18.40	20.18	21.78	23.10	24.10	24.19	24.19
Construction and land development	3.22	3.51	3.90	4.06	4.16	4.00	3.41	2.64	1.99
Farmland	.41	.44	.47	.49	.51	.51	.53	.56	.57
One- to four-family residential	7.31	7.45	8.22	9.21	10.15	11.20	12.27	12.91	13.50
Home equity	n.a.	n.a.	n.a.	1.14	1.42	1.67	1.95	2.09	2.07
Other	n.a.	n.a.	n.a.	8.07	8.73	9.54	10.32	10.83	11.43
Multifamily residential	.45	.50	.57	.59	.60	.63	.66	.75	.79
Nonfarm nonresidential	4.03	4.45	5.25	5.83	6.36	6.76	7.23	7.32	7.33
In foreign offices	.46	.56	.60	.68	.72	.76	.76	.69	.62
Depository institutions	2.66	2.38	2.28	2.04	1.76	1.60	1.42	1.24	1.08
Foreign governments	1.56	1.43	1.35	1.22	1.03	.78	.75	.73	.67
Agricultural production	1.53	1.23	1.04	.98	.96	.95	1.01	1.02	1.00
Other loans	5.43	5.51	4.98	4.52	4.31	3.93	3.60	3.50	3.55
Unearned income on loans[1]	.71	.60	.52	.50	.48	.42	.36	.28	.21
Lease-financing receivables	.84	.91	.98	1.06	1.10	1.12	1.09	1.03	.99
Loss reserves[2]	.81	.94	1.40	1.61	1.52	1.57	1.62	1.60	1.51
Securities	16.84	17.85	18.34	18.45	18.38	19.09	20.70	23.53	25.38
Investment account	15.62	16.28	17.00	17.17	17.13	17.63	18.93	21.19	22.51
Debt	15.62	16.28	17.00	17.17	16.84	17.36	18.62	20.82	22.13
U.S. Treasury	6.84	6.24	6.02	5.60	4.98	4.57	5.06	6.49	7.08
U.S. government agency and corporation obligations	2.80	3.07	4.14	4.88	6.03	7.56	8.74	9.86	10.74
Mortgage pass-through securities	.96	1.13	2.10	2.59	3.27	4.08	4.51	4.52	4.74
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.28	2.07	3.12	3.73
Other	1.84	1.94	2.04	2.29	2.77	2.20	2.16	2.21	2.26
State and local government	4.87	5.37	4.40	3.69	3.14	2.64	2.28	2.08	2.06
Tax-exempt	n.a.	n.a.	4.34	3.63	3.06	2.56	2.21	2.00	1.97
Taxable	n.a.	n.a.	.06	.07	.08	.08	.07	.08	.09
Other	1.10	1.62	2.44	2.99	2.68	2.59	2.53	2.40	2.26
Equity[3]	n.a.	n.a.	n.a.	n.a.	.29	.27	.31	.36	.38
Trading account	1.22	1.57	1.34	1.28	1.25	1.46	1.77	2.34	2.87
Gross federal funds sold and reverse RPs	4.48	4.82	4.57	4.55	4.33	4.46	4.58	4.54	4.27
Interest-bearing balances at depositories	5.77	5.35	5.45	5.21	4.58	3.74	3.21	2.97	2.62
Non-interest-earning assets	13.32	12.90	12.52	12.00	12.08	12.19	11.97	11.67	11.50
Liabilities	93.74	93.69	93.83	93.84	93.63	93.59	93.33	92.82	92.15
Interest-bearing liabilities	72.85	73.13	74.03	75.40	76.02	76.53	76.58	75.32	73.92
Deposits	61.52	60.63	61.26	62.06	62.56	63.42	64.44	62.93	60.28
In foreign offices	12.28	11.27	11.02	10.41	9.68	9.25	8.55	8.38	8.32
In domestic offices	49.24	49.36	50.24	51.65	52.88	54.17	55.89	54.56	51.96
Other checkable deposits	4.58	5.19	6.04	6.25	6.12	6.19	6.72	7.65	8.25
Savings (including MMDAs)	16.45	17.46	18.28	17.60	16.27	16.58	17.98	20.26	20.91
Small denomination time deposits	16.78	15.85	15.06	16.25	18.37	19.96	21.29	19.21	16.99
Large denomination time deposits	11.43	10.86	10.86	11.55	12.12	11.43	9.90	7.43	5.81
Gross federal funds purchased and RPs	7.72	8.31	8.13	8.02	8.22	8.02	7.09	7.02	7.47
Other	3.61	4.19	4.64	5.31	5.25	5.08	5.04	5.37	6.17
Non-interest-bearing liabilities	20.88	20.56	19.80	18.44	17.61	17.06	16.75	17.50	18.23
Demand deposits in domestic offices	15.51	15.89	15.34	14.25	13.48	12.79	12.58	13.24	13.86
Other	5.37	4.67	4.46	4.20	4.13	4.27	4.17	4.26	4.36
Capital account	6.27	6.31	6.17	6.16	6.37	6.41	6.67	7.18	7.85
MEMO									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11.36	10.60	9.83
Other real estate owned	.26	.30	.35	.39	.40	.51	.76	.82	.63
Managed liabilities	35.49	35.07	35.13	35.74	35.71	34.25	31.01	28.65	28.21
Average net consolidated assets (billions of dollars)	2,572	2,775	2,922	3,048	3,188	3,339	3,380	3,441	3,565

A.2. Continued

A. All banks

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Effective interest rate (percent)[4]								
Rates earned									
Interest-earning assets	11.13	9.89	9.42	9.99	11.11	10.66	9.54	8.28	7.62
Taxable equivalent	11.63	10.41	9.66	10.20	11.27	10.79	9.65	8.38	7.72
Loans and leases, gross	11.98	10.78	10.22	10.79	11.99	11.47	10.35	9.20	8.69
Net of loss provisions	10.81	9.42	8.08	9.86	10.42	9.92	8.69	7.88	7.88
Securities	9.49	8.44	8.10	8.36	8.75	8.79	8.20	7.07	6.11
Taxable equivalent	11.05	10.09	8.96	9.06	9.26	9.22	8.55	7.35	6.36
Investment account	9.44	8.49	7.94	8.04	8.57	8.67	8.26	7.14	6.11
U.S. government and other debt	10.45	9.14	8.18	8.22	8.85	8.92	8.45	7.22	6.11
State and local	7.16	7.18	7.26	7.38	7.45	7.39	7.25	6.83	6.31
Equity[3]	n.a.	n.a.	n.a.	n.a.	7.70	7.21	6.08	5.15	4.82
Trading account	10.10	7.83	10.02	12.63	11.11	10.16	7.52	6.40	6.16
Gross federal funds sold and reverse RPs	8.12	6.69	6.56	7.33	9.12	8.06	5.67	3.58	3.03
Interest-bearing balances at depositories	9.47	7.85	7.55	8.69	10.57	9.96	8.43	7.31	6.61
Rates paid									
Interest-bearing liabilities	8.48	7.16	6.75	7.22	8.50	8.03	6.51	4.75	4.01
Interest-bearing deposits	8.18	6.92	6.37	6.81	7.85	7.56	6.31	4.50	3.64
In foreign offices	9.48	7.79	7.90	8.90	10.87	10.71	8.54	7.32	6.82
In domestic offices	7.87	6.74	6.04	6.39	7.30	7.01	5.96	4.07	3.14
Other checkable deposits	n.a.	n.a.	4.54	4.74	4.82	4.78	4.32	2.69	1.98
Savings (including MMDAs)	n.a.	n.a.	5.28	5.52	6.17	5.98	5.08	3.25	2.50
Large denomination CDs	8.73	7.33	6.86	7.37	8.62	8.02	6.66	4.92	4.00
Other time deposits	n.a.	n.a.	6.97	7.28	8.27	7.96	6.88	5.13	4.18
Gross federal funds purchased and RPs	7.97	6.78	6.51	7.30	9.18	7.95	5.73	3.65	3.07
	Income and expenses as a percentage of average net consolidated assets								
Gross interest income	9.63	8.56	8.38	8.94	9.92	9.58	8.56	7.45	6.86
Taxable equivalent	10.07	9.02	8.59	9.12	10.06	9.70	8.66	7.55	6.94
Loans	7.13	6.33	6.17	6.61	7.44	7.14	6.33	5.41	5.00
Securities	1.47	1.38	1.35	1.38	1.46	1.53	1.56	1.51	1.36
Gross federal funds sold and reverse RPs	.37	.33	.31	.34	.41	.38	.27	.17	.13
Other	.67	.53	.54	.60	.61	.54	.41	.37	.36
Gross interest expense	6.11	5.15	4.96	5.41	6.42	6.13	4.96	3.56	2.96
Deposits	5.08	4.24	3.96	4.25	4.93	4.83	4.11	2.87	2.23
Gross federal funds purchased and RPs	.64	.57	.54	.61	.78	.68	.43	.27	.24
Other	.38	.34	.46	.55	.71	.62	.43	.42	.50
Net interest margin	3.53	3.42	3.42	3.52	3.51	3.45	3.60	3.89	3.90
Taxable equivalent	3.96	3.87	3.63	3.71	3.64	3.57	3.70	3.99	3.98
Loss provisions[5]	.69	.80	1.29	.57	.97	.96	1.02	.78	.47
Noninterest income	1.22	1.30	1.43	1.49	1.62	1.67	1.80	1.95	2.13
Service charges on deposits	.29	.29	.30	.31	.32	.34	.38	.41	.42
Fiduciary activities	.21	.23	.24	.24	.26	.27	.28	.30	.31
Foreign-exchange gains and fees	.06	.06	.09	.07	.07	.08	.08	.10	.09
Trading income	.03	.04	.04	.05	.06	.06	.10	.09	.17
Other	.62	.68	.77	.82	.91	.91	.97	1.06	1.14
Noninterest expense	3.21	3.26	3.34	3.35	3.41	3.49	3.73	3.86	3.94
Salaries and employee benefits	1.56	1.55	1.55	1.54	1.55	1.56	1.58	1.61	1.64
Premises and fixed assets	.52	.52	.52	.52	.52	.52	.53	.53	.52
Other	1.13	1.19	1.27	1.29	1.34	1.40	1.61	1.72	1.78
Net noninterest margin	−1.99	−1.96	−1.91	−1.85	−1.79	−1.82	−1.93	−1.91	−1.81
Gains on investment account securities	.06	.14	.05	.01	.02	.01	.09	.11	.09
Income before taxes	.90	.80	.26	1.10	.77	.68	.75	1.32	1.72
Taxes	.22	.19	.19	.33	.30	.23	.24	.42	.56
Extraordinary items	.01	.01	.01	.03	.01	.02	.03	.01	.06
Net income	.69	.62	.09	.80	.48	.47	.53	.92	1.21
Cash dividends declared	.33	.33	.36	.44	.44	.42	.45	.41	.62
Retained income	.36	.29	−.28	.37	.04	.05	.08	.50	.60
MEMO: Return on equity	11.08	9.87	1.41	13.04	7.55	7.34	7.95	12.75	15.47

NOTE. n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
2. Includes allocated transfer risk reserve. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
3. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
4. Where possible, based on an average of quarterly average balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provision for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–93

B. Ten largest banks, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Balance sheet items as a percentage of average consolidated assets including loss reserves								
Interest-earning assets	84.33	85.08	85.14	85.22	85.16	84.85	85.41	85.16	84.79
Loans and leases, net	63.11	61.45	59.36	58.69	59.66	61.69	62.14	58.34	55.57
Commercial and industrial	30.68	26.68	24.53	23.36	22.61	22.91	22.42	20.32	18.65
U.S. addressees	15.33	13.74	13.31	13.01	13.18	13.39	13.44	12.00	10.75
Foreign addressees	15.35	12.95	11.22	10.36	9.43	9.53	8.97	8.32	7.90
Consumer	5.62	6.50	6.41	6.19	6.21	6.87	7.20	7.31	7.33
Credit card	2.14	2.46	2.34	2.08	1.99	2.20	2.53	2.61	2.50
Installment and other	3.49	4.03	4.07	4.10	4.22	4.67	4.67	4.70	4.83
Real estate	10.37	12.30	13.97	15.46	18.02	20.56	21.68	19.93	18.54
In domestic offices	8.67	10.22	11.69	12.80	15.05	17.36	18.37	17.07	15.99
Construction and land development	2.24	2.67	3.21	3.48	3.60	3.79	3.42	2.48	1.59
Farmland	.07	.07	.06	.06	.08	.08	.08	.07	.07
One- to four-family residential	4.10	4.76	5.17	5.83	7.45	9.31	10.34	10.08	10.29
Home equity	n.a.	n.a.	n.a.	.76	1.04	1.31	1.63	1.63	1.60
Other	n.a.	n.a.	n.a.	5.07	6.41	8.00	8.71	8.46	8.68
Multifamily residential	.41	.48	.61	.65	.68	.68	.57	.58	.53
Nonfarm nonresidential	1.85	2.24	2.63	2.78	3.23	3.51	3.95	3.86	3.51
In foreign offices	1.71	2.07	2.28	2.66	2.97	3.20	3.32	2.85	2.55
Depository institutions	5.29	5.01	5.18	5.21	4.56	3.64	3.05	2.56	2.35
Foreign governments	3.94	3.77	3.64	3.63	3.34	2.76	2.88	2.75	2.46
Agricultural production	.48	.42	.36	.33	.31	.31	.31	.28	.27
Other loans	6.67	6.85	6.51	6.23	6.36	6.05	5.61	6.05	6.82
Unearned income on loans[1]	.36	.39	.41	.43	.45	.39	.35	.27	.21
Lease-financing receivables	1.29	1.37	1.38	1.44	1.49	1.60	1.68	1.51	1.30
Loss reserves[2]	.87	1.06	2.22	2.74	2.77	2.63	2.34	2.08	1.94
Securities	9.29	11.71	12.59	12.96	13.13	14.03	15.58	19.13	22.74
Investment account	5.75	6.91	8.19	8.67	9.05	9.22	9.38	10.70	12.45
Debt	5.75	6.91	8.19	8.67	8.83	8.98	9.08	10.36	12.08
U.S. Treasury	1.89	1.60	1.47	1.41	1.29	1.09	1.35	2.30	2.39
U.S. government agency and corporation obligations	.55	.68	1.54	1.94	2.29	2.91	3.46	4.45	6.14
Mortgage pass-through securities	.46	.59	1.47	1.84	2.07	2.24	2.26	2.43	3.30
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.55	1.12	1.97	2.76
Other	.09	.09	.07	.10	.22	.13	.08	.05	.08
State and local government	1.53	1.99	1.93	1.80	1.58	1.08	.77	.66	.59
Tax-exempt	n.a.	n.a.	1.93	1.78	1.57	1.06	.77	.65	.58
Taxable	n.a.	n.a.	.01	.01	.02	.02	.01	.01	*
Other	1.78	2.64	3.25	3.52	3.67	3.90	3.50	2.95	2.97
Equity[3]	n.a.	n.a.	n.a.	n.a.	.22	.24	.30	.33	.36
Trading account	3.55	4.80	4.40	4.29	4.08	4.81	6.19	8.43	10.30
Gross federal funds sold and reverse RPs	3.53	3.57	3.91	4.61	4.12	2.88	2.96	3.23	2.71
Interest-bearing balances at depositories	8.39	8.35	9.28	8.97	8.26	6.25	4.74	4.45	3.76
Non-interest-earning assets	15.67	14.92	14.86	14.78	14.84	15.15	14.59	14.84	15.21
Liabilities	95.18	95.13	95.58	95.41	95.11	95.29	94.97	94.44	93.24
Interest-bearing liabilities	72.45	72.61	73.08	73.76	74.17	73.97	74.62	73.08	71.56
Deposits	57.44	56.56	57.46	57.67	57.56	57.95	57.67	55.73	52.91
In foreign offices	34.60	32.43	32.60	31.49	30.08	29.66	28.47	27.16	25.51
In domestic offices	22.85	24.14	24.86	26.18	27.49	28.28	29.19	28.56	27.41
Other checkable deposits	1.27	1.89	2.45	2.68	2.70	2.74	3.00	3.38	3.45
Savings (including MMDAs)	8.81	10.32	11.04	11.42	11.32	12.05	13.50	14.91	15.33
Small denomination time deposits	4.65	4.59	4.55	5.03	5.64	6.16	6.55	5.72	5.09
Large denomination time deposits	8.12	7.34	6.82	7.05	7.82	7.33	6.14	4.56	3.53
Gross federal funds purchased and RPs	7.95	8.08	6.89	6.40	6.72	6.90	6.80	6.19	6.70
Other	7.06	7.96	8.74	9.69	9.89	9.13	10.15	11.16	11.94
Non-interest-bearing liabilities	22.72	22.52	22.50	21.65	20.94	21.32	20.35	21.36	21.68
Demand deposits in domestic offices	11.34	12.55	12.64	11.93	11.60	10.93	10.36	11.05	11.27
Other	11.38	9.97	9.86	9.71	9.34	10.39	9.99	10.30	10.41
Capital account	4.82	4.87	4.42	4.59	4.89	4.71	5.03	5.56	6.76
MEMO									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.47	7.43	5.92
Other real estate owned	.14	.18	.21	.22	.23	.42	.78	1.13	1.02
Managed liabilities	59.32	57.37	56.79	56.34	56.24	54.74	53.18	50.76	49.17
Average net consolidated assets (billions of dollars)	646	681	691	685	693	725	717	775	818

A.2. Continued

B. Ten largest banks, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Effective interest rate (percent)[4]								
Rates earned									
Interest-earning assets	11.28	9.69	9.56	10.74	12.30	11.63	9.91	8.68	8.16
Taxable equivalent	11.60	10.03	9.59	10.87	12.31	11.70	9.95	8.72	8.20
Loans and leases, gross	11.91	10.39	10.13	11.33	13.18	12.28	10.45	9.36	9.07
Net of loss provisions	10.74	9.09	6.63	10.68	10.86	11.10	8.59	7.50	7.95
Securities	10.03	8.54	9.49	10.51	10.05	9.76	8.50	7.42	6.68
Taxable equivalent	10.89	9.56	9.66	11.06	10.09	10.01	8.64	7.54	6.77
Investment account	9.81	8.78	8.69	8.65	9.12	9.21	8.95	8.03	6.88
U.S. government and other debt	10.80	9.39	9.06	8.91	9.50	9.54	9.25	8.20	6.96
State and local	7.05	7.28	7.50	7.68	7.63	7.53	7.59	7.38	7.11
Equity[3]	n.a.	n.a.	n.a.	n.a.	7.05	5.71	4.22	4.17	3.80
Trading account	10.35	8.18	10.96	14.33	12.13	10.75	7.84	6.69	6.45
Gross federal funds sold and reverse RPs	7.72	6.24	6.13	7.31	8.97	8.01	5.60	3.65	3.02
Interest-bearing balances at depositories	9.61	7.90	7.68	9.13	10.88	11.06	10.05	9.29	8.34
Rates paid									
Interest-bearing liabilities	9.38	7.63	7.83	8.74	10.74	10.18	7.70	6.17	5.60
Interest-bearing deposits	8.68	7.11	6.97	7.76	9.19	9.03	7.09	5.33	4.50
In foreign offices	9.58	7.88	8.00	9.00	10.96	11.11	8.76	7.55	6.87
In domestic offices	7.52	6.22	5.63	6.26	7.27	6.81	5.46	3.24	2.36
Other checkable deposits	n.a.	n.a.	3.26	4.41	4.39	4.35	3.92	1.96	1.28
Savings (including MMDAs)	n.a.	n.a.	5.13	5.53	6.48	6.21	5.08	2.95	2.14
Large denomination CDs	9.03	7.23	7.29	7.73	8.87	7.95	6.49	4.66	3.55
Other time deposits	n.a.	n.a.	6.38	7.08	8.25	7.75	6.07	3.81	3.01
Gross federal funds purchased and RPs	7.99	6.87	6.52	7.41	9.27	7.75	5.98	4.04	3.26
	Income and expenses as a percentage of average net consolidated assets								
Gross interest income	9.49	8.19	8.45	9.51	10.82	10.37	8.77	7.68	7.22
Taxable equivalent	9.76	8.48	8.48	9.62	10.83	10.43	8.80	7.72	7.25
Loans	7.45	6.28	6.23	6.92	8.22	7.96	6.77	5.65	5.22
Securities	.56	.61	.71	.75	.83	.86	.84	.85	.86
Gross federal funds sold and reverse RPs	.29	.26	.29	.40	.37	.25	.17	.14	.11
Other	1.19	1.04	1.22	1.44	1.39	1.30	.98	1.05	1.04
Gross interest expense	6.75	5.48	5.77	6.50	8.01	7.65	5.81	4.54	4.06
Deposits	5.15	4.15	4.18	4.55	5.37	5.41	4.23	3.09	2.48
Gross federal funds purchased and RPs	.74	.60	.52	.58	.72	.64	.43	.28	.24
Other	.86	.73	1.07	1.37	1.92	1.60	1.15	1.17	1.35
Net interest margin	2.74	2.71	2.68	3.01	2.81	2.72	2.95	3.15	3.16
Taxable equivalent	3.01	3.00	2.71	3.12	2.82	2.78	2.99	3.18	3.19
Loss provisions[5]	.73	.79	2.15	.40	1.45	.77	1.21	1.12	.64
Noninterest income	1.33	1.58	1.94	2.07	2.19	2.27	2.40	2.59	2.99
Service charges on deposits	.11	.13	.16	.19	.21	.23	.26	.30	.30
Fiduciary activities	.18	.21	.23	.23	.27	.31	.33	.37	.39
Foreign-exchange gains and fees	.19	.20	.29	.26	.25	.30	.28	.36	.31
Trading income	.05	.08	.10	.15	.17	.21	.36	.30	.60
Other	.80	.97	1.16	1.24	1.29	1.21	1.16	1.27	1.38
Noninterest expense	2.68	2.95	3.20	3.28	3.43	3.55	3.83	3.86	4.13
Salaries and employee benefits	1.36	1.50	1.60	1.63	1.66	1.74	1.79	1.78	1.88
Premises and fixed assets	.48	.54	.58	.60	.62	.65	.66	.65	.66
Other	.84	.91	1.03	1.05	1.15	1.16	1.38	1.43	1.59
Net noninterest margin	−1.35	−1.37	−1.26	−1.21	−1.24	−1.28	−1.43	−1.27	−1.14
Gains on investment account securities	.06	.12	.07	.03	.03	.02	.04	.11	.13
Income before taxes	.71	.68	−.66	1.43	.16	.69	.35	.87	1.50
Taxes	.25	.22	.14	.44	.38	.27	.17	.26	.53
Extraordinary items	*	*	*	.08	.03	.06	.03	*	.16
Net income	.46	.46	−.80	1.07	−.19	.48	.22	.61	1.13
Cash dividends declared	.24	.21	.28	.38	.37	.26	.21	.18	.28
Retained income	.22	.25	−1.08	.69	−.57	.22	.01	.43	.85
MEMO: Return on equity	9.59	9.46	−18.11	23.28	−3.92	10.13	4.35	10.91	16.75

NOTE. n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

* In absolute value, less than 0.005 percent.

1. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
2. Includes allocated transfer risk reserve. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
3. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
4. Where possible, based on an average of quarterly average balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provision for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–93

C. Banks ranked 11th through 100th, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Balance sheet items as a percentage of average consolidated assets including loss reserves								
Interest-earning assets	84.91	85.64	86.20	87.23	86.91	86.81	86.87	87.97	88.36
Loans and leases, net	61.88	61.77	61.70	61.99	62.61	61.22	60.08	58.30	57.33
Commercial and industrial	24.20	24.13	23.72	23.45	22.75	21.76	20.53	18.83	18.04
U.S. addressees	21.09	21.21	21.22	21.43	21.23	20.44	19.30	17.78	17.06
Foreign addressees	3.11	2.92	2.50	2.02	1.53	1.33	1.24	1.05	.98
Consumer	11.19	11.80	11.73	12.20	12.97	12.25	11.66	11.72	11.47
Credit card	4.16	4.50	4.40	4.85	5.82	5.49	5.04	5.16	5.23
Installment and other	7.04	7.30	7.33	7.35	7.16	6.76	6.62	6.56	6.24
Real estate	13.76	13.94	16.05	17.94	19.09	20.21	21.51	21.89	22.12
In domestic offices	13.65	13.77	15.83	17.65	18.85	20.03	21.37	21.78	22.02
Construction and land development	4.46	4.79	5.24	5.27	5.25	4.91	4.00	3.02	2.08
Farmland	.08	.09	.10	.11	.12	.12	.12	.14	.13
One- to four-family residential	5.71	5.27	5.88	6.85	7.54	8.53	10.17	11.36	12.30
Home equity	n.a.	n.a.	n.a.	1.17	1.41	1.66	2.07	2.50	2.54
Other	n.a.	n.a.	n.a.	5.68	6.13	6.86	8.10	8.85	9.76
Multifamily residential	.31	.32	.39	.43	.45	.46	.54	.66	.71
Nonfarm nonresidential	3.09	3.30	4.22	4.99	5.49	6.01	6.53	6.61	6.79
In foreign offices	.12	.17	.22	.29	.24	.18	.14	.11	.10
Depository institutions	3.37	2.83	2.51	1.84	1.55	1.57	1.58	1.43	1.30
Foreign governments	1.91	1.65	1.53	1.22	.88	.52	.39	.33	.30
Agricultural production	.51	.36	.30	.29	.29	.28	.31	.31	.29
Other loans	7.18	7.26	6.25	5.54	5.17	4.82	4.55	4.28	4.04
Unearned income on loans[1]	.56	.49	.40	.37	.34	.26	.22	.17	.11
Lease-financing receivables	1.20	1.33	1.52	1.69	1.73	1.67	1.53	1.49	1.47
Loss reserves[2]	.90	1.03	1.51	1.80	1.48	1.60	1.76	1.79	1.60
Securities	11.55	14.11	15.26	15.54	15.21	16.20	17.38	20.38	21.96
Investment account	10.54	13.02	14.45	14.73	14.38	15.32	16.24	19.24	20.59
Debt	10.54	13.02	14.45	14.73	14.16	15.14	16.02	18.99	20.34
U.S. Treasury	4.54	4.69	5.06	4.89	4.10	3.42	3.78	5.88	7.05
U.S. government agency and corporation obligations	1.32	2.05	3.13	3.58	5.01	7.42	8.43	9.26	9.54
Mortgage pass-through securities	.81	1.40	2.36	2.96	4.03	5.32	5.38	5.22	5.21
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.57	2.48	3.54	3.73
Other	.52	.65	.77	.61	.98	.53	.57	.50	.61
State and local government	3.93	5.08	4.07	3.32	2.70	2.03	1.63	1.46	1.32
Tax-exempt	n.a.	n.a.	4.05	3.30	2.65	2.00	1.61	1.43	1.29
Taxable	n.a.	n.a.	.01	.02	.05	.03	.02	.03	.03
Other	.75	1.20	2.18	2.94	2.35	2.27	2.19	2.39	2.43
Equity[3]	n.a.	n.a.	n.a.	n.a.	.22	.18	.22	.25	.26
Trading account	1.01	1.09	.81	.82	.83	.88	1.13	1.14	1.37
Gross federal funds sold and reverse RPs	3.69	3.17	3.07	3.68	3.71	4.41	4.90	4.78	4.98
Interest-bearing balances at depositories	7.79	6.58	6.16	6.01	5.38	4.98	4.51	4.52	4.08
Non-interest-earning assets	15.09	14.36	13.80	12.77	13.09	13.19	13.13	12.03	11.64
Liabilities	94.50	94.36	94.56	94.77	94.45	94.35	93.93	93.13	92.56
Interest-bearing liabilities	71.28	71.54	73.01	75.33	76.23	77.02	76.06	74.66	73.38
Deposits	53.99	51.42	52.61	55.02	56.45	57.46	59.23	56.99	54.22
In foreign offices	11.85	10.45	10.14	9.68	8.63	7.84	6.69	6.20	6.78
In domestic offices	42.14	40.97	42.48	45.34	47.82	49.62	52.54	50.79	47.44
Other checkable deposits	3.57	3.84	4.42	4.68	4.67	4.75	5.36	6.26	7.21
Savings (including MMDAs)	14.73	15.17	16.02	15.67	14.58	15.50	17.62	20.21	20.60
Small denomination time deposits	11.40	10.31	9.63	11.05	13.49	15.59	17.99	15.98	14.19
Large denomination time deposits	12.44	11.65	12.40	13.95	15.08	13.79	11.56	8.34	5.44
Gross federal funds purchased and RPs	13.13	14.80	14.52	13.72	13.22	13.03	10.94	11.45	11.93
Other	4.15	5.31	5.87	6.59	6.57	6.53	5.89	6.22	7.23
Non-interest-bearing liabilities	23.22	22.82	21.55	19.44	18.22	17.33	17.87	18.47	19.18
Demand deposits in domestic offices	17.13	17.61	16.62	15.04	13.86	13.23	13.76	14.52	15.38
Other	6.09	5.21	4.93	4.40	4.36	4.10	4.11	3.95	3.80
Capital account	5.50	5.64	5.44	5.23	5.55	5.65	6.07	6.87	7.44
MEMO									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11.27	10.43	9.58
Other real estate owned	.19	.17	.22	.31	.30	.46	.76	.70	.47
Managed liabilities	41.85	42.56	43.29	44.27	43.81	41.50	35.41	32.53	31.69
Average net consolidated assets (billions of dollars)	668	735	802	870	940	995	1,006	1,003	1,083

A.2.—Continued

C. Banks ranked 11th through 100th, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Effective interest rate (percent)[4]								
Rates earned									
Interest-earning assets	10.94	9.71	9.19	9.68	11.08	10.43	9.20	7.99	7.38
Taxable equivalent	11.48	10.32	9.41	9.89	11.23	10.53	9.29	8.07	7.46
Loans and leases, gross	11.61	10.45	9.77	10.29	11.70	11.07	9.84	8.74	8.26
Net of loss provisions	10.58	9.15	7.33	9.40	9.85	9.06	7.91	7.45	7.46
Securities	9.14	8.05	7.88	8.09	8.81	8.83	8.21	7.07	6.14
Taxable equivalent	10.94	10.08	8.69	8.83	9.34	9.15	8.49	7.30	6.33
Investment account	9.10	8.17	7.93	8.11	8.82	8.89	8.34	7.20	6.24
U.S. government and other debt	10.34	8.97	8.26	8.36	9.16	9.15	8.48	7.24	6.23
State and local	6.88	6.93	7.10	7.25	7.38	7.28	7.23	6.83	6.47
Equity[3]	n.a.	n.a.	n.a.	n.a.	8.75	8.07	7.25	6.27	5.57
Trading account	9.56	6.55	6.99	7.67	8.66	8.01	6.45	4.73	4.74
Gross federal funds sold and reverse RPs	8.16	6.57	6.58	6.73	9.29	8.11	5.77	3.70	3.12
Interest-bearing balances at depositories	9.40	7.86	7.68	8.83	11.33	9.72	8.13	6.76	6.50
Rates paid									
Interest-bearing liabilities	8.45	7.10	6.75	7.16	8.63	7.94	6.33	4.42	3.76
Interest-bearing deposits	8.14	6.89	6.42	6.86	8.10	7.53	6.19	4.30	3.52
In foreign offices	9.31	7.66	7.78	8.87	11.07	10.08	8.37	7.26	7.37
In domestic offices	7.84	6.70	6.10	6.43	7.57	7.12	5.91	3.95	2.99
Other checkable deposits	n.a.	n.a.	4.43	4.41	4.54	4.64	4.14	2.43	1.70
Savings (including MMDAs)	n.a.	n.a.	5.27	5.56	6.40	6.05	4.96	3.07	2.33
Large denomination CDs	8.74	7.41	7.01	7.41	8.68	8.09	6.71	5.09	4.30
Other time deposits	n.a.	n.a.	7.06	7.33	8.67	8.06	6.83	5.06	4.07
Gross federal funds purchased and RPs	8.03	6.84	6.63	7.23	9.33	8.11	5.70	3.57	3.04
	Income and expenses as a percentage of average net consolidated assets								
Gross interest income	9.19	8.17	8.04	8.55	9.74	9.28	8.14	7.12	6.58
Taxable equivalent	9.64	8.68	8.23	8.74	9.87	9.37	8.22	7.19	6.65
Loans	7.15	6.35	6.19	6.57	7.48	6.99	6.07	5.23	4.85
Securities	.95	1.06	1.14	1.20	1.26	1.36	1.34	1.37	1.27
Gross federal funds sold and reverse RPs	.28	.20	.20	.22	.36	.37	.28	.19	.15
Other	.81	.56	.51	.56	.65	.56	.45	.34	.32
Gross interest expense	5.89	4.94	4.85	5.32	6.47	6.07	4.74	3.26	2.74
Deposits	4.42	3.57	3.40	3.78	4.57	4.35	3.70	2.48	1.93
Gross federal funds purchased and RPs	1.06	1.00	.96	1.00	1.24	1.12	.67	.43	.38
Other	.40	.37	.48	.54	.66	.60	.38	.35	.43
Net interest margin	3.30	3.23	3.19	3.23	3.27	3.22	3.40	3.86	3.85
Taxable equivalent	3.75	3.74	3.38	3.42	3.40	3.30	3.47	3.93	3.91
Loss provisions[5]	.63	.79	1.55	.57	1.18	1.27	1.19	.78	.47
Noninterest income	1.40	1.44	1.53	1.60	1.86	1.84	2.03	2.25	2.29
Service charges on deposits	.27	.27	.29	.30	.30	.34	.40	.44	.46
Fiduciary activities	.31	.34	.36	.34	.35	.33	.36	.38	.38
Foreign-exchange gains and fees	.04	.03	.05	.04	.05	.06	.05	.05	.05
Trading income	.05	.05	.02	.03	.04	.03	.05	.04	.08
Other	.74	.75	.81	.88	1.12	1.09	1.18	1.33	1.32
Noninterest expense	3.17	3.15	3.23	3.18	3.32	3.43	3.72	3.98	3.95
Salaries and employee benefits	1.55	1.49	1.48	1.46	1.47	1.46	1.50	1.53	1.52
Premises and fixed assets	.51	.49	.49	.49	.50	.49	.50	.49	.48
Other	1.11	1.16	1.26	1.24	1.35	1.48	1.72	1.95	1.95
Net noninterest margin	−1.77	−1.71	−1.70	−1.59	−1.46	−1.59	−1.69	−1.73	−1.66
Gains on investment account securities	.05	.17	.05	*	.04	.03	.14	.15	.09
Income before taxes	.95	.91	*	1.08	.67	.38	.66	1.50	1.82
Taxes	.21	.20	.09	.28	.18	.15	.19	.48	.56
Extraordinary items	.01	.01	*	.02	*	.01	.03	.03	*
Net income	.74	.72	−.09	.81	.49	.24	.51	1.04	1.26
Cash dividends declared	.26	.32	.34	.41	.40	.37	.47	.46	.76
Retained income	.48	.39	−.43	.40	.09	−.13	.04	.58	.49
MEMO: Return on equity	13.48	12.71	−1.69	15.52	8.81	4.29	8.34	15.18	16.88

NOTE. n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

* In absolute value, less than 0.005 percent.

1. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
2. Includes allocated transfer risk reserve. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
3. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
4. Where possible, based on an average of quarterly average balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provision for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–93

D. Banks ranked 101st through 1,000th, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Balance sheet items as a percentage of average consolidated assets including loss reserves								
Interest-earning assets	87.82	87.92	88.34	88.88	88.95	88.81	88.88	89.02	89.53
Loans and leases, net	59.27	59.77	61.60	63.03	63.61	63.07	61.01	58.45	57.83
Commercial and industrial	19.02	18.47	18.12	17.83	17.68	16.68	15.05	13.35	12.27
U.S. addressees	18.69	18.22	17.87	17.67	17.53	16.56	14.89	13.18	12.10
Foreign addressees	.33	.25	.24	.16	.15	.13	.16	.18	.16
Consumer	14.46	14.69	15.34	15.91	15.47	15.47	15.10	14.07	14.54
Credit card	3.50	4.01	4.65	5.21	4.82	5.22	5.71	5.25	5.33
Installment and other	10.96	10.68	10.69	10.70	10.65	10.25	9.39	8.82	9.21
Real estate	18.86	19.79	22.25	24.28	25.97	27.01	27.52	28.15	28.68
In domestic offices	18.86	19.78	22.25	24.27	25.95	26.98	27.47	28.11	28.65
Construction and land development	3.94	4.18	4.57	4.73	4.82	4.37	3.66	2.86	2.27
Farmland	.23	.25	.26	.27	.27	.28	.28	.32	.34
One- to four-family residential	8.42	8.49	9.48	10.64	11.55	12.48	13.22	14.28	15.22
Home equity	n.a.	n.a.	n.a.	1.73	2.08	2.31	2.53	2.57	2.51
Other	n.a.	n.a.	n.a.	8.91	9.47	10.17	10.68	11.71	12.70
Multifamily residential	.59	.66	.68	.67	.70	.74	.80	.96	1.07
Nonfarm nonresidential	5.68	6.21	7.26	7.97	8.62	9.12	9.51	9.70	9.76
In foreign offices	*	.01	.01	.01	.01	.03	.05	.04	.02
Depository institutions	1.58	1.36	1.13	1.01	.92	1.05	.93	.81	.44
Foreign governments	.30	.26	.25	.20	.16	.09	.07	.05	.03
Agricultural production	.75	.62	.48	.47	.45	.47	.49	.54	.56
Other loans	5.30	5.44	4.94	4.23	3.77	3.17	2.81	2.47	2.17
Unearned income on loans[1]	.88	.71	.61	.60	.56	.50	.40	.30	.20
Lease-financing receivables	.64	.71	.72	.78	.82	.83	.85	.79	.77
Loss reserves[2]	.77	.87	1.01	1.07	1.07	1.20	1.42	1.48	1.42
Securities	19.60	19.28	18.72	18.52	18.74	19.33	21.28	24.16	26.00
Investment account	19.36	18.95	18.50	18.25	18.37	18.86	20.91	23.81	25.71
Debt	19.36	18.95	18.50	18.25	18.01	18.53	20.55	23.36	25.23
U.S. Treasury	8.63	7.58	7.14	6.52	5.90	5.43	6.16	7.76	8.66
U.S. government agency and corporation obligations	3.37	3.32	4.06	4.81	6.06	7.74	9.35	11.10	12.37
Mortgage pass-through securities	1.06	1.13	1.89	2.33	3.03	3.83	4.51	4.75	4.99
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	1.74	2.73	3.96	4.84
Other	2.31	2.19	2.17	2.48	3.03	2.17	2.11	2.39	2.55
State and local government	6.18	6.48	5.03	4.10	3.49	3.11	2.65	2.27	2.26
Tax-exempt	n.a.	n.a.	4.97	4.06	3.44	3.05	2.59	2.20	2.18
Taxable	n.a.	n.a.	.05	.05	.05	.06	.06	.07	.08
Other	1.19	1.57	2.26	2.82	2.56	2.25	2.38	2.23	1.94
Equity[3]	n.a.	n.a.	n.a.	n.a.	.35	.32	.37	.45	.47
Trading account	.24	.33	.22	.28	.38	.48	.37	.35	.29
Gross federal funds sold and reverse RPs	5.15	5.66	4.94	4.45	4.11	4.51	4.70	4.93	4.50
Interest-bearing balances at depositories	3.80	3.22	3.08	2.87	2.49	1.90	1.90	1.48	1.21
Non-interest-earning assets	12.18	12.08	11.66	11.12	11.05	11.19	11.12	10.98	10.47
Liabilities	93.44	93.33	93.28	93.34	93.26	93.07	92.89	92.47	91.86
Interest-bearing liabilities	72.90	73.01	73.92	75.59	76.42	77.05	77.26	75.97	74.42
Deposits	62.62	62.17	62.43	63.00	63.66	65.00	66.30	65.66	63.20
In foreign offices	2.00	2.07	1.96	2.04	2.09	1.65	1.76	1.56	1.44
In domestic offices	60.62	60.10	60.47	60.97	61.57	63.35	64.55	64.10	61.76
Other checkable deposits	5.55	6.25	7.27	7.39	7.13	7.30	7.83	9.15	9.98
Savings (including MMDAs)	21.50	22.37	22.83	21.27	19.49	19.68	20.72	23.31	24.09
Small denomination time deposits	19.92	18.66	17.75	19.34	22.05	24.08	25.21	23.59	20.87
Large denomination time deposits	13.65	12.83	12.62	12.96	12.89	12.30	10.79	8.05	6.82
Gross federal funds purchased and RPs	7.90	8.21	8.46	8.63	9.20	8.42	7.46	7.13	7.39
Other	2.38	2.63	3.03	3.96	3.56	3.62	3.50	3.17	3.83
Non-interest-bearing liabilities	20.53	20.32	19.36	17.74	16.84	16.02	15.63	16.50	17.44
Demand deposits in domestic offices	18.29	18.25	17.35	15.84	14.84	14.06	13.56	14.41	15.11
Other	2.24	2.08	2.00	1.90	2.00	1.96	2.07	2.09	2.33
Capital account	6.56	6.67	6.72	6.66	6.74	6.93	7.11	7.53	8.14
MEMO									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13.86	12.97	12.32
Other real estate owned	.28	.30	.37	.42	.47	.56	.79	.81	.58
Managed liabilities	25.88	25.67	26.00	27.51	27.69	25.97	23.49	19.91	19.48
Average net consolidated assets (billions of dollars)	638	710	771	839	892	938	961	966	975

A.2.—Continued

D. Banks ranked 101st through 1,000th, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Effective interest rate (percent)[4]								
Rates earned									
Interest-earning assets	10.96	9.91	9.45	9.90	10.72	10.42	9.54	8.14	7.40
Taxable equivalent	11.57	10.52	9.80	10.15	10.93	10.57	9.68	8.26	7.51
Loans and leases, gross	11.89	10.83	10.30	10.75	11.57	11.20	10.40	9.11	8.52
Net of loss provisions	10.89	9.60	9.05	9.60	10.42	9.47	8.70	7.84	7.74
Securities	9.19	8.29	7.67	7.85	8.35	8.54	8.14	6.90	5.81
Taxable equivalent	10.89	10.09	8.77	8.59	8.98	9.02	8.54	7.20	6.08
Investment account	9.19	8.30	7.70	7.86	8.36	8.51	8.16	6.91	5.82
U.S. government and other debt	10.25	8.99	7.95	8.07	8.65	8.78	8.34	6.97	5.79
State and local	6.91	6.98	7.03	7.15	7.28	7.32	7.25	6.85	6.31
Equity[3]	n.a.	n.a.	n.a.	n.a.	7.10	6.95	5.79	4.88	4.85
Trading account	8.88	7.42	5.80	6.96	7.61	9.92	6.86	5.62	4.82
Gross federal funds sold and reverse RPs	8.22	6.84	6.62	7.47	8.95	7.98	5.63	3.47	2.99
Interest-bearing balances at depositories	9.15	7.53	7.03	7.82	9.18	8.51	6.81	4.61	3.49
Rates paid									
Interest-bearing liabilities	8.02	6.92	6.29	6.70	7.69	7.25	6.08	4.19	3.31
Interest-bearing deposits	7.85	6.75	6.08	6.49	7.33	7.05	6.04	4.16	3.24
In foreign offices	8.65	6.94	6.77	7.65	8.98	8.12	6.38	4.25	3.35
In domestic offices	7.82	6.76	6.06	6.45	7.28	7.02	6.03	4.16	3.24
Other checkable deposits	n.a.	n.a.	4.64	4.77	4.86	4.75	4.28	2.67	2.01
Savings (including MMDAs)	n.a.	n.a.	5.28	5.53	6.11	5.98	5.12	3.34	2.57
Large denomination CDs	8.61	7.30	6.79	7.39	8.64	8.03	6.61	4.73	3.84
Other time deposits	n.a.	n.a.	7.14	7.45	8.28	8.03	7.05	5.33	4.37
Gross federal funds purchased and RPs	7.87	6.60	6.34	7.39	8.96	7.86	5.61	3.46	2.95
	Income and expenses as a percentage of average net consolidated assets								
Gross interest income	9.61	8.67	8.38	8.86	9.64	9.36	8.61	7.35	6.69
Taxable equivalent	10.15	9.21	8.70	9.09	9.83	9.51	8.74	7.46	6.79
Loans	7.06	6.48	6.43	6.88	7.49	7.20	6.49	5.45	5.02
Securities	1.77	1.57	1.42	1.43	1.53	1.60	1.70	1.64	1.48
Gross federal funds sold and reverse RPs	.43	.37	.31	.32	.37	.36	.27	.17	.13
Other	.36	.25	.22	.24	.25	.19	.15	.08	.06
Gross interest expense	5.75	4.94	4.57	5.02	5.81	5.53	4.66	3.16	2.45
Deposits	4.92	4.21	3.81	4.09	4.67	4.58	4.01	2.74	2.06
Gross federal funds purchased and RPs	.63	.55	.53	.64	.83	.67	.42	.25	.22
Other	.20	.19	.23	.29	.32	.29	.23	.17	.17
Net interest margin	3.86	3.73	3.81	3.85	3.82	3.83	3.95	4.19	4.25
Taxable equivalent	4.39	4.27	4.12	4.07	4.01	3.97	4.08	4.30	4.34
Loss provisions[5]	.59	.74	.78	.74	.74	1.11	1.06	.76	.46
Noninterest income	1.28	1.30	1.35	1.36	1.38	1.49	1.64	1.67	1.78
Service charges on deposits	.35	.34	.34	.34	.35	.37	.40	.44	.44
Fiduciary activities	.26	.25	.25	.25	.25	.26	.27	.28	.29
Foreign-exchange gains and fees	.01	.01	.01	*	.01	*	.01	*	.01
Trading income	.04	.04	.03	.03	.03	.02	.03	.02	.02
Other	.63	.67	.72	.74	.74	.84	.94	.93	1.02
Noninterest expense	3.55	3.50	3.52	3.50	3.43	3.50	3.75	3.86	3.87
Salaries and employee benefits	1.67	1.59	1.54	1.49	1.47	1.47	1.47	1.50	1.51
Premises and fixed assets	.55	.53	.52	.50	.49	.49	.49	.49	.48
Other	1.34	1.38	1.47	1.51	1.47	1.55	1.79	1.86	1.88
Net noninterest margin	−2.28	−2.20	−2.17	−2.14	−2.04	−2.00	−2.11	−2.19	−2.09
Gains on investment account securities	.05	.12	.04	*	.01	.01	.09	.10	.06
Income before taxes	1.05	.91	.89	.97	1.05	.72	.87	1.35	1.76
Taxes	.21	.18	.27	.32	.32	.21	.29	.44	.59
Extraordinary items	.02	.01	.02	.01	*	*	.03	*	.04
Net income	.85	.74	.64	.67	.74	.51	.61	.92	1.21
Cash dividends declared	.40	.40	.44	.48	.48	.53	.58	.48	.78
Retained income	.45	.34	.20	.18	.25	−.01	.03	.44	.43
MEMO: Return on equity	12.99	11.09	9.53	10.00	10.94	7.44	8.60	12.22	14.85

NOTE. n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

* In absolute value, less than 0.005 percent.

1. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
2. Includes allocated transfer risk reserve. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
3. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
4. Where possible, based on an average of quarterly average balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provision for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks and nondeposit trust companies, by size of bank, 1985–93

E. Banks not ranked among the 1,000 largest, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Balance sheet items as a percentage of average consolidated assets including loss reserves								
Interest-earning assets	89.87	90.00	90.50	90.81	90.88	91.05	91.23	91.39	91.67
Loans and leases, net	53.80	52.81	52.82	53.88	54.83	54.73	54.05	53.08	53.02
Commercial and industrial	14.33	13.68	12.84	12.34	12.10	11.53	10.59	9.73	9.24
U.S. addressees	14.29	13.66	12.81	12.32	12.07	11.50	10.55	9.68	9.20
Foreign addressees	.03	.03	.03	.02	.03	.04	.04	.04	.04
Consumer	13.01	12.40	11.74	11.48	11.46	11.19	10.48	9.80	9.33
Credit card	.61	.68	.80	.86	.93	.99	1.07	1.13	1.09
Installment and other	12.39	11.72	10.94	10.62	10.53	10.20	9.41	8.67	8.24
Real estate	20.83	21.94	24.07	26.03	27.35	28.35	29.31	30.11	31.03
In domestic offices	20.82	21.94	24.07	26.02	27.35	28.35	29.31	30.11	31.03
Construction and land development	2.16	2.21	2.19	2.22	2.29	2.38	2.18	1.97	1.93
Farmland	1.32	1.42	1.59	1.74	1.82	1.86	1.93	2.06	2.19
One- to four-family residential	11.23	11.62	12.79	14.06	14.80	15.37	15.99	16.41	16.79
Home equity	n.a.	n.a.	n.a.	.73	.95	1.16	1.29	1.33	1.27
Other	n.a.	n.a.	n.a.	13.32	13.86	14.21	14.70	15.08	15.52
Multifamily residential	.50	.54	.60	.61	.62	.66	.71	.77	.84
Nonfarm nonresidential	5.62	6.15	6.90	7.40	7.82	8.09	8.49	8.89	9.28
In foreign offices	*	*	*	*	*	*	*	*	*
Depository institutions	.27	.25	.30	.31	.26	.23	.20	.13	.12
Foreign governments	.01	.01	.01	.02	.01	.01	.01	.01	.02
Agricultural production	4.52	3.76	3.30	3.25	3.27	3.29	3.47	3.54	3.57
Other loans	2.40	2.20	1.90	1.75	1.67	1.41	1.24	.99	.86
Unearned income on loans[1]	1.07	.83	.67	.61	.60	.58	.51	.43	.36
Lease-financing receivables	.19	.19	.19	.19	.19	.18	.18	.17	.18
Loss reserves[2]	.69	.78	.85	.88	.88	.89	.93	.97	.97
Securities	27.55	26.96	27.67	27.98	27.91	28.37	29.97	32.06	33.02
Investment account	27.51	26.91	27.59	27.92	27.83	28.28	29.91	32.00	32.95
Debt	27.51	26.91	27.59	27.92	27.44	27.92	29.54	31.56	32.50
U.S. Treasury	12.63	11.40	10.64	9.75	8.83	8.77	9.24	10.24	10.47
U.S. government agency and *corporation obligations*	6.17	6.44	8.18	9.80	11.37	12.43	13.81	15.01	15.77
Mortgage pass-through securities	1.55	1.38	2.66	3.22	3.76	4.58	5.59	5.51	5.38
Collateralized mortgage obligations	n.a.	n.a.	n.a.	n.a.	n.a.	.92	1.55	2.66	3.32
Other	4.62	5.07	5.52	6.58	7.61	6.94	6.66	6.84	7.06
State and local government	8.02	8.01	6.64	5.65	4.94	4.56	4.26	4.28	4.69
Tax-exempt	n.a.	n.a.	6.48	5.45	4.72	4.33	4.03	4.02	4.37
Taxable	n.a.	n.a.	.17	.20	.22	.23	.23	.27	.32
Other	.69	1.06	2.13	2.73	2.30	2.16	2.23	2.03	1.58
Equity[3]	n.a.	n.a.	n.a.	n.a.	.40	.36	.38	.44	.45
Trading account	.04	.05	.08	.05	.07	.10	.06	.06	.07
Gross federal funds sold and reverse RPs	5.61	7.09	6.66	5.76	5.74	6.13	5.64	5.09	4.66
Interest-bearing balances at depositories	2.90	3.13	3.36	3.19	2.40	1.81	1.57	1.16	.97
Non-interest-earning assets	10.13	10.00	9.50	9.19	9.12	8.95	8.77	8.61	8.33
Liabilities	91.72	91.80	91.74	91.61	91.42	91.37	91.36	91.07	90.62
Interest-bearing liabilities	74.90	75.60	76.39	76.94	77.11	77.80	78.39	77.84	76.90
Deposits	72.73	73.64	74.38	74.83	74.97	75.78	76.40	75.70	74.46
In foreign offices	.07	.06	.04	.04	.06	.07	.08	.07	.09
In domestic offices	72.66	73.59	74.34	74.80	74.90	75.71	76.32	75.63	74.37
Other checkable deposits	8.10	9.02	10.33	10.63	10.38	10.45	10.98	12.31	13.14
Savings (including MMDAs)	21.06	22.19	23.29	21.92	19.51	18.73	19.35	22.07	23.51
Small denomination time deposits	31.98	30.89	29.56	30.97	33.64	35.36	35.85	32.80	30.05
Large denomination time deposits	11.52	11.49	11.16	11.27	11.37	11.17	10.15	8.45	7.68
Gross federal funds purchased and RPs	1.48	1.29	1.27	1.35	1.35	1.36	1.31	1.40	1.48
Other	.70	.66	.73	.76	.79	.67	.67	.74	.97
Non-interest-bearing liabilities	16.82	16.20	15.35	14.67	14.31	13.57	12.97	13.23	13.73
Demand deposits in domestic offices	15.24	14.88	14.24	13.58	13.09	12.36	11.83	12.21	12.79
Other	1.57	1.32	1.11	1.09	1.22	1.21	1.15	1.02	.93
Capital account	8.28	8.20	8.26	8.39	8.58	8.63	8.64	8.93	9.38
MEMO									
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11.05	11.06	11.35
Other real estate owned	.44	.55	.63	.65	.65	.62	.67	.65	.52
Managed liabilities	13.70	13.44	13.14	13.35	13.53	13.23	12.17	10.63	10.19
Average net consolidated assets (billions of dollars)	620	649	659	654	662	681	695	698	689

A.2.—Continued

E. Banks not ranked among the 1,000 largest, by assets

Item	1985	1986	1987	1988	1989	1990	1991	1992	1993
	Effective interest rate (percent)[4]								
Rates earned									
Interest-earning assets	11.34	10.25	9.53	9.76	10.50	10.31	9.64	8.47	7.68
Taxable equivalent	11.85	10.75	9.86	10.00	10.72	10.50	9.82	8.64	7.85
Loans and leases, gross	12.60	11.59	10.84	11.01	11.74	11.56	11.00	9.89	9.22
Net of loss provisions	11.09	9.92	9.59	9.98	10.85	10.61	10.07	9.09	8.74
Securities	9.68	8.75	7.93	7.96	8.41	8.47	8.08	7.00	5.95
Taxable equivalent	11.27	10.32	8.96	8.66	9.03	9.02	8.56	7.43	6.36
Investment account	9.68	8.74	7.91	7.93	8.39	8.45	8.08	7.00	5.95
U.S. government and other debt	10.56	9.27	8.03	8.02	8.57	8.64	8.24	7.07	5.93
State and local	7.52	7.50	7.51	7.58	7.59	7.48	7.20	6.72	6.12
Equity[3]	n.a.	n.a.	n.a.	n.a.	7.96	8.03	6.99	5.46	5.10
Trading account	9.03	8.88	9.38	15.11	14.35	12.79	8.79	7.03	4.46
Gross federal funds sold and reverse RPs	8.26	6.90	6.81	7.67	9.24	8.10	5.65	3.50	2.94
Interest-bearing balances at depositories	9.64	8.05	7.37	8.06	9.10	8.54	7.35	5.58	4.53
Rates paid									
Interest-bearing liabilities	8.08	6.98	6.18	6.40	7.15	7.00	6.17	4.45	3.56
Interest-bearing deposits	8.06	6.94	6.12	6.35	7.09	6.96	6.15	4.44	3.53
In foreign offices	8.34	7.06	7.29	7.62	9.35	7.57	5.95	3.97	2.91
In domestic offices	8.06	6.94	6.12	6.35	7.09	6.96	6.15	4.44	3.53
Other checkable deposits	n.a.	n.a.	4.93	4.99	5.08	5.02	4.61	3.13	2.42
Savings (including MMDAs)	n.a.	n.a.	5.37	5.47	5.81	5.73	5.17	3.61	2.91
Large denomination CDs	8.69	7.35	6.55	7.11	8.35	7.90	6.73	5.03	4.05
Other time deposits	n.a.	n.a.	6.96	7.16	8.02	7.87	6.97	5.34	4.38
Gross federal funds purchased and RPs	7.78	6.58	6.25	6.79	8.51	7.71	5.71	3.97	3.34
	Income and expenses as a percentage of average net consolidated assets								
Gross interest income	10.29	9.29	8.71	8.94	9.64	9.49	8.90	7.83	7.11
Taxable equivalent	10.75	9.74	9.01	9.17	9.84	9.67	9.07	7.98	7.26
Loans	6.86	6.19	5.80	6.00	6.52	6.42	6.04	5.34	4.97
Securities	2.65	2.35	2.18	2.21	2.32	2.38	2.40	2.24	1.95
Gross federal funds sold and reverse RPs	.50	.50	.47	.46	.57	.53	.34	.18	.14
Other	.28	.25	.25	.26	.23	.17	.12	.07	.05
Gross interest expense	6.04	5.25	4.71	4.91	5.49	5.43	4.82	3.46	2.73
Deposits	5.87	5.11	4.57	4.75	5.32	5.27	4.70	3.36	2.63
Gross federal funds purchased and RPs	.12	.09	.08	.10	.12	.10	.07	.06	.05
Other	.06	.05	.05	.06	.06	.05	.04	.04	.05
Net interest margin	4.25	4.03	4.00	4.03	4.15	4.06	4.08	4.37	4.38
Taxable equivalent	4.71	4.49	4.30	4.26	4.35	4.24	4.25	4.52	4.53
Loss provisions[5]	.82	.89	.67	.56	.49	.52	.51	.43	.26
Noninterest income	.84	.85	.88	.92	1.00	1.00	1.07	1.22	1.34
Service charges on deposits	.42	.42	.41	.41	.41	.42	.44	.45	.45
Fiduciary activities	.10	.10	.11	.12	.14	.14	.14	.16	.16
Foreign-exchange gains and fees	*	*	*	*	*	*	*	*	*
Trading income	*	*	*	*	.01	.01	*	*	*
Other	.30	.33	.35	.39	.44	.43	.49	.61	.73
Noninterest expense	3.43	3.45	3.42	3.44	3.48	3.48	3.60	3.70	3.78
Salaries and employee benefits	1.66	1.63	1.61	1.62	1.65	1.63	1.64	1.69	1.73
Premises and fixed assets	.53	.53	.52	.51	.50	.49	.49	.49	.48
Other	1.24	1.29	1.30	1.31	1.33	1.35	1.46	1.52	1.56
Net noninterest margin	−2.60	−2.60	−2.55	−2.51	−2.48	−2.48	−2.52	−2.49	−2.43
Gains on investment account securities	.08	.15	.03	.01	.01	*	.06	.09	.07
Income before taxes	.91	.69	.82	.97	1.18	1.05	1.11	1.54	1.75
Taxes	.20	.15	.25	.29	.37	.33	.35	.48	.54
Extraordinary items	.01	.02	.02	.02	.02	.02	.01	.02	.05
Net income	.72	.56	.59	.69	.83	.74	.77	1.07	1.25
Cash dividends declared	.43	.40	.40	.46	.52	.49	.47	.52	.57
Retained income	.30	.16	.19	.22	.30	.24	.30	.55	.69
MEMO: Return on equity	8.70	6.82	7.10	8.21	9.64	8.54	8.97	11.96	13.37

NOTE. n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

* In absolute value, less than 0.005 percent.

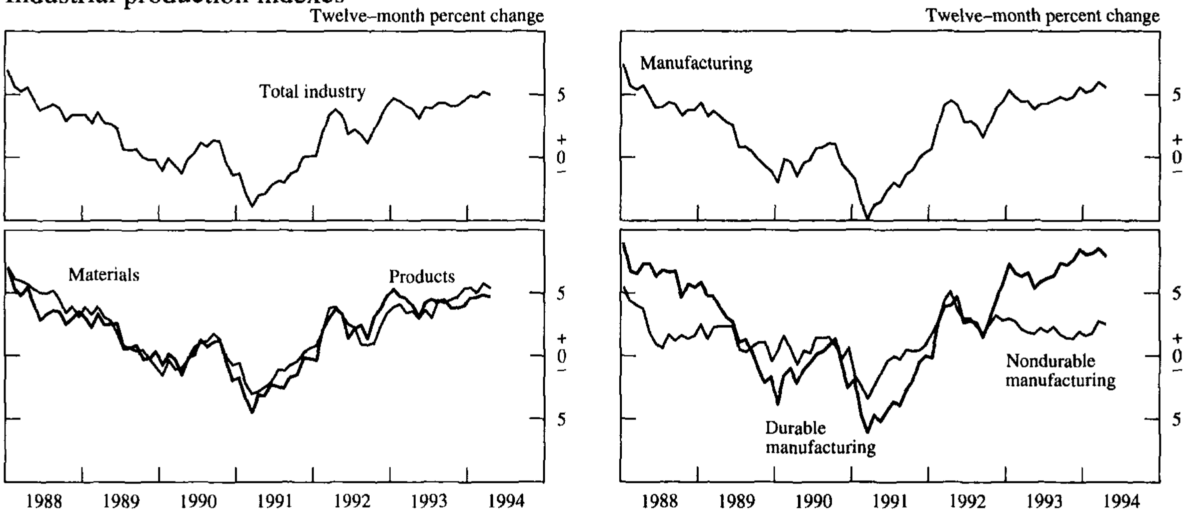
1. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
2. Includes allocated transfer risk reserve. Subtracted from the sum of loans and leases in the calculation of net loans and leases.
3. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
4. Where possible, based on an average of quarterly average balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provision for allocated transfer risk.

Industrial Production and Capacity Utilization for April 1994

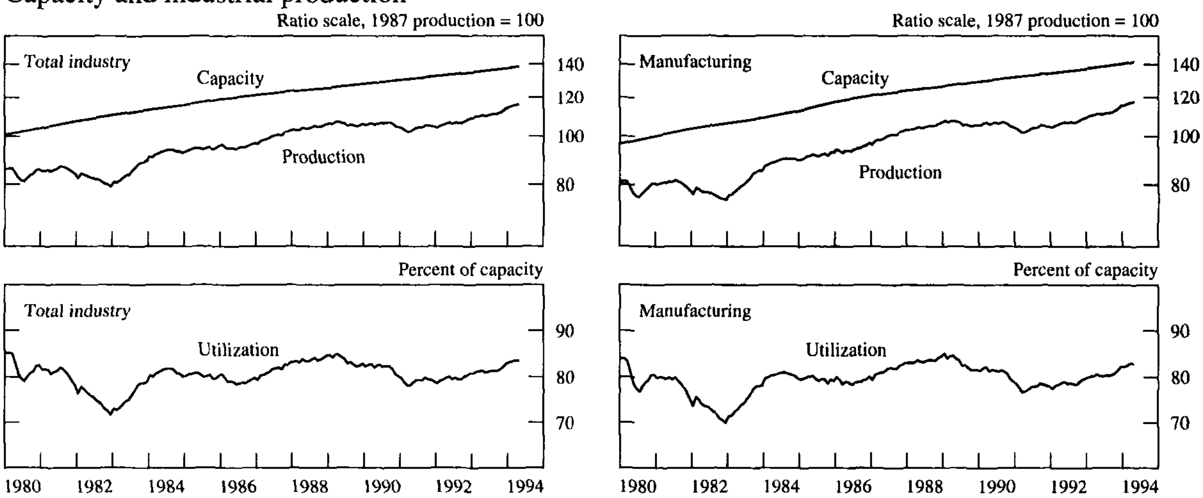
Released for publication May 16

Industrial production rose 0.3 percent in April after gains of 0.5 percent in each of the three preceding months. Increases in production were widespread among industries; one exception was motor vehicles, where a decrease in assemblies reduced the overall gain in industrial output by more than 0.1 percentage point. The seasonally adjusted output of motor vehicles declined because manufacturers had pushed output to near capacity in February and were unable to achieve the further gains in the

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, April 1994[1]

Category	Industrial production, index, 1987 = 100								
	1994				Percentage change				
					1994[2]				Apr. 1993 to Apr. 1994
	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**114.6**	**115.1**	**115.7**	**116.0**	**.5**	**.5**	**.5**	**.3**	**5.0**
Previous estimate	114.4	115.0	115.6	. . .	.4	.6	.5	. . .	. . .
Major market groups									
Products, total[3]	113.6	114.3	114.7	115.0	.6	.6	.3	.3	4.7
Consumer goods	110.9	111.9	112.1	112.0	.7	.9	.1	-.1	3.1
Business equipment	142.9	145.1	146.0	146.7	.8	1.6	.6	.5	10.3
Construction supplies	100.5	98.9	100.2	100.9	-.8	-1.6	1.3	.7	6.4
Materials	116.0	116.2	117.2	117.4	.5	.2	.8	.2	5.4
Major industry groups									
Manufacturing	115.6	116.2	117.1	117.5	.1	.6	.8	.3	5.6
Durable	120.4	121.2	122.0	122.5	.3	.7	.6	.4	7.9
Nondurable	109.6	110.1	111.1	111.5	-.1	.5	.9	.3	2.5
Mining	97.0	98.7	99.3	99.4	.1	1.8	.6	.1	2.0
Utilities	121.9	119.6	116.8	116.1	5.3	-1.9	-2.3	-.6	1.4

Category	Capacity utilization, percent								Memo Capacity, percentage change, Apr. 1993 to Apr. 1994
	Average, 1967–93	Low, 1982	High, 1988–89	1993	1994				
				Apr.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**81.9**	**71.8**	**84.8**	**81.4**	**83.2**	**83.4**	**83.6**	**83.6**	**2.2**
Manufacturing	81.2	70.0	85.1	80.6	82.2	82.5	82.9	83.0	2.5
Advanced processing	80.6	71.4	83.3	79.3	80.7	81.3	81.6	81.6	3.1
Primary processing	82.2	66.8	89.1	83.6	85.9	85.3	85.9	86.3	1.2
Mining	87.4	80.6	87.0	87.4	87.6	89.2	89.8	89.9	-.8
Utilities	86.7	76.2	92.6	85.8	90.6	88.8	86.6	86.0	1.1

1. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
2. Change from preceding month.
3. Contains components in addition to those shown.
r Revised.
p Preliminary.

pace of average daily production normally expected for March and April. At 116.0 percent of its 1987 average, industrial production was 5.0 percent higher in April than it was a year earlier. The utilization of total industrial capacity held steady, at 83.6 percent.

When analyzed by market group, the data show that the production of consumer goods edged down because the decline in the output of automotive products more than offset small gains in the production of other consumer goods. An increase in appliance manufacturing pushed up the output in the other consumer durables category; gains in the output of fuels and clothing helped boost nondurables despite a decrease in the output of food.

The production of business equipment continued to post gains, with the weakness in transit equipment more than offset by increases in other categories. The output of information processing equipment advanced 1.2 percent, extending the strength that has led to an 18 percent increase during the past twelve months. The production of industrial equipment picked up 0.3 percent in April, and the output of other equipment (farm equipment, office furniture, and service industry equipment) rose 1.1 percent.

The production of construction supplies increased 0.7 percent, continuing its recovery from the weather-related losses of January and February. The output of business supplies also rose 0.7 percent, with gains broadly based. The output of industrial materials edged up 0.2 percent; another increase in the production of durable goods materials more than offset small losses in the output of nondurable goods and energy materials. Continued increases in the manufacture of semiconductors and computer parts accounted for most of the gain in the durables category. The output of durable goods materials has risen 8.9 percent during the past twelve months, with the strongest increases at industries that supply materials used in motor vehicle and computer assembly.

When analyzed by industry group, the data show that manufacturing output increased 0.3 percent, with similar gains in both durable and nondurable goods. Within durables, the output of both industrial equipment and electrical machinery advanced about 1½ percent. The output of primary metals also grew more than 1 percent. Although the output of motor vehicles and parts fell, it is still 15 percent above its year-ago level. This performance, along with the strength in the machinery industries, contributed importantly to the increase of 8 percent in overall production at manufacturers of durable goods since last April. Among nondurables producers, the gains were widespread in April, with the largest increase at petroleum refineries. However, the output of food fell back 0.7 percent after having increased 1.7 percent in March. Since April 1993, the production of nondurable manufactured goods has risen 2.5 percent, with gains in all industries except tobacco and leather products.

In April, factory capacity utilization edged up 0.1 percentage point, to 83.0 percent; the increases were concentrated among primary-processing industries, at which utilization rose to 86.3 percent, about 4 percentage points above its 1967–93 average.

The output from mines changed little. Coal mining, which had advanced about 15 percent between January and March, held steady. The output from utilities, which had surged in January with the abnormally cold weather, had retraced most of that increase by March and decreased only 0.6 percent in April. □

Statements to the Congress

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, April 13, 1994

I appreciate the opportunity to appear before you and present the views of the Federal Reserve Board on several topics related to hedge funds. These topics fall into three main categories, which correspond to the major points raised by the questions contained in your letter of invitation. First, what do we know about hedge funds and their activities? Second, what are the risks to banks that have exposures to these funds? Third, do the particular activities of hedge funds pose special risks for the markets in which they operate and the financial system more broadly?

DEFINITION AND CHARACTERISTICS OF HEDGE FUNDS

The Federal Reserve does not regulate hedge funds and does not have comprehensive information on their size or activities. Moreover, there is no formal definition of "hedge fund" that is universally accepted. Banks and other financial institutions that deal with or monitor these entities have developed their own specific working definitions of the term. The definitions used by banks generally mention several elements in characterizing so-called hedge funds:

- an investment partnership or mutual fund that is unregulated;
- one that seeks high rates of return by investing or trading in virtually any form of financial instrument;
- an entity that may take long and short positions and invest in many markets;
- an entity that uses leverage;
- an entity whose manager's compensation is based on its financial performance.

A hedge fund might not exhibit all these characteristics all the time, and other financial institutions also exhibit many of these characteristics. Indeed, it is important to recognize that the activities of hedge funds are not fundamentally different from those of many other institutions.

Banks often distinguish between two categories of hedge funds. The first category consists of those organized by one or more individuals with particular trading philosophies such as Soros Fund Management, Tiger Management Corporation, and Steinhardt Management Company. The second category consists of funds that are advised by the proprietary trading desks of investment banks or internationally active commercial banks and bear a name linked to the advising entity.

So that managers of hedge funds can be free to use various trading strategies, and free to change those strategies quickly, the funds are structured to avoid the regulatory limitations on permissible assets, leverage, and concentration of assets that apply to other managed funds that are offered to the public. Hedge funds achieve their essential flexibility either by organizing offshore or by using the benefits of limited partnerships. For example, hedge funds may avoid registration as an investment company under the Investment Company Act of 1940 by restricting participation to fewer than 100 persons. In enacting the Investment Company Act, the Congress believed that these companies did not involve significant public policy issues and were not properly subject to federal regulation. The number of investors in hedge funds is also limited by their high minimum investments, typically from $250,000 to $1 million or more. Participation in some funds is further restricted to professional traders or persons with specialized knowledge of particular markets, regardless of their wealth.

There are currently hundreds of hedge funds. One market consultant specializing in hedge funds identified at least 800 hedge funds, up from about 100 in 1987, and others cite far higher numbers.[1] Other privately published directories of hedge funds indicate the Soros group of funds alone has about $9 billion of capital and the Tiger group has $6.5 billion of capital (net asset value). A few fund families, therefore, have capital comparable to or exceeding that of some large U.S. commercial and investment banks. It should be noted, however, that although funds under the same management may share similar trading strategies, they are separate entities operating on their own capital. According to published reports, perhaps a dozen hedge funds have net asset value greater than $1 billion, and perhaps another twenty-five have capital between $100 million and $1 billion. The vast majority of hedge funds that make up the 800 cited above, however, are quite small.

Hedge funds constitute only one of several categories of institutional investors that participate in financial markets. Even the largest hedge funds are small relative to the broader markets in which they operate. For example, turnover in the global foreign exchange market is estimated at more than $1 trillion a day. The capital available to hedge funds, is dwarfed by that of more traditional mutual funds. The total net asset value of the regulated mutual fund industry was $2.1 trillion at the end of 1993, about equally divided among equity, bond, and money market funds.[2] Currently at least ten mutual funds have a net asset value greater than $9 billion, and the largest has $32 billion of net assets.[3] Other institutional investors (for example, banks serving as trustees, pension plans, and insurance companies) had, as of the end of 1993, $6.5 trillion in assets under management.

RELATIONSHIPS WITH BANKS

Hedge funds, like other users of financial services, use the banking industry for some activities. U.S. banks provide several services to hedge funds, such as foreign exchange trading lines, repurchase lines for U.S. and foreign government bonds, other collateralized credit lines, custodial services, and, in limited amounts, unsecured direct credit lines. In some cases, banks also organize and advise overseas funds that would meet the general definition of a hedge fund.

No comprehensive data are routinely collected on banks' activities with hedge funds. Moreover, any such data would need to be viewed skeptically because of differing definitions of hedge funds and because of problems inherent in any attempt to aggregate the various risks and potential risks that might be involved in the range of products offered by banks to hedge funds. However, the Federal Reserve has reviewed the major banking activities of organizations with hedge funds through the regular examination process, supplemental examination projects, discussions with banks, and contacts with other bank regulatory authorities.

We have found that bank relationships with hedge funds are concentrated in traditional bank products, especially foreign exchange services. One of the major developments in markets in the past few years has been the globalization of institutional investment. As a result, institutional investors—mutual funds and pension funds, along with hedge funds—have been increasingly important users of foreign exchange services. These foreign exchange lines afforded by banks may be used to take outright foreign currency positions or to hedge positions that have arisen from other activities, such as the purchase of foreign government bonds or foreign equities.

Banks have been the traditional major suppliers of foreign exchange services, and major U.S. banks, in particular, are generally viewed as among the most efficient global providers of these services. Thus, it is not surprising that major U.S. banks are significant providers of foreign exchange facilities to hedge funds as well as to other institutional investors. Similarly, banks provide hedge funds with other services in which they are competitive, such as repurchase facilities on government debt and swap products.

As with other customers, banks enter into these relationships because they view them as profitable and believe that the risks can be adequately controlled. In addition, some banks be-

1. E. Lee Hennessee, "Flowering Hedges," *Barron's*, (December 13, 1993).
2. Investment Company Institute, Washington, D.C.
3. *Morningstar Mutual Funds* (February 18, 1994).

lieve that their own marketmaking and positioning activities are enhanced by dealing with all major market participants because this gives them additional information about the state of the market. It should be noted, however, that information on hedge fund transactions is only one piece of a vast array of information that flows through the marketmaking desks of the major banks.

Also, the size of the banks' business with hedge funds should not be exaggerated. Although estimates of the relative importance of hedge fund business to banks are not hard numbers, data obtained from two of the most active banks indicate that all of their hedge fund customers (as defined by the banks) together account for well under 10 percent of their total net trading revenue. For most banks that deal with hedge funds, the share of their revenue derived from this source appears to be considerably less.

Generally, a fund that wishes to purchase or sell foreign exchange or other capital markets products with a bank on a regular basis will approach the bank to establish a trading facility. The bank will assess the fund to determine if it will allow the bank's traders to execute trades with that fund; if trading is permitted, it will set the total amount in which it will permit the traders to deal and establish appropriate collateralization arrangements to mitigate actual or potential credit risk. Elements of that assessment normally include a review of partnership documents, offering circulars, fund performance history, an analysis of the fund's financial statements, and, in many cases, an on-site review of the fund's risk management practices and capabilities.

Two types of facilities are normally extended to qualifying hedge funds. One type of facility must be collateralized at all times. For example, a bank might notify a hedge fund customer that it was prepared to deal in foreign exchange up to a nominal open position of $50 million, provided that collateral was maintained at 5 percent of the nominal foreign exchange open position plus an amount equal to any move in the actual mark-to-market value of the contract that was in the bank's favor.

Although the nominal amount of foreign exchange lines, repurchase facilities, or other capital market products often appears quite large, the bank's risk (with the exception of settlement risk, which either usually does not occur with hedge funds or can be eliminated by delivery against payment) is confined to the changes in value in the financial instrument that result from market movements, which is a fraction of the nominal amount of the contracts. A bank would generally hedge the market risk it assumes when it sells foreign exchange or similar products to a hedge fund. However, if the contract moves in favor of the bank, the hedge fund would owe the bank money at maturity, resulting in a credit risk to the bank. Collateral is often used to guard against this type of credit risk. Banks closely monitor the level of collateral against their exposures, in many cases twenty-four hours a day, to make certain that adequate collateral is maintained at all times. Banks maintain the right to close out contracts if margin calls cannot be met and often for other reasons as well.

For more established hedge fund customers, most banks use a variation of this procedure. Funds are advised that a certain amount of business will be permitted without collateral. This is termed a "loss threshold." Once various pre-established limits are exceeded, these customers are expected to either post collateral or settle their outstanding position with the bank in cash. For these "loss threshold" customers, banks can incur outright unsecured credit exposure up to the amount of the loss threshold.

Three major state member banks were reviewed as part of a special examination project; even if all funds viewed by each bank as hedge funds were aggregated, the total loss threshold amounts would not exceed 2 percent of equity capital at any of the three banking organizations. Actual mark-to-market exposures to these customers less collateral were even smaller; in the majority of cases, on the dates surveyed, most funds (including many loss threshold customers) actually held collateral with these banks in excess of the amounts owed to the bank. Our more limited examination surveys of holding companies for national banks, along with information provided by the Office of the Comptroller of the Currency, indicate this situation also exists with respect to the major national banks and their holding company affiliates.

A risk with respect to these customers, as well as with the fully margined customers, is that the trades the hedge funds have with the bank could move further in favor of the bank, requiring additional margin calls. If margin calls could not be met, the bank would have to close out the position and realize the collateral, possibly at a lower value than expected, thereby causing a credit loss to the bank. Risks of this type are generally referred to as "potential credit exposures."

Banks attempt to derive conservative "worst-case" estimates of this potential exposure. In dealing with funds, banks set limits that directly or indirectly limit potential credit exposure. Individual banks assess potential exposure differently, making different assumptions, often about events that are highly unlikely to occur. Even under very broad measures of potential exposure, however, examiners have not found any bank's exposure to a fund or fund group that would approach the 15 percent of capital a bank is permitted to loan to a single borrower. Moreover, examiners and bank supervisory personnel who have looked in detail at these exposures have informed me that they do not regard hedge fund exposures at banks, even in the aggregate, as at this time posing a significant risk to the safety and soundness of major banks or the banking system.

Nonetheless, banks' business with hedge funds has grown significantly over the past couple of years and may expand further. Like any other growth area in banks, management must make certain that adequate controls on risk accompany growth and that undue risk concentrations do not arise. A special examination project focusing on hedge funds, which the Federal Reserve Bank of New York has been conducting over the past few months, has identified some issues relating to banks' management of their relationships with hedge funds that we are addressing through the ongoing supervisory process.

Our review indicates that banks that deal with hedge funds spend considerable effort in analyzing and controlling the risks involved in these relationships and employ personnel with the expertise required to carry out these responsibilities. The actual number of people with experience in this area, however, is quite limited, and risk management procedures are still evolving rapidly. Although these characteristics of rapidly growing new business areas are not unusual, it is incumbent on banks to increase personnel with expertise in dealing with hedge funds, strengthen internal controls, and improve senior management review capability. We also believe that the potential for concentrations of exposure need to be evaluated by banks and, in doing so that banks need to consider carefully the assumptions that are used in defining aggregate hedge fund exposure. In particular, we question the practice of some banking organizations of viewing hedge funds managed by major financial institutions differently from other hedge funds, apparently, at least in part, on the assumption of implied financial support from the sponsoring institution.

We do not believe, however, that this is an area in which increased disclosure and regulatory reporting by banks is warranted. Actual exposures currently appear in only a few banks and are not substantial. There are already general rules on public disclosure of concentrations of exposures, and the Federal Reserve believes that additional reporting burdens should not be routinely imposed to address the perceived problem of the moment. Moreover, as mentioned, most of the risks are associated with estimates of possible future exposure, which do not easily lend themselves to standardized reporting. The focus should be on proper risk management procedures in banks, an issue that can be addressed most efficiently through the examination and supervision process.

HEDGE FUNDS, MARKET VOLATILITY, AND SYSTEMIC RISK

The risk that hedge funds might pose to banks directly is one of the concerns sometimes voiced about hedge funds. The possibility that the behavior of hedge funds adds to volatility in financial markets is another.

Bond markets around the world have experienced an increase in volatility in the past couple of months, with volatility in some European markets reaching record or near-record levels. Although day-to-day volatility in the U.S. government bond market (measured by the standard deviation of daily changes in yield in the cash market or by implied volatility in the options market) has risen in recent weeks, it has by no means been extraordinarily high. What has been extraordinary has been the extent of the net movement in U.S. bond yields over the past two months or so. Indeed, yields on the ten-year and thirty-year bonds rose 150 and 120 basis points respectively between January 28 and April 4.

Recent press reports have attributed at least part of the recent increase in global bond market volatility and the increases in rates to the activities of hedge funds and have alleged variously that these funds were all moving the same way at the same time; that the loss in value of their bond holdings was leading to margin calls that forced further liquidation of bond positions; that losses in some markets caused liquidations in other markets; and that mounting losses and increasing market volatility led, through internal risk management procedures, to further reductions in exposures and, hence, further pressure on prices.

We do not have the necessary data to rigorously test each of these propositions. We do know that not all hedge funds behave the same way. Some tend to specialize in certain markets or instruments, whereas others operate in a wide variety of markets looking for the best investment opportunities at a given time. Some tend to have longer time horizons and rely on fundamental analysis, while others have very short term trading strategies and may place more emphasis on market dynamics. The degree of leverage is variable, both across funds and within each fund over time, depending upon the risk–reward profile of a particular position and of the entire portfolio. With these differences, it is not surprising that investment performance varies widely over a given time period. In the first two months of this year, for example, according to data voluntarily supplied to a private data collection firm by ninety-four hedge funds, returns varied from 20 percent to −17 percent, with more than 40 percent of the funds reporting negative returns. Evidently all hedge funds did not have the same positions or behavior over this period.

From our conversations with market participants—hedge funds, banks, and securities firms—it seems clear that the rumors of widespread margin calls by lenders to hedge funds were exaggerated. The grain of truth in these reports involved margin guidelines internal to the hedge funds. As the value of their bond asset positions declined, reducing their capital cushions, several large hedge funds sold bonds to reduce their degree of leverage. Frankly, this seems to me to be normal, prudent behavior. Press reports of hedge fund selling in the U.S. Treasury market likely have been exaggerated.

Many other types of institutions were trying to reduce positions as well. Bond mutual funds, for example, are reported to have experienced significant net redemptions beginning in late February as shareholders reacted to declines in net asset values when rates backed up. Much fuel for the strong bond market rally over the previous few years had come from huge inflows, approximately $340 billion, into bond mutual funds in 1991–93. In recent years, some inflows to both stock and bond mutual funds were driven not only by the persistence of high rates of return relative to certificates of deposit, resulting in part from capital gains on bonds and stocks, but also by a deceptive stability, quarter-to-quarter, of such returns. This pattern probably imparted a false sense of low risk to these instruments.

It was inevitable that a break in that pattern would occur. Over time, high returns are associated with high risk. At least some price adjustment in bond and stock markets can be viewed as an unavoidable correction to an unsustainable situation. It may be useful in the very short run to look at who was selling and who was buying and the role of technical aspects of market dynamics related to investment strategies, degree of leverage, and risk management techniques; but this approach is seldom the basis for a satisfactory analysis of price movements over a longer time horizon. For that analysis, we have to look at changes in economic fundamentals, including the underlying parameters of the economy and economic policies. Indeed, it is here we would focus in attempting to explain the sharp backup in global bond yields over the past couple of months. There have been very important changes in market participants' perceptions of economic fundamentals, both in the United States and abroad, and these changes in perceptions have caused all types of institutions and individuals to desire to reduce their bond holdings. Much stronger recent and prospective economic growth in the United States has caused market participants to sharply raise their expected path of interest rates, and the Federal Reserve took steps in its reserve management that had the effect of raising short-term interest rates somewhat.

In some other nations, as well, changes in the outlook for economic activity and for monetary and fiscal policies led to some backup in interest rates. Finally, many market commentators have cited the possibility of a significant increase in risk premia in long-term bond rates related to the U.S.–Japan trade policy dispute and to increased political uncertainties in several nations.

Although we would not deny some influence of so-called positive feedback market dynamics in contributing to the recent backup in global bond rates, we feel the fundamental factors account for the bulk of the movement. At the same time, we do not rule out the possibility that swings in market optimism and pessimism may have resulted in some overshooting of bond prices, both the rise last year and the decline this year. Although some activities involved with derivative instruments, for example, dynamic hedging of options portfolios, including the options embedded in fixed rate mortgages and mortgage-backed securities, may have tended to exaggerate price movements, other elements involving derivatives, such as the availability of highly liquid futures markets on organized exchanges, probably smoothed price developments in the cash market for bonds.

Whatever the explanation, financial asset values have declined significantly. Actual and potential changes in asset prices obviously are an element of risk facing financial firms. The interplay of this risk—so-called market risk—and the counterparty credit risk, which I discussed earlier, can lead to systemic problems. Risks that may seem quite reasonable in normal circumstances may become more problematic if the financial positions of borrowers erode as a result of market moves.

It is for this reason that Federal Reserve staff—bank examiners and others—have been talking extensively to banks over the past year or so about their risk management procedures. The Federal Reserve is not alone in trying to address these concerns. Central banks of the major industrial nations frequently discuss together issues of concern with regard to systemic risk. The G-10 governors, for example, in early March evaluated the recent price weakness in bond markets and the role of highly leveraged funds and derivative instruments in such price changes. German Bundesbank president Tietmeyer, chairman of the G-10 governors, indicated that the governors viewed recent bond market developments to some extent as a reflection of previous overshooting and indicated that they did not see the need for new regulations on derivatives and hedging techniques.

In conclusion, let me reiterate that, because hedge funds are large and are willing to take large positions, they can have important effects on financial markets. But they are certainly not unique in that regard—other types of firms are even larger and may have more important effects. Moreover, like the activities of other firms who have been successful over a long period and whose management, by and large, is responsible, the activities of hedge funds add depth and liquidity to financial markets and can be stabilizing influences. It would be wrong to single out hedge funds as being responsible for moving global prices of financial assets or as being a major source of risk in financial markets. Nevertheless, banks and other counterparties to hedge funds need to carefully monitor their relationships with hedge funds, just as they should monitor their other business relationships. Financial firms should continue to place the highest priority on reviewing, assessing, and improving their overall risk management practices. The Federal Reserve intends to continue to use its bank supervisory authority to make certain that further progress is made in this area and that risks are being adequately controlled. At the same time, the Federal Reserve will continue to work with other U.S. agencies and with foreign central banks to monitor important developments in financial markets and to ensure that it is in a position to react promptly to any problems that might arise. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Telecommunications and Finance of the Committee on Energy and Commerce, U.S. House of Representatives, April 14, 1994

I am pleased to appear on behalf of the Federal Reserve Board before the Subcommittee on Telecommunications and Finance to discuss the Board's views of H.R.3447, "The Securities Regulatory Equality Act," and to comment generally on what is termed functional regulation.

As banks have been expanding the level of securities services they make available to their customers, attention is being focused again on the express exemptions the Congress has provided for banks from the framework in the securities laws that govern nonbank securities firms. In 1991, the Board testified in support of a Treasury Department legislative proposal that would have repealed the Glass–Steagall Act restrictions on the securities activities of banking organizations and, as an integral part of that reform, modified the blanket exemptions for banks from broker–dealer regulation. The Board supported modification of the bank exemptions at that time because that legislative proposal would have lifted the existing restrictions on the scope of securities activities permitted to banking organizations and would have allowed banks to continue to provide directly to their customers certain banking services that banks have offered safely and soundly for many years. We continue to believe that modification of the bank exemptions is most appropriately considered as part of a comprehensive approach that permits banking organizations to engage in the full range of securities activities that nonbank firms may conduct and that provides appropriate exceptions so as not to curtail unnecessarily certain traditional bank securities activities.

We are not convinced that a compelling case has been made at this time for legislative action that does not thoroughly address the basic framework that governs the securities activities of banks. Only a relative handful of banks currently provide brokerage services without the participation of a broker–dealer that is subject to regulation under the securities laws. The securities activities that are directly conducted by banks are subject to policies and procedures designed to address concerns relating to the conduct of these activities, including requirements that govern adequate disclosures to bank customers and appropriate training and sales practices. Moreover, these activities are, and traditionally have been, reviewed by the bank regulators in the course of regular, on-site examinations of these institutions.

Current Regulatory Structure

Generally, the activities of banks, including those securities activities that are conducted in the bank, are regulated under the banking laws by the banking regulators, and securities firms are regulated under the securities laws by the Securities and Exchange Commission (SEC) and self-regulatory organizations (SROs). SROs are formed by industry members who adopt rules and have inspection and enforcement authority for those rules, subject to SEC oversight of their activities.

There is, of course, some crossover in regulatory authority; the SEC oversees subsidiaries of banks and bank holding companies that are registered broker–dealers or investment advisers. However, the bank regulators also have jurisdiction over these entities and have broad authority to regulate and examine these companies, including authority to determine the scope of their activities, limit transactions between these entities and bank affiliates, establish capital standards for these entities, and enforce compliance by these entities with all applicable laws.

This regulatory arrangement reflects both history and accommodation to a changing marketplace. Securities activities have traditionally been viewed as part of the business of banking, and banks have been conducting securities activities for customers since before enactment of the federal securities laws. The Securities Exchange Act, adopted in 1934, specifically exempted banks from the definitions of broker and dealer, thereby exempting brokerage and dealing activity conducted within a bank from regulation under that act. In addition, banks providing advice within the bank are exempt from the provisions of the Investment Advisers Act (1940), although the SEC has some authority under the Investment Company Act (1940) to regulate the activities of banks that serve as investment advisers to mutual funds.

The exemptions from the securities laws for banks were originally adopted in recognition of the comprehensive supervisory and regulatory scheme governing the activities of banks. Because the federal banking agencies already had broad supervisory and regulatory authority, it was deemed unnecessary in the eyes of the Congress to add a second layer of regulation that covered securities activities of banks. Some have suggested that the Congress adopted the bank exemptions from the securities laws based on the perception that banks were not permitted to engage, and were not engaging, in most securities activities. However, the legislative history of the Securities Exchange Act indicates that banks did in fact engage in a broad range of securities activities in 1934 and that the Congress was aware of this. In fact, the types of securities activities that banks conducted in 1934 are similar to the types of securities activities that banks conduct today.

The bank regulatory structure reflects the philosophy that the supervision and regulation of banks must be done on the basis of the full range of products and services that banks provide to their customers, not on a piecemeal basis. Because banks offer a myriad of financial services and products to the same customer, often at the same time, bank regulators must have authority to regulate all aspects of that relationship. Moreover, banks take positions across products and instruments, and the risk to the organization must be evaluated on a consolidated basis, not by the legal form or structure of the individual entities in the banking organizations. Thus, the federal banking agencies have full authority to restrict the activities that banks may conduct, the manner in which they conduct these activities, the ability of banks to combine these activities and provide customer discounts, the policies and supervisory structure that banks must have in place to conduct these activities, and their risk management strategies and controls as well as all other aspects of the activity. The federal banking agencies also have full authority to examine any and all activities conducted by banks and to take any appropriate enforcement action to assure that the activity is conducted in compliance with law and safely and soundly.

It has been suggested that the federal banking agencies are limited, both in their authority and in their mission, by the concept of "safety and soundness." We do not view it that way at all. The federal banking agencies have, since their establishment, recognized that the concept of safety and soundness is broad and encompasses protecting bank customers from conflicts of interest, misleading or inaccurate information, and improper sales activities. This authority is key to maintaining public confidence in individual banks and in the banking industry and is the very definition of "safe and sound" operation.

The Role of the Federal Reserve

The Federal Reserve has had extensive experience and has developed considerable expertise in addressing safety and soundness issues, including customer protection issues, arising from the securities activities of banks and their affiliates. Federal Reserve examiners review, on a regular basis, bank securities-related functions, such as providing discount and full service brokerage, dealing in municipal and government securities, providing investment advisory services, and selling nondeposit investment instruments (for example, commercial paper and other bank debt instruments).

When a banking organization conducts securities activities outside the bank, through a subsidiary or an affiliate that is a broker–dealer, it is subject to the jurisdiction of both the banking agencies and the securities regulators. For example, the Board has permitted bank holding companies to own nonbank "section 20 affiliates," which are registered broker–dealers subject to SEC oversight that engage in a very limited volume of underwriting and dealing of corporate securities as well as other securities activities permissible for banks. Generally, the organization is not subject to duplicative examinations or regulations because the Federal Reserve avoids repeating those tasks performed by the SEC or an SRO. The SRO examination focuses on the section 20 affiliate's compliance with SRO rules and the federal securities laws. Our annual examination of a section 20 affiliate focuses not only on its financial condition but also on its compliance with the Glass–Steagall Act and the effectiveness of its internal controls addressing Board-imposed firewall requirements. Although our examiners consult with the SROs to assure effective coordination of examination activities, there is little overlap between the content of our examinations and those of the SROs except in the area of reviewing the maintenance of adequate capital.

Banks that underwrite and deal in U.S. government securities and specific types of municipal obligations are generally subject to the same regulatory regime that applies to nonbank government securities dealers. With regard to other types of securities activities, such as mutual fund sales, our informal surveys indicate that the great majority of retail securities sales that take place on the premises of state member banks are conducted through an arrangement with a nonbank broker–dealer. Under these arrangements, the securities sales are conducted by a third party that is fully regulated under the securities laws. Thus, as far as we have been able to determine, a relatively small number of state member banks directly sell nongovernment securities to retail customers.

The Federal Reserve is sensitive to the need that bank customers be fully informed when engaging in securities sales on the premises of banks, whether the brokerage services are offered by the bank's employees or those of a broker–dealer. Concerns about investor protection and the safety and soundness of the banking organizations prompted our efforts to update and unify previous guidance developed over the past ten years for sales of various securities and other uninsured investment products.

The federal banking agencies concluded this review and update in February and jointly issued uniform guidelines that govern the sale of nondeposit investment products on bank premises, including mutual funds and other securities. The interagency statement addresses retail sales practices and incorporates many of the same principles of fair practice applicable to broker–dealers. The interagency statement goes a step further than the rules that apply to nonbank broker–dealers by specifying additional steps banks must take to ensure that customers are made aware—through specific written and oral disclosures and through other means—of the differences between insured deposits and uninsured investments and by further limiting the incentive compensation of certain bank employees. Moreover, banks must comply with these guidelines even when the investment products are being sold by an SEC regulated broker–dealer.

The Federal Reserve is committed to closely monitoring banks' securities sales practices. Examining for compliance with the interagency statement and with other Board regulations is part of the annual safety and soundness examination we conduct in state member banks. In cases warranting remedial action, appropriate enforcement measures can and are initiated, including issuing orders to cease unsuitable practices, assessing civil money penalties, and barring from the industry those individuals who have seriously abused their responsibilities.

Besides their examination and enforcement tools, the Consumer and Community Affairs Division and the Office of Public Affairs of the Federal Reserve are considering several educational materials and programs designed to educate investors and bankers about the issues raised by the interagency statement. These initiatives would be incorporated into the consumer and banker education programs currently sponsored by the Reserve Banks.

Comments on H.R.3447—The Appropriate Regulatory Scheme for Securities Brokerage and Municipal Securities Activities Conducted by Banks

H.R.3447 would prohibit banks from directly conducting most securities activities. The Board has several concerns about this approach.

H.R.3447 would prohibit banks from acting as general securities brokers, municipal securities brokers and dealers, and private placement agents for most securities. The Board believes that the effects of these prohibitions would be to stifle competition in the marketplace for these services, which views many of these services as alternatives to lending transactions and traditionally has sought these services from banks. The provisions would also limit consumers' ability to use their banks to accommodate all of their financial services needs. In addition, they would curtail access to capital markets for small municipal issuers that rely on local dealer banks to underwrite their debt securities.

These prohibitions would also significantly increase costs to small banks without improving supervision of their securities activities. Small banks often provide securities brokerage services as an accommodation to their customers and may not find it feasible to continue to provide any securities services if required to bear the cost of establishing a broker–dealer affiliate. Several small banks also make mutual funds available to customers under arrangements with fund distributors, but do not engage in active sale programs. In many cases, it would not be feasible for these banks to create broker–dealer subsidiaries, nor is the volume of business high enough to justify a partnership with a third party broker–dealer. The Board is concerned that H.R.3447 would have the effect of forcing many small banks—particularly those located in small and rural communities—to abandon all brokerage services, even isolated "accommodation trades," to the detriment of customer service.

Municipal Securities

H.R.3447 would also require municipal securities dealer banks (dealer banks) to incur the expense and administrative burdens of moving their municipal dealer departments out of the banks into separate brokerage firms. This requirement appears unnecessary, however, given the current law. Under the Securities Exchange Act, dealer banks and municipal securities firms are required to register with the SEC and are subject to a comprehensive set of fair practice and uniform practice rules administered by an SRO, the Municipal Securities Rulemaking Board (MSRB). Banks register their dealer departments with the SEC as prescribed by SEC rule 15Ba2–1. The MSRB's rules, which must be approved by the SEC, encompass the same areas covered by SRO rules applicable to broker–dealers for corporate securities. The MSRB, unlike other securities SROs, does not have inspection or enforcement authority. Those duties were delegated to the existing regulators for the securities and banking industries. Accordingly, the banking agencies have primary inspection and enforcement authority for MSRB rules with respect to dealer banks. The SEC also retains direct enforcement authority over dealer banks.

We are not aware of any problems with this system of regulation. I note that, in many banks, the government and municipal securities activities are conducted by the same personnel, and disrupting this arrangement would involve considerable personnel costs for banks without any certain corresponding greater protection for bank customers.

Small dealer banks may not find it cost-effective to create a separate broker–dealer subsidiary, as would be required by H.R.3447. Consequently, these dealers could be deriven out of the market. This action could have an adverse effect on smaller municipalities that traditionally rely on community banks to assist in structuring and underwriting their debt securities to raise necessary capital. Frequently, the local dealer bank, because of its commitment to the community, is the only participant in the financial service industry that is willing to address the needs of such an issuer.

Prior legislation addressed these and similar concerns by including several carefully drawn exemptions that would have permitted banks to continue to conduct certain securities activities that banks have directly conducted safely and soundly for many years. Among the kinds of exemptions that the Congress should consider are exemptions for private placement activities, for municipal securities activities, and for the brokerage activities of small banks. We note that H.R.3447 already contains an exception that appears designed to permit banks to continue to conduct certain brokerage activities in connection with their trust activities.

Conclusion

The Board believes that a comprehensive proposal that repeals the outdated restrictions of the Glass–Steagall Act and that modifies the bank exemptions to the securities laws, while making provision for banks to continue to conduct certain limited traditional banking activities and for small banks to continue to serve the needs of their customers, has merit. The Board does not believe, however, that it is necessary or appropriate to take the step of forcing a reorganization of bank securities activities solely for the purpose of bringing these activities within the SEC's supervision and regulation. □

Announcements

JOINT STATEMENT OF NORTH AMERICAN FINANCIAL GROUP

On April 26, 1994, the following joint statement was issued by the Finance Ministers and Central Bank Governors of Canada, Mexico, and the United States:

Last year, the successful conclusion of the North American Free Trade Agreement laid the foundation for a new era of expanded economic and financial relations among our economies.

In recognition of our increasingly interdependent economic relationship, the Finance Ministers and Central Bank Governors of Canada, Mexico and the United States today inaugurated a new consultive group, the North American Financial Group. This cooperative mechanism is designed to provide a forum for more regular consultations on economic and financial developments.

We anticipate an annual meeting of the Finance Ministers and Central Bank Governors of these three countries, with more frequent meetings at the Deputies level.

The Ministers and Governors also announced today the establishment of a tri-lateral foreign exchange swap facility. The purpose of this standing credit facility is to expand the pool of potential resources available to the monetary authorities of each country to maintain orderly exchange markets.

The swap facility has three components:

- The U.S. and Mexico put in place swap agreements for up to $6.0 billion, with the Treasury and the Federal Reserve each participating up to $3.0 billion.
- The Bank of Canada and the Bank of Mexico expanded their existing swap facility to CAN$1.0 billion.
- The Federal Reserve and the Bank of Canada reaffirmed their existing swap line in the amount of $2.0 billion.

The party has reciprocal privileges to draw on the other's currency in amounts equivalent to the amounts indicated above.

SLIGHT INCREASE IN PRESSURE ON RESERVE POSITIONS

Chairman Alan Greenspan announced on April 18, 1994, that the Federal Reserve would increase slightly the degree of pressure on reserve positions. This action was expected to be associated with a small increase in short-term money market interest rates.

STATEMENT BY CHAIRMAN GREENSPAN ON THE NOMINATION OF TWO NEW MEMBERS OF THE BOARD

Chairman Alan Greenspan of the Federal Reserve Board issued on April 22, 1994, the following statement:

President Clinton has chosen two eminently qualified economists as members of the Board of Governors of the Federal Reserve System. I have had the pleasure of working with Dr. Blinder in the past year and have been singularly impressed with his capabilities. I very much look forward to working with him as the Board's Vice Chairman and trust the Senate will expedite his confirmation.

Although I have not had the opportunity to work with Dr. Yellen, her credentials are clearly impressive. I expect that she will make a significant contribution to the Federal Reserve.

RELEASE OF QUARTERLY TABLE OF FACTORS TO ADJUST INTEREST INCOME OF SECTION 20 SUBSIDIARIES

The Federal Reserve Board released on April 5, 1994, its quarterly table of factors to adjust interest income to be used by section 20 companies that adopt the Board's alternative index revenue test to measure compliance with the 10 percent limit on bank-ineligible securities activities. The table is available on request from Publications Services.

AVAILABILITY OF REVISED LISTS OF OVER-THE-COUNTER STOCKS AND OF FOREIGN MARGIN STOCKS

The Federal Reserve Board published on April 22, 1994, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations. Also published was the List of Foreign Margin Stocks (Foreign List) for foreign equity securities that meet the criteria in Regulation T (Credit by Brokers and Dealers).

The lists were effective May 9, 1994, and supersede the previous lists that were effective February 14, 1994.

The Foreign List specifies those foreign equity securities that are eligible for margin treatment at broker-dealers. There were 366 additions to the Foreign List, which now contains 683 foreign equity securities. There were no deletions.

The changes that have been made to the revised OTC List, which now contains 3,878 OTC stocks, are as follows:

- Two hundred seventeen stocks have been included for the first time, 180 under National Market System (NMS) designation.
- Forty stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing.
- Forty-four stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The OTC List is published by the Board for the information of lenders and the general public. It includes all OTC securities designated by the Board pursuant to its established criteria as well as all OTC stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's OTC and Foreign List is scheduled for July 1994.

Besides NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the OTC List.

CHANGES IN BOARD STAFF

The Board of Governors announced on April 18, 1994, the appointment of Vincent Reinhart to the official staff as an Assistant Director in the Division of Monetary Affairs. Mr. Reinhart will serve as line officer and continue as Chief of the Banking and Money Market Analysis Section. He joined the Board's staff in 1988 after having served at the Federal Reserve Bank of New York for five years.

The Board also announced the retirement of Bruce M. Beardsley, Deputy Director, Division of Information Resources Management, effective May 3, 1994.

Also, on May 3, 1994, the Board announced the promotion of Lynn S. Fox, Special Assistant to the Board in the Office of Board Members, to Deputy Congressional Liaison. □

Legal Developments

FINAL RULE—AMENDMENTS TO REGULATIONS G, T, U, AND X

The Board of Governors is amending 12 C.F.R. Parts 207, 220, 221, and 224, its Regulations G, T, U, and X (Securities Credit Transactions; List of Marginable OTC Stocks; List of Foreign Margin Stocks). The List of Marginable OTC Stocks (OTC List) is composed of stocks traded over-the-counter (OTC) in the United States that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List of Foreign Margin Stocks (Foreign List) is composed of foreign equity securities that have met the Board's eligibility criteria under Regulation T. The OTC List and the Foreign List are published four times a year by the Board. This document sets forth additions to and deletions from the previous OTC List and additions to the Foreign List.

Effective May 9, 1994, accordingly, pursuant to the authority of sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g and 78w), and in accordance with 12 C.F.R. 207.2(k) and 207.6 (Regulation G), 12 C.F.R. 220.2(u) and 220.17 (Regulation T), and 12 C.F.R. 221.2(j) and 221.7 (Regulation U), there is set forth below a listing of deletions from and additions to the OTC and additions to the Foreign List.

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

Advacare, Inc.: $.01 par common
American Dental Technologies, Inc.: $.01 par common
American Film Technologies, Inc.: $.002 par common
American International Petroleum Corporation: Rights (expire 02-11-94)
American Nuclear Corporation: $.04 par common

Bank of San Pedro: No par common
Bird Corporation: $1.85 par cumulative convertible preferred
Boonton Electronics Corporation: $.10 par common

Caretenders Health Corporation: $.02 par common
Centocor, Inc.: 7.25% convertible subordinated debentures
Chemfix Technologies, Inc.: $.01 par common
Commercebancorp (California): No par common
Craftmatic Industries, Inc.: $.01 par common

Dover Regional Financial Shares: No par shares of beneficial interest

Embrace Systems Corporation: $.001 par common
Enzymatics, Inc.: $.01 par common

First Family Bank, FSB (Florida): $1.00 par common
FONIC, Inc.: $.01 par common

IKOS Systems, Inc.: $.01 par common
Independence Bancorp, Inc. (New Jersey): $1.00 par common
Innovative Gaming Corporation of America: Warrants (expire 05-28-96)
Instrumentarium Corporation: American Depositary Receipts for non-restricted B shares

National Loan Bank (Texas): $.01 par common

Pacific International Services Corporation: No par common
Pettibone Corporation: $.01 par common
Publishers Equipment Corporation: No par common

Qume Corporation: $.0001 par common

Rocky Mountain Helicopters, Inc: $.02 par common

Sanborn, Inc.: Class A, Warrants (expire 07-02-97)
Seven Oaks International, Inc.: $.10 par common
Sprouse-Reitz Stores, Inc.: Non-voting, $10.00 par common
Staff Builders, Inc.: Warrants (expire 01-31-95)
Sunlite, Inc.: $.20 par common

Uranium Resources, Inc.: Warrants (expire 02-26-94)
Vacu-Dry Company: No par common
Videcart, Inc.: $.01 par common

Warehouse Club, Inc.: $.10 par common
Washington Scientific Industries, Inc.: $.10 par common
Westwood One, Inc.: 6.75% convertible subordinated debentures
Wolf Financial Group, Inc.: $.01 par common

Stocks Removed for Listing on a National Securities Exchange or Being Involved in an Acquisition

AGCO Corporation: $.01 par common Depositary Shares

Boulevard Bancorp, Inc.: $.04 par common

California Water Service Company: No par common
Care Enterprises, Inc.: $.01 par common
Central Holding Company: No par common
Chattahoochee Bancorp, Inc.: $1.00 par common
Citizens National Corporation (Florida): $.01 par common
Commercial Bancorporation of Colorado: Class A, $1.00 par common
Constellation Bancorp (New Jersey): $5.00 par common
Corporate Software Incorporated: $.01 par common

Eldec Corporation: $.05 par common
ESB Bancorp, Inc. (Pennsylvania): $.01 par common

First Fidelity Bancorp, Inc. (West Virginia): $1.25 par common
First Savings Bank FSB, The (South Carolina): $1.00 par common
First United Bank Group, Inc.: $5.00 par common; Series A, $1.00 par convertible preferred
FloridaBank, A Federal Savings Bank: $1.00 par common
Frontier Adjusters of America, Inc.: $.01 par common

Greenwich Financial Corporation: $.01 par common

Hamptons Bancshares, Inc. (New York): $4.00 par common
Humphrey, Inc.: No par common

International Holding Capital Corp.: $1.00 par common

Jackson County Federal Bank, A Federal Savings Bank (Oregon): $1.00 par common

McGaw, Inc.: $1.00 par common
Medco Containment Services, Inc.: 6% convertible subordinated debentures
Medical Marketing Group, Inc.: $.01 par common, 7.5% convertible subordinated debentures
Mountaineer Bankshares of West Virginia: $2.50 par common

North American National Corporation: $.01 par common

Penn Central Bancorp, Inc.: $1.25 par common

Quality Products, Inc.: $.00001 par common
Quantum Restaurant Group, Inc.: $.01 par common

Red Eagle Resources Corporation: $.10 par common
REFAC Technology Development Corporation: $.10 par common
Rhodes, Inc.: No par common

Terminal Data Corporation: $1.00 par common
Thousand Trails, Inc.: No par common
Titan Holdings, Inc.: $.01 par common
Titan Wheel International, Inc.: No par common
Tocor II, Inc.: Units (expire 12–31–95)

United Federal Bancorp, Inc.: $.01 par common
United Postal Bancorp, Inc.: $.01 par common

VMX Inc.: $.01 par common

Additions to the List of Marginable OTC Stocks

1st United Bancorp (Florida): $.01 par common

Advanced NMR Systems, Inc.: $.01 par common
AES China Generating Co., Ltd.: Class A, $.01 par common
Air Express International Corporation: $.01 par common
AK Steel Holding Corporation: $.01 par common
Alantec Corporation: $.001 par common
Ambanc Corporation: $10.00 par common
American International Petroleum Corporation: Class A, Warrants (expire 03–01–95)
American United Global, Inc.: Warrants (expire 02–17–96)
Anchor Gaming: $.01 par common
Anesta Corporation: $.001 par common
Applied Biometrics, Inc.: $.01 par common
Applied Digital Access, Inc.: No par common
Arden Industrial Products, Inc.: $.01 par common
Aryt Industries Ltd.: Ordinary shares (NIS $1.00)

Battery Technologies, Inc.: No par common
Bay Ridge Bancorp, Inc. (New York) $.10 par common
Berkley, W.R. Corporation: Depositary Shares
Biocryst Pharmaceuticals, Inc.: $.01 par common
Biosepra Inc.: $.01 par common
Blimpie International, Inc. $.01 par common
Borror Corporation: No par common
Broad National Bancorporation (New Jersey): 8½% cumulative convertible preferred
Bugaboo Creek Steak House, Inc.: $.01 par common

CAI Wireless Systems, Inc.: No par common
Cameron Ashley Inc.: No par common
Cantel Industries, Inc.: $.10 par common
Career Horizons, Inc.: $.01 par common
Celadon Group, Inc.: $.033 par common
Cerplex Group Inc., The: $.001 par common
Champs Entertainment, Inc.: $.01 par common
Charter Bank, S.B. (Illinois): $1.00 par common
Charter Federal Savings Bank (Virginia): $.01 par common
Ciber, Inc.: $.01 par common
Cidco Incorporated: $.01 par common
Citi-Bancshares, Inc. (Florida): $.01 par common
CMG Information Services, Inc.: $.01 par common
CNS, Inc.: $.01 par common
Commonwealth Federal Savings Bank (Pennsylvania): $.10 par common
Concord Holding Corporation: $.01 par common
Conestoga Bancorp, Inc. (New York): $.01 par common
Consep, Inc.: $.01 par common
Conwest Exploration Company Ltd.: No par common
Copart, Inc.: No par common

Dakotah, Incorporated: $.01 par common
Daktronics, Inc.: No par common
Deflecta-Shield Corporation: $.01 par common
Delrina Corporation: No par common
Dialogic Corporation: No par common
Digital Link Corporation: No par common
Dolco Packaging Corporation: $.01 par common
Drypers Corporation: $.001 par common
DSP Group, Inc.: $.001 par common

Ecogen, Inc.: Warrants (expire 01-31-98)
Effective Management Systems, Inc.: $.01 par common
Electric Fuel Corporation: $.01 par common
Electronic FAB Technology Corporation: $.01 par common
Eltron International, Inc.: No par common
Emmis Broadcasting Corporation: Class A, $.01 par common
Employee Solutions, Inc.: No par common
Encore Computer Corporation: $.01 par common
Equity Inns, Inc.: $.01 par common
Equity Marketing, Inc.: $.001 par common
Esmor Correctional Services, Inc.: $.01 par common

Federal Industries Ltd.: Class A convertible common
Financial Benefit Group Inc.: Class A, $.01 par common
Finishmaster, Inc.: $1.00 par common
First Alert, Inc.: $.01 par common
First Commerce Bancshares, Inc. (Nebraska): Class B, $.20 par common
First Financial Bancorp, Inc. (Illinois): $.10 par common
First Independence Corporation: $.01 par common
First Patriot Bankshares Corporation (Virginia): $2.50 par common
First-Knox Banc Corp. (Ohio): $3.125 par common
Flextronics International Ltd.: $.01 par common
Fuel-Tech, N.V.: $.01 par common

Gametek, Inc.: $.01 par common
Gasonics International Corporation: $.001 par common
Global Village Communication, Inc.: $.001 par common
GP Financial Corporation: $.01 par common
Graff Pay-Per-View, Inc.: $.01 par common
Great Financial Corporation: $.01 par common
Great Lakes Aviation, Ltd.: $.01 par common
GTS Duratek, Inc.: $.01 par common
Gulf South Medical Supply, Inc.: $.01 par common

Harris Savings Bank (Pennsylvania): $.01 par common
Harvey Universal, Inc.: $.01 par common
Health Power, Inc.: $.01 par common Healthcare Imaging Services, Inc.: Class B, redeemable Warrants (expire 11-12-96)
Healthy Planet Products, Inc.: $.01 par common
Hemasure Inc.: $.01 par common
Hilite Industries, Inc.: $.01 par common
Hirsch International Corporation: Class A, $.01 par common
Home Theater Products International Inc.: No par common; Warrants (expire 08-14-94)
Hugoton Energy Corporation: No par common
Hungarian Telephone & Cable Corp.: $.001 par common

ID Biomedical Corporation: No par common
Igen, Inc.: $.001 par common
Infosoft International, Inc.: $.01 par common
Integrated Micro Products PLC: American Depositary Shares

Integrated Silocon Systems, Inc.: $.01 par common
Intercel, Inc.: $.01 par common
Interim Services Inc.: $.01 par common
International Gaming Management, Inc.: $.001 par common
International Nesmont Industrial Corporation: No par common
International Post Limited: $.01 par common

Jackson Hewitt Inc.: $.02 par common
Jameson Inns, Inc.: $.10 par common
Jefferson Savings and Loan Association, F.A. (Virginia): $3.00 par common
Just for Feet, Inc.: $.0001 par common

Kiddie Products, Inc.: $.10 par common
Kinross Gold Corporation: No par common

L.A. T Sportswear Inc.: No par common
Lacrosse Footwear Inc.: $.01 par common
Lancit Media Productions Ltd.: $.001 par common
Landmark Bancshares, Inc. (Kansas): $.10 par common
Laser Video Network, Inc.: $.001 par common
Leaseway Transportation Corporation: $.01 par common
LFS Bancorp, Inc. (Kentucky): $.01 par common

Mapinfo Corporation: $.002 par common
Marshalltown Financial Corporation: $.01 par common
Media Vision Technology, Inc.: Convertible subordinated debentures due 2003
Mego Financial Corporation: No par common
Meritrust Federal Savings Bank (Louisiana): $1.00 par common
Meyerson, M.H., & Co., Inc.: $.01 par common
MFB Corporation: No par common
Microfluidics International Corporation: $.01 par common
Minnesota Brewing company: $.01 par common
Minnesota Educational Computing Corporation: $.01 par common
Motorcar Parts & Accessories, Inc.: $.01 par common
MPTV, Inc.: $.005 par common
MRV Communications, Inc.: $.01 par common; Warrants (expire 12–07–97)
MTI Technology Corporation: $.001 par common

National Techteam Inc.: $.01 par common
Natural Microsystems Corporation: $.01 par common
Neurobiological Technologies, Inc.: $.001 par common
New World Communications Group, Inc.: Class A, $.01 par common
Nexagen Inc.: $.01 par common
NN Ball & Roller, Inc.: $.01 par common
Northwest Airlines Corporation: Class A, $.01 par common
Norton McNaughton, Inc.: $.01 par common

Olympic Steel, Inc.: No par common
Optima Petroleum Corporation: No par common
Orthopedic Technology, Inc.: $.01 par common

Parcplace Systems, Inc.: $.001 par common
Paul-Son Gaming Corporation: $.01 par common
PC Service Source, Inc.: $.01 par common
Peoples Bank Corporation of Indianapolis: Non-voting, No par common
Permanent Bancorp, Inc. (Indiana): $.01 par common
Perpetual Midwest Financial, Inc.: $.01 par common
Personnel Management Inc.: No par common
Pet Food Warehouse, Inc.: $.01 par common
Petco Animal Supplies, Inc.: $.0001 par common
Peterborough Savings Bank (New Hampshire): $.01 par common
Petrolane Incorporated: Class B, $.01 par common
Prime Retail, Inc.: $.01 par common; Series B, cumulative convertible preferred
Procept, Inc.: $.01 par common
Prophet 21, Inc.: $.01 par common

Qlogic Corporation: $.10 par common
Quality Dining, Inc.: No par common
Quality Systems, Inc.: $.01 par common

Ramtron International Corporation: $.01 par common
Redfed Bancorp Inc. (California): $.01 par common
Reliance Bancorp, Inc. (New York): $.01 par common
Renaissance Communications Corp.: $.01 par common
Reptrone Electronics, Inc.: $.01 par common
Retirement Care Associates, Inc.: $.0001 par common
Riverview Savings Bank, F.S.B. (Washington): $1.00 par common
Roanoke Gas Company: $5.00 par common
Rock-Tenn Company: Class A, $.01 par common

SA Holdings, Inc.: $.0001 par common
Sanctuary Woods Multimedia Corporation: No par common
Security Environmental Systems, Inc.: $.03 par common
Serving Software Inc.: $.01 par common
Shuffle Master, Inc.: Warrants (expire 01–20–98)
Shurgard Storage Centers, Inc.: Class A, $.01 par common
Sigmatron International, Inc.: $.01 par common
Softdesk Inc.: $.01 par common

Softkey International Inc.: $.01 par common; Warrants (expire 03-26-96)
Sonic Solutions: No par common
Southern Missouri Bancorp, Inc.: $.01 par common
Southern Starr Broadcasting Group, Inc.: $.10 par common
Standish Care Company, The: $.01 par common; Series A, $.01 par cumulative convertible preferred
Sunshine Mining Company: Warrants (expire 03-09-99)

Tatham Offshore, Inc.: $.01 par common
Telular Corporation: $.01 par common
Texas Regional Bancshares, Inc.: Class A voting, $1.00 par common
TJ Systems Corporation: Series A, $.01 par convertible preferred
Total Containment, Inc.: $.01 par common
Tractor Supply Company: $.008 par common
Traanstexas Gas Corporation: $.01 par common
Triangle Bancorp, Inc. (North Carolina): No par common
Triple S Plastics, Inc.: No par common
Trism, Inc.: $.01 par common
Tufco Technologies, Inc.: $.01 par common

Ultrak, Inc.: No par common
Uniroyal Technology Corporation: Warrants (expire 06-01-2003)
United States Exploration, Inc.: $.0001 par common
Uromed Corporation: No par common
USA Mobile Communications Holdings Inc.: $.01 par common

Vaughn Communications, Inc.: $.10 par common
Vectra Banking Corporation: $.01 par common
Venezuelan Goldfields Ltd.: No par common
Vivus Inc.: No par common

Wandel & Goltermann Technologies, Inc.: $.01 par common
Wayne Savings and Loan Company, Inc. (Ohio): $1.00 par common
Webco Industries, Inc.: $.01 par common
Wholesale Cellular USA Inc.: $.01 par common
Willard Peace Oil and Gas Company: Series A, $.01 par cumulative convertible preferred
Wireless Cable of Atlanta, Inc.: $1.00 par common
WTD Industries, Inc.: No par common

Xcellenet Inc.: $.01 par common
Xpedite Systems, Inc.: $.01 par common

Additions to the List of Foreign Margin Stocks

Aisin Seiko Co., Ltd.: ¥ 50 par common
Aiwa Co., Ltd.: ¥ 50 par common
Akita Bank, Ltd.: ¥ 50 par common
Alps Electric Co., Ltd.: ¥ 50 par common
Amada Co., Ltd.: ¥ 50 par common
Amada Metrecs Co., Ltd.: ¥ 50 par common
Amano Corp.: ¥ 50 par common
Anritsu Corp.: ¥ 50 par common
Aoki Corp.: ¥ 50 par common
Aoki International Co., Ltd.: ¥ 50 par common
Aomori Bank, Ltd.: ¥ 50 par common
Asahi Bank, Ltd.: ¥ 50 par common
Asahi Diamond Industrial Co., Ltd.: ¥ 50 par common
Asatsu Inc.: ¥ 50 par common
Ashikaga Bank Ltd.: ¥ 50 par common
Atsugi Nylon Industrial Co., Ltd.: ¥ 50 par common
Autobacs Seven Co., Ltd.: ¥ 50 par common

Bank of Fukuoka, Ltd.: ¥ 50 par common
Bank of Hiroshima: ¥ 50 par common
Bank of Kinki Ltd.: ¥ 50 par common
Bank of Kyoto, Ltd.: ¥ 50 par common
Bank of Nagoya, Ltd.: ¥ 50 par common
Bank of Yokohama, Ltd.: ¥ 50 par common
Banyu Pharmaceutical Co., Ltd.: ¥ 50 par common
Best Denki Co., Ltd.: ¥ 50 par common
Brother Industries, Ltd.: ¥ 50 par common

Casio Computer Co., Ltd.: ¥ 50 par common
Chiba Bank, Ltd.: ¥ 50 par common
Chiyoda Corp.: ¥ 50 par common
Chiyoda Fire & Marine Insurance Co., Ltd.: ¥ 50 par common
Chudenko Corp.: ¥ 50 par common
Chugai Pharmaceutical Co., Ltd.: ¥ 50 par common
Chugoku Bank Ltd.: ¥ 50 par common
Chugoku Electric Power Co. Inc.: ¥ 50 par common
Chuo Trust & Banking Co., Ltd.: ¥ 50 par common
Citizen Watch Co., Ltd.: ¥ 50 par common
Cosmo Oil Co. Ltd.: ¥ 50 par common
Cosmo Securities Co., Ltd.: ¥ 50 par common
Credit Saison Co., Ltd.: ¥ 50 par common
CSK Corp.: ¥ 50 par common

Dai-Showa Paper Mfg. Co. Ltd.: ¥ 50 par common
Dai-Tokyo Fire & Marine Insurance Co. Ltd.: ¥ 50 par common
Daicel Chemical Industries, Ltd.: ¥ 50 par common
Daido Steel Co., Ltd.: ¥ 50 par common
Daihatsu Motor Co. Ltd.: ¥ 50 par common
Daiichi Corp.: ¥ 50 par common
Daiichi Pharmaceutical Co., Ltd.: ¥ 50 par common
Daiken Corp.: ¥ 50 par common

Daikin Industries Ltd.: ¥ 50 par common
Daikyo Inc.: ¥ 50 par common
Daimaru Inc.: ¥ 50 par common
Dainippon Ink & Chemicals Inc.: ¥ 50 par common
Dainippon Pharmaceutical Co. Ltd.: ¥ 50 par common
Dainippon Screen Mfg. Co. Ltd.: ¥ 50 par common
Daito Trust Constructions Co., Ltd.: ¥ 50 par common
Daiwa Bank Ltd.: ¥ 50 par common
Daiwa Securities Co. Ltd.: ¥ 50 par common
Denny's Japan Co. Ltd.: ¥ 50 par common
Dowa Fire & Marine Insurance Co. Ltd.: ¥ 50 par common

East Japan Railway Co.: ¥ 50 par common
Eighteenth Bank Ltd.: ¥ 50 par common
Eisai Co. Ltd.: ¥ 50 par common
Ezaki Gilco Co. Ltd.: ¥ 50 par common

Familymart Co. Ltd.: ¥ 50 par common
Fanuc Co. Ltd.: ¥ 50 par common
Fuji Heavy Industries Ltd.: ¥ 50 par common
Fujikura Ltd.: ¥ 50 par common
Fujisawa Pharmaceutical Co. Ltd.: ¥ 50 par common
Fujita Kanko Inc.: ¥ 50 par common
Fukuyama Transporting Co., Ltd.: ¥ 50 par common
Futaba Corp.: ¥ 50 par common
Futaba Industrial Co. Ltd.: ¥ 50 par common

General Sekiyu K.K.: ¥ 50 par common
Godo Steel Ltd.: ¥ 50 par common
Green Cross Corp.: ¥ 50 par common
Gunma Bank Ltd.: ¥ 50 par common
Gunze Ltd.: ¥ 50 par common

Hachijuni Bank Ltd.: ¥ 50 par common
Hankyu Corp.: ¥ 50 par common
Hankyu Department Stores, Inc.: ¥ 50 par common
Hanshin Electric Railway Co. Ltd.: ¥ 50 par common
Hanwa Co. Ltd.: ¥ 50 par common
Haseko Corp.: ¥ 50 par common
Hazama Corp.: ¥ 50 par common
Heiwado Co. Ltd.: ¥ 50 par common
Higashi-Nippon Bank Ltd.: ¥ 50 par common
Higo Bank Ltd.: ¥ 50 par common
Hirose Electric Co. Ltd.: ¥ 50 par common
Hitachi Cable Ltd.: ¥ 50 par common
Hitachi Chemical Co. Ltd.: ¥ 50 par common
Hitachi Construction Machinery Co. Ltd.: ¥ 50 par common
Hitachi Credit Corp.: ¥ 50 par common
Hitachi Koki Co. Ltd.: ¥ 50 par common
Hitachi Maxell Ltd.: ¥ 50 par common
Hitachi Metals Ltd.: ¥ 50 par common
Hitachi Sales Corp.: ¥ 50 par common
Hitachi Software Engineering Co. Ltd.: ¥ 50 par common
Hitachi Transport System Ltd.: ¥ 50 par common
Hitachi Zosen Corp.: ¥ 50 par common
Hokkaido Bank Ltd.: ¥ 50 par common
Hokkaido Electric Power Co. Inc.: ¥ 500 par common
Hokkaido Takushoku Bank Ltd.: ¥ 50 par common
Hokkoku Bank Ltd.: ¥ 50 par common
Hokuetsu Bank Ltd.: ¥ 50 par common
Hokuetsu Paper Mills Ltd.: ¥ 50 par common
Hokuriku Bank Ltd.: ¥ 50 par common
Hokuriku Electric Power Co. Inc.: ¥ 50 par common
House Food Corp.: ¥ 50 par common
Hoya Corp.: ¥ 50 par common
Hyogo Bank Ltd.: ¥ 50 par common

Inax Corp.: ¥ 50 par common
Ishihara Sangyo Kaisha Ltd.: ¥ 50 par common
Itochu Corp.: ¥ 50 par common
Itoham Foods Inc.: ¥ 50 par common
Iyo Bank Ltd.: ¥ 50 par common
Izumi Co. Ltd.: ¥ 50 par common

Jaccs Co. Ltd.: ¥ 50 par common
Japan Airport Terminal Co. Ltd.: ¥ 50 par common
Japan Digital Laboratory Co. Ltd.: ¥ 50 par common
Japan Securities Finance Co. Ltd.: ¥ 50 par common
Japan Synthetic Rubber Co. Ltd.: ¥ 50 par common
JGC Corp.: ¥ 50 par common
Joyo Bank Ltd.: ¥ 50 par common
Juroku Bank Ltd.: ¥ 50 par common
Jusco Co. Ltd.: ¥ 50 par common

Kagoshima Bank Ltd.: ¥ 50 par common
Kakan Pharmaceutical Co. Ltd.: ¥ 50 par common
Kamigumi Co. Ltd.: ¥ 50 par common
Kandenko Co. Ltd.: ¥ 50 par common
Kaneka Corp.: ¥ 50 par common
Kanematsu Corp.: ¥ 50 par common
Kankaku Securities Co. Ltd.: ¥ 50 par common
Kansai Paint Co. Ltd.: ¥ 50 par common
Kao Corp.: ¥ 50 par common
Katokichi Co. Ltd.: ¥ 50 par common
Kayaba Industry Co. Ltd.: ¥ 50 par common
Keiyo Bank Ltd.: ¥ 50 par common
Keiyo Co. Ltd.: ¥ 50 par common
Kenwood Corp.: ¥ 50 par common
Keyence Corp.: ¥ 50 par common
Kinden Corp.: ¥ 50 par common
Kinki Nippon Railway Co. Ltd.: ¥ 50 par common
Kissei Pharmaceutical Co. Ltd.: ¥ 50 par common
Kiyo Bank Ltd.: ¥ 50 par common
Koa Fire & Marine Insurance Co. Ltd.: ¥ 50 par common
Koa Oil Co. Ltd.: ¥ 50 par common

Kokusai Denshin Denwa Co. Ltd. (KDD): ¥ 50 par common
Kokusai Electric Co. Ltd.: ¥ 50 par common
Kokusai Securities Co. Ltd.: ¥ 50 par common
Konami Co. Ltd.: ¥ 50 par common
Kumagai Gumi Co. Ltd.: ¥ 50 par common
Kurabo Industries Ltd.: ¥ 50 par common
Kurimoto Ltd.: ¥ 50 par common
Kurita Water Industries Ltd.: ¥ 50 par common
Kyocera Corp.: ¥ 50 par common
Kyodo Printing Co. Ltd.: ¥ 50 par common
Kyowa Exeo Corp.: ¥ 50 par common
Kyudenko Corp.: ¥ 50 par common
Kyushu Electric Power Co. Inc.: ¥ 500 par common
Kyushu Matsushita Electric Co. Ltd.: ¥ 50 par common

Mabuchi Motor Co. Ltd.: ¥ 50 par common
Maeda Corp.: ¥ 50 par common
Maeda Road Construction Co. Ltd.: ¥ 50 par common
Makita Corp.: ¥ 50 par common
Marudai Food Co. Ltd.: ¥ 50 par common
Maruetsu Inc.: ¥ 50 par common
Maruha Corp.: ¥ 50 par common
Matsushita Communication Industrial Co. Ltd.: ¥ 50 par common
Matsushita Refrigeration Co.: ¥ 50 par common
Matsushita Seiko Co. Ltd.: ¥ 50 par common
Matsushita-Kotobuki Electronics Industries Ltd.: ¥ 50 par common
Max Co. Ltd.: ¥ 50 par common
Michinoku Bank Ltd.: ¥ 50 par common
Mikuni Coca-Cola Bottling Co. Ltd.: ¥ 50 par common
Minebea Co. Ltd.: ¥ 50 par common
Minolta Camera Co. Ltd.: ¥ 50 par common
Misawa Homes Co. Ltd.: ¥ 50 par common
Mitsubishi Cable Industries Ltd.: ¥ 50 par common
Mitsubishi Gas Chemical Co. Inc.: ¥ 50 par common
Mitsubishi Motors Corp.: ¥ 50 par common
Mitsubishi Petrochemical Co. Ltd.: ¥ 50 par common
Mitsui Construction Co. Ltd.: ¥ 50 par common
Mitsui Engineering & Shipbuilding Co. Ltd.: ¥ 50 par common
Mitsui Petrochemical Industries Ltd.: ¥ 50 par common
Mitsui Real Estate Sales Co. Ltd.: ¥ 50 par common
Mitsui-Soko Co. Ltd.: ¥ 50 par common
Mitsumi Electric Co. Ltd.: ¥ 50 par common
Mizuno Corp.: ¥ 50 par common
Mochida Pharmaceutical Co. Ltd.: ¥ 50 par common
Morinaga Milk Industry Co. Ltd.: ¥ 50 par common
Murata Mfg. Co. Ltd.: ¥ 50 par common
Musashino Bank Ltd.: ¥ 50 par common

Nagasakiya Co. Ltd.: ¥ 50 par common
Nagase & Co. Ltd.: ¥ 50 par common
Nagoya Railroad Co. Ltd.: ¥ 50 par common
Namco Ltd.: ¥ 50 par common
National House Industrial Co. Ltd.: ¥ 50 par common
NCR Japan Ltd.: ¥ 50 par common
New Japan Securities Co. Ltd.: ¥ 50 par common
New Oji Paper Co. Ltd.: ¥ 50 par common
NGK Spark Plug Co. Ltd.: ¥ 50 par common
NHK Spring Co. Ltd.: ¥ 50 par common
Nichicon Corp.: ¥ 50 par common
Nichiei Construction Co. Ltd.: ¥ 50 par common
Nichii Co. Ltd.: ¥ 50 par common
Nichimen Corp.: ¥ 50 par common
Nippon Comsys Corp.: ¥ 50 par common
Nippon Credit Bank Ltd.: ¥ 50 par common
Nippon Densetsu Kogyo Co. Ltd.: ¥ 50 par common
Nippon Electric Glass Co. Ltd.: ¥ 50 par common
Nippon Fire & Marine Insurance Co. Ltd.: ¥ 50 par common
Nippon Hodo Co. Ltd.: ¥ 50 par common
Nippon Meat Packers Inc.: ¥ 50 par common
Nippon Paint Co. Ltd.: ¥ 50 par common
Nippon Road Co. Ltd.: ¥ 50 par common
Nippon Sanso Corp.: ¥ 50 par common
Nippon Shokubai Co. Ltd.: ¥ 50 par common
Nippon Television Network Corp.: ¥ 50 par common
Nippon Trust Bank Ltd.: ¥ 50 par common
Nippon Zeon Co. Ltd.: ¥ 50 par common
Nishi-Nippon Bank Ltd.: ¥ 50 par common
Nishi-Nippon Railroad Co. Ltd.: ¥ 50 par common
Nishimatsu Construction Co. Ltd.: ¥ 50 par common
Nissan Chemical Industries Ltd.: ¥ 50 par common
Nissan Fire & Marine Insurance Co. Ltd.: ¥ 50 par common
Nissei Sangyo Co. Ltd.: ¥ 50 par common
Nissha Printing Co. Ltd.: ¥ 50 par common
Nisshin Fire & Marine Insurance Co. Ltd.: ¥ 50 par common
Nisshin Steel Co. Ltd.: ¥ 50 par common
Nisshinbo Industries Inc.: ¥ 50 par common
Nissho Iwai Corp.: ¥ 50 par common
Nissin Food Products Co. Ltd.: ¥ 50 par common
Nitsuko Corp. ¥ 50 par common
Nitto Denko Corp.: ¥ 50 par common
Nok Corp.: ¥ 50 par common
Noritz Corp.: ¥ 50 par common

Ogaki Kyoritsu Bank Ltd.: ¥ 50 par common
Okasan Securities Co. Ltd.: ¥ 50 par common
Okumura Corp.: ¥ 50 par common
Olympus Optical Co. Ltd.: ¥ 50 par common
Omron Corp.: ¥ 50 par common
Ono Pharmaceutical Co. Ltd.: ¥ 50 par common
Onward Kashiyama Co. Ltd.: ¥ 50 par common

Orient Corp.: ¥ 50 par common
Orix Corp.: ¥ 50 par common

Penta-Ocean Construction Co. Ltd.: ¥ 50 par common
Pioneer Electronic Corp.: ¥ 50 par common

Q.P. Corp.: ¥ 50 par common

Raito Kogyo Co. Ltd.: ¥ 50 par common
Rengo Co. Ltd.: ¥ 50 par common
Renown Inc.: ¥ 50 par common
Rinnai Corp.: ¥ 50 par common
Rohm Co. Ltd.: ¥ 50 par common
Ryosan Co. Ltd.: ¥ 50 par common

Sagami Railway Co. Ltd.: ¥ 50 par common
Saibu Gas Co. Ltd.: ¥ 50 par common
Sakata Seed Corp.: ¥ 50 par common
Sanki Engineering Co. Ltd.: ¥ 50 par common
Sankyo Aluminum Industry Co. Ltd.: ¥ 50 par common
Sankyu Inc.: ¥ 50 par common
Santen Pharmaceutical Co. Ltd.: ¥ 50 par common
Sanwa Shutter Corp.: ¥ 50 par common
Sanyo Chemical Industries Ltd.: ¥ 50 par common
Sanyo Securities Co. Ltd.: ¥ 50 par common
Secom Co. Ltd.: ¥ 50 par common
Seibu Railway Co. Ltd. ¥ 50 par common
Seiko Corp.: ¥ 50 par common
Seino Transportation Co. Ltd.: ¥ 50 par common
Seiyu Ltd.: ¥ 50 par common
Sekisui House Ltd.: ¥ 50 par common
Senshukai Co. Ltd.: ¥ 50 par common
Seven-Eleven Japan Co. Ltd.: ¥ 50 par common
Seventy-Seven (67) Bank Ltd.: ¥ 50 par common
Shikoku Electric Power Co. Inc.: ¥ 50 par common
Shimadzu Corp.: ¥ 50 par common
Shimamura Co. Ltd.: ¥ 50 par common
Shimano Inc.: ¥ 50 par common
Shinmaywa Industries Ltd.: ¥ 50 par common
Shionogi & Co. Ltd.: ¥ 50 par common
Shiseido Co. Ltd.: ¥ 50 par common
Shizuoka Bank Ltd.: ¥ 50 par common
Showa Sangyo Co. Ltd.: ¥ 50 par common
Siebe PLC: ¥ 50 par common
Skylark Co. Ltd.: ¥ 50 par common
SMC Corp.: ¥ 50 par common
Snow Brand Milk Products Co. Ltd.: ¥ 50 par common
SS Pharmaceutical Co. Ltd.: ¥ 50 par common
Stanley Electric Co. Ltd.: ¥ 50 par common
Sumitomo Bakelite Co. Ltd.: ¥ 50 par common
Sumitomo Construction Co. Ltd.: ¥ 50 par common
Sumitomo Forestry Co. Ltd.: ¥ 50 par common
Sumitomo Heavy Industries Ltd.: ¥ 50 par common
Sumitomo Marine & Fire Insurance Co. Ltd.: ¥ 50 par common
Sumitomo Rubber Industries Ltd.: ¥ 50 par common
Sumitomo Trust & Banking Co. Ltd.: ¥ 50 par common
Sumitomo Warehouse Co. Ltd.: ¥ 50 par common
Suruga Bank Ltd.: ¥ 50 par common
SXL Corp.: ¥ 50 par common

Tadano Ltd.: ¥ 50 par common
Taihei Dengyo Kaisha Ltd.: ¥ 50 par common
Taisei Prefab Construction Co. Ltd.: ¥ 50 par common
Taiyo Yuden Co. Ltd.: ¥ 50 par common
Takara Standard Co. Ltd.: ¥ 50 par common
Takuma Co. Ltd.: ¥ 50 par common
Tanabe Seiyaku Co. Ltd.: ¥ 50 par common
Terumo Corp.: ¥ 50 par common
Toa Corp.: ¥ 50 par common
Toa Steel Co. Ltd.: ¥ 50 par common
Toagosei Chemical Industry Co. Ltd.: ¥ 50 par common
Toda Construction Co. Ltd.: ¥ 50 par common
Toei Co. Ltd.: ¥ 50 par common
Toenec Corp.: ¥ 50 par common
Toho Bank Ltd.: ¥ 50 par common
Toho Co. Ltd.: ¥ 50 par common
Toho Gas Co. Ltd.: ¥ 50 par common
Tokai Bank Ltd.: ¥ 50 par common
Tokuyama Soda Co. Ltd.: ¥ 50 par common
Tokyo Broadcasting System Inc.: ¥ 50 par common
Tokyo Dome Corp.: ¥ 50 par common
Tokyo Electron Ltd.: ¥ 50 par common
Tokyo Ohka Kogyo Co. Ltd.: ¥ 50 par common
Tokyo Rope Mfg. Co. Ltd.: ¥ 50 par common
Tokyo Sowa Bank Ltd.: ¥ 50 par common
Tokyo Steel Mfg, Co. Ltd.: ¥ 50 par common
Tokyo Style Co. Ltd.: ¥ 50 par common
Tokyo Tatemono Co. Ltd.: ¥ 50 par common
Tokyo Tomin Bank Ltd.: ¥ 50 par common
Tokyotokeiba Co. Ltd.: ¥ 50 par common
Tokyu Construction Co. Ltd.: ¥ 50 par common
Tokyu Corp.: ¥ 50 par common
Tokyu Land Corp.: ¥ 50 par common
Tomen Corp.: ¥ 50 par common
Toshiba Ceramics Co. Ltd.: ¥ 50 par common
Toshoku Ltd.: ¥ 50 par common
Tostem Corp.: ¥ 50 par common
Toyo Communication Equipment Co. Ltd.: ¥ 50 par common
Toyo Engineering Corp.: ¥ 50 par common
Toyo Exterior Co. Ltd.: ¥ 50 par common
Toyo Ink Mfg. Co. Ltd.: ¥ 50 par common
Toyo Suisan Kaisha Ltd.: ¥ 50 par common
Toyo Trust & Banking Co. Ltd.: ¥ 50 par common

Toyota Auto Body Co. Ltd.: ¥ 50 par common
Toyota Tsusho Corp.: ¥ 50 par common
Tsumura & Co.: ¥ 50 par common

Uni-Charm Corp.: ¥ 50 par common
Uniden Corp.: ¥ 50 par common
Uny Co. Ltd.: ¥ 50 par common
Ushio Inc.: ¥ 50 par common

Wacoal Corp.: ¥ 50 par common
Wako Securities Co. Ltd.: ¥ 50 par common
Wheelock & Co. Ltd.: ¥ 50 par common

Yakult Honsha Co. Ltd.:¥ 50 par common
Yamaguchi Bank Ltd.: ¥ 50 par common
Yamaha Motor Co. Ltd.: ¥ 50 par common
Yamaichi Securities Co. Ltd.: ¥ 50 par common
Yamanashi Chuo Bank Ltd.: ¥ 50 par common
Yamatake-Honeywell Co. Ltd.: ¥ 50 par common
Yamato Transport Co. Ltd.: ¥ 50 par common
Yamazaki Banking Co. Ltd.: ¥ 50 par common
Yaohan Japan Corp.: ¥ 50 par common
Yasuda Trust & Banking Co. Ltd.: ¥ 50 par common
Yodogawa Steel Works Ltd.: ¥ 50 par common
YBenimaru Co. Ltd.: ¥ 50 par common
Yoshitomi Pharmaceutical Industries Ltd.: ¥ 50 par common
Yuasa Corp.: ¥ 50 par common

Zexel Corp.: ¥ 50 par common

Final Rule—Amendment to Regulation J

The Board of Governors is amending 12 C.F.R. Part 210, its Regulation J (Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire). The Board is adopting amendments to subpart A of its Regulation J to conform the warranties and various other provisions of Regulation J to recent amendments to Regulation CC or to the Uniform Commercial Code.

