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Monetary Policy Report to the Congress

Report submitted to the Congress on February 26, 1997, pursuant to the Full Employment and Balanced Growth Act of 1978

MONETARY POLICY AND THE ECONOMIC OUTLOOK

The economy performed impressively this past year, and the members of the Board of Governors and the Reserve Bank presidents anticipate that 1997 will bring further appreciable economic expansion with relatively low inflation. In 1996, solid advances in the real expenditures of households and businesses led to sizable gains in output. Employment rose briskly, and the unemployment rate edged down to its lowest level of the current expansion. Consumer price inflation increased owing to the likely temporary effects of firmness in food and energy markets, but some broader price measures showed inflation holding steady or even declining. With the economy strengthening, intermediate- and long-term interest rates rose on net, but credit continued to be amply available to businesses and most households, and equity prices soared.

Several factors helped to restrain price increases this past year in the face of high levels of resource utilization. With workers still concerned to some degree about job security, acceleration in hourly compensation was not so pronounced as in comparable periods in the past; wage increases picked up relatively moderately, and further success in controlling health care costs helped to temper the rise in benefits. Moreover, significant declines in the prices of U.S. imports, owing to low inflation abroad and appreciation of the dollar on foreign exchange markets, tended to hold down domestic prices. Damped inflation expectations probably contributed as well to the favorable price performance: A lengthening run of years during which inflation has been in a more moderate range, together with an understanding of the Federal Reserve's commitment to maintaining progress toward price stability, may have discouraged aggressive pricing behavior. Business firms continued to rely on cost control and gains in productivity, rather than on price increases, as the primary channels for achieving profit growth.

Still, the Federal Open Market Committee (FOMC) recognized the danger that pressures emanating from the tight labor market might trigger an acceleration of prices, which could eventually undermine the ongoing economic expansion. Consequently, although conditions last year were not deemed to warrant immediate policy action, the Committee's policy directives starting in mid-1996 reflected a perception that the most likely direction of any policy action would be toward greater restraint in the provision of reserves to the banking system. Forestalling a disruptive buildup of inflationary pressures in the near term and moving toward price stability over time remain central to the System's mission of promoting maximum sustainable growth of employment and production.

Monetary Policy, Financial Markets, and the Economy in 1996

The FOMC eased the stance of monetary policy twice around the beginning of last year—in December 1995 and in January—lowering the federal funds rate ½ percentage point in total, to 5¼ percent. These actions were taken to offset the effect on the level of the real federal funds rate of declines in inflation and inflation expectations in the second half of 1995 and thereby to help ensure the resumption of moderate economic growth after the marked slowdown and inventory correction in late 1995. By the spring, economic growth had become more vigorous than either the Committee or financial markets had foreseen. In response, intermediate-and longer-term interest rates as of mid-May were up around a full percentage point from the two-year lows reached early in the year. In combination with some softening of economic activity abroad and declines in interest rates in major foreign industrial countries, these developments contributed to a further appreciation of the dollar, building on the rise that had started in mid-1995. The Committee anticipated that the increase in the cost of credit, along with the higher

NOTE. 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.

exchange value of the dollar, would be sufficient to foster a downshift in economic expansion to a more sustainable pace and contain price pressures; thus, it left its policy stance unchanged at its spring meetings.

By early summer, however, the continued momentum in demand and pressures on labor resources that were being reflected in faster growth in wages were seen as posing a threat of increased inflation. Core inflation remained moderate, but in light of the heightened risk that it would turn upward, the Committee in its early July directive to the Manager of the Open Market Account indicated its view that near-term economic developments were more likely to lead to a tightening of policy than to an easing. Labor markets continued to be taut over the balance of the year, and this bias toward restraint was included in directives adopted at all of the Committee's remaining meetings in 1996.

After having peaked during mid-summer, interest rates moved down on balance through the fall, as expansion of consumer spending and economic activity in general appeared to be moderating and markets saw less likelihood of a need for Federal Reserve firming action. Equity prices fell back for a time during the summer, reversing some of the substantial increase registered over the first half of the year, but by autumn they had reached new highs. Interest rates and dollar exchange rates turned back up late in the year when signs of rapid growth and more intense use of the economy's resources re-emerged. Since year-end, interest rates have changed little, on net. The foreign exchange value of the dollar has posted further gains, in part reflecting greater-than-expected weakness in Europe and renewed pessimism about economic and financial prospects in Japan. Equity prices have registered new highs since the start of the year. As of mid-February, intermediate- and long-term interest rates were up about ½ to ¾ percentage point, on balance, since early 1996, and the value of the dollar was up around 9 percent against an average of other Group of Ten currencies.

For the nonfinancial business sector, the effect of the higher intermediate- and long-term interest rates on the overall cost of funds last year was offset to some degree by an easing of lending terms at banks and a narrowing of yield spreads on corporate bonds over Treasuries, as well as by declines in the cost of capital in the equity market. Encouraged, perhaps, by the prospects of sustained economic expansion and low inflation, banks, market lenders, and equity investors displayed a strong appetite for business obligations and seemed willing to require less compensation for the possible risks entailed. Some households, by contrast, faced a tightening of standards and terms with respect to credit card debt and some other types of consumer debt last year, as banks reacted to a rising volume of delinquencies and charge-offs on these instruments. However, credit availability under home equity lines increased, particularly from finance companies but also from banks. Overall debt growth slowed slightly but remained near the midpoint of its 3 percent to 7 percent monitoring range. The growth rates of M2 and M3 edged up last year and, as was anticipated in the monetary policy reports to the Congress last February and July, both aggregates ended 1996 near or above the upper end of their growth ranges. Again last year, the growth of M2 relative to nominal income and interest rates was generally in line with historical relationships, in contrast to its behavior during the early years of the decade.

Economic Projections for 1997

With the economy free of serious imbalances, prospects appear favorable for further growth of activity and expansion of job opportunities in the coming year, although resource constraints seem likely to keep the pace of growth below that of 1996. The central tendency of the growth forecasts of gross domestic product put forth by the members of the Board of Governors and the Reserve Bank presidents is from 2 percent to 2¼ percent, measured as the change in real output between the final quarter of 1996 and the final quarter of 1997. Output growth of this magnitude is expected to result in little change in the civilian unemployment rate, which is projected to be between 5¼ percent and 5½ percent in the fourth quarter of this year. These forecasts of GDP growth and unemployment are similar to those of the Admin-

1. Economic projections for 1997

Percent

Indicator	Federal Reserve governors and Reserve Bank presidents		Administration
	Range	Central tendency	
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	4¼–5¼	4½–4¾	4.6
Real GDP[2]	2–2½	2–2¼	2.0
Consumer price index[3]	2¾–3½	2¾–3	2.6
Average level, fourth quarter			
Civilian unemployment rate	5¼–5½	5¼–5½	5.4

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Chain-weighted.
3. All urban consumers.

istration. The central tendency of the policymakers' forecasts of the consumer price index for 1997 spans the relatively narrow interval of 2¾ percent to 3 percent, with the lower bound near the inflation forecast of the Administration.

Consumer spending, which accounts for about two-thirds of total GDP, should be supported in coming quarters by further gains in income and the substantial increase in household net worth that has occurred over the past two years; debt problems, although rising of late, do not seem to be so widespread as to threaten the ongoing expansion of household expenditures in the aggregate. In the business sector, balance sheets are strong, profits have been rising, and efforts to bolster efficiency through the use of technologically advanced equipment are continuing at an intense pace. In the commercial real estate market, the supply–demand balance has shifted in many locales to a point at which interest in office building projects has picked up noticeably. These conditions, together with the ready access to a wide variety of sources of finance that businesses currently are enjoying, should keep investment spending on an upward trajectory. Foreign demand for U.S. products should continue to rise with growth of the world economy, even in the wake of the significant appreciation of the dollar since the first half of 1995; however, imports also seem likely to remain on a clear upward trend, given the prospects for continued expansion of the U.S. economy. Government expenditures for consumption and investment probably will follow recent trends, with further cutbacks in real outlays at the federal level and moderate increases in the combined purchases of state and local governments.

Although the risk of increased inflation pressures is significant, especially in view of the tightness of the labor market and the strength in activity that has been evident recently, Federal Reserve policymakers expect this year's rise in the consumer price index to be somewhat smaller than that of 1996. The major reason for expecting a smaller CPI increase this year is a more favorable outlook for food and energy prices. Prices of farm products have dropped back from the highs of last summer, and, barring further weather problems, this year's rise in food prices at retail should be considerably smaller than that of 1996. Oil prices have recently declined and seem likely to ease further in coming months as world production and consumption come back into better balance; this price relief is important not only because of the direct effects on the price of gasoline and other consumer energy items but also because petroleum is a major element in the cost of producing and distributing many other goods. By contrast to the favorable outlook for food and energy prices, some risk exists that core inflation could turn up during the coming year. The minimum wage will be moving up further in 1997, compounding whatever cost pressures might be in train as a result of labor market tightness, and the degree to which businesses can continue to absorb stepped-up increases in labor costs without raising prices more rapidly is not certain.

As noted in the July 1996 monetary policy report, the CPI forecasts of the governors and Reserve Bank presidents incorporate allowances for the technical improvements to this index that have been made by the Bureau of Labor Statistics. These technical changes are estimated to have trimmed the reported rate of CPI inflation slightly in each of the past two years, and additional changes will be affecting the rise in the index in 1997. In view of the remaining difficulties of accurately measuring price change in a highly complex and rapidly changing economy, alternative price indexes will continue to be given substantial weight, along with the CPI, in monitoring progress toward the long-run goal of price stability. Some of the broad measures of inflation derived from the GDP accounts slowed in 1996; the Committee is concerned that, even if the CPI decelerates as expected in 1997, other indexes—with different scope and weights—may pick up in reflection of the pressures on productive resources.

Money and Debt Ranges for 1997

Again in 1997, the Committee has set ranges for M2 and M3 that would encompass monetary growth expected to be consistent with approximate price stability and a sustainable rate of real economic growth, assuming that the behavior of velocity is in line with historical norms. These ranges are unchanged from those for 1996: 1 percent to 5 percent for M2 and 2 percent to 6 percent for M3.

As has been the case for several years, the 1997 ranges for M2 and M3 were set against a backdrop of uncertainty about the stability and predictability of their velocities. A long-run pattern of reasonably

2. Ranges for growth of monetary and debt aggregates
Percent

Aggregate	1995	1996	1997
M2	1–5	1–5	1–5
M3	2–6	2–6	2–6
Debt	3–7	3–7	3–7

NOTE. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.

stable velocity behavior broke down in the early 1990s when the public's holdings of monetary assets were depressed by several factors: the contraction of the thrift industry; a tightening of credit supplies and deleveraging by businesses and households; an extremely wide spread between short- and intermediate-term interest rates that heightened the attractiveness of capital market instruments relative to bank deposits; and the expanding availability and growing acceptance of stock and bond mutual funds as household investments.

With the waning of all but the last of these influences, movements in velocity have become more predictable over the past couple of years. This recent evidence of stability, however, covers only a relatively brief period, and its durability remains uncertain. In these circumstances, the Committee has opted to continue treating the ranges as benchmarks for the trends of money growth consistent with price stability rather than as short-run targets for policy. Meanwhile, the actual behavior of the monetary measures will be monitored for such information as it may convey about underlying economic developments.

The central tendency of the Committee's expectations for nominal GDP growth in 1997 is slightly below that registered in 1996. Thus, if velocity behaves as it did last year, M2 and M3 might decelerate a bit but even so would again expand around the upper ends of their growth ranges. Debt of the nonfinancial sectors is anticipated to increase this year at around the pace of last year, remaining near the midpoint of its unchanged 3 to 7 percent range.

Economic and Financial Developments in 1996 and Early 1997

The economy turned in a remarkably favorable performance this past year. Preliminary estimates indicate that real GDP rose more than 3 percent over the four quarters of 1996, one of the larger gains of the past several years and appreciably more than the FOMC was expecting a year ago. Although intermediate- and long-term interest rates moved up, credit remained readily available to most borrowers, and equity prices rose substantially. Expansion of the debt of nonfinancial sectors continued at about the 5 percent rate it has maintained over the past several years, and growth of the stock of money picked up a little to its most rapid pace this decade. These financial developments provided support for strong advances in the real expenditures of households and businesses, and the growth of exports held up well in the face of an appreciating dollar. Tightness of the labor market led to a moderate pickup in wage increases in 1996. However, acceleration of prices was confined largely to the food and energy sectors; prices for other consumer products decelerated, as did prices paid by businesses for capital goods and materials. Economic data for early 1997 show the unemployment rate holding in a low range with the inflation trend still subdued.

Economic Developments

The Household Sector

After having risen less than 2 percent in 1995, real personal consumption expenditures moved up 2¾ percent in 1996. Although debt problems arose with greater frequency this past year, households benefited from healthy increases in real income and another year of sizable gains in wealth. Consumers were relatively optimistic about prospects for the economy at the start of 1996, and they became more so as the year progressed.

Real outlays for consumer durables rose more than 5 percent in 1996 after a gain of only 1¼ percent during 1995. As has been true for many years, real expenditures on computers and electronic equipment outpaced the growth of other household outlays by a wide margin in 1996. Sizable increases were also reported for most other types of consumer durables. However, real expenditures on vehicles changed little on net over the year, as gains achieved during the first half were reversed after midyear. Late in 1996, sales of light vehicles may have been constrained to some degree by supply shortages that arose during strikes in the United States and Canada; early in 1997, vehicle sales strengthened. Consumer purchases of nondurables rose 1¾ percent in 1996 after having increased 1 percent during 1995. Spending for services rose 2½ percent last year, about the same as the average gain in previous years of the expansion.

After-tax personal income increased 5 percent in nominal terms over the four quarters of last year. Wages and salaries rose briskly, and the income of farm proprietors surged. Other types of income generally exhibited moderate gains. Given the low level of price inflation, the rise in nominal income translated into another significant advance in real disposable income—about 2¾ percent over the year.

As in 1995, strong cross-currents continued to shape individual households' willingness—and ability—to spend from current income. Huge increases in stock market wealth provided some households the wherewithal to boost spending at a pace considerably faster than the growth of disposable income. But a number of households were likely held back by the need to divert income to the servicing of debt, and according to some survey evidence, households have become more concerned about saving for retirement. Responding to these influences, the annual average of the personal saving rate was up slightly from that of 1995; however, it remained relatively low compared with its longer-run average.

Residential investment expenditures posted a gain of 4 percent in real terms over the four quarters of 1996, more than reversing a small decline in the previous year. Demand for single-family housing was especially strong. Although interest rates on longer-term fixed-rate mortgage loans moved up considerably in 1996, a substantial number of homebuyers sidestepped at least the initial costs by using adjustable-rate loans that were available at lower rates. The effects of the rate increases on the single-family market were cushioned by other influences as well, most notably the growth of employment and income. Even for fixed-rate loans, mortgage financing costs held at a level that, by historical standards, was low relative to household incomes. All told, sales of new homes surged to the highest annual total of the current expansion, and sales of existing homes established a historical high. New construction of single-family dwellings also rose but not so dramatically as sales, as builders apparently chose to work off some of their inventories of unsold units, which had climbed in 1995. Mild sluggishness in starts toward the end of 1996—which was probably exacerbated by poor weather in December—was followed by more upbeat indicators of new construction in January of this year.

Construction of multifamily units maintained a path of recovery from the extreme lows of the early 1990s, moving up about 13 percent in terms of annual totals. The number of multifamily units started—about 315,000—was double the number started in 1993, when construction of these units was at a low. However, compared with previous peaks, the 1996 total was less impressive—starts were twice as high in some years of the 1970s and 1980s. Although market conditions for multifamily properties varied considerably from city to city in 1996, the national average vacancy rate for multifamily rental units remained relatively high, and demographic influences were probably less supportive of multifamily housing than they were a decade or so ago. Also, manufactured houses have provided an increased number of families with an alternative to rental apartments in recent years.

The Business Sector

Business fixed investment recorded a fifth consecutive year of strong expansion in 1996, rising about 9 percent according to the initial estimate. As in other recent years, investment was driven by rising profits, favorable trends in the cost of capital, and the ongoing efforts of businesses to boost efficiency. Although much of the investment spending was to replace depreciated equipment, the net addition to the aggregate capital stock appears to have been substantial. The rate of rise in the stock has picked up over the past two or three years after subpar growth through the latter half of the 1980s and first few years of the 1990s; the resulting rise in the level of capital per worker should enhance labor productivity and potential output.

Equipment outlays moved up almost 9½ percent in real terms in 1996. Business purchases of office and computing equipment once again rose much faster than the outlays for other types of equipment. Computer purchases were propelled by many of the same forces that have been at work in other recent years—most particularly, the expansion of networks and the availability of new models of computers embodying substantially improved computing power at highly attractive prices. Outlays for communications equipment also rose quite rapidly in 1996. Gains for other types of equipment were generally more modest.

Investment in nonresidential structures also rose substantially over the four quarters of 1996, posting the largest advance in several years. Business spending on structures went through an extended contraction in the latter part of the 1980s and early 1990s, and until recently the subsequent recovery has been relatively slow. That the 1996 gain in nonresidential investment would be so large was not evident until late in the year, when incoming data began to trace out sizable increases in new construction for many types of buildings. Investment in office buildings scored an especially large gain over the year, amid widespread reports of firming market conditions and reduced vacancy rates, and real outlays for other commercial structures moved up for a fifth consecutive year. Financing appears to be in ample supply for commercial construction, and according to reports from the District Reserve Banks, speculative office building projects—that is, those without pre-committed tenants—are becoming more common.

Inventory investment was relatively subdued in 1996. The stock of nonfarm business inventories rose less than 2 percent over the four quarters of the year, the smallest increase since 1992. Businesses had been moving toward a reduced rate of stockpiling over much of 1995, and the rate of accumulation came almost to a halt in early 1996, when stocks of motor vehicles plummeted in conjunction with a strike at two plants that manufacture auto parts. Thereafter, inventory developments were relatively uneventful. Stocks of vehicles changed little on net over the final three quarters of the year, and accumulation of inventories by other nonfarm businesses was moderate on average. Stocks at year-end generally appeared to be at comfortable levels relative to recent trends in sales.

Business profits turned in another strong performance in 1996. Economic profits of all U.S. corporations rose at an annual rate of more than 10 percent from the final quarter of 1995 to the third quarter of 1996. Profits earned by foreign subsidiaries of U.S. corporations fluctuated from quarter to quarter but remained at high levels, and returns from domestic operations rose substantially, for both financial and nonfinancial firms. Domestic profits of nonfinancial corporations amounted to 10.7 percent of the nominal value of these firms' output in the third quarter, the highest reading of the current expansion.

The Government Sector

Real federal expenditures on consumption and gross investment—the part of federal spending that is included in GDP—rose about 2½ percent, on net, from the fourth quarter of 1995 to the fourth quarter of 1996, but the rise was mostly an artifact of late-1995 real purchases having been pushed to especially low levels by government shutdowns. The underlying trend of federal consumption and investment expenditures probably is better represented by the 2½ percent annual rate of decline from the fourth quarter of 1994 to the final quarter of 1996. Reductions have been apparent over the past two years both in real defense purchases and in real nondefense purchases.

Federal expenditures in the unified budget increased about 3 percent in nominal terms in fiscal 1996 after having increased 3¾ percent in fiscal 1995. Slower growth was recorded across many budgetary categories this past year, and outright declines were reported in some. Combined expenditures on health, social insurance, and income security—items that account for more than half of all federal outlays—moved up 4½ percent, the smallest increase this decade. Defense spending was down about 2¼ percent in nominal terms, and net interest outlays rose much less rapidly than in fiscal 1995. Measured relative to the size of nominal GDP, total outlays in the most recent fiscal year were the smallest since 1979. Legislative restraint has led to cuts in a number of discretionary programs in recent years, and the expanding economy has relieved pressure on those outlays that tend to vary inversely with the strength of activity.

Federal receipts increased about 7½ percent in fiscal 1996, the third year in which growth of receipts outpaced growth of nominal GDP by a significant margin. Receipts from individual income taxes climbed more than 11 percent in the most recent fiscal year, in conjunction with healthy increases in households' taxable earnings from capital and labor. Taxes on corporate profits also continued to rise rapidly, more or less in step with the growth of business earnings. The rapid growth of receipts, coupled with the restrained growth of expenditures, brought the unified budget deficit down to $107 billion in fiscal 1996 from almost $165 billion in fiscal 1995. The deficit as a share of nominal GDP was 1.4 percent, the smallest in more than twenty years.

The aggregate consumption and investment expenditures of state and local governments rose 2¼ percent in real terms over 1996. This gain was about the same as those of the two previous years. Outlays for services, which consist mainly of employee compensation and account for more than two-thirds of all state and local purchases, rose roughly 1¼ percent in real terms last year. Investment expenditures, which make up the next biggest portion of state and local purchases, rose about 4½ percent in real terms. In the aggregate, the budget picture for state and local governments was relatively stable in 1996, as the surplus of nominal receipts over nominal current expenditures changed little from the positive readings of other recent years.

The External Sector

The nominal trade deficit for goods and services widened to $115 billion in 1996 from $105 billion the previous year. For the first three quarters of the year, the current account deficit totaled $165 billion at an annual rate, somewhat greater than the $150 billion deficit recorded in 1995.

The quantity of imports of goods and services rose strongly over the four quarters of 1996—about 8½ percent according to the preliminary estimate—after having expanded only 4¼ percent the previous year. The pickup in U.S. real output growth boosted the demand for imported goods, as did the declines in the prices of non-oil imports. Sizable increases in import volume were widespread among most major merchandise trade categories, with the notable exceptions of oil and semiconductors.

Very strong export growth in the fourth quarter of 1996 raised the yearly gain in the quantity of exports of goods and services to 7½ percent. Growth in the economies of our major trading partners was only moderate on average but was somewhat faster than in 1995. As a consequence, growth of exports was similar to the 1995 rate despite the appreciation of the dollar. Over the past year, most of the rise in the value of merchandise exports went to Canada and Latin America. Exports to Western Europe and Asia were only marginally higher than they were a year earlier.

In most of the major industrial countries abroad, real economic activity accelerated last year from a relatively weak performance in 1995. In the United Kingdom, real output growth firmed through the year, as growth in consumption spending rebounded from its low 1995 rate. In Germany and France, real GDP growth strengthened but was still too low to prevent a further rise in the unemployment rate in both countries. In Italy, output growth slowed as the rebound in the lira from its previous depreciation sharply reduced the growth of exports and depressed investment spending. For most continental European countries, further fiscal restraint is planned this year as governments hoping to participate in the third stage of European Monetary Union strive to meet the Maastricht Treaty's 1997 reference standard of a budget deficit no larger than 3 percent of GDP. In Japan, fiscal stimulus spurred economic expansion early last year; subsequently, slower private consumption, reduced inventory accumulation, and decreased government investment spending reduced output growth. In contrast, Canada's real output growth rose over 1996 as inventory adjustment was completed during the first half of the year and as exports strengthened.

Except in the United Kingdom, inflation pressures in the foreign industrial countries continued to decline or remained subdued during 1996. Consumer prices in Japan were flat. Consumer price inflation fell sharply in Italy and remained below 2 percent in Germany and France. In the United Kingdom, consumer prices excluding mortgage interest payments accelerated to an annual rate of more than 3 percent.

The Mexican economy continued on a course of recovery that returned GDP to its pre-crisis level in the fourth quarter of 1996. Increases in income and a strengthening of the price-adjusted value of the peso contributed to a reduction in the Mexican merchandise trade surplus over 1996. Argentina and Brazil also continued to recover from recessions. In Chile, real GDP growth moderated from the very high rate recorded in 1995 to about 6 percent in 1996. In Venezuela, windfall oil revenues softened the decline in real GDP in 1996 and improved the prospects for 1997.

In our major trading partners in Asia other than Japan, real output growth generally slowed from its 1995 pace, despite a pickup in many countries toward year-end in response to more accommodative monetary policies and a partial recovery in export markets. In China, the slowdown of growth to about 10 percent last year from the 12 percent to 14 percent annual rates experienced during 1992–94 reflected a substantial deceleration in investment spending, owing to China's efforts to reduce inflation by tightening central bank credit to state-owned enterprises and by restricting investment.

Consumer price inflation in Mexico was about 28 percent in 1996, significantly lower than the 1995 inflation rate of more than 50 percent. Venezuela's inflation rate in 1996 exceeded 100 percent, but inflation in most other Latin American countries was at levels well under 10 percent. Inflation rates generally remained low in Asia.

The Labor Market

The number of jobs on nonfarm payrolls rose more than 2½ million from December 1995 to December 1996, an increase of about 2¼ percent. Employment gains were substantial in each quarter last year, and the labor market report for January of this year showed a further sizable expansion of payrolls.

Employment in the private service-producing sector, in which nearly two-thirds of all nonfarm workers are employed, increased about 3 percent during 1996. Moderate employment gains were posted in retail trade, transportation, and finance, and sizable gains in hiring continued in some other service-producing industries, such as data processing, computer services, and engineering and management. Job growth at suppliers of personnel—a category that includes temporary help agencies—was about 6½ percent, a touch faster than in 1995 but much slower than it had been over 1992–94; with the tightening of labor markets in the past couple of years, longer-lasting commitments in hiring may have come back into greater favor among some employers.

Employment changes among producers of goods were mixed in 1996. In construction, employment climbed about 5½ percent, to a new high that was almost 4 percent above the peak of the last business expansion. In manufacturing, increases in factory jobs through the latter part of 1996 were not sufficient to reverse declines that had taken place earlier in the year. On net, last year's loss of factory jobs amounted to about ½ percent, a shade less than the average rate of decline since 1979, the year in which manufacturing employment peaked. Manufacturers of durable goods boosted employment slightly last year, but many producers of nondurables implemented further job cuts. As in many other recent years, reductions in factory employment were accompanied by strong gains in worker productivity. Consequently, increases in output were sizable—the rise in the Federal Reserve's index of manufacturing production cumulated to 4¼ percent over the year.

Growth of output per hour in the nonfarm business sector as a whole picked up in 1996, rising about 1¼ percent over the year according to preliminary data. However, coming after a three-year period in which output per hour changed little, this rise left the average rate of productivity growth in the 1990s a bit below that of the 1980s and well below the average gains achieved in the first three decades after World War II. The sustained sluggishness in measured productivity growth this decade is difficult to explain, as it has occurred during a period when high levels of investment in new capital and extensive restructuring of business operations should have been boosting the efficiency of workers. Of course, measurement problems could be distorting the data. As a summary measure that relates aggregate output to aggregate input of labor, the nonfarm productivity index is affected by whatever deficiencies might be present either in adding up the nominal expenditures for goods and services in the economy or adjusting those expenditures for price change. A considerable amount of recent research suggests that growth of output and productivity is in fact understated, but whether the degree of understatement has been increasing over time is less clear.

In contrast to the experience of most other recent years, this past year's rise in employment was accompanied by a sustained pickup in the labor force participation rate. The rise in participation boosted the labor supply and helped to relieve pressures on the labor market. Nonetheless, hiring during 1996 was sufficient to reduce the civilian unemployment rate from a December 1995 rate of 5.6 percent to a December 1996 rate of 5.3 percent. In January of this year, the rate remained low, at 5.4 percent.

Tightness of the labor market appears to have exerted some upward pressure on the cost of labor in 1996, even as some workers continued to express anxiety about job security. The employment cost index (ECI) for the private nonfarm sector of the economy showed compensation per hour moving up 3.1 percent over the year. The index had risen 2.6 percent in 1995. The step-up in hourly pay increases was to some extent the result of a hike in the minimum wage that took place at the start of October. More generally, however, businesses probably had to boost hourly compensation either to attract workers or to retain them at a time when alternative employment opportunities were perceived to be more widely available.

As in 1995, increases in hourly compensation in 1996 came more as wage and salary increases than as increases in fringe benefits. According to the ECI, the rise in wage rates for workers in the nonfarm sector amounted to nearly 3½ percent this past year after a rise of 2¾ percent in 1995. By contrast, the ECI measure of the hourly cost of benefits rose only 2 percent, slightly less than it did in 1995 and much less than it rose on average over the past decade. Increases in the cost of benefits have been held down in recent years by reduced inflation for medical services and by the actions that many firms have taken to shift employees into managed care arrangements and to require them to assume a greater portion of the cost of health insurance and other medical benefits.

Prices

The consumer price index rose more rapidly than in 1995, but the step-up was concentrated in the food and energy sectors—areas in which prices were affected by supply limitations that seemed likely to be of temporary duration. The CPI excluding food and energy—often called the "core" CPI—rose just a touch more than 2½ percent after having increased 3 percent during 1995. Both the total CPI and the core CPI have been affected in the past two years by technical improvements implemented by the Bureau of Labor Statistics that are aimed at obtaining more accurate readings of price change; the rise in the CPI in 1996 would have been somewhat greater if procedures used through 1994 had not been altered.

Other price indexes generally rose less rapidly than the CPI. Like the overall CPI, the chain-type price index for personal consumption expenditures (PCE) accelerated somewhat in 1996, but its rate of rise, shown in the accompanying table, was significantly lower than that of the CPI. The two measures of consumer prices differ to some degree in their weights and methods of aggregation. They also differ somewhat in their selection of price data, with the PCE measure relying on alternative data in some areas in which the accuracy of the CPI has been questioned. The chain type price index for gross domestic purchases, which takes account of the prices paid by businesses and governments as well as those paid by consumers, moved up 2¼ percent during 1996, about the same as the percentage rise during 1995. By contrast, price measures associated with GDP decelerated in 1996 to thirty-year lows of around 2 percent or less. Conceptually, the GDP measures are indicative of price changes for goods and services that are produced domestically rather than price changes for goods and services purchased domestically—foreign trade accounting for the difference.

The 1996 outcomes for all these measures reflected an economy in which inflation pressures were muted. Sharp declines in non-oil import prices during the year lowered input costs for many domestic firms and likely caused other firms to restrain their product prices for fear of losing market share to foreign competitors. Also important, in all likelihood, were the favorable imprints that several years of moderate and relatively stable rates of inflation have left on inflation expectations. Despite the uptick in hourly compensation and adverse developments in the food and energy sectors, survey data showed little change in consumers' expectations of inflation, and private forecasters' views of the prospects for prices held steady. Businesses commonly described the situation as one in which competitive pressures were intense and the "leverage" for raising prices simply was not present.

Food and energy prices were the exceptions. In the food sector, steep increases in grain prices in 1995 and the first few months of 1996 caused production adjustments among livestock farmers and substantial price increases for some livestock products. Later in the year, grain prices fell back, but livestock production could not recover in time to prevent significant price advances for some retail foods. Consumer prices for pork, poultry, and dairy products registered their largest increases in several years. Retail beef prices also rose but only moderately: Expansion of the cattle herd in previous years had laid the groundwork for a high flow of product to consumers, and herd reductions that occurred in 1996 augmented that flow. Elsewhere in the food sector, acceleration was reported in the price index for food away from home—a category that has a weight of almost 40 percent in the CPI for food; the rise in the minimum wage appears to have been an important factor in the acceleration. All told, the 1996 rise in CPI food prices amounted to 4¼ percent, the largest increase since 1990.

3. Alternative measures of price change

Percent

Price measure	1995	1996
Fixed-weight		
Consumer price index	2.7	3.2
Excluding food and energy	3.0	2.6
Chain-type		
Personal consumption expenditures	2.1	2.5
Excluding food and energy	2.3	2.0
Gross domestic purchases	2.3	2.2
Gross domestic product	2.5	2.1
Deflator		
Gross domestic product	2.5	1.8

NOTE. Changes are based on quarterly averages and are measured to the fourth quarter of the year indicated from the fourth quarter of the previous year.

The energy sector was the other major part of the economy in which significant inflation pressures were evident this past year. Crude oil prices, which had started firming in the latter part of 1995, continued on an upward course through much of 1996, rising more than 30 percent in total. Stocks of crude oil and petroleum products were tight during the year, even after allowing for an apparent downward trend in firms' desired inventories. Inventory building was forestalled by production disruptions at refineries, a string of weather problems here and abroad that boosted fuel requirements for heating or cooling, and a reluctance of firms to take on inventories that seemed likely to fall in value once renewed supplies from Iraq became available. Natural gas, too, was in tight supply at times, and its price surged. With retail prices of gasoline, fuel oil, and natural gas all moving up substantially, the CPI for energy rose about 7½ percent over the four quarters of 1996, the largest increase since the Gulf War.

The CPI for goods other than food and energy rose 1 percent during 1996, one of the smallest increases of recent decades. As in 1995, price increases for new vehicles were moderate last year, and prices of used cars turned down after several years of sizable advances. Prices of apparel and house furnishings also fell; these prices, as well as the prices of vehicles, may have been heavily affected by the softness of import prices. Moderate increases were the rule among most other categories of goods in the CPI. In the producer price index, prices of capital equipment rose less than ½ percent over 1996; computer prices continued to plunge, and the prices of other types of equipment rose moderately, on balance. Materials prices were weak: Prices of intermediate materials excluding food and energy declined about 1¼ percent from the fourth quarter of 1995 to the final quarter of 1996, and the producer price index for crude materials excluding food and energy dropped more than 6½ percent over that period. Productive capacity was adequate among domestic producers of materials, and supplies of many materials were readily available at competitive prices on the world market.

The CPI for non-energy services increased 3¼ percent in 1996. The rise was somewhat smaller than the increases of most other recent years. Prices of medical services decelerated for a sixth consecutive year, and increases in the cost of shelter were held down by another year of moderate advances in residential rent and owners' equivalent rent. Large increases were evident only in scattered categories: Airfares posted a large increase, and educational costs, maintaining a long-established trend, continued to rise quite rapidly relative to prices in general.

Financial Developments

Debt

Growth of the debt of nonfinancial sectors slowed slightly last year, to 5¼ percent. The growth of household sector debt dropped from 8¼ percent to 7½ percent, a deceleration accounted for entirely by a sharp slowing of consumer credit. The expansion of business borrowing was held below its 1995 pace by an increase in internally generated funds, but at 5¼ percent, it was faster than in any other year since 1989. Its strength reflected robust spending, extremely favorable credit conditions, and financing needs associated with a high level of mergers and acquisitions. Federal government debt grew 3¾ percent, the lowest rate in more than two decades. The debt outstanding of the state and local sectors was unchanged.

The Household Sector. Consumer credit grew 8¼ percent last year, just a bit over half the pace of the preceding two years. The sharp retrenchment likely reflected the burdens associated with a substantial accumulation of outstanding consumer debt over recent years as well as some tightening of lending terms and standards by commercial banks, particularly with respect to credit cards.

The slowing in consumer credit growth also was associated with a shift toward increased use of home equity loans. These loans were marketed vigorously, particularly by finance companies, in part as a vehicle for consolidating credit card and other outstanding consumer debt. Some of the growth in home equity loans reflected moves by finance companies and banks into the "subprime" market—lending either to higher-risk customers or on terms entailing unusually high loan-to-value ratios, or both. The push to expand home equity lending last year offset to some degree the effect of tighter lending standards and terms on credit cards and other forms of consumer credit.

The shift toward home equity loans, along with a strong housing market, led to a pickup in mortgage debt growth last year to a rate of 7½ percent, the largest advance since 1990. Mortgage borrowing for home purchases was restrained surprisingly little by the increase in interest rates over the first half of the year. As noted previously, many borrowers were able to put off, at least for a time, much of the impact of the increase in rates by shifting to adjustable-rate mortgages, the rates on which rose much less last year than those on fixed-rate mortgages.

Although the growth of household sector debt fell off a bit from the pace of recent years, it still exceeded that of disposable income. With loan rates up on average for mortgages and down only a little on consumer loans, debt-service burdens continued to rise last year, and some households experienced difficulties servicing certain kinds of debt. Delinquency rates on banks' consumer loans, particularly credit card loans, posted a second year of considerable increase, although they remained below levels in the early 1990s. At finance companies that are subsidiaries of automakers, auto loan delinquency rates rose to very high levels; but this rise apparently resulted in large part from a business strategy to compete in the vehicle market by easing lending standards. Auto loan delinquency rates at commercial banks also rose but remained well within historical ranges. Delinquency rates on residential mortgages remained low.

In the segment of the finance company market that deals in subprime auto loans, some problems emerged last month. A small firm in this market defaulted on its commercial paper after it restated earlier earnings at lower levels, and another firm filed for bankruptcy. Although the share prices of these and other firms primarily engaged in sub-prime lending declined along with their earnings outlook, this sector constitutes a very small part of the overall auto loan market, and the implications for the availability of credit to the household sector overall appear slight.

Charge-off rates on consumer loans rose at banks in 1996 to around the peak levels of the last recession in 1990–91. According to Federal Reserve surveys of senior loan officers, banks had anticipated some deterioration in the quality of their consumer loan portfolios last year, but they were surprised by its extent. These surveys also showed that banks considered the rate of charge-offs last year to be high relative to the level of delinquencies and that the credit-scoring models most banks use to evaluate consumer lending decisions have tended to be too optimistic. An important reason for the high level of charge-offs and the apparent shortcomings of the credit-scoring models was a 30 percent increase in personal bankruptcies. This surge stemmed in part from changes in the bankruptcy code that became effective at the beginning of last year against a backdrop of an apparently reduced stigma associated with this method of dealing with financial problems. Banks responded to the deterioration in their consumer loan portfolios by tightening standards and terms, especially on credit cards. In contrast, banks eased terms and conditions on home equity loans.

Despite the rise in delinquencies on consumer debt, household balance sheets appear healthy overall, as growth of household assets over the past two years has more than kept pace with the growth of debt. Although year-end balance sheet figures are not yet complete, the net worth of households appears to have risen approximately $5 trillion from the end of 1994 to the end of 1996, an amount that is equal to almost a full year's personal disposable income. Roughly two-thirds of that gain has been accounted for by the surge in the prices of corporate shares, which has lifted the value of a wide range of household investments, not only directly held stocks but also assets held in other forms such as pension plans. The ratio of household net worth to personal disposable income continued to climb this past year, moving to its highest level in recent decades.

The Business Sector. Although many interest rates rose last year, businesses continued to find credit readily available and at favorable terms. This accommodation likely resulted in part from the strong financial condition of this sector, reflected in minimal delinquency rates on bank loans to businesses and very low default rates on corporate bonds, including those of low-rated issuers. With securitization of household debt instruments proceeding apace and with high levels of capital, banks appeared to have ample room on their balance sheets for business loans. This situation encouraged the development of a highly competitive lending environment in which banks further eased a variety of credit terms, such as covenants and markups over base rates. In capital markets, interest rate spreads of private debt instruments over Treasuries narrowed, particularly in the case of high-yield bonds. Surveys by the National Federation of Independent Business revealed a rising tendency of small businesses to borrow over 1996, with credit availability reported to be in a range more favorable than at any time in the current economic expansion.

On a gross basis, a pickup in bond issuance by nonfinancial firms last year was accounted for mainly by speculative-grade offerings, likely in part a reaction to the improved pricing. In the fourth quarter, however, investment-grade issuance was substantial, responding to the decline in interest rates that began in late summer. Commercial paper declined in the final months of the year, primarily because of paydowns from bond proceeds, but bank lending to businesses was strong, owing in some part to robust merger activity. Despite a marked increase in gross stock issuance—with strong gains both for initial public offerings and for seasoned offerings—equity continued to be retired on net last year, as merger activity remained brisk and businesses used ample cash resources to repurchase their outstanding shares.

The Government Sector. The growth of federal debt was held down in 1996 by legislative constraints on spending and by the boost to tax receipts from both the stronger economy and a booming stock market. Two years of contraction of state and local government debt ended last year. The declines had occurred as issues that were pre-refunded earlier in the decade, when interest rates were unusually favorable, matured or became eligible to be called. Pre-refunded debt continued to be called last year, albeit at a reduced pace, but this decline was just offset by gross issuance, which picked up.

Depository Intermediation. The expansion of depository credit slowed last year, entirely reflecting a slower advance in bank credit. Growth at thrift institutions picked up, benefiting from strong demand for residential mortgages and improved capital positions. Growth of commercial bank loans moderated, as loans to businesses and, especially, consumers decelerated from elevated rates of growth in 1995. Bank portfolio expansion also appears to have been damped somewhat by a faster pace of asset securitization, likely spurred by receptive capital markets. For example, real estate loan growth at banks was a subdued 4 percent last year, despite a robust housing market and a pickup in commercial real estate. At the same time, outstanding securities backed by mortgage pools expanded at a $179 billion annual rate in the first three quarters of last year, well above the pace of 1995. Commercial banks are a major source of securitized mortgages. The outstanding amount of consumer credit that had been securitized by banks also rose at a brisk pace last year, although not so rapidly as in 1995. As a result of the slowing of bank credit, the share of last year's advance in nonfederal debt that ended up on the books of depositories fell to about 38 percent, down from around 44 percent in the preceding two years.

The balance sheets and operating results of depositories remained strong in 1996. Bank profits through the third quarter were at historically high levels for the fourth consecutive year, reflecting the maintenance of relatively wide interest rate margins, further loan growth, and substantial fee income related to sales of mutual funds as well as to securitization and other off-balance-sheet activities. As of the third quarter, almost 99 percent of commercial bank assets were held at banks classified as "well capitalized." Underlying thrift profits were also stronger last year. However, profits at thrift institutions and at banks with deposits insured by the Savings Association Insurance Fund (SAIF) were held down temporarily by a special assessment on deposits to recapitalize SAIF. (Some bank deposits are SAIF-insured because of mergers with thrift institutions or acquisitions of them.)

The Monetary Aggregates

Despite the slowing of depository credit, growth of the broader monetary aggregates strengthened last year: M3 expanded 7 percent, up 1 percentage point from 1995 and also 1 percentage point above the upper end of its 2 percent to 6 percent annual range. M2 grew 4½ percent, up ½ percentage point and in the upper portion of its 1 percent to 5 percent range. As noted above, the ranges for monetary growth last year had been chosen to be consistent with approximate price stability and a sustainable rate of real economic growth, rather than as indicators of the range of money growth rates likely to prevail under expected economic conditions.

The acceleration of M3 was caused partly by a shift in the way banks financed their credit—specifically, substituting issuance of large time deposits for borrowings from offices abroad. Both foreign and domestically chartered banks paid down net borrowing from foreign head offices and branches last year. For domestic banks, this paydown may have been related to the reduction to zero of insurance assessments on deposits, beginning with the last quarter of 1995. In addition, the greater growth of M3 relative to that of M2 reflected the need to fund particularly strong loan growth at U.S. branches and agencies of foreign banks, which do not offer the retail accounts that dominate deposits in M2.

Growth of both M2 and M3 was supported again last year by continuing robust advances in money market mutual funds (MMMFs). Because the yields on these funds are based on the average return earned on their assets, they lag changes in yields on new market instruments; thus, the funds tend to attract additional inflows when market rates are falling.

4. Growth of money and debt
Percent

Period	M1	M2	M3	Domestic nonfinancial debt
Annual[1]				
1980	7.5	8.7	9.6	9.5
1981	5.4 (2.5)[2]	9.0	12.4	10.2
1982	8.8	8.8	9.7	9.9
1983	10.3	11.8	9.5	11.9
1984	5.4	8.1	10.8	14.5
1985	12.0	8.6	7.7	14.2
1986	15.5	9.1	9.0	13.2
1987	6.3	4.2	5.8	10.0
1988	4.3	5.7	6.3	9.0
1989	.5	5.2	4.0	7.9
1990	4.1	4.1	1.8	6.9
1991	7.9	3.1	1.2	4.6
1992	14.4	1.8	.6	4.7
1993	10.6	1.3	1.1	5.1
1994	2.5	.6	1.7	5.2
1995	–1.6	4.0	6.2	5.5
1996	–4.6	4.6	6.9	5.3
Quarterly (annual rate)[3]				
1996:1	–3.5	5.3	6.6	5.0
2	–1.4	4.5	6.3	5.7
3	–6.5	3.4	5.4	5.3
4	–7.4	5.0	8.5	4.9

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Adjusted for shifts to NOW accounts in 1981.
3. From average for preceding quarter to average for quarter indicated.

Accordingly, MMMFs advanced most rapidly in the early part of last year, when the monetary easings of December and January pulled down short-term rates, and also later in the year, when short-term rates were again declining. However, these instruments expanded briskly even in the third quarter, when short-term rates were rising, suggesting that part of the attractiveness of MMMFs is the convenience they offer those investors engaged in moving funds in and out of stock and bond mutual funds, which expanded at a record pace last year. In addition, institution-only funds seem to be having considerable success in marketing cash management programs that capture excess cash of corporations and municipalities. Likely reflecting the attractiveness of money market and capital market mutual funds last year, deposits in M2 actually showed little growth in 1996. Retail deposit growth also may have been damped by a lack of aggressive pricing of deposits on the part of banks, as demand for their loans slipped and they apparently found it cheaper to finance a larger share of loan originations through securitizations and large time deposits.

The behavior of M2 relative to income last year, as summarized by its income velocity, again bore a fairly systematic relationship to M2's opportunity cost—the return on M2 assets relative to yields available on alternative instruments. The relationship of velocity to opportunity costs was reasonably stable historically, but it broke down in the early 1990s, a period characterized by extensive restructuring of balance sheets by households, businesses, and banks. In the process, M2 velocity rose substantially and, apparently, permanently. Since 1993, velocity no longer appears to be shifting higher, and M2 velocity and opportunity costs are moving together about as they did before 1990. However, the recent period of relative stability in this relationship has been too short for the Federal Reserve to place increased reliance on M2 as a guide to policy at this time.

M1 contracted 4½ percent last year, as the pace at which new arrangements were established to sweep reservable retail transactions deposits to nonreservable nontransaction accounts accelerated. The initial amounts removed from transaction accounts by sweep arrangements established last year amounted to $116 billion, compared with $45 billion in 1995. M1 continued to be supported by currency growth last year, when foreign demands, which were depressed earlier in the year partly in anticipation of the new $100 bill, picked up in the second half. Adjusted for the initial amounts removed from transaction accounts by sweep arrangements, M1 grew 5¼ percent last year. The sweeping of transaction deposits contributed to a contraction of almost 12 percent in required reserves—twice the rate of decline of the previous year. The monetary base decelerated only a little, however, as growth of its major component, currency, was little changed between 1995 and 1996.

Continued declines in the levels of required reserves have the potential to impinge on the Federal Reserve's ability to exert close day-to-day control over the federal funds rate—the overnight rate on reserves traded among depository institutions. Depositories hold balances at Reserve Banks to meet daily clearing needs in addition to satisfying statutory reserve requirements. At low enough levels, reserve balances may provide inadequate protection against adverse clearings, and banks' attempts to avoid overdrafts could generate highly variable daily demands for balances at the Federal Reserve and a volatile federal funds rate. To date, however, no serious problems have emerged, in part because the substantial drop in depositories' required reserve balances attributable to sweeps has been partially offset by increases in their holdings of required clearing balances—an arrangement whereby depositories pay for services provided by the Federal Reserve through the holding of specified amounts in reserve account balances. In addition, advances in banks' techniques of monitoring balances at the Federal Reserve and gauging their clearing needs have enabled them to operate efficiently and smoothly at relatively low levels of balances. Sweeps have had an effect on Federal Reserve earnings and the amounts it remits to the Treasury. The decline in reserve balances of about $12 billion owing to sweeps must be matched by an accompanying lower level of Treasury securities on the books of Reserve Banks. The Federal Reserve continues to monitor sweep activity closely.

Interest Rates, Equity Prices, and Exchange Rates

Interest Rates. Declines in interest rates during the second half of last year on evidence that economic growth had moderated only partially reversed the increases over the first half. Reflecting the surprising strength in economic activity last year, longer-term Treasury rates rose on balance on the order of ½ percentage point over the year, and intermediate rates were up somewhat more. Spreads between most private rates and Treasuries narrowed markedly last year, reflecting the high quality of business balance sheets. Municipal rates moved up comparatively little over the first half of 1996, as earlier relative increases in these yields associated with discussions of fundamental tax reform were reversed when the likelihood of such changes to the tax code diminished. Movements in interest rates over the year appeared to be basically in their real component, as inflation expectations were little changed, according to surveys.

Equity Prices. The substantial rise in equity prices last year was only a bit below that registered in 1995. However, in contrast to 1995, when bond rates declined substantially, the equity gains last year came despite the net rise in bond rates. Corporate earnings were robust last year, but their advance fell short of share price increases, and price–earnings ratios rose to unusually high levels; dividend–price ratios were even more out of line with historical experience. Market participants appear to be anticipating further robust earnings growth, and they also seem to be requiring much less compensation for the extra risk of holding equities compared to, say, Treasury bonds. Such evaluations may be based on a perceived environment of persisting low inflation and balanced economic growth that would lower the odds of disruptions to economic activity. Other asset prices were generally subdued. Commodity prices were flat to down. Commercial real estate prices, although no longer falling, rose at little more than the rate of inflation. Residential real estate prices increased moderately.

Exchange Rates. The foreign exchange value of the dollar in terms of the currencies of the other G-10 countries rose about 4 percent during 1996. When measured in terms of the currencies of a broader group of U.S. trading partners and adjusted for differences in consumer price inflation, the appreciation of the dollar last year was also about 4 percent. Much of the rise in the exchange value of the dollar occurred during the first half of the year. Indications of greater-than-expected underlying strength in the U.S. economy and signs of weakness in some European economies in the first two quarters reinforced market expectations that U.S. monetary policy was less likely to be eased than was policy in the other industrial countries. These expectations boosted U.S. long-term interest rates relative to those abroad and contributed to upward pressure on the dollar. The dollar fluctuated somewhat from June through December but on balance changed little. Over the course of 1996, the dollar appreciated 12 percent in terms of the yen and 7¾ percent in terms of the mark. During the first weeks of 1997, the dollar's average value against the G-10 currencies has again moved up, appreciating about 7 percent since the end of December, as economic data have suggested additional strength in the U.S. economy and have raised questions about the vigor of economic expansions in several foreign industrial countries.

On average, yields on ten-year government securities in the major foreign industrial countries fell about 80 basis points last year, with most of the decline coming in the second half. In Italy, long-term rates declined much more, about 375 basis points, in response to low growth in real output, substantial progress in lowering inflation, and sizable, credible measures to reduce the government deficit. In contrast, long-term rates in the United Kingdom rose slightly as the economy strengthened. Rates in Japan rose early in the year as the economy spurted, but subsequent indicators of a weakening expansion caused rates to turn back down; over the year, they declined about 40 basis points on net. Long-term rates abroad have moved down slightly further so far this year. Short-term market rates in the foreign industrial countries on average declined about 120 basis points during 1996. Except in Japan, official central bank lending rates were lowered in the foreign G-10 countries last year, contributing to the decline in market rates.

Equity prices in most industrial countries rose strongly last year. The major exception was Japan, where prices on balance fell slightly. The general decline in long-term interest rates abroad and moves toward monetary ease were among the factors contributing to the upward movement in stock prices.

The dollar appreciated in nominal terms about 2½ percent on balance against the Mexican peso during 1996, with much of that appreciation coming over a few weeks in October. After having fluctuated in a narrow range for most of the year, the Mexican peso depreciated in terms of the dollar when market participants became concerned about the loss of competitiveness of Mexican exports during the year and about the partial nature of the government's planned privatization of the petrochemical industry. Peso interest rates rose in October and November, but have since more than retraced that increase as the peso has stabilized. In January, Mexican officials repaid all remaining outstanding obligations to the Exchange Stabilization Fund of the U.S. Treasury, completing repayment to the United States of all borrowings that were made following the peso crisis in late 1994; a partial early repayment was made to the International Monetary Fund as well.

In the first three quarters of 1996, large increases were reported in both foreign ownership of assets in the United States and U.S. ownership of assets abroad. Over the same period, foreign official assets in the United States increased almost $90 billion. Part of this increase was associated with exchange market intervention by the Japanese authorities to counter a brief strengthening of the exchange value of the yen early in the year, but a larger part reflected the repurchase of reserves by several European countries whose currencies strengthened against the mark. About half reflected increases in reserves of newly industrializing countries.

Private foreigners also added substantially to their assets in the United States in the first three quarters of 1996. Net purchases of U.S. Treasury securities by private foreigners amounted to $85 billion through September, and net purchases of corporate and government agency bonds were equally large. Foreign direct investment in the United States surged to a record $71 billion in the first three quarters, reflecting numerous mergers and acquisitions of U.S. companies by foreigners.

U.S. private investors also added rapidly to their holdings of foreign assets in the first three quarters of 1996. In contrast to foreign investors in the United States, U.S. portfolio investors favored foreign stocks over bonds. Net purchases in Japan were particularly large in the first half of the year. In addition, U.S. direct investment abroad remained strong, reflecting acquisitions and continued privatizations of foreign firms. □

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report describes Treasury and System foreign exchange operations for the period from October through December 1996. 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. Richard Dzina was primarily responsible for preparation of the report.[1]

During the quarter the dollar appreciated 3.9 percent against the yen and 0.9 percent against the mark, at one point establishing forty-five-month and twenty-four-month highs of ¥116.40 and DM 1.5665 respectively. On a trade-weighted basis against the currencies of the other Group of Ten countries, the dollar appreciated 0.2 percent. The dollar strengthened despite a shift in market expectations during the quarter from anticipation of a near-term tightening of U.S. monetary policy to the view that the Federal Open Market Committee (FOMC) would not take any action through the end of the year. Against the yen, the dollar was supported by perceptions of substantial Japanese capital outflows, as economic data and concerns about the Japanese financial system reaffirmed expectations that Japanese monetary policy would remain unchanged. After trading slightly

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.

1. Foreign exchange holdings of U.S. monetary authorities based on current exchange rates, 1996:Q4
Millions of dollars

Item	Balance, Sept. 30, 1996	Quarterly changes in balances by source				Balance, Dec. 31, 1996
		Net purchases and sales[1]	Impact of sales[2]	Investment income	Currency valuation adjustments[3]	
FEDERAL RESERVE						
Deutsche marks	13,038.9	.0	.0	90.8	-99.6	13,030.1
Japanese yen	6,376.8	.0	.0	6.2	-230.3	6,152.7
Interest receivables[4]	72.0	...	...	...	...	81.7
Other cash flow from investments[5]	-3.5	...	...	...	...	-1.0
Total	**19,484.2**	...	...	...	...	**19,263.5**
U.S. TREASURY EXCHANGE STABILIZATION FUND						
Deutsche marks	6,599.8	.0	.0	45.3	-50.4	6,594.6
Japanese yen	9,348.5	.0	.0	6.2	-331.1	9,023.6
Mexican pesos[6]	3,500.0	-69.1	.0	69.1	.0[7]	3,500.0
Interest receivables[4]	39.1	...	...	...	...	49.6
Other cash flow from investments[5]	1.2	...	...	...	...	6.2
Total	**19,488.6**	...	...	...	...	**19,161.7**

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.

weaker against the mark early in the period, the dollar appreciated against the German currency after calls from several European officials welcoming further depreciation of their currencies. Also, general optimism about the European Monetary Union (EMU) process prompted flows out of marks into other European currencies. The U.S. monetary authorities did not undertake any intervention operations during the quarter.

General Stability of Exchange Rates

The relative stability that characterized foreign exchange markets through the first three quarters of 1996 continued during the period. Although the average daily trading range for the dollar increased slightly from the previous quarter, it remained substantially less than the range observed for the same period in 1995. On average, the dollar traded in a daily range of 0.7 percent against both the mark and the yen. This compares with daily ranges of 0.6 percent against both currencies in the previous period and with daily ranges of 1 percent against the mark and 1.1 percent against the yen for the fourth quarter of 1995. Despite a few brief periods of sharp movements, the dollar generally firmed in a moderate manner throughout the period.

Nevertheless, implied volatility on dollar–mark and dollar–yen one-month options increased during the quarter. The probability distribution of future exchange rates implied by currency options prices became notably wider, possibly a reflection of some concern about the variability of the future spot rate.

A Shift of Expectations for U.S. Monetary Policy to Neutral

In September the decision of the FOMC to leave rates unchanged, followed by evidence of an economic slowdown and benign inflationary pressures, shifted expectations for U.S. monetary policy from near-certain tightening in late 1996 to a widespread consensus that the Committee would not take any action by year-end. At certain points during the quarter, the weaker data even spawned tentative discussions of the prospect of easing. Despite the shift in market expectations and the corresponding downward trend in U.S. forward rates, the dollar appreciated during the period as non-U.S. factors appeared to dominate currency trading.

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations based on historical cost-of-acquisition exchange rates, 1996:Q4

Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities, Sept. 30, 1996		
Deutsche marks	2,065.5	636.6
Japanese yen	1,211.2	1,783.0
Total	**3,276.8**	**2,419.6**
Realized profits and losses from foreign currency sales, Sept. 30, 1996–Dec. 31, 1996		
Deutsche marks	.0	.0
Japanese yen	.0	.0
Total	**.0**	**.0**
Valuation profits and losses on outstanding assets and liabilities, Dec. 31, 1996[1]		
Deutsche marks	1,965.9	586.1
Japanese yen	984.5	1,450.8
Total	**2,950.4**	**2,036.9**

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

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

Depreciation of the Yen amid Perceptions of Japanese Capital Outflows

Japanese economic data, as well as the failure of several financial institutions, suggested that the pace of economic recovery in Japan had not accelerated and bolstered market expectations that a near-term tightening of Japanese monetary policy was unlikely. The anticipation of fiscal contraction in 1997 and weakness in the Nikkei stock index helped solidify this view.

The yen weakened substantially in this environment, not only against the dollar but also on a trade-weighted basis as ongoing reports of capital outflows from Japanese investors seeking higher yields overseas pressured the currency. In October and November net capital outflows from Japan exceeded 1 trillion yen each month. Reportedly contributing to the capital outflow was the reallocation of additional funds from domestic to international portfolios with the start of the Japanese fiscal half-year on October 1.

As the yen continued to weaken, market participants began to speculate about the degree of official tolerance for additional depreciation of the Japanese currency. On November 7, comments by Japanese officials suggested that Japanese economic weakness was overstated and that the yen was unlikely to weaken further. After having strengthened more than ¥114 earlier in the quarter, the dollar retraced most of its earlier gains after these comments were made, weakening almost 2 yen, the sharpest one-day move in the period. Although speculation about Japanese official views on the exchange rate dominated dollar–yen trading for the remainder of the quarter, the yen continued to depreciate as market participants saw little tangible evidence of a Japanese economic recovery.

U.S. and Japanese trade data during the period suggested that the pace of adjustment in the Japanese external imbalance might be slowing and focused attention on the rising dollar as a potential trade issue. Nevertheless, trade data released during the period had little lasting effect on currency trading, and expectations of Japanese capital outflows dominated market psychology.

3. Currency arrangements, December 31, 1996

Millions of dollars

Institution	Amount of facility	Outstanding, Dec. 31, 1996
	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[1]	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[1]		
Regular swaps	3,000	0
United Mexican States[1]		
Medium-term swaps	...	3,500
Total[1]	...	**3,500**

1. Facilities available to Mexico comprise short-term swaps between the Bank of Mexico and both the Federal Reserve and the ESF, as well as medium-term swaps and government guarantees between the government of Mexico and the ESF. The total amount available from both medium-term swaps and government guarantees is $20 billion, less any outstanding drawings on the short-term facilities.

THE DOLLAR'S NEW 1996 HIGH AGAINST THE MARK

Against the mark, the dollar weakened slightly early in the period amid open debates over the terms of the economic stability pact, which dampened optimism about the EMU process, and a growing belief that Germany had reached the end of its easing cycle. At the same time, ebbing expectations of a tightening by the FOMC prompted a narrowing of long-term interest rate differentials and reduced a key element of support for the dollar. Meanwhile, the mark was also supported by heavy flows out of yen.

The dollar began a rapid appreciation midway through the period, however. In nine consecutive trading sessions between November 21 and December 4, the dollar strengthened from just below DM 1.50 to more than DM 1.56, with each closing rate exceeding that of the previous day. The dollar appreciation coincided with more favorable EMU sentiment after the Italian lira's re-entry to the European Exchange Rate Mechanism and after indications that a stability pact would be negotiated at the Dublin summit. In addition, the dollar benefited from a brief reconsideration of prospects for further easing in Germany and the perception that the monetary authorities of continental Europe would welcome further depreciation of their currencies.

In the first two weeks of December, equity, fixed income, and currency markets became more volatile as market participants closed out positions before year-end. Nevertheless, previously established themes, particularly with respect to expectations for continued Japanese capital outflows, dominated holiday-thinned currency trading, and the dollar continued to appreciate as the year-end approached.

TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE RESERVES

At the end of the quarter, the foreign currency reserve holdings of the Federal Reserve System and the

4. Drawings/rollovers and repayments (–) by Mexican monetary authorities, 1996:Q4

Millions of dollars

Currency arrangements with the U.S. Treasury Exchange Stabilization Fund	Outstanding, Sept. 30, 1996	Oct.	Nov.	Dec.	Outstanding, Dec. 31, 1996
Bank of Mexico					
Regular	0	0	0	0	0
Medium-term	3,500	0	0	0	3,500

Note. Data are on a value-date basis.

Exchange Stabilization Fund (ESF) were valued at $19.2 billion and $15.6 billion, respectively, and consisted of German marks and Japanese yen.

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 December 31, outright holdings of government securities by U.S. monetary authorities totaled $7.7 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 $10.5 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. □

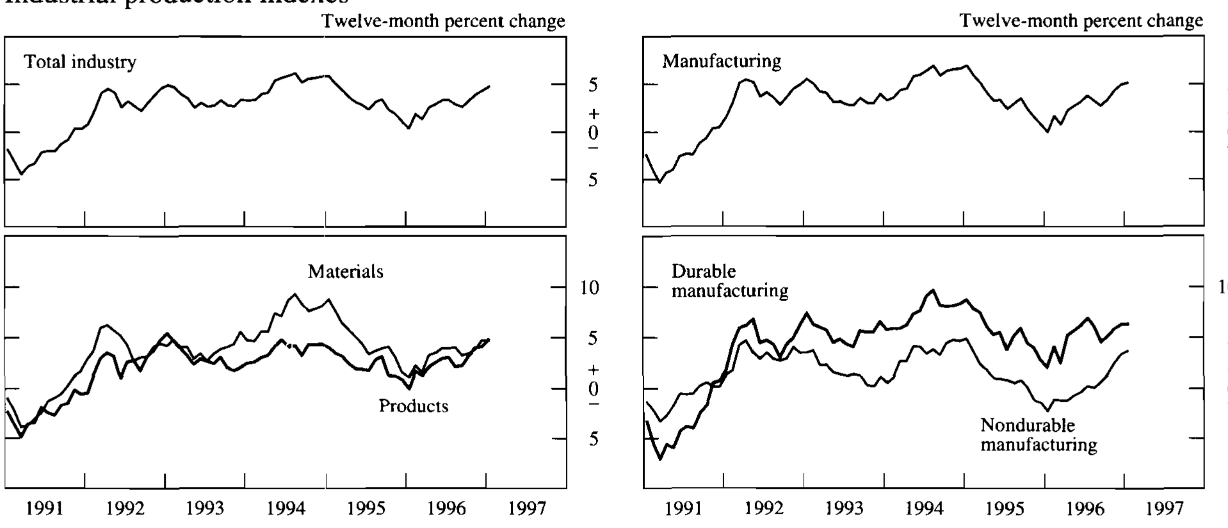
Industrial Production and Capacity Utilization for January 1997

Released for publication February 14

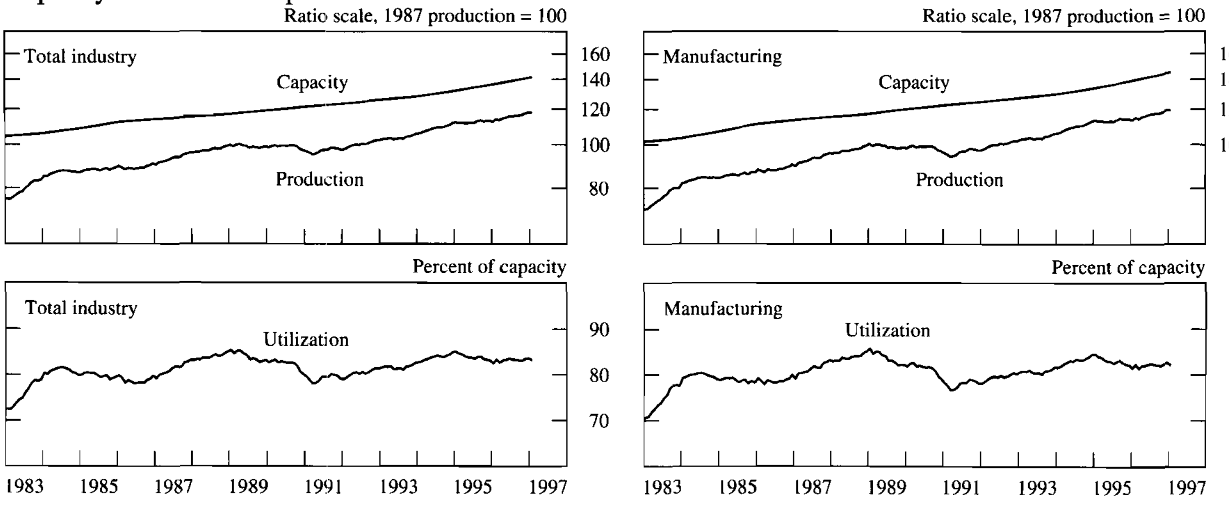
Industrial production was unchanged in January after a sharp rise late last year. The production index for business equipment rose further in January, but the indexes for consumer goods and for materials were little changed. The output of construction supplies fell for a second month. At 117.7 percent of its 1992 average, industrial production in January was 4.7 percent above its level of January 1996. Capacity utilization edged down 0.2 percentage point, to 83.3 percent, matching the average level in the last half of 1996.

When analyzed by market group, the data show that the output of consumer goods was unchanged in January after having risen at a rapid pace in the preceding two months. Among durables, the production of appliances fell in January, more than reversing

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, January 1997

Category	Industrial production, index, 1992 = 100								
	1996			1997	Percentage change				
					1996[1]			1997	Jan. 1996 to Jan. 1997
	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	
Total	**116.2**	**117.1**	**117.7**	**117.7**	**.2**	**.8**	**.5**	**.0**	**4.7**
Previous estimate	116.0	116.9	117.7	. . .	.0	.8	.7	. . .	. . .
Major market groups									
Products, total[2]	112.8	113.9	114.2	114.3	.1	1.0	.2	.1	4.8
Consumer goods	110.8	112.1	112.8	112.9	.3	1.1	.7	.0	4.2
Business equipment	128.8	129.9	130.5	131.5	.4	.9	.4	.8	7.8
Construction supplies	117.7	119.5	117.3	116.5	−1.8	1.6	−1.8	−.7	5.2
Materials	121.7	122.2	123.2	123.0	.4	.4	.8	−.1	4.7
Major industry groups									
Manufacturing	117.6	118.5	119.4	119.1	.2	.8	.7	−.2	5.1
Durable	127.1	128.4	129.2	129.1	−.1	1.0	.6	.0	6.3
Nondurable	107.4	108.0	108.9	108.5	.5	.5	.9	−.4	3.7
Mining	103.4	103.4	104.9	104.2	.0	.0	1.4	−.7	5.3
Utilities	111.9	113.1	109.8	113.0	.7	1.1	−2.9	2.9	.4

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Jan. 1996 to Jan. 1997
	Average, 1967–96	Low, 1982	High, 1988–89	1996				1997	
				Jan.	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	
Total	**82.1**	**71.1**	**85.3**	**82.4**	**83.0**	**83.4**	**83.5**	**83.3**	**3.7**
Previous estimate	. . .	. . .	. . .	. . .	82.8	83.2	83.5	. . .	. . .
Manufacturing	81.2	69.0	85.7	81.5	82.0	82.4	82.7	82.2	4.1
Advanced processing	80.6	70.4	84.2	79.9	79.9	80.5	80.9	80.6	4.9
Primary processing	82.3	66.2	88.9	85.0	86.7	86.6	86.7	86.0	2.4
Mining	87.5	80.3	86.8	86.9	91.0	91.0	92.3	91.6	−.2
Utilities	87.2	75.9	92.6	91.0	89.0	89.9	87.1	89.4	2.2

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.

the sharp gain in December, while the output of motor vehicles advanced further. Among nondurable consumer goods, the output of energy products rose steeply, as utility output for residential use rebounded from the low in December. The production of nondurable consumer goods excluding energy products edged down following very rapid gains in the fourth quarter.

The output of business equipment rose 0.8 percent further in January. As has been the case for some time, gains in the production of transit equipment and information processing equipment accounted for most of the strength in this sector. These increases were partly offset by a small decline in the production of industrial equipment, which, on balance, has been little changed since the middle of 1995.

The production of intermediate products declined 0.5 percent in January after a downward-revised drop of 0.8 percent in December. The output of construction supplies, which advanced briskly over the spring and summer months, has now declined noticeably in three of the last four months. The production of business supplies has drifted lower recently.

The output of materials, which also grew rapidly late last year, was little changed in January. Within durables, the output of parts for equipment and for consumer durables rose further but was offset by declines elsewhere. Among the components of nondurables materials, the output of textile and chemical materials fell, while the production of paper and other nondurable materials posted gains. Within energy materials, a rebound in electricity generation largely matched a decline in coal production.

When analyzed by industry group, the data show that manufacturing output edged down 0.2 percent after an increase of 0.7 percent in December. Within durables, sizable gains in the production of computers and transportation equipment were offset by reductions elsewhere. Within nondurables, most major industries posted declines, although the production of food and chemical products ticked up slightly. The sharp bounceback in utility output more than offset a small decline in output at mines.

The factory operating rate decreased 0.5 percentage point, to 82.2 percent, which is about the same level as the average in the last half of 1996. The utilization rate for advanced-processing industries fell 0.3 percentage point, to 80.6 percent; the rate for primary-processing industries dropped 0.7 percentage point, to 86.0 percent.

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Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, January 21, 1997

I am pleased to appear here today. In just a few weeks the Federal Reserve Board will submit its semiannual report on monetary policy to the Congress. That report and my accompanying testimony will cover in detail our assessment of the outlook for the U.S. economy and the challenges facing monetary policy. This morning, I would like to offer some personal perspectives on the current economic situation.

I think it is fair to say that the overall performance of the U.S. economy has continued to surpass most forecasters' expectations. The current cyclical upswing is now approaching six years in duration, and the economy has retained considerable vigor, with few signs of the imbalances and inflationary tensions that have disrupted past expansions. Although the data for the fourth quarter are still incomplete, it is apparent that real gross domestic product posted an increase in the neighborhood of 3 percent over the four quarters of 1996. This increase may seem quite moderate compared with the gains registered in some earlier years of the postwar period; however, at a time when the working age population is expanding relatively slowly and unemployment is already low, this economic growth is appreciable indeed. It was enough to generate more than 2½ million new payroll jobs last year and to cause the unemployment rate to edge down to 5¼ percent—a figure roughly matching the low of the last cyclical upswing, in the late 1980s. But, in contrast to that earlier period, we have not experienced a broad increase in inflation; in fact, by some important measures of price trends, inflation actually slowed a bit in 1996.

The balance and solidity of the expansion last year can be seen in the composition of the growth. Notably, consumers appear to have been rather conservative in their spending. In some instances, they may have been constrained by the debt-service burdens accumulated over the previous few years; but in the aggregate, households experienced an enormous further accretion of net worth as the stock market continued to climb at a breathtaking rate. Judging from historical patterns, such an increase in wealth might have inspired households to spend an enlarged share of their current income; but, if we take the available data at face value, households appear instead to have set aside a greater share of their income for financial investment. Perhaps Americans are finally becoming conscious of the need to accumulate additional assets to ensure not only that they can handle temporary interruptions in employment but also that they will have the wherewithal to enjoy a lengthy retirement down the road.

Be that as it may, the increased flow of private savings—and a reduced call upon those savings by the Treasury—helped to fund substantial increases in fixed investment last year. Homebuilding activity was up considerably; notably, single-family housing starts were robust once again and helped to push the nation's homeownership rate to a fifteen-year high. In addition, business fixed investment posted another strong advance. Firms acquired large amounts of computing and telecommunications equipment in particular, seeking to enhance the efficiency of their operations as well as their overall productive capacity. At the same time, they accumulated inventories rather cautiously: Stock-to-sales ratios, which had risen in 1995, were in many cases near historic lows as of November 1996, the most recent month for which statistical information is available.

The growing economy had beneficial effects on the finances of many states and localities, which consequently could spend more on needed infrastructure and vital services and, in some instances, trim taxes. Of course, overall government sector purchases were held down by the ongoing efforts to reduce the federal deficit. It clearly was private demand that drove economic growth last year.

To be more specific, it was *domestic* private demand that did so, for net exports fell, on balance, in 1996. The volume of goods and services we sold abroad grew appreciably, despite moderate economic expansion by our major trading partners, but our imports continued to grow at a rapid clip. In fact, imports provided a safety valve in a U.S. economy marked by a high degree of resource utilization.

I have already noted that our unemployment rate reached the lowest level in some time. Moreover, throughout the year, we heard reports from around the country that qualified workers were in tight supply. Although increases in hourly compensation remained relatively subdued—an important fact to which I shall return in a few moments—they did become more sizable, and they raised unit costs when employers were unable to enhance productivity commensurately. Thanks to the very substantial additions to facilities in the past few years, physical capacity in the manufacturing sector was not greatly strained.

The question is, of course, where do we go from here? Can we continue to achieve significant gains in real activity while avoiding inflationary excesses? Because monetary policy works with a lag, it is not the conditions prevailing today that are critical but rather those likely to prevail six to twelve months, or even longer, from now. Hence, as difficult as it is, we must arrive at some judgment about the most probable direction of the economy and the distribution of risks around that expectation.

Fortunately, economic events are not wholly random and unforecastable. There are certain principles, and certain empirical regularities in behavioral relations, that we can follow with some degree of confidence. For example, capital investment responds in a predictable way to the rate of growth of the economy, expected profitability, and the cost of capital. Similarly, housing activity, with some qualifications, moves inversely with mortgage rates. And the largest component of final demand, personal consumption expenditures, generally follows income over time. Many of these relationships are embedded in the traditional notion of the business cycle developed by Wesley Clair Mitchell three-quarters of a century ago and worked out with Arthur F. Burns, one of my predecessors, in the definitive tome *Measuring Business Cycles.* Their insights remain relevant today.

Even so, each cycle tends to have its own identifying characteristic. For example, in the late 1980s and the recessionary period of the early 1990s, the economy was dominated by the sharp fall in the market value of commercial real estate; because such real estate served as a major source of loan collateral, the drop in its value had a profoundly restrictive influence on the willingness and ability of commercial banks to lend. As you may recall, at that time, I characterized the economy as trying to advance in the face of fifty-mile-an-hour headwinds. The severe credit restraint was only grudgingly responsive to the extended efforts of the Federal Reserve to ease monetary conditions.

Similarly, the dramatic rise of inflation and of inflation expectations in the 1970s was key in shaping the cyclical patterns of that period. One manifestation was the impetus to spending on houses, cars, and other consumer durables from buyers' efforts to beat future price increases. Countering this inflation required a major monetary tightening, which moved both nominal and real interest rates up sharply and led to substantial contractions in housing and other interest-sensitive sectors in the early 1980s.

In contrast, as I have mentioned several times to the Congress over the past few years, perhaps the dominant characteristic of the current expansion is low inflation and quiescent inflation expectations, which have helped create a financial environment conducive to strong capital spending and longer-range planning generally. I emphasized this point in our Humphrey–Hawkins testimony of a year ago. Since then, increases in hourly compensation as measured by the employment cost index have continued to fall far short of what they would have been if historical relationships between compensation gains and the degree of labor market tightness had held.

Reaching some judgment about the reasons for this departure from past patterns is important. As I see it, heightened job insecurity explains a significant part of the restraint on compensation and the consequent muted price inflation.

Surveys of workers have highlighted this extraordinary state of affairs. In 1991, at the bottom of the recession, a survey of workers at large firms indicated that 25 percent feared being laid off. In 1996, despite the sharply lower unemployment rate and the demonstrably tighter labor market, the same survey organization found that 46 percent were fearful of a job layoff.

The continued reluctance of workers to leave their jobs to seek other employment as the labor market has tightened provides further evidence of such concern, as does the tendency toward longer labor union contracts. For many decades, contracts rarely exceeded three years. Today, one can point to five- and six-year contracts—contracts that are commonly characterized by an emphasis on job security and that involve only modest wage increases. The low level of work stoppages of recent years also attests to concern about job security.

Thus, the willingness of workers to trade off smaller increases in wages for greater job security seems to be reasonably well documented for this particular business cycle expansion. The unanswered question is why this insecurity has persisted even as the labor market has, by all objective measures, tightened considerably. One possibility is the ongoing concern of workers about job skill obsolescence. The reality of this obsolescence is evidenced by the marked expansion of on-the-job training programs, especially in technical areas, in many of the nation's corporations. No longer can one expect to obtain all of one's lifetime job skills with a high school or college diploma. Indeed, continuing adult education is perceived to be increasingly necessary to retain a job.

Certainly, there are other possible explanations of the softness in compensation growth in the past few years. The sharp deceleration in health care costs, of course, is cited frequently. Another possibility is the heightened pressure on firms and their workers in industries that compete internationally. Domestic deregulation has had similar effects on the intensity of competitive forces in some industries. In addition, the continued decline in the share of the private work force in labor unions has likely made wages more responsive to market forces—indeed, the converse is also true in that the new competitive realities have in many instances undermined union strength. In any event, although I do not doubt that all these explanations are relevant, I would be surprised if any were dominant.

Another potential explanation is that persistently low price inflation is constraining wage increases. Historical evidence clearly indicates that price inflation is a factor in wage change. But, if the causation is running mainly from product markets, where prices are set, to labor markets, where wages are set, then we would expect to see some squeeze on profit margins. Clearly, this is not the case at present. Rather, owing in part to the subdued behavior of wages, profits and rates of return on capital have risen to high levels. The high rates of return, in turn, seem to be inducing competitive pressures that limit the ability of firms to raise prices relative to their underlying cost structures because they fear that competitors anxious to capture a greater share of the market will not follow suit. Thus, the evidence seems more consistent with the view that wage restraint is damping price increases than the other way around.

If the job insecurity paradigm that I have outlined is the key, then we must recognize that, as I indicated in last February's Humphrey–Hawkins testimony, "suppressed wage cost growth as a consequence of job insecurity can be carried only so far. At some point in the future, the trade-off of subdued wage growth for job security has to come to an end." In short, this implies that even if the level of real wages remains permanently lower as a result of the experience of the past few years, the relatively modest wage gains we have seen are a transitional rather than a lasting phenomenon. The unknown is how long the transition will last. Indeed, the recent pickup in some measures of wages suggests that the transition may already be running its course. If so, the important question from a monetary policy point of view is whether prospective labor market conditions will be consistent with the maintenance of satisfactory price performance.

I would like to conclude with a brief discussion of some issues of measurement and economic data that may be useful as you begin your deliberations on the 1998 budget. One issue you will have to grapple with is the growing consensus that the consumer price index—and other broad price measures that rely heavily on CPI data in their construction—are substantially overstating changes in the true cost of living. From your perspective, one important implication of the CPI bias is that it creates an automatic and presumably unintended real increase in social security and other indexed federal benefits and a real cut in indexed individual income taxes each year. Less widely recognized is the fact that, for a given level of nominal spending, the upward bias in the CPI in many cases is mirrored in a downward bias in estimates of real spending; this muddies the interpretation of both recent economic developments and longer-run trends in our economic performance.

Several researchers have attempted to quantify the bias in the CPI and other broad measures of prices. One set of studies has examined the detailed microstatistical evidence on price measurement. The Boskin Commission drew heavily on these studies and concluded that the CPI is currently overstating changes in the true cost of living approximately 1 percentage point per year. In addition to some technical factors associated with its construction, the CPI overstates inflation because of the slow introduction of new products and inadequate adjustment for quality improvements.

Recently, researchers at the Federal Reserve Board have looked at the measurement issue from a macroeconomic perspective. This analysis, which questions whether the pattern implied by the published price, output, and productivity statistics makes sense, also suggests that the inflation rate is overstated. In particular, the research finds that measured real output and productivity in the service sector of the economy are implausibly weak, given that the return to the owners of these businesses that is implicit in our aggregate statistics on GDP apparently has been well maintained. The published data indicate that the level of output per hour in several service-producing industries has been falling for more than two decades—that is, that firms in these industries have been getting less and less efficient for more than twenty years. This pattern is highly unlikely. Price mismeasurement seems to be the most probable explanation of the data anomalies, and the order of magnitude appears consistent with the microstatistical results.

The evidence that inflation has been slower and that real growth has been faster than the official measures indicate is welcome, in part because it suggests that the nation's current level of economic well-being is higher than we had thought. But I want to make clear that revising our historical estimates of real growth to incorporate better price data would have no material effect on measures of the degree of resource utilization because such a revision implies faster growth in potential output as well as actual output; accordingly, it does not alter the relationship between resource utilization and inflation. Nor does it change the outlook for the federal budget deficit, apart from any modifications to the indexing formulas for entitlements and income taxes.

Certainly, the judgment that aggregate productivity has been growing faster than indicated by the official statistics seems reasonable in light of the significant business restructurings and extraordinary improvements in technology in recent years. I do not mean to imply, however, that we should assume that the full productivity gain from information technology has already been reaped. Clearly, it takes some time for firms to adopt production techniques that translate a major new technology into increased output. In an intriguing parallel, electric motors in the late nineteenth century were well known as a technology but were initially integrated into production systems that were designed for steam-driven power plants. Not until the gradual conversion of previously vertical factories into horizontal facilities, mainly in the 1920s, were firms able to take full advantage of the synergies implicit in the electric dynamo and thus achieve dramatic increases in productivity. Analogously, not all of today's production systems can be easily integrated with new information and communication technologies. Some existing equipment cannot be controlled by computer, for example. Thus, the full exploitation of even the current generation of information and communication equipment may occur over quite a few years and only after a considerably updated stock of physical capital has been put in place.

Although such a scenario is quite plausible, we cannot be certain when, or if, it will occur. Thus, we must be vigilant to ensure that our economy remains sufficiently flexible for entrepreneurial initiatives. And we must continue our efforts to further enhance productivity growth by raising national saving and spurring capital formation. Attaining a higher national saving rate quite soon is crucial, particularly in view of the anticipated shift in the nation's demographics and associated pressures on federal retirement and health programs in the first few decades of the next century. Reducing the size of the federal budget deficit, and over time moving the unified budget into surplus, would go a substantial way in that direction. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, January 30, 1997

I appreciate the opportunity to appear before you today. The committee is faced with a number of complex policy issues that will have an important bearing on the fiscal health of the nation and the welfare of our people well into the next century. I will be happy to respond to questions relating to any of those issues, but in my formal comments this morning I intend to focus on the accuracy of the consumer price index.

I would like to begin by commending this committee for having done so much to bring the issue of possible bias in the CPI to the attention of the Congress and of the nation in general. The hearings conducted by this committee in 1995, as well as the report produced by the advisory commission that was sponsored by this committee, have advanced the discussion considerably. These efforts, along with the continuing contributions of the Bureau of Labor Statistics (BLS) research staff, have added importantly to our understanding of the sources of measurement error in the CPI.

Any index that endeavors to measure the cost of living should aim to be *unbiased.* That is, a serious examination of all available evidence should yield the conclusion that there is just as great a chance that the index *under*states the rate of growth of the target concept as there is that it *over*states the truth. The present-day consumer price index does not meet this standard. In fact, the best available evidence suggests that there is virtually *no* chance that the CPI as currently published *under*states the rate of growth of the appropriate concept. In other words, there is almost a 100 percent probability that we are overcompensating the average social security recipient for increases in the cost of living and almost a 100 percent probability that we are causing the inflation-adjusted burden of the income tax system to decline more rapidly than I presume the Congress intends.

A major reason for this is that consumers respond to changes in relative prices by changing the composition of their actual market basket. At present, however, the market basket used in constructing the CPI changes only once every decade or so. Moreover, new goods and services deliver value to consumers even at the relatively elevated prices that often prevail early in their life cycles; currently, that value is not reflected in the CPI.

For that and other reasons outlined in the Boskin Commission report and other studies, we know with near certainty that the current CPI is off. We do not know precisely by how much, however. There is, nonetheless, a very high probability that the upward bias ranges between ½ percentage point per year and 1½ percentage points per year. Although this range happens to coincide with the one I gave two years ago, it does reflect both the improvements in the index that the BLS has implemented since then and the emergence of evidence suggesting that the initial problem was of a slightly greater dimension than had previously been estimated. This estimate is consistent with a number of microstatistical studies as well as an independently derived macroevaluation by the staff at the Federal Reserve Board, which I will discuss shortly.

In judging these evaluations, it is incumbent upon us to resist the evident strong inclination to believe that precision is the equivalent of accuracy in price bias estimation. If we cannot find a precise estimate for a certain bias, we should not implicitly choose zero as though that were a more scientifically supportable estimate.

There is no sharp dividing line between a pristine estimate of a price and one that is not. All of the estimates in the CPI are approximations, in some cases very rough approximations. Further, even very rough approximations can give us a far better judgment of the cost of living than holding to a false precision of accuracy. We would be far better served following the wise admonition of John Maynard Keynes that "it is better to be roughly right than precisely wrong."

Estimates of the magnitude of the bias in our price measures are available from a number of sources. Most have been developed from detailed examinations of the microstatistical evidence. However, recent work by staff economists at the Federal Reserve Board has added strong corroborating evidence of price mismeasurement using a macroeconomic approach that is essentially independent of the exercises performed by other researchers, including those on the Boskin Commission. In particular, employing the statistical system from which the Commerce Department estimates the national income and product accounts, the research finds that measured real output and productivity in the service sector are implausibly weak, given that the return to owners of businesses in that sector apparently has been well maintained. Taken at face value, the published data indicate that the level of output per hour in a number of service-producing industries has been falling for more than two decades. In other words, the data imply that firms in these industries have been becoming less and less efficient for more than twenty years.

These circumstances simply are not credible. On the reasonable assumption that nominal output and hours worked and paid of the various industries are accurately measured, faulty price statistics are almost surely the likely cause of the implausible productivity trends. The source of a very large segment of these prices is the CPI.

For this exercise, the study used the gross domestic product chain-weighted price measures. Although these price measures are based on many of the same individual price indexes included in the CPI, they do not suffer from upper-level substitution bias. Hence, the price mismeasurement revealed by this data system largely reflects shortcomings in quality adjustment and in the treatment of new goods and services. If, instead of declining, productivity in these selected service industries was flat, to up a modest 1 percentage point per year, the implicit aggregate price bias associated with these service industries alone would be about ½ percentage point or so per annum in recent years—very similar in magnitude to the Boskin Commission estimate of total quality adjustment and new products bias.

To be sure, it is theoretically possible that some of the measured productivity declines in these service industries merely reflect mispricing of intermediate transfers among various industries. Such an occurrence would cause an understatement of productivity in some sectors but a corresponding overstatement in others. But the available evidence suggests that for these particular service industries this theoretical possibility is not of a sufficiently large empirical magnitude to overturn the basic conclusion that there are serious measurement problems in our price statistics. Moreover, the study did not attempt to evaluate possible quality and new products bias in other industries.

Some observers who are skeptical that the bias in the CPI could be very large have noted that the evidence on the magnitude of unmeasured quality change and the importance of new items bias is incomplete and inconclusive. Without a doubt, quality change and new items are among the most difficult of the problems currently confronting the BLS. But since I raised this issue two years ago in my testimony before this committee, a number of studies have documented significant new examples of cases in which the current treatment in the CPI results in an overstatement of the rate of growth of the cost of living.

Certain components of the CPI are doubtless biased *downward* because quality change is handled inappropriately. One instance in which there may well be a problem in this regard pertains to new vehicles, where it may be more appropriate to treat pollution control and mandatory safety equipment, at least in part, as raising price to a consumer rather than improving quality as is the present practice. But the potential downward bias introduced by current methodology for such equipment can only be slight. We should be prepared to embrace credible new research on quality adjustment, regardless of whether that research points to additional sources of upward bias or previously undetected instances of downward bias. Nonetheless, currently available evidence very strongly supports the view that, *on balance*, the bias is decidedly toward failing to appropriately capture quality improvements in our price indexes. There is little reason to believe that this conclusion will change unless we alter our procedures.

A more difficult quality-related issue is whether to reflect changes in broad environmental and social conditions in price measures that are used for indexing various components of federal outlays and receipts. That is, should the CPI reflect the influence of factors such as the level of crime, air and water quality, and the emergence of new diseases, which are not specifically related to products that consumers purchase? There is little in the record to suggest that, when it enacted the indexation of social security benefits in 1972, the Congress intended for the beneficiaries of that program to be compensated for changes in such environmental and social factors. Nor do these issues appear to have been raised when the Congress debated the indexation of various tax parameters during the 1980s. Taking account of such conditions, particularly those that lie outside the markets for goods and services, would be an interesting exercise in its own right but would appear to extend well beyond the original intent of the Congress.

A considerable professional consensus already exists for at least two actions that would almost surely bring the CPI into closer alignment with a true cost-of-living index. First, we should move away from the concept of a fixed market basket at the upper level of aggregation and move toward an aggregation formula that takes into account the tendency of consumers to alter the composition of their purchases in response to changes in relative prices. The BLS already calculates such an index on an experimental basis with a lag of about a year. If the Bureau adopts the Boskin Commission's recommendation that it publish a "best practice" version of the CPI with a lag of a year, it should, without question, build that index on the foundation of a variable market basket.

There is a somewhat more difficult issue as to whether the concept of a variable market basket can be applied in "real time," that is, with the same degree of timeliness that characterizes the current CPI. It is not possible to implement the textbook versions of any of the so-called superlative index formulas in real time because those formulas require contemporaneous data on expenditures, and those data are not presently available until about a year after the fact. However, this hardly forecloses the possibility of implementing an *approximation* to a superlative formula, and work should continue on the development of such an approximation.

A second area that will require attention is the aggregation of prices at the most detailed level of the index. This is a highly technical area and an important example of how research by the staff at the BLS has advanced our knowledge. Without going into the details of the matter, it is sufficient to say that a selective move away from the current aggregation formula is warranted and would probably make a modest further contribution to bringing the index more in line with the concept of a cost-of-living index.

Beyond these rather limited steps, most of the needed developments will require time, effort, and quite possibly additional resources. It is important that the Congress provide the Bureau with sufficient resources to pursue the agenda vigorously. These are difficult problems and cannot be solved tomorrow or next week. But with adequate support and diligent effort, the pace of improvement should quicken. Moreover, an accelerated pace of BLS activity and heightened congressional interest should galvanize analysts outside the government to contribute to the research effort.

Where will this longer-term effort be required? One of the key areas, by all accounts, is quality adjustment. As the Bureau has rightly noted, they do indeed already employ a variety of methods to control for quality change, but available evidence suggests that these are not sufficient to the task. Unfortunately, making improvements on this front will be difficult: Each item will have to be considered on its own, and there may well be limited transfer of knowledge from one item to the next.

Another key area on the longer-term agenda will be the estimation of the value of new products to consumers. Significant innovations, such as the personal computer, the cellular telephone, and the heart bypass operation, create value for consumers, even at their typically high initial prices; moreover, this value is even greater at the much lower prices that often prevail when new products are, in fact, introduced into the CPI. A true cost-of-living index would reflect this value and its implication for the true rate of growth of the cost of living. The CPI does not reflect it and accordingly fails to capture a significant offset to price rises in other products. Deriving an estimate of this value and building it into the CPI will not be an easy undertaking. But conceptually, it is unquestionably the right direction to be heading, and some recent research suggests that it could measurably affect the index.

Over time, we will need to investigate alternative sources of data. Already, there is interesting work being done to develop techniques for processing data collected from bar code scanners at the checkout counter. Scanner data will allow the BLS to track not just a small sample of products but virtually the entire universe of products in selected lines of business and, perhaps most importantly, virtually the universe of transactions, regardless of whether those transactions happen on a weekday, at night, or on a holiday.

We should also move to improve our understanding of the value that consumers place on their own time. Absent such knowledge, it will be impossible for the BLS to estimate the value of many goods and services that mainly serve to enhance convenience and save time.

Finally, we will have to attempt to build an understanding of why consumers shop at the places they do: What characteristics of an outlet are important and how much so? Location, hours of operation, inventory, and quality of service are all likely influences on the value that consumers place on their shopping experience, and all will be important in helping the BLS to develop a more sophisticated statistical method for dealing with the appearance of new consumer outlets, including those that operate over the Internet.

Even if the BLS moves aggressively, some upward bias will almost surely remain in the CPI, at least for the next several years. Two years ago, in testimony before this committee, I suggested that a workable structure for dealing with this situation might involve a two-track approach. That suggestion still seems to me to make sense. The first track would involve action by the BLS to address those aspects of the bias that can be dealt with in relatively short order, say within the next year. The second track would involve the establishment of an independent national commission to set annual cost-of-living adjustment factors for federal receipt and outlay programs. The commission would examine available evidence on a periodic basis and estimate the bias in the CPI, taking into account both the latest research on the sources and magnitudes of the bias and any corrective actions that had been taken by the BLS. This type of approach would have the benefit of being objective, nonpartisan, and sufficiently flexible to take full account of the latest information. Moreover, there is no reason why the two tracks could not proceed in parallel.

Without the second track, we are implicitly assuming, contrary to overwhelming evidence, that the most accurate estimate of the bias is zero. There has been considerable objection that such a second track procedure would be a *political* fix. To the contrary, assuming zero for the remaining bias is the political fix. On this issue, we should let evidence, not politics, drive policy.

We have an overarching national interest in building a better measure of consumer prices and in implementing more rational indexation procedures. Through these efforts, we are most likely to ensure that the original intent of the relevant pieces of legislation will be fulfilled in insulating taxpayers and benefit recipients from the effects of ongoing changes in the cost of living. At present this objective is not being met. □

Announcements

Janet L. Yellen: Resignation as a Member of the Board of Governors

In a letter dated February 12, 1997, Janet L. Yellen resigned as a member of the Board of Governors effective upon her taking office as Chairman of the President's Council of Economic Advisers. The text of Governor Yellen's letter of resignation follows:

February 12, 1997

The Honorable William Jefferson Clinton
The President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

It has been a privilege, an honor, and an education to serve as a member of the Federal Reserve Board since August, 1994. I have found it enormously rewarding to help craft a monetary policy oriented toward job creation and price stability, new supervisory and regulatory approaches to insure the safe and sound operation of our financial system, and programs in the areas of community and economic development.

I have greatly enjoyed working with Chairman Greenspan, Vice-Chairs Rivlin and Blinder, a dedicated, knowledgeable and collegial group of Governors, and the Fed's highly able and professional staff. I will miss my colleagues at the Federal Reserve. But I feel far better prepared to contribute to the work of the Council of Economic Advisers as a consequence of my experience there.

I am thrilled at the prospect of working with you and serving on your outstanding economic team. I will strive to insure that the Council of Economic Advisers continues to provide sound economic advice, analysis, and insights to inform the policymaking process. To carry out this transition, I hereby submit my resignation as a Member of the Board of Governors of the Federal Reserve System effective upon my taking office as Chairman of the Council of Economic Advisers.

Sincerely,

Janet L. Yellen

Appointments of New Members to the Consumer Advisory Council and Designation of a New Chairman and Vice Chairman

The Federal Reserve Board on January 6, 1997, named eight new members to its Consumer Advisory Council to replace members whose terms have expired and designated a new chairman and vice chairman of the council for 1997.

The Consumer Advisory Council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. The thirty-member council, with three-year terms that are staggered to ensure continuity, meets three times a year at the Board's offices in Washington, D.C.

Julia W. Seward, Vice President and Corporate