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Profits and Balance Sheet Developments at U.S. Commercial Banks in 1996

William R. Nelson and Ann L. Owen, of the Board's Division of Monetary Affairs, prepared this article. Thomas C. Allard assisted in the preparation of the data, and Amy M. Tucker provided research assistance.

U.S. commercial banks had another very good year in 1996. Profits posted strong growth, preserving the high levels of return on equity and return on assets that have prevailed over the past four years (chart 1). Helping to boost profits were continued strong growth of interest-earning assets, a slight widening of the net interest margin, significant gains in noninterest income, and continued containment of noninterest expense (table 1). Return on assets edged up despite a slight increase in provisioning for loan and lease losses relative to assets. Delinquency and charge-off rates stayed low for business loans but climbed throughout the year for consumer loans.[1]

Commercial banks generally were willing lenders last year, helping to support the strong advance in U.S. economic activity. In fact, increased loan volume was the main contributor to the increase in assets; banks' holdings of securities rose only slightly. Loan growth was funded primarily with managed liabilities.

Bank stock prices rose more rapidly than prices in the stock market as a whole, and many bank holding companies substantially increased their dividends and their stock repurchases. Banks paid out three-fourths of their net income as dividends in 1996, up from two-thirds in the previous two years. Even so, the ratio of capital to total assets increased slightly, and virtually all bank assets were at well-capitalized banks.

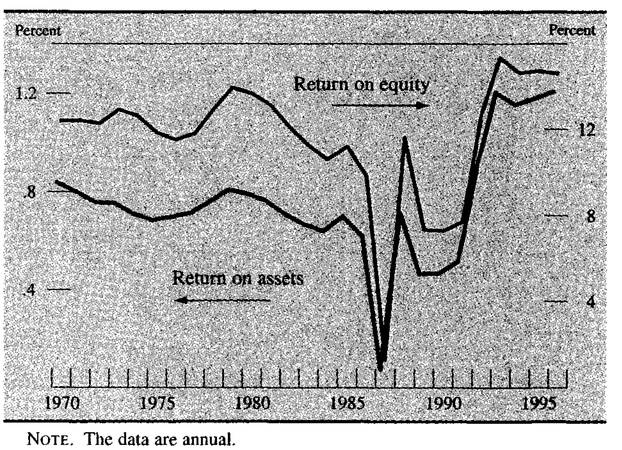
1. Except where otherwise indicated, data in this article are from the quarterly Reports of Condition and Income (Call Reports) for insured domestic commercial banks. The data consolidate information from foreign and domestic offices and have been adjusted to take account of mergers. Size categories, based on assets at the start of each quarter, are as follows: the ten largest banks, large banks (those ranked 11 through 100 by size), medium-sized banks (those ranked 101 through 1,000 by size), and small banks (those not among the largest 1,000 banks). At the start of the fourth quarter of 1996, each of the ten largest banks had assets of more than approximately $50 billion, each large bank had assets between approximately $7 billion and $50 billion, each medium-sized bank had assets between approximately $300 million and $7 billion, and each small bank had assets of less than approximately $300 million. Many of the data series reported here begin in 1985 because the Call Report was significantly revised at the start of that year. Data shown may not match data published in earlier years because of revisions. In the tables, components may not sum to totals because of rounding.

Balance Sheet Developments

Bank assets expanded further in 1996, though at a somewhat slower pace than in 1995 (table 2).[2] Increases in loans and leases, particularly to businesses, accounted for most of the growth. On the liability side of the balance sheet, core deposits grew more slowly than managed liabilities for the fourth consecutive year, with large time deposits an increasingly important source of funds.

2. Since 1994, reported bank assets have included the market value of derivatives contracts. As required by Financial Accounting Standards Board Interpretation No. 39 (FIN 39), derivatives used for trading purposes that have positive value are recorded as assets and those that have negative value as liabilities. Before 1994, banks netted the values of derivatives across counterparties. Total assets excluding the effects of FIN 39 can be approximately determined from the data reported in table A.2 by reducing assets by the revaluation losses on off-balance-sheet items. For a discussion of this issue, see William B. English and Brian K. Reid, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1994," *Federal Reserve Bulletin,* vol. 81 (June 1995), pp. 548–49.

1. Measures of commercial bank profitability, 1970–96



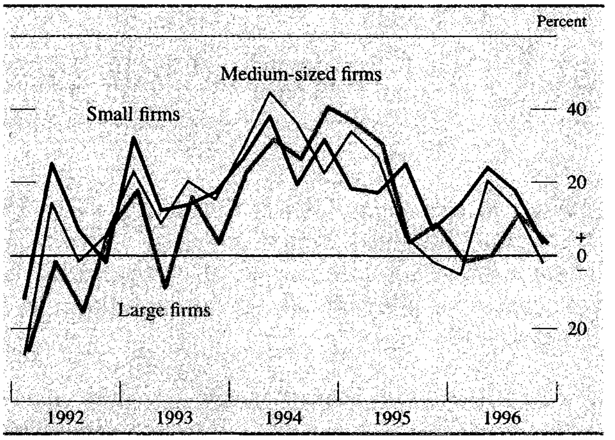
Note. The data are annual.

Loans to Businesses

The value of commercial and industrial (C&I) loans on banks' balance sheets grew about 7¼ percent last year—somewhat less than in the preceding two years but still a sizable increase. According to the Federal Reserve's quarterly Senior Loan Officer Opinion Survey on Bank Lending Practices (LPS), the demand for C&I loans remained high throughout the year (chart 2).[3] Banks attributed the strong demand in part to their customers' needs to finance inventories and plant and equipment. Demand was also boosted by heavy merger and acquisition activity, which in many cases resulted in a need to finance the retirement of the acquired firm's equity.

Not only were banks willing to meet the strong demand for C&I loans, but they encouraged it by easing lending terms over the course of the year. Respondents to the LPS reported having lowered the cost of credit lines, narrowed spreads of rates charged on business loans over base rates, and eased loan covenants, particularly for large firms. In contrast, respondents to a second survey, the Federal Reserve's quarterly Survey of Terms of Bank Lending to Business, which involves a larger sample of banks, indicated that spreads on loans of all sizes changed very little during 1996.[4] On average, however, spreads in this second survey were narrower last year than in 1995, particularly for large loans (chart 3).

2. Net percentage of selected commercial banks that experienced increased demand for commercial and industrial loans, by size of firms seeking loans, 1992–96



NOTE. The data are quarterly. Net percentage is the percentage of banks reporting an increase less the percentage reporting a decrease. The definition for firm size suggested for, and generally used by, survey respondents is that medium firms are those with sales between $50 million and $250 million.
SOURCE. Senior Loan Officer Opinion Survey on Bank Lending Practices.

More aggressive competition from other commercial bank and nonbank lenders was an important factor influencing the LPS respondents that eased standards or terms for C&I loans. The bond market was one source of competition, as yields on corporate bonds, especially below-investment-grade borrowing instruments, were low by historical standards compared with rates on Treasury securities. Even so, by pricing relatively aggressively, commercial banks were able to capture a larger share of the business financing market. However, the share of total credit market debt of nonfinancial businesses provided by

3. About sixty domestic commercial banks from the twelve Federal Reserve Districts are surveyed by the LPS. Most of them are large: As of December 31, 1996, their combined assets totaled $1.3 trillion, about one-third of the combined assets of all domestic commercial banks.

4. The Survey of Terms of Bank Lending to Business collects data on lending rates from a sample of more than 300 commercial banks. These banks accounted for 64 percent of the dollar value of C&I loans outstanding at the end of 1996. Data are collected on the terms of C&I loans made by these banks during the first full week of the middle month of each quarter.

1. Selected income and expense items
Percentage of average net consolidated assets

Item	1991	1992	1993	1994	1995	1996	Annual average 1985–92	Annual average 1993–96	Annual average Change, 1985–92 to 1993–96
Net interest income	3.61	3.90	3.90	3.79	3.73	3.76	3.55	3.79	.24
Noninterest income	1.79	1.95	2.13	2.00	2.02	2.19	1.56	2.08	.52
Noninterest expense	3.73	3.87	3.94	3.76	3.65	3.73	3.47	3.77	.30
Loss provisioning	1.03	.78	.47	.28	.30	.38	.90	.36	–.54
Realized gains on investment account securities	.09	.11	.09	–.01	.01	.03	.06	.03	–.03
Income before taxes and extraordinary items	.73	1.32	1.70	1.74	1.81	1.86	.81	1.78	.97
Taxes and extraordinary items	.22	.41	.50	.58	.63	.65	.25	.59	.34
Net income (return on assets)	.51	.91	1.20	1.15	1.18	1.21	.56	1.19	.63
Dividends	.45	.41	.62	.73	.75	.91	.40	.75	.35
Retained income	.07	.50	.59	.42	.43	.29	.16	.43	.27

banks remained well below levels of the early 1980s (chart 4).

The growth of commercial real estate loans picked up to 7¾ percent in 1996, the third consecutive year in which such lending expanded. Demand was likely stimulated by improving conditions in the commercial real estate market, as seen in declining vacancy rates and rising commercial real estate prices. Still, at the end of 1996, only about 9 percent of bank assets were in the form of commercial real estate loans, down from 11¼ percent in 1991. The change has not been uniform across banks of different sizes, however: The proportion of assets in commercial real estate loans has increased for small banks (from 11 percent in 1991 to 13¼ percent in 1996) but has decreased for large banks (from 11¼ percent in 1991 to 8½ percent in 1996).

Loans to Households

The value of consumer loans on banks' balance sheets increased about 5 percent last year, about half as fast as in 1995. The slowing of growth was likely a result of several factors: an increase in the pace of securitization of consumer loans, which removes loans originated by banks from their balance sheets; a slight weakening of the growth of demand for such loans; and less aggressive pursuit of these loans by banks.

2. Annual rates of growth of balance sheet items, 1987–96
Percent

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	MEMO: Dec. 1996 levels (billions of dollars)
Assets	2.00	4.33	5.35	2.64	1.33	2.20	5.67	8.08	7.60	6.13	4,555
Interest-earning assets	3.08	4.04	5.61	2.23	1.98	2.55	6.54	5.31	7.75	5.70	3,935
Loans and leases (net)	3.00	5.93	6.24	2.37	−2.65	−1.02	6.02	9.85	10.60	8.16	2,742
Commercial and industrial	−1.95	1.84	2.97	−.67	−9.10	−4.10	.52	9.34	12.25	7.29	706
Real estate	16.56	12.43	12.69	8.79	2.73	1.94	6.13	7.94	8.28	5.55	1,132
Booked in domestic offices	17.11	11.99	13.02	8.55	2.90	2.57	6.17	7.68	8.43	5.61	1,104
Residential	18.03	13.89	15.75	13.49	8.08	7.87	10.96	10.00	10.10	4.92	689
Nonresidential	16.26	10.22	10.39	3.57	−2.82	−3.95	−.45	4.12	5.71	6.77	415
Booked in foreign offices	.84	27.03	3.00	16.65	−2.34	−17.80	4.66	18.37	2.80	3.17	28
Consumer	4.55	7.64	6.18	.38	−2.55	−1.53	8.92	16.02	9.98	4.88	558
Other loans and leases	−5.33	−3.09	−.94	−5.68	−4.91	−4.25	9.97	5.30	14.23	22.24	404
Loan loss reserves and unearned income	44.36	−4.19	10.29	.35	−3.79	−4.79	−5.89	−2.20	.44	.34	58
Securities	4.94	3.27	5.08	8.45	16.23	12.29	12.26	−4.13	.60	.84	924
Investment account	7.51	2.93	4.04	8.19	14.42	11.44	8.09	−1.71	−1.54	−1.12	793
U.S. Treasury	.00	−5.80	−13.79	3.50	32.01	23.96	7.21	−8.44	−19.20	−14.29	165
U.S. government agency and corporation obligations	25.46	22.54	33.41	24.02	15.88	12.77	9.62	.87	6.44	3.62	438
Other	4.43	−2.46	−.87	−6.69	−2.57	−5.19	6.07	2.52	4.35	1.79	189
Trading account	−23.88	8.58	20.62	11.87	38.88	21.01	51.94	−20.51	18.52	14.43	132
Other	.24	−5.82	2.49	−11.69	2.82	1.57	−7.89	3.25	7.65	−.89	269
Non-interest-earning assets	−5.07	6.45	3.50	5.51	−3.10	−.31	−.87	30.22	6.62	8.94	620
Liabilities	2.18	4.05	5.43	2.37	1.01	1.36	5.10	8.33	7.22	5.99	4,180
Core deposits	−.76	5.48	5.75	7.58	5.25	5.09	1.49	−.15	3.95	4.12	2,386
Transaction deposits	−6.04	2.65	.93	2.43	3.38	14.63	5.47	−.30	−3.10	−3.42	793
Savings and small time deposits	2.95	7.29	8.71	10.51	6.24	.18	−.85	−.05	8.35	8.33	1,593
Managed liabilities[1]	6.90	2.26	5.20	−6.16	−6.18	−6.03	12.28	17.64	10.62	9.71	1,514
Deposits booked in foreign offices	8.86	−7.77	−1.08	−5.88	3.82	−5.85	15.05	30.89	5.13	4.26	473
Large time	12.16	9.22	5.00	−5.68	−19.73	−26.20	−9.21	8.73	19.60	21.18	315
Subordinated notes and debentures	3.72	−4.26	16.98	20.99	4.69	34.89	10.82	9.24	6.61	17.77	51
Other managed liabilities	.78	5.45	10.12	−8.11	−1.34	7.11	22.18	13.02	11.66	8.32	674
Other	3.75	.08	2.59	4.36	−4.28	−1.05	14.93	77.82	20.32	2.83	280
Equity capital	−.66	8.77	4.18	6.68	5.98	13.78	12.56	5.24	12.08	7.54	375
MEMO											
Commercial real estate loans[2]	n.a.	n.a.	n.a.	n.a.	10.68	−5.18	−1.33	3.74	5.82	7.78	414

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

n.a. Not available.

1. 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.

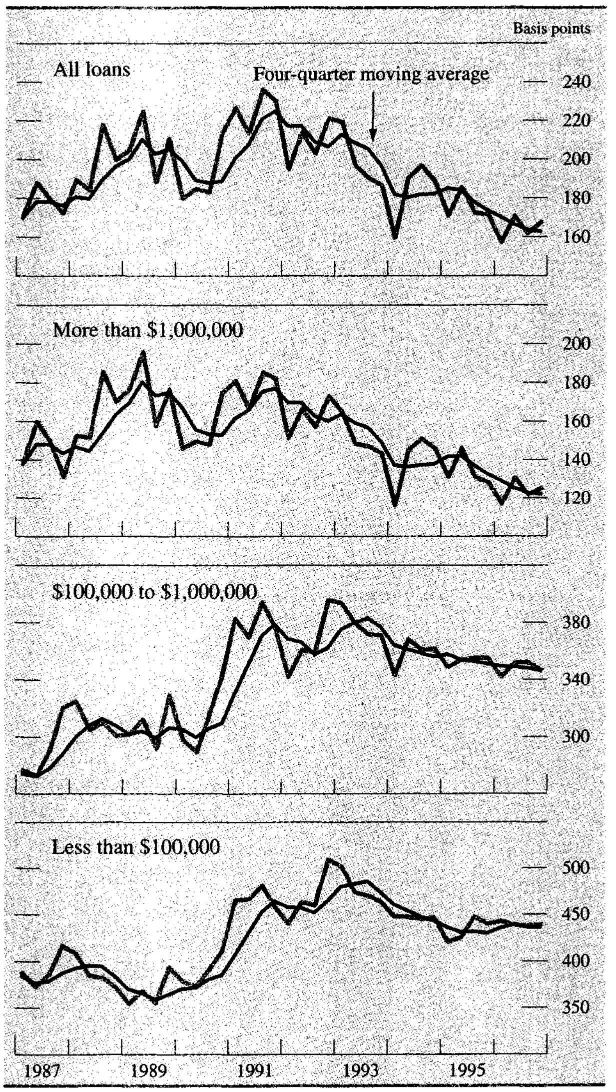
2. Measured as the sum of construction and land development loans secured by real estate; real estate loans secured by nonfarm nonresidential properties and loans to finance commercial real estate, construction, and land development activities not secured by real estate.

The securitized share of bank-originated consumer loans rose further last year, to almost 25 percent (chart 5). After adjustment for securitization, the slowing of growth of consumer loans on banks' balance sheets is much less pronounced—from a little more than 17 percent in 1995 to about 14¼ percent in 1996.

LPS respondents indicated that the demand for consumer loans dropped off a bit at the end of the year (chart 6). The decline may have been a result of higher consumer debt burdens. On the supply side, banks reported that they had tightened standards for approving consumer loans, particularly credit card loans, as well as terms on new or existing credit card loans, most often by reducing credit lines or widening the spreads of loan rates over base rates. These reports of tightening are in sharp contrast to the picture at the beginning of 1995, when banks reported having eased standards for approving credit card applications as well as terms on credit card accounts, by narrowing spreads over base rates, raising credit limits, and reducing annual fees. Despite the reported tightening of standards in 1996, banks increased lines of credit on credit cards faster than outstandings increased, resulting in a slight drop in utilization rates.

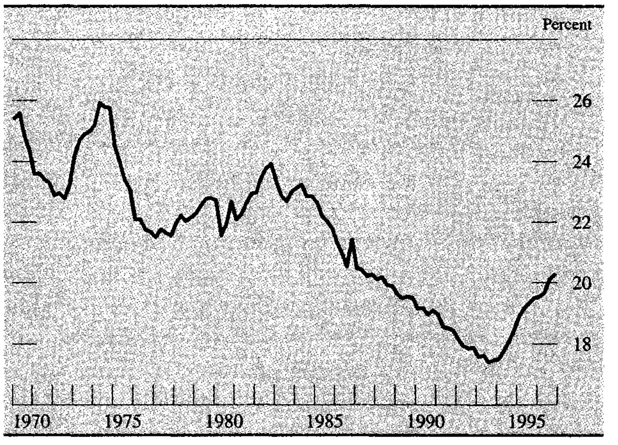
Residential mortgages, which represent 14½ percent of commercial bank assets, also grew more slowly in 1996—about 5 percent, a little less than half the average for the past three years. Although the LPS indicated that banks had slightly tightened

3. Spread of C&I loan rate over intended federal funds rate, by size of loan, 1987–96



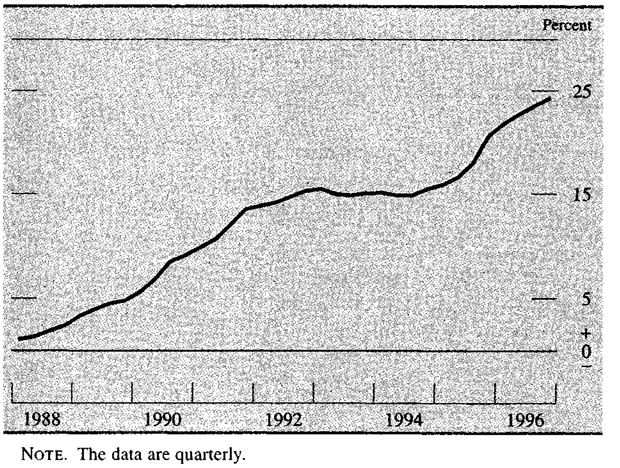
NOTE. The data are quarterly.
SOURCE. Survey of Terms of Bank Lending to Business, Federal Reserve Board statistical release E.2.

4. Outstanding bank loans as a share of total credit market debt of nonfinancial businesses, 1970–96



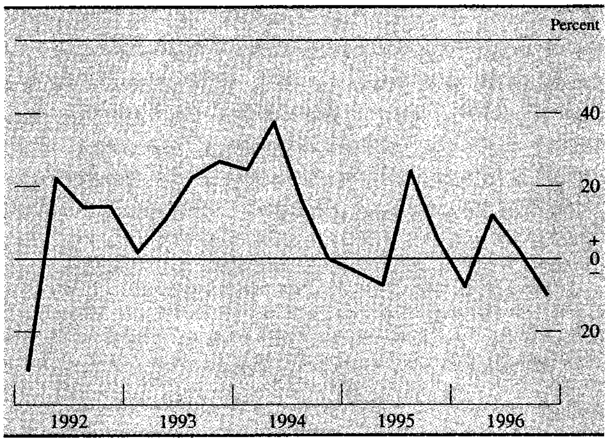
NOTE. The data are quarterly.
SOURCE. Flow of funds accounts of the United States, table L. 101.

5. Securitized share of consumer loan outstandings originated by banks, 1988–96



NOTE. The data are quarterly.

6. Net percentage of selected commercial banks that experienced increased demand for consumer loans, 1992–96



NOTE. The data are quarterly. Net percentage is the percentage of banks reporting increased demand less the percentage reporting decreased demand.
SOURCE. Senior Loan Officer Opinion Survey on Bank Lending Practices.

lending standards for home mortgages, the slowing of growth appears to reflect a heavy pace of securitization rather than a reduced pace of originations: Total residential mortgages originated by banks and nonbanks, including mortgages held in pools of mortgage securities, expanded 8¼ percent last year, the fastest rate since 1990.

Loans in one residential real estate category, home equity loans, increased significantly over the year. Respondents to the LPS reported stronger demand for such loans. In addition, some banks increased their marketing efforts for home equity loans and targeted specific customers in an effort to encourage a shift from unsecured consumer loans to secured home equity lines. Because home equity lines are often used to pay down unsecured consumer debt, their expansion likely explains a portion of the slowing of growth of consumer lending.

Securities

Banks' securities holdings grew less than 1 percent in 1996 and at year-end represented 21 percent of assets, the lowest proportion in five years. Banks used a portion of their investment account securities as a source of funds, but this decline was about offset by an increase in the value of securities held in trading accounts. Small banks held a greater proportion of their assets in securities than did large banks, nearly 30 percent compared with 17 percent.

An off-balance-sheet item of note is banks' holdings of derivatives. During 1996, the notional value of derivatives contracts of all types held by banks increased about 18¼ percent over 1995's year-end value; a large part of the increase occurred at the ten largest banks, which hold the vast majority of such contracts.[5] Most of the holdings were in the form of interest rate contracts. Of the year-end 1996 notional value, more than 92 percent was related to contracts held for trading purposes; these are used primarily to help customers hedge against the risk of changes in interest rates, exchange rates, equity prices, and commodity prices. The remainder was related to contracts held for nontrading purposes, primarily to hedge against risks to the banks themselves.

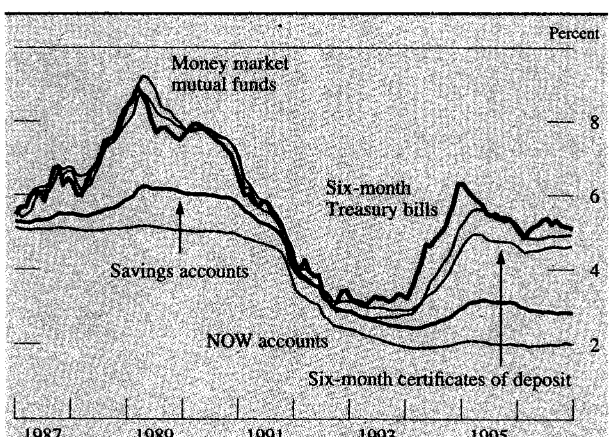
Liabilities

Core deposits at banks advanced moderately in 1996, growing more slowly than bank assets. Growth was sluggish partly because banks set deposit rates low relative to the rates of return available on alternative investments (chart 7). On average, rates on money market mutual funds were 2 percentage points higher than rates on bank savings accounts, and the return on most stock mutual funds also significantly exceeded bank deposit rates.

Within core deposits, transaction deposits fell for the third year in a row. The decline can be attributed to the implementation of retail "sweep" accounts, whereby funds are automatically swept out of trans-

5. The notional value of a derivative is the value of the underlying financial asset, index, or other investment used to calculate the payments specified in the contract. Only the payments represent benefits or risks to the banks.

7. Selected interest rates, 1987–96



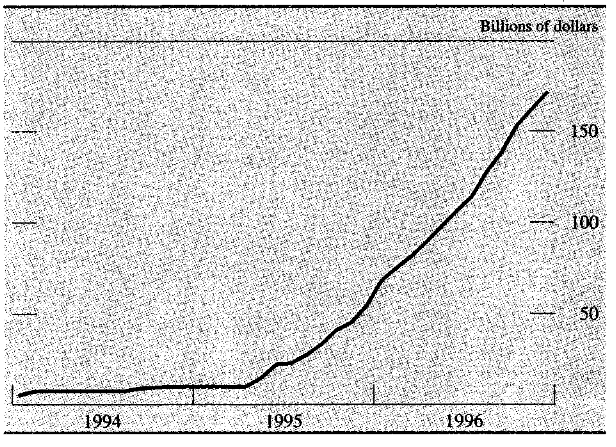
NOTE. The data are monthly. Rates are at commercial banks. Savings accounts include money market deposit accounts.
SOURCES. Federal Reserve Board statistical releases H.6 and H.15.

action accounts, against which banks must hold reserves, and into money market accounts, against which they need not hold reserves. This arrangement has no effect on the total amount of retail deposits, but it does reduce the amount of non-interest-bearing required reserves a bank must hold at the Federal Reserve, freeing up these funds to be invested elsewhere. In 1996 the volume of new retail sweep accounts tripled, bringing the cumulative amount swept out of retail transaction accounts to about $170 billion (chart 8).

To fund the growth of bank assets in the presence of the relatively slow expansion of core deposits, banks relied heavily on managed liabilities, which grew faster than total bank assets for the fourth consecutive year. Increases in large time deposits and in subordinated notes and debentures fueled the growth in this category, while deposits booked in foreign offices were a much less important source of funds for domestic lending. The rates of growth for different categories of managed liabilities have varied widely over the past few years, in part because of the reduction of deposit insurance premiums in 1995 and the beginning of 1996, which increased the attractiveness of large time deposits as a source of funds.[6]

6. Over this period, deposit insurance premiums for well-capitalized banks were reduced to zero. Although they are insured up to only $100,000, large time deposits are included in the assessment base used to determine insurance premiums, and therefore the cost of this source of funding varies with the insurance premiums. Deposit insurance premiums are not paid on foreign deposits. For further discussion, see William R. Nelson and Brian K. Reid, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1995," *Federal Reserve Bulletin*, vol. 82 (June 1996), pp. 483–505.

8. Cumulative amount transferred out of retail transaction accounts upon initiation of sweep accounts, 1994–96



NOTE. The data are monthly.

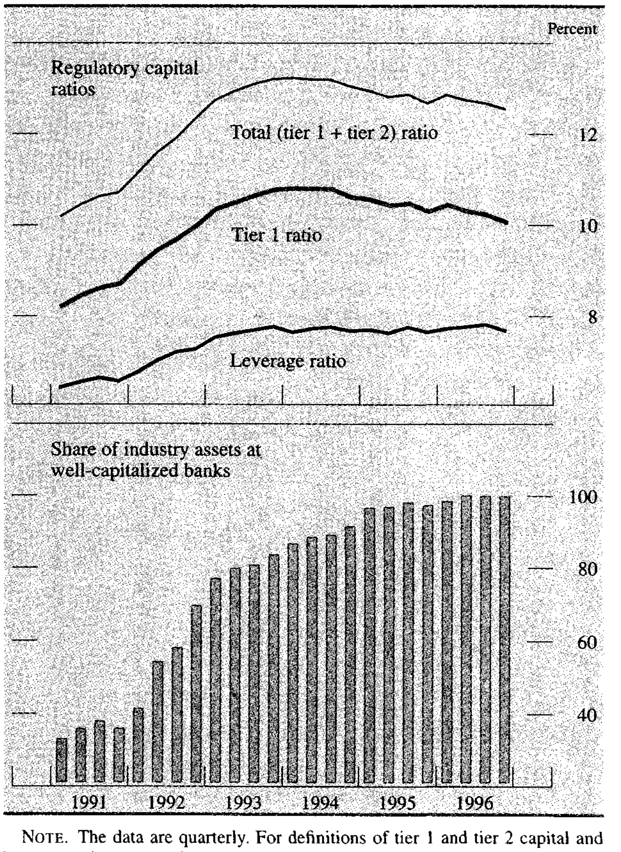
Capital

The share of their assets that banks funded with capital was about the same in 1996 as it was in 1995. As a result, the leverage ratio remained basically unchanged last year, on net, although risk-based capital ratios (tier 1 and total) declined slightly (chart 9).[7] The risk-based capital measures have fallen a bit over the past two years because of the relatively more rapid growth of loans, which carry

7. The tier 1 ratio is the ratio of tier 1 capital to risk-weighted assets, and the total ratio is the ratio of the sum of tier 1 and tier 2 capital to risk-weighted assets. Tier 1 capital consists mainly of common equity (excluding capital gains and losses on investment account securities classified as available for sale) 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 by the risk weight for each category. The leverage ratio is the ratio of tier 1 capital to total assets.

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*, vol. 79 (July 1993), pp. 661–62.

9. Regulatory capital ratios, and share of industry assets at well-capitalized banks, 1991–96

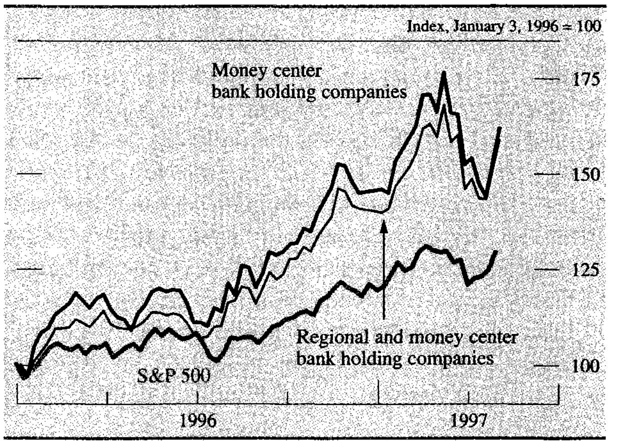


NOTE. The data are quarterly. For definitions of tier 1 and tier 2 capital and leverage ratio, see text footnote 7.

higher risk weights than do securities.[8] Despite the decline in industry-average capital ratios, the fraction of bank assets at well-capitalized banks—those with sound capital ratios and positive examiner ratings—increased again last year, crowding still closer to 100 percent.

Banks boosted their equity last year even though they significantly increased the share of income they paid out as dividends. This high payout by banks contributed to generous distributions by bank holding companies. The top fifty bank holding companies increased their dividends about 20 percent. Furthermore, net expenditures on stock repurchases by these companies grew more than 50 percent last year and approached four-fifths of the amount disbursed through dividends.

10. Stock price indexes, 1996–April 1997



NOTE. The data are weekly. The bank indexes are for eight money center bank holding companies and forty-two regional bank holding companies as defined by Salomon Brothers.
SOURCES. Salomon Brothers and Standard & Poor's.

Trends in Profitability

The net income of U.S. commercial banks grew 8 percent in 1996, the seventh consecutive annual increase. The return on equity remained in the elevated range it has occupied since 1993, and the return on assets posted a new high. The increase in profitability was widespread: The average return on assets rose for all four bank size groups, and net income was positive at 95 percent of all banks, accounting for 99 percent of total bank assets. Profits were boosted a bit by growth of net interest income but more by higher noninterest income. Taken together, the gains in net interest and noninterest income exceeded the increases in noninterest expense and provisioning for loan and lease losses. Propelled in part by growth of profits, stocks of large bank holding companies outperformed the broader market in 1996, as they had in 1995 (chart 10).

Last year was the fourth consecutive year in which measures of commercial bank profitability significantly exceeded the long-term norms. For example, the return on assets averaged 63 basis points more over the past four years than over the preceding seven years (table 1). The recent improvement is due in part to a sharp drop in loss provisioning relative to assets, which has allowed some other longer-term trends boosting return on assets to show through. First, the ratio of net interest income to assets has been increasing because banks have been shifting their portfolios toward riskier assets, which carry higher yields, and have been funding a larger share of assets with capital instead of interest-bearing liabilities. Also, ongoing improvements in efficiency have helped banks lower the ratio of noninterest expense to revenue. Finally, noninterest income has accounted for a steadily growing share of revenue, partly because of the increasing importance of off-balance-sheet activity.[9]

Interest Income and Expense

Both interest income and interest expense as a percentage of assets fell slightly at commercial banks

8. Banks' capital situation was not materially affected by holding companies' explosive issuance of trust preferred securities last fall. These securities are created when a bank holding company establishes a trust that issues cumulative preferred stock and then loans the proceeds to the parent company. The resulting liability counts as tier 1 capital for the holding company, but the interest payments on the debt are tax deductible—a combination of features sufficiently attractive that holding companies issued $6 billion of these securities last year in the public market and probably several times that amount in the private market. Nevertheless, these transactions do not show up on banks' balance sheets except in the rare instance that the trust issuing the securities is organized under the bank rather than the holding company, in which case the preferred stock is classified as tier 2 capital for the bank. In 1996 banks issued about $1.2 billion in trust preferred securities, only ⅓ of 1 percent of total (tier 1 plus tier 2) bank capital.

9. The increasing importance of off-balance-sheet activity has also made return on assets as a measure of profitability less meaningful over time. Nevertheless, a large fraction of banking is still tied to traditional on-balance-sheet items, and in interpreting changes in net income, assets remain a useful scaling factor for separating the effects of growth from those of improved profitability. The other common measure of profitability—return on equity—is, of course, not affected by changes in the relative importance of off-balance-sheet activity. However, interpreting trends in this measure is complicated by the significant increases in capital-to-assets ratios in recent years in response, in part, to regulatory changes.

last year, reflecting the moderately lower market rates that prevailed, on average, in 1996 relative to 1995. The decline in expense exceeded the decline in income, leaving net interest income as a percentage of assets (the net interest margin) 3 basis points higher than in 1995 and, despite declines in 1994 and 1995, still elevated relative to the late 1980s.

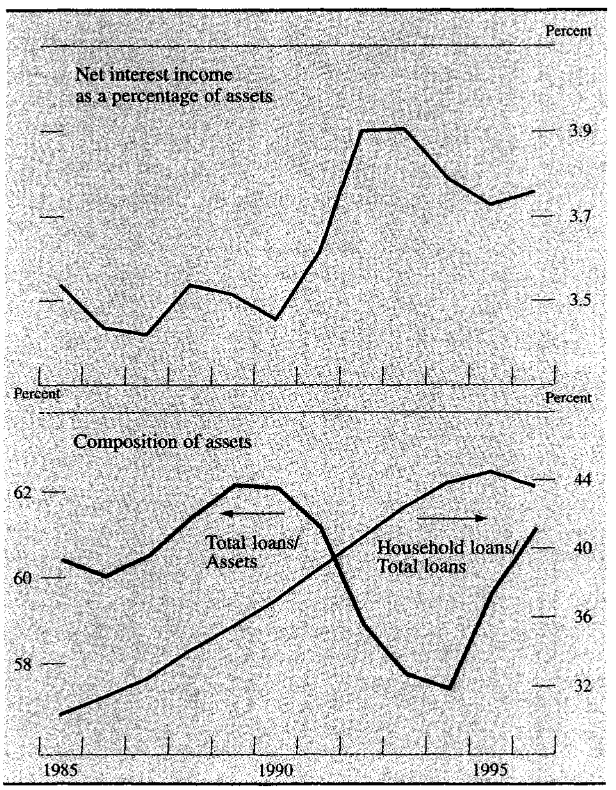
The net interest margin was held down in the late 1980s by competition among banks for loans and funding sources. It surged in 1991 and 1992 as banks widened spreads between loan and deposit rates in an effort to improve capital ratios by boosting earnings and curbing asset growth (chart 11). The rise occurred even though loans, which tend to yield more than securities, declined as a share of assets.

Since 1992, more aggressive loan pricing and greater reliance on managed liabilities have squeezed the net interest margin somewhat, but it remains high for several reasons. First, compared with the early 1990s, banks fund a significantly larger fraction of assets with capital, and the returns on capital are not considered an interest expense. Also, rates paid on retail deposits have been low relative to market rates. Finally, the margin has been held up significantly by a rebound in the share of assets in loans and a rising volume of loans to households, a relatively high yielding category of loans.

Noninterest Income and Expense

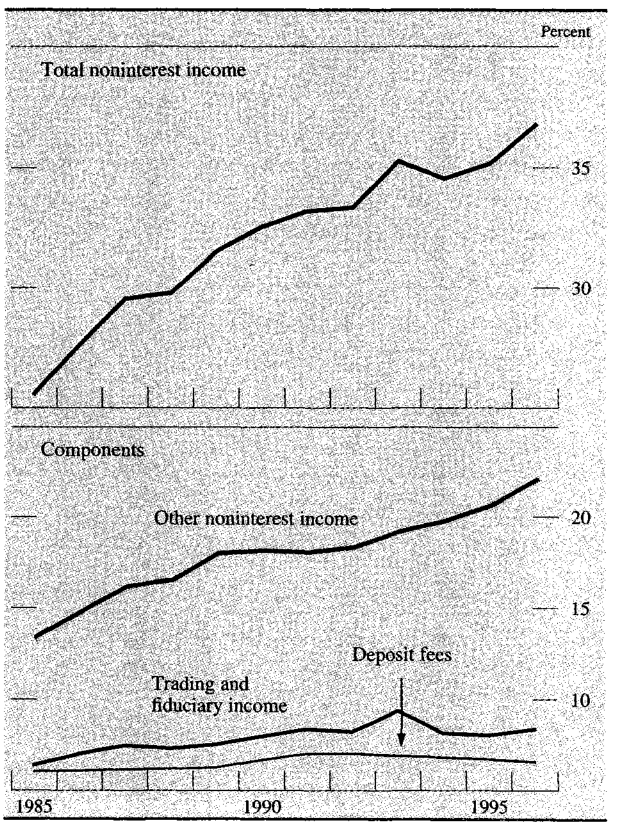
Noninterest income provided a hefty boost to return on assets last year, increasing 17 basis points as a percentage of assets relative to 1995. Over the past ten years, noninterest income has accounted for an expanding share of bank revenue (chart 12). A small part of the increase has been from fiduciary activities and trading revenue, but most of the growth has been in the broad category "other noninterest income," which includes merchant credit card fees, annual cardholder fees, fees for servicing mortgages, and income from loans that have been securitized. Thus, the increase in the proportion of revenue accounted for by noninterest income likely reflects both the expansion of bank lending to households and the growing fraction of bank loans that are securitized.

11. Net interest income and the composition of assets, 1985–96



NOTE. The data are annual.

12. Noninterest income and its components as a percentage of total revenue, 1985–96



NOTE. The data are annual.

Noninterest expense as a percentage of assets rose 8 basis points in 1996 even though occupancy and employee costs were about unchanged. The increase reflects a rise in "other noninterest expense" accounted for by two recent adjustments in deposit insurance premiums. In 1995, banks received a rebate of $1½ billion for overpayment of deposit insurance, while in 1996, banks that had acquired thrift deposits paid a $1¼ billion one-time assessment to support the Savings Association Insurance Fund. Other noninterest expense was also boosted last year by higher merger restructuring charges, with the Chase Manhattan Corporation–Chemical Banking Corporation merger alone accounting for $1¾ billion in expenses. (See the accompanying box for a brief discussion of the continuing consolidation of the banking industry.)

Over the past ten years, noninterest expense has been held in check in part by a decline in employment and occupancy costs as a percentage of revenue

Consolidation of the Banking Industry

The past decade has seen a marked consolidation of the U.S. commercial banking industry. In 1996, 359 banking organizations with combined assets totaling about $450 billion merged or were acquired, contributing to the continuing decline in the number of banks and bank holding companies (chart). As a result of this consolidation, the assets held by the fifty largest bank holding companies represent an increasing share of total banking assets (chart).

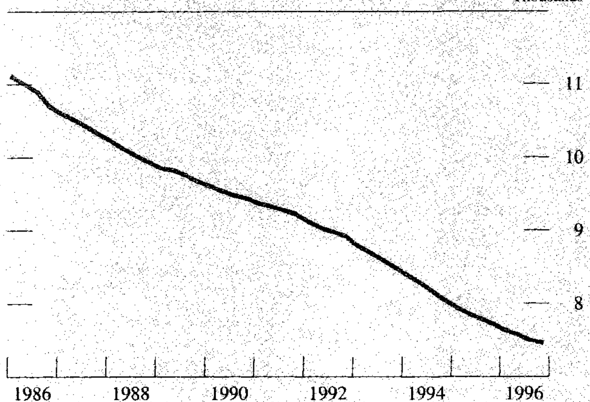
Regulatory changes have been an important factor in the consolidation of the banking industry. For many years, legal restrictions on the geographic expansion of banks generally limited the size of any one bank or bank holding company; in many cases a banking organization was prohibited from expanding within its home state as well as into other states. Over the past fifteen years, these restrictions have been eased. Most states now allow some, if not all, out-of-state bank holding companies to own banks within their state. Many states have also lifted restrictions on intrastate branching of state-chartered banks, which in turn has resulted in broader branching powers being given to national banks.

The Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994 went even further in removing geographic restrictions by allowing bank holding companies to purchase banks throughout the United States after September 1995. In June 1997, remaining legal restrictions on geographic expansion were removed, and all banks are now allowed to acquire established branches through interstate mergers, provided that the state has not opted out of interstate banking.[1] (Only Texas and Montana have opted out.)

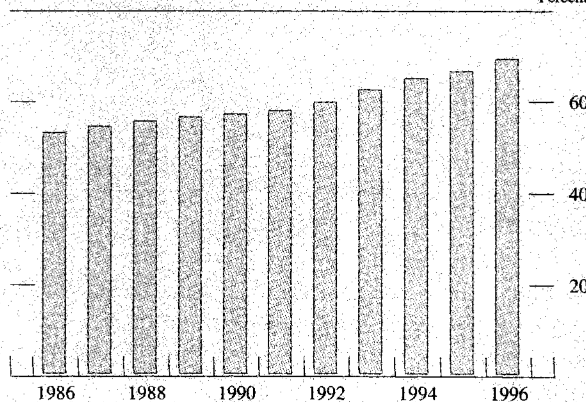
Before completing a merger or acquisition, banks and bank holding companies still must obtain approval from the appropriate regulatory agencies. Under the Bank Holding Company Act and the Bank Merger Act, the Board of Governors of the Federal Reserve System oversees the mergers and acquisitions of bank holding companies and of state member banks. In considering these applications, the Board looks at the effect of the merger or acquisition on the competitiveness of the relevant banking market, the financial and managerial resources of the firms involved, and the convenience and needs of the community.

1. Both the purchase of banks by out-of-state holding companies and the acquisition of established branches through interstate mergers are subject to deposit caps and certain state laws. Specifically, the combined organization may control no more than 10 percent of the insured deposits in the United States and is subject to deposit limits of the relevant state. In addition, the acquired bank must have been in existence the minimum amount of time required by state law.

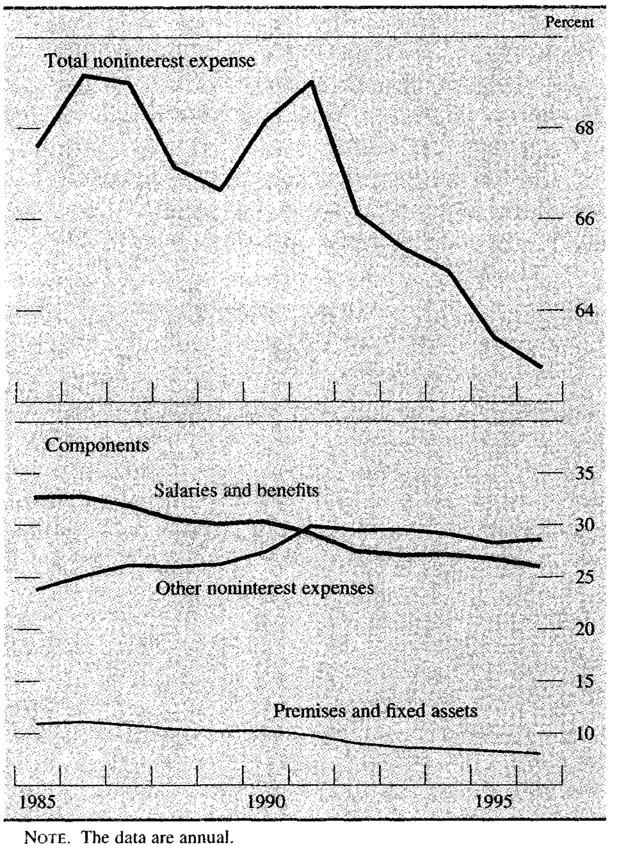
Number of U.S. commercial banking organizations, 1986–96



Share of banking assets held by the fifty largest bank holding companies, 1986–96



13. Nonintererest expense and its components as a percentage of total revenue, 1985–96



NOTE. The data are annual.

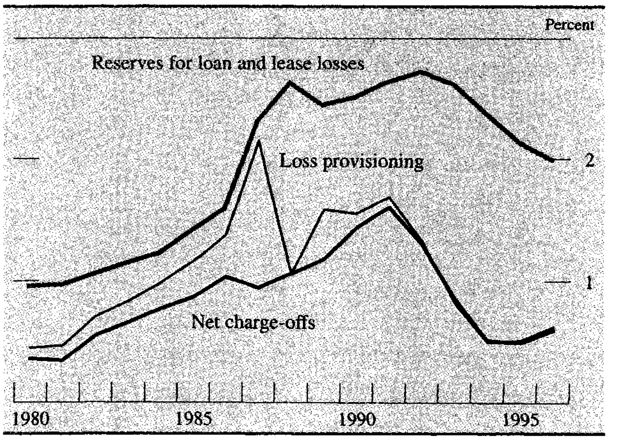
(chart 13). Employment levels in the industry fell during the late 1980s and early 1990s and have since remained about unchanged. Occupancy costs have likely benefited from the slow growth of the number of bank offices, which rose only 17 percent between 1986 and 1996, one-third the increase in revenue, adjusted for inflation, over that period. Furthermore, over the ten years, the inflation-adjusted cost per office fell more than 10 percent. These costs may have been contained in part by the growing popularity of low-cost supermarket branches. By contrast, other noninterest expense, a broad category that accounts for nearly half of noninterest expense and includes deposit insurance premiums, losses on the sale of various assets, amortization of intangible assets, expenditures for information processing services provided by others, and merger restructuring charges, has risen a bit relative to revenue. Nevertheless, the ratio of total noninterest expense to revenue has fallen over the past ten years; thus, at least by this common measure of efficiency, banks appear to have significantly streamlined their operations.

Loss Provisioning and Loan Quality

Since 1992, the banking industry has been setting aside as a provision against losses on loans and leases amounts very close to their net charge-offs (chart 14). In keeping with this pattern, provisioning rose slightly last year, matching a small increase in net charge-offs. Although loan-loss provisioning relative to assets edged higher over the past two years, it was quite a bit lower at the end of 1996 than earlier in the 1990s and about the same as at the beginning of the 1980s. Banks were able to reduce provisioning in 1992 because improvements in loan quality and a contraction in loans sharply reduced their need for loan-loss reserves. In recent years, continued improvements in measured loan quality have allowed banks to equalize provisioning and net charge-offs, leaving the level of reserves unchanged. Although the ratio of reserves to loans fell in each of the past four years, the ratio of reserves to delinquent loans increased until 1995, fell only slightly last year, and was more than 80 percent at year-end (chart 15). However, net charge-offs grew faster than delinquencies, and the ratio of reserves to charge-offs fell fairly sharply in the past two years. Still, in 1996, loan-loss reserves were 3½ times as large as net charge-offs in that year, a bit above average.

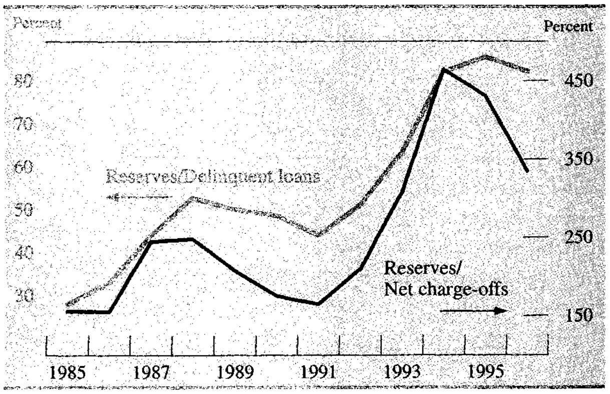
Although the decline in provisioning relative to the levels in the troubled late 1980s and early 1990s has helped boost measures of bank profitability, banks would still be solidly profitable even if provisioning were much higher. For example, if provisioning had been double its actual level last year, the ratio of provisioning to assets would have been about 50 percent higher than its average level since 1970. Nevertheless, net interest income less provisioning

14. Reserves for loan and lease losses, loss provisioning, and net charge-offs as a percentage of loans, 1980–96



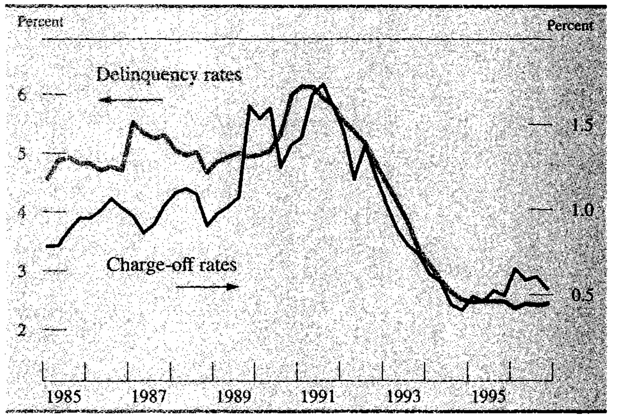
NOTE. The data are annual.

15. Measures of the adequacy of loan-loss reserves, 1985–96



NOTE. The data are annual.

16. Delinquency and charge-off rates, all loans, 1985–96

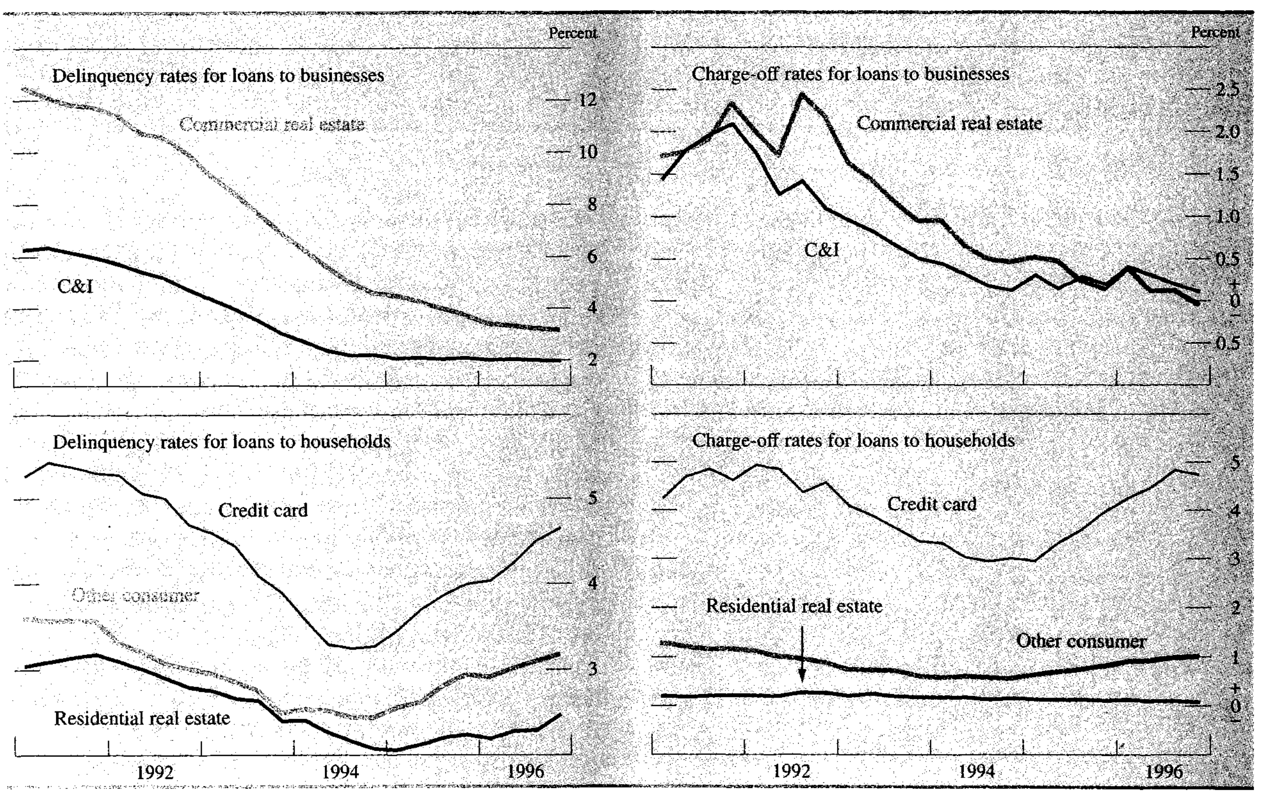


NOTE. The data are quarterly and are seasonally adjusted. Delinquent loans are loans that are not accruing interest and those that are accuring interest but are more than thirty days past due. The delinquency rate is the end-of-period level of delinquent loans divided by the end-of-period level of outstanding loans. The charge-off rate is the annualized amount of charge-offs over the quarter net of recoveries, divided by the average level of outstanding loans.

would have equaled 3 percent of assets, slightly above the average level for this ratio since 1970. The return on assets would drop to a bit under 1 percent, but it would still be a bit above its average over the period, and the return on equity would fall to 11½ percent, about equal to its average over the period.

Banks were able to keep provisioning low last year because, overall, the performance of bank loans remained quite good. Delinquency and charge-off rates for loans to businesses remained low even as the performance of loans to households deteriorated further (chart 16). Within the business loan category, the performance of commercial real estate loans has been improving dramatically (chart 17). Indeed, the net

17. Delinquency and charge-off rates, by type of loan, 1991–96



NOTE. The data are quarterly and are seasonally adjusted.
See note on chart 16.

Credit Card Banks

Since the early 1980s, bank holding companies have been creating subsidiary banks that specialize in credit card lending. These institutions were initially established in states that had a high interest rate ceiling, or no ceiling at all, to avoid the limitations imposed by usury laws in other states. Although interest rate ceilings no longer restrict desired lending rates in most states, bank holding companies continue to create subsidiaries that specialize in credit card lending, presumably because of the economies of scale that are obtained by concentrating this line of business at a single bank. In 1996, credit card banks, defined here as banks among the top 1,000 by assets for which credit card loans constitute more than half of assets, accounted for more than 60 percent of credit card outstandings at all banks. By this definition, there were forty credit card banks at the end of 1996, up from eleven at the end of 1985.

On average, 85 percent of the assets of these banks at the end of 1996 were credit card receivables (table). The banks funded themselves largely with managed liabilities, and they had significantly higher capital ratios than the typical commercial bank. Credit card banks also fund a relatively large fraction of the loans they originate through securitizations, which typically remove the affected loans from their books. At year-end 1996, about one-half of the outstanding balances on credit card loans made by these banks were securitized, compared with about one-fourth for the rest of the industry.

The profitability of credit card banks has been reduced by the erosion of consumer credit quality. Delinquency and charge-off rates for loans at credit card banks have risen sharply in the past two years, and returns on assets and on equity at these banks have fallen dramatically. Nearly one-fourth of credit card banks, accounting for about 10 percent of the assets held by such banks, posted losses in 1996. Still, the average return on equity at credit card banks last year was well above the average for commercial banks as a whole (chart).

Rising loan-loss rates lower the profits of credit card banks in two ways. For loans on their balance sheets, charge-offs deplete loan-loss reserves and lead to higher provisioning. Indeed, provisioning as a percentage of assets at these banks increased more than 1 percentage point in the past two years. Higher charge-off rates need not imply reduced profitability if interest margins are rising to offset the losses. However, intense competition for credit card balances has placed downward pressure on net interest margins even as losses have mounted. In sum, net interest income less provisioning fell from 5 percent of assets in 1993 to 3 percent last year.

Selected balance sheet items for credit card banks and all banks, 1996

Percentage of assets

Item	Credit card banks	All banks
Loans	87.64	61.12
Consumer	85.01	12.26
Credit card	83.98	4.93
Securities	3.98	18.20
Managed liabilities	79.15	32.73
Capital account	11.54	8.27

charge-off rate for these loans hovered near zero over most of last year, as banks recovered amounts similar to the amounts they charged off. Both delinquency and charge-off rates for C&I loans remained near record lows in both 1995 and 1996.

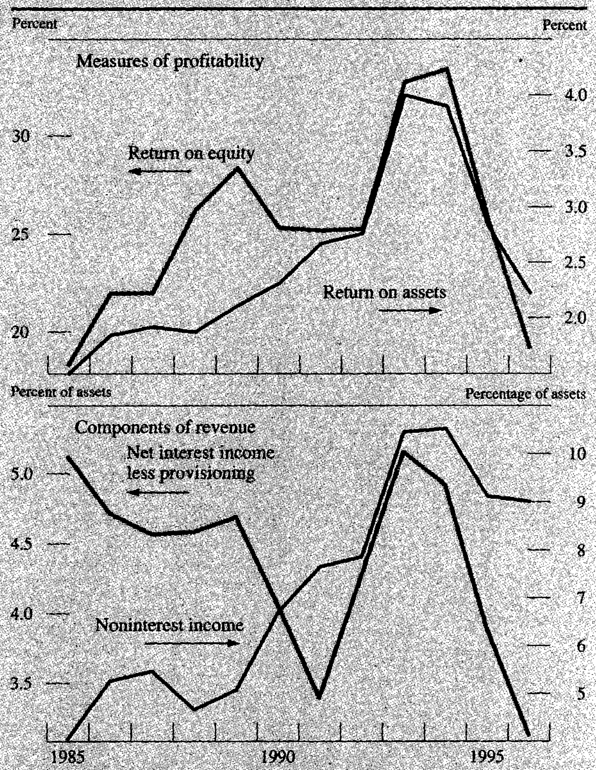
By contrast, delinquency rates for loans to households have risen somewhat since 1994: Delinquency rates for credit card loans and for "other consumer loans" have reversed more than half of their declines from 1991 peaks, and the rate for residential real estate loans has reversed about one-third of its decline. Charge-off rates for credit card loans and other consumer loans also are higher, with the loss rate for credit card loans in 1996 nearly reaching the peak levels of the early 1990s. Banks that specialize in credit card lending have been particularly hurt by the rising loss rates (see box "Credit Card Banks").

Some of the disparity in the performances of household and businesses loans can be accounted for by differences in financial stress experienced by the two sectors (chart 18). For businesses, the ratio of interest payments to revenue has been relatively low in recent years, whereas for households, the ratio of interest payments and required principal payments to disposable income has risen steadily to about its elevated level at the end of the 1980s. In recent years banks have been aggressively marketing consumer credit to more-marginal borrowers. This expansion of credit to households that would not have qualified previously is probably one of the reasons household debt burden has gone up and also suggests that banks may have anticipated some of the rise in the charge-off rates on these loans.

Another factor influencing delinquency and charge-off rates may have been changes in the pace of loan growth. An increase in the rate of growth of a loan portfolio generally lowers its average age. Because loans are less likely to go bad soon after they are made, a reduction in average age may tem-

Credit Card Banks—Continued

Measures of profitability and components of revenue at credit card banks, 1985–96



For loans that have been removed from banks' balance sheets through securitization, charge-offs result in lower fee income. The residual between the rates paid on securities backed by credit card loans and the rates earned on the underlying loans accrues to the bank as fee income, but only after loan losses have been covered.[1] Noninterest income, which includes fee income, has fallen 1½ percentage points as a share of assets since 1993. If the net charge-off rate for securitized loans were the same as the rate reported for on-balance-sheet loans, nearly all the decline in noninterest income could be accounted for by the increased losses.

Even as loan quality at credit card banks has deteriorated, increased provisioning has pushed up the level of loan-loss reserves relative to delinquent loans. Net charge-off rates have risen more quickly than delinquency rates, however, and the ratio of reserves to charge-offs has fallen over the past two years. At the end of last year, reserves equaled about nine months of losses, down from more than one year of losses at the end of 1994. Even if loss rates worsen, profit margins at these banks are, on average, wide enough to absorb additional increases in provisioning. Furthermore, the capital ratios at credit card banks, although having fallen slightly over the past few years, remain high.

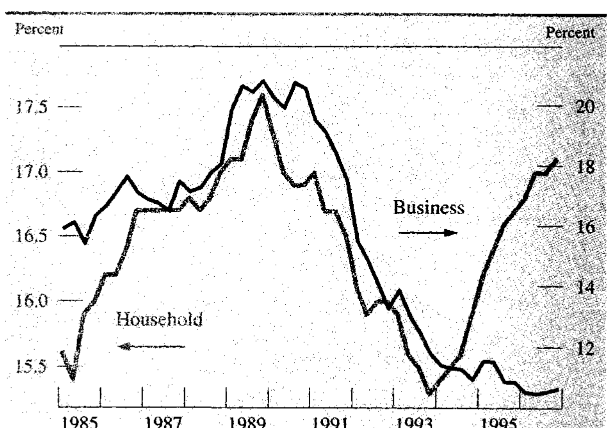
1. For more information on the securitization of consumer loans by banks, see Nelson and Reid, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1995," p. 488.

porarily lower delinquency and charge-off rates. As the loans in the portfolio mature, or "season," delinquency and charge-off rates tend to rise. The rapid growth of C&I loans in recent years may thus be depressing their delinquency and charge-off rates.

DEVELOPMENTS IN 1997

During the first quarter of 1997, bank asset growth at domestic offices continued at the robust pace posted in the preceding quarter. The value of C&I loans increased sharply, and the value of real estate loans, which had grown only slowly in 1996, expanded solidly. By contrast, the value of consumer loans on banks' books was little changed over the quarter as moderate increases in outstanding amounts on loans originated by banks were about matched by securitizations.

18. Business and household debt burden, 1985–96



NOTE. The data are quarterly and are seasonally adjusted.

For businesses (nonfinancial corporations only), the debt burden is calculated as interest payments as a percentage of revenue; for households, it is an estimate of interest payments and required principal payments as a percentage of disposable income.

SOURCES. National income and product accounts and the Federal Reserve System.

Despite some volatility perhaps resulting from fears of rising interest rates, indexes of stock prices of bank holding companies climbed further in 1997, rising 10 percent by the end of April and outpacing broader market indexes. Initial reports of bank holding company profits showed solid gains in net interest and noninterest income and reductions in merger-related costs. Nevertheless, the earnings of several bank holding companies were again hurt by rising charge-offs of consumer loans.

A.1. Report of income, all insured domestic commercial banks, 1987–96
Millions of dollars

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Gross interest income	245,089	274,144	317,072	320,186	289,884	257,038	244,934	257,365	302,791	315,552
Taxable equivalent	251,085	279,714	321,277	323,827	293,072	260,020	247,816	260,127	305,431	318,021
Loans	180,648	202,853	237,824	238,680	214,396	186,312	178,555	189,983	227,542	241,445
Securities	39,485	42,199	46,724	50,987	52,618	52,052	48,732	48,374	51,116	50,853
Gross federal funds sold and reverse repurchase agreements	9,033	10,639	13,061	12,547	9,128	5,926	4,798	6,422	9,752	9,293
Other	15,923	18,453	19,463	17,970	13,745	12,748	12,848	12,588	14,383	13,962
Gross interest expense	145,166	166,345	205,092	204,822	167,870	122,789	105,697	110,956	148,115	151,005
Deposits	115,807	130,310	157,481	161,365	138,930	99,038	79,575	79,205	105,427	107,951
Gross federal funds purchased and repurchase agreements	15,926	18,963	24,898	22,769	14,359	9,279	8,449	12,481	18,424	16,902
Other	13,432	17,073	22,712	20,686	14,581	14,471	17,674	19,269	24,263	26,152
Net interest income	99,923	107,799	111,980	115,364	122,014	134,249	139,237	146,409	154,676	164,547
Taxable equivalent	105,919	113,369	116,185	119,005	125,202	137,231	142,119	149,171	157,316	167,016
Loss provisioning[1]	37,891	19,777	31,300	32,275	34,869	26,866	16,854	11,003	12,626	16,627
Noninterest income	41,913	45,720	51,598	55,675	60,650	67,163	75,871	77,271	83,887	95,733
Service charges on deposits	8,758	9,532	10,272	11,444	12,843	14,178	14,906	15,303	16,075	17,152
Income from fiduciary activities	7,145	7,526	8,314	8,881	9,456	10,472	11,203	12,127	12,889	14,230
Trading income	3,559	3,691	4,051	4,854	5,960	6,274	9,238	6,249	6,337	7,540
Other	22,451	24,970	28,961	30,495	32,389	36,237	40,524	43,592	48,586	56,812
Noninterest expense	97,857	103,062	108,993	116,559	126,061	133,143	140,608	145,074	151,260	163,364
Salaries, wages, and employee benefits	45,405	47,134	49,413	52,082	53,602	55,625	58,542	60,988	64,076	68,055
Expenses of premises and fixed assets	15,342	16,002	16,698	17,541	17,906	18,190	18,587	18,999	19,778	20,967
Other	37,110	39,926	42,882	46,934	54,553	59,329	63,479	65,087	67,407	74,342
Net noninterest expense	55,944	57,342	57,395	60,884	65,411	65,980	64,737	67,803	67,373	67,631
Realized gains on investment account securities	1,447	278	799	474	2,925	3,956	3,055	–573	480	1,125
Income before taxes and extraordinary items	7,536	30,956	24,083	22,680	24,659	45,358	60,703	67,034	75,157	81,413
Taxes	5,410	9,996	9,551	7,740	8,284	14,476	19,852	22,450	26,287	28,645
Extraordinary items	200	811	313	649	993	404	2,087	–17	28	91
Net income	**2,327**	**21,771**	**14,846**	**15,589**	**17,371**	**31,285**	**42,937**	**44,566**	**48,899**	**52,858**
Cash dividends declared	10,659	13,275	14,129	13,944	15,080	14,235	22,072	28,181	31,119	40,022
Retained income	–8,332	8,496	716	1,645	2,291	17,050	20,865	16,385	17,779	12,836

1. Includes provisioning for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks, 1987–96

A. All banks

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	87.48	88.00	87.94	87.82	88.04	88.33	88.50	86.55	86.48	86.81
Loans and leases, net	59.12	59.80	60.64	60.53	59.55	57.30	56.25	56.06	58.39	59.91
Commercial and industrial	19.98	19.50	19.09	18.50	17.33	15.78	14.88	14.51	15.20	15.59
U.S. addressees	16.57	16.55	16.54	15.99	15.00	13.54	12.72	12.35	12.87	13.06
Foreign addressees	3.41	2.95	2.55	2.51	2.33	2.24	2.16	2.16	2.33	2.53
Consumer	11.42	11.72	11.89	11.77	11.45	11.02	11.00	11.43	12.11	12.26
Credit card	3.17	3.47	3.69	3.78	3.88	3.82	3.89	4.21	4.72	4.93
Installment and other	8.26	8.25	8.20	7.99	7.57	7.20	7.11	7.22	7.39	7.33
Real estate	19.00	20.86	22.50	23.86	24.87	24.87	24.80	24.43	25.00	25.04
In domestic offices	18.40	20.18	21.78	23.10	24.11	24.18	24.18	23.81	24.36	24.42
Construction and land development	3.90	4.06	4.16	4.00	3.41	2.64	1.99	1.65	1.59	1.63
Farmland	.47	.49	.51	.51	.53	.56	.57	.56	.56	.56
One- to four-family residential	8.22	9.21	10.15	11.21	12.27	12.91	13.49	13.74	14.41	14.42
Home equity	n.a.	1.14	1.42	1.67	1.95	2.09	2.07	1.91	1.88	1.85
Other	n.a.	8.07	8.73	9.54	10.32	10.82	11.42	11.84	12.54	12.57
Multifamily residential	.57	.59	.60	.62	.66	.75	.79	.79	.81	.85
Nonfarm nonresidential	5.25	5.83	6.36	6.76	7.23	7.32	7.33	7.07	6.97	6.96
In foreign offices	.60	.68	.72	.76	.76	.69	.62	.63	.65	.63
Depository institutions	2.28	2.04	1.76	1.60	1.42	1.24	1.08	1.42	1.88	2.29
Foreign governments	1.35	1.22	1.03	.78	.75	.73	.67	.41	.30	.26
Agricultural production	1.04	.98	.96	.96	1.01	1.02	.99	1.00	.96	.92
Other loans	4.98	4.52	4.31	3.93	3.60	3.50	3.56	3.34	3.15	3.36
Lease-financing receivables	.98	1.06	1.10	1.12	1.09	1.03	.99	1.03	1.19	1.51
LESS: Unearned income on loans	–.52	–.50	–.48	–.42	–.36	–.28	–.21	–.16	–.14	–.12
LESS: Loss reserves[1]	–1.40	–1.61	–1.52	–1.57	–1.62	–1.60	–1.51	–1.36	–1.27	–1.21
Securities	18.34	18.45	18.39	19.09	20.70	23.52	25.37	24.27	21.94	21.00
Investment account	17.00	17.17	17.14	17.63	18.93	21.18	22.50	21.60	19.38	18.20
Debt	17.00	17.17	16.84	17.37	18.62	20.82	22.12	21.21	18.97	17.74
U.S. Treasury	6.02	5.60	4.98	4.57	5.06	6.49	7.07	6.77	5.25	4.19
U.S. government agency and corporation obligations	4.14	4.88	6.04	7.56	8.75	9.86	10.73	10.24	9.81	9.74
Government-backed mortgage pools	2.10	2.59	3.27	4.08	4.52	4.52	4.74	4.67	4.46	4.80
Collateralized mortgage obligations	n.a.	n.a.	n.a.	1.28	2.07	3.12	3.72	3.24	2.67	2.11
Other	2.04	2.29	2.77	2.20	2.16	2.21	2.27	2.33	2.68	2.83
State and local government	4.40	3.69	3.15	2.64	2.28	2.08	2.06	2.02	1.80	1.68
Other	2.44	2.99	2.68	2.59	2.53	2.40	2.25	2.18	2.11	2.13
Equity[2]	n.a.	n.a.	.29	.27	.31	.37	.38	.39	.41	.45
Trading account	1.34	1.28	1.25	1.46	1.77	2.34	2.87	2.67	2.55	2.81
Gross federal funds sold and reverse RPs	4.57	4.55	4.33	4.46	4.58	4.54	4.27	3.82	3.93	3.82
Interest-bearing balances at depositories	5.45	5.21	4.58	3.75	3.21	2.97	2.62	2.40	2.23	2.08
Non-interest-earning assets	12.52	12.00	12.06	12.18	11.96	11.67	11.50	13.45	13.52	13.19
Revaluation gains on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.61	2.90	2.24
Other	12.52	12.00	12.06	12.18	11.96	11.67	11.50	10.84	10.62	10.95
Liabilities	93.83	93.84	93.64	93.60	93.33	92.82	92.15	92.12	91.99	91.73
Interest-bearing liabilities	74.03	75.40	76.02	76.53	76.58	75.32	73.92	71.86	71.87	71.63
Deposits	61.26	62.06	62.58	63.44	64.45	62.93	60.26	57.34	56.28	55.83
In foreign offices	11.02	10.41	9.68	9.26	8.55	8.37	8.32	9.39	10.27	10.01
In domestic offices	50.24	51.66	52.90	54.18	55.90	54.56	51.94	47.96	46.01	45.83
Other checkable deposits	6.04	6.25	6.12	6.19	6.72	7.65	8.24	7.80	6.63	4.76
Savings (including MMDAs)	18.28	17.60	16.28	16.59	18.00	20.28	20.90	19.60	17.47	18.69
Small-denomination time deposits	15.06	16.25	18.38	19.96	21.30	19.21	16.98	15.33	16.14	15.96
Large-denomination time deposits	10.86	11.55	12.13	11.44	9.89	7.42	5.81	5.23	5.77	6.41
Gross federal funds purchased and RPs	8.13	8.02	8.22	8.03	7.09	7.02	7.47	7.60	7.70	7.18
Other	4.64	5.31	5.22	5.07	5.03	5.37	6.19	6.92	7.88	8.62
Non-interest-bearing liabilities	19.80	18.45	17.62	17.07	16.75	17.50	18.23	20.26	20.12	20.10
Demand deposits in domestic offices	15.34	14.25	13.49	12.79	12.59	13.24	13.86	13.49	12.68	12.81
Revaluation losses on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.32	2.88	2.14
Other	4.46	4.20	4.13	4.27	4.16	4.27	4.37	4.45	4.57	5.14
Capital account	6.17	6.16	6.36	6.40	6.67	7.18	7.85	7.88	8.01	8.27
MEMO										
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	11.36	10.59	9.83	9.15	9.01	9.06
Other real estate owned	.35	.39	.39	.50	.75	.82	.63	.36	.19	.14
Managed liabilities	35.13	35.74	35.69	34.24	30.99	28.65	28.23	29.57	32.06	32.73
Average net consolidated assets (billions of dollars)	2,922	3,048	3,187	3,338	3,379	3,442	3,566	3,863	4,149	4,379

A.2.—Continued

A. All banks

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Effective interest rate (percent)[4]									
Rates earned										
Interest-earning assets	9.43	10.06	11.13	10.66	9.55	8.29	7.62	7.62	8.34	8.20
Taxable equivalent	9.67	10.26	11.29	10.79	9.66	8.39	7.72	7.71	8.41	8.27
Loans and leases, gross	10.23	10.86	12.03	11.48	10.37	9.21	8.69	8.63	9.27	9.10
Net of loss provisions	8.08	9.80	10.44	9.93	8.69	7.88	7.87	8.13	8.76	8.47
Securities	8.10	8.38	8.73	8.79	8.16	7.06	6.08	5.97	6.52	6.45
Taxable equivalent	8.95	9.07	9.25	9.20	8.54	7.37	6.37	6.21	6.74	6.69
Investment account	7.95	8.07	8.56	8.66	8.23	7.14	6.07	5.80	6.36	6.38
U.S. government and other debt	8.19	8.25	8.80	8.92	8.40	7.21	6.08	5.81	6.43	6.50
State and local	7.27	7.39	7.45	7.37	7.25	6.83	6.26	5.88	5.82	5.57
Equity[2]	n.a.	n.a.	7.74	7.34	6.19	5.32	4.79	4.79	5.51	5.25
Trading account	10.01	12.63	11.11	10.15	7.53	6.40	6.16	7.41	7.73	6.87
Gross federal funds sold and reverse RPs	6.57	7.52	9.17	8.06	5.67	3.59	3.04	4.26	5.63	5.22
Interest-bearing balances at depositories	7.55	8.71	10.59	9.96	8.44	7.32	6.61	5.70	6.84	6.22
Rates paid										
Interest-bearing liabilities	6.76	7.28	8.53	8.04	6.52	4.76	4.02	4.02	4.99	4.84
Interest-bearing deposits	5.80	6.23	7.18	6.90	5.73	4.04	3.22	3.12	4.00	4.02
In foreign offices	7.90	8.91	10.87	10.71	8.54	7.32	6.82	5.59	6.12	5.55
In domestic offices	5.38	5.75	6.57	6.30	5.34	3.59	2.72	2.71	3.60	3.71
Other checkable deposits	4.55	4.77	4.83	4.78	4.33	2.71	1.99	1.86	2.07	2.05
Savings (including MMDAs)	5.29	5.55	6.18	5.98	5.09	3.26	2.50	2.58	3.19	3.01
Large-denomination CDs	6.88	7.47	8.67	8.03	6.67	4.91	4.00	4.10	5.47	5.42
Other time deposits	6.99	7.34	8.29	7.96	6.89	5.17	4.20	4.18	5.45	5.43
Gross federal funds purchased and RPs	6.52	7.43	9.20	7.96	5.72	3.65	3.07	4.19	5.65	5.16
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.39	9.00	9.95	9.59	8.58	7.47	6.87	6.66	7.30	7.21
Taxable equivalent	8.59	9.18	10.08	9.70	8.67	7.55	6.95	6.73	7.36	7.26
Loans	6.18	6.66	7.46	7.15	6.34	5.41	5.01	4.92	5.48	5.51
Securities	1.35	1.38	1.47	1.53	1.56	1.51	1.37	1.25	1.23	1.16
Gross federal funds sold and reverse RPs	.31	.35	.41	.38	.27	.17	.13	.17	.24	.21
Other	.54	.61	.61	.54	.41	.37	.36	.33	.35	.32
Gross interest expense	4.97	5.46	6.44	6.14	4.97	3.57	2.96	2.87	3.57	3.45
Deposits	3.96	4.28	4.94	4.83	4.11	2.88	2.23	2.05	2.54	2.47
Gross federal funds purchased and RPs	.55	.62	.78	.68	.42	.27	.24	.32	.44	.39
Other	.46	.56	.71	.62	.43	.42	.50	.50	.58	.60
Net interest income	3.42	3.54	3.51	3.46	3.61	3.90	3.90	3.79	3.73	3.76
Taxable equivalent	3.63	3.72	3.65	3.57	3.71	3.99	3.99	3.86	3.79	3.81
Loss provisioning[5]	1.30	.65	.98	.97	1.03	.78	.47	.28	.30	.38
Noninterest income	1.43	1.50	1.62	1.67	1.79	1.95	2.13	2.00	2.02	2.19
Service charges on deposits	.30	.31	.32	.34	.38	.41	.42	.40	.39	.39
Income from fiduciary activities	.24	.25	.26	.27	.28	.30	.31	.31	.31	.32
Trading income	.12	.12	.13	.15	.18	.18	.26	.16	.15	.17
Other	.77	.82	.91	.91	.96	1.05	1.14	1.13	1.17	1.30
Noninterest expense	3.35	3.38	3.42	3.49	3.73	3.87	3.94	3.76	3.65	3.73
Salaries, wages, and employee benefits	1.55	1.55	1.55	1.56	1.59	1.62	1.64	1.58	1.54	1.55
Expenses of premises and fixed assets	.53	.53	.52	.53	.53	.53	.52	.49	.48	.48
Other	1.27	1.31	1.35	1.41	1.61	1.72	1.78	1.68	1.62	1.70
Net noninterest expense	1.91	1.88	1.80	1.82	1.94	1.92	1.82	1.75	1.62	1.54
Realized gains on investment account securities	.05	.01	.03	.01	.09	.11	.09	−.01	.01	.03
Income before taxes and extraordinary items	.26	1.02	.76	.68	.73	1.32	1.70	1.74	1.81	1.86
Taxes	.19	.33	.30	.23	.25	.42	.56	.58	.63	.65
Extraordinary items	.01	.03	.01	.02	.03	.01	.06	*	*	*
Net income (return on assets)	.08	.71	.47	.47	.51	.91	1.20	1.15	1.18	1.21
Cash dividends declared	.36	.44	.44	.42	.45	.41	.62	.73	.75	.91
Retained income	−.29	.28	.02	.05	.07	.50	.59	.42	.43	.29
MEMO: Return on equity	1.29	11.61	7.33	7.29	7.71	12.66	15.34	14.64	14.71	14.60

* In absolute value, less than 0.005 percent.

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

1. Includes allocated transfer risk reserve.
2. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
3. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss
4. Where possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provisioning for allocated transfer risk.

A.2 Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks, 1987–96
B. Ten largest banks by assets

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	85.14	85.22	85.16	84.85	85.41	85.16	84.79	76.97	77.02	79.94
Loans and leases, net	59.36	58.69	59.66	61.69	62.14	58.34	55.57	49.91	50.05	53.51
Commercial and industrial	24.53	23.36	22.61	22.91	22.42	20.32	18.65	16.43	16.16	17.17
U.S. addressees	13.31	13.01	13.18	13.39	13.44	12.00	10.75	9.16	8.66	9.59
Foreign addressees	11.22	10.36	9.43	9.53	8.97	8.32	7.90	7.27	7.50	7.59
Consumer	6.41	6.19	6.21	6.87	7.20	7.31	7.33	6.59	6.60	6.22
Credit card	2.34	2.08	1.99	2.20	2.53	2.61	2.50	2.28	1.96	1.23
Installment and other	4.07	4.10	4.22	4.67	4.67	4.70	4.83	4.31	4.65	4.99
Real estate	13.97	15.46	18.02	20.56	21.68	19.93	18.54	16.21	15.82	16.53
In domestic offices	11.69	12.80	15.05	17.36	18.37	17.07	15.99	13.80	13.48	14.44
Construction and land development	3.21	3.48	3.60	3.79	3.42	2.48	1.59	.84	.58	.51
Farmland	.06	.06	.08	.08	.08	.07	.07	.06	.06	.06
One- to four-family residential	5.17	5.83	7.45	9.31	10.34	10.08	10.29	9.69	9.62	10.43
Home equity	n.a.	.76	1.04	1.31	1.63	1.63	1.60	1.40	1.40	1.53
Other	n.a.	5.07	6.41	8.00	8.71	8.46	8.68	8.29	8.22	8.90
Multifamily residential	.61	.65	.68	.68	.57	.58	.53	.41	.38	.38
Nonfarm nonresidential	2.63	2.78	3.23	3.51	3.95	3.86	3.51	2.79	2.83	3.05
In foreign offices	2.28	2.66	2.97	3.20	3.32	2.85	2.55	2.41	2.35	2.09
Depository institutions	5.18	5.21	4.56	3.64	3.05	2.56	2.35	3.37	4.95	6.06
Foreign governments	3.64	3.63	3.34	2.76	2.88	2.75	2.46	1.27	.90	.69
Agricultural production	.36	.33	.31	.31	.31	.28	.27	.25	.21	.23
Other loans	6.51	6.23	6.36	6.05	5.61	6.05	6.82	6.44	5.85	6.42
Lease-financing receivables	1.38	1.44	1.49	1.60	1.68	1.51	1.30	1.14	1.14	1.59
LESS: Unearned income on loans	−.41	−.43	−.45	−.39	−.35	−.27	−.21	−.16	−.14	−.11
LESS: Loss reserves[1]	−2.22	−2.74	−2.77	−2.63	−2.34	−2.08	−1.94	−1.63	−1.45	−1.31
Securities	12.59	12.96	13.13	14.03	15.58	19.13	22.74	20.43	19.53	19.83
Investment account	8.19	8.67	9.05	9.22	9.38	10.70	12.45	11.68	10.65	10.60
Debt	8.19	8.67	8.83	8.98	9.08	10.36	12.08	11.30	10.27	10.22
U.S. Treasury	1.47	1.41	1.29	1.09	1.35	2.30	2.39	2.17	2.03	1.93
U.S. government agency and corporation obligations	1.54	1.94	2.29	2.91	3.46	4.45	6.14	5.16	4.46	4.59
Government-backed mortgage pools	1.47	1.84	2.07	2.24	2.26	2.43	3.30	2.79	2.89	3.58
Collateralized mortgage obligations	n.a.	n.a.	n.a.	.55	1.12	1.97	2.76	2.31	1.50	.95
Other	.07	.10	.22	.13	.08	.05	.08	.06	.08	.06
State and local government	1.93	1.80	1.58	1.08	.77	.66	.59	.60	.49	.39
Other	3.25	3.52	3.68	3.90	3.50	2.95	2.97	3.37	3.29	3.31
Equity[2]	n.a.	n.a.	.22	.24	.30	.33	.36	.38	.38	.38
Trading account	4.40	4.29	4.08	4.81	6.19	8.43	10.30	8.74	8.88	9.23
Gross federal funds sold and reverse RPs	3.91	4.61	4.12	2.88	2.96	3.23	2.71	2.68	3.20	3.10
Interest-bearing balances at depositories	9.28	8.97	8.26	6.25	4.74	4.45	3.76	3.95	4.25	3.50
Non-interest-earning assets	14.86	14.78	14.84	15.15	14.59	14.84	15.21	23.03	22.98	20.06
Revaluation gains on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.89	10.77	7.63
Other	14.86	14.78	14.84	15.15	14.59	14.84	15.21	13.14	12.21	12.43
Liabilities	95.58	95.41	95.11	95.29	94.97	94.44	93.24	93.42	93.59	93.04
Interest-bearing liabilities	73.08	73.76	74.17	73.97	74.62	73.08	71.56	64.33	63.37	64.45
Deposits	57.46	57.67	57.56	57.95	57.67	55.73	52.91	48.20	47.49	47.87
In foreign offices	32.60	31.49	30.08	29.66	28.47	27.16	25.51	26.10	28.36	26.41
In domestic offices	24.86	26.18	27.49	28.28	29.19	28.56	27.41	22.10	19.12	21.46
Other checkable deposits	2.45	2.68	2.70	2.74	3.00	3.38	3.45	2.91	2.30	1.61
Savings (including MMDAs)	11.04	11.42	11.32	12.05	13.50	14.91	15.33	12.70	10.56	12.31
Small-denomination time deposits	4.55	5.03	5.64	6.16	6.55	5.72	5.09	3.98	4.04	4.68
Large-denomination time deposits	6.82	7.05	7.82	7.33	6.14	4.56	3.53	2.51	2.23	2.86
Gross federal funds purchased and RPs	6.89	6.40	6.72	6.90	6.80	6.19	6.70	5.83	6.17	5.88
Other	8.74	9.69	9.89	9.13	10.15	11.16	11.94	10.29	9.71	10.69
Non-interest-bearing liabilities	22.50	21.65	20.94	21.32	20.35	21.36	21.68	29.09	30.22	28.59
Demand deposits in domestic offices	12.64	11.93	11.60	10.93	10.36	11.05	11.27	10.15	8.88	9.73
Revaluation losses on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.75	10.68	7.27
Other	9.86	9.71	9.34	10.39	9.99	10.30	10.41	10.20	10.66	11.59
Capital account	4.42	4.59	4.89	4.71	5.03	5.56	6.76	6.58	6.41	6.96
MEMO										
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	8.48	7.43	5.92	4.24	4.02	4.28
Other real estate owned	.21	.22	.23	.42	.78	1.13	1.02	.58	.27	.18
Managed liabilities	56.79	56.34	56.24	54.74	53.18	50.76	49.17	46.16	47.89	47.33
Average net consolidated assets (billions of dollars)	691	685	693	725	717	775	818	949	1,051	1,189

A.2.—Continued

B. Ten largest banks by assets

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Effective interest rate (percent)[4]									
Rates earned										
Interest-earning assets	9.56	10.76	12.31	11.65	9.92	8.67	8.16	8.15	8.20	7.77
Taxable equivalent	9.59	10.88	12.31	11.70	9.95	8.72	8.20	8.18	8.22	7.79
Loans and leases, gross	10.13	11.35	13.19	12.29	10.46	9.36	9.07	8.89	8.84	8.38
Net of loss provisions	6.63	10.70	10.87	11.10	8.58	7.50	7.95	8.38	8.62	8.17
Securities	9.49	10.54	10.11	9.85	8.52	7.38	6.69	7.10	7.41	6.82
Taxable equivalent	9.65	11.06	10.08	10.00	8.63	7.54	6.77	7.19	7.47	6.87
Investment account	8.70	8.70	9.20	9.34	8.99	7.96	6.90	6.58	7.06	6.75
U.S. government and other debt	9.07	8.95	9.56	9.68	9.29	8.13	6.99	6.70	7.22	6.90
State and local	7.52	7.74	7.69	7.54	7.67	7.40	6.99	6.37	6.23	5.73
Equity[2]	n.a.	n.a.	6.81	5.82	4.22	4.04	3.72	3.27	4.03	3.84
Trading account	10.96	14.33	12.13	10.75	7.84	6.69	6.45	7.79	7.83	6.91
Gross federal funds sold and reverse RPs	6.13	7.31	8.98	8.01	5.60	3.65	3.02	4.52	5.20	4.99
Interest-bearing balances at depositories	7.68	9.13	10.88	11.06	10.05	9.29	8.34	7.27	7.15	6.71
Rates paid										
Interest-bearing liabilities	7.83	8.75	10.74	10.18	7.71	6.17	5.60	5.44	5.88	5.46
Interest-bearing deposits	6.62	7.43	8.79	8.64	6.75	5.05	4.23	4.07	4.76	4.46
In foreign offices	8.00	9.00	10.96	11.11	8.76	7.55	6.87	6.04	6.07	5.62
In domestic offices	5.02	5.71	6.64	6.22	4.98	2.92	2.11	2.08	3.06	3.16
Other checkable deposits	3.26	4.43	4.40	4.35	3.93	1.96	1.28	1.11	1.29	1.39
Savings (including MMDAs)	5.13	5.55	6.49	6.21	5.09	2.95	2.14	2.35	3.11	2.80
Large-denomination CDs	7.29	7.75	8.87	7.96	6.50	4.66	3.55	3.14	3.73	4.65
Other time deposits	6.38	7.11	8.26	7.76	6.09	3.81	3.01	2.81	5.08	4.67
Gross federal funds purchased and RPs	6.52	7.43	9.27	7.75	5.98	4.04	3.26	4.05	5.22	4.96
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.45	9.52	10.82	10.37	8.77	7.68	7.22	6.38	6.42	6.29
Taxable equivalent	8.47	9.63	10.83	10.43	8.80	7.72	7.25	6.40	6.43	6.31
Loans	6.23	6.93	8.23	7.96	6.77	5.65	5.22	4.49	4.44	4.52
Securities	.71	.75	.83	.86	.84	.85	.86	.77	.75	.72
Gross federal funds sold and reverse RPs	.29	.40	.37	.25	.17	.14	.11	.15	.21	.19
Other	1.22	1.44	1.39	1.30	.98	1.05	1.04	.97	1.00	.88
Gross interest expense	5.77	6.51	8.01	7.65	5.81	4.54	4.06	3.52	3.74	3.53
Deposits	4.18	4.56	5.37	5.41	4.23	3.09	2.48	2.15	2.43	2.27
Gross federal funds purchased and RPs	.52	.58	.72	.64	.43	.28	.24	.24	.35	.31
Other	1.07	1.37	1.92	1.60	1.15	1.17	1.35	1.13	.95	.95
Net interest income	2.68	3.01	2.82	2.72	2.96	3.15	3.16	2.86	2.68	2.76
Taxable equivalent	2.71	3.12	2.82	2.77	2.99	3.18	3.19	2.88	2.70	2.78
Loss provisioning[5]	2.15	.40	1.45	.77	1.21	1.12	.64	.26	.11	.11
Noninterest income	1.94	2.07	2.19	2.27	2.40	2.59	2.99	2.33	2.16	2.35
Service charges on deposits	.16	.19	.22	.23	.26	.30	.30	.26	.25	.28
Income from fiduciary activities	.23	.23	.27	.31	.33	.37	.39	.37	.30	.31
Trading income	.40	.41	.42	.52	.64	.66	.91	.53	.46	.52
Other	1.16	1.24	1.29	1.21	1.16	1.27	1.38	1.18	1.15	1.23
Noninterest expense	3.20	3.29	3.43	3.55	3.83	3.86	4.13	3.56	3.32	3.60
Salaries, wages, and employee benefits	1.60	1.63	1.66	1.74	1.79	1.78	1.88	1.65	1.58	1.58
Expenses of premises and fixed assets	.58	.60	.62	.65	.66	.65	.66	.55	.50	.50
Other	1.03	1.05	1.15	1.16	1.38	1.43	1.59	1.36	1.24	1.52
Net noninterest expense	1.26	1.21	1.24	1.28	1.44	1.27	1.14	1.23	1.16	1.24
Realized gains on investment account securities	.07	.03	.03	.02	.04	.11	.13	.02	.03	.05
Income before taxes and extraordinary items	−.66	1.43	.16	.69	.34	.87	1.50	1.39	1.44	1.45
Taxes	.14	.44	.38	.27	.17	.26	.53	.48	.55	.53
Extraordinary items	*	.08	.03	.06	.03	*	.16	*	*	*
Net income (return on assets)	−.80	1.07	−.19	.48	.21	.61	1.13	.91	.88	.93
Cash dividends declared	.28	.38	.37	.26	.21	.18	.28	.58	.57	.73
Retained income	−1.08	.69	−.57	.21	*	.43	.85	.33	.31	.19
MEMO: Return on equity	−18.11	23.30	−3.92	10.13	4.23	10.91	16.75	13.86	13.78	13.34

* In absolute value, less than 0.005 percent.

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

1. Includes allocated transfer risk reserve.
2. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
3. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a lo
4. Where possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provisioning for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks, 1987–96

C. Banks ranked 11th through 100th by assets

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	86.20	87.23	86.91	86.81	86.88	87.97	88.36	88.16	88.31	87.75
Loans and leases, net	61.70	61.99	62.61	61.22	60.08	58.30	57.33	58.56	62.68	64.24
Commercial and industrial	23.72	23.45	22.75	21.76	20.53	18.83	18.03	18.03	19.26	18.95
U.S. addressees	21.22	21.43	21.23	20.44	19.30	17.78	17.05	16.99	18.10	17.71
Foreign addressees	2.50	2.02	1.53	1.33	1.24	1.05	.98	1.04	1.16	1.24
Consumer	11.73	12.20	12.97	12.25	11.66	11.72	11.47	12.62	14.23	15.66
Credit card	4.40	4.85	5.82	5.48	5.04	5.16	5.23	5.99	7.34	8.26
Installment and other	7.33	7.35	7.16	6.76	6.62	6.56	6.24	6.63	6.89	7.40
Real estate	16.05	17.94	19.09	20.21	21.51	21.89	22.11	22.26	23.25	23.27
In domestic offices	15.83	17.65	18.85	20.04	21.37	21.78	22.01	22.17	23.10	23.10
Construction and land development	5.24	5.27	5.25	4.91	4.00	3.02	2.08	1.63	1.50	1.55
Farmland	.10	.11	.12	.12	.12	.14	.13	.14	.13	.13
One- to four-family residential	5.88	6.85	7.54	8.53	10.17	11.36	12.30	12.98	14.16	14.16
Home equity	n.a.	1.17	1.41	1.67	2.07	2.50	2.54	2.33	2.19	2.08
Other	n.a.	5.68	6.13	6.86	8.10	8.85	9.76	10.65	11.97	12.08
Multifamily residential	.39	.43	.45	.46	.54	.66	.71	.71	.77	.89
Nonfarm nonresidential	4.22	4.99	5.49	6.01	6.53	6.61	6.79	6.72	6.54	6.37
In foreign offices	.22	.29	.24	.18	.14	.11	.10	.09	.15	.16
Depository institutions	2.51	1.84	1.55	1.57	1.58	1.43	1.30	1.49	1.59	1.50
Foreign governments	1.53	1.22	.88	.52	.39	.33	.30	.28	.20	.20
Agricultural production	.30	.29	.29	.28	.31	.31	.29	.29	.26	.28
Other loans	6.25	5.54	5.17	4.82	4.55	4.28	4.05	3.47	3.32	3.30
Lease-financing receivables	1.52	1.69	1.73	1.67	1.53	1.49	1.47	1.60	1.96	2.41
LESS: Unearned income on loans	–.40	–.37	–.34	–.26	–.22	–.17	–.11	–.07	–.07	–.06
LESS: Loss reserves[1]	–1.51	–1.80	–1.48	–1.60	–1.76	–1.79	–1.60	–1.41	–1.32	–1.27
Securities	15.26	15.54	15.21	16.19	17.38	20.38	21.97	21.19	18.64	16.87
Investment account	14.45	14.73	14.38	15.32	16.25	19.24	20.60	19.82	17.88	16.06
Debt	14.45	14.73	14.16	15.14	16.02	18.99	20.34	19.50	17.51	15.62
U.S. Treasury	5.06	4.89	4.10	3.42	3.78	5.88	7.05	6.85	4.82	3.34
U.S. government agency and corporation obligations	3.13	3.58	5.01	7.42	8.43	9.26	9.55	9.28	9.40	9.12
Government-backed mortgage pools	2.36	2.96	4.03	5.32	5.38	5.22	5.21	5.30	5.06	5.42
Collateralized mortgage obligations	n.a.	n.a.	n.a.	1.58	2.48	3.54	3.71	3.07	2.82	2.16
Other	.77	.61	.98	.53	.57	.50	.63	.91	1.51	1.54
State and local government	4.07	3.32	2.70	2.03	1.63	1.46	1.31	1.21	1.11	.99
Other	2.18	2.94	2.35	2.27	2.19	2.39	2.43	2.15	2.17	2.17
Equity[2]	n.a.	n.a.	.22	.18	.22	.25	.26	.32	.37	.44
Trading account	.81	.82	.83	.88	1.13	1.14	1.37	1.37	.76	.80
Gross federal funds sold and reverse RPs	3.07	3.68	3.71	4.41	4.90	4.78	4.98	5.11	4.52	4.26
Interest-bearing balances at depositories	6.16	6.01	5.38	4.98	4.51	4.52	4.08	3.30	2.47	2.38
Non-interest-earning assets	13.80	12.77	13.09	13.19	13.12	12.03	11.64	11.84	11.69	12.25
Revaluation gains on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	.57	.50	.51
Other	13.80	12.77	13.09	13.19	13.12	12.03	11.64	11.28	11.19	11.74
Liabilities	94.56	94.77	94.45	94.35	93.93	93.13	92.56	92.47	92.23	92.02
Interest-bearing liabilities	73.01	75.34	76.23	77.02	76.07	74.66	73.38	72.86	74.05	73.14
Deposits	52.61	55.02	56.45	57.46	59.24	56.99	54.22	53.03	52.32	51.82
In foreign offices	10.14	9.68	8.63	7.84	6.69	6.20	6.78	8.05	8.12	7.52
In domestic offices	42.48	45.34	47.82	49.62	52.54	50.79	47.43	44.98	44.20	44.30
Other checkable deposits	4.42	4.68	4.67	4.75	5.36	6.26	7.21	6.91	5.63	3.09
Savings (including MMDAs)	16.02	15.67	14.58	15.50	17.62	20.21	20.60	20.13	18.78	20.73
Small-denomination time deposits	9.63	11.05	13.49	15.59	17.99	15.98	14.19	13.26	14.24	14.09
Large-denomination time deposits	12.40	13.95	15.08	13.78	11.56	8.34	5.44	4.68	5.55	6.39
Gross federal funds purchased and RPs	14.52	13.72	13.22	13.03	10.94	11.45	11.93	11.48	11.37	10.00
Other	5.87	6.59	6.57	6.53	5.89	6.22	7.23	8.34	10.36	11.32
Non-interest-bearing liabilities	21.55	19.44	18.22	17.33	17.87	18.47	19.18	19.62	18.18	18.89
Demand deposits in domestic offices	16.62	15.04	13.86	13.23	13.76	14.52	15.38	15.27	14.26	14.47
Revaluation losses on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	.53	.49	.49
Other	4.93	4.40	4.36	4.10	4.10	3.95	3.80	3.82	3.43	3.93
Capital account	5.44	5.23	5.55	5.65	6.07	6.87	7.44	7.53	7.77	7.98
MEMO										
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	11.28	10.43	9.58	8.98	8.65	8.49
Other real estate owned	.22	.31	.30	.46	.76	.70	.47	.25	.13	.08
Managed liabilities	43.29	44.27	43.81	41.50	35.42	32.53	31.69	32.83	35.64	35.56
Average net consolidated assets (billions of dollars)	802	870	940	995	1,006	1,003	1,082	1,204	1,338	1,450

A.2.—Continued

C. Banks ranked 11th through 100th by assets

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Effective interest rate (percent)[4]									
Rates earned										
Interest-earning assets	9.19	9.87	11.10	10.41	9.22	8.01	7.37	7.29	8.31	8.26
Taxable equivalent	9.40	10.07	11.27	10.50	9.32	8.11	7.46	7.37	8.37	8.33
Loans and leases, gross	9.78	10.48	11.74	11.04	9.87	8.77	8.26	8.22	9.11	9.04
Net of loss provisions	7.33	9.19	9.87	9.03	7.89	7.47	7.47	7.68	8.50	8.18
Securities	7.87	8.21	8.76	8.81	8.16	7.08	6.06	5.70	6.38	6.49
Taxable equivalent	8.67	8.92	9.36	9.12	8.49	7.38	6.34	5.92	6.57	6.73
Investment account	7.93	8.24	8.77	8.87	8.28	7.21	6.16	5.70	6.34	6.48
U.S. government and other debt	8.25	8.51	9.06	9.13	8.42	7.25	6.16	5.69	6.38	6.57
State and local	7.09	7.29	7.41	7.22	7.23	6.81	6.32	6.04	6.06	5.90
Equity[2]	n.a.	n.a.	9.19	8.09	7.32	6.75	5.23	5.00	5.68	4.86
Trading account	6.99	7.68	8.66	8.01	6.46	4.73	4.74	5.75	7.27	6.61
Gross federal funds sold and reverse RPs	6.59	7.61	9.35	8.11	5.76	3.71	3.11	4.31	5.91	5.31
Interest-bearing balances at depositories	7.68	8.87	11.35	9.72	8.15	6.77	6.50	4.69	6.78	5.86
Rates paid										
Interest-bearing liabilities	6.75	7.34	8.66	7.93	6.34	4.45	3.76	3.72	4.94	4.75
Interest-bearing deposits	5.91	6.44	7.51	6.95	5.69	3.90	3.11	2.88	3.93	3.95
In foreign offices	7.78	8.92	11.08	10.08	8.38	7.26	7.37	4.60	6.30	5.34
In domestic offices	5.51	5.97	6.93	6.50	5.39	3.56	2.61	2.64	3.57	3.73
Other checkable deposits	4.44	4.53	4.57	4.64	4.16	2.45	1.70	1.62	1.89	1.81
Savings (including MMDAs)	5.27	5.63	6.42	6.03	4.98	3.08	2.33	2.46	3.11	2.93
Large-denomination CDs	7.02	7.65	8.75	8.09	6.72	5.13	4.31	4.21	5.70	5.54
Other time deposits	7.07	7.56	8.72	8.02	6.81	5.11	4.07	4.18	5.35	5.30
Gross federal funds purchased and RPs	6.63	7.50	9.35	8.11	5.68	3.57	3.04	4.28	5.86	5.27
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.05	8.72	9.77	9.26	8.17	7.15	6.59	6.46	7.40	7.33
Taxable equivalent	8.23	8.90	9.91	9.34	8.24	7.22	6.65	6.51	7.46	7.37
Loans	6.19	6.69	7.51	6.97	6.09	5.24	4.85	4.91	5.79	5.88
Securities	1.14	1.21	1.26	1.36	1.35	1.39	1.27	1.13	1.13	1.04
Gross federal funds sold and reverse RPs	.20	.25	.36	.37	.28	.19	.15	.21	.27	.23
Other	.51	.57	.65	.56	.45	.34	.32	.21	.21	.18
Gross interest expense	4.85	5.45	6.50	6.06	4.75	3.28	2.74	2.67	3.62	3.43
Deposits	3.41	3.86	4.59	4.34	3.70	2.49	1.94	1.73	2.29	2.20
Gross federal funds purchased and RPs	.96	1.03	1.24	1.12	.67	.43	.38	.51	.67	.55
Other	.48	.56	.66	.60	.38	.35	.43	.43	.66	.68
Net interest income	3.19	3.27	3.28	3.21	3.42	3.87	3.85	3.79	3.79	3.90
Taxable equivalent	3.38	3.45	3.41	3.29	3.49	3.94	3.91	3.85	3.84	3.94
Loss provisioning[5]	1.55	.82	1.20	1.27	1.23	.78	.47	.32	.39	.56
Noninterest income	1.53	1.62	1.86	1.84	2.01	2.25	2.29	2.25	2.38	2.63
Service charges on deposits	.29	.30	.31	.34	.40	.45	.46	.45	.44	.44
Income from fiduciary activities	.36	.35	.35	.33	.35	.38	.38	.39	.40	.43
Trading income	.07	.07	.08	.08	.10	.09	.14	.08	.09	.08
Other	.81	.89	1.12	1.08	1.16	1.33	1.32	1.33	1.45	1.69
Noninterest expense	3.23	3.29	3.34	3.43	3.72	3.99	3.95	3.86	3.79	3.89
Salaries, wages, and employee benefits	1.48	1.48	1.47	1.46	1.51	1.54	1.52	1.50	1.47	1.52
Expenses of premises and fixed assets	.49	.50	.50	.49	.50	.50	.48	.47	.47	.48
Other	1.26	1.31	1.37	1.48	1.72	1.96	1.95	1.89	1.85	1.89
Net noninterest expense	1.70	1.67	1.47	1.59	1.71	1.74	1.66	1.61	1.41	1.26
Realized gains on investment account securities	.05	*	.04	.03	.01	.01	.14	.15	.09	-.01
Income before taxes and extraordinary items	*	.77	.65	.37	.62	1.51	1.82	1.85	2.01	2.11
Taxes	.09	.28	.18	.15	.19	.49	.56	.63	.70	.76
Extraordinary items	*	.02	*	.01	.03	.03	*	*	*	*
Net income (return on assets)	-.09	.51	.47	.23	.47	1.05	1.26	1.22	1.31	1.35
Cash dividends declared	.34	.41	.40	.37	.47	.46	.76	.86	.85	1.10
Retained income	-.43	.09	.06	-.14	*	.58	.49	.36	.46	.26
MEMO: Return on equity	-1.70	9.72	8.41	4.07	7.71	15.21	16.91	16.27	16.85	16.93

* In absolute value, less than 0.005 percent.

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

1. Includes allocated transfer risk reserve.
2. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
3. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.
4. Where possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provisioning for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks, 1987–96

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

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	88.34	88.88	88.98	88.84	88.91	89.02	89.55	90.09	90.13	90.14
Loans and leases, net	61.60	63.03	63.62	63.09	61.03	58.51	57.94	59.74	62.23	62.69
Commercial and industrial	18.12	17.83	17.68	16.69	15.05	13.33	12.19	12.07	12.68	12.76
U.S. addressees	17.87	17.67	17.53	16.56	14.89	13.15	12.03	11.90	12.52	12.58
Foreign addressees	.24	.16	.15	.13	.16	.18	.16	.16	.16	.18
Consumer	15.34	15.91	15.49	15.48	15.10	14.22	14.84	15.85	16.39	16.09
Credit card	4.65	5.21	4.83	5.22	5.71	5.42	5.65	6.06	6.45	6.90
Installment and other	10.69	10.70	10.66	10.26	9.40	8.80	9.19	9.79	9.94	9.19
Real estate	22.25	24.28	25.97	27.01	27.53	28.10	28.60	29.42	30.77	31.27
In domestic offices	22.25	24.27	25.95	26.99	27.49	28.06	28.58	29.40	30.75	31.24
Construction and land development	4.57	4.73	4.82	4.37	3.67	2.86	2.26	2.08	2.21	2.38
Farmland	.26	.27	.27	.28	.28	.32	.34	.36	.40	.46
One- to four-family residential	9.48	10.64	11.56	12.49	13.23	14.25	15.17	16.25	17.47	17.28
Home equity	n.a.	1.73	2.08	2.31	2.53	2.56	2.50	2.33	2.36	2.30
Other	n.a.	8.91	9.48	10.18	10.70	11.69	12.66	13.92	15.11	14.98
Multifamily residential	.68	.67	.70	.73	.80	.95	1.07	1.13	1.21	1.28
Nonfarm nonresidential	7.26	7.97	8.61	9.11	9.50	9.68	9.74	9.57	9.47	9.84
In foreign offices	.01	.01	.01	.03	.05	.04	.02	.03	.02	.02
Depository institutions	1.13	1.01	.92	1.05	.93	.80	.43	.39	.35	.48
Foreign governments	.25	.20	.16	.09	.07	.05	.03	.02	.02	.02
Agricultural production	.48	.47	.45	.47	.49	.54	.56	.62	.69	.70
Other loans	4.94	4.23	3.77	3.16	2.81	2.47	2.16	2.00	1.80	1.69
Lease-financing receivables	.72	.78	.82	.83	.85	.78	.77	.82	.90	1.00
LESS: Unearned income on loans	−.61	−.60	−.56	−.50	−.40	−.30	−.21	−.15	−.12	−.10
LESS: Loss reserves[1]	−1.01	−1.07	−1.07	−1.20	−1.42	−1.49	−1.44	−1.30	−1.23	−1.23
Securities	18.72	18.52	18.75	19.34	21.28	24.12	25.92	25.71	23.06	22.64
Investment account	18.50	18.25	18.38	18.87	20.92	23.77	25.63	25.39	22.86	22.51
Debt	18.50	18.25	18.02	18.54	20.55	23.31	25.15	24.95	22.39	21.99
U.S. Treasury	7.14	6.52	5.91	5.44	6.16	7.75	8.63	8.26	6.47	5.59
U.S. government agency and corporation obligations	4.06	4.81	6.07	7.75	9.35	11.07	12.32	12.67	12.21	12.62
Government-backed mortgage pools	1.89	2.33	3.03	3.83	4.51	4.74	4.97	5.57	5.42	5.67
Collateralized mortgage obligations	n.a.	n.a.	n.a.	1.74	2.74	3.95	4.82	4.39	3.55	3.11
Other	2.17	2.48	3.04	2.17	2.11	2.38	2.53	2.71	3.25	3.84
State and local government	5.03	4.10	3.50	3.11	2.65	2.27	2.26	2.29	2.13	2.23
Other	2.26	2.82	2.55	2.25	2.38	2.22	1.94	1.74	1.58	1.55
Equity[2]	n.a.	n.a.	.35	.32	.37	.46	.47	.44	.47	.52
Trading account	.22	.28	.38	.48	.37	.35	.29	.32	.20	.13
Gross federal funds sold and reverse RPs	4.94	4.45	4.11	4.51	4.71	4.92	4.48	3.64	3.91	3.86
Interest-bearing balances at depositories	3.08	2.87	2.49	1.90	1.90	1.47	1.20	1.00	.93	.96
Non-interest-earning assets	11.66	11.12	11.02	11.16	11.09	10.98	10.45	9.91	9.87	9.86
Revaluation gains on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	.02	.05	.02
Other	11.66	11.12	11.02	11.16	11.09	10.98	10.45	9.90	9.83	9.83
Liabilities	93.28	93.34	93.28	93.07	92.89	92.47	91.85	91.62	91.36	91.06
Interest-bearing liabilities	73.92	75.59	76.42	77.04	77.25	75.98	74.42	74.77	75.02	75.09
Deposits	62.43	63.00	63.74	65.05	66.33	65.62	63.04	60.38	59.59	59.82
In foreign offices	1.96	2.04	2.09	1.65	1.76	1.56	1.43	1.69	1.71	1.33
In domestic offices	60.47	60.97	61.65	63.40	64.58	64.06	61.61	58.69	57.88	58.49
Other checkable deposits	7.27	7.39	7.14	7.31	7.83	9.14	9.94	9.70	8.53	6.20
Savings (including MMDAs)	22.83	21.27	19.52	19.69	20.79	23.33	24.05	22.92	20.72	22.43
Small-denomination time deposits	17.75	19.34	22.08	24.09	25.23	23.55	20.77	19.29	21.08	21.55
Large-denomination time deposits	12.62	12.96	12.91	12.31	10.73	8.06	6.84	6.78	7.54	8.31
Gross federal funds purchased and RPs	8.46	8.63	9.21	8.43	7.46	7.17	7.43	8.45	8.30	8.17
Other	3.03	3.96	3.47	3.56	3.45	3.19	3.94	5.94	7.14	7.10
Non-interest-bearing liabilities	19.36	17.74	16.85	16.03	15.64	16.49	17.43	16.85	16.34	15.97
Demand deposits in domestic offices	17.35	15.84	14.86	14.07	13.57	14.39	15.07	14.58	14.05	13.81
Revaluation losses on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	.02	.05	.02
Other	2.00	1.90	1.99	1.96	2.07	2.10	2.36	2.25	2.24	2.14
Capital account	6.72	6.66	6.72	6.93	7.11	7.53	8.15	8.38	8.64	8.94
MEMO										
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	13.84	12.95	12.30	11.92	11.97	12.51
Other real estate owned	.37	.42	.43	.52	.77	.80	.57	.28	.17	.13
Managed liabilities	26.00	27.51	27.62	25.93	23.40	19.97	19.65	22.86	24.69	24.92
Average net consolidated assets (billions of dollars)	771	839	892	937	961	968	977	1,032	1,094	1,078

A.2.—Continued

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

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Effective interest rate (percent)[4]									
Rates earned										
Interest-earning assets	9.47	9.92	10.75	10.44	9.54	8.17	7.44	7.61	8.45	8.44
Taxable equivalent	9.82	10.16	10.96	10.60	9.68	8.29	7.56	7.70	8.54	8.53
Loans and leases, gross	10.33	10.77	11.62	11.24	10.41	9.15	8.58	8.67	9.49	9.47
Net of loss provisions	9.05	9.62	10.45	9.50	8.70	7.87	7.77	8.13	8.80	8.65
Securities	7.68	7.84	8.34	8.54	8.10	6.91	5.79	5.71	6.25	6.32
Taxable equivalent	8.76	8.58	8.98	9.02	8.53	7.22	6.11	5.96	6.51	6.60
Investment account	7.71	7.85	8.36	8.51	8.12	6.93	5.80	5.72	6.25	6.32
U.S. government and other debt	7.96	8.05	8.62	8.77	8.29	6.97	5.77	5.70	6.30	6.42
State and local	7.03	7.17	7.28	7.34	7.25	6.87	6.30	5.94	5.83	5.50
Equity[2]	n.a.	n.a.	6.90	6.94	6.02	5.06	4.95	5.34	6.06	6.33
Trading account	5.80	6.96	7.61	9.92	6.86	5.62	4.82	5.29	5.55	5.69
Gross federal funds sold and reverse RPs	6.64	7.47	9.05	7.98	5.63	3.49	3.02	4.07	5.45	5.26
Interest-bearing balances at depositories	7.04	7.82	9.21	8.52	6.82	4.61	3.50	4.25	6.09	5.55
Rates paid										
Interest-bearing liabilities	6.31	6.72	7.73	7.28	6.09	4.21	3.33	3.58	4.65	4.59
Interest-bearing deposits	5.46	5.82	6.63	6.36	5.42	3.67	2.82	2.86	3.73	3.87
In foreign offices	6.77	7.65	8.98	8.12	6.38	4.25	3.35	4.31	5.93	5.42
In domestic offices	5.43	5.77	6.56	6.32	5.39	3.66	2.81	2.83	3.67	3.84
Other checkable deposits	4.65	4.77	4.88	4.77	4.28	2.68	2.02	1.87	2.03	1.97
Savings (including MMDAs)	5.29	5.54	6.13	5.99	5.13	3.35	2.58	2.65	3.24	3.12
Large-denomination CDs	6.83	7.42	8.70	8.05	6.62	4.77	3.89	4.24	5.62	5.49
Other time deposits	7.16	7.46	8.32	8.06	7.07	5.37	4.41	4.42	5.54	5.60
Gross federal funds purchased and RPs	6.35	7.40	9.01	7.87	5.61	3.47	2.95	4.13	5.61	5.15
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.40	8.88	9.68	9.40	8.62	7.39	6.76	6.93	7.71	7.71
Taxable equivalent	8.72	9.10	9.86	9.53	8.74	7.49	6.85	7.01	7.79	7.79
Loans	6.45	6.89	7.52	7.23	6.50	5.48	5.08	5.27	6.01	6.02
Securities	1.43	1.43	1.54	1.61	1.70	1.65	1.49	1.45	1.43	1.42
Gross federal funds sold and reverse RPs	.31	.32	.38	.36	.27	.17	.14	.14	.21	.20
Other	.22	.24	.25	.20	.15	.08	.06	.06	.07	.06
Gross interest expense	4.59	5.03	5.84	5.55	4.67	3.17	2.47	2.66	3.47	3.42
Deposits	3.82	4.10	4.70	4.59	4.02	2.75	2.07	2.02	2.56	2.57
Gross federal funds purchased and RPs	.53	.64	.83	.67	.42	.25	.22	.35	.46	.42
Other	.23	.29	.31	.29	.23	.17	.17	.29	.45	.42
Net interest income	3.81	3.85	3.84	3.84	3.95	4.21	4.29	4.27	4.25	4.30
Taxable equivalent	4.13	4.07	4.02	3.98	4.07	4.32	4.39	4.36	4.33	4.37
Loss provisioning[5]	.80	.74	.75	1.12	1.07	.77	.48	.33	.43	.52
Noninterest income	1.36	1.36	1.38	1.50	1.64	1.70	1.84	1.86	1.84	1.87
Service charges on deposits	.34	.35	.36	.37	.40	.44	.45	.42	.42	.41
Income from fiduciary activities	.25	.25	.25	.26	.27	.28	.29	.28	.27	.28
Trading income	.03	.03	.04	.02	.04	.02	.03	.02	.03	.02
Other	.73	.74	.74	.84	.94	.95	1.08	1.14	1.12	1.16
Noninterest expense	3.54	3.50	3.45	3.51	3.75	3.89	3.93	3.79	3.69	3.69
Salaries, wages, and employee benefits	1.54	1.49	1.48	1.47	1.48	1.51	1.52	1.49	1.44	1.44
Expenses of premises and fixed assets	.52	.50	.49	.49	.49	.50	.48	.47	.45	.45
Other	1.47	1.51	1.49	1.55	1.79	1.88	1.93	1.83	1.79	1.80
Net noninterest expense	2.18	2.14	2.07	2.01	2.11	2.19	2.09	1.93	1.85	1.82
Realized gains on investment account securities	.04	*	.01	.01	.09	.10	.06	−.05	−.01	.02
Income before taxes and extraordinary items	.88	.98	1.02	.72	.86	1.35	1.79	1.97	1.96	1.98
Taxes	.27	.32	.32	.22	.29	.44	.61	.67	.68	.69
Extraordinary items	.02	.01	*	*	.03	*	.04	*	*	*
Net income (return on assets)	.62	.67	.71	.51	.60	.92	1.22	1.29	1.28	1.29
Cash dividends declared	.44	.48	.48	.53	.58	.48	.79	.81	.87	1.04
Retained income	.18	.18	.23	−.02	.02	.43	.43	.48	.41	.25
MEMO: Return on equity	9.25	10.01	10.54	7.41	8.45	12.16	14.94	15.45	14.86	14.42

* In absolute value, less than 0.005 percent.

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

1. Includes allocated transfer risk reserve.
2. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
3. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss
4. Where possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provisioning for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all insured domestic commercial banks, 1987–96

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

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	90.51	90.81	90.90	91.06	91.24	91.39	91.65	91.72	91.70	91.64
Loans and leases, net	52.82	53.88	54.84	54.74	54.05	53.03	52.94	54.64	56.60	57.38
Commercial and industrial	12.84	12.34	12.10	11.53	10.59	9.74	9.24	9.31	9.66	9.97
U.S. addressees	12.81	12.32	12.07	11.49	10.55	9.70	9.20	9.27	9.59	9.90
Foreign addressees	.03	.02	.03	.04	.04	.04	.04	.05	.06	.07
Consumer	11.74	11.48	11.46	11.20	10.49	9.68	9.17	9.38	9.54	9.41
Credit card	.80	.86	.93	1.00	1.08	1.00	.92	.96	1.01	1.03
Installment and other	10.94	10.62	10.53	10.20	9.41	8.68	8.25	8.41	8.53	8.38
Real estate	24.07	26.02	27.36	28.35	29.31	30.15	31.10	32.19	33.55	34.11
In domestic offices	24.07	26.02	27.36	28.35	29.31	30.15	31.09	32.18	33.54	34.10
Construction and land development	2.19	2.22	2.29	2.37	2.18	1.98	1.93	2.14	2.38	2.61
Farmland	1.59	1.74	1.82	1.86	1.93	2.06	2.20	2.34	2.48	2.55
One- to four-family residential	12.80	14.06	14.81	15.37	15.99	16.44	16.82	16.94	17.45	17.48
Home equity	n.a.	.73	.94	1.16	1.29	1.34	1.27	1.21	1.20	1.19
Other	n.a.	13.32	13.86	14.21	14.69	15.10	15.55	15.73	16.25	16.29
Multifamily residential	.60	.61	.62	.66	.71	.77	.84	.93	.95	.92
Nonfarm nonresidential	6.90	7.40	7.82	8.09	8.49	8.91	9.30	9.83	10.27	10.54
In foreign offices	*	*	*	*	*	*	*	*	*	*
Depository institutions	.30	.31	.26	.23	.20	.13	.12	.13	.16	.17
Foreign governments	.01	.02	.01	.01	.01	.01	.02	.01	*	*
Agricultural production	3.30	3.25	3.28	3.30	3.48	3.54	3.58	3.89	3.95	3.92
Other loans	1.90	1.75	1.67	1.41	1.24	.99	.87	.81	.76	.73
Lease-financing receivables	.19	.19	.19	.18	.17	.17	.18	.20	.22	.23
LESS: Unearned income on loans	−.67	−.61	−.60	−.58	−.51	−.43	−.36	−.31	−.30	−.27
LESS: Loss reserves[1]	−.86	−.88	−.88	−.89	−.93	−.96	−.97	−.95	−.93	−.90
Securities	27.67	27.98	27.92	28.38	29.98	32.10	33.06	32.90	30.51	29.53
Investment account	27.59	27.93	27.85	28.28	29.92	32.04	33.00	32.86	30.47	29.50
Debt	27.59	27.93	27.45	27.92	29.55	31.60	32.55	32.42	30.02	29.01
U.S. Treasury	10.64	9.75	8.84	8.77	9.24	10.25	10.48	10.81	9.19	7.85
U.S. government agency and corporation obligations	8.18	9.80	11.37	12.43	13.81	15.04	15.80	15.35	15.13	15.67
Government-backed mortgage pools	2.66	3.22	3.76	4.58	5.59	5.52	5.38	4.81	4.19	4.21
Collateralized mortgage obligations	n.a.	n.a.	n.a.	.92	1.55	2.66	3.33	3.11	2.76	2.46
Other	5.52	6.58	7.61	6.94	6.67	6.85	7.09	7.43	8.18	9.00
State and local government	6.63	5.65	4.94	4.56	4.26	4.29	4.70	5.01	4.69	4.62
Other	2.13	2.72	2.30	2.15	2.23	2.03	1.57	1.25	1.01	.86
Equity[2]	n.a.	n.a.	.40	.36	.38	.44	.45	.44	.45	.49
Trading account	.08	.05	.07	.10	.06	.05	.07	.04	.03	.03
Gross federal funds sold and reverse RPs	6.66	5.76	5.74	6.13	5.64	5.10	4.68	3.42	3.92	4.04
Interest-bearing balances at depositories	3.36	3.19	2.40	1.81	1.57	1.16	.97	.76	.67	.69
Non-interest-earning assets	9.49	9.19	9.10	8.94	8.76	8.61	8.35	8.28	8.30	8.36
Revaluation gains on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*
Other	9.49	9.19	9.10	8.94	8.76	8.61	8.35	8.28	8.30	8.36
Liabilities	91.74	91.61	91.44	91.40	91.38	91.07	90.63	90.43	90.03	89.81
Interest-bearing liabilities	76.39	76.94	77.13	77.83	78.40	77.83	76.88	76.19	75.74	75.58
Deposits	74.39	74.84	75.00	75.79	76.41	75.75	74.54	73.14	72.70	72.47
In foreign offices	.04	.04	.06	.07	.08	.07	.08	.09	.11	.10
In domestic offices	74.35	74.81	74.93	75.72	76.34	75.68	74.45	73.05	72.59	72.36
Other checkable deposits	10.33	10.64	10.38	10.45	10.98	12.33	13.15	13.31	12.37	11.75
Savings (including MMDAs)	23.30	21.92	19.51	18.73	19.35	22.10	23.55	23.23	20.41	19.56
Small-denomination time deposits	29.56	30.98	33.66	35.37	35.85	32.85	30.10	28.83	30.92	31.28
Large-denomination time deposits	11.16	11.27	11.38	11.17	10.15	8.40	7.65	7.68	8.89	9.77
Gross federal funds purchased and RPs	1.27	1.35	1.35	1.36	1.31	1.36	1.44	1.89	1.78	1.70
Other	.73	.75	.78	.67	.68	.72	.91	1.16	1.25	1.41
Non-interest-bearing liabilities	15.34	14.67	14.31	13.57	12.98	13.24	13.75	14.24	14.30	14.23
Demand deposits in domestic offices	14.23	13.58	13.09	12.37	11.83	12.23	12.82	13.34	13.23	13.12
Revaluation losses on off-balance-sheet items[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*
Other	1.11	1.09	1.22	1.21	1.15	1.01	.93	.90	1.07	1.10
Capital account	8.26	8.39	8.56	8.60	8.62	8.93	9.37	9.57	9.97	10.19
MEMO										
Commercial real estate loans	n.a.	n.a.	n.a.	n.a.	11.03	11.08	11.38	12.10	12.77	13.26
Other real estate owned	.63	.65	.63	.61	.66	.65	.52	.35	.25	.20
Managed liabilities	13.14	13.34	13.53	13.24	12.18	10.53	10.06	10.81	12.04	12.99
Average net consolidated assets (billions of dollars)	659	654	662	681	695	697	688	679	667	661

A.2.—Continued

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

Item	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	Effective interest rate (percent)[4]									
Rates earned										
Interest-earning assets	9.54	9.76	10.50	10.32	9.64	8.43	7.62	7.58	8.39	8.35
Taxable equivalent	9.87	10.01	10.72	10.52	9.82	8.59	7.78	7.73	8.54	8.50
Loans and leases, gross	10.87	11.03	11.76	11.60	11.03	9.83	9.13	9.01	9.85	9.78
Net of loss provisions	9.60	9.99	10.86	10.65	10.09	9.05	8.62	8.66	9.44	9.35
Securities	7.93	7.93	8.37	8.42	8.03	6.99	5.92	5.61	6.10	6.10
Taxable equivalent	8.93	8.64	9.01	8.99	8.53	7.40	6.33	5.99	6.50	6.52
Investment account	7.92	7.92	8.36	8.41	8.03	6.99	5.93	5.61	6.10	6.10
U.S. government and other debt	8.05	8.01	8.51	8.59	8.19	7.06	5.91	5.60	6.19	6.22
State and local	7.53	7.57	7.57	7.46	7.17	6.71	6.09	5.69	5.64	5.44
Equity[2]	n.a.	n.a.	8.19	8.34	7.13	5.63	5.16	5.52	6.29	6.06
Trading account	9.04	14.88	14.84	12.13	8.52	7.12	4.83	6.03	6.09	6.49
Gross federal funds sold and reverse RPs	6.82	7.68	9.25	8.12	5.66	3.51	2.95	4.09	5.97	5.34
Interest-bearing balances at depositories	7.38	8.07	9.12	8.55	7.36	5.60	4.53	4.64	5.89	6.12
Rates paid										
Interest-bearing liabilities	6.20	6.41	7.16	7.02	6.18	4.44	3.54	3.49	4.47	4.49
Interest-bearing deposits	5.38	5.57	6.24	6.13	5.39	3.82	3.00	2.91	3.76	3.82
In foreign offices	7.29	7.62	9.35	7.57	5.95	3.97	2.91	3.92	5.73	11.30
In domestic offices	5.38	5.57	6.24	6.13	5.38	3.82	3.00	2.91	3.76	3.82
Other checkable deposits	4.93	4.99	5.09	5.02	4.61	3.14	2.42	2.30	2.50	2.41
Savings (including MMDAs)	5.37	5.48	5.81	5.74	5.18	3.62	2.91	2.83	3.32	3.24
Large-denomination CDs	6.57	7.13	8.36	7.92	6.74	4.90	3.96	4.12	5.56	5.50
Other time deposits	6.97	7.17	8.03	7.88	6.98	5.36	4.39	4.28	5.52	5.60
Gross federal funds purchased and RPs	6.26	6.79	8.51	8.03	5.71	3.74	3.17	4.12	5.61	5.08
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.72	8.95	9.65	9.51	8.92	7.79	7.05	7.02	7.79	7.75
Taxable equivalent	9.02	9.17	9.85	9.68	9.07	7.94	7.19	7.16	7.92	7.88
Loans	5.82	6.01	6.53	6.44	6.05	5.30	4.91	4.99	5.64	5.67
Securities	2.19	2.21	2.33	2.38	2.40	2.24	1.96	1.84	1.86	1.80
Gross federal funds sold and reverse RPs	.47	.47	.57	.53	.34	.18	.14	.15	.25	.24
Other	.25	.26	.23	.17	.12	.07	.05	.04	.04	.04
Gross interest expense	4.72	4.91	5.50	5.44	4.83	3.45	2.72	2.65	3.38	3.39
Deposits	4.58	4.76	5.32	5.28	4.71	3.36	2.63	2.52	3.20	3.22
Gross federal funds purchased and RPs	.08	.10	.12	.11	.07	.05	.04	.07	.10	.08
Other	.06	.06	.06	.05	.05	.04	.04	.06	.08	.08
Net interest income	4.01	4.04	4.15	4.07	4.09	4.34	4.33	4.36	4.41	4.37
Taxable equivalent	4.30	4.26	4.34	4.24	4.24	4.49	4.47	4.50	4.54	4.49
Loss provisioning[5]	.68	.56	.50	.53	.51	.42	.27	.19	.23	.25
Noninterest income	.88	.92	1.00	1.01	1.08	1.16	1.25	1.30	1.38	1.42
Service charges on deposits	.41	.41	.41	.42	.44	.45	.45	.44	.44	.44
Income from fiduciary activities	.11	.12	.14	.14	.14	.16	.16	.17	.22	.19
Trading income	*	*	.01	.01	.01	.01	.01	*	.01	*
Other	.35	.39	.44	.44	.49	.55	.64	.69	.71	.78
Noninterest expense	3.43	3.44	3.48	3.49	3.60	3.67	3.73	3.78	3.80	3.69
Salaries, wages, and employee benefits	1.62	1.62	1.65	1.64	1.65	1.69	1.72	1.75	1.80	1.77
Expenses of premises and fixed assets	.52	.51	.51	.49	.49	.49	.48	.49	.50	.49
Other	1.30	1.32	1.33	1.36	1.47	1.49	1.53	1.55	1.51	1.43
Net noninterest expense	2.56	2.53	2.49	2.48	2.53	2.51	2.48	2.48	2.42	2.27
Realized gains on investment account securities	.03	.01	.01	*	.06	.09	.07	-.03	*	.01
Income before taxes and extraordinary items	.81	.95	1.18	1.06	1.10	1.50	1.64	1.66	1.76	1.85
Taxes	.25	.29	.37	.34	.35	.47	.51	.51	.55	.59
Extraordinary items	.02	.02	.02	.02	.01	.02	.05	*	*	*
Net income (return on assets)	.58	.68	.83	.74	.77	1.04	1.19	1.15	1.21	1.26
Cash dividends declared	.40	.46	.52	.49	.47	.51	.56	.57	.62	.64
Retained income	.18	.21	.30	.24	.30	.53	.63	.58	.58	.62
MEMO: Return on equity	6.99	8.09	9.66	8.60	8.95	11.64	12.66	12.03	12.12	12.38

* In absolute value, less than 0.005 percent.

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

1. Includes allocated transfer risk reserve.
2. As in the Call Report, equity securities are combined with "other debt securities" before 1989.
3. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.
4. Where possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Report.
5. Includes provisioning for allocated transfer risk.

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report describes Treasury and System foreign exchange operations for the period from January through March 1997. It was presented by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager for Foreign Operations, System Open Market Account. Grace Sone was primarily responsible for preparation of the report.[1]

During the first quarter of 1997, the dollar appreciated 8.8 percent against the mark and 6.9 percent against the yen, at one point reaching thirty-six-month and fifty-month highs of DM 1.7209 and ¥124.82 respectively. On a trade-weighted basis against other Group of Ten currencies, the dollar strengthened 7.5 percent.[2] The dollar achieved most of its gains in January, rising 6.4 percent and 4.9 percent against the mark and the yen, respectively, on growing market expectations for tighter monetary policy in the United States and continued steady monetary policies in Germany and Japan. U.S. economic data that were released early in the period showed signs of stronger growth, contrary to earlier expectations of moderating activity. Conversely, Ger-

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

2. The dollar's movements on a trade-weighted basis against ten major currencies are measured using an index developed by members of the staff of the Board of Governors of the Federal Reserve System.

1. Foreign exchange holdings of U.S. monetary authorities based on current exchange rates, 1997:Q1

Millions of dollars

Item	Balance, Dec. 31, 1996	Quarterly changes in balances by source				Balance, Mar. 31, 1997
		Net purchases and sales[1]	Impact of sales[2]	Investment income	Currency valuation adjustments[3]	
FEDERAL RESERVE						
Deutsche marks	13,030.1	.0	.0	93.3	−1,009.6	12,113.8
Japanese yen	6,152.7	.0	.0	4.8	−396.0	5,761.5
Interest receivables[4]	81.7	...	...	...	...	76.4
Other cash flow from investments[5]	−1.0	...	...	...	...	−1.6
Total	**19,263.5**	...	...	...	...	**17,950.1**
U.S. TREASURY EXCHANGE STABILIZATION FUND						
Deutsche marks	6,594.6	.0	.0	47.6	−510.9	6,131.3
Japanese yen	9,023.6	.0	.0	7.1	−585.3	8,445.4
Mexican pesos[6]	3,500.0	−3,511.9	.0	11.9	.0[7]	.0
Interest receivables[4]	49.6	...	...	...	...	40.0
Other cash flow from investments[5]	−6.2	...	...	...	...	−3.8
Total	**19,161.7**	...	...	...	...	**14,612.9**

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

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

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

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

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

5. Cash flow differences from payment and collection of funds between quarters.

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

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

man data showed rising unemployment, and market participants remained focused on weakness in Japan's financial sector.

During February and March the dollar's appreciation slowed, with U.S. currency gaining 2.2 percent against the mark and 1.9 percent against the yen. Comments by U.S. Treasury Secretary Rubin and the statement by the Group of Seven (G-7) countries, after their meeting in Berlin were interpreted by market participants as a shift to a more neutral stance in exchange markets, given the correction in exchange rates that had occurred since the April 1995 G-7 statement.[3] Moreover, demand for marks was encouraged by somewhat stronger-than-expected German economic data releases and heightened prospects of a delayed start date for the European Monetary Union (EMU). Meanwhile, the dollar–yen exchange rate was constrained at times by market expectations of Japanese capital repatriation before the end of Japan's fiscal year on March 31, by concerns over the U.S. trade deficit and Japanese trade surplus, and by market caution about the possibility of intervention by the Japanese monetary authorities. The U.S. monetary authorities did not undertake any intervention operations in the foreign exchange market during the quarter. The U.S. Treasury's Exchange Stabilization Fund (ESF) received final repayment from Mexico of the remaining $3.5 billion balance outstanding under the medium-term swap arrangement.

Dollar Intraday Volatility Relatively Subdued

Although the dollar made significant gains during the first quarter, market volatility remained relatively muted, with the average daily trading range for the dollar widening only slightly. On average, the dollar traded in a daily range of 0.9 percent against both the mark and the yen, compared with daily ranges of 0.7 percent experienced in both the previous quarter and the first quarter of 1996. Implied volatility on one-month options in dollar–mark and dollar–yen increased early in the period as the dollar moved higher. However, implied volatility tapered off later in the quarter as the dollar lost its upward momentum and, on net, implied volatility ended the period little changed. The probability distribution of future exchange rates implied by currency options prices was little changed over the quarter for dollar–mark but was slightly wider for dollar–yen.

Response of the Dollar to Expectations of Divergent Growth

In January, the dollar's upward movement reflected market perceptions of stronger U.S. economic fundamentals relative to Germany and Japan. This disparity in growth expectations was reflected in dollar-favorable yield differentials on ten-year bonds, which widened to levels not seen since 1989. Upward revisions to fourth-quarter GDP in the United States, coupled with continued reports of tightening labor markets and strong retail sales, prompted market analysts to revise up growth forecasts for the first quarter and bring forward expectations for higher U.S. interest rates.

Chairman Greenspan's Humphrey–Hawkins testimony on February 26, in which he spoke of possible preemptive tightening by the Federal Reserve, heightened anticipation for a near-term interest rate hike. Implied yields on three-month forward rate agree-

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations based on historical cost-of-acquisition exchange rates, 1997:Q1

Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities, Dec. 31, 1996		
Deutsche marks	1,965.9	586.1
Japanese yen	984.5	1,450.8
Total	**2,950.4**	**2,036.9**
Realized profits and losses from foreign currency sales, Dec. 31, 1996–Mar. 31, 1997		
Deutsche marks	.0	.0
Japanese yen	.0	.0
Total	**.0**	**.0**
Valuation profits and losses on outstanding assets and liabilities, Mar. 31, 1997[1]		
Deutsche marks	956.3	75.2
Japanese yen	589.6	871.7
Total	**1,545.9**	**946.9**

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

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

3. On February 7, Secretary Rubin stated, "As we have said many times, a strong dollar is in the United States' interest. We have had a strong dollar for some time now." Following the G-7 meeting on February 8, the G-7 press guidance stated, "We believe that major misalignments in exchange markets noted in our April 1995 communiqué have been corrected. We reaffirmed our views that exchange rates should reflect economic fundamentals and that excess volatility is undesirable."

ments rose 15 basis points immediately after Chairman Greenspan's testimony. On March 25, the Federal Open Market Committee (FOMC) announced a 25-basis-point hike in the federal funds target interest rate, to 5.50 percent. In contrast to the U.S. performance, fourth-quarter GDP growth for Germany was softer than expected, and the level of unemployment reached a postwar high of 4.7 million in February. These data releases underpinned market expectations that German monetary policy would remain steady and even elicited some discussion of a possible interest rate cut. Also, comments made by various European officials were interpreted by market participants as implying that currency depreciation would contribute to Europe's economic recovery. Meanwhile, market participants grew cautious about financial sector risks in Japan, most notably after Moody's moved the outlook of four major Japanese banks to negative from stable. Japanese equity markets weakened, with the Nikkei -225 stock index falling 7.0 percent and the Tokyo Price Index (Topix) ending the quarter down 6.6 percent. The decline in the Topix was led by banking and brokerage shares that were down 17 percent and 19 percent respectively. Weakness in Japan's financial sector and expectations of fiscal contraction following the April 1 consumption tax

3. Currency arrangements, March 31, 1997
Millions of dollars

Institution	Amount of facility	Outstanding, Mar. 31, 1997
	Federal Reserve Reciprocal Currency Arrangements	
Austrian National Bank	250	0
National Bank of Belgium	1,000	↑
Bank of Canada	2,000	
National Bank of Denmark	250	
Bank of England	3,000	
Bank of France	2,000	
Deutsche Bundesbank	6,000	
Bank of Italy	3,000	
Bank of Japan	5,000	
Bank of Mexico	3,000	
Netherlands Bank	500	
Bank of Norway	250	
Bank of Sweden	300	
Swiss National Bank	4,000	
Bank for International Settlements		
Dollars against Swiss francs	600	
Dollars against other authorized European currencies	1,250	↓
Total	**32,400**	**0**
	U.S. Treasury Exchange Stabilization Fund Currency Arrangements	
Deutsche Bundesbank	1,000	0
Bank of Mexico	3,000	0
United Mexican States	...	0
Total	...	**0**

4. Drawings/rollovers and repayments (–) by Mexican monetary authorities, 1997:Q1
Millions of dollars

Currency arrangements with the U.S. Treasury Exchange Stabilization Fund	Outstanding, Dec. 31, 1996	Jan.	Feb.	Mar.	Outstanding, Mar. 31, 1997
Bank of Mexico					
Regular	0	0	0	0	0
Medium-term	3,500	–3,500	0	0	0

NOTE. Data are on a value-date basis.

hike reinforced market expectations that Japan would maintain an accommodative monetary policy, and Japanese government bonds rallied. The benchmark ten-year bond yield fell to an intraperiod low of 2.20 percent.

FIRMING OF THE MARK LATER IN PERIOD

In February, reports of slightly stronger-than-expected economic data in Germany—including surveys of business sentiment, M3 money supply growth, and wholesale prices—encouraged demand for marks. Renewed doubt about a timely start for EMU also supported mark buying. Any lingering expectations for lower German interest rates dissipated, and interest rates implied by three-month forward rate agreements rose in the second half of the quarter. Meanwhile, prices of one-month risk reversals for dollar–mark continued to favor dollar call options, reflecting a higher cost for insurance against a significant dollar appreciation against the mark.[4]

INFLUENCE OF JAPANESE CAPITAL REPATRIATION AND CONCERNS OVER THE U.S. TRADE IMBALANCE ON DOLLAR–YEN

In mid-February, expectations of Japanese capital repatriation ahead of Japan's fiscal year ending on March 31 led to purchases of yen against a broad range of currencies. The dollar moved lower against

4. A risk reversal is an option position consisting of a written put and a purchased call that mature on the same date and are equally out of the money. The price of a risk reversal indicates whether the dollar call or the dollar put is more valuable. If the dollar call is at a premium, the market is willing to pay more to insure against the risk that the dollar will rise sharply. If the dollar put is at a premium, the market is willing to pay more to insure against the risk that the dollar will fall sharply.

the yen, testing ¥120, and prices of one-month dollar–yen risk reversals shifted to favor dollar put options, indicating an increase in the cost for insurance against a significant dollar depreciation. Subsequently, however, the dollar moved off its lows, and one-month risk reversal prices moved closer to neutral as market concerns over Japanese capital repatriation moderated.

Toward the end of the quarter, the re-emergence of a potential for U.S.–Japan trade tensions made market participants reluctant to extend long dollar positions. U.S. and Japanese trade data released after mid-March showed a widening of the U.S. trade deficit and a slowing in the rate of decline in the Japanese trade surplus. In addition, the performance of the Japanese export sector and comments from Japanese officials raised some expectations for a strong Tankan survey to be released in early April.

MEXICAN SWAP ACTIVITY

On January 16, Mexico made a final repayment of $3.5 billion on its drawings on medium-term swap arrangements with the ESF. With this repayment, the medium-term swap arrangement terminated.

TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE RESERVES

The U.S. monetary authorities did not undertake any intervention operations this quarter. At the end of the quarter, the current values of the German and Japanese yen reserve holdings of the Federal Reserve System and the ESF were $17.9 billion and $14.6 billion respectively. The U.S. monetary authorities invest all their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. A significant portion of these balances is invested in German and Japanese government securities held either directly or under repurchase agreement. As of March 31, outright holdings of government securities by U.S. monetary authorities totaled $7.0 billion. Japanese and German government securities held under repurchase agreement are arranged either through transactions executed directly in the market or through agreements with official institutions. Government securities held under repurchase agreements by the U.S. monetary authorities totaled $11.1 billion at the end of the quarter. Foreign currency reserves are also invested in deposits at the Bank for International Settlements and in facilities at other official institutions. □

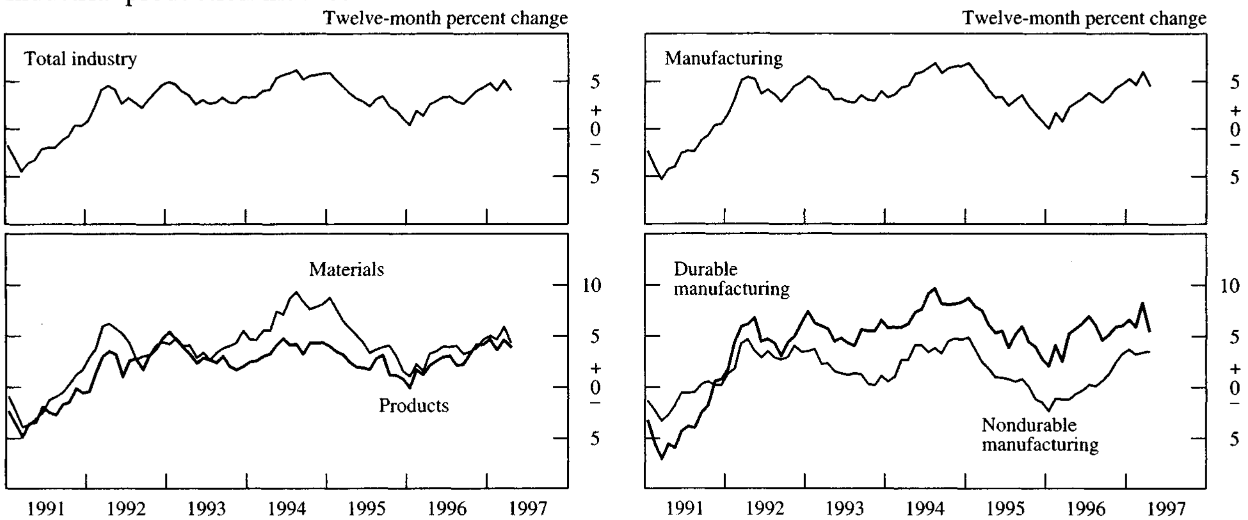
Industrial Production and Capacity Utilization for April 1997

Released for publication May 15

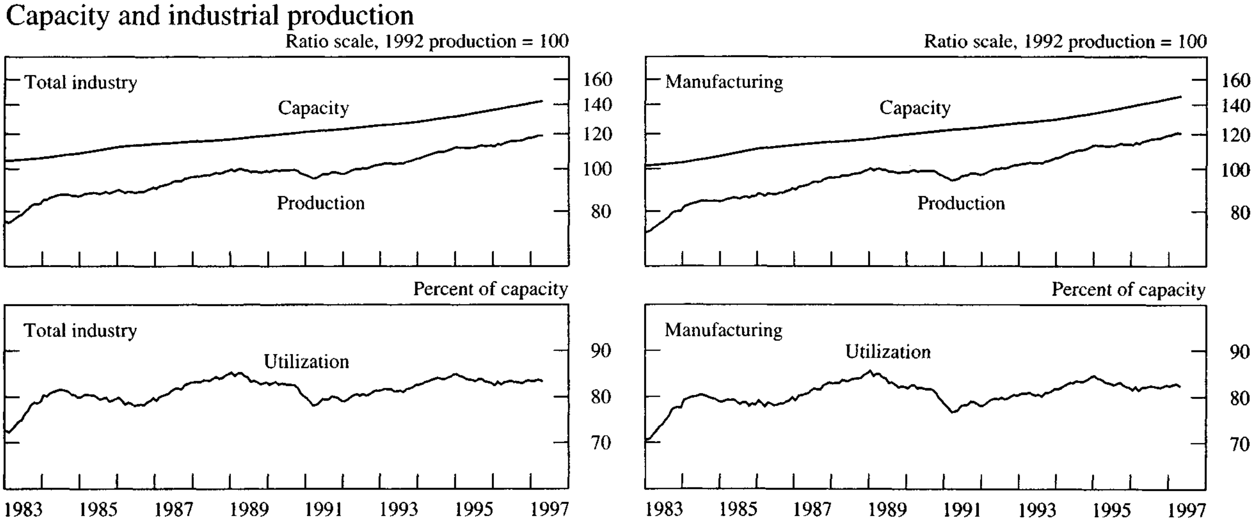
Industrial production was unchanged in April after a downward-revised increase of 0.6 percent in March. The output of motor vehicles and parts dropped nearly 7 percent, with strikes causing more than half of the drop. Excluding the decline in the production of motor vehicles and parts, the index of industrial production rose 0.3 percent. Relatively cool temperatures led utilities to increase the output of gas and electricity 2 percent. At 119.0 percent of its 1992 average, industrial production in April was 4.1 percent higher than it had been in April 1996. The utilization of industrial capacity fell 0.3 percentage point in April, to 83.4 percent.

When analyzed by market group, the data show that the output of durable consumer goods fell 3.5 percent in April mainly because the production of

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 1997

Category	Industrial production, index, 1992 = 100								
	1997				Percentage change				
					1997[1]				Apr. 1996 to Apr. 1997
	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**117.8**	**118.4**	**119.0**	**119.0**	**.1**	**.5**	**.6**	**.0**	**4.1**
Previous estimate	117.8	118.5	119.6	. . .	.1	.6	.9	. . .	. . .
Major market groups									
Products, total[2]	114.2	114.8	115.5	115.4	−.1	.5	.6	−.1	3.9
Consumer goods	111.7	111.7	112.5	111.8	−.9	.0	.7	−.6	1.8
Business equipment	132.1	133.8	134.9	135.0	1.1	1.3	.8	.1	7.9
Construction supplies	117.0	119.5	120.1	120.1	−.7	2.2	.5	.0	5.1
Materials	123.4	124.0	124.6	124.7	.2	.5	.5	.1	4.4
Major industry groups									
Manufacturing	119.3	120.1	120.8	120.5	.1	.7	.5	−.2	4.6
Durable	129.5	130.9	131.9	131.5	.5	1.1	.8	−.3	5.6
Nondurable	108.5	108.7	108.9	108.8	−.3	.2	.2	−.1	3.5
Mining	103.6	105.7	106.6	106.1	−.9	2.1	.9	−.5	3.1
Utilities	112.7	109.8	110.8	113.0	.1	−2.6	.9	2.0	−.5

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Apr. 1996 to Apr. 1997
	Average, 1967–96	Low, 1982	High, 1988–89	1996	1997				
				Apr.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]	
Total	**82.1**	**71.1**	**85.3**	**83.1**	**83.3**	**83.5**	**83.7**	**83.4**	**3.7**
Previous estimate	. . .	. . .	. . .	. . .	83.4	83.6	84.1	. . .	. . .
Manufacturing	81.2	69.0	85.7	82.0	82.4	82.7	82.8	82.4	4.1
Advanced processing	80.6	70.4	84.2	80.4	80.7	80.8	81.0	80.4	5.0
Primary processing	82.3	66.2	88.9	85.6	86.2	86.9	87.0	86.8	2.3
Mining	87.5	80.3	86.8	90.4	91.1	92.9	93.7	93.2	.1
Utilities	87.2	75.9	92.6	91.3	89.3	86.8	87.5	89.1	2.0

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

automotive products dropped 6.4 percent. In addition, the production of other durable consumer goods decreased 1.5 percent; declines in the output of appliances and carpets followed gains in March. Although recent movements in these latter two series have been volatile, their April levels remained well within the past year's range. The output of consumer nondurable goods advanced 0.2 percent, boosted by increases in the production of consumer fuels and in residential gas and electricity sales. The production of non-energy consumer nondurables declined 0.3 percent, reversing the gain in March; the output for this group has changed little, on balance, since late last year.

Apart from the decline in the production of business autos and light trucks, which more than accounted for the decline in the output of transit equipment, the production of business equipment continued to advance solidly in April. Continued growth in the production of office and computing equipment, telephone apparatus, and commercial aircraft and parts were factors. In addition, the output o industrial equipment advanced 0.8 percent after having been flat in February and March. The output o defense and space equipment edged up.

The output of construction supplies held at th relatively high March level. The output of busines supplies, which had registered a cumulative declin of 1 percent during February and March, rose 0.7 percent in April, led by a 1 percent increase in commercial energy products. The production of industria materials edged up after two consecutive monthl increases of 0.5 percent. The output of both durabl and nondurable goods materials changed little i April. The production of energy materials increase 0.6 percent, however, with the rebound in gas transmission and the generation of electricity continuin for a second month after the dip in February. Amon durable materials, the output of parts used to mak motor vehicles fell, although the production of semiconductors and other computer parts continued t grow more than 2 percent per month. The output c nondurable goods materials changed little in March and April after a solid rise in February.

When analyzed by industry group, the data show that manufacturing output declined 0.2 percent after an increase of 0.5 percent in March; excluding motor vehicles and parts, factory production rose 0.2 percent in April. Outside the motor vehicle and parts industry, the output in most other durable manufacturing industries rose moderately, while the production of computers and semiconductors continued to grow rapidly. The output of steel and miscellaneous manufactures eased, however. The output of nondurables edged down; increases in petroleum refining, printing and publishing, and in chemicals and products largely offset declines in textiles, apparel, foods, and tobacco products. The production in mining decreased 0.5 percent, although the output at utilities gained 2 percent.

The factory operating rate declined 0.4 percentage point in April, to 82.4 percent. The utilization rate for motor vehicles and parts—included in the advanced-processing grouping—fell 5 percentage points, to 67.8 percent, and accounted for much of the decline in utilization in manufacturing. Rates remain well above the historical averages for primary-processing industries such as primary metals, petroleum refining, and rubber and plastics products. In mining, the utilization rate eased 0.5 percentage point, to 93.2 percent. Unseasonally strong oil and gas well drilling has boosted utilization in mining in recent months to a relatively high level. The operating rate for utilities rose 1.6 percentage points, to 89.1 percent, 1 percentage point below its 1996 average.

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Statement to the Congress

Statement by Susan M. Phillips, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Risk Management and Specialty Crops of the Committee on Agriculture, U.S. House of Representatives, April 15, 1997

I am pleased to be here today to present the Federal Reserve Board's views on efforts to clarify and reform the regulation of derivatives contracts under the Commodity Exchange Act (CEA). The Board has been participating actively in discussions of derivatives regulation for the past ten years. In part, the Board's interest stems from its responsibilities for the supervision of banking organizations. Many U.S. banking organizations, especially the largest, are very significant participants in derivatives markets. They use exchange-traded derivatives to manage their interest rate, foreign exchange, and other market risks. Some operate subsidiaries that act as futures commission merchants. In addition, U.S. banking organizations are among the leading dealers in off-exchange, privately negotiated derivatives contracts. The Board also considers it important to address these issues because, as the nation's central bank, it has a broad interest in the integrity and efficiency of U.S. financial markets.

The Board strongly endorses the Congress's efforts to carefully reexamine the existing regulatory framework for derivatives. The key elements of the CEA were put in place in the 1920s and 1930s to regulate the trading on exchanges of grain futures by the general public, including retail investors. Since then, derivatives markets in the United States have undergone profound changes. On the futures exchanges themselves, financial futures, not agricultural futures, now account for the great bulk of the activity, and retail participation in many of the financial futures contracts is negligible. Outside the futures exchanges, enormous markets have developed in which banks, corporations, and other institutions privately negotiate customized derivatives contracts, the vast majority of which are based on interest rates or exchange rates. The cash markets for such financial instruments were well developed long before the introduction of exchange-traded futures and options, and, for some instruments, privately negotiated derivatives also predated exchange trading.

In my remarks today I shall indicate the types of amendments to the CEA that the Board believes are appropriate in light of these profound changes in the derivatives markets. I shall begin by offering some general observations about government regulation of financial markets. I shall then evaluate three sets of issues in which the Board has a particular interest: (1) the application of the CEA to privately negotiated transactions between institutions; (2) the regulation of the marketing of off-exchange derivatives to retail investors; and (3) the regulation of so-called professional markets, that is, organized exchanges not open to the general public.

Government Regulation of Financial Markets

In evaluating the need for government regulation, the Board believes it essential that the public policy objectives be identified very clearly. It seems self-evident that if the goals of regulation are not clearly articulated, the regulations implemented are unlikely to best serve the public interest. More likely, they will prove unnecessary, burdensome, and perhaps have unintended consequences, including results contrary to the underlying objectives. In the case of the Commodity Exchange Act, the objectives seem quite clear. Most, perhaps all, would agree that the objectives of public policy in this area are to ensure the integrity of commodity markets, especially deterring market manipulation, and to protect market participants from losses resulting from fraud or the insolvency of contract counterparties.

Where there is disagreement is on the need for government regulation to achieve these objectives and, where regulation is agreed to be appropriate, on whether existing provisions of the CEA permit the best regulatory framework. The Board believes that before implementing government regulation of a market, policymakers should consider whether market forces by themselves are sufficient to achieve the relevant public policy objectives. Participants in financial markets often are fully capable of protecting their own interests and, in so doing, often serve the public interest equally well. To be sure, this is not always the case. Some market participants may lack incentives or the ability to protect their interests, or their private interests may conflict with the public interest. In such circumstances, government regulation may assist market mechanisms, especially if it is designed to enhance the capabilities of market participants or to harmonize private incentives with the public interest.

The Board believes that a particular market's characteristics determine whether government regulation is necessary and, if so, what form of government regulation is appropriate. Agricultural futures often tend to be susceptible to manipulation because physical delivery is required; because the deliverable supply is relatively price inelastic; and because exchange rules impose substantial costs on sellers who fail to deliver. By contrast, many financial derivatives are much more difficult if not impossible to manipulate, even when traded on exchanges, because they are settled in cash or, in any event, are based on underlying assets whose supply is highly price elastic. Similarly, the extent to which market participants are vulnerable to losses from fraud or counterparty insolvencies depends on the types of participants. Retail participants may lack the knowledge and sophistication to manage counterparty credit exposures or to protect themselves effectively against uncompensated losses from fraud. By contrast, institutions typically are quite adept at managing credit risks and are more likely to base their investment decisions on independent judgments and, if defrauded, usually are quite capable of gaining restitution through use of the legal system.

Because the need for and appropriate form of government regulation are market specific, the Board believes that a "one-size-fits-all" approach to financial market regulation is inappropriate. Privately negotiated transactions between principals should be regulated differently from transactions on organized exchanges, where trades often are executed on behalf of third parties. Institutional markets can and should be differently regulated from markets open to the retail public. Moreover, we believe counterparties should be free to choose whether to seek the protection and accept the burdens of government regulation or to opt out of those benefits and burdens and transact on their own terms.

Application of the CEA to Privately Negotiated Transactions Between Institutions

In the case of privately negotiated derivative transactions between institutions, the Board has supported exclusion of such transactions from coverage under the CEA in the past and continues to do so. In these markets, private market discipline appears to quite effectively and efficiently achieve the public policy objectives of the CEA. Counterparties to privately negotiated transactions have limited their activity to contracts that are very difficult to manipulate. The vast majority of privately negotiated contracts are settled in cash rather than through delivery. Cash settlement typically is based on a rate or price in a highly liquid market with a very large or virtually unlimited deliverable supply, for example, LIBOR (London interbank offered rate) or the spot dollar–yen exchange rate. Furthermore, the costs of default or of failing to deliver typically are limited to actual damages. Thus, attempts to corner a market, even if successful, could not induce sellers in privately negotiated transactions to pay significantly higher prices to offset their contracts or to purchase the underlying assets. Most important, prices established in privately negotiated transactions are not used directly or indiscriminately as the basis for pricing other transactions, so any price distortions would not affect other buyers or sellers of the underlying asset. In these respects, privately negotiated contracts have different characteristics from exchange-traded contracts generally and agricultural futures in particular.

Institutional counterparties to privately negotiated contracts also have demonstrated their ability to protect themselves from losses from fraud and counterparty insolvencies. They have insisted that dealers have financial strength sufficient to warrant a credit rating of A or higher. Consequently, dealers are established institutions with substantial assets and significant investments in their reputations. When such dealers have engaged in deceptive practices, institutions that have been victimized have been able to obtain redress by going to court or directly negotiating a settlement with the dealer. The threat of legal damage awards provides dealers with incentives to avoid misconduct. A far more powerful incentive, however, is the fear of loss of the dealer's good reputation, without which it cannot compete effectively, regardless of its financial strength or financial engineering capabilities. Institutional counterparties to privately negotiated transactions have demonstrated their ability to manage credit risks quite effectively through careful evaluation of counterparties, the setting of internal credit limits, and the judicious use of netting agreements and collateral. Actual losses to institutional counterparties in the United States from dealer defaults have been negligible. Recent cooperative international efforts to improve the quality of public disclosure of financial information by banks and other dealers in privately negotiated transactions should further enhance the effectiveness of private market discipline.

In the future, counterparties to privately negotiated transactions may seek to establish some type of centralized clearing facilities for such transactions. Such facilities potentially could make management of counterparty credit risks and liquidity risks even more effective. At the same time, however, clearing facilities often concentrate and mutualize risk. For this reason, the Board believes that if counterparties were to choose to develop such facilities, some type of government oversight generally would be appropriate to supplement the private self-regulation that the counterparties would provide. However, it is not obvious that in all cases regulation of such clearing facilities under the CEA would be the best approach. For example, if a clearing facility were established for privately negotiated interest rate or exchange rate contracts between dealers, most of which were banks, oversight by the federal banking agencies would seem more appropriate. Likewise, a clearing facility for privately negotiated derivatives on underlying assets that are securities might best be regulated by the Securities and Exchange Commission (SEC). Thus, if an exclusion of privately negotiated transactions from the CEA were conditioned on government supervision or regulation of any centralized clearing facility, the Board believes that supervision of the clearing facility by one of the federal banking agencies, by the SEC, or by the Commodity Futures Trading Commission should be sufficient for exclusion.

Regulation of the Marketing of Off-Exchange Derivatives to Retail Investors

As I noted earlier, the Board believes it is appropriate for regulatory purposes to distinguish transactions between institutions from transactions involving retail investors. Because many retail investors may lack the ability to evaluate counterparties and transactions effectively, some type of government regulation of off-exchange transactions may be necessary to protect them against unrecoverable losses from fraud or dealer insolvencies. But, even for such retail transactions, it is not obvious that the CEA provides the best regulatory framework. In particular, the Board believes that the marketing of off-exchange derivatives to retail customers by banks and broker–dealers is more appropriately regulated by the federal banking regulatory agencies and the Securities and Exchange Commission respectively. Such an approach also would eliminate the undesirable result of oversight by multiple government entities.

By way of background, in the case of banks, investigations by our staff and staff of the other banking agencies indicate that currently there is very little, if any, marketing of derivative contracts to retail investors. In any event, the Board and the other banking agencies already have issued supervisory guidance on sales practices for securities, mutual funds, and derivatives that would be broadly applicable to such transactions. If experience suggested that more specific or extensive guidance was needed to protect retail investors and, thereby, also to protect the reputation of banks engaged in retail marketing, the Board would work with the other banking agencies to develop and promulgate such guidance.

Regulation of Professional Markets

The Board believes that it is appropriate for regulatory purposes to differentiate between privately negotiated transactions and transactions on exchanges, especially when transactions on exchanges are executed on behalf of third parties, rather than solely between principals. Nonetheless, the Board agrees on the need to reexamine the regulation of exchange trading and to consider whether specific regulations are still necessary in light of the profound changes in the contracts traded and the intense competitive pressures that the exchanges are experiencing. In particular, the Board is supportive of the development of an alternative, less intrusive regulatory regime for exchanges that limit participation to institutions and limit contracts traded to those that are not readily susceptible to manipulation—for example, financial contracts that are settled in cash or through physical delivery of assets whose supply is highly price elastic. Some have expressed concerns about the potential effects of introduction of professional markets on existing futures markets. In particular, some fear that if liquidity in existing contracts were transferred to the professional markets, the general public could be disadvantaged. Although such concerns, if justified, might argue against professional markets in instruments in which the general public currently participates significantly, they would seem to have no bearing on the case for professional markets for those contracts for which retail participation currently is negligible. In addition, alternative regulated market making systems could develop to facilitate retail exchange trading as an adjunct to the professional trading, with the markets linked by arbitrage.

The Board has not examined existing exchange regulations sufficiently carefully to offer comprehensive suggestions as to which regulations need or need not be applied to professional markets. We would observe, however, that the gap between what the exchanges are perceived to be seeking and what is currently available under the Commodity Futures Trading Commission's pilot program for professional markets is quite wide and would appear to offer ample room for a compromise that would address the exchanges' competitive concerns and still be consistent with the public interest. □

Announcements

PUBLIC HEARINGS ON 1994 PROVISIONS OF THE TRUTH IN LENDING ACT

The Federal Reserve Board announced on April 24, 1997, that it would hold three public hearings in June to examine the effect of Truth in Lending Act provisions enacted in 1994 on the home equity loan market.

The hearings were scheduled at the following times and locations:

- Tuesday, June 3, at the Los Angeles Branch of the Federal Reserve Bank of San Francisco, 950 South Grand Avenue, Los Angeles, beginning at 8:15 a.m., PDT
- Thursday, June 5, at the Federal Reserve Bank of Atlanta, 104 Marietta Street, Atlanta, beginning at 8:15 a.m., EDT
- Tuesday, June 17, at the Federal Reserve Board's Martin Building, 20th and C Streets, NW, Washington, D.C., beginning at 8:15 a.m., EDT.

The Federal Reserve hosted these hearings as part of its directive under provisions of the Home Ownership Equity Protection Act. The Board will also use the hearings to examine Truth in Lending issues, primarily on how the finance charge could more accurately reflect the cost of consumer credit. In the Truth in Lending Act Amendments of 1995, the Congress asked the Board to study the finance charge issue. The Board submitted a preliminary analysis to the Congress last year, and the hearings will assist in further deliberations.

STEPS TO EASE FINANCIAL STRESS IN AREAS AFFECTED BY FLOODING

The Federal Reserve Board announced on April 24, 1997, a series of steps designed to help ease financial stress in areas affected by the flooding in Minnesota, North Dakota, and South Dakota. A supervisory statement adopted by the Board encourages financial institutions to work constructively with borrowers who are experiencing difficulty because of the flooding.

The statement says that banks may find it appropriate to ease credit terms, consistent with prudent banking practices, to help new borrowers restore their financial strength and to restructure debt or extend repayment terms to existing borrowers.

The Board is also considering the need to waive its appraisal regulation for real-estate-related transactions affected by the flooding to assist disaster-affected regulated institutions encountering difficulties in obtaining appraisals for transactions that would aid reconstruction in the areas affected by the disaster.

For additional information, contact the Federal Reserve Bank of Minneapolis (612) 340-2279.

PUBLICATION OF A NEW WEEKLY LIST OF APPLICATIONS AND NOTICES FILED UNDER THE BANK HOLDING COMPANY ACT OR THE CHANGE IN BANK CONTROL ACT

The Federal Reserve Board announced on April 30, 1997, the start of a new weekly publication that lists applications and notices, together with the deadline for comment, that have been filed under the Bank Holding Company Act or the Change in Bank Control Act.

The new publication is available in three forms:

- By a fax-on-demand call-in facility that is available twenty-four hours a day, seven days a week, and will automatically fax a copy of the new publication to the caller. The call-in number is (202) 452-3655
- On the Board's Internet home page at http://www.bog.frb.fed.us
- By mail by contacting the Board's Publications Services at (202) 452-3245 or by writing to Publications Services, Mail Stop 127, Federal Reserve Board, Washington, DC 20551.

In its recent revision of Regulation Y (Bank Holding Companies and Change in Bank Control) the Board announced that it would take steps to improve the effectiveness and timeliness of public notices of merger and acquisition proposals. The new publication, numbered the H.2A, lists applications and notices alphabetically by applicant together with the appropriate Federal Reserve Bank where comments may be filed and whom to contact to receive the public portion of the application.

Posting of the publication on the Board's home page allows a user to search for a notice by the applicant's name, acquiree's name or activity, section of law, or by Reserve Bank. The information will be updated at least every three business days.

Publication of the H.2, which lists actions taken by the Board on applications plus applications received and Community Reinvestment Act activities, will continue.

Availability of Revised Lists of Over-the-Counter Stocks and of Foreign Stocks Subject to Margin Regulations

The Federal Reserve Board published on April 25, 1997, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations. It also published a revised list of foreign equity securities that meet the margin criteria in Regulation T (Credit by Brokers and Dealers).

The lists were effective May 12, 1997, and supersede the previous lists that were effective February 10, 1997. The next revision of these lists is scheduled to be effective August 1997. These lists are published for the information of lenders and the general public.

The changes that have been made to the revised OTC list, which now contains 4,849 OTC stocks, are as follows:

- One hundred sixty stocks have been included for the first time, 136 under National Market System (NMS) designation
- Forty-one stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- Eighty-four stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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

The foreign list is composed of foreign equity securities that are eligible for margin treatment at broker–dealers. Effective July 1, 1996, foreign stocks that have a "ready market" for purposes of the Securities and Exchange Commission's (SEC) net capital rule may be included on the foreign list. The SEC effectively treats all stocks included on the Financial Times/Standard & Poor's Actuaries World Indices (FT/S&P–AW Indices) as having a "ready market" for capital purposes. The Board is adding twenty-three foreign stocks and deleting thirty-two, based on changes to the FT/S&P–AW Indices. The revised foreign list now contains 1,965 securities displayed in country order.

Public Access Database from the 1993 National Survey of Small Business Finances Now Available

A public access data set of the 1993 National Survey of Small Business Finances (NSSBF) is now available. The 1993 NSSBF is a survey of small business enterprises that was conducted during 1994–95 for the Board of Governors of the Federal Reserve System and the U.S. Small Business Administration. Price Waterhouse LLP conducted the interviewing for the survey.

The 1993 NSSBF covers a wide range of financial characteristics of small (fewer than 500 employees), privately owned, nonagricultural and nonfinancial firms. The survey collected general information on firms' business activities and ownership; an inventory of deposit and savings accounts, financing, and other financial service use; information on the financial institutions used by firms; use of trade credit; credit history data; and data from income and balance sheet statements. Most data are for calendar or fiscal year 1993; data from the income and balance sheet statements are for calendar or fiscal year-end 1992.[1]

The data set, survey codebook, and related documentation are available on the Board's World Wide Web site at http://www.bog.frb.fed.us under **Domestic and International Research,** Working papers, Occasional Staff Studies.

1. Additional information on the 1993 NSSBF methods and content can be found in "National Survey of Small Business Finances Survey Questionnaire," mimeo (Price Waterhouse LLP), July 7, 1994; "National Survey of Small Business Finances: Methodology Report," mimeo (Price Waterhouse LLP), July 24, 1996; Rebel A. Cole and John D. Wolken, "Financial Services Used by Small Businesses: Evidence from the 1993 National Survey of Small Business Finances," *Federal Reserve Bulletin*, vol. 81 (July 1995), pp. 630–67; and Rebel A. Cole, John D. Wolken and R. Louise Woodburn, "Bank and Nonbank Competition for Small Business Credit: Evidence from the 1987 and 1993 National Surveys of Small Business Finances," *Federal Reserve Bulletin*, vol. 82 (November 1996), pp. 983–95.

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 Regulation 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 the previous Foreign List.

Effective May 12, 1997, 12 C.F.R. Parts 207, 220, 221, and 224 are amended as follows. 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 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 List and the Foreign List.

Deletions From The List Of Marginable OTC Stocks

Stocks Removed For Failing Continued Listing Requirements

American Educational Products Inc.: $1.01 par common
American Life Holding Company: $.01 par redeemable cumulative preferred
Antares Resources Corporation: $.001 par common
ATS Medical, Inc.: Warrants (expire 03–09–97)

Bank of Los Angeles: Warrants (expire 12–01–98)
Biomagnetic Technologies, Inc.: No par common
Black Hawk Gaming & Development Company, Inc.: Warrants (expire 06–30–97)

Calloway's Nursery, Inc.: $.01 par common
Cerplex Group, Inc., The: $.001 par common
Champion Road Machinery, Ltd.: No par common
Chartwell Leisure, Inc.: Rights (expire 03–13–97)
Cincinnati Microwave, Inc.: No par common; Warrants (expire 12–31–98)
Community First Bankshares, Inc.: Depositary Sahres
Cytrogen Corporation: Warrants (expire 01–31–97)

Diagnostic Health Services, Inc.: Warrants (expire 06–22–98)
Diamond Technology Partners, Inc.: Rights (expire 03–31–97)

Encore Computer Corporation: $.01 par common
Excel Technology, Inc.: Class B, Warrants (expire 02–08–98)

Forest Oil Corporation: $.75 par convertible preferred

Hariston Corporation: No par common
Harvard Industries, Inc.: Class B, $.01 par common

Industrial Holdings, Inc.: Class A, Warrants (expire 01–16–97)
IWI Holding, Limited: No par common

Kushner-Locke Company, The: Warrants (expire 03–20–97)

L.A. T Sportswear, Inc.: No par common
Lafayette Industries, Inc.: $.01 par common

Manhattan Life Insurance Company: $2.00 par common
Meris Laboratories, Inc.: No par common
Microcap Fund, Inc., The: $.01 par common
Microelectronic Packaging, Inc.: No par common
Multimedia Concepts International, Inc.: 4.001 par common

National Mercantile Bancorp (CA): No par common
NationsBank Corporation: Depositary Shares

Quantum Corporation: 6–3/8% convertible subordinated debentures

Salick Health Care, Inc.: $.001 par common
SMT Health Services, Inc.: Warrants (expire 03–04–97)
Specialty Teleconstructors, Inc.: Warrants (expire 11–02–99)

Teletek, Inc.: $.0001 par common

United Home Life Insurance Co.: $1.00 par common
Urohealth Systems, Inc.: Warrants (expire 03–20–97)

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

Affiliated Computer Services, Inc.: Class A, $.01 par common
AHI Healthcare Systems, Inc.: $.01 par common
Allied Bankshares, Inc. (Georgia): $1.00 par common

American Radio Systems Corporation: Class A, $.01 par common
American Studios, Inc.: $.001 par common
Argentbank: $2.50 par common
Atlantic Tele-Network, Inc.: $.01 par common
Aztec Manufacturing Co.: $1.00 par common

B.M.J. Financial Corp.: $1.00 par common
Baby Superstore, Inc.: No par common
Barefoot Inc.: $.01 par common
Bridgeville Savings Bank, FSB (Pennsylvania): $.10 par common

Cable Design Technologies Corporation: $.01 par common
Cavco Industries, Inc.: $.10 par common
Central Tractor Farm & Country Inc.: $.01 par common
Chemfab Corporation: $.10 par common
Chempower, Inc.: $.10 par common
Citi-Bancshares, Inc. (Florida): $.01 par common
Cliffs Drilling Company: $.01 par common
Consolidated Graphics, Inc.: $.01 par common

Dynatech Corporation: $.20 par common

Eastbay, Inc.: $.01 par common
Energy Research Corporation: $.0001 par common
Epic Design Technology, Inc.: No par common
EZ Communications, Inc.: Class A, $.01 par common

FHP International Corporation: $.05 par common; Series A, $.05 par cumulative convertible preferred
Fibermark, Inc.: $.001 par common
Fidelity Financial Bankshares Corporation: $1.00 par common
First Federal Bancshares of Eau Claire, Inc.: $.01 par common
First Federal Savings Bank of Brunswick, Georgia: $1.00 par common
First State Financial Services, Inc.: $.01 par common
Florida First Bancorp, Inc.: $1.00 par common
Forasol-Former, N.V.: Common shares (par NLG 0.01)

Great Bay Power Corporation: $.01 par common
Grove Bank (Massachusetts): $.10 par common

Homeland Bankshares Corporation: $12.50 par common
Horizon Bancorp, Inc. (Texas): $.01 par common

Independence Bancorp, Inc. (New Jersey): $1.667 par common
Innotech, Inc.: $.001 par common
IWC Resources Corporation: No par common

Kindercare Learning Centers, Inc.: $.01 par common; Warrants (expire 04–01–97)

LaSalle re Holdings, Limited: $1.00 par common
Liberty Bancorp, Inc. (Illinois): $.01 par common

Mastec, Inc.: $.10 par common
Medex, Inc.: $.01 par common
Midland Financial Group, Inc.: No par common
Milgray Electronics, Inc.: $.25 par common

New World Communications Group, Inc.: Class A, $.01 par common
Norand Corporation: $.01 par common

Osborn Communications Corporation: $.01 par common
Oxford Resources Corporation: Class A, $.01 par common

Panatech Research and Development Corporation: $.01 par common
Providence and Worcester Railroad Company: $.50 par common

Quality Food Centers, Inc.: $.001 par common

Research Medical, Inc.: $.50 par common
Riverside National Bank (California): $1.25 par common

SCI Systems, Inc.: $.10 par common
SDNB Financial Corp.: No par common
Security Bancorp (Montana): $1.00 par common
Softdesk Inc.: $.01 par common
Southwest Banks, Inc.: $.10 par common
SQA Inc.: $.01 par common
Suare Industries, Inc.: $.01 par common
Strober Organization, Inc.: $.01 par common
Suiza Foods Corporation: $.01 par common
Systemix, Inc.: $.01 par common

Target Therapeutics, Inc.: $.0025 par common
Theratx, Incorporated: $.001 par common
Tompkins County Trustco, Inc. (New York): $1.66-⅔ par common
Tower Automotive, Inc.: $.01 par common
TPI Enterprises, Inc.: $.01 par common
Triad Systems Corporation: $.01 par common
Troy Hill Bancorp, Inc. (Pennsylvania): $.01 par common
TSX Corporation: $.01 par common
Tylan General Inc.: $.001 par common

United Air Specialists, Inc.: No par common

Vallicorp Holdings, Inc.: $.01 par common
Ventura County National Bancorp: No par common
Video Sentry Corporation: $.01 par common
Vitalink Pharmacy Services, Inc.: $.01 par common

Additions to the List of Marginable OTC Stocks

1st Source Corporation: Fixed rate cumulative trust preferred securities of 1st Source Capital Trust; Floating rate cumulative trust preferred securities of 1st Source Capital Trust

Aastrom Biosciences, Inc.: No par common
Accelgraphics, Inc.: $.001 par common

Agribiotechn, Inc.: $.001 par common
AHL Services, Inc.: $.01 par common
Alliance Imaging, Inc.: $.01 par common
American Business Financial Services, Inc.: $.001 par common
Ameritrade Holding Corporation: Class A, $.01 par common
Amerus Life Holdings, Inc.: Class A, no par common
APEX PC Solutions, Inc.: No par common
ATL Products, Inc.: Class A, $.0001 par common

Bank of Santa Clara: No par common
BEA Systems, Inc.: $.001 par common
Biora AB: American Depository Receipts
Biosite Diagnostic, Inc.: $.01 par common
Birman Managed Care, Inc.: $.001 par common
Brunswick Technologies, Inc.: No par common

Capital City Bank Group (Florida): $.01 par common
Cell Therapeutics, Inc.: No par common
Cerus Corporation: $.001 par common
Ciena Corporation: $.01 par common
Citizens Financial Corporation: Class A, no par common
Coast Bancorp (California): No par common
Coast Dental Services, Inc.: $.001 par common
Coldwater Creek, Inc.: $.01 par common
Colonial Downs Holdings, Inc.: Class A, $.01 par common
Community Care Services, Inc.: $.01 par common
Community First Bankshares, Inc.: Cumulative capital securities $25 liquidation
Community Trust Bancorp, Inc.: No par preferred stock
Coulter Pharmaceutical, Inc.: $.001 par common
Cresud S.A.C.I.F.Y.A.: American Depositary Receipts
Crystal Systems Solutions, Ltd.: Ordinary shares (NIS .01)

Daou Systems, Inc.: $.001 par common
Data Systems Network Corporation: $.01 par common
Datamark Holding, Inc.: $.0001 par common
Deltek Systems, Inc.: $.001 par common
Diamond Technology Partners, Inc.: Class A, $.001 par common
Digital Lightwave, Inc.: $.0001 par common

Earthlink Network, Inc.: $.01 par common
Edge Petroleum Corporation: $.01 par common
Eltek Ltd.: Ordinary Shares (NIS .6)
Emcore Corporation: No par common
Empire Federal Bancorp, Inc. (Montana): $.01 par common
Encore Medical Corporation: $.001 par common: Warrants (expire 03-08-2003)
Endocardial Solutions, Inc.: $.01 par common
Enstar, Inc.: $.01 par common
Environment/One Corporation: $.10 par common
EPIX Medical, Inc.: $.01 par common
Ergobilt, Inc.: $.01 par common
Esprit Telecom Group PLC: American Depositary Receipts
Euronet Services, Inc.: $.01 par common

Fieldworks, Incorporated: $.001 par common
First Aviation Services, Inc.: $.01 par common
First Banks, Inc. (Missouri): No par cumulative trust preferred securities
First Sterling Banks, Inc.: No par common
Firstfed Bancorp, Inc. (Alabama): $.01 par common
Fonix Corporation: $.0001 par common
Four Media Company: $.01 par common
Freepages Group PLC: American Depositary Receipts
Fulton Bancorp, Inc.: $.01 par common

Geographics, Inc.: Warrants (expire 06-01-99)
GFSB Bancorp, Inc.: $.10 par common
Greater Bank Bancorp (California): 9.75% cumulative trust preferred
Green Mountain Coffee, Inc.: $.01 par common
GS Financial Coproration: $.01 par common
Guaranty Financial Corporation: $1.25 par common
Guitar Center, Inc.: $.01 par common
Gulf Island Fabrication, Inc.: No par common

Hamilton Bancorp, Inc. (Florida): $.01 par common
Hemlock Federal Financial Coproration: $.01 par common
High Point Financial Corporation: No par common
Homeland Holding Corporation: $.01 par common
Hospitality Worldwide Services, Inc.: $.01 par common
Humascan, Inc.: $.01 par common

IAT Multimedia, Inc.: $.01 par common
ICG Communications, Inc.: $.01 par common
ILEX Oncology, Inc.: $.01 par common
ILOG S.A.: American Depositary Receipts
Image Guided Technologies, Inc.: No par common
Interstate National Dealer Services, Inc.: Warrants (expire 07-22-99)
Iona Technologies, PLC: American Depositary Receipts

Jacor Communications, Inc.: Warrants (expire 02-27-2002)
Jakks Pacific, Inc.: $.001 par common
Jeffbanks, Inc.: 9.25% no par preferred securities
Jenna Lane, Inc.: $.01 par common; Class A, Warrants (expire 03-19-2000)
Judge Group, Inc., The: $.01 par common

Knightsbridge Tankers, Ltd.: $.01 par common
KOS Pharmaceuticals, Inc.: $.01 par common

Logitech International S.A.: American Depositary Receipts

Macrovision Corporation: $.01 par common
Mansur Industries, Inc.: $.001 par common
Meade Instruments Corporation: $.01 par common
Medialink Worldwide Incorporated: $.01 par common
Medical Manager Corporation: $.01 par common
Medirisk, Inc.: $.001 par common
Metro Information Services, Inc.: $.01 par common
Micro Therapeutics, Inc.: $.001 par common
Mississippi Valley Bancshares, Inc.: Floating rate cumulative trust—preferred securities of MVBI Capital Trust
Multimedia Games, Inc.: $.01 par common

NACT Telecommunications, Inc.: $.01 par common
Namibian Minerals Corporation: No par common
National Auto Finance Company, Inc.: $.01 par common
Neomagic Coproration: $.001 par common
Netcom Systems, AB: American Depositary Receipts
Netsmart Technologies, Inc.: $.01 par common
Newsouth Bancorp, Inc. (North Carolina): $.01 par common
Nexar Technologies, Inc.: $.01 par common
Novatel, Inc.: No par common

Old Guard Group, Inc.: No par common
Omniquip International, Inc.: $.01 par common
Ortec International, Inc.: $.001 par common
Overland Data, Inc.: No par common

Pacificare Health Systems, Inc.: Series A, $1.00 par cumulative convertible preferred
Palex, Inc.: $.01 par common
Peoples Financial Corporation: No par common
Peregrine Systems, Inc.: $.001 par common
Perpetual Bank, A Federal Savings Bank (South Carolina): $1.00 par common
Photoelectron Corporation: $.01 par common
Physicians' Speciality Coproration: $.001 par common
Premire Research Worldwide, Inc.: $.01 par common
Prime Capital Corporation: $.05 par common
Promedco Management Company: No par common

Qualix Group, Inc.: $.001 par common

Radiant Systems, Inc.: No par common
Rail America, Inc.: $.001 par common
Randgold & Exploration Company Ltd.: American Depositary Receipts
Royale Energy, Inc.: No par common

Savannah Bancorp, Inc., The: $1.00 par common
Search Capital Group, Inc.: $.01 par common; $.01 par preferred stock
Semiconductor Laser International Corporation: $.01 par common
Signature Inns, Inc.: No par common; Series A, cumulative convertible preferred
Silgan Holdings, Inc.: $.01 par common
Source Capital Corporation: No par common
Southwest Bancorporation of Texas, Inc.: $1.00 par common
Special Metals Corporation: $.01 par common
Speciality Care Network, Inc.: $.001 par common
Spinnaker Industries, Inc.: No par common
Stocker & Yale, Inc.: $.001 par common
Storage Dimensions, Inc.: $.005 par common
Sun Bancorp, Inc. (New Jersey): 9.85% preferred stock

Tangram Enterprise Solutions, Inc.: $.01 par common
Template Software, Inc.: $.01 par common
Total Control Products, Inc.: No par common
Total World Telecommunications, Inc.: $.00001 par common
Transcrypt International, Inc. $.01 par common

Valley National Gases, Inc.: $.001 par common
VDI Media No par common
Vistana, Inc.: $.01 par common
Vyrex Corporation: $.001 par common

Walbro Corporation: Convertibletrust preferred securities
Wesley Jessen Visioncare, Inc.: $.01 par common
Wintrust Financial Corporation: No par common

Yurie Systems, Inc.: $.01 par common

Zindart Limited: American Depositary Receipts

Deletions from the Foreign Margin List

Brazil

Companhia Suzano de Papel Celulose PN: No par non-voting, preferred
Lojas Americanas S.A.: No par common

Hong Kong

Winsor Industrial Corporation Ltd.: HK$.50 par ordinary shares

Japan

AT&T Global Information Solutions Japan, Ltd.: ¥50 par common
Central Finance Co., Ltd.: ¥50 par common
Godo Steel, Ltd.: ¥50 par common
Japan Digital Laboratory Co., Ltd.: ¥50 par common
Keiyo Co., Ltd.: ¥50 par common
Mitsui Construction Co., Ltd.: ¥50 par common
Nichiei Construction Co., Ltd.: ¥50 par common
Nihon Nosan Kogyo K.K.: ¥50 par common
Nippon Densetsu Kogyo Co., Ltd.: ¥50 par common
Nissha Printing Co., Ltd.: ¥50 par common
Raito Kogyo Co., Ltd. ¥50 par common
Senshukai Co., Ltd.: ¥50 par common
Shokusan Jutaku Sogo Co., Ltd.: ¥50 par common
Sumitomo Construction Co., Ltd.: ¥50 par common
Taihei Dangyo Kaisha, Ltd.: ¥50 par common
Takoaoka Electric Mfg. Co., Ltd.: ¥50 par common
TOA Steel Co., Ltd.: ¥50 par common
Toenec Corporation: ¥50 par common
Tokuyama Soda Co., Ltd.: ¥50 par common
Tsumura & Co.: ¥50 par common
Yaohan Japan Corporation: ¥50 par common

South Africa

Middle Witwatersrang (Western Area) Ltd.: Ordinary shares, par 0.01 South African rand

Sweden

Stadshypotek AB: A Free Shares, par 10 Swedish krona

Thailand

Finance One Public Co., Ltd.: Ordinary shares, par 10 Thai baht
International Cosmetics Public Co., Ltd.: Ordinary shares, par 10 Thai bhat
Univest Land Public Co., Ltd.: Common shares, par 10 Thai baht

United Kingdom

Invesco PLC: Ordinary shares, par 25 p
London Electricity PLC: Ordinary shares, par 50 p
Yorkshire Electricity Group PLC: Ordinary shares, par .568 p

Additions to the Foreign Margin List

Brazil

Centrais Eletricas Brasileiras S.A. (Eletrobras): No par common
Companhia Siderurgia Nacional: No par common
Light Participacoes, S.A. (Light Par): No par common
Uniao De Bancos Brasileiras S.A.: No par non-voting, preferred

Hong Kong

China Overseas Land & Investment, Ltd.: HK$.10 par ordinary shares
China Resources Enterprise, Ltd.: HK$1.00 par ordinary shares
Cosco Pacific, Ltd.: HK$.50 par ordinary shares
Guandong Investment, Ltd.: HK$.50 par ordinary shares
Kerry Properties, Ltd.: HK$.10 par ordinary shares
Pearl Oriental Holdings, Ltd.: HK$.10 par ordinary shares
Tsim Sha Tsui Properties, Ltd.: HK$.20 par ordinary shares

Italy

H.P.I. SPA: Ordinary shares, par 5000 lira

Japan

Acom Co., Ltd.: ¥50 par common
DDI Corporation: YNichiei Co., Ltd.: ¥50 par common
NTT Data Corporation: ¥50,000 par common
Oriental Land Co., Ltd.: ¥50 par common
Promise Co., Ltd.: ¥50 par common
West Japan Railway Co.: ¥50,000 par common

South Africa

Avmin Limited: Ordinary shares, par .01 South African rand

Switzerland

CIBA Specialty Chemicals Holdings AG: Registered shares, par 10 Swiss francs

Thailand

ICC International Public Co., Ltd.: Ordinary shares, par 10 Thai baht

United Kingdom

Amvesco PLC: Ordinary shares, par 25 p

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Amboy Bancorporation
Old Bridge, New Jersey

Order Approving the Acquisition of Shares in a De Novo Bank

Amboy Bancorporation, Old Bridge, New Jersey, ("Amboy"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire up to 9.9 percent of the shares of The Community Bank of New Jersey, Freehold, New Jersey ("CBNJ"), a *de novo* state-chartered bank.[1]

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 4534 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Amboy, with total consolidated assets of $1.1 billion, is a registered bank holding company that operates one subsidiary bank in New Jersey.[2] Amboy is the 13th largest commercial banking organization in New Jersey, controlling approximately $871.8 million in deposits, representing 1 percent of all deposits in commercial banking organizations in the state ("state deposits").[3] CBNJ, a *de novo* bank, would control a *de minimis* percentage of state deposits during its first few years of operation.[4]

Amboy proposes to acquire less than 25 percent of the voting shares of CBNJ, which is not a normal acquisition

1. CBNJ would be capitalized through an initial public offering of voting stock, and Amboy proposes to purchase 9.9 percent of the voting shares. Amboy would also obtain a non-transferrable ten-year option to purchase additional CBNJ shares in future public offerings in order to maintain shareholdings at 9.9 percent. The option by its terms may not be exercised if the result would cause Amboy to own, in the aggregate, more than 9.9 percent of CBNJ's voting shares.

2. Amboy owns Amboy National Bank, Old Bridge, New Jersey ("Amboy Bank"). Consolidated asset data are as of September 30, 1996.

3. Banking asset data are as of December 31, 1996. State deposit data are as of June 30, 1996.

4. CBNJ projects that its average deposit balances will reach $6 million during its first year in operation, and will reach $85 million by its fifth year in operation.

for a bank holding company. Nonetheless, the requirement in section 3(a)(3) of the BHC Act that the Board's approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests that Congress contemplated the acquisition by bank holding companies of between 5 and 25 percent of the voting shares of a bank or bank holding company (a "minority investment").

Amboy contends that the proposed 9.9 percent minority investment would be passive and would not permit Amboy to control CBNJ. Amboy has provided a number of the commitments previously relied on by the Board in determining that minority investments would not permit the investing bank holding company to control another bank holding company or bank.[5] Unlike other cases, however, Amboy proposes to engage in loan participation activities with CBNJ, and contends that this relationship should not raise control issues.

A company may control a bank or other company for purposes of the BHC Act if the company is able to exercise a controlling influence over the management and policies of the bank or other company.[6] The Board previously has concluded that a minority investment could permit the investing bank holding company to control another bank or bank holding company.[7] Whether a minority investment could result in control necessarily requires a careful review of the proposal in light of all the facts of record. If control exists, the Board's regulations require the bank holding company to provide financial and managerial support to the bank or bank holding company it controls.[8]

The Board has in many prior cases noted its concern that a proposed minority investment could permit an investing bank holding company to exercise a controlling influence over the bank invested in when the investment is coupled with significant business relationships, particularly relationships involving a core banking function like lending.[9] For example, an equity investor has both the means and the incentive to influence the lending policies of a company that is a significant partner in lending transactions to insure a certain amount of loan participations in connection with the bank's business plan. In addition, a company may be less willing to reject loans originated by an investor in the company or establish loan policies that conflict with the policies of a company that is a significant investor and source of business.

In this case, Amboy Bank proposes to underwrite and originate real estate and construction loans in CBNJ's community with the expectation that CBNJ would participate in these loans. CBNJ is a *de novo* bank with no record of independent operations. Amboy has not proposed any limit to the amount of the assets of CBNJ that would represent loans originated or underwritten by Amboy, and the amount of such participation could therefore represent most or all of the loan portfolio of CBNJ during the next several years.

The Board also has considered these proposed business relationships in light of the fact that Amboy would be the largest single shareholder of CBNJ and would be able to vote 9.9 percent of the bank's outstanding shares. CBNJ's shares are otherwise widely held, with no single shareholder owning in excess of five percent.[10]

Based on all the facts of record, and for the reasons discussed above, the Board concludes that Amboy would have the ability to exercise a controlling influence over the management and policies of CBNJ as a result of the proposal and, thereby, would control the bank for purposes of the BHC Act.[11] Accordingly, the Board's action on the proposal is expressly conditioned on Amboy providing financial and managerial support for CBNJ in accordance with the Board's rules and policies.

Amboy and CBNJ would compete in the Metropolitan New York/New Jersey banking market.[12] Amboy is the 45th largest depository institution in the market, controlling approximately $871.8 million in deposits, representing less than 1 percent of total deposits in depository institutions in the market ("market deposits").[13] The market is

5. *See e.g., Summit Bancorp, Inc.*, 77 *Federal Reserve Bulletin* 952 (1991); *The Summit Bancorporation*, 75 *Federal Reserve Bulletin* 712 (1989); *United Counties Bancorporation*, 75 *Federal Reserve Bulletin* 714 (1989). For example, Amboy has committed not to exercise a controlling influence over the management or policies of CBNJ; not to have director, officer, or employee interlocks with CBNJ; not to solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of CBNJ; and not to threaten to dispose of shares of CBNJ in any manner as a condition of specific action or nonaction by CBNJ.

6. 12 U.S.C. § 1841(a)(2)(C).

7. *See McLeod Bancshares, Inc.*, 73 *Federal Reserve Bulletin* 724 (1987); *Hudson Financial Associates*, 72 *Federal Reserve Bulletin* 150 (1986).

8. *See, e.g.*, 12 C.F.R. 225.4(a); *Flathead Holding Company of Bigfork*, 82 *Federal Reserve Bulletin* 741 (1996); *see also* 12 U.S.C. § 1815(e) (cross-guaranty provision of the Federal Deposit Insurance Act).

9. *See, e.g., Proposed Investment by Sumitomo Bank*, 73 *Federal Reserve Bulletin* 24 (1987). In a small number of proposals, the Board has concluded that a minority investment in combination with business relationships would not, in the specific circumstances of that case, result in the investing bank holding company controlling the second holding company. In those cases, each of the institutions involved were large commercial banking organizations with substantial assets and well-established records of independent operations, and the business relationships were limited. *See BOK Financial Corporation*, 81 *Federal Reserve Bulletin* 1052 (1995); *Banco Santander, S.A.*, 81 *Federal Reserve Bulletin* 1139 (1995).

10. Although the bank's organizers would own approximately 46 percent of the bank's voting shares, the organizers consist of 31 individuals and there is no evidence in the record that the organizers are bound together as a cohesive group of shareholders that could counterbalance Amboy's voting power. CBNJ's remaining voting shares would be owned by approximately 270 individual shareholders.

11. *See* 12 C.F.R. 225, Subpart D.

12. The Metropolitan New York-New Jersey banking market is approximated by Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren Counties and parts of Mercer County in New Jersey; Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster and Westchester Counties in New York; Pike County, Pennsylvania; and 24 municipalities in Fairfield and Litchfield Counties in Connecticut.

13. Market share data are as of June 30, 1995. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has indicated previously that thrift

unconcentrated, as measured by the Herfindahl–Hirschman Index ("HHI"),[14] and numerous competitors would remain in the market. Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or the concentration of resources in the Metropolitan New York/ New Jersey banking market or any other relevant banking market. The Board also concludes in light of all the facts of record that the financial and managerial resources and future prospects of the companies and banks involved and the convenience and needs of the community to be served are consistent with approval as are other supervisory factors.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is expressly conditioned on compliance by Amboy with all the commitments made in connection with the proposal and with the conditions discussed in this order, including the condition that Amboy provide financial and managerial support to CBNJ in accordance with the Board's policies. For purposes of this action, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

The acquisition of shares in CBNJ should not be consummated before the fifteenth calendar day following the effective date of this order or later than three months following the effective date of this order, and CBNJ shall be opened for business within six months, unless such periods are extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 14, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

WILLIAM W. WILES
Secretary of the Board

institutions have become, or have the potential to become, major competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

14. In light of the *de novo* formation of CBNJ, the HHI would remain unchanged at 748 after consummation of the proposal. 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 less than 1000 is unconcentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

G.B. Financial Services, Inc.
Greenbush, Minnesota

Order Approving the Merger of Bank Holding Companies

G.B. Financial Services, Inc., Greenbush ("G.B. Financial"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Border Bancshares, Inc., Greenbush ("Border Bancshares"), and thereby acquire Border State Bank, Roseau ("Border Bank"), all in Minnesota.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 2368 (1997)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

G.B. Financial, with total consolidated assets of $38.2 million, operates one subsidiary bank, Border State Bank of Greenbush, Greenbush, Minnesota ("Greenbush Bank").[2] G.B. Financial is the 204th largest commercial banking organization in Minnesota, controlling deposits of approximately $30.2 million, representing less than 1 percent of total deposits in commercial banks in the state.[3] Border Bancshares is the 238th largest depository institution in Minnesota, controlling deposits of approximately $26.7 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. On consummation of this proposal, G.B. Financial would become the 112th largest commercial banking organization in Minnesota, controlling approximately $56.9 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.

G.B. Financial and Border Bancshares compete directly in the Roseau, Minnesota, banking market ("Roseau banking market").[4] Greenbush Bank is the third largest of four commercial banks in the Roseau banking market, controlling deposits of $30.2 million, representing 15.3 percent of total deposits in commercial banking organizations in the market ("market deposits").[5] Border Bank is the fourth largest bank in the market, controlling deposits of $26.7 million, representing 13.5 percent of market deposits. On consummation, Greenbush Bank and Border Bank would control total deposits of $56.9 million, representing 28.8 percent of market deposits.

1. After the merger, G.B. Financial will change its name to Border Bancshares, Inc.

2. Asset data are as of December 31, 1996.

3. State deposit data are as of June 30, 1996.

4. The Roseau banking market is approximated by Roseau County, Minnesota. No savings associations operate in the market.

5. Market data are as of June 30, 1996.

The market, as measured by the Herfindahl–Hirshman Index ("HHI"), is and would remain highly concentrated.[6] In accordance with the BHC Act, the Board sought comments from the Department of Justice on the competitive effects of the proposal in the relevant banking market. The Department of Justice has advised the Board that consummation of the proposal would not likely have any significantly adverse effects on competition in the Roseau banking market or any relevant banking market. The FDIC also has not objected to the proposal.

G.B. Financial and Border Bancshares have a long history of affiliation through individual shareholders, and are under the control of the same individual shareholders.[7] Based on all the facts of record, including the history of affiliation and the System's prior reviews, and the financial support provided by the common shareholders to the banks involved, the Board does not believe that the proposal is likely to have a significantly adverse effect on competition or on the concentration of banking resources in the Roseau banking market, or any other relevant banking market.

The BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the community to be served, and certain other supervisory factors. The Board has carefully reviewed the factors in light of all the facts of record, including relevant supervisory reports of examination. The Board concludes that the financial and managerial resources and future prospects of the institutions involved in this proposal, and considerations relating to the convenience and needs of the communities to be served, are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

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

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

By order of the Board of Governors, effective April 21, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

6. The HHI would increase by 414 points to 3769. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository institutions.

7. Common shareholders own a substantial majority in each organization—77.4 percent of G.B. Financial and 97.3 percent of Border Bancshares—and both organizations have had identical boards of directors since 1993. The directors comprise most of the common shareholders and own approximately 70 percent of G.B. Financial and approximately 93 percent of Border Bancshares.

Orders Issued Under Section 4 of the Bank Holding Company Act

BOK Financial Corporation
Tulsa, Oklahoma

Order Approving a Notice to Engage in Certain Nonbanking Activities

BOK Financial Corporation, Tulsa, Oklahoma ("Notificant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of Regulation Y (12 C.F.R.225.24) to engage *de novo* in the following nonbanking activities through its wholly owned subsidiary, Alliance Securities Corporation, Tulsa, Oklahoma ("Company"):

(1) Underwriting and dealing in, to a limited extent, certain municipal revenue bonds (including certain unrated revenue bonds), 1–4 family mortgage-related securities, consumer receivable-related securities, and commercial paper ("bank-ineligible securities") ("Tier I underwriting and dealing activities");

(2) Acting as agent in the private placement of all types of securities, pursuant to section 225.28(b)(7)(iii) of Regulation Y (*see* 12 C.F.R. 225.28(b)(7)(iii));

(3) Providing investment advisory services, pursuant to section 225.28(b)(6) of Regulation Y (*see* 12 C.F.R. 225.28(b)(6));

(4) Underwriting and dealing in government obligations and money market instruments in which state member banks may underwrite and deal under 12 U.S.C. §§ 335 and 24(7) ("bank-eligible securities"), pursuant to section 225.28(b)(8)(i) of Regulation Y (*see* 12 C.F.R. 225.28(b)(8)(i)); and

(5) Providing securities brokerage services, pursuant to section 225.25(b)(7)(i) of Regulation Y (*see* 12 C.F.R. 225.25(b)(7)(i)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published

(62 *Federal Register* 3699 (1997)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Notificant, with total consolidated assets of approximately $4.5 billion, is the largest banking organization in Oklahoma and the 94th largest banking organization in the United States.[1] Notificant operates commercial bank subsidiaries in Oklahoma, Arkansas, and Texas, and engages, through its subsidiaries, in various permissible nonbanking activities.

Prior to commencing the proposed activities, Company will register as a broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and will become a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company will be subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

Activities Approved by Regulation

As noted above, Company proposes to engage in investment advisory services, securities brokerage, bank-eligible securities underwriting and dealing, and private placement activities that have been determined by regulation to be closely related to banking for purposes of section 4(c)(8) of the BHC Act.[2] Notificant has committed that Company will conduct the activities in accordance with the limitations set forth in Regulation Y and the Board's orders relating to these activities.[3]

Underwriting and Dealing in Bank-Ineligible Securities

The Board has determined that—subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects—the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[4] Notificant has committed that Company will conduct these underwriting and dealing activities using the same methods and procedures and subject to the same prudential limitations established by the Board in the Section 20 Orders.

Notificant proposes that Company would underwrite and deal in unrated municipal revenue bonds. The Board previously has authorized section 20 companies engaged in Tier I underwriting and dealing activities to engage, to a limited extent, in underwriting and dealing in unrated municipal revenue bonds.[5] In past cases, the Board approved companies with Tier I underwriting powers to underwrite municipal revenue bonds in which a single issue of unrated bonds would not exceed $7.5 million.[6] Notificant proposes that Company be permitted to underwrite unrated municipal revenue bonds with no single issue dollar limit. Bank holding companies with broader debt and equity underwriting powers may underwrite unrated municipal bond issues of any size. Based on the Board's experience in supervising unrated municipal revenue bond underwriting activities, and on the basis of the Board's assessment of the credit evaluation process that Company would use to review the unrated municipal revenue bonds, the Board concludes that Notificant's proposal to underwrite municipal revenue bonds without a single issue limit does not raise significant potential adverse effects.

The Board has determined that the conduct of the securities underwriting and dealing activities proposed by Notificant is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that Company engages only in limited bank-ineligible underwriting and dealing activities.[7] Effective March 6, 1997, the Board increased from 10 percent to 25 percent the amount of total revenue that a section 20 subsidiary may derive from committed that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the Board's revenue test.[8]

1. Asset and national ranking data are as of September 30, 1996. Oklahoma ranking data are as of June 30, 1996.

2. *See* 12 C.F.R. 225.28(b)(6), (b)(7)(ii), (b)(7)(iii), and (b)(8)(i).

3. In order to address the potential conflicts of interests arising from Company's conduct of full-service brokerage activities along with underwriting and dealing in bank-ineligible securities, Notificant has committed that Company will inform its brokerage customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, securities for which brokerage and advisory services are provided. In addition, at the time any brokerage order is taken, Company will inform brokerage customers (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal. *See PNC Financial Corporation*, 75 *Federal Reserve Bulletin* 396 (1989).

4. *See Citicorp*, 73 *Federal Reserve Bulletin* 473 (1987) ("*Citicorp*"), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert denied*, 486 U.S. 1059 (1988), as modified by *Order Approving Modifications to Section 20 Orders*, 75 *Federal Reserve Bulletin* 75[illegible] (1989), as modified by *Review of Restriction on Director, Officer and Employee Interlocks, Cross-Marketing Activities, and the Purchase and Sale of Financial Assets Between a Section 20 Subsidiary and an Affiliated Bank or Thrift*, 61 *Federal Register* 57,679 (1996) (collectively, "Section 20 Orders").

5. *See Letter Interpreting Section 20 Orders*, 81 *Federal Reserve Bulletin* 198 (1995).

6. *See id.*

7. *See* Section 20 Orders. Compliance with the revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993) and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993).

8. Company also may engage in activities that are necessary incidents to the proposed underwriting and dealing activities, provided that they are treated as part of the bank-ineligible securities activities. Unless Company receives specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently, any revenue

Other Considerations

In order to approve this notice, the Board also must consider whether the performance of the proposed activities is a proper incident to banking, that is, whether the activities proposed "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[9] As part of its evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources.[10] Based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval of the notice.

As noted above, Notificant has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities in accordance with the prudential framework established by the Board's Section 20 Orders. Under the framework and conditions established in this order and the Section 20 Orders, the Board concludes that Company's proposed conduct of limited bank-ineligible securities underwriting and dealing activities is not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Similarly, the Board finds no evidence that Company's private placement and other activities would likely result in any significantly adverse effects.

The Board expects, moreover, that the *de novo* entry of Company into the market for the proposed bank-ineligible underwriting and dealing services would provide added convenience to Notificant's customers, lead to improved methods of meeting customer financing needs, and increase the level of competition among existing providers of these services. The Board also expects that Company's performance of private placement, financial advisory, and other activities, in which Notificant's banking subsidiaries currently engage to a limited extent, will lead to greater efficiencies within the Notificant's corporate system and thereby permit Notificant to provide better services to its customers. Accordingly, the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on all the facts of record, and subject to the commitments made by Notificant, as well as the terms and conditions set forth in this order and in the Board orders noted above, the Board has determined that the notice should be, and hereby is, approved. Approval of the proposal is specifically conditioned on compliance by Notificant and Company with the commitments made in connection with the notice and the conditions referenced in this order and the above-cited Board regulations and orders. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), 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. In approving the proposal, the Board has relied on all the facts of record and all the representations and commitments made by Notificant. The 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 the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 28, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Crestar Financial Corporation
Richmond, Virginia

Order Approving a Notice to Engage in Certain Nonbanking Activities

Crestar Financial Corporation, Richmond, Virginia ("Applicant"), a bank holding company within the meaning of the Bank Holding Company ("BHC") Act, has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to engage *de novo* in the following nonbanking activities through its wholly owned subsidiary, Crestar Securities Corporation, Richmond, Virginia ("Company"):

(1) Underwriting and dealing in, to a limited extent, certain municipal revenue bonds (including certain unrated and "private ownership" municipal revenue bonds), 1–4 family mortgage-related securities, consumer receivable-related securities, and commercial paper (collectively, "bank-ineligible securities"); and

(2) Acting as agent in the private placement of all types of securities, and buying and selling all types of securities on the order of customers as a "riskless principal."

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 7784 (1997)). The time for filing

from the incidental activities must be counted as ineligible revenues subject to the revenue limitation.

9. 12 U.S.C. § 1843(c)(8).

10. *See* 12 C.F.R. 225.26.

comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $18.8 billion, is the 43rd largest banking organization in the United States.[1] Applicant owns one commercial bank subsidiary that operates in Virginia, Maryland, and the District of Columbia and engages, through other subsidiaries, in various permissible nonbanking activities. Company is, and will continue to be, registered as a broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and a member of the National Association of Securities Dealers, Inc. ("NASD").[2] Accordingly, Company is, and will continue to be, subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

Underwriting and Dealing in Bank-Ineligible Securities

The Board previously has determined that, subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects ("section 20 firewalls"), the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[3] Applicant has committed that Company will conduct these underwriting and dealing activities using the same methods and procedures and subject to the same prudential limitations established by the Board in the Section 20 Orders.[4]

The Board also has previously concluded that underwriting and dealing in "private ownership" industrial development bonds that qualify as "exempt facility bonds" under section 142 of the Internal Revenue Code ("Code")[5] is a permissible activity under section 4(c)(8) of the BHC Act.[6] Company will conduct this activity according to the prudential limitations set forth in the Section 20 Orders.[7]

In addition, the Board has determined that the conduct of the securities underwriting and dealing activities proposed by Applicant is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 25 percent of its total gross revenues from underwriting and dealing in bank-ineligible securities over any two-year period.[8] Applicant has committed that Company will conduct its bank-ineligible securities underwrit-

1. Asset and ranking data are as of December 31, 1996.

2. Company currently engages in a variety of permissible nonbanking activities including lending, advisory, leasing, and securities brokerage activities and underwriting and dealing in obligations of the United States, general obligations of states and their political subdivisions, and other obligations that state member banks may underwrite and deal in under 12 U.S.C. §§ 335 and 24(7). *See* 12 C.F.R. 225.25(b)(1), (4), (5), (15), and (16). Company also engages in insurance agency activities pursuant to section 225.25(b)(8)(vii) of the Board's Regulation Y ("Exemption G"). Exemption G is one of seven specific exemptions enacted by Title VI of the Garn–St. Germain Depository Institutions Act of 1982 to that Act's general prohibition on insurance activities by bank holding companies. The exemption authorizes those bank holding companies that engaged in insurance agency activities prior to 1971 with prior Board approval to engage or control a company engaged in insurance agency activities.

3. *See Citicorp et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert. denied*, 486 U.S. 1059 (1988), as modified by *Review of Restrictions on Director, Officer and Employee Interlocks, Cross-Marketing Activities, and the Purchase and Sale of Financial Assets Between a Section 20 Subsidiary and an Affiliated Bank or Thrift*, 61 *Federal Register* 57,679 (1996) (collectively, "Section 20 Orders").

4. To address potential conflicts of interests arising from Company's conduct of full-service brokerage activities together with underwriting and dealing in bank-ineligible securities, Applicant has committed that Company will inform its full-service brokerage customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, those securities for which brokerage and advisory services are provided. In addition, at the time any brokerage order is taken, the customer will be informed (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal. *See PNC Financial Corp.*, 75 *Federal Reserve Bulletin* 396 (1989).

5. *See* 26 U.S.C. § 142.

6. *See The Bank of New York Company, Inc.*, 82 *Federal Reserve Bulletin* 748 (1996) ("*Bank of New York*"); *Bank South Corporation*, 81 *Federal Reserve Bulletin* 1116 (1995). In addition to the private ownership bonds discussed in these previous orders, Applicant proposes that Company be permitted to engage to a limited extent in underwriting and dealing in private ownership bonds that are issued for the following traditional government services: qualified residential rental projects, qualified hazardous waste facilities, and environmental enhancements for existing hydroelectric generating facilities, all of which qualify as "exempt facility bonds" under the Code. Exempt facility bonds are issued to finance the acquisition or construction of facilities that provide certain types of traditional government services.

7. In connection with its proposal to underwrite and deal in unrated municipal revenue bonds, including unrated public ownership and "private ownership" industrial development bonds, Applicant has committed that Company will not underwrite any unrated municipal revenue bonds until Company conducts an independent credit review to determine that the securities are of investment grade quality and that no single issue of unrated municipal revenue bonds, including unrated public ownership and "private ownership" industrial development bonds, underwritten by Company would exceed $7.5 million. Applicant also has provided other commitments previously relied upon by the Board in authorizing a section 20 company to engage to a limited extent in underwriting and dealing in unrated municipal revenue bonds.

8. *See* Section 20 Orders. Effective March 6, 1997, the Board increased from 10 percent to 25 percent the proportion of total revenue that a section 20 subsidiary may derive from underwriting and dealing in bank-ineligible securities. *See Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 68,750 (1996). Compliance with the revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), and *10 Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 48,953 (1996) (collectively, "Modification Orders").

ing and dealing activities subject to the Board's revenue test.[9]

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. Company will not privately place registered securities and will only place securities with customers that qualify as accredited investors.

"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 for a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[10] A broker-dealer acting as a riskless principal is not obligated to enter into a transaction with its customer until after the broker-dealer executes the offsetting transaction for its own account. Riskless principal transactions are understood in the industry to include only transactions in the secondary market. Thus, Company would not act as a riskless principal in selling bank-ineligible 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 bank-ineligible security for which it or an affiliate makes a market.

The Board has determined that, subject to the limitations established by the Board in prior orders, the proposed private placement and riskless principal activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[11] The Board also has determined 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, and, therefore, that revenue derived from these activities is not subject to the revenue limitation on bank-ineligible securities underwriting and dealing activities.[12]

Applicant has committed that Company will conduct its private placement activities using the same methods and procedures and subject to the same prudential limitations as those established by the Board in *Bankers Trust* and *J.P. Morgan*, including the comprehensive framework of restrictions imposed by the Board in connection with underwriting and dealing in bank-ineligible securities, which were designed to avoid potential conflicts of interests, unsound banking practices, and other adverse effects.[13] Applicant also has committed that Company will conduct its riskless principal activities subject to the limitations previously established by the Board.[14] Among the limitations discussed more fully in *Bank of New York* and the *Riskless Principal Order*, Applicant has committed that Company will not act as riskless principal for registered investment company securities or for any securities of investment companies that are advised by Applicant or any of its affiliates. Also, neither Company nor its affiliates will hold themselves out as making a market in the bank-ineligible securities that Company buys and sells as riskless principal, or enter quotes for specific bank-ineligible securities in any dealer quotation system in connection with Company's riskless principal transactions, except that Company and its affiliates may enter bid or ask quotations, or publish "offering wanted" or "bid wanted" notices on trading systems other than NASDAQ or an exchange, if Company or an affiliate does not enter price quotations on different sides of the market for a particular security for two business days.[15]

Other Considerations

In order to approve this notice, the Board also must determine that the proposed activities are a proper incident to banking, that is that the proposal "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition,

9. Company also may engage in activities that are necessary incidents to the proposed underwriting and dealing activities. Unless Company receives specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently, any revenues from the incidental activities must be counted as ineligible revenues subject to the Board's revenue limitation.

10. *See* SEC Rule 10b-10(a)(8)(i) (17 C.F.R. 240.10b-10(a)(8)(i)). The Board notes that Company, as a registered broker-dealer, must conduct its riskless principal activities in accordance with the customer disclosure and other requirements of federal securities laws and regulations.

11. *See J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990) ("*J.P. Morgan*"); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust*").

12. *See Bankers Trust.*

13. Among the prudential limitations discussed more fully in *Bankers Trust* and *J.P. Morgan* are that Company will not privately place open-end investment company securities or securities of investment companies that are advised by Applicant or any of its affiliates. In addition, Company will make no general solicitation or general advertising for securities it places.

14. *See Bank of New York; Order Revising the Limitations Applicable to Riskless Principal Activities*, 82 *Federal Reserve Bulletin* 759 (1996) ("*Riskless Principal Order*").

15. Effective April 21, 1997, the proposed private placement and riskless principal activities will be included in the "laundry list" of nonbanking activities permissible for bank holding companies that is set forth in Regulation Y. *See* 62 *Federal Register* 9290 (1997) (to be codified at 12 C.F.R. 225.28(b)(7)(ii) and (iii)). Accordingly, from and after that date, Company may engage in such activities subject only to those conditions set forth in Regulation Y, as amended.

conflicts of interests, or unsound banking practices."[16] As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources.[17] The Board has reviewed the capitalization of Applicant and Company in accordance with the standards set forth in the Section 20 Orders and finds the capitalization of each to be consistent with approval. The determination of the capitalization of Company is based on all the facts of record, including Applicant's projections of the volume of Company's underwriting and dealing activities in bank-ineligible securities. Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

As noted above, Applicant has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities in accordance with the prudential framework established by the Board's Section 20 Orders. The Board has concluded that, under the framework and conditions established in this order and prior orders, Company's conduct of the proposed limited securities underwriting and dealing, private placement, and riskless principal activities is not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board expects, moreover, that the *de novo* entry of Company into the market for the proposed services would provide added convenience to Applicant's customers, would lead to improved methods of meeting customer financing needs, and would increase the level of competition among providers of these services. The Board has determined, therefore, that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Accordingly, and for the reasons set forth in this order and in the Section 20 Orders, the Board has concluded that Applicant's proposal to engage in the proposed activities is consistent with the Glass–Steagall Act, and that the proposed activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act, provided that Applicant limits Company's activities as specified in this order, the Section 20 Orders (as modified by the Modification Orders), and the other orders referenced herein.

Based on all the facts of record, and subject to the commitments made by Applicant, as well as the terms and conditions set forth in this order and in the Board orders noted above, the Board has determined that the notice should be, and hereby is, approved. The Board's approval of the proposal extends only to the activities conducted within the limitations of those orders and this order, including the Board's reservation of authority to establish additional limitations to ensure that Company's activities are consistent with safety and soundness, avoidance of conflicts of interests, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in this order and the Section 20 Orders, as modified by the Modification Orders, is not authorized for Company.

The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) of Regulation Y (12 C.F.R. 225.7 and 225.23(g)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance by Applicant and Company with all the commitments made in connection with the notice, including the commitments referenced in this order and the Board's regulations and orders noted above. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This 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 the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 14, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Shoreline Financial Corporation
Benton Harbor, Michigan

Order Approving the Acquisition of a Savings Association

Shoreline Financial Corporation, Benton Harbor, Michigan ("Shoreline"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire:

(1) SJS Bancorp, Inc., St. Joseph, Michigan, and its wholly owned subsidiary, SJS Federal Savings Bank ("SJS Bank"), and thereby engage in operating a savings association; and

(2) SJS Financial Corporation, a nonbanking subsidiary of SJS Bank, and thereby engage in the reinsurance of

16. 12 U.S.C. § 1843(c)(8).

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

the outstanding balance due on mortgages made by SJS Bank on the death of the mortgagor ("credit-related life insurance").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 8960 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

The Board previously has determined by regulation that operating a savings association and acting as a principal for credit-related life insurance are activities closely related to banking for purposes of section 4(c)(8) of the BHC Act.[1] The Board requires savings associations acquired by bank holding companies to conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act and Regulation Y. Shoreline has indicated that SJS Bank does not engage in any activities that are not permissible for bank holding companies under the BHC Act.[2]

Shoreline is the 19th largest depository institution in Michigan, controlling deposits of $605.9 million, representing less than 1 percent of total deposits in depository institutions in the state.[3] SJS Bancorp is the 65th largest depository institution in the state, controlling deposits of $110.2 million. On consummation of the proposal, Shoreline would become the 15th largest depository institution in Michigan, controlling total deposits of $716.1 million, representing less than 1 percent of the total deposits in depository institutions in the state.

Competitive Considerations

Under section 4(c)(8) of the BHC Act, the Board is required to consider whether a proposal is likely to result in public benefits that outweigh any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. As part of this consideration, the Board weighs the effects of the proposal on competition in the relevant markets. Shoreline's bank subsidiary, Shoreline Bank, Benton Harbor, Michigan ("Shoreline Bank"), and SJS Bank compete directly in the Benton Harbor-St. Joseph banking market ("Benton Harbor banking market").[4]

Shoreline Bank is the largest depository institution in the Benton Harbor banking market, controlling deposits of approximately $388.7 million, representing 30.5 percent of total deposits in depository institutions in the market ("market deposits").[5] SJS Bank is the fifth largest depository institution in the market, controlling deposits of approximately $110.2 million, representing 4.3 percent of market deposits. On consummation of this proposal, Shoreline would control deposits of approximately $498.9 million, representing 37.5 percent of market deposits. Market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), would increase by 376 points to 2348.

The market indexes in this case exceed the levels suggested in the DOJ Guidelines for identifying cases that ordinarily would not have a significantly adverse effect on competition.[6] As the Board has previously indicated, HHI levels are only guidelines that are used by the Board, the Department of Justice, and other banking agencies to help identify cases in which a more detailed competitive analysis is appropriate to assure that the proposal would not have a significantly adverse effect on competition in any relevant market. A proposal that fails to pass the HHI market screen may nonetheless be approved because other information may indicate that the proposal would not have a significantly adverse effect on competition.

A number of considerations indicate that the market concentration as measured by the HHI tends to overstate the competitive effects of this proposal. After consummation of the proposal, for example, twelve depository institutions would remain in the market. Six of these competitors are multi-billion dollar banking organizations. In addition,

1. 12 C.F.R. 225.28(b)(4)(ii) and (b)(11).

2. Shoreline would conduct thrift insurance activity in accordance with the Board's regulations.

3. Deposit data are as of June 30, 1996. In this context, the term depository institutions includes commercial banks, savings banks, and savings associations.

4. The Benton Harbor banking market is approximated by Van Buren County, Michigan, excluding the western townships of Bloomingdale, Pine Grove, Waverly, Almena, Paw Paw, Antwerp, Decatur, and Porter; plus the northwestern portion of Berrien County, Michigan, including the townships of Watervliet, Coloma, Hagar, Bainbridge, Benton, St. Joseph, Pipestone, Sodus, Royalton, Lincoln, Baroda, Lake and Chikaming.

5. Market share data are as of June 30, 1996, and take into account proposals approved by the Board through April 15, 1997. The data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). 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). Because the deposits of SJS Bank would be acquired by a commercial banking organization under the proposal, those deposits are included at 100 percent in the calculation of Shoreline's *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992). *First Banks, Inc.*, Inc., 76 *Federal Reserve Bulletin* 669, 670 n.9.(1990).

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

three of the remaining competitors would each control significant percentages of market deposits.[7]

Several factors also indicate that the Benton Harbor banking market is attractive for entry. Five new entries into the market have occurred within the last 18 months. Three of the new entries (two by acquisition and one *de novo*) were for the purpose of entering the market and were not incidental to an acquisition in another market. In addition, the Benton Harbor banking market comprises parts of two Michigan Metropolitan Statistical Areas ("MSA") that have characteristics that make them attractive for entry to potential competitors.[8] From 1990 to 1994, the population in the Benton Harbor banking market increased at a higher rate than the statewide rate, and the percentage increase in the amount of deposits in the Benton Harbor banking market during the same period was substantially higher than the percentage increase in market deposits for MSA and non-MSA banking markets in the state.[9] Moreover, legal barriers to entry into banking markets are low in Michigan.[10]

The Board also has considered the competitive effect of credit unions operating in the Benton Harbor banking market. Seven credit unions control approximately 14.3 percent of the market deposits and offer a full range of retail banking products. The largest credit union, which controls approximately $129 million in deposits, representing approximately 8 percent of market deposits, would be the fourth largest depository institution in the market.

The Department of Justice has reviewed the proposal and advised the Board that consummation of the proposal would not have a significantly adverse effect on competition in the Benton Harbor banking market or any other relevant banking market. Based on these and all 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 on the concentration of banking resources in the Benton Harbor banking market, or any other relevant banking market.[11]

Other Considerations

The Board also concludes that consummation of the proposal would result in a broader financial network through which Shoreline could serve its customers and SJS Bank customers. SJS Bank customers would have access to increased services, including trust services, basic checking accounts for senior citizens, and extended banking hours. In addition, Shoreline's commercial lending services and higher lending limits would become available to customers of SJS Bank. The Board also concludes that the financial and managerial resources of Shoreline and SJS Bancorp are consistent with approval of the proposal.

In light of all the facts of record, the Board finds that consummation of the proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of the proposal. Accordingly, the Board has determined that the Shoreline proposal can reasonably be expected to produce public benefits that outweigh 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 that the notice should be, and hereby is approved. The Board's approval of the notice is specifically conditioned on compliance by Shoreline and SJS Bancorp with commitments made in connection with this notice. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this transaction, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective April 21, 1997.

7. Three competitors would control 26.4 percent, 14.1 percent, and 9.6 percent of the market deposits.

8. These two MSAs are the Berrien County MSA and the Van Buren County MSA. The per capita income of residents in the Berrien County MSA has increased more than the average increase in other Michigan MSAs. The Van Buren County MSA has experienced an above average increase in deposits, population, and profitability for banking organizations as compared to other Michigan MSAs.

9. The sources for the data on this banking market, all per capita income, and other Michigan information are as follows, respectively: Department of Commerce, US Bureau of the Census, Press Release CB95-179, Population Distribution and Population Estimates Branches (October 2, 1995); Bureau of Economic Analysis, Survey of Current Business, "Local Area Personal Income", April 1994 and June 1996; and Department of Commerce, US Bureau of the Census, Press Release CB96-224, Population Estimates Program, Population Division (December 30, 1996).

10. Michigan permits statewide *de novo* branching and permits the acquisition of both existing branches and *de novo* branches by out-of-state banks on a reciprocal basis. Mich. Stat. Ann. § 23.710 (122), (171) (Law Co-op. Supp. May 1996).

11. The Board notes that the market for mortgage life insurance is national in scope and that there are numerous competitors in the market.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Stichting Prioriteit ABN AMRO Holding
Amsterdam, The Netherlands

Stichting Administratiekantoor ABN AMRO Holding
Amsterdam, The Netherlands

ABN AMRO Holding N.V.
Amsterdam, The Netherlands

ABN AMRO Bank N.V.
Amsterdam, The Netherlands

ABN AMRO North America, Inc.
Chicago, Illinois

Order Approving the Acquisition of a Thrift Holding Company

Stichting Prioriteit ABN AMRO Holding, Stichting Administratiekantoor ABN AMRO Holding, ABN AMRO Holding N.V., and ABN AMRO Bank N.V., all of Amsterdam, The Netherlands, and ABN AMRO North America, Inc., Chicago, Illinois (collectively, the "Notificants"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire Standard Federal Bancorporation, Inc. ("Standard Federal"), and Standard Federal's wholly owned subsidiaries, Standard Federal Bank and Standard Brokerage Services, Inc., all of Troy, Michigan, and thereby engage in operating a savings association and providing securities brokerage services pursuant to sections 225.25(b)(9) and 225.25(b)(15) of the Board's Regulation Y (12 C.F.R. 225.25(b)(9) and 225.25(b)(15)).[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 7231 (1997)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Notificants, with total consolidated assets of $344.4 billion,[2] is the largest commercial banking organization in The Netherlands, and controls seven depository institutions in Illinois and one commercial bank in New York. ABN AMRO Bank N.V. operates branches in Boston, Massachusetts; Chicago, Illinois; New York, New York; Pittsburgh, Pennsylvania; and Seattle, Washington; and agencies in Atlanta, Georgia; Miami, Florida; Houston, Texas; and Los Angeles and San Francisco, California. Notificants also engage in a number of nonbanking activities in the United States.

Standard Federal is the fifth largest depository institution in Michigan, controlling approximately $8.3 billion in deposits, representing 8.2 percent of total deposits in depository institutions in the state.[3] Notificants and Standard Federal compete directly in the Chicago, Illinois, banking market and consummation of the proposal would not exceed the Department of Justice's merger guidelines. Accordingly, the Board has determined that consummation of the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[4] In making this determination, the Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act. Notificants have committed to conform all activities of Standard Federal and its subsidiaries to those permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y.[5] The Board also has determined that the provision of securities brokerage services is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[6]

In order to approve the proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposal "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[7] As part of its review of these factors, the Board considers the financial

1. The Notificants also have acquired an option to purchase up to 19.9 percent of the voting shares of Standard Federal under certain circumstances. This option would terminate on consummation of the proposal.

2. Asset data are as of December 31, 1996, and use exchange rates then in effect.

3. Deposit data are as of June 30, 1996. In this context, depository institutions include banks, savings and loan associations, and savings banks.

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

5. Notificants have committed that all impermissible real estate activities will be divested or terminated within two years of consummation of the proposal, that no new impermissible projects or investments will be undertaken during this period, and that capital adequacy guidelines will be met, excluding impermissible real estate investments. Notificants also have committed that all impermissible insurance activities conducted by Standard Federal or its subsidiaries will cease within six months of consummation of the proposal, and Notificants have indicated that the activities will be divested to an unrelated third party or transferred to an affiliated national bank that is authorized by the Office of the Comptroller of the Currency to engage in the activities. In addition, Notificants have committed that all impermissible securities activities will cease on or before consummation of the proposal.

6. 12 C.F.R. 225.25(b)(15).

7. 12 U.S.C. § 1843(c)(8).

and managerial resources of the notificant and its subsidiaries and the effect the proposal would have on such resources.[8]

The Board notes that Notificants' capital ratios satisfy applicable risk-based capital standards under the Basle Accord and are considered equivalent to the capital levels that would be required of a U.S. banking organization. The Board also has considered recent financial statements and other available information, including *pro forma* financial statements and reports of examination, and determined that the proposed transaction would not have a significant effect on the financial resources of Notificants and their subsidiaries.

In addition, the Board has considered the managerial resources of Notificants in light of all the facts of record, including information from several commenters who oppose the proposal ("Protestants").[9] Protestants allege that certain underwriting activities of the Foreign Parent outside the United States raise managerial concerns. These activities relate to the involvement of the Foreign Parent and an affiliate as underwriter for bonds issued by a trucking company in The Netherlands (the "Netherlands bond underwriting") and as trustee for the bondholders. Protestants also contend that the Foreign Parent and its affiliate were involved in conflicts of interests and self-dealing in The Netherlands in connection with the multiple roles they played in the Netherlands bond underwriting and as senior creditor of the company issuing the bonds.[10]

Notificants have denied Protestants' allegations of wrongdoing relating to the Netherlands bond underwriting. The matter is before the courts in The Netherlands, where a lower court has ruled in favor of the Foreign Parent and an appeal is pending. The allegations relating to the Netherlands bond underwriting involve issues governed by the securities and bankruptcy laws of a foreign country that can be adjudicated by the courts of that country. In accordance with its standard procedures, the Board has contacted Notificants' home country supervisors regarding the proposal. The Board has considered the extensive record of examination of Notificants' U.S. subsidiaries by their primary federal supervisors. Based on all the facts of record, including comments from Protestants, and for the reasons discussed above, the Board concludes that financial and managerial considerations are consistent with approval. The Board has full supervisory authority to take appropriate action if a court determines or an examination finds that Notificants have engaged in illegal or improper activities.

Notificants indicate that the proposal would result in greater efficiencies, and, accordingly, would enable both institutions to offer their customers more services, lower costs, and added convenience. On the basis of the foregoing and all the facts of record, the Board has concluded that the proposal can be expected to produce public benefits that outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[11]

Based on the foregoing and all other facts of record, the Board has determined that the notice should be, and hereby is, approved.[12] Approval of the notice is specifically conditioned on compliance by Notificants with all the commitments made in connection with this notice. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) (12 C.F.R. 225.7 and 225.23(g)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasions of, the provisions of the BHC Act and the Board's regulations and orders

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

9. One of the Protestants asserts that press accounts about the U.S. activities of ABN AMRO Bank N.V. (formally Algemene Bank Nederland, N.V.), the foreign parent holding company of ABN AMRO North America, Inc. (the "Foreign Parent"), raise adverse managerial issues. The Board has considered these comments in light of Notificants' extensive supervisory record in the United States, which includes examination reports by appropriate supervisory authorities, and actions taken by the Foreign Parent to enhance risk management at its U.S. trading operations.

10. Protestants also refer to other events that occurred outside the United States involving the Foreign Parent, including two additional foreign underwriting transactions in which the Foreign Parent is alleged to have made inadequate or inaccurate disclosures to investors, alleged fraudulent activity by employees, and circumstances surrounding the recent resignation of a senior official.

11. Protestants have requested that the Board hold a public hearing to receive additional evidence concerning the allegations about the Netherlands bond underwriting. Under the Board's rules, a hearing is required on a proposed acquisition of a savings association under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.23(f). Protestants have not raised a disputed issue concerning a fact that is material to the Board's consideration of this notice and that cannot otherwise be resolved.

The Board may also, in its discretion, hold a public hearing or meeting on a notice to clarify factual issues related to the notice and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, the Protestants have had ample opportunity to present their views, and have, in fact, provided substantial written comments that have been considered by the Board in acting on this proposal. The Protestants failed to demonstrate why the written submissions are not adequate to present their views on the notice. After a careful review of all the facts of record, including all the comments on this proposal, the Board has determined that a public hearing or meeting is not necessary to clarify the factual record of the proposal and is not otherwise warranted in this case. Accordingly, the request for a public hearing on the notice is hereby denied.

12. One of the Protestants has requested that the Board investigate Notificants and their management in light of the Protestant's allegations about illegal and unethical conduct by Notificants' employees and delay action on the proposal until the investigation is completed and the matter involving the Netherlands bond underwriting is resolved. The Board is required under the BHC Act to act on applications and notices within specified time periods. The Board notes moreover, that Protestant has had a reasonable opportunity to comment as provided in the Board's notice processing procedures and has submitted substantial comments that have been carefully considered by the Board. Based on all the facts of record, and for the reasons discussed above, the Board concludes that the record is sufficient to act on the proposal at this time, and that delay or denial of the proposal on the grounds of informational insufficiency is not warranted.

thereunder. For purposes of this transaction, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective April 10, 1997.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. 265.4(b)(1)) by a committee of Board members. Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

Banc One Corporation
Columbus, Ohio

Banc One Oklahoma Corporation
Oklahoma City, Oklahoma

Order Approving the Acquisition of a Bank Holding Company

Banc One Corporation, Columbus, Ohio ("Banc One"), and its wholly owned subsidiary, Banc One Oklahoma Corporation, Oklahoma City, Oklahoma ("BOC"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Liberty Bancorp, Inc., Oklahoma City ("Liberty"), and its wholly owned subsidiary banks, Liberty Bank & Trust Company of Oklahoma City, N.A., Oklahoma City ("Liberty Bank"), and Liberty Bank & Trust Company of Tulsa, N.A., Tulsa, all in Oklahoma. Banc One and BOC also have requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Liberty and thereby engage in certain trust, credit life insurance, lending, and leasing activities.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board's rules (62 *Federal Register* 7231 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.[1]

Banc One, with total consolidated assets of $98.5 billion, operates subsidiary banks in twelve states: Arizona, Colorado, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin. Banc One is the tenth largest commercial banking organization in the United States, controlling deposits of $71.6 billion.[2] BOC is the eighth largest commercial banking organization in Oklahoma, controlling deposits of $472.4 million, representing approximately 1.6 percent of the total deposits in the state. Banc One also engages through various subsidiaries in a broad range of permissible nonbanking activities throughout the United States.

Liberty, with total consolidated assets of $2.9 billion, is the third largest commercial banking organization in Oklahoma, controlling $2.3 billion in deposits, representing approximately 7.7 percent of the total deposits in the state. After consummation of the proposal, Banc One would be the third largest commercial banking organization in Oklahoma, controlling deposits of $2.8 billion, representing approximately 9.3 percent of the total deposits in the state.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Banc One is Ohio, and Banc One proposes to acquire banks in Oklahoma.[3] The conditions for an interstate acquisition enumerated in section 3(d) are met in this case,[4] and the Board is

1. Commenters to the proposal contend that the Board should not consider the substance of Banc One's submissions filed after time periods prescribed in the Board's Rules of Procedure for an applicant's response to comments. *See* 12 C.F.R. 262.3(e). The Board has the sole discretion under its Rules of Procedure to consider comments and responses, including late submissions of information. In reviewing the proposal, the Board has considered all the submissions filed, including submissions filed by commenters that responded to Banc One's submissions.

2. Asset data are as of September 30, 1996; ranking data are as of June 30, 1996.

3. Pub. L. No. 103–328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1996, or the date on which the company became a bank holding company, whichever is later.

4. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Banc One is adequately capitalized and adequately managed. On consummation of the proposal, Banc One and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits in Oklahoma. In addition, Liberty's two subsidiary banks have been in existence and have continuously operated for at least five years as required by Oklahoma law. All other requirements of section 3(d) of the BHC Act also would be met on consummation of the proposal.

permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 of the BHC Act if the proposal would result in a monopoly, or would substantially lessen competition in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.

BOC and Liberty compete directly in the Oklahoma City banking market.[5] BOC's depository subsidiary, Bank One, Oklahoma City, Oklahoma City, Oklahoma ("Bank One Oklahoma"), is the fourth largest depository institution in the market, controlling deposits of $485.4 million and representing approximately 6.0 percent of the total deposits in depository institutions in the market ("market deposits").[6] Liberty Bank is the largest depository institution in the market, controlling market deposits of $1.36 billion and representing approximately 16.8 percent of market deposits.

On consummation of the proposal, BOC would become the largest depository institution in the market, controlling deposits of $1.85 billion, representing approximately 22.8 percent of market deposits. The change in market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), would not exceed the threshold levels in the Department of Justice ("DOJ") Merger Guidelines.[7] In addition, more than 55 competitors, including several of the state's largest banking and thrift organizations, would continue to operate in the market. Based on all the facts of record, the Board has concluded that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market.[8]

Other Factors Under the BHC Act

The BHC Act also requires the Board to consider the financial and managerial resources of the companies and banks involved, the convenience and needs of the communities to be served, and certain other supervisory factors.

A. Supervisory Factors

The Board has carefully considered the financial and managerial resources and future prospects of Banc One, Liberty, and each of their respective subsidiaries, as well as other supervisory factors, in light of all the facts of record. These facts include supervisory reports of examination assessing the financial and managerial resources of the organizations and recent *pro forma* financial information provided by Banc One. The Board notes that Banc One, Liberty, and each of their subsidiary banks meets or exceeds the "well capitalized" thresholds under applicable law and is expected to continue to do so after consummation of the proposal. Based on all the facts of record, the Board has concluded that the financial and managerial considerations, and all other supervisory factors that must be considered under section 3 of the BHC Act, are consistent with approval of the proposal.[9]

B. Convenience and Needs Factor

The Board also has considered the effect of the proposed acquisition on the convenience and needs of the community to be served in light of all the facts of record. As part

5. The Oklahoma City banking market consists of the Oklahoma City Ranally Metro Area, plus the community of Blanchard in McClain County.

6. Market data are as of June 30, 1995. Market share data are based on calculations that include the deposits of thrift institutions 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, e.g., Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

7. On consummation of the proposal, the HHI would increase by 202 points to a level of 992. Under the revised DOJ Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is less than 1000 is considered unconcentrated. The DOJ 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 DOJ 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 nondepository financial institutions.

8. Comments from Inner City Press/Community on the Move, the Delaware Community Reinvestment Action Council ("DCRAC"), and the Black Citizens for Justice, Law & Order (collectively, "Protestants") contend that consummation of the proposal would have an adverse competitive effect because the largest depository institution in the Oklahoma City banking market would be acquired by an out-of-state holding company and thereby become less responsive to the credit needs of farmers and small businesses. The argument relies on subdividing the market in a manner that is inconsistent with Board precedent. The Board traditionally has recognized that the appropriate product market for evaluating the competitive effects of bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions. *See Chemical Banking Corporation*, 82 *Federal Reserve Bulletin* 239 (1997), and the discussion of relevant case law and economic studies therein. Protestants present no facts to support an alternative product market defined by small business and small farm loans. Based on all the facts of record, the Board concludes that competitive considerations are consistent with approval for the reasons discussed above. The effects of the proposal in meeting the credit needs of the community, including small business and small farm credit needs, are discussed later in the order.

9. Protestants maintain that their allegations relating to Banc One's compliance with fair lending laws, branch closings, and lending practices present adverse managerial considerations. In light of the facts discussed above and the consideration given to the allegations later in the order, the Board concludes that managerial and other supervisory factors are consistent with approval of the proposal.

of its review, the Board has carefully considered comments received from Protestants contending that the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") data for Banc One and its affiliates, Banc One's record of consumer complaints and branch closings, and the marketing and lending practices at Banc One's bank and nonbank subsidiaries warrant denial of the proposal.[10] Protestants also maintain that Banc One, as an out-of-state acquirer, would reduce the amount of credit Liberty makes available to small businesses and farmers in Oklahoma.

Protestants also allege that HMDA data from Banc One and Banc One Mortgage Corporation ("BOMC") show illegal discrimination against minority credit applicants in violation of the Equal Credit Opportunity Act ("ECOA") and the Fair Housing Act (collectively, "fair lending laws"), and that BOMC and Banc One's subsidiary banks illegally "steer" minority applicants to Banc One's nonbank lending subsidiary, BOFS, which charges higher interest rates on its loans. In addition, Protestants allege that there are disparities in the denial rates of credit applications, based on race or other prohibited factors, among the various Banc One subsidiaries.[11]

The Board notes that Banc One assists in meeting the credit needs of the communities it serves by providing a full range of financial services, including commercial and retail banking services, trust and investment management services, and corporate and international banking services, through various bank and nonbank subsidiaries. Banc One has stated that services currently available from Liberty would be expanded and improved as a result of the proposal. In particular, Banc One expects to expand the products and services offered to consumers and small businesses in the communities currently served by Liberty. Banc One proposes to provide small businesses in Oklahoma with different types of assistance, including access to federally subsidized loans and guarantees through the Small Business Administration ("SBA"). Banc One also notes that its subsidiary bank in Oklahoma engages in a substantial amount of agricultural lending and that Banc One intends to continue to make small farm loans in communities served by Liberty.[12]

Banc One also indicates that it would enhance Liberty's community reinvestment program by integrating it with the Banc One program. In this light, the Board has given substantial consideration to the existing record of Banc One, as reflected in its programs and in the supervisory assessments of its performance, of helping to meet the convenience and needs of all its communities, including low- and moderate-income ("LMI") communities.

CRA Performance Examinations

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA (12 U.S.C. § 2901 *et seq.*). As provided in the CRA, the Board evaluates the convenience and needs factor in light of examinations by the primary federal supervisor of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its primary federal supervisor.[13]

All of Banc One's existing thirty subsidiary banks have received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance.[14] Fifteen of Banc One's subsidiary banks, representing a majority of the organization's banking assets, received "outstanding" CRA ratings from their primary federal supervisors. Banc One's lead bank, Bank One, Columbus, N.A., Columbus, Ohio ("Lead Bank"), and Banc One's

10. Protestants question the accuracy of Banc One's HMDA data because the data do not reflect the loans that Banc One states were purchased by Banc One Financial Services ("BOFS") from Banc One affiliates. The Board has concluded that the allegation is not correct with respect to the 1996 HMDA data, which show loan purchases. To the extent that any loan purchases in previous years might not have been reported by BOFS under HMDA, the Board may address these issues under its supervisory authority.

11. Protestants cite litigation and consumer complaints filed against Banc One as additional evidence of improper practices.

12. The Board has considered Banc One's small business and farm lending in light of articles cited by Protestants in support of their assertion that multi-state bank holding companies tend to make fewer loans to small businesses and farms than small single-state bank holding companies. As a general matter, the articles cited reviewed only selected data from the Federal Reserve System's Tenth District and, as the author of the studies noted, the data used in the studies do not rule out alternative conclusions. The Board has carefully reviewed Banc One's record of ascertaining and helping to meet the credit needs, including the small business and farm credit needs, of the communities served by its subsidiary banks. The Board also notes that Banc One has represented that it will make its programs available to customers of Liberty in connection with the proposal. The Board notes that the CRA requires every bank, including banks owned by out-of-state bank holding companies, to be examined regularly and rated on its performance in helping meet the credit needs of its community. In addition, the Board is required to review this performance in future applications by Banc One to acquire depository facilities under the BHC Act.

13. DCRAC contends that CRA performance examinations conducted before 1995 relied too heavily on the banks' presentation of their performance and are therefore unreliable. The Board notes that the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement") provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process. *See* 54 *Federal Register* 13,742 and 13,745 (1989).

14. Protestants maintain that Banc One's CRA performance record is incomplete because Banc One's nonbanking subsidiaries, and in particular BOFS, have not been examined for CRA performance. Protestants, therefore, argue that the CRA examination record should not be accorded normal weight in analyzing the proposal. The CRA requires federal financial supervisory agencies to assess the record of CRA performance in connection with their examination of an insured depository institution, and to take such record into account in their evaluation of an application for a depository facility. *See* 12 U.S.C. § 2903. BOFS and other nonbank lending subsidiaries of Banc One are not insured depository institutions and, therefore, are not subject to evaluation under the CRA.

largest bank in terms of assets, Bank One, Texas, N.A., Dallas, Texas ("Bank One Texas"), both received "outstanding" performance ratings from their primary supervisor, the Office of the Comptroller of Currency ("OCC"). Bank One Oklahoma also received an "outstanding" rating from the Federal Reserve Bank of Kansas City in an examination completed in April 1996.[15] Liberty's two subsidiary banks received "satisfactory" ratings for CRA performance from the OCC.

Lending Record

The Board has carefully considered other aspects of Banc One's CRA performance record, including the lending, marketing, and investment activities of its subsidiary banks, in light of Protestants' comments relating to several Banc One subsidiary banks.[16]

Lead Bank. According to the 1995 CRA performance examination conducted by the OCC, Banc One's Lead Bank, which serves the Columbus, Ohio, Metropolitan Statistical Area ("MSA"), developed a comprehensive program to identify the credit needs of its delineated community and effectively responded to those needs through a wide variety of credit products and banking services. Lead Bank had a significant volume of consumer, mortgage, and small business loans in all segments of its community. For example, in 1994, Lead Bank had more than 3,700 small business credit relationships and made small business loans totalling more than $243 million.

Lead Bank, working in conjunction with BOMC, also offered a range of loans for affordable housing and home improvements. In 1993, the bank introduced a new affordable mortgage product with lower payments and flexible debt-to-income limits. In 1994, the Lead Bank originated 182 of the affordable mortgages, totalling $8.9 million. The examination further noted that the bank outperformed competitors in origination of home improvement loans, particularly in LMI and minority census tracts.

Examiners also noted that Lead Bank took a leadership role in local, state and federal government-insured guaranteed and subsidized loan programs for families, small businesses, and small farms. In 1994, Lead Bank participated in government-sponsored loans totalling more than $24 million.

Bank One Texas. The OCC also concluded that Bank One Texas effectively made its credit services available to all segments of its community and that the bank's extensions of credit addressed a significant portion of the credit needs of its service community. Bank One Texas made a number of mortgage, home improvement, consumer, credit card, and small business loans in 1994 and 1995. Examiners commended Bank One Texas for its lending performance to LMI areas, noting that 32 percent of the bank's lending was in LMI census tracts, while 30 percent of the population of the bank's delineated community resided in these LMI areas.

Examiners further noted that the management of Bank One Texas had focused on meeting the mortgage needs of LMI segments of the bank's community. Bank One Texas offered a variety of affordable mortgage products, including an "American Dream" mortgage product that is available to LMI home buyers who do not meet the standards for Federal National Mortgage Association ("Fannie Mae") and Federal Housing Administration ("FHA") products. Bank One Texas originated 215 mortgages under the program for a total amount of $8.3 million in the first half of 1995.

Examiners also noted that Bank One Texas offered a variety of small business credit products. The bank was a certified SBA lender and was the sixth largest originator of SBA loans in the country.

Bank One Oklahoma. Examiners found that Bank One Oklahoma offered a wide range of conventional and government-related loan programs that were responsive to the needs of the local community. Examiners noted that Bank One Oklahoma used an internal CRA committee to develop products and services designed to address community needs. The bank was one of the largest home construction originators in the Oklahoma City banking market and participated in programs to provide home purchase and rehabilitation loans to LMI borrowers.

Examiners noted that Bank One Oklahoma was an active small business lender and had originated small business loans throughout its service community. Examiners reported, for example, that the bank originated 1,950 small business loans, totalling over $125 million, to address identified small business capital needs. In November 1995, the bank also made available a new Bank One Business Line of Credit ("BOBLOC") for small businesses seeking loans of $5,000 to $100,000. Since its introduction, Bank One Oklahoma has made 39 BOBLOC loans, totalling more than $296,000. The 1996 CRA performance examination also indicates that Bank One Oklahoma participated in two public- private partnerships to help meet the credit needs of small businesses and LMI individuals interested in starting their own businesses.

The bank participated in other loan programs to meet the needs of small businesses, small farms, and LMI families. Bank One Oklahoma, for example, made SBA loans totalling $215,000 and, working in conjunction with BOMC, made FHA loans totalling $1.15 million.

Other Banks. Banc One's subsidiary banks have been found by their primary federal supervisors to be effective in identifying the credit needs of their communities and in meeting those needs. Additionally, all the banks partici-

15. The CRA performance ratings for each of Banc One's subsidiary banks is set forth in the Appendix.

16. Protestants also contend that Banc One's subsidiary banks charge excessive fees for cashing welfare and Social Security Administration checks for individuals who do not have bank accounts with Banc One. Protestants allege that the fees discriminate against individuals who are minorities, elderly and poor. Protestants present no facts to substantiate that the fees are illegally discriminatory, and there is no evidence in the record that the fees are based on any factor that would be prohibited by law. The Board has recognized that although banks help serve the needs of their community by offering basic services at nominal or no charge, the CRA does not impose any limitation on the fees or surcharges that can be assessed for services.

pated in various lending programs designed to make credit available for affordable housing and for small businesses.[17] Examiners noted, for example, that Bank One, Arizona, N.A., Phoenix, Arizona, had made a number of mortgage loans and participated in a variety of public-private partnerships to finance affordable housing, including a Department of Housing and Urban Development ("HUD") guarantee program to make home construction, purchase, and rehabilitation loans to Native Americans. Similarly, the CRA performance examinations for Liberty National Bank and Trust Company of Kentucky, Louisville, Kentucky, a wholly owned subsidiary of Banc One Kentucky Corporation,[18] noted that a significant portion of the bank's mortgage lending was to LMI individuals. Examiners also noted that the bank had extended a significant volume of small business loans. All of Banc One's banks offered community development lending, investment, and technical assistance.

Investments. In addition to the lending programs discussed above, Banc One helps meet the credit needs of the communities it serves through its community development corporation, Banc One Community Development Corporation ("CDC"). Examiners commended Banc One's participation in local development and redevelopment projects, and noted that CDC helps Banc One's bank subsidiaries to finance projects to promote community development. CDC has invested more than $120 million in community development projects and has supplemented such investment activities with on-site community development technical assistance.

Marketing and Ascertainment. Examiners noted that Banc One's subsidiary banks have effectively identified the credit needs of their communities and adequately made their credit services available to all segments of their communities. Officers of the Lead Bank, for example, made hundreds of calls to churches, schools, neighborhood groups, and local chambers of commerce to identify unmet credit needs and to determine how the bank could respond to those needs, provide other banking services, and improve its marketing efforts. Examiners noted that Bank One Texas undertook various marketing efforts tailored to reach LMI communities, including direct mailings to LMI areas, Spanish or bilingual advertisements and bank brochures, and advertisements in ethnic and special interest publications such as church newsletters. Bank One Oklahoma also employed a call program to meet with a variety of civic, religious, and neighborhood groups. The bank also placed advertisements on radio stations and in local newspapers aimed at African-American and Hispanic populations.

Branch Closings

Protestants have expressed concerns that branch closings resulting from the proposal would have a materially adverse effect on the community, particularly in LMI neighborhoods.[19] Protestants also contend that Banc One's banks have been systematically closing branches in LMI communities since their last CRA examinations, and that branches sold by Banc One to other depository institutions often are closed.[20]

Banc One has indicated that it does not have final plans for closing branches in Oklahoma after acquiring Liberty. Banc One has identified, on a preliminary basis, six branches in Oklahoma City and Tulsa, Oklahoma, that might be appropriate for closing or consolidation with other nearby branches. Only one of the branches that Banc One has indicated may be closed is located in a LMI census tract, and the operations of that branch would be combined with another branch located approximately one mile away.[21]

The Board has carefully reviewed Banc One's branch closing policy. The policy requires that, when a branch is identified for closing, a discussion of the proposed closing be accompanied by an analysis of how the closing would affect banking access for LMI consumers. If, based on that analysis and other factors, a decision is made to close a branch, a retention plan must be developed that sets forth a strategy for serving customers of the community affected by the closing, with particular attention given to serving LMI consumers. CRA personnel participate in the process and review branch closing plans with neighborhood leaders to ensure that the retention plan takes into account community suggestions. The Board expects that the policy would be used for any branch closings that result from the proposal.

The primary federal supervisors of Banc One's subsidiary banks have considered the effect of branch closings under the policy on the communities served by Banc One's subsidiary banks. The OCC's CRA performance examinations concluded that Lead Bank and Bank One Texas have satisfactory records of opening and closing branches and provided reasonable access to services for all segments of the banks' communities. The most recent CRA performance examinations of Banc One's banks generally noted no materially adverse effects on LMI neighborhoods from branch closings.

In examining the convenience and needs factor, the Board has taken into account Banc One's preliminary branch closing plans in Oklahoma, its record of closing

17. Protestants object that Banc One's subsidiary banks do not originate a significant volume of purchase money mortgages. The CRA does not require an institution to offer any specific credit products but allows an institution to help to serve the credit needs of the institution's community by providing credit of the types consistent with the institution's overall business strategy and expertise.

18. The bank is now named Bank One, Kentucky, N.A.

19. Protestants also have expressed concerns about Banc One's reliance on alternative delivery mechanisms, such as automated teller machines, to serve LMI communities.

20. The closing of a branch purchased by another banking organization that is subsequently closed by that banking organization would be evaluated by the primary federal supervisor of the purchasing organization.

21. The other five branches that Banc One has identified for possible action are located in upper- or middle-income census tracts or are located in a business district.

branches as reviewed by the primary supervisors of Banc One's banks in the CRA examination process, and its corporate branch closing policy. The Board notes that branch closings resulting from the proposal will be assessed by the Oklahoma banks' primary federal supervisor for CRA performance in future CRA examinations. The Board also notes that Banc One is required to give at least 90 days written notice of all branch closings subject to the Joint Agency Policy Statement on Branch Closings ("Joint Policy Statement").[22] Additionally, the Board will review the branch closures resulting from the proposal in its analysis of future applications to expand the operations of Banc One's depository institutions.

Other Aspects of Banc One's Lending Activities

The Board also has carefully reviewed Banc One's lending activities and its compliance with fair lending laws in light of all the facts of record. As part of this review, the Board has reviewed the 1994, 1995, and 1996 HMDA data reported by Banc One, including the data for BOMC and BOFS.[23] The HMDA data reflect some disparities in the rate of loan originations, denials, and applications by racial group and income level. The Board is concerned when the record of an institution indicates such disparities and believes that all banks and other lending institutions are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending, and provide only limited information about the covered loans.[24] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal lending discrimination.

In light of the limitations of HMDA data, the Board has carefully reviewed other information, particularly examination reports that provide on-site evaluation of compliance by Banc One with the fair lending laws. The examinations of Banc One's subsidiary banks found no evidence of prohibited discrimination or other illegal credit practices at the institutions.[25] Examiners also found no evidence of practices intended to discourage applications for the types of credit listed in the banks' CRA statements.[26]

Banc One also has implemented policies and programs to ensure that its subsidiary banks engage in fair lending practices. For example, Banc One has a system of periodic file reviews at its subsidiary banks to confirm the consistency of loan decisions.[27] Banc One's fair lending program is directed by the Fair Lending/CRA Steering Committee, which is chaired by Banc One's General Counsel and includes senior management of each affected line of business, including BOMC and BOFS. Compliance with the program is monitored by compliance officers at each business unit, who report to Banc One's national director of regulatory compliance.

Protestants have questioned Banc One's practice of referring applicants for credit to its nonbank lending subsidiaries. Banc One maintains that applicants are referred to its nonbank lending subsidiaries like BOFS only after the application has been denied by a Banc One bank and after the loan applicant has agreed to the referral. Banc One views its referral program as an effort to permit a denied applicant with an additional opportunity to qualify for a loan. Referrals made under the program are not compensated, and referral program guidelines prohibit illegal steering or prescreening and require that applicants be treated uniformly. Under one recently introduced referral program,

22. *See* 58 *Federal Register* 49,083 (1993) (interpreting section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1)). Under these provisions, all insured depository institutions are required to submit a notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days before the date of closure that contains:

(1) The identity of the branch to be closed and the proposed closing date;

(2) A detailed statement of the reasons for the decision to close the branch; and

(3) Atatistical or other information supporting closure consistent with the institution's written policy for branch closings.

23. Protestants object to consideration of 1996 HMDA data because Protestants have not reviewed these data. The record indicates that Protestants only recently requested the data, which were required to be publicly available under HMDA by March 31, 1997. *See* section 203.5 of the Board's Regulation C (12 C.F.R. 203.5).

24. HMDA data, for example, do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy.

25. The most recent CRA performance examination for Bank One, Bloomington, N.A., Bloomington, Indiana, which represents less than 1 percent of Banc One's total consolidated assets, noted certain violations of the ECOA. In considering the overall managerial record and convenience and needs factors in this case, the Board has carefully reviewed these violations in light of information regarding the type and scope of the violations, the response of Banc One to the findings, and additional supervisory information from the OCC. The Board notes that the OCC determined that the violations were not widespread and that appropriate actions to correct the problems were taken by senior management of the bank.

26. Protestants refer to two class action lawsuits against Banc One as evidence of improper credit practices. The two class actions involved practices related to BOMC's escrow accounts and Banc One's private mortgage insurance ("PMI") activities. Both actions were settled and no conclusions of wrongdoing were made. DCRAC also cites an Ohio Supreme Court decision in a law suit against Banc One and other defendants involving the forced purchase of collateral insurance if the collateral becomes uninsured. The decision found no wrongdoing by the defendants but rather permitted the plaintiffs the opportunity to substantiate the allegations of wrongdoing at a trial on the merits of the action. Protestants also cite several consumer complaints against Banc One in Michigan and allege that there may be similar complaints in other states in which Banc One does business. The Board has reviewed the complaints in Michigan in light of all the facts of record, including confidential information from the state authorities that reviewed these complaints, as part of the Board's consideration of the managerial and convenience and needs factors in this proposal.

27. The most recent examination of Banc One's Lead Bank noted favorably the bank's compliance monitoring and internal loan testing procedures. Protestants object that the file review program is only now being implemented at BOFS.

existing borrowers of BOFS wishing to refinance their loans are referred to BOMC to determine whether they qualify for a BOMC loan product.

The Board also has considered certain preliminary information developed in the course of its supervision of Banc One that raises a question about fair lending oversight, procedures and practices at BOMC, one of its nonbank units. BOMC accounts for less than 1 percent of Banc One's consolidated net income, and the information appears to be limited in the context of Banc One's overall managerial and lending record. The Board is conducting a thorough examination of BOMC to resolve the question and to ensure compliance with law. In the event that the examination indicates a problem with fair lending oversight, procedures, or practices, the Board has broad supervisory authority under the banking laws to require bank holding companies and their nonbank subsidiaries to address such deficiencies.

In deciding to act on this case, the Board also has considered Banc One's record of addressing supervisory and other issues identified by its supervisor. In light of that record, the Board fully expects that Banc One will take all necessary steps, including adopting and implementing practices and procedures developed in consultation with the Board, to ensure that any areas of weakness in its fair lending policies and practices that may be identified through the Board's examination are adequately addressed, and the Board conditions its approval of this proposal on Banc One taking such actions. For these reasons, and based on all the facts of record, the Board does not believe that denial of the proposal is appropriate, or that the Board's action on the proposal should be delayed for the period of time necessary to complete its examination.[28]

The Board also has carefully considered all the facts of record, including the comments received from Protestants, the responses to those comments, and the CRA performance records of the subsidiary banks of Banc One and Liberty, including relevant reports of examination from their primary federal supervisors. Based on the facts of record, and for the reasons discussed above, the Board concludes that convenience and needs considerations and related managerial considerations, including the CRA records of performance of both organizations' subsidiary banks, are consistent with approval of the proposal. The Board also concludes that this proposal satisfies the criteria specified by statute to be applied by the Board in reviewing proposed acquisitions of this type, and that the record does not provide a basis to deny this application under the statutory factors.

Nonbanking Activities

Banc One and BOC also have filed notice, pursuant to section 4(c)(8) of the BHC Act, to acquire the nonbanking subsidiaries of Liberty and thereby engage in lending activities, providing equipment leasing services, trust company activities, and underwriting and brokering life insurance directly related to extensions of credit by Banc One and its affiliates.[29] The Board has determined by regulation that each of these activities is closely related to banking,[30] and Banc One has committed to conduct the nonbanking activities in accordance with Regulation Y.

In order to approve the proposal under section 4(c)(8) of the BHC Act, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposal "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[31] As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources.[32] For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board also has considered the competitive effects of the proposed acquisition by Banc One of Liberty's nonbanking businesses and, in doing so, has considered the comments submitted by Protestants regarding the competitive effects of the proposal.[33] The Board notes the markets for the nonbanking services are, in each case, unconcentrated and that there are numerous providers of the services. As a result, consummation of the proposal would have a de minimis effect on competition. Based on all the facts of record, the Board has concluded that the proposal would not have a significantly adverse effect on competition in any relevant market. In addition, the Board expects that the acquisition would provide added convenience to Liberty's customers and the public. Banc One has stated that consumers in the markets currently served by Liberty would have access to a variety of services through Banc One that are not available through Liberty. Banc One also notes that the proposed transaction would result in opera-

28. Protestants also request that the proposal be denied or delayed until the Board conducts an examination of BOFS for fair lending law compliance. In light of all the facts of record, including a review of the HMDA data, the Board concludes that the record in this case does not warrant granting Protestants' request.

29. Banc One proposes to engage in these activities through the following non-banking subsidiaries of Liberty: Mid-America Credit Life Assurance Company, Mid-America Insurance Agency, Inc., Liberty Trust Company of Texas, and Liberty Financing Corporation.

30. *See* 12 C.F.R. 225.28(b)(1), (b)(3), (b)(5), and (b)(11)(i).

31. 12 U.S.C. § 1843(c)(8).

32. *See* 12 C.F.R. 225.26; *see also The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

33. Protestants also raise concerns about the acquisition by Banc One of a thrift subsidiary of Liberty. Liberty does not have a thrift subsidiary.

tional efficiencies that would allow Liberty to be a more effective competitor and thereby provide improved services at a lower cost to its customers. Accordingly, based on all the facts of record, the Board has determined that the balance of public benefits that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable and consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, including the comments submitted by Protestants,[34] the Board has determined that the applications and notices should be, and hereby are, approved.[35] Approval of the applications and notices is specifically conditioned on compliance by Banc One with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order.

The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this transaction, the commitments and conditions referred to above shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.[36]

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

By order of the Board of Governors, effective April 29, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Institution	*CRA Rating*	*Date*
Bank One, Columbus, N.A.	Outstanding	1/31/95
Bank One, Akron, N.A	Outstanding	1/29/96
Bank One, Athens, N.A	Satisfactory	11/30/96
Bank One, Louisiana, N.A.	Satisfactory	9/19/96
Bank One, Bloomington, N.A.*	Satisfactory	4/30/03

34. The Black Citizens for Justice, Law & Order and DCRAC contend that there are disproportionately low numbers of African Americans in management and staff positions at Banc One. The Board has carefully reviewed these comments in light of all the facts of record, which include supervisory reports of examination assessing the financial and managerial resources of Banc One. The Board also has previously stated that its limited jurisdiction to review applications under the BHC Act does not authorize the Board to adjudicate disputes raised by a commenter that arise under statutes exclusively administered and enforced by another federal regulatory agency other than banking laws. *See, e.g., Norwest Corporation*, 82 *Federal Reserve Bulletin* 580 (1996); *see also Western Bancshares v. Board of Governors*, 40 F.2d 749 (10th Cir. 1973). Under the Department of Labor's regulations, Banc One is required to file an annual report with the Equal Employment Opportunity Commission ("EEOC") covering all employees in its corporate structure. *See* 41 C.F.R. 60-1.7(a) and 60-1.40. The Department of Labor, and the EEOC in particular, have sufficient statutory authority to address disputes regarding illegal discriminatory labor practices.

35. Protestants have requested a hearing on the proposal. 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 Board has not received such a recommendation from a state or federal supervisory agency. The Board's rules also provide for a hearing under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner regarding the acquisition of a savings association. *See* 12 C.F.R. 225.25(a)(2). As previously noted, Liberty does not have a savings association subsidiary.

Under its rules, the Board may also, in its discretion, hold a public hearing or meeting on an application or notice to clarify factual issues related to the notice and to provide an opportunity for testimony, if appropriate. *See* 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered Protestants' request for a hearing in light of all the facts of record. In the Board's view, Protestants have had ample opportunity to present their views, and they have submitted substantial written comments that have been carefully considered by the Board in acting on the proposal. Protestants' request fails to demonstrate why their written presentations do not adequately present their evidence, allegations, and views. After a careful review of all the facts of record, the Board has concluded that Protestants dispute the weight that should be accorded to, and the conclusions that the Board should draw from, the facts of record but do not identify disputed issues of fact that are material to the Board's decision. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted to clarify the factual record in the proposal, or otherwise warranted in this case. Accordingly, the request for a hearing on the proposal is hereby denied.

36. Protestants have requested that consideration of the proposal be consolidated with consideration of Banc One's proposal to acquire First USA, Inc., Dallas, Texas. The Banc One/First USA proposal is a separate proposal under the BHC Act, and the Board will review that proposal in light of all the facts of record in that case, including Protestants' comments, under the statutory factors required under section 4 of the BHC Act.

Bank One, Cambridge, N.A.	Satisfactory	4/21/93
Bank One, Cincinnati, N.A.	Satisfactory	3/16/95
One, Cleveland, N.A.	Satisfactory	9/15/94
Bank One Trust Co., N.A.	Not rated for CRA	
Bank One, Coshocton, N.A.	Outstanding	6/30/94
Bank One, Crawfordsville, N.A.*	Outstanding	9/13/94
Bank One, Texas, N.A.	Outstanding	1/29/96
Bank One, Dayton, N.A.	Outstanding	4/30/95
Bank One, Colorado, N.A.	Outstanding	9/10/95
Bank One, Dover, N.A.	Outstanding	8/26/96
Bank One, Fremont, N.A.	Satisfactory	6/21/93
Bank One, Merrillville, N.A.*	Satisfactory	6/28/94
Bank One, West Virginia, N.A.	Satisfactory	6/16/95
Bank One, Indiana, N.A.	Outstanding	4/19/95
Bank One, Lafayette, N.A.*	Satisfactory	12/13/94
Bank One, Lima, N.A.	Outstanding	6/8/93
Bank One, Kentucky, N.A.	Outstanding	6/20/95
Bank One, Mansfield**	Outstanding	4/29/95
Bank One, Marietta, N.A.	Outstanding	11/30/96
Bank One, Marion Indiana, N.A.*	Satisfactory	6/5/96
Bank One, Marion	Satisfactory	1/29/96
Bank One, Wisconsin Trust Co.	Not rated for CRA	
Bank One, Quad Cities, N.A.	Satisfactory	2/15/95
Bank One, Oklahoma City	Outstanding	4/22/96
Bank One, Arizona, N.A.	Satisfactory	9/30/96
Bank One, Portsmouth, N.A.	Satisfactory	11/30/96
Bank One, Rensselaer, N.A.*	Outstanding	6/3/96
Bank One, Richmond, N.A.*	Outstanding	9/3/93
Bank One, Utah, N.A.	Outstanding	9/27/95
Bank One, Sidney, N.A.	Satisfactory	11/30/96
Bank One, Illinois, N.A.	Satisfactory	5/10/95
Bank One, Wheeling-Steuben., N.A.	Satisfactory	10/24/96
Bank One, Youngstown, N.A.	Outstanding	10/31/96
Bank One, Wisconsin	Satisfactory	1/17/95

* Merged with Bank One, Indianapolis, N.A., on March 22, 1997. Bank One, Indianapolis, N.A., then changed its name to Bank One, Indiana, N.A.

** Expected to be consolidated into Bank One Columbus, N.A. on May 17, 1997.

Orders Issued Under Bank Merger Act

AmSouth Bank of Alabama
Birmingham, Alabama

Order Approving the Merger of Banks and Establishment of Bank Branches

AmSouth Bank of Alabama, Birmingham, Alabama ("AmSouth Alabama"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with AmSouth Bank of Florida, Tampa, Florida ("AmSouth Florida"); AmSouth Bank of Georgia, Rome, Georgia ("AmSouth Georgia"); AmSouth Bank of Tennessee, Chattanooga, Tennesssee ("AmSouth Tennessee"); and AmSouth Bank of Walker County, Jasper, Alabama ("AmSouth Walker") (collectively, the "Merging Banks"); with AmSouth Alabama as the survivor.[1] AmSouth Alabama also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the current locations of the main offices and branches of the Merging Banks.[2]

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the application and all the facts of record in light of the factors set forth in the Bank Merger Act and section 9 of the Federal Reserve Act.

AmSouth Alabama and the Merging Banks are wholly owned subsidiaries of AmSouth Bancorporation, Birmingham, Alabama ("AmSouth"). AmSouth is the third largest commercial banking organization in Alabama, controlling deposits of $6.8 billion, representing 15.7 percent of the total deposits in commercial banking organizations in Alabama; the fifth largest commercial banking organization in Florida, controlling deposits of $5.1 billion, representing 3.3 percent of the total deposits in commercial banking organizations in Florida; the twenty-first largest commercial banking organization in Georgia, controlling deposits of $275.6 million, representing less than 1 percent of the total deposits in commercial banking organizations in Georgia; and the eighth largest commercial banking organization in Tennessee, controlling deposits of $827.5 million, representing 1.5 percent of the total deposits in commercial banking organizations in Tennessee.[3] This proposal repre-

1. On consummation of the merger, AmSouth Alabama would change its name to "AmSouth Bank." All the banks involved in the proposal are state member banks.

2. The locations of the branches that AmSouth Alabama proposes to establish are listed in the Appendix.

3. Deposit data are as of June 30, 1996.

sents a reorganization of AmSouth's existing banking operations, and therefore, consummation of the proposal would not have any significantly adverse effects on competition in any relevant banking market.

Riegle-Neal Act Analysis

Section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act") (Pub. L. No. 103–328, 108 Stat. 2338 (1994)) authorizes banks, beginning on June 1, 1997, to conduct interstate mergers unless, prior to June 1, 1997, the home State of one of the banks involved in the transaction has adopted a law expressly prohibiting merger transactions involving out-of-state banks.[4] The Riegle-Neal Act also authorizes the acquiring bank to retain and operate, as a main office or branch, any bank offices of the acquired bank.[5]

All the states involved in this proposal, Alabama, Florida, Georgia, and Tennessee, have enacted legislation allowing interstate mergers between banks located in their states and out-of-state banks pursuant to the provisions of the Riegle-Neal Act on or after June 1, 1997.[6] Alabama Bank has notified the Alabama Superintendent of Banks, the Florida State Comptroller, the Georgia Commissioner, and the Tennessee Commissioner regarding its proposal to consolidate its banking operations and provided a copy of its Bank Merger Act application to all the relevant state agencies. Representatives from all the states involved in the proposal have indicated that this transaction would be in compliance with their state laws regarding interstate bank mergers. In light of the foregoing, it appears that the proposal complies with the requirements of the Riegle-Neal Act provided that the proposal is not consummated prior to June 1, 1997.

Financial, Managerial and Other Supervisory Factors

The Bank Merger Act also requires the Board to consider 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. The Board has carefully considered the financial and managerial resources and future prospects of AmSouth Alabama and the Merging Banks in light of all the facts of record. The facts of record include supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by AmSouth. Based on these and all other facts of record, the Board concludes that all the supervisory factors under the Bank Merger Act are consistent with approval.

The Board also has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record. The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 § *et seq.*) ("CRA"). As provided in the CRA, the Board evaluates this factor in light of examinations by the primary federal supervisor of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its primary federal supervisor.[7] AmSouth Alabama and all the banks involved in the proposal received "satisfactory" ratings at their most recent examination of their CRA performance by the Federal Reserve Bank of Atlanta, as of October 7, 1996. Based on all the facts of record, including the results of the relevant CRA performance examinations, the Board concludes that considerations relating to the convenience and needs of the communities served are consistent with approval.

The Board also concludes that all the factors that must be considered under the Reigle-Neal Act and the Federal Reserve Act also are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that this application should be approved. Because the provisions of the Riegle-Neal Act relied on for this determination do not become effective until June 1, 1997, the Board's action approving the proposal shall not be effective until June 1, 1997. The Board's approval of the proposal is conditioned on compliance by AmSouth Alabama with all the commitments made in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The merger of the Merging Banks with and into AmSouth Alabama may not be consummated before the fifteenth day following the June 1, 1997, 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, this approval becomes effective June 1, 1997.

Voting for this action: Chairman Greenspan, Vice Chair Rivlin, and Governors Kelley, Phillips, and Meyer.

JENNIFER J. JOHNSON
Deputy Secretary of Board

4. 12 U.S.C. § 1831u(a)(1) (1994).
5. 12 U.S.C. § 1831u(d)(1) (1994).
6. *See* Ala. Code §§ 5–13B-22, 23 (effective May 31, 1997); Fla. Stat. ch. 658.2953 (effective May 31, 1997); Ga. Code Ann., Fin. Inst. § 7–1-628.3 (effective June 1, 1997); and Tenn. Code Ann. § 452-1402 *et seq.* (effective June 1, 1997).
7. *See* Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act. 54 *Federal Register* 13,742, 13,745 (1989)

Appendix

Branch offices of AmSouth Florida to be established by AmSouth Alabama:

1. 100 North Tampa Street, Tampa, Florida 33602
2. 70 North Baylen Street, Pensacola, Florida 32501
3. 3300 North Pace Boulevard, Pensacola, Florida 32205
4. 575 North Navy Boulevard, Pensacola, Florida 32507
5. 5100 North 9th Avenue, Pensacola, Florida 32504
6. 8094 North Davis Highway, Pensacola, Florida 32514
7. 420 Mary Esther Cutoff, Mary Esther, Florida 32569
8. 400 Gulf Breeze Parkway, Gulf Breeze, Florida 32561
9. 4 East Nine Mile Road, Pensacola, Florida 32514
10. 1248 North Elgin Parkway, Shalimar, Florida 32579
11. 6499 Caroline Street, Milton, Florida 32570
12. 8022 Lillian Highway, Pensacola, Florida 32506
13. 1200 John Sims Parkway, Niceville, Florida 32578
14. 7130 North 9th Avenue, Pensacola, Florida 32504
15. 4505 Sauffey Field Road, Pensacola, Florida 32526
16. 6916 West Highway 98, Panama City, Florida 32407
17. 12720 Middle Beach Road, Panama City, Florida 32407
18. 100 Delwood Beach Road, Panama City, Florida 32411
19. 100 Main Street, Destin, Florida 32541
20. 25 Beal Parkway N.E., Ft. Walton, Florida 32548
21. 469 West 23rd Street, Panama City, Florida 32405
22. 5050 Highway 98 E., Destin, Florida 32541
23. 212 Racetrack Road, Ft. Walton, Florida 32547
24. 3373 Gulf Breeze Parkway, Gulf Breeze, Florida 32566
25. 8094 North Davis Highway, Pensacola, Florida 32514
26. 3102 Mahan Drive, Tallahassee, Florida 32308
27. 3425 Thomasville Road, Tallahassee, Florida 32308
28. 201 South Monroe Street, Tallahassee, Florida 32301
29. 400 Cleveland Street, Clearwater, Florida 34615
30. 33805 Highway 19 N., Palm Harbor, Florida 34684
31. 1350 West Bay Drive, Largo, Florida 34640
32. 13501 ICOT Boulevard, Clearwater, Florida 34620
33. 3021 Enterprise Road, E., Clearwater, Florida 34619
34. 3132 Tampa Road, Oldsmar, Florida 34677
35. 2845 West Bay Drive, Belleair Bluffs, Florida 34640
36. 604 East Druid Road, Clearwater, Florida 34617
37. 3399 66th Street, N., St. Petersburg, Florida 33710
38. 5728 Gulfport Boulevard, Gulfport, Florida 33707
39. 5901 Sun Boulevard S., St. Petersburg, Florida 33715
40. 3522 Bell Shoals Road, Valrico, Florida 33594
41. 6424 Embassy Boulevard, Port Richey, Florida 34668
42. 7512 State Road 52, Hudson, Florida 34667
43. 14212 U.S. Highway 19 N., Hudson, Florida 34667
44. 4010 Little Road, New Port Richey, Florida 34655
45. 9701 Starkey Road, Largo, Florida 34647
46. 1500 Belleair Road, Clearwater, Florida 34616
47. 2575 Countryside Boulevard, Clearwater, Florida 34621
48. 4811 Gulf Boulevard, St. Petersburg Beach, Florida 37706
49. 260 First Avenue, S., St. Petersburg, Florida 33701
50. 1042 Main Street, Dunedin, Florida 34698
51. 8250 Ninth Street, N., St. Petersburg, Florida 33702
52. 655 South Belcher Road, Clearwater, Florida 34624
53. 3463 22nd Avenue N., St. Petersburg, Florida 33713
54. 3505 Fourth Street, N., St. Petersburg, Florida 33704
55. 9398 Oakhurst Road, Seminole, Florida 34646
56. 4325 Park Boulevard, Pinellas Park, Florida 34665
57. 601 Main Street, Safety Harbor, Florida 34695
58. 7800 113th Street N., Seminole, Florida 34642
59. 6800 Gulfport Boulevard S., South Pasadena, Florida 33707
60. 2551 Sunset Point Road, Clearwater, Florida 34625
61. 905 Martin Luther King Jr. Drive, Tarpon Springs, Florida 34689
62. 5200 Est Bay Drive, Clearwater, Florida 34624
63. 2323 Curlew Road, Palm Harbor, Florida 34683
64. 2353 Stickney Point Road, Sarasota, Florida 34231
65. 935 North Beneva Road, Sarasota, Florida 34232
66. 4280 Bee Ridge Road, Sarasota, Florida 34233
67. 1500 Pinehurst Drive, Spring Hill, Florida 34606
68. 13944 North Dale Mabry, Tampa, Florida 33618
69. 3902 Henderson Boulevard, Tampa, Florida 33629
70. 8655 College Parkway S.W., Fort Myers, Florida 33919
71. 13520 Cleveland Avenue N., N. Fort Myers, Florida 33903
72. 1507 Cape Coral Parkway E., Cape Coral, Florida 33904
73. 18621 North Tamaima Trail, N. Fort Myers, Florida 33903
74. 2250 Avenida Del Vera, N. Fort Myers, Florida 33917
75. 1821 Del Prado Boulevard, Cape Coral, Florida 33990
76. 2100 Forrest Nelson Boulevard, Port Charlotte, Florida 33952
77. 811 Anchor Rode Drive, Naples, Florida 33940
78. 1697 Pine Ridge Road, Naples, Florida 33942
79. 1400 Gulfshore Boulevard N., Naples, Florida 33940
80. 5484 Rattlesnake Hammrock Road, Naples, Florida 33962
81. 606 Bald Eagle Drive, Marco Island, Florida 33937
82. 5909 Pine Ridge Road, Naples, Florida 33999
83. 2150 Goodlette Road, Naples, Florida 33940
84. 405 8th Street S., Naples, Florida 34470
85. 406 East Silver Springs Boulevard, Ocala, Florida 34470
86. 20381 East Pennsylvania Avenue, Dunnellon, Florida 34430
87. 9351 Maricamp Road, Ocala, Florida 34472
88. 2800 East Silver Springs Boulevard, Ocala, Florida 34470
89. 451 South Highway 341-A, Silver Springs, Florida 34488
90. 301 U.S. Highway 41 S., Inverness, Florida 34450
91. 1290 South Broad Street, Brooksville, Florida 34601
92. 1030 Southeast 17th Street, Ocala, Florida 34471
93. 3860 North Lecanto Highway, Beverly Hills, Florida 34465
94. 3232 Southwest College Road, Ocala, Florida 34474
95. 10715 Southeast Highway 441, Belleview, Florida 34420
96. 4556 South Suncoast Boulevard, Homosassa, Florida 34446

97. 2734 Northeast Jacksonville Road, Ocala, Florida 34470
98. 8721 Southwest Highway 200, Ocala, Florida 34474
99. 802 North Main Street, Bushnell, Florida 33513
100. 9356 San Jose Boulevard, Jacksonville, Florida 32257
101. 233 East Bay Street, Jacksonville, Florida 32202
102. 6263 St. Augustine Road, Jacksonville, Florida 32217
103. 6524 Atlantic Boulevard, Jacksonville, Florida 32211
104. 9421 Baymeadows Road, Jacksonville, Florida 32256
105. 4297 Roosevelt Boulevard, Jacksonville, Florida 32210
106. 252 North Apopka Highway, Orlando, Florida 34761
107. 65 North Orange Avenue, Orlando, Florida 32801
108. 220 West Fairbanks Avenue, Orlando, Florida 32789
109. 500 East Michigan Street, Orlando, Florida 32806
110. 5401 South Kirkman Road, Orlando, Florida 32819
111. 2350 North U.S. Highway 1, Mims, Florida 32754
112. 2525 Garden Street, Titusville, Florida 32796
113. 905 Cheney Highway, Titusville, Florida 32780
114. 925 South Orlando Avenue, Orlando, Florida 32789
115. 5495 West Irlo Bronson Highway, Orlando, Florida 34746
116. 14075 West Colonial Drive, Orlando, Florida 34787
117. 2338 U.S. Highway 19, Holiday, Florida 34691

Branch offices of AmSouth Georgia to be established by AmSouth Alabama:

1. 101 East Washington, Summerville, Georgia 30747
2. 2101 Shorter Avenue, Rome, Georgia 30165
3. 3040 Martha Berry Highway, Rome, Georgia 30165
4. 400 North 5th Avenue, Rome, Georgia 30162
5. 1400 Turner McCall Boulevard, Rome, Georgia 30162
6. 208 North Wall Street, Calhoun, Georgia 30701
7. 385 Battlefield Parkway, Fort Oglethorpe, Georgia 30742
8. 710 North Main Street, Lafayette, Georgia 30728

Branch offices of AmSouth Tennessee to be established by AmSouth Alabama:

1. 2207 Crestmoor Road, Nashville, Tennessee 37215
2. 109 Walton Ferry Road, Henderson, Tennessee 37075
3. 150 West Main Street, Gallatin, Tennessee 37066
4. 5323 Mt. View Road, Antioch, Tennessee 37013
5. 330 Union Street, Nashville, Tennessee 37201
6. 181 Belle Forrest Circle, Nashville, Tennessee 37221
7. 5029 Harpeth Drive, Brentwood, Tennessee 37027
8. 2814 West End Avenue, Nashville, Tennessee 37203
9. 310 West College Street, Fayetteville, Tennessee 37334
10. Plaza Shopping Center Taft Highway, Signal Mountain, Tennessee 37377
11. 3303 Cummings Highway, Chattanooga, Tennessee 37419
12. One Union Square, Chattanooga, Tennessee 37402
13. 4334 Ringgold Road, Chattanooga, Tennessee 37412
14. 601 Market Center, Chattanooga, Tennessee 37402
15. 5515 Brainerd Road, Chattanooga, Tennessee 37411
16. 3894 Hixson Pike, Chattanooga, Tennessee 37415
17. 4757 Highway 58, Chattanooga, Tennessee 37416
18. 2120 Gunbarrel Road, Chattanooga, Tennessee 37421
19. 8535 Hixson Pike, Hixson, Tennessee 37343
20. 401 North Market Street, Dayton, Tennessee 37321
21. 178 Paul Huff Parkway, Cleveland, Tennessee 37312
22. 1965 Northpoint Boulevard, Chattanooga, Tennessee 37343
23. 400 Ocoee Street, Cleveland, Tennessee 37311

Branch offices of AmSouth Walker to be established by AmSouth Alabama:

1. 110 20th Street, Jasper, Alabama 35501
2. 310 Highway 78 W., Jasper, Alabama 35501

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT
By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System Washington, D.C. 20551.

Section 3

Applicant(s)	Bank(s)	Effective Date
U.S. Bancorp, Portland, Oregon	Business & Professional Bank, Woodland, California	April 2, 1997

Section 4

Applicant(s)	Bank(s)	Effective Date
Barnett Banks, Inc., Jacksonville, Florida Crestar Financial Corporation, Richmond, Virginia First Union Corporation, Charlotte, North Carolina NationsBank Corporation, Charlotte, North Carolina Southern National Corporation, Winston-Salem, North Carolina Wachovia Corporation, Winston-Salem, North Carolina HONOR Technologies, Inc., Maitland, Florida	Card Alert Services, Inc., Arlington, Virginia	April 3, 1997
PNC Bank Corporation, Pittsburgh, Pennsylvania	PNC GPI, Inc., Wilmington, Delaware	April 7, 1997

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
ABC Employee Stock Ownership Plan, Anchor, Illinois	Anchor Bancorporation, Inc., Anchor, Illinois Anchor State Bank, Anchor, Illinois	Chicago	April 16, 1997
Armstrong Financial Co., Minden, Nebraska	Minden Exchange Company, Minden, Nebraska	Kansas City	April 17, 1997
BanPonce Corporation, Hato Rey, Puerto Rico Popular International Bank, Inc., Hato Rey, Puerto Rico BanPonce Financial Corp., Wilmington, Delaware	Seminole National Bank, Sanford, Florida	New York	March 28, 1997
Coal City Corporation, Chicago, Illinois Manufacturers National Corporation, Chicago, Illinois	U.S. Bancorp, Inc., Lansing, Illinois	Chicago	March 28, 1997
The Colonial BancGroup, Inc., Montgomery, Alabama	Fort Brooke Bancorporation, Brandon, Florida Fort Brooke Bank, Brandon, Florida	Atlanta	April 4, 1997
Commerce Bancshares, Inc., Kansas City, Missouri CBI-Kansas, Inc., Kansas City, Missouri	Shawnee Bank Shares, Inc., Shawnee, Kansas	Kansas City	March 31, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Community Bankshares, Inc., Denver, Colorado	First Western Bancorporation, La Jara, Colorado	Kansas City	April 3, 1997
Community Financial Corp., Olney, Illinois	American Bancshares, Inc., Highland, Illinois American Bank of Illinois in Highland, Highland, Illinois	St. Louis	March 31, 1997
Community First Bankshares, Inc., Fargo, North Dakota	KeyBank National Association, Cheyenne, Wyoming	Minneapolis	April 15, 1997
Decatur First Bank Group, Inc., Decatur, Georgia	Decatur First Bank, Decatur, Georgia	Atlanta	April 9, 1997
First Commercial Corporation, Little Rock, Arkansas	Southwest Bancshares, Inc., Jonesboro, Arkansas	St. Louis	March 31, 1997
Guaranty Financial Corporation, Charlottesville, Virginia	Guaranty Bank, Charlottesville, Virginia Guaranty Savings & Loan, F.A., Charlottesville, Virginia	Richmond	April 15, 1997
MAXLOU Bancshares, Inc., Tahlequah, Oklahoma	First State Bank, Tahlequah, Oklahoma Liberty Finance, Inc., Tahlequah, Oklahoma	Kansas City	April 17, 1997
Southeast Arkansas Bank Corporation, Lake Village, Arkansas	Jefferson County Bank of Fayette, Fayette, Mississippi	St. Louis	April 4, 1997
Texas Financial Bancorporation, Inc., Minneapolis, Minnesota Delaware Financial, Inc., Wilmington, Delaware	Austin County Bankshares, Inc., Bellville, Texas Austin County Bankshares-Delaware, Inc., Wilmington, Delaware Austin County State Bank, Bellville, Texas	Dallas	April 9, 1997
USA BancShares, Inc., Philadelphia, Pennsylvania	Regent Bancshares Corp., Philadelphia, Pennsylvania	Philadelphia	April 10, 1997
Wauneta Falls Bancorp, Inc., Wauneta, Nebraska	Ogallala National Bank, Ogallala, Nebraska	Kansas City	April 7, 1997

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Pocahontas Bankstock, Inc., Pocahontas, Arkansas	SecurAmerica Holding Corporation, Memphis, Tennessee	St. Louis	April 3, 1997
United Community Banks, Inc., Blairsville, Georgia	United Family Finance Co., Blue Ridge, Georgia	Atlanta	April 1, 1997

Sections 3 and 4

Applicant(s)	Nonbanking Activity /Company	Reserve Bank	Effective Date
Illinois Community Bancorp, Inc., Effingham, Illinois	Illinois Guarantee Savings Bank, FSB Effingham, Illinois Illinois Community Bank, Effingham, Illinois Illinois Leasing Corporation, Inc., Effingham, Illinois	St. Louis	April 4, 1997
Old Second Bancorp, Inc., Aurora, Illinois	Maple Park Bankshares, Inc., Maple Park, Illinois First State Bank of Maple Park, Maple Park, Illinois Maple Park Mortgage Company, Maple Park, Illinois	Chicago	April 16, 1997

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
Guaranty Bank, Charlottesville, Virginia	Guaranty Savings & Loan, F.A., Charlottesville, Virginia	Richmond	April 15, 1997
Pointe Bank, Pembroke Pines, Florida	Pointe Federal Savings Bank, Boca Raton, Florida	Atlanta	March 28, 1997
Republic Security Bank, West Palm Beach, Florida	Family Bank, Hallandale, Florida	Atlanta	April 2, 1997

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.

Cunningham v. Board of Governors, No. 97–1256 (D.C. Cir., filed April 11, 1997). Petition for review of a Board order dated December 20, 1996, increasing the amount of revenue that a section 20 subsidiary may derive from underwriting and dealing in securities from 10 percent to 25 percent of its total revenue.

Pharaon v. Board of Governors, No. 97–1114 (D.C. Cir., filed February 28, 1997). Petition for review of a Board order dated January 31, 1997, imposing civil money penalties and an order of prohibition for violations of the Bank Holding Company Act.

Research Triangle Institute v. Board of Governors, No. 97–1282 (4th Cir., filed February 24, 1997). Appeal of district court's dismissal of contract claim.

The New Mexico Alliance v. Board of Governors, No. 96–9552 (10th Cir., filed December 24, 1996). Petition for review of a Board order dated December 16, 1996, approving the acquisition by NationsBank Corporation and NB Holdings Corporation, both of Charlotte, North Carolina, of Boatmen's Bancshares, Inc., St. Louis, Missouri. Also on December 24, 1996, petitioners moved for an emergency stay of the Board's order. The motion for a stay was denied by the 10th Circuit on January 3, 1997; on January 6, 1997, petitioners' application for emergency stay was denied by the Supreme Court.

Artis v. Greenspan, No. 1:96CV02619 (D.D.C., filed November 19, 1996). Employment discrimination action. On December 20, 1996, the Board moved to dismiss the action.

Snyder v. Board of Governors, No. 96–1403 (D.C. Cir., filed October 23, 1996). Petition for review of Board order dated September 11, 1996, prohibiting John K. Snyder and Donald E. Hedrick from further participation in the banking industry. On November 21, 1996, the Board moved to dismiss the petition.

American Bankers Insurance Group, Inc. v. Board of Governors, No. 96-CV-2383-EGS (D.D.C., filed October 16, 1996). Action seeking declaratory and injunctive relief invalidating a new regulation issued by the Board under the Truth in Lending Act relating to treatment of fees for debt cancellation agreements. On October 18, 1996, the district court denied plaintiffs' motion for a temporary restraining order. On January 17, 1997, the parties filed cross-motions for summary judgment.

Clifford v. Board of Governors, No. 96–1342 (D.C. Cir., filed September 17, 1996). Petition for review of Board order dated August 21, 1996, denying petitioners' motion to dismiss enforcement action against them. On November 4, 1996, the Board filed a motion to dismiss the petition.

Artis v. Greenspan, No. 96-CV-02105 (D. D.C., filed September 11, 1996). Class complaint alleging race discrimination in employment. On December 20, 1996, the Board moved to dismiss the action.

Leuthe v. Board of Governors, No. 96–5725 (E.D. Pa., filed August 16, 1996). Action against the Board and other Federal banking agencies challenging the constitutionality of the Office of Financial Institution Adjudication. On January 24, 1997, the agencies filed a motion to dismiss the action.

Long v. Board of Governors, No. 96–9526 (10th Cir., filed July 31, 1996). Petition for review of Board order dated July 2, 1996, assessing a civil money penalty and cease and desist order for violations of the Bank Holding Company Act. Oral argument is scheduled for May 12, 1997.

Interamericas Investments, Ltd. v. Board of Governors, No. 96–60326 (5th Cir., filed May 8, 1996). Petition for review of order imposing civil money penalties and cease and desist order in enforcement case. On August 20, 1996, petitioners' motion for a stay of the Board's orders pending judicial review was denied by the Court of Appeals. On April 16, 1997, the court denied the petition for review.

Inner City Press/Community on the Move v. Board of Governors, No. 96-4008 (2nd Cir., filed January 19, 1996). Petition for review of a Board order dated January 5, 1996, approving the applications and notices by Chemical Banking Corporation to merge with The Chase Manhattan Corporation, both of New York, New York, and by Chemical Bank to merge with The Chase Manhattan Bank, N.A., both of New York, New York. Petitioners' motion for an emergency stay of the transaction was denied following oral argument on March 26, 1996. The Board's brief on the merits was filed July 8, 1996. The case was consolidated for oral argument and decision with *Lee v. Board of Governors*, No. 95–4134 (2d Cir.); oral argument was held on January 13, 1997.

Lee v. Board of Governors, No. 95–4134 (2nd Cir., filed August 22, 1995). Petition for review of Board orders dated July 24, 1995, approving certain steps of a corporate reorganization of U.S. Trust Corporation, New York, New York, and the acquisition of U.S. Trust by Chase Manhattan Corporation, New York, New York. On September 12, stay of the Board's orders. The Board's brief was filed on April 16, 1996. Oral argument, consolidated with *Inner City Press/Community on the Move v. Board of Governors*, took place on January 13, 1997.

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

In re Subpoena Duces Tecum, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking predecisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995. Oral argument on the motion was held July 14, 1995.

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

Final Enforcement Decision Issued by the Board of Governors

In the Matter of

Charles R. Vickery, Jr.,
Former Senior Chairman of the Board

First National Bank of Bellaire
Bellaire, Texas

Docket No.
AA-OCC-EC-96–95

Final Decision

This is an administrative proceeding pursuant to section 8(e) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C §1818(e), in which the Office of the Comptroller of the Currency of the United States of America ("OCC") seeks to prohibit Respondent Charles R. Vickery from further participation in the affairs of any federally-supervised financial institution as a result of his conduct during his former affiliation with First National Bank of Bellaire, Bellaire, Texas (the "Bank"). As required by statute, the OCC has referred the action to the Board of Governors of the Federal Reserve System (the "Board") for final decision.

The proceeding comes before the Board in the form of a 66-page Recommended Decision by Administrative Law Judge ("ALJ") Walter J. Alprin, issued following an admended Decision, the ALJ found that Vickery had breached his fiduciary duty to the Bank by arranging to be paid, as "referral fees," a portion of the title insurance premium paid in connection with real estate loans that Vickery caused the Bank to make. Recommended Decision ("RD") 4. The ALJ concluded that this misconduct fulfilled the requirements for prohibition from banking in that it resulted in financial gain to Vickery and reflected his personal dishonesty and continuing disregard for the safety or soundness of the Bank. In Vickery's lengthy exceptions to these findings and conclusions, Vickery does not dispute his receipt of the payments, but denies that they reflected any impropriety.

Based on a review of the record and the arguments raised by Vickery, the Board rejects Vickery's exceptions for the reasons stated by the ALJ in the Recommended Decision, except as specifically noted in this Final Decision. The Board adopts OCC Enforcement Counsel's exceptions to the limited term of prohibition recommended by the ALJ and to the ALJ's recommended determination that Vickery's conduct did not reflect a willful disregard for safety or soundness.

I. Statement of the Case

A. Statutory and Regulatory Framework

1. Standards for Prohibition Order

Under the FDI Act, the ALJ is responsible for conducting an administrative hearing on a notice of intent to prohibit. 12 U.S.C § 1818(e)(4). Following the hearing, the ALJ issues a recommended decision that is referred to the Board, and the parties may file exceptions to the ALJ's recommendations. The Board makes the final findings of fact, conclusions of law, and determination whether to issue an order of prohibition. *Id.*; 12 C.F.R. 263.40.

To issue a prohibition order under the FDI Act, the Board must make each of three findings:

(1) There must be a specified type of *misconduct*—violation of law, unsafe or unsound practice, or breach of fiduciary duty;

(2) The misconduct must have a prescribed *effect*—financial gain to the respondent or financial loss or other damage to the institution; and

(3) The misconduct must involve *culpability* of a certain degree—personal dishonesty or willful or continuing disregard for the safety or soundness of the institution.

2. Title Insurance Premium Splitting.

Applicable Texas Department of Insurance Rules provide that a title insurance company is permitted to make payments only to persons who have actually rendered services commensurate with the payment. Rule P-22, OCC Exhibit ("Ex.") 8 at 9. The payee must submit an invoice stating in detail the services performed, and the payor must verify that the services were actually performed. Rule P-22(F), OCC Ex. 8 at 9. The rule also requires that the title insurance company verify in writing that "No portion of the charge for the services actually rendered shall be attributable to, and no payment shall be made for the solicitation of, or as an inducement for the referral or placement of the title insurance business with the company." *Id.*

B. Procedural History

The OCC issued a Notice of Intention to Prohibit Further Participation against Vickery on January 26, 1996. RD 1. Simultaneously, the OCC brought an action against Vickery seeking a civil money penalty of $250,000. Both actions were addressed in a common hearing before the ALJ and by the ALJ's Recommended Decision. Unlike this prohibition decision, the final decision as to the civil money penalty action is statutorily assigned to the Comptroller. 12 U.S.C § 1818(h), (i). The Board takes official notice that, on March 31, 1997, the Comptroller issued a final Decision and Order assessing the full $250,000 amount against Vickery.

II. Findings of Fact

1. Relevant Persons and Institutions

First National Bank of Bellaire was at all times relevant to this proceeding a national bank subject to supervision by the OCC. RD 5. Vickery was the Senior Chairman of the board of directors of the Bank from 1967 until he was terminated by the board of directors in 1994. RD 5. As Senior Chairman, Vickery was responsible for approving and supervising all banking activities, including loans, investments, operations, and asset/liability management. RD 6. Vickery was also the principal shareholder of the Bank, owning or controlling about 40 percent of the Bank's outstanding shares in 1991. RD 5. He was also a principal shareholder of other banks, including Texas National Bank of Baytown and Mayde Creek Bank, N.A. RD 6. During the time central to this action, mid-1991 to early 1992, Vickery was also chairman of the Bank's executive committee and a member of the loan committee. RD 5. The other members of the loan committee were G. Warren Coles, Chairman and president of the Bank, and Craig Wooten, the Bank's executive vice-president and chief operating officer. RD 7. Vickery was also an active member of the Texas State Bar from 1948 to September 1988, when he requested inactive status. RD 6.

During his banking career, Vickery's affiliated banks engaged in repeated litigation with banking regulators. In one case, the OCC was upheld by both a district court and the Fifth Circuit Court of Appeals in its direction that the banks cease the practice of distributing credit life insurance income to Vickery and other bank insiders in connection with loans that they had arranged for the Bank to make.

First Nat'l Bank of LaMarque v. Smith, 436 F. Supp. 824 (S.D. Tex. 1977), *aff'd* 610 F.2d 1258 (5th Cir. 1980).[1]

Vickery maintained a longstanding practice of collecting commissions from title insurance companies in return for referring borrowers to them. OCC Ex. 45 at 5. Among these companies was Sovereign, which would pay Vickery a commission of 20 percent of the insurance premiums for issuing a title policy arising from real estate transactions financed by loans from Vickery-affiliated banks. RD 6; Coles Tr. 1110; OCC Ex. 45 at 5. Sovereign's representative in these transactions was P.B. Dover, a registered title insurance agent and attorney, who began paying Vickery the "referral fees" in 1982. Dover Tr. 428, 429. Dover testified that he entered into the arrangement because Vickery had earlier maintained a similar arrangement with another title insurance company and Dover understood that this was the price of doing business. Dover Tr. 430. By 1991, the Texas Department of Insurance had issued rules, intended to prevent rebates and kickbacks that were driving up the cost of insurance, that prohibited title insurance companies from making payments to induce referrals for placement of title insurance business and required that any payments be justified by the performance of actual services. Rule P-22(H), (E); OCC Ex. 8 at 9; Hopson Tr. 687. Dover stopped paying the referral fees after the insurance regulations changed, but resumed them after Vickery demanded to know where his referral fee was and advised Dover that the regulations did not apply to referral fees among lawyers. Dover Tr. 431.[2] Dover continued to pay Vickery referral fees until 1994. Dover Tr. 437.

2. The Moore Loans

Between June 1991 and February 1992, the Bank originated a series of 23 loans to real estate developer Jerry J. Moore and his wife, and to corporations owned by them. The loans were secured by shopping center properties owned by the Moores. RD 7. The total dollar volume of the Moore loans originated by the Bank was about $46 million; the Bank retained about $24 million of that amount, selling participations in the remainder to its affiliates. RD 7.

Vickery was the Bank's representative in negotiating the terms of each of the Moore loans, RD 7, and was viewed by the Bank's board of directors as the loan officer on the Moore loans. RD 22; Olsen Tr. 784. The other members of the loan committee had little influence on the decision to make the loans: The ALJ found that Coles "acceded" to each loan and that Wooten had little involvement with the Moore loans. RD 7–8. Vickery assumed responsibility for credit and final approval of each loan. Coles Tr. 1089. Each of the loans was approved, booked, and funded before being presented to the Bank's board of directors for ratification. RD 22; Coles Tr. 1134; Olsen Tr. 783; Wooten Tr. 598. One of the directors resigned because of his concern about the Moore loans. Levy Tr. 1073. The minutes of the Bank's board of directors meetings contain no evidence of any formal disclosure by Vickery of his arrangement with Sovereign or his receipt of payments in connection with the Moore loans. RD 22.

In choosing a title insurance company in connection with the loans, Vickery's preference for Sovereign was overridden by Moore's insistence on the use of Commonwealth Land Title, a title insurance company with which Moore had been doing business for 30 years. RD 8. In response, Coles advised Moore that any change in title companies would have to be approved by Vickery. RD 8; Coles Tr. 1110; OCC Ex. 40. As part of the loan negotiation process, Moore told Vickery that Commonwealth would be closing the Moore loans, and that Vickery would have to accept that or work it out with Commonwealth. RD 8–9; Moore Tr. 78; Coles Tr. 1095. Vickery told Coles that Commonwealth could be used as the title insurer, but that "Commonwealth would have to honor the same kind of agreement [Vickery had] with Sovereign on the title policies". RD 9; Coles Tr. 1111-1112, 1113, 1125. This requirement was honored by Commonwealth, which in every case paid 20 percent of the gross insurance premium to Vickery or his proxy, Sovereign.

In connection with the first Moore loan, Commonwealth paid the 20 percent cut directly to Vickery's defunct law firm, despite the fact that the Bank was represented by separate outside counsel who was paid directly from the loan proceeds. For the remaining loans, the payments to Vickery were made more circuitously.

Sometime before August 8, 1991, Vickery telephoned Dover and told him that he would be receiving some checks that he had "to run through Sovereign Title Company," and that in return for handling the paperwork involved, Dover could keep the greater of five percent or $500 of the check proceeds and should send the remainder to Vickery. RD 13; Dover Tr. 437–38, 460. Following this conversation, Dover received a package of premium-splitting certification forms from Commonwealth that called for Dover to certify that he had performed specified services on each of 12 Moore loans in return for Commonwealth's payment to Sovereign of 20 percent of the title insurance premium. Dover called Commonwealth for further instructions, signed the certification forms, and returned them to Commonwealth. RD 14. Despite his certification that he had performed services in return for the payments, Dover admitted that he did no work on the Moore loans, and was unaware of any work performed by Vickery. RD 21; Dover Tr. 453–54.

On or around August 16, 1991, Commonwealth sent Dover two checks totalling $31,483 payable to Sovereign,

1. In another case, the OCC was upheld in part and reversed in part when it imposed a cease and desist order against the Bank. *First Nat'l Bank of Bellaire v. Comptroller of the Currency*, 697 F.2d 674 (5th Cir. 1983). An aspect of the order that was upheld required that the Bank take action to prevent further violations of the restrictions on loans to bank insiders. 697 F.2d at 683–84. In a third case, the Fifth Circuit upheld the OCC's cease and desist order against the Bank and its affiliates for violations of lending limits in connection with the loans involved in the present action. *Texas National Bank v. Department of the Treasury*, 50 F.3d 1033 (5th Cir. 1995) (table).

2. Vickery told Dover that if he were not willing to pay the fees he would find someone else to do it. Dover Tr. 431–32.

representing 20 percent of the title insurance premiums Commonwealth earned on the 12 Moore loans between July 19 and August 6, 1991. RD 14. Dover deposited the proceeds of both checks into his personal account, and then used the funds to buy two cashier's checks, one for Vickery in the amount of $29,908, and the other which he kept himself in the amount of $1,574, or five percent of the total amount received from Commonwealth. RD 15. Dover used the same procedure for amounts received from Commonwealth in connection with loans made on August 9, 1991 ($4,208 before splitting), September 11 ($7,725), October 11 ($8,097), and January 3, 1992 ($2,113). RD 15–21. In each case, Commonwealth sent Dover 20 percent of its insurance premium, and Dover retained $500 or five percent of that amount and forwarded the remainder to Vickery.

Vickery thus received personal payments in connection with each of the Bank's 23 loans to the Moores, totalling about $52,880. RD 10; OCC Ex. 33–38.

III. Conclusions of Law

A. Misconduct

1. Breach of Fiduciary Duty

The Board adopts the ALJ's recommended conclusion that, on the above facts, Vickery violated the duty of loyalty that he owed the Bank to refrain from engaging in self-dealing or conflicts of interest. RD 30. "The threshold inquiry in assessing whether a director violated his duty of loyalty is whether the director has a conflicting interest in the transaction. Directors are considered to be 'interested' if they either "appear on both sides of a transaction [ ] or expect to derive any personal financial benefit from it in the sense of self-dealing, as opposed to a benefit which devolves upon the corporation or all stockholders generally." *In re Seidman*, 37 F.3d 911, 934 (3d Cir. 1994); *quoting In re Bush*, OTS AP 91–16 at 11, 15–16.

Indeed, these principles have been applied to an analogous situation involving Vickery, Coles, and the Bank. In 1976, the OCC issued policy directives requiring that Vickery and the officers in his affiliated banks cease the practice of selling credit life insurance in conjunction with loans made by their banks in return for commissions paid by the insurance company to them personally, rather than the bank. *First National Bank Of LaMarque v. Smith*, 436 F. Supp. 824, 826–27. (S.D. Tex. 1977), *aff'd in part*, 610 F.2d 1258 (5th Cir. 1980). Upon a challenge by the banks to the policy directive, both the district court and the court of appeals upheld the OCC's actions and condemned the conflict of interest represented by insiders pocketing profits from the credit life sales. The Fifth Circuit emphasized that:

> The payment to and retention by loan officers of commissions derived from the sale of credit life insurance involves an inherent conflict of interest: the loan officer's judgment may be influenced by his direct financial reward from making the loan. As a result, the officer may be induced to make a loan he would not otherwise have considered sound. When loan officers are allowed to retain commissions, the prospect of financial gain is interjected into the lending decision. 610 F.2d 1265.

Under this authority, it is clear that Vickery breached his fiduciary duty of loyalty to the Bank.[3] Receipt of the kickbacks of title insurance premiums, like the pocketed profits from the sale of credit life insurance premiums, caused Vickery to have a personal financial stake in the loans made by the Bank that could have influenced his lending decisions and his recommendation of title insurers. As Bank lending officer, Vickery's duties to the Bank included denying loan applications that were not in the Bank's interests. His personal interests, on the other hand, were directly served by ensuring that loans were made in any case, the bigger the better, so that he would receive his referral fees from the title insurance company.[4] Furthermore, Vickery's choice of title insurance companies was not made solely in the interests of the Bank, but was influenced by which company would be willing to pay his referral fees. Thus, Vickery's responsibilities as loan officer of the Bank were compromised by the incentive to make loans and utilize title insurance companies for reasons other than the best interests of the Bank.

The Board adopts the ALJ's determination that the payments to Vickery constituted "referral fees"—or, in the term used by a Texas title insurance regulator, "kickbacks"—and rejects Vickery's alternative and mutually contradictory explanations for the payments. These explanations are either incredible on their face, would present similar conflicts even if true, or are unsupported by the record. First, contrary to his other characterizations and without business explanation, he states that he did not know what the payments were for, but that he thought they were paid "out of the goodness of [Commonwealth's] heart" (Vickery Tr. 119, 127). Next, he suggests that the payments were fees for services performed for Commonwealth (Excep. 14). If that were so, that would only underscore, not alleviate, the conflict of interest. Vickery was the Bank's fiduciary, and therefore had a duty not to provide services to another party in a transaction in which the Bank was involved. Third, he claims that the payments were for services performed for the Bank. The record does not

3. Vickery excepts to the ALJ's determination that he was required to avoid even the appearance of a conflict of interest. RD 4. Because the evidence clearly establishes that Vickery engaged in an actual conflict of interest, it is not necessary to reach this issue, and the Board, like the Comptroller, does not adopt the ALJ's conclusion on the appearance issue. *See* OCC Decision and Order at 12 n.5. For the same reason, the Board need not reach the issue, raised in OCC Enforcement Counsel's exceptions, of whether Vickery's actions also breached his duty of care. *See* OCC Decision and Order at 7.

4. In addition, the availability of kickbacks created an incentive for Vickery to prefer real estate-secured lending over other kinds of loans in order to assure the participation of a title insurer that would provide him fees. In certain market conditions, such a preference might well be harmful to a bank.

support a finding that Vickery performed any such services.[5]

In short, Vickery is correct only when he characterizes the payments as similar to the kind of commissions or referral fees he had been paid by Sovereign for 20 years. Excep. 19, 21; OCC Ex. 45. That characterization, however, is no defense: these previous payments also represented breaches of Vickery's fiduciary duty of loyalty.

Nor is Vickery's precise role in the loan transactions crucial to the determination that he had a conflict of interest. In his exceptions, Vickery denies that he had ultimate decisionmaking authority for the Moore loans (Excep. 5–6, 18). But even if Vickery had merely recommended, rather than approved, the loans, his receipt of fees would have been a conflict of interest and a breach of fiduciary duty.[6]

Similarly, Vickery's argument that he did not give detailed instructions to Dover as to the handling of the payments (Excep. 7, 13) is immaterial. Whatever his instructions, they were sufficient to cause Dover to forward to him payments from Commonwealth. Moreover, the ALJ had ample basis for resolving credibility issues against Vickery and in favor of Dover's detailed recollection of Vickery's instructions.

There is also no basis for Vickery's argument that his conflict of interest is benign because the interests of the Bank and the title insurer are coincident. Even though the title insurer and the Bank have a common interest in assuring that the borrower has good title to its security, their interests diverge in that the title insurer's interest is in maximizing the volume of business, while a bank's interest includes rejecting dubious loans — and in complying with regulatory limits on concentration of lending. The Bank's interests also include, in approving the use of a title insurance company, consideration of that company's record of performance when a claim is made under a policy—a point at which the interests of the bank and those of the insurer certainly diverge. Furthermore, an overlap of institutional interests does not as a general matter negate the conflict. In *LaMarque*, the Fifth Circuit found self-dealing and an unsafe and unsound practice where individual bank insiders profited from the sale of credit life insurance, even though the court found that that insurance benefitted banks, borrowers and insurers. The same is true here. Even assuming that title insurance benefits the lender, the lending officer's personal stake in placing such insurance constitutes a conflict of interest. *See generally Pepper v. Litton*, 308 U.S. 295, 311 (1939) (fiduciary may not utilize his strategic position for personal gain).

The Board therefore rejects Vickery's arguments that these facts do not establish a proscribed conflict of interest or breach of fiduciary duty.[7] Excep. at 44–75. Vickery's attempts to distinguish other conflict of interest cases as more heinous do not in any way redeem his conduct. Excep. 46–49. While Vickery may not have explicitly conditioned the making of the loans on the receipt of the fees, he took active steps to ensure that he would receive funds directly in connection with those loans. In any event, as discussed above, a bank officer has a duty to make a lending decision free from *any* personal financial stake in the transaction.

The Board also adopts the ALJ's recommendation that Vickery violated his duty of candor by failing to inform the officers and directors of his potential financial interest in the Moore loans. The general knowledge or inference of Coles and Wooten that Vickery was receiving commissions in connection with title insurance carries no weight in light of Vickery's dominance of the bank and the absence of any record, such as a board of directors vote, that would have brought the payments to the attention of regulators. *See Greenberg v. Board of Governors*, 968 F.2d 164, 171 (2d Cir. 1992) (minutes of board of directors meetings silent as to conflict relationship). The Board finds, however, that the absence of disclosure bears more directly upon Vickery's culpability than upon the existence of a conflict, in that it is not clear that a conflict arising out of a bank officer's personal financial interest in a transaction could be cured by board of directors approval.[8] Furthermore, the suggestion that Vickery should have removed himself from the loan approval process because of the conflict, an action that

5. In transactions in which the Bank was represented by counsel its counsel was not Vickery. According to Dover, Sovereign performed no services for the Bank in connection with the loans. Moreover, Vickery was in the hospital during several of the closings. Even if Vickery had provided services to the Bank, he offers no explanation as to why his Bank salary—in excess of $149,000—did not sufficiently compensate him for such services, or why Commonwealth would pay him out of its insurance premium for services rendered to the Bank.

6. In any event, the record flatly contradicts Vickery's assertion. Vickery does not contest that he negotiated the loans with Moore or that Moore viewed him as the ultimate decisionmaker. Coles testified that Vickery had the ultimate say as to making the loans, that the third member of the loan committee was not consulted after the loans began to be made, and that Vickery made a decision to keep making the loans over Coles' objections. Coles Tr. 1089, 1099-1100, 1124. The Board of directors only approved the loans after they had been made. *See* Levy Tr. 715 (by the time the Board approved the loans, "these loans were done deals"); Edwards Tr. 897 (board discussion of the Moore-related loans consisted of: "The loans have been made. You all need to approve them"); Vickery Tr. 304 (the board "never had arguments or discussions of loans. They just have a list of loans, and the board approves them, and that is that"). Vickery's dominance of the board was such that if a director "crossed" Vickery, he would not be renominated for the board the next year; when Vickery's brother was not renominated, Vickery had two policemen escort him out of the building. Edwards Tr. 902.

7. The breach of fiduciary duty caused by Vickery's self-dealing is not affected by the fact that it was not also a usurpation of corporate opportunity—*i.e.*, that Vickery's kickbacks did not properly belong to the Bank. Excep. 49–51. In *LaMarque*, the Fifth Circuit affirmed the district court's decision that the personal profit from the sale of credit life insurance constituted self-dealing even though it vacated the portion of the district court's decision that addressed usurpation of corporate opportunity. 610 F.2d at 1263. Accordingly, *LaMarque* makes clear that such self-dealing is a breach of fiduciary duty and an unsafe and unsound practice even if it is not also a usurpation of corporate opportunity.

8. *See LaMarque*, 436 F. Supp. at 830 ("The illegality of self-dealing exists regardless of the financial strength of the plaintiff banks. 'Full disclosure' of the practice of all shareholders cannot legitimize this type of self-dealing.").

is appropriate in many conflict situations, is circular in this case. Had Vickery not been involved as the lending officer, the title insurer would have had no reason to make payments to him and the conflict would not have existed. Accordingly, while recusal or board of directors approval may cure some conflicts, this is not such a case.[9]

B. Effects

There is no dispute that Vickery's breach of fiduciary duty did not cause financial loss to the Bank, but there is also no dispute that Vickery received financial gain from the referral commissions. RD 46. His percentage, 20 percent of the title insurance premiums less the five percent of that amount or $500 for Dover, amounted to $52,881. RD 48. That financial gain is sufficient to establish the second category of prohibition requirements.

C. Culpability

The ALJ determined that Vickery's conduct reflected both personal dishonesty and a *continuing* disregard for safety or soundness, but did not find that it established a *willful* disregard for safety or soundness. Vickery excepts to the first two findings and OCC Enforcement Counsel excepts to the third.

The Board finds that ample evidence supports the conclusion that Vickery's conduct reflected personal dishonesty and both willful and continuing disregard for the safety and soundness of the Bank. The standard for personal dishonesty is clearly met by the evidence supporting the ALJ's findings that Vickery lacked integrity, fairness, straightforwardness, and trustworthiness, and displayed a disposition to lie and misrepresent the facts. RD 49. The arrangement that Vickery worked out with Dover to "run checks through" Sovereign displays an intent to shield the transactions from regulatory scrutiny, and Vickery's indication to Dover that it would involve some paperwork indicates a consciousness that Dover would be required to file false certifications that he had performed services in connection with the closing. RD 50–51. Further, the Board adopts the ALJ's credibility determination that Vickery intentionally misled the Texas Finance Commission when he testified under oath on October 16, 1992, that he had no knowledge of the $2,432 fee paid to "Vickery Law Corporation" by Commonwealth on the first Moore loan. RD 44; OCC Ex. 51. As the ALJ found, it "simply is not credible" that Vickery would have forgotten about the payment, in light of the controversy surrounding the Moore loans. RD 44–45. That false answer under oath displays a disposition to falsehood that reflects personal dishonesty. RD 51; OCC Ex. 51 at 38.

The Board also finds that Vickery's conduct reflected a willful disregard for safety or soundness. The Board has previously found that a "willful disregard for safety or soundness" is established by *intentional conduct* that constitutes an unsafe or unsound banking practice. *In re Magee*, 78 *Federal Reserve Bulletin* 969, 974 (1992). There is no question that Vickery's arrangement of the referral fees was conduct intentionally engaged in—indeed that it had been consistently engaged in for decades, despite knowledge that similar payments had been found to constitute an unsafe or unsound practice and breach of fiduciary duty in *LaMarque*. Such deliberate conduct is unquestionably willful.

Vickery's "disregard for safety or soundness" is established because his self-dealing constituted an unsafe or unsound practice. As the Board has previously observed:

> The safety or soundness element addresses the *nature*, rather than the degree, of the departure from ordinary standards of prudent banking. Conduct departing from such standards represents an unsafe or unsound banking practice when it is of a kind that, if continued, would present an abnormal risk—i.e., risks other than those inherent in doing business—of harm or loss to the bank.

In re Van Dyke, No. AA-EC-87-88 (June 13, 1988), slip op. at 26, *aff'd, Van Dyke v. Board of Governors*, 876 F.2d 1377, 1380 (8th Cir. 1989); *see Greene County Bank v. FDIC*, 92 F.3d 633, 636 (8th Cir. 1996) (unsafe or unsound practice is conduct deemed contrary to accepted standards of banking operation which might result in abnormal risk or loss to a banking institution or shareholder).

Here, the self-dealing practice is contrary to ordinary standards of prudent banking because it creates incentives to make loans and deal with title insurers for reasons other than the bank's best interests. A lending officer whose judgment is skewed by personal interest has the potential to commit a bank to loans that would expose the Bank to abnormal risk of harm or loss. Under the Board's standards, therefore, Vickery's conduct reflected a willful disregard for the Bank's safety and soundness.

The ALJ's conclusion to the contrary used an overly-narrow standard that would require a finding that an individual deliberately exposed the Bank to abnormal risk of loss or harm (RD 54), a standard that incorrectly appears to require that an individual intend or be conscious of potential harm to the Bank. Because the statute plainly contemplates prohibition of individuals who benefit from their practices even if the bank is as yet unharmed, the culpability standard must be sufficiently broad to embrace schemes designed solely to enrich the individual, if the practice is of

9. In his exceptions, Vickery objects to the ALJ's official notice of a prior OCC decision, affirmed by the Fifth Circuit, which held that the Bank and other Vickery-controlled banks had violated legal lending limits with respect to the Moore loans. The ALJ limited his consideration of this proceeding with respect to the prohibition action to its potential bearing on Vickery's culpability. RD 2 n.2. The only issue determined in that proceeding—that the Moore loans violated the Bank's lending limits—is irrelevant to the existence of the breach of fiduciary duty found here. Vickery's conflict would have existed had the Moore loans complied with the lending limits. Accordingly, because the two cases involve different claims, there is no res judicata bar to considering the prior proceeding. Moreover, to the extent that the fact that the Moore loans violated lending limits bears on Vickery's culpability, the facts established in the prior proceeding may be used collaterally against Vickery in this proceeding, as his ability to control the prior litigation establishes that he was in privity with the Bank. *See* Restatement (Second) of Judgments 39.

a type that could cause harm to the bank. The practice of making lending decisions with a personal financial interest acting as a thumb on the decisional scales is clearly a practice that exposed the Bank to abnormal risk of loss or harm.[10]

The Board also adopts the ALJ recommended conclusion that Vickery engaged in "continuing disregard for the safety and soundness of the institution," a standard that captures conduct reflecting recklessness or indifference with respect to an institution's safety. *See Brickner*, 747 F.2d at 1203 n.6.; *Grubb v. FDIC*, 34 F.3d 956, 962 (10th Cir. 1994). This series of loans was made over a period of some months, and Vickery's arrangement for personal fees was made against a backdrop of previous cases in which the Comptroller and the courts had made clear that the collection of such fees was not only improper but potentially hazardous to the institution. Both the district court and the Fifth Circuit in the *LaMarque* case informed Vickery in no uncertain terms that the receipt of personal gain by a lending officer in connection with bank business constitutes self-dealing and an unsafe and unsound practice. *LaMarque*, 610 F.2d at 1265. Vickery was quite aware of those rulings. E.D. Vickery Tr. 853; Vickery Tr. 265. Vickery was also aware that fee-splitting among title insurance companies for referrals had been prohibited by Texas regulation. Dover Tr. 431. Notwithstanding these bases for caution, Vickery nevertheless arranged the Dover scheme, creating a conflict of interest with his responsibilities as a lending officer. It is not a defense that the relatively small amount that Vickery received in referral fees may not have been the primary reason why Vickery decided to make the loans, since a lending officer should not place himself in a position where his personal financial interest plays *any* role in a lending decision. Accordingly, Vickery's repeated self-dealing in arranging referral fees for the Moore loans satisfies the standard for continuing disregard for the safety or soundness of the Bank.

Finally, the ALJ recommended that the Board order that Vickery be prohibited for only a fixed term of three years, rather than indefinitely. The ALJ based this recommendation on Vickery's age, ill health, and the fact that his conduct did not harm the Bank directly. RD 56. The Board declines to adopt this recommendation. To the extent that the Board has authority to issue a limited-term prohibition, it does not choose to exercise that authority in the circumstances of this case. The assumed absence of harm to the bank carries little weight as a mitigating factor in that, as noted above, the FDI Act plainly contemplates that a prohibition order can be based solely on financial gain, even if the bank is not harmed. Vickery's decades of self-dealing reflect an inveterate obliviousness to fundamental concepts of fiduciary responsibility and safe and sound banking. This long history of recalcitrance does not suggest any reason for the Board to have confidence that Vickery would be suited to return to banking in three years' time. While age and ill health are factors that may warrant compassion, they do not bear upon the ultimate issue in the matter of prohibition, whether an individual's character is consistent with his continued participation in banking. While Vickery of course retains the statutory right to seek agency consent to return to banking, the Board declines, to the extent it has such authority, to issue such consent prospectively."[11]

Conclusion

For the foregoing reasons, the Board orders that the attached Order of Prohibition issue.

By Order of the Board of Governors, this 14th day of April, 1997.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

Order of Prohibition

WHEREAS, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act") (12 U.S.C § 1818(e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision that a final Order of Prohibition should issue against CHARLES R. VICKERY, JR.;

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(b)(3), 8(e), and 8(j) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1818(b)(3) 1818(e) and 1818(j)), that:

1. In the absence of prior written approval by the Board and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C § 1818(e)(7)(B)), CHARLES R. VICKERY, JR. is hereby prohibited:

(a) From participating in the conduct of the affairs of any bank holding company, any insured depository institution or any other institution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C § 1818(e)(7)(A));

(b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy consent, or authorization with respect to any voting rights in any institution described in subsection

10. This distinguishes situations where individuals have acted passively or not acted at all. *See, e.g., Brickner v. FDIC*, 747 F.2d 1198 (8th Cir. 1984) (bank officers failed to take action to rein in lending officer despite explicit FDIC warnings). Even where such conduct does not rise to the level of willful disregard for safety or soundness,it may still satisfy the standard for continuing disregard. *See, e.g.*,

11. The Board denies Vickery's exceptions to the ALJ's evidentiary rulings, which were within the scope of the wide discretion allocated to the ALJ in the conduct of a hearing. The Board also denies the request for oral argument, to the extent that it is addressed to the Board, since the Board finds that the issues have been adequately

8(e)(7)(A) of the Act (12 U.S.C § 1818(e)(7)(A)); (c) from violating any voting agreement previously approved by the appropriate Federal banking agency; or
(d) From voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act (12 U.S.C § 1813(u)), such as an officer, director, or employee.
2. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board.

This Order shall become effective upon the expiration of thirty days after service is made.

By Order of the Board of Governors, this 14th day of April, 1997.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Juan Echeverri
Bogota, Colombia

The Federal Reserve Board announced on April 4, 1997, the issuance of an Order of Prohibition against Juan Echeverri, a former vice president and institution-affiliated party of the Miami agency of Banco Ganadero, S.A., Bogota, Colombia.

Steven King
Jakarta, Indonesia

The Federal Reserve Board announced on April 18, 1997, the issuance of an Order of Prohibition against Steven King, a former loan administration officer and institution-affiliated party of the New York agency of the PT Bank Negara Indonesia (persero), Jakarta, Indonesia.

Financial and Business Statistics

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1996			1997	1996		1997		
	Q2	Q3	Q4	Q1	Nov.[r]	Dec.	Jan.[r]	Feb.[r]	Mar.
Reserves of depository institutions[2]									
1 Total	−6.6[r]	−16.4	−17.2[r]	−8.3	−6.4	6.1[r]	−13.1	−12.3	−17.1
2 Required	−5.9[r]	−16.5[r]	−18.5[r]	−8.4	−7.5	−3.4[r]	−8.5	−7.9	−20.7
3 Nonborrowed	−7.9[r]	−17.6	−16.2[r]	−7.2	−4.6	7.5[r]	−10.5	−12.3	−19.9
4 Monetary base[3]	3.0	5.3[r]	5.1	5.6	6.1	8.8[r]	3.9	5.7	3.5
Concepts of money, liquid assets, and debt[4]									
5 M1	−1.4	−6.5	−7.3	−.8	−.2	1.1	−1.6	.8	−6.1
6 M2	4.5	3.4	5.0	5.9	6.8	7.5	5.2	5.1	5.0
7 M3	6.4	5.4	7.9[r]	7.6	6.7	10.4[r]	5.2	8.9	6.8
8 L	6.3	5.5	6.5	n.a.	7.6	7.2[r]	2.9	10.2	n.a.
9 Debt	5.9[r]	5.3	4.9[r]	n.a.	5.5	4.1[r]	3.4	4.9	n.a.
Nontransaction components									
10 In M2[5]	7.0	7.7	10.2	8.5	9.6	10.0	7.9	6.8	9.3
11 In M3 only[6]	13.9	12.7	18.4[r]	13.5	6.5	20.9[r]	5.0	22.0	13.0
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.1	12.0	17.0	13.9	18.3	15.2	13.3	9.3	16.9
13 Small time[7]	−1.0	3.8	4.8	3.0	5.3	3.9	1.4	2.4	4.6
14 Large time[8,9]	18.6	18.0	22.2[r]	12.5	5.7	24.2[r]	−.3	16.7	24.8
Thrift institutions									
15 Savings, including MMDAs	6.5	.2	.8	2.8	−2.6	2.6	4.9	2.6	2.6
16 Small time[7]	−3.0	−.3	2.1	−1.7	−.7	−2.7	.3	1.0	−11.9
17 Large time[8]	−3.0	9.0	9.1	12.8	9.1	−3.0	28.8	11.8	1.5
Money market mutual funds									
18 Retail	16.3	16.3	17.2	16.3	15.2	21.6	13.0	13.9	19.9
19 Institution-only	12.0	20.7	19.8	15.5	16.2	30.0	−12.0	36.9	25.1
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	16.2	−4.5[r]	1.4[r]	4.5	−6.1	−9.9[r]	13.1	19.1	−10.9
21 Eurodollars[10]	10.9	8.5	39.9[r]	28.5	4.5	56.9[r]	39.4	14.4	−12.2
Debt components[4]									
22 Federal	4.7	3.8	3.2	n.a.	4.2	2.9	−.6	1.8	n.a.
23 Nonfederal	6.3[r]	5.8	5.5[r]	n.a.	5.9	4.5	4.7	6.0	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) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds (money funds with minimum initial investments of less than $50,000). Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more), (2) balances in institutional money funds (money funds with minimum initial investments of $50,000 or more), (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

5. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances, each seasonally adjusted separately.

6. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) Eurodollars (overnight and term) of U.S. addressees, each seasonally adjusted separately.

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

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

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

10. Includes both overnight and term.

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						
	1997			1997						
	Jan.	Feb.	Mar.	Feb. 12	Feb. 19	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	437,954	433,961[r]	437,436	432,529	434,444[r]	436,006[r]	435,162	437,313	438,267	438,421
U.S. government securities[2]										
2 Bought outright—System account[3]	391,762	392,105	395,970	391,666	391,882	392,966	392,115	395,326	397,082	397,707
3 Held under repurchase agreements	9,214	6,772	7,388	4,677	7,011	9,431	9,190	8,345	7,243	6,782
Federal agency obligations										
4 Bought outright	2,098	2,034	2,008	2,038	2,038	2,030	2,011	2,011	2,011	2,006
5 Held under repurchase agreements	1,785	1,726	1,387	2,570	1,787	1,153	1,360	1,294	966	1,233
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	25	23	199	19	17	36	14	2	299	13
8 Seasonal credit	18	21	37	18	22	24	28	26	35	41
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	1,149	526[r]	413	285	458[r]	493[r]	904	443	510	454
11 Other Federal Reserve assets	31,903	30,753	30,034	31,255	31,229	29,872	29,540	29,866	30,122	30,184
12 Gold stock	11,048	11,050	11,051	11,049	11,051	11,051	11,051	11,051	11,051	11,051
13 Special drawing rights certificate account	9,636	9,400	9,226	9,400	9,400	9,400	9,371	9,200	9,200	9,200
14 Treasury currency outstanding	25,017	25,076	25,135	25,065	25,079	25,093	25,107	25,121	25,135	25,149
ABSORBING RESERVE FUNDS										
15 Currency in circulation	443,340	441,045	443,397	440,142	442,177	441,907	442,362	443,507	443,573	443,349
16 Treasury cash holdings	248	262	297	261	262	266	279	283	302	308
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,186	4,998	5,840	4,829	5,002	4,425	5,149	5,169	7,479	5,376
18 Foreign	185	182	202	167	165	210	208	176	166	167
19 Service-related balances and adjustments	7,173	7,137[r]	7,058	7,272	7,040	7,078	7,131	7,101	7,029	7,069
20 Other	331	360	394	391	357	329	371	408	419	373
21 Other Federal Reserve liabilities and capital	14,318	14,069	14,501	13,973	14,273	14,393	14,152	14,397	14,633	14,663
22 Reserve balances with Federal Reserve Banks[4]	11,875	11,433[r]	11,157	11,009	10,698[r]	12,944[r]	11,039	11,645	10,051	12,515

Factor	End-of-month figures			Wednesday figures						
	Jan.	Feb.	Mar.	Feb. 12	Feb. 19	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	433,767	435,272[r]	442,401	437,112	435,327[r]	443,392[r]	433,855	443,607	442,025	444,123
U.S. government securities[2]										
2 Bought outright—System account[3]	391,728	390,797	395,076	392,223	393,208	393,415	393,392	396,075	397,206	397,580
3 Held under repurchase agreements	7,720	10,778	10,485	8,365	8,390	14,816	7,024	12,809	9,889	10,948
Federal agency obligations										
4 Bought outright	2,038	2,011	1,994	2,038	2,038	2,011	2,011	2,011	2,011	1,994
5 Held under repurchase agreements	1,285	1,626	1,096	3,099	564	2,328	635	2,179	1,205	2,471
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	16	8	3,943	13	8	6	2	3	1,154	9
8 Seasonal credit	14	29	55	18	23	23	26	32	40	52
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	29	684[r]	−518	−278	1,528[r]	128[r]	1,288	60	212	644
11 Other Federal Reserve assets	30,937	29,339	30,270	31,635	29,569	30,665	29,476	30,437	30,308	30,424
12 Gold stock	11,048	11,051	11,050	11,050	11,051	11,051	11,051	11,051	11,050	11,050
13 Special drawing rights certificate account	9,400	9,400	9,200	9,400	9,400	9,400	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,051	25,107	25,163	25,065	25,079	25,093	25,107	25,121	25,135	25,149
ABSORBING RESERVE FUNDS										
15 Currency in circulation	438,399	441,651	444,534	441,627	442,721	442,666	443,651	444,496	444,179	444,325
16 Treasury cash holdings	249	280	313	262	264	275	280	302	307	313
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,770	5,258	5,945	5,135	5,571	5,229	5,239	5,285	9,035	4,420
18 Foreign	167	229	916	181	164	188	164	222	163	162
19 Service-related balances and adjustments	7,172	7,131[r]	6,947	7,272	7,040	7,078	7,131	7,101	7,029	7,069
20 Other	359	345	350	383	329	336	418	409	412	362
21 Other Federal Reserve liabilities and capital	13,384	14,135	14,816	14,128	14,171	14,263	13,844	14,515	14,498	14,515
22 Reserve balances with Federal Reserve Banks[4]	12,767	11,801[r]	13,993	13,639	10,598[r]	18,901[r]	8,486	16,649	11,787	18,356

1. Amounts of cash held as reserves are shown in table 1.12, line 2.

2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.

3. Includes compensation that adjusts for the effects of inflation on the principal o inflation-indexed securities.

4. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	1994	1995	1996	1996				1997		
	Prorated monthly averages of biweekly averages									
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.
1 Reserve balances with Reserve Banks[2]	24,658	20,440	13,395	13,688	12,800	12,895	13,395	11,710	11,455	11,514
2 Total vault cash[3]	40,378	42,094	44,426	43,652	42,925	42,745	44,426	47,172	43,375	42,116
3 Applied vault cash[4]	36,682	37,460	37,848	37,309	36,749	36,862	37,848	38,932	36,588	36,029
4 Surplus vault cash[5]	3,696	4,634	6,578	6,343	6,175	5,883	6,578	8,240	6,788	6,087
5 Total reserves[6]	61,340	57,900	51,243	50,997	49,550	49,756	51,243	50,642	48,043	47,543
6 Required reserves	60,172	56,622	49,819	49,959	48,556	48,721	49,819	49,419	47,012	46,383
7 Excess reserve balances at Reserve Banks[7]	1,168	1,278	1,424	1,038	994	1,035	1,424	1,223	1,031	1,160
8 Total borrowings at Reserve Banks[8]	209	257	155	368	287	214	155	45	42	156
9 Seasonal borrowings	100	40	68	306	212	109	68	19	21	37
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1996		1997							
	Dec. 4	Dec. 18	Jan. 1	Jan. 15	Jan. 29	Feb. 12	Feb. 26[r]	Mar. 12[r]	Mar. 26	Apr. 9
1 Reserve balances with Reserve Banks[2]	13,182	12,837	14,063	13,060	10,285	11,052	11,817	11,341	11,269	12,617
2 Total vault cash[3]	42,908	44,684	44,615	46,140	48,679	45,130	41,948	42,841	41,665	41,640
3 Applied vault cash[4]	36,898	37,913	38,070	39,029	39,078	37,673	35,672	36,490	35,674	35,915
4 Surplus vault cash[5]	6,010	6,771	6,545	7,112	9,601	7,458	6,276	6,351	5,991	5,725
5 Total reserves[6]	50,080	50,750	52,132	52,089	49,363	48,724	47,489	47,831	46,943	48,532
6 Required reserves	48,983	49,338	50,595	50,859	48,142	47,688	46,493	46,593	45,872	47,312
7 Excess reserve balances at Reserve Banks[7]	1,097	1,411	1,537	1,230	1,221	1,036	996	1,238	1,071	1,220
8 Total borrowings at Reserve Banks[8]	346	112	143	53	32	34	50	35	194	344
9 Seasonal borrowings	86	67	64	18	18	18	23	27	38	61
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

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

Millions of dollars, averages of daily figures

Source and maturity	1997								
	Feb. 3	Feb. 10	Feb. 17	Feb. 24	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	78,507	79,164	77,348	77,260	79,923	86,313	81,310	80,216	84,271
2 For all other maturities	13,731	13,701	14,982	14,220	14,342	13,669	13,850	15,140	15,913
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	19,884	20,217	18,013	20,629	17,779	18,779	18,299	18,498	20,288
4 For all other maturities	20,299	19,010	18,861	18,902	19,713	19,461	20,268	18,569	18,487
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	12,326	11,504	11,148	11,569	14,968	12,846	13,816	15,093	13,938
6 For all other maturities	41,008	43,389	43,426	36,813	35,645	36,676	37,758	35,299	37,965
All other customers									
7 For one day or under continuing contract	44,386	42,938	42,126	42,181	41,645	41,873	44,127	45,388	40,284
8 For all other maturities	13,601	13,673	13,914	14,237	13,916	14,125	14,055	14,068	19,462
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	71,516	70,211	69,859	69,893	73,259	70,653	73,056	71,008	76,622
10 To all other specified customers[2]	21,777	21,884	20,069	23,489	24,134	20,959	23,726	23,771	23,046

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 5/9/97	Effective date	Previous rate	On 5/9/97	Effective date	Previous rate	On 5/9/97	Effective date	Previous rate
Boston	5.00	2/1/96	5.25	5.65	5/8/97	5.60	6.15	5/8/97	6.10
New York		1/31/96							
Philadelphia		1/31/96							
Cleveland		1/31/96							
Richmond		2/1/96							
Atlanta		1/31/96							
Chicago		2/1/96							
St. Louis		2/5/96							
Minneapolis		1/31/96							
Kansas City		2/1/96							
Dallas		1/31/96							
San Francisco	5.00	1/31/96	5.25	5.65	5/8/97	5.60	6.15	5/8/97	6.10

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981—Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
In effect May 9, 1997	5.00	5.00

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

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*; and the *Annual Statistical Digest, 1970–1979*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment-credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than four weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. A surcharge of 2 percent was reimposed on Nov. 17, 1980; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12, 1981. As of Oct. 1, 1981, the formula for applying the surcharge was changed from a calendar quarter to a moving thirteen-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$49.3 million[3]	3	1/2/97
2 More than $49.3 million[4]	10	1/2/97
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning January 2, 1997, for depository institutions that report weekly, and with the period beginning January 16, 1997, for institutions that report quarterly, the amount was decreased from $52.0 million to $49.3 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning January 2, 1997, for depository institutions that report weekly, and with the period beginning January 16, 1997, for institutions that report quarterly, the exemption was raised from $4.3 million to $4.4 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. 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.

The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as 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	1994	1995	1996	1996					1997	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,484	10,932	9,901	0	0	0	6,502	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	376,277	398,487	400,152	34,271	32,791	38,661	29,037	27,247	40,346	33,997
4 For new bills	376,277	398,487	400,152	34,271	32,791	38,661	29,037	27,247	40,346	33,647
5 Redemptions	0	900	0	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	1,238	390	1,275	1,240	0	0	0	0	0	818
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	0	0	29,070	2,780	2,371	1,623	3,818	2,259	2,481	5,086
9 Exchanges	-21,444	0	-41,394	-3,580	-2,890	-1,770	-5,655	-1,950	-550	-2,864
10 Redemptions	0	0	2,015	0	0	0	0	0	607	0
One to five years										
11 Gross purchases	9,168	4,966	3,177	1,279	0	0	0	0	0	1,125
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	-6,004	0	-24,087	-1,409	-2,371	-1,623	-2,102	-2,259	-2,481	-4,926
14 Exchanges	17,801	0	31,458	1,780	2,890	1,395	2,715	1,950	550	1,874
Five to ten years										
15 Gross purchases	3,818	1,239	776	297	0	0	0	0	0	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	-3,145	0	-1,531	-1,371	0	0	1,716	0	0	1,236
18 Exchanges	2,903	0	6,666	900	0	375	1,470	0	0	890
More than ten years										
19 Gross purchases	3,606	3,122	1,965	900	0	0	0	0	0	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	-918	0	-20	0	0	0	0	0	0	-1,396
22 Exchanges	775	0	3,270	900	0	0	1,470	0	0	450
All maturities										
23 Gross purchases	35,314	20,649	17,094	3,716	0	0	6,502	0	0	1,943
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,337	2,376	787	0	0	0	0	0	607	0
Matched transactions										
26 Gross purchases	1,700,836	2,197,736	3,083,315	265,397	234,992	268,304	227,577	272,117	285,667	250,867
27 Gross sales	1,701,309	2,202,030	3,085,685	264,536	238,036	267,128	226,505	273,872	283,240	254,741
Repurchase agreements										
28 Gross purchases	309,276	331,694	457,568	45,202	36,014	33,836	36,383	85,924	74,422	48,805
29 Gross sales	311,898	328,497	450,359	56,286	33,374	33,020	36,665	73,501	86,673	45,747
30 Net change in U.S. Treasury securities	29,882	17,175	21,147	-6,508	-404	1,993	7,293	10,669	-10,430	1,127
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	1,002	1,303	1,637	0	27	63	10	12	187	27
Repurchase agreements										
34 Gross purchases	52,696	36,851	75,354	8,500	4,536	12,683	9,264	7,796	17,668	9,795
35 Gross sales	52,696	36,776	74,842	7,544	4,436	11,051	9,471	8,947	17,995	9,454
36 Net change in federal agency obligations	-1,002	-1,228	-1,125	956	73	1,569	-217	-1,163	-514	314
37 **Total net change in System Open Market Account**	**28,880**	**15,948**	**20,021**	**-5,552**	**-331**	**3,562**	**7,076**	**9,506**	**-10,944**	**1,441**

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

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

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

Millions of dollars

Account	Wednesday, 1997					End of month, 1997		
	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Jan. 31	Feb. 28	Mar. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,051	11,051	11,051	11,050	11,050	11,048	11,051	11,050
2 Special drawing rights certificate account	9,400	9,200	9,200	9,200	9,200	9,400	9,400	9,200
3 Coin	720	716	701	690	676	703	740	673
Loans								
4 To depository institutions	30	28	35	1,193	61	30	36	3,998
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	2,011	2,011	2,011	2,011	1,994	2,038	2,011	1,994
8 Held under repurchase agreements	2,328	635	2,179	1,205	2,471	1,285	1,626	1,096
9 **Total U.S. Treasury securities**	**408,231**	**400,416**	**408,884**	**407,095**	**408,528**	**399,448**	**401,575**	**405,561**
10 Bought outright[2]	393,415	393,392	396,075	397,206	397,580	391,728	390,797	395,076
11 Bills	191,468	191,445	191,573	191,280	191,654	192,074	188,850	189,149
12 Notes	151,665	151,665	153,103	154,526	154,527	150,315	151,665	154,527
13 Bonds	50,282	50,282	51,399	51,399	51,399	49,339	50,282	51,399
14 Held under repurchase agreements	14,816	7,024	12,809	9,889	10,948	7,720	10,778	10,485
15 **Total loans and securities**	**412,600**	**403,091**	**413,110**	**411,505**	**413,054**	**402,801**	**405,249**	**412,649**
16 Items in process of collection	6,272	8,281	6,575	6,379	6,020	4,343	4,404	1,955
17 Bank premises	1,245	1,245	1,248	1,249	1,249	1,235	1,244	1,249
Other assets								
18 Denominated in foreign currencies[3]	18,266	17,922	17,929	17,936	17,943	18,241	17,917	17,950
19 All other[4]	11,187	10,348	11,337	11,212	11,324	11,494	10,203	11,076
20 **Total assets**	**470,742**	**461,853**	**471,150**	**469,221**	**470,517**	**459,267**	**460,209**	**465,803**
LIABILITIES								
21 Federal Reserve notes	418,569	419,539	420,378	420,040	420,165	414,299	417,564	420,357
22 **Total deposits**	**32,428**	**21,584**	**30,225**	**28,854**	**30,337**	**27,603**	**24,707**	**29,056**
23 Depository institutions	26,675	15,764	24,309	19,245	25,392	20,307	18,876	21,845
24 U.S. Treasury—General account	5,229	5,239	5,285	9,035	4,420	6,770	5,258	5,945
25 Foreign—Official accounts	188	164	222	163	162	167	229	916
26 Other	336	418	409	412	362	359	345	350
27 Deferred credit items	5,483	6,885	6,032	5,828	5,500	3,981	3,803	1,574
28 Other liabilities and accrued dividends[5]	4,576	4,473	4,792	4,696	4,672	4,618	4,691	4,661
29 **Total liabilities**	**461,055**	**452,482**	**461,427**	**459,418**	**460,674**	**450,501**	**450,765**	**455,648**
CAPITAL ACCOUNTS								
30 Capital paid in	4,721	4,732	4,755	4,757	4,754	4,676	4,725	4,762
31 Surplus	4,474	4,440	4,476	4,514	4,496	4,083	4,414	4,496
32 Other capital accounts	492	200	492	531	593	8	305	898
33 **Total liabilities and capital accounts**	**470,742**	**461,853**	**471,150**	**469,221**	**470,517**	**459,267**	**460,209**	**465,803**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	632,992	643,314	644,657	649,667	647,296	625,260	644,307	653,897
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	524,600	524,717	524,727	525,325	526,015	523,455	525,220	525,843
36 LESS: Held by Federal Reserve Banks	106,032	105,178	104,350	105,285	105,850	109,156	107,657	105,486
37 Federal Reserve notes, net	418,569	419,539	420,378	420,040	420,165	414,299	417,564	420,357
Collateral held against notes, net								
38 Gold certificate account	11,051	11,051	11,051	11,050	11,050	11,048	11,051	11,050
39 Special drawing rights certificate account	9,400	9,200	9,200	9,200	9,200	9,400	9,400	9,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	398,118	399,288	400,127	399,790	399,915	393,851	397,112	400,107
42 **Total collateral**	**418,569**	**419,539**	**420,378**	**420,040**	**420,165**	**414,299**	**417,564**	**420,357**

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 includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. 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		
	1997					1997		
	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Jan. 31	Feb. 28	Mar. 31
1 **Total loans**	**30**	**28**	**35**	**1,193**	**61**	**30**	**36**	**3,998**
2 Within fifteen days[1]	29	10	15	1,192	52	25	25	3,977
3. Sixteen days to ninety days	1	18	20	1	9	5	11	21
4 **Total U.S. Treasury securities**[2]	**408,231**	**400,416**	**408,884**	**407,095**	**408,528**	**399,448**	**390,797**	**405,561**
5 Within fifteen days[1]	28,428	19,290	20,033	22,495	24,608	16,270	5,442	23,476
6 Sixteen days to ninety days	88,836	95,624	95,994	90,603	90,153	96,790	98,725	92,382
7 Ninety-one days to one year	121,942	116,765	121,565	121,282	121,051	117,103	117,893	118,849
8 One year to five years	91,419	91,130	92,568	93,991	93,991	93,677	91,130	92,381
9 Five years to ten years	36,607	36,607	36,607	36,607	36,607	33,782	36,607	36,608
10 More than ten years	41,000	41,000	42,117	42,117	42,117	41,826	41,000	42,117
11 **Total federal agency obligations**	**4,339**	**2,646**	**4,190**	**3,216**	**4,465**	**3,323**	**2,011**	**3,090**
12 Within fifteen days[1]	2,648	635	2,196	1,494	2,753	1,446	320	1,378
13 Sixteen days to ninety days	455	762	782	510	500	679	455	500
14 Ninety-one days to one year	245	258	281	281	281	197	245	281
15 One year to five years	510	510	460	460	460	520	510	460
16 Five years to ten years	457	457	447	447	447	457	457	447
17 More than ten years	25	25	25	25	25	25	25	25

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.
2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

NOTE. Total acceptances data have been deleted from this table because data are no longer available.

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

Billions of dollars, averages of daily figures

Item	1993 Dec.	1994 Dec.	1995 Dec.	1996[r] Dec.	1996[r] Aug.	Sept.	Oct.	Nov.	Dec.	1997[r] Jan.	Feb.	Mar.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	60.55[r]	59.40[r]	56.39[r]	50.06	52.18	51.28	50.08	49.81	50.06	49.52	49.01	48.31
2 Nonborrowed reserves[4]	60.46[r]	59.20[r]	56.13[r]	49.91	51.85	50.91	49.79	49.60	49.91	49.47	48.97	48.16
3 Nonborrowed reserves plus extended credit[5]	60.46[r]	59.20[r]	56.13[r]	49.91	51.85	50.91	49.79	49.60	49.91	49.47	48.97	48.16
4 Required reserves	59.48[r]	58.24[r]	55.11[r]	48.64	51.22	50.24	49.08	48.78	48.64	48.29	47.98	47.15
5 Monetary base[6]	386.88[r]	418.48[r]	434.52[r]	452.67	444.00	445.81	447.08	449.37	452.67	454.14	456.29	457.62
	Not seasonally adjusted											
6 Total reserves[7]	62.37	61.13	58.02	51.52	51.83	51.21	49.78	50.01	51.52	50.67	48.12	47.69
7 Nonborrowed reserves	62.29	60.92	57.76	51.37	51.49	50.84	49.49	49.79	51.37	50.62	48.08	47.53
8 Nonborrowed reserves plus extended credit[5]	62.29	60.92	57.76	51.37	51.49	50.84	49.49	49.79	51.37	50.62	48.08	47.53
9 Required reserves[8]	61.31	59.96	56.74	50.10	50.87	50.17	48.78	48.97	50.10	49.44	47.09	46.53
10 Monetary base[9]	390.59	422.51	439.03	456.72	444.53	445.49	445.38	449.20	456.72	455.55	452.56	455.25
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.86	61.34	57.90	51.24	51.64	51.00	49.55	49.76	51.24	50.64	48.04	47.54
12 Nonborrowed reserves	62.78	61.13	57.64	51.09	51.31	50.63	49.26	49.54	51.09	50.60	48.00	47.39
13 Nonborrowed reserves plus extended credit[5]	62.78	61.13	57.64	51.09	51.31	50.63	49.26	49.54	51.09	50.60	48.00	47.39
14 Required reserves	61.80	60.17	56.62	49.82	50.68	49.96	48.56	48.72	49.82	49.42	47.01	46.38
15 Monetary base[12]	397.62	427.25	444.45	463.49	450.77	451.72	451.91	455.90	463.49	462.71	459.64	462.21
16 Excess reserves[13]	1.06	1.17	1.28	1.42	.96	1.04	.99	1.04	1.42	1.22	1.03	1.16
17 Borrowings from the Federal Reserve	.08	.21	.26	.16	.33	.37	.29	.21	.16	.05	.04	.16

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10.)

3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).

4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).

5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

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

7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory changes in reserve requirements.

11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

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

Billions of dollars, averages of daily figures

Item	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1996	1997		
					Dec.	Jan.	Feb.[r]	Mar.
	Seasonally adjusted							
Measures[2]								
1 M1	1,129.8	1,150.7	1,129.0	1,081.0	1,081.0	1,079.6[r]	1,080.3	1,074.8
2 M2	3,486.6	3,502.1	3,655.0	3,833.1	3,833.1	3,849.8	3,866.2	3,882.4
3 M3	4,254.4	4,328.7	4,594.8	4,927.3[r]	4,927.3[r]	4,948.6[r]	4,985.1	5,013.4
4 L	5,167.8	5,309.8	5,700.3	6,057.3[r]	6,057.3[r]	6,071.7[r]	6,123.3	n.a.
5 Debt	12,514.6	13,156.4	13,875.3	14,624.4[r]	14,624.4[r]	14,665.5[r]	14,725.8	n.a.
M1 components								
6 Currency[3]	322.2	354.4	372.6	395.2	395.2	397.0	400.5	402.4
7 Travelers checks[4]	7.9	8.5	8.9	8.6	8.6	8.6	8.6	8.5
8 Demand deposits[5]	385.2	384.1	391.1	402.4[r]	402.4[r]	401.7	404.2	402.8
9 Other checkable deposits[6]	414.5	403.8	356.5	274.8	274.8	272.4	267.0	261.1
Nontransaction components								
10 In M2[7]	2,356.8	2,351.4	2,526.0	2,752.1	2,752.1	2,770.2	2,785.9	2,807.6
11 In M3 only[8]	767.8	826.6	939.8	1,094.2[r]	1,094.2[r]	1,098.8[r]	1,118.9	1,131.0
Commercial banks								
12 Savings deposits, including MMDAs	785.2	752.4	776.0	904.0[r]	904.0[r]	914.0	921.1	934.1
13 Small time deposits[9]	468.3	503.2	576.0	592.0	592.0	592.7	593.9	596.2
14 Large time deposits[10, 11]	271.9	298.4	344.7	410.4[r]	410.4[r]	410.3[r]	416.0	424.6
Thrift institutions								
15 Savings deposits, including MMDAs	434.0	397.2	361.1	367.1	367.1	368.6	369.4	370.2
16 Small time deposits[9]	314.3	314.3	357.7	352.4	352.4	352.5	352.8	349.3
17 Large time deposits[10]	61.5	64.7	75.1	79.2	79.2	81.1	81.9	82.0
Money market mutual funds								
18 Retail	354.9	384.3	455.2	536.6	536.6	542.4	548.7	557.8
19 Institution-only	209.5	198.5	246.9	299.3	299.3	296.3	305.4	311.8
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	158.6	182.9	182.1	192.7[r]	192.7[r]	194.8[r]	197.9	196.1
21 Eurodollars[12]	66.4	82.1	91.0	112.6[r]	112.6[r]	116.3[r]	117.7	116.5
Debt components								
22 Federal debt	3,323.3	3,492.2	3,638.8	3,780.4	3,780.4	3,778.6	3,784.2	n.a.
23 Nonfederal debt	9,191.2	9,664.2	10,236.6	10,844.1[r]	10,844.1[r]	10,887.0[r]	10,941.6	n.a.
	Not seasonally adjusted							
Measures[2]								
24 M1	1,153.7	1,174.4	1,152.8	1,103.0	1,103.0	1,085.8[r]	1,066.1	1,066.7
25 M2	3,506.6	3,522.5	3,675.3	3,851.5	3,851.5	3,851.5	3,850.5	3,887.2
26 M3	4,274.8	4,348.8	4,614.3	4,944.3[r]	4,944.3[r]	4,954.2[r]	4,976.3	5,020.2
27 L	5,197.7	5,340.2	5,732.2	6,085.6[r]	6,085.6[r]	6,084.6[r]	6,118.4	n.a.
28 Debt	12,516.6	13,158.0	13,875.8	14,623.7[r]	14,623.7[r]	14,645.4[r]	14,686.3	n.a.
M1 components								
29 Currency[3]	324.8	357.5	376.2	397.9	397.9	395.6	397.7	401.0
30 Travelers checks[4]	7.6	8.1	8.5	8.3	8.3	8.2	8.3	8.2
31 Demand deposits[5]	401.8	400.3	407.3	418.8	418.8	405.6	394.6	396.0
32 Other checkable deposits[6]	419.4	408.6	360.8	278.0	278.0	276.4	265.5	261.5
Nontransaction components								
33 In M2[7]	2,352.9	2,348.1	2,522.6	2,748.6[r]	2,748.6[r]	2,765.6	2,784.4	2,820.5
34 In M3 only[8]	768.2	826.3	939.0	1,092.8[r]	1,092.8[r]	1,102.8[r]	1,125.8	1,133.0
Commercial banks								
35 Savings deposits, including MMDAs	784.3	751.7	775.3	902.9	902.9	908.9	915.4	935.1
36 Small time deposits[9]	466.8	501.5	573.8	589.8	589.8	592.0	594.3	597.7
37 Large time deposits[10, 11]	272.0	298.9	345.7	411.9[r]	411.9[r]	406.7[r]	414.4	423.8
Thrift institutions								
38 Savings deposits, including MMDAs	433.4	396.8	360.8	366.7	366.7	366.5	367.1	370.5
39 Small time deposits[9]	313.3	313.2	356.3	351.1	351.1	352.1	353.0	350.2
40 Large time deposits[10]	61.5	64.8	75.4	79.5	79.5	80.4	81.6	81.8
Money market mutual funds								
41 Retail	355.0	385.0	456.3	538.1	538.1	546.2	554.6	567.1
42 Institution-only	210.6	199.8	248.2	300.5	300.5	304.8	315.5	316.4
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	156.6	179.6	178.0	187.5[r]	187.5[r]	192.8[r]	195.3	193.4
44 Eurodollars[12]	67.6	83.2	91.8	113.5[r]	113.5[r]	118.0[r]	119.0	117.6
Debt components								
45 Federal debt	3,329.5	3,499.0	3,645.9	3,787.9	3,787.9	3,773.4	3,783.0	n.a.
46 Nonfederal debt	9,187.1	9,659.0	10,229.8	10,835.8[r]	10,835.8[r]	10,872.1[r]	10,903.3	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

M2: M1 plus (1) savings deposits (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds (money funds with minimum initial investments of less than $50,000). Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more) issued by all depository institutions, (2) balances in institutional money funds (money funds with minimum initial investments of $50,000 or more), (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

3. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of depository institutions.

4. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.

5. Demand deposits at commercial banks and foreign-related institutions other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

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

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

8. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) Eurodollars (overnight and term) of U.S. addressees.

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

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

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

12. Includes both overnight and term.

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks[1]

Item	1995 Dec.	1996r Dec.	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.r	1997r Jan.	1997r Feb.	1997r Mar.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts[2]	1.91	n.a.	1.90	1.91	1.90	1.91	1.98	n.a.	n.a.	n.a.	n.a.
2 Savings deposits[2,3]	3.10	n.a.	2.88	2.86	2.84	2.85	2.85	n.a.	n.a.	n.a.	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.10	4.03	4.13	4.17	4.11	4.11	4.08	4.03	4.03	4.05	4.13
4 92 to 182 days	4.68	4.63	4.59	4.60	4.61	4.60	4.60	4.63	4.63	4.62	4.67
5 183 days to 1 year	5.02	5.00	5.00	5.00	5.04	5.02	4.99	5.00	5.01	5.02	5.08
6 More than 1 year to 2½ years	5.17	5.22	5.25	5.25	5.29	5.27	5.23	5.22	5.25	5.27	5.36
7 More than 2½ years	5.40	5.46	5.50	5.50	5.54	5.52	5.48	5.46	5.49	5.51	5.61
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts[2]	1.91	n.a.	1.81	1.81	1.84	1.90	1.92	n.a.	n.a.	n.a.	n.a.
9 Savings deposits[2,3]	2.98	n.a.	2.88	2.86	2.84	2.80	2.82	n.a.	n.a.	n.a.	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.43	4.66	4.64	4.64	4.59	4.64	4.67	4.66	4.75	4.73	4.78
11 92 to 182 days	4.95	5.02	5.01	5.06	5.11	5.08	5.03	5.02	5.05	5.04	5.05
12 183 days to 1 year	5.18	5.28	5.09	5.26	5.33	5.32	5.29	5.28	5.31	5.31	5.34
13 More than 1 year to 2½ years	5.33	5.53	5.41	5.59	5.61	5.60	5.56	5.53	5.58	5.59	5.66
14 More than 2½ years	5.46	5.72	5.60	5.80	5.82	5.79	5.76	5.72	5.77	5.78	5.81
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts[2]	248,417	n.a.	204,980	190,696	190,033	188,803	167,503	n.a.	n.a.	n.a.	n.a.
16 Savings deposits[2,3]	776,466	n.a.	835,033	860,719	852,336	859,524	896,820	n.a.	n.a.	n.a.	n.a.
17 Personal	615,113	n.a.	662,465	683,081	675,576	680,596	713,672	n.a.	n.a.	n.a.	n.a.
18 Nonpersonal	161,353	n.a.	172,568	177,638	176,759	178,928	183,148	n.a.	n.a.	n.a.	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	32,170	32,931	31,690	32,907	32,695	32,428	32,044	32,931	32,799	32,796	32,441
20 92 to 182 days	93,941	92,301	93,941	91,235	91,167	91,195	92,503	92,301	94,955	95,235	94,005
21 183 days to 1 year	183,834	201,449	197,108	200,038	200,008	199,397	201,281	201,449	201,491	202,329	202,796
22 More than 1 year to 2½ years	208,601	213,198	208,906	209,618	211,234	213,012	214,405	213,198	213,875	212,970	213,913
23 More than 2½ years	199,002	199,906	198,224	199,755	198,324	199,126	198,539	199,906	198,077	197,958	197,055
24 IRA and Keogh plan deposits	150,067	151,275	150,873	151,048	151,309	151,276	151,389	151,275	150,442	150,356	150,460
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts[2]	11,918	n.a.	10,889	10,682	9,838	9,938	9,710	n.a.	n.a.	n.a.	n.a.
26 Savings deposits[2,3]	68,643	n.a.	66,854	67,431	67,980	67,975	68,102	n.a.	n.a.	n.a.	n.a.
27 Personal	65,366	n.a.	63,557	63,927	64,425	64,326	64,369	n.a.	n.a.	n.a.	n.a.
28 Nonpersonal	3,277	n.a.	3,296	3,504	3,555	3,649	3,733	n.a.	n.a.	n.a.	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	2,001	2,428	2,368	2,316	2,540	2,503	2,405	2,428	2,542	2,535	2,560
30 92 to 182 days	12,140	13,013	13,587	13,440	13,474	13,300	13,074	13,013	13,112	13,099	12,748
31 183 days to 1 year	25,686	28,792	28,506	29,339	29,383	29,659	29,329	28,792	29,503	29,510	29,569
32 More than 1 year to 2½ years	27,482	29,095	26,132	26,199	27,192	28,063	28,573	29,095	29,163	29,699	30,162
33 More than 2½ years	22,866	22,254	22,563	22,477	22,348	22,156	21,823	22,254	21,828	21,877	21,975
34 IRA and Keogh plan accounts	21,408	21,365	21,051	21,052	21,002	20,983	20,627	21,365	20,405	20,423	20,386

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 75 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. Owing to statistical difficulties associated in part with the implementation of sweep accounts, estimates for NOW and savings accounts are not available beginning December 1996.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1996[r]				1997[r]			1997			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 5	Mar. 12	Mar. 19	Mar. 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,643.5	3,692.9	3,718.1	3,744.3	3,772.4	3,807.5	3,846.4	3,867.9	3,861.5	3,862.1	3,858.8	3,885.9
2 Securities in bank credit	988.5	968.8	969.3	980.1	989.5	1,004.8	1,020.5	1,014.1	1,014.2	1,012.8	1,006.4	1,020.0
3 U.S. government securities	703.3	703.2	703.2	707.0	706.2	706.3	703.4	707.3	704.4	702.2	704.8	711.4
4 Other securities	285.2	265.6	266.1	273.1	283.2	298.5	317.2	306.9	309.7	310.7	301.6	308.6
5 Loans and leases in bank credit[2]	2,655.0	2,724.0	2,748.8	2,764.2	2,782.9	2,802.7	2,825.9	2,853.8	2,847.3	2,849.2	2,852.5	2,865.9
6 Commercial and industrial	724.9	761.1	770.6	774.7	784.0	787.3	797.0	802.6	802.0	801.7	801.9	806.3
7 Real estate	1,096.1	1,112.0	1,115.5	1,121.5	1,127.8	1,134.3	1,140.2	1,153.6	1,150.3	1,152.6	1,153.2	1,154.6
8 Revolving home equity	79.7	81.2	83.3	84.3	85.4	85.8	86.6	87.9	87.4	87.6	87.9	88.1
9 Other	1,016.4	1,030.8	1,032.2	1,037.2	1,042.4	1,048.5	1,053.6	1,065.7	1,062.9	1,065.0	1,065.3	1,066.5
10 Consumer	500.8	515.9	519.4	521.5	522.6	523.1	522.8	521.5	521.3	522.2	521.5	522.9
11 Security[3]	85.3	73.8	76.9	77.9	79.7	83.4	84.7	88.8	88.9	87.2	89.4	92.2
12 Other loans and leases	247.9	261.3	266.4	268.6	268.8	274.7	281.2	287.3	284.8	285.6	286.4	289.8
13 Interbank loans	206.1	205.4	204.6	212.2	204.0	197.7	203.8	219.5	211.3	219.0	217.4	225.5
14 Cash assets[4]	216.8	224.2	226.1	232.7	230.9	231.1	231.0	236.3	235.1	240.3	229.9	240.3
15 Other assets[5]	236.6	260.0	253.4	259.8	269.4	263.5	275.3	285.1	285.4	283.9	286.6	284.6
16 **Total assets[6]**	**4,246.2**	**4,325.1**	**4,345.4**	**4,392.3**	**4,420.1**	**4,443.7**	**4,500.6**	**4,552.8**	**4,537.3**	**4,549.4**	**4,536.9**	**4,580.5**
Liabilities												
17 Deposits	2,697.6	2,771.9	2,774.2	2,804.8	2,832.0	2,846.4	2,872.1	2,906.4	2,918.9	2,900.6	2,884.3	2,909.7
18 Transaction	765.5	725.2	712.7	715.1	712.9	709.7	701.0	698.5	699.7	694.1	689.4	714.7
19 Nontransaction	1,932.1	2,046.7	2,061.5	2,089.7	2,119.1	2,136.7	2,171.0	2,207.9	2,219.2	2,206.6	2,194.9	2,195.0
20 Large time	430.0	471.7	479.6	489.4	507.7	518.7	535.2	541.8	542.7	539.6	540.3	542.2
21 Other	1,502.1	1,575.0	1,581.9	1,600.3	1,611.4	1,618.0	1,635.8	1,666.0	1,676.5	1,667.0	1,654.6	1,652.8
22 Borrowings	695.9[r]	706.8	690.0	709.8	707.8	728.7	744.4	760.7	749.7	761.9	769.3	770.5
23 From banks in the U.S.	297.6	296.1	292.7	304.1	307.9	303.4	308.8	317.1	323.6	324.3	317.8	314.1
24 From others	398.3	410.8	397.3	405.7	399.9	425.3	435.6	443.6	426.1	437.7	451.5	456.5
25 Net due to related foreign offices	256.7	251.0	244.2	238.1	231.4	222.9	218.7	210.4	205.5	211.0	219.7	202.3
26 Other liabilities	227.6	221.4	242.7	253.7	262.7	272.0	289.8	280.4	293.0	290.5	277.6	273.2
27 **Total liabilities**	**3,877.7**	**3,951.1**	**3,951.1**	**4,006.4**	**4,033.9**	**4,070.0**	**4,124.9**	**4,157.9**	**4,167.1**	**4,164.1**	**4,150.9**	**4,155.7**
28 Residual (assets less liabilities)[7]	368.5	374.0	394.3	385.9	386.1	373.7	375.6	394.9	370.2	385.3	386.0	424.8
	Not seasonally adjusted											
Assets												
29 Bank credit	3,633.6	3,695.3	3,719.8	3,748.6	3,771.3	3,805.8	3,839.3	3,858.5	3,862.7	3,852.4	3,851.9	3,862.3
30 Securities in bank credit	990.2	969.5	969.2	978.8	975.5	995.9	1,017.1	1,016.9	1,020.3	1,017.3	1,011.3	1,015.5
31 U.S. government securities	707.0	704.3	703.8	707.4	702.1	700.3	702.1	711.9	707.2	706.9	711.5	715.0
32 Other securities	283.2	265.2	265.4	271.4	273.5	295.6	315.0	305.1	313.1	310.3	299.8	300.4
33 Loans and leases in bank credit[2]	2,643.5	2,725.8	2,750.6	2,769.8	2,795.8	2,809.9	2,822.1	2,841.6	2,842.4	2,835.2	2,840.6	2,846.8
34 Commercial and industrial	727.3	756.0	767.0	772.8	781.0	785.0	796.6	805.2	803.9	801.8	806.0	807.8
35 Real estate	1,090.5	1,115.1	1,118.7	1,125.8	1,132.6	1,136.3	1,137.2	1,147.7	1,145.1	1,147.4	1,146.4	1,147.7
36 Revolving home equity	79.0	81.8	83.9	84.7	85.5	85.8	86.2	87.1	86.9	87.0	87.1	87.1
37 Other	1,011.5	1,033.2	1,034.8	1,041.0	1,047.1	1,050.5	1,050.9	1,060.6	1,058.3	1,060.4	1,059.3	1,060.6
38 Consumer	496.5	518.0	519.6	522.0	527.4	528.7	523.5	516.9	518.0	517.5	516.7	517.8
39 Security[3]	85.0	73.0	76.7	79.3	81.0	82.6	85.8	88.4	91.4	87.2	89.8	90.2
40 Other loans and leases	244.1	263.6	268.6	270.0	273.9	277.3	279.1	283.4	284.0	281.2	281.6	283.3
41 Interbank loans	203.2	199.7	199.4	216.5	213.3	207.5	208.2	216.0	217.4	218.1	212.6	210.7
42 Cash assets[4]	208.7	221.5	227.1	239.7	246.9	241.5	232.2	227.3	229.9	230.0	222.5	223.3
43 Other assets[5]	232.7	262.5	250.8	258.6	269.4	264.1	275.1	280.3	285.0	278.1	279.5	277.4
44 **Total assets[6]**	**4,221.5**	**4,321.3**	**4,340.4**	**4,406.6**	**4,444.2**	**4,462.9**	**4,498.8**	**4,526.1**	**4,538.9**	**4,522.8**	**4,510.6**	**4,518.0**
Liabilities												
45 Deposits	2,685.3	2,772.4	2,779.0	2,821.8	2,863.9	2,850.3	2,857.2	2,895.2	2,916.4	2,892.6	2,872.2	2,873.6
46 Transaction	752.4	723.7	710.4	725.2	745.8	721.0	694.1	686.3	698.0	682.4	675.4	681.4
47 Nontransaction	1,932.9	2,048.8	2,068.6	2,096.5	2,118.1	2,129.3	2,163.1	2,208.8	2,218.4	2,210.2	2,196.8	2,192.3
48 Large time	429.9	469.7	485.0	493.9	507.8	515.4	533.1	541.3	541.5	539.9	540.6	542.0
49 Other	1,503.0	1,579.0	1,583.6	1,602.6	1,610.3	1,613.9	1,630.0	1,667.5	1,677.0	1,670.2	1,656.2	1,650.3
50 Borrowings	679.3	711.1	682.4	699.5	700.1	723.0	728.5	740.5	727.4	728.0	744.3	752.6
51 From banks in the U.S.	289.5	298.5	286.1	297.9	302.6	297.6	296.8	305.1	305.2	302.5	297.0	307.7
52 From others	389.8	412.6	396.3	401.7	397.5	425.4	431.7	435.4	422.2	425.5	447.3	444.9
53 Net due to related foreign offices	262.3	245.2	245.8	235.2	230.1	233.3	229.4	219.3	206.9	219.3	223.8	227.0
54 Other liabilities	226.3	222.0	241.8	257.5	258.6	269.3	291.8	278.6	295.2	290.7	273.2	268.1
55 **Total liabilities**	**3,853.3[r]**	**3,950.6**	**3,949.0**	**4,013.9**	**4,052.7**	**4,075.9**	**4,106.9**	**4,133.5**	**4,145.9**	**4,130.6**	**4,113.5**	**4,121.3**
56 Residual (assets less liabilities)[7]	368.2	370.6	391.4	392.7	391.5	387.1	391.9	392.6	393.1	392.2	397.1	396.7
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	62.4	65.5	69.6	89.1	102.8	92.0	100.4	95.1	89.3	89.6
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	58.3	60.4	64.3	84.8	98.1	86.3	96.0	90.3	83.7	82.2

Footnotes appear on page A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1996[r]				1997[r]			1997			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 5	Mar. 12	Mar. 19	Mar. 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,198.3	3,225.4	3,237.6	3,250.5	3,267.3	3,290.5	3,313.7	3,339.7	3,331.3	3,331.5	3,334.3	3,350.7
2 Securities in bank credit	845.0	822.3	820.7	822.3	825.1	834.6	843.9	841.9	843.7	841.6	838.3	842.2
3 U.S. government securities	634.1	620.3	620.6	619.9	618.7	624.6	618.2	624.0	620.0	620.5	623.9	627.4
4 Other securities	210.9	202.0	200.1	202.4	206.4	210.0	225.7	217.9	223.7	221.1	214.4	214.8
5 Loans and leases in bank credit[2]	2,353.3	2,403.0	2,416.9	2,428.2	2,442.2	2,455.9	2,469.9	2,497.8	2,487.6	2,489.9	2,496.0	2,508.6
6 Commercial and industrial	541.2	560.5	564.8	566.6	571.0	572.3	578.8	584.9	582.9	582.5	584.0	588.3
7 Real estate	1,062.6	1,079.2	1,082.8	1,089.1	1,095.7	1,102.3	1,107.9	1,121.6	1,118.0	1,120.5	1,121.2	1,122.6
8 Revolving home equity	79.7	81.2	83.3	84.3	85.4	85.8	86.6	87.9	87.4	87.6	87.9	88.1
9 Other	982.9	998.0	999.5	1,004.8	1,010.4	1,016.5	1,021.3	1,033.7	1,030.5	1,032.9	1,033.3	1,034.6
10 Consumer	500.8	515.9	519.4	521.5	522.6	523.1	522.8	521.5	521.3	522.2	521.5	522.9
11 Security[3]	51.8	44.7	44.0	42.9	43.6	45.3	45.1	49.3	46.8	47.2	50.3	51.6
12 Other loans and leases	196.9	202.8	206.0	208.2	209.4	212.9	215.4	220.6	218.6	217.5	219.1	223.1
13 Interbank loans	185.9	185.1	184.0	192.0	182.3	174.4	181.5	194.6	192.8	194.0	192.1	199.3
14 Cash assets[4]	189.2	194.7	196.4	201.8	199.8	199.9	197.8	203.5	199.6	206.3	198.4	208.0
15 Other assets[5]	189.3	219.0	219.6	223.6	232.4	224.8	233.2	242.9	239.4	240.5	245.2	244.3
16 **Total assets[6]**	**3,706.0**	**3,766.9**	**3,781.1**	**3,811.5**	**3,825.4**	**3,833.7**	**3,870.5**	**3,924.9**	**3,907.3**	**3,916.6**	**3,914.4**	**3,946.8**
Liabilities												
17 Deposits	2,527.4	2,585.9	2,576.8	2,600.9	2,612.5	2,619.5	2,631.2	2,659.3	2,668.0	2,654.2	2,639.9	2,664.1
18 Transaction	755.6	715.5	702.3	704.9	702.7	699.3	691.1	687.7	689.4	683.5	678.3	703.9
19 Nontransaction	1,771.8	1,870.4	1,874.5	1,896.0	1,909.8	1,920.2	1,940.1	1,971.5	1,978.6	1,970.7	1,961.7	1,960.2
20 Large time	272.9	298.9	295.2	299.4	302.6	302.3	306.6	308.5	308.2	307.6	308.5	308.8
21 Other	1,498.9	1,571.6	1,579.3	1,596.6	1,607.2	1,617.9	1,633.5	1,663.0	1,670.4	1,663.0	1,653.2	1,651.4
22 Borrowings	578.6	584.1	572.5	584.1	586.0	597.7	599.9	618.8	602.9	622.4	631.2	620.0
23 From banks in the U.S.	265.4	262.1	260.3	270.8	274.9	275.2	274.4	281.7	283.0	292.6	284.7	274.6
24 From others	313.2	321.9	312.2	313.3	311.1	322.5	325.5	337.1	320.0	329.9	346.5	345.4
25 Net due to related foreign offices	81.1	74.7	76.5	71.0	69.1	72.0	78.2	68.2	67.1	65.4	73.4	69.8
26 Other liabilities	153.0	152.7	168.1	173.8	179.8	182.1	190.3	187.1	195.0	193.3	186.1	181.6
27 **Total liabilities**	**3,340.1**	**3,397.4**	**3,393.9**	**3,429.7**	**3,447.5**	**3,471.3**	**3,499.6**	**3,533.4**	**3,533.0**	**3,535.3**	**3,530.6**	**3,535.5**
28 Residual (assets less liabilities)[7]	365.8	369.4	387.1	381.7	377.8	362.5	370.8	391.5	374.3	381.4	383.8	411.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,189.8[r]	3,229.1	3,240.6	3,255.2	3,270.3	3,291.8	3,306.0	3,330.3	3,327.7	3,320.8	3,325.2	3,335.2
30 Securities in bank credit	847.3	824.1	820.7	821.3	817.5	829.9	839.5	843.9	844.8	843.2	840.4	844.0
31 U.S. government securities	636.1	622.5	621.6	620.4	617.0	617.6	615.1	625.6	619.5	621.8	626.0	629.3
32 Other securities	211.2	201.7	199.1	200.9	200.6	212.3	224.4	218.2	225.3	221.5	214.4	214.7
33 Loans and leases in bank credit[2]	2,342.5	2,405.0	2,419.9	2,434.0	2,452.8	2,462.0	2,466.5	2,486.5	2,482.9	2,477.6	2,484.8	2,491.2
34 Commercial and industrial	543.9	556.6	562.4	564.9	567.5	570.2	578.4	587.9	585.4	583.8	587.9	590.9
35 Real estate	1,057.1[r]	1,082.2	1,085.7	1,092.9	1,100.4	1,104.3	1,104.8	1,115.7	1,112.7	1,115.1	1,114.2	1,116.0
36 Revolving home equity	79.0	81.8	83.9	84.7	85.5	85.8	86.2	87.1	86.9	87.0	87.1	87.1
37 Other	978.1	1,000.3	1,001.9	1,008.2	1,015.0	1,018.5	1,018.6	1,028.6	1,025.8	1,028.2	1,027.0	1,028.8
38 Consumer	496.5	518.0	519.6	522.0	527.4	528.7	523.5	516.9	518.0	517.5	516.7	517.8
39 Security[3]	51.5	43.9	43.8	44.3	44.8	44.5	46.2	48.9	49.3	47.3	50.7	49.6
40 Other loans and leases	193.5	204.2	208.4	209.9	212.7	214.2	213.6	217.1	217.7	213.9	215.3	217.0
41 Interbank loans	183.0	179.4	178.7	196.3	191.5	184.1	185.8	191.1	198.8	193.0	187.3	184.6
42 Cash assets[4]	181.6	192.6	197.0	208.5	214.7	209.9	199.8	195.1	195.4	196.8	191.6	191.2
43 Other assets[5]	186.0	221.0	217.3	222.1	231.6	226.1	232.1	238.7	238.1	234.1	239.5	238.1
44 **Total assets[6]**	**3,683.6**	**3,764.6**	**3,777.3**	**3,825.7**	**3,851.7**	**3,856.3**	**3,868.0**	**3,899.5**	**3,904.3**	**3,889.1**	**3,887.9**	**3,893.5**
Liabilities												
45 Deposits	2,515.2	2,586.9	2,576.3	2,615.3	2,641.7	2,623.3	2,619.5	2,648.2	2,668.6	2,646.4	2,626.5	2,626.0
46 Transaction	742.7	713.5	700.0	715.1	734.9	710.6	684.0	675.8	687.9	672.2	664.7	670.6
47 Nontransaction	1,772.5	1,873.4	1,876.3	1,900.2	1,906.8	1,912.7	1,935.6	1,972.5	1,980.8	1,974.2	1,961.8	1,955.4
48 Large time	273.1	296.6	295.0	300.0	299.3	301.0	309.4	308.5	310.3	308.4	308.0	307.6
49 Other	1,499.4	1,576.8	1,581.3	1,600.2	1,607.5	1,611.7	1,626.1	1,664.0	1,670.4	1,665.8	1,653.8	1,647.8
50 Borrowings	566.6	587.2	568.2	577.3	579.5	595.2	590.6	604.5	583.9	594.1	609.4	615.0
51 From banks in the U.S.	258.5	265.2	256.1	264.6	269.0	268.3	264.6	271.3	266.4	272.3	264.3	272.9
52 From others	308.1	322.0	312.0	312.8	310.5	326.9	326.0	333.3	317.4	321.8	345.1	342.1
53 Net due to related foreign offices	84.8	70.9	78.2	68.4	66.2	73.6	79.9	72.5	69.3	69.0	75.1	80.5
54 Other liabilities	151.9	153.3	168.8	176.9	177.1	180.2	189.7	185.4	194.5	191.9	182.8	178.8
55 **Total liabilities**	**3,318.5**	**3,398.3**	**3,391.4**	**3,437.9**	**3,464.5**	**3,472.3**	**3,479.8**	**3,510.8**	**3,516.3**	**3,501.3**	**3,493.8**	**3,500.3**
56 Residual (assets less liabilities)[7]	365.1	366.3	385.9	387.8	387.2	384.0	388.2	388.7	388.0	387.8	394.1	393.2
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	32.5	33.1	36.2	47.5	55.8	48.9	55.4	50.6	46.5	47.6
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	28.9	28.9	31.8	44.0	50.9	43.2	50.7	45.8	40.8	40.2
59 Mortgage-backed securities[9]	n.a.	n.a.	236.5	238.1	241.2	244.3	243.2	245.1	244.0	244.1	244.1	246.3

Footnotes appear on page A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996[r]	1996[r]				1997[r]			1997			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 5	Mar. 12	Mar. 19	Mar. 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,824.2	1,803.8	1,811.5	1,815.8	1,824.5	1,838.5	1,857.1	1,867.8	1,864.3	1,863.9	1,859.9	1,876.4
2 Securities in bank credit	435.3	406.9	407.0	410.1	412.7	418.3	428.6	422.2	425.2	423.7	417.8	422.3
3 U.S. government securities	304.0	285.1	287.2	287.9	286.4	289.2	283.7	286.6	283.3	284.7	285.6	289.5
4 Trading account	22.1	20.9	21.2	21.5	19.4	17.2	16.1	17.7	16.2	17.3	17.3	18.7
5 Investment account	281.9	264.2	265.9	266.4	266.9	272.1	267.5	268.9	267.0	267.4	268.3	270.8
6 Other securities	131.3	121.8	119.9	122.2	126.4	129.0	144.9	135.6	141.9	139.0	132.2	132.7
7 Trading account	60.1	56.4	55.1	57.8	60.9	64.6	79.9	69.8	76.3	73.9	66.1	65.9
8 Investment account	71.2	65.5	64.8	64.4	65.5	64.4	65.0	65.8	65.6	65.1	66.1	66.8
9 State and local government	21.3	20.3	20.2	20.2	20.3	20.5	21.0	20.6	20.8	20.6	20.6	20.5
10 Other	49.9	45.1	44.6	44.2	45.2	44.0	44.0	45.3	44.8	44.5	45.5	46.3
11 Loans and leases in bank credit[2]	1,388.9	1,396.9	1,404.5	1,405.7	1,411.8	1,420.2	1,428.5	1,445.6	1,439.2	1,440.2	1,442.1	1,454.1
12 Commercial and industrial	369.0	379.7	383.1	383.2	385.6	386.2	390.4	394.7	393.1	392.8	393.8	397.8
13 Real estate	567.3	558.1	559.3	560.6	562.9	563.0	563.8	569.2	568.1	569.7	567.7	569.2
14 Revolving home equity	53.6	53.9	54.2	54.7	55.3	55.4	55.8	56.4	56.1	56.3	56.4	56.5
15 Other	513.8	504.2	505.0	505.9	507.5	507.6	508.0	512.8	512.0	513.4	511.3	512.7
16 Consumer	273.5	281.7	281.4	281.1	281.3	284.4	286.2	285.1	285.6	285.7	284.3	286.3
17 Security[3]	45.9	39.5	39.1	37.8	38.5	40.4	39.9	43.9	41.3	41.9	44.9	46.2
18 State and local government	11.4	10.9	10.9	11.2	11.3	11.1	11.1	11.0	11.0	11.0	10.9	11.0
19 All other	121.8	127.0	130.6	131.8	132.2	135.1	137.1	141.6	140.1	139.1	140.4	143.6
20 Interbank loans	122.3	134.2	133.1	138.5	127.1	120.1	124.1	132.9	130.1	132.1	131.1	136.7
21 Cash assets[4]	124.4	128.7	128.9	133.1	131.1	130.9	128.0	133.4	129.9	135.5	130.8	136.8
22 Other assets[5]	139.5	161.9	163.3	166.7	173.8	167.6	174.0	177.0	172.8	174.5	180.6	177.6
23 **Total assets**[6]	**2,173.8**	**2,192.2**	**2,200.9**	**2,218.2**	**2,220.9**	**2,221.9**	**2,248.1**	**2,276.0**	**2,261.8**	**2,270.8**	**2,267.3**	**2,292.4**
Liabilities												
24 Deposits	1,323.0	1,350.8	1,359.9	1,371.3	1,378.6	1,371.2	1,369.3	1,376.9	1,381.5	1,371.9	1,365.6	1,384.1
25 Transaction	420.3	394.3	387.8	388.3	387.0	384.0	374.7	368.3	369.7	365.7	361.2	379.2
26 Nontransaction	902.8	956.5	972.1	983.0	991.5	987.2	994.6	1,008.6	1,011.8	1,006.1	1,004.4	1,004.9
27 Large time	126.0	146.8	152.0	153.7	155.4	153.7	156.5	157.3	156.7	155.5	156.9	158.3
28 Other	776.7	809.7	820.1	829.3	836.1	833.5	838.1	851.3	855.0	850.6	847.5	846.5
29 Borrowings	436.8	422.2	407.2	416.3	416.9	427.3	427.9	441.6	427.8	443.6	447.8	443.7
30 From banks in the U.S.	187.9	178.3	173.4	183.2	189.2	188.1	187.2	193.2	193.6	201.8	191.5	188.0
31 From others	248.9	244.0	233.8	233.1	227.7	239.2	240.7	248.4	234.2	241.8	256.4	255.7
32 Net due to related foreign offices	75.3	68.9	73.2	68.8	66.4	68.0	74.3	64.3	63.5	61.7	69.8	65.6
33 Other liabilities	122.0	126.1	139.4	144.8	150.6	154.1	162.3	159.3	167.2	165.4	157.5	153.5
34 **Total liabilities**	**1,957.1**	**1,968.0**	**1,979.7**	**2,001.2**	**2,012.5**	**2,020.6**	**2,033.8**	**2,042.1**	**2,040.0**	**2,042.6**	**2,040.8**	**2,046.8**
35 Residual (assets less liabilities)[7]	216.6	224.1	221.2	217.1	208.4	201.3	214.3	233.9	221.8	228.2	226.5	245.6
	Not seasonally adjusted											
Assets												
36 Bank credit	1,820.1	1,803.6	1,812.0	1,818.9	1,824.8	1,841.7	1,854.9	1,863.0	1,867.2	1,859.0	1,855.9	1,864.1
37 Securities in bank credit	436.1	408.3	408.1	410.7	405.6	415.0	425.9	422.9	428.0	425.1	418.4	420.4
38 U.S. government securities	304.7	286.7	289.3	290.0	285.1	283.5	282.0	287.2	284.5	285.7	286.5	288.3
39 Trading account	23.3	21.0	22.0	22.7	18.1	16.3	16.3	18.8	17.8	19.0	19.3	18.5
40 Investment account	281.4	265.7	267.3	267.3	267.0	267.3	265.6	268.3	266.7	266.7	267.2	269.8
41 Other securities	131.3	121.6	118.8	120.6	120.5	131.4	143.9	135.7	143.5	139.3	131.9	132.1
42 Trading account	60.4	56.1	53.5	55.4	54.4	66.5	78.8	70.2	78.0	74.4	66.4	65.8
43 Investment account	70.9	65.5	65.3	65.2	66.1	64.9	65.1	65.5	65.6	65.0	65.5	66.3
44 State and local government	21.4	20.3	20.2	20.3	20.4	20.5	21.0	20.6	20.8	20.6	20.6	20.6
45 Other	49.6	45.2	45.1	45.0	45.7	44.4	44.1	44.9	44.8	44.4	44.9	45.7
46 Loans and leases in bank credit[2]	1,384.1	1,395.2	1,403.8	1,408.2	1,419.1	1,426.7	1,429.0	1,440.1	1,439.2	1,433.9	1,437.5	1,443.6
47 Commercial and industrial	371.2	376.8	381.3	382.2	382.6	384.0	390.4	397.2	395.5	393.9	396.9	399.5
48 Real estate	564.7	558.9	560.0	562.2	565.6	565.4	563.3	566.3	566.0	567.6	564.4	565.2
49 Revolving home equity	53.1	54.2	54.5	55.0	55.4	55.5	55.6	55.9	55.8	55.8	55.9	55.9
50 Other	511.6	504.7	505.4	507.2	510.2	509.9	507.7	510.4	510.2	511.8	508.5	509.3
51 Consumer	271.2	282.9	281.0	280.8	285.2	289.0	286.0	282.4	283.4	282.9	281.6	283.3
52 Security[3]	45.6	38.9	39.0	39.0	39.5	39.5	40.9	43.5	43.5	41.8	45.5	44.5
53 State and local government	11.3	11.0	11.0	11.2	11.3	11.0	11.0	10.9	10.9	11.0	10.9	11.0
54 All other	120.0	126.8	131.6	132.8	134.9	137.9	137.4	139.8	139.9	136.8	138.3	140.0
55 Interbank loans	119.5	130.2	127.6	137.9	133.3	128.6	126.4	129.5	130.8	128.7	128.6	127.9
56 Cash assets[4]	118.9	128.1	128.4	137.1	142.4	138.8	130.7	127.0	126.6	128.2	126.2	124.0
57 Other assets[5]	137.1	163.5	161.2	164.7	172.4	168.0	171.6	173.8	170.9	169.8	177.1	173.5
58 **Total assets**[6]	**2,158.9**	**2,188.5**	**2,193.5**	**2,222.8**	**2,237.2**	**2,241.9**	**2,248.5**	**2,258.1**	**2,260.1**	**2,250.6**	**2,252.6**	**2,254.4**
Liabilities												
59 Deposits	1,316.1	1,349.7	1,357.1	1,378.2	1,394.6	1,377.4	1,367.3	1,370.8	1,384.1	1,368.5	1,360.4	1,358.5
60 Transaction	412.1	393.1	384.9	394.9	408.3	391.6	371.3	360.6	367.8	357.2	354.2	357.3
61 Nontransaction	904.0	956.6	972.2	983.3	986.4	985.8	995.9	1,010.2	1,016.4	1,011.3	1,006.2	1,001.2
62 Large time	125.4	144.7	151.4	153.9	153.0	153.6	158.7	156.5	158.3	155.6	155.7	156.0
63 Other	778.6	811.8	820.7	829.3	833.4	832.2	837.3	853.7	858.1	855.7	850.5	845.3
64 Borrowings	429.3	425.8	402.8	411.0	410.9	423.1	420.1	433.1	416.3	425.2	437.4	440.5
65 From banks in the U.S.	183.8	180.6	169.8	178.7	183.9	181.5	179.4	186.7	183.7	188.7	179.5	186.9
66 From nonbanks in the U.S.	245.6	245.2	232.9	232.3	227.0	241.6	240.6	246.4	232.6	236.4	257.9	253.6
67 Net due to related foreign offices	79.0	65.0	74.8	66.2	63.4	69.7	76.0	68.6	65.7	65.3	71.6	76.3
68 Other liabilities	120.5	127.0	140.1	148.0	148.4	151.9	161.3	157.2	166.4	163.6	154.0	149.9
69 **Total liabilities**	**1,944.9**	**1,967.5**	**1,974.7**	**2,003.5**	**2,017.3**	**2,022.1**	**2,024.6**	**2,029.7**	**2,032.5**	**2,022.6**	**2,023.3**	**2,025.3**
70 Residual (assets less liabilities)[7]	214.0	221.1	218.7	219.3	219.8	219.8	223.9	228.4	227.5	228.0	229.3	229.1
MEMO												
71 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	32.5	33.1	36.2	47.5	55.8	48.9	55.4	50.6	46.5	47.6
72 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	28.9	28.9	31.8	44.0	50.9	43.2	50.7	45.8	40.8	40.2
73 Mortgage-backed securities[9]	n.a.	n.a.	188.2	189.5	192.0	193.6	192.9	193.3	192.8	192.9	192.3	194.2

Footnotes appear on page A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996[r]	1996[r]				1997[r]			1997			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 5	Mar. 12	Mar. 19	Mar. 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,374.2	1,421.5	1,426.1	1,434.8	1,442.8	1,452.1	1,456.6	1,471.8	1,467.0	1,467.6	1,474.4	1,474.4
2 Securities in bank credit	409.7	415.4	413.6	412.2	412.3	416.3	415.3	419.6	418.5	417.9	420.6	419.9
3 U.S. government securities	330.1	335.2	333.4	332.1	332.3	335.3	334.5	337.4	336.7	335.8	338.3	337.8
4 Other securities	79.6	80.2	80.2	80.2	80.0	81.0	80.8	82.3	81.8	82.1	82.2	82.0
5 Loans and leases in bank credit[2]	964.4	1,006.1	1,012.4	1,022.5	1,030.5	1,035.7	1,041.4	1,052.2	1,048.5	1,049.7	1,053.9	1,054.5
6 Commercial and industrial	172.2	180.8	181.6	183.4	185.4	186.2	188.3	190.2	189.8	189.7	190.2	190.5
7 Real estate	495.3	521.1	523.5	528.5	532.9	539.3	544.0	552.4	549.9	550.8	553.4	553.4
8 Revolving home equity	26.2	27.3	29.1	29.6	30.0	30.4	30.8	31.5	31.3	31.4	31.5	31.6
9 Other	469.1	493.8	494.4	498.9	502.9	508.9	513.2	520.9	518.6	519.4	521.9	521.9
10 Consumer	227.3	234.1	237.9	240.4	241.2	238.7	236.6	236.4	235.7	236.5	237.2	236.7
11 Security[3]	5.9	5.2	4.9	5.0	5.1	5.0	5.2	5.4	5.5	5.4	5.3	5.5
12 Other loans and leases	63.7	64.9	64.4	65.2	65.9	66.6	67.2	67.9	67.6	67.4	67.8	68.5
13 Interbank loans	63.6	50.9	50.8	53.6	55.2	54.3	57.4	61.7	62.6	61.9	61.0	62.6
14 Cash assets[4]	64.8	66.0	67.5	68.7	68.6	69.0	69.8	70.1	69.6	70.9	67.6	71.2
15 Other assets[5]	49.8	57.1	56.3	56.9	58.6	57.2	59.2	65.8	66.6	66.0	64.6	66.7
16 **Total assets[6]**	**1,532.2**	**1,574.7**	**1,580.1**	**1,593.2**	**1,604.4**	**1,611.8**	**1,622.4**	**1,648.9**	**1,645.4**	**1,645.8**	**1,647.1**	**1,654.4**
Liabilities												
17 Deposits	1,204.4	1,235.1	1,216.9	1,229.6	1,233.9	1,248.3	1,261.9	1,282.4	1,286.5	1,282.3	1,274.3	1,280.0
18 Transaction	335.4	321.1	314.5	316.6	315.7	315.3	316.4	319.4	319.7	317.8	317.0	324.7
19 Nontransaction	869.0	913.9	902.4	913.0	918.3	933.0	945.5	962.9	966.8	964.5	957.3	955.3
20 Large time	146.9	152.1	143.2	145.7	147.2	148.7	150.1	151.2	151.4	152.1	151.6	150.5
21 Other	722.1	761.9	759.2	767.3	771.1	784.4	795.3	811.8	815.4	812.4	805.7	804.8
22 Borrowings	141.8	161.9	165.3	167.8	169.1	170.4	172.0	177.2	175.1	178.8	183.4	176.3
23 From banks in the U.S.	77.6	83.9	86.9	87.7	85.7	87.1	87.2	88.5	89.3	90.7	93.2	86.6
24 From others	64.3	78.0	78.4	80.2	83.4	83.4	84.8	88.7	85.7	88.1	90.1	89.7
25 Net due to related foreign offices	5.8	5.9	3.4	2.2	2.7	4.0	4.0	3.9	3.6	3.6	3.5	4.2
26 Other liabilities	31.0	26.6	28.7	29.0	29.2	28.0	28.0	27.8	27.8	27.9	28.6	28.1
27 **Total liabilities**	**1,383.0**	**1,429.4**	**1,414.2**	**1,428.6**	**1,435.0**	**1,450.7**	**1,465.8**	**1,491.4**	**1,493.0**	**1,492.7**	**1,489.8**	**1,488.6**
28 Residual (assets less liabilities)[7]	149.2	145.3	165.9	164.6	169.4	161.2	156.5	157.6	152.4	153.2	157.3	165.7
	Not seasonally adjusted											
Assets												
29 Bank credit	1,369.6	1,425.5	1,428.6	1,436.3	1,445.5	1,450.2	1,451.1	1,467.3	1,460.5	1,461.8	1,469.2	1,471.1
30 Securities in bank credit	411.2	415.8	412.6	410.6	411.9	414.9	413.6	421.0	416.7	418.2	422.0	423.5
31 U.S. government securities	331.4	335.7	332.3	330.4	331.8	334.1	333.1	338.5	335.0	336.0	339.5	340.9
32 Other securities	79.9	80.0	80.2	80.2	80.0	80.8	80.5	82.5	81.8	82.1	82.5	82.6
33 Loans and leases in bank credit[2]	958.4	1,009.8	1,016.0	1,025.7	1,033.6	1,035.3	1,037.5	1,046.3	1,043.8	1,043.7	1,047.3	1,047.6
34 Commercial and industrial	172.7	179.8	181.0	182.7	184.9	186.2	188.0	190.7	189.9	189.9	191.1	191.3
35 Real estate	492.3	523.3	525.8	530.7	534.8	538.9	541.5	549.4	546.7	547.5	549.8	550.7
36 Revolving home equity	25.9	27.7	29.3	29.7	30.1	30.3	30.6	31.2	31.1	31.2	31.3	31.2
37 Other	466.4	495.6	496.5	501.0	504.7	508.6	510.8	518.1	515.6	516.3	518.6	519.5
38 Consumer	225.3	235.1	238.6	241.1	242.1	239.7	237.5	234.5	234.6	234.6	235.1	234.5
39 Security[3]	5.9	5.1	4.8	5.3	5.3	5.1	5.3	5.4	5.8	5.5	5.2	5.1
40 Other loans and leases	62.2	66.4	65.8	66.0	66.5	65.4	65.3	66.4	66.9	66.2	66.1	66.0
41 Interbank loans	63.5	49.2	51.1	58.4	58.2	55.5	59.4	61.6	68.0	64.3	58.7	56.7
42 Cash assets[4]	62.7	64.5	68.6	71.4	72.3	71.1	69.1	68.1	68.9	68.6	65.4	67.2
43 Other assets[5]	49.0	57.6	56.1	57.4	59.2	58.1	60.5	64.9	67.2	64.3	62.4	64.6
44 **Total assets[6]**	**1,524.7**	**1,576.0**	**1,583.8**	**1,602.9**	**1,614.5**	**1,614.4**	**1,619.6**	**1,641.4**	**1,644.3**	**1,638.6**	**1,635.3**	**1,639.2**
Liabilities												
45 Deposits	1,199.1	1,237.2	1,219.2	1,237.1	1,247.1	1,245.9	1,252.3	1,277.5	1,284.5	1,277.8	1,266.1	1,267.5
46 Transaction	330.6	320.4	315.0	320.2	326.6	319.0	312.6	315.2	320.1	315.0	310.6	313.3
47 Nontransaction	868.5	916.8	904.1	916.9	920.4	926.9	939.6	962.3	964.4	962.9	955.6	954.2
48 Large time	147.7	151.9	143.6	146.1	146.3	147.4	150.8	152.0	152.0	152.8	152.2	151.6
49 Other	720.8	764.9	760.5	770.9	774.2	779.5	788.8	810.3	812.4	810.1	803.3	802.6
50 Borrowings	137.3	161.5	165.4	166.3	168.6	172.1	170.5	171.4	167.6	168.9	172.0	174.5
51 From banks in the U.S.	74.8	84.6	86.3	85.8	85.1	86.8	85.2	84.6	82.7	83.6	84.8	86.0
52 From others	62.5	76.8	79.1	80.5	83.5	85.3	85.3	86.9	84.9	85.3	87.2	88.5
53 Net due to related foreign offices	5.8	5.9	3.4	2.2	2.7	4.0	4.0	3.9	3.6	3.6	3.5	4.2
54 Other liabilities	31.4	26.3	28.7	28.9	28.8	28.2	28.4	28.2	28.1	28.3	28.8	28.9
55 **Total liabilities**	**1,373.6**	**1,430.8**	**1,416.6**	**1,434.4**	**1,447.1**	**1,450.2**	**1,455.2**	**1,481.0**	**1,483.8**	**1,478.7**	**1,470.5**	**1,475.1**
56 Residual (assets less liabilities)[7]	151.1	145.2	167.2	168.4	167.4	164.2	164.4	160.3	160.5	159.8	164.8	164.1
MEMO												
57 Mortgage-backed securities[9]	n.a.	n.a.	48.4	48.5	49.2	50.7	50.3	51.8	51.2	51.2	51.8	52.1

Footnotes appear on page A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1996[r]				1997[r]			1997			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Mar. 5	Mar. 12	Mar. 19	Mar. 26
	Seasonally adjusted											
Assets												
1 Bank credit	445.2	467.5	480.5	493.8	505.1	516.9	532.7	528.3	530.2	530.6	524.5	535.2
2 Securities in bank credit	143.5	146.5	148.6	157.8	164.4	170.2	176.7	172.3	170.5	171.3	168.0	177.8
3 U.S. government securities	69.2	82.9	82.6	87.0	87.6	81.7	85.2	83.3	84.4	81.6	80.9	84.0
4 Other securities	74.3	63.6	65.9	70.8	76.9	88.4	91.5	89.0	86.0	89.6	87.1	93.8
5 Loans and leases in bank credit[2]	301.7	321.0	331.9	336.0	340.7	346.8	356.0	356.0	359.7	359.3	356.5	357.3
6 Commercial and industrial	183.7	200.6	205.9	208.1	213.1	214.9	218.2	217.7	219.1	219.1	217.9	218.0
7 Real estate	33.5	32.8	32.7	32.4	32.0	32.0	32.3	32.0	32.3	32.1	32.1	32.0
8 Security[3]	33.5	29.1	32.9	35.0	36.2	38.0	39.6	39.5	42.1	40.0	39.2	40.6
9 Other loans and leases	51.0	58.5	60.4	60.4	59.4	61.8	65.8	66.7	66.2	68.1	67.3	66.7
10 Interbank loans	20.2	20.3	20.6	20.2	21.8	23.4	22.3	24.9	18.5	25.0	25.3	26.1
11 Cash assets[4]	27.6	29.5	29.7	30.9	31.1	31.2	33.1	32.8	35.5	34.0	31.5	32.3
12 Other assets[5]	47.3	41.0	33.7	36.2	37.0	38.8	42.2	42.2	46.0	43.4	41.4	40.4
13 **Total assets**[6]	**540.3**	**558.2**	**564.4**	**580.9**	**594.7**	**610.0**	**630.1**	**627.9**	**630.0**	**632.8**	**622.5**	**633.7**
Liabilities												
14 Deposits	170.2	186.0	197.4	203.9	219.5	226.9	240.9	247.1	251.0	246.5	244.3	245.6
15 Transaction	9.9	9.7	10.4	10.2	10.2	10.4	9.9	10.8	10.3	10.6	11.1	10.8
16 Nontransaction	160.3	176.2	187.0	193.7	209.3	216.5	230.9	236.3	240.6	235.9	233.2	234.8
17 Large time	157.1	172.8	184.4	190.0	205.1	216.4	228.6	233.3	234.6	232.0	231.8	233.4
18 Other	3.2	3.4	2.6	3.7	4.2	0.1	2.3	3.0	6.1	3.9	1.4	1.4
19 Borrowings	117.2	122.8	117.5	125.7	121.7	131.0	144.5	141.9	146.8	139.5	138.1	150.6
20 From banks in the U.S.	32.2	34.0	32.4	33.2	32.9	28.3	34.4	35.4	40.6	31.7	33.1	39.5
21 From others	85.1	88.8	85.1	92.4	88.8	102.7	110.1	106.5	106.1	107.8	105.0	111.1
22 Net due to related foreign offices	175.6	176.3	167.7	167.1	162.3	150.9	140.4	142.2	138.4	145.7	146.4	132.5
23 Other liabilities	74.5	68.7	74.6	80.0	82.8	89.9	99.6	93.3	98.0	97.2	91.5	91.6
24 **Total liabilities**	**537.6**	**553.7**	**557.2**	**576.7**	**586.4**	**598.8**	**625.3**	**624.5**	**634.1**	**628.9**	**620.3**	**620.2**
25 Residual (assets less liabilities)[7]	2.7	4.5	7.2	4.2	8.3	11.3	4.8	3.5	−4.0	3.9	2.2	13.5
	Not seasonally adjusted											
Assets												
26 Bank credit	443.9	466.2	479.2	493.4	501.1	513.9	533.3	528.2	534.9	531.6	526.7	527.1
27 Securities in bank credit	142.9	145.4	148.5	157.5	158.0	166.0	177.6	173.1	175.5	174.0	170.9	171.5
28 U.S. government securities	70.9	81.8	82.1	87.0	85.1	82.7	87.0	86.2	87.7	85.2	85.5	85.8
29 Trading account	6.1	8.4	18.7	21.8	19.9	17.0	21.4	19.9	21.1	20.2	19.0	18.8
30 Investment account	64.8	73.4	63.4	65.2	65.3	65.7	65.6	66.3	66.6	65.0	66.4	67.0
31 Other securities	72.0	63.5	66.3	70.5	72.9	83.3	90.7	86.8	87.8	88.9	85.4	85.8
32 Trading account	38.0	37.6	47.9	51.6	54.0	61.4	67.9	63.1	64.9	65.5	62.3	62.1
33 Investment account	34.0	25.9	18.4	18.9	18.9	22.0	22.7	23.7	22.9	23.4	23.1	23.6
34 Loans and leases in bank credit[2]	301.0	320.8	330.7	335.9	343.0	347.9	355.7	355.1	359.5	357.6	355.8	355.5
35 Commercial and industrial	183.4	199.4	204.7	207.9	213.5	214.8	218.2	217.3	218.6	218.1	218.0	217.0
36 Real estate	33.5	32.9	32.9	32.9	32.2	32.0	32.4	32.0	32.5	32.3	32.3	31.8
37 Security[3]	33.5	29.1	32.9	35.0	36.2	38.0	39.6	39.5	42.1	40.0	39.2	40.6
38 Other loans and leases	50.6	59.4	60.2	60.1	61.2	63.1	65.5	66.2	66.4	67.3	66.3	66.3
39 Interbank loans	20.2	20.3	20.6	20.2	21.8	23.4	22.3	24.9	18.5	25.0	25.3	26.1
40 Cash assets[4]	27.2	28.8	30.1	31.1	32.2	31.6	32.4	32.2	34.5	33.2	31.0	32.1
41 Other assets[5]	46.6	41.5	33.4	36.5	37.7	38.0	43.0	41.6	46.9	44.0	40.0	39.4
42 **Total assets**[6]	**537.8**	**556.7**	**563.1**	**581.0**	**592.6**	**606.7**	**630.8**	**626.7**	**634.6**	**633.6**	**622.7**	**624.4**
Liabilities												
43 Deposits	170.1	185.5	202.7	206.5	222.2	227.1	237.7	246.9	247.8	246.2	245.7	247.6
44 Transaction	9.6	10.1	10.4	10.2	10.9	10.4	10.1	10.6	10.1	10.3	10.7	10.8
45 Nontransaction	160.4	175.4	192.3	196.3	211.3	216.6	227.5	236.4	237.7	236.0	235.0	236.8
46 Large time	156.8	173.1	190.0	193.9	208.5	214.4	223.7	232.8	231.2	231.5	232.6	234.4
47 Other	3.6	2.3	2.3	2.4	2.8	2.2	3.8	3.5	6.5	4.4	2.4	2.4
48 Borrowings	112.7	123.9	114.2	122.2	120.6	127.8	137.9	135.9	143.5	133.9	134.9	137.6
49 From banks in the U.S.	31.0	33.3	29.9	33.3	33.6	29.3	32.2	33.8	38.7	30.2	32.7	34.8
50 From others	81.7	90.6	84.3	88.9	87.0	98.5	105.7	102.1	104.8	103.7	102.2	102.8
51 Net due to related foreign offices	177.5	174.3	167.6	166.8	163.9	159.6	149.5	146.8	137.5	150.3	148.7	146.4
52 Other liabilities	74.4	68.6	73.1	80.6	81.5	89.1	102.0	93.1	100.7	98.8	90.4	89.3
53 **Total liabilities**	**534.7**	**552.3**	**557.6**	**576.0**	**588.2**	**603.6**	**627.1**	**622.8**	**629.6**	**629.2**	**619.7**	**620.9**
54 Residual (assets less liabilities)[7]	3.1	4.4	5.5	4.9	4.3	3.1	3.7	3.9	5.0	4.4	3.0	3.5
MEMO												
55 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	29.9	32.4	33.4	41.6	47.0	43.0	45.0	44.5	42.7	42.0
56 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	29.3	31.5	32.5	40.8	47.2	43.0	45.3	44.5	42.9	42.0

Footnotes appear on page A21.

NOTES TO TABLE 1.26

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

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, 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.

The data for large and small domestic banks presented on pp. A18 and A19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

6. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December 1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1996 Sept.	Oct.	Nov.	Dec.	1997 Jan.	Feb.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**545,619**	**555,075**	**595,382**	**674,904**	**775,371**	**757,155**	**757,718**	**766,556**	**775,371**	**804,644**	**813,168**
Financial companies[1]											
2 Dealer-placed paper[2], total	226,456	218,947	223,038	275,815	361,147	336,833	349,288	354,400	361,147	376,908	387,164
3 Directly placed paper[3], total	171,605	180,389	207,701	210,829	229,662	226,599	225,977	228,553	229,662	238,133	239,509
4 Nonfinancial companies[4]	147,558	155,739	164,643	188,260	184,563	193,724	182,454	183,603	184,563	189,602	186,495
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**38,194**	**32,348**	**29,835**	**29,242**	**25,754**						
By holder											
6 Accepting banks	10,555	12,421	11,783								
7 Own bills	9,097	10,707	10,462								
8 Bills bought from other banks	1,458	1,714	1,321								
Federal Reserve Banks[6]											
9 Foreign correspondents	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	26,364	19,202	17,642								
By basis											
11 Imports into United States	12,209	10,217	10,062								
12 Exports from United States	8,096	7,293	6,355								
13 All other	17,890	14,838	13,417								

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
5. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances are reported annually in September.
6. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1994—Mar. 24	6.25	1994	7.15	1995—Jan.	8.50	1996—Jan.	8.50
Apr. 19	6.75	1995	8.83	Feb.	9.00	Feb.	8.25
May 17	7.25	1996	8.27	Mar.	9.00	Mar.	8.25
Aug. 16	7.75			Apr.	9.00	Apr.	8.25
Nov. 15	8.50	1994—Jan.	6.00	May	9.00	May	8.25
		Feb.	6.00	June	9.00	June	8.25
1995—Feb. 1	9.00	Mar.	6.06	July	8.80	July	8.25
July 7	8.75	Apr.	6.45	Aug.	8.75	Aug.	8.25
Dec. 20	8.50	May	6.99	Sept.	8.75	Sept.	8.25
		June	7.25	Oct.	8.75	Oct.	8.25
1996—Feb. 1	8.25	July	7.25	Nov.	8.75	Nov.	8.25
		Aug.	7.51	Dec.	8.65	Dec.	8.25
1997—Mar. 26	8.50	Sept.	7.75				
		Oct.	7.75			1997—Jan.	8.25
		Nov.	8.15			Feb.	8.25
		Dec.	8.50			Mar.	8.30
						Apr.	8.50

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1994	1995	1996	1996	1997			1997, week ending				
				Dec.	Jan.	Feb.	Mar.	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	4.21	5.83	5.30	5.29	5.25	5.19	5.39	5.16	5.36	5.19	5.26	5.40
2 Discount window borrowing[2,4]	3.60	5.21	5.02	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Commercial paper[3,5,6]												
3 1-month	4.43	5.93	5.43	5.70	5.43	5.39	5.51	5.38	5.43	5.41	5.50	5.66
4 3-month	4.66	5.93	5.41	5.51	5.45	5.40	5.56	5.40	5.46	5.46	5.55	5.70
5 6-month	4.93	5.93	5.42	5.44	5.48	5.42	5.61	5.43	5.51	5.52	5.61	5.75
Finance paper, directly placed[3,5,7]												
6 1-month	4.33	5.81	5.31	5.41	5.31	5.27	5.39	5.25	5.30	5.31	5.38	5.54
7 3-month	4.53	5.78	5.29	5.33	5.32	5.28	5.42	5.28	5.33	5.34	5.40	5.55
8 6-month	4.56	5.68	5.21	5.25	5.30	5.27	5.41	5.26	5.33	5.34	5.41	5.52
Bankers acceptances[3,5,8]												
9 3-month	4.56	5.81	5.31	5.35	5.34	5.29	5.44	5.28	5.35	5.35	5.44	5.58
10 6-month	4.83	5.80	5.31	5.33	5.35	5.30	5.50	5.30	5.39	5.42	5.52	5.65
Certificates of deposit, secondary market[3,9]												
11 1-month	4.38	5.87	5.35	5.50	5.35	5.31	5.44	5.31	5.33	5.34	5.43	5.61
12 3-month	4.63	5.92	5.39	5.44	5.43	5.37	5.53	5.37	5.44	5.46	5.54	5.65
13 6-month	4.96	5.98	5.47	5.47	5.54	5.47	5.69	5.49	5.60	5.62	5.70	5.81
14 Eurodollar deposits, 3-month[3,10]	4.63	5.93	5.38	5.43	5.44	5.36	5.50	5.34	5.44	5.44	5.50	5.61
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	4.25	5.49	5.01	4.91	5.03	5.01	5.14	5.05	5.09	5.08	5.17	5.25
16 6-month	4.64	5.56	5.08	5.04	5.10	5.06	5.26	5.10	5.19	5.20	5.29	5.36
17 1-year	5.02	5.60	5.22	5.18	5.30	5.23	5.47	5.29	5.39	5.40	5.48	5.59
Auction average[3,5,11]												
18 3-month	4.29	5.51	5.02	4.87	5.05	5.00	5.14	5.01	5.10	5.06	5.13	5.26
19 6-month	4.66	5.59	5.09	5.02	5.11	5.05	5.24	5.03	5.19	5.18	5.26	5.33
20 1-year	5.02	5.69	5.23	5.16	5.31	5.34	5.36	n.a.	5.36	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.32	5.94	5.52	5.47	5.61	5.53	5.80	5.60	5.70	5.72	5.81	5.94
22 2-year	5.94	6.15	5.84	5.78	6.01	5.90	6.22	6.01	6.12	6.14	6.25	6.36
23 3-year	6.27	6.25	5.99	5.91	6.16	6.03	6.38	6.15	6.27	6.30	6.42	6.52
24 5-year	6.69	6.38	6.18	6.07	6.33	6.20	6.54	6.31	6.42	6.46	6.58	6.66
25 7-year	6.91	6.50	6.34	6.20	6.47	6.32	6.65	6.42	6.55	6.59	6.69	6.76
26 10-year	7.09	6.57	6.44	6.30	6.58	6.42	6.69	6.50	6.59	6.63	6.73	6.79
27 20-year	7.49	6.95	6.83	6.65	6.91	6.77	7.05	6.85	6.96	7.01	7.09	7.11
28 30-year	7.37	6.88	6.71	6.55	6.83	6.69	6.93	6.75	6.85	6.89	6.97	7.00
Composite												
29 More than 10 years (long-term)	7.41	6.93	6.80	6.63	6.89	6.76	7.03	6.84	6.95	6.99	7.07	7.09
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	5.77	5.80	5.52	5.38	5.40	5.36	5.55	5.40	5.48	5.54	5.59	5.59
31 Baa	6.17	6.10	5.79	5.63	5.71	5.60	5.75	5.63	5.71	5.76	5.76	5.76
32 *Bond Buyer* series[14]	6.18	5.95	5.76	5.64	5.72	5.63	5.76	5.65	5.70	5.75	5.78	5.81
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.26	7.83	7.66	7.50	7.71	7.59	7.83	7.66	7.75	7.80	7.88	7.90
Rating group												
34 Aaa	7.97	7.59	7.37	7.20	7.42	7.31	7.55	7.38	7.47	7.52	7.61	7.63
35 Aa	8.15	7.72	7.55	7.41	7.63	7.54	7.77	7.61	7.69	7.74	7.82	7.84
36 A	8.28	7.83	7.69	7.51	7.71	7.59	7.82	7.65	7.74	7.78	7.86	7.88
37 Baa	8.63	8.20	8.05	7.89	8.09	7.94	8.18	8.01	8.10	8.15	8.22	8.24
38 A-rated, recently offered utility bonds[16]	8.29	7.86	7.77	7.63	7.93	7.81	8.08	7.94	7.97	8.09	8.11	8.22
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.82	2.56	2.19	2.01	1.95	1.91	1.91	1.88	1.91	1.89	1.93	1.92

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at approximately 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
13. General obligation bonds based on Thursday figures; Moody's Investors Service.
14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1994	1995	1996	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997 Jan.	1997 Feb.	1997 Mar.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	254.16	291.18	357.98	345.06	354.59	360.96	373.54	388.75	391.61	403.58	418.57	416.72
2 Industrial	315.32	367.40	453.57	438.58	444.91	459.69	473.98	490.60	494.38	509.18	524.30	523.08
3 Transportation	247.17	270.14	327.30	316.57	321.61	323.12	332.80	348.32	352.28	359.40	364.15	372.37
4 Utility	104.96	110.64	126.36	122.66	122.37	121.12	130.04	135.88	128.55	131.95	142.88	132.38
5 Finance	209.75	238.48	303.94	287.89	302.95	308.16	324.42	345.30	350.01	361.45	388.75	387.19
6 Standard & Poor's Corporation (1941–43 = 10)[2]	460.42	541.72	670.49	644.06	662.68	674.88	701.46	735.67	743.25	766.22	798.39	792.16
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	449.49	498.13	570.86	550.16	554.88	564.87	574.46	583.21	582.96	585.09	593.29	593.64
Volume of trading (thousands of shares)												
8 New York Stock Exchange	290,652	345,729	409,740	398,245	333,343	400,951	420,835	443,521	431,538	526,631	508,199	496,241
9 American Stock Exchange	17,951	20,387	22,567	21,281	17,916	19,449	18,780	22,151	23,648	24,019	21,250	19,232
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**61,160**	**76,680**	**97,400**	**79,860**	**82,980**	**89,300**	**88,740**	**91,680**	**97,400**	**99,460**	**100,000**	**100,160**
Free credit balances at brokers[5]												
11 Margin accounts[6]	14,095	16,250	22,540	17,700	17,520	17,940	19,890	20,020	22,540	22,870	22,200	22,960
12 Cash accounts	28,870	34,340	40,430	32,935	32,680	35,360	36,610	36,650	40,430	41,280	40,090	41,050

Margin requirements (percent of market value and effective date)[7]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. 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.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities 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.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1996			1997		
	1994	1995	1996	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. budget[1]									
1 Receipts, total	1,258,627	1,351,830	1,453,062	99,656	97,849	148,489	150,718	90,293	108,099
2 On-budget	923,601	1,000,751	1,085,570	73,644	70,018	119,528	113,841	59,673	73,869
3 Off-budget	335,026	351,079	367,492	26,012	27,831	28,961	36,877	30,620	34,230
4 Outlays, total	1,461,731	1,515,729	1,560,330	139,915	135,727	129,666	137,354	134,304	129,422
5 On-budget	1,181,469	1,227,065	1,259,872	113,290	106,327	120,429	110,552	104,964	100,427
6 Off-budget	279,372	288,664	300,458	26,625	29,400	9,237	26,802	29,339	28,996
7 Surplus or deficit (−), total	−203,104	−163,899	−107,268	−40,259	−37,878	18,823	13,364	−44,010	−21,323
8 On-budget	−258,758	−226,314	−174,302	−39,646	−36,309	−901	3,289	−45,291	−26,558
9 Off-budget	55,654	62,415	67,034	−613	−1,569	19,724	10,075	1,281	5,234
Source of financing (total)									
10 Borrowing from the public	185,344	171,288	129,712	15,588	45,459	−12,321	−16,776	35,968	28,833
11 Operating cash (decrease, or increase (−))	16,564	−2,007	−6,276	18,592	−673	−6,488	−3,785	21,357	−18,274
12 Other[2]	1,196	−5,382	−16,168	6,079	−6,908	−14	7,197	−13,315	10,764
MEMO									
13 Treasury operating balance (level, end of period)	35,942	37,949	44,225	25,633	26,306	32,794	36,579	15,222	33,496
14 Federal Reserve Banks	6,848	8,620	7,700	5,897	4,857	7,742	6,770	5,258	5,945
15 Tax and loan accounts	29,094	29,329	36,525	19,736	21,449	25,052	29,809	9,965	27,551

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCE. Monthly totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1995	Fiscal year 1996	Calendar year 1995 H1	Calendar year 1995 H2	Calendar year 1996 H1	Calendar year 1996 H2	Calendar year 1997 Jan.	Calendar year 1997 Feb.	Calendar year 1997 Mar.
RECEIPTS									
1 **All sources**	**1,351,830**	**1,453,062**	**711,003**	**656,865**	**767,099**	**707,551**	**150,718**	**90,293**	**108,099**
2 Individual income taxes, net	590,244	656,417	307,498	292,393	347,285	323,884	87,239	37,400	36,434
3 Withheld	499,927	533,080	251,398	256,916	264,177	279,988	55,426	48,351	49,994
4 Nonwithheld	175,855	212,168	132,001	45,521	162,782	53,491	33,576	2,948	6,380
5 Refunds	85,538	88,897	75,959	10,058	79,735	9,604	1,763	13,906	19,955
Corporation income taxes									
6 Gross receipts	174,422	189,055	92,132	88,302	96,480	95,364	6,285	4,014	21,059
7 Refunds	17,418	17,231	10,399	7,518	9,704	10,053	1,477	1,777	2,335
8 Social insurance taxes and contributions, net	484,473	509,414	261,837	224,269	277,767	240,326	48,794	41,784	44,197
9 Employment taxes and contributions[2]	451,045	476,361	241,557	211,323	257,446	227,777	47,302	38,969	43,547
10 Unemployment insurance	28,878	28,584	18,001	10,702	18,068	10,302	1,137	2,423	311
11 Other net receipts[3]	4,550	4,469	2,279	2,247	2,254	2,245	355	391	339
12 Excise taxes	57,484	54,014	27,452	30,014	25,682	27,016	4,219	5,106	3,998
13 Customs deposits	19,301	18,670	8,848	9,849	8,731	9,294	1,468	1,379	1,315
14 Estate and gift taxes	14,763	17,189	7,425	7,718	8,775	8,835	1,615	1,180	1,468
15 Miscellaneous receipts[4]	28,561	25,534	16,211	11,839	12,087	12,888	2,574	1,208	1,962
OUTLAYS									
16 **All types**	**1,515,729**	**1,560,330**	**761,289**	**752,856**	**785,368**	**799,851**	**137,354**	**134,304**	**129,422**
17 National defense	272,066	265,748	135,648	132,887	132,598	138,350	22,137	20,897	19,854
18 International affairs	16,434	13,496	4,797	6,908	8,074	8,895	1,405	898	1,094
19 General science, space, and technology	16,724	16,709	8,611	7,970	8,897	9,498	1,429	1,417	1,478
20 Energy	4,936	2,836	2,358	1,992	1,356	806	−52	211	490
21 Natural resources and environment	22,078	21,614	10,273	11,392	10,254	11,642	1,884	1,508	1,410
22 Agriculture	9,778	9,159	4,039	3,065	72	10,699	2,169	−96	26
23 Commerce and housing credit	−17,808	−10,646	−13,471	−3,947	−6,885	−6,198	−1,532	−1,460	−2,986
24 Transportation	39,350	39,565	18,193	20,725	18,290	21,205	2,895	2,842	2,810
25 Community and regional development	10,641	10,685	5,073	5,569	5,245	6,192	1,014	608	920
26 Education, training, employment, and social services	54,263	52,001	25,893	26,212	25,979	26,032	4,660	5,100	3,843
27 Health	115,418	119,378	59,057	57,128	59,989	61,466	10,753	9,169	10,478
28 Social security and Medicare	495,701	523,901	251,975	251,388	264,647	269,409	46,641	44,973	43,935
29 Income security	220,493	225,989	117,190	104,847	121,187	107,181	19,610	26,346	23,639
30 Veterans benefits and services	37,890	36,985	19,269	18,678	18,140	21,107	3,283	3,384	1,772
31 Administration of justice	16,216	17,548	8,051	8,091	9,015	9,595	1,745	2,074	1,612
32 General government	13,835	11,892	5,796	7,601	4,641	6,544	1,108	119	1,447
33 Net interest[5]	232,169	241,090	116,169	119,348	120,576	122,568	21,092	19,362	20,410
34 Undistributed offsetting receipts[6]	−44,455	−37,620	−17,631	−26,995	−16,716	−25,140	−2,888	−3,049	−2,810

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 receipts and outlays do 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. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Includes interest received by trust funds.
6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1998*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1995				1996				1997
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**4,891**	**4,978**	**5,001**	**5,017**	**5,153**	**5,197**	**5,260**	**5,357**	**5,415**
2 Public debt securities	4,864	4,951	4,974	4,989	5,118	5,161	5,225	5,323	5,381
3 Held by public	3,610	3,635	3,653	3,684	3,764	3,739	3,778	3,826	n.a.
4 Held by agencies	1,255	1,317	1,321	1,305	1,354	1,422	1,447	1,497	n.a.
5 Agency securities	27	27	27	28	36	36	35	34	34
6 Held by public	26	27	27	28	28	28	27	27	n.a.
7 Held by agencies	0	0	0	0	8	8	8	8	n.a.
8 **Debt subject to statutory limit**	**4,775**	**4,861**	**4,885**	**4,900**	**5,030**	**5,073**	**5,137**	**5,237**	**5,294**
9 Public debt securities	4,774	4,861	4,885	4,900	5,030	5,073	5,137	5,237	5,294
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	4,900	4,900	4,900	5,500	5,500	5,500	5,500	5,500

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.

SOURCE. 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	1993	1994	1995	1996	1996			1997
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**4,535.7**	**4,800.2**	**4,988.7**	**5,323.2**	**5,161.1**	**5,224.8**	**5,323.2**	**5,380.9**
By type								
2 Interest-bearing	4,52.3	4,769.2	4,964.4	5,317.2	5,126.8	5,220.8	5,317.2	5,375.1
3 Marketable	2,989.5	3,126.0	3,307.2	3,459.7	3,348.4	3,418.4	3,459.7	3,504.4
4 Bills	714.6	733.8	760.7	777.4	773.6	761.2	777.4	785.6
5 Notes	1,764.0	1,867.0	2,010.3	2,112.3	2,025.8	2,098.7	2,112.3	2,131.0
6 Bonds	495.9	510.3	521.2	555.0	534.1	543.5	555.0	565.4
7 Inflation-indexed notes[1]	0	0	0	0	0	0	0	7.4
8 Nonmarketable[2]	1,542.9	1,643.1	1,657.2	1,857.5	1,778.3	1,802.4	1,857.5	1,870.8
9 State and local government series	149.5	132.6	104.5	101.3	97.8	95.7	101.3	104.8
10 Foreign issues[3]	43.5	42.5	40.8	37.4	37.8	37.5	37.4	36.8
11 Government	43.5	42.5	40.8	47.4	37.8	37.5	47.4	36.8
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	169.4	177.8	181.9	182.4	183.8	184.2	182.4	182.6
14 Government account series[4]	1,150.0	1,259.8	1,299.6	1,505.9	1,428.5	1,454.7	1,505.9	1,516.6
15 Non-interest-bearing	3.4	31.0	24.3	6.0	34.3	4.0	6.0	5.8
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,153.5	1,257.1	1,304.5	1,497.2	1,422.4	1,447.0	1,497.2	n.a.
17 Federal Reserve Banks	334.2	374.1	391.0	410.9	391.0	390.9	410.9	n.a.
18 Private investors	3,047.4	3,168.0	3,294.9	3,411.2	3,347.3	3,386.2	3,411.2	n.a.
19 Commercial banks	322.2	290.4	278.7	272.0	280.2	274.8	272.0	n.a.
20 Money market funds	80.8	67.6	71.3	92.1	82.1	85.2	92.1	n.a.
21 Insurance companies	234.5	240.1	241.5	234.0	234.4	234.5	234.0	n.a.
22 Other companies	213.0	226.5	228.8	258.5	230.9	249.1	258.5	n.a.
23 State and local treasuries[6,7]	590.8	468.3	344.1	290.0	316.8	298.5	290.0	n.a.
Individuals								
24 Savings bonds	171.9	180.5	185.0	187.0	186.5	186.8	187.0	n.a.
25 Other securities	137.9	150.7	162.7	169.6	161.1	167.0	169.6	n.a.
26 Foreign and international[8]	623.0	688.6	862.2	1,131.5	959.8	1,030.9	1,131.5	n.a.
27 Other miscellaneous investors[7,9]	673.3	855.3	920.6	776.5	895.5	859.4	776.5	n.a.

1. The U.S. Treasury first issued inflation-indexed notes during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Includes state and local pension funds.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Consists of investments of foreign balances and international accounts in the United States.
9. 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.

SOURCE. 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	1996	1997		1997, week ending								
	Dec.	Jan.	Feb.	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	48,957	45,941	43,025	41,075	49,615	35,699	39,097	43,780	57,425	46,179	45,170	57,182
Coupon securities, by maturity												
2 Five years or less	89,775	110,875	108,283	113,315	105,201	91,500	98,004	128,324	125,323	104,384	108,231	132,151
3 More than five years	50,436	55,797	66,967	58,845	70,722	66,001	70,685	62,384	67,771	53,631	53,512	55,090
4 Federal agency	34,571	35,624	36,070	34,473	36,519	33,237	41,200	34,222	36,842	33,366	36,004	36,538
5 Mortgage-backed	33,754	45,018	45,373	33,766	44,544	59,466	39,497	36,767	44,647	54,640	35,581	31,773
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	104,432	122,621	122,673	124,947	128,922	108,018	114,938	133,367	138,676	116,349	118,810	141,227
7 Federal agency	584	1,141	1,338	1,147	1,266	1,037	2,049	1,136	1,283	1,406	849	1,123
8 Mortgage-backed	11,606	14,419	15,872	10,394	15,036	21,133	14,718	11,695	16,722	18,741	13,083	12,382
With other												
9 U.S. Treasury	84,737	89,993	95,602	88,289	96,616	85,182	92,848	101,121	111,843	87,846	88,104	103,195
10 Federal agency	33,987	34,483	34,732	33,325	35,252	32,200	39,151	33,086	35,559	31,960	35,155	35,414
11 Mortgage-backed	22,148	30,598	29,501	23,371	29,508	38,332	24,779	25,072	27,925	35,898	22,498	19,390
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	300	206	296	176	237	165	513	297	272	272	427	740
Coupon securities, by maturity												
13 Five years or less	1,814	1,489	1,797	1,408	1,359	1,035	1,338	2,583	3,316	1,845	2,059	1,681
14 More than five years	13,178	14,518	13,442	14,992	13,645	11,887	13,216	14,086	15,867	14,100	15,972	13,807
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	n.a.	0	0	0	0	n.a.	n.a.	n.a.
Coupon securities, by maturity												
18 Five years or less	1,626	3,288	3,770	2,767	3,879	2,913	2,756	5,084	4,496	2,588	3,618	4,056
19 More than five years	3,559	5,045	5,196	6,008	5,332	4,334	5,920	5,444	5,079	4,568	4,658	4,118
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	494	455	734	316	640	1,074	527	799	274	469	626	786

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Monthly averages are based on the number of trading days in the month. Transactions are assumed evenly distributed among the trading days of the report week. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Outright transactions include immediate and forward transactions. Immediate delivery refers to purchases or sales of securities (other than mortgage-backed federal agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

4. Options transactions are purchases or sales of put and call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1996 Dec.	1997 Jan.	1997 Feb.	1997, week ending Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26	Mar. 5	Mar. 12	Mar. 19
				Positions[2]							
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	14,525	5,582	5,047	826	4,658	6,689	7,306	-1,553	15,465	14,794	8,298
Coupon securities, by maturity											
2 Five years or less	-7,743	-8,518	-8,602	-12,981	-10,030	-2,756	-9,091	-9,897	-19,249	-13,783	-26,300
3 More than five years	-22,372	-24,851	-20,818	-26,379	-25,827	-21,064	-17,434	-19,544	-23,742	-26,745	-28,827
4 Federal agency	23,348	25,134	22,896	25,057	23,794	23,320	21,075	24,595	19,595	25,946	24,816
5 Mortgage-backed	43,300	37,786	39,289	37,389	39,019	38,710	40,043	38,582	41,819	38,726	43,914
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	-2,418	-2,074	-3,437	-2,207	-2,772	-3,318	-3,767	-3,868	-2,848	-2,920	-2,186
Coupon securities, by maturity											
7 Five years or less	-75	388	851	866	301	18	848	1,636	2,406	2,403	3,893
8 More than five years	-13,806	-7,784	-11,153	-7,179	-6,917	-11,766	-15,501	-9,987	-8,454	-5,803	-4,903
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
11 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
12 Five years or less	-3,036	-3,148	-2,518	-2,483	-2,338	-3,262	-3,309	-1,241	-2,063	-2,078	-2,184
13 More than five years	1,526	-5	382	-1,098	2	1,245	1,204	-852	-242	-327	-517
14 Federal agency	0	0	0	0	0	0	0	0	0	0	0
15 Mortgage-backed	1,054	1,123	1,383	1,110	1,652	1,447	1,433	1,271	701	656	1,420
				Financing[5]							
Reverse repurchase agreements											
16 Overnight and continuing	255,137	276,107	298,371	267,689	290,542	297,347	315,435	289,915	291,399	292,233	276,570
17 Term	437,241	486,628	487,843	519,291	511,244	540,915	436,436	472,030	478,859	503,643	524,732
Securities borrowed											
18 Overnight and continuing	194,674	199,784	205,656	200,137	206,242	203,285	209,732	203,289	206,506	218,683	213,561
19 Term	73,195	80,149	83,514	85,576	83,844	86,297	82,724	82,110	80,628	79,553	79,443
Securities received as pledge											
20 Overnight and continuing	5,484	5,298	3,204	3,145	3,206	3,139	3,224	3,280	3,088	4,267	7,316
21 Term	5	45	43	112	95	5	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
22 Overnight and continuing	564,075	578,791	604,841	558,786	587,584	602,531	632,316	590,837	608,923	611,677	590,616
23 Term	393,364	443,233	453,814	479,169	463,182	496,351	408,317	455,901	433,452	458,238	481,060
Securities loaned											
24 Overnight and continuing	3,419	4,481	6,881	6,482	6,301	7,083	7,058	7,149	6,071	4,699	5,045
25 Term	4,117	4,864	6,746	6,570	6,444	6,826	6,792	6,720	7,155	7,174	7,201
Securities pledged											
26 Overnight and continuing	58,532	58,140	57,526	58,592	55,285	55,325	60,841	57,956	57,720	60,739	62,787
27 Term	1,682	2,391	2,245	2,675	2,729	2,771	1,832	1,940	1,702	1,809	2,297
Collateralized loans											
28 Overnight and continuing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
29 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30 Total	10,025	9,386	13,457	9,038	12,037	16,808	12,611	12,451	11,763	13,223	12,553
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	254,678	279,556	294,190	270,867	293,236	301,239	304,851	282,091	276,941	291,987	284,004
32 Term	434,522	485,466	487,344	513,311	508,892	542,375	444,381	464,952	469,602	491,281	507,351
Securities out											
33 Overnight and continuing	334,841	351,842	367,612	337,780	370,367	383,443	376,680	344,020	356,156	370,533	357,073
34 Term	341,796	392,408	400,188	428,627	413,073	447,702	359,655	391,887	372,589	395,991	414,850

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1993	1994	1995	1996	1996				1997
					Sept.	Oct.	Nov.	Dec.	Jan.
1 **Federal and federally sponsored agencies**	**570,711**	**738,928**	**844,611**	**925,823**	**896,670**	**901,089**	**912,100**	**925,823**	n.a.
2 Federal agencies	45,193	39,186	37,347	29,380	30,599	30,800	29,909	29,380	n.a.
3 Defense Department[1]	6	6	6	6	6	6	6	6	n.a.
4 Export-Import Bank[2,3]	5,315	3,455	2,050	1,447	1,828	1,828	1,828	1,447	n.a.
5 Federal Housing Administration[4]	255	116	97	84	82	82	84	84	n.a.
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	29,885	27,536	29,429	27,853	28,683	28,884	27,991	27,853	n.a.
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	523,452	699,742	807,264	896,443	866,071	870,289	882,191	896,443	n.a.
11 Federal Home Loan Banks	139,512	205,817	243,194	263,404	254,920	253,836	252,868	263,404	257,055
12 Federal Home Loan Mortgage Corporation	49,993	93,279	119,961	156,980	146,954	148,435	158,158	156,980	163,171
13 Federal National Mortgage Association	201,112	257,230	299,174	331,270	319,153	321,110	324,378	331,270	333,302
14 Farm Credit Banks[8]	53,123	53,175	57,379	60,053	60,126	59,712	59,797	60,053	67,610
15 Student Loan Marketing Association[9]	39,784	50,335	47,529	44,763	44,962	47,225	46,991	44,763	n.a.
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt[13]**	**128,187**	**103,817**	**78,681**	**58,172**	**62,846**	**61,051**	**58,921**	**58,172**	n.a.
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	5,309	3,449	2,044	1,431	1,822	1,822	1,822	1,431	n.a.
21 Postal Service[6]	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	6,325	3,200	3,200	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	38,619	33,719	21,015	18,325	18,700	18,700	18,325	18,325	n.a.
26 Rural Electrification Administration	17,578	17,392	17,144	16,702	16,751	16,753	16,772	16,702	n.a.
27 Other	45,864	37,984	29,513	21,714	25,573	23,776	22,002	21,714	n.a.

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation; therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1994	1995	1996	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997[r] Jan.	1997[r] Feb.	1997[r] Mar.
1 **All issues, new and refunding**[1]	**153,950**	**145,657**	**171,222**	**12,493**	**11,693**	**16,750**	**14,520**	**17,431**	**10,340**	**11,924**	**13,478**
By type of issue											
2 General obligation	54,404	56,980	60,409	4,074	3,024	5,467	5,134	4,755	4,161	4,285	5,464
3 Revenue	99,546	88,677	110,813	8,419	8,669	11,283	9,386	12,676	6,179	7,639	8,014
By type of issuer											
4 State	19,186	14,665	13,651	376	874	1,769	1,351	663	728	713	4,037
5 Special district or statutory authority[2]	95,896	93,500	113,228	8,433	8,137	10,923	9,091	12,315	6,307	8,216	7,086
6 Municipality, county, or township	38,868	37,492	44,343	3,684	2,682	4,058	4,078	4,453	3,305	2,995	2,355
7 **Issues for new capital**	**105,972**	**102,390**	**112,298**	**7,093**	**7,837**	**12,113**	**8,656**	**12,311**	**6,106**	**8,342**	**9,010**
By use of proceeds											
8 Education	21,267	23,964	26,851	2,337	1,522	2,693	1,530	2,306	1,945	1,931	2,374
9 Transportation	10,836	11,890	12,324	622	850	2,907	1,164	736	808	634	479
10 Utilities and conservation	10,192	9,618	9,791	417	720	1,441	1,102	1,006	751	895	954
11 Social welfare	20,289	19,566	24,583	2,348	2,100	1,573	1,974	3,294	1,265	1,284	2,639
12 Industrial aid	8,161	6,581	6,287	274	439	556	460	1,081	231	954	309
13 Other purposes	35,227	30,771	32,462	1,095	2,206	2,943	2,426	3,888	1,106	2,644	2,255

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1994	1995	1996	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.[r]	1997 Jan.[r]	1997 Feb.
1 **All issues**[1]	**583,240**	n.a.	n.a.	**41,023**	**44,447**	**60,579**	**60,387**	**57,937**	**48,747**	**56,610**	**46,724**
2 **Bonds**[2]	**498,039**	**573,206**	n.a.	**33,255**	**38,685**	**53,875**	**47,498**[r]	**44,569**[r]	**39,585**	**43,644**	**38,597**
By type of offering											
3 Public, domestic	365,222	408,804	386,280	27,368	32,605	44,658	39,855[r]	38,948[r]	37,108	35,286	32,699
4 Private placement, domestic[3]	76,065	87,492	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	56,755	76,910	74,793	5,887	6,081	9,218	7,643[r]	5,621[r]	2,477	8,357	5,899
By industry group											
6 Manufacturing	43,423	61,070	41,959	4,166	3,092	4,045	5,969	2,720	5,096	4,088	4,791
7 Commercial and miscellaneous	40,735	50,689	34,076	2,712	2,661	3,195	5,010	4,282	1,727	4,706	1,829
8 Transportation	6,867	8,430	5,111	535	293	620	436	270	341	366	100
9 Public utility	13,322	13,751	8,161	1,046	174	279	1,067	773[r]	680	858	1,477
10 Communication	13,340	22,999	13,320	647	1,450	829	802	475	628	1,210	565
11 Real estate and financial	380,352	416,269	358,446	24,149	31,016	44,908	34,215[r]	36,049[r]	31,113	32,415	29,836
12 **Stocks**[2]	**85,155**	**100,573**	n.a.	**7,768**[r]	**5,762**	**6,703**[r]	**12,889**[r]	**13,368**[r]	**9,162**	**12,967**	**8,127**
By type of offering											
13 Public preferred	12,570	10,918	33,208[r]	1,794	1,168	1,890	3,855	5,656	5,452	7,883	1,431
14 Common	47,828	57,555	83,052[r]	5,974[r]	4,594	4,813[r]	9,034[r]	7,712[r]	3,710	5,084	6,696
15 Private placement[3]	24,800	32,100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	17,798	↑	↑	1,759	1,050[r]	787	1,588[r]	1,530	899	608	2,008
17 Commercial and miscellaneous	15,713			2,630[r]	2,143	3,080	5,752[r]	3,974	2,922	1,827	3,041
18 Transportation	2,203			104	143	0	42	367	54	250	258
19 Public utility	2,214	n.a.	n.a.	300	306	212	100	210	103	1,847	96
20 Communication	494			1,097	51	0	480	42	23	0	28
21 Real estate and financial	46,733	↓	↓	1,878[r]	2,070[r]	2,624[r]	4,928[r]	7,219	5,161	8,436	2,686

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.

SOURCE. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1995	1996	1996					1997		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.
1 **Sales of own shares**[2]	**871,415**	**1,149,918**	**86,225**	**84,171**	**92,730**	**87,958**	**122,792**	**134,460**	**102,169**	**101,311**
2 Redemptions of own shares	699,497	853,460	64,993	65,601	72,537	65,949	87,949	96,243	73,871	80,085
3 Net sales[3]	171,918	296,458	21,232	18,570	20,193	22,009	34,843	38,218	28,298	21,226
4 **Assets**[4]	**2,067,337**	**2,637,398**	**2,366,030**	**2,474,339**	**2,517,049**	**2,652,884**	**2,637,398**	**2,752,273**	**2,772,715**	**2,700,084**
5 Cash[5]	142,572	139,396	155,129	156,689	149,937	146,044	137,973	152,297	153,525	159,086
6 Other	1,924,765	2,498,002	2,210,901	2,317,651	2,367,112	2,506,840	2,499,425	2,599,976	2,619,189	2,540,998

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1994	1995	1996	1995				1996			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits with inventory valuation and capital consumption adjustment	529.5	586.6	654.0	560.0	562.3	612.5	611.8	645.1	655.8	661.2	654.1
2 Profits before taxes	531.2	598.9	639.9	594.5	589.6	607.2	604.2	642.2	644.6	635.6	637.1
3 Profits-tax liability	195.3	218.7	233.0	217.3	214.2	224.5	218.7	233.4	236.4	233.4	228.9
4 Profits after taxes	335.9	380.2	406.8	377.2	375.3	382.8	385.5	408.8	408.1	402.2	408.2
5 Dividends	211.0	227.4	244.2	221.7	224.6	228.5	234.7	239.9	243.1	245.2	248.7
6 Undistributed profits	124.8	152.8	162.6	155.5	150.8	154.3	150.8	168.9	165.1	156.9	159.5
7 Inventory valuation	−13.3	−28.1	−8.9[r]	−51.9	−42.3	−9.3	−8.8	−17.4	−11.0	2.0	−9.2[r]
8 Capital consumption adjustment	11.6	15.9	23.1	17.4	15.0	14.6	16.5	20.4	22.3	23.6	26.2[r]

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	1994	1995	1996	1995			1996			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross[2]	551.0	614.6	657.8	586.9	594.7	614.6	621.8	631.4	642.0	657.8
2 Consumer	134.8	152.0	154.2	141.7	146.2	152.0	151.9	154.6	154.8	154.2
3 Business	337.6	375.9	397.9	361.8	362.4	375.9	380.9	383.7	387.0	397.9
4 Real estate	78.5	86.6	105.7	83.4	86.1	86.6	89.1	93.1	100.2	105.7
5 LESS: Reserves for unearned income	55.0	63.2	59.1	62.1	61.2	63.2	61.5	59.6	58.9	59.1
6 Reserves for losses	12.4	14.1	14.8	13.7	13.8	14.1	14.2	14.1	14.7	14.8
7 Accounts receivable, net	483.5	537.3	583.9	511.1	519.7	537.3	546.1	557.7	568.4	583.9
8 All other	183.4	210.7	242.5	198.1	198.1	210.7	212.8	216.1	226.8	242.5
9 **Total assets**	**666.9**	**748.0**	**826.4**	**709.2**	**717.8**	**748.0**	**758.9**	**773.8**	**795.2**	**826.4**
LIABILITIES AND CAPITAL										
10 Bank loans	21.2	23.1	27.8	21.5	21.8	23.1	23.5	26.2	27.5	27.8
11 Commercial paper	184.6	184.5	192.9	181.3	178.0	184.5	184.8	186.9	189.4	192.9
Debt										
12 Owed to parent	51.0	62.3	79.2	57.5	59.0	62.3	62.3	68.4	71.9	79.2
13 Not elsewhere classified	235.0	284.7	320.0	264.4	272.1	284.7	291.4	301.3	311.5	320.0
14 All other liabilities	99.5	106.2	108.6	102.1	102.4	106.2	105.7	100.1	102.8	108.6
15 Capital, surplus, and undivided profits	75.7	87.2	97.9	82.5	84.4	87.2	91.1	90.9	92.1	97.9
16 **Total liabilities and capital**	**666.9**	**748.0**	**826.4**	**709.2**	**717.8**	**748.0**	**758.9**	**773.8**	**795.2**	**826.4**

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	1994	1995	1996	1996				1997	
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
	Seasonally adjusted								
1 **Total**	**615,618**	**691,616**	**755,419[r]**	**739,183**	**749,165**	**757,064[r]**	**755,419[r]**	**761,103**	**763,677**
2 Consumer	176,085	198,861	213,150[r]	212,979	212,511	212,775	213,150[r]	213,110	213,053
3 Real estate[2]	78,910	87,077	106,300	100,317	102,933	104,776	106,300	108,596	111,082
4 Business	360,624	405,678	435,969[r]	425,887	433,720	439,514[r]	435,969[r]	439,398	439,542
	Not seasonally adjusted								
5 **Total**	**620,975**	**697,340**	**761,342[r]**	**735,269**	**747,970**	**757,079[r]**	**761,342[r]**	**762,511**	**764,872**
6 Consumer	178,999	202,101	216,517[r]	213,827	213,026	214,227	216,517[r]	214,725	212,683
7 Motor vehicles	61,609	70,061	73,116[r]	76,333	75,917	75,304	73,116[r]	73,525	73,940
8 Other consumer[3]	73,221	81,988	80,984	78,451	77,527	77,868	80,984	80,927	79,798
9 Securitized motor vehicles[4]	31,897	33,633	35,644	34,846	34,603	34,177	35,644	33,976	33,069
10 Securitized other consumer[4]	12,272	16,419	26,773[r]	24,197	24,979	26,878	26,773[r]	26,297	25,876
11 Real estate[2]	78,479	86,606	105,728	100,182	103,184	104,943	105,728	109,100	111,507
12 Business	363,497	408,633	439,097[r]	421,260	431,760	437,909[r]	439,097[r]	438,686	440,682
13 Motor vehicles	118,197	133,277	141,964[r]	138,615	139,966	142,210	141,964[r]	144,008	147,821
14 Retail loans[5]	21,514	25,304	27,823[r]	28,875	29,088	28,825	27,823[r]	27,730	28,883
15 Wholesale loans[6]	35,037	36,427	32,337	30,294	30,515	32,262	32,337	33,764	36,164
16 Leases	61,646	71,546	81,804	79,446	80,363	81,123	81,804	82,514	82,774
17 Equipment	157,953	177,297	184,942	181,111	179,997	182,229[r]	184,942	182,908	182,796
18 Loans[7]	49,358	59,109	60,991	56,132	58,735	60,167[r]	60,991	58,276	57,383
19 Leases	108,595	118,188	123,951	124,979	121,262	122,062[r]	123,951	124,632	125,413
20 Other business[8]	61,495	65,363	71,110	67,290	74,055	73,999[r]	71,110	71,755	72,661
21 Securitized business assets[4]	25,852	32,696	41,081	34,244	37,742	39,471	41,081	40,015	37,404
22 Retail loans	4,494	4,723	5,250	4,600	4,650	5,402	5,250	5,086	4,778
23 Wholesale loans	14,826	21,327	24,732	23,170	23,183	23,391	24,732	24,143	21,699
24 Leases	6,532	6,646	11,099	6,474	9,909	10,678	11,099	10,786	10,927

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 pl financing.

7. Beginning with the June 1996 data, retail and wholesale business equipment loans ha been combined and are no longer separately available.

8. Includes loans on commercial accounts receivable, factored commercial accounts, a receivable dealer capital; small loans used primarily for business or farm purposes; a 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	1994	1995	1996	1996				1997		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	170.4	175.8	182.4	187.1	183.9	188.1	170.8	172.4	166.6	169.2
2 Amount of loan (thousands of dollars)	130.8	134.5	139.2	141.7	139.0	143.3	129.9	133.6	130.9	132.1
3 Loan-to-price ratio (percent)	78.8	78.6	78.2	77.2	77.7	78.0	79.3	79.7	80.9	80.8
4 Maturity (years)	27.5	27.7	27.2	27.7	27.4	27.4	27.5	27.9	28.2	28.0
5 Fees and charges (percent of loan amount)[2]	1.29	1.21	1.21	1.28	1.11	1.19	1.01	1.02	1.03	0.99
Yield (percent per year)										
6 Contract rate[1]	7.26	7.65	7.56	7.77	7.76	7.60	7.63	7.65	7.61	7.72
7 Effective rate[1,3]	7.47	7.85	7.77	7.98	7.95	7.80	7.79	7.81	7.78	7.88
8 Contract rate (HUD series)[4]	8.58	8.05	8.03	8.23	8.01	7.73	7.91	7.94	7.94	8.25
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.68	8.18	8.19	8.56	8.00	8.14	8.06	8.06	8.08	8.55
10 GNMA securities[6]	7.96	7.57	7.48	7.85	7.53	7.19	7.33	7.51	7.37	7.69
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	222,057	253,511	287,052	278,003	279,544	283,835	287,052	288,504	288,951	292,115
12 FHA/VA insured	27,558	28,762	30,592	30,840	30,815	30,744	30,592	30,352	30,119	30,100
13 Conventional	194,499	224,749	256,460	247,163	248,729	253,091	256,460	258,152	258,832	262,015
14 Mortgage transactions purchased (during period)	62,389	56,598	68,618	5,353	4,235	6,805	6,178	4,128	3,029	5,839
Mortgage commitments (during period)										
15 Issued[7]	54,038	56,092	65,859	4,264	5,199	6,533	3,991	4,384	4,407	8,299
16 To sell[8]	1,820	360	130	53	0	4	28	71	0	1
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	72,693	107,424	137,755	129,426	132,259	135,270	137,755	138,935	139,925	144,558
18 FHA/VA insured	276	267	220	197	227	223	220	216	215	215
19 Conventional	72,416	107,157	137,535	129,229	132,032	135,047	137,535	138,719	139,710	144,343
Mortgage transactions (during period)										
20 Purchases	124,697	98,470	128,566	8,687	9,538	9,198	9,943	9,507	8,204	7,403
21 Sales	117,110	85,877	119,702	8,167	8,797	8,456	9,220	9,204	10,271	6,796
22 Mortgage commitments contracted (during period)[9]	136,067	118,659	128,995	9,315	8,214	9,032	9,905	9,021	7,537	7,595

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	1993	1994	1995	1995	1996			
				Q4	Q1	Q2	Q3	Q4[p]
1 **All holders**	**4,275,217**	**4,481,075**	**4,714,346**	**4,714,346**	**4,792,478**	**4,889,980**	**4,975,730**	**5,054,447**
By type of property								
2 One- to four-family residences	3,233,830	3,437,781	3,634,060	3,634,060	3,699,671	3,778,471	3,853,772	3,912,079
3 Multifamily residences	270,824	275,705	287,993	287,993	291,893	297,223	301,635	309,266
4 Nonfarm, nonresidential	689,365	684,618	707,673	707,673	715,696	727,743	732,905	744,994
5 Farm	81,198	82,971	84,620	84,620	85,217	86,544	87,418	88,108
By type of holder								
6 Major financial institutions	1,768,093	1,815,845	1,888,970	1,888,970	1,901,524	1,925,056	1,953,214	1,977,208
7 Commercial banks[2]	940,595	1,004,322	1,080,366	1,080,366	1,087,207	1,099,643	1,112,961	1,136,139
8 One- to four-family	556,660	611,391	663,614	663,614	665,935	670,756	679,254	696,340
9 Multifamily	38,657	39,360	43,842	43,842	44,700	45,368	46,530	47,026
10 Nonfarm, nonresidential	324,413	331,004	349,081	349,081	352,641	358,956	362,362	367,893
11 Farm	20,866	22,567	23,829	23,829	23,931	24,563	24,815	24,880
12 Savings institutions[3]	598,437	596,191	596,789	596,789	602,631	612,849	628,037	628,719
13 One- to four-family	470,000	477,626	482,351	482,351	489,634	499,021	513,291	513,644
14 Multifamily	67,367	64,343	61,988	61,988	60,540	60,820	61,434	61,670
15 Nonfarm, nonresidential	60,765	53,933	52,162	52,162	52,155	52,688	52,991	53,073
16 Farm	305	289	288	288	302	320	320	331
17 Life insurance companies	229,061	215,332	211,815	211,815	211,686	212,565	212,216	212,351
18 One- to four-family	9,458	7,910	7,476	7,476	7,472	7,503	7,488	7,493
19 Multifamily	25,814	24,306	23,920	23,920	23,906	24,007	23,959	23,972
20 Nonfarm, nonresidential	184,305	173,539	170,783	170,783	170,681	171,402	171,059	171,152
21 Farm	9,484	9,577	9,636	9,636	9,627	9,653	9,710	9,735
22 Federal and related agencies	327,014	319,327	313,760	313,760	312,950	314,694	311,697	308,708
23 Government National Mortgage Association	22	6	2	2	2	2	2	2
24 One- to four-family	15	6	2	2	2	2	2	2
25 Multifamily	7	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,386	41,781	41,791	41,791	41,594	41,547	41,575	41,596
27 One- to four-family	15,303	13,826	12,643	12,643	12,327	11,982	11,630	11,319
28 Multifamily	10,940	11,319	11,617	11,617	11,636	11,645	11,652	11,685
29 Nonfarm, nonresidential	5,406	5,670	6,248	6,248	6,365	6,552	6,681	6,841
30 Farm	9,739	10,966	11,282	11,282	11,266	11,369	11,613	11,752
31 Federal Housing and Veterans' Administrations	12,215	10,964	9,809	9,809	8,439	8,052	6,627	5,977
32 One- to four-family	5,364	4,753	5,180	5,180	4,228	3,861	3,190	3,258
33 Multifamily	6,851	6,211	4,629	4,629	4,211	4,191	3,438	2,719
34 Resolution Trust Corporation	17,284	10,428	1,864	1,864	0	0	0	0
35 One- to four-family	7,203	5,200	691	691	0	0	0	0
36 Multifamily	5,327	2,859	647	647	0	0	0	0
37 Nonfarm, nonresidential	4,754	2,369	525	525	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	14,112	7,821	4,303	4,303	5,553	5,016	4,025	1,277
40 One- to four-family	2,367	1,049	492	492	839	840	675	231
41 Multifamily	1,426	1,595	428	428	1,099	955	766	194
42 Nonfarm, nonresidential	10,319	5,177	3,383	3,383	3,616	3,221	2,584	853
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	166,642	178,059	183,782	183,782	183,531	186,041	185,221	184,445
45 One- to four-family	151,310	162,160	168,122	168,122	167,895	170,572	170,083	169,765
46 Multifamily	15,332	15,899	15,660	15,660	15,636	15,469	15,138	14,680
47 Federal Land Banks	28,460	28,555	28,428	28,428	28,891	29,362	29,579	29,973
48 One- to four-family	1,675	1,671	1,673	1,673	1,700	1,728	1,740	1,764
49 Farm	26,785	26,885	26,755	26,755	27,191	27,634	27,839	28,210
50 Federal Home Loan Mortgage Corporation	46,892	41,712	43,781	43,781	44,939	44,674	44,668	45,437
51 One- to four-family	44,345	38,882	39,929	39,929	40,877	40,477	40,304	40,691
52 Multifamily	2,547	2,830	3,852	3,852	4,062	4,197	4,364	4,746
53 Mortgage pools or trusts[5]	1,570,666	1,726,833	1,861,864	1,861,864	1,905,515	1,963,909	2,008,229	2,055,077
54 Government National Mortgage Association	414,066	450,934	472,292	472,292	475,829	485,441	497,248	505,977
55 One- to four-family	404,864	441,198	461,447	461,447	464,650	473,950	485,303	493,795
56 Multifamily	9,202	9,736	10,845	10,845	11,179	11,491	11,945	12,182
57 Federal Home Loan Mortgage Corporation	447,147	490,851	515,051	515,051	524,327	536,671	545,608	554,260
58 One- to four-family	442,612	487,725	512,238	512,238	521,722	534,238	543,341	551,513
59 Multifamily	4,535	3,126	2,813	2,813	2,605	2,433	2,267	2,747
60 Federal National Mortgage Association	495,525	530,343	582,959	582,959	599,546	621,285	636,362	650,780
61 One- to four-family	486,804	520,763	569,724	569,724	585,527	606,271	619,869	633,210
62 Multifamily	8,721	9,580	13,235	13,235	14,019	15,014	16,493	17,570
63 Farmers Home Administration[4]	28	19	11	11	10	9	7	3
64 One- to four-family	5	3	2	2	1	1	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	13	9	5	5	5	4	4	0
67 Farm	10	7	4	4	4	4	3	3
68 Private mortgage conduits	213,901	254,686	291,551	291,551	305,803	320,502	329,003	344,057
69 One- to four-family[6]	179,730	202,987	222,892	222,892	230,221	239,153	244,527	246,904
70 Multifamily	8,701	14,925	21,279	21,279	24,477	26,809	28,141	33,689
71 Nonfarm, nonresidential	25,469	36,774	47,380	47,380	51,104	54,541	56,336	63,464
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	609,444	619,069	649,752	649,752	672,488	686,321	702,590	713,454
74 One- to four-family	456,115	460,632	485,584	485,584	506,641	518,116	533,074	542,151
75 Multifamily	65,398	69,615	73,239	73,239	73,823	74,824	75,510	76,387
76 Nonfarm, nonresidential	73,922	76,142	78,105	78,105	79,129	80,379	80,888	81,718
77 Farm	14,009	12,681	12,824	12,824	12,896	13,002	13,118	13,198

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Includes securitized home equity loans.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources.

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1994	1995	1996[r]	1996[r] Sept.	1996[r] Oct.	1996[r] Nov.	1996[r] Dec.	1997 Jan.[r]	1997 Feb.
	Seasonally adjusted								
1 **Total**	**966,457**	**1,103,296**	**1,195,069**	**1,178,600**	**1,186,719**	**1,191,969**	**1,195,069**	**1,205,289**	**1,212,022**
2 Automobile	317,182	350,848	377,181	374,476	376,713	376,539	377,181	378,153	378,234
3 Revolving	339,337	413,894	467,327	453,722	458,103	463,839	467,327	475,723	480,758
4 Other[2]	309,939	338,554	350,561	350,402	351,904	351,591	350,561	351,414	353,029
	Not seasonally adjusted								
5 **Total**	**990,247**	**1,131,881**	**1,226,961**	**1,182,632**	**1,188,477**	**1,199,875**	**1,226,961**	**1,216,479**	**1,208,710**
By major holder									
6 Commercial banks	462,923	507,753	530,081	517,145	521,258	522,973	530,081	527,210	521,232
7 Finance companies	134,830	152,624	154,176	154,784	153,444	153,172	154,176	154,526	153,814
8 Credit unions	119,594	131,939	146,314	141,968	144,423	145,075	146,314	146,599	145,969
9 Savings institutions	38,468	40,106	44,711	44,934	44,860	44,786	44,711	44,636	44,563
10 Nonfinancial business[3]	86,621	85,061	79,731	68,513	67,945	69,797	79,731	75,617	72,626
11 Pools of securitized assets[4]	147,811	214,398	271,948	255,288	256,547	264,072	271,948	267,891	270,506
By major type of credit[5]									
12 Automobile	319,715	354,055	380,809	377,898	381,013	380,713	380,809	377,742	375,867
13 Commercial banks	141,895	149,094	153,983	153,143	154,841	154,837	153,983	153,256	152,219
14 Finance companies	61,609	70,626	73,192	76,333	75,917	75,304	73,192	73,599	74,016
15 Pools of securitized assets[4]	36,376	44,411	51,171	48,135	48,020	48,242	51,171	48,473	47,070
16 Revolving	357,307	435,674	491,813	453,656	457,589	467,527	491,813	483,419	479,407
17 Commercial banks	182,021	210,298	228,615	211,185	214,995	217,924	228,615	224,153	217,702
18 Nonfinancial business[3]	56,790	53,525	46,901	38,816	38,105	39,275	46,901	43,900	41,813
19 Pools of securitized assets[4]	96,130	147,934	188,712	177,958	178,590	183,987	188,712	187,865	192,332
20 Other	313,225	342,152	354,339	351,078	349,875	351,635	354,339	355,318	353,436
21 Commercial banks	139,007	148,361	147,483	152,817	151,422	150,212	147,483	149,801	151,311
22 Finance companies	73,221	81,998	80,984	78,451	77,527	77,868	80,984	80,927	79,798
23 Nonfinancial business[3]	29,831	31,536	32,830	29,697	29,840	30,522	32,830	31,717	30,813
24 Pools of securitized assets[4]	15,305	22,053	32,065	29,195	29,937	31,843	32,065	31,553	31,104

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises mobile home loans and all other loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Includes retailers and gasoline companies.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
5. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1994	1995	1996	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997 Jan.	1997 Feb.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.12	9.57	9.05	9.11	n.a.	n.a.	9.03	n.a.	n.a.	8.92
2 24-month personal	13.19	13.94	13.54	13.37	n.a.	n.a.	13.62	n.a.	n.a.	13.46
Credit card plan										
3 All accounts	15.69	16.02	15.63	15.65	n.a.	n.a.	15.62	n.a.	n.a.	15.88
4 Accounts assessed interest	15.77	15.79	15.50	15.64	n.a.	n.a.	15.52	n.a.	n.a.	15.13
Auto finance companies										
5 New car	9.79	11.19	9.84[r]	10.49	10.52	10.40	10.31	8.60[r]	7.17	7.44
6 Used car	13.49	14.48	13.53	13.92	13.87	13.75	13.56	13.42	12.93	13.08
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.1	51.6	51.4	51.9	52.5	52.3	52.3	55.1	54.6
8 Used car	50.2	52.2	51.4	51.3	51.0	51.1	50.3	49.9	51.5	51.1
Loan-to-value ratio										
9 New car	92	92	91	92	91	89	90	90	92	92
10 Used car	99	99	100	100	100	101	102	99[r]	99	99
Amount financed (dollars)										
11 New car	15,375	16,210	16,987	16,927	17,182	17,435	17,719	17,670	17,090	16,837
12 Used car	10,709	11,590	12,182[r]	12,132	12,108	12,326	12,393	12,492[r]	12,362	12,202

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. 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	1992	1993	1994	1995	1996	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**544.5**	**629.5**	**621.3**	**719.8**	**747.4**	**868.6**	**570.0**	**591.3**	**883.3**	**734.3**	**725.0**	**647.0**
By sector and instrument												
2 Federal government	304.0	256.1	155.9	144.4	145.0	184.7	86.0	59.3	239.9	62.4	161.3	116.5
3 Treasury securities	303.8	248.3	155.7	142.9	146.6	183.1	85.6	54.1	242.2	60.2	164.4	119.8
4 Budget agency securities and mortgages	.2	7.8	.2	1.5	−1.6	1.6	.4	5.1	−2.3	2.2	−3.1	−3.3
5 Nonfederal	240.5	373.4	465.4	575.4	602.4	683.9	484.0	532.0	643.4	671.9	563.7	530.6
By instrument												
6 Commercial paper	8.6	10.0	21.4	18.1	−.9	34.3	18.1	14.1	30.3	11.0	−16.1	−29.0
7 Municipal securities	30.5	74.8	−29.3	−44.2	1.9	−2.2	−107.2	−12.6	−18.9	37.7	−76.2	65.2
8 Corporate bonds	67.6	75.2	23.3	73.3	72.5	98.4	59.8	82.0	60.9	71.5	67.8	89.9
9 Bank loans n.e.c.	−13.7	3.6	73.2	99.6	65.5	99.1	75.3	78.5	41.2	74.9	118.6	27.3
10 Other loans and advances	10.1	−9.4	54.4	59.0	34.7	57.3	35.2	61.0	32.9	26.8	79.4	−.4
11 Mortgages	132.4	157.7	196.1	228.0	334.3	242.1	246.4	191.5	374.6	359.1	292.3	311.3
12 Home mortgages	189.4	187.2	204.0	196.3	278.0	193.5	219.2	159.0	330.1	290.0	256.3	235.7
13 Multifamily residential	−10.4	−6.0	1.7	10.5	19.4	10.9	11.3	13.3	13.8	19.4	15.7	28.6
14 Commercial	−48.1	−24.0	−11.3	19.5	33.5	36.1	13.7	18.2	28.4	44.3	16.8	44.3
15 Farm	1.4	.5	1.8	1.6	3.5	1.7	2.2	1.1	2.4	5.3	3.5	2.7
16 Consumer credit	5.0	61.5	126.3	141.6	94.4	155.0	156.4	117.5	122.4	90.9	98.0	66.2
By borrowing sector												
17 Household	200.2	257.3	372.4	381.1	395.3	391.5	414.0	332.5	470.2	434.0	375.7	301.1
18 Nonfinancial business	19.2	53.7	132.8	233.8	193.9	292.4	171.4	211.4	176.8	193.5	249.5	155.5
19 Corporate	33.9	47.6	118.1	197.5	147.3	260.3	133.5	175.3	130.5	149.2	214.5	95.2
20 Nonfarm noncorporate	−16.0	4.2	11.9	34.8	43.4	29.1	34.4	37.1	46.3	37.2	36.2	54.0
21 Farm	1.3	2.0	2.8	1.6	3.1	3.0	3.5	−1.0	.1	7.2	−1.2	6.3
22 State and local government	21.1	62.3	−39.8	−39.6	13.3	.0	−101.3	−11.9	−3.6	44.4	−61.6	73.9
23 Foreign net borrowing in United States	23.7	70.4	−15.3	69.5	67.4	45.5	88.3	76.9	49.1	36.6	106.0	77.8
24 Open market paper	5.2	−9.0	−27.3	13.6	10.9	−8.7	23.7	−3.9	−8.5	9.5	38.6	3.8
25 Bonds	16.8	82.9	12.2	48.3	46.8	51.2	55.2	72.7	47.9	11.1	59.7	68.4
26 Bank loans n.e.c.	2.3	.7	1.4	8.5	9.1	5.6	8.2	11.9	8.7	15.1	4.7	7.8
27 Other loans and advances	−.6	−4.2	−1.6	−.8	.7	−2.6	1.3	−3.9	1.1	.7	3.1	−2.2
28 **Total domestic plus foreign**	**568.2**	**699.9**	**606.0**	**789.3**	**814.8**	**914.1**	**658.4**	**668.2**	**932.4**	**770.9**	**831.0**	**724.9**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**240.0**	**291.3**	**467.7**	**446.6**	**531.0**	**440.0**	**507.0**	**572.0**	**328.6**	**687.2**	**503.1**	**605.0**
By instrument												
30 U.S. government-related	155.8	165.3	287.5	204.1	231.1	196.5	227.7	305.5	137.8	296.0	240.4	250.0
31 Government-sponsored enterprise securities	40.3	80.6	176.9	105.9	90.4	127.2	101.5	132.1	31.4	126.9	80.0	123.3
32 Mortgage pool securities	115.6	84.7	115.4	98.2	140.7	69.3	126.2	173.4	106.5	169.1	160.4	126.8
33 Loans from U.S. government	.0	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	84.2	126.0	180.2	242.5	299.9	243.5	279.3	266.5	190.8	391.2	262.6	354.9
35 Open market paper	−.7	−6.2	41.6	42.6	92.7	33.9	43.7	55.1	17.8	105.7	85.2	162.0
36 Corporate bonds	82.7	119.2	118.4	185.7	153.2	182.3	217.6	175.6	148.1	207.5	118.1	138.9
37 Bank loans n.e.c.	2.2	−13.0	−12.3	5.5	21.1	20.7	7.9	−1.8	24.9	23.6	19.6	16.4
38 Other loans and advances	−.6	22.4	22.6	3.4	27.2	1.3	4.9	32.0	−5.5	48.6	33.9	31.8
39 Mortgages	.6	3.6	9.8	5.3	5.8	5.2	5.2	5.6	5.5	5.8	5.8	6.0
By borrowing sector												
40 Commercial banking	10.0	13.4	20.1	22.5	11.6	39.0	38.9	−9.7	−32.5	40.1	15.7	23.3
41 Savings institutions	−7.0	11.3	12.8	2.6	26.0	−7.2	5.1	31.5	11.0	42.1	26.4	24.6
42 Credit unions	.0	.2	.2	−.1	.1	−.1	.1	.0	−.1	−.2	.3	.3
43 Life insurance companies	.0	.2	.3	−.1	1.1	.1	−.1	−.4	2.5	.3	−.4	2.0
44 Government-sponsored enterprises	40.2	80.6	172.1	105.9	90.4	127.2	101.5	132.1	31.4	126.9	80.0	123.3
45 Federally related mortgage pools	115.6	84.7	115.4	98.2	140.7	69.3	126.2	173.4	106.5	169.1	160.4	126.8
46 Issuers of asset-backed securities (ABSs)	58.5	82.4	69.5	133.2	129.3	113.3	164.8	187.5	137.1	133.9	99.7	146.6
47 Finance companies	−1.6	.2	50.2	51.6	48.0	52.0	19.8	54.3	47.1	68.4	56.9	19.5
48 Mortgage companies	8.0	.0	−11.5	.4	17.1	14.8	4.0	−10.0	20.0	16.0	16.6	15.8
49 Real estate investment trusts (REITs)	.3	3.4	13.7	5.4	6.6	5.2	5.2	6.0	5.9	6.5	6.7	7.1
50 Brokers and dealers	2.7	12.0	.5	−5.0	−2.0	−.1	2.1	7.7	−31.8	13.2	5.7	4.8
51 Funding corporations	13.2	2.9	24.2	32.0	62.1	26.4	39.4	−.4	31.6	70.9	35.0	110.9

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1992	1993	1994	1995	1996	1995			1996			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
52 **Total net borrowing, all sectors**	**808.2**	**991.2**	**1,073.7**	**1,235.9**	**1,345.8**	**1,354.1**	**1,165.4**	**1,240.2**	**1,261.0**	**1,458.1**	**1,334.1**	**1,329.9**
53 Open market paper	13.1	−5.1	35.7	74.3	102.6	59.5	85.5	65.3	39.6	126.3	107.6	136.8
54 U.S. government securities	459.8	421.4	448.1	348.5	376.1	381.1	313.7	364.8	377.7	358.4	401.7	366.5
55 Municipal securities	30.5	74.8	−29.3	−44.2	1.9	−2.2	−107.2	−12.6	−18.9	37.7	−76.2	65.2
56 Corporate and foreign bonds	167.1	277.3	153.9	307.3	272.5	332.0	332.5	330.3	256.9	290.2	245.6	297.2
57 Bank loans n.e.c.	−9.3	−8.6	62.3	113.5	95.6	125.4	91.4	88.6	74.7	113.6	142.8	51.4
58 Other loans and advances	8.9	8.7	70.7	61.6	62.6	56.0	41.3	89.1	28.6	76.1	116.5	29.2
59 Mortgages	133.0	161.3	205.9	233.3	340.1	247.3	251.6	197.1	380.2	364.8	298.1	317.3
60 Consumer credit	5.0	61.5	126.3	141.6	94.4	155.0	156.4	117.5	122.4	90.9	98.0	66.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**312.5**	**453.6**	**152.2**	**154.9**	**253.6**	**147.2**	**196.3**	**226.1**	**289.1**	**402.8**	**85.0**	**237.6**
62 Corporate equities	103.4	129.9	23.3	−19.0	−21.6	−17.9	−5.7	−18.4	1.4	51.6	−108.1	−31.2
63 Nonfinancial corporations	27.0	21.3	−44.9	−74.2	−82.6	−71.3	−92.8	−72.8	−92.4	−27.2	−138.8	−72.0
64 Foreign shares purchased by U.S. residents	32.4	63.4	48.1	50.7	57.8	40.8	88.2	57.4	89.8	69.7	32.1	39.5
65 Financial corporations	44.0	45.2	20.1	4.5	3.3	12.6	−1.1	−3.1	4.0	9.1	−1.4	1.3
66 Mutual funds	209.1	323.7	128.9	173.9	275.2	165.0	202.0	244.5	287.6	351.2	193.1	268.7

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	1992	1993	1994	1995	1996	1995			1996			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**808.2**	**991.2**	**1,073.7**	**1,235.9**	**1,345.8**	**1,354.1**	**1,165.4**	**1,240.2**	**1,261.0**	**1,458.1**	**1,334.1**	**1,329.9**
2 Domestic nonfederal nonfinancial sectors	112.0	83.3	254.1	−97.0	.5	−149.2	−70.6	−187.3	−64.5	308.1	−175.7	−65.7
3 Households	82.6	42.7	259.4	−13.9	28.3	−128.3	110.7	−136.9	−65.2	270.7	−55.4	−36.8
4 Nonfarm noncorporate business	27.8	9.1	49.6	−6.0	25.5	37.7	−53.1	33.0	−2.1	57.8	11.6	34.7
5 Nonfinancial corporate business	−.1	−1.1	.2	.3	.4	.3	.3	.3	.4	.4	.4	.4
6 State and local governments	1.7	32.6	−55.0	−77.4	−53.7	−58.8	−128.5	−83.7	2.4	−20.8	−132.4	−64.1
7 Federal government	−11.9	−18.4	−24.2	−21.5	−23.3	−24.2	−24.3	−24.4	−20.7	−15.2	−26.4	−30.8
8 Rest of the world	98.4	129.3	132.3	272.7	404.8	322.2	361.0	157.6	341.1	268.2	484.4	525.6
9 Financial sectors	609.7	797.0	711.5	1,081.7	963.7	1,205.2	899.3	1,294.2	1,005.1	896.9	1,051.9	900.8
10 Monetary authority	27.9	36.2	31.5	12.7	12.3	16.7	−4.1	19.7	16.9	9.4	19.3	3.6
11 Commercial banking	95.3	142.2	163.4	265.9	187.9	319.4	244.8	166.2	121.7	190.2	202.0	237.8
12 U.S. chartered banks	69.5	149.6	148.1	186.5	119.7	222.4	227.0	118.1	80.5	125.5	123.6	149.3
13 Foreign banking offices in United States	16.5	−9.8	11.2	75.4	63.3	86.6	25.6	36.1	44.2	57.5	72.9	78.5
14 Bank holding companies	5.6	.0	.9	−.3	3.9	5.3	−9.6	4.6	−5.1	5.4	4.8	10.5
15 Banks in U.S. affiliated areas	3.7	2.4	3.3	4.2	1.0	5.2	1.8	7.4	2.1	1.7	.7	−.6
16 Savings institutions	−79.0	−23.3	6.7	−7.5	23.3	−11.7	32.2	−68.4	34.1	45.0	49.1	−34.8
17 Credit unions	17.7	21.7	28.1	16.2	22.1	22.8	11.0	19.5	22.1	34.8	14.2	17.5
18 Bank personal trusts and estates	8.0	9.5	7.1	−18.8	−13.6	−20.6	−23.7	−20.2	−18.1	−12.3	−12.5	−11.6
19 Life insurance companies	78.5	100.9	66.4	99.1	55.2	135.5	72.9	53.2	48.7	2.4	135.1	34.5
20 Other insurance companies	6.7	27.7	24.9	21.5	24.4	20.9	21.9	22.3	23.6	23.7	24.9	25.3
21 Private pension funds	41.1	45.9	46.8	61.3	62.9	57.2	50.5	78.5	82.6	94.0	46.8	28.1
22 State and local government retirement funds	5.9	21.1	30.7	22.7	34.2	4.9	2.6	20.2	58.7	50.0	22.0	6.0
23 Money market mutual funds	4.7	20.4	30.0	86.5	88.8	134.4	30.0	125.1	175.0	18.4	88.5	73.4
24 Mutual funds	126.2	159.5	−7.1	52.5	57.9	23.4	58.0	141.9	67.5	63.7	35.6	64.9
25 Closed-end funds	18.2	14.4	−3.3	13.3	9.3	15.1	16.7	13.2	10.9	9.8	9.0	7.5
26 Government sponsored enterprises	68.8	88.6	120.6	87.9	89.2	93.0	50.0	186.5	33.4	121.8	81.9	119.6
27 Federally related mortgage pools	115.6	84.7	115.4	98.2	140.7	69.3	126.2	173.4	106.5	169.1	160.4	126.8
28 Asset-backed securities issuers (ABSs)	53.7	79.9	62.8	113.0	104.4	101.0	154.4	141.4	117.3	123.8	73.0	103.3
29 Finance companies	7.5	−9.0	68.2	64.2	38.7	67.2	50.8	53.7	40.9	41.3	55.9	16.6
30 Mortgage companies	.1	.0	−24.0	−3.4	14.7	29.9	7.3	−36.4	47.9	−17.3	16.6	11.6
31 Real estate investment trusts (REITs)	1.1	.6	4.7	1.8	2.0	1.8	1.8	1.9	1.9	1.7	2.4	2.1
32 Brokers and dealers	−1.3	14.8	−44.2	90.1	−17.3	145.2	−5.2	189.3	−109.0	−72.0	35.5	76.3
33 Funding corporations	13.0	−38.7	−17.2	4.6	26.5	−20.2	1.1	13.2	122.4	−.7	−7.8	−7.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**808.2**	**991.2**	**1,073.7**	**1,235.9**	**1,345.8**	**1,354.1**	**1,165.4**	**1,240.2**	**1,261.0**	**1,458.1**	**1,334.1**	**1,329.9**
Other financial sources												
35 Official foreign exchange	−1.6	.8	−5.8	8.8	−6.3	10.3	9.0	−1.9	−.9	1.6	−26.6	.7
36 Special drawing rights certificates	−2.0	.0	.0	2.2	−.5	.0	8.6	.0	.0	.0	−1.8	.0
37 Treasury currency	.2	.4	.7	.6	.0	.7	.8	.0	.0	.0	2.3	−2.3
38 Foreign deposits	−3.5	−18.5	54.0	33.5	47.7	110.8	−29.5	18.2	85.0	.9	113.2	−8.5
39 Net interbank transactions	49.4	50.5	89.8	9.8	−53.8	−4.9	−13.1	80.3	−88.5	−51.5	−118.6	43.5
40 Checkable deposits and currency	113.5	117.3	−9.7	−12.8	19.2	100.2	−113.1	−69.3	43.3	4.5	110.9	−82.1
41 Small time and savings deposits	−57.2	−70.3	−40.0	96.5	91.6	95.6	145.6	114.9	212.5	−4.6	76.7	81.8
42 Large time deposits	−73.2	−23.5	19.6	65.6	113.5	74.4	80.2	−.9	55.1	83.5	181.0	134.4
43 Money market fund shares	4.5	20.2	43.3	142.3	145.8	221.1	122.9	151.1	244.0	4.1	147.4	187.7
44 Security repurchase agreements	43.1	71.2	78.3	110.7	37.6	115.4	92.8	62.3	−19.1	117.7	−29.8	81.5
45 Corporate equities	103.4	129.9	23.3	−19.0	−21.6	−17.9	−5.7	−18.4	1.4	51.6	−108.1	−31.2
46 Mutual fund shares	209.1	323.7	128.9	173.9	275.2	165.0	202.0	244.5	287.6	351.2	193.1	268.7
47 Trade payables	46.6	52.4	114.0	96.3	76.3	80.6	129.3	90.1	62.7	126.8	55.6	60.3
48 Security credit	4.6	61.4	−.1	26.7	46.4	25.9	32.1	50.1	120.6	−37.7	−4.3	107.2
49 Life insurance reserves	28.0	36.0	34.5	44.9	35.0	57.6	33.1	38.3	19.0	32.2	56.8	31.9
50 Pension fund reserves	241.9	250.5	251.8	240.3	252.1	290.4	211.2	187.8	256.1	236.3	269.8	246.1
51 Taxes payable	9.7	5.2	3.2	1.3	2.6	.8	3.4	−10.2	5.6	6.6	−1.2	−.7
52 Investment in bank personal trusts	−7.1	.9	17.8	−49.7	−25.0	−47.6	−65.8	−39.2	−49.2	−22.1	−15.3	−13.3
53 Noncorporate proprietors' equity	16.7	19.7	25.9	41.3	35.8	39.9	45.3	38.4	37.9	24.1	52.5	28.9
54 Miscellaneous	260.1	348.6	266.3	504.6	480.2	421.3	430.4	842.6	584.3	268.7	487.3	580.4
55 **Total financial sources**	**1,794.2**	**2,367.6**	**2,169.6**	**2,753.7**	**2,897.5**	**3,093.8**	**2,484.8**	**3,018.9**	**3,118.6**	**2,651.7**	**2,774.9**	**3,044.9**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.2	−.5	−1.0	−.4	−.3	−1.0	−1.1	−1.0	1.3	−3.1
57 Foreign deposits	−2.8	−7.0	44.9	27.2	38.1	101.5	−55.7	21.5	61.4	23.6	122.5	−55.1
58 Net interbank liabilities	−4.9	4.2	−2.7	−3.1	−3.5	−.9	12.3	−23.6	10.9	−26.9	−9.2	11.2
59 Security repurchase agreements	4.4	40.2	59.4	55.4	14.2	−2.4	73.2	31.1	21.7	112.5	−100.8	23.3
60 Taxes payable	11.9	11.1	8.6	8.7	3.0	30.8	10.3	2.2	−23.2	24.9	9.9	.3
61 Miscellaneous	−40.6	−149.9	−107.7	−4.7	−86.6	18.4	−30.8	244.1	−185.5	−243.6	−59.0	141.6
Floats not included in assets (−)												
62 Federal government checkable deposits	.7	−1.5	−4.8	−6.0	.5	−18.6	3.8	−13.8	8.6	−10.5	28.0	−24.2
63 Other checkable deposits	1.6	−1.3	−2.8	−3.8	−4.0	−3.8	−3.2	−4.7	−3.8	−4.2	−4.0	−4.0
64 Trade credit	11.3	−4.0	−3.1	−23.3	−7.9	29.9	−46.7	−125.5	45.4	29.5	−64.1	−42.4
65 **Total identified to sectors as assets**	**1,812.9**	**2,476.0**	**2,178.1**	**2,703.8**	**2,944.8**	**2,939.2**	**2,521.9**	**2,888.6**	**3,184.1**	**2,747.5**	**2,850.3**	**2,997.3**

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	1993	1994	1995	1996	1995			1996			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**12,544.7**	**13,172.2**	**13,892.0**	**14,639.4**	**13,557.6**	**13,708.3**	**13,892.0**	**14,089.7**	**14,247.2**	**14,437.5**	**14,639.4**
By sector and instrument											
2 Federal government	3,336.5	3,492.3	3,636.7	3,781.8	3,583.5	3,603.4	3,636.7	3,717.2	3,693.8	3,733.1	3,781.8
3 Treasury securities	3,309.9	3,465.6	3,608.5	3,755.1	3,556.7	3,576.5	3,608.5	3,689.6	3,665.5	3,705.7	3,755.1
4 Budget agency securities and mortgages	26.6	26.7	28.2	26.6	26.8	26.9	28.2	27.6	28.2	27.4	26.6
5 Nonfederal	9,208.2	9,679.9	10,255.2	10,857.6	9,974.1	10,104.8	10,255.2	10,372.5	10,553.4	10,704.4	10,857.6
By instrument											
6 Commercial paper	117.8	139.2	157.4	156.4	162.9	163.3	157.4	174.2	181.7	173.0	156.4
7 Municipal securities and loans	1,377.5	1,348.2	1,304.0	1,306.0	1,331.7	1,308.2	1,304.0	1,300.8	1,306.8	1,290.6	1,306.0
8 Corporate bonds	1,229.7	1,253.0	1,326.3	1,398.8	1,290.9	1,305.8	1,326.3	1,341.5	1,359.4	1,376.4	1,398.8
9 Bank loans n.e.c.	675.9	749.0	848.6	914.0	810.7	824.3	848.6	856.7	878.7	902.6	914.0
10 Other loans and advances	677.1	737.8	796.8	831.5	776.9	782.1	796.8	809.3	815.7	831.8	831.5
11 Mortgages	4,266.3	4,462.3	4,690.3	5,024.6	4,570.2	4,643.0	4,690.3	4,767.1	4,863.1	4,947.4	5,024.6
12 Home mortgages	3,233.8	3,437.8	3,634.1	3,912.1	3,528.9	3,594.9	3,634.1	3,699.7	3,778.5	3,853.7	3,912.1
13 Multifamily residential	267.9	269.5	280.1	299.4	273.9	276.7	280.1	283.5	288.4	292.3	299.4
14 Commercial	683.4	672.1	691.6	725.0	683.6	687.0	691.6	698.7	709.8	713.9	725.0
15 Farm	81.2	83.0	84.6	88.1	83.8	84.4	84.6	85.2	86.5	87.4	88.1
16 Consumer credit	863.9	990.2	1,131.9	1,226.3	1,030.8	1,078.2	1,131.9	1,123.0	1,147.9	1,182.6	1,226.3
By borrowing sector											
17 Households	4,288.0	4,660.1	5,041.2	5,436.5	4,811.2	4,933.0	5,041.2	5,102.9	5,219.3	5,333.2	5,436.5
18 Nonfinancial business	3,761.9	3,901.3	4,135.2	4,329.0	4,058.0	4,089.1	4,135.2	4,190.2	4,247.0	4,296.8	4,329.0
19 Corporate	2,496.5	2,621.2	2,818.7	2,966.0	2,759.3	2,780.2	2,818.7	2,864.7	2,907.0	2,947.4	2,966.0
20 Nonfarm noncorporate	1,127.1	1,139.0	1,173.8	1,217.2	1,155.9	1,164.0	1,173.8	1,185.2	1,194.7	1,203.1	1,217.2
21 Farm	138.3	141.2	142.7	145.8	142.8	144.8	142.7	140.3	145.3	146.2	145.8
22 State and local government	1,158.2	1,118.4	1,078.8	1,092.1	1,104.9	1,082.7	1,078.8	1,079.4	1,087.1	1,074.5	1,092.1
23 **Foreign credit market debt held in United States**	**385.6**	**370.4**	**439.9**	**507.2**	**396.8**	**419.8**	**439.9**	**450.8**	**459.6**	**487.1**	**507.2**
24 Commercial paper	68.7	41.4	55.0	65.8	48.1	55.8	55.0	51.5	53.4	64.8	65.8
25 Bonds	230.1	242.3	290.6	337.3	258.6	272.4	290.6	302.5	305.3	320.2	337.3
26 Bank loans n.e.c.	24.6	26.1	34.6	43.7	29.6	31.6	34.6	36.8	40.5	41.7	43.7
27 Other loans and advances	62.1	60.6	59.7	60.4	60.5	60.0	59.7	60.0	60.4	60.4	60.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**12,930.2**	**13,542.6**	**14,331.8**	**15,146.6**	**13,954.4**	**14,128.1**	**14,331.8**	**14,540.5**	**14,706.8**	**14,924.6**	**15,146.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,321.7**	**3,794.6**	**4,243.9**	**4,774.8**	**3,971.9**	**4,096.3**	**4,243.9**	**4,324.3**	**4,496.1**	**4,619.5**	**4,774.8**
By instrument											
30 Federal government-related	1,885.2	2,172.7	2,376.8	2,607.9	2,247.1	2,300.1	2,376.8	2,414.1	2,489.5	2,545.3	2,607.9
31 Government-sponsored enterprises securities	523.7	700.6	806.5	896.9	748.1	773.5	806.5	814.4	846.1	866.1	896.9
32 Mortgage pool securities	1,356.8	1,472.1	1,570.3	1,711.0	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2	1,711.0
33 Loans from U.S. government	4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,436.4	1,621.9	1,867.0	2,166.9	1,724.8	1,796.2	1,867.0	1,910.2	2,006.6	2,074.2	2,166.9
35 Open market paper	393.5	442.8	488.0	580.7	462.8	473.6	488.0	491.9	518.5	539.6	580.7
36 Corporate bonds	857.6	973.5	1,159.2	1,312.4	1,056.4	1,112.6	1,159.2	1,192.9	1,243.4	1,275.1	1,312.4
37 Bank loans n.e.c.	67.6	55.3	60.8	81.8	58.4	60.3	60.8	66.4	72.2	76.9	81.8
38 Other loans and advances	108.9	131.6	135.0	162.2	125.7	127.0	135.0	133.6	145.8	154.2	162.2
39 Mortgages	8.9	18.7	24.0	29.8	21.3	22.6	24.0	25.4	26.9	28.3	29.8
By borrowing sector											
40 Commercial banks	84.6	94.5	102.6	112.2	99.9	102.0	102.6	100.5	103.6	106.7	112.2
41 Bank holding companies	123.4	133.6	148.0	150.0	142.9	150.3	148.0	141.4	148.4	149.1	150.0
42 Savings institutions	99.6	112.4	115.0	141.1	105.9	107.2	115.0	117.8	128.3	134.9	141.1
43 Credit unions	.2	.5	.4	.4	.3	.4	.4	.4	.3	.4	.4
44 Life insurance companies	.2	.6	.5	1.6	.6	.6	.5	1.1	1.2	1.1	1.6
45 Government-sponsored enterprises	528.5	700.6	806.5	896.9	748.1	773.5	806.5	814.4	846.1	866.1	896.9
46 Federally related mortgage pools	1,356.8	1,472.1	1,570.3	1,711.0	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2	1,711.0
47 Issuers of asset-backed securities (ABSs)	486.7	556.2	689.4	818.8	596.8	639.8	689.4	720.3	752.4	779.5	818.8
48 Brokers and dealers	33.7	34.3	29.3	27.3	26.8	27.4	29.3	21.4	24.6	26.1	27.3
49 Finance companies	390.5	440.7	492.3	540.3	467.2	471.9	492.3	499.8	514.4	528.4	540.3
50 Mortgage companies	30.2	18.7	19.1	36.2	20.6	21.6	19.1	24.1	28.1	32.3	36.2
51 Real estate investment trusts (REITs)	17.4	31.1	36.5	43.1	33.7	35.0	36.5	38.0	39.6	41.3	43.1
52 Funding corporations	169.9	199.3	233.9	296.0	230.0	239.9	233.9	245.6	265.6	274.5	296.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**16,251.9**	**17,337.2**	**18,575.7**	**19,921.5**	**17,926.3**	**18,224.4**	**18,575.7**	**18,864.8**	**19,202.9**	**19,544.1**	**19,921.5**
54 Open market paper	580.0	623.5	700.4	803.0	673.8	692.7	700.4	717.6	753.6	777.4	803.0
55 U.S. government securities	5,216.9	5,665.0	6,013.6	6,389.7	5,830.6	5,903.5	6,013.6	6,131.3	6,183.2	6,278.4	6,389.7
56 Municipal securities	1,377.5	1,348.2	1,304.0	1,306.0	1,331.7	1,308.2	1,304.0	1,300.8	1,306.8	1,290.6	1,306.0
57 Corporate and foreign bonds	2,317.4	2,468.8	2,776.1	3,048.6	2,605.9	2,690.8	2,776.1	2,837.0	2,908.1	2,971.7	3,048.6
58 Bank loans n.e.c.	768.0	830.4	943.9	1,039.5	898.7	916.2	943.9	959.9	991.4	1,021.3	1,039.5
59 Other loans and advances	852.9	929.9	991.5	1,054.1	963.2	969.1	991.5	1,002.9	1,021.8	1,046.5	1,054.1
60 Mortgages	4,275.2	4,481.1	4,714.3	5,054.4	4,591.6	4,665.7	4,714.3	4,792.5	4,890.0	4,975.7	5,054.4
61 Consumer credit	863.9	990.2	1,131.9	1,226.3	1,030.8	1,078.2	1,131.9	1,123.0	1,147.9	1,182.6	1,226.3

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	1993	1994	1995	1996	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**16,251.9**	**17,337.2**	**18,575.7**	**19,921.5**	**17,926.3**	**18,224.4**	**18,575.7**	**18,864.8**	**19,202.9**	**19,544.1**	**19,921.5**
2 Domestic nonfederal nonfinancial sectors	2,784.9	3,069.3	2,937.1	2,938.0	2,988.3	2,990.2	2,937.1	2,895.7	2,945.4	2,923.2	2,938.0
3 Households	1,691.4	1,981.1	1,932.0	1,960.7	1,940.8	1,989.3	1,932.0	1,915.1	1,950.6	1,957.9	1,960.7
4 Nonfinancial corporate business	271.5	321.1	315.1	340.6	303.5	290.6	315.1	291.3	307.9	313.1	340.6
5 Nonfarm noncorporate business	37.0	37.2	37.5	37.9	37.3	37.4	37.5	37.6	37.7	37.8	37.9
6 State and local governments	784.9	729.9	652.5	598.8	706.7	672.9	652.5	651.8	649.1	614.4	598.8
7 Federal government	231.7	207.5	186.1	162.8	198.2	192.2	186.1	180.8	177.0	170.5	162.8
8 Rest of the world	1,147.8	1,254.7	1,561.8	1,966.6	1,402.1	1,493.4	1,561.8	1,653.6	1,718.2	1,840.6	1,966.6
9 Financial sectors	12,087.5	12,805.6	13,890.7	14,854.0	13,337.7	13,548.6	13,890.7	14,134.7	14,362.2	14,609.8	14,854.0
10 Monetary authority	336.7	368.2	380.8	393.1	375.7	370.6	380.8	379.6	386.3	386.2	393.1
11 Commercial banking	3,090.8	3,254.3	3,520.1	3,708.0	3,410.1	3,473.2	3,520.1	3,541.6	3,590.8	3,643.3	3,708.0
12 U.S. chartered banks	2,721.5	2,869.6	3,056.1	3,175.9	2,963.7	3,023.7	3,056.1	3,068.8	3,101.3	3,135.3	3,175.9
13 Foreign banking offices in United States	326.0	337.1	412.6	475.8	396.0	401.1	412.6	422.2	437.1	454.2	475.8
14 Bank holding companies	17.5	18.4	18.0	22.0	19.3	16.9	18.0	16.8	18.1	19.3	22.0
15 Banks in U.S. affiliated areas	25.8	29.2	33.4	34.4	31.1	31.5	33.4	33.9	34.3	34.5	34.4
16 Savings institutions	914.1	920.8	913.3	936.6	922.4	930.4	913.3	921.8	933.1	945.3	936.6
17 Credit unions	218.7	246.8	263.0	285.1	255.0	258.5	263.0	267.0	276.9	281.0	285.1
18 Bank personal trusts and estates	240.9	248.0	229.2	215.6	240.2	234.2	229.2	224.7	221.6	218.5	215.6
19 Life insurance companies	1,420.6	1,487.1	1,586.2	1,641.4	1,557.1	1,575.5	1,586.2	1,600.5	1,601.0	1,635.1	1,641.4
20 Other insurance companies	422.7	446.4	468.7	492.8	457.3	463.0	468.7	474.5	480.2	486.4	492.8
21 Private pension funds	617.6	664.3	725.6	788.5	693.4	706.0	725.6	746.3	769.8	781.5	788.5
22 State and local government retirement funds	423.4	454.1	476.8	511.0	470.9	470.6	476.8	491.1	504.0	508.8	511.0
23 Money market mutual funds	429.0	459.0	545.5	634.3	508.0	505.7	545.5	595.6	594.7	606.6	634.3
24 Mutual funds	725.9	718.8	771.3	829.2	724.8	739.2	771.3	792.4	807.9	816.5	829.2
25 Closed-end funds	82.0	78.7	92.0	101.3	84.6	88.7	92.0	94.8	97.2	99.5	101.3
26 Government-sponsored enterprises	546.4	667.0	755.0	844.1	695.9	708.4	755.0	762.7	793.8	814.3	844.1
27 Federally related mortgage pools	1,356.8	1,472.1	1,570.3	1,711.0	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2	1,711.0
28 Asset-backed securities issuers (ABSs)	457.9	520.7	633.7	738.1	555.2	595.7	633.7	659.7	689.2	709.7	738.1
29 Finance companies	482.8	551.0	615.2	653.9	586.9	594.7	615.2	621.7	633.2	642.0	653.9
30 Mortgage companies	60.4	36.5	33.0	47.8	40.3	42.2	33.0	45.0	40.7	44.9	47.8
31 Real estate investment trusts (REITs)	8.6	13.3	15.1	17.2	14.2	14.7	15.1	15.6	16.1	16.6	17.2
32 Brokers and dealers	137.5	93.3	183.4	166.1	137.4	136.1	183.4	156.2	138.2	147.1	166.1
33 Funding corporations	114.6	105.2	112.4	138.9	109.3	114.6	112.4	144.4	144.1	147.4	138.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**16,251.9**	**17,337.2**	**18,575.7**	**19,921.5**	**17,926.3**	**18,224.4**	**18,575.7**	**18,864.8**	**19,202.9**	**19,544.1**	**19,921.5**
Other liabilities											
35 Official foreign exchange	53.4	53.2	63.7	53.7	67.1	65.1	63.7	62.1	61.4	54.3	53.7
36 Special drawing rights certificates	8.0	8.0	10.2	9.7	8.0	10.2	10.2	10.2	10.2	9.7	9.7
37 Treasury currency	17.0	17.6	18.2	18.2	18.0	18.2	18.2	18.2	18.2	18.8	18.2
38 Foreign deposits	271.8	324.6	361.4	409.1	361.0	353.6	361.4	382.7	382.9	411.2	409.1
39 Net interbank liabilities	189.3	280.1	290.6	238.4	265.8	267.2	290.6	266.3	250.1	223.3	238.4
40 Checkable deposits and currency	1,251.7	1,242.0	1,229.3	1,248.4	1,246.2	1,200.3	1,229.3	1,183.3	1,212.3	1,221.8	1,248.4
41 Small time and savings deposits	2,223.2	2,183.3	2,279.7	2,371.3	2,222.6	2,255.8	2,279.7	2,342.3	2,340.1	2,355.5	2,371.3
42 Large time deposits	391.7	411.2	476.9	590.3	456.3	477.5	476.9	493.6	511.1	557.2	590.3
43 Money market fund shares	559.6	602.9	745.3	891.1	678.5	702.7	745.3	816.9	809.5	838.1	891.1
44 Security repurchase agreements	471.1	549.4	660.1	697.7	629.3	654.8	660.1	666.2	692.1	687.6	697.7
45 Mutual fund shares	1,375.4	1,477.3	1,852.8	2,348.8	1,661.0	1,782.0	1,852.8	1,994.3	2,130.6	2,212.7	2,348.8
46 Security credit	279.0	279.0	305.7	352.1	277.8	286.1	305.7	326.9	318.6	317.8	352.1
47 Life insurance reserves	470.8	505.3	550.2	585.2	532.4	540.6	550.2	555.0	563.0	577.2	585.2
48 Pension fund reserves	4,638.8	4,846.8	5,567.7	6,318.5	5,224.1	5,440.1	5,567.7	5,751.6	5,899.9	6,046.1	6,318.5
49 Trade payables	1,048.2	1,162.2	1,258.5	1,334.8	1,177.5	1,211.1	1,258.5	1,246.0	1,278.6	1,293.9	1,334.8
50 Taxes payable	84.9	88.0	89.3	91.9	88.9	91.9	89.3	94.3	90.3	92.1	91.9
51 Investment in bank personal trusts	691.3	699.4	767.4	833.7	739.7	758.6	767.4	781.6	790.9	799.5	833.7
52 Miscellaneous	5,155.1	5,417.3	5,823.2	6,146.7	5,555.1	5,666.4	5,823.2	5,959.8	5,966.7	6,089.6	6,146.7
53 **Total liabilities**	**35,432.1**	**37,485.1**	**40,925.7**	**44,461.1**	**39,135.6**	**40,006.7**	**40,925.7**	**41,816.0**	**42,529.6**	**43,350.3**	**44,461.1**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	20.1	21.1	22.1	21.4	22.9	22.1	22.1	22.1	22.0	21.2	21.4
55 Corporate equities	6,280.0	6,263.3	8,389.9	10,090.0	7,348.4	7,972.4	8,389.9	8,875.8	9,170.9	9,387.4	10,090.0
56 Household equity in noncorporate business	2,495.5	2,587.5	2,699.6	2,733.6	2,641.1	2,655.0	2,699.6	2,736.6	2,759.1	2,782.8	2,733.6
Liabilities not identified as assets (−)											
57 Treasury currency	−5.1	−5.4	−5.8	−6.8	−5.5	−5.6	−5.8	−6.1	−6.3	−6.0	−6.8
58 Foreign deposits	232.6	278.7	309.0	347.1	314.5	300.6	309.0	324.4	330.3	360.9	347.1
59 Net interbank transactions	−4.7	−6.5	−9.0	−10.9	−2.9	.1	−9.0	−2.6	−8.0	−11.6	−10.9
60 Security repurchase agreements	−7.7	51.8	107.2	121.4	78.8	111.4	107.2	116.7	135.7	126.7	121.4
61 Taxes payable	26.8	35.4	44.1	45.1	35.6	39.1	44.1	23.9	38.0	41.9	45.1
62 Miscellaneous	−855.0	−916.1	−949.4	−1,202.4	−869.7	−832.3	−949.4	−1,016.8	−1,094.0	−1,100.7	−1,202.4
Floats not included in assets (−)											
63 Federal government checkable deposits	5.6	3.4	3.1	−1.6	2.0	.6	3.1	.0	−3.4	−1.7	−1.6
64 Other checkable deposits	40.7	38.0	34.2	30.1	35.7	27.3	34.2	29.6	31.8	23.1	30.1
65 Trade credit	−248.0	−252.0	−275.4	−283.3	−306.2	−330.0	−275.4	−326.5	−336.2	−363.3	−283.3
66 **Total identified to sectors as assets**	**45,042.5**	**47,129.6**	**52,779.3**	**58,267.3**	**49,865.7**	**51,345.1**	**52,779.3**	**54,308.0**	**55,393.8**	**56,472.4**	**58,267.3**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1994	1995	1996	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997 Jan.	1997 Feb.	1997 Mar.
1 **Industrial production**[1]	**108.6**	**112.1**	**115.2**	**115.5**	**115.8**	**116.0**	**116.2**	**117.2**	**117.7**	**117.8**	**118.5**	**119.6**
Market groupings												
2 Products, total	106.8	109.3	112.0	112.3	112.2	112.7	112.8	114.1	114.3	114.3	114.9	115.9
3 Final, total	107.1	109.9	112.8	113.4	113.0	113.3	113.6	114.8	115.3	115.2	115.8	117.0
4 Consumer goods	107.4	108.9	110.5	110.7	110.1	110.5	110.8	112.3	112.7	112.0	111.8	112.6
5 Equipment	106.6	111.6	116.8	118.1	117.9	118.1	118.4	119.0	119.6	120.8	122.5	124.4
6 Intermediate	106.1	107.5	109.4	108.9	110.0	110.6	110.2	111.9	111.3	111.7	112.1	112.8
7 Materials	111.3	116.6	120.3	120.5	121.5	121.2	121.7	122.2	123.1	123.3	124.4	125.4
Industry groupings												
8 Manufacturing	109.4	113.2	116.3	117.0	117.2	117.4	117.6	118.5	119.2	119.3	120.4	121.4
9 Capacity utilization, manufacturing (percent)[2]	83.1	83.1	82.1	82.4	82.3	82.1	82.0	82.4	82.5	82.3	82.8	83.3
10 Construction contracts[3]	117.3	121.7	130.1	135.0	138.0	133.0	126.0	131.0	127.0	126.0	127.0	127.0
11 Nonagricultural employment, total[4]	112.0	115.0	117.3	117.5	117.8	117.8	118.0	118.2	118.4	118.7	119.0	119.1
12 Goods-producing, total	96.9	98.1	98.3	98.3	98.5	98.3	98.4	98.6	98.7	98.9	99.4	99.3
13 Manufacturing, total	96.4	97.2	96.2	96.2	96.3	96.0	96.1	96.1	96.2	96.3	96.3	96.4
14 Manufacturing, production workers	97.5	98.7	97.5	97.4	97.5	97.2	97.3	97.4	97.4	97.6	97.6	97.6
15 Service-producing	116.8	120.3	123.3	123.6	123.9	124.0	124.3	124.4	124.7	125.0	125.2	125.5
16 Personal income, total	148.4	157.7	166.4	166.7	167.7	168.6	168.8	169.8	171.0	171.6	173.1	n.a.
17 Wages and salary disbursements	142.6	150.9	159.7	159.8	161.1	162.2	162.0	163.4	165.1	165.1	167.3	n.a.
18 Manufacturing	124.9	130.4	135.3	135.8	136.9	136.7	136.7	137.4	139.2	138.6	139.1	n.a.
19 Disposable personal income[5]	149.3	158.2	166.2	166.5	167.4	168.2	168.4	169.5	170.6	171.8	173.2	n.a.
20 Retail sales[5]	144.8	152.3	159.7	159.6	159.6	160.7	161.8	161.7	162.5	165.3	167.8	168.1
Prices[6]												
21 Consumer (1982–84=100)	148.2	152.4	156.9	157.0	157.3	157.8	158.3	158.6	158.6	159.1	159.6	160.0
22 Producer finished goods (1982=100)	125.5	127.9	131.3	131.5	131.9	131.8	132.7	132.6	132.7	132.6	132.2	132.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in January 1997. See "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. The article contains a description of the new aggregation system for industrial production and capacity utilization. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1994	1995	1996	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997r Jan.	1997r Feb.	1997r Mar.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	131,056	132,304	133,943	133,898	134,291	134,636	134,831	135,022	135,848	135,634	136,319
Employment											
2 Nonagricultural industries[3]	119,651	121,460	123,264	123,570	123,768	124,167	124,290	124,429	125,112	125,138	125,789
3 Agriculture	3,409	3,440	3,443	3,418	3,480	3,450	3,354	3,426	3,468	3,292	3,386
Unemployment											
4 Number	7,996	7,404	7,236	6,910	7,043	7,019	7,187	7,167	7,268	7,205	7,144
5 Rate (percent of civilian labor force)	6.1	5.6	5.4	5.2	5.2	5.2	5.3	5.3	5.4	5.3	5.2
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**114,172**	**117,203**	**119,549**	**120,052**	**120,050**	**120,311**	**120,492**	**120,723**	**120,982**	**121,275**	**121,450**
7 Manufacturing	18,321	18,468	18,282	18,291	18,241	18,254	18,262	18,270	18,296	18,299	18,315
8 Mining	601	580	570	570	567	566	566	566	568	571	570
9 Contract construction	4,986	5,158	5,405	5,437	5,449	5,464	5,491	5,520	5,535	5,643	5,616
10 Transportation and public utilities	5,993	6,165	6,318	6,342	6,337	6,338	6,350	6,340	6,378	6,404	6,415
11 Trade	26,670	27,585	28,178	28,275	28,321	28,446	28,508	28,586	28,584	28,617	28,679
12 Finance	6,896	6,830	6,977	6,999	7,009	7,026	7,038	7,052	7,062	7,072	7,094
13 Service	31,579	33,107	34,360	34,532	34,607	34,709	34,780	34,865	35,015	35,082	35,193
14 Government	19,128	19,310	19,459	19,606	19,519	19,508	19,497	19,524	19,544	19,587	19,568

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1996			1997	1996			1997	1996			1997
	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]	Q1
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**114.8**	**115.8**	**117.0**	**118.7**	**137.9**	**139.2**	**140.5**	**141.8**	**83.3**	**83.2**	**83.3**	**83.7**
2 Manufacturing	115.8	117.2	118.4	120.3	141.0	142.5	143.9	145.3	82.1	82.3	82.3	82.8
3 Primary processing[3]	111.7	113.2	113.9	114.5	129.9	130.7	131.5	132.2	86.0	86.6	86.6	86.7
4 Advanced processing[4]	117.8	119.1	120.7	123.2	146.5	148.2	150.0	151.9	80.4	80.4	80.4	81.1
5 Durable goods	125.4	127.2	128.1	131.3	152.2	154.5	156.9	159.2	82.4	82.3	81.7	82.4
6 Lumber and products	111.0	110.5	110.1	110.5	128.2	129.1	130.0	131.0	86.6	85.6	84.7	84.4
7 Primary metals	116.5	118.6	119.8	119.4	128.7	129.8	131.0	132.1	90.5	91.4	91.5	90.4
8 Iron and steel	115.8	117.9	118.6	119.4	130.3	131.9	133.5	134.9	88.8	89.4	88.9	88.5
9 Nonferrous	117.2	119.4	121.1	119.4	126.5	127.1	127.8	128.6	92.7	93.9	94.8	92.8
10 Industrial machinery and equipment	154.6	158.9	161.5	167.1	171.6	176.3	181.3	186.5	90.1	90.1	89.1	89.6
11 Electrical machinery	162.3	164.5	167.2	172.9	193.2	200.6	208.5	216.4	84.0	82.0	80.2	79.9
12 Motor vehicles and parts	130.4	131.3	126.0	133.3	174.9	176.1	177.3	178.2	74.6	74.5	71.0	74.8
13 Aerospace and miscellaneous transportation equipment	83.8	86.7	90.4	93.3	120.6	120.2	119.8	119.6	69.5	72.2	75.5	78.0
14 Nondurable goods	105.5	106.5	108.1	108.7	129.0	129.6	130.1	130.6	81.8	82.2	83.0	83.3
15 Textile mill products	106.5	107.9	107.4	106.9	129.4	130.1	130.8	131.3	82.3	82.9	82.1	81.5
16 Paper and products	107.9	109.0	109.8	110.8	122.4	122.9	123.3	123.6	88.2	88.7	89.0	89.7
17 Chemicals and products	107.3	109.2	112.4	113.3	137.9	139.2	140.3	141.5	77.8	78.4	80.1	80.1
18 Plastics materials	122.1	125.3	125.3	...	129.5	131.8	134.0	...	94.3	95.1	93.5	...
19 Petroleum products	106.0	106.7	107.7	108.5	113.5	113.7	113.8	113.9	93.4	93.9	94.6	95.3
20 Mining	103.5	103.7	103.8	105.5	113.7	113.7	113.7	113.7	91.0	91.2	91.3	92.8
21 Utilities	114.0	110.5	113.0	111.3	124.5	125.2	125.9	126.5	91.6	88.2	89.8	88.0
22 Electric	114.0	110.8	112.4	111.4	122.8	123.6	124.4	125.1	92.8	89.6	90.4	89.1

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1996	1996			1997		
	High	Low	High	Low	High	Low	Mar.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.	Mar.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.3**	**78.1**	**82.6**	**83.0**	**83.4**	**83.5**	**83.4**	**83.6**	**84.1**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.3	82.0	82.4	82.5	82.3	82.8	83.3
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.8	85.6	86.7	86.5	86.6	86.1	86.7	87.2
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.4	79.9	80.5	80.8	80.7	81.1	81.6
5 Durable goods	89.2	68.9	87.7	63.9	84.5	73.2	80.9	81.5	81.9	81.7	81.7	82.5	83.1
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	86.0	84.2	87.0	82.9	83.3	84.7	85.3
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	90.4	93.5	90.5	90.4	89.0	90.2	91.9
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	88.0	92.6	86.8	87.1	87.1	88.2	90.1
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	93.3	94.7	95.1	94.7	91.6	92.7	94.1
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.4	90.5	89.1	89.2	89.0	89.1	89.6	90.1
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.1	85.1	80.5	80.2	80.0	79.0	80.1	80.7
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	61.3	68.5	72.7	71.9	74.1	74.6	75.7
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	68.5	74.6	75.4	76.4	77.1	78.0	79.0
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.9	82.7	82.9	83.5	83.1	83.2	83.4
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	83.0	82.4	82.7	81.1	81.2	80.9	82.2
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.6	87.4	89.3	90.4	89.3	90.0	89.7
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.7	79.5	79.6	81.0	80.6	80.0	79.7
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.9	94.0	92.4	94.0	93.5	...	...
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	93.1	95.3	94.4	94.2	94.4	95.6	96.0
20 Mining	94.3	88.2	96.0	80.3	86.8	86.1	90.3	91.0	91.1	91.9	91.6	92.9	93.7
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	92.2	89.0	91.0	89.3	89.9	86.7	87.3
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	93.2	90.2	90.6	90.3	90.7	88.0	88.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in January 1997. See "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. The article contains a description of the new aggregation system for industrial production and capacity utilization. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

	Group	1992 proportion	1996 avg.	1996 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	1997 Jan.[r]	Feb.	Mar.[p]
				Index (1992 = 100)												
	MAJOR MARKETS															
1	**Total index**	**100.0**	**115.2**	**113.2**	**114.3**	**114.8**	**115.5**	**115.5**	**115.8**	**116.0**	**116.2**	**117.2**	**117.7**	**117.8**	**118.5**	**119.6**
2	Products	60.5	112.0	110.4	111.0	111.4	112.3	112.3	112.2	112.7	112.8	114.1	114.3	114.3	114.9	115.9
3	Final products	46.3	112.8	111.1	112.1	112.2	113.1	113.4	113.0	113.3	113.6	114.8	115.3	115.2	115.8	117.0
4	Consumer goods, total	29.1	110.5	109.4	109.8	110.0	110.8	110.7	110.1	110.5	110.8	112.3	112.7	112.0	111.8	112.6
5	Durable consumer goods	6.1	126.2	120.8	125.7	126.9	129.9	129.7	128.0	127.1	124.5	127.1	128.4	127.5	129.4	131.3
6	Automotive products	2.6	125.8	115.1	126.0	126.9	130.0	132.1	128.7	127.7	122.0	127.4	127.2	129.9	131.0	132.0
7	Autos and trucks	1.7	132.6	111.2	135.0	135.0	137.7	145.7	138.7	134.6	125.7	133.8	135.5	138.7	139.2	141.2
8	Autos, consumer	.9	120.2	93.5	126.1	129.0	133.3	137.8	132.5	129.9	112.3	123.5	115.9	120.1	122.8	125.3
9	Trucks, consumer	.7	147.2	135.4	150.3	147.3	148.7	161.3	152.3	146.6	147.4	152.4	164.9	167.0	165.0	166.6
10	Auto parts and allied goods	.9	114.5	117.7	111.9	114.0	117.4	112.4	113.5	116.2	114.4	116.4	114.0	116.1	117.8	117.6
11	Other	3.5	126.3	124.7	125.3	126.7	129.7	128.0	127.5	126.6	126.2	126.8	129.1	125.7	128.2	130.7
12	Appliances, televisions, and air conditioners	1.0	173.0	165.8	170.2	172.0	180.1	181.1	175.9	174.2	176.5	176.9	181.1	171.6	179.0	185.1
13	Carpeting and furniture	.8	109.9	110.8	109.1	112.4	114.6	107.0	111.1	110.5	108.6	110.7	109.3	106.3	107.9	110.3
14	Miscellaneous home goods	1.6	107.9	108.0	108.0	108.1	108.7	108.5	108.0	107.6	106.5	106.4	109.6	109.2	109.7	110.4
15	Nondurable consumer goods	23.0	106.5	106.6	105.9	105.8	106.0	106.0	105.6	106.3	107.3	108.5	108.7	108.0	107.5	108.0
16	Foods and tobacco	10.3	106.1	106.8	105.7	105.3	105.8	105.9	105.4	106.1	106.6	107.2	108.2	107.8	108.0	108.6
17	Clothing	2.4	95.5	95.8	96.1	95.9	95.6	95.4	95.4	95.1	95.5	95.0	94.9	94.3	93.7	93.8
18	Chemical products	4.5	112.7	110.5	110.0	110.5	110.6	112.6	111.3	113.5	115.5	117.3	118.8	118.1	117.5	117.3
19	Paper products	2.9	101.1	99.7	100.0	100.7	100.2	101.4	101.8	101.9	102.9	102.9	103.0	101.1	101.5	102.7
20	Energy	2.9	112.0	114.1	112.8	112.8	113.2	109.1	109.4	109.4	110.7	115.3	111.8	111.3	107.8	108.7
21	Fuels	.8	106.6	106.9	106.4	106.8	106.7	106.7	107.7	105.4	108.1	107.8	106.0	105.1	106.6	107.3
22	Residential utilities	2.1	114.3	117.1	115.5	115.4	116.0	109.9	110.0	110.9	111.7	118.5	114.2	113.9	108.0	109.0
23	Equipment	17.2	116.8	113.9	115.9	116.0	117.1	118.1	117.9	118.1	118.4	119.0	119.6	120.8	122.5	124.4
24	Business equipment	13.2	126.6	122.6	125.1	125.0	126.6	128.1	127.7	128.3	128.8	129.8	130.7	132.1	133.8	135.6
25	Information processing and related	5.4	143.2	139.8	140.5	140.8	143.9	144.1	144.6	146.3	147.4	147.1	148.5	149.5	152.5	154.3
26	Computer and office equipment	1.1	292.0	265.4	272.2	279.7	289.4	301.7	306.2	314.3	318.8	323.5	327.1	335.9	345.0	354.3
27	Industrial	4.0	126.9	127.1	127.5	126.5	126.3	127.2	126.7	126.3	127.0	127.1	127.3	127.9	128.0	129.2
28	Transit	2.5	100.0	87.4	97.5	97.5	100.6	104.1	103.0	103.8	101.9	106.6	107.2	109.8	111.9	114.7
29	Autos and trucks	1.2	115.3	95.2	118.5	118.0	120.8	126.5	120.9	117.7	109.4	115.9	113.7	117.2	119.1	122.2
30	Other	1.3	116.4	114.7	114.7	115.3	114.3	118.0	116.1	115.5	118.7	119.9	121.4	123.4	124.8	126.8
31	Defense and space equipment	3.3	77.0	77.6	77.4	77.9	77.0	77.7	77.9	77.7	77.0	76.1	76.2	74.9	75.2	75.2
32	Oil and gas well drilling	.6	120.5	119.8	123.7	127.0	127.8	122.1	122.6	117.5	120.2	120.7	123.6	130.8	140.7	153.9
33	Manufactured homes	.2	162.0	162.5	164.8	165.7	167.9	163.0	167.4	165.6	165.3	159.8	...	156.3	163.5	...
34	Intermediate products, total	14.2	109.4	108.4	107.7	108.9	109.7	108.9	110.0	110.6	110.2	111.9	111.3	111.7	112.1	112.8
35	Construction supplies	5.3	116.8	115.5	114.2	116.1	118.3	117.5	119.2	119.8	117.7	120.7	117.8	117.6	119.8	120.6
36	Business supplies	8.9	105.1	104.3	103.9	104.6	104.6	103.9	104.6	105.3	105.8	106.8	107.4	108.2	107.5	108.2
37	Materials	39.5	120.3	117.7	119.5	120.1	120.5	120.5	121.5	121.2	121.7	122.2	123.1	123.3	124.4	125.4
38	Durable goods materials	20.8	134.0	129.5	132.6	133.5	134.0	134.5	136.2	135.5	135.8	136.5	137.8	138.2	140.4	142.4
39	Durable consumer parts	4.0	128.8	117.0	130.1	130.6	130.4	131.1	133.9	128.3	126.6	129.7	130.3	131.7	133.8	135.2
40	Equipment parts	7.6	159.2	154.6	155.7	157.2	158.9	159.6	161.7	162.6	163.4	165.3	167.9	169.4	173.1	177.0
41	Other	9.2	118.2	116.8	117.2	117.8	117.9	118.2	119.2	119.2	120.0	119.1	119.9	119.2	120.4	121.5
42	Basic metal materials	3.1	113.1	112.0	112.1	112.2	112.6	112.9	113.6	114.7	117.2	114.4	115.7	114.5	115.6	117.8
43	Nondurable goods materials	8.9	106.4	104.4	105.5	105.9	106.2	107.4	106.5	106.9	108.0	108.4	109.5	109.3	109.8	109.7
44	Textile materials	1.1	106.3	104.6	105.6	106.1	106.3	109.9	107.4	107.1	108.4	108.5	105.9	107.0	106.6	108.1
45	Paper materials	1.8	107.4	104.4	106.9	106.4	105.2	109.1	108.2	107.0	108.0	110.9	112.5	111.5	113.5	112.7
46	Chemical materials	3.9	105.9	103.5	104.1	104.7	105.3	106.1	106.2	106.8	109.3	107.7	110.2	110.5	109.9	109.6
47	Other	2.1	106.1	105.4	106.5	107.1	108.0	107.1	104.7	106.2	103.9	106.8	106.3	105.3	107.5	107.3
48	Energy materials	9.7	103.9	104.5	104.2	104.6	104.8	102.4	104.0	103.9	103.9	104.0	103.9	104.1	103.2	103.2
49	Primary energy	6.3	102.6	103.9	104.0	103.5	103.5	101.7	103.2	102.2	102.0	101.6	102.6	101.9	101.4	101.2
50	Converted fuel materials	3.3	106.2	105.7	104.6	106.7	107.2	103.9	105.4	107.0	107.5	108.5	106.3	108.3	106.6	107.0
	SPECIAL AGGREGATES															
51	Total excluding autos and trucks	97.1	114.9	113.4	113.9	114.4	115.0	114.9	115.4	115.7	116.1	116.9	117.4	117.5	118.2	119.2
52	Total excluding motor vehicles and parts	95.1	114.6	113.5	113.5	114.0	114.7	114.6	115.0	115.4	115.9	116.6	117.2	117.1	117.8	118.8
53	Total excluding computer and office equipment	98.2	112.9	111.2	112.2	112.6	113.2	113.1	113.4	113.5	113.7	114.6	115.1	115.1	115.8	116.7
54	Consumer goods excluding autos and trucks	27.4	109.2	109.2	108.4	108.7	109.3	108.9	108.6	109.2	109.9	111.0	111.4	110.5	110.4	111.1
55	Consumer goods excluding energy	26.2	110.2	108.8	109.4	109.6	110.4	110.9	110.2	110.6	110.8	111.8	112.8	112.0	112.4	113.2
56	Business equipment excluding autos and trucks	12.0	127.7	125.3	125.8	125.7	127.2	128.2	128.3	129.3	130.7	131.2	132.4	133.6	135.2	136.9
57	Business equipment excluding computer and office equipment	12.1	115.8	113.1	115.3	114.7	115.8	116.8	116.1	116.3	116.6	117.5	118.2	119.1	120.4	121.8
58	Materials excluding energy	29.8	125.4	121.7	124.2	124.9	125.4	126.1	127.0	126.6	127.1	127.8	129.0	129.2	130.9	132.2

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC[2] code	1992 proportion	1996 avg.	1996 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	1997 Jan.[r]	Feb.	Mar.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**115.2**	**113.2**	**114.3**	**114.8**	**115.5**	**115.5**	**115.8**	**116.0**	**116.2**	**117.2**	**117.7**	**117.8**	**118.5**	**119.6**
60 Manufacturing	...	85.4	116.3	113.9	115.2	115.7	116.4	117.0	117.2	117.4	117.6	118.5	119.2	119.3	120.4	121.4
61 Primary processing	...	26.5	112.2	110.8	111.0	111.7	112.6	113.0	113.1	113.5	113.8	113.8	114.0	113.6	114.6	115.4
62 Advanced processing	...	58.9	118.4	115.4	117.3	117.6	118.3	118.9	119.2	119.3	119.5	120.8	121.7	122.0	123.2	124.4
63 Durable goods	...	45.0	125.7	121.8	124.6	125.2	126.3	126.9	127.5	127.2	127.1	128.4	128.8	129.4	131.3	133.1
64 Lumber and products	24	2.0	109.7	109.7	110.3	110.4	112.4	109.3	111.4	110.7	109.2	113.1	108.0	108.8	110.9	111.9
65 Furniture and fixtures	25	1.4	108.9	105.8	108.1	110.3	109.5	108.1	108.8	108.8	110.4	110.5	110.5	109.9	110.2	112.1
66 Stone, clay, and glass products	32	2.1	111.0	108.7	108.5	109.8	111.3	114.1	111.8	113.1	111.7	111.8	111.3	112.4	112.7	112.6
67 Primary metals	33	3.1	117.2	115.6	116.1	116.3	117.0	118.0	118.3	119.5	122.1	118.5	118.8	117.3	119.2	121.7
68 Iron and steel	331,2	1.7	116.4	113.8	114.6	115.7	117.1	118.0	118.2	117.4	123.2	115.9	116.7	117.1	119.0	121.9
69 Raw steel	331PT	.1	112.2	112.7	112.1	112.9	114.9	113.3	113.6	112.6	111.5	108.7	112.5	111.7	112.3	115.4
70 Nonferrous	333–6,9	1.4	118.0	117.6	117.9	116.9	116.8	117.9	118.5	121.8	120.7	121.4	121.2	117.5	119.3	121.3
71 Fabricated metal products	34	5.0	118.6	117.6	117.8	118.4	118.9	119.1	119.4	119.3	119.3	119.1	119.5	119.1	120.7	121.9
72 Industrial machinery and equipment	35	8.0	156.4	152.5	153.3	154.3	156.1	157.7	159.6	159.4	159.9	161.7	162.9	164.6	167.1	169.6
73 Computer and office equipment	357	1.8	296.9	270.8	277.3	284.7	294.3	306.5	310.8	319.0	323.6	328.3	332.5	340.5	349.7	359.2
74 Electrical machinery	36	7.3	163.3	160.3	161.1	161.8	164.0	163.8	164.6	165.2	165.6	167.2	168.8	168.8	173.3	176.7
75 Transportation equipment	37	9.5	106.1	94.9	106.4	106.8	107.1	109.5	109.3	107.3	105.3	109.5	109.6	112.0	113.0	114.6
76 Motor vehicles and parts	371	4.9	126.9	106.8	130.3	130.5	130.4	134.1	132.8	127.0	121.2	128.9	127.9	132.0	133.0	135.1
77 Autos and light trucks	371PT	2.6	124.6	103.0	127.1	127.6	130.4	137.3	131.0	127.4	117.3	125.7	125.6	128.8	129.7	131.7
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	85.6	82.8	83.2	83.8	84.3	85.7	86.5	87.9	89.4	90.3	91.5	92.2	93.3	94.5
79 Instruments	38	5.4	102.8	102.9	102.3	102.4	103.3	102.3	103.0	103.0	103.4	103.0	104.1	103.3	104.1	104.6
80 Miscellaneous	39	1.3	112.9	112.5	112.0	112.2	113.1	113.0	112.9	113.0	113.0	114.1	116.6	116.3	117.5	118.0
81 Nondurable goods	...	40.4	106.3	105.4	105.2	105.5	105.9	106.4	106.2	106.9	107.4	107.9	108.8	108.4	108.7	109.1
82 Foods	20	9.4	106.3	106.2	105.9	105.6	106.1	106.5	105.5	106.2	107.1	107.6	108.2	108.2	108.4	108.7
83 Tobacco products	21	1.6	105.6	111.3	106.3	103.7	105.1	102.5	104.1	104.9	104.0	105.4	108.9	105.8	105.2	108.0
84 Textile mill products	22	1.8	106.6	107.0	105.3	106.1	108.0	108.7	107.7	107.2	107.6	108.2	106.3	106.6	106.3	108.0
85 Apparel products	23	2.2	98.2	98.1	99.0	99.0	99.0	98.3	98.5	98.2	97.8	97.3	97.2	96.5	96.2	96.4
86 Paper and products	26	3.6	108.0	105.8	107.5	107.8	108.5	110.2	108.1	108.8	107.6	110.1	111.6	110.3	111.2	111.0
87 Printing and publishing	27	6.7	98.4	97.6	96.9	97.9	97.1	97.6	97.9	99.1	99.7	100.0	99.8	99.9	100.5	101.2
88 Chemicals and products	28	9.9	108.9	106.6	106.9	107.2	107.9	109.0	108.7	109.7	111.3	111.8	114.0	113.7	113.2	113.0
89 Petroleum products	29	1.4	106.5	105.7	105.5	106.2	106.3	105.3	107.8	106.9	108.4	107.4	107.3	107.5	108.9	109.3
90 Rubber and plastic products	30	3.5	120.5	119.3	118.0	119.8	120.9	120.7	122.0	122.8	121.4	121.7	122.6	121.2	123.1	123.9
91 Leather and products	31	.3	80.0	81.2	81.1	80.7	81.0	80.0	79.5	79.4	78.4	77.3	80.1	78.2	77.7	78.5
92 Mining	...	6.9	102.9	102.8	102.9	103.2	104.4	103.1	104.5	103.4	103.4	103.5	104.5	104.2	105.7	106.7
93 Metal	10	.5	102.0	101.7	99.4	100.9	101.7	103.1	104.0	105.3	105.6	102.5	106.3	105.7	105.7	106.2
94 Coal	12	1.0	105.9	105.9	105.3	108.0	108.9	102.7	109.6	106.2	107.5	108.8	109.5	106.4	109.6	105.5
95 Oil and gas extraction	13	4.8	100.3	100.2	100.9	100.5	101.5	100.9	101.1	100.5	100.0	100.2	100.7	101.3	102.5	104.8
96 Stone and earth minerals	14	.6	118.7	117.9	116.3	117.4	120.6	120.6	121.7	118.5	120.0	120.2	122.9	120.6	123.3	122.8
97 Utilities	...	7.7	112.8	114.4	113.5	114.6	114.0	109.4	110.8	111.1	111.9	114.5	112.6	113.5	109.7	110.6
98 Electric	491,493PT	6.2	112.7	114.0	113.1	114.8	114.2	110.1	111.5	110.9	112.0	112.7	112.6	113.2	110.0	110.9
99 Gas	492,493PT	1.6	113.2	115.8	115.0	113.6	113.6	107.1	108.5	111.8	111.3	120.9	112.7	114.4	108.5	109.5
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	115.7	114.3	114.3	114.8	115.6	116.0	116.3	116.8	117.3	117.9	118.6	118.5	119.6	120.6
101 Manufacturing excluding office and computing machines	...	83.6	113.7	111.6	112.8	113.2	113.8	114.3	114.4	114.5	114.7	115.5	116.1	116.1	117.1	118.1
				Gross value (billions of 1992 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**2,001.9**	**2,258.7**	**2,220.1**	**2,249.1**	**2,255.7**	**2,274.2**	**2,276.1**	**2,272.9**	**2,273.4**	**2,270.7**	**2,303.5**	**2,301.1**	**2,306.2**	**2,318.2**	**2,340.5**
103 Final	...	1,552.1	1,760.9	1,727.8	1,760.0	1,761.9	1,775.7	1,782.8	1,773.6	1,771.6	1,771.8	1,795.1	1,796.8	1,800.8	1,811.1	1,829.7
104 Consumer goods	...	1,049.6	1,162.2	1,150.9	1,164.3	1,165.5	1,172.5	1,171.6	1,165.5	1,163.0	1,164.7	1,182.2	1,182.3	1,178.6	1,179.9	1,188.5
105 Equipment	...	502.5	598.0	576.3	595.0	595.7	602.4	610.5	607.4	607.8	606.3	612.1	613.7	621.5	630.5	640.5
106 Intermediate	...	449.9	498.2	492.3	489.9	494.4	499.0	494.3	499.7	502.1	499.3	508.6	504.9	506.0	507.8	511.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in January 1997. See "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1994[r]	1995[r]	1996[r]	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.	1997 Jan.	1997 Feb.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,372	1,333	1,434	1,452	1,415	1,457	1,423	1,399	1,362	1,418	1,422	1,400	1,444
2 One-family	1,069	997	1,073	1,098	1,085	1,073	1,078	1,040	1,011	1,025	1,015	1,051	1,077
3 Two-family or more	303	335	360	354	330	384	345	359	351	393	407	349	367
4 Started	1,457	1,354	1,477	1,476	1,488	1,492	1,515	1,470	1,407	1,486	1,353	1,375	1,522
5 One-family	1,198	1,076	1,161	1,142	1,214	1,164	1,222	1,148	1,104	1,133	1,024	1,125	1,218
6 Two-family or more	259	278	316	334	274	328	293	322	303	353	329	250	304
7 Under construction at end of period[1]	755	775	819	826	826	825	820	825	825	828	815	818	825
8 One-family	584	554	584	590	594	593	593	592	588	584	571	573	578
9 Two-family or more	171	221	235	236	232	232	227	233	237	244	244	245	247
10 Completed	1,346	1,319	1,407	1,409	1,426	1,463	1,449	1,356	1,375	1,431	1,484	1,362	1,563
11 One-family	1,161	1,073	1,124	1,124	1,137	1,161	1,153	1,097	1,129	1,151	1,177	1,109	1,258
12 Two-family or more	185	246	283	285	289	302	296	259	246	280	307	253	305
13 Mobile homes shipped	305	341	362	366	372	366	369	372	364	354	338	339	355
Merchant builder activity in one-family units													
14 Number sold	670	667	757	732	732	782	814	768	706	788	794	825	834
15 Number for sale at end of period[1]	340	374	326	362	355	352	343	331	330	327	322	314	307
Price of units sold (thousands of dollars)[2]													
16 Median	130.0	133.9	140.0	136.4	140.0	144.2	137.0	139.0	143.8	143.5	144.9	145.0	141.0
17 Average	154.5	158.7	166.4	163.3	166.5	168.4	159.7	167.4	168.4	172.0	171.8	171.1	169.9
EXISTING UNITS (one-family)													
18 Number sold	3,967	3,812	4,087	4,280	4,160	4,150	4,100	4,020	4,000	4,060	3,950	3,910	4,230
Price of units sold (thousands of dollars)[2]													
19 Median	109.9	113.1	118.2	117.6	122.9	121.5	122.3	117.8	116.6	117.4	118.8	120.6	117.5
20 Average	136.8	139.1	145.5	144.4	150.2	149.6	149.9	144.7	143.6	144.1	147.1	149.6	144.7
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**525,968**	**547,105**	**567,313**	**558,481**	**563,122**	**559,312**	**564,715**	**572,262**	**582,537**	**594,043**	**588,146**	**588,889**	**601,447**
22 Private	399,427	410,643	426,518	418,120	423,106	419,293	426,703	428,361	437,034	446,059	445,439	446,646	454,528
23 Residential	238,531	236,916	246,090	247,486	246,909	244,931	246,019	246,407	246,935	249,167	250,297	250,126	254,141
24 Nonresidential	160,896	173,727	180,428	170,634	176,197	174,362	180,684	181,954	190,099	196,892	195,142	196,520	200,387
25 Industrial buildings	28,908	32,317	29,981	27,310	28,755	28,770	27,082	29,656	33,043	31,583	29,413	30,395	30,142
26 Commercial buildings	59,506	67,513	70,011	65,834	69,280	68,262	72,146	70,672	74,530	77,669	75,735	77,996	79,931
27 Other buildings	27,025	26,902	29,235	27,723	28,533	28,514	29,764	29,812	30,469	32,636	32,452	33,362	34,483
28 Public utilities and other	45,457	46,994	51,201	49,767	49,629	48,816	51,692	51,814	52,057	55,004	57,542	54,767	55,831
29 Public	126,541	136,462	140,795	140,361	140,016	140,020	138,012	143,901	145,503	147,983	142,707	142,244	146,919
30 Military	2,314	2,977	2,906	3,020	3,140	2,439	2,307	2,583	2,774	2,350	2,423	2,524	2,618
31 Highway	37,127	37,820	39,399	37,715	38,308	39,194	36,507	40,485	39,326	40,160	41,711	41,320	42,022
32 Conservation and development	6,378	6,412	5,753	5,756	6,004	5,793	5,660	5,473	6,095	5,974	5,708	5,838	5,558
33 Other	80,723	89,253	92,737	93,870	92,564	92,594	93,538	95,360	97,308	99,499	92,865	92,562	96,721

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Mar. 1997[1]
	1996 Mar.	1997 Mar.	1996			1997	1996		1997			
			June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.8**	**2.8**	**2.9**	**3.1**	**3.3**	**1.8**	**.3**	**.3**	**.1**	**.3**	**.1**	**160.0**
2 Food	2.8	3.3	4.3	5.3	3.4	.3	.4	.0	−.3	.3	.0	156.6
3 Energy items	2.8	4.8	4.9	1.1	16.2	−2.8	1.2	1.5	.8	.3	−1.7	111.2
4 All items less food and energy	2.8	2.5	2.5	2.7	2.4	2.4	.2	.2	.1	.2	.2	169.0
5 Commodities	1.8	.8	.0	1.1	.9	1.1	.1	.1	.1	.1	.1	143.0
6 Services	3.3	3.2	3.4	3.4	3.1	2.7	.3	.3	.1	.3	.3	183.8
PRODUCER PRICES (1982=100)												
7 Finished goods	2.4	1.6	2.5	2.5	4.3	−3.0	.2	.5	−.3	−.4	−.1	132.2
8 Consumer foods	2.6	2.5	5.3	4.6	2.4	−1.8	.0	−.2	−1.0	−.3	.9	135.3
9 Consumer energy	4.3	3.5	2.5	7.0	27.3	−18.0	.9	3.5	−.2	−1.2	−3.4	82.9
10 Other consumer goods	2.1	.9	2.2	.6	.3	.8	−.1	.1	.0	−.1	.3	145.3
11 Capital equipment	1.5	.7	.6	1.2	−.3	.9	.0	.1	.0	−.1	.3	139.2
Intermediate materials												
12 Excluding foods and feeds	.4	.4	.6	1.0	2.2	−2.2	.0	.6	.2	−.1	−.6	125.5
13 Excluding energy	−.2	.1	.0	.0	.0	.3	.1	.1	.1	.0	.0	134.2
Crude materials												
14 Foods	12.6	−1.9	47.4	−9.4	−28.2	−3.4	−2.5	−2.6	−1.0	−1.9	2.1	114.0
15 Energy	16.6	3.0	−14.1	18.7	169.7	−59.1	11.1	12.9	12.9	−12.4	−19.2	83.0
16 Other	−11.1	.1	−9.3	−2.6	−1.6	15.5	−.2	−.1	2.0	1.0	.6	159.3

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	1994	1995	1996[r]	1995	1996			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,935.7**	**7,253.8**	**7,576.1**	**7,350.6**	**7,426.8**	**7,545.1**	**7,616.3**	**7,716.1**
By source								
2 Personal consumption expenditures	4,700.9	4,924.9	5,151.4	4,990.5	5,060.5	5,139.4	5,165.4	5,240.3
3 Durable goods	580.9	606.4	632.1	612.8	625.2	637.6	630.5	635.2
4 Nondurable goods	1,429.7	1,485.9	1,545.1	1,494.2	1,522.1	1,544.7	1,546.5	1,566.8
5 Services	2,690.3	2,832.6	2,974.3	2,883.5	2,913.2	2,957.1	2,988.5	3,038.3
6 Gross private domestic investment	1,014.4	1,065.3	1,117.0	1,064.0	1,068.9	1,096.0	1,156.2	1,146.6
7 Fixed investment	954.9	1,028.2	1,101.5	1,046.2	1,070.7	1,088.0	1,119.6	1,127.8
8 Nonresidential	667.2	738.5	791.1	749.7	769.0	773.8	807.0	814.5
9 Structures	180.2	199.7	214.3	204.0	208.4	207.4	213.5	227.8
10 Producers' durable equipment	487.0	538.8	576.8	545.7	560.6	566.3	593.5	586.7
11 Residential structures	287.7	289.8	310.5	296.5	301.7	314.2	312.6	313.3
12 Change in business inventories	59.5	37.0	15.4	17.8	-1.7	8.0	36.6	18.8
13 Nonfarm	48.0	39.6	17.3	19.9	2.7	11.3	35.4	19.7
14 Net exports of goods and services	-94.4	-94.7	-98.7	-67.2	-86.3	-99.2	-120.2	-89.1
15 Exports	719.1	807.4	855.2	837.0	839.5	850.0	844.3	887.0
16 Imports	813.5	902.0	953.9	904.2	925.8	949.2	964.5	976.0
17 Government consumption expenditures and gross investment	1,314.7	1,358.3	1,406.4	1,363.4	1,383.7	1,408.8	1,414.8	1,418.3
18 Federal	516.4	516.6	523.1	507.7	518.6	529.6	525.5	518.5
19 State and local	798.4	841.7	883.3	855.7	865.1	879.2	889.3	899.8
By major type of product								
20 Final sales, total	6,876.2	7,216.7	7,560.7	7,332.8	7,428.6	7,537.1	7,579.6	7,697.4
21 Goods	2,534.4	2,662.2	2,784.4	2,698.0	2,749.3	2,782.0	2,785.0	2,821.1
22 Durable	1,086.2	1,147.3	1,219.6	1,166.4	1,192.1	1,219.1	1,225.5	1,241.7
23 Nondurable	1,448.3	1,515.0	1,564.8	1,531.7	1,557.1	1,562.9	1,559.5	1,579.5
24 Services	3,746.5	3,926.9	4,105.2	3,992.4	4,027.9	4,087.0	4,122.0	4,183.8
25 Structures	595.3	627.6	671.1	642.3	651.4	668.0	672.6	692.5
26 Change in business inventories	59.5	37.0	15.4	17.8	-1.7	8.0	36.6	18.8
27 Durable goods	31.9	34.9	12.7	27.3	12.3	9.9	34.7	-6.0
28 Nondurable goods	27.7	2.2	2.7	-9.4	-14.0	-1.9	2.0	24.8
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,608.7**	**6,742.9**	**6,907.2**	**6,780.7**	**6,814.3**	**6,892.6**	**6,928.4**	**6,993.6**
NATIONAL INCOME								
30 **Total**	**5,501.6**	**5,813.5**	**6,150.9**	**5,927.4**	**6,015.3**	**6,118.7**	**6,203.0**	**6,266.7**
31 Compensation of employees	4,009.8	4,222.7	4,448.5	4,301.1	4,344.3	4,420.9	4,482.9	4,546.0
32 Wages and salaries	3,257.3	3,433.2	3,630.1	3,501.1	3,540.2	3,606.5	3,659.6	3,714.2
33 Government and government enterprises	602.5	621.7	641.2	626.9	634.0	638.9	644.6	647.2
34 Other	2,654.8	2,811.5	2,988.9	2,874.2	2,906.1	2,967.5	3,015.1	3,067.0
35 Supplement to wages and salaries	752.4	789.5	818.4	800.1	804.1	814.4	823.3	831.8
36 Employer contributions for social insurance	350.2	365.5	382.2	369.8	375.0	380.4	384.6	388.8
37 Other labor income	402.2	424.0	436.2	430.2	429.1	434.0	438.6	442.9
38 Proprietors' income[1]	450.9	478.3	518.3	486.7	499.5	515.2	526.3	532.1
39 Business and professional[1]	415.9	449.3	471.9	454.9	461.1	469.4	474.6	482.4
40 Farm[1]	35.0	29.0	46.4	31.8	38.4	45.8	51.8	49.7
41 Rental income of persons[2]	116.6	122.2	126.8	125.8	126.9	124.5	127.0	128.9
42 Corporate profits[1]	529.5	586.6	654.0	611.8	645.1	655.8	661.2	654.1
43 Profits before tax[3]	531.2	598.9	639.9	604.2	642.2	644.6	635.6	637.1
44 Inventory valuation adjustment	-13.3	-28.1	-8.9	-8.8	-17.4	-11.0	2.0	-9.2
45 Capital consumption adjustment	11.6	15.9	23.1	16.5	20.4	22.3	23.6	26.2
46 Net interest	394.9	403.6	403.3	401.9	399.5	402.3	405.6	405.7

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	1994	1995	1996	1995	1996			
				Q4	Q1	Q2	Q3	Q4[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,753.1**	**6,115.1**	**6,452.3[r]**	**6,234.5**	**6,308.5**	**6,412.4**	**6,501.4**	**6,587.0**
2 Wage and salary disbursements	3,241.8	3,430.6	3,630.1[r]	3,500.2	3,538.2	3,606.5	3,659.6	3,716.1
3 Commodity-producing industries	824.9	863.5	902.7[r]	873.9	878.7	900.3	911.0	920.9
4 Manufacturing	621.1	648.4	672.5[r]	654.7	654.8	671.8	678.5	685.0
5 Distributive industries	739.2	783.7	827.9[r]	800.7	810.5	822.3	832.4	846.5
6 Service industries	1,075.2	1,161.6	1,258.3[r]	1,198.6	1,215.1	1,244.9	1,271.6	1,301.5
7 Government and government enterprises	602.5	621.7	641.2	626.9	634.0	638.9	644.6	647.2
8 Other labor income	402.2	424.0	436.2	430.2	429.1	434.0	438.6	442.9
9 Proprietors' income[1]	450.9	478.3	518.3	486.7	499.5	515.2	526.3	532.1
10 Business and professional[1]	415.9	449.3	471.9	454.9	461.1	469.4	474.6	482.4
11 Farm[1]	35.0	29.0	46.4	31.8	38.4	45.8	51.8	49.7
12 Rental income of persons[2]	116.6	122.2	126.8	125.8	126.9	124.5	127.0	128.9
13 Dividends	199.6	214.8	230.6	221.7	226.6	229.3	231.5	234.8
14 Personal interest income	663.7	717.1	738.2[r]	727.2	726.1	733.1	742.9	750.5
15 Transfer payments	956.3	1,022.6	1,079.7[r]	1,041.4	1,063.0	1,075.6	1,085.1	1,095.0
16 Old-age survivors, disability, and health insurance benefits	472.9	507.4	539.1	516.1	529.9	536.3	541.7	548.2
17 LESS: Personal contributions for social insurance	278.1	294.5	307.5	298.8	301.0	305.8	309.7	313.4
18 EQUALS: Personal income	5,753.1	6,115.1	6,452.3[r]	6,234.5	6,308.5	6,412.4	6,501.4	6,587.0
19 LESS: Personal tax and nontax payments	731.4	794.3	863.8[r]	807.2	824.9	870.6	872.5	887.2
20 EQUALS: Disposable personal income	5,021.7	5,320.8	5,588.5	5,427.3	5,483.5	5,541.8	5,628.9	5,699.7
21 LESS: Personal outlays	4,832.3	5,071.5	5,314.0[r]	5,144.7	5,218.1	5,300.7	5,329.8	5,407.5
22 EQUALS: Personal saving	189.4	249.3	274.4[r]	282.6	265.4	241.1	299.1	292.2
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	25,349.8	25,628.8	26,015.9[r]	25,684.5	25,753.3	25,990.0	26,066.2	26,252.2
24 Personal consumption expenditures	17,158.2	17,399.6	17,667.3[r]	17,459.9	17,570.2	17,675.7	17,657.9	17,764.8
25 Disposable personal income	18,330.0	18,799.0	19,167.0[r]	18,986.0	19,041.0	19,063.0	19,242.0	19,322.0
26 Saving rate (percent)	3.8	4.7	4.9	5.2	4.8	4.3	5.3	5.1
GROSS SAVING								
27 **Gross saving**	**1,056.3**	**1,151.8**	**1,275.4**	**1,220.6**	**1,217.9**	**1,244.5**	**1,314.0**	**1,325.3**
28 Gross private saving	1,006.7	1,071.8	1,160.4	1,138.9	1,133.8	1,121.6	1,196.1	1,190.2
29 Personal saving	189.4	249.3	274.4[r]	282.6	265.4	241.1	299.1	292.2
30 Undistributed corporate profits[1]	123.2	140.6	176.8	158.4	171.8	176.3	182.5	176.5
31 Corporate inventory valuation adjustment	−13.3	−28.1	−8.9[r]	−8.8	−17.4	−11.0	2.0	−9.2
Capital consumption allowances								
32 Corporate	441.0	454.0	474.0[r]	463.6	465.6	471.0	477.2	482.1
33 Noncorporate	237.7	225.2	235.2[r]	233.4	229.1	233.2	237.4	241.3
34 Gross government saving	49.6	80.0	115.0	81.7	84.1	122.9	117.8	135.0
35 Federal	−119.6	−87.9	−54.6	−80.7	−82.0	−54.1	−48.4	−34.0
36 Consumption of fixed capital	70.6	73.8	72.5	73.8	73.2	72.6	72.3	71.9
37 Current surplus or deficit (−), national accounts	−190.2	−161.7	−127.1	−154.5	−155.2	−126.7	−120.8	−105.9
38 State and local	169.2	167.9	169.6	162.4	166.1	177.0	166.3	169.0
39 Consumption of fixed capital	69.4	72.9	76.6	74.3	75.1	76.0	77.1	78.1
40 Current surplus or deficit (−), national accounts	99.7	95.0	93.0	88.1	91.0	101.0	89.2	90.9
41 **Gross investment**	**1,090.4**	**1,150.9**	**1,200.8**	**1,173.9**	**1,167.9**	**1,187.0**	**1,215.9**	**1,232.5**
42 Gross private domestic investment	1,014.4	1,065.3	1,117.0[r]	1,064.0	1,068.9	1,096.0	1,156.2	1,146.6
43 Gross government investment	212.3	221.9	233.4[r]	220.1	228.8	235.1	234.2	235.3
44 Net foreign investment	−136.4	−136.3	−149.5	−110.2	−129.9	−144.2	−174.6	−149.4
45 **Statistical discrepancy**	**34.1**	**−.9**	**−74.6**	**−46.7**	**−50.0**	**−57.5**	**−98.1**	**−92.8**

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	1994	1995	1996	1995	1996			
				Q4	Q1	Q2	Q3	Q4p
1 Balance on current account	−148,405	−148,154	−165,095	−30,435	−35,274	−40,593	−47,853	−41,380
2 Merchandise trade balance[2]	−166,121	−173,424	−187,674	−38,026	−43,127	−47,370	−51,869	−45,308
3 Merchandise exports	502,463	575,940	611,669	149,422	150,032	153,120	150,144	158,373
4 Merchandise imports	−668,584	−749,364	−799,343	−187,448	−193,159	−200,490	−202,013	−203,681
5 Military transactions, net	1,963	3,585	2,809	978	489	725	515	1,080
6 Other service transactions, net	59,779	64,776	70,658	17,657	18,008	17,687	17,075	17,883
7 Investment income, net	−4,159	−8,016	−8,416	−1,890	311	−2,215	−4,098	−2,414
8 U.S. government grants	−15,816	−10,959	−14,634	−2,799	−4,259	−2,364	−2,580	−5,431
9 U.S. government pensions and other transfers	−4,544	−3,420	−4,233	−731	−1,012	−1,081	−1,064	−1,076
10 Private remittances and other transfers	−19,506	−20,696	−23,605	−5,624	−5,684	−5,975	−5,832	−6,114
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−341	−280	−665	−199	−152	−353	166	−326
12 Change in U.S. official reserve assets (increase, −)	5,346	−9,742	6,668	191	17	−523	7,489	−315
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−441	−808	370	−147	−199	−133	848	−146
15 Reserve position in International Monetary Fund	494	−2,466	−1,280	−163	−849	−220	−183	−28
16 Foreign currencies	5,293	−6,468	7,578	501	1,065	−170	6,824	−141
17 Change in U.S. private assets abroad (increase, −)	−155,700	−297,834	−312,833	−98,206	−68,588	−49,823	−80,968	−113,454
18 Bank-reported claims[3]	−8,161	−69,146	−88,219	−7,272	1,714	−74	−33,196	−56,663
19 Nonbank-reported claims	−32,804	−34,219	...	−14,278	−12,707	−3,374	−15,696	...
20 U.S. purchases of foreign securities, net	−60,270	−98,960	−104,533	−32,539	−34,420	−20,200	−22,933	−26,980
21 U.S. direct investments abroad, net	−54,465	−95,509	−88,304	−44,117	−23,175	−26,175	−9,143	−29,811
22 Change in foreign official assets in United States (increase, +)	40,253	109,757	122,778	11,369	52,021	13,566	24,235	32,956
23 U.S. Treasury securities	30,745	68,813	111,151	12,984	55,600	−3,384	25,472	33,463
24 Other U.S. government obligations	6,077	3,734	4,331	764	52	1,258	1,217	1,804
25 Other U.S. government liabilities[4]	2,344	1,082	1,404	1,249	−156	220	1,061	279
26 Other U.S. liabilities reported by U.S. banks[3]	3,560	32,862	4,614	−3,908	−3,264	14,187	−1,930	−4,379
27 Other foreign official assets[5]	−2,473	3,266	1,278	280	−211	1,285	−1,585	1,789
28 Change in foreign private assets in United States (increase, +)	245,123	314,705	402,268	87,860	47,454	86,987	118,735	149,092
29 U.S. bank-reported liabilities[3]	111,842	25,283	−1,558	32,765	−35,571	1,925	−1,151	33,239
30 U.S. nonbank-reported liabilities	−7,710	34,578	...	11,272	6,506	7,296	20,608	...
31 Foreign private purchases of U.S. Treasury securities, net	34,225	99,340	153,784	1,734	11,832	31,212	43,402	67,338
32 Foreign purchases of other U.S. securities, net	57,006	95,268	131,682	27,321	35,993	29,122	34,820	31,747
33 Foreign direct investments in United States, net	49,760	60,236	83,950	14,768	28,694	17,432	21,056	16,768
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	13,724	31,548	−53,122	29,420	4,522	−9,261	−21,804	−26,573
36 Due to seasonal adjustment	...	...	...	1,153	6,653	−449	−8,318	2,119
37 Before seasonal adjustment	13,724	31,548	−53,121	28,267	−2,131	−8,812	−13,486	−28,692
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,346	−9,742	6,668	191	17	−523	7,489	−315
39 Foreign official assets in United States, excluding line 25 (increase, +)	37,909	108,675	121,374	10,120	52,177	13,346	23,174	32,677
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−1,529	3,959	13,573	−1,435	−992	5,555	5,479	3,531

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institutions as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1994	1995	1996	1996					1997	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[p]
1 Goods and services, balance	−104,381	−105,064	−114,299	−10,628	−11,616	−8,066	−7,968	−10,489	−12,334	−10,419
2 Merchandise	−166,123	−173,424	−187,766	−16,546	−17,639	−14,211	−14,404	−16,871	−18,614	−16,898
3 Services	61,742	68,360	73,467	5,918	6,023	6,145	6,436	6,382	6,280	6,479
4 Goods and services, exports	698,301	786,529	835,414	69,705	68,816	71,758	72,566	71,210	70,645	73,464
5 Merchandise	502,462	575,939	611,507	51,106	50,317	52,893	53,302	51,924	51,358	54,058
6 Services	195,839	210,590	223,907	18,599	18,499	18,865	19,264	19,286	19,287	19,406
7 Goods and services, imports	−802,682	−891,593	−949,714	−80,333	−80,432	−79,824	−80,534	−81,699	−82,979	−83,883
8 Merchandise	−668,585	−749,363	−799,274	−67,652	−67,956	−67,104	−67,706	−68,795	−69,972	−70,956
9 Services	−134,097	−142,230	−150,440	−12,681	−12,476	−12,720	−12,828	−12,904	−13,007	−12,927

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	1993	1994	1995	1996					1997		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**	**73,442**	**74,335**	**85,832**	**76,781**	**75,509**	**75,558**	**75,444**	**75,090**	**68,200**	**67,482**	67,222
2 Gold stock, including Exchange Stabilization Fund[1]	11,053	11,051	11,050	11,050	11,050	11,049	11,049	11,049	11,048	11,051	11,050
3 Special drawing rights[2,3]	9,039	10,039	11,037	10,307	10,177	10,226	10,386	10,312	9,793	9,866	9,879
4 Reserve position in International Monetary Fund[2]	11,818	12,030	14,649	15,597	15,421	15,517	15,516	15,435	14,372	14,037	13,846
5 Foreign currencies[4]	41,532	41,215	49,096	39,827	38,861	38,765	38,493	38,294	32,987	32,528	32,447

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	1993	1994	1995	1996					1997		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[c]	Mar.
1 **Deposits**	**386**	**250**	**386**	**171**	**265**	**176**	**170**	**167**	**167**	**229**	**916**
Held in custody											
2 U.S. Treasury securities[2]	379,394	441,866	522,170	590,367	609,801	619,987	634,165	638,049	646,130	662,375	672,059
3 Earmarked gold[3]	12,327	12,033	11,702	11,217	11,210	11,204	11,198	11,197	11,197	11,175	11,034

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1994	1995	1996[r]					1997	
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[p]
1 **Total**[1]	**520,934**	**630,918**	**703,933**	**719,615**	**722,759**	**737,523**	**752,551**	**763,068**	**771,275**
By type									
2 Liabilities reported by banks in the United States[2]	73,386	107,394	111,092	116,386	109,995	107,071	112,116	119,681	115,973
3 U.S. Treasury bills and certificates[3]	139,571	168,534	189,726	182,122	186,180	197,692	193,435	188,076	191,090
U.S. Treasury bonds and notes									
4 Marketable	254,059	293,690	341,037	358,225	363,063	366,903	380,565	388,587	398,640
5 Nonmarketable[4]	6,109	6,491	6,018	6,057	5,890	5,928	5,967	6,007	6,043
6 U.S. securities other than U.S. Treasury securities[5]	47,809	54,809	56,060	56,825	57,631	59,929	60,468	60,717	59,529
By area									
7 Europe[1]	215,374	222,406	246,760	246,342	246,542	250,872	253,099	262,145	260,984
8 Canada	17,235	19,473	21,662	21,351	21,764	21,360	21,343	21,151	21,237
9 Latin America and Caribbean	41,492	66,721	69,076	69,338	70,479	76,976	81,740	77,557	78,817
10 Asia	236,824	311,016	354,324	369,529	371,268	375,311	383,062	390,671	399,060
11 Africa	4,180	6,296	6,722	6,944	6,587	7,034	7,379	6,717	7,411
12 Other countries	5,827	5,004	5,387	6,109	6,117	5,968	5,926	4,825	3,764

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1993	1994[r]	1995[r]	1996[r]			
				Mar.	June	Sept.	Dec.
1 Banks' liabilities	78,259	89,258	109,713	107,454	111,651	111,140	103,820
2 Banks' claims	62,017	60,711	74,016	69,164	65,825	68,120	66,455
3 Deposits	20,993	19,661	22,696	22,213	20,890	24,026	22,904
4 Other claims	41,024	41,050	51,320	46,951	44,935	44,094	43,551
5 Claims of banks' domestic customers[2]	12,854	10,878	6,145	6,384	7,554	7,390	14,613

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	1994	1995	1996[r]	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.[r]	1997 Jan.	1997 Feb.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,014,996**	**1,099,549r**	**1,137,736**	**1,075,882r**	**1,091,897r**	**1,124,315r**	**1,116,775r**	**1,137,736**	**1,135,373**	**1,157,306**
2 Banks' own liabilities	718,591	753,461r	759,011	703,552r	724,792r	757,645r	740,998r	759,011	764,861	781,345
3 Demand deposits	23,386	24,448	27,033	23,147	25,504	23,858r	27,637r	27,033	26,209	25,066
4 Time deposits[2]	186,512	192,558r	188,717	196,563r	192,525r	197,388r	192,543r	188,717	186,392	189,422
5 Other[3]	113,215	140,165r	141,733	130,689r	150,230r	150,302r	143,690r	141,733	158,868	161,501
6 Own foreign offices[4]	395,478	396,290r	401,528	353,153r	356,533r	386,097r	377,128r	401,528	393,392	405,356
7 Banks' custodial liabilities[5]	296,405	346,088	378,725	372,330	367,105r	366,670	375,777	378,725	370,512	375,961
8 U.S. Treasury bills and certificates[6]	162,938	197,355	220,575	219,949	212,478	214,609	225,046	220,575	214,727	217,817
9 Other negotiable and readily transferable instruments[7]	42,539	52,200	64,040	55,552	57,702	54,045	54,568	64,040	62,971	59,663
10 Other	90,928	96,533	94,110	96,829	96,925r	98,016	96,163	94,110	92,814	98,481
11 Nonmonetary international and regional organizations[8]	8,606	11,039	13,864	12,680r	14,443	16,666r	14,772r	13,864	14,849	14,626
12 Banks' own liabilities	8,176	10,347	13,355	12,089r	13,843	15,835r	13,434r	13,355	14,170	14,297
13 Demand deposits	29	21	29	49	26	67	46	29	55	51
14 Time deposits[2]	3,298	4,656	5,785	4,738	5,441	6,005	4,906	5,785	5,792	5,035
15 Other[3]	4,849	5,670	7,541	7,302r	8,376	9,763r	8,482r	7,541	8,323	9,211
16 Banks' custodial liabilities[5]	430	692	509	591	600	831	1,338	509	679	329
17 U.S. Treasury bills and certificates[6]	281	350	244	345	399	600	1,088	244	494	219
18 Other negotiable and readily transferable instruments[7]	149	341	265	246	201	231	226	265	185	110
19 Other	0	1	0	0	0	0	24	0	0	0
20 Official institutions[9]	212,957	275,928r	305,551	300,818r	298,508r	296,175r	304,763r	305,551	307,757	307,063
21 Banks' own liabilities	59,935	83,447r	79,340	81,520r	86,027r	83,706r	82,714r	79,340	88,230	86,623
22 Demand deposits	1,564	2,098	1,511	1,459	2,049	1,316	2,180r	1,511	1,290	1,378
23 Time deposits[2]	23,511	30,717r	33,664	37,708	34,902	35,551	35,292	33,664	32,727	34,472
24 Other[3]	34,860	50,632r	44,165	42,353r	49,076r	46,839r	45,242r	44,165	54,213	50,773
25 Banks' custodial liabilities[5]	153,022	192,481	226,211	219,298	212,481	212,469	222,049	226,211	219,527	220,440
26 U.S. Treasury bills and certificates[6]	139,571	168,534	193,435	189,726	182,122	186,180	197,692	193,435	188,076	191,090
27 Other negotiable and readily transferable instruments[7]	13,245	23,603	32,350	29,281	30,051	25,085	24,000	32,350	31,291	29,003
28 Other	206	344	426	291	308	1,204	357	426	160	347
29 Banks[10]	678,532	691,412r	681,006	634,948r	649,649r	678,993r	667,700r	681,006	669,269	682,347
30 Banks' own liabilities	563,617	567,834r	562,995	510,215r	524,845r	554,577r	547,106r	562,995	553,694	562,111
31 Unaffiliated foreign banks	168,139	171,544r	161,467	157,062	168,312r	168,480r	169,978	161,467	160,302	156,755
32 Demand deposits	10,633	11,758	13,691	11,116	12,764	11,156	13,304	13,691	12,898	11,642
33 Time deposits[2]	111,171	103,471r	91,200	94,867	91,906	96,223	94,345	91,200	89,557	89,253
34 Other[3]	46,335	56,315	56,576	51,079	63,642r	61,101r	62,329	56,576	57,847	55,860
35 Own foreign offices[4]	395,478	396,290r	401,528	353,153r	356,533r	386,097r	377,128r	401,528	393,392	405,356
36 Banks' custodial liabilities[5]	114,915	123,578	118,011	124,733	124,804r	124,416	120,594r	118,011	115,575	120,236
37 U.S. Treasury bills and certificates[6]	11,264	15,872	13,886	18,670	18,556	16,865	14,227	13,886	13,969	13,289
38 Other negotiable and readily transferable instruments[7]	14,506	13,035	12,321	10,864	11,298	12,455	13,295	12,321	11,142	11,210
39 Other	89,145	94,671	91,804	95,199	94,950r	95,096	93,072r	91,804	90,464	95,737
40 Other foreigners	114,901	121,170r	137,315	127,436r	129,297r	132,481r	129,540r	137,315	143,498	153,270
41 Banks' own liabilities	86,863	91,833r	103,321	99,728r	100,077r	103,527r	97,744r	103,321	108,767	118,314
42 Demand deposits	11,160	10,571	11,802	10,523	10,665	11,319r	12,107	11,802	11,966	11,995
43 Time deposits[2]	48,532	53,714r	58,068	59,250r	60,276r	59,609r	58,000r	58,068	58,316	60,662
44 Other[3]	27,171	27,548	33,451	29,955r	29,136r	32,599r	27,637r	33,451	38,485	45,657
45 Banks' custodial liabilities[5]	28,038	29,337	33,994	27,708	29,220	28,954	31,796r	33,994	34,731	34,956
46 U.S. Treasury bills and certificates[6]	11,822	12,599	13,010	11,208	11,401	10,964	12,039	13,010	12,188	13,219
47 Other negotiable and readily transferable instruments[7]	14,639	15,221	19,104	15,161	16,152	16,274	17,047	19,104	20,353	19,340
48 Other	1,577	1,517	1,880	1,339	1,667	1,716	2,710r	1,880	2,190	2,397
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	17,895	9,103	9,934	8,276	10,466	11,657	10,540	9,934	9,035	8,740

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1994	1995	1996[r]	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.[r]	1997 Jan.	1997 Feb.[p]
AREA										
50 **Total, all foreigners**	**1,014,996**	**1,099,549[r]**	**1,137,736**	**1,075,882[r]**	**1,091,897[r]**	**1,124,315[r]**	**1,116,775[r]**	**1,137,736**	**1,135,373**	**1,157,306**
51 **Foreign countries**	**1,006,390**	**1,088,510[r]**	**1,123,872**	**1,063,202[r]**	**1,077,454[r]**	**1,107,649[r]**	**1,102,003[r]**	**1,123,872**	**1,120,524**	**1,142,680**
52 Europe	390,869	362,819	368,352	356,967[r]	352,049[r]	374,418[r]	381,204[r]	368,352	379,591	379,205
53 Austria	3,588	3,537	5,101	4,683	6,017	6,816	6,250	5,101	4,794	4,010
54 Belgium and Luxembourg	21,877	24,792	23,576	25,155	22,482	23,232	21,006[r]	23,576	22,841	23,536
55 Denmark	2,884	2,921	2,450	2,501	2,652	1,801[r]	2,790	2,450	2,213	1,594
56 Finland	1,436	2,831	1,463	1,113	812	1,509	1,557	1,463	1,583	1,338
57 France	44,365	39,218	34,365	38,270[r]	37,637[r]	42,346[r]	40,021[r]	34,365	34,556	35,480
58 Germany	27,109	24,035	24,554	23,128	23,599	23,522	21,650[r]	24,554	24,857	24,128
59 Greece	1,400	2,014	1,810	1,722	1,854	1,666	2,222	1,810	2,080	1,930
60 Italy	10,885	10,868	10,701	12,552	12,509	12,793	10,262[r]	10,701	10,363	10,607
61 Netherlands	16,033	13,745	10,995	11,460	9,626	12,017	11,132[r]	10,995	9,759	10,945
62 Norway	2,338	1,394	1,288	1,556	1,622	1,552	1,882	1,288	1,860	1,538
63 Portugal	2,846	2,761	1,865	1,328	1,473	1,388	1,723	1,865	1,740	1,660
64 Russia	2,726	7,948	7,571	4,988	4,761	5,602	8,215	7,571	7,160	6,819
65 Spain	14,675	10,011	16,922	17,505	20,359	17,665	18,228	16,922	20,399	17,951
66 Sweden	3,094	3,246	1,291	1,591	1,814	1,424	1,656	1,291	2,269	1,527
67 Switzerland	40,724	43,625	44,215	39,074	42,226	32,541	37,981	44,215	43,265	46,680
68 Turkey	3,341	4,124	6,723	7,272	7,992	8,019	7,311	6,723	7,051	6,749
69 United Kingdom	163,733	139,183	151,385	136,922[r]	133,614[r]	159,878[r]	165,814[r]	151,385	157,353	157,261
70 Yugoslavia[11]	245	177	206	207	214	216	232	206	212	239
71 Other Europe and other former U.S.S.R.[12]	27,770	26,389	21,871	25,940	20,786	20,431	21,272	21,871	25,236	25,213
72 Canada	24,768	30,468	38,111	30,727	33,199	35,147[r]	33,035	38,111	34,827	33,957
73 Latin America and Caribbean	423,847	440,213[r]	465,702	424,119[r]	433,796[r]	444,847[r]	438,574[r]	465,702	455,155	471,581
74 Argentina	17,203	12,235	13,794	13,320	11,989	11,701	13,860	13,794	16,446	16,989
75 Bahamas	104,014	94,991	88,299	87,994	86,880[r]	101,414[r]	91,494[r]	88,299	90,451	97,407
76 Bermuda	8,424	4,897	5,299	4,150	4,880	4,910	6,443	5,299	5,103	8,803
77 Brazil	9,145	23,797	27,663	24,518	23,817	24,083	26,920[r]	27,663	22,445	23,836
78 British West Indies	229,599	239,083	250,761	227,047[r]	233,818[r]	229,493	226,502[r]	250,761	244,582	246,420
79 Chile	3,127	2,826	2,915	2,462	3,205	2,767	2,728	2,915	2,974	5,546
80 Colombia	4,615	3,659	3,256	3,263	2,889	2,968	2,838	3,256	2,760	2,814
81 Cuba	13	8	21	14	33	17	18	21	19	19
82 Ecuador	875	1,314	1,767	1,433	1,449	1,383	1,574	1,767	1,611	1,627
83 Guatemala	1,121	1,276[r]	1,282	1,176	1,181	1,207	1,235	1,282	1,339	1,401
84 Jamaica	529	481	628	625	623	580	564	628	576	577
85 Mexico	12,227	24,560	31,230	24,399	26,808	27,673	27,981	31,230	27,129	27,432
86 Netherlands Antilles	5,217	4,673	5,977	3,615	5,290	5,076	4,437	5,977	6,397	6,081
87 Panama	4,551	4,264[r]	4,077	3,994	3,950	4,056	4,002	4,077	3,828	4,113
88 Peru	900	974	834	1,077	936	1,024	942	834	965	915
89 Uruguay	1,597	1,836	1,888	1,799	1,751	1,841	1,753	1,888	1,912	1,854
90 Venezuela	13,986	11,808	17,361	15,029	15,596	16,369	17,377	17,361	18,063	18,039
91 Other	6,704	7,531[r]	8,650	8,204[r]	8,701[r]	8,285	7,906	8,650	8,555	7,708
92 Asia	154,346	240,595	236,716	237,626[r]	243,210[r]	239,416	233,804[r]	236,716	236,408	244,507
China										
93 Mainland	10,066	33,750	30,441	34,224	32,068	26,998	29,411	30,441	27,907	31,634
94 Taiwan	9,844	11,714	15,990	14,775	15,721	15,449[r]	16,613	15,990	16,682	15,621
95 Hong Kong	17,104	20,197	18,742	18,609	17,485	17,052[r]	18,712[r]	18,742	19,873	20,065
96 India	2,338	3,373	3,936	4,012	3,793	3,709	3,832	3,936	4,329	4,752
97 Indonesia	1,587	2,708	2,297	2,161	2,204	2,436	2,401	2,297	2,159	2,473
98 Israel	5,157	4,041	6,042	4,364	4,134	7,162	5,723	6,042	6,597	6,197
99 Japan	62,981	109,193	107,014	109,264[r]	112,539[r]	112,602[r]	103,680[r]	107,014	106,421	108,705
100 Korea (South)	5,124	5,749	5,973	5,406	5,908	5,545	5,897	5,973	6,048	6,276
101 Philippines	2,714	3,092	3,378	2,539	3,429	3,191	3,264	3,378	2,340	2,437
102 Thailand	6,466	12,279	10,912	10,691	11,759	11,972	12,729	10,912	9,873	10,752
103 Middle Eastern oil-exporting countries[13]	15,494	15,582	14,303	13,891	14,715	13,032	13,145	14,303	12,924	12,767
104 Other	15,471	18,917	17,688	17,690	19,455	20,268	18,397	17,688	21,255	22,828
105 Africa	6,524	7,641	8,063	7,259	7,440	7,058	7,671	8,063	8,443	8,110
106 Egypt	1,879	2,136	2,012	1,920	1,894	1,904	1,901	2,012	1,933	2,033
107 Morocco	97	104	112	121	78	74	66	112	111	97
108 South Africa	433	739	458	632	482	435	641	458	610	720
109 Zaire	9	10	10	6	6	11	10	10	5	7
110 Oil-exporting countries[14]	1,343	1,797	2,608	2,075	2,051	1,940	2,384	2,608	3,095	2,467
111 Other	2,763	2,855	2,863	2,505	2,929	2,694	2,669	2,863	2,689	2,786
112 Other	6,036	6,774	6,928	6,504	7,760	6,763	7,715	6,928	6,100	5,320
113 Australia	5,142	5,647	5,468	5,465	5,522	4,786	6,196	5,468	4,866	4,072
114 Other	894	1,127	1,460	1,039	2,238	1,977	1,519	1,460	1,234	1,248
115 Nonmonetary international and regional organizations	8,606	11,039	13,864	12,680[r]	14,443	16,666[r]	14,772[r]	13,864	14,849	14,626
116 International[15]	7,537	9,300	11,991	10,993[r]	12,761	14,887[r]	12,974[r]	11,991	13,230	13,100
117 Latin American regional[16]	613	893	1,339	1,024	1,193	1,304	1,172	1,339	1,103	1,120
118 Other regional[17]	456	846	534	663	489	475	626	534	516	406

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

	Area or country	1994	1995	1996	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.	1996 Dec.[r]	1997 Jan.	1997 Feb.[p]
1	**Total, all foreigners**	**485,432[r]**	**532,444[r]**	**600,691[r]**	**546,532[r]**	**544,646[r]**	**563,454[r]**	**574,920**	**600,691**	**608,478**	**634,668**
2	**Foreign countries**	**480,841[r]**	**530,513[r]**	**598,087[r]**	**544,500[r]**	**542,948[r]**	**560,325[r]**	**573,447**	**598,087**	**606,706**	**632,413**
3	Europe	124,124[r]	132,150	166,501[r]	150,054	155,277	165,634	168,794	166,501	179,490	194,231
4	Austria	692	565	1,662	849	988	1,197	1,097	1,662	1,643	1,284
5	Belgium and Luxembourg	6,923[r]	7,624	6,727	7,018	6,903	6,828	6,403	6,727	7,611	6,855
6	Denmark	1,129	403	492	230	408	480	651	492	678	571
7	Finland	512	1,055	971	1,296	1,350	1,068	1,228	971	1,144	976
8	France	12,149[r]	15,033	15,246	11,570	12,078	12,792	12,198	15,246	18,111	20,576
9	Germany	7,623[r]	9,263	8,472[r]	7,559	8,670	8,546	7,195	8,472	9,657	9,075
10	Greece	604	469	568	433	397	426	571	568	636	530
11	Italy	6,044[r]	5,370	6,457	6,625	5,870	5,007	5,957	6,457	5,419	5,587
12	Netherlands	2,960[r]	5,346	7,080	6,565	6,956	7,386	7,350	7,080	8,119	8,658
13	Norway	504	665	808	1,342	1,199	1,617	1,894	808	1,058	766
14	Portugal	938	888	418	548	484	517	341	418	420	310
15	Russia	973	660	1,669	794	1,135	1,413	1,533	1,669	1,673	1,704
16	Spain	3,536[r]	2,166	3,211	3,073	4,152	3,885	4,181	3,211	6,506	5,406
17	Sweden	4,098	2,080	2,673	2,726	2,976	2,919	2,882	2,673	3,028	3,323
18	Switzerland	5,747[r]	7,474	19,798	9,266	10,930	16,110	18,071	19,798	21,456	25,257
19	Turkey	878	803	1,109	1,044	1,083	962	1,131	1,109	1,029	1,221
20	United Kingdom	66,863[r]	67,784	85,057	85,355	85,732	89,961	92,143	85,057	86,710	96,987
21	Yugoslavia[2]	265	147	115	87	87	118	112	115	108	107
22	Other Europe and other former U.S.S.R.[3]	1,686[r]	4,355	3,968[r]	3,674	3,879	4,402	3,856	3,968	4,484	5,038
23	Canada	18,490	20,874	26,436	25,132	25,343	23,066	22,013	26,436	26,344	27,877
24	Latin America and Caribbean	224,229[r]	256,944	274,127[r]	249,743[r]	240,683[r]	243,634	253,761	274,127	271,638	275,239
25	Argentina	5,854[r]	6,439	7,400	7,062	7,101	7,057	7,212	7,400	6,987	6,952
26	Bahamas	66,410	58,818	71,871	62,297	61,830	61,991	64,911	71,871	62,679	66,771
27	Bermuda	8,533[r]	5,741	4,103	3,091[r]	3,680[r]	4,438	5,019	4,103	4,444	5,980
28	Brazil	9,583	13,297	17,259	15,155	15,261	15,417	16,141	17,259	17,620	17,758
29	British West Indies	96,373[r]	124,037	105,510[r]	99,365[r]	102,157	105,891	105,234	105,510	108,641	110,141
30	Chile	3,820	4,864	5,136	4,183[r]	4,397[r]	4,288	4,554	5,136	5,508	5,601
31	Colombia	4,004	4,550	6,247	4,725	4,723	4,811	4,960	6,247	6,166	6,033
32	Cuba	0	0	0	0	0	0	0	0	0	0
33	Ecuador	682	825	1,031	932	965	957	952	1,031	1,076	1,131
34	Guatemala	366	457	620	476	507	546	568	620	612	634
35	Jamaica	258	323	345	335	339	362	365	345	336	336
36	Mexico	17,749	18,024	18,425	17,540	17,715	17,742	17,993	18,425	18,319	18,293
37	Netherlands Antilles	1,404[r]	9,229	25,209	23,713	11,207	9,406	15,074	25,209	27,675	24,250
38	Panama	2,198	3,008	2,786	2,211	2,257	2,354	2,621	2,786	2,794	2,909
39	Peru	997	1,829	2,720	2,463	2,541	2,563	2,629	2,720	2,867	2,944
40	Uruguay	503	466	589	562	530	547	551	589	623	766
41	Venezuela	1,832[r]	1,661	1,702	1,728	1,513	1,636	1,626	1,702	1,598	1,451
42	Other	3,663[r]	3,376	3,174[r]	3,905	3,960	3,628	3,351	3,174	3,693	3,289
43	Asia	107,800[r]	115,336[r]	122,536[r]	113,787[r]	113,582[r]	120,007[r]	120,285	122,536	121,359	127,102
	China										
44	Mainland	836	1,023	1,401	2,033	1,700	1,420	1,292	1,401	2,035	1,766
45	Taiwan	1,448	1,713	1,894	1,023	1,700	1,305	1,413	1,894	1,249	1,201
46	Hong Kong	9,222[r]	12,821	12,802	12,464	13,882	12,984[r]	13,550	12,802	11,764	11,880
47	India	994	1,846	1,946	2,118	1,975	2,181[r]	2,027	1,946	1,824	1,957
48	Indonesia	1,472[r]	1,696	1,759[r]	1,572	1,653	1,577	1,636	1,759	1,746	1,893
49	Israel	688	739	633	667	576	1,017	624	633	692	617
50	Japan	59,569[r]	61,468	59,967	54,583	52,326	59,343	59,886	59,967	59,843	64,175
51	Korea (South)	10,286	13,975[r]	18,961	17,519[r]	17,488[r]	16,947[r]	18,080	18,961	20,214	20,077
52	Philippines	663[r]	1,318	1,697	1,205	1,255	1,335	1,519	1,697	1,492	1,794
53	Thailand	2,902	2,612	2,680	2,864	2,705	2,699	2,820	2,680	3,003	3,092
54	Middle Eastern oil-exporting countries[4]	13,982[r]	9,639	10,424	9,489	10,111	11,372	10,311	10,424	8,582	8,889
55	Other	5,738[r]	6,486	8,372	8,250	8,211	7,827	7,127	8,372	8,915	9,761
56	Africa	3,053[r]	2,742	2,777[r]	2,735	2,757	2,638	2,557	2,777	2,731	2,772
57	Egypt	225	210	247	221	241	204	212	247	246	245
58	Morocco	429	514	524	577	565	543	587	524	489	522
59	South Africa	674[r]	465	584	512	572	614	551	584	572	564
60	Zaire	2	1	0	11	1	1	0	0	0	0
61	Oil-exporting countries[5]	856	552	420	462	429	414	427	420	408	474
62	Other	867	1,000	1,002[r]	952	949	862	780	1,002	1,016	967
63	Other	3,145[r]	2,467	5,710[r]	3,049	5,306	5,346	6,037	5,710	5,144	5,192
64	Australia	2,192[r]	1,622	4,577	2,439	3,641	3,798	4,336	4,577	3,743	3,176
65	Other	953[r]	845	1,133[r]	610	1,665	1,548	1,701	1,133	1,401	2,016
66	Nonmonetary international and regional organizations[6]	4,591	1,931	2,604	2,032	1,698	3,129[r]	1,473	2,604	1,772	2,255

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1994r	1995	1996r	1996r					1997	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 **Total**	**601,814**	**655,211r**	**744,135**	...	**688,239**	...	...	**744,135**	...	...
2 Banks' claims	485,432	532,444r	600,691	546,532	544,646	563,454	574,920	600,691	608,478	634,668
3 Foreign public borrowers	23,416	22,518	22,220	19,095	22,924	25,185	20,420	22,220	26,039	24,758
4 Own foreign offices[2]	283,015	307,427	342,511	299,830	311,588	330,377	335,089	342,511	331,276	361,490
5 Unaffiliated foreign banks	110,410	101,595	113,521	111,780	109,546	108,701	107,928	113,521	121,200	118,055
6 Deposits	59,368	37,771r	33,863	39,461	35,377	36,267	32,427	33,863	39,268	38,132
7 Other	51,042	63,824r	79,658	72,319	74,169	72,434	75,501	79,658	81,932	79,923
8 All other foreigners	68,591	100,904r	122,439	115,827	100,588	99,191	111,483	122,439	129,963	130,365
9 Claims of banks' domestic customers[3]	116,382	122,767	143,444	...	143,593	...	...	143,444	...	...
10 Deposits	64,829	58,519	77,650	...	80,695	...	...	77,650	...	...
11 Negotiable and readily transferable instruments[4]	36,111	44,161	50,659	...	46,491	...	...	50,659	...	...
12 Outstanding collections and other claims	15,442	20,087	15,135	...	16,407	...	...	15,135	...	...
MEMO										
13 Customer liability on acceptances	8,427	8,410	9,624	...	9,396	...	...	9,624	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	32,796	30,717	42,679	33,527	34,125	40,326	41,581	42,679	43,452	47,185

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.
Reporting banks include all types of depository institution as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1993	1994r	1995r	1996			
				Mar.	June	Sept.r	Dec.
1 **Total**	**202,566**	**202,282**	**224,932**	**233,435r**	**228,534r**	**232,997**	**257,939**
By borrower							
2 Maturity of one year or less	172,662	170,411	178,857	193,870	185,881	189,047	211,721
3 Foreign public borrowers	17,828	15,435	14,995	19,645r	14,982r	16,003	15,390
4 All other foreigners	154,834	154,976	163,862	174,225r	170,899r	173,044	196,331
5 Maturity of more than one year	29,904	31,871	46,075	39,565r	42,653r	43,950	46,218
6 Foreign public borrowers	10,874	7,838	7,522	8,131	8,126	6,922	6,815
7 All other foreigners	19,030	24,033	38,553	31,434r	34,527r	37,028	39,403
By area							
Maturity of one year or less							
8 Europe	57,413	56,381	55,622	57,979	57,138	58,545	55,499
9 Canada	7,727	6,690	6,751	5,470	6,806	8,811	8,339
10 Latin America and Caribbean	60,490	59,583	72,504	84,385	78,622	79,622	103,253
11 Asia	41,418	40,567	40,296	40,312	38,078	37,199	38,131
12 Africa	1,820	1,379	1,295	1,326	1,279	1,320	1,316
13 All other[3]	3,794	5,811	2,389	4,398	3,958	3,550	5,183
Maturity of more than one year							
14 Europe	5,310	4,358	4,995	6,835	8,193	7,117	6,963
15 Canada	2,581	3,505	2,751	2,563	3,689	3,533	2,645
16 Latin America and Caribbean	14,025	15,717	27,681	19,416r	19,564r	21,382	24,917
17 Asia	5,606	5,323	7,941	8,371r	9,201r	9,808	9,391
18 Africa	1,935	1,583	1,421	1,449	1,410	1,349	1,361
19 All other[3]	447	1,385	1,286	931	596	761	941

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Maturity is time remaining until maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1992	1993	1994	1995				1996			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**344.7**	**409.5[r]**	**499.5[r]**	**545.0[r]**	**531.9[r]**	**535.3[r]**	**551.9**	**574.6**	**609.2**	**586.0**	**641.1**
2 G-10 countries and Switzerland	131.3	161.9[r]	191.2[r]	212.1[r]	206.5[r]	203.0[r]	206.0	203.4	223.3	220.0	228.1
3 Belgium and Luxembourg	5.6	7.4	7.2[r]	10.4[r]	9.7[r]	11.0[r]	13.6	11.0	7.9	11.3	11.7
4 France	15.3	12.0	19.1	19.9	19.9	18.0	19.4	17.9	18.0	17.4	16.6
5 Germany	9.1	12.6	24.7	31.2	30.0	27.5	27.3	31.5	31.4	33.9	29.8
6 Italy	6.5	7.7	11.8	10.6	10.7	12.6	11.5	13.2	14.9	15.2	16.0
7 Netherlands	2.8	4.7	3.6	3.5	4.3	4.5[r]	3.7	3.0	4.7	5.9	3.9
8 Sweden	2.3	2.7	2.7	3.1	3.1	2.9	2.7	3.3	2.7	3.0	2.6
9 Switzerland	4.8	5.9	5.1	5.7	6.2	6.6	6.7	5.2	6.3	6.2	5.3
10 United Kingdom	59.7	84.4[r]	85.8[r]	90.1	87.1	80.4[r]	82.4	84.7	101.6	90.5	104.6
11 Canada	6.3	6.9	10.0	10.8	11.3	12.9[r]	10.3	10.8	12.2	14.8	14.0
12 Japan	18.8	17.6	21.1[r]	26.7[r]	24.4[r]	26.6[r]	28.5	22.7	23.6	21.7	23.6
13 Other industrialized countries	24.0	26.5[r]	45.7[r]	44.4[r]	43.3	50.5[r]	50.2	61.3	55.5	62.1	64.1
14 Austria	1.2	.7[r]	1.1	.9	.7	1.2	.9	1.3	1.2	1.0	1.1
15 Denmark	.9	1.0	1.3	1.7	1.1	1.8	2.6	3.4	3.3	1.7	1.5
16 Finland	.7	.4	.9	1.1	.5	.7	.8	.7	.6	.6	.8
17 Greece	3.0	3.2	4.5	4.9	5.0	5.1	5.7	5.6	5.6	6.1	6.7
18 Norway	1.2	1.7	2.0	2.4	1.8	2.3	3.2	2.1	2.3	3.0	8.0
19 Portugal	.4	.8	1.2	1.0	1.2	1.9	1.3	1.6	1.6	1.4	.9
20 Spain	8.9	9.9	13.6	14.1	13.0[r]	13.3	11.6	17.5	13.6	16.1	13.2
21 Turkey	1.3	2.1	1.6	1.4	1.4	2.0	1.9	2.0	2.3	2.8	2.7
22 Other Western Europe	1.7	3.2[r]	3.2[r]	2.8[r]	2.9[r]	3.3[r]	4.7	3.8	3.4	4.8	4.7
23 South Africa	1.7	1.1	1.0	1.5	1.4	1.3	1.2	1.7	2.0	1.7	2.0
24 Australia	2.9	2.3	15.4	12.6	14.3	17.4	16.4	21.7	19.6	22.8	22.4
25 OPEC[2]	15.8	17.6[r]	24.1[r]	19.5	20.3	22.7[r]	22.1	21.2	20.1	19.2	19.9
26 Ecuador	.6	.5	.5	.5	.7	.7	.7	.8	.9	.9	1.1
27 Venezuela	5.2	5.1	3.7	3.5	3.5	3.0	2.7	2.9	2.3	2.3	2.4
28 Indonesia	2.7	3.3	3.8	4.0	4.1	4.4	4.8	4.7	4.9	5.4	5.2
29 Middle East countries	6.2	7.6[r]	15.3[r]	10.8[r]	11.5[r]	13.9[r]	13.3	12.3	11.5	10.1	10.8
30 African countries	1.1	1.2	.9	.7	.6	.6	.6	.6	.5	.4	.4
31 Non-OPEC developing countries	72.6	83.2[r]	96.0	98.5	103.7[r]	104.1[r]	112.6	118.6	126.4	124.1	130.1
Latin America											
32 Argentina	6.6	7.7	11.2	11.4	12.3	10.9	12.9	12.7	14.1	15.0	14.3
33 Brazil	10.8	12.0	8.4	9.2	10.0	13.6	13.7	18.3	21.7	17.8	20.7
34 Chile	4.4	4.7	6.1	6.4	7.1	6.4	6.8	6.4	6.7	6.6	7.0
35 Colombia	1.8	2.1	2.6	2.6	2.6	2.9	2.9	2.9	2.8	3.1	4.1
36 Mexico	16.0	17.9[r]	18.4	17.9	17.6	16.3	17.3	16.1	15.4	16.1	16.2
37 Peru	.5	.4	.5	.6	.8	.7	.8	.9	1.2	1.3	1.6
38 Other	2.6	3.1	2.7	2.4	2.6	2.6	2.8	3.1	3.0	3.0	3.3
Asia											
China											
39 Mainland	.7	2.0	1.1	1.1	1.4	1.7	1.8	3.3	2.9	2.6	2.5
40 Taiwan	5.2	7.3	9.2	8.5	9.0	9.0	9.4	9.7	9.8	10.3	10.2
41 India	3.2	3.2	4.2	3.8	4.0	4.4	4.4	4.7	4.2	3.8	4.3
42 Israel	.4	.5	.4	.6	.7	.5	.5	.5	.6	.5	.5
43 Korea (South)	6.6	6.7	16.2	16.9	18.7	18.0	19.1	19.3	21.7	21.9	21.5
44 Malaysia	3.1	4.4	3.1	3.9	4.1	4.3	4.4	5.2	5.3	5.5	5.9
45 Philippines	3.6	3.1	3.3	3.0	3.6	3.3	4.1	3.9	4.7	5.4	5.8
46 Thailand	2.2	3.1	2.1	3.3	3.8	3.9	4.9	5.2	5.4	4.8	5.7
47 Other Asia	3.1	3.1	4.7	4.9	3.5	3.7	4.5	4.3	4.8	4.1	4.1
Africa											
48 Egypt	.2	.4	.3	.4	.4	.4	.4	.5	.5	.6	.6
49 Morocco	.6	.7	.6	.6	.9	.9	.7	.7	.8	.7	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1
51 Other Africa[3]	1.0	.8	.8	.7	.6	.8	.9	.8	.8	1.0	.9
52 Eastern Europe	3.1	3.2	2.7	2.3	1.8	3.4	4.2	6.2	5.0	5.2	6.7
53 Russia[4]	1.9	1.6	.8	.7	.4	.6	1.0	1.4	1.0	1.8	3.7
54 Yugoslavia[5]	.6	.6	.5	.4	.3	.4	.3	.3	.3	.3	.2
55 Other	.6	.9	1.4	1.2	1.0	2.3	2.8	4.5	3.7	3.1	2.8
56 Offshore banking centers	58.1	73.5[r]	72.9[r]	85.7[r]	83.8[r]	87.5[r]	99.2	101.3	106.2	105.3	133.0
57 Bahamas	6.9	10.9	10.2	12.5	8.4	12.6	11.0	13.9	17.3	14.2	20.3
58 Bermuda	6.2	8.9	8.4	8.7	8.4	6.1	6.3	5.3	4.1	4.0	4.5
59 Cayman Islands and other British West Indies	21.5	18.4[r]	21.4[r]	20.7[r]	25.3[r]	25.1[r]	32.4	28.8	26.1	32.0	35.3
60 Netherlands Antilles	1.1	2.6	1.3	.9	2.4	5.3[r]	9.9	10.7	13.0	11.5	25.9
61 Panama[6]	1.9	2.4	1.3	1.1	1.2[r]	1.3	1.4	1.6	1.7	1.7	2.0
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	13.9	18.8[r]	20.0[r]	22.5	23.1	23.7[r]	25.0	25.3	27.8	26.2	28.0
64 Singapore	6.5	11.2	10.1	19.2	14.8	13.3	13.1	15.4	15.9	15.4	16.7
65 Other[7]	.0	.1	.1	.0	.0	.1	.1	.1	.1	.1	.1
66 Miscellaneous and unallocated[8]	39.7	43.6[r]	66.7	82.3[r]	72.3	63.9[r]	57.3	62.2	72.3	49.6	58.8

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.
6. Includes Canal Zone.
7. Foreign branch claims only.
8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1993	1994	1995	1995		1996			
				Sept.	Dec.	Mar.	June	Sept.	Dec.p
1 **Total**	**50,597**	**54,309**	**46,448**	**47,673**	**46,448**	**49,907**	**48,990**	**51,105**	**53,658**
2 Payable in dollars	38,728	38,298	33,903	33,908	33,903	36,273	35,385	36,402	38,372
3 Payable in foreign currencies	11,869	16,011	12,545	13,765	12,545	13,634	13,605	14,703	15,286
By type									
4 Financial liabilities	29,226	32,954	24,241	26,237	24,241	26,570	24,844	25,107	25,568
5 Payable in dollars	18,545	18,818	12,903	13,872	12,903	13,831	12,212	11,256	11,162
6 Payable in foreign currencies	10,681	14,136	11,338	12,365	11,338	12,739	12,632	13,851	14,406
7 Commercial liabilities	21,371	21,355	22,207	21,436	22,207	23,337	24,146	25,998	28,090
8 Trade payables	8,802	10,005	11,013	10,061	11,013	10,815	11,081	11,605	12,519
9 Advance receipts and other liabilities	12,569	11,350	11,194	11,375	11,194	12,522	13,065	14,393	15,571
10 Payable in dollars	20,183	19,480	21,000	20,036	21,000	22,442	23,173	25,146	27,210
11 Payable in foreign currencies	1,188	1,875	1,207	1,400	1,207	895	973	852	880
By area or country									
Financial liabilities									
12 Europe	18,810	21,703	15,622	16,401	15,622	16,950	16,434	16,054	16,200
13 Belgium and Luxembourg	175	495	369	347	369	483	498	547	632
14 France	2,539	1,727	999	1,365	999	1,679	1,011	1,220	1,091
15 Germany	975	1,961	1,974	1,670	1,974	2,161	1,850	2,276	1,834
16 Netherlands	534	552	466	474	466	479	444	519	556
17 Switzerland	634	688	895	948	895	1,260	1,156	830	699
18 United Kingdom	13,332	15,543	10,138	10,518	10,138	10,246	10,790	9,821	10,202
19 Canada	859	629	632	797	632	1,166	951	881	1,353
20 Latin America and Caribbean	3,359	2,034	1,783	1,904	1,783	1,876	969	1,018	1,299
21 Bahamas	1,148	101	59	79	59	78	31	50	46
22 Bermuda	0	80	147	144	147	126	28	25	50
23 Brazil	18	207	57	111	57	57	8	9	14
24 British West Indies	1,533	998	866	930	866	946	826	764	1,030
25 Mexico	17	0	12	3	12	16	11	4	9
26 Venezuela	5	5	2	3	2	2	1	0	0
27 Asia	5,956	8,403	5,988	6,947	5,988	6,390	6,351	6,927	6,354
28 Japan	4,887	7,314	5,436	6,308	5,436	5,980	6,051	6,602	5,846
29 Middle Eastern oil-exporting countries[1]	23	35	27	25	27	26	26	25	25
30 Africa	133	135	150	149	150	131	72	132	22
31 Oil-exporting countries[2]	123	123	122	122	122	122	61	121	0
32 All other[3]	109	50	66	39	66	57	67	95	340
Commercial liabilities									
33 Europe	6,827	6,773	7,700	7,263	7,700	8,425	7,916	8,654	9,584
34 Belgium and Luxembourg	239	241	331	349	331	370	326	427	479
35 France	655	728	481	528	481	648	678	657	679
36 Germany	684	604	767	660	767	867	839	959	972
37 Netherlands	688	722	500	566	500	659	617	668	736
38 Switzerland	375	327	413	255	413	428	516	409	571
39 United Kingdom	2,039	2,444	3,568	3,351	3,568	3,525	3,266	3,664	4,293
40 Canada	879	1,037	1,040	1,219	1,040	959	998	1,094	1,001
41 Latin America and Caribbean	1,658	1,857	1,740	1,607	1,740	2,110	2,301	2,306	2,440
42 Bahamas	21	19	1	1	1	28	35	33	46
43 Bermuda	350	345	205	219	205	570	509	355	296
44 Brazil	214	161	98	143	98	128	119	159	162
45 British West Indies	27	23	56	5	56	10	10	15	14
46 Mexico	481	574	416	357	416	468	475	441	639
47 Venezuela	123	276	221	175	221	243	283	332	318
48 Asia	10,980	10,741	10,421	10,275	10,421	10,474	11,389	12,229	13,199
49 Japan	4,314	4,555	3,315	3,475	3,315	3,725	3,943	4,150	4,551
50 Middle Eastern oil-exporting countries[1]	1,534	1,576	1,912	1,647	1,912	1,747	1,784	1,951	2,165
51 Africa	453	428	619	589	619	708	924	1,013	1,027
52 Oil-exporting countries[2]	167	256	254	241	254	254	462	490	532
53 Other[3]	574	519	687	483	687	661	618	702	839

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1993	1994	1995	1995 Sept.	1995 Dec.	1996 Mar.	1996 June	1996 Sept.	1996 Dec.[p]
1 **Total**	**49,159**	**57,888**	**52,509**	**53,424**	**52,509**	**55,406**	**58,845**	**57,230**	**61,432**
2 Payable in dollars	45,161	53,805	48,711	49,696	48,711	51,007	54,000	52,555	56,908
3 Payable in foreign currencies	3,998	4,083	3,798	3,728	3,798	4,399	4,845	4,675	4,524
By type									
4 Financial claims	27,771	33,897	27,398	29,891	27,398	30,772	33,994	32,857	33,647
5 Deposits	15,717	18,507	15,133	17,974	15,133	17,595	18,364	18,941	20,223
6 Payable in dollars	15,182	18,026	14,654	17,393	14,654	17,044	17,926	18,317	19,533
7 Payable in foreign currencies	535	481	479	581	479	551	438	624	690
8 Other financial claims	12,054	15,390	12,265	11,917	12,265	13,177	15,630	13,916	13,424
9 Payable in dollars	10,862	14,306	10,976	10,689	10,976	11,290	13,233	11,827	11,629
10 Payable in foreign currencies	1,192	1,084	1,289	1,228	1,289	1,887	2,397	2,089	1,795
11 Commercial claims	21,388	23,991	25,111	23,533	25,111	24,634	24,851	24,373	27,785
12 Trade receivables	18,425	21,158	22,998	21,409	22,998	22,123	22,276	22,010	25,225
13 Advance payments and other claims	2,963	2,833	2,113	2,124	2,113	2,511	2,575	2,363	2,560
14 Payable in dollars	19,117	21,473	23,081	21,614	23,081	22,673	22,841	22,411	25,746
15 Payable in foreign currencies	2,271	2,518	2,030	1,919	2,030	1,961	2,010	1,962	2,039
By area or country									
Financial claims									
16 Europe	7,299	7,936	7,609	7,840	7,609	8,929	9,241	8,500	7,746
17 Belgium and Luxembourg	134	86	193	160	193	159	151	126	185
18 France	826	800	803	753	803	1,015	679	733	694
19 Germany	526	540	436	301	436	320	296	272	276
20 Netherlands	502	429	517	522	517	486	488	520	493
21 Switzerland	530	523	498	530	498	470	461	431	473
22 United Kingdom	3,585	4,649	4,303	4,924	4,303	5,568	6,169	5,333	4,600
23 Canada	2,032	3,581	2,851	3,526	2,851	5,269	4,773	4,502	3,445
24 Latin America and Caribbean	16,224	19,536	14,500	15,345	14,500	13,827	17,644	17,184	19,501
25 Bahamas	1,336	2,424	1,965	1,552	1,965	1,538	2,168	1,746	1,452
26 Bermuda	125	27	81	35	81	77	84	113	140
27 Brazil	654	520	830	851	830	1,019	1,242	1,417	1,453
28 British West Indies	12,699	15,228	10,393	11,816	10,393	10,100	13,024	12,809	15,182
29 Mexico	872	723	554	487	554	461	392	411	455
30 Venezuela	161	35	32	50	32	40	23	17	23
31 Asia	1,657	1,871	1,579	2,160	1,579	1,890	1,571	1,826	2,213
32 Japan	892	953	871	1,404	871	1,171	852	1,001	1,035
33 Middle Eastern oil-exporting countries[1]	3	141	3	4	3	13	9	13	22
34 Africa	99	373	276	188	276	277	197	176	173
35 Oil-exporting countries[2]	1	0	5	6	5	5	5	13	14
36 All other[3]	460	600	583	832	583	580	568	669	569
Commercial claims									
37 Europe	9,105	9,540	9,824	8,862	9,824	9,776	9,812	9,162	10,208
38 Belgium and Luxembourg	184	213	231	224	231	247	239	213	221
39 France	1,947	1,881	1,830	1,706	1,830	1,803	1,658	1,525	1,641
40 Germany	1,018	1,027	1,070	997	1,070	1,410	1,335	1,239	1,301
41 Netherlands	423	311	452	338	452	442	481	420	539
42 Switzerland	432	557	520	438	520	579	602	588	620
43 United Kingdom	2,377	2,556	2,656	2,479	2,656	2,607	2,651	2,514	2,907
44 Canada	1,781	1,988	1,951	1,971	1,951	2,045	2,074	2,032	2,147
45 Latin America and Caribbean	3,274	4,117	4,364	4,359	4,364	4,151	4,340	4,156	4,985
46 Bahamas	11	9	30	26	30	30	28	14	35
47 Bermuda	182	234	272	245	272	273	264	290	264
48 Brazil	460	612	898	745	898	809	837	857	1,160
49 British West Indies	71	83	79	66	79	106	103	119	190
50 Mexico	990	1,243	993	1,026	993	870	1,021	901	1,094
51 Venezuela	293	348	285	325	285	308	313	302	341
52 Asia	6,014	6,982	7,312	6,826	7,312	7,100	6,883	7,216	8,364
53 Japan	2,275	2,655	1,870	1,998	1,870	2,010	1,877	1,918	2,065
54 Middle Eastern oil-exporting countries[1]	704	708	974	775	974	1,024	879	930	955
55 Africa	493	454	654	544	654	667	688	716	719
56 Oil-exporting countries[2]	72	67	87	74	87	107	83	142	165
57 Other[3]	721	910	1,006	971	1,006	895	1,054	1,091	1,362

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1995	1996[r]	1997	1996[r]					1997	
			Jan.– Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	462,950	623,760	146,055	46,136	42,599	57,758	65,571	57,051	73,003	73,052
2 Foreign sales	451,710	610,332	139,330	44,071	42,550	56,751	63,436	56,629	70,132	69,198
3 Net purchases, or sales (−)	**11,240**	**13,428**	**6,725**	**2,065**	**49**	**1,007**	**2,135**	**422**	**2,871**	**3,854**
4 Foreign countries	**11,445**	**13,502**	**6,726**	**2,051**	**75**	**1,013**	**2,138**	**451**	**2,872**	**3,854**
5 Europe	4,912	6,546	8,716	3,310	200	447	270	−229	3,238	5,478
6 France	−1,099	−2,354	959	−209	−109	−219	−248	−1,064	532	427
7 Germany	−1,837	1,104	2,045	83	−85	116	−5	−18	959	1,086
8 Netherlands	3,507	1,389	−12	219	−13	−132	163	−160	322	−334
9 Switzerland	−2,283	2,710	1,068	538	−123	144	686	−470	289	779
10 United Kingdom	8,066	4,119	2,783	2,551	475	909	658	1,487	−167	2,950
11 Canada	−1,517	2,221	730	−250	191	742	704	−9	422	308
12 Latin America and Caribbean	5,814	5,563	1,770	1,046	252	−653	964	994	1,364	406
13 Middle East[1]	−337	−1,598	24	−179	−153	15	−53	−7	−1	25
14 Other Asia	2,503	906	−4,723	−1,642	−575	511	267	−232	−2,175	−2,548
15 Japan	−2,725	−372	−2,059	−791	104	313	−579	−343	−1,559	−500
16 Africa	2	−81	50	−33	−6	5	−23	10	−8	58
17 Other countries	68	−55	159	−201	166	−54	9	−76	32	127
18 Nonmonetary international and regional organizations	**−205**	**−74**	**−1**	**14**	**−26**	**−6**	**−3**	**−29**	**−1**	**0**
BONDS[2]										
19 Foreign purchases	293,533	421,474	96,054	32,333	37,424	40,668	46,440	43,054	48,955	47,099
20 Foreign sales	206,951	294,536	73,221	20,911	23,858	30,277	34,235	32,825	36,603	36,618
21 Net purchases, or sales (−)	**86,582**	**126,938**	**22,833**	**11,422**	**13,566**	**10,391**	**12,205**	**10,229**	**12,352**	**10,481**
22 Foreign countries	**87,036**	**126,767**	**22,824**	**11,443**	**13,568**	**10,406**	**12,215**	**10,229**	**12,356**	**10,468**
23 Europe	70,318	74,997	15,031	6,174	8,367	6,279	5,578	4,770	6,620	8,411
24 France	1,143	5,174	176	169	565	713	72	252	73	103
25 Germany	5,938	5,164	−90	626	381	−260	237	−27	−274	184
26 Netherlands	1,463	2,440	462	146	244	93	533	148	337	125
27 Switzerland	494	882	−247	125	403	59	−132	−30	−58	−189
28 United Kingdom	57,591	54,644	14,659	4,295	6,248	5,316	4,232	4,498	6,443	8,216
29 Canada	2,569	4,197	1,434	474	122	181	402	391	379	1,055
30 Latin America and Caribbean	6,141	22,901	2,566	1,272	1,144	2,954	2,201	2,940	3,189	−623
31 Middle East[1]	1,869	1,637	868	201	65	211	513	412	480	388
32 Other Asia	5,659	22,765	2,479	3,243	3,681	787	3,384	1,644	1,661	818
33 Japan	2,250	13,694	1,719	2,583	1,963	1,037	2,245	1,395	1,597	122
34 Africa	234	600	332	17	109	45	132	79	89	243
35 Other countries	246	−330	114	62	80	−51	5	−7	−62	176
36 Nonmonetary international and regional organizations	**−454**	**171**	**9**	**−21**	**−2**	**−15**	**−10**	**0**	**−4**	**13**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−50,291	−58,606	−7,982	−1,223	−1,825	−2,473	−2,161	−5,902	−3,643	−4,339
38 Foreign purchases	345,540	456,826	96,998	34,016	31,227	40,185	46,838	41,850	47,013	49,985
39 Foreign sales	395,831	515,432	104,980	35,239	33,052	42,658	48,999	47,752	50,656	54,324
40 Bonds, net purchases, or sales (−)	−48,405	−48,793	−2,192	−5,339	−5,419	−5,948	−2,973	−10,947	−822	−1,370
41 Foreign purchases	889,541	1,118,678	219,646	84,386	113,089	117,032	104,662	99,095	109,329	110,317
42 Foreign sales	937,946	1,167,471	221,838	89,725	118,508	122,980	107,635	110,042	110,151	111,687
43 Net purchases, or sales (−), of stocks and bonds	**−98,696**	**−107,399**	**−10,174**	**−6,562**	**−7,244**	**−8,421**	**−5,134**	**−16,849**	**−4,465**	**−5,709**
44 Foreign countries	**−97,891**	**−106,528**	**−10,304**	**−6,420**	**−6,718**	**−8,443**	**−5,166**	**−16,838**	**−4,513**	**−5,791**
45 Europe	−48,125	−57,432	−1,131	−5,324	−5,518	−6,318	−3,174	−10,740	641	−1,772
46 Canada	−7,812	−6,279	2,311	882	210	−642	−667	−2,269	516	1,795
47 Latin America and Caribbean	−7,634	−9,503	−5,567	−1,620	−2,264	886	3,571	−2,020	−2,267	−3,300
48 Asia	−34,056	−27,745	−5,164	−1,016	902	−796	−4,135	−773	−2,829	−2,335
49 Japan	−25,072	−5,888	−2,583	486	2,457	696	−633	2,218	−332	−2,251
50 Africa	−327	−1,529	27	−25	−49	−468	−115	36	34	−7
51 Other countries	63	−4,040	−780	683	1	−1,105	−646	−1,072	−608	−172
52 Nonmonetary international and regional organizations	**−805**	**−871**	**130**	**−142**	**−526**	**22**	**32**	**−11**	**48**	**82**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1995	1996[r]	1997 Jan.–Feb.	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.[r]	1996 Dec.[r]	1997 Jan.	1997 Feb.[p]
1 **Total estimated**	**134,115**	**244,725**	**47,791**	**12,340**	**14,738**	**24,321**	**21,283**	**47,662**	**22,225**	**25,566**
2 Foreign countries	133,676	246,567	47,339	12,304	14,895	23,784	22,475	46,519	22,691	24,648
3 Europe	49,976	118,345	15,774	7,103	13,104	12,992	9,312	14,778	4,410	11,364
4 Belgium and Luxembourg	591	1,486	697	73	489	−320	335	370	38	659
5 Germany	6,136	17,647	−671	467	−264	2,813	3,024	1,499	556	−1,227
6 Netherlands	1,891	−582	−125	−237	116	−423	676	855	−671	546
7 Sweden	358	2,343	−601	−282	431	169	−52	26	−255	−346
8 Switzerland	−472	327	1,233	−730	718	−599	−207	−517	241	992
9 United Kingdom	34,754	65,381	10,742	7,623	7,977	10,121	801	7,265	2,914	7,828
10 Other Europe and former U.S.S.R.	6,718	31,743	4,499	189	3,637	1,231	4,735	5,280	1,587	2,912
11 Canada	252	2,389	571	−988	−215	−1,744	−23	−780	667	−96
12 Latin America and Caribbean	48,609	25,379	9,728	−491	−19,359	1,479	12,745	15,228	10,243	−515
13 Venezuela	−2	−69	56	146	−45	−29	−68	212	−3	59
14 Other Latin America and Caribbean	25,152	13,026	8,295	3,088	−1,547	926	2,715	5,292	6,461	1,834
15 Netherlands Antilles	23,459	12,422	1,377	−3,725	−17,767	582	10,098	9,724	3,785	−2,408
16 Asia	32,467	98,001	22,898	6,327	20,713	9,889	1,337	16,744	8,540	14,358
17 Japan	16,979	41,390	10,792	2,924	4,875	6,629	1,219	7,593	4,264	6,528
18 Africa	1,464	1,085	86	163	30	−13	−12	−2	29	57
19 Other	908	1,368	−1,718	190	622	1,181	−884	551	−1,198	−520
20 Nonmonetary international and regional organizations	439	−1,842	452	36	−157	537	−1,192	1,143	−466	918
21 International	9	−1,390	46	−287	−52	338	−1,146	773	−484	530
22 Latin American regional	261	−779	361	347	−90	−4	−2	252	−1	362
MEMO										
23 Foreign countries	133,676	246,567	47,339	12,304	14,895	23,784	22,475	46,519	22,691	24,648
24 Official institutions	39,631	86,875	18,075	3,587	17,188	4,838	3,840	13,662	8,022	10,053
25 Other foreign	94,045	159,692	29,264	8,717	−2,293	18,946	18,635	32,857	14,669	14,595
Oil-exporting countries										
26 Middle East[2]	3,075	10,227	3,761	323	4,969	−1,876	332	2,279	1,242	2,519
27 Africa[3]	2	1	−1	−1	1	0	0	0	0	−1

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Apr. 30, 1997 Percent	Rate on Apr. 30, 1997 Month effective	Country	Rate on Apr. 30, 1997 Percent	Rate on Apr. 30, 1997 Month effective
Austria	2.5	Apr. 1996	Germany	2.5	Apr. 1996
Belgium	2.5	Apr. 1995	Italy	6.75	Jan. 1997
Canada	3.25	Nov. 1996	Japan	.5	Sept. 1995
Denmark	3.25	Nov. 1996	Netherlands	2.5	Apr. 1996
France[2]	3.10	Jan. 1997	Switzerland	1.0	Sept. 1996

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	1994	1995	1996	1996 Oct.	1996 Nov.	1996 Dec.	1997 Jan.	1997 Feb.	1997 Mar.	1997 Apr.
1 Eurodollars	4.63	5.93	5.38	5.41	5.38	5.43	5.44	5.36	5.50	5.70
2 United Kingdom	5.45	6.63	5.99	5.93	6.27	6.31	6.28	6.16	6.17	6.35
3 Canada	5.57	7.14	4.49	3.54	3.05	3.16	3.18	3.16	3.25	3.49
4 Germany	5.25	4.43	3.21	3.04	3.09	3.13	3.03	3.08	3.16	3.14
5 Switzerland	4.03	2.94	1.92	1.56	1.80	1.99	1.72	1.61	1.77	1.76
6 Netherlands	5.09	4.30	2.91	2.82	2.92	2.99	2.94	2.95	3.12	3.15
7 France	5.72	6.43	3.81	3.39	3.35	3.33	3.23	3.22	3.26	3.28
8 Italy	8.45	10.43	8.79	7.99	7.40	7.22	7.21	7.33	7.40	7.09
9 Belgium	5.65	4.73	3.19	3.02	3.03	3.01	3.00	3.10	3.40	3.22
10 Japan	2.24	1.20	.58	.52	.51	.51	.53	.54	.55	.55

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	1994	1995	1996	1996		1997			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Australia/dollar[2]	73.161	74.073	78.283	79.684	79.661	77.756	76.768	78.747	77.868
2 Austria/schilling	11.409	10.076	10.589	10.640	10.923	11.289	11.785	11.932	12.050
3 Belgium/franc	33.426	29.472	30.970	31.153	31.992	33.087	34.556	34.961	35.328
4 Canada/dollar	1.3664	1.3725	1.3638	1.3381	1.3622	1.3494	1.3556	1.3725	1.3942
5 China, P.R./yuan	8.6397	8.3700	8.3389	8.3294	8.3290	8.3260	8.3227	8.3258	8.3257
6 Denmark/krone	6.3561	5.5999	5.8003	5.8053	5.9428	6.1199	6.3867	6.4628	6.5226
7 Finland/markka	5.2340	4.3763	4.5948	4.5512	4.6388	4.7766	4.9792	5.0632	5.1375
8 France/franc	5.5459	4.9864	5.1158	5.1156	5.2427	5.4145	5.6536	5.7154	5.7672
9 Germany/deutsche mark	1.6216	1.4321	1.5049	1.5118	1.5525	1.6047	1.6747	1.6946	1.7119
10 Greece/drachma	242.50	231.68	240.82	238.38	245.70	251.54	262.42	266.86	270.58
11 Hong Kong/dollar	7.7290	7.7357	7.7345	7.7323	7.7355	7.7397	7.7474	7.7460	7.7483
12 India/rupee	31.394	32.418	35.506	35.839	35.882	35.904	35.891	35.885	35.828
13 Ireland/pound[2]	149.69	160.35	159.95	166.45	165.93	163.11	158.60	156.57	155.05
14 Italy/lira	1,611.49	1,629.45	1,542.76	1,513.66	1,528.44	1,567.91	1,655.00	1,691.21	1,694.52
15 Japan/yen	102.18	93.96	108.78	112.30	113.98	117.91	122.96	122.77	125.64
16 Malaysia/ringgit	2.6237	2.5073	2.5154	2.5234	2.5251	2.4900	2.4866	2.4773	2.5028
17 Netherlands/guilder	1.8190	1.6044	1.6863	1.6958	1.7420	1.8023	1.8812	1.9071	1.9256
18 New Zealand/dollar[2]	59.358	65.625	68.765	70.975	70.501	70.088	69.084	69.789	69.220
19 Norway/krone	7.0553	6.3355	6.4594	6.3554	6.4716	6.4589	6.6323	6.7915	6.9932
20 Portugal/escudo	165.93	149.88	154.28	152.83	156.54	160.53	168.24	170.35	171.77
21 Singapore/dollar	1.5275	1.4171	1.4100	1.4025	1.3999	1.4061	1.4193	1.4378	1.4417
22 South Africa/rand	3.5526	3.6284	4.3011	4.6577	4.6873	4.6402	4.4557	4.4319	4.4417
23 South Korea/won	806.93	772.69	805.00	830.56	841.92	854.07	868.39	882.62	895.57
24 Spain/peseta	133.88	124.64	126.68	127.28	130.69	134.79	141.85	143.72	144.48
25 Sri Lanka/rupee	49.170	51.047	55.289	56.987	56.730	57.278	57.772	57.873	58.826
26 Sweden/krona	7.7161	7.1406	6.7082	6.6269	6.8283	7.0692	7.4069	7.6502	7.6942
27 Switzerland/franc	1.3667	1.1812	1.2361	1.2752	1.3290	1.3913	1.4541	1.4634	1.4618
28 Taiwan/dollar	26.465	26.495	27.468	27.522	27.516	27.477	27.554	27.551	27.629
29 Thailand/baht	25.161	24.921	25.359	25.459	25.600	25.726	25.957	25.959	26.064
30 United Kingdom/pound[2]	153.19	157.85	156.07	166.23	166.39	165.85	162.56	160.96	162.93
MEMO									
31 United States/dollar[3]	91.32	84.25	87.34	86.97	88.71	91.01	94.52	95.60	96.39

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).

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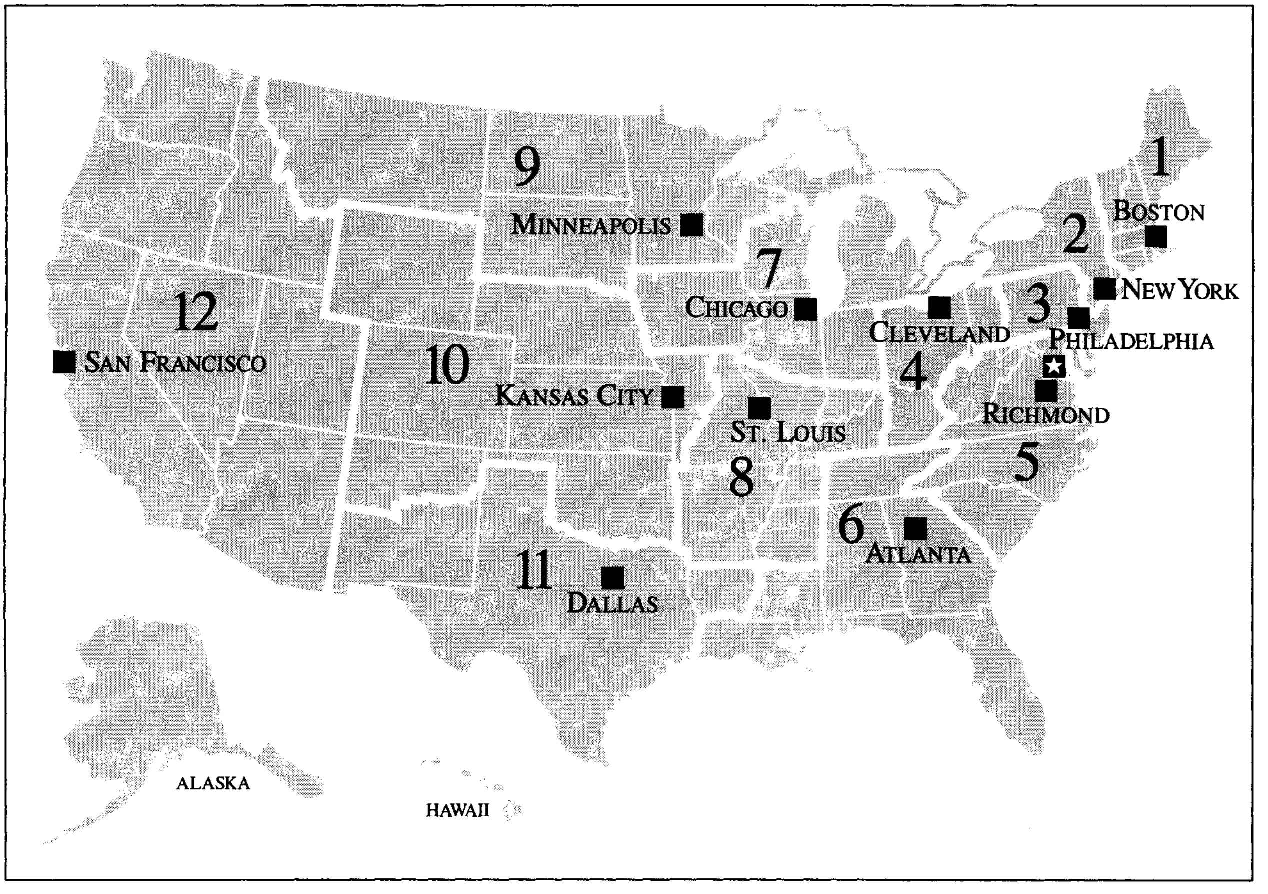
Weekly Releases					
H.2. Actions of the Board: Applications and Reports Received	$55.00	n.a.	Friday	Week ended previous Saturday	. . .
H.3. Aggregate Reserves of Depository Institutions and the Monetary Base[3]	$20.00	n.a.	Thursday	Week ended previous Wednesday	1.20
H.4.1. Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks[3]	$20.00	n.a.	Thursday	Week ended previous Wednesday	1.11, 1.18
H.6. Money Stock, Liquid Assets, and Debt Measures[3]	$35.00	n.a.	Thursday	Week ended Monday of previous week	1.21
H.8. Assets and Liabilities of Commercial Banks in the United States[3]	$30.00	n.a.	Friday	Week ended previous Wednesday	1.26
H.10. Foreign Exchange Rates[3]	$20.00	$20.00	Monday	Week ended previous Friday	3.28
H.15. Selected Interest Rates[3]	$20.00	$20.00	Monday	Week ended previous Friday	1.35
Monthly Releases					
G.5. Foreign Exchange Rates[3]	$ 5.00	$ 5.00	First of month	Previous month	3.28
G.13. Selected Interest Rates	$ 5.00	$ 5.00	First Tuesday of month	Previous month	1.35
G.15. Research Library—Recent Acquisitions	No charge	n.a.	First of month	Previous month	. . .
G.17. Industrial Production and Capacity Utilization[3]	$15.00	n.a.	Midmonth	Previous month	2.12, 2.13
G.19. Consumer Credit[3]	$ 5.00	$ 5.00	Fifth working day of month	Second month previous	1.55, 1.56
G.20. Finance Companies	$ 5.00	$ 5.00	Fifth working day of month	Second month previous	1.51, 1.52

Release number and title	Annual USPS rate	Annual fax rate	Approximate release days[1]	Period or date to which data refer	Corresponding *Bulletin* table numbers[2]
Quarterly Releases					
E.2. Survey of Terms of Bank Lending to Business	$ 5.00	n.a.	Midmonth of March, June, September, and December	February, May, August, and November	4.23
E.7. List of OTC Margin Stocks	No charge	n.a.	January, April, July, and October	February, May, August, and November	. . .
E.11. Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks	$ 5.00	n.a.	15th of March, June, September, and December	Previous quarter	. . .
E.15. Agricultural Finance Databook	$ 5.00	n.a.	End of March, June, September, and December	January, April, July, and October	. . .
E.16. Country Exposure Lending Survey	$ 5.00	n.a.	January, April, July, and October	Previous quarter	. . .
Z.1. Flow of Funds Accounts of the United States: Flows and Outstandings[3]	$25.00	n.a.	Second week of March, June, September, and December	Previous quarter	1.57, 1.58, 1.59, 1.60
Annual Release					
C.2. Aggregate Summaries of Annual Surveys of Securities Credit Extension	$ 5.00	n.a.	February	End of previous June	. . .

1. 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.
2. The data in some releases are also reported in the *Bulletin* statistical appendix.
3. These releases are also available on the Board's World Wide Web site (http://www.bog.frb.fed.us) under **Domestic and International Research, Statistical releases**.
n.a. Not available.

Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

☒ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

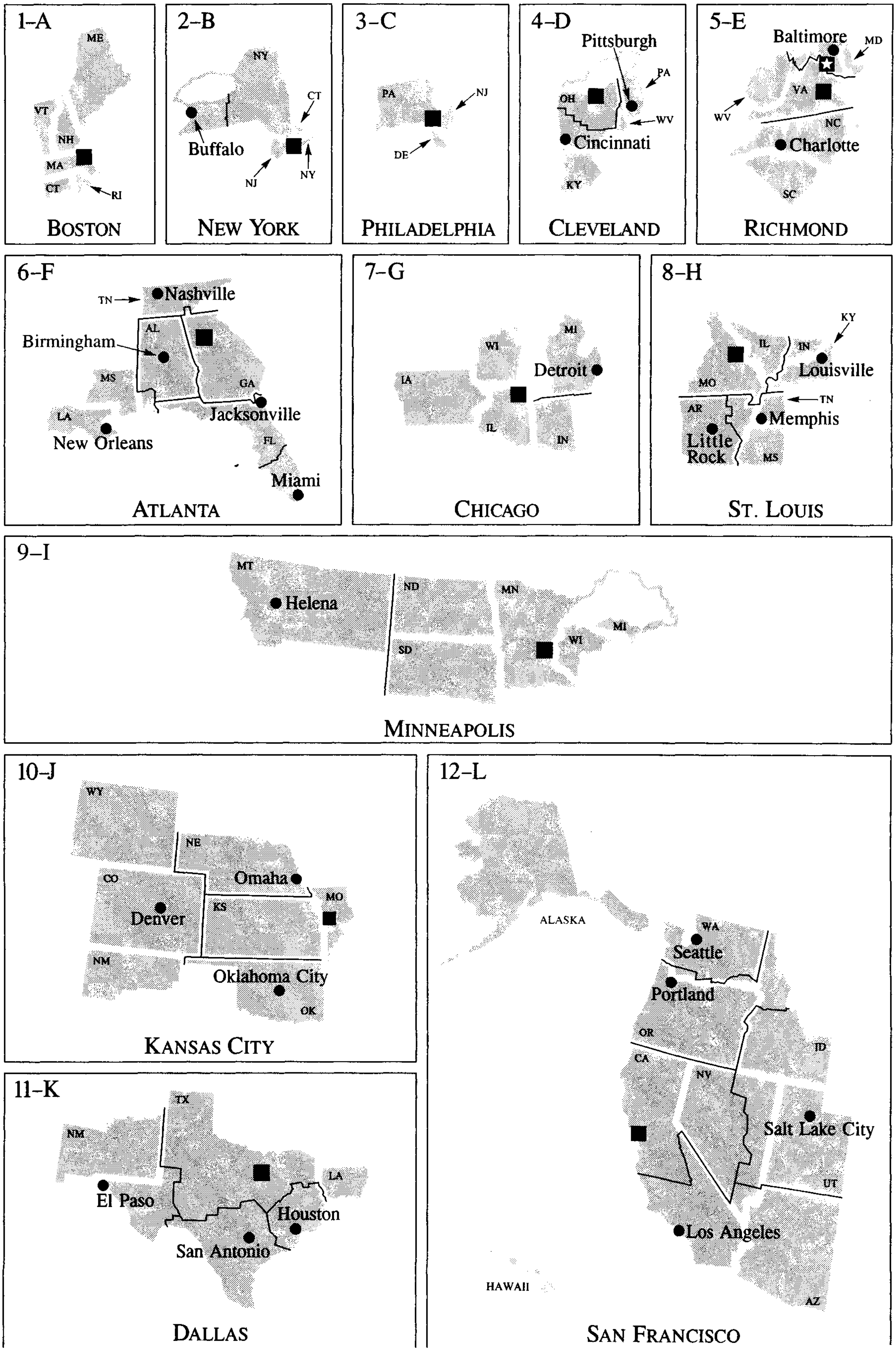
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.


1–A
ME
VT
NH
MA
CT
RI
BOSTON
2–B
NY
Buffalo
CT
NJ
NY
NEW YORK
3–C
PA
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5–E
Baltimore
MD
VA
WV
NC
Charlotte
SC
RICHMOND
6–F
TN
Nashville
AL
Birmingham
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7–G
MI
WI
Detroit
IA
IL
IN
CHICAGO
8–H
KY
IL
IN
Louisville
MO
TN
AR
Memphis
Little Rock
MS
ST. LOUIS
9–I
MT
ND
MN
Helena
MI
WI
SD
MINNEAPOLIS
10–J
WY
NE
CO
Omaha
MO
KS
Denver
NM
Oklahoma City
OK
KANSAS CITY
11–K
TX
NM
LA
El Paso
Houston
San Antonio
DALLAS
12–L
ALASKA
WA
Seattle
Portland
OR
ID
CA
NV
Salt Lake City
UT
Los Angeles
HAWAII
AZ
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	William C. Brainard Frederick J. Mancheski	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	John C. Whitehead Thomas W. Jones	William J. McDonough Ernest T. Patrikis	
Buffalo	14240	Bal Dixit		Carl W. Turnipseed[1]
PHILADELPHIA	19105	Donald J. Kennedy Joan Carter	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	G. Watts Humphrey, Jr. David H. Hoag	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	George C. Juilfs		Charles A. Cerino[1]
Pittsburgh	15230	John T. Ryan, III		Harold J. Swart[1]
RICHMOND*	23219	Claudine B. Malone Robert L. Strickland	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	Rebecca Hahn Windsor		William J. Tignanelli[1]
Charlotte	28230	Dennis D. Lowery		Dan M. Bechter[1]
ATLANTA	30303	Hugh M. Brown David R. Jones	Jack Guynn Patrick K. Barron	James M. Mckee
Birmingham	35283	D. Bruce Carr		Fred R. Herr[1]
Jacksonville	32231	Patrick C. Kelly		James D. Hawkins[1]
Miami	33152	Kaaren Johnson-Street		James T. Curry III
Nashville	37203	James E. Dalton, Jr.		Melvyn K. Purcell
New Orleans	70161	Jo Ann Slaydon		Robert J. Musso
CHICAGO*	60690	Lester H. McKeever, Jr. Arthur C. Martinez	Michael H. Moskow William C. Conrad	
Detroit	48231	Florine Mark		David R. Allardice[1]
ST. LOUIS	63166	John F. McDonnell Susan S. Elliott	Thomas C. Melzer W. LeGrande Rives	
Little Rock	72203	Robert D. Nabholz, Jr.		Robert A. Hopkins
Louisville	40232	John A. Williams		Thomas A. Boone
Memphis	38101	John V. Myers		Martha L. Perine
MINNEAPOLIS	55480	Jean D. Kinsey David A. Koch	Gary H. Stern Colleen K. Strand	
Helena	59601	Matthew J. Quinn		John D. Johnson
KANSAS CITY	64198	A. Drue Jennings Jo Marie Dancik	Thomas M. Hoenig Richard K. Rasdall	
Denver	80217	Peter I. Wold		Carl M. Gambs[1]
Oklahoma City	73125	Barry L. Eller		Kelly J. Dubbert
Omaha	68102	Arthur L. Shoener		Bradley C. Cloverdyke
DALLAS	75201	Roger R. Hemminghaus Cece Smith	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Alvin T. Johnson		Sammie C. Clay
Houston	77252	I. H. Kempner, III		Robert Smith, III[1]
San Antonio	78295	H. B. Zachry, Jr.		James L. Stull[1]
SAN FRANCISCO	94120	Judith M. Runstad Gary G. Michael	Robert T. Parry John F. Moore	
Los Angeles	90051	Anne L. Evans		Mark L. Mullinix[1]
Portland	97208	Carol A. Whipple		Raymond H. Laurence[1]
Salt Lake City	84125	Gerald R. Sherratt		Andrea P. Wolcott
Seattle	98124	Richard R. Sonstelie		Gordon R. G. Werkema[2]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

1. Senior Vice President.
2. Executive Vice President