Effective June 6, 1994, 12 C.F.R. Part 210 is amended as follows:

Part 210—Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire (Regulation J)

1. The authority citation for part 210 is revised to read as follows:

Authority: 12 U.S.C. 248(i), (j), and (o), 342, 360, 464, and 4001-4010.

2. The first sentence of section 210.1 is revised to read as follows:

Section 210.1—Authority, purpose, and scope.

The Board of Governors of the Federal Reserve System (Board) has issued this subpart pursuant to the Federal Reserve Act, sections 11(i) and (j) (12 U.S.C. 248(i) and (j)), section 13 (12 U.S.C. 342), section 16 (12 U.S.C. 248(o) and 360), and section 19(f) (12 U.S.C. 464); the Expedited Funds Availability Act (12 U.S.C. 4001 *et seq.*); and other laws. * * *

3. In section 210.2, paragraph (g) introductory text is revised and a new paragraph (p) is added immediately before the concluding text to read as follows:

Section 210.2—Definitions.

* * * * *

(g) *Item* means an instrument or a promise or order to pay money, whether negotiable or not, that is: * * *

* * * * *

(p) *Uniform Commercial Code* means the Uniform Commercial Code as adopted in a state.

* * * * *

4. In section 210.3, the last sentence of paragraph (a) is revised and a new paragraph (f) is added to read as follows:

Section 210.3—General provisions.

(a) * * * The circulars may, among other things, classify cash items and noncash items, require separate sorts and letters, provide different closing times for the receipt of different classes or types of items, set forth terms of services, and establish procedures for adjustments on a Reserve Bank's books, including amounts, waiver of expenses, and payment of interest by as-of adjustment.

* * * * *

(f) *Relation to other law*. The provisions of this subpart supersede any inconsistent provisions of the Uniform Commercial Code, of any other state law, or of part 229 of this title, but only to the extent of the inconsistency.

5. In section 210.5, paragraph (a) introductory text and paragraph (a)(2) are revised, in paragraph (b)(3) the phrase "judgment or decree of the tender of defense" is revised to read "judgment or decree or the tender of

defense", and a new paragraph (d) is added to read as follows:

Section 210.5—Sender's agreement; recovery by Reserve Bank.

(a) *Sender's agreement.* The warranties, authorizations, and agreements made pursuant to this paragraph may not be disclaimed and are made whether or not the item bears an indorsement of the sender. By sending an item to a Reserve Bank, the sender:

* * * * *

(2) Warrants to each Reserve Bank handling the item that:

* * * * *

(i) The sender is a person entitled to enforce the item or authorized to obtain payment of the item on behalf of a person entitled to enforce the item; and

* * * * *

(ii) The item has not been altered; but this paragraph (a)(2) does not limit any warranty by a sender or other prior party arising under state law or under subpart C of part 229 of this title; and

* * * * *

(d) *Security interest.* To secure any obligation due or to become due to a Reserve Bank by a sender or prior collecting bank under this subpart or subpart C of part 229 of this title, the sender and prior collecting bank, by sending an item directly or indirectly to the Reserve Bank, grant to the Reserve Bank a security interest in all of the sender's or prior collecting bank's assets in the possession of, or held for the account of, the Reserve Bank. The security interest attaches when a warranty is breached or any other obligation to the Reserve Bank is incurred. If the Reserve Bank, in its sole discretion, deems itself insecure and gives notice thereof to the sender or prior collecting bank, or if the sender or prior collecting bank suspends payments or is closed, the Reserve Bank may take any action authorized by law to recover the amount of an obligation, including, but not limited to, the exercise of rights of set off, the realization on any available collateral, and any other rights it may have as a creditor under applicable law.

6. In section 210.6, paragraphs (b)(1) and (b)(2) are revised, a new first sentence is added to paragraph (b) concluding text, and a new last sentence is added to paragraph (c) to read as follows:

Section 210.6—Status, warranties, and liability of Reserve Bank.

* * * * *

(b) * * *

(1) That the Reserve Bank is a person entitled to enforce the item (or is authorized to obtain payment of the item on behalf of a person who is either:

(i) Entitled to enforce the item; or

(ii) Authorized to obtain payment on behalf of a person entitled to enforce the item); and

(2) That the item has not been altered.

The Reserve Bank also makes the warranties set forth in section 229.34(c) of this title, subject to the terms of part 229 of this title. * * *

(c) * * * This paragraph does not lengthen the time limit for claims under section 229.38(g) of this title (which include claims for breach of warranty under section 229.34 of this title).

7. In section 210.9, paragraph (a)(5) is revised to read as follows:

Section 210.9—Settlement and payment.

(a) * * *

(5) Settlement with a Reserve Bank under paragraphs (a)(1) through (4) of this section shall be made by debit to an account on the Reserve Bank's books, cash, or other form of settlement to which the Reserve Bank agrees, except that the Reserve Bank may, in its discretion, obtain settlement by charging the paying bank's reserve or clearing account. A paying bank may not set off against the amount of a settlement under this section the amount of a claim with respect to another cash item, cash letter, or other claim under section 229.34(c) of this title or other law.

* * * * *

8. In section 210.12, a new sentence is added after the first sentence of paragraph (a), paragraph (c) introductory text and paragraph (c)(2) are revised, paragraphs (d) through (g) are redesignated as paragraphs (e) through (h), respectively, new paragraphs (d) and (i) are added, and newly-designated paragraph (e) concluding text and newly-designated paragraph (h) are revised to read as follows:

Section 210.12—Return of cash items and handling of returned checks.

(a) * * * A paying bank that receives a cash item directly or indirectly from a Reserve Bank also may return the item prior to settlement, in accordance with section 210.9(a) and its Reserve Bank's operating circular. * * *

* * * * *

(c) *Paying bank's and returning bank's agreement.* The warranties, authorizations, and agreements made pursuant to this paragraph may not be disclaimed and are made whether or not the returned check bears an indorsement of the paying bank or returning bank. By sending a returned check to a Reserve Bank, the paying bank or returning bank—

* * * * *

(2) Makes the warranties set forth in section 229.34 of this title (but this paragraph does not limit any warranty by a paying or returning bank arising under state law); and

* * * * *

(d) *Warranties by Reserve Bank.* By sending a returned check and receiving settlement or other consideration for it, a Reserve Bank makes the returning bank warranties as set forth in section 229.34 of this title, subject to the terms of part 229 of this title. The Reserve Bank shall not have or assume any other liability to the transferee returning bank, to any subsequent returning bank, to the depositary bank, to the owner of the check, or to any other person, except for the Reserve Bank's own lack of good faith or failure to exercise ordinary care as provided in subpart C of part 229 of this title.
(e) * * * the Reserve Bank may, upon the entry of a final judgment or decree, recover from the paying bank or returning bank the amount of attorneys' fees and other expenses of litigation incurred, as well as any amount the Reserve Bank is required to pay because of the judgment or decree or the tender of defense, together with interest thereon.

* * * * *

(h) *Settlement.* A subsequent returning bank or depositary bank shall settle for returned checks in the same manner and by the same time as for cash items presented for payment under this subpart.
(i) *Security interest.* To secure any obligation due or to become due to a Reserve Bank by a paying bank, returning bank, or prior returning bank under this subpart or subpart C of part 229 of this title, the paying bank, returning bank, and prior returning bank, by sending a returned check directly or indirectly to the Reserve Bank, grant to the Reserve Bank a security interest in all of the paying bank's, returning bank's, and prior returning bank's assets in the possession of, or held for the account of, the Reserve Bank. The security interest attaches when a warranty is breached or any other obligation to the Reserve Bank is incurred. If the Reserve Bank, in its sole discretion, deems itself insecure and gives notice thereof to the paying bank, returning bank, or prior returning bank, or if the paying bank, returning bank, or prior returning bank suspends payments or is closed, the Reserve Bank may take any action authorized by law to recover the amount of an obligation, including, but not limited to, the exercise of rights of set off, the realization on any available collateral, and any other rights it may have as a creditor under applicable law.

9. Section 210.13 is revised to read as follows:

Section 210.13—Unpaid items.

(a) *Right of recovery.* If a Reserve Bank does not receive payment in actually and finally collected funds for an item, the Reserve Bank shall recover by chargeback or otherwise the amount of the item from the sender, prior collecting bank, paying bank, or returning bank from or through which it was received, whether or not the item itself can be sent back. In the event of recovery from such a party, no party, including the owner or holder of the item, shall, for the purpose of obtaining payment of the amount of the item, have any interest in any reserve balance or other funds or property in the Reserve Bank's possession of the bank that failed to make payment in actually and finally collected funds.
(b) *Suspension or closing of bank.* A Reserve Bank shall not pay or act on a draft, authorization to charge (including a charge authorized by section 210.9(a)(5)), or other order on a reserve balance or other funds in its possession for the purpose of settling for items under section 210.9 or section 210.12 after it receives notice of suspension or closing of the bank making the settlement for that bank's own or another's account.

10. Section 210.14 is revised to read as follows:

Section 210.14—Extension of time limits.

If a bank (including a Reserve Bank) or nonbank payor is delayed in acting on an item beyond applicable time limits because of interruption of communication or computer facilities, suspension of payments by a bank or nonbank payor, war, emergency conditions, failure of equipment, or other circumstances beyond its control, its time for acting is extended for the time necessary to complete the action, if it exercises such diligence as the circumstances require.

Final Rule—Amendments to Regulation Y and Rules Regarding Delegation of Authority

The Board of Governors is amending 12 C.F.R. Parts 225 and 265, its Regulation Y (Bank Holding Companies and Change in Bank Control), and its Rules Regarding Delegation of Authority. On August 12, 1992, the Board approved several proposals to change certain procedures for obtaining Board approval of various applications and notices filed under the Federal Reserve Act, the Bank Holding Company Act, the Bank Merger Act, the Change in Bank Control Act and various other statutes. All but one of these changes to the Board's application and notice review procedures were implemented by the Board at that time. Most of these changes involved revising certain internal procedures of the Federal Reserve System (System), to improve the efficiency of processing applications that are reviewed by the Board in conjunction with the Reserve Banks and to reduce the regulatory burden associated with these application and notice procedures. Two of the changes— eliminating the stock redemption notice requirement for "well-capitalized" bank holding companies, and modifying the Board's delegation rules pertaining to competition and market concentration—necessitate amendments to certain provisions of, respectively, the Board's Regulation Y and Rules Regarding Delegation of Authority.

Effective May 4, 1994, 12 C.F.R. Parts 225 and 265 are amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

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

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(l), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. Section 225.4 is amended by revising paragraph (b)(1), and adding a new paragraph (b)(6) to read as follows:

Section 225.4—Corporate practices.

* * * * *

(b) * * * —(1) *Filing notice.* Except as provided in 12 C.F.R. 225.4(b)(6), a bank holding company shall give the Board prior written notice before purchasing or redeeming its equity securities if the gross consideration for the purchase or redemption, when aggregated with the net consideration paid by the company for all such purchases or redemptions during the preceding 12 months, is equal to 10 percent or more of the company's consolidated net worth. For the purposes of this section, "net consideration" is the gross consideration paid by the company for all of its equity securities purchased or redeemed during the period minus the gross consideration received for all of its equity securities sold during the period other than as part of a new issue.

* * * * *

(6) *Exception for well-capitalized bank holding companies.* A bank holding company seeking to redeem or purchase its equity securities is not required to obtain prior Board approval for the redemption or purchase under this section provided:

* * * * *

(i) The total and tier 1 risk-based capital ratios and the leverage capital ratio for the bank holding company, both before and following the redemption, exceed the thresholds established for "well-capitalized" state-member banks under 12 C.F.R. 208.33(b)(1) as if the bank holding company (on a consolidated basis) were deemed to be a state member bank;

* * * * *

(ii) The bank holding company received a composite "1" or "2" rating at its most recent BOPEC inspection; and

* * * * *

(iii) The bank holding company is not the subject of any unresolved supervisory issued.

* * * * *

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for part 265 continues to read as follows:

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

2. Section 265.11 is amended by revising paragraph (c)(11)(v) to read as follows:

Section 265.11—Functions delegated to Federal Reserve Banks.

* * * * *

(c) * * *

(11) * * *

(v) With respect to bank holding company formations, bank acquisitions or mergers, the proposed transaction involves two or more banking organizations that, upon consummation of the proposal, would control over 35 percent of total deposits (including 50 percent of thrift deposits) in banking offices in the relevant geographic market, or would result in an increase of at least 200 points in the Herfindahl–Hirschman Index (HHI) in a highly concentrated market (a market with a post-merger HHI of at least 1800); or

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Central Bancompany, Inc.
Jefferson City, Missouri

Order Approving the Acquisition of a Bank Holding Company

Central Bancompany, Inc., Jefferson City, Missouri ("Central"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire, through merger, South County Bancshares, Inc. ("South County"), and thereby indirectly acquire South County's subsidiary bank, South County Bank, both of Ashland, Missouri.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 5606 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Central, with consolidated assets of approximately \$2.7 billion, controls 11 subsidiary banks in Missouri.[2] Central is the fifth largest commercial banking organization in Missouri, controlling deposits of \$2.17 billion, representing approximately 3.9 percent of total deposits in commercial banking organizations in the state. South County is the 309th largest commercial banking organization in Missouri, controlling deposits of \$13.4 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of the proposed transaction, Central would remain the fifth largest commercial banking organization in Missouri, controlling deposits of \$2.19 billion, representing approximately 3.9 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

Central and South County compete directly in the Boone County, Missouri, banking market.[3] Central is the largest of 14 depository institutions in the market,[4] controlling deposits of \$388.1 million, representing approximately 35.6 percent of total deposits in depository institutions in the market ("market deposits").[5] South County is the 12th largest depository institution in the market, controlling deposits of \$12.8 million, representing approximately 1.2 percent of market deposits. Upon consummation of this proposal, Central would remain the largest depository institution in the Boone County banking market, controlling deposits of \$400.9 million, representing approximately 36.8 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 84 points to 2047.[6]

Twelve depository institutions, including the four largest bank holding companies in the state and the state's largest thrift institution, would continue to operate in the market following consummation of this proposal. In addition, the Boone County banking market can be considered attractive for entry. The population in the market increased approximately 13.9 percent from 1980 to 1991, compared to an increase of 5.5 percent for Missouri as a whole. Boone County's total deposit growth rate also has exceeded

1. Central proposes to merge South County Bank into Central's subsidiary bank, Boone County National Bank of Columbia, Columbia, Missouri. Central has not yet submitted an application to the Office of the Comptroller of the Currency for review of that merger under the Bank Merger Act.

2. Asset and state deposit data are as of December 31, 1993.

3. The Boone County banking market is approximated by Boone County, Missouri.

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

5. Market deposit data are as of June 30, 1993.

6. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating 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.

comparable Metropolitan Statistical Area ("MSA") averages, growing at an annual rate of 7.6 percent from 1989 to 1992, compared with a 6.1 percent annual rate for all MSA counties in Missouri. Missouri law also permits interstate bank acquisitions by bank holding companies located in adjoining states, and statewide branching.[7] In this regard, United Missouri Bank, N.A., Kansas City, Missouri, a subsidiary of the state's fourth largest commercial banking organization, United Missouri Bancshares, Inc., Kansas City, Missouri, entered the market *de novo* by establishing a branch office in 1993.

After a review of the concentration levels, the number of competitors that would remain in the market after consummation, the attractiveness of the market for entry, and the other facts of record, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or concentration of banking resources in the Boone County banking market or in any other relevant banking market. For these reasons, and based on all the facts of record, the Board concludes that considerations relating to competition are consistent with approval of this application.

Other Considerations

The financial and managerial resources and future prospects of Central, South County 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 supervisory factors that the Board is required to consider under section 3 of the BHC Act also are consistent with approval.

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

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

By order of the Board of Governors, effective April 25, 1994.

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

WILLIAM W. WILES
Secretary of the Board

7. *See* Mo. Rev. Stat. §§ 362.915, 362.107 (1993).

CNB Bancshares, Inc.
Evansville, Indiana

Order Approving the Acquisition of a Bank

CNB Bancshares, Inc., Evansville, Indiana ("CNB"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act to acquire Union Bank & Trust Company, Morganfield, Kentucky ("Union Bank").[1] CNB has also applied under section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3)) (the "FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102–242 § 501, 105 Stat. 2236, 2388-2392 (1991)) to acquire the Morganfield, Kentucky branch of CNB's wholly owned thrift subsidiary, First Federal Savings Bank of Kentucky, Madisonville, Kentucky ("First Federal").[2]

Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association, or branch of a savings association, in which the resulting institution is insured by the Bank Insurance Fund, and in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c)) ("the Bank Merger Act").[3] This transaction also is subject to review under the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), which is

1. CNB will acquire Union Bank by merger with and into Morganfield Interim Bank, Inc., Morganfield, Kentucky, a state chartered interim bank, with Union Bank as the surviving institution. Simultaneously with the acquisition of Union Bank, People Bank and Trust Company, Madisonville, Kentucky ("People Bank"), a subsidiary of CNB, will merge with and into Union Bank. After these transactions, Union Bank will be renamed Citizens Bank of Kentucky, Morganfield, Kentucky ("Citizens Bank").

2. Union Bank will purchase all the assets and liabilities of this branch simultaneously with the mergers of Union Bank and People Bank.

3. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, financial and managerial resources, future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

the primary regulator for Union Bank. The FDIC has not announced its decision with respect to approval of the transaction.

In addition, CNB has applied under section 3(a)(4) of the BHC Act (12 U.S.C. § 1842(a)(4)) for First Federal to acquire substantially all the assets and liabilities of CNB's wholly owned bank subsidiary, CNB Bank of Kentucky, Shively, Kentucky ("CNB Bank").

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 4073 and 9215 (1994)). Reports on the competitive effects of the merger were requested from the United States Attorney General ("Attorney General"), the Office of the Comptroller of the Currency ("OCC"), and the 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 section 3(c) of the BHC Act, the Bank Merger Act, and section 5(d)(3) of the FDI Act.

CNB, with total consolidated assets of $2.4 billion, operates in Indiana, Kentucky, and Illinois. CNB is the 19th largest depository institution in Kentucky, controlling deposits of $258.1 million, representing less than 1 percent of total deposits in depository institutions in the state.[4] Union Bank is the 112th largest depository institution in Kentucky, controlling deposits of approximately $58 million, representing less than 1 percent of the total deposits in depository institutions in the state. Upon consummation of the proposal, CNB would remain the 19th largest depository institution in Kentucky, controlling deposits of $316.1 million, representing approximately 1 percent of total deposits in depository institutions in the state.

Competitive Considerations

CNB and Union Bank compete directly in the Union County, Kentucky, banking market.[5] CNB is the smallest of four depository institutions in the market, controlling deposits of $6.7 million, representing approximately 3.6 percent of total deposits in depository institutions in Union County ("market deposits"). Union Bank is the second largest depository institution in the market, controlling deposits of $58 million, representing approximately 30.6 percent of market deposits. Upon consummation, CNB would remain the second largest depository organization in the Union County banking market, controlling deposits of approximately $64.7 million, representing approximately 34.1 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase 217 points to a level of 3383.[6]

The Board believes that a calculation of the HHI based on total market deposits does not accurately reflect the competitive effect of this proposal in the Union County banking market because of the unique characteristics of this market. In particular, the record indicates that government deposits represent a significant amount of the deposits held by CNB. Government deposits may be volatile and are subject to restrictive collateral requirements that often restrict a bank's ability to use them for making loans or providing other banking products.[7] The Board previously has determined that individual, partnership, and corporation ("IPC") deposits may be the proper focus of the competitive analysis in mergers and acquisitions in markets in which government deposits constitute a relatively large share of total deposits.[8] In this case, substantially all the non-IPC deposits in the Union County banking market are government deposits, and non-IPC deposits represent approximately 7.4 percent of all market deposits.[9] In light of these and all the facts of record, the Board concludes that the competitive effects of this proposal should be considered on the basis of IPC deposits.

4. Asset and deposit data are current as of December 31, 1993. In this context, depository institutions include commercial banks, savings banks, and savings associations. State and market share data, except for data for First Federal, CNB's savings association subsidiary, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). In this case, the deposits of First Federal are controlled by a commercial banking organization, and would continue to be controlled by a commercial banking organization under this proposal. Accordingly, these deposits are included at 100 percent in the calculation of the pre-consummation and *pro forma* market share.

5. This banking market is approximated by Union County, Kentucky.

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

7. Government deposits are subject to an informal bidding process among depository institutions.

8. *See Banco Popular de Puerto Rico*, 79 *Federal Reserve Bulletin* 979 (1993).

9. On average, non-IPC deposits account for approximately 7 percent of total deposits in banks in the United States. Non-IPC deposits represent 47.1 percent of CNB's total deposits and 10.2 percent of Union Bank's deposits in the Union County banking market.

CNB is the fourth largest depository institution in the market, controlling IPC deposits of $3.6 million, representing 2 percent of market deposits. Union Bank is the second largest depository institution in the market, controlling IPC deposits of $52.1 million, representing 29.6 percent of market deposits. Upon consummation of this proposal, CNB would become the second largest depository institution in the Union County banking market, controlling IPC deposits of $55.7 million, representing 31.6 percent of all IPC deposits in the market. The HHI would increase 120 points to 3400.

The Board also sought comments from the Attorney General, OCC, and the FDIC on the competitive effects of this proposal. The Attorney General, OCC, and the FDIC have not objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects in the Union County banking market.

Based on all the facts of record, including the reduced change in the HHI when government deposits are excluded, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or concentration of banking resources in the Union County banking market, or any other relevant banking market.[10]

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act and the Bank Merger Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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 applications.[11]

The Board has received comments from the People for Equal Justice ("Protestant") alleging that the lead bank of CNB, Citizens National Bank of Evansville, Evansville, Indiana, ("Citizens") has failed to meet the credit needs of low- and moderate-income communities, especially communities with predominantly African-American populations, in a number of categories, including loans for home purchases, small business expansion, home improvement, and non-profit community organizations. In particular, Protestant cites lending data to support its allegations that Citizens illegally discriminates against African-American borrowers and borrowers in low- and moderate-income communities with predominately African-American populations. Protestant also alleges that the branch and automated teller machine ("ATM") locations of Citizens do not serve the needs of inner-city residents of Evansville.[12]

In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire CRA performance record of Citizens, all comments received regarding these applications, including CNB's response to these comments, and all the other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[13]

Record of CRA Performance

A. Evaluation of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[14] In this case, the Board notes that all of CNB's subsidiary banks and thrifts received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance. In particular, CNB's lead bank, Citizens, received a "satisfactory" rating from its primary regulator, the OCC, at its most recent examination for CRA performance as of March 29, 1993 ("1993 examination").

10. The Board notes that the proposal by First Federal to acquire substantially all the assets and liabilities of CNB Bank represents a corporate reorganization and that these subsidiaries do not compete in the same markets.

11. *See* 12 U.S.C. § 2903.

12. Protestant also believes that Citizens has failed to adhere to its plan to participate in a multi-lender community development corporation. CNB denies that it committed to participate in this project but has requested, in accordance with its policy, that the organization provide specific information to enable Citizens to evaluate any request for financial assistance.

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

14. *Id.* at 13,745.

B. Home Mortgage Disclosure Act ("HMDA") Data and Lending Practices

The Board has carefully reviewed the 1991 and 1992 HMDA data for Citizens, and preliminary data for 1993, reported by Citizens in light of the Protestant's comments. In general, 1993 data indicate that Citizens has improved its lending record of home mortgage loans in the low- and moderate-income and minority areas it serves since 1991 and 1992.[15] However, the data also reflect a low percentage of loans made compared to the percentage of minority residents in the bank's service area and certain disparities in lending to low- and moderate-income areas and minority borrowers in these areas.

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

Initially, the Board notes that the 1993 examination indicates that there is no evidence of prohibited discriminatory or other illegal practices at Citizens and that the bank is in substantive compliance with antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, and the Home Mortgage Disclosure Act. The bank also has developed policies that prohibit discriminatory lending practices. Moreover, the record indicates that Citizens reviews all initially denied residential mortgage loan applications to ensure compliance with fair lending laws.

In addition, Citizens has taken a number of steps to address the disparities in its HMDA data. For example, it has established several programs, such as the Partnership Mortgage Program ("PMP"), the Community Resource Center ("CRC"), Value Plus Checking, and a small business unit to increase lending to African-Americans and low- and moderate-income persons in its delineated community. The PMP was established as a result of the bank's assessment of the credit needs in low- and moderate-income areas in Evansville, Indiana. The program is designed to assist families with nontraditional credit histories and whose income does not exceed 80 percent of the median family income (as defined by the Department of Housing and Urban Development) to obtain home mortgage financing. Under this program, eligible families also participate in credit workshops conducted by bank representatives. Although the program has been in operation for less than a full year, PMP has originated 71 loans, totalling approximately $2.8 million.

The bank also established a Community Resource Center ("CRC") in 1992, which provides counseling and training on credit-related matters to all segments of the low- and moderate-income community. The CRC is located in a low-income census tract in Evansville, Indiana, and is surrounded by several low-income census tracts. CRC activities include workshops on basic banking, home budgeting, and credit programs. CRC staff has made nearly 100 such presentations to over 500 low- and moderate-income residents and community group leaders. CRC staff also meets with residents through door-to-door visits in areas of Vanderburgh County with the lowest per capita income and the highest percentage of minority residents.

Citizens also engages in other lending activities to assist in meeting the credit needs of its entire community.[16] For example, it has extended over $3.3 million in commercial lending and lines of credit to minority-owned businesses and organizations in 1993.[17] In addition, the bank is the only certified Small Business Administration lender in southwestern Indiana, and to date, has extended approximately 30 loans totalling $3 million under this program. Citizens is also involved in community development activities such as the Indiana Community Business Credit Corporation, a privately owned corporation that provides financing to small businesses in the state. The bank also provides financial assistance to organizations that serve low- and moderate-income and minority areas through its Corporate Giving Program.

C. Geographic Distribution of Loans/Branch Offices

Citizens has defined all of Vanderburgh (which includes the city of Evansville, Indiana), Warrick, Gib-

15. For example, the rate of origination among different racial groups showed little disparity. In 1993, origination rates for African-American and white applicants were 90.9 percent and 93.9 percent, respectively. In 1992, the origination percentages for African-Americans and whites were 90.9 and 94.2 percent, respectively.

16. CNB has developed banking services such as the Value Plus Checking with special features that include lower service fees and minimum balance requirements for low- and moderate-income customers.

17. CNB has created a small business lending unit that seeks to create and expand commercial lending opportunities to minority businesses.

son, Posey, and Knox counties in Indiana, and Henderson County in Kentucky, as its delineated community, and according to the 1993 examination, has not excluded any low- and moderate-income neighborhoods from this delineation. Within these low- and moderate-income neighborhoods, Citizens accepts credit applications from all segments of the community. Moreover, the institution's credit extensions, applications, and denials demonstrate a reasonable penetration of all segments of its community.[18]

The 1993 examination also concluded that the existing branch offices of Citizens adequately serve its delineated community and offer convenient banking hours. The bank has 25 full-service branch offices, 23 of which have ATM facilities. The bank also has seven cash dispenser machines and four ATMs at other locations. The Lamasco branch in Evansville, is a full-service branch serving a community with a per capita income of $6,994 and approximately 28 percent of residents below the poverty level.

D. Additional Elements of CRA Performance

The 1993 examination concluded that Citizens has in place ascertainment and marketing programs, and lending and other activities that assist in meeting the credit needs of minorities and low- and moderate-income neighborhoods. In this regard, Citizens ascertains community credit needs through regular contacts with government, civic and community individuals and groups. The bank also has policies and procedures to monitor its lending and credit activities for effectiveness in meeting credit needs. Citizens has established a CRA committee composed of the bank's board of directors. The committee has met six times in the past seven months to develop and strengthen its CRA activities. In January 1994, Citizens also hired a full-time CRA officer, with responsibilities including, but not limited to, product development and employee training.

E. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record, including the comments received in this case, in reviewing the convenience and needs factor under the BHC Act and the Bank Merger Act. Based on a review of the entire record of these applications, including the most recent CRA performance examination of Citizens, the Board believes that the efforts of CNB to help meet the credit needs of all segments of the communities it serves, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of these applications.[19]

The Board recognizes that the record in these applications points to areas for improvement in the CRA performance of Citizens, particularly in housing-related lending. Citizens has initiated steps designed to strengthen its CRA performance and the Board expects to see improvement in these areas. Citizens's progress in strengthening its performance in the areas discussed in this order will be monitored by the Federal Reserve Bank of St. Louis through reports submitted semiannually, and will be assessed in connection with future applications to expand its deposit-taking facilities.

Other Considerations

The Board also finds that the financial and managerial resources and future prospects of CNB, First Federal, and Citizens Bank, and the institutions to be acquired, as well as other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval. Moreover, the record in this case shows that:

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

(2) CNB and Citizens Bank (and its predecessors, Union Bank and People Bank) currently meet, and upon consummation of the proposed transaction will continue to meet all applicable capital standards; and

(3) Since Citizens Bank is in Kentucky and is acquiring certain assets and assuming certain liabilities of a branch of a Kentucky federal savings bank, the proposed transaction would comply with the Dou-

18. The 1993 examination found that 80 percent of commercial loans; 62 percent of installment loans; and 96 percent of home mortgage, home improvement, and home equity loans extended by Citizens were made within the bank's delineated community.

19. Protestant has requested that the Board hold a public meeting or hearing on these applications. The Board is not required to hold a public hearing on these applications under the applicable provisions of the relevant banking statutes. Under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered Protestant's request, and the written comments submitted by Protestant. In the Board's view, interested parties have had ample opportunity to submit and have submitted substantial written comments that have been considered by the Board. In light of the foregoing and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record on these applications, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

glas Amendment if First Federal were a state bank that CNB was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Conclusion

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

The banking acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this order, and they 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 Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 18, 1994.

Voting for this action:: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Deposit Guaranty Corp.
Jackson, Mississippi

Order Approving the Acquisition of a Bank Holding Company

Deposit Guaranty Corp., Jackson, Mississippi ("Deposit Guaranty"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire at least 52 percent and up to 100 percent of the voting shares of First Columbus Financial Corporation, ("First Columbus"), and thereby indirectly acquire First Columbus National Bank ("Bank"), both of Columbus, Mississippi.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 5606 (1994)). Time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Deposit Guaranty, with total consolidated assets of $4.9 billion, controls two banking subsidiaries located in Mississippi and Louisiana.[1] Deposit Guaranty is the second largest commercial banking organization in Mississippi, controlling approximately $3.1 billion in deposits, representing 15.1 percent of the deposits in commercial banks in the state.[2] First Columbus, with total consolidated assets of $209 million, is the 13th largest commercial banking organization in the state, controlling $175 million in deposits, representing less than 1 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal, Deposit Guaranty would remain the second largest commercial banking organization in Mississippi, controlling approximately $3.3 billion in deposits, representing 16 percent of the total deposits in commercial banks in the state.

Competitive Considerations

Deposit Guaranty and First Columbus compete directly in the Lowndes County banking market.[3] Deposit Guaranty is the fifth largest depository institution[4] in the market, controlling approximately $24.8 million in deposits, representing approximately 5.1 percent of the total deposits in depository institutions in the market ("market deposits"). First Columbus is the largest depository institution in the market, controlling approximately $174.9 million in deposits, representing approximately 35.8 percent of market deposits. Upon consummation of this proposal, Deposit Guaranty would become the largest depository institution in the market, controlling deposits of approximately $200 million. This market would remain highly concentrated as measured by the Herfindahl–Hirschman Index ("HHI"),[5]

1. Asset data are as of December 31, 1993.
2. State and market data are as of June 30, 1993.
3. The Lowndes County banking market is comprised of Lowndes County, Mississippi.
4. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp.*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).
5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is over 1800 is considered to be highly concentrated. In such highly concentrated 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 more than 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. Upon consummation of this proposal, the HHI in the Lowndes County banking market would increase by 365 points to 2736.

and Deposit Guaranty would control approximately 40.9 percent of market deposits.

In order to mitigate the adverse competitive effects in the Lowndes County banking market that otherwise would result from consummation of this proposal, Deposit Guaranty has committed to divest one of its offices and one office of First Columbus in the Lowndes County banking market with combined deposits of not less than $14 million as of June 30, 1993. Deposit Guaranty has committed that these divestitures will be to competitively suitable acquirors whose acquisition of the divested assets and liabilities would not result in a substantial lessening of competition in the Lowndes County banking market.[6]

Although this market would remain highly concentrated after consummation of this proposal, a number of considerations mitigate the competitive effects of this transaction in the Lowndes County banking market after the proposed divestitures. For example, at least six competitors would remain in the market, and four of these competitors are subsidiaries of Mississippi's four largest bank holding companies, each with total assets exceeding $1 billion. There are also several factors indicating that the Lowndes County banking market is attractive for entry. In this regard, Lowndes County is the sixth most populous non-MSA county in Mississippi and the city of Columbus is the fifth largest non-MSA city in the state. Lowndes County ranks 16th among the state's 75 non-MSA counties in terms of population growth between 1980 and 1990 and it ranks seventh in total deposits. Moreover, legal barriers to entry into the Lowndes County banking market are low. Mississippi is part of the Southeast regional banking pact that allows bank holding companies in 13 other southeastern states to acquire banks in Mississippi. In addition, Mississippi allows statewide branch banking. In the past year, two of Mississippi's larger bank holding companies have entered the Lowndes County banking market through acquisitions.

As in other cases, the Board also sought comments from the U.S. Attorney General ("Attorney General"), the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has indicated that, subject to Deposit Guaranty's divestitures in the Lowndes County banking market, there would be no significantly adverse effects on competition in any relevant banking market. Neither the OCC nor the FDIC has provided any objection to consummation of this proposal or indicated that the proposal would have any significantly adverse effects in the Lowndes County banking market or any relevant banking market in which Deposit Guaranty and First Columbus compete.

Based on all the facts of record, including the proposed divestitures, the relatively small increase in market concentration as measured by the HHI, the number of competitors that would remain in the market after consummation, and the factors indicating that this market is attractive for entry, 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 Lowndes County banking market or any other relevant banking markets in which Deposit Guaranty and First Columbus compete.

Other Considerations

The Board also concludes that the financial and managerial[7] resources and future prospects of Deposit Guaranty and First Columbus, and their respective subsidiaries, as well as the convenience and needs of the communities to be served and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval.

Conclusion

Based on all the facts of record, the Board has determined that the application should be, and hereby

6. In this regard, Deposit Guaranty has committed to execute sales agreements prior to consummation of this proposal, and to complete these divestitures within 180 days of consummation of this proposal. Deposit Guaranty also has committed that in the event it is unsuccessful in completing these divestitures within 180 days of consummation of the proposal, it will transfer the relevant offices to an independent trustee that has been instructed to sell the offices promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991). Furthermore, Deposit Guaranty has committed to submit to the Board, prior to consummation of the acquisition, an executed trust agreement acceptable to the Board stating the terms of this divestiture. The Board's action on the application is expressly conditioned upon compliance with these commitments.

7. The Board has received comments from an individual contending that Deposit Guaranty's subsidiary bank, Deposit Guaranty National Bank ("National Bank"), has failed to fulfill its fiduciary duties as executor of an estate and as trustee of two trusts. National Bank has generally denied any wrongdoing in this matter and believes that these allegations represent an isolated dispute over particular trust services. The Board carefully reviewed all facts of record, including relevant reports of examination from the bank's primary regulator, the Office of the Comptroller of the Currency, which has specifically reviewed this dispute. The Board also has reviewed the litigation history of this dispute, which has spanned almost 30 years, and notes that National Bank has not been found guilty of wrongdoing by any court decision in this matter. Moreover, resolution of the pending litigation should provide the commenter with an opportunity to fully press his claims and obtain a remedy, if his allegations are proved and a remedy is appropriate. Based on all facts of record, the Board concludes that this matter does not warrant denial of this application.

is, approved. The Board's approval of this proposal is expressly conditioned upon compliance with all the commitments made by Deposit Guaranty in connection with this application, including the divestiture commitments discussed in this order. The commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the 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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 11, 1994.

Voting for this action:: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Shawmut National Corporation Hartford, Connecticut, and Boston, Massachusetts

Shawmut New Hampshire Corporation Manchester, New Hampshire

Order Granting Request for Reconsideration and Approving Formation of a Bank Holding Company and Acquisition of a Bank

Shawmut National Corporation, Hartford, Connecticut, and Boston, Massachusetts ("Shawmut"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested that the Board reconsider and approve its applications filed under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of New Dartmouth Bank, Manchester, New Hampshire ("New Dartmouth"), a state-chartered guaranty savings bank.[1] On November 15, 1993, the Board considered, but did not approve, these applications (the "Shawmut Order").[2] At that time, three members of the Board determined that the proposal did not meet the statutory factors that the Board is required to consider under the BHC Act in light of concerns raised about the mortgage lending record of Shawmut under the Equal Credit Opportunity Act (the "ECOA") (15 U.S.C. § 1691 *et seq.*), a belief that programs to address these concerns had not been in place long enough to permit evaluation of their adequacy, and concerns about the accuracy of data reported by Shawmut under the Home Mortgage Disclosure Act ("HMDA") (12 U.S.C. § 2801 *et seq.*). Three other members of the Board believed that Shawmut had made significant and adequate progress in addressing concerns about its lending practices and the accuracy of its HMDA reporting, and voted to approve the proposed acquisition. Because the proposal did not receive the affirmative vote of a majority of the members of the Board, the proposal was not approved.

The Board subsequently granted a request by Shawmut for additional time in which to present information that was being developed that Shawmut believed would address the Board members' concerns. Shawmut filed substantial information and a request for reconsideration on March 1, 1994. On March 14, the Board published notice of the request for reconsideration, and afforded interested persons an opportunity to submit comments (59 *Federal Register* 11,789 (1994)).

Request for Reconsideration

Shawmut's request for reconsideration is filed pursuant to section 262.3(k) of the Board's Rules of Procedure, which requires that a request for reconsideration provide "relevant facts that, for good cause shown, were not previously presented to the Board."[3] Shawmut supports its request by indicating that relevant facts not previously considered by the Board are now available that Shawmut contends address issues raised by the Board members who originally considered the applications. Information provided by Shawmut includes the results of programs initiated to improve its record of lending to minorities; a settlement with the Department of Justice and the Federal Trade Commis-

1. Shawmut New Hampshire Corporation, Manchester, New Hampshire, a wholly owned subsidiary of Shawmut, also has applied under section 3 of the BHC Act to become a bank holding company by acquiring all the voting shares of Shawmut Bank New Hampshire, Concord, New Hampshire, a *de novo* bank which would be merged with New Dartmouth.

Shawmut also seeks Board approval to acquire an option to purchase up to 14.9 percent of the voting shares of New Dartmouth. This option will terminate upon consummation of the proposed acquisition of all of the shares of New Dartmouth.

2. 80 *Federal Reserve Bulletin* 47 (1994).

3. On December 17, 1993, Shawmut's request for an extension of time to file this request to March 1, 1994, was granted under authority delegated by the Board. On March 7, 1994, the Board deferred action on the request in order to obtain additional information relevant to Shawmut's record of performance under the Community Reinvestment Act (the "CRA") (12 U.S.C. § 2901 *et seq.*).

sion of charges of illegal discrimination by Shawmut Mortgage Company ("Mortgage Company"); programs implemented by Shawmut to ensure compliance with the ECOA; and steps taken by Shawmut to strengthen its managerial resources and improve compliance with all laws relating to the CRA, including steps to improve the accuracy of HMDA data.

The Board received comments from approximately 30 organizations and individuals supporting the proposal. The supporters included public officials, religious and minority organizations, business and social service organizations, community development corporations and members of the public. They noted with approval Shawmut's efforts in such areas as technical assistance for, and investments in, community development initiatives, lending programs, support for small minority businesses, and funding for first-time home buyers. The Board also received two comments opposing the reconsideration request. One alleged that Shawmut's subsidiary bank in Massachusetts violated the ECOA in connection with a commercial loan application, and the other maintained that the proposed acquisition would reduce competition and have an adverse effect on customer service. The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in section 3(c) of the BHC Act.

The Board has carefully considered the entire record of these applications, including the information in the comments received and the submissions by Shawmut. In this regard, the Board believes that the request for reconsideration raises new relevant facts not presented to the Board at the time of the Shawmut Order. These facts include lending data demonstrating the effectiveness of Shawmut's initiatives to improve its record of lending to minority and low- and moderate-income borrowers, resolution with the Department of Justice and the Federal Trade Commission of the allegations involving discriminatory lending practices by Mortgage Company, and the results of Shawmut's substantial efforts to improve the accuracy of its HMDA data and the responsiveness of its management to CRA-related issues. The Board has also considered the satisfactory finding in fair lending reviews conducted at Shawmut's subsidiary banks and Mortgage Company by the Office of the Comptroller of the Currency ("OCC") after the Shawmut Order, as well as the results of a review by the Federal Reserve Bank of Boston (the "Reserve Bank") of Mortgage Company's HMDA data. Based on all facts of record, the Board concludes that sufficient new relevant facts have been presented that, in the public interest, warrant reconsideration of the Shawmut Order. As discussed more fully below, the Board has paid particular attention to the concerns expressed earlier regarding the programs Shawmut has in place to assure its compliance with the ECOA and the accuracy of its HMDA reporting in reconsidering this proposal.

Convenience and Needs Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the CRA. In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire record of CRA performance of Shawmut and its subsidiary banks, and New Dartmouth, including information provided by Shawmut in its petition for reconsideration, information collected in the examinations of Shawmut and its subsidiaries since the Shawmut Order, and information provided by commenters. The Board also has reviewed the record of Shawmut under the ECOA, and the programs Mortgage Company and Shawmut's subsidiary banks have in place to insure compliance with the ECOA. The Board has reviewed this information in the context of the CRA, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act.[4]

A. Results of Steps to Improve Record of Lending to Minority/Low-Income Borrowers

Shawmut has taken a number of substantial steps to improve its record of lending to minority and low- and moderate-income borrowers, and to address concerns that it may have engaged in discriminatory lending practices in the past. These steps include new lending programs, outreach and marketing programs, and steps to monitor the fairness and accuracy of reporting credit decisions.

Special Programs and Initiatives. Shawmut initiated a mortgage loan program in 1993 designed to attract mortgage applications from minority and low- and moderate-income individuals. This initiative included a commitment of $50 million in mortgages offering more flexible underwriting criteria, such as lower downpayment requirements, modifications to formulas for calculating income, and less restrictive underwriting ratios. Shawmut increased this commitment by $35 million in November 1993, and increased it again in February 1994 by an additional $100 million, for a total of $185 million. As of December 31, 1993, Shawmut had closed 396 portfolio mortgage loans totalling $37.3 million under this initiative, with an additional 99

4. 54 *Federal Register* 13,742 (1989).

loans totalling \$9.2 million in process.[5] Shawmut's initiative also includes an expanded affirmative marketing program. In 1993, it held 285 "First Time Homebuyer Seminars," with 190 of these seminars targeted in part to low- and moderate-income census tracts. Shawmut also has increased the frequency of advertisements for mortgage loans on all the community-based radio stations and in publications used as part of Shawmut's CRA marketing plan.[6] In 1993, Mortgage Company, in collaboration with Shawmut's subsidiary banks, established Mortgage Community Advisory Committees in Massachusetts and Connecticut to formalize communication between Shawmut's officials and community representatives.[7]

Additional steps to increase lending to minorities and low- and moderate-income individuals have included an incentive compensation package for employees to encourage loan originations under Shawmut's special mortgage programs. In addition, Shawmut's subsidiary bank in Massachusetts opened a branch in the predominantly minority community of Roxbury, Massachusetts, in December 1993. The bank has assigned an "urban business banker" to the branch to serve businesses in this area, and Mortgage Company has opened a mortgage sales office in the branch.

HMDA Data. The preliminary HMDA data submitted by Mortgage Company for 1993 indicate substantial reductions in the denial rates for home mortgage loans for minority applicants when compared to data for 1991. For example, the denial rates for home purchase and refinancing loan applications in the Boston metropolitan statistical area ("MSA") were reduced for African-Americans from 30.1 percent (1991) to 18.2 percent (1993), and for Hispanics from 27.4 percent (1991) to 13.1 percent (1993). In the 23 MSAs served by Mortgage Company, denial rates were reduced from 32.3 percent (1991) to 17.9 percent (1993) for African-Americans, and from 28.5 percent (1991) to 13.4 percent (1993) for Hispanics.

HMDA data also indicate that from 1991 to 1993, there has been an increase in the number of loan applications received by Mortgage Company from African-Americans and Hispanics in the Boston MSA, as well as an increase in the number of originations to those groups. For example, from 1991 to 1993, the number of loan applications from African-Americans increased from 216 to 369, and the applications from Hispanics increased from 73 to 168. The number of originations made during that period to African-Americans increased from 118 to 277, and the number of originations to Hispanics increased from 36 to 134. Similar improvements were seen in applications from and originations to minorities in the 23 MSAs in Shawmut's banking community.[8]

These data also compare favorably to Shawmut's share of the market for housing-related loans. For example, Mortgage Company's 1992 market share of applications from and originations to African-Americans and Hispanics in the 23 MSAs was 11 percent and 10.7 percent, respectively, while its market share for nonminority borrowers was 5 percent.

The preliminary 1993 HMDA data also show an increase in the number of loan applications and originations by Mortgage Company in low- and moderate-income census tracts in the 23 MSAs in Shawmut's banking community. For example, from 1991 to 1993, the number of loan applications generated from low- and moderate-income census tracts increased from 1315 to 2677, and originations made to individuals residing in these tracts increased from 795 to 2090.

B. Past Allegations of Discrimination/ Compliance with ECOA

In December 1992, the Board made a referral to the Department of Justice regarding the lending practices of Mortgage Company based on a study of home mortgage lending data conducted by the Reserve Bank. The Board was concerned that these data appeared to indicate discriminatory treatment of minorities in mortgage lending in Boston, Massachusetts, in violation of fair lending laws, including the ECOA. In light of this referral, the Board believed that this matter raised a most serious concern and precluded approval of the applications without strong evidence that Shawmut has programs in place to ensure compliance with the ECOA and has a demonstrated record that the programs are adequate and working well.

5. Shawmut implements its mortgage initiative in part by committing funds to local programs. For example, under the new Bridgeport Affordable Mortgage Program, developed in conjunction with a community group, Mortgage Company proposes to make \$2 million of Shawmut's corporate-wide mortgage lending initiative available to individuals in Bridgeport, Connecticut, who earn less than 80 percent of median state income. The loans would offer flexible underwriting criteria and favorable workout policies if a borrower had trouble making payments on the mortgage. In addition, Shawmut has pledged to support loan counseling offered by the community group in both Boston and Bridgeport.

6. This included four African-American radio stations, six Hispanic radio stations, six African-American publications, and other publications directed at minority and ethnic neighborhoods.

7. Each committee includes six representatives from community organizations and meets quarterly.

8. For example, the number of mortgage applications from African-Americans increased from 483 in 1991 to 826 in 1993, and the number of originations increased from 256 in 1991 to 617 in 1993. The number of mortgage applications from Hispanics increased from 288 in 1991 to 589 in 1993, and the number of originations increased from 166 in 1991 to 472 in 1993.

After the Shawmut Order, Mortgage Company entered into a consent decree, effective December 13, 1993, with the Department of Justice and the Federal Trade Commission (the "Consent Decree") to resolve the allegations that Mortgage Company engaged in lending practices that discriminated on the basis of race and national origin.[9] This settlement did not result in any finding that Mortgage Company had violated the ECOA. In connection with the settlement, the Department of Justice stated that Mortgage Company's fair lending compliance program "is now working well and is adequate to ensure the lender's compliance with the fair lending provisions of the Equal Credit Opportunity Act and the Fair Housing Act."[10] At the same time, Mortgage Company agreed to establish a compensation fund of $960,000 to provide funds to minority individuals denied credit by Mortgage Company from January 1990 through October 1992.[11] The Consent Decree specifically notes that the agreed settlement amount contains no punitive sanctions in light of the self-evaluative and immediate self-corrective steps undertaken by Mortgage Company.

Since the Board first considered Shawmut's proposed acquisition of New Dartmouth, Shawmut's two subsidiary banks, Shawmut Bank Connecticut, N.A., Hartford, Connecticut ("Shawmut Connecticut"), and Shawmut Bank, N.A., ("Shawmut Massachusetts"), have undergone concurrent fair lending and consumer compliance examinations conducted by the OCC. Mortgage Company has also undergone a fair lending examination by the OCC. The examinations found that all of these Shawmut subsidiaries were in compliance with the substantive provisions of antidiscrimination laws and regulations, and revealed no evidence of illegal discrimination or prescreening of loan applicants.

To address its responsibilities for assuring fair lending under the ECOA, Mortgage Company has initiated a number of steps to implement a comprehensive fair lending compliance program. In this regard, the company established Mortgage Review Committees in November 1991 to review all potential denials of minority mortgage applications for eligibility under special mortgage programs developed by Shawmut Connecticut and Shawmut Massachusetts.[12] During 1993, these Mortgage Review Committees approved 54 percent of the 753 applications reviewed, providing for home mortgages totaling approximately $36.9 million. In addition, Mortgage Company has designated an independent advocate, who looks into complaints by applicants who are denied credit or who are encountering difficulties in the application process.[13] Shawmut also retained a research firm in 1993 to conduct a "mystery shopper" program to test how customers were treated in the mortgage application process.[14]

Shawmut amended its credit policy bulletins and manuals in 1992 to provide additional guidance and instruction to lending officers on compliance with the ECOA. From May through August 1992, intensified training on the ECOA was provided to all commercial lending personnel, and an ECOA course has been offered since the beginning of 1993.[15] Shawmut also has customized a computer-assisted CRA training course, which has been completed by more than 2,800 Shawmut employees. According to Shawmut, consumer and commercial bank CRA training courses and mortgage specialist training, including integrated ECOA and Regulation B training, have been attended by approximately 3,500 employees, including all mortgage originators at Mortgage Company.[16]

In addition, in November 1993, Shawmut's subsidiary banks adopted corporate-wide Fair Lending Policies which include a fair lending mission statement and minimum action standards for each business line. Shawmut recently established new training programs and expanded existing training programs to familiarize personnel more fully with fair lending issues and concerns. During 1994, Shawmut plans to extend additional fair lending training programs to all personnel at Shawmut subsidiaries who have customer con-

9. *United States v. Shawmut Mortgage Company*, Civ. No. 3:93CV-2453 (D. Conn.) (Consent Decree, filed December 13, 1993).

10. Consent Decree at 4.

11. This fund is to be administered at the direction of the Department of Justice. Mortgage Company also agreed to continue a comprehensive fair lending compliance program, as well as additional programs implemented by Mortgage Company to increase loans to minorities, during the three-year duration of the Consent Decree. The Consent Decree contains record-keeping and reporting requirements to allow the Department of Justice to monitor Mortgage Company's compliance.

12. In November 1993, Mortgage Company expanded the scope of the committees' review to include all applicants with incomes equal to less than 115 percent of median income, and the committees were combined in December 1993. Shawmut indicates that it also has adopted a second review process for its small-business, home-equity and installment-finance lending areas.

13. From April through December 1993, the advocate received 372 telephone inquiries, with 54 callers receiving in-depth, direct mortgage counseling and 72.2 percent of the 54 callers obtaining mortgage loans.

14. The purpose of the program was to detect any improper discrimination occurring during the application process. Shawmut intends to expand this program in 1994 to encompass additional business lines, including consumer, residential and small business lending, and will evaluate treatment by age and gender in addition to race.

15. Shawmut indicates that 2,200 Shawmut employees have attended these courses from May 1992 through June 1993.

16. Shawmut represents that all supervisors, managers and mortgage staff have completed diversity training workshops. Shawmut also represents that it conducts extensive testing to determine employees' knowledge of fair lending laws, and to detect any evidence of potential illegal or discriminatory credit practices.

tact or who may be involved in lending decisions. An outside consultant has been working with Mortgage Company in its review of all lending policies and procedures to insure conformity with regulatory obligations and with Shawmut's fair lending mission statement.

C. HMDA Data Accuracy

In the November statements, members of the Board expressed concern that inaccuracies in the HMDA data reported by Shawmut, as well as the structure of its mortgage lending operation, indicated inattention by management to important legal requirements that applied to the organization. Shawmut has since taken actions to correct inaccuracies in its 1993 data and has initiated organizational changes to prevent errors from occurring in the future.

Shawmut has instituted an automated process to assist in collecting, processing and reporting accurate HMDA data. Shawmut also has implemented new procedures providing for the review of all HMDA data prior to submission to regulatory agencies, and is in the process of developing revised procedures and training programs designed to reduce initial coding and input errors. On site reviews by the Reserve Bank indicate that Shawmut's efforts have decreased the error rates in important areas of the 1993 HMDA data, and Shawmut has taken steps that should further improve accuracy.

Shawmut also has made a number of key changes in personnel and in the management and structure of compliance and mortgage lending operations to improve overall compliance with relevant statutes such as the HMDA. At Shawmut, all compliance units have been reorganized to report to one individual, and responsibility for overall compliance has been assumed by the Audit Committee of Shawmut's board of directors.[17] Mortgage Company has been established as a direct subsidiary of Shawmut Connecticut. Responsibility for its operations have been centralized under its Chief Operations Officer to ensure consistency in the application of regulatory requirements and corporate policies. Compliance, quality control and fair lending functions have been consolidated into a single compliance group reporting to a Group Compliance Manager.

D. Other Aspects of CRA Performance

Shawmut's subsidiaries also participate in projects that support community development activities, and offer products that meet the credit and banking needs of their communities.[18]

Community Development Activities. Mortgage Company and Shawmut Massachusetts have participated in various programs sponsored by the Massachusetts Housing Finance Agency (the "MHFA"), closing more than $36.7 million in loans in 1993 under several different MHFA-sponsored programs designed to provide affordable housing in Massachusetts. In addition, Shawmut Massachusetts has loaned $10 million to the Massachusetts Housing Investment Corporation for the purchase, rehabilitation and new construction of rental, cooperative and single-room occupancy housing, and, in 1993, the bank committed an additional $4.3 million in future equity investments through the 1993-1994 equity investment pool created by the Massachusetts Housing Equity Fund, Inc.

Shawmut Massachusetts also participates in statewide economic development activities. The bank helped design and develop the Massachusetts Minority Enterprise Investment Corporation, which was established to provide access to financing for small and minority-owned businesses in Massachusetts.[19] In addition, the bank is a member of the Massachusetts Business Development Corporation and has made a commitment to provide approximately $3.9 million in the form of unsecured, non-amortizing five-year loans to cover that organization's borrowing needs.[20]

In 1992, Shawmut Connecticut committed $250 million to the Connecticut Development Authority's Preferred Lender program, which is designed to create new jobs and keep existing jobs in Connecticut by guaranteeing loans made to businesses that otherwise would not have access to credit.[21] Through Mortgage Company, Shawmut is also a participant in the Connecticut Housing Finance Authority's below-market rate loan program, underwriting 79 mortgage loans

17. Ongoing oversight over compliance policies, procedures, and testing is provided by Group Compliance Managers who are organized by business lines. Shawmut intends to hire a Director of Compliance and Compliance Specialists who will be organized along functional lines, providing assistance to appropriate line or staff areas when changes in laws, regulations, products or systems occur or are being contemplated.

18. One commenter believes that Shawmut Connecticut has become insensitive to customers needs. The OCC's examination of Shawmut Connecticut noted that the bank has established ongoing and meaningful contact with a wide range of community organizations, has developed a formalized program to ascertain the credit needs of its communities, and has developed or modified existing products in response to these ascertainment efforts. Based on all facts of record, the Board concludes that these comments do not warrant denial of these applications.

19. The bank has made an investment of $1 million in capital and, as agent bank, has provided $3 million in committed lines of credit.

20. The bank has approximately $1.1 million in five-year loans outstanding to this organization, and has an additional $315,000 outstanding under a $1 million participation in a revolving line of credit.

21. As of December 31, 1993, the bank had closed 17 loans totalling more than $30.7 million under this program.

totalling approximately $7.2 million in 1993. Mortgage Company also has been involved in activities in Rhode Island, approving 189 mortgage loans totaling approximately $15.4 million in 1993 under programs sponsored by the Rhode Island Housing Mortgage Finance Corporation.

Special Banking Products. Shawmut's subsidiary banks have introduced Basic Checking and Basic Savings for low-income customers with limited banking needs. The banks have developed a "Basic Banking" brochure to provide information on their low-cost accounts, have established a toll-free customer information line which is available 24 hours a day and is accessible to hearing-impaired and Spanish-speaking customers, and have established a Consumer Credit Counseling Unit to provide assistance to customers having financial difficulty.[22]

Shawmut established a small business banking group in the first quarter of 1993 to focus on the expansion of services to small business owners. Collectively during 1993, urban business bankers and community business bankers in the small business banking group approved 1,075 loans totalling approximately $64.6 million. In addition, during 1993, Shawmut made 23.4 percent of all business loans, including loans made through the Small Business Administration or through state- and locally sponsored small business programs, to businesses in low- and moderate-income census tracts.

Shawmut Connecticut and Shawmut Massachusetts have been examined for CRA performance by their primary regulator, the OCC, since the Shawmut Order. Both banks received "satisfactory" ratings as of December 31, 1993.

The Board notes that New Dartmouth received a "needs to improve" rating from the Federal Deposit Insurance Corporation (the "FDIC") at its most recent examination for CRA performance as of January 25, 1993.[23] In connection with these applications, Shawmut has committed to implement its CRA programs and policies, including all of its special lending initiatives, at the acquired New Dartmouth branches. In addition, Shawmut has committed to ensure full compliance with the action plan adopted by New Dartmouth's board of directors to address the specific issues raised in the CRA performance examination. The Board also notes that the FDIC has reviewed and approved the merger of Shawmut Bank New Hampshire with New Dartmouth under the Bank Merger Act. 12 U.S.C. § 1828(c).

Conclusions Regarding the Convenience and Needs Factor

The Board has carefully considered the entire record, including the public comment in this case, in reviewing the convenience and needs factor under the BHC Act. As indicated in the preceding discussion, Shawmut has made substantial progress in improving its overall record of CRA performance, including implementation of significant new programs and initiation of the types of managerial reforms that should continue to improve its compliance with all laws relating to the CRA, including the reporting requirements under the HMDA. The Board believes that the record shows that Shawmut has demonstrated a record of commitment to serving the convenience and needs of its entire community, including low- and moderate-income neighborhoods. For these reasons, and on the basis of all facts of record, the Board concludes that the CRA performance record of Shawmut is, on balance, consistent with approval.

The Board expects Shawmut to continue to improve its record of lending in its communities, particularly with respect to minority and low- to moderate-income areas, and to comply with all commitments regarding its activities related to CRA and fair lending law compliance given in connection with these applications and the request for reconsideration.[24] In this regard, the Board and Reserve Bank will monitor Shawmut's progress in implementing the CRA programs and policies described in this Order, and as a condition of the Board's action in this case, any reports on such progress prepared under the terms of the Consent Decree must be provided to the Board and

22. During 1993, the unit reviewed 764 cases and restructured 440 customer accounts.

23. The American Friends Service Committee, Concord, New Hampshire commented on New Dartmouth's record of performance under the CRA, and the fact that New Dartmouth was being sold at a substantial profit soon after it acquired three failed New Hampshire banks in an assisted transaction arranged by the FDIC. As explained above, Shawmut has committed to improve the CRA performance record of New Dartmouth. Moreover, the shareholders benefiting from the sale of New Dartmouth were the sole bidders for that bank in 1991, and their bid was approved by the FDIC under applicable law. Based on these and all facts of record, the Board concludes that these comments do not warrant denial of these applications.

24. A commenter has filed suit against Shawmut, alleging, among other things, that the bank failed to provide timely written notices during the processing of her loan application and upon the decision to deny the loan; required that the commenter's husband co-sign the loan; insisted on communicating with her husband even though she was the loan applicant; and denied the loan because of the applicant's gender. Shawmut has denied any wrongdoing in its dealings with this individual, and contends that these allegations represent an isolated dispute over a particular loan transaction. The Board has considered these comments in light of the most recent examination information, information on the allegations raised by the pending lawsuit, and information provided by the bank's primary regulator, the OCC. The Board also has considered Shawmut's efforts to ensure compliance with the ECOA as discussed in this order, and has considered that the pending civil action, which is in its early stages, will provide the commenter with an opportunity to fully press her claims and obtain a remedy, if appropriate.

the Reserve Bank simultaneously with their submission to the Department of Justice.

Other Factors

Shawmut, with consolidated assets of $27.4 billion,[25] controls banking subsidiaries in Connecticut and Massachusetts. Shawmut also provides banking services in Rhode Island through its banking subsidiary in Connecticut. New Dartmouth is the second largest depository institution in New Hampshire, controlling deposits of $1.5 billion,[26] representing approximately 11.6 percent of total deposits in depository institutions in the state. Shawmut does not currently control any depository institutions located in New Hampshire, and upon consummation of this proposal, would become the second largest depository institution in New Hampshire.[27]

Shawmut and New Dartmouth compete directly in the Boston, Massachusetts, banking market.[28] Upon consummation of this proposal, this market would remain unconcentrated as measured by the Herfindahl–Hirschman Index ("HHI").[29] After considering the competition offered by other depository institutions in the market,[30] the number of competitors remaining in the market, the relatively small increase in market share and market concentration in the market, and all other factors of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.[31]

The Board also has concluded that the financial and managerial resources and future prospects of Shawmut and its subsidiary banks and New Dartmouth, and all other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance with all the commitments made by Shawmut in connection with these applications and the request for reconsideration, and with the conditions referred to in this order. This approval is further subject to Shawmut obtaining all necessary approvals under applicable state laws. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of New Dartmouth 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 Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 28, 1994.

Voting for this action:: Chairman Greenspan, and Governors Kelley, Lindsey, and Phillips. Abstaining from this action: Governor LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

25. Asset data are as of December 31, 1993.

26. State and market deposit data are as of June 30, 1993, and include all mergers and acquisitions consummated prior to April 1994.

27. Section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits a bank holding company from acquiring a bank located outside of the bank holding company's home state "unless the acquisition of . . . a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication." The Board previously has determined that, for purposes of the Douglas Amendment, Shawmut is located in Massachusetts and that the interstate banking statute of New Hampshire permits a Massachusetts bank holding company to acquire banking organizations in New Hampshire. *See Shawmut National Corporation*, 74 *Federal Reserve Bulletin* 182 (1988); and *Merrimack Bancorp, Inc.*, 74 *Federal Reserve Bulletin* 386 (1988). In addition, the New Hampshire Bank Commissioner has approved the proposed acquisition. In light of all facts of record, the Board concludes that approval of this proposal is not prohibited by the Douglas Amendment.

28. The Boston, Massachusetts, banking market includes the Boston RMA, plus the towns of Greenville, Lyndeboro, Mason, and New Ipswich, all in New Hampshire.

29. Upon consummation of this transaction, the HHI would increase by 7 points to 827. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is below 1000 is considered unconcentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice 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 institutions.

30. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because New Dartmouth will be affiliated with a commercial banking organization upon consummation of this proposal, the deposits of New Dartmouth are included at 100 percent in the calculation of the *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

31. The Board has received a comment from an individual maintaining that New England requires more banking competition, not further consolidation. For the reasons discussed above, the Board believes that there are no significantly adverse competitive effects resulting from this proposal, and that these comments do not warrant a denial of the applications.

Orders Issued Under Section 4 of the Bank Holding Company Act

Caisse Nationale de Credit Agricole
Paris, France

Order Approving an Application to Engage in Futures Commission Merchant Activities

Caisse Nationale de Credit Agricole, Paris, France ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to provide futures commission merchant ("FCM") execution, clearance, and advisory services to unaffiliated customers with respect to futures and options on futures on non-financial commodities.[1] Company would not trade in the proposed derivative instruments for its own account for any purpose, and would not trade in the physical commodities themselves, except when necessary to assist in the orderly resolution of an account.[2] Company would provide the proposed FCM services only to institutional customers within the meaning of section 225.2(g) of Regulation Y.[3] Company would not provide such services to retail brokerage customers, locals, or market makers.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 26,548 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant is a cooperative bank organized under the laws of France.[4] In the United States, Applicant operates branches in Chicago, Illinois, and New York, New York, and a representative office in San Francisco, California.[5] Company is an FCM registered with the Commodity Futures Trading Commission ("CFTC"), and a member of the National Futures Association ("NFA"). Accordingly, Company is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA.[6]

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1. Applicant proposes to conduct these FCM activities through its wholly owned subsidiary, Credit Agricole Futures, Inc., Chicago, Illinois ("Company"), and would initially broker futures and options on futures on cocoa, coffee, corn, crude oil, gasoline, heating oil, natural gas, soybeans, soybean meal, soybean oil, sugar, and wheat. A complete list of the proposed contracts is set forth in the Appendix.

Applicant must provide at least 20 days prior written notice to the Federal Reserve System before:

(i) Engaging in FCM activitieswith respect to additional exchange-traded derivative contracts on agricultural, energy, or non-precious metal commodities (unless the Board has approved the contracts for any other bank holding company under the BHC Act) to assure that such contracts are comparable to previously approved contracts; or

(ii) Becoming a clearing or non-clearing member of any commodities exchange that previously has been reviewed and approved by the Board under the BHC Act. Applicant must obtain Board approval before becoming a clearing or non-clearing member of any commodities exchange that has not been reviewed and approved by the Board under the BHC Act, including, as of the effective date of this order, the Coffee, Sugar and Cocoa Exchange.

Company may conduct the proposed FCM activities through omnibus trading accounts established in its own name with clearing members of exchanges on which Company would not itself be a clearing member. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723, 724 (1993) ("*Northern Trust*"). Applicant has committed that, with respect to its omnibus account customers, Company will employ the same credit-approval and risk-management procedures developed for its executing and clearing activities.

Applicant also proposes to provide execution-only and clearing-only services to customers pursuant to customer agreements and "give-up agreements" that would afford the clearing FCM the right to refuse to clear customer trades that the clearing FCM reasonably deems unsuitable in light of market conditions or a customer's financial situation or objectives. These activities have been approved by the Board. *See Northern Trust*; *The Sakura Bank, Limited*, 79 *Federal Reserve Bulletin* 728 (1993) ("*Sakura*"); *J. P. Morgan & Co. Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994) ("*Morgan*"). Company would conduct its proposed execution-only and clearing-only activities in a manner consistent with *Northern Trust*, *Sakura*, and *Morgan*. In particular, Applicant has committed that Company will not serve as the primary or qualifying clearing firm for any unaffiliated parties. Applicant also has committed that, in conducting its execution-only activities, Company will observe credit review procedures consistent with those approved in *Morgan*.

In addition, Company would provide certain custodial services to mutual funds for all types of futures contracts and options on futures contracts. *See* 12 C.F.R. 225.125(i).

2. In those circumstances when a customer defaults on a contract after the contract expires and Company is required to make or take delivery of the underlying commodity, or where Company exercises its rights to liquidate a customer's account, Company is permitted to take those actions necessary to mitigate its damages, including acting for its own account in retendering or redelivering the commodity, entering into an exchange-for-physical transaction, or entering into an offsetting transaction in the cash market, provided these or other appropriate actions are taken as soon as commercially practicable.

3. *See* 12 C.F.R. 225.2(g). Company's customer base would include mutual fund and commodity pool customers. None of Company's commodity pool customers would be owned or sponsored by, or otherwise affiliated with, Applicant. Neither Applicant nor Company will act as a commodity pool operator without prior Board approval. Company will apply its standard credit approval procedures to its commodity pool customers. Applicant has committed to provide the Federal Reserve System with prior notice of any material change in the characteristics of Company's customer base.

4. Applicant, with total consolidated assets equivalent to approximately $252 billion, supports and coordinates the operations of 85 regional mutual credit cooperatives and 2,952 local credit cooperatives. Applicant, together with its affiliated regional and local credit cooperatives, comprise the Credit Agricole Group ("CAG"). The CAG, with total consolidated assets equivalent to approximately $305 billion, is the eighth largest banking organization in the world, and the largest banking organization in France. Asset and ranking data are as of December 31, 1992, and employ exchange rates then in effect.

5. Under section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)), a foreign bank that operates a branch, agency, or commercial-lending-company subsidiary in the United States is subject to the BHC Act as if it were a bank holding company.

6. Company is a clearing member of the Chicago Mercantile Exchange and the Chicago Board of Trade, and is currently engaged in executing and clearing on major commodities exchanges futures and options on futures on financial commodities and certain broad-based and widely traded stock and bond indices.

The Board has previously determined that providing FCM execution, clearance, and advisory services with respect to nonfinancial commodity derivatives are activities closely related to banking within the meaning of section 4 of the BHC Act, and are, therefore, permissible activities for bank holding companies.[7]

In order to approve this application, the Board must determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. In this regard, in every case under section 4 of the BHC Act, the Board must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[8] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

The Board expects that the *de novo* entry of Applicant into the market for the proposed services in the United States would provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services. To address the potential adverse effects of the proposed activities, Applicant has committed to conduct the proposed activities subject to the same rules and procedures imposed by the Board on FCM activities in derivatives of financial commodities.[9] In addition, in order to minimize risks associated with the delivery of non-financial commodities, Applicant has committed to take a number of steps in the event one of Company's customers has an open position in a contract after the contract has expired, and the customer is unable or unwilling to make or take delivery.[10]

Based on the commitments made by Applicant regarding its conduct of the proposed activities, the limitations on the activities noted in this order, and all the facts of record, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh the possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all the terms and conditions set forth in this order, and in the above noted Board regulations and orders that relate to these activities. The Board's determination is also subject to all of the terms and conditions set forth in the Board's 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, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all of the commitments made in this application, including the commitments discussed in this order and the conditions set forth in this order and in the above noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective April 18, 1994.

Voting for this action: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Coffee, Sugar and Cocoa Exchange:
Cocoa futures
Options on cocoa futures
Coffee "C" futures
Options on cocoa futures
Sugar no. 11 futures
Options on Sugar no. 11 futures

Chicago Board of Trade:
Corn futures
Options on corn futures

7. *See J.P. Morgan & Co. Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994).

8. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

9. *See* 12 C.F.R. 225.25(b)(18). Applicant also has committed that Company will not enter into any impermissible tying arrangements with any lending affiliates, and that all customer trading positions of Company will be marked to market at least daily.

10. Among the steps Applicant will take are:
(1) Retendering the commodity;
(2) Offsetting the customer's open position through an exchange-for-physical transaction;
(3) Offsetting the commodity in the cash market; and
(4) Seeking to avoid delivery through some other mechanism.

See Bank of Montreal, 79 *Federal Reserve Bulletin* 1049, 1052 n.21 (1993).

Soybean futures
Options on soybean futures
Soybean meal futures
Options on Soybean meal futures
Soybean oil futures
Options on Soybean oil futures
Wheat futures
Options on wheat futures

New York Mercantile Exchange:
Crude oil futures
Options on crude oil futures
No. 2 heating oil futures
Options on no. 2 heating oil futures
Natural gas futures (no related options contract)
Unleaded regular gasoline futures
Options on unleaded regular gasoline futures

MidAmerica Commodity Exchange:
Soybean futures
Options on soybean futures

Kansas City Board of Trade:
Hard red winter wheat futures
Options on hard red winter wheat futures

Caisse Nationale de Credit Agricole
Paris, France

Order Approving Applications to Engage in Various Securities-Related Activities, Including Private Placement, "Riskless Principal", Full-Service Brokerage, and Financial Advisory Activities

Caisse Nationale de Credit Agricole, Paris, France ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage *de novo* through its wholly owned subsidiary, Credit Agricole Securities, Inc., New York, New York ("Company"), in the following activities:

(1) Acting as agent in the private placement of all types of securities, including providing related advisory services;

(2) Buying and selling all types of securities on the order of investors as a "riskless principal";

(3) Providing securities brokerage services, related securities credit activities pursuant to the Board's Regulation T (12 C.F.R. Part 220), and incidental activities such as offering custodial services, individual retirement accounts, and cash management services that are restricted to buying and selling securities solely as agent for the account of customers, and that do not include securities underwriting or dealing, pursuant to section 225.25(b)(15)(i) of Regulation Y (12 C.F.R. 225.25(b)(15)(i));

(4) Providing portfolio investment advice in combination with the proposed securities brokerage services, pursuant to sections 225.25(b)(4)(iii) and (b)(15)(ii) of Regulation Y (12 C.F.R. 225.25(b)(4)(iii) and (b)(15)(ii));

(5) Furnishing general economic information and advice, general economic statistical forecasting services and industry studies, pursuant to section 225.25(b)(4)(iv) of Regulation Y (12 C.F.R. 225.25(b)(4)(iv)); and

(6) Providing financial advice to the French government, and its municipalities and agencies, including advice with respect to the issuance of their securities in the United States and overseas, pursuant to section 225.25(b)(4)(v) of Regulation Y (12 C.F.R. 225.25(b)(4)(v)).

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 5990 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant is a cooperative bank organized under the laws of France.[1] In the United States, Applicant operates branches in Chicago, Illinois; and New York, New York; and a representative office in San Francisco, California.[2] Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of the National Association of Securities Dealers ("NASD").[3] Accordingly, Company is subject to the

1. Applicant, with total consolidated assets equivalent to approximately $252 billion, supports and coordinates the operations of 85 regional mutual credit cooperatives and 2,952 local credit cooperatives. Applicant, together with its affiliated regional and local credit cooperatives, comprise the Credit Agricole Group ("CAG"). The CAG, with total consolidated assets equivalent to approximately $305 billion, is the eighth largest banking organization in the world, and the largest bank in France. Asset and ranking data are as of December 31, 1992, and employ exchange rates then in effect.

2. Under section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)), a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States is subject to the BHC Act as if it were a bank holding company.

3. Company (formerly Bertrand Michel Securities, Inc., New York, New York) is a wholly owned subsidiary of two of Applicant's direct subsidiaries, Segespar-Titres Immeuble Cotentin, Paris, France, and SBD Dynabourse, S.A., Paris, France (successor by merger with Bertrand Michel, S.A., Paris, France, another subsidiary of Applicant). Company is currently engaged in providing brokerage, research, and investment advisory services with regard to debt and equity securities of non-United States (principally European) issuers pursuant to section 211.24(e)(3) of the Board's Regulation K (12 C.F.R. 211.24(e)(3)).

recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

Private Placement and "Riskless Principal" Activities

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. Applicant has committed that Company will not privately place registered securities, and will only place securities with "institutional customers" as that term is defined in section 225.2(g) of the Board's Regulation Y (12 C.F.R. 225.2(g)).

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[4] "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, under the proposal, Company would not act as a "riskless principal" in selling securities at the order of a customer that is the issuer of the securities to be sold, or in any transaction where Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a "riskless principal" in any transaction involving a security for which it makes a market.

The Board has previously determined that, subject to a number of prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed private placement and riskless principal activities are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[5] In those orders, the Board also found that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal", do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act (12 U.S.C. § 377), and that revenue derived from such activities is not subject to the 10 percent revenue limitation on underwriting and dealing in ineligible securities.[6] In order to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, Applicant has committed that Company will conduct its private placement and "riskless principal" activities in a manner consistent with the limitations, methods, and procedures established by the Board in prior orders, as modified to reflect Applicant's status as a foreign bank.[7]

Securities Brokerage and Financial Advisory Activities

The Board has previously determined by regulation that furnishing securities brokerage services, either separately or in combination with certain investment advisory services, and providing general economic information and advice, general economic statistical forecasting services, and industry studies are activities closely related to banking under section 4(c)(8) of the BHC Act.[8] The Board also has determined by regulation that providing financial advice to foreign governments and their political subdivisions, including advice with respect to the issuance of their securities, are activities closely related to banking.[9] Applicant has committed that Company will conduct these activities subject to the conditions and limitations in Regulation Y.

4. *See* Securities and Exchange Commission Rule 10b-10. 17 C.F.R. 240.10b-10(a)(8)(i).

5. *See J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989). As detailed more fully in these orders, Applicant has committed that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and that Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal", Company will only engage in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold; will not act as "riskless principal" in any transaction involving a security for which it makes a market; and will not hold itself out as making a market in the securities that it buys and sells as a "riskless principal". Moreover, Company will not engage in "riskless principal" transactions on behalf of its foreign affiliates that engage in securities dealing activities outside the United States and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its affiliates. With regard to private placement activities, Applicant has committed that Company will not privately place registered investment company securities or securities of investment companies that are advised by Applicant or any of its affiliates.

6. *Id.*

7. *See Sumitomo Bank, Limited*, 77 *Federal Reserve Bulletin* 339 (1991); *Creditanstalt-Bankverein*, 77 *Federal Reserve Bulletin* 183 (1991); *The Royal Bank of Scotland Group PLC*, 76 *Federal Reserve Bulletin* 866 (1990); *Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990).

8. 12 C.F.R. 225.25(b)(4)(iv) and (15).

9. 12 C.F.R. 225.25(b)(4)(v).

Financial Factors, Managerial Resources, and Other Considerations

In every case under section 4 of the BHC Act, the Board considers the financial condition and resources of Applicant and its subsidiaries and the effect of the proposal on these resources.[10] In this case, the Board notes that Applicant meets the relevant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required of a United States banking organization. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval. The managerial resources of Applicant also are consistent with approval.

Consummation of the proposal would provide added convenience to Applicant's customers. In addition, the Board expects that the *de novo* entry of Applicant into the market for these services in the United States would increase the level of competition among providers of these services. Consummation of this proposal, subject to the terms and conditions discussed in this order and the orders cited herein, is not likely to result in any significantly adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Applicant reasonably can be expected to produce public benefits that would outweigh potential adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and other facts of record, and subject to the commitments made by Applicant, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved, subject to all the terms and conditions set forth in this order, and in the above noted Board regulations and orders that relate to these activities. The Board's determination is also subject to all of the terms and conditions set forth in the Board's 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, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in this application, including the commitments discussed in this order and the conditions set forth in this order and in the above noted Board regulations and orders. These commitments and conditions shall both be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective April 18, 1994.

Voting for this action: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

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 (1987).

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

Marshall & Ilsley Corporation Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company

Marshall & Ilsley Corporation, Milwaukee, Wisconsin ("M&I"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 3 of the BHC Act (12 U.S.C. § 1842), to acquire Valley Bancorporation, Appleton, Wisconsin ("Valley"), and thereby indirectly acquire the subsidiary banks of Valley listed in Appendix A of this Order.[1] M&I also has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire the nonbanking subsidiaries of Valley listed in Appendix B of this Order.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 68,912 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

1. In connection with M&I's proposed acquisition of Valley, M&I has requested Board approval under section 3 of the BHC Act to acquire an option to purchase up to 19.9 percent of the voting shares of Valley. This option would become moot upon consummation of the proposal.

M&I, with consolidated assets of approximately $8.0 billion, controls 38 banks in Wisconsin and Arizona.[2] Valley, with consolidated assets of approximately $4.6 billion, controls 15 banks in Wisconsin. Upon consummation of this proposal, M&I would become the largest commercial banking organization in Wisconsin, controlling deposits of $9.5 billion, representing approximately 21.5 percent of the total deposits in commercial banks in the state.[3]

Competitive Effects

M&I and Valley compete directly in 16 banking markets in Wisconsin. Consummation of this proposal would result in the elimination of a competitor and in an increase in the concentration in each market as measured by the Herfindahl–Hirschman Index ("HHI").[4] After considering the competition offered by thrift institutions,[5] the number of competitors remaining in the markets, the increase in concentration to a level not exceeding the threshold levels in the Department of Justice's revised guidelines, and 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 following 11 markets: Janesville, Eau Claire, Fond du Lac, Green Bay, La Crosse, Madison, Mauston, Milwaukee, Neillsville, Watertown, and Columbia County.

The remaining banking markets in which M&I and Valley compete are New Holstein, Rhinelander, Mayville, Oshkosh and West Bend. Various measures of market concentration, including the HHI, indicate that, absent divestitures of branches, the proposal may result in significant adverse competitive effects in these markets. M&I has proposed divestitures in order to mitigate the potentially anti-competitive effects of the proposal in these markets.[6] M&I also has committed that all divestitures will be made to competitively suitable acquirors whose acquisition of the divested assets and liabilities would not result in a substantial lessening of competition in the relevant markets.[7] After giving effect to the proposed divestitures and competition offered by thrifts in the New Holstein, Mayville and Rhinelander banking markets, the competitive effect of the transaction would be consistent with the merger guidelines established by the Department of Justice and parameters applied by the Board in previous decisions.

In the remaining banking markets of Oshkosh and West Bend these guidelines would be exceeded. In the Oshkosh banking market,[8] upon consummation of this proposal M&I would become the second largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $128.4 million, representing 18.6 percent of total deposits in depository institutions in the market ("market deposits").[9] The HHI would increase by 205 points to 1943. In the West Bend banking market,[10] upon consummation of this proposal M&I would become the largest depository institution in the market, controlling deposits of $198.5 million, representing 30.9 percent of market deposits. The HHI would increase by 267 points to 1911.

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2. Asset data are as of December 31, 1993.

3. State deposit data are as of December 31, 1993.

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

5. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). In considering the competition offered by thrifts in all banking markets in this case, thrift deposits are weighted at 50 percent.

6. M&I has committed to execute final sales agreements to effect these divestitures prior to the consummation of the acquisition of Valley, and to consummate these divestitures within 180 days of consummation of the acquisition of Valley. M&I also has committed that, in the event it is unsuccessful in completing the divestiture within 180 days of consummation of the proposal, M&I will transfer the relevant office or offices to an independent trustee that has been instructed to sell the office promptly. *See, e.g., BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991). M&I also has agreed to divest certain offices in Madison, Wisconsin, in light of comments from the Department of Justice.

7. M&I is currently evaluating bids for each proposed divestiture from institutions located within and outside these banking markets. The Board has considered the competitive effects of this proposal on the basis of the greatest potential anti-competitive effect that would result from the winning bidder in each market being the largest in-market competitor.

8. The Oshkosh banking market is approximated by Winnebago County, Wisconsin, except for Winchester, Clayton, Menasha, and Neenah townships.

9. M&I is the fourth largest depository institution in the market, controlling deposits of $95.7 million, representing 13.9 percent of market deposits. Valley is the second largest depository institution in the market, controlling deposits of $114.5 million, representing 16.6 percent of market deposits.

10. The West Bend banking market is approximated by Washington County, Wisconsin, except for Polk, Jackson, Richfield, and Germantown townships. M&I is the largest depository institution in the market, controlling deposits of $169.8 million, representing 26.4 percent of market deposits. Valley is the third largest depository institution in the market, controlling deposits of $116.1 million, representing 18.1 percent of market deposits.

A number of factors indicate that the competitive effects of the increase in market concentration as measured by the HHI may be overstated in these two markets. Both the Oshkosh and West Bend banking markets are attractive for entry,[11] and at least nine competitors would remain in each market after giving effect to the proposed divestitures. In each banking market the remaining competitors would include two of the state's five largest banking organizations, and, in the Oshkosh banking market, the state's second largest thrift institution.

The Board has sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The FDIC and the OCC have not objected to this proposal. The Attorney General has indicated that, subject to M&I divesting the branches to competitively suitable buyers, there would be no significantly adverse effects on competition in any relevant banking market. After considering the proposed divestitures in the relevant banking markets, the relatively small increases in market concentration in each of these markets, the number of depository institution competitors remaining, and all the other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.[12]

Convenience and Needs Considerations

In considering an application under the BHC Act, the Board is required to consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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 institutions," and to take that record into account in its evaluation of bank holding company applications.[13]

In this regard, the Board has received comments from two organizations criticizing M&I's record of performance under the CRA.[14] One commenter ("Milwaukee Protestant") maintains that data filed under the Home Mortgage Disclosure Act ("HMDA") for the period 1990–92 indicate that M&I discriminates against low- and moderate-income and minority residents in Milwaukee. This protestant also criticizes the denial rates for minority applicants under a special M&I home loan program, and contends that M&I does not have a sufficient number of branches to meet the needs in low- and moderate-income and minority areas in Milwaukee. The other commenter ("Madison Protestant") alleges that M&I's 1991 and 1992 HMDA data show discrimination against low- and moderate-income and minority borrowers in Madison,[15] and criticizes the proposed sale of a branch located in a low- and moderate-income area in connection with this transaction.

The Board has carefully reviewed the CRA performance record of M&I and its subsidiary banks, as well as all comments received regarding this application, the responses to those comments, and all the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[16]

Record of Performance Under the CRA

A. Evaluations of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[17] In this case, the Board notes that all of M&I's subsidiary banks have been examined for CRA performance and have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance.

11. In this regard, both the Oshkosh and West Bend markets exceed the average for non-MSA markets in Wisconsin in terms of population per banking office, deposits per banking office and total per capita income.

12. The Board has received a number of comments from individuals and businesses maintaining that consummation of this proposal would give M&I a monopoly for banking services in several Wisconsin banking markets. The Board has carefully reviewed these comments in light of all facts of record and, for the reasons discussed above, does not believe that these comments warrant denial of this application.

13. 12 U.S.C. § 2903.

14. The Board also received a comment from an individual objecting to these protests and requesting that the Board approve these applications.

15. Madison Protestant maintains that the majority of loans made by M&I to minorities are to upper-income borrowers, and that a disproportionate share of the loans made in low- and moderate-income areas are to non-minority individuals.

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

17. *Id.* at 13,745.

In particular, M&I's lead subsidiary bank, M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin ("M&I-Milwaukee"), received a "satisfactory" rating from its primary federal regulator, the Federal Reserve Bank of Chicago, at its most recent examination for CRA performance as of January 1993. M&I Madison Bank, Madison, Wisconsin ("M&I-Madison"), received an "outstanding" rating for CRA performance from its primary federal regulator, the FDIC, as of May 1992. In addition, all of Valley's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance from their primary federal regulators.

B. HMDA Data and Lending Practices

The Board has carefully reviewed the 1990-92 HMDA data, and preliminary data for 1993, reported by M&I for Milwaukee and Madison in light of the Protestants' comments. In general, these data indicate that M&I has improved its lending record of home mortgage loans in some low- and moderate-income and minority areas. However, the data also reflect disparities in lending to low- and moderate-income areas and minority borrowers in other areas.

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

The Board notes that the most recent CRA examinations for M&I-Milwaukee and M&I-Madison found no evidence of illegal discrimination or other illegal credit practices, and that the banks were in substantial compliance with the provisions of anti-discrimination laws and regulations. In this regard, examiners randomly selected and reviewed the banks' loan documentation, including files for rejected loans. M&I-Milwaukee also reviews denied credit applications and samples of approved loans to ensure compliance with fair lending laws.

In addition, both banks have taken a number of steps to address the disparities in their HMDA data. For example, M&I-Milwaukee introduced the Neighborhood Home Loan Program in January 1993, and has substantially increased the number of home purchase applications from, and originations to, low- and moderate-income and minority individuals.[18] The percentage of home purchase loans originated by M&I to minorities in Milwaukee now more closely approximates the percentage of minorities in Milwaukee. The bank also offers alternative loan programs through M&I's mortgage subsidiary with long-term, fixed rate loan products offered in conjunction with the State of Wisconsin Housing and Economic Development Authority ("WHEDA").[19] In addition, M&I-Milwaukee participates in the New Opportunities for Homeownership in Milwaukee program ("NOHIM") funded by the Milwaukee Community Development Block Grant.[20]

M&I-Milwaukee also participates in several community development projects, including housing related lending, as a component of its CRA program. For example, M&I-Milwaukee has invested in the Housing Equity Fund, a limited partnership created to invest in low- and moderate-income housing projects. In addition, M&I-Milwaukee participates in other housing development projects such as the Glenview Project, the Merrill Park Renaissance Project, and the Neighborhood Development Center. The bank also has contracted with the Walker's Point Development Corporation to provide homebuying counseling services to low- and moderate-income families desiring homeownership. The bank has provided over $1 million in funding for various nonprofit community housing-related organizations and other organizations that serve the housing needs of senior citizens and disabled residents. In general, M&I-Milwaukee has financed over $2 million in community development projects, primarily for housing activities.[21]

18. Milwaukee Protestant criticizes this program and alleges that the loan rejection rate for minorities is disproportionately high. This program was specifically designed after consultations with area realtors and community groups for borrowers with incomes at or below the median income in the Metropolitan Statistical Area who are purchasing homes for $75,000 or less. The five-year term loans offered under this program permit M&I to apply flexible underwriting criteria and terms. M&I reports that a significant number of the denials reflected in its HMDA data were not loan applicants applying to purchase a specific property, but rather individuals making inquiries that were required to be reported as denials under the Board's Regulations B and C. M&I has made 128 loans under the program, 90 of which were to minority applicants.

19. M&I Mortgage Corporation makes loans on behalf of all M&I banks and participates in governmentally sponsored loan programs such as the Federal Housing Administration ("FHA"), and state and federal Veterans Administration ("VA") lending programs.

20. This project was sponsored by the Mayor of Milwaukee in 1991, and designed to expand homebuying counseling in the city. Under NOHIM, participating lenders pay an entry fee and counseling agencies refer potential borrowers to the lenders. M&I reported that it has made 35 loans under the program and has not denied any applications referred from the counseling agencies since NOHIM's inception.

21. In addition, as of the date of its most recent CRA exam, the bank had over $1.5 million outstanding in SBA loans.

M&I-Madison offers a variety of loan products to assist in meeting the credit needs of the community, including low- and moderate-income neighborhoods, for housing-related loans. For example, the bank introduced its Affordable Home Loan Program in 1990 in cooperation with a coalition of Madison community organizations. This program provides flexible underwriting guidelines for loans to low- and moderate-income individuals. Since the introduction of this product, the bank has originated 130 loans totaling $6.9 million. M&I-Madison also is a participant in a number of government supported loan programs. The bank participates in federal and state VA loan programs, programs of the WHEDA, the SBA, the Farmers Home Administration, and the Federal Home Loan Mortgage Corporation. Bank also actively originates residential real estate mortgages, rehabilitation and home improvement loans and small business loans.

M&I-Madison participates in a number of community development and redevelopment projects. These projects include Venture Investors of Wisconsin, Inc., Madison Mutual Housing Association, the Dane County Development Company, Inc., the City of Madison Economic Development Commission, and Transitional Housing, Inc. The bank also has provided loans to Transitional Housing, Inc., an organization providing housing to homeless men, which has provided housing for 100 people.

C. Geographic Distribution of Loans/Branch Offices

M&I-Milwaukee's most recent CRA performance examination showed that the geographic distribution of its credit extensions, applications, and denials reflected a reasonable penetration in most segments of the delineated community, including low- and moderate-income areas. M&I-Milwaukee has 19 full service branch locations and 5 of those branches are located in low- and moderate-income census tracts.[22] In addition, M&I-Milwaukee opened a loan office in a predominantly minority area in Milwaukee's northside in 1993. The bank's most recent CRA examination found that there were no indications that applications for loans on property located in low- to moderate-income neighborhoods were receiving adverse treatment because of the location of the property.

M&I-Madison's most recent CRA examination stated that the bank's delineated community meets the purpose of the CRA, and does not exclude low- and moderate-income areas. The bank has a total of eight offices, with two of the offices located in census tracts targeted under the bank's Affordable Home Loan Program. A review by examiners of the data for origination of loans, applications and denials, as well as sample applications that were denied, indicates a reasonable geographic diversity of loan originations.

D. Additional Elements of CRA Performance

M&I has in place the corporate policies, ascertainment and marketing, lending and other activities that assist in meeting the credit needs of minorities and low- and moderate-income neighborhoods. In this regard, M&I-Milwaukee ascertains community credit needs through a variety of community outreach programs and a formal officer call program.[23] M&I banks also have policies and procedures to monitor their lending and credit activities for effectiveness in meeting credit needs. M&I-Madison has established a CRA committee which reports the banks CRA activities to the board of directors on a quarterly basis.

E. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record of this application, including the most recent CRA performance examinations of the institutions involved in this case, the Board believes that the efforts of M&I to help meet the credit needs of all segments of the communities served, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of these applications.[24]

22. In addition, M&I has two other subsidiary banks, M&I Northern Bank and M&I South Shore Bank, with branches in low- and moderate-income areas in Milwaukee. M&I also has stated that it intends to retain Valley's Milwaukee branch which is located in a predominantly minority area.

23. For example, the bank introduced the M&I First Home Savers Plan Account, designed to help first-time home buyers accumulate funds for down payment and closing costs. M&I's Neighborhood Home Loan Product also was developed as a result of its ascertainment efforts.

24. The Milwaukee Protestant has requested the Board hold a public hearing or meeting on these applications. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Wisconsin Commissioner of Banking has not recommended denial of the proposal.

Generally, 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 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, Protestants have had ample opportunity to present written submissions, and have, in fact, submitted written comments that have been

Other Considerations

The financial and managerial resources,[25] and future prospects of M&I, Valley, and their respective subsidiaries, and other supervisory factors that the Board must consider under section 3 of the BHC Act also are consistent with approval of this proposal.

M&I and Valley engage directly and through subsidiaries in a number of nonbanking activities that the Board has determined by order or regulation to be permissible for bank holding companies. The Board has reviewed the proposal to acquire relevant nonbanking subsidiaries in this case under section 4(c)(8) of the BHC Act. Applicant has committed that these activities will be conducted in accordance with the relevant Board regulations and orders. The record in this case indicates that there are numerous providers of all nonbanking services in the proposal, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of these applications.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made by M&I in connection with these applications, including the divestiture commitments, and with the conditions referenced in this order. The determinations as to the nonbanking activities are subject to all of the conditions 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 the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on in reaching this decision are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary banks shall not be consummated before the thirtieth day following the effective date of this order, and the acquisitions of the relevant 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 April 11, 1994.

Voting for this action: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Valley Subsidiary Banks

1. Valley Bank, Appleton, Wisconsin
2. Valley Bank, LaCrosse, Wisconsin
3. Valley Bank, Madison, Wisconsin
4. Valley Bank, Menomonie, Wisconsin
5. Valley Bank, Milwaukee, Wisconsin
6. Valley Bank, Janesville, Janesville, Wisconsin
7. Valley Bank, Northeast, Green Bay, Wisconsin
8. Valley Bank, East Central, Kewaskum, Wisconsin
9. Valley Bank, Southwest, Spring Green, Wisconsin
10. Valley Bank of Oshkosh, Oshkosh, Wisconsin
11. Valley First National Bank, Rhinelander, Wisconsin
12. Valley Bank of Shawano (N.A.), Shawano, Wisconsin
13. Valley First National Bank, Ripon, Wisconsin
14. Valley Bank (N.A.), Watertown, Wisconsin
15. Pierce County Bank and Trust Company, Ellsworth, Wisconsin

Appendix B

Valley Nonbanking Subsidiaries

16. Valley Trust Company, and thereby engage in trust company activities, pursuant to § 225.25(b)(3) of the Board's Regulation Y.

considered by the Board. Therefore, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the request for a public meeting or hearing on this application is denied.

25. The Board has received two comments from individuals objecting to the amount of compensation the officers and directors of Valley will receive from the proposed transaction. Based on all facts of record, including the current level of compensation for these officers and directors, the Board does not believe that these comments raise issues that would warrant denial under the factors required to be considered under the BHC Act.

17. Valley United Bank, S.S.B., and thereby operate a savings association, pursuant to § 225.25(b)(9) of the Board's Regulation Y.
18. Valley Western Bank, F.S.B. and thereby operate a savings association, pursuant to § 225.25(b)(9) of the Board's Regulation Y.
19. Valley Real Estate Services Corporation, and thereby provide mortgage loan servicing, pursuant to § 225.25(b)(1) of the Board's Regulation Y.
20. Community Life Insurance Company, and thereby engage in permissible insurance underwriting, pursuant to § 225.25(b)(8) of the Board's Regulation Y.
21. Valley BankService Corp., which provides servicing pursuant to § 225.22(a) of the Board's Regulation Y.

ORDERS ISSUED UNDER FEDERAL RESERVE ACT

Rocky Mountain State Bank
Rangely, Colorado

Order Approving Establishment of a Branch and Investment in Bank Premises

Rocky Mountain State Bank, Rangely, Colorado ("Bank"), a state member bank, has applied under sections 9 and 24A of the Federal Reserve Act (12 U.S.C. §§ 321 and 371(d)), to establish a branch office on West Market Street, Meeker, Colorado, and to make an additional investment in bank premises.

Notice of these applications, affording interested persons an opportunity to submit comments, has been duly published. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors contained in the Federal Reserve Act.

Bank, with assets of approximately $12.4 million,[1] has only one office at its headquarters in Rangely. This proposal represents Bank's first branch office.

In connection with these applications, the Board received comments both supporting and opposing the proposal. Comments supporting the application noted that the branch would provide alternative banking services to those provided by the only financial institution currently in Meeker. Another commenter, a former customer of Bank, expected Bank to offer the same quality of services available in Rangely to the residents of Meeker.

Some commenters opposed the application because they thought that Bank's record of meeting credit needs in Rangely was inadequate and, consequently, that Bank would not meet the credit needs of the entire community in Meeker. One commenter questioned the accuracy of Bank's financial projections and whether Bank has the financial resources to support the proposed branch. Another commenter believed that the competition offered by the proposed branch would be harmful in a town that is adequately served by a single banking institution. The Board has carefully considered these comments in light of the relevant statutory factors.

In its evaluation of an application to establish a branch, the Board is required to take into account the institution's record of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[2] 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 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 branch applications.[3]

The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act[4] 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. The Board notes that Bank received a "satisfactory" rating from the Federal Reserve Bank of Kansas City at its most recent examination for CRA performance in December 1992 ("1992 Examination").

Bank offers a variety of credit products that address the credit needs in the local community and examiners found these efforts to be satisfactory.[5] A sample of approved and denied loans reviewed in the 1992 Examination reflected a reasonable penetration of credit to all segments of Bank's delineated community. In addition, Bank markets its products and services to its entire delineated community through a local newspaper and statement inserts to customers. Bank also participates in community development projects by

1. Asset data are as of December 31, 1993.

2. *See* 12 U.S.C. §§ 2902(3)(C), 2903(2).
3. 12 U.S.C. § 2903.
4. 54 *Federal Register* 13,742, 13,745 (1989).
5. Bank's relatively low loan-to-deposit ratio was noted in the 1992 Examination and was attributed to a decrease in loan demand. Bank projects that loan demand will increase with improving economic conditions. Bank also notes that even during the period 1990 to 1993 when its loan-to-deposit ratio declined, Bank's approval rate for loans averaged 91 percent.

making loans to small businesses, providing funds for local redevelopment projects, and participating in the lending activities of the Rangely Development Agency. The 1992 Examination found no evidence of illegal discrimination or any practices intended to discourage applicants from applying for the types of credit offered by Bank. Based on all facts of record, the Board concludes that Bank's record of performance under the CRA is consistent with approval of these applications.

The Meeker branch represents a small capital investment and modest financial risk to Bank. Based on all facts of record, including the results of Bank's most recent safety and soundness examination and other confidential financial information, the Board believes that Bank has sufficient financial resources to support the proposed branch. The Board also expects that Bank's *de novo* branch will provide customers with an alternative in the competition for banking services in Meeker.[6]

For the reasons discussed above, and in light of all facts of record, the Board concludes that the comments opposing these applications do not warrant denial of these applications. The Board also concludes on the basis of all facts of record that the factors required to be considered when approving applications for the establishment of branches, including the financial condition of Bank, the general character of its management, and the proposed exercise of corporate powers, are consistent with approval and the purposes of section 9 of the Federal Reserve Act.

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

This branch shall be in operation no later than one year 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 April 18, 1994.

6. The record indicates that there is a demand for banking services in Meeker. For example, Bank states that it is processing loan applications for approximately $500,000 from businesses and individuals in the Meeker area as a result of its notice to establish the proposed branch. Moreover, the only banking organization currently located in Meeker realizes higher than average levels of profitability.

Voting for this action: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

Banque Nationale de Paris
Paris, France

Order Approving the Acquisition of Certain Assets and the Assumption of Certain Liabilities of a Federal Savings Bank

Banque Nationale de Paris, Paris, France ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act")[1] for its wholly owned subsidiary, Bank of the West, San Francisco, California ("Bank"), to acquire certain assets and assume certain liabilities of Citibank, F.S.B., Oakland, California ("Citibank FSB"). Section 5(d)(3) of the FDI Act requires the Board to review any transfer of assets and liabilities of a member of the Savings Association Insurance Fund to a member of the Bank Insurance Fund ("BIF") if the BIF member is a subsidiary of a bank holding company.[2] In reviewing such proposals, the Board must follow the procedures and consider the factors set forth in section 18(c) of the FDI Act ("Bank Merger Act").[3] The Federal Deposit Insurance Corporation has considered this proposal under the Bank Merger Act, and after review of all of the factors in that statute, has approved the proposal.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure.[4] Reports on the competitive effects of the merger were requested from the United States Attorney General, the Federal Deposit Insurance Corporation, and the Office of Thrift

1. *See* 12 U.S.C. § 1815(d)(3), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388–92 (1991).

2. *See* 12 U.S.C. § 1815(d)(3)(A)(ii).

3. *See* 12 U.S.C. § 1815(d)(3)(E). The Bank Merger Act requires the Board to consider the competitive effects of the proposed transactions, the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. *See* 12 U.S.C. § 1828(c)(5).

4. *See* 12 U.S.C. § 1828(c)(3); 12 C.F.R. 262.3(b).

Supervision. 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 the Bank Merger Act and section 5(d)(3) of the FDI Act.

Applicant, with total consolidated assets equivalent to approximately $284 billion, is the thirteenth largest bank in the world, and the third largest banking organization in France.[5] In the United States, Applicant operates branches in New York, New York; and Chicago, Illinois; maintains agencies in Los Angeles and San Francisco, California; Miami, Florida; and Houston, Texas; and controls a number of companies engaged in permissible nonbanking activities. Bank is Applicant's sole subsidiary bank in the United States. Applicant is the tenth largest commercial banking organization in California, controlling deposits of $3.2 billion, representing approximately 1.24 percent of total deposits in commercial banking organizations in the state.[6] Upon consummation of the proposed transaction, Applicant would become the ninth largest commercial banking organization in California, controlling deposits of $3.6 billion, representing 1.41 percent of total deposits in commercial banking organizations in the state.

Applicant and Citibank FSB compete directly in six banking markets.[7] Upon consummation of the proposal, each of these markets would remain either unconcentrated or moderately concentrated as measured by the Herfindahl-Hirschman Index ("HHI"),[8] and Bank would not control more than 6 percent of the deposits in commercial banks in any of these markets.[9] The Board has determined that consummation of this proposal would not have a significantly adverse effect on competition in these six banking markets or in any other relevant banking market after considering the number of competitors remaining in these markets, the resulting market shares, the absence of any increases or the relatively small increases in market concentrations as measured by the HHI, and all other facts of record.

The Board also concludes that the financial and managerial resources and future prospects of Applicant and Bank, and considerations relating to the convenience and needs of the communities to be served, are consistent with approval of this application. Moreover, the record in this case shows that, with respect to the other factors the Board must consider under section 5(d)(3) of the FDI Act:[10]

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

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

(3) Applicant's acquisition of certain assets and assumption of certain liabilities of a California federal savings bank would comply with section 3(d) of the BHC Act ("Douglas Amendment")[11] as if Citibank FSB were a state bank that Applicant was applying to acquire directly.

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. This approval is subject to Bank obtaining the required approval of the appropriate federal banking agency for the proposed merger under the Bank Merger Act, and to Bank obtaining all necessary state regulatory approvals. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application. For purposes of this action, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law. This approval is limited to the proposal presented by Applicant to the Board, and may not be construed as approving any other transaction.

5. Data are as of December 31, 1992.

6. Data are as of December 31, 1993.

7. These banking markets are approximated by the following Ranally Metropolitan Areas ("RMA"): Napa RMA, Sacramento RMA, San Francisco-Oakland RMA, Santa Cruz RMA, Santa Rosa RMA, and Stockton RMA.

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

9. The HHI would increase 17 points to 1302 for the Napa RMA, 9 points to 1297 for the Santa Cruz RMA, 5 points to 891 for the Santa Rosa RMA, 4 points to 1230 for the Stockton RMA, would remain at 1223 for the Sacramento RMA, and would remain at 1426 for the San Francisco-Oakland RMA. Bank would have a market share of 5.96 percent in the Napa RMA (ranking sixth of 13), 4.33 percent in the Santa Cruz RMA (ranking eighth of 14), 4.15 percent in Santa Rosa RMA (ranking eighth of 26), 3.12 percent in the Stockton RMA (ranking seventh of 20), 1.05 in the Sacramento RMA (ranking twenty second of 45), and 2.66 percent in the San Francisco-Oakland RMA (ranking eighth of 123).

10. *See* 12 U.S.C. § 1815(d)(3)(E).

11. *See* 12 U.S.C. § 1842(d).

This transaction may not be consummated before the thirtieth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board, or by the Federal Reserve Bank of San Francisco acting pursuant to delegated authority.

By order of the Board of Governors, effective April 18, 1994.

Voting for this action: Chairman Greenspan and Governors Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

By the Secretary 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	Acquiring Bank(s)	Approval Date
First Interstate Bancorp, Los Angeles, California	Far West Federal Savings Bank, Portland, Oregon	First Interstate Bank of Oregon, N.A., Portland, Oregon	April 15, 1994
Union Planters Corporation, Memphis, Tennessee	Security Federal Savings & Loan Association, Jackson, Mississippi United Southern Bank, Clarksdale, Mississippi	First National Bank of New Albany, New Albany, Mississippi	April 15, 1994

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	Acquiring Bank(s)	Approval Date
BancorpSouth, Incorporated, Tupelo, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	Bank of Mississippi, Tupelo, Mississippi	April 15, 1994
Cascade Bancorp, Bend, Oregon	Far West Federal Savings Bank, Portland, Oregon	Bank of the Cascades, Bend, Oregon	April 15, 1994
Citizens Holding Company, Philadelphia, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	Citizens Bank of Philadelphia, Philadelphia, Mississippi	April 15, 1994
DFC Acquisition Corporation Two, Kansas City, Missouri	Farm & Home Savings Association, Nevada, Missouri	Dickinson Financial Corporation, Chillicothe, Missouri	April 11, 1994

FDICIA—Continued

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Fifth Third Bancorp, Cincinnati, Ohio	Citizens Federal Bank, Miami, Florida	Fifth Third Bank of Southern Ohio, Hillsboro, Ohio Fifth Third Bank of Columbus, Columbus, Ohio	April 12, 1994
First Bolivar Capital Corporation, Cleveland, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	First National Bank of Bolivar County, Cleveland, Mississippi	April 15, 1994
First M & F Corporation, Kosciusko, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	Merchants & Farmers Bank, Kosciusko, Mississippi	April 15, 1994
Fourth Financial Corporation, Wichita, Kansas	Equity Bank for Savings, F.A., Oklahoma City, Oklahoma	Bank IV Oklahoma, N.A., Tulsa, Oklahoma	April 14, 1994
KeyCorp, Cleveland, Ohio	Far West Federal Savings Bank, Portland, Oregon	Key Bank of Oregon, Portland, Oregon	April 15, 1994
The Peoples Holding Company, Tupelo, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	The Peoples Bank & Trust Company, Tupelo, Mississippi	April 15, 1994
Planters Holding Company, Indianola, Mississippi	Security Federal Savings and Loan Association, Jackson, Mississippi	Planters Bank & Trust Company, Indianola, Mississippi	April 15, 1994

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
Compass Bancshares, Inc. Birmingham, Alabama	Anchor Savings Bank, FSB, Kneeled, New York	April 14, 1994
Northern Trust Corporation, Chicago, Illinois	Hazlehurst & Associates, Inc., Atlanta, Georgia	April 8, 1994
Union Planters Corporation, Memphis, Tennessee	BNF BANCORP, Inc., Decatur, Alabama	April 21, 1994

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
Allendale Bancorp, Inc., Allendale, Illinois	First National Bank of Allendale, Allendale, Illinois	St. Louis	March 31, 1994
AMBANC Corp., Vincennes, Indiana	Lincolnland Bancshares, Inc., Casey, Illinois	St. Louis	April 11, 1994
American Bancshares Corporation, Livingston, Tennessee	American Savings Bank, Livingston, Tennessee	Atlanta	April 25, 1994
Antioch Bancshares, Inc. Employee Savings and Stock Ownership Plan, Antioch, Illinois	Antioch Bancshares, Inc., Antioch, Illinois	Chicago	April 15, 1994
Carlisle Bancshares, Inc., Little Rock, Arkansas	FirstBank of Arkansas, Brinkley, Arkansas	St. Louis	April 1, 1994
Citizens Bank Group, Inc., Minneapolis, Minnesota	Mapleton Bancshares, Inc., Mapleton, Minnesota	Minneapolis	April 5, 1994
ColoEast Bankshares, Inc., Lamar, Colorado	Granada Bankshares, Inc., Granada, Colorado Holly Bankshares, Inc., Holly, Colorado	Kansas City	April 15, 1994
Commonwealth Community Bancorp, Inc., Grundy, Virginia	Miners and Merchants Bank and Trust Company, Grundy, Virginia	Richmond	April 28, 1994
Community First Bancorp, Inc., Denver, Colorado	Buffalo Bank Corporation, Buffalo, Wyoming	Kansas City	April 25, 1994
DuRoc Investment Company, Table Rock, Nebraska	State Bank of Table Rock, Table Rock, Nebraska	Kansas City	April 20, 1994
First Alabama Bancshares, Inc., Birmingham, Alabama	Guaranty Bancorp, Inc., Baton Rouge, Louisiana	Atlanta	April 15, 1994
First Chicago Corporation, Chicago, Illinois	Hampton Park Corporation, Romeoville, Illinois	Chicago	April 15, 1994
First Chicago Corporation, Chicago, Illinois	Lake Shore Bancorp, Inc., Chicago, Illinois	Chicago	April 15, 1994
First Community Banking Corporation, Little Rock, Arkansas	Caddo Holding Company, Inc., Glenwood, Arkansas	St. Louis	April 14, 1994
First Financial Bancorp., Hamilton, Ohio	First Clyde Banc Corp., Clyde, Ohio	Cleveland	April 8, 1994
Frandsen Financial Corporation, Forest Lake, Minnesota	Warren Bancshares, Inc., Warren, Minnesota	Minneapolis	April 4, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Hinton Financial Corporation, Hinton, West Virginia	The First National Bank of Hinton, Hinton, West Virginia	Richmond	April 1, 1994
LS Bancorp, Inc., LaSalle, Illinois	Community Bank of Utica, Utica, Illinois	Chicago	April 15, 1994
Pointe Financial Corporation, Boca Raton, Florida	Flamingo Bank, Pembroke Pines, Florida	Atlanta	April 8, 1994
Salem Bancshares, Inc., Salem, Missouri	Bank of Salem, Salem, Missouri	St. Louis	April 25, 1994

Section 4

Applicant(s)	Nonbanking Activity/ Company	Reserve Bank	Effective Date
Country Bancorp, Inc., Litchfield, Illinois	to engage *de novo* in the offering and sale, as agent, of fixed rate annuity products	St. Louis	April 14, 1994
Kerndt Bank Services, Inc., Lansing, Iowa	Peters Insurance Agency, Lansing, Iowa	Chicago	April 20, 1994
Pointe Financial Corporation, Boca Raton, Florida	Pointe Federal Savings Bank, Boca Raton, Florida	Atlanta	April 8, 1994
United Bancorp of Kentucky, Lexington, Kentucky	Computer Bank Services, Inc., Lexington, Kentucky	Cleveland	April 6, 1994

Sections 3 and 4

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
CBT Corporation, Paducah, Kentucky	BMC Bankcorp, Inc., Benton, Kentucky Bank of Marshall County, Benton, Kentucky Graves County Bank, Inc., Wingo, Kentucky United Commonwealth Bank, FSB, Murray, Kentucky	St. Louis	April 5, 1994
Republic Bancorp, Inc., Louisville, Kentucky	Republic Bank of Shelby County, Shelbyville, Kentucky	St. Louis	April 7, 1994

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
Centura Bank, Rocky Mount, North Carolina	Mid-South Bank and Trust Company, Sanford, North Carolina	Richmond	April 19, 1994
Fifth Third Bank, Cincinnati, Ohio	Citizens Federal Bank, Miami, Florida	Cleveland	April 12, 1994
The Sun City Bank, Sun City, Arizona	First National Bank of Arizona, Phoenix, Arizona	San Francisco	April 13, 1994
United Jersey Bank, Hackensack, New Jersey	United Jersey Bank/Central, S.A., West Windsor Township, New Jersey United Jersey Bank/South, N.A., Cherry Hill, New Jersey	New York	April 12, 1994

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.

DLG Financial Corp. v. Board of Governors, No. 94–10078 (5th Cir., filed January 20, 1994). Appeal of district court dismissal of appellants' action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and for money damages on a variety of tort and contract theories. The case has been consolidated on appeal with *Board of Governors v. DLG Financial Corp.*, Nos. 93–2944 and 94–20013 (5th Cir., filed December 14, 1993 and December 31, 1993), an appeal of a temporary restraining order and a preliminary injunction obtained by the Board freezing assets of a corporation and an individual pending administrative adjudication of civil money penalty assessments by the Board. Appellants' brief was filed on March 21, 1994. Oral argument on the consolidated appeal is scheduled for June 1, 1994.

Board of Governors v. Oppegard, No. 93–3706 (8th Cir., filed November 1, 1993). Appeal of district court order ordering appellant Oppegard to comply with prior order requiring compliance with Board removal, prohibition, and civil money penalty order. The Board's brief was filed on January 20, 1994.

Scott v. Board of Governors, No. 930905843CV (Dist. Ct., Salt Lake County, Utah, filed October 8, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

Richardson v. Board of Governors, et al., No. 93-C 836A (D. Utah, filed August 30, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. On December 16, 1993, the District Court granted the Board's motion to dismiss. On January 14, 1994, plaintiff filed a notice of appeal.

Jackson v. Board of Governors, No. CV-N-93-401-ECR (D. Nev., filed June 14, 1993). Pro se action for violation of a prisoner's civil rights. On November 26, 1993, the Board filed a motion to dismiss.

First National Bank of Bellaire v. Board of Governors, No. H-93-1708 (S.D. Texas, filed June 8, 1993). Action to enjoin possible enforcement actions by Board of Governors and other bank regulatory agencies. On March 8, 1994, the district court granted the agencies' motion to dismiss; plaintiff's motion for reconsideration was filed March 22, 1994.

Kubany v. Board of Governors, et al., No. 93–1428 (D. D.C., filed July 9, 1993). Action challenging

Board determination under the Freedom of Information Act. The Board's motion to dismiss was filed on October 15, 1993.

Bennett v. Greenspan, No. 93–1813 (D. D.C., filed April 20, 1993). Employment discrimination action.

Amann v. Prudential Home Mortgage Co., et al., No. 93–10320 WD (D. Massachusetts, filed February 12, 1993). Action for fraud and breach of contract arising out of a home mortgage. On April 17, 1993, the Board filed a motion to dismiss.

Adams v. Greenspan, No. 93–0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment. The Board's motion for partial summary judgment was filed on January 4, 1994.

CBC, Inc. v. Board of Governors, No. 93–1458 (U.S. Supreme Court, filed March 17, 1994). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements. On November 30, 1993, the Court of Appeals for the 10th Circuit denied the petition for review. On March 17, 1994, CBC filed a petition for *certiorari.*

Zemel v. Board of Governors, No. 92–1056 (D. D.C., filed May 4, 1992). Age Discrimination in Employment Act case. The parties' cross-motions for summary judgment are pending.

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

Final Enforcement Orders Issued by the Board of Governors

Garry L. Carroll
Dyer, Tennessee

The Federal Reserve Board announced on April 4, 1994, the issuance of an Order of Prohibition against Garry L. Carroll, a former institution-affiliated party of Dyer F&M Bancshares, Inc., and Farmers & Merchants Bank, Dyer, Tennessee.

Michael D. Johnson and Albert D. Noe
Dyer, Tennessee

The Federal Reserve Board announced on April 29, 1994, the issuance of combined Orders to Cease and Desist and of Prohibition against Michael D. Johnson and Albert D. Noe, former directors of Dyer F&M Bancshares, Inc., Dyer, Tennessee.

Termination of Enforcement Actions

The Federal Reserve Board announced on April 4, 1994, the termination of the following enforcement actions:

First State Bancorp
Howell, New Jersey

Written Agreement dated September 16, 1992, terminated February 16, 1994.

Home Port Bancorp, Inc.
Nantucket, Massachusetts

Written Agreement dated August 3, 1992, terminated March 1, 1994.

The Buffalo Bank
Eleanor, West Virginia

Written Agreement dated January 31, 1991, terminated March 3, 1994.

Citizens First Bancorp, Inc.
Glen Rock, New Jersey

Written Agreement dated December 18, 1990, terminated March 15, 1994.

Midlantic Corporation
Edison, New Jersey

Written Agreement dated May 16, 1991, terminated March 17, 1994.

People's Mutual Holdings, Inc.
Bridgeport, Connecticut

Written Agreement dated October 22, 1992, terminated March 30, 1994.

Written Agreements Approved by Federal Reserve Banks

West Coast Bancorp
Newport Beach, California

The Federal Reserve Board announced on April 18, 1994, the execution of a Written Agreement between the Federal Reserve Bank of San Francisco and West Coast Bancorp, Newport Beach, California.

Financial and Business Statistics

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Guide to Tabular Presentation

Symbols and Abbreviations

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	*Standard Industrial Classification*
VA	Department of Veterans Affairs

General Information

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1993			1994	1993		1994		
	Q2	Q3	Q4[r]	Q1	Nov.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.
Reserves of depository institutions[2]									
1 Total	10.4[r]	12.5[r]	14.2	3.1	11.5[r]	3.1	2.5	3.2	-3.4
2 Required	12.0[r]	12.4[r]	14.1	2.5	11.4[r]	3.9	-5.2	9.5	.1
3 Nonborrowed	10.2[r]	11.0[r]	15.6	3.7	15.5[r]	3.2	2.7	3.3	-3.1
4 Monetary base[3]	10.1[r]	10.6	9.8	10.2	8.3[r]	5.7	11.7	13.4	9.3
Concepts of money, liquid assets, and debt[4]									
5 M1	10.7	12.0	9.4	6.0	9.7	6.4	5.4	5.3	4.2
6 M2	2.2	2.4	1.9	2.0	3.8[r]	2.3	2.1	-1.2	5.4
7 M3	2.1	1.0	2.2	.0	3.5[r]	3.4	1.0	-7.9	2.5
8 L	3.1	.9	1.6	n.a.	2.7	4.4	4.0	-2.3	n.a.
9 Debt	4.5	5.7	5.2	n.a.	6.2	7.5	5.1	4.8	n.a.
Nontransaction components									
10 In M2[5]	-1.4	-1.7	-1.4	.1	1.0[r]	.4	.6	-4.2	6.0
11 In M3 only[6]	1.6	-6.7[r]	3.7	-10.8	2.2[r]	9.3	-5.1	-44.4	-13.8
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	5.1	4.9	3.6	4.4	6.2	4.4	7.3	1.5	-.6
13 Small time[7]	-9.2	-10.6	-7.4	-5.2	-7.4	-2.6	-7.7	-3.9	-3.9
14 Large time[8,9]	-.7[r]	-7.7[r]	-.5	-3.3	-8.6[r]	4.8	9.1	-24.1	-9.7
Thrift institutions									
15 Savings, including MMDAs	.7	2.3	-.4	.6	-2.5	2.0	.0	-.8	5.9
16 Small time[7]	-11.9	-14.4	-11.9	-11.1	-9.3	-15.8	-9.9	-12.3	-5.4
17 Large time[8,9]	-8.5	-4.5	-6.7	-9.3	-3.8	-32.1	3.9	-5.8	-15.6
Money market mutual funds									
18 General purpose and broker-dealer	.2	-1.8	1.2	.0	9.1[r]	6.2	-3.4	-14.1	17.1
19 Institution-only	-2.2	-10.5	8.8	-26.7	3.1	13.6	-26.2	-98.4	3.4
Debt components[4]									
20 Federal	10.4	9.2	5.5	n.a.	9.2	13.3	2.8	4.9	n.a.
21 Nonfederal	2.4	4.5	5.1	n.a.	5.1	5.4	6.0	4.7	n.a.

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

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

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

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

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

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

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

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

Debt: 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) savings deposits (including MMDAs), and (4) small time deposits.

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1994			1994						
	Jan.	Feb.	Mar.	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	374,433	373,196[r]	375,629	371,529	372,723[r]	376,109	374,302	375,627	375,369	375,883
U.S. government securities[2]										
2 Bought outright—System account	332,463	332,397	335,371	331,708	332,277	333,050	333,846	334,014	336,682	337,265
3 Held under repurchase agreements	2,429	2,565	2,721	886	3,364	5,400	2,639	4,494	1,293	1,145
Federal agency obligations										
4 Bought outright	4,510	4,401	4,235	4,413	4,382	4,314	4,237	4,237	4,237	4,228
5 Held under repurchase agreements	267	214	261	95	275	305	238	291	236	173
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	86	56	41	130	31	29	9	35	24	48
8 Seasonal credit	14	15	24	15	15	15	15	18	27	37
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	1,963	1,226[r]	585	1,692	851[r]	1,066	1,354	269	342	281
11 Other Federal Reserve assets	32,702	32,323	32,391	32,589	31,528	31,931	31,964	32,268	32,529	32,705
12 Gold stock	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,053	11,052	11,052
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	22,130	22,200[r]	22,265	22,196[r]	22,214[r]	22,232	22,246	22,260	22,274	22,288
ABSORBING RESERVE FUNDS										
15 Currency in circulation	362,849	363,796[r]	366,753	363,965[r]	364,917[r]	365,009	365,811	366,654	366,961	367,541
16 Treasury cash holdings	401	372	377	372	373	366	375	378	382	374
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,523	6,263	5,122	4,691	5,985	4,435	5,222	5,463	4,971	4,847
18 Foreign	252	260	189	307	261	174	193	171	176	185
19 Service-related balances and adjustments	6,859	6,988	6,565	7,183	6,544	7,226	6,386	6,742	6,654	6,334
20 Other	288	313	358	315	312	339	363	354	396	313
21 Other Federal Reserve liabilities and capital	9,629	9,784	10,066	9,860	9,826	10,029	10,167	10,015	9,982	9,970
22 Reserve balances with Federal Reserve Banks[3]	27,834	26,691[r]	27,535	26,103	25,789[r]	29,835	27,101	27,181	27,191	27,676
	End-of-month figures			Wednesday figures						
	Jan.	Feb.	Mar.	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	382,176	375,262[r]	381,283	370,332	378,365[r]	378,379	374,479	378,908	378,932	380,313
U.S. government securities[2]										
2 Bought outright—System account	331,995	333,404	337,260	331,286	335,098	333,420	333,803	335,800	336,824	337,620
3 Held under repurchase agreements	8,657	4,925	5,300	2,698	3,449	6,854	3,174	5,729	3,725	4,634
Federal agency obligations										
4 Bought outright	4,437	4,335	4,227	4,382	4,382	4,237	4,237	4,237	4,237	4,227
5 Held under repurchase agreements	519	160	150	452	230	815	555	505	550	510
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	109	34	426	31	9	17	5	99	24	37
8 Seasonal credit	12	14	37	15	16	16	15	19	37	37
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	2,453	382[r]	459	146	3,732[r]	742	469	129	672	243
11 Other Federal Reserve assets	33,993	32,008	33,424	31,322	31,448	32,278	32,220	32,389	32,863	33,004
12 Gold stock	11,053	11,053	11,052	11,053	11,053	11,053	11,053	11,053	11,052	11,052
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	22,160	22,232[r]	22,302	22,196[r]	22,214[r]	22,232	22,246	22,260	22,274	22,288
ABSORBING RESERVE FUNDS										
15 Currency in circulation	360,919	364,947[r]	369,016	364,761[r]	365,827[r]	365,876	367,063	367,503	367,748	369,184
16 Treasury cash holdings	378	365	370	374	365	374	379	383	375	370
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	21,541	4,886	6,181	2,953	4,920	4,369	4,722	8,193	3,952	5,562
18 Foreign	257	191	454	385	189	159	204	173	187	198
19 Service-related balances and adjustments	6,697	7,226	6,235	7,183	6,544	7,226	6,386	6,742	6,654	6,334
20 Other	255	373	316	324	307	393	345	382	513	300
21 Other Federal Reserve liabilities and capital	9,759	10,337	10,618	9,697	9,705	10,122	9,703	9,820	9,835	9,835
22 Reserve balances with Federal Reserve Banks[3]	23,601	28,240[r]	29,466	25,922	31,792[r]	31,163	26,992	27,042	31,013	29,888

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1991	1992	1993	1993				1994		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 Reserve balances with Reserve Banks[2]	26,659	25,368	29,374	27,274	28,297	29,018	29,374	27,817	26,922[r]	27,397
2 Total vault cash[3]	32,509	34,542	36,812	35,220	35,184	35,655	36,812	37,907	36,295	35,585
3 Applied vault cash[4]	28,872	31,172	33,484	31,863	31,739	32,278	33,484	34,254	32,671	32,208
4 Surplus vault cash[5]	3,637	3,370	3,328	3,357	3,445	3,377	3,328	3,653	3,624	3,377
5 Total reserves[6]	55,532	56,540	62,858	59,136	60,036	61,296	62,858	62,072	59,593[r]	59,605
6 Required reserves	54,553	55,385	61,795	58,046	58,947	60,195	61,795	60,624	58,454[r]	58,642
7 Excess reserve balances at Reserve Banks[7]	979	1,155	1,063	1,090	1,089	1,101	1,063	1,448	1,140[r]	963
8 Total borrowings at Reserve Banks[8]	192	124	82	428	285	89	82	73	70	55
9 Seasonal borrowings	38	18	31	236	192	75	31	15	15	24
10 Extended credit[9]	1	1	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1993		1994							
	Dec. 8	Dec. 22	Jan. 5	Jan. 19	Feb. 2	Feb. 16	Mar. 2	Mar. 16	Mar. 30	Apr. 13
1 Reserve balances with Reserve Banks[2]	28,999	28,950	30,367	28,745	25,672	26,339	27,811[r]	27,139	27,434	29,663
2 Total vault cash[3]	36,494	37,202	36,489	38,241	38,108	37,475	34,617	36,654	34,667	35,434
3 Applied vault cash[4]	33,125	33,821	33,279	34,691	34,152	33,651	31,282	33,105	31,440	32,267
4 Surplus vault cash[5]	3,369	3,381	3,210	3,550	3,957	3,824	3,335	3,549	3,227	3,167
5 Total reserves[6]	62,124	62,771	63,646	63,435	59,824	59,989	59,093[r]	60,244	58,874	61,929
6 Required reserves	60,962	61,880	62,405	61,759	58,557	58,878	57,942[r]	59,192	58,023	61,023
7 Excess reserve balances at Reserve Banks[7]	1,162	891	1,241	1,676	1,267	1,112	1,151[r]	1,052	851	906
8 Total borrowings at Reserve Banks[8]	56	59	142	74	45	95	45	39	68	125
9 Seasonal borrowings	43	34	16	11	18	15	15	17	32	40
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash can be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

Millions of dollars, averages of daily figures

Source and maturity	1994, week ending Monday								
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	68,093	70,698	68,647	69,380	67,817	72,061	70,228	66,607	64,511
2 For all other maturities	13,283	13,412	13,216	12,394	12,273	11,227	12,393	12,080	11,902
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,438	21,005	19,805	21,562	22,806	25,708	24,179	26,751	27,318
4 For all other maturities	17,826	17,033	17,192	16,883	17,384	18,524	20,512	17,679	18,003
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	16,634	17,903	21,082	19,800	19,883	23,111	26,200	26,058	23,828
6 For all other maturities	32,764	30,461	31,191	29,355	31,065	30,796	33,244	32,636	32,874
All other customers									
7 For one day or under continuing contract	33,268	30,489	29,660	30,076	30,743	30,570	30,966	30,044	30,789
8 For all other maturities	16,856	16,281	17,279	18,224	17,615	17,038	17,372	16,986	16,946
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	46,844	47,399	44,030	43,221	41,945	44,037	42,657	43,880	44,544
10 To all other specified customers[2]	28,735	29,225	24,482	24,542	24,834	25,409	25,143	24,335	23,888

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 5/2/94	Effective date	Previous rate	On 5/2/94	Effective date	Previous rate	On 5/2/94	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.8	4/28/94	3.7	4.3	4/28/94	4.2
New York	↑	7/2/92	↑	↑	4/28/94	↑	↑	4/28/94	↑
Philadelphia		7/2/92			4/28/94			4/28/94	
Cleveland		7/6/92			4/28/94			4/28/94	
Richmond		7/2/92			4/28/94			4/28/94	
Atlanta		7/2/92			4/28/94			4/28/94	
Chicago		7/2/92			4/28/94			4/28/94	
St. Louis		7/7/92			4/28/94			4/28/94	
Minneapolis		7/2/92			4/28/94			4/28/94	
Kansas City		7/2/92			4/28/94			4/28/94	
Dallas	↓	7/2/92	↓	↓	4/28/94	↓	↓	4/28/94	↓
San Francisco	3	7/2/92	3.5	3.8	4/28/94	3.7	4.3	4/28/94	4.2

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
29	10	10
July 28	10–11	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
July 11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
In effect May 2, 1994	3	3

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

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates 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. 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 INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$51.9 million	3	12/21/93
2 More than $51.9 million[4]	10	12/21/93
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 Act 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. 21, 1993, the exemption was raised from $3.8 million to $4.0 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. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks. Accounts subject to such limits are 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. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1991	1992	1993	1993					1994	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	20,158	14,714	17,717	902	366	1,396	5,911	1,394	0	1,264
2 Gross sales	120	1,628	0	0	0	0	0	0	0	0
3 Exchanges	277,314	308,699	332,229	27,775	31,128	25,783	27,641	33,536	28,986	28,709
4 Redemptions	1,000	1,600	468	0	0	468	0	0	0	0
Others within one year										
5 Gross purchases	3,043	1,096	1,223	100	411	0	0	189	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	24,454	36,662	31,368	1,497	3,074	913	5,158	2,910	0	0
8 Exchanges	−28,090	−30,543	−36,582	−5,491	−1,861	−1,566	−7,641	−2,910	0	0
9 Redemptions	1,000	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	6,583	13,118	10,350	1,100	2,400	0	100	2,619	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,211	−34,478	−27,140	−834	−3,074	−31	−4,689	−2,910	0	0
13 Exchanges	24,594	25,811	0	3,866	1,861	1,566	5,341	2,910	0	0
Five to ten years										
14 Gross purchases	1,280	2,818	4,168	500	797	0	0	1,008	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,037	−1,915	0	−432	0	−882	−272	0	0	0
17 Exchanges	2,894	3,532	0	1,100	0	0	2,300	0	0	0
More than ten years										
18 Gross purchases	375	2,333	3,457	100	717	0	0	826	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,209	−269	0	−231	0	0	−197	0	0	0
21 Exchanges	600	1,200	0	525	0	0	0	0	0	0
All maturities										
22 Gross purchases	31,439	34,079	36,915	2,702	4,691	1,396	6,011	6,035	0	1,264
23 Gross sales	120	1,628	0	0	0	0	0	0	0	0
24 Redemptions	1,000	1,600	468	0	0	468	0	0	616	0
Matched transactions										
25 Gross sales	1,570,456	1,482,467	1,475,085	136,037	124,898	115,160	109,941	137,645	132,872	124,125
26 Gross purchases	1,571,534	1,480,140	1,475,941	135,705	122,578	112,837	112,772	136,821	133,468	124,270
Repurchase agreements										
27 Gross purchases	310,084	378,374	475,447	53,053	62,905	27,693	38,493	33,751	25,818	33,693
28 Gross sales	311,752	386,257	470,723	48,263	61,399	30,397	34,072	29,577	29,348	37,425
29 Net change in U.S. Treasury securities	29,729	20,642	42,027	7,160	3,878	−4,099	13,263	9,386	−3,550	−2,323
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	5	0	0	0	0	0	0	0	0	0
32 Redemptions	292	632	1,072	125	35	70	15	81	202	102
Repurchase agreements										
33 Gross purchases	22,807	14,565	35,063	2,485	9,810	3,812	2,841	2,211	2,600	3,277
34 Gross sales	23,595	14,486	34,669	2,415	7,734	5,509	2,861	1,615	3,106	3,636
35 Net change in federal agency obligations	−1,085	−554	−678	−55	2,041	−1,767	−35	515	−708	−461
36 Total net change in System Open Market Account	**28,644**	**20,089**	**41,348**	**7,105**	**5,919**	**−5,866**	**13,228**	**9,901**	**−4,258**	**−2,784**

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

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

Millions of dollars

Account	Wednesday					End of month		
	1994					1994		
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30	Jan. 31	Feb. 28	Mar. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,053	11,053	11,053	11,052	11,052	11,053	11,053	11,052
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	439	437	440	437	431	439	446	435
Loans								
4 To depository institutions	33	20	118	61	75	122	48	463
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	4,237	4,237	4,237	4,237	4,227	4,437	4,335	4,227
8 Held under repurchase agreements	815	555	505	550	510	519	160	150
9 **Total U.S. Treasury securities**	**340,274**	**336,977**	**341,529**	**340,549**	**342,254**	**340,652**	**338,329**	**342,560**
10 Bought outright[2]	333,420	333,803	335,800	336,824	337,620	331,995	333,404	337,260
11 Bills	162,388	162,771	164,768	162,511	163,307	160,963	162,372	162,947
12 Notes	131,311	131,311	131,311	133,858	133,858	131,460	131,311	133,858
13 Bonds	39,721	39,721	39,721	40,455	40,455	39,572	39,721	40,455
14 Held under repurchase agreements	6,854	3,174	5,729	3,725	4,634	8,657	4,925	5,300
15 **Total loans and securities**	**345,359**	**341,789**	**346,389**	**345,397**	**347,066**	**345,729**	**342,872**	**347,400**
16 Items in process of collection	7,178	6,046	6,232	5,180	5,202	4,326	2,435	4,735
17 Bank premises	1,054	1,054	1,054	1,055	1,054	1,054	1,053	1,054
Other assets								
18 Denominated in foreign currencies[3]	22,775	22,689	22,603	22,622	22,640	22,336	22,769	23,297
19 All other[4]	8,463	8,404	8,724	9,163	9,283	10,550	8,209	9,021
20 **Total assets**	**404,339**	**399,489**	**404,514**	**402,924**	**404,746**	**403,505**	**396,855**	**405,013**
LIABILITIES								
21 Federal Reserve notes	344,458	345,634	346,067	346,285	347,697	339,575	343,526	347,520
22 **Total deposits**	**43,577**	**38,982**	**43,061**	**42,034**	**42,386**	**52,284**	**41,244**	**42,683**
23 Depository institutions	38,656	33,711	34,316	37,382	36,329	30,232	35,794	35,733
24 U.S. Treasury—*General account*	4,369	4,722	8,193	3,952	5,562	21,541	4,886	6,181
25 Foreign—Official accounts	159	204	173	187	198	257	191	454
26 Other	393	345	382	513	300	255	373	316
27 Deferred credit items	6,182	5,171	5,567	4,769	4,829	1,887	1,748	4,192
28 Other liabilities and accrued dividends[5]	2,549	2,486	2,619	2,609	2,625	2,462	2,514	2,684
29 **Total liabilities**	**396,765**	**392,273**	**397,313**	**395,698**	**397,537**	**396,208**	**389,031**	**397,080**
CAPITAL ACCOUNTS								
30 Capital paid in	3,439	3,440	3,441	3,441	3,445	3,404	3,437	3,445
31 Surplus	3,401	3,401	3,401	3,401	3,401	3,401	3,401	3,401
32 Other capital accounts	733	375	359	383	364	492	985	1,088
33 **Total liabilities and capital accounts**	**404,339**	**399,489**	**404,514**	**402,924**	**404,746**	**403,505**	**396,855**	**405,013**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	364,925	364,648	369,072	367,270	n.a	358,003	364,104	n.a
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	412,317	412,828	413,337	413,665	414,413	410,368	411,834	414,534
36 LESS: Held by Federal Reserve Banks	67,859	67,194	67,271	67,380	66,716	70,793	68,308	67,014
37 Federal Reserve notes, net	344,458	345,634	346,067	346,285	347,697	339,575	343,526	347,520
Collateral held against notes, net:								
38 Gold certificate account	11,053	11,053	11,053	11,052	11,052	11,053	11,053	11,052
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	325,387	326,563	326,996	327,215	328,627	320,504	324,455	328,450
42 **Total collateral**	**344,458**	**345,634**	**346,067**	**346,285**	**347,697**	**339,575**	**343,526**	**347,520**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1994					1994		
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30	Jan. 31	Feb. 28	Mar. 31
1 **Total loans**	**33**	**20**	**118**	**61**	**75**	**122**	**48**	**463**
2 Within fifteen days[1]	27	13	113	53	71	121	45	445
3 Sixteen days to ninety days	6	7	6	8	4	1	3	18
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[1]	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**	**340,274**	**336,977**	**341,529**	**340,549**	**342,253**	**331,995**	**333,404**	**337,260**
10 Within fifteen days[1]	21,405	17,486	21,900	21,453	23,556	12,028	9,168	9,213
11 Sixteen days to ninety days	80,174	84,636	81,119	77,477	77,339	79,687	84,699	77,058
12 Ninety-one days to one year	105,159	101,319	104,974	104,949	104,689	104,666	106,001	112,661
13 One year to five years	77,654	77,654	77,654	79,435	79,435	79,992	77,654	81,093
14 Five years to ten years	23,818	23,818	23,817	24,553	24,553	23,884	23,818	24,553
15 More than ten years	32,064	32,064	32,064	32,682	32,682	31,739	32,064	32,682
16 **Total federal agency obligations**	**5,052**	**4,792**	**4,742**	**4,787**	**4,837**	**4,437**	**4,335**	**4,227**
17 Within fifteen days[1]	815	555	515	770	935	105	318	325
18 Sixteen days to ninety days	565	806	820	610	527	754	565	527
19 Ninety-one days to one year	1,174	933	909	909	960	969	954	960
20 One year to five years	1,921	1,921	1,996	1,996	1,913	2,016	1,921	1,913
21 Five years to ten years	552	552	477	477	477	567	552	477
22 More than ten years	25	25	25	25	25	25	25	25

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

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

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.[r]	1993[r] Aug.	1993[r] Sept.	1993[r] Oct.	1993[r] Nov.	1993[r] Dec.	1994 Jan.	1994 Feb.[r]	1994 Mar.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]					Seasonally adjusted							
1 Total reserves[3]	41.77	45.53	54.34[r]	60.48	58.01	58.81	59.75	60.32	60.48	60.60[r]	60.76	60.59
2 Nonborrowed reserves[4]	41.44	45.34	54.22[r]	60.39	57.66	58.39	59.46	60.23	60.39	60.53[r]	60.69	60.53
3 Nonborrowed reserves plus extended credit[5]	41.47[r]	45.34	54.22[r]	60.39	57.66	58.39	59.46	60.23	60.39	60.53[r]	60.69	60.53
4 Required reserves	40.11[r]	44.55[r]	53.19[r]	59.41	57.06	57.72	58.66	59.22	59.41	59.16[r]	59.62	59.63
5 Monetary base[6]	293.16	317.12	350.61[r]	385.86	374.34	378.08	381.40	384.03	385.86	389.61[r]	393.96	397.01
					Not seasonally adjusted							
6 Total reserves[7]	43.07	46.98	56.06	62.37	57.34	58.65	59.48	60.67	62.37	62.04[r]	59.53	59.50
7 Nonborrowed reserves	42.74	46.78	55.93	62.29	56.99	58.22	59.20	60.58	62.29	61.96	59.46	59.44
8 Nonborrowed reserves plus extended credit[5]	42.77	46.78	55.93	62.29	56.99	58.22	59.20	60.58	62.29	61.96	59.46	59.44
9 Required reserves[8]	41.40	46.00	54.90	61.31	56.39	57.56	58.39	59.57	61.31	60.59	58.39	58.53
10 Monetary base[9]	296.68	321.07	354.55	390.59	374.08	377.72	380.80	384.29	390.59	391.00	390.86	394.15
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	59.12	55.53	56.54	62.86	57.77	59.14	60.04	61.30	62.86	62.07	59.59	59.61
12 Nonborrowed reserves	58.80	55.34	56.42	62.78	57.42	58.71	59.75	61.21	62.78	62.00	59.52	59.55
13 Nonborrowed reserves plus extended credit[5]	58.82	55.34	56.42	62.78	57.42	58.71	59.75	61.21	62.78	62.00	59.52	59.55
14 Required reserves	57.46	54.55	55.39	61.80	56.82	58.05	58.95	60.20	61.80	60.62	58.45	58.64
15 Monetary base[12]	313.70	333.61	360.90	397.62	380.53	384.25	387.51	391.14	397.62	397.89	397.93	400.78
16 Excess reserves[13]	1.66	.98	1.16	1.06	.95	1.09	1.09	1.10	1.06	1.45	1.14	.96
17 Borrowings from the Federal Reserve	.33	.19	.12	.08	.35	.43	.29	.09	.08	.07	.07	.06

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, DC 20551.
2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10)
3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).
4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).
5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).
8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).
9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with 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).

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

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.[r]	1993 Dec.[r]	1994 Jan.[r]	1994 Feb.	1994 Mar.
	Seasonally adjusted							
Measures[2]								
1 M1	826.4	897.7	1,024.8	1,128.4	1,128.4	1,133.5	1,138.5[r]	1,142.5
2 M2	3,353.0	3,455.3	3,509.0	3,563.1	3,563.1	3,569.4	3,565.9[r]	3,581.9
3 M3	4,125.7	4,180.4	4,183.0	4,224.9	4,224.9	4,228.4	4,200.4[r]	4,209.2
4 L	4,974.8	4,992.9	5,057.1	5,123.7	5,123.7	5,140.8	5,130.9	n.a.
5 Debt	10,670.1	11,147.3	11,721.5	12,321.5	12,321.5	12,373.7	12,422.9	n.a.
M1 components								
6 Currency[3]	246.7	267.1	292.2	321.4	321.4	325.3	329.2	332.4
7 Travelers checks[4]	7.8	7.7	8.1	7.9	7.9	7.9	7.9	8.0
8 Demand deposits[5]	277.9	290.0	339.6	384.8	384.8	388.4	390.4[r]	390.1
9 Other checkable deposits[6]	294.0	332.8	384.9	414.3	414.3	412.0	411.1	411.9
Nontransaction components								
10 In M2[7]	2,526.6	2,557.6	2,484.3	2,434.7	2,434.7	2,435.9	2,427.3[r]	2,439.5
11 In M3[8]	772.7	725.2	674.0	661.8	661.8	659.0	634.6[r]	627.3
Commercial banks								
12 Savings deposits, including MMDAs	582.1	665.5	754.6	785.3	785.3	790.1	791.1	790.7
13 Small time deposits[9]	611.3	602.9	508.7	468.5	468.5	465.5	464.0	462.5
14 Large time deposits[10, 11]	368.6	342.4	292.8	277.0	277.0	279.1	273.5[r]	271.3
Thrift institutions								
15 Savings deposits, including MMDAs	338.3	375.6	429.0	430.2	430.2	430.2	429.9	432.0
16 Small time deposits[9]	563.2	464.5	361.8	314.3	314.3	311.7	308.5[r]	307.1
17 Large time deposits[10]	120.9	83.4	67.5	61.8	61.8	62.0	61.7[r]	60.9
Money market mutual funds								
18 General purpose and broker–dealer	355.5	370.4	352.0	348.8	348.8	347.8	343.7[r]	348.6
19 Institution-only	135.0	181.0	201.5	197.0	197.0	192.7	176.9	177.4
Debt components								
20 Federal debt	2,490.7	2,763.8	3,068.4	3,327.9	3,327.9	3,335.6	3,349.3	n.a.
21 Nonfederal debt	8,179.4	8,383.5	8,653.1	8,993.6	8,993.6	9,038.2	9,073.6	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	843.8	916.7	1,046.7	1,153.8	1,153.8	1,142.8	1,124.7	1,132.0
23 M2	3,366.0	3,470.4	3,527.6	3,585.7	3,585.7	3,576.1	3,553.8[r]	3,580.3
24 M3	4,135.5	4,191.9	4,198.2	4,244.3	4,244.3	4,229.3	4,191.2[r]	4,209.1
25 L	4,997.2	5,018.0	5,087.6	5,158.5	5,158.5	5,155.1	5,122.5	n.a.
26 Debt	10,667.7	11,144.6	11,723.3	12,321.5	12,321.5	12,359.4	12,396.7	n.a.
M1 components								
27 Currency[3]	249.5	269.9	295.0	324.9	324.9	324.0	327.3	330.7
28 Travelers checks[4]	7.4	7.4	7.8	7.6	7.6	7.7	7.7	7.8
29 Demand deposits[5]	289.9	303.1	355.1	402.6	402.6	393.2	380.7[r]	380.7
30 Other checkable deposits[6]	297.0	336.3	388.9	418.6	418.6	417.9	409.0	412.8
Nontransaction components								
31 In M2[7]	2,522.3	2,553.7	2,480.9	2,432.0	2,432.0	2,433.3	2,429.1[r]	2,448.3
32 In M3[8]	769.5	721.6	670.5	658.6	658.6	653.2	637.4[r]	628.8
Commercial banks								
33 Savings deposits, including MMDAs	580.8	664.0	752.9	783.9	783.9	786.1	787.7	791.8
34 Small time deposits[9]	610.5	601.9	507.8	467.6	467.6	465.6	463.8[r]	462.1
35 Large time deposits[10, 11]	367.7	341.3	291.7	275.9	275.9	276.1	271.8[r]	271.1
Thrift institutions								
36 Savings deposits, including MMDAs	337.6	374.8	428.1	429.4	429.4	428.0	428.0	432.6
37 Small time deposits[9]	562.4	463.8	361.2	313.6	313.6	311.8	308.4[r]	306.8
38 Large time deposits[10]	120.6	83.1	67.2	61.6	61.6	61.4	61.3[r]	60.9
Money market mutual funds								
39 General purpose and broker–dealer	353.8	368.5	350.2	347.2	347.2	348.1	349.4[r]	357.6
40 Institution-only	134.7	180.4	200.4	195.8	195.8	196.2	186.1	180.5
Repurchase agreements and Eurodollars								
41 Overnight	77.3	80.6	80.7	90.3	90.3	93.6	91.7	97.4
42 Term	158.3	130.1	126.7	141.0	141.0	134.9	133.8[r]	132.8
Debt components								
43 Federal debt	2,491.3	2,765.0	3,069.8	3,329.5	3,329.5	3,333.0	3,345.4	n.a.
44 Nonfederal debt	8,176.3	8,379.7	8,653.5	8,992.0	8,992.0	9,026.4	9,051.3	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data are available from the Money and Reserves Projection Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

Debt: 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 owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS account balances at all depository institutions, credit union share draft account balances, and demand deposits at thrift institutions.

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

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

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

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

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

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks[1]

Item	1991 Dec.	1992 Dec.	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.[r]	1994 Mar.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	2.06	2.01	1.96	1.92	1.89	1.86	1.84	1.82	1.81
2 Savings deposits[2]	4.30	2.88	2.59	2.55	2.51	2.49	2.48	2.46	2.46	2.43	2.43
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.67	2.66	2.63	2.63	2.64	2.65	2.65	2.68	2.76
4 92 to 182 days	4.41	3.16	2.97	2.96	2.92	2.91	2.92	2.91	2.90	2.94	3.02
5 183 days to 1 year	4.59	3.37	3.18	3.17	3.13	3.11	3.13	3.13	3.14	3.18	3.27
6 More than 1 year to 2½ years	4.95	3.88	3.64	3.63	3.55	3.54	3.54	3.55	3.56	3.61	3.69
7 More than 2½ years	5.52	4.77	4.43	4.40	4.28	4.27	4.28	4.29	4.31	4.35	4.46
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	2.09	2.07	2.01	1.98	1.95	1.87	1.89	1.88	1.83
9 Savings deposits[2]	4.97	3.20	2.83	2.80	2.73	2.68	2.65	2.63	2.62	2.64	2.63
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	2.80	2.79	2.76	2.75	2.73	2.70	2.69	2.69	2.71
11 92 to 182 days	4.92	3.44	3.15	3.12	3.05	3.05	3.03	3.02	3.03	3.04	3.08
12 183 days to 1 year	4.99	3.61	3.40	3.37	3.33	3.34	3.32	3.31	3.33	3.34	3.37
13 More than 1 year to 2½ years	5.23	4.02	3.72	3.73	3.69	3.68	3.69	3.66	3.72	3.76	3.85
14 More than 2½ years	5.98	5.00	4.73	4.73	4.62	4.57	4.60	4.62	4.61	4.66	4.75
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	284,496	287,675	286,056	289,813	297,329	305,223	293,806	295,573	297,488
16 Savings deposits[2]	652,058	738,253	757,716	761,919	758,835	765,372	770,609	766,413	771,559	776,204	779,348
17 Personal	508,191	578,757	593,448	593,318	592,028	595,715	598,200	597,838	606,615	611,725	615,877
18 Nonpersonal	143,867	159,496	164,268	168,601	166,807	169,657	172,408	168,575	164,944	164,479	163,470
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	30,803	30,017	30,384	30,022	29,730	29,455	29,312	29,578	29,535
20 92 to 182 days	158,605	127,831	112,497	109,603	108,574	108,504	109,228	110,069	109,110	109,444	107,352
21 183 days to 1 year	209,672	163,098	156,431	155,074	152,501	149,758	147,334	146,565	144,037	143,624	144,004
22 More than 1 year to 2½ years	171,721	152,977	143,605	141,377	139,406	139,042	139,315	141,223	141,204	141,006	139,932
23 More than 2½ years	158,078	169,708	180,983	181,762	184,414	183,790	180,972	181,528	182,193	181,240	180,939
24 IRA/Keogh Plan deposits	147,266	147,350	146,196	145,955	145,636	144,776	145,002	143,985	143,875	143,409	142,204
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,457	10,468	10,471	10,548	10,852	11,151	10,796	10,870	11,078
26 Savings deposits[2]	71,215	81,786	78,390	78,387	78,182	77,995	77,948	80,115	78,660	78,016	78,700
27 Personal	68,638	78,695	75,049	75,153	74,978	74,737	74,664	77,035	75,445	74,756	75,443
28 Nonpersonal	2,577	3,091	3,341	3,234	3,204	3,258	3,284	3,079	3,215	3,260	3,257
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	2,871	2,928	2,886	2,839	2,778	2,793	2,737	2,735	2,671
30 92 to 182 days	21,686	17,345	13,773	13,525	13,261	13,131	12,926	12,946	13,094	13,165	13,177
31 183 days to 1 year	29,715	21,780	18,454	18,143	17,798	17,441	17,178	17,426	17,418	17,436	17,511
32 More than 1 year to 2½ years	25,379	18,442	16,250	16,200	16,161	16,124	15,995	16,546	16,281	16,338	16,183
33 More than 2½ years	18,665	18,845	19,229	19,331	19,610	19,657	19,645	20,464	20,630	20,939	21,122
34 IRA/Keogh Plan accounts	23,007	21,713	19,920	19,802	19,766	19,601	19,382	19,356	19,395	19,474	19,447

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.
2. Includes personal and nonpersonal money market deposits.
3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1991[2r]	1992[2r]	1993[2r]	1993[r] Aug.	1993[r] Sept.	1993[r] Oct.	1993[r] Nov.	1993[r] Dec.	1994 Jan.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,741.7	313,251.6	334,793.7	333,015.7	353,605.3	329,586.5	358,503.0	367,734.8	349,684.3
2 Major New York City banks	137,337.2	165,484.5	171,312.0	168,910.8	180,532.6	168,055.5	187,022.4	189,024.1	183,245.8
3 Other banks	140,404.5	147,767.2	163,481.7	164,104.9	173,072.7	161,530.9	171,480.6	178,710.7	166,438.5
4 Other checkable deposits[4]	3,643.1	3,781.5	3,486.8	3,380.6	3,461.0	3,348.0	3,598.6	3,809.5	3,439.6
5 Savings deposits (including MMDAs)[5]	3,206.4	3,310.6	3,507.3	3,502.6	3,619.2	3,403.1	3,740.5	3,933.6	3,600.6
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	803.7	826.0	786.5	767.9	808.5	741.7	803.0	826.9	771.5
7 Major New York City banks	4,267.1	4,794.5	4,200.6	4,020.7	4,178.0	3,937.7	4,352.2	4,550.0	4,268.3
8 Other banks	448.1	428.9	424.8	419.0	439.1	402.1	425.0	443.3	405.6
9 Other checkable deposits[4]	16.2	14.4	11.9	11.3	11.6	11.1	12.0	12.6	11.4
10 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.6	4.7	4.4	4.8	5.1	4.6
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,752.4	313,416.8	334,775.6	342,458.2	347,783.4	336,009.2	344,140.1	380,187.5	349,779.9
12 Major New York City banks	137,307.2	165,595.0	171,283.5	174,674.7	179,869.7	172,675.6	180,990.2	194,541.0	181,971.7
13 Other banks	140,445.2	147,821.9	163,492.1	167,783.5	167,913.7	163,333.6	163,149.9	185,646.4	167,808.2
14 Other checkable deposits[4]	3,645.2	3,784.4	3,485.2	3,369.1	3,493.2	3,323.3	3,370.1	3,888.9	3,759.2
15 Savings deposits (including MMDAs)[5]	3,209.2	3,310.0	3,505.8	3,529.5	3,534.2	3,336.0	3,511.8	4,066.4	3,786.5
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	803.6	826.3	786.5	802.5	798.6	750.0	754.8	820.6	759.5
17 Major New York City banks	4,269.0	4,803.5	4,197.9	4,307.8	4,196.6	4,059.2	4,129.6	4,387.8	4,047.8
18 Other banks	448.1	429.0	424.9	434.5	427.7	402.8	395.9	443.1	403.8
19 Other checkable deposits[4]	16.2	14.4	11.9	11.5	11.8	11.2	11.2	12.7	12.2
20 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.6	4.6	4.3	4.5	5.2	4.8

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

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1993r				1994r			1994r			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 9	Mar. 16	Mar. 23	Mar. 30
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	2,986.2	3,073.6	3,075.2	3,090.1	3,102.8	3,122.9	3,136.7	3,164.0	3,155.3	3,158.4	3,164.4	3,177.2
2 Securities in bank credit	870.8	904.8	901.2	905.7	915.1	929.0	934.2	953.8	950.0	950.4	952.2	961.5
3 U.S. government securities	690.5	720.0	717.9	722.3	730.2	735.2	734.9	750.1	746.5	744.6	751.5	757.2
4 Other securities	180.3	184.8	183.2	183.4	184.9	193.9	199.3	203.6	203.5	205.8	200.7	204.3
5 Loans and leases in bank credit[2]	2,115.5	2,168.9	2,174.1	2,184.4	2,187.7	2,193.9	2,202.5	2,210.3	2,205.3	2,208.0	2,212.2	2,215.7
6 Commercial and industrial	593.1	586.9	586.5	585.3	584.8	589.9	592.0	596.6	592.4	597.8	598.1	599.1
7 Real estate	903.4	923.4	925.6r	929.7	934.2	936.2	935.0	935.1	935.2	935.0	934.8	935.1
8 Revolving home equity	74.7	74.4	73.8	73.4	73.1	72.8	72.9	72.9	72.9	72.8	73.0	73.0
9 Other	828.7	849.0	851.9	856.3	861.1	863.4	862.2	862.2	862.3	862.2	861.8	862.1
10 Consumer	365.2	380.4	384.5r	387.5	389.7	392.3	395.7	399.6	397.5	398.6	400.2	402.1
11 Security[3]	64.8	82.1	81.3	87.1	86.1	79.3	80.7	81.9	83.6	80.7	82.2	81.2
12 Other	189.1	196.1	196.2	194.8	192.8	196.1	199.1	197.1	196.6	195.9	196.9	198.1
13 Interbank loans[4]	152.8	152.1	151.8	154.9	154.3	155.3	156.0	147.8	138.2	149.1	149.3	154.1
14 Cash assets[5]	206.5	225.5	220.2	218.4	218.6	219.0	224.7	216.2	216.4	213.9	219.7	211.9
15 Other assets[6]	216.2	220.9	218.5	217.7	215.6	221.2	224.2	224.7	223.8	219.2	229.1	226.6
16 **Total assets[7]**	**3,500.6**	**3,612.3**	**3,606.4**	**3,622.0**	**3,632.5**	**3,660.0**	**3,683.8**	**3,694.9**	**3,675.9**	**3,682.7**	**3,704.7**	**3,711.8**
Liabilities												
17 Deposits	2,495.0	2,524.2	2,524.2	2,533.3	2,537.8	2,537.4	2,531.3	2,516.0	2,519.0	2,517.7	2,522.0	2,502.5
18 Transaction	752.1	808.7	810.0	815.9	818.0	814.7	816.9	813.2	814.9	814.1	819.8	802.5
19 Nontransaction	1,742.9	1,715.5	1,714.2	1,717.4	1,719.7	1,722.7	1,714.4	1,702.8	1,704.1	1,703.6	1,702.2	1,700.1
20 Large time	365.2	344.2	346.3	347.6	350.1	348.5	340.2	332.0	333.2	332.6	331.9	329.8
21 Other	1,377.8	1,371.3	1,367.9	1,369.8	1,369.7	1,374.2	1,374.2	1,370.8	1,370.9	1,371.0	1,370.2	1,370.3
22 Borrowings	493.0	530.1	515.5	514.9	546.1	572.9	549.6	547.8	517.6	549.0	565.8	556.6
23 From banks in the U.S.	151.2	150.9	154.1	155.6	155.4	153.4	153.5	145.1	138.6	146.1	141.3	152.7
24 From nonbanks in the U.S.	341.8	379.2	361.4	359.2	390.8	419.5	396.1	402.7	378.9	402.9	424.5	403.9
25 Net due to related foreign offices	79.3	126.1	123.8	121.6	119.1	115.9	135.9	157.3	160.2	151.1	155.0	163.9
26 Other liabilities[8]	150.0	146.0	144.4	143.6	142.0	154.0	161.0	158.1	160.7	157.1	155.5	157.1
27 **Total liabilities**	**3,217.3**	**3,326.4**	**3,307.9**	**3,313.3**	**3,345.0**	**3,380.2**	**3,377.8**	**3,379.2**	**3,357.4**	**3,374.9**	**3,398.3**	**3,380.1**
28 Residual (assets less liabilities)[9]	283.2	285.9	298.5	308.7	287.6	279.8	306.0	315.7	318.4	307.8	306.4	331.7
	Not seasonally adjusted											
Assets												
29 Bank credit	2,984.5	3,074.5	3,077.9	3,101.0	3,118.6	3,124.0	3,135.2	3,163.0	3,157.9	3,162.3	3,157.9	3,172.1
30 Securities in bank credit	874.1	906.4	903.3	911.1	914.6	925.0	934.1	957.3	955.2	955.1	954.8	963.7
31 U.S. government securities	693.6	721.7	719.5	726.4	729.7	731.2	733.6	753.9	750.6	749.9	755.6	760.2
32 Other securities	180.5	184.8	183.8	184.7	184.9	193.8	200.4	203.3	204.6	205.2	199.2	203.4
33 Loans and leases in bank credit[2]	2,110.4	2,168.1	2,174.5	2,189.9	2,204.0	2,199.0	2,201.2	2,205.7	2,202.6	2,207.2	2,203.1	2,208.4
34 Commercial and industrial	595.9	583.4	584.5	586.1	586.8	589.2	591.2	599.5	594.0	601.5	600.3	603.1
35 Real estate	898.9	923.9	928.1	932.1	937.4	934.7	931.6	931.4	932.1	931.5	929.7	932.0
36 Revolving home equity	74.1	74.7	74.5	73.9	73.3	72.9	72.7	72.3	72.4	72.2	72.3	72.2
37 Other	824.9	849.2	853.6	858.3	864.0r	861.8	859.0	859.1	859.7	859.2	857.4	859.8
38 Consumer	362.5	381.5	384.4	387.7	394.1	396.8	396.9	396.8	395.1	396.0	397.2	398.6
39 Security[3]	66.5	81.5	80.1	87.1	88.0	81.6	85.2	84.1	87.5	85.3	83.6	79.8
40 Other	186.5	197.7	197.5	196.8	197.7	196.8	196.1	193.9	194.0	192.9	192.3	195.0
41 Interbank loans[4]	153.2	150.2	150.8	156.4	162.8	159.4	156.6	147.6	143.6	149.7	142.8	151.8
42 Cash assets[5]	201.1	227.4	219.5	225.9	231.8	223.9	219.3	210.9	204.3	215.0	206.1	213.2
43 Other assets[6]	214.9	222.1	221.0	220.6	219.7	223.6	223.7	223.2	222.0	218.4	224.8	226.8
44 **Total assets[7]**	3,492.2	3,614.3	3,610.1	3,644.4	3,673.7	3,672.8	3,676.6	3,686.4	3,669.4	3,686.9	3,673.3	3,705.9
Liabilities												
45 Deposits	2,488.2	2,522.8	2,516.1	2,544.0	2,566.5	2,540.7	2,521.1	2,507.8	2,509.5	2,518.5	2,488.4	2,503.4
46 Transaction	741.6	806.9	804.1	827.5	852.5	824.3	807.8	801.6	799.9	810.9	783.7	801.6
47 Nontransaction	1,746.6	1,715.9	1,712.0	1,716.5	1,714.1	1,716.4	1,713.3	1,706.2	1,709.6	1,707.6	1,704.7	1,701.7
48 Large time	368.1	343.7	342.4	344.5	346.3	345.0	340.6	334.6	335.9	335.6	335.0	331.7
49 Other	1,378.5	1,372.1	1,369.6	1,372.1	1,367.8	1,371.4	1,372.8	1,371.6	1,373.7	1,372.0	1,369.6	1,370.0
50 Borrowings	498.0	530.0	526.4	528.4	535.3	548.4	548.8	549.9	532.6	550.8	557.1	558.0
51 From banks in the U.S.	153.9	150.7	151.4	156.9	163.2	159.7	156.7	147.6	143.7	149.7	142.3	151.8
52 From nonbanks in the U.S.	344.2	379.3	375.1	371.5	372.1	388.7	392.0	402.3	388.9	401.0	414.8	406.2
53 Net due to related foreign offices	80.2	118.6	124.3	124.4	126.3	124.0	138.8	161.9	156.6	152.1	164.8	177.8
54 Other liabilities[8]	149.8	146.6	147.1	149.5	145.5	156.3	161.1	157.9	161.4	156.9	154.2	157.3
55 **Total liabilities**	**3,216.2**	**3,317.9**	**3,314.0**	**3,346.3**	**3,373.6**	**3,369.4**	**3,369.8**	**3,377.4**	**3,360.2**	**3,378.2**	**3,364.6**	**3,396.4**
56 Residual (assets less liabilities)[9]	276.0	296.4	296.0	298.2	300.1	303.5	306.8	309.0	309.2	308.7	308.7	309.4

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1993[r]				1994[r]			1994[r]			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 9	Mar. 16	Mar. 23	Mar. 30
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,658.5	2,732.3	2,736.9	2,751.2	2,764.1	2,784.5	2,792.7	2,817.1	2,812.4	2,815.5	2,815.6	2,823.1
58 Securities in bank credit	802.5	826.9	822.8	826.5	834.3	846.5	850.1	868.8	866.0	867.9	866.7	874.4
59 U.S. government securities	645.6	667.2	665.0	668.2	673.6	677.6	675.7	690.0	687.1	687.0	690.4	695.3
60 Other securities	156.9	159.8	157.8	158.4	160.7	168.8	174.3	178.9	178.9	180.9	176.3	179.1
61 Loans and leases in bank credit[2]	1,856.1	1,905.3	1,914.1	1,924.7	1,929.7	1,938.0	1,942.6	1,948.2	1,946.4	1,947.7	1,948.9	1,948.7
62 Commercial and industrial	439.2	433.8	433.6	433.7	434.7	439.1	441.2	442.9	440.6	443.4	443.2	444.3
63 Real estate	852.5	875.5	878.4	882.8	888.3	891.6	890.9	891.6	891.3	891.5	891.3	891.7
64 Revolving home equity	74.7	74.3	73.8	73.4	73.0	72.7	72.8	72.9	72.9	72.8	73.0	73.0
65 Other	777.9	801.2	804.6	809.5	815.2	818.9	818.1	818.7	818.4	818.7	818.4	818.8
66 Consumer	365.2	380.4	384.5[r]	387.5	389.7	392.3	395.7	399.6	397.5	398.6	400.2	402.1
67 Security[3]	44.4	56.4	56.5	59.6	57.3	53.7	53.8	54.8	57.3	55.4	55.1	51.5
68 Other	154.8	159.3	161.2	161.0	159.7	161.2	161.0	159.4	159.8	158.8	159.0	159.0
69 Interbank loans[4]	132.2	130.5	130.0	133.4	134.3	136.1	131.4	126.9	121.3	131.4	126.0	129.2
70 Cash assets[5]	178.3	198.5	193.5	192.9	193.2	193.9	200.4	190.8	190.8	188.4	194.7	186.3
71 Other assets[6]	170.7	173.7	172.8	172.2	171.8	174.8	175.8	177.5	176.2	174.4	180.5	179.1
72 **Total assets**[7]	**3,078.6**	**3,175.1**	**3,173.8**	**3,190.6**	**3,204.6**	**3,231.1**	**3,242.3**	**3,254.5**	**3,243.1**	**3,252.0**	**3,259.1**	**3,259.8**
Liabilities												
73 Deposits	2,339.7	2,372.3	2,370.4	2,376.0	2,374.8	2,376.5	2,376.3	2,370.1	2,374.5	2,373.2	2,375.7	2,355.2
74 Transaction	741.5	795.9	797.4	803.4	805.9	802.3	804.0	800.2	802.0	801.3	807.0	789.1
75 Nontransaction	1,598.3	1,576.4	1,573.1	1,572.6	1,568.9	1,574.2	1,572.3	1,569.9	1,572.5	1,571.9	1,568.7	1,566.1
76 Large time	225.4	212.3	211.7	210.6	208.5	210.0	208.3	206.8	208.4	207.4	206.0	205.2
77 Other	1,372.9	1,364.1	1,361.4	1,362.0	1,360.4	1,364.2	1,364.1	1,363.1	1,364.1	1,364.5	1,362.6	1,360.9
78 Borrowings	364.5	418.8	408.5	406.0	434.9	460.0	442.4	444.7	417.5	444.3	461.8	453.5
79 From banks in the U.S.	106.0	116.7	119.3	118.4	116.9	113.6	115.7	109.6	106.6	107.5	104.4	118.5
80 From nonbanks in the U.S.	258.5	302.1	289.2	287.6	318.0	346.4	326.7	335.0	310.9	336.8	357.4	335.0
81 Net due to related foreign offices	−8.7	−7.6	−6.2	−2.7	1.5	3.4	3.3	14.1	15.2	10.8	14.2	16.9
82 Other liabilities[8]	105.8	105.6	105.9	105.5	105.3	114.0	120.0	119.0	120.9	120.8	115.8	117.0
83 **Total liabilities**	**2,801.4**	**2,889.1**	**2,878.7**	**2,884.8**	**2,916.6**	**2,954.0**	**2,942.1**	**2,947.9**	**2,928.2**	**2,949.2**	**2,967.5**	**2,942.7**
84 Residual (assets less liabilities)[9]	277.2	286.0	295.2	305.8	288.1	277.1	300.3	306.7	314.9	302.8	291.6	317.1
	Not seasonally adjusted											
Assets												
85 Bank credit	2,653.3	2,736.7	2,741.9	2,759.9	2,770.6	2,777.5	2,788.8	2,812.1	2,809.9	2,811.7	2,806.2	2,817.0
86 Securities in bank credit	803.5	829.9	825.6	830.6	831.5	840.0	849.3	869.6	868.1	868.7	866.0	874.8
87 U.S. government securities	647.0	669.9	666.7	670.8	670.8	671.4	674.5	691.6	689.0	689.0	691.6	696.9
88 Other securities	156.5	160.1	158.9	159.8	160.7	168.6	174.7	178.0	179.1	179.7	174.4	177.9
89 Loans and leases in bank credit[2]	1,849.8	1,906.7	1,916.3	1,929.3	1,939.1	1,937.5	1,939.6	1,942.5	1,941.8	1,943.0	1,940.2	1,942.2
90 Commercial and industrial	441.1	431.5	433.1	434.4	434.7	436.6	440.5	444.8	442.0	445.5	445.1	446.7
91 Real estate	848.0	876.0	880.7	885.2	891.6	890.3	887.4	887.8	888.0	887.7	886.2	888.9
92 Revolving home equity	74.0	74.7	74.4	73.9	73.3	72.9	72.6	72.3	72.4	72.2	72.3	72.2
93 Other	774.0	801.3	806.2	811.3	818.3	817.4	814.7	815.5	815.6	815.5	813.9	816.7
94 Consumer	362.5	381.5	384.4	387.7	394.1	396.8	396.9	396.8	395.1	396.0	397.2	398.6
95 Security[3]	45.4	56.6	55.6	59.4	56.6	53.2	55.9	56.0	59.2	57.0	56.2	51.1
96 Other	152.8	161.2	162.6	162.5	162.2	160.6	158.9	157.1	157.6	156.8	155.5	156.9
97 Interbank loans[4]	133.1	128.2	128.5	135.1	139.6	139.2	133.6	127.6	127.3	131.8	121.9	127.2
98 Cash assets[5]	173.5	199.3	191.8	200.2	206.3	199.1	195.4	186.0	179.7	190.1	181.3	187.7
99 Other assets[6]	170.0	175.1	175.1	173.6	173.9	176.0	175.0	176.6	174.5	173.7	177.9	180.0
100 **Total assets**[7]	3,068.4	3,179.5	3,178.3	3,209.4	3,231.2	3,233.7	3,234.5	3,244.0	3,233.1	3,249.0	3,229.0	3,254.0
Liabilities												
101 Deposits	2,329.4	2,372.1	2,368.1	2,391.1	2,406.7	2,381.5	2,365.2	2,358.7	2,362.7	2,370.7	2,338.1	2,352.0
102 Transaction	731.3	793.6	791.2	815.0	840.1	811.7	794.9	789.1	787.8	798.6	771.4	788.2
103 Nontransaction	1,598.1	1,578.5	1,576.9	1,576.1	1,566.7	1,569.8	1,570.3	1,569.6	1,574.9	1,572.0	1,566.7	1,563.8
104 Large time	224.8	213.4	212.8	211.1	207.2	208.5	208.3	206.2	208.7	206.9	205.6	203.2
105 Other	1,373.3	1,365.1	1,364.1	1,365.0	1,359.5	1,361.3	1,362.0	1,363.4	1,366.2	1,365.2	1,361.0	1,360.6
106 Borrowings	367.7	418.1	416.4	417.6	422.6	434.7	441.8	445.6	428.7	442.3	453.4	457.7
107 From banks in the U.S.	108.2	115.4	116.4	118.1	121.6	118.3	119.4	111.8	111.3	109.7	106.3	117.4
108 From nonbanks in the U.S.	259.5	302.6	300.0	299.5	300.9	316.4	322.4	333.8	317.4	332.6	347.1	340.3
109 Net due to related foreign offices	−7.8	−8.9	−6.6	−3.3	−1.8	3.0	5.4	16.0	15.3	10.9	17.5	21.8
110 Other liabilities[8]	105.9	106.3	108.9	110.3	108.0	115.4	119.5	119.0	532.6	550.8	557.1	558.0
111 **Total liabilities**	**2,795.2**	**2,887.5**	**2,886.8**	**2,915.7**	**2,935.5**	**2,934.5**	**2,932.0**	**2,939.3**	**2,928.1**	**2,944.5**	**2,924.4**	**2,949.3**
112 Residual (assets less liabilities)[9]	273.1	292.0	291.5	293.7	295.7	299.2	302.5	304.7	305.0	304.5	304.6	304.7

Footnotes appear on following page.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1994								
	Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
ASSETS									
1 Cash and balances due from depository institutions	117,027	112,452	115,217	127,359	124,245	107,906	115,508	109,995	112,195
2 U.S. Treasury and government securities	304,096[r]	303,562[r]	306,514[r]	303,715[r]	314,056	316,955	317,115	316,554	318,573
3 Trading account	24,428	24,145	26,645	24,452	26,601	29,208	29,948	26,217	24,755
4 Investment account	279,667[r]	279,417[r]	279,869[r]	279,263[r]	287,455	287,747	287,167	290,337	293,818
5 Mortgage-backed securities[1]	88,372	87,940	88,478	89,291	90,970	90,722	90,259	91,528	91,372
All others, by maturity									
6 One year or less	48,671[r]	47,725[r]	47,352[r]	47,100[r]	49,925	49,525	49,234	49,605	50,975
7 One year through five years	72,959[r]	73,672[r]	75,095[r]	73,642[r]	76,778	77,161	78,156	79,733	80,349
8 More than five years	69,665[r]	70,080[r]	68,944[r]	69,230[r]	69,783	70,339	69,517	69,471	71,122
9 Other securities	86,467[r]	85,873[r]	85,831[r]	80,470[r]	88,460	88,794	89,039	84,715	87,835
10 Trading account	1,824	1,833	1,669	1,790	1,841	1,764	1,640	1,838	1,940
11 Investment account	57,244[r]	57,367[r]	57,242[r]	57,391[r]	57,469	57,572	57,562	57,423	57,847
12 State and political subdivisions, by maturity	21,078	21,195	21,279	21,397	21,518	21,679	21,650	21,624	21,748
13 One year or less	3,981	4,005	4,088	4,143	4,220	4,247	4,266	4,229	4,231
14 More than one year	17,098	17,189	17,192	17,254	17,298	17,432	17,384	17,395	17,517
15 Other bonds, corporate stocks, and securities	36,166[r]	36,173[r]	35,963[r]	35,994[r]	35,952	35,893	35,912	35,799	36,099
16 Other trading account assets	27,400[r]	26,672[r]	26,920[r]	21,289[r]	29,150	29,457	29,837	25,454	28,049
17 Federal funds sold[2]	100,950[r]	93,722[r]	100,541[r]	89,135[r]	97,923	91,513	93,922	89,669	92,762
18 To commercial banks in the United States	63,901[r]	58,346[r]	61,475[r]	54,097[r]	58,892	52,556	58,354	56,008	61,393
19 To nonbank brokers and dealers	31,175[r]	29,345[r]	31,566[r]	28,299[r]	32,412	32,511	30,232	27,890	25,945
20 To others[3]	5,873	6,030	7,500	6,739	6,618	6,447	5,335	5,770	5,423
21 Other loans and leases, gross	1,040,683	1,039,164	1,036,932	1,030,277	1,041,348	1,037,367	1,041,343	1,040,948	1,041,751
22 Commercial and industrial	282,010[r]	281,079[r]	282,773[r]	280,977[r]	284,104	283,194	286,627	285,974	287,677
23 Bankers acceptances and commercial paper	3,105	3,197	3,227	3,160	3,122	3,174	2,951	2,608	2,663
24 All other	278,905[r]	277,883[r]	279,545[r]	277,817[r]	280,981	280,020	283,676	283,366	285,014
25 U.S. addressees	277,233[r]	275,987[r]	277,553[r]	275,799[r]	278,969	278,007	281,696	281,318	282,998
26 Non-U.S. addressees	1,672	1,896	1,993	2,018	2,013	2,013	1,980	2,049	2,016
27 Real estate loans	420,190[r]	421,216[r]	418,056[r]	414,696[r]	416,684	419,196	418,790	417,453	419,291
28 Revolving, home equity	43,834[r]	43,732[r]	43,708[r]	43,633[r]	43,569	43,521	43,436	43,559	43,482
29 All other	376,355[r]	377,484[r]	374,348[r]	371,063[r]	373,115	375,675	375,353	373,893	375,809
30 To individuals for personal expenditures	209,427[r]	209,560[r]	208,679[r]	208,090[r]	208,962	208,353	208,827	209,730	209,631
31 To financial institutions	38,811	38,606	37,740	37,346	37,539	37,223	36,436	36,065	35,517
32 Commercial banks in the United States	16,275	16,685	15,809	16,540	15,590	15,685	15,759	15,522	14,898
33 Banks in foreign countries	2,577	2,645	3,124	2,677	3,064	3,040	2,406	2,769	2,519
34 Nonbank financial institutions	19,958	19,275	18,807	18,128	18,885	18,499	18,271	17,775	18,099
35 For purchasing and carrying securities	19,009	19,127	19,670	19,482	21,946	20,872	21,064	22,988	19,836
36 To finance agricultural production	5,911	5,901	5,858	5,777	5,846	5,854	5,837	5,880	5,945
37 To states and political subdivisions	12,253	12,139	12,198	12,170	12,128	12,076	12,087	12,027	11,972
38 To foreign governments and official institutions	1,171	1,042	1,127	1,222	1,039	1,075	1,028	1,069	1,064
39 All other loans[4]	25,319	23,906	24,210	23,865	26,393	22,999	24,052	23,095	24,073
40 Lease-financing receivables	26,584	26,587	26,622	26,653	26,707	26,526	26,595	26,667	26,746
41 LESS: Unearned income	1,873	1,868	1,866	1,884	1,834	1,624	1,613	1,610	1,605
42 Loan and lease reserve[5]	34,846	35,140	35,101	35,060	35,327	35,424	35,417	35,374	34,971
43 Other loans and leases, net	1,003,964	1,002,156	999,965	993,333	1,004,188	1,000,319	1,004,313	1,003,964	1,005,175
44 Other assets	171,180[r]	169,714[r]	168,623[r]	168,638[r]	165,994	163,353	165,280	163,685	162,216
45 **Total assets**	**1,783,685**	**1,767,478[r]**	**1,776,692**	**1,762,650**	**1,794,865**	**1,768,840**	**1,785,177**	**1,768,581**	**1,778,756**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1994								
	Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
LIABILITIES									
46 Deposits	1,146,990	1,133,752	1,147,382	1,130,613	1,153,459	1,136,361	1,144,993	1,123,396	1,129,390
47 Demand deposits	302,683	289,944	303,115	292,725	308,249	289,264	300,543	284,299	293,288
48 Individuals, partnerships, and corporations	249,081	241,327	250,516	241,183	253,666	242,266	249,377	233,648	243,567
49 Other holders	53,602	48,617	52,599	51,542	54,583	46,998	51,166	50,651	49,721
50 States and political subdivisions	9,810	8,931	9,355	9,362	9,095	8,236	8,868	8,853	8,734
51 U.S. government	2,920	2,126	3,562	1,686	2,830	2,162	3,733	1,585	2,073
52 Depository institutions in the United States	22,643	20,290	21,830	23,966	24,539	20,872	22,301	19,642	20,789
53 Banks in foreign countries	5,783	4,681	5,600	5,764	5,159	5,084	4,985	5,027	5,444
54 Foreign governments and official institutions	679	607	590	541	679	778	894	1,018	593
55 Certified and officers' checks	11,766	11,982	11,661	10,224	12,281	9,867	10,385	14,526	12,088
56 Transaction balances other than demand deposits[4]	124,127	123,307	123,215	122,070	125,826	125,415	124,701	123,384	123,769
57 Nontransaction balances	720,180	720,501	721,051	715,818	719,384	721,681	719,749	715,713	712,332
58 Individuals, partnerships, and corporations	697,636	697,627	698,010	692,986	696,459	698,858	697,184	693,668	690,994
59 Other holders	22,544	22,874	23,041	22,832	22,925	22,823	22,565	22,045	21,339
60 States and political subdivisions	18,457	18,806	18,894	18,731	18,729	18,600	18,368	17,962	17,818
61 U.S. government	2,090	2,114	2,120	2,114	2,115	2,099	1,989	1,881	1,513
62 Depository institutions in the United States	1,689	1,647	1,727	1,691	1,787	1,831	1,910	1,898	1,707
63 Foreign governments, official institutions, and banks	308	307	301	296	292	293	298	304	301
64 Liabilities for borrowed money[5]	336,731[r]	337,255[r]	330,842[r]	334,325[r]	339,653	326,342	337,417	345,402	345,882
65 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	0	0	0
66 Treasury tax and loan notes	30,901	28,796	24,590[r]	22,937[r]	25,981	6,036	15,315	18,585	14,291
67 Other liabilities for borrowed money[6]	305,830[r]	308,459[r]	306,252[r]	311,388[r]	313,672	320,306	322,102	326,817	331,591
68 Other liabilities (including subordinated notes and debentures)	135,955[r]	133,708[r]	134,517[r]	134,554[r]	137,725	141,279	138,374	135,093	139,526
69 **Total liabilities**	**1,619,676**	**1,604,715[r]**	**1,612,740**	**1,599,492**	**1,630,837**	**1,603,981**	**1,620,784**	**1,603,892**	**1,614,797**
70 Residual (total assets less total liabilities)[7]	164,008	162,763	163,952	163,158	164,027	164,859	164,393	164,689	163,958
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,452,019[r]	1,447,288[r]	1,452,535[r]	1,432,960[r]	1,467,304	1,466,388	1,467,305	1,460,355	1,464,630
72 Time deposits in amounts of $100,000 or more	97,652	97,259	96,805	96,302	97,371	97,118	95,233	94,084	91,561
73 Loans sold outright to affiliates[9]	768	768	762	757	752	751	750	735	697
74 Commercial and industrial	383	382	382	377	373	373	373	368	334
75 Other	385	386	381	380	378	378	377	367	363
76 Foreign branch credit extended to U.S. residents[10]	21,325	21,141	20,710	20,551	20,435	20,277	21,869	22,110	21,882
77 Net owed to related institutions abroad	1,192[r]	−1,418[r]	−2,495[r]	4,845[r]	7,031	11,076	6,453	12,682	16,176

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

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.

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities[1]

Millions of dollars, Wednesday figures

Account	1994 Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
ASSETS									
1 Cash and balances due from depository institutions	16,959	16,334	16,694	15,446	15,896	16,815	17,045	17,042	16,412
2 U.S. Treasury and government agency securities	36,558	35,720	36,427	36,116	35,844	37,562	37,150	39,154	38,776
3 Other securities	8,496	8,566	8,741	8,890	8,676	8,608	8,625	8,388	8,670
4 Federal funds sold[1]	31,106	29,627	27,315	29,092	23,563	21,621	22,293	24,023	27,290
5 To commercial banks in the United States	7,377	5,922	6,476	9,688	6,677	3,929	4,433	5,853	7,438
6 To others[2]	23,729	23,705	20,839	19,403	16,885	17,692	17,861	18,170	19,852
7 Other loans and leases, gross	154,089	156,013	155,529	154,955	156,601	157,031	159,436	158,693	160,813
8 Commercial and industrial	94,374	94,498	94,684	94,386	94,189	94,894	97,476	97,456	98,505
9 Bankers acceptances and commercial paper	3,112	3,142	3,427	2,977	2,971	3,123	3,269	3,170	3,380
10 All other	91,262	91,356	91,257	91,409	91,218	91,771	94,207	94,286	95,125
11 U.S. addressees	87,958	88,036	87,966	88,078	87,898	88,333	90,755	90,725	91,458
12 Non-U.S. addressees	3,304	3,321	3,291	3,332	3,321	3,438	3,452	3,561	3,667
13 Loans secured by real estate	29,353	29,394	29,409	29,207	29,062	29,091	28,924	28,804	28,428
14 To financial institutions	21,282	22,359	20,981	20,928	21,298	21,320	21,779	21,564	23,251
15 Commercial banks in the United States	5,142	4,632	4,874	4,658	4,807	4,790	5,050	4,838	5,449
16 Banks in foreign countries	1,361	1,456	1,619	1,557	1,556	1,664	1,572	1,565	2,349
17 Nonbank financial institutions	14,778	16,270	14,489	14,714	14,935	14,865	15,157	15,161	15,453
18 For purchasing and carrying securities	4,452	5,177	6,089	5,950	7,605	7,341	6,914	6,407	6,121
19 To foreign governments and official institutions	797	895	594	619	612	601	579	599	545
20 All other	3,832	3,690	3,771	3,864	3,834	3,784	3,764	3,864	3,963
21 Other assets (claims on nonrelated parties)	33,133	34,900	34,121	32,318	33,648	32,771	30,557	32,338	31,934
22 **Total assets**[3]	**304,913**	**301,563**	**298,285**	**295,378**	**295,578**	**293,886**	**295,133**	**299,193**	**301,457**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	92,671	94,964	94,284	93,391[r]	89,980	87,661	89,286	89,858	90,288
24 Demand deposits[4]	5,183	4,802	4,760	4,892[r]	4,834	4,369	4,559	4,506	5,194
25 Individuals, partnerships, and corporations	3,762	3,631	3,680	3,805[r]	3,820	3,563	3,627	3,604	3,891
26 Other	1,421	1,171	1,080	1,087	1,013	806	932	902	1,303
27 Nontransaction accounts	87,488	90,162	89,524	88,499	85,147	83,292	84,727	85,353	85,094
28 Individuals, partnerships, and corporations	61,925	62,623	61,808	61,662	59,179	57,873	58,867	59,025	58,123
29 Other	25,563	27,539	27,716	26,836	25,967	25,419	25,860	26,328	26,971
30 Borrowings from other than directly-related institutions	82,102	73,471	67,450	67,781	70,642	69,305	72,398	67,932	65,572
31 Federal funds purchased[5]	47,574	39,235	34,260	33,641	35,343	33,201	38,777	34,987	31,944
32 From commercial banks in the United States	15,878	9,708	9,766	7,430	9,689	6,581	10,800	7,344	7,015
33 From others	31,696	29,527	24,494	26,211	25,653	26,620	27,977	27,643	24,929
34 Other liabilities for borrowed money	82,102	73,471	67,450	67,781	70,642	69,305	72,398	67,932	65,572
35 To commercial banks in the United States	6,015	6,227	5,514	5,639	5,115	5,590	6,109	6,231	5,948
36 To others	28,513	28,009	27,676	28,501	30,185	30,514	27,511	26,714	27,681
37 Other liabilities to nonrelated parties	30,509	30,251	30,239	29,759	30,320	29,289	26,595	28,172	28,801
38 **Total liabilities**[6]	**304,913**	**301,563**	**298,285**	**295,378**	**295,578**	**293,886**	**295,133**	**299,193**	**301,457**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	217,730	219,371	216,662	214,708	213,199	216,102	218,020	219,567	222,662
40 Net owed to related institutions abroad	75,059	82,473	86,855	85,887[r]	83,286	88,152	86,828	93,675	99,233

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 owed 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 OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993				1993	
	1989	1990	1991	1992	1993	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**525,831**	**562,656**	**528,832**r	**545,619**r	**555,075**r	**541,920**r	**547,425**r	**547,982**r	**555,075**r	**559,445**	
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	183,622	214,706	212,999r	226,456r	218,947r	214,359r	218,822r	216,887r	218,947r	219,135	
3 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	210,930	200,036	182,463r	171,605r	180,389r	169,423r	172,489r	175,868r	180,389r	182,075	
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
6 Nonfinancial companies[5]	131,279	147,914	133,370r	147,558r	155,739r	158,138r	156,114	155,227r	155,739r	158,235	
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**62,972**	**54,771**	**43,770**	**38,194**	**32,348**	**33,041**	**33,069**	**31,997**	**32,348**	**31,792**r	**30,994**
By holder											
8 Accepting banks	9,433	9,017	11,017	10,555	12,325	12,522	12,332	12,475	12,325	11,317r	11,159
9 Own bills	8,510	7,930	9,347	9,097	10,611	10,679	10,886	10,853	10,611	9,860r	10,149
10 Bills bought from other banks	924	1,087	1,670	1,458	1,714	1,843	1,446	1,622	1,714	1,457	1,010
Federal Reserve Banks[7]											
11 Foreign correspondents	1,066	918	1,739	1,276	725	637	582	650	725	869	753
12 Others	52,473	44,836	31,014	26,364	19,298	19,882	20,155	18,872	19,298	19,605r	19,082
By basis											
13 Imports into United States	15,651	13,095	12,843	12,209	10,217	10,773	10,810	10,368	10,217	10,649r	10,707
14 Exports from United States	13,683	12,703	10,351	8,096	7,293	7,460	7,101	7,054	7,293	7,123r	6,872
15 All other	33,638	28,973	20,577	17,890	14,838	14,808	15,158	14,575	14,838	14,020r	13,414

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1991— Jan. 1	10.00	1991	8.46	1992— Jan.	6.50	1993— Jan.	6.00
2	9.50	1992	6.25	Feb.	6.50	Feb.	6.00
Feb. 4	9.00	1993	6.00	Mar.	6.50	Mar.	6.00
May 1	8.50			Apr.	6.50	Apr.	6.00
Sept. 13	8.00	1991— Jan.	9.52	May	6.50	May	6.00
Nov. 6	7.50	Feb.	9.05	June	6.50	June	6.00
Dec. 23	6.50	Mar.	9.00	July	6.02	July	6.00
		Apr.	9.00	Aug.	6.00	Aug.	6.00
1992— July 2	6.00	May	8.50	Sept.	6.00	Sept.	6.00
		June	8.50	Oct.	6.00	Oct.	6.00
1994— Mar. 24	6.25	July	8.50	Nov.	6.00	Nov.	6.00
Apr. 19	6.75	Aug.	8.50	Dec.	6.00	Dec.	6.00
		Sept.	8.20				
		Oct.	8.00			1994— Jan.	6.00
		Nov.	7.58			Feb.	6.00
		Dec.	7.21			Mar.	6.06
						Apr.	6.45

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

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1991	1992	1993	1993	1994			1994, week ending				
				Dec.	Jan.	Feb.	Mar.	Feb. 25	Mar. 4	Mar. 11	Mar. 18	Mar. 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.69	3.52	3.02	2.96	3.05	3.25	3.34	3.25	3.28	3.25	3.19	3.31
2 Discount window borrowing[2,4]	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	5.89	3.71	3.17	3.35	3.14	3.39	3.63	3.47	3.57	3.61	3.61	3.67
4 3-month	5.87	3.75	3.22	3.36	3.19	3.49	3.85	3.63	3.78	3.84	3.84	3.88
5 6-month	5.85	3.80	3.30	3.40	3.30	3.62	4.08	3.79	3.96	4.06	4.08	4.14
Finance paper, directly placed[3,5,7]												
6 1-month	5.73	3.62	3.12	3.21	3.07	3.30	3.53	3.37	3.45	3.52	3.51	3.59
7 3-month	5.71	3.65	3.16	3.19	3.11	3.40	3.71	3.51	3.62	3.70	3.71	3.75
8 6-month	5.60	3.63	3.15	3.18	3.15	3.39	3.70	3.50	3.62	3.72	3.68	3.73
Bankers acceptances[3,5,8]												
9 3-month	5.70	3.62	3.13	3.23	3.10	3.40	3.73	3.53	3.67	3.75	3.72	3.75
10 6-month	5.67	3.67	3.21	3.30	3.21	3.56	3.96	3.73	3.88	3.95	3.94	4.00
Certificates of deposit, secondary market[3,9]												
11 1-month	5.82	3.64	3.11	3.26	3.08	3.31	3.56	3.41	3.53	3.54	3.52	3.60
12 3-month	5.83	3.68	3.17	3.26	3.15	3.43	3.77	3.57	3.71	3.77	3.75	3.81
13 6-month	5.91	3.76	3.28	3.35	3.29	3.62	4.03	3.81	3.94	4.01	4.01	4.09
14 Eurodollar deposits, 3-month[3,10]	5.86	3.70	3.18	3.26	3.15	3.43	3.75	3.55	3.68	3.75	3.75	3.79
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	5.38	3.43	3.00	3.06	2.98	3.25	3.50	3.35	3.47	3.52	3.52	3.49
16 6-month	5.44	3.54	3.12	3.23	3.15	3.43	3.78	3.58	3.68	3.77	3.81	3.81
17 1-year	5.52	3.71	3.29	3.45	3.39	3.69	4.11	3.82	3.95	4.09	4.11	4.15
Auction average[3,5,11]												
18 3-month	5.42	3.45	3.02	3.08	3.02	3.21	3.52	3.33	3.40	3.52	3.57	3.61
19 6-month	5.49	3.57	3.14	3.25	3.19	3.38	3.79	3.53	3.61	3.75	3.85	3.90
20 1-year	5.54	3.75	3.33	3.47	3.52	3.59	4.03	n.a.	n.a.	4.03	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.86	3.89	3.43	3.61	3.54	3.87	4.32	4.01	4.16	4.28	4.31	4.36
22 2-year	6.49	4.77	4.05	4.21	4.14	4.47	5.00	4.67	4.80	4.93	4.98	5.06
23 3-year	6.82	5.30	4.44	4.54	4.48	4.83	5.40	5.03	5.19	5.32	5.37	5.45
24 5-year	7.37	6.19	5.14	5.15	5.09	5.40	5.94	5.60	5.74	5.85	5.91	6.00
25 7-year	7.68	6.63	5.54	5.48	5.43	5.72	6.28	5.94	6.08	6.20	6.24	6.33
26 10-year	7.86	7.01	5.87	5.77	5.75	5.97	6.48	6.15	6.29	6.40	6.45	6.52
27 20-year	n.a.	n.a.	6.29	6.40	6.39	6.57	7.00	6.76	6.86	6.95	6.96	7.02
28 30-year	8.14	7.67	6.59	6.25	6.29	6.49	6.91	6.68	6.79	6.87	6.87	6.92
Composite												
29 More than 10 years (long-term)	8.16	7.52	6.45	6.27	6.24	6.44	6.90	6.63	6.75	6.84	6.86	6.93
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.56	6.09	5.38	5.18	5.14	5.06	5.29	5.12	5.12	5.27	5.32	5.35
31 Baa	6.99	6.48	5.82	5.69	5.60	5.52	5.74	5.58	5.58	5.72	5.78	5.80
32 *Bond Buyer* series[14]	6.92	6.44	5.60	5.35	5.31	5.40	5.91	5.58	5.84	5.88	5.84	5.92
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	9.23	8.55	7.54	7.26	7.25	7.39	7.78	7.54	7.66	7.73	7.75	7.79
Rating group												
34 Aaa	8.77	8.14	7.22	6.93	6.92	7.08	7.48	7.23	7.36	7.44	7.46	7.49
35 Aa	9.05	8.46	7.40	7.12	7.12	7.29	7.69	7.45	7.57	7.65	7.67	7.70
36 A	9.30	8.62	7.58	7.31	7.30	7.44	7.82	7.60	7.70	7.76	7.78	7.82
37 Baa	9.80	8.98	7.93	7.69	7.65	7.76	8.13	7.92	8.01	8.08	8.10	8.15
38 A-rated, recently offered utility bonds[16]	9.32	8.52	7.46	7.28	7.24	7.45	7.82	7.62	7.73	7.80	7.81	7.91
MEMO												
Dividend-price ratio[17]												
39 Preferred stocks	8.17	7.46	6.89	7.01	6.97	7.00	7.07	7.07	7.03	6.86	7.07	7.10
40 Common stocks	3.24	2.99	2.78	2.72	2.69	2.70	2.78	2.72	2.77	2.75	2.74	2.76

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 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Preferred stock ratio is based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratio is based on the 500 stocks in the price index.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1991	1992	1993	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	206.35	229.00	249.71	247.85	251.93	254.86	257.53	255.93	257.73	262.11	261.97	257.32
2 Industrial	258.16	284.26	300.10	295.34	298.83	300.92	306.61	310.84	313.22	320.92	322.41	318.08
3 Transportation	173.97	201.02	242.68	238.30	250.82	247.74	254.04	262.96	268.11	278.29	276.67	265.68
4 Utility	92.64	99.48	114.55	116.27	118.72	122.32	120.49	115.08	114.97	112.67	116.22	107.72
5 Finance	150.84	179.29	216.55	218.89	224.96	229.35	228.18	214.08	216.00	218.71	217.12	211.02
6 Standard & Poor's Corporation (1941–43 = 10)[1]	376.20	415.75	451.63	447.29	454.13	459.24	463.90	462.89	465.95	472.99	471.58	463.81
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	360.32	391.28	438.77	434.99	444.75	454.91	472.73	472.41	465.95	481.14	476.25	465.72
Volume of trading (thousands of shares)												
8 New York Stock Exchange	179,411	202,558	263,374	247,574	247,324	261,770	280,503	277,886	259,457	313,223	307,269	311,096
9 American Stock Exchange	12,486	14,171	n.a.	17,744	19,352	18,889	21,279	18,436	17,461	19,211	19,630	19,481
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**36,660**	**43,990**	**60,310**	**49,080**	**52,760**	**53,700**	**56,690**	**59,760**	**60,310**	**61,250**	**62,020**	**61,960**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,290	8,970	12,360	9,585	9,480	10,030	10,270	10,940	12,360	12,125	12,890	13,185
12 Cash accounts	19,255	22,510	27,715	21,475	21,915	23,170	22,450	23,560	27,715	26,020	25,665	26,190
	Margin requirements (percent of market value and effective date)[5]											
	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 the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. 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 of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1993			1994		
	1991	1992	1993	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. budget[1]									
1 Receipts, total	1,054,272r	1,090,453	1,153,226r	78,668	83,107	125,408r	122,966r	72,874r	93,108
2 On-budget	760,388r	788,027	841,292r	55,864	58,700	99,714r	94,396r	46,879r	64,612
3 Off-budget	293,885	302,426	311,934	22,804	24,407	25,694	28,570	25,995	28,496
4 Outlays, total	1,323,793r	1,380,856r	1,407,910r	124,090	121,488	133,660r	107,718r	114,440r	125,423
5 On-budget	1,082,106r	1,128,518r	1,141,898r	100,568	96,724	121,977r	83,527r	88,523r	100,260
6 Off-budget	241,687	252,339	266,012	23,523	24,764	11,682	24,191	25,918	25,163
7 Surplus or deficit (−), total	−269,521	−290,403r	−254,684	−45,422	−38,381	−8,252	15,248r	−41,566r	−32,315
8 On-budget	−321,719	−340,490r	−300,606	−44,704	−38,024	−22,263	10,869r	−41,644r	−35,648
9 Off-budget	52,198	50,087	45,922	−719	−357	14,012	4,379	77	3,333
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	4,255	71,028	13,995	−6,933	31,633	26,511
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	33,646	−13,450	−17,413	−8,089	19,666	−6,461
12 Other[2]	−5,952	−3,210r	−218	7,521	−19,197	11,670	−226r	−9,733r	12,265
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	18,860	32,310	49,723	57,812	38,146	44,607
14 Federal Reserve Banks	7,928	24,586	17,289	6,032	6,334	14,809	21,541	4,886	6,181
15 Tax and loan accounts	33,556	34,203	35,217	12,828	25,977	34,914	36,271	33,259	38,426

1. 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 has also moved two social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1992	1993	1992		1993		1994		
			H1	H2	H1	H2	Jan.	Feb.	Mar.
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,209**	**560,318**	**540,484**	**593,212**	**582,054[r]**	**122,966[r]**	**72,874[r]**	**93,108**
2 Individual income taxes, net	475,964	509,680	236,576	246,938	255,556	262,073	74,167	28,107	29,917
3 Withheld	408,352	430,427	198,868	215,584	209,745[r]	228,429	36,838	37,335	42,805
4 Presidential Election Campaign Fund	30	28	20	10	25	2	1	10	14
5 Nonwithheld	149,342	154,772	110,995	39,288	113,495[r]	41,765	37,798	1,151	4,434
6 Refunds	81,760	75,546	73,308	7,942	67,468	8,114	470	10,388	17,336
Corporation income taxes									
7 Gross receipts	117,951	131,548	61,682	58,022	69,044	68,266	4,761	2,888	17,234
8 Refunds	17,680	14,027	9,403	7,219	7,198	6,514	844	1,294	1,660
9 Social insurance taxes and contributions, net	413,689	428,300	224,569	192,599	227,177	206,174	36,983	35,989	36,957
10 Employment taxes and contributions[2]	385,491	396,939	208,110	180,758	208,776	192,749	35,831	32,957	35,976
11 Self-employment taxes and contributions[3]	24,421	20,604	20,434	3,988	16,270	4,335	−1,589	1,577	1,630
12 Unemployment insurance	23,410	26,556	14,070	9,397	16,074	11,010	794	2,664	522
13 Other net receipts[4]	4,788	4,805	2,389	2,445	2,326	2,417	358	367	459
14 Excise taxes	45,569	48,057	22,389	23,456	23,398	25,994	4,011	3,249	5,285
15 Customs deposits	17,359	18,802	8,146	9,497	8,860	10,215	1,526	1,419	1,745
16 Estate and gift taxes	11,143	12,577	5,701	5,733	6,494	6,617	1,105	1,093	1,211
17 Miscellaneous receipts[5]	26,459	18,273	10,658	11,458	9,879	9,227[r]	1,258[r]	1,424[r]	2,418
OUTLAYS									
18 **All types**	**1,380,794[r]**	**1,407,892**	**704,266**	**723,527**	**673,340**	**728,207[r]**	**107,718[r]**	**114,440[r]**	**125,423**
19 National defense	298,350	290,590	147,065	155,231	140,535	146,177	18,861	21,996	24,476
20 International affairs	16,107	17,175	8,540	9,916	6,565	10,534	1,103	948	696
21 General science, space, and technology	16,409	17,055	7,951	8,521	7,996	8,904	1,299	1,269	1,685
22 Energy	4,499	4,445	1,442	3,109	2,462	1,641	465	159	510
23 Natural resources and environment	20,025	20,088	8,594	11,467	8,592[r]	11,077	1,447	1,449	1,631
24 Agriculture	15,205	20,257	7,526	8,852	11,872[r]	7,335	1,122	1,817	1,439
25 Commerce and housing credit	10,118	−23,532	15,615	−7,697	−15,112	−1,724	−1,124	−4,608	−1,260
26 Transportation	33,333	35,238	15,651	18,425	16,077	20,375	2,503	2,784	2,845
27 Community and regional development	6,838	10,395	3,903	4,464	4,929[r]	5,606	906	445	1,276
28 Education, training, employment, and social services	45,250	48,857	23,767	21,241	24,088[r]	25,515	2,693	2,666	2,285
29 Health	89,497	99,249	44,164	47,232	49,882	52,631	7,665	8,229	10,014
30 Social security and Medicare	406,569	435,137	205,500	232,109	195,933	223,735	36,009	37,224	40,350
31 Income security	196,891	207,788	104,537	98,382	108,090[r]	103,163	16,196	22,466	20,549
32 Veterans benefits and services	34,133	35,715	15,597	18,561	16,385	19,848	2,151	3,135	2,793
33 Administration of justice	14,426	15,001	7,435	7,238	7,486[r]	7,448	1,210	1,105	1,760
34 General government	12,945	13,039	5,050	8,223	5,205	6,565	669	782	779
35 Net interest[6]	199,439	198,870	100,161	98,692	99,635	99,963	17,095	15,524	16,594
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−18,229	−20,628	−17,035	−20,407	−2,914	−2,815	−2,999

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 1994*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992				1993				1994
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	**4,436**	n.a.	**4,576**
2 Public debt securities	3,881	3,985	4,065	4,177	4,231	4,352	4,412	4,536	
3 Held by public	2,918	2,977	3,048	3,129	3,188	3,252	3,295		
4 Held by agencies	964	1,008	1,016	1,048	1,043	1,100	1,117		
5 Agency securities	16	16	18	19	20	21	25	n.a.	n.a.
6 Held by public	16	16	18	19	20	21	25		
7 Held by agencies	0	0	0	0	0	0	0		
8 **Debt subject to statutory limit**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**
9 Public debt securities	3,783	3,890	3,972	4,085	4,139	4,256	4,315	4,445	4,491
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,370	4,900	4,900	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1990	1991	1992	1993	1993			1994
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**3,364.8**	**3,801.7**	**4,177.0**	**4,535.7**	**4,352.0**	**4,411.5**	**4,535.7**	n.a.
By type								
2 Interest-bearing	3,362.0	3,798.9	4,173.9	4,532.3	4,349.0	4,408.6	4,532.3	4,572.6
3 Marketable	2,195.8	2,471.6	2,754.1	2,989.5	2,860.6	2,904.9	2,989.5	3,042.9
4 Bills	527.4	590.4	657.7	714.6	659.3	658.4	714.6	721.2
5 Notes	1,265.2	1,430.8	1,608.9	1,764.0	1,698.7	1,734.2	1,764.0	1,802.5
6 Bonds	388.2	435.5	472.5	495.9	487.6	497.4	495.9	504.2
7 Nonmarketable[1]	1,166.2	1,327.2	1,419.8	1,542.9	1,488.4	1,503.7	1,542.9	1,529.7
8 State and local government series	160.8	159.7	153.5	149.5	152.8	149.5	149.5	145.5
9 Foreign issues[2]	43.5	41.9	37.4	43.5	43.0	42.5	43.5	42.7
10 Government	43.5	41.9	37.4	43.5	43.0	42.5	43.5	42.7
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	124.1	135.9	155.0	169.4	164.4	167.0	169.4	172.6
13 Government account series[3]	813.8	959.2	1,043.5	1,150.0	1,097.8	1,114.3	1,150.0	1,138.4
14 Non-interest-bearing	2.8	2.8	3.1	3.4	2.9	2.9	3.4	3.3
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	828.3	968.7	1,047.8		1,099.8	1,116.7		
16 Federal Reserve Banks	259.8	281.8	302.5		328.2	325.7		
17 Private investors	2,288.3	2,563.2	2,839.9		2,938.4	2,983.0		
18 Commercial banks	171.5	233.4	294.0		305.9	306.0		
19 Money market funds	45.4	80.0	79.4		76.2	75.2		
20 Insurance companies	142.0	168.7	197.5		208.1	210.0		
21 Other companies	108.9	150.8	192.5	n.a.	206.1	215.6	n.a.	n.a.
22 State and local treasuries	490.4	520.3	534.8		553.9	558.0		
Individuals								
23 Savings bonds	126.2	138.1	157.3		166.5	169.1		
24 Other securities	107.6	125.8	131.9		136.4	136.7		
25 Foreign and international[5]	458.4	491.8	549.7		568.2	592.3		
26 Other miscellaneous investors[6]	637.7	651.3	702.4		717.0	720.0		

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

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

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

Millions of dollars, daily averages

	Item	1993	1994		1994, week ending								
		Dec.	Jan.	Feb.	Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
	IMMEDIATE TRANSACTIONS[2]												
	By type of security												
	U.S. Treasury securities												
1	Bills	42,139	51,660[r]	53,692[r]	57,374[r]	65,174	44,202	50,294	53,580	53,776	50,653	46,672	63,400
	Coupon securities, by maturity												
2	Less than 3.5 years	37,291	52,525[r]	68,772[r]	59,124[r]	95,688	50,675	66,889	63,646	57,132	58,004	66,157	58,870
3	3.5 to 7.5 years	29,891	41,483[r]	48,599[r]	46,071[r]	55,514	38,275	52,094	50,142	42,912	43,675	48,436	43,769
4	7.5 to 15 years	16,803	26,382	34,565[r]	34,738	44,273	29,700	31,114	32,128	31,527	30,978	29,040	31,054
5	15 years or more	13,247	18,752	22,524	23,359	21,878	24,767	21,965	20,234	19,682	21,105	19,341	19,170
	Federal agency securities												
	Debt, by maturity												
6	Less than 3.5 years	9,999	11,346	11,177	11,695	12,040	9,213	11,248	12,548	12,109	12,609	13,288	13,740
7	3.5 to 7.5 years	531	715	695	540	575	845	781	602	730	615	740	613
8	7.5 years or more	466	558	525	480	607	581	414	509	693	392	440	601
	Mortgage-backed												
9	Pass-throughs	19,332	25,587[r]	23,256[r]	19,409	23,529	27,212	18,991	25,878	27,178	27,923	21,108	22,319
10	All others[3]	2,771	3,657	3,807	3,308	3,414	3,669	4,361	4,098	3,746	3,450	2,794	3,361
	By type of counterparty												
	Primary dealers and brokers												
11	U.S. Treasury securities	84,926	117,681	144,393[r]	137,100	180,207	118,464	139,745	140,529	135,634	134,528	135,073	138,966
	Federal agency securities												
12	Debt	1,308	1,763	1,666	1,723	1,711	1,285	1,753	2,041	2,248	1,907	1,911	1,961
13	Mortgage-backed	9,057	12,881	11,337	9,178	9,532	12,938	10,895	13,855	12,146	11,650	11,879	12,896
	Customers												
14	U.S. Treasury securities	54,446	73,120[r]	83,759[r]	83,566[r]	102,320	69,156	82,611	79,201	69,395	69,886	74,575	77,296
	Federal agency securities												
15	Debt	9,688	10,856	10,731	10,992	11,511	9,353	10,691	11,618	11,283	11,709	12,557	12,993
16	Mortgage-backed	13,045	16,362[r]	15,725[r]	13,539	17,411	17,943	12,457	16,121	18,778	19,723	12,023	12,785
	FUTURES AND FORWARD TRANSACTIONS[4]												
	By type of deliverable security												
	U.S. Treasury securities												
17	Bills	1,740	2,250	3,094[r]	4,523	3,007	1,827	2,382	5,586	2,581	4,109	3,547	2,865
	Coupon securities, by maturity												
18	Less than 3.5 years	1,757[r]	2,232[r]	3,197	2,774	3,071	2,306	3,806	4,162	3,546	3,059	4,444	2,265
19	3.5 to 7.5 years	1,809	1,905	2,836	1,647	2,540	2,217	3,593	3,895	2,411	1,841	3,034	1,889
20	7.5 to 15 years	2,930	3,238	5,007	3,604	5,151	3,562	6,043	6,383	4,791	5,129	5,489	4,018
21	15 years or more	8,686	11,933	13,903	13,964	14,807	11,021	14,876	15,534	14,095	15,741	13,061	12,808
	Federal agency securities												
	Debt, by maturity												
22	Less than 3.5 years	29	123	237	159	86	247	418	220	94	100	264	269
23	3.5 to 7.5 years	49	127	211	411	142	185	236	194	202	186	92	36
24	7.5 years or more	83	70	201	32	11	287	439	92	99	147	28	49
	Mortgage-backed												
25	Pass-throughs	17,807	26,040	24,726	27,249	36,883	25,163	13,190	21,282	33,885	34,217	17,399	15,597
26	Others[3]	1,746	1,891[r]	2,198[r]	2,871[r]	3,281	1,871	1,718	1,289	1,032	2,030	2,281	887
	OPTIONS TRANSACTIONS[5]												
	By type of underlying security												
	U.S. Treasury, coupon securities, by maturity												
27	Less than 3.5 years	1,662	2,216	3,329	2,370	3,343	2,578	4,679	2,948	3,185	3,538	3,450	3,134
28	3.5 to 7.5 years	360	808	899	961	743	848	1,116	839	1,200	1,197	1,340	1,388
29	7.5 to 15 years	768	1,262	1,613	1,168	1,145	1,633	2,450	1,262	1,118	680	1,403	1,907
30	15 years or more	1,372	2,086	2,554	1,589	2,370	2,522	3,421	2,113	1,684	2,724	1,919	2,081
	Federal agency, mortgage-backed securities												
31	Pass-throughs	548	954	952	742	1,212	674	821	1,341	997	899	372	600

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 are based on the number of trading days in the period. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. 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 agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

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. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

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

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

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

Millions of dollars

Item	1993	1994		1994, week ending							
	Dec.[r]	Jan.[r]	Feb.	Feb. 2	Feb. 9	Feb. 16	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	15,015	6,629	3,681[r]	−343	7,416	5,718	465	1,714	2,447	7,711	7,110
Coupon securities, by maturity											
2 Less than 3.5 years	−8,140	−8,303	−9,169	−6,068	−6,720	−8,940	−8,008	−15,782	−15,355	−21,683	−19,226
3 3.5 to 7.5 years	−18,821	−20,637	−24,417[r]	−21,360	−23,617	−22,428	−29,671	−22,189	−26,847	−27,341	−23,722
4 7.5 to 15 years	−1,972	−3,361	−2,424[r]	−3,481	1,617	−3,004	−4,872	−3,417	−3,685	−4,530	−2,508
5 15 years or more	1,264	8,246	5,994	5,100	3,133	6,983	9,269	4,386	4,794	2,795	1,364
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	8,276	10,272	12,031	15,768	12,975	11,561	10,737	11,686	10,740	9,321	7,993
7 3.5 to 7.5 years	3,369	2,888	3,226	3,129	2,857	2,958	3,309	4,039	4,205	4,803	4,881
8 7.5 years or more	4,550	4,987	3,798	4,539	4,185	3,551	3,528	3,685	4,087	4,606	4,363
Mortgage-backed											
9 Pass-throughs	39,366	50,003	51,071	48,771	54,981	52,310	49,358	47,180	63,827	61,349	51,511
10 All others[4]	25,834	29,844	28,837	28,932	28,439	27,052	28,188	32,761	32,118	30,945	29,650
Other money market instruments											
11 Certificates of deposit	3,489	3,650	3,925	3,894	4,161	4,250	3,176	4,198	2,761	2,457	2,264
12 Commercial paper	7,587	6,313	7,619	9,135	8,248	7,683	6,030	8,265	5,795	5,450	5,212
13 Bankers acceptances	1,183	935	777	964	817	946	643	599	598	758	390
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	205	−2,569	−1,382[r]	−4,021	−2,527	−2,461	−160	1,076	1,415	1,090	2,793
Coupon securities, by maturity											
15 Less than 3.5 years	−1,464	−1,123	−175[r]	166	−2,104	−1,379	212	3,535	2,259	2,020	3,792
16 3.5 to 7.5 years	557	1,629	2,477[r]	−335	942	3,080	4,235	2,444	2,128	2,933	3,722
17 7.5 to 15 years	8,414	5,755	8,054[r]	3,504	7,821	7,676	9,430	8,801	9,236	8,750	11,494
18 15 years or more	−4,030	−4,183	−6,625[r]	−4,924	−6,042	−6,411	−5,435	−10,088	−10,413	−9,908	−10,941
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	34	246	3	80	2	16	7	−53	64	11	309
20 3.5 to 7.5 years	90	303	123	134	71	169	254	−54	318	343	−51
21 7.5 years or more	48	−93	438	38	6	621	708	567	395	−545	−626
Mortgage-backed											
22 Pass-throughs	−11,058	−28,675	−37,285[r]	−32,860	−40,939	−38,723	−36,011	−33,707	−47,801	−51,160	−39,211
23 All others[4]	4,423	3,294	8,687	8,394	8,614	8,795	9,639	7,424	8,774	11,900	12,590
24 Certificates of deposit	−227,414	−225,011	−241,652	−232,103	−258,194	−243,572	−229,019	−237,312	−247,206	−170,162	−154,511
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	226,529	250,861	274,179	267,375	265,299	280,878	266,931	290,102	300,486	308,744	304,633
26 Term	392,777	401,867	409,887	394,628	449,254	396,888	409,508	379,608	395,569	400,875	400,260
Repurchase agreements											
27 Overnight and continuing	441,518	461,215	483,847	484,886	455,818	503,188	485,837	492,811	489,948	497,689	488,715
28 Term	368,885	372,657	382,705	366,891	423,858	374,698	382,508	342,902	364,255	381,800	382,725
Securities borrowed											
29 Overnight and continuing	139,290	143,505	147,476[r]	143,948[r]	144,288	145,762	151,063	150,726	149,201	152,565	152,911
30 Term	47,116	51,583	45,587[r]	50,276[r]	48,518	46,978	43,047	41,215	42,796	39,941	37,953
Securities loaned											
31 Overnight and continuing	5,507	5,113	5,444[r]	5,164[r]	4,879	6,185	5,924	4,636	4,560	4,631	4,887
32 Term	2,304	167	294[r]	161[r]	111	374	348	416	339	338	369
Collateralized loans											
33 Overnight and continuing	16,326	16,169	16,243	15,574	16,176	17,752	15,717	15,229	16,722	20,122	19,540
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	153,280	175,650	182,784	189,701	174,113	188,274	179,836	188,596	194,285	202,241	207,929
35 Term	345,268	361,748	359,530	351,253	395,473	347,635	357,398	332,157	351,434	350,853	348,948
Repurchase agreements											
36 Overnight and continuing	210,901	238,867	240,887	245,142	232,060	240,016	243,031	249,763	249,052	247,667	245,543
37 Term	275,439	281,109	290,676	280,929	331,767	283,985	283,792	256,051	275,308	289,605	292,353

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 agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
5. Futures positions reflect standardized agreements 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 federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.
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 different types of collateralization.

NOTE. Data for futures 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	1989	1990	1991	1992	1993				1994
					Sept.	Oct.	Nov.	Dec.	Jan.
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**0**	**0**	**0**	**0**	**0**
2 Federal agencies	35,664	42,159	41,035	41,829	43,753	43,796	44,055	45,193r	44,988
3 Defense Department[1]	7	7	7	7	7	7	7	6r	6
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	5,801	5,801	5,801	5,315	5,315
5 Federal Housing Administration[4]	328	393	397	374	213	243	255	255	80
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	9,732	9,732	9,732	9,732	9,732
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	28,000	28,016	28,260	29,885	29,855
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	0	0	0	0	0
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	132,651	133,365	139,364	141,577	139,241
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	52,702	63,427	56,809	49,993	61,245
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	195,786	193,925	195,165	201,112	203,013
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	51,636	51,759	51,861	53,123	52,621
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	38,795	38,790	40,840	39,784	0
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	0
17 Farm Credit Financial Assistance Corporation[11]	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261	0
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996	0
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**129,329**	**127,348**	**126,490**	**128,187**	**125,182**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	5,795	5,795	5,795	5,309	5,309
21 Postal Service[6]	6,195	6,698	8,201	10,440	9,732	9,732	9,732	9,732	9,732
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,790	4,760	4,760	4,760	2,760
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,325	6,325	6,325	6,325	6,075
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	38,619	38,619	38,619	38,619	38,619
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	17,653	17,561	17,561	17,578	17,511
27 Other	23,724	70,896	84,931	64,436	46,415	44,556	43,698	45,864	45,176

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.
9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1991	1992	1993	1993					1994		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
1 **All issues, new and refunding**[1]	**154,402**	**215,191**	**279,945**	**24,438**	**23,504**	**21,900**	**18,094**	**24,520**	**16,560**	**14,698**	**15,461**
By type of issue											
2 General obligation	55,100	78,611	90,599	6,414	5,884	7,495	6,422	6,542	4,622	4,365	7,371
3 Revenue	99,302	136,580	189,346	18,024	17,620	14,405	11,672	17,978	11,000	8,553	8,090
By type of issuer											
4 State	24,939	25,295	28,285	2,319	2,758	3,216	885	1,265	1,235	921	3,302
5 Special district or statutory authority[2]	80,614	129,686	164,169	13,769	13,113	9,875	10,992	16,485	10,672	10,263	6,145
6 Municipality, county, or township	48,849	60,210	84,972	8,307	7,476	8,418	4,528	6,770	4,653	3,514	6,014
7 **Issues for new capital**	**116,953**	**120,272**	**91,434**	**8,001**	**8,759**	**7,261**	**6,734**	**9,543**	**5,418**	**8,268**	**10,114**
By use of proceeds											
8 Education	21,121	22,071	17,098	1,883	1,886	547	1,416	1,227	1,573	2,292	1,859
9 Transportation	13,395	17,334	9,571	1,062	789	304	979	429	293	1,223	401
10 Utilities and conservation	21,039	20,058	11,802	1,646	1,255	593	687	1,454	480	243	540
11 Social welfare	25,648	21,796	n.a.	681	2,199	1,764	n.a.	2,171	825	1,660	1,670
12 Industrial aid	8,376	5,424	6,381	212	329	518	673	1,272	392	1,316	470
13 Other purposes	30,275	33,589	29,519	2,544	2,362	3,737	1,820	2,990	5,558	8,774	n.a.

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1991	1992	1993	1993						1994	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
1 **All issues**[1]	**465,246**	**559,729**	n.a.	**47,628[r]**	**52,955[r]**	**64,530[r]**	**56,143[r]**	**54,808[r]**	**44,313[r]**	**55,448**	**47,778**
2 **Bonds**[2]	**389,822**	**471,404**	n.a.	**38,032[r]**	**43,688[r]**	**53,837[r]**	**45,608[r]**	**43,214[r]**	**33,782[r]**	**49,411**	**39,037**
By type of offering											
3 Public, domestic	286,930	377,960	488,895	37,392	40,447	49,132[r]	42,645[r]	39,525[r]	32,201[r]	44,161	31,761
4 Private placement, domestic[3]	74,930	65,853	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,962	27,591	41,533	640[r]	3,241[r]	4,705[r]	2,963[r]	3,689[r]	1,582[r]	5,250	7,276
By industry group											
6 Manufacturing	86,628	82,058	67,411	2,498	6,132	4,036[r]	3,273	3,334[r]	3,068	4,585	3,411
7 Commercial and miscellaneous	36,666	43,043	37,873	4,735[r]	2,331	2,378[r]	6,306[r]	3,078	2,525[r]	2,869	2,445
8 Transportation	13,598	9,979	8,234	611	723	288	1,416	648[r]	895[r]	693	100
9 Public utility	23,944	48,055	52,742	5,797	3,474	5,163	2,585	1,763	2,336	2,566	1,853
10 Communication	9,431	15,394	29,040	2,331	2,979	2,237	2,991	1,015	2,001	2,495	2,212
11 Real estate and financial	219,555	272,875	335,127	22,060[r]	28,049[r]	39,735[r]	29,039[r]	33,376[r]	22,958[r]	36,203	29,016
12 **Stocks**[2]	**75,424**	**88,325**	n.a.[r]	**9,596**	**9,267**	**10,693**	**10,535**	**11,594**	**10,531**	**6,037**	**8,741**
By type of offering											
13 Public preferred	17,085	21,339	20,533	1,913	3,319	1,358	2,549	1,385	650	1,592	1,198
14 Common	48,230	57,118	90,559	7,683	5,948	9,336	7,987	10,209	9,881	4,444	7,543
15 Private placement[3]	10,109	9,867	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	24,111	22,723	22,271	1,618	1,961	2,274	2,121	2,169	2,267	1,564	1,807
17 Commercial and miscellaneous	19,418	20,231	25,761	2,525	1,457	2,242	1,842	3,061	1,970	1,516	1,682
18 Transportation	2,439	2,595	2,237	114	466	153	128	221	162	78	703
19 Public utility	3,474	6,532	7,050	495	582	908	1,103	371	129	293	203
20 Communication	475	2,366	3,439	n.a.	115	248	18	1,074	1,603	n.a.	120
21 Real estate and financial	25,507	33,879	49,889	4,844	4,675	4,666	5,323	4,486	4,381	2,584	4,064

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., Securities Data Company, and the Board of Governors of the Federal Reserve System.

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

Millions of dollars

Item	1992	1993	1993						1994	
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
1 **Sales of own shares**[2]	**647,055**	n.a.	**72,503**	**73,032**	**69,938**	**74,490**	**72,865**	**89,775**	**98,679**	**78,033**
2 Redemptions of own shares	447,140	n.a.	44,922	46,382	49,270	47,168	51,306	62,764	61,829	54,473
3 Net sales[3]	199,915	n.a.	27,581	26,650	20,667	27,322	21,559	27,011	36,849	23,560
4 **Assets**[4]	**1,056,310**	n.a.	**1,284,842**	**1,343,920**	**1,370,654**	**1,411,628**	**1,416,841**	**1,510,047**	**1,572,907**	**1,561,788**
5 Cash[5]	73,999	n.a.	93,345	92,771	96,848	104,301	103,352	100,209	110,022	113,939
6 Other	982,311	n.a.	1,191,497	1,251,149	1,273,807	1,307,327	1,303,489	1,409,838	1,462,879	1,447,850

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

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1992				1993			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits with inventory valuation and capital consumption adjustment	369.5	407.2	467.3	409.9	411.7	367.5	439.5	432.1	458.1	468.5	510.5
2 Profits before taxes	362.3	395.4	450.0	404.3	409.5	357.9	409.9	419.8	445.6	443.8	491.0
3 Profits tax liability	129.8	146.3	174.3	147.0	153.0	130.1	155.0	160.9	173.3	169.5	193.6
4 Profits after taxes	232.5	249.1	275.7	257.3	256.5	227.8	254.9	258.9	272.3	274.3	297.4
5 Dividends	137.4	150.5	169.0	138.0	146.1	155.2	162.9	167.5	168.5	169.7	170.3
6 Undistributed profits	95.2	98.6	106.7	119.3	110.4	72.7	92.0	91.4	103.9	104.6	127.0
7 Inventory valuation	4.9	-5.3	-7.1	-4.6	-13.7	-7.8	4.9	-12.7	-12.2	1.0	-4.3
8 Capital consumption adjustment	2.2	17.1	24.3	10.2	16.0	17.4	24.7	25.1	24.7	23.8	23.9

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1992		1993				1994	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total nonfarm business**	**546.60**	**585.64**	**632.76**	**547.40**	**559.24**	**564.13**	**579.79**	**594.11**	**604.51**	**621.28**	**624.99**
Manufacturing											
2 Durable goods industries	73.32	81.33	89.09	72.09	73.30	79.11	80.88	81.99	83.35	91.81	87.68
3 Nondurable goods industries	100.69	97.84	103.60	100.77	103.56	95.94	96.21	100.18	99.04	99.42	101.41
Nonmanufacturing											
4 Mining	8.88	10.03	10.63	8.98	8.47	8.89	9.10	11.14	10.98	10.84	11.51
Transportation											
5 Railroad	6.67	6.23	6.30	6.70	7.04	6.00	6.00	5.91	7.01	5.67	5.91
6 Air	8.93	6.43	4.69	9.69	7.60	7.30	6.54	6.92	4.95	5.58	5.38
7 Other	7.04	9.22	10.27	7.52	6.97	9.17	9.04	8.88	9.78	8.81	9.27
Public utilities											
8 Electric	48.22	52.26	52.96	48.17	49.57	49.92	50.51	52.74	55.88	51.14	53.66
9 Gas and other	23.99	23.46	25.32	24.01	24.50	23.59	24.04	22.88	23.33	22.55	23.94
10 Commercial and other[2]	268.84	298.83	329.90	269.46	278.24	284.21	297.46	303.47	310.20	325.47	326.23

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1991	1992	1993	1992			1993			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross[2]	480.6	482.1	476.1	476.7	473.9	482.1	469.6	469.3	467.6	476.1
2 Consumer	121.9	117.1	117.5	116.7	116.7	117.1	111.9	111.3	112.6	117.5
3 Business	292.9	296.5	290.1	293.2	288.5	296.5	289.6	290.7	287.8	290.1
4 Real estate	65.8	68.4	68.6	66.8	68.8	68.4	68.1	67.2	67.2	68.6
5 LESS: Reserves for unearned income	55.1	50.8	48.6	51.2	50.8	50.8	47.4	47.5	47.9	48.6
6 Reserves for losses	12.9	15.8	11.0	12.3	12.0	15.8	15.5	13.8	11.1	11.0
7 Accounts receivable, net	412.6	415.5	416.5	413.2	411.1	415.5	406.6	408.0	408.6	416.5
8 All other	149.0	150.6	176.9	139.4	146.5	150.6	155.0	156.6	169.7	176.9
9 **Total assets**	**561.6**	**566.1**	**593.4**	**552.6**	**557.6**	**566.1**	**561.6**	**564.6**	**578.3**	**593.4**
LIABILITIES AND CAPITAL										
10 Bank loans	42.3	37.6	25.3	37.8	38.1	37.6	34.1	29.5	25.8	25.3
11 Commercial paper	159.5	156.4	159.2	147.7	153.2	156.4	149.8	144.5	149.9	159.2
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	34.5	37.8	46.1	34.8	34.9	37.8	41.9	46.4	47.9	46.1
15 Not elsewhere classified	191.3	195.3	199.9	191.9	191.4	195.3	195.1	195.8	198.1	199.9
16 All other liabilities	69.0	71.2	91.1	73.4	73.7	71.2	74.2	81.3	87.6	91.1
17 Capital, surplus, and undivided profits	64.8	67.8	71.7	67.1	68.1	67.8	66.6	67.1	68.9	71.7
18 **Total liabilities and capital**	**561.2**	**566.1**	**593.4**	**552.7**	**559.4**	**566.1**	**561.7**	**564.6**	**578.3**	**593.4**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1991	1992	1993	1993				1994	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Seasonally adjusted								
1 **Total**	**519,910**	**534,845**	**532,828**	**527,819**	**529,310**	**532,687**	**532,828**	**535,567**	**539,515**
2 Consumer	154,822	157,707	159,791	154,707	155,700	157,438	159,791	159,313	160,426
3 Real estate[2]	65,383	68,011	68,174	66,871	67,983	68,540	68,174	69,441	69,563
4 Business	299,705	309,127	304,863	306,241	305,627	306,709	304,863	306,813	309,526
	Not seasonally adjusted								
5 **Total**	**523,192**	**538,158**	**536,124**	**524,937**	**528,869**	**532,354**	**536,124**	**535,138**	**537,279**
6 Consumer	155,713	158,631	160,734	155,496	156,712	157,848	160,734	159,186	158,597
7 Motor vehicles	63,415	57,605	55,274	55,057	54,324	55,337	55,274	56,509	56,963
8 Other consumer[3]	58,522	59,522	62,189	57,588	58,278	59,463	62,189	61,427	61,186
9 Securitized motor vehicles[4]	23,166	29,775	34,659	33,549	35,212	34,301	34,659	32,924	32,280
10 Securitized other consumer[4]	10,610	11,729	8,611	9,302	8,898	8,747	8,611	8,325	8,168
11 Real estate[2]	65,760	68,410	68,577	67,212	68,425	68,718	68,577	69,385	69,466
12 Business	301,719	311,118	306,814	302,229	303,732	305,788	306,814	306,568	309,217
13 Motor vehicles	90,613	87,456	90,172	86,019	86,129	88,510	90,172	88,377	90,669
14 Retail[5]	22,957	19,303	16,024	18,365	16,599	16,723	16,024	16,965	17,515
15 Wholesale[6]	31,216	29,962	31,067	25,458	27,144	29,260	31,067	27,975	29,435
16 Leasing	36,440	38,191	43,081	42,196	42,386	42,526	43,081	43,437	43,720
17 Equipment	141,399	151,607	148,858	147,905	148,357	146,703	148,858	147,915	147,425
18 Retail	30,962	32,212	33,266	33,789	33,357	32,360	33,266	33,109	33,033
19 Wholesale[6]	9,671	8,669	8,007	8,113	8,091	7,802	8,007	7,996	7,972
20 Leasing	100,766	110,726	107,585	106,004	106,909	106,541	107,585	106,810	106,420
21 Other business[7]	60,900	57,464	51,054	53,861	53,969	53,886	51,054	50,821	51,415
22 Securitized business assets[4]	8,807	14,590	16,730	14,444	15,277	16,690	16,730	19,456	19,707
23 Retail	576	1,118	1,830	1,168	1,690	1,953	1,830	1,696	1,593
24 Wholesale	5,285	8,756	9,697	8,529	8,785	9,407	9,697	12,358	13,006
25 Leasing	2,946	4,716	5,203	4,747	4,802	5,330	5,203	5,402	5,108

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1991	1992	1993	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	155.0	158.1	163.1	155.3	169.2	174.4	167.9	168.1	157.9	167.8
2 Amount of loan (thousands of dollars)	114.0	118.1	123.0	120.8	128.4	134.0	128.7	127.9	124.1	131.0
3 Loan-to-price ratio (percent)	75.0	76.6	78.0	78.5	78.0	79.1	79.2	78.0	80.2	80.2
4 Maturity (years)	26.8	25.6	26.1	26.5	26.7	26.9	26.8	27.2	27.0	27.6
5 Fees and charges (percent of loan amount)[2]	1.71	1.60	1.30	1.13	1.23	1.23	1.10	1.18	1.16	1.20
Yield (percent per year)										
6 Contract rate[1]	9.02	7.98	7.02	6.76	6.61	6.61	6.74	6.77	6.67	6.81
7 Effective rate[1,3]	9.30	8.25	7.24	6.95	6.80	6.80	6.92	6.95	6.85	6.99
8 Contract rate (HUD series)[4]	9.20	8.43	7.37	6.94	7.05	7.38	7.26	7.13	7.54	8.31
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	9.25	8.46	7.46	7.03	7.08	7.51	7.52	7.05	7.59	8.57
10 GNMA securities[6]	8.59	7.71	6.65	6.15	6.11	6.61	6.58	6.45	6.72	7.40
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	122,837	142,833	172,791	180,057	182,524	185,463	190,861	194,441	196,078	197,770
12 FHA/VA insured	21,702	22,168	22,876	22,810	22,978	23,334	23,857	23,796	23,789	24,226
13 Conventional	101,135	120,664	149,914	157,247	159,546	162,129	167,004	170,645	172,289	173,544
Mortgage transactions (during period)										
14 Purchases	37,202	75,905	92,037	8,866	8,780	8,979	12,123	7,919	5,427	5,820
Mortgage commitments (during period)										
15 Issued[7]	40,010	74,970	92,537	9,814	7,515	11,144	8,461	6,159	4,858	8,683
16 To sell[8]	7,608	10,493	5,097	0	0	0	209	664	525	136
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	24,131	29,959	42,789	46,858	50,108	52,933	55,012	56,067	57,245	58,498
18 FHA/VA insured	484	408	327	323	321	324	321	319	318	n.a.
19 Conventional	23,283	29,552	42,462	46,536	49,787	52,610	54,691	55,747	56,928	n.a.
Mortgage transactions (during period)										
20 Purchases	99,965	191,125	229,242	18,372	18,658	27,062	29,396	22,611	17,840	15,970
21 Sales	92,478	179,208	208,723	16,230	15,985	24,028	26,607	21,253	16,719	14,486
Mortgage commitments (during period)[9]										
22 Contracted	114,031	261,637	274,599	16,495	24,614	39,977	24,176	31,393	12,880	22,533

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1990	1991	1992	1992	1993			
				Q4	Q1	Q2	Q3	Q4[p]
1 **All holders**	**3,761,525**	**3,923,371**	**4,042,645**	**4,042,645**	**4,059,199**	**4,099,591**	**4,155,690**	**4,218,693**
By type of property								
2 One- to four-family residences	2,615,435	2,778,803	2,953,527	2,953,527	2,975,134	3,024,789	3,085,698	3,146,381
3 Multifamily residences	309,369	306,410	294,976	294,976	294,042	291,178	290,679	292,052
4 Commercial	758,313	759,023	713,701	713,701	708,966	702,210	698,299	699,488
5 Farm	78,408	79,136	80,441	80,441	81,057	81,414	81,014	80,772
By type of holder								
6 Major financial institutions	1,914,315	1,846,726	1,769,187	1,769,187	1,753,045	1,765,176	1,768,931	1,777,772
7 Commercial banks[2]	844,826	876,100	894,513	894,513	891,755	910,989	922,492	940,547
8 One- to four-family	455,931	483,623	507,780	507,780	507,497	526,817	538,906	556,778
9 Multifamily	37,015	36,935	38,024	38,024	37,425	38,058	37,621	38,150
10 Commercial	334,648	337,095	328,826	328,826	326,853	325,519	325,124	324,749
11 Farm	17,231	18,447	19,882	19,882	19,980	20,595	20,841	20,870
12 Savings institutions[3]	801,628	705,367	627,972	627,972	617,163	612,458	609,584	603,559
13 One- to four-family	600,154	538,358	489,622	489,622	480,415	480,722	478,297	472,492
14 Multifamily	91,806	79,881	69,791	69,791	70,608	68,303	68,649	68,533
15 Commercial	109,168	86,741	68,235	68,235	65,808	63,111	62,318	62,214
16 Farm	500	388	324	324	332	322	320	319
17 Life insurance companies	267,861	265,258	246,702	246,702	244,128	241,729	236,855	233,667
18 One- to four-family	13,005	11,547	11,441	11,441	11,316	11,195	10,967	10,814
19 Multifamily	28,979	29,562	27,770	27,770	27,466	27,174	26,620	26,248
20 Commercial	215,121	214,105	198,269	198,269	196,100	194,012	190,061	187,403
21 Farm	10,756	10,044	9,222	9,222	9,246	9,348	9,206	9,201
22 Federal and related agencies	239,003	266,146	286,263	286,263	287,081	298,991	309,579	321,907
23 Government National Mortgage Association	20	19	30	30	45	45	43	43
24 One- to four-family	20	19	30	30	37	38	37	37
25 Multifamily	0	0	0	0	8	7	7	7
26 Farmers Home Administration[4]	41,439	41,713	41,695	41,695	41,529	41,446	41,424	41,386
27 One- to four-family	18,527	18,496	16,912	16,912	16,536	16,133	15,714	15,303
28 Multifamily	9,640	10,141	10,575	10,575	10,650	10,739	10,830	10,940
29 Commercial	4,690	4,905	5,158	5,158	5,187	5,250	5,347	5,406
30 Farm	8,582	8,171	9,050	9,050	9,156	9,324	9,533	9,739
31 Federal Housing and Veterans' Administrations	8,801	10,733	12,581	12,581	13,027	12,945	11,797	12,215
32 One- to four-family	3,593	4,036	5,153	5,153	5,631	5,635	4,850	5,364
33 Multifamily	5,208	6,697	7,428	7,428	7,396	7,311	6,947	6,851
34 Resolution Trust Corporation	32,600	45,822	32,045	32,045	27,331	21,973	19,925	17,284
35 One- to four-family	15,800	14,535	12,960	12,960	11,375	8,955	8,381	7,202
36 Multifamily	8,064	15,018	9,621	9,621	8,070	6,743	6,002	5,284
37 Commercial	8,736	16,269	9,464	9,464	7,886	6,275	5,543	4,797
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	104,870	112,283	137,584	137,584	141,192	151,513	160,721	166,642
40 One- to four-family	94,323	100,387	124,016	124,016	127,252	137,340	146,009	151,310
41 Multifamily	10,547	11,896	13,568	13,568	13,940	14,173	14,712	15,332
42 Federal Land Banks	29,416	28,767	28,664	28,664	28,536	28,592	28,810	28,860
43 One- to four-family	1,838	1,693	1,687	1,687	1,679	1,682	1,695	1,698
44 Farm	27,577	27,074	26,977	26,977	26,857	26,909	27,115	27,162
45 Federal Home Loan Mortgage Corporation	21,857	26,809	33,665	33,665	35,421	42,477	46,859	55,476
46 One- to four-family	19,185	24,125	31,032	31,032	32,831	39,905	44,315	52,929
47 Multifamily	2,672	2,684	2,633	2,633	2,589	2,572	2,544	2,547
48 Mortgage pools or trusts[5]	1,079,103	1,250,666	1,425,546	1,425,546	1,462,181	1,473,323	1,514,002	1,546,818
49 Government National Mortgage Association	403,613	425,295	419,516	419,516	421,514	413,166	415,076	414,066
50 One- to four-family	391,505	415,767	410,675	410,675	412,798	404,425	405,963	404,864
51 Multifamily	12,108	9,528	8,841	8,841	8,716	8,741	9,113	9,202
52 Federal Home Loan Mortgage Corporation	316,359	359,163	407,514	407,514	420,932	422,882	430,089	439,029
53 One- to four-family	308,369	351,906	401,525	401,525	415,279	417,646	425,154	434,494
54 Multifamily	7,990	7,257	5,989	5,989	5,654	5,236	4,935	4,535
55 Federal National Mortgage Association	299,833	371,984	444,979	444,979	457,316	465,220	481,880	495,525
56 One- to four-family	291,194	362,667	435,979	435,979	448,483	456,645	473,599	486,804
57 Multifamily	8,639	9,317	9,000	9,000	8,833	8,575	8,281	8,721
58 Farmers Home Administration[4]	66	47	38	38	34	32	30	28
59 One- to four-family	17	11	8	8	7	6	6	5
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	24	19	17	17	16	15	14	13
62 Farm	26	17	13	13	11	11	10	10
63 Private mortgage conduits	59,232	94,177	153,499	153,499	162,385	172,023	186,927	198,171
64 One- to four-family	53,335	84,000	132,000	132,000	137,000	145,000	158,000	164,000
65 Multifamily	731	3,698	6,305	6,305	6,665	7,407	7,991	8,701
66 Commercial	5,166	6,479	15,194	15,194	18,720	19,616	20,936	25,469
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	529,104	559,833	561,649	561,649	556,892	562,101	563,178	572,196
69 One- to four-family	348,638	367,633	372,708	372,708	366,998	372,645	373,805	382,288
70 Multifamily	85,969	83,796	85,430	85,430	86,023	86,140	86,428	87,000
71 Commercial	80,761	93,410	88,538	88,538	88,396	88,412	88,956	89,438
72 Farm	13,737	14,994	14,973	14,973	15,474	14,904	13,990	13,471

1. Based on data from various institutional and governmental sources; 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.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required, are estimated mainly by the Federal Reserve. Line 64, from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1991	1992	1993	1993				1994	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Seasonally adjusted								
1 **Total**	**733,510**	**741,093**	**790,082**	**768,573**	**775,620**	**782,561**	**790,082**	**796,458[r]**	**800,000**
2 Automobile	260,898	259,627	278,321	270,650	273,822	276,853	278,321	279,046[r]	280,206
3 Revolving	243,564	254,299	281,474	273,703	277,125	279,273	281,474	284,898[r]	287,318
4 Other	229,048	227,167	230,288	224,220	224,673	226,435	230,288	232,514[r]	232,476
	Not seasonally adjusted								
5 **Total**	**749,052**	**756,944**	**807,298**	**770,384**	**776,101**	**784,148**	**807,298**	**801,883[r]**	**797,949**
By major holder									
6 Commercial banks	340,713	331,869	367,140	349,699	352,559	358,429	367,140	365,607[r]	365,133
7 Finance companies	121,937	117,127	117,464	112,645	112,602	114,800	117,464	117,937	118,149
8 Credit unions	92,681	97,641	114,451	109,687	110,830	112,342	114,451	115,055	115,545
9 Retailers	39,832	42,079	47,382	39,842	40,310	42,047	47,382	44,986	43,164
10 Savings institutions	45,965	43,461	33,000	34,985	34,251	33,500	33,000	32,500	32,000
11 Gasoline companies	4,362	4,365	4,212	4,574	4,599	4,507	4,212	4,189	3,952
12 Pools of securitized assets[2]	103,562	120,402	123,649	118,952	120,950	118,523	123,649	121,609	120,006
By major type of credit[3]									
13 Automobile	261,219	259,964	278,690	273,291	275,882	277,060	278,690	278,265[r]	278,497
14 Commercial banks	112,666	109,743	123,734	120,574	122,162	122,989	123,734	123,916[r]	124,491
15 Finance companies	63,415	57,605	55,274	55,057	54,324	55,337	55,274	56,509	56,963
16 Pools of securitized assets[2]	28,915	33,878	36,781	36,123	37,630	36,569	36,781	34,947	34,217
17 Revolving	256,876	267,949	296,445	272,579	275,109	280,080	296,445	290,197[r]	286,255
18 Commercial banks	138,005	132,582	148,698	136,738	137,844	142,382	148,698	144,874[r]	143,592
19 Retailers	34,712	36,629	41,378	34,214	34,668	36,319	41,378	39,057	37,293
20 Gasoline companies	4,362	4,365	4,212	4,574	4,599	4,507	4,212	4,189	3,952
21 Pools of securitized assets[2]	63,595	74,243	77,416	72,646	73,556	72,357	77,416	77,280	76,581
22 Other	230,957	229,031	232,162	224,514	225,110	227,008	232,162	233,420[r]	233,197
23 Commercial banks	90,042	89,544	94,708	92,387	92,553	93,058	94,708	96,817[r]	97,050
24 Finance companies	58,522	59,522	62,189	57,588	58,278	59,463	62,189	61,427	61,186
25 Retailers	5,120	5,450	6,004	5,628	5,642	5,728	6,004	5,929	5,871
26 Pools of securitized assets[2]	11,052	12,281	9,452	10,183	9,764	9,597	9,452	9,382	9,208

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.
Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see *inside front cover.*

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1991	1992	1993	1993					1994	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.14	9.29	8.09	7.98	n.a.	n.a.	7.63	n.a.	n.a.	7.54
2 24-month personal	15.18	14.04	13.47	13.45	n.a.	n.a.	13.22	n.a.	n.a.	12.89
3 120-month mobile home	13.70	12.67	11.87	11.53	n.a.	n.a.	11.55	n.a.	n.a.	11.56
4 Credit card	18.23	17.78	16.83	16.59	n.a.	n.a.	16.30	n.a.	n.a.	16.06
Auto finance companies										
5 New car	12.41	9.93	9.48	9.21	9.21	9.25	8.96	8.80	7.55	8.93
6 Used car	15.60	13.80	12.79	12.48	12.52	12.58	12.41	12.33	12.02	12.23
OTHER TERMS[3]										
Maturity (months)										
7 New car	55.1	54.0	54.5	54.9	54.7	55.0	54.5	54.0	52.9	54.4
8 Used car	47.2	47.9	48.8	49.0	48.8	48.2	48.4	48.3	50.0	50.3
Loan-to-value ratio										
9 New car	88	89	91	91	91	90	91	90	91	91
10 Used car	96	97	98	99	98	98	98	98	98	99
Amount financed (dollars)										
11 New car	12,494	13,584	14,332	14,324	14,348	14,650	14,839	15,097	15,330	14,904
12 Used car	8,884	9,119	9,875	10,104	9,808	9,969	10,230	10,349	10,434	10,449

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see *inside front cover.*

2. Data are available for only the second month of each quarter.
3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1989	1990	1991	1992	1993	1992			1993			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**723.0**	**631.0**	**475.5**	**582.4**	**606.5**	**586.2**	**611.1**	**529.5**	**404.5**	**677.6**	**577.0**	**767.0**
By sector and instrument												
2 U.S. government	146.4	246.9	278.2	304.0	256.1	352.9	299.1	240.1	229.6	348.2	177.2	269.6
3 Treasury securities	144.7	238.7	292.0	303.8	248.3	352.5	290.1	237.4	226.4	344.1	160.9	261.9
4 Budget agency issues and mortgages	1.6	8.2	−13.8	.2	7.8	.4	9.0	2.7	3.2	4.1	16.2	7.7
5 Private	576.6	384.1	197.3	278.4	350.4	233.3	312.0	289.4	175.0	329.3	399.8	497.4
By instrument												
6 Tax-exempt obligations	65.3	57.3	69.6	65.7	59.4	76.6	75.8	42.4	62.4	67.2	48.3	59.9
7 Corporate bonds	73.8	47.1	78.8	67.5	71.3	77.8	61.7	54.0	82.0	72.0	68.0	63.0
8 Mortgages	269.1	188.7	165.1	120.8	172.2	69.6	134.8	94.0	101.3	134.4	201.5	251.5
9 Home mortgages	212.5	177.2	166.0	176.0	192.7	111.6	203.3	172.8	121.8	174.2	226.9	247.9
10 Multifamily residential	12.0	3.4	−2.5	−11.1	−4.4	−16.9	−11.2	−27.8	−4.7	−12.4	−4.0	3.6
11 Commercial	47.3	8.9	.9	−45.5	−16.5	−25.7	−57.8	−51.5	−18.2	−28.9	−19.8	1.0
12 Farm	−2.7	−.8	.7	1.3	.3	.6	.6	.5	2.5	1.4	−1.6	−1.0
13 Consumer credit	49.5	13.4	−13.1	9.3	49.0	−14.7	13.5	48.3	19.2	22.9	60.7	93.3
14 Bank loans n.e.c.	36.4	4.2	−46.8	−5.6	4.7	27.7	−24.0	21.3	−39.7	31.7	7.3	19.7
15 Commercial paper	21.4	9.7	−18.4	8.6	10.0	−2.6	9.3	25.4	−27.1	33.7	23.8	9.7
16 Other loans	61.0	63.6	−37.8	12.1	−16.3	−1.0	40.8	4.1	−23.1	−32.5	−9.8	.4
By borrowing sector												
17 Household	276.7	207.7	168.4	215.0	251.2	176.5	217.9	266.5	130.8	213.7	321.7	338.5
18 Nonfinancial business	236.3	121.9	−33.4	4.0	34.5	−10.1	20.6	−12.2	−27.6	46.6	26.0	93.2
19 Farm	.5	1.8	2.4	1.2	2.0	3.5	−.2	−1.9	−.3	3.8	2.0	2.6
20 Nonfarm noncorporate	49.4	19.4	−24.5	−39.4	−19.3	−47.4	−37.3	−51.0	−32.7	−31.4	−23.1	9.9
21 Corporate	186.5	100.7	−11.3	42.1	51.9	33.8	58.2	40.7	5.4	74.3	47.1	80.6
22 State and local government	63.5	54.5	62.3	59.4	64.7	66.9	73.5	35.1	71.7	69.1	52.1	65.7
23 Foreign net borrowing in United States	10.2	23.9	13.9	24.2	46.5	57.7	37.8	−.6	50.3	40.1	81.8	13.8
24 Bonds	4.9	21.4	14.1	17.3	60.5	21.9	20.3	22.2	75.6	42.4	83.7	40.3
25 Bank loans n.e.c.	−.1	−2.9	3.1	2.3	.5	14.1	3.9	−10.3	1.6	6.5	1.0	−7.0
26 Commercial paper	13.1	12.3	6.4	5.2	−9.0	27.8	13.1	−12.1	−21.7	−.6	−1.6	−12.0
27 U.S. government and other loans	−7.6	−7.0	−9.8	−.6	−5.6	−6.1	.5	−.4	−5.3	−8.2	−1.3	−7.5
28 **Total domestic plus foreign**	**733.1**	**654.9**	**489.4**	**606.6**	**653.0**	**643.9**	**649.0**	**528.8**	**454.8**	**717.6**	**658.8**	**780.8**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**213.7**	**193.5**	**150.4**	**216.4**	**239.1**	**211.6**	**304.1**	**174.8**	**146.1**	**131.6**	**386.1**	**292.8**
By instrument												
30 U.S. government-related	149.5	167.4	145.7	155.8	157.2	195.2	169.3	131.8	165.8	62.7	273.7	126.4
31 Government-sponsored enterprises securities	25.2	17.1	9.2	40.3	80.6	48.3	67.7	33.6	32.2	68.8	167.8	53.4
32 Mortgage pool securities	124.3	150.3	136.6	115.6	76.6	146.9	101.6	98.4	133.5	−6.1	105.9	73.0
33 Loans from U.S. government	.0	−.1	.0	.0	.0	.0	.0	−.1	.0	.0	.0	.0
34 Private	64.2	26.1	4.6	60.6	82.0	16.3	134.8	42.9	−19.6	68.9	112.4	166.3
35 Corporate bonds	37.3	40.8	56.8	65.3	69.0	64.4	81.2	79.4	55.3	55.8	97.7	67.1
36 Mortgages	.5	.4	.8	.0	3.9	.1	.4	.0	.9	2.7	6.2	5.7
37 Bank loans n.e.c.	6.0	1.1	17.1	−4.8	−7.9	−39.1	17.5	−19.8	−21.2	−5.9	−14.0	9.4
38 Open market paper	31.3	8.6	−32.0	−.7	−6.2	−14.8	17.5	−6.5	−73.1	−17.3	−9.7	75.5
39 Loans from Federal Home Loan Banks	−11.0	−24.7	−38.0	.8	23.3	5.8	18.1	−10.1	18.6	33.5	32.3	8.6
By borrowing sector												
40 Government sponsored enterprises	25.2	17.0	9.1	40.2	80.6	48.3	67.7	33.5	32.2	68.8	167.8	53.4
41 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	146.9	101.6	98.4	133.5	−6.1	105.9	73.0
42 Private	64.2	26.1	4.6	60.6	82.0	16.3	134.8	42.9	−19.6	68.9	112.4	166.3
43 Commercial banks	−1.4	−.7	−11.7	8.8	5.7	5.5	12.1	14.5	5.4	10.1	6.2	.9
44 Bank holding companies	6.2	−27.7	−2.5	2.3	7.1	−9.2	6.6	.8	21.1	1.3	−2.1	7.9
45 Funding corporations	13.8	12.5	−13.6	1.6	−10.6	29.2	−7.7	−31.1	−51.9	8.2	−13.2	14.3
46 Savings institutions	−15.1	−30.2	−44.5	−6.7	11.2	−5.4	11.2	−14.4	7.9	17.7	18.4	.7
47 Credit unions	.0	.0	.0	.0	.2	.0	.0	.1	.0	.3	.3	.1
48 Life insurance companies	.0	.0	.0	.0	.2	.0	.2	−.2	.1	.6	−.1	.4
49 Finance companies	27.4	24.0	18.6	−3.6	−5.0	−20.1	21.2	19.9	−33.1	−38.6	16.0	35.8
50 Mortgage companies	3.0	−4.0	5.7	.1	6.0	−35.3	14.4	−6.4	−10.4	15.9	2.4	16.0
51 Real estate investment trusts (REITs)	1.3	1.0	1.6	.1	3.3	1.3	2.3	−5.1	−1.4	2.5	6.1	6.1
52 Issuers of asset-backed securities (ABSs)	28.9	51.1	51.0	58.0	64.0	50.3	74.3	64.8	42.6	50.8	78.4	84.2

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

Transaction category or sector	1989	1990	1991	1992	1993	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4
	All sectors											
53 **Total net borrowing, all sectors**	**946.8**	**848.4**	**639.8**	**822.9**	**892.1**	**855.5**	**953.1**	**703.6**	**600.9**	**849.2**	**1,044.9**	**1,073.5**
54 U.S. government securities	295.8	414.4	424.0	459.8	413.3	548.1	468.5	372.0	395.3	410.9	450.9	396.0
55 Tax-exempt securities	65.3	57.3	69.6	65.7	59.4	76.6	75.8	42.4	62.4	67.2	48.3	59.9
56 Corporate and foreign bonds	116.0	109.2	149.6	150.1	200.7	164.1	163.3	155.6	212.9	170.2	249.4	170.5
57 Mortgages	269.6	189.1	165.8	120.8	176.0	69.7	135.3	93.9	102.2	137.1	207.7	257.1
58 Consumer credit	49.5	13.4	−13.1	9.3	49.0	−14.7	13.5	48.3	19.2	22.9	60.7	93.3
59 Bank loans n.e.c.	42.3	2.4	−26.6	−8.1	−2.7	2.8	−2.5	−8.8	−59.3	32.3	−5.8	22.1
60 Open market paper	65.9	30.7	−44.0	13.1	−5.1	10.3	39.9	6.8	−121.9	15.7	12.5	73.2
61 Other loans	42.4	31.8	−85.6	12.2	1.4	−1.3	59.3	−6.6	−9.9	−7.2	21.2	1.5
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**−59.6**	**22.2**	**210.6**	**284.0**	**432.4**	**264.1**	**297.7**	**300.3**	**300.7**	**470.7**	**502.1**	**456.0**
63 Mutual funds	38.5	67.9	150.5	206.7	310.7	199.5	235.2	217.7	240.9	357.5	337.6	306.9
64 Corporate equities	−98.1	−45.7	60.1	77.3	121.6	64.5	62.5	82.6	59.7	113.2	164.5	149.1
65 Nonfinancial corporations	−124.2	−63.0	18.3	27.0	23.0	36.0	12.0	14.0	9.0	25.0	30.0	28.0
66 Financial corporations	8.8	9.9	11.2	19.6	33.1	17.4	15.7	21.1	18.8	34.2	37.1	42.5
67 Foreign shares purchased in United States	17.2	7.4	30.7	30.6	65.5	11.2	34.8	47.5	31.9	54.0	97.5	78.7

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1988	1989	1990	1991	1992	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**822.9**	**855.5**	**953.1**	**703.6**	**600.9**	**849.2**	**1,044.9**	**1,073.5**
2 Private domestic nonfinancial sectors	196.1	122.6	162.8	−16.1	65.3	145.6	−105.4	87.0	−93.1	−95.8	−126.2	−14.2
3 Households	170.3	78.6	140.1	−49.7	37.0	99.8	−135.7	66.6	−88.6	−91.9	−139.6	−18.5
4 Nonfarm noncorporate business	3.1	−.7	−1.7	−4.2	−2.4	−2.7	−2.0	−1.0	−3.7	−3.0	−2.2	−1.0
5 Nonfinancial corporate business	5.7	13.6	−5.3	4.3	36.3	36.8	46.5	36.9	−12.6	6.7	40.1	10.0
6 State and local governments	17.1	31.1	29.6	33.5	−5.7	11.7	−14.1	−15.5	11.8	−7.5	−24.6	−4.7
7 U.S. government	−10.6	−3.1	33.7	10.5	−12.0	−23.0	−26.7	−13.3	−24.7	−27.8	−15.2	−11.3
8 Foreign	108.6	84.4	82.1	25.6	100.8	140.8	78.1	87.8	73.2	92.6	140.8	220.8
9 Financial sectors	704.8	742.9	569.9	619.8	668.8	592.1	1,006.9	542.1	645.6	880.1	1,045.5	878.2
10 Government sponsored enterprises	33.2	−4.1	16.4	14.2	69.0	38.6	73.0	71.7	14.6	134.1	157.7	59.7
11 Federally related mortgage pools	74.9	124.3	150.3	136.6	115.6	146.9	101.6	98.4	133.5	−6.1	105.9	73.0
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	19.0	15.7	48.3	44.5	32.6	28.2	39.5
13 Commercial banking	156.5	177.2	125.1	84.3	94.8	72.7	148.0	73.3	86.4	153.4	131.9	201.1
14 U.S. commercial banks	126.4	146.1	94.9	39.2	69.8	13.3	123.5	66.0	100.4	142.0	147.0	219.2
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	56.7	5.2	4.8	−12.5	−.7	−17.2	−14.5
16 Bank holding companies	−.1	2.8	−2.8	−1.5	5.6	−.4	16.4	−.6	−4.3	9.5	−.4	−5.8
17 Banks in U.S. affiliated areas	.8	1.6	4.5	−1.9	2.9	3.2	3.0	3.0	2.9	2.6	2.5	2.3
18 Private nonbank finance	429.7	452.9	270.0	353.7	361.6	314.9	668.6	250.4	366.5	566.0	621.8	504.9
19 Thrift institutions	114.8	−86.6	−153.3	−123.0	−59.5	−75.7	−42.6	−15.0	−33.3	−5.2	12.2	−.1
20 Insurance	199.0	257.4	181.6	234.3	177.9	190.4	261.4	161.6	257.0	172.9	261.6	115.9
21 Life insurance companies	104.0	101.8	94.4	83.2	82.4	66.9	85.1	103.7	122.1	108.0	117.1	125.3
22 Other insurance companies	29.2	29.7	26.5	32.3	12.7	16.4	−2.8	8.3	8.9	10.6	8.6	9.7
23 Private pension funds	29.2	81.1	17.2	85.3	37.3	74.1	99.9	8.4	118.0	11.1	91.9	−62.1
24 State and local government retirement funds	36.6	44.7	43.5	33.5	45.5	33.0	79.2	41.2	8.0	43.2	44.0	42.9
25 Finance n.e.c.	115.9	282.2	241.7	242.3	243.2	200.2	449.7	103.8	142.8	398.3	347.9	389.0
26 Finance companies	38.1	32.0	28.4	−12.1	1.7	−16.0	4.0	24.0	−34.0	−22.8	8.1	27.2
27 Mortgage companies	−7.4	6.1	−8.0	11.4	.1	−38.5	28.9	−12.8	−20.8	31.7	−1.9	23.0
28 Mutual funds	11.9	23.8	41.4	90.3	123.7	123.7	156.9	119.2	130.2	193.4	168.4	160.7
29 Closed-end funds	19.8	6.3	.0	15.2	12.3	9.4	8.7	13.1	8.9	13.0	11.0	12.7
30 Money market funds	10.7	67.1	80.9	30.1	1.3	3.8	8.5	−26.1	−65.0	51.5	11.5	48.8
31 Real estate investment trusts (REITs)	.9	.5	−.7	−1.0	.4	2.6	−.3	−.1	2.9	.8	1.0	1.7
32 Brokers and dealers	−8.2	96.3	34.9	49.0	40.2	73.0	180.3	−90.2	79.5	66.7	69.0	4.9
33 Asset-backed securities issuers (ABSs)	35.9	27.7	49.9	49.0	55.5	50.5	72.0	59.2	42.1	49.7	81.3	87.9
34 Bank personal trusts	14.3	22.4	14.8	10.4	8.0	−8.4	−9.3	17.3	−.9	14.4	−.5	22.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**822.9**	**855.5**	**953.1**	**703.6**	**600.9**	**849.2**	**1,044.9**	**1,073.5**
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	−5.9	−1.6	−6.5	−8.5	5.1	3.4	−4.0	1.7	−3.4
37 Treasury currency and special drawing rights certificates	.5	4.1	2.5	.0	−1.8	.3	.2	−7.7	.3	.4	.4	.7
38 Life insurance reserves	25.3	28.8	25.7	25.7	27.3	15.6	41.5	26.3	53.6	39.5	59.5	69.6
39 Pension fund reserves	140.1	309.7	158.1	358.8	227.8	208.0	291.7	267.0	325.2	223.0	296.1	123.3
40 Interbank claims	2.9	−16.5	34.2	−3.7	48.1	36.9	79.8	50.0	19.8	49.5	−19.8	46.2
41 Deposits at financial institutions	278.6	284.8	98.1	48.2	9.3	6.3	174.1	−142.7	−.4	219.6	−5.3	134.0
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.8	110.8	200.4	93.5	25.0	232.2	96.3	126.1
43 Small time and savings deposits	121.6	100.4	59.0	16.7	−60.8	−81.8	−83.6	−37.8	−155.9	−57.3	−72.6	−36.2
44 Large time deposits	53.1	13.9	−65.7	−60.8	−80.0	−109.9	−52.9	−84.2	1.9	−17.5	−57.3	9.6
45 Money market fund shares	21.9	90.1	70.3	41.2	3.9	26.7	−22.4	−32.9	−37.7	66.5	−15.8	49.3
46 Security repurchase agreements	23.7	77.8	−24.2	−16.5	33.6	103.7	89.6	−67.1	180.3	17.6	78.7	−2.9
47 Foreign deposits	15.2	−3.6	14.6	−8.2	−10.2	−43.2	43.0	−14.2	−13.9	−21.9	−34.6	−12.0
48 Mutual fund shares	6.1	38.5	67.9	150.5	206.7	199.5	235.2	217.7	240.9	357.5	337.6	306.9
49 Corporate equities	−104.7	−98.1	−45.7	60.1	77.3	64.5	62.5	82.6	59.7	113.2	164.5	149.1
50 Security credit	3.0	15.6	3.5	51.4	4.2	−4.9	82.8	5.5	39.7	38.3	77.2	80.7
51 Trade debt	89.6	59.4	32.1	−2.2	54.9	54.7	54.0	33.0	26.9	37.4	47.8	54.6
52 Taxes payable	5.3	2.0	−4.5	−8.5	7.9	6.2	6.7	10.3	7.6	2.2	4.2	5.2
53 Noncorporate proprietors' equity	−24.0	−31.1	−35.5	−12.5	−5.7	15.9	−27.5	10.5	−12.5	−21.0	−6.7	−59.4
54 Investment in bank personal trusts	7.2	23.1	21.5	29.8	−7.5	20.2	−55.4	−35.2	−10.1	35.8	−23.0	40.8
55 Miscellaneous	199.2	292.1	98.2	169.9	195.7	273.5	202.6	211.8	213.4	385.1	93.5	341.9
56 **Total financial sources**	**1,632.0**	**1,883.8**	**1,306.5**	**1,501.3**	**1,665.5**	**1,745.8**	**2,092.8**	**1,437.9**	**1,568.5**	**2,325.7**	**2,072.7**	**2,363.5**
Floats not included in assets (−)												
57 U.S. government checkable deposits	1.6	8.4	3.3	−13.1	.7	−9.5	4.4	−3.6	.1	6.2	−6.4	−7.7
58 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	2.0	−11.7	2.3	−1.8	−1.4	−5.6	−6.3
59 Trade credit	−6.2	−1.9	2.5	8.1	18.5	9.5	40.2	1.2	−20.1	5.1	10.4	−.1
Liabilities not identified as assets (−)												
60 Treasury currency	−.1	−.2	.2	−.6	−.2	−.2	−.2	−.1	−.2	−.2	−.2	−.2
61 Interbank claims	−3.0	−4.4	1.6	26.2	−4.9	−18.2	−7.8	−1.7	11.4	−5.7	−16.5	27.6
62 Security repurchase agreements	−29.6	32.4	−31.5	5.2	31.1	84.1	43.5	23.4	155.2	16.5	67.7	46.8
63 Taxes payable	6.3	2.3	.5	.4	6.9	7.1	24.1	4.0	−13.2	14.1	8.3	−6.0
64 Miscellaneous	47.3	−77.8	−23.6	−32.1	−21.1	−65.9	1.2	49.3	−7.8	−36.1	−34.9	9.0
65 **Total identified to sectors as assets**	**1,614.8**	**1,928.2**	**1,351.0**	**1,505.2**	**1,632.8**	**1,736.9**	**1,999.2**	**1,363.1**	**1,444.9**	**2,327.3**	**2,049.9**	**2,300.4**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1989	1990	1991	1992	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,054.3**	**10,692.0**	**11,160.6**	**11,747.2**	**11,427.2**	**11,580.6**	**11,747.2**	**11,824.7**	**11,983.4**	**12,128.9**	**12,354.4**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,923.3	2,998.9	3,080.3	3,140.2	3,201.2	3,247.3	3,336.5
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,907.4	2,980.7	3,061.6	3,120.6	3,180.6	3,222.6	3,309.9
4 Budget agency issues and mortgages	24.2	32.4	18.6	18.8	15.9	18.1	18.8	19.6	20.6	24.7	26.6
5 Private	7,803.1	8,193.9	8,384.3	8,666.9	8,503.9	8,581.7	8,666.9	8,684.5	8,782.1	8,881.7	9,018.0
By instrument											
6 Tax-exempt obligations	1,004.7	1,062.1	1,131.6	1,197.3	1,163.7	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,256.8
7 Corporate bonds	961.1	1,008.2	1,086.9	1,154.4	1,125.5	1,140.9	1,154.4	1,174.9	1,192.9	1,209.9	1,225.7
8 Mortgages	3,512.8	3,715.4	3,880.4	4,001.6	3,941.3	3,979.4	4,001.6	4,017.9	4,057.6	4,112.2	4,173.7
9 Home mortgages	2,380.5	2,580.6	2,746.6	2,922.7	2,825.6	2,880.8	2,922.7	2,944.1	2,993.8	3,054.7	3,115.4
10 Multifamily residential	304.3	305.5	303.0	291.9	301.7	298.9	291.9	290.7	287.6	286.6	287.5
11 Commercial	747.6	750.8	751.7	706.5	733.8	719.4	706.5	702.0	694.8	689.8	690.0
12 Farm	80.5	78.4	79.1	80.4	80.2	80.3	80.4	81.1	81.4	81.0	80.8
13 Consumer credit	799.5	813.0	799.9	809.2	776.9	784.5	809.2	793.7	802.3	821.7	858.3
14 Bank loans n.e.c.	750.8	747.8	701.0	695.6	694.0	686.2	695.6	683.0	691.8	691.6	700.3
15 Commercial paper	107.1	116.9	98.5	107.1	112.0	108.2	107.1	113.9	124.0	123.2	117.8
16 Other loans	667.0	730.6	685.9	701.6	690.5	696.1	701.6	691.1	687.7	681.2	685.4
By borrowing sector											
17 Household	3,371.4	3,594.8	3,762.7	3,978.0	3,837.3	3,900.1	3,978.0	3,980.6	4,044.6	4,132.7	4,229.2
18 Nonfinancial business	3,615.7	3,728.5	3,688.7	3,696.7	3,705.6	3,698.6	3,696.7	3,696.7	3,714.2	3,708.5	3,731.9
19 Farm	134.4	134.9	134.8	136.0	136.8	137.6	136.0	133.7	137.1	138.5	138.0
20 Nonfarm noncorporate	1,199.6	1,219.0	1,192.3	1,154.5	1,177.3	1,165.1	1,154.5	1,145.3	1,139.3	1,130.8	1,135.2
21 Corporate	2,281.7	2,374.6	2,361.6	2,406.1	2,391.5	2,395.8	2,406.1	2,417.8	2,437.8	2,439.2	2,458.7
22 State and local government	816.1	870.5	932.8	992.2	961.0	983.1	992.2	1,007.2	1,023.4	1,040.5	1,056.9
23 **Foreign credit market debt held in United States**	**261.2**	**285.1**	**298.9**	**313.8**	**304.7**	**312.9**	**313.8**	**324.8**	**336.5**	**355.6**	**360.3**
24 Bonds	94.1	115.4	129.5	146.9	136.2	141.3	146.9	165.8	176.4	197.3	207.4
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	25.5	26.5	23.9	24.3	25.9	26.2	24.4
26 Commercial paper	63.0	75.3	81.8	77.7	77.4	80.7	77.7	72.3	72.1	71.7	68.7
27 U.S. government and other loans	82.7	75.8	66.0	65.4	65.6	64.4	65.4	62.5	62.0	60.4	59.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,315.5**	**10,977.1**	**11,459.5**	**12,061.0**	**11,732.0**	**11,893.5**	**12,061.0**	**12,149.5**	**12,319.8**	**12,484.5**	**12,714.8**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,362.7**	**2,559.4**	**2,709.7**	**2,941.7**	**2,815.2**	**2,889.3**	**2,941.7**	**2,974.3**	**3,010.3**	**3,104.7**	**3,186.2**
By instrument											
30 U.S. government-related	1,247.8	1,418.4	1,564.2	1,720.0	1,641.6	1,683.5	1,720.0	1,755.8	1,774.5	1,842.2	1,877.1
31 Government-sponsored enterprises securities	373.3	393.7	402.9	443.1	417.8	434.7	443.1	451.2	468.4	510.3	523.7
32 Mortgage pool securities	869.5	1,019.9	1,156.5	1,272.0	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
34 Private	1,114.8	1,140.9	1,145.6	1,221.7	1,173.6	1,205.8	1,221.7	1,218.5	1,235.8	1,262.5	1,309.1
35 Corporate bonds	509.1	549.9	606.6	678.2	638.0	658.3	678.2	692.0	706.0	730.4	747.2
36 Mortgages	4.0	4.3	5.1	5.1	5.0	5.1	5.1	5.4	6.0	7.6	9.0
37 Bank loans n.e.c.	50.9	52.0	69.1	64.2	63.1	67.5	64.2	56.9	55.8	52.4	56.3
38 Open market paper	409.1	417.7	385.7	394.3	390.5	394.6	394.3	379.2	375.9	373.2	393.5
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	76.9	80.2	79.9	85.0	92.1	98.9	103.1
By borrowing sector											
40 Government-sponsored enterprises	378.3	398.5	407.7	447.9	422.6	439.5	447.9	456.0	473.2	515.1	528.5
41 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6
42 Private financial sectors	1,114.8	1,140.9	1,145.6	1,221.7	1,173.6	1,205.8	1,221.7	1,218.5	1,235.8	1,262.5	1,309.1
43 Commercial banks	77.4	76.7	65.0	73.8	66.2	69.0	73.8	73.1	76.6	77.9	79.5
44 Bank holding companies	142.5	114.8	112.3	114.6	112.7	114.4	114.6	119.9	120.2	119.7	121.6
45 Funding corporations	125.4	137.9	124.3	135.2	144.9	143.0	135.2	127.6	129.7	126.4	130.0
46 Savings institutions	169.2	139.1	94.6	87.8	87.6	89.2	87.8	90.3	93.4	96.8	99.0
47 Credit unions	.0	.0	.0	.0	.0	.0	.0	.0	.1	.2	.2
48 Life insurance companies	.0	.0	.0	.0	.0	.0	.0	.0	.2	.1	.2
49 Finance companies	350.4	374.4	393.0	389.4	377.4	382.7	389.4	379.1	369.8	373.9	384.4
50 Mortgage companies	11.3	7.3	13.0	13.0	11.0	14.6	13.0	10.4	14.4	15.0	19.0
51 Real estate investment trusts (REITs)	11.4	12.4	14.0	14.1	14.8	15.3	14.1	13.7	14.4	15.9	17.4
52 Issuers of asset-backed securities (ABSs)	227.3	278.3	329.4	393.7	358.9	377.5	393.7	404.3	417.1	436.7	457.7
	All sectors										
53 **Total credit market debt, domestic and foreign**	**12,678.2**	**13,536.5**	**14,169.3**	**15,002.7**	**14,547.1**	**14,782.8**	**15,002.7**	**15,123.8**	**15,330.1**	**15,589.3**	**15,900.9**
54 U.S. government securities	3,494.1	3,911.7	4,335.7	4,795.5	4,560.1	4,677.6	4,795.5	4,891.2	4,970.9	5,084.7	5,208.8
55 Tax-exempt securities	1,004.7	1,062.1	1,131.6	1,197.3	1,163.7	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,256.8
56 Corporate and foreign bonds	1,564.3	1,673.5	1,823.1	1,979.5	1,899.8	1,940.6	1,979.5	2,032.7	2,075.3	2,137.6	2,180.2
57 Mortgages	3,516.8	3,719.7	3,885.5	4,006.7	3,946.3	3,984.5	4,006.7	4,023.3	4,063.7	4,119.7	4,182.7
58 Consumer credit	799.5	813.0	799.9	809.2	776.9	784.5	809.2	793.7	802.3	821.7	858.3
59 Bank loans n.e.c.	823.0	818.3	791.7	783.7	782.7	780.2	783.7	764.3	773.5	770.2	781.1
60 Open market paper	579.2	609.9	565.9	579.0	579.9	583.6	579.0	565.4	572.0	568.2	580.0
61 Other loans	896.5	928.4	835.8	851.7	837.7	845.5	851.7	843.4	846.7	845.3	853.1

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1989	1990	1991	1992	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**12,678.2**	**13,536.5**	**14,169.3**	**15,002.7**	**14,547.1**	**14,782.8**	**15,002.7**	**15,123.8**	**15,330.1**	**15,589.3**	**15,900.9**
2 Private domestic nonfinancial sectors	2,096.4	2,246.8	2,205.8	2,288.3	2,231.4	2,209.1	2,288.3	2,257.0	2,215.3	2,187.7	2,226.4
3 Households	1,326.8	1,454.6	1,380.0	1,434.2	1,392.5	1,369.4	1,434.2	1,412.7	1,365.9	1,341.7	1,370.0
4 Nonfarm noncorporate business	56.5	54.9	50.7	48.3	48.7	48.1	48.3	47.0	46.3	45.6	45.8
5 Nonfinancial corporate business	181.2	175.8	180.1	216.4	192.6	199.5	216.4	205.9	211.7	217.1	227.5
6 State and local governments	531.9	561.5	595.1	589.4	597.5	592.1	589.4	591.5	591.4	583.4	583.1
7 U.S. government	205.4	239.1	247.0	235.0	246.3	239.2	235.0	229.2	223.2	218.9	215.3
8 Foreign	778.7	897.5	936.2	1,031.6	995.9	1,015.5	1,031.6	1,041.3	1,064.5	1,099.7	1,154.9
9 Financial sectors	9,597.7	10,153.1	10,780.3	11,447.8	11,073.5	11,319.0	11,447.8	11,596.2	11,827.1	12,083.0	12,304.3
10 Government-sponsored enterprises	355.4	371.8	397.7	466.7	429.0	446.3	466.7	464.1	496.7	535.1	552.4
11 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6
12 Monetary authority	233.3	241.4	272.5	300.4	282.6	285.2	300.4	303.6	318.2	324.2	336.7
13 Commercial banking	2,647.4	2,772.5	2,856.8	2,951.6	2,887.6	2,928.2	2,951.6	2,960.9	3,003.2	3,040.2	3,094.8
14 U.S. commercial banks	2,371.9	2,466.7	2,506.0	2,575.7	2,525.2	2,560.0	2,575.7	2,594.6	2,633.8	2,674.7	2,727.9
15 Foreign banking offices	242.3	270.8	319.2	335.8	328.2	328.9	335.8	326.7	327.1	322.3	324.5
16 Bank holding companies	16.2	13.4	11.9	17.5	13.1	17.5	17.5	16.4	18.4	18.6	17.3
17 Banks in U.S. affiliated areas	17.1	21.6	19.7	22.5	21.0	21.8	22.5	23.3	23.9	24.5	25.1
18 Private nonbank finance	5,491.9	5,747.4	6,096.7	6,457.1	6,255.4	6,415.3	6,457.1	6,567.7	6,707.8	6,856.4	6,971.9
19 Thrift institutions	1,475.4	1,324.6	1,197.3	1,140.9	1,153.8	1,144.9	1,140.9	1,130.0	1,129.8	1,134.4	1,134.4
20 Insurance	2,320.7	2,473.7	2,708.0	2,874.9	2,789.3	2,854.5	2,874.9	2,943.9	2,992.3	3,057.5	3,076.7
21 Life insurance companies	1,022.0	1,116.5	1,199.6	1,282.0	1,243.6	1,264.7	1,282.0	1,317.3	1,349.5	1,378.6	1,400.1
22 Other insurance companies	317.5	344.0	376.3	389.0	387.6	386.9	389.0	391.2	393.8	396.0	398.4
23 Private pension funds	590.2	607.4	692.7	719.0	703.3	728.2	719.0	748.5	751.3	774.3	758.7
24 State and local government retirement funds	390.9	405.9	439.4	484.9	454.8	474.6	484.9	486.9	497.7	508.7	519.5
25 Finance n.e.c.	1,695.9	1,949.1	2,191.5	2,441.2	2,312.3	2,415.9	2,441.2	2,493.8	2,585.7	2,664.4	2,760.8
26 Finance companies	468.6	497.0	484.9	486.6	480.5	477.8	486.6	473.7	473.5	472.0	481.3
27 Mortgage companies	22.6	14.6	25.9	26.1	22.1	29.3	26.1	20.9	28.8	28.3	34.1
28 Mutual funds	307.2	360.2	450.5	574.2	510.2	550.2	574.2	611.4	659.9	703.6	737.4
29 Closed-end funds	37.1	37.1	52.4	64.6	59.2	61.3	64.6	66.9	70.1	72.8	76.0
30 Money market funds	291.8	372.7	402.7	404.1	412.0	408.2	404.1	404.5	403.9	400.6	415.8
31 Real estate investment trusts (REITs)	8.4	7.7	6.8	7.4	7.5	7.4	7.4	8.1	8.3	8.6	9.0
32 Brokers and dealers	142.9	177.9	226.9	267.1	244.6	289.6	267.1	287.0	303.6	320.9	322.1
33 Asset-backed securities issuers (ABSs)	219.3	269.1	318.1	379.9	347.1	365.1	379.9	390.4	402.8	423.1	445.1
34 Bank personal trusts	198.0	212.9	223.3	231.2	229.2	226.9	231.2	231.0	234.6	234.5	240.0
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**12,678.2**	**13,536.5**	**14,169.3**	**15,002.7**	**14,547.1**	**14,782.8**	**15,002.7**	**15,123.8**	**15,330.1**	**15,589.3**	**15,900.9**
Other liabilities											
36 Official foreign exchange	53.6	61.3	55.4	51.8	54.4	55.4	51.8	54.5	53.9	55.6	53.4
37 Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.4	26.5	24.5	24.6	24.7	24.8	25.0
38 Life insurance reserves	354.3	380.0	405.7	433.0	416.0	426.4	433.0	446.4	456.2	471.1	488.5
39 Pension fund reserves	3,356.1	3,400.3	4,056.5	4,357.8	4,115.0	4,250.0	4,357.8	4,492.2	4,555.3	4,701.7	4,775.9
40 Interbank claims	32.4	64.0	65.2	113.1	68.5	100.7	113.1	109.5	116.8	127.7	136.8
41 Deposits at financial institutions	4,736.7	4,836.8	4,885.2	4,892.1	4,870.6	4,909.3	4,892.1	4,887.8	4,930.0	4,926.1	4,979.8
42 Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	1,032.9	1,072.0	1,131.0	1,092.2	1,169.1	1,182.6	1,250.9
43 Small time and savings deposits	2,277.4	2,336.3	2,353.0	2,292.2	2,325.8	2,303.7	2,292.2	2,262.0	2,242.2	2,223.1	2,211.7
44 Large time deposits	603.4	537.7	476.9	397.2	427.5	418.4	397.2	398.3	389.9	379.7	381.3
45 Money market fund shares	428.1	498.4	539.6	543.6	556.9	552.9	543.6	556.6	549.8	547.9	559.1
46 Security repurchase agreements	396.5	372.3	355.8	389.4	393.5	417.6	389.4	443.5	448.4	470.9	457.9
47 Foreign deposits	142.8	159.4	151.3	138.8	133.9	144.6	138.8	135.3	130.5	121.9	118.9
48 Mutual fund shares	566.2	602.1	813.9	1,042.1	924.4	965.6	1,042.1	1,134.6	1,225.8	1,342.4	1,426.8
49 Security credit	133.9	137.4	188.9	217.3	193.3	214.5	217.3	225.1	234.7	254.5	276.3
50 Trade debt	904.2	936.4	926.7	978.1	945.5	965.1	978.1	975.8	984.5	1,002.8	1,020.9
51 Taxes payable	81.8	77.4	68.9	76.8	70.7	74.6	76.8	81.0	77.2	80.7	81.6
52 Investment in bank personal trusts	503.2	509.9	596.7	619.1	612.7	610.9	619.1	625.0	635.6	643.6	658.6
53 Miscellaneous	2,591.1	2,732.4	2,884.3	3,053.7	2,958.0	3,026.7	3,053.7	3,074.7	3,153.0	3,193.8	3,276.6
54 **Total liabilities**	**26,015.5**	**27,300.7**	**29,143.0**	**30,862.1**	**29,802.8**	**30,408.2**	**30,862.1**	**31,255.0**	**31,777.7**	**32,413.9**	**33,101.1**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	21.0	22.0	22.3	19.6	22.7	23.2	19.6	19.8	20.0	20.3	20.1
56 Corporate equities	3,812.9	3,543.7	4,869.4	5,540.6	4,837.0	4,995.4	5,540.6	5,721.3	5,741.9	6,006.6	6,120.7
57 Household equity in noncorporate business	2,508.1	2,440.6	2,344.6	2,274.5	2,340.3	2,320.3	2,274.5	2,259.2	2,260.3	2,252.2	2,221.2
Floats not included in assets (−)											
58 U.S. government checkable deposits	6.1	15.0	3.8	6.8	1.4	4.0	6.8	3.4	3.5	2.2	5.7
59 Other checkable deposits	26.5	28.9	30.9	32.5	32.6	23.3	32.5	27.2	29.6	21.7	28.7
60 Trade credit	−148.6	−146.0	−144.1	−128.5	−155.6	−149.6	−128.5	−138.1	−148.1	−149.3	−128.6
Liabilities not identified as assets (−)											
61 Treasury currency	−4.3	−4.1	−4.8	−4.9	−4.9	−4.9	−4.9	−5.0	−5.0	−5.1	−5.1
62 Interbank claims	−31.0	−32.0	−4.2	−9.3	−4.0	−5.0	−9.3	−5.6	−5.7	−7.8	−4.8
63 Security repurchase agreements	13.7	−17.7	−12.5	18.6	19.6	33.1	18.6	71.8	79.5	101.6	90.2
64 Taxes payable	20.6	17.8	15.5	22.4	13.1	18.2	22.4	12.2	19.4	20.3	30.7
65 Miscellaneous	−210.7	−213.4	−254.6	−254.9	−285.0	−273.2	−254.9	−300.7	−294.5	−329.7	−345.3
66 **Total identified to sectors as assets**	**32,685.1**	**33,658.6**	**36,749.2**	**39,014.1**	**37,385.4**	**38,101.2**	**39,014.1**	**39,590.2**	**40,121.3**	**41,039.1**	**41,791.6**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1991	1992	1993	1993						1994		
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
1 **Industrial production**[1]	**104.1**	**106.5**	**110.9**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.4**	**115.0**	**115.6**
Market groupings												
2 Products, total	103.2	105.7	110.2	110.4	110.4	110.6	111.2	112.1	113.0	113.4	114.2	114.4
3 Final, total	105.3	108.0	112.7	112.8	112.7	113.1	113.8	114.6	115.4[r]	116.1	117.2	117.3
4 Consumer goods	102.8	105.7	108.7	108.9	108.6	108.5	109.2	109.7	110.1	110.6	111.8	111.5
5 Equipment	108.9	111.2	118.5	118.5	118.6	119.8	120.4	121.8	123.1[r]	124.0	125.0	125.6
6 Intermediate	96.8	99.0	102.6	102.9	103.3	103.0	103.5	104.3	105.4	105.2	105.0	105.8
7 Materials	105.4	107.7	111.9	111.7	112.1	112.2	112.8	113.9	115.5	115.8	116.3	117.2
Industry groupings												
8 Manufacturing	103.7	106.8	111.7	111.6	111.8	112.1	112.9	114.0	115.4	115.5	116.3	117.0
9 Capacity utilization, manufacturing (percent)[2]	77.8	78.6	80.6	80.3	80.3	80.4	80.8	81.5	82.3	82.2	82.5	82.8
10 Construction contracts[3]	89.7	97.7	99.4	98.0	99.0	101.0	103.0	105.0	102.0	103.0	107.0	n.a.
11 Nonagricultural employment, total[4]	106.2	106.4	108.1	108.2	108.2	108.4	108.5	108.8	109.0	109.0	109.1	109.6
12 Goods-producing, total	96.6	94.9	93.1	93.0	92.8	92.8	93.0	93.2	93.3	93.3	93.3	93.6
13 Manufacturing, total	97.1	95.8	93.7	93.5	93.3	93.2	93.2	93.4	93.4	93.5	93.6	93.6
14 Manufacturing, production workers	96.0	94.5	93.7	93.5	93.2	93.2	93.3	93.6	93.7	94.0	94.2	94.3
15 Service-producing	109.4	110.5	112.8	113.1	113.1	113.4	113.5	113.7	114.0	113.9	114.2	114.7
16 Personal income, total	127.6	135.3	141.7	141.1	142.9	143.1	144.1[r]	145.0	145.9[r]	145.4	147.3	n.a.
17 Wages and salary disbursements	124.5	131.5	136.2	137.2	138.2	138.0	138.8	139.2	139.9[r]	141.3	141.6	n.a.
18 Manufacturing	113.7	117.8	117.8	118.2	118.6	119.1	119.1	119.9	120.7	120.8	121.9	n.a.
19 Disposable personal income[5]	128.6	136.8	143.1	142.3	144.1	144.4	145.4[r]	146.3[r]	147.3	146.4	148.5	n.a.
20 Retail sales[6]	121.1	126.9	135.2	135.0	136.0	136.0	138.7	139.6	141.1	139.3	141.6	142.1
Prices[7]												
21 Consumer (1982-84=100)	136.2	140.3	144.5	144.4	144.8	145.1	145.7	145.8	145.8	146.2	146.7	147.2
22 Producer finished goods (1982=100)	121.7	123.2	124.7	125.3	124.2	123.8	124.6	124.5[r]	124.1	124.4	124.8	125.0

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 Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 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. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590-605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1991	1992	1993	1993					1994		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	125,303	126,982	128,040	128,334	128,108	128,580	128,662	128,898	130,667	130,776	130,580
Employment											
2 Nonagricultural industries[3]	114,644	114,391	116,232	116,687	116,475	116,920	117,218	117,565	118,639	118,867	118,611
3 Agriculture	3,233	3,207	3,074	3,005	3,093	3,021	3,114	3,096	3,331	3,391	3,426
Unemployment											
4 Number	8,426	9,384	8,734	8,642	8,540	8,639	8,330	8,237	8,696	8,518	8,543
5 Rate (percent of civilian labor force)	6.7	7.4	6.8	6.7	6.7	6.7	6.5	6.4	6.7	6.5	6.5
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,256**	**108,519**	**110,171**	**110,305**	**110,502**	**110,664**	**110,880**	**111,110**	**111,079**	**111,277**	**111,733**
7 Manufacturing	18,455	18,192	17,804	17,718	17,698	17,709	17,735	17,738	17,769	17,774	17,786
8 Mining	689	631	599	592	596	596	595	605	602	601	598
9 Contract construction	4,650	4,471	4,571	4,593	4,592	4,629	4,664	4,665	4,653	4,643	4,717
10 Transportation and public utilities	5,762	5,709	5,710	5,690	5,692	5,693	5,700	5,697	5,708	5,716	5,737
11 Trade	25,365	25,391	25,849	25,902	25,953	25,968	25,982	26,082	26,079	26,160	26,244
12 Finance	6,646	6,571	6,605	6,602	6,616	6,632	6,651	6,660	6,656	6,664	6,675
13 Service	28,336	29,053	30,193	30,381	30,433	30,534	30,649	30,709	30,683	30,792	31,015
14 Government	18,402	18,653	18,841	18,827	18,922	18,903	18,904	18,954	18,929	18,927	18,961

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.
2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
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; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1993			1994	1993			1994	1993			1994
	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]	Q1
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	***110.3***	***111.1***	***112.9***	***115.0***	***135.9***	***136.5***	***137.2***	***138.0***	***81.2***	***81.4***	***82.3***	***83.3***
2 Manufacturing	111.2	111.8	114.1	116.3	138.4	139.2	140.0	140.9	80.3	80.3	81.5	82.5
3 Primary processing[3]	107.0	107.7	109.9	111.0	127.9	128.3	128.6	129.0	83.6	83.9	85.5	86.0
4 Advanced processing[4]	113.2	113.8	116.1	118.8	143.4	144.4	145.4	146.6	78.9	78.8	79.9	81.1
5 Durable goods	113.2	114.2	118.1	121.2	144.5	145.4	146.3	147.6	78.4	78.5	80.7	82.1
6 Lumber and products	98.0	100.8	104.9	104.5	114.8	115.0	115.2	115.4	85.4	87.6	91.1	90.5
7 Primary metals	105.2	106.7	109.6	110.6	123.3	123.0	122.6	122.4	85.3	86.8	89.4	90.3
8 Iron and steel	109.7	112.3	115.6	116.1	127.4	126.9	126.3	126.0	86.1	88.6	91.5	92.1
9 Nonferrous	99.0	98.9	101.4	103.1	117.6	117.6	117.6	117.5	84.1	84.1	86.2	87.7
10 Nonelectrical machinery	141.7	147.2	152.7	158.8	173.1	175.7	178.2	181.7	81.8	83.8	85.7	87.4
11 Electrical machinery	125.9	129.7	132.6	136.2	153.8	155.7	157.7	160.3	81.9	83.2	84.1	85.0
12 Motor vehicles and parts	118.1	112.0	131.7	144.7	153.4	154.8	156.1	157.8	76.9	72.3	84.4	91.7
13 Aerospace and miscellaneous transportation equipment	90.3	87.4	85.2	82.8	133.7	133.2	132.8	132.2	67.6	65.6	64.2	62.6
14 Nondurable goods	108.7	108.9	109.2	110.2	131.0	131.6	132.1	132.7	83.0	82.8	82.6	83.0
15 Textile mill products	108.4	108.0	107.7	108.4	118.8	119.4	119.9	120.5	91.3	90.5	89.8	90.0
16 Paper and products	113.2	111.7	114.2	115.7	124.3	124.8	125.3	125.8	91.1	89.6	91.2	92.0
17 Chemicals and products	117.7	118.6	118.6	120.5	145.1	145.9	146.8	147.7	81.2	81.2	80.8	81.6
18 Plastics materials	112.8	111.5	114.4	...	130.1	131.1	132.0	...	86.7	85.1	86.6	...
19 Petroleum products	104.0	104.0	107.7	105.4	115.8	115.7	115.6	115.4	89.8	89.9	93.2	91.3
20 Mining	97.5	96.8	97.3	98.4	111.4	111.1	110.8	110.6	87.5	87.1	87.8	88.9
21 Utilities	114.1	117.5	115.6	118.2	133.6	134.0	134.3	134.7	85.4	87.8	86.1	87.8
22 Electric	114.8	118.0	114.8	117.4	130.8	131.2	131.7	132.2	87.7	89.9	87.2	88.8

Series	1973	1975	Previous cycle[2]		Latest cycle[3]		1993	1993			1994		
	High	Low	High	Low	High	Low	Mar.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**81.2**	**81.7**	**82.2**	**82.9**	**83.1**	**83.4**	**83.6**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	80.1	80.8	81.5	82.3	82.2	82.5	82.8
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	77.9	83.2	84.4	85.5	86.4	85.8	85.8	86.4
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.1	78.9	79.3	79.8	80.6	80.7	81.2	81.3
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	78.2	79.6	80.6	81.9	81.9	82.2	82.3
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	85.9	90.9	91.0	91.3	90.9	90.1	90.4
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	84.4	86.5	89.5	92.2	90.2	90.2	90.7
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	84.7	89.6	90.6	94.5	91.7	92.2	92.5
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	84.1	81.8	88.0	88.9	87.9	87.2	87.9
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	79.9	84.7	85.3	87.0	87.1	87.0	88.0
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	81.5	83.6	83.7	84.8	84.6	84.9	85.5
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	79.1	79.7	84.8	88.5	90.2	94.7	90.4
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	68.6	64.3	64.5	63.7	63.3	62.4	62.2
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	82.8	82.5	82.6	82.9	82.7	83.0	83.5
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	90.5	90.0	90.0	89.4	89.8	89.7	90.4
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	89.8	90.1	91.4	92.1	90.9	92.0	93.2
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	81.0	80.4	81.0	81.2	81.4	81.6	81.8
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	87.1	84.4	85.2	90.3	87.3	...	...
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	89.8	93.6	93.3	92.7	90.5	91.4	92.0
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	86.8	88.4	87.5	87.5	87.5	89.2	90.1
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	87.9	85.6	86.4	86.2	89.1	87.9	86.2
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	88.8	86.5	87.5	87.6	90.2	89.0	87.2

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. See also "Industrial Production Capacity and Capacity Utilization Since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

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

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

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978 through 1980; monthly lows, 1982.

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

	Group	1987 proportion	1993 avg.	1993[r] Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1994 Jan.[r]	Feb.[r]	Mar.[p]
				Index (1987 = 100)												
	MAJOR MARKETS															
1	**Total index**	**100.0**	**111.0**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**111.0**	**111.4**	**112.1**	**113.2**	**114.0**
2	Products	60.8	110.2	108.2	108.5	109.2	109.5	109.6	109.3	109.4	110.0	110.3	110.5	111.4	112.4	113.0
3	Final products	46.0	113.5	111.5	111.9	112.4	112.7	112.8	112.5	112.7	113.2	113.5	113.8	114.8	115.9	116.6
4	*Consumer goods, total*	26.0	108.1	107.5	107.6	108.5	108.6	108.1	107.3	107.3	107.7	107.8	107.4	108.6	109.6	109.8
5	Durable consumer goods	5.6	111.3	107.9	110.9	111.3	111.5	112.2	110.8	107.9	108.6	107.9	109.3	113.4	117.0	118.6
6	Automotive products	2.5	110.6	108.7	112.7	111.9	111.2	112.1	109.7	105.3	103.3	103.0	105.6	112.9	119.5	123.4
7	Autos and trucks	1.5	112.2	111.7	116.8	114.6	113.4	114.3	110.1	105.0	100.3	99.2	104.1	114.9	124.9	131.5
8	Autos, consumer	.9	86.1	86.9	86.6	90.2	90.5	90.2	86.5	83.5	78.2	71.8	75.4	85.2	95.4	98.8
9	Trucks, consumer	.6	157.3	154.6	169.1	156.9	153.1	155.9	150.9	142.3	138.6	146.7	153.9	166.4	176.0	188.0
10	Auto parts and allied goods	1.0	108.0	103.8	105.8	107.4	107.5	108.5	109.1	105.8	108.4	109.3	108.1	109.5	110.4	109.9
11	Other	3.1	111.9	107.2	109.3	110.7	111.7	112.3	111.8	110.2	113.2	112.2	112.5	113.8	114.9	114.4
12	Appliances, A/C, and TV	.8	122.9	110.5	116.0	117.6	125.0	124.3	121.1	116.1	127.3	123.8	125.9	129.6	131.9	128.5
13	Carpeting and furniture	.9	107.8	105.4	105.5	106.7	104.5	106.2	108.9	109.1	109.9	108.3	107.3	109.0	108.6	109.4
14	Miscellaneous home goods	1.4	108.3	106.6	108.0	109.5	108.9	109.6	108.4	107.6	107.4	108.1	108.2	108.0	109.3	109.6
15	Nondurable consumer goods	20.4	107.2	107.4	106.7	107.7	107.7	106.9	106.3	107.2	107.4	107.8	106.9	107.3	107.4	107.2
16	Foods and tobacco	9.1	104.5	104.8	104.6	105.5	104.3	103.9	104.3	104.7	104.9	105.5	104.2	104.8	104.5	104.4
17	Clothing	2.6	93.7	96.0	95.7	95.0	94.6	94.9	94.2	94.6	93.6	93.3	92.6	92.6	92.9	92.5
18	Chemical products	3.5	123.3	121.7	122.4	121.1	123.7	123.1	122.6	123.0	124.0	123.8	124.0	123.0	124.2	124.3
19	Paper products	2.5	100.9	100.9	100.2	101.8	102.1	101.7	101.8	102.6	101.3	100.8	100.8	101.3	100.6	99.4
20	Energy	2.7	114.0	114.4	109.5	115.5	116.0	111.5	107.4	110.4	112.9	114.7	112.9	114.6	115.4	115.7
21	Fuels	.7	108.3	106.1	106.5	108.9	107.1	106.6	106.5	105.8	105.0	104.0	108.2	113.1	114.6	112.0
22	Residential utilities	2.0	116.2	117.5	110.7	118.0	119.5	113.4	107.7	112.2	116.0	118.9	114.7	115.1	115.7	117.1
23	Equipment	20.0	121.2	117.2	118.1	118.0	118.7	119.7	119.9	120.4	121.2	121.6	122.9	123.8	125.2	126.6
24	Business equipment	13.9	137.0	129.6	131.2	131.7	133.4	134.8	135.4	136.1	137.1	137.6	139.4	140.8	142.9	144.9
25	Information processing and related	5.6	156.2	143.2	144.4	146.1	149.1	150.6	153.5	155.7	158.2	158.8	161.5	162.3	164.9	168.2
26	*Office and computing*	1.9	223.6	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	237.1	241.8	247.9	255.0
27	Industrial	4.0	115.8	112.3	113.1	112.2	113.7	115.0	115.0	115.6	117.2	117.3	117.8	117.6	118.5	119.5
28	Transit	2.5	141.2	144.1	146.7	146.5	145.0	145.0	142.5	138.0	133.2	132.5	135.3	141.3	145.7	147.7
29	Autos and trucks	1.2	134.5	131.4	136.7	136.8	135.8	136.2	133.1	127.2	118.9	119.6	126.5	139.6	150.5	154.9
30	Other	1.9	119.1	109.2	112.6	113.4	114.9	117.5	116.2	117.6	119.6	121.9	123.1	124.5	125.0	125.5
31	Defense and space equipment	5.4	78.7	82.5	82.0	81.5	80.7	80.5	79.5	78.6	78.6	78.0	77.5	76.9	76.6	76.1
32	Oil and gas well drilling	.6	82.5	91.2	89.0	77.9	71.1	72.4	75.1	82.4	81.0	87.8	90.5	88.9	85.7	85.0
33	Manufactured homes	.2	...	128.6	129.4	127.1	116.2	114.9	112.1	113.6	118.5	116.2	120.6	127.7	138.4	...
34	Intermediate products, total	14.7	100.1	98.3	98.2	99.3	99.6	100.0	99.7	99.4	100.4	100.6	100.4	101.0	101.8	101.9
35	Construction supplies	6.0	98.1	94.5	94.8	97.5	96.4	96.4	97.7	96.8	98.4	98.7	99.3	99.9	100.7	101.3
36	Business supplies	8.7	101.5	100.8	100.5	100.5	101.8	102.5	101.0	101.1	101.7	101.8	101.2	101.6	102.5	102.2
37	Materials	39.2	112.2	110.0	110.4	110.9	110.9	111.5	111.6	112.1	112.0	112.2	112.7	113.2	114.3	115.5
38	Durable goods materials	19.4	116.0	111.9	113.3	114.2	114.1	114.9	114.8	114.9	115.4	115.8	117.2	118.2	119.7	121.7
39	Durable consumer parts	4.2	112.7	107.5	110.8	111.8	112.2	112.6	111.6	110.2	109.8	110.3	112.0	114.2	118.6	123.6
40	Equipment parts	7.3	125.1	119.7	120.4	121.0	121.3	122.7	123.5	124.1	124.9	126.2	128.0	129.2	129.6	131.5
41	Other	7.9	109.9	107.5	108.6	109.7	108.9	109.5	109.2	109.4	110.2	109.7	110.6	110.8	111.9	112.8
42	Basic metal materials	2.8	111.4	108.8	110.4	113.2	109.9	110.3	111.1	111.3	111.3	109.7	110.8	112.2	112.8	114.3
43	Nondurable goods materials	9.0	114.0	111.5	112.4	112.1	112.8	113.8	114.1	114.8	114.2	115.2	113.8	114.4	115.5	115.3
44	Textile materials	1.2	104.0	102.9	104.2	103.2	104.2	102.7	104.3	104.9	105.9	105.6	102.9	103.9	104.1	104.2
45	Pulp and paper materials	1.9	113.3	110.7	110.7	111.9	112.8	115.3	114.1	115.9	113.4	113.5	112.6	112.1	114.2	113.1
46	Chemical materials	3.8	117.5	114.6	114.9	114.6	115.6	116.1	117.2	118.6	117.3	119.5	117.9	118.0	119.1	119.8
47	Other	2.1	113.8	111.3	114.1	112.5	112.6	114.2	113.6	112.3	114.0	114.2	113.3	115.8	116.7	115.6
48	Energy materials	10.9	103.5	105.1	103.4	103.8	103.5	103.4	103.4	104.6	103.7	102.8	103.3	102.9	103.0	103.9
49	Primary energy	7.2	98.8	101.3	100.4	98.3	97.4	99.9	101.6	100.9	98.2	96.7	98.7	97.9	97.6	98.5
50	Converted fuel materials	3.7	112.6	112.4	109.1	114.6	115.4	110.3	106.8	111.7	114.5	114.9	112.4	112.7	113.8	114.4
	SPECIAL AGGREGATES															
51	Total excluding autos and trucks	97.3	110.7	108.6	108.9	109.5	109.7	110.1	110.0	110.4	110.9	111.1	111.3	111.8	112.6	113.2
52	Total excluding motor vehicles and parts	95.3	110.5	108.6	108.7	109.3	109.6	109.9	109.8	110.3	110.9	111.1	111.2	111.5	112.2	112.7
53	Total excluding office and computing machines	97.5	108.3	107.1	107.3	107.8	107.8	108.0	107.7	107.8	108.1	108.1	108.4	109.0	110.0	110.6
54	Consumer goods excluding autos and trucks	24.5	107.8	107.3	107.0	108.1	108.2	107.6	107.1	107.5	108.2	108.4	107.7	108.2	108.5	108.2
55	Consumer goods excluding energy	23.3	107.5	106.8	107.4	107.7	107.7	107.6	107.3	107.0	107.1	107.0	106.8	108.0	108.9	109.1
56	Business equipment excluding autos and trucks	12.7	137.2	129.5	130.7	131.3	133.2	134.6	135.6	136.8	138.7	139.1	140.6	140.9	142.2	144.1
57	Business equipment excluding office and computing equipment	12.0	122.4	120.1	121.0	120.6	121.6	122.2	121.8	121.8	122.1	121.7	123.0	123.8	125.2	126.4
58	Materials excluding energy	28.4	115.4	111.8	113.0	113.6	113.7	114.6	114.6	114.9	115.1	115.6	116.1	117.0	118.4	119.8

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

Group	SIC code[2]	1987 proportion	1993 avg.	1993[r] Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1994 Jan.[r]	Feb.	Mar.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**111.0**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**111.0**	**111.4**	**112.1**	**113.2**	**114.0**
60 Manufacturing	...	84.3	111.9	109.2	109.9	110.5	110.8	111.4	111.3	111.3	111.6	111.9	112.3	113.2	114.5	115.3
61 Primary processing	...	27.1	107.5	105.0	105.8	106.9	106.4	107.1	107.1	107.5	107.6	108.0	107.6	108.2	109.5	109.9
62 Advanced processing	...	57.1	113.9	111.3	111.9	112.2	112.9	113.4	113.3	113.0	113.5	113.7	114.5	115.6	116.8	117.8
63 Durable goods	...	46.5	115.9	111.8	112.9	113.8	114.1	115.0	114.9	114.6	115.4	115.7	117.0	118.3	120.1	121.7
64 Lumber and products	24	2.1	100.0	98.0	99.3	101.8	98.0	98.1	97.4	96.5	99.1	99.9	100.7	104.0	104.2	104.6
65 Furniture and fixtures	25	1.5	109.4	103.9	105.2	106.0	107.3	108.8	108.4	109.5	111.1	111.1	111.3	111.4	111.5	110.9
66 Clay, glass, and stone products	32	2.4	100.5	98.0	97.0	98.9	98.6	99.8	99.6	100.5	100.8	100.9	102.4	101.4	102.9	103.0
67 Primary metals	33	3.3	105.5	102.4	102.8	108.0	104.2	104.4	104.2	105.7	105.3	106.2	106.0	105.0	107.1	109.1
68 Iron and steel	331,2	1.9	110.5	107.4	107.0	112.9	107.6	108.4	108.1	110.9	111.9	112.1	111.1	112.4	111.1	114.6
69 Raw steel	...	.1	...	104.6	103.4	105.9	102.0	102.6	105.1	106.8	108.2	106.2	105.3	106.7	106.8	...
70 Nonferrous	333–6,9	1.4	98.6	95.7	97.1	101.4	99.4	98.9	98.9	98.5	96.3	98.0	98.9	94.9	101.6	101.6
71 Fabricated metal products	34	5.4	100.9	97.8	99.8	99.7	100.3	101.4	100.6	100.1	101.2	101.0	100.9	101.6	102.7	103.3
72 Industrial and commercial machinery and computer equipment	35	8.5	146.8	133.8	135.0	136.7	139.6	142.8	144.2	145.4	148.5	149.9	152.1	153.7	156.2	158.8
73 Office and computing machines	357	2.3	223.6	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	237.1	241.8	247.9	255.0
74 Electrical machinery	36	6.9	131.7	124.8	125.8	127.1	128.5	129.0	129.7	130.1	132.3	133.5	135.2	136.0	137.2	138.7
75 Transportation equipment	37	9.9	105.6	106.3	108.4	107.8	106.9	106.9	105.5	102.6	100.8	100.4	102.4	106.3	110.0	112.7
76 Motor vehicles and parts	371	4.8	120.1	116.2	120.9	120.7	120.1	120.4	118.1	114.3	110.1	110.0	115.0	124.1	132.3	138.8
77 Autos and light trucks	...	2.2	114.9	114.4	118.2	117.8	116.9	117.5	113.1	108.2	102.8	104.0	104.8	116.3	127.3	133.5
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	92.0	97.1	96.7	95.8	94.6	94.2	93.7	91.8	92.0	91.3	90.5	89.5	89.0	88.2
79 Instruments	38	5.1	102.2	103.3	103.0	102.2	103.3	102.6	102.5	102.5	102.8	101.3	102.0	101.7	101.5	102.1
80 Miscellaneous	39	1.3	113.1	111.8	110.9	111.9	112.6	114.3	113.1	112.1	112.3	112.5	114.3	113.7	114.3	115.1
81 Nondurable goods	...	37.8	106.8	106.0	106.4	106.4	106.6	106.9	106.9	107.2	107.0	107.3	106.5	107.0	107.6	107.4
82 Foods	20	8.8	106.9	106.2	105.9	106.9	106.7	106.7	106.7	107.1	107.2	107.8	107.3	107.8	107.2	107.0
83 Tobacco products	21	1.0	91.1	96.1	100.5	99.3	92.4	90.2	92.1	89.1	91.5	92.7	85.8	88.2	89.1	88.7
84 Textile mill products	22	1.8	106.3	106.0	106.9	106.2	105.4	104.2	106.9	107.1	107.7	107.4	105.4	106.6	106.3	106.8
85 Apparel products	23	2.3	90.8	92.7	93.1	92.5	92.1	92.0	91.2	91.1	90.7	90.6	89.6	89.4	90.0	89.7
86 Paper and products	26	3.6	112.0	108.3	108.6	110.4	111.1	113.1	112.1	114.2	112.0	113.1	111.2	111.8	113.8	112.8
87 Printing and publishing	27	6.5	94.1	94.7	94.7	94.0	94.7	95.6	94.7	94.5	93.8	93.4	93.8	94.3	94.4	93.3
88 Chemicals and products	28	8.8	118.3	116.7	116.8	116.2	117.6	117.8	118.1	119.1	118.7	119.1	118.5	118.1	119.6	120.0
89 Petroleum products	29	1.3	104.8	103.4	103.2	104.7	104.7	104.3	103.6	103.9	102.5	102.4	104.3	107.9	108.2	107.1
90 Rubber and plastic products	30	3.2	113.7	111.3	113.6	112.7	112.9	113.6	113.8	112.8	114.7	114.8	113.9	113.9	115.4	116.4
91 Leather and products	31	.3	98.1	96.7	97.1	99.0	99.1	100.1	98.2	97.0	96.8	97.0	98.2	99.1	99.3	99.4
92 Mining	...	8.0	97.0	98.2	98.3	95.9	95.3	96.4	97.3	98.0	96.4	95.5	97.7	98.2	97.4	97.9
93 Metal	10	.3	165.5	158.1	167.7	163.0	158.2	162.5	169.3	164.4	167.7	148.2	161.5	178.5	172.0	172.8
94 Coal	11,12	1.2	103.6	107.9	108.2	101.7	102.3	108.2	106.4	106.7	101.0	95.9	103.9	104.7	100.7	104.0
95 Oil and gas extraction	13	5.8	92.0	93.4	92.7	90.9	90.4	90.5	91.6	93.1	91.6	92.4	93.0	92.7	92.6	92.6
96 Stone and earth minerals	14	.7	93.9	92.6	93.8	95.2	93.4	92.3	94.0	91.7	93.2	94.7	95.0	94.3	95.9	94.5
97 Utilities	...	7.7	116.0	116.8	112.8	117.5	117.8	114.4	112.1	114.9	116.9	117.7	115.3	114.6	115.4	116.6
98 Electric	491,3PT	6.1	115.7	116.4	112.9	116.5	116.3	114.5	114.0	115.6	118.1	118.9	115.1	113.6	114.8	116.1
99 Gas	492,3PT	1.6	116.9	118.2	112.4	121.4	123.3	113.9	104.9	112.2	112.4	113.3	116.0	118.2	117.8	118.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	111.4	108.8	109.3	109.8	110.2	110.8	110.9	111.1	111.7	112.0	112.1	112.6	113.4	113.8
101 Manufacturing excluding office and computing machines	...	81.9	108.7	107.0	107.6	108.0	108.1	108.6	108.3	108.1	108.3	108.5	108.7	109.5	110.7	111.3
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,890.0**	**1,857.5**	**1,864.9**	**1,880.2**	**1,880.3**	**1,882.8**	**1,872.6**	**1,873.2**	**1,877.4**	**1,879.3**	**1,887.2**	**1,914.3**	**1,938.2**	**1,947.2**
103 Final	...	1,314.6	1,492.5	1,466.8	1,476.4	1,485.7	1,484.3	1,485.6	1,477.9	1,477.5	1,479.0	1,480.5	1,489.1	1,513.4	1,534.3	1,542.1
104 Consumer goods	...	866.6	944.8	936.3	940.0	949.4	946.1	943.6	936.1	935.5	935.5	935.6	936.7	953.8	965.7	966.6
105 Equipment	...	448.0	547.6	530.5	536.5	536.3	538.2	541.9	541.8	541.9	543.4	544.9	552.4	559.6	568.7	575.5
106 Intermediate	...	392.5	397.6	390.7	388.4	394.5	396.0	397.3	394.7	395.7	398.4	398.8	398.1	401.0	403.9	405.1

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.
A revision of the industrial production index and the capacity utilization rates was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.
2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1991	1992	1993	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.[r]	1994 Jan.[r]	1994 Feb.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	949	1,095	1,206	1,121	1,115	1,162	1,242	1,271	1,304	1,374	1,476	1,358	1,250
2 One-family	754	911	998	919	925	977	1,015	1,047	1,097	1,145	1,198	1,115	1,053
3 Two-or-more-family	195	184	208	202	190	185	227	224	207	229	278	243	197
4 Started	1,014	1,200	1,288	1,241	1,238	1,245	1,319	1,359	1,409	1,406	1,612	1,271	1,314
5 One-family	840	1,030	1,126	1,100	1,067	1,076	1,178	1,160	1,231	1,248	1,383	1,125	1,120
6 Two-or-more-family	174	169	162	141	171	169	141	199	178	158	229	146	194
7 Under construction at end of period[1]	606	612	680[r]	646	649	658	662	678	686	699	713	718	722
8 One-family	434	473	543[r]	515	518	526	534	544	551	564	574	578	581
9 Two-or-more-family	173	140	137	131	131	132	128	134	135	135	139	140	141
10 Completed	1,091	1,158	1,193	1,137	1,168	1,097	1,248	1,172	1,248	1,248	1,289	1,221	1,342
11 One-family	838	964	1,040	992	997	955	1,068	1,041	1,081	1,107	1,139	1,080	1,185
12 Two-or-more-family	253	194	153	145	171	142	180	131	167	141	150	141	157
13 Mobile homes shipped	171	210	254	235	238	246	247	254	260	283	308	316	301
Merchant builder activity in one-family units													
14 Number sold	507	610	666	635	641	647	645	738	723	766	822	637	649
15 Number for sale at end of period[1]	284	266	296	273	274	277	286	288	291	294	296	300	306
Price of units sold (thousands of dollars)[2]													
16 Median	120.0	121.3	126.1	129.9	124.5	123.9	126.6	129.4	125.0	130.0	125.0	126.5	132.0
17 Average	147.0	144.9	147.6	152.3	145.7	143.4	150.6	150.1	146.9	152.5	145.8	154.4	156.6
EXISTING UNITS (one-family)													
18 Number sold	3,219	3,520	3,800	3,610	3,700	3,850	3,860	3,990	4,030	4,120	4,350	4,250	3,840
Price of units sold (thousands of dollars)[2]													
19 Median	99.7	103.6	106.5	106.5	109.2	108.4	108.8	107.2	106.6	107.1	107.4	107.9	106.9
20 Average	127.4	130.8	133.1	132.6	137.3	135.8	135.4	133.6	133.0	133.1	133.7	134.6	132.8
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**403,439**	**436,043**	**470,118[r]**	**453,256**	**460,680**	**466,593**	**468,547**	**477,125**	**488,661[r]**	**497,875[r]**	**508,720**	**494,799**	**488,805**
22 Private	293,536	317,256	342,953	332,231	335,028	337,909	341,351	345,572	354,506[r]	364,512[r]	371,444	364,502	361,217
23 Residential	157,837	187,820	208,092	198,380	200,496	204,631	206,594	209,520	215,934[r]	222,797[r]	229,245	229,091	230,355
24 Nonresidential	135,699	129,436	134,861	133,851	134,532	133,278	134,757	136,052	138,572[r]	141,715[r]	142,199	135,411	130,862
25 Industrial buildings	22,281	20,720	20,654	20,091	19,316	19,799	20,126	21,346	21,251[r]	22,194[r]	21,767	21,193	20,420
26 Commercial buildings	48,482	41,523	43,145	42,428	42,723	41,524	42,342	42,225	44,224[r]	45,967[r]	48,160	45,147	42,588
27 Other buildings	20,797	21,494	23,405	23,293	23,849	23,817	25,047	24,487	24,609[r]	23,998[r]	24,140	22,715	22,973
28 Public utilities and other	44,139	45,699	47,657	48,039	48,644	48,138	47,242	47,994	48,488[r]	49,556[r]	48,132	46,356	44,881
29 Public	109,900	118,784	127,166[r]	121,025	125,652	128,684	127,196	131,553	134,155[r]	133,362[r]	137,276	130,296	127,589
30 Military	1,837	2,502	2,448[r]	2,393	2,234	2,493	2,583	2,492	2,315[r]	2,237[r]	2,310	2,762	2,463
31 Highway	32,026	34,929	37,299	34,320	37,649	37,376	35,148	39,147	40,644[r]	41,341[r]	40,857	40,807	37,941
32 Conservation and development	4,861	5,918	5,937[r]	6,019	6,103	5,661	5,620	6,307	5,951[r]	5,249[r]	5,311	5,787	6,710
33 Other	71,176	75,435	81,482[r]	78,293	79,666	83,154	83,845	83,607	85,245[r]	84,535[r]	88,798	80,940	80,475

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

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 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, Mar. 1994[1]
	1993 Mar.	1994 Mar.	1993 June	1993 Sept.	1993 Dec.	1994 Mar.	1993 Nov.	1993 Dec.	1994[1] Jan.	1994[1] Feb.	1994[1] Mar.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.1**	**2.5**	**2.5**	**2.0**	**3.3**	**2.5**	**.3**	**.2**	**.0**	**.3**	**.3**	**147.2**
2 Food	1.4	2.2	2.3	2.6	4.9	−1.1	.2	.5	−.1	−.3	.1	143.2
3 Energy items	3.6	−.6	−3.8	−4.2	1.2	4.7	−.9	−.7	−.8	1.6	.4	101.9
4 All items less food and energy	3.4	2.9	3.2	2.1	3.4	2.9	.4	.2	.1	.3	.3	155.8
5 Commodities	2.6	1.0	.9	.0	2.4	.6	.3	.1	.0	−.1	.3	136.9
6 Services	3.7	3.8	4.1	3.5	3.7	4.2	.4	.3	.2	.4	.4	166.6
PRODUCER PRICES (1982=100)												
7 Finished goods	2.0	.2	.0	−2.5	−.3	3.9	.1	−.1	.2	.5	.2	125.0
8 Consumer foods	1.2	2.2	1.3	3.2	5.2	−.9	.8[r]	.6	−.3	−.4	.5	127.5
9 Consumer energy	4.2	−3.5	−5.4	−7.4	−14.6	15.3	−2.1	−2.6	.8	2.8	.0	74.8
10 Other consumer goods	2.1	−.6	.6	−6.4	1.2	2.6	.4	.1	.3	.2	.1	138.7
11 Capital equipment	1.8	1.9	.6	2.2	.9	4.0	.3	.3	.6	.1	.3	133.7
Intermediate materials												
12 Excluding foods and feeds	2.3	.4	.3	−1.0	−.7	3.1	.2[r]	−.4[r]	.2	.4	.2	116.8
13 Excluding energy	1.9	1.0	.0	1.0	1.6	1.6	.2	.2	.2	.0	.2	125.1
Crude materials												
14 Foods	1.0	5.3	−3.0	13.1	15.5	−2.5	4.7[r]	.4[r]	−.9	1.2	−1.0	114.0
15 Energy	7.6	−5.9	17.5	−28.1	−26.8	26.7	−6.3[r]	−7.4[r]	3.8	−6.4	9.3	73.1
16 Other	7.9	10.9	11.2	−4.5	19.6	19.0	1.1[r]	2.1[r]	1.6	2.0	.9	153.3

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

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

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1991	1992	1993[r]	1992	1993			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,722.9**	**6,038.5**	**6,377.9**	**6,194.4**	**6,261.6**	**6,327.6**	**6,395.9**	**6,526.5**
By source								
2 Personal consumption expenditures	3,906.4	4,139.9	4,391.8	4,256.2	4,296.2	4,359.9	4,419.1	4,492.0
3 Durable goods	457.8	497.3	537.9	516.6	515.3	531.6	541.9	562.8
4 Nondurable goods	1,257.9	1,300.9	1,350.0	1,331.7	1,335.3	1,344.8	1,352.4	1,367.5
5 Services	2,190.7	2,341.6	2,503.9	2,407.9	2,445.5	2,483.4	2,524.8	2,561.8
6 Gross private domestic investment	736.9	796.5	891.7	833.3	874.1	874.1	884.0	934.5
7 Fixed investment	745.5	789.1	876.1	821.3	839.5	861.0	876.3	927.6
8 Nonresidential	555.9	565.5	623.7	579.5	594.7	619.1	624.9	656.0
9 Structures	182.6	172.6	178.7	171.1	172.4	177.6	179.1	185.8
10 Producers' durable equipment	373.3	392.9	445.0	408.3	422.2	441.6	445.8	470.2
11 Residential structures	189.6	223.6	252.4	241.8	244.9	241.9	251.3	271.6
12 Change in business inventories	−8.6	7.3	15.6	12.0	34.6	13.1	7.7	6.9
13 Nonfarm	−8.6	2.3	21.1	9.5	33.0	16.8	22.6	12.0
14 Net exports of goods and services	−19.6	−29.6	−63.6	−38.8	−48.3	−65.1	−71.9	−69.1
15 Exports	601.5	640.5	661.7	654.7	651.3	660.0	653.2	682.4
16 Imports	621.1	670.1	725.3	693.5	699.6	725.0	725.1	751.5
17 Government purchases of goods and services	1,099.3	1,131.8	1,158.1	1,143.8	1,139.7	1,158.6	1,164.8	1,169.1
18 Federal	445.9	448.8	443.4	452.4	442.7	447.5	443.6	440.0
19 State and local	653.4	683.0	714.6	691.4	697.0	711.1	721.2	729.2
By major type of product								
20 Final sales, total	5,731.6	6,031.2	6,362.3	6,182.5	6,227.1	6,314.5	6,388.2	6,519.6
21 Goods	2,227.0	2,305.5	2,406.4	2,365.6	2,362.9	2,395.0	2,401.7	2,465.8
22 Durable	934.3	975.8	1,037.0	1,008.3	1,003.5	1,037.8	1,032.9	1,073.7
23 Nondurable	1,292.8	1,329.6	1,369.3	1,357.3	1,359.3	1,357.1	1,368.8	1,392.1
24 Services	3,032.7	3,221.1	3,410.5	3,296.1	3,341.8	3,388.1	3,437.8	3,474.3
25 Structures	471.9	504.7	545.5	520.8	522.4	531.5	548.7	579.5
26 Change in business inventories	−8.6	7.3	15.6	12.0	34.6	13.1	7.7	6.9
27 Durable goods	−12.9	2.1	10.9	−1.2	15.0	2.7	14.8	11.0
28 Nondurable goods	4.3	5.3	4.7	13.2	19.5	10.4	−7.2	−4.1
MEMO								
29 **Total GDP in 1987 dollars**	**4,861.4**	**4,986.3**	**5,136.0**	**5,068.3**	**5,078.2**	**5,102.1**	**5,138.3**	**5,225.6**
NATIONAL INCOME								
30 **Total**	**4,598.3**	**4,836.6**	**5,140.9**	**4,975.8**	**5,038.9**	**5,104.0**	**5,143.2**	**5,277.6**
31 Compensation of employees	3,402.4	3,582.0	3,772.2	3,658.6	3,705.1	3,750.6	3,793.9	3,839.2
32 Wages and salaries	2,814.9	2,953.1	3,100.5	3,015.8	3,054.3	3,082.7	3,115.4	3,149.6
33 Government and government enterprises	545.3	567.5	589.7	574.2	584.1	586.3	592.8	595.4
34 Other	2,269.6	2,385.6	2,510.8	2,441.6	2,470.2	2,496.3	2,522.6	2,554.2
35 Supplement to wages and salaries	587.5	629.0	671.7	642.8	650.7	668.0	678.5	689.6
36 Employer contributions for social insurance	290.6	306.3	321.0	311.3	312.2	321.4	323.8	326.7
37 Other labor income	296.9	322.7	350.7	331.5	338.5	346.6	354.7	362.9
38 Proprietors' income[1]	376.4	414.3	443.2	431.2	444.1	439.4	422.5	467.0
39 Business and professional[1]	339.5	370.6	397.3	383.6	388.4	392.4	397.6	410.6
40 Farm[1]	36.8	43.7	46.0	47.6	55.7	47.0	24.8	56.4
41 Rental income of persons[2]	−12.8	−8.9	12.6	−1.2	7.5	12.7	13.7	16.4
42 Corporate profits[1]	369.5	407.2	467.3	439.5	432.1	458.1	468.5	510.5
43 Profits before tax[3]	362.3	395.4	450.0	409.9	419.8	445.6	443.8	491.0
44 Inventory valuation adjustment	4.9	−5.3	−7.1	4.9	−12.7	−12.2	1.0	−4.3
45 Capital consumption adjustment	2.2	17.1	24.3	24.7	25.1	24.7	23.8	23.9
46 Net interest	462.8	442.0	445.6	447.7	450.1	443.2	444.6	444.5

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1991	1992	1993[r]	1992	1993			
				Q4	Q1	Q2	Q3	Q4[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,850.9**	**5,144.9**	**5,388.3**	**5,328.3**	**5,254.7**	**5,373.2**	**5,412.7**	**5,512.7**
2 Wage and salary disbursements	2,815.0	2,973.1	3,080.5	3,095.8	2,974.3	3,082.7	3,115.4	3,149.6
3 Commodity-producing industries	738.1	756.5	763.6	783.3	740.7	765.1	769.4	779.3
4 Manufacturing	557.2	577.6	577.3	602.0	559.7	580.3	581.5	587.8
5 Distributive industries	648.0	682.0	706.6	709.9	682.9	709.1	714.4	720.1
6 Service industries	883.5	967.0	1,020.6	1,028.4	966.6	1,022.2	1,038.8	1,054.7
7 Government and government enterprises	545.4	567.5	589.7	574.2	584.1	586.3	592.8	595.4
8 Other labor income	296.9	322.7	350.7	331.5	338.5	346.6	354.7	362.9
9 Proprietors' income[1]	376.4	414.3	443.2	431.2	444.1	439.4	422.5	467.0
10 Business and professional[1]	339.5	370.6	397.3	383.6	388.4	392.4	397.6	410.6
11 Farm[1]	36.8	43.7	46.0	47.6	55.7	47.0	24.8	56.4
12 Rental income of persons[2]	−12.8	−8.9	12.6	−1.2	7.5	12.7	13.7	16.4
13 Dividends	127.9	140.4	158.3	152.3	157.0	157.8	159.0	159.4
14 Personal interest income	715.6	694.3	695.2	694.5	695.4	693.1	695.7	696.7
15 Transfer payments	769.9	858.4	912.1	877.4	894.4	905.5	918.5	929.8
16 Old-age survivors, disability, and health insurance benefits	382.3	413.9	438.4	420.8	433.1	435.0	439.4	446.1
17 LESS: Personal contributions for social insurance	237.8	249.3	264.3	253.3	256.6	264.5	266.8	269.2
18 EQUALS: Personal income	4,850.9	5,144.9	5,388.3	5,328.3	5,254.7	5,373.2	5,412.7	5,512.7
19 LESS: Personal tax and nontax payments	620.4	644.8	681.6	670.7	657.1	681.0	689.0	699.2
20 EQUALS: Disposable personal income	4,230.5	4,500.2	4,706.7	4,657.6	4,597.5	4,692.2	4,723.7	4,813.5
21 LESS: Personal outlays	4,029.0	4,261.5	4,516.8	4,377.9	4,419.7	4,483.6	4,544.0	4,620.1
22 EQUALS: Personal saving	201.5	238.7	189.9	279.7	177.9	208.7	179.7	193.4
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,237.9	19,518.0	19,887.4	19,754.1	19,744.4	19,785.4	19,868.8	20,150.1
24 Personal consumption expenditures	12,895.2	13,080.9	13,371.3	13,240.9	13,234.2	13,311.6	13,416.2	13,522.7
25 Disposable personal income	13,965.0	14,219.0	14,330.0	14,490.0	14,163.0	14,326.0	14,341.0	14,491.0
26 Saving rate (percent)	4.8	5.3	4.0	6.0	3.9	4.4	3.8	4.0
GROSS SAVING								
27 **Gross saving**	**733.7**	**717.8**	**780.9**	**718.8**	**762.0**	**766.7**	**774.3**	**820.4**
28 Gross private saving	929.9	986.9	1,005.2	969.4	1,024.8	988.3	988.7	1,019.0
29 Personal saving	201.5	238.7	189.9	279.7	177.9	208.7	179.7	193.4
30 Undistributed corporate profits[1]	102.3	110.4	124.0	121.7	103.7	116.3	129.3	146.6
31 Corporate inventory valuation adjustment	4.9	−5.3	−7.1	4.9	−12.7	−12.2	1.0	−4.3
Capital consumption allowances								
32 Corporate	383.2	396.6	408.8	396.5	402.2	405.2	414.0	413.9
33 Noncorporate	242.8	261.3	262.5	251.5	261.0	258.1	265.7	265.1
34 Government surplus, or deficit (−), national income and product accounts	−196.2	−269.1	−224.3	−250.6	−262.8	−221.5	−214.4	−198.6
35 Federal	−203.4	−276.3	−226.2	−264.2	−263.5	−222.6	−212.7	−206.0
36 State and local	7.3	7.2	1.9	13.5	.8	1.1	−1.7	7.5
37 **Gross investment**	**743.3**	**741.4**	**795.4**	**750.9**	**796.5**	**778.7**	**787.6**	**819.0**
38 Gross private domestic	736.9	796.5	891.7	833.3	874.1	874.1	884.0	934.5
39 Net foreign	6.4	−55.1	−96.2	−82.4	−77.6	−95.4	−96.4	−115.5
40 **Statistical discrepancy**	**9.6**	**23.6**	**14.6**	**32.1**	**34.4**	**12.0**	**13.3**	**−1.4**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1991	1992	1993	1992	1993			
				Q4	Q1	Q2	Q3[r]	Q4[p]
1 Balance on current account	−8,324	−66,400	−109,242	−23,687	−22,375[r]	−27,235[r]	−28,091	−31,539
2 Merchandise trade balance[2]	−73,802	−96,138	−132,478	−25,962	−29,325[r]	−34,398[r]	−35,972	−32,783
3 Merchandise exports	416,937	440,138	456,766	113,992	111,480[r]	113,067[r]	111,935	120,284
4 Merchandise imports	−490,739	−536,276	−589,244	−139,954	−140,805[r]	−147,465[r]	−147,907	−153,067
5 Military transactions, net	−5,851	−2,751	−1,027	−836	−145	−226	−128	−528
6 Other service transactions, net	51,733	59,163	56,706	14,265	14,799[r]	14,716[r]	13,983	13,209
7 Investment income, net	13,021	6,222	66	−806	−112[r]	−27[r]	1,617	−1,411
8 U.S. government grants	24,073	−14,688	−14,438	−5,883	−3,242	−2,730	−3,029	−5,437
9 U.S. government pensions and other transfers	−3,461	−3,735	−3,946	−846	−985[r]	−986[r]	−985	−989
10 Private remittances and other transfers	−14,037	−14,473	−14,126	−3,619	−3,365[r]	−3,584[r]	−3,577	−3,600
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,905	−1,609	−106	−737	535	−275	−180	−186
12 Change in U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	1,542	−983	822	−545	−673
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−177	2,316	−537	2,829	−140	−166	−118	−113
15 Reserve position in International Monetary Fund	−367	−2,692	−44	−2,685	−228	313	−48	−80
16 Foreign currencies	6,307	4,277	−797	1,398	−615	675	−378	−480
17 Change in U.S. private assets abroad (increase, −)	−68,643	−53,253	−142,388	−31,243	−12,267[r]	−30,244[r]	−42,674	−57,203
18 Bank-reported claims[3]	3,278	24,948	34,582	−3,481	28,055	5,317	8,487	−7,277
19 Nonbank-reported claims	1,932	4,551	...	1,132	−4,774	443	2,982	...
20 U.S. purchases of foreign securities, net	−44,740	−47,961	−125,377	−17,405	−26,889	−24,098	−45,794	−28,596
21 U.S. direct investments abroad, net	−29,113	−34,791	−50,244	−11,489	−8,659[r]	−11,906[r]	−8,349	−21,330
22 Change in foreign official assets in United States (increase, +)	17,564	40,684	71,225	5,931	10,929	17,699	19,237	23,360
23 U.S. Treasury securities	14,846	18,454	48,700	−7,379	1,039	5,668	19,098	22,895
24 Other U.S. government obligations	1,301	3,949	4,091	874	710	1,082	1,345	954
25 Other U.S. government liabilities[4]	1,542	2,542	1,890	943	−395	396	1,105	784
26 Other U.S. liabilities reported by U.S. banks[3]	−1,484	16,427	13,959	11,219	8,171	9,454	−2,495	−1,171
27 Other foreign official assets[5]	1,359	−688	2,585	274	1,404	1,099	184	−102
28 Change in foreign private assets in United States (increase, +)	65,876	88,895	155,154	32,914	14,946[r]	24,838[r]	52,400	62,970
29 U.S. bank-reported liabilities[3]	−11,371	18,609	12,208	−1,171	−18,862	−1,381	24,941	7,510
30 U.S. nonbank-reported liabilities	−699	741	...	−2,717	2,057	1,361	4,069	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,893	24,328	21,232	13,599	−623	3,474	7,878
32 Foreign purchases of other U.S. securities, net	35,144	30,274	79,612	12,478	9,394	15,025	17,257	37,936
33 Foreign direct investments in United States, net	23,975	2,378	31,519	3,092	8,758[r]	10,456[r]	2,659	9,646
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−15,140	−12,218	26,735	15,280	9,215[r]	14,395[r]	−148	3,271
36 Due to seasonal adjustment	...	...	...	1,222	6,082[r]	943[r]	−7,319	292
37 Before seasonal adjustment	−15,140	−12,218	26,735	14,058	3,133[r]	13,452	7,171	2,979
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	1,542	−983	822	−544	−673
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,142	69,335	4,988	11,324	17,303	18,132	22,576
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−4,882	5,857	−3,968	2,336	463	−916	−3,244	−271

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

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1991	1992	1993	1993					1994	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[p]
1 Goods and services, balance	-27,920	-39,727	-76,761	-7,044	-8,183	-8,460	-7,455	-4,148	-6,644	-9,705
2 Merchandise	-73,802	-96,138	-132,439	-11,647	-12,568	-12,644	-11,351	-8,748	-11,350	-13,886
3 Services	45,882	56,411	55,678	4,603	4,385	4,184	3,896	4,600	4,706	4,181
4 Goods and services, exports	581,197	619,848	643,563	52,731	53,660	54,957	54,735	57,250	54,295	52,902
5 Merchandise	416,937	440,138	456,771	37,224	38,134	39,371	39,451	41,469	38,528	37,165
6 Services	164,260	179,710	186,792	15,507	15,526	15,586	15,284	15,781	15,767	15,737
7 Goods and services, imports	609,117	659,575	720,324	59,775	61,843	63,417	62,190	61,398	60,939	62,607
8 Merchandise	490,739	536,276	589,210	48,871	50,702	52,015	50,802	50,217	49,878	51,051
9 Services	118,378	123,299	131,114	10,904	11,141	11,402	11,388	11,181	11,061	11,556
MEMO										
10 **Balance on merchandise trade, Census basis**	-66,723	-84,501	-115,738	-10,047	-10,621	-10,897	-9,679	-7,367	-10,169	-12,363

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993				1994		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**75,835**	**74,550**	**74,042**	**73,442**	**74,243**	**75,766**	**76,809**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,057	11,056	11,054	11,053	11,053	11,053	11,052
3 Special drawing rights[2,3]	10,989	11,240	8,503	9,203	9,038	9,091	9,039	9,070	9,295	9,383
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	12,101	11,908	11,827	11,818	11,906	11,974	12,135
5 Foreign currencies[4]	52,193	45,934	40,005	43,474	42,548	42,070	41,532	42,214	43,444	44,239

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1990	1991	1992	1993				1994		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 Deposits	369	968	205	501	390	596	386	257	190	454
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	358,860	358,975	373,864	379,394	388,065	393,238	399,817
3 Earmarked gold[3]	13,387	13,303	13,118[r]	12,562	12,464	12,381	12,327	12,302	12,238	12,145

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 at face value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991[r]	1992[r]	1993[r]					1994	
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[p]
1 **Total**[1]	**360,530**	**398,816**	**436,969**	**445,693**	**444,107**	**457,129**	**468,825**	**477,525**	**476,242**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,967	68,824	70,220	65,668	67,964	69,633	77,363	76,147
3 U.S. Treasury bills and certificates[3]	92,692	104,596	136,488	139,638	140,525	144,865	150,900	146,940	143,222
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	197,165	200,346	201,965	208,188	211,825	216,209	220,254
5 Nonmarketable[4]	4,858	4,532	5,508	5,542	5,579	5,615	5,652	5,689	5,725
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	28,984	29,947	30,370	30,497	30,815	31,324	30,894
By area									
7 Europe[1]	171,317	191,708	191,890	198,254	193,676	208,790	209,229	215,611	209,270
8 Canada	7,460	7,920	8,075	8,260	9,441	8,657	9,505	10,084	9,844
9 Latin America and Caribbean	33,554	40,025	55,340	54,704	54,275	50,410	57,950	57,761	61,033
10 Asia	139,465	152,276	174,901	177,164	178,889	182,437	185,289	187,337	189,025
11 Africa	2,092	3,565	3,109	3,888	3,665	3,650	3,894	3,681	4,043
12 Other countries[6]	6,640	3,320	3,652	3,421	4,159	3,183	2,956	3,049	3,025

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[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1990	1991	1992	1993			
				Mar.	June	Sept.	Dec.
1 Banks' liabilities	70,477	75,129	72,796	81,091	75,206	81,205	77,597
2 Banks' claims	66,796	73,195	62,799	64,256	55,533	59,116	60,244
3 Deposits	29,672	26,192	24,240	23,142	20,464	20,930	19,379
4 Other claims	37,124	47,003	38,559	41,114	35,069	38,186	40,865
5 Claims of banks' domestic customers[2]	6,309	3,398	4,432	2,625	3,234	2,640	3,145

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1991	1992	1993r	1993					1994	
				Aug.r	Sept.r	Oct.	Nov.	Dec.r	Jan.r	Feb.p
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**756,066**	**810,259**	**902,955**	**860,589**	**875,947**	**877,062r**	**893,284r**	**902,955**	**885,370**	**909,828**
2 Banks' own liabilities	575,374	606,444	620,689	606,790	615,305	610,744r	616,209r	620,689	607,870	629,422
3 Demand deposits	20,321	21,828	21,572	21,374	25,376	22,014r	25,462	21,572	23,485	24,211
4 Time deposits[2]	159,649	160,385	174,984	153,905	154,405	159,375r	156,994r	174,984	158,929	159,767
5 Other[3]	66,305	93,237	109,873	115,387	112,096	128,942r	126,845r	109,873	128,360	134,479
6 Own foreign offices[4]	329,099	330,994	314,260	316,124	323,428	300,413r	306,908	314,260	297,096	310,965
7 Banks' custodial liabilities[5]	180,692	203,815	282,266	253,799	260,642	266,318r	277,075r	282,266	277,500	280,406
8 U.S. Treasury bills and certificates[6]	110,734	127,644	176,430	161,827	165,151	164,365	169,729	176,430	170,694	166,977
9 Other negotiable and readily transferable instruments[7]	18,664	21,974	36,078	27,643	30,879	37,562	38,555	36,078	37,329	41,829
10 Other	51,294	54,197	69,758	64,329	64,612	64,391r	68,791r	69,758	69,477	71,600
11 Nonmonetary international and regional organizations[8]	8,981	9,350	10,846	12,365	11,409	10,994r	12,965r	10,846	10,869	6,999
12 Banks' own liabilities	6,827	6,951	5,550	8,671	7,995	6,790r	9,091r	5,550	6,855	5,624
13 Demand deposits	43	46	15	37	21	71	34	15	21	120
14 Time deposits[2]	2,714	3,214	2,780	2,882	4,062	2,978r	2,863r	2,780	3,305	2,503
15 Other[3]	4,070	3,691	2,755	5,752	3,912	3,741	6,194	2,755	3,529	3,001
16 Banks' custodial liabilities[5]	2,154	2,399	5,296	3,694	3,414	4,204	3,874	5,296	4,014	1,375
17 U.S. Treasury bills and certificates[6]	1,730	1,908	4,275	3,418	3,199	3,566	3,201	4,275	3,497	1,321
18 Other negotiable and readily transferable instruments[7]	424	486	1,021	276	215	638	672	1,021	517	54
19 Other	0	5	0	0	0	0	1	0	0	0
20 Official institutions[9]	131,088	159,563	220,533	205,312	209,858	206,193	212,829r	220,533	224,303	219,369
21 Banks' own liabilities	34,411	51,202	64,056	62,252	63,619	60,995	62,168r	64,056	70,348	65,518
22 Demand deposits	2,626	1,302	1,601	1,317	1,951	2,121	2,089	1,601	1,631	1,406
23 Time deposits[2]	16,504	17,939	21,634	18,197	20,825	14,885	17,188r	21,634	20,117	19,978
24 Other[3]	15,281	31,961	40,821	42,738	40,843	43,989	42,891r	40,821	48,600	44,134
25 Banks' custodial liabilities[5]	96,677	108,361	156,477	143,060	146,239	145,198	150,661	156,477	153,955	153,851
26 U.S. Treasury bills and certificates[6]	92,692	104,596	150,900	136,488	139,638	140,525	144,865	150,900	146,940	143,222
27 Other negotiable and readily transferable instruments[7]	3,879	3,726	5,482	6,514	6,149	4,491	5,614	5,482	6,855	10,527
28 Other	106	39	95	58	452	182	182	95	160	102
29 Banks[10]	522,265	547,320	570,876	545,976	558,092	553,351r	562,372r	570,876	546,141	577,033
30 Banks' own liabilities	459,335	476,117	474,642	463,049	470,946	461,827r	468,526r	474,642	451,366	479,756
31 Unaffiliated foreign banks	130,236	145,123	160,382	146,925	147,518	161,414	161,618r	160,382	154,270	168,791
32 Demand deposits	8,648	10,170	9,715	10,482	12,809	9,948	13,369	9,715	11,022	11,980
33 Time deposits[2]	82,857	90,296	105,192	86,607	83,484	95,704r	92,265r	105,192	87,894	92,635
34 Other[3]	38,731	44,657	45,475	49,836	51,225	55,762r	55,984r	45,475	55,354	64,176
35 Own foreign offices[4]	329,099	330,994	314,260	316,124	323,428	300,413r	306,908	314,260	297,096	310,965
36 Banks' custodial liabilities[5]	62,930	71,203	96,234	82,927	87,146	91,524r	93,846r	96,234	94,775	97,277
37 U.S. Treasury bills and certificates[6]	7,471	11,087	10,707	11,327	11,794	10,046	10,539	10,707	9,832	11,051
38 Other negotiable and readily transferable instruments[7]	5,694	7,555	16,810	8,760	12,688	19,106	17,124	16,810	17,136	17,010
39 Other	49,765	52,561	68,717	62,840	62,664	62,372r	66,183r	68,717	67,807	69,216
40 Other foreigners	93,732	94,026	100,700	96,936	96,588	106,524r	105,118r	100,700	104,057	106,427
41 Banks' own liabilities	74,801	72,174	76,441	72,818	72,745	81,132r	76,424r	76,441	79,301	78,524
42 Demand deposits	9,004	10,310	10,241	9,538	10,595	9,874r	9,970	10,241	10,811	10,705
43 Time deposits[2]	57,574	48,936	45,378	46,219	46,034	45,808r	44,678	45,378	47,613	44,651
44 Other[3]	8,223	12,928	20,822	17,061	16,116	25,450	21,776r	20,822	20,877	23,168
45 Banks' custodial liabilities[5]	18,931	21,852	24,259	24,118	23,843	25,392	28,694	24,259	24,756	27,903
46 U.S. Treasury bills and certificates[6]	8,841	10,053	10,548	10,594	10,520	10,228	11,124	10,548	10,425	11,383
47 Other negotiable and readily transferable instruments[7]	8,667	10,207	12,765	12,093	11,827	13,327	15,145	12,765	12,821	14,238
48 Other	1,423	1,592	946	1,431	1,496	1,837	2,425	946	1,510	2,282
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,456	9,111	17,567	9,481	11,264	17,533	17,089	17,567	17,509	17,888

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed 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, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1991	1992	1993	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.p
AREA										
1 **Total, all foreigners**	**756,066**	**810,259**	**902,955r**	**860,589r**	**875,947r**	**877,062r**	**893,284r**	**902,955r**	**885,370r**	**909,828**
2 **Foreign countries**	**747,085**	**800,909**	**892,109r**	**848,224r**	**864,538r**	**866,068r**	**880,319r**	**892,109r**	**874,501r**	**902,829**
3 Europe	249,097	307,670	376,641r	335,418r	340,430r	357,848r	369,534	376,641r	367,653r	392,252
4 Austria	1,193	1,611	1,907r	1,614	1,672	1,808	1,797	1,907r	2,567	2,159
5 Belgium and Luxembourg	13,337	20,567	28,650	23,345	23,635	24,641	27,541	28,650	29,402r	30,624
6 Denmark	937	3,060	4,517	3,023	3,135	5,084	4,151	4,517	5,089	4,831
7 Finland	1,341	1,299	1,872	2,667	2,347	2,712	2,250	1,872	1,843	1,737
8 France	31,808	41,411	39,705r	36,517	40,622	43,034	36,638r	39,705r	32,244	38,429
9 Germany	8,619	18,630	26,617	22,199	22,530	22,820	27,025	26,617	27,576	30,249
10 Greece	765	913	1,530	1,122	1,378	1,366	1,704	1,530	1,361	1,481
11 Italy	13,541	10,041	11,561	11,427r	11,285	10,466	10,734	11,561	10,702	12,742
12 Netherlands	7,161	7,365	16,031r	10,854	11,429	13,368	14,737	16,031r	17,532	17,083
13 Norway	1,866	3,314	2,975	2,833	2,901	2,796	3,199	2,975	2,533	2,350
14 Portugal	2,184	2,465	3,366	3,015	3,180	3,215	3,229	3,366	3,131	3,170
15 Russia	241	577	2,511	2,254	2,229	2,623	2,530	2,511	2,208	2,017
16 Spain	11,391	9,793	20,494r	17,208r	20,496r	20,182r	19,705	20,494r	19,652	18,119
17 Sweden	2,222	2,953	2,573	1,460	3,474	2,355	2,672	2,573	2,301	2,429
18 Switzerland	37,238	39,440	41,588	40,988r	41,909	43,195	42,506	41,588	40,954r	41,278
19 Turkey	1,598	2,666	3,228	2,618	2,553	2,897	2,947	3,228	3,120	3,242
20 United Kingdom	100,292	111,805	133,788r	118,755r	116,267r	130,941	135,712	133,788r	130,778r	148,083
21 Yugoslavia[11]	622	504	570	511	524	541	546	570	549	428
22 Other Europe and former U.S.S.R.[12]	12,741	29,256	33,158r	33,008r	28,864r	23,804	29,911r	33,158r	34,111r	31,807
23 Canada	21,605	22,420	20,228r	23,673r	24,711r	27,452	24,152	20,228r	20,589r	23,126
24 Latin America and Caribbean	345,529	317,228	339,733r	330,996r	340,502r	327,666r	331,875r	339,733r	335,373r	337,621
25 Argentina	7,753	9,477	14,493	14,581r	14,052r	14,320r	13,695	14,493	14,495	14,451
26 Bahamas	100,622	82,284	73,077	75,215r	79,363r	76,557	78,354	73,077	71,693r	72,579
27 Bermuda	3,178	7,079	7,875r	6,931	7,239	8,021	7,287	7,875r	7,794r	6,750
28 Brazil	5,704	5,584	5,307r	5,299	5,268	5,057	5,069	5,307r	5,127r	5,391
29 British West Indies	163,620	153,033	172,657r	162,645r	169,550r	159,434r	166,637r	172,657r	168,735r	167,417
30 Chile	3,283	3,035	3,202r	3,596	3,867	3,952	3,455	3,202r	3,576r	3,755
31 Colombia	4,661	4,580	3,173r	4,383	3,988	3,025	3,101	3,173r	3,587	3,287
32 Cuba	2	3	33	5	6	7	7	33	34	30
33 Ecuador	1,232	993	881	860	819	868	851	881	891	858
34 Guatemala	1,594	1,377	1,207	1,315	1,278	1,275	1,243	1,207	1,258	1,223
35 Jamaica	231	371	410	364	375	376	401	410	387	420
36 Mexico	19,957	19,454	28,060r	24,907r	24,487r	24,249r	21,947	28,060r	27,667	30,693
37 Netherlands Antilles	5,592	5,205	4,206	5,413	4,695	5,283	4,725	4,206	5,139r	6,230
38 Panama	4,695	4,177	3,625	3,657	3,743	3,567	3,468	3,625	3,592	3,474
39 Peru	1,249	1,080	926r	898	903	873	890	926r	880	907
40 Uruguay	2,096	1,955	1,617r	1,822	1,752r	1,716	1,643	1,617r	1,727	1,537
41 Venezuela	13,181	11,387	12,806r	12,782	12,868	12,903	13,076	12,806r	12,460	12,438
42 Other	6,879	6,154	6,178r	6,323	6,249	6,183	6,026	6,178r	6,331	6,181
43 Asia	120,462	143,540	144,653r	147,517	147,672r	141,363	144,476	144,653r	140,096r	139,600
China										
44 People's Republic of China	2,626	3,202	4,011	3,292	3,261	3,280	3,187	4,011	4,075	4,535
45 Republic of China (Taiwan)	11,491	8,408	10,634	9,483	9,969	9,804	10,960	10,634	9,960	9,506
46 Hong Kong	14,269	18,499	17,233	15,621	16,388	16,389	18,673	17,233	18,675	17,763
47 India	2,418	1,399	1,113	1,211	1,288	1,251	1,425	1,113	1,436	1,127
48 Indonesia	1,463	1,480	1,986	1,582	1,715	1,504	1,674	1,986	1,807	1,659
49 Israel	2,015	3,773	4,436	2,729	3,241	5,450	4,582	4,436	4,138	4,630
50 Japan	47,069	58,435	61,483	67,999	65,650r	60,171	58,866	61,483	58,606	60,112
51 Korea (South)	2,587	3,337	4,913r	3,873	4,356	3,889	4,409	4,913r	4,721r	4,856
52 Philippines	2,449	2,275	2,035	2,648	2,735	2,192	1,902	2,035	1,912	1,820
53 Thailand	2,252	5,582	6,137	6,058	5,846	6,446	6,231	6,137	6,156	5,838
54 Middle Eastern oil-exporting countries[13]	15,752	21,437	15,825	19,141	17,255	14,681	15,489	15,825	13,131r	11,921
55 Other	16,071	15,713	14,847r	13,880	15,968	16,306	17,078	14,847r	15,479	15,833
56 Africa	4,825	5,884	6,638r	5,649	6,127	6,179	5,762	6,638r	5,823	6,329
57 Egypt	1,621	2,472	2,209	2,018	2,457	2,220	2,089	2,209	1,961	2,060
58 Morocco	79	76	99	78	86	87	110	99	94	73
59 South Africa	228	190	451	233	275	367	272	451	214	294
60 Zaire	31	19	12	20	16	15	10	12	13	8
61 Oil-exporting countries[14]	1,082	1,346	1,303	1,279	1,281	1,271	1,446	1,303	1,186	1,433
62 Other	1,784	1,781	2,564r	2,021	2,012	2,219	1,835	2,564r	2,355	2,461
63 Other	5,567	4,167	4,216r	4,971	5,096	5,560	4,520r	4,216r	4,967r	3,901
64 Australia	4,464	3,043	3,308	3,890	4,045	4,434	3,317r	3,308	3,809r	2,511
65 Other	1,103	1,124	908r	1,081	1,051	1,126	1,203r	908r	1,158	1,390
66 Nonmonetary international and regional organizations	8,981	9,350	10,846r	12,365	11,409	10,994r	12,965r	10,846r	10,869r	6,999
67 International[15]	6,485	7,434	6,761r	8,367	7,679	7,350r	9,094r	6,761r	6,357r	5,760
68 Latin American regional[16]	1,181	1,415	3,218	2,737	2,448	2,539	3,050	3,218	3,402	357
69 Other regional[17]	1,315	501	867	1,261	1,282	1,105	821	867	1,110	882

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1991	1992	1993	1993					1994	
				Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[p]
1 **Total, all foreigners**	**514,339**	**499,437**	**482,873[r]**	**461,049[r]**	**477,188**	**465,861**	**468,770**	**482,873**	**470,344**	**476,906**
2 **Foreign countries**	**508,056**	**494,355**	**480,468[r]**	**459,097[r]**	**474,809**	**464,618**	**466,569**	**480,468**	**467,231**	**475,261**
3 Europe	114,310	123,377	121,036[r]	116,828[r]	124,259	124,593	120,650	121,036	114,392	124,663
4 Austria	327	331	413	691	457	568	501	413	724	598
5 Belgium and Luxembourg	6,158	6,404	6,535[r]	6,515	6,589	5,516	5,911	6,535	5,165	6,327
6 Denmark	686	707	382	693	631	1,056	1,261	382	507	600
7 Finland	1,907	1,418	598	705	594	730	606	598	699	725
8 France	15,112	14,723	11,490	11,501[r]	10,974	11,516	11,622	11,490	11,705	11,033
9 Germany	3,371	4,222	7,683	6,766	7,994	7,570	6,961	7,683	7,364	7,966
10 Greece	553	717	679	508	629	592	684	679	658	669
11 Italy	8,242	9,047	8,876[r]	8,824[r]	8,971	8,035	8,402	8,876	8,950	8,477
12 Netherlands	2,546	2,468	3,064	3,081	3,383	3,163	3,607	3,064	3,878	2,761
13 Norway	669	355	396	941	841	779	598	396	738	777
14 Portugal	344	325	720	803	787	826	787	720	805	918
15 Russia	1,970	3,147	2,295	2,591	2,547	2,581	2,295	2,295	2,142	2,005
16 Spain	1,881	2,755	2,763	4,184	3,652	4,747	4,388	2,763	3,299	2,688
17 Sweden	2,335	4,923	4,100	4,289[r]	4,630	4,111	3,531	4,100	3,704	3,608
18 Switzerland	4,540	4,717	6,567	5,634	5,216	4,647	5,946	6,567	7,177	4,535
19 Turkey	1,063	962	1,287	1,549	1,418	1,638	1,790	1,287	1,118	1,627
20 United Kingdom	60,395	63,430	60,930[r]	55,113[r]	62,508	64,044	59,403	60,930	53,216	66,995
21 Yugoslavia[2]	825	569	536	547	542	535	549	536	470	414
22 Other Europe and former U.S.S.R.[3]	1,386	2,157	1,722	1,893	1,896	1,939	1,808	1,722	2,073	1,940
23 Canada	15,113	13,845	18,432[r]	17,374[r]	19,007	15,697	15,478	18,432	19,126	16,884
24 Latin America and Caribbean	246,137	218,078	223,688[r]	207,555[r]	215,660	212,002	216,687	223,688	225,712	225,830
25 Argentina	5,869	4,958	4,425	4,740	4,715	4,390	4,518	4,425	4,569	4,459
26 Bahamas	87,138	60,835	65,045	56,276	60,906	60,350	63,242	65,045	66,411	65,439
27 Bermuda	2,270	5,935	8,032	7,122	5,550	8,915	7,565	8,032	10,234	9,969
28 Brazil	11,894	10,773	11,803	10,927	11,294	11,675	11,677	11,803	12,719	12,825
29 British West Indies	107,846	101,507	97,485[r]	93,116	97,409	90,041	92,621	97,485	93,854	94,682
30 Chile	2,805	3,397	3,614	3,796	3,832	3,857	3,728	3,614	3,546	3,763
31 Colombia	2,425	2,750	3,179	2,916	2,921	2,957	3,040	3,179	3,241	3,053
32 Cuba	0	0	0	0	0	0	0	0	0	2
33 Ecuador	1,053	884	673	739	701	707	704	673	679	722
34 Guatemala	228	262	286	256	244	269	286	286	316	294
35 Jamaica	158	162	195[r]	181	183	175	186	195	180	176
36 Mexico	16,567	14,991	15,833[r]	15,653[r]	15,750	16,155	16,073	15,833	16,465	16,827
37 Netherlands Antilles	1,207	1,379	2,367	3,153	3,155	3,310	3,048	2,367	3,115	3,093
38 Panama	1,560	4,654	2,913[r]	2,361	2,370	2,491	2,625	2,913	2,843	2,983
39 Peru	739	730	651	667	617	636	620	651	693	726
40 Uruguay	599	936	951	816	926	926	918	951	793	742
41 Venezuela	2,516	2,525	3,070	2,876	2,835	2,815	3,054	3,070	2,929	2,875
42 Other	1,263	1,400	3,166[r]	1,960	2,252	2,333	2,782	3,166	3,125	3,200
43 Asia	125,262	131,789	110,684[r]	111,060[r]	109,020	105,497	107,541	110,684	101,398	101,513
China										
44 People's Republic of China	747	906	2,299	639[r]	700	773	706	2,299	881	842
45 Republic of China (Taiwan)	2,087	2,046	2,628[r]	1,585	1,594	1,674	2,003	2,628	2,611	1,487
46 Hong Kong	9,617	9,642	10,864	9,392[r]	11,155	9,640	10,449	10,864	10,227	9,993
47 India	441	529	589	456[r]	585	635	657	589	638	664
48 Indonesia	952	1,189	1,522	1,289	1,330	1,268	1,474	1,522	1,556	1,532
49 Israel	860	820	826	775	747	752	787	826	932	798
50 Japan	84,807	79,172	59,576[r]	64,738[r]	60,163	60,283	59,934	59,576	54,164	54,583
51 Korea (South)	6,048	6,179	7,556[r]	7,243[r]	7,106	7,133	7,148	7,556	7,373	7,503
52 Philippines	1,910	2,145	1,408	1,250	1,143	1,168	1,265	1,408	1,132	1,183
53 Thailand	1,713	1,867	2,154	2,018	2,143	2,145	2,110	2,154	2,373	2,541
54 Middle Eastern oil-exporting countries[4]	8,284	18,540	14,398	15,912	14,251	13,580	13,853	14,398	12,903	13,190
55 Other	7,796	8,754	6,864[r]	5,763[r]	8,103	6,446	7,155	6,864	6,608	7,197
56 Africa	4,928	4,279	3,819[r]	3,902	4,023	3,919	3,799	3,819	3,746	3,770
57 Egypt	294	186	196	168	176	160	218	196	198	222
58 Morocco	575	441	444	443	454	433	437	444	489	521
59 South Africa	1,235	1,041	633	705	713	663	664	633	581	558
60 Zaire	4	4	4	4	3	3	4	4	4	6
61 Oil-exporting countries[5]	1,298	1,002	1,128	1,224	1,206	1,187	1,119	1,128	1,169	1,197
62 Other	1,522	1,605	1,414[r]	1,358	1,471	1,473	1,357	1,414	1,305	1,266
63 Other	2,306	2,987	2,809	2,378	2,840	2,910	2,414	2,809	2,857	2,601
64 Australia	1,665	2,243	2,072	1,847	2,414	2,401	1,873	2,072	2,030	1,692
65 Other	641	744	737	531	426	509	541	737	827	909
66 Nonmonetary international and regional organizations[6]	6,283	5,082	2,405	1,952	2,379	1,243	2,201	2,405	3,113	1,645

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Claim	1991	1992	1993	1993					1994	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 **Total**	**579,683**	**559,495**	**523,283**	...	**518,469**	...	...	**523,283**	...	...
2 Banks' claims	514,339	499,437	482,873	461,049	477,188	465,861	468,770	482,873	470,344	476,906
3 Foreign public borrowers	37,126	31,367	28,980	30,295	31,925	31,320	29,761	28,980	30,828	26,557
4 Own foreign offices[2]	318,800	303,991	286,339	275,331	286,710	269,968	279,876	286,339	274,946	273,043
5 Unaffiliated foreign banks	116,602	109,342	98,082	93,959	96,000	91,888	92,030	98,082	91,047	97,526
6 Deposits	69,018	61,550	46,939	45,681	44,928	43,777	44,005	46,939	40,378	45,833
7 Other	47,584	47,792	51,143	48,278	51,072	48,111	48,025	51,143	50,669	51,693
8 All other foreigners	41,811	54,737	69,472	61,464	62,553	72,685	67,103	69,472	73,523	79,780
9 Claims of banks' domestic customers[3]	65,344	60,058	40,410	...	41,281	...	...	40,410	...	...
10 Deposits	15,280	15,452	9,619	...	9,343	...	...	9,619	...	...
11 Negotiable and readily transferable instruments[4]	37,125	31,474	17,155	...	18,475	...	...	17,155	...	...
12 Outstanding collections and other claims	12,939	13,132	13,636	...	13,463	...	...	13,636	...	...
MEMO										
13 Customer liability on acceptances	8,974	8,655	7,871	...	8,190	...	...	7,871	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,024	36,213r	22,733	28,435	24,507	27,002	21,830	22,733	21,569	21,350

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in 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 held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1990	1991	1992	1993			
				Mar.	June	Sept.	Dec.p
1 **Total**	**206,903**	**195,302**	**195,119**	**182,205r**	**182,975**	**189,716**	**194,981**
By borrower							
2 Maturity of one year or less	165,985	162,573	163,325	151,986r	154,312	162,005	166,268
3 Foreign public borrowers	19,305	21,050	17,813	21,239	17,962	21,211	17,447
4 All other foreigners	146,680	141,523	145,512	130,747r	136,350	140,794	148,821
5 Maturity of more than one year	40,918	32,729	31,794	30,219	28,663	27,711	28,713
6 Foreign public borrowers	22,269	15,859	13,266	12,214	11,255	10,507	10,994
7 All other foreigners	18,649	16,870	18,528	18,005	17,408	17,204	17,719
By area							
Maturity of one year or less							
8 Europe	49,184	51,835	53,300	54,838r	54,372	57,238	56,263
9 Canada	5,450	6,444	6,091	7,874r	7,893	9,833	7,564
10 Latin America and Caribbean	49,782	43,597	50,376	45,082r	48,552	51,619	56,686
11 Asia	53,258	51,059	45,709	37,741r	38,654	37,624	40,264
12 Africa	3,040	2,549	1,784	1,677	1,712	1,916	1,783
13 All other[3]	5,272	7,089	6,065	4,774r	3,129	3,775	3,708
Maturity of more than one year							
14 Europe	3,859	3,878	5,367	4,896	4,579	4,433	4,327
15 Canada	3,290	3,595	3,287	3,120	2,909	2,549	2,553
16 Latin America and Caribbean	25,774	18,277	15,312	14,574	13,828	13,519	14,043
17 Asia	5,165	4,459	5,038	5,063	4,808	4,732	5,409
18 Africa	2,374	2,335	2,380	2,130	2,050	2,049	1,934
19 All other[3]	456	185	410	436	489	429	447

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1989	1990	1991	1992				1993			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.^{p}
1 **Total**	**340.9**	**320.1**	**343.6**	**351.7**	**358.7**	**344.5**	**346.5**	**361.0**	**377.1**	**388.1**	**403.3**
2 G-10 countries and Switzerland	152.9	132.2	137.6	130.9	135.6	136.0	132.9	142.4	150.1	153.4	160.9
3 Belgium and Luxembourg	6.3	5.9	6.0	5.3	6.2	6.2	5.6	6.1	7.0	7.1	7.4
4 France	11.7	10.4	11.0	10.0	11.9	15.3	15.3	13.5	14.0	12.3	11.7
5 Germany	10.5	10.6	8.3	8.4	8.8	10.9	9.3	9.9	10.8	12.4	12.6
6 Italy	7.4	5.0	5.6	5.4	8.0	6.4	6.5	6.7	7.9	8.7	7.6
7 Netherlands	3.1	3.0	4.7	4.3	3.3	3.7	2.8	3.6	3.7	3.7	4.7
8 Sweden	2.0	2.2	1.9	2.0	1.9	2.2	2.3	3.0	2.5	2.5	2.5
9 Switzerland	7.1	4.4	3.4	3.2	4.6	5.2	4.8	5.3	4.7	5.6	5.9
10 United Kingdom	67.2	60.9	68.5	64.7	65.6	61.0	60.8	65.7	73.5	74.7	84.4
11 Canada	5.4	5.9	5.8	6.5	6.5	6.3	6.3	8.2	8.1	9.7	6.6
12 Japan	32.3	24.0	22.6	21.1	18.7	18.9	19.3	20.4	17.9	16.9	17.4
13 Other industrialized countries	21.0	22.9	22.8	21.4	25.5	25.0	24.0	25.4	27.2	26.0	24.6
14 Austria	1.5	1.4	.6	.8	.8	.7	1.2	1.2	1.3	.6	.4
15 Denmark	1.1	1.1	.9	.8	1.3	1.5	.9	.8	1.0	1.1	1.0
16 Finland	1.0	.7	.7	.8	.8	1.0	.7	.7	.9	.6	.4
17 Greece	2.5	2.7	2.6	2.3	2.8	3.0	3.0	2.7	3.1	3.2	3.2
18 Norway	1.4	1.6	1.4	1.5	1.7	1.6	1.2	1.8	1.8	2.1	1.7
19 Portugal	.4	.6	.6	.5	.5	.5	.4	.7	.9	1.0	.8
20 Spain	7.1	8.3	8.3	7.7	10.1	9.7	8.9	9.5	10.5	9.3	8.9
21 Turkey	1.2	1.7	1.4	1.2	1.5	1.5	1.3	1.4	2.1	2.1	2.1
22 Other Western Europe	1.0	1.2	1.8	1.5	2.0	1.5	1.7	2.0	1.7	2.2	2.6
23 South Africa	2.0	1.8	1.9	1.8	1.7	1.7	1.7	1.6	1.3	1.2	1.1
24 Australia	1.6	1.8	2.7	2.3	2.2	2.3	2.9	2.9	2.5	2.8	2.3
25 OPEC[2]	17.1	12.8	14.5	15.8	16.2	15.9	16.1	16.8	15.9	14.9	16.9
26 Ecuador	1.3	1.0	.7	.7	.7	.7	.6	.6	.6	.5	.5
27 Venezuela	7.0	5.0	5.4	5.4	5.3	5.4	5.2	5.3	5.6	5.6	5.3
28 Indonesia	2.0	2.7	2.7	3.0	3.0	3.0	3.0	3.1	3.1	2.8	3.2
29 Middle East countries	5.0	2.5	4.2	5.3	5.9	5.4	6.2	6.6	5.4	4.9	6.7
30 African countries	1.7	1.7	1.5	1.4	1.4	1.4	1.1	1.1	1.1	1.1	1.2
31 Non-OPEC developing countries	77.5	65.4	63.9	69.7	68.1	72.8	72.1	74.4	76.6	76.9	82.5
Latin America											
32 Argentina	6.3	5.0	4.8	5.0	5.1	6.2	6.6	7.0	6.6	7.2	7.7
33 Brazil	19.0	14.4	9.6	10.8	10.6	10.8	10.8	11.6	12.3	11.6	12.0
34 Chile	4.6	3.5	3.6	3.9	4.0	4.2	4.4	4.6	4.6	4.7	4.7
35 Colombia	1.8	1.8	1.7	1.6	1.6	1.7	1.8	1.9	1.9	2.0	2.1
36 Mexico	17.7	13.0	15.5	17.7	16.3	17.1	16.0	16.8	16.8	17.5	17.7
37 Peru	.6	.5	.4	.4	.4	.5	.5	.4	.4	.3	.4
38 Other	2.8	2.3	2.1	2.2	2.2	2.5	2.6	2.6	2.7	2.6	3.0
Asia											
China											
39 Peoples Republic of China	.3	.2	.3	.3	.3	.3	.7	.6	1.6	.5	2.0
40 Republic of China (Taiwan)	4.5	3.5	4.1	4.8	4.6	5.0	5.2	5.3	5.9	6.4	7.3
41 India	3.1	3.3	3.0	3.6	3.8	3.6	3.2	3.1	3.1	2.9	3.2
42 Israel	.7	.5	.5	.4	.4	.4	.4	.5	.4	.4	.5
43 Korea (South)	5.9	6.2	6.8	6.9	6.9	7.4	6.6	6.5	6.9	6.5	6.7
44 Malaysia	1.7	1.9	2.3	2.5	2.7	3.0	3.1	3.4	3.7	4.1	4.4
45 Philippines	4.1	3.8	3.7	3.6	3.1	3.6	3.6	3.4	2.9	2.6	3.1
46 Thailand	1.3	1.5	1.7	1.7	1.9	2.2	2.2	2.2	2.4	2.8	3.1
47 Other Asia[3]	1.0	1.7	2.0	2.3	2.5	2.7	2.7	2.7	2.6	3.0	2.9
Africa											
48 Egypt	.4	.4	.4	.3	.5	.3	.2	.2	.2	.2	.4
49 Morocco	.9	.8	.7	.7	.7	.6	.6	.5	.6	.6	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.7	.7	.6	.9	1.0	.8	.9	.8	.8
52 Eastern Europe	3.5	2.3	2.4	2.9	3.0	3.1	3.1	2.9	3.2	3.0	3.0
53 Russia	.7	.2	.9	1.4	1.7	1.8	1.9	1.7	1.9	1.7	1.6
54 Yugoslavia	1.6	1.2	.9	.8	.7	.7	.6	.6	.6	.6	.6
55 Other	1.3	.9	.7	.6	.6	.7	.6	.7	.7	.7	.9
56 Offshore banking centers	38.4	44.7	54.2	63.0	61.4	54.5	58.3	60.1	57.8	67.5	72.0
57 Bahamas	5.5	2.9	11.9	15.3	12.9	8.9	6.9	9.6	6.9	12.4	12.6
58 Bermuda	1.7	4.4	2.3	3.9	5.1	3.8	6.2	4.1	4.5	5.5	8.1
59 Cayman Islands and other British West Indies	9.0	11.7	15.8	18.6	19.3	16.9	21.8	17.6	15.6	15.1	16.5
60 Netherlands Antilles	2.3	7.9	1.2	1.0	.8	.7	1.1	1.6	2.5	2.8	2.3
61 Panama[4]	1.4	1.4	1.4	1.6	1.9	2.0	1.9	2.0	2.1	2.1	2.4
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.3	9.7	14.4	14.0	14.9	15.2	13.8	16.7	16.9	19.1	18.7
64 Singapore	7.0	6.6	7.1	8.5	6.4	6.8	6.5	8.4	9.3	10.4	11.2
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1
66 Miscellaneous and unallocated[6]	30.5	39.9	48.0	47.8	48.6	36.8	39.7	38.8	46.2	46.3	43.3

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. U.S. office data include other types of U.S.-owned depository institutions as well as some types of brokers and dealers. 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.

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 States[1]

Millions of dollars, end of period

	Type of liability and area or country	1990	1991[r]	1992	1992		1993			
					Sept.	Dec.[r]	Mar.	June	Sept.[r]	Dec.[p]
1	**Total**	**46,043**	**44,708**	**45,351**	**47,089[r]**	**45,351**	**46,181[r]**	**46,424[r]**	**48,674**	**49,453**
2	Payable in dollars	40,786	39,029	37,209	38,344[r]	37,209	37,823[r]	37,014[r]	39,280	37,804
3	Payable in foreign currencies	5,257	5,679	8,142	8,745[r]	8,142	8,358[r]	9,410[r]	9,394	11,649
	By type									
4	Financial liabilities	21,066	22,518	23,380	24,518[r]	23,380	23,947[r]	24,714[r]	26,067	27,445
5	Payable in dollars	16,979	18,104	16,623	17,453[r]	16,623	17,021[r]	16,870[r]	18,635	18,112
6	Payable in foreign currencies	4,087	4,414	6,757	7,065[r]	6,757	6,926[r]	7,844[r]	7,432	9,333
7	Commercial liabilities	24,977	22,190	21,971	22,571[r]	21,971	22,234[r]	21,710[r]	22,607	22,008
8	Trade payables	10,683	9,252	9,886	10,234[r]	9,886	10,005	9,687[r]	9,483	9,011
9	Advance receipts and other liabilities	14,294	12,938	12,085	12,337	12,085	12,229[r]	12,023	13,124	12,997
10	Payable in dollars	23,807	20,925	20,586	20,891[r]	20,586	20,802[r]	20,144[r]	20,645	19,692
11	Payable in foreign currencies	1,170	1,265	1,385	1,680[r]	1,385	1,432[r]	1,566[r]	1,962	2,316
	By area or country									
	Financial liabilities									
12	Europe	10,978	12,003	13,101	14,334[r]	13,101	13,461[r]	14,060[r]	16,341	17,862
13	Belgium and Luxembourg	394	216	414	256	414	306	268	278	175
14	France	975	2,106	1,608	2,785	1,608	1,610	2,216	2,074	2,323
15	Germany	621	682	810	738	810	820	787	779	902
16	Netherlands	1,081	1,056	606	980	606	639	585	573	534
17	Switzerland	545	408	569	627	569	503	491	378	634
18	United Kingdom	6,357	6,528	8,424	8,146[r]	8,424	9,029[r]	9,058[r]	11,669	12,690
19	Canada	229	292	516	345	516	576	492	663	859
20	Latin America and Caribbean	4,153	4,784	4,053	3,997	4,053	4,299[r]	4,199[r]	3,719	3,359
21	Bahamas	371	537	369	230	369	521	426	1,301	1,148
22	Bermuda	0	114	114	115	114	114	124	114	0
23	Brazil	0	6	19	18	19	18	18	18	18
24	British West Indies	3,160	3,524	2,860	2,933	2,860	2,970[r]	2,951[r]	1,600	1,533
25	Mexico	5	7	12	12	12	13	11	15	17
26	Venezuela	4	4	6	5	6	5	5	5	5
27	Asia	5,295	5,381	5,676	5,752[r]	5,676	5,550[r]	5,793[r]	5,194	5,203
28	Japan	4,065	4,116	4,608	4,678	4,608	4,539[r]	4,611[r]	4,165	4,134
29	Middle East oil-exporting countries[2]	5	13	19	17	19	24	19	23	23
30	Africa	2	6	6	5	6	6	130	132	133
31	Oil-exporting countries[3]	0	4	0	0	0	0	123	124	123
32	All other[4]	409	52	28	85	28	55	40	18	29
	Commercial liabilities									
33	Europe	10,310	8,701	7,377	7,478[r]	7,377	6,985[r]	6,801[r]	7,045	6,809
34	Belgium and Luxembourg	275	248	296	173	296	262	267	255	238
35	France	1,218	1,039	697	756	697	705	773	640	646
36	Germany	1,270	1,052	717	851	717	650[r]	603	571	684
37	Netherlands	844	710	535	601	535	537	577	601	687
38	Switzerland	775	575	349	482	349	471[r]	440	535	373
39	United Kingdom	2,792	2,297	2,503	2,268[r]	2,503	2,117[r]	2,185[r]	2,319	2,053
40	Canada	1,261	1,014	1,002	1,114	1,002	1,005[r]	941[r]	847	881
41	Latin America and Caribbean	1,672	1,355	1,532	1,515[r]	1,532	1,776	1,828[r]	1,759	1,661
42	Bahamas	12	3	3	3	3	11	6	4	21
43	Bermuda	538	310	307	325	307	429	356	340	348
44	Brazil	145	219	209	121	209	236	226	214	216
45	British West Indies	30	107	33	85	33	34	16	36	26
46	Mexico	475	307	457	326	457	553	659	577	485
47	Venezuela	130	94	142	147[r]	142	171	172	173	126
48	Asia	9,483	9,334	10,917	11,026	10,917	11,067	10,823	11,736	11,620
49	Japan	3,651	3,721	3,951	3,918	3,951	4,035	3,715	4,546	5,097
50	Middle Eastern oil-exporting countries[2,5]	2,016	1,498	1,889	1,813	1,889	1,796	1,815	1,934	1,543
51	Africa	844	715	568	675	568	675	665	641	445
52	Oil-exporting countries[3]	422	327	309	335	309	322	378	320	153
53	Other[4]	1,406	1,071	575	763[r]	575	726[r]	652[r]	579	592

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1990	1991[r]	1992	1992		1993			
					Sept.	Dec.	Mar.[r]	June[r]	Sept.[r]	Dec.[p]
1	**Total**	**35,348**	**45,262**	**41,894**	**46,271[r]**	**41,894[r]**	**45,784**	**41,470**	**42,003**	**42,552**
2	Payable in dollars	32,760	42,564	39,287	43,297[r]	39,287[r]	42,904	38,346	38,732	39,022
3	Payable in foreign currencies	2,589	2,698	2,607	2,974	2,607[r]	2,880	3,124	3,271	3,530
	By type									
4	Financial claims	19,874	27,882	23,532	28,573	23,532	26,064	21,808	23,324	23,047
5	Deposits	13,577	20,080	15,100	19,524	15,100	16,508	11,646	13,286	12,981
6	Payable in dollars	12,552	19,080	14,302	18,387	14,302	15,450	10,728	12,307	12,171
7	Payable in foreign currencies	1,025	1,000	798	1,137	798	1,058	918	979	810
8	Other financial claims	6,297	7,802	8,432	9,049	8,432	9,556	10,162	10,038	10,066
9	Payable in dollars	5,280	6,910	7,667	8,028	7,667	8,803	9,238	9,279	9,096
10	Payable in foreign currencies	1,017	892	765	1,021	765	753	924	759	970
11	Commercial claims	15,475	17,380	18,362	17,698[r]	18,362[r]	19,720	19,662	18,679	19,505
12	Trade receivables	13,657	14,468	15,804	14,755[r]	15,804[r]	17,364	17,180	15,698	16,291
13	Advance payments and other claims	1,817	2,912	2,558	2,943	2,558	2,356	2,482	2,981	3,214
14	Payable in dollars	14,927	16,574	17,318	16,882[r]	17,318[r]	18,651	18,380	17,146	17,755
15	Payable in foreign currencies	548	806	1,044	816	1,044[r]	1,069	1,282	1,533	1,750
	By area or country									
	Financial claims									
16	Europe	9,645	13,441	9,310	11,301	9,310	10,321	9,620	8,251	8,042
17	Belgium and Luxembourg	76	13	8	16	8	6	13	9	131
18	France	371	269	762	768	762	905	781	708	749
19	Germany	367	283	326	292	326	388	383	361	472
20	Netherlands	265	334	515	750	515	544	499	485	483
21	Switzerland	357	581	490	587	490	478	460	454	506
22	United Kingdom	7,971	11,534	6,234	8,078	6,234	6,968	6,550	5,227	4,535
23	Canada	2,934	2,642	1,709	2,281	1,709	2,007	1,781	1,593	1,810
24	Latin America and Caribbean	6,201	10,717	11,122	13,837	11,122	9,718	6,704	10,067	10,868
25	Bahamas	1,090	827	658	1,248	658	320	697	494	452
26	Bermuda	3	8	40	65	40	79	258	197	125
27	Brazil	68	351	686	589	686	592	590	590	599
28	British West Indies	4,635	9,056	9,266	11,492	9,266	8,266	4,650	8,109	8,614
29	Mexico	177	212	286	239	286	235	270	385	634
30	Venezuela	25	40	29	26	29	23	24	25	161
31	Asia	860	640	807	717	807	3,263	2,961	2,709	1,751
32	Japan	523	350	643	471	643	3,066	2,444	2,199	1,063
33	Middle East oil-exporting countries[2]	8	5	3	4	3	3	10	5	3
34	Africa	37	57	79	71	79	128	125	88	99
35	Oil-exporting countries[3]	0	1	9	1	9	1	1	1	1
36	All other[4]	195	385	505	366	505	627	617	616	477
	Commercial claims									
37	Europe	7,044	8,193	8,401	8,196[r]	8,401[r]	8,744	8,885	7,975	8,418
38	Belgium and Luxembourg	212	194	189	174[r]	189[r]	170	172	163	182
39	France	1,240	1,585	1,525	1,825[r]	1,525[r]	1,476	1,488	1,394	1,754
40	Germany	807	955	931	900[r]	931[r]	974	979	898	953
41	Netherlands	555	645	551	589[r]	551[r]	730	560	399	387
42	Switzerland	301	295	362	308[r]	362[r]	436	442	376	417
43	United Kingdom	1,775	2,086	2,081	2,011[r]	2,081[r]	2,326	2,514	2,213	2,176
44	Canada	1,074	1,121	1,258	1,155[r]	1,258[r]	1,312	1,330	1,326	1,284
45	Latin America and Caribbean	2,375	2,655	3,024	3,225[r]	3,024[r]	3,431	3,414	3,023	3,145
46	Bahamas	14	13	28	12	28[r]	18	17	20	11
47	Bermuda	246	264	255	256	255	195	239	225	173
48	Brazil	326	427	356	410[r]	356[r]	834	786	406	442
49	British West Indies	40	41	40	43	40	17	43	39	69
50	Mexico	661	842	920	977[r]	920[r]	985	898	848	925
51	Venezuela	192	203	344	307	344[r]	341	314	282	293
52	Asia	4,127	4,591	4,764	4,328[r]	4,764[r]	5,360	5,113	5,439	5,689
53	Japan	1,460	1,899	1,879	1,779[r]	1,879[r]	2,145	1,853	2,496	2,338
54	Middle Eastern oil-exporting countries[2]	460	620	682	513	682	761	659	446	645
55	Africa	488	430	552	439	552[r]	457	510	487	488
56	Oil-exporting countries[3]	67	95	78	60	78	75	98	107	71
57	Other[4]	367	390	363	355[r]	363[r]	416	410	429	481

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1992	1993	1994	1993					1994	
			Jan.–Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	221,367	319,449	66,666	26,133	23,892	32,350	31,924	32,843	32,238	34,428
2 Foreign sales	226,503	297,913	59,674	23,693	23,023	27,840	28,755	28,362	28,965	30,709
3 **Net purchases or sales (–)**	**–5,136**	**21,536**	**6,992**	**2,440**	**869**	**4,510**	**3,169**	**4,481**	**3,273**	**3,719**
4 **Foreign countries**	**–5,169**	**21,264**	**7,059**	**2,413**	**951**	**4,598**	**3,099**	**4,457**	**3,273**	**3,786**
5 Europe	–4,927	10,615	6,398	670	434	3,095	1,407	2,415	2,951	3,447
6 France	–1,350	–103	309	–9	–152	198	45	61	119	190
7 Germany	–80	1,647	1,610	202	112	328	130	266	1,170	440
8 Netherlands	–262	–603	379	133	69	134	–767	183	169	210
9 Switzerland	168	2,986	759	354	–259	409	205	338	254	505
10 United Kingdom	–3,301	4,510	1,829	–204	570	1,709	1,470	1,078	614	1,215
11 Canada	1,407	–3,213	30	–128	–596	–300	11	–110	314	–284
12 Latin America and Caribbean	2,203	5,709	1,855	613	139	1,245	941	1,058	948	907
13 Middle East[1]	–88	–311	–117	–44	10	–77	53	11	–100	–17
14 Other Asia	–3,943	8,199	–1,287	1,204	977	602	601	965	–911	–376
15 Japan	–3,598	3,826	–1,247	860	1,016	349	488	681	–800	–447
16 Africa	10	63	–7	63	3	5	6	20	10	–17
17 Other countries	169	202	187	35	–16	28	80	98	61	126
18 **Nonmonetary international and regional organizations**	**33**	**272**	**–67**	**27**	**–82**	**–88**	**70**	**24**	**0**	**–67**
BONDS[2]										
19 Foreign purchases	214,922	283,745[r]	47,489	22,382	24,845	27,565	28,947	28,395	24,607	22,882
20 Foreign sales	175,842	217,481[r]	37,727	16,387	16,294	18,938	21,545	17,427	19,418	18,309
21 **Net purchases or sales (–)**	**39,080**	**66,264[r]**	**9,762**	**5,995**	**8,551**	**8,627**	**7,402**	**10,968**	**5,189**	**4,573**
22 **Foreign countries**	**37,964**	**65,726[r]**	**9,747**	**5,989**	**7,865**	**8,488**	**7,375**	**10,901**	**5,205**	**4,542**
23 Europe	17,435	22,055[r]	6,071	2,290	3,913	3,973	1,534	3,118	2,742	3,329
24 France	1,203	2,346	–4	64	13	512	110	145	53	–57
25 Germany	2,480	883	–11	–207	–419	913	–231	–62	–101	90
26 Netherlands	540	–290	174	317	219	–518	49	95	75	99
27 Switzerland	–579	–627	233	–327	–204	203	–80	28	176	57
28 United Kingdom	12,421	19,158[r]	4,437	2,035	4,059	2,666	2,300	2,853	1,676	2,761
29 Canada	237	1,653	–118	164	249	95	54	319	23	–141
30 Latin America and Caribbean	9,300	16,493	2,547	1,678	846	1,727	2,650	3,681	1,638	909
31 Middle East[1]	3,166	3,257	78	158	171	375	432	383	161	–83
32 Other Asia	7,545	20,846	1,150	1,432	2,373	2,256	2,765	3,137	670	480
33 Japan	–450	11,569	–58	919	993	1,574	1,478	2,477	–95	37
34 Africa	354	1,149	–41	317	236	47	–2	119	–51	10
35 Other countries	–73	273	60	–50	77	15	–58	144	22	38
36 **Nonmonetary international and regional organizations**	**1,116**	**538**	**15**	**6**	**686**	**139**	**27**	**67**	**–16**	**31**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–32,259	–63,320[r]	–11,945	–8,684	–5,236	–7,474	–6,931	–6,503	–5,860	–6,085
38 Foreign purchases	150,051	246,011[r]	69,964	20,436	21,475	24,740	28,408	31,135	32,432	37,532
39 Foreign sales[3]	182,310	309,331[r]	81,909	29,120	26,711	32,214	35,339	37,638	38,292	43,617
40 Bonds, net purchases or sales (–)	–15,605	–61,023[r]	–14,811	–1,084	–9,903	–2,479	–54	–8,158	–10,403	–4,408
41 Foreign purchases	513,589	839,118[r]	170,039	75,882	80,145	76,034	87,459	79,334	84,223	85,816
42 Foreign sales	529,194	900,141[r]	184,850	76,966	90,048	78,513	87,513	87,492	94,626	90,224
43 **Net purchases or sales (–), of stocks and bonds**	**–47,864**	**–124,343[r]**	**–26,756**	**–9,768**	**–15,139**	**–9,953**	**–6,985**	**–14,661**	**–16,263**	**–10,493**
44 **Foreign countries**	**–51,274**	**–124,504[r]**	**–26,667**	**–9,822**	**–15,215**	**–10,302**	**–6,994**	**–14,691**	**–16,306**	**–10,361**
45 Europe	–31,350	–81,175[r]	–9,151	–7,060	–13,217	–5,004	–4,530	–4,351	–5,512	–3,639
46 Canada	–6,893	–14,649[r]	–5,176	1,637	–1,404	–949	709	–1,733	–2,741	–2,435
47 Latin America and Caribbean	–4,340	–9,549[r]	–3,875	–1,125	1,905	–1,280	–2,248	–4,566	–4,037	162
48 Asia	–7,923	–15,044[r]	–7,575	–2,649	–2,221	–2,002	–502	–3,555	–3,178	–4,397
49 Africa	–13	–185	–42	7	14	14	0	13	–60	18
50 Other countries	–755	–3,902[r]	–848	–632	–292	–1,081	–423	–499	–778	–70
51 **Nonmonetary international and regional organizations**	**3,410**	**161**	**–89**	**54**	**76**	**349**	**9**	**30**	**43**	**–132**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3. In a July 1989 merger, the former stockholders of a 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	1992	1993	1994	1993					1994	
			Jan.– Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**39,288**	**24,294[r]**	**15,142**	**13,980**	**–10,890**	**3,925**	**15,203[r]**	**507**	**1,953**	**13,189**
2 Foreign countries	37,935	24,091[r]	14,771	14,368	–10,748	5,055	14,584[r]	696	1,692	13,079
3 Europe	19,625	–2,311	3,666	3,547	–5,917	3,500	–841	499	114	3,552
4 Belgium and Luxembourg	1,985	1,218	65	–218	207	–205	22	–65	–63	128
5 Germany	2,076	–9,977	1,272	305	1,209	1,176	–750	571	2,327	–1,055
6 Netherlands	–2,959	–515	470	–167	137	–506	206	–189	52	418
7 Sweden	–804	1,421	225	293	53	47	141	–31	–4	229
8 Switzerland	488	–1,501	868	–74	–209	448	573	–70	313	555
9 United Kingdom	24,184	6,266	567	3,787	–8,201	833	–1,900	–412	–1,888	2,455
10 Other Europe and former U.S.S.R.	–5,345	777	199	–379	887	1,707	867	695	–623	822
11 Canada	562	11,252	395	324	–1,119	–342	1,358	846	32	363
12 Latin America and Caribbean	–3,222	–4,692	11,289	6,917	–3,311	3,701	2,070	–4,830	3,777	7,512
13 Venezuela	539	389	–23	–7	32	–102	19	56	–258	235
14 Other Latin America and Caribbean	–1,956	–5,925	5,978	1,178	–1,700	676	–36	–1,061	3,118	2,860
15 Netherlands Antilles	–1,805	844	5,334	5,746	–1,643	3,127	2,087	–3,825	917	4,417
16 Asia	23,517	20,532[r]	–961	3,755	–574	–2,034	11,771[r]	4,029	–2,152	1,191
17 Japan	9,817	17,070	–4,477	3,561	–1,809	156	5,661	649	–3,074	–1,403
18 Africa	1,103	1,156	–255	292	616	74	35	115	–135	–120
19 Other	–3,650	–1,846	637	–467	–443	156	191	37	56	581
20 Nonmonetary international and regional organizations	1,353	203[r]	371	–388	–142	–1,130	619[r]	–189	261	110
21 International	1,018	–302[r]	455	–698	–99	–874	855[r]	124	455	0
22 Latin American regional	533	654	123	30	18	–23	40	–1	7	116
MEMO										
23 Foreign countries	37,935	24,091[r]	14,771	14,368	–10,748	5,055	14,584[r]	696	1,692	13,079
24 Official institutions	6,876	1,272[r]	8,429	724	3,181	1,619	6,223[r]	3,637	4,384	4,045
25 Other foreign[2]	31,059	22,819	6,342	13,644	–13,929	3,436	8,361	–2,941	–2,692	9,034
Oil-exporting countries										
26 Middle East[2]	4,317	–8,836	–618	–1,172	–980	–820	–6	84	–1,518	900
27 Africa[3]	11	–5	0	0	0	0	0	–9	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Apr. 30, 1994		Country	Rate on Apr. 30, 1994		Country	Rate on Apr. 30, 1994	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.75	Apr. 1994	Germany	5.0	Apr. 1994	Norway	4.75	Feb. 1994
Belgium	4.75	Apr. 1994	Italy	7.5	Feb. 1994	Switzerland	3.5	Apr. 1994
Canada	6.07	Apr. 1994	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	5.25	Apr. 1994	Netherlands	5.0	Dec. 1993			
France[2]	5.70	Apr. 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Eurodollars	5.86	3.70	3.18	3.26	3.36	3.26	3.15	3.43	3.75	4.00
2 United Kingdom	11.47	9.56	5.88	5.74	5.52	5.29	5.34	5.15	5.12	5.14
3 Canada	9.07	6.76	5.14	4.76	4.34	4.09	3.89	3.89	4.45	6.07
4 Germany	9.15	9.42	7.17	6.53	6.20	5.99	5.76	5.78	5.73	5.48
5 Switzerland	8.01	7.67	4.79	4.44	4.44	4.10	3.90	4.04	3.99	3.96
6 Netherlands	9.19	9.25	6.73	6.20	5.85	5.50	5.12	5.19	5.23	5.22
7 France	9.49	10.14	8.30	6.85	6.56	6.39	6.19	6.18	6.11	5.89
8 Italy	12.04	13.91	10.09	8.69	8.94	8.56	8.38	8.42	8.36	8.07
9 Belgium	9.30	9.31	8.10	9.05	7.93	7.03	6.88	6.39	6.10	5.84
10 Japan	7.33	4.39	2.96	2.44	2.31	2.06	2.13	2.21	2.26	2.26

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1991	1992	1993	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.
1 Australia/dollar[2]	77.872	73.521	67.993	66.465	67.364	69.608	71.611	71.087	71.565
2 Austria/schilling	11.686	10.992	11.639	11.958	12.025	12.252	12.200	11.896	11.948
3 Belgium/franc	34.195	32.148	34.581	36.227	35.694	36.206	35.768	34.862	34.979
4 Canada/dollar	1.1460	1.2085	1.2902	1.3174	1.3308	1.3173	1.3424	1.3644	1.3830
5 China, P.R./yuan	5.3337	5.5206	5.7795	5.8086	5.8210	8.7219	8.7249	8.7241	8.7251r
6 Denmark/krone	6.4038	6.0372	6.4863	6.7667	6.7042	6.7697	6.7668	6.6296	6.6642
7 Finland/markka	4.0521	4.4865	5.7251	5.8143	5.7602	5.7004	5.5930	5.5436	5.4997
8 France/franc	5.6468	5.2935	5.6669	5.9069	5.8477	5.9207	5.8955	5.7647	5.8170
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.7005	1.7105	1.7426	1.7355	1.6909	1.6984
10 Greece/drachma	182.63	190.81	229.64	243.43	245.51	250.29	250.48	246.71	249.08
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7272	7.7245	7.7251	7.7353	7.7268	7.7269
12 India/rupee	22.712	28.156	31.291	31.434	31.440	31.440	31.449	31.415	31.391
13 Ireland/pound[2]	161.39	170.42	146.47	140.31	141.82	143.03	141.91	143.40	143.42
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,666.31	1,687.17	1,699.45	1,685.96	1,666.63	1,626.07
15 Japan/yen	134.59	126.78	111.08	107.88	109.91	111.44	106.30	105.10	103.48
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.5548	2.5737	2.7160	2.7624	2.7171	2.6887
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.9084	1.9162	1.9516	1.9464	1.9006	1.9074
18 New Zealand/dollar[2]	57.832	53.792	54.127	54.787	55.631	56.263	57.436	57.093	56.908
19 Norway/krone	6.4912	6.2142	7.0979	7.3882	7.4211	7.5064	7.4885	7.3419	7.3680
20 Portugal/escudo	144.77	135.07	161.08	173.93	174.58	176.04	175.15	174.00	173.54
21 Singapore/dollar	1.7283	1.6294	1.6158	1.5950	1.5975	1.6037	1.5873	1.5819	1.5628
22 South Africa/rand	2.7633	2.8524	3.2729	3.3680	3.3788	3.4107	3.4520	3.4586	3.5789
23 South Korea/won	736.73	784.58	805.75	809.79	812.57	813.55	812.24	810.69	811.71
24 Spain/peseta	104.01	102.38	127.48	137.27	140.42	143.04	141.08	138.78	138.14
25 Sri Lanka/rupee	41.200	44.013	48.205	49.187	49.322	49.460	49.113	48.931	48.925
26 Sweden/krona	6.0521	5.8258	7.7956	8.2660	8.3501	8.1184	7.9869	7.9156	7.8850
27 Switzerland/franc	1.4356	1.4064	1.4781	1.4969	1.4634	1.4716	1.4565	1.4292	1.4383
28 Taiwan/dollar	26.759	25.160	26.416	26.884	26.768	26.495	26.440	26.414	26.389
29 Thailand/baht	25.528	25.411	25.333	25.382	25.460	25.543	25.382	25.325	25.268
30 United Kingdom/pound[2]	176.74	176.63	150.16	148.08	149.13	149.23	147.92	149.19	148.23
MEMO									
31 United States/dollar[3]	89.84	86.61	93.18	95.47	95.73	96.54	95.79	94.35	94.39

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Quarterly Data Published Irregularly, with Latest Bulletin *Reference*

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Weekly Releases[1]	*Annual rate*	*Approximate release days*[2]	*Date of period to which data refer*
☐ Aggregate Reserves of Depository Institutions and the Monetary Base. H.3 (502) [1.20]	$15.00	Thursday	Week ended previous Wednesday
☐ Actions of the Board: Applications and Reports Received. H.2 (501)	$35.00	Friday	Week ended previous Saturday
☐ Assets and Liabilities of Commercial Banks in the United States. H.8 (510)	$30.00	Friday	Week ended previous Wednesday
☐ Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	$15.00	Thursday	Week ended previous Wednesday
☐ Foreign Exchange Rates. H.10 (512) [3.28]	$15.00	Monday	Week ended previous Friday
☐ Money Stock, Liquid Assets, and Debt Measures. H.6 (508) [1.21]	$35.00	Thursday	Week ended Monday of previous week
☐ Selected Borrowings in Immediately Available Funds of Large Commercial Banks. H.5 (507) [1.13]	$15.00	Wednesday	Week ended Thursday of previous week
☐ Selected Interest Rates. H.15 (519) [1.35]	$15.00	Monday	Week ended previous Saturday
☐ Weekly Consolidated Condition Report of Large Commercial Banks, and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.30]	$15.00	Friday	Wednesday, one week earlier

Monthly Releases[1]			
☐ Consumer Installment Credit. G.19 (421) [1.55, 1.56]	$ 5.00	Fifth working day of month	Second month previous
☐ Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.22]	$ 5.00	Twelfth of month	Previous month
☐ Finance Companies. G.20 (422) [1.51, 1.52]	$ 5.00	Fifth working day of month	Second month previous
☐ Foreign Exchange Rates. G.5 (405) [3.28]	$ 5.00	First of month	Previous month
☐ Industrial Production and Capacity Utilization. G.17 (419) [2.12, 2.13]	$15.00	Midmonth	Previous month
☐ Research Library—Recent Acquisitions. G.15 (417)	Free of charge	First of month	Previous month
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1. The data in some releases are also reported in the *Bulletin* statistical appendix, and the *Bulletin* table numbers are shown in brackets.
2. Please note that for some releases there is normally a certain variability in the release date because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

Quarterly Releases [1]	*Annual rate*	*Approximate release days* [2]	*Date of period to which data refer*
☐ Agricultural Finance Databook. E.15 (125)	$ 5.00	End of March, June, September, and December	January, April, July, and October
☐ Country Exposure Lending Survey. E.16 (126)	$ 5.00	January, April, July, and October	Previous quarter
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☐ Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	$ 5.00	15th of March, June, September, and December	Previous quarter
☐ Survey of Terms of Bank Lending to Business. E.2 (111) [4.23]	$ 5.00	Midmonth of March, June, September, and December	February, May, August, and November
☐ List of OTC Margin Stocks. E.7 (117)	Free of charge	January, April, July, and October	February, May, August, and November

Semiannual Releases

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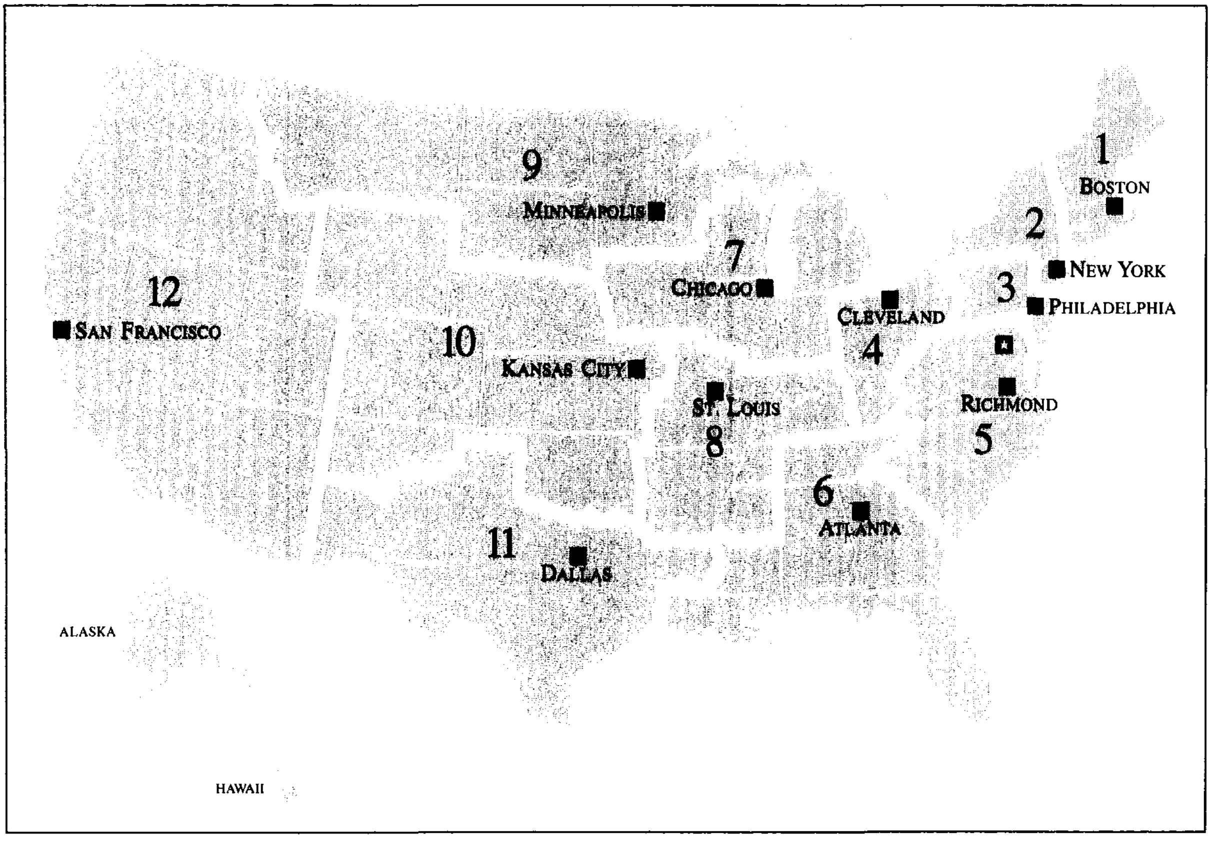

LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

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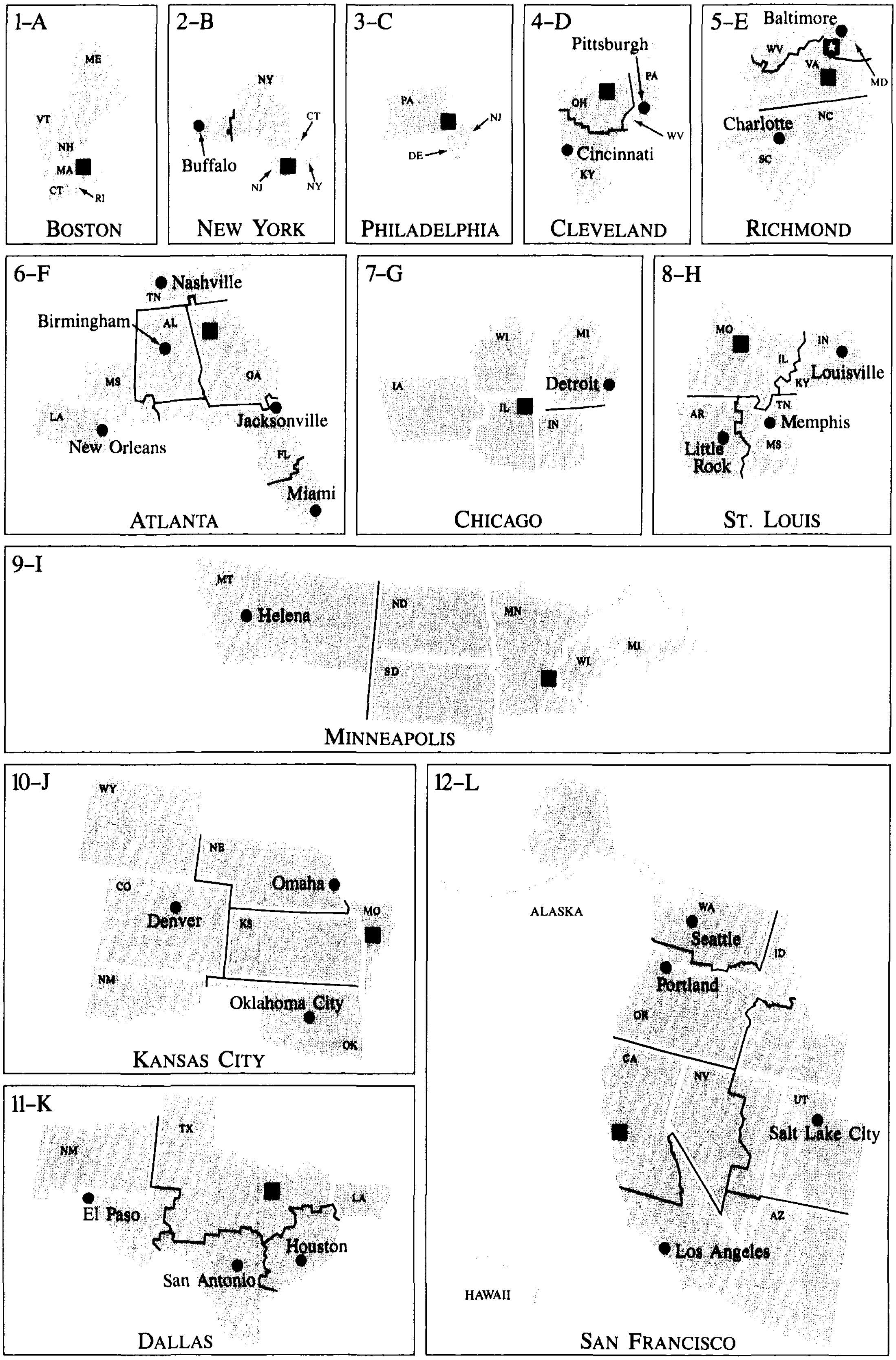
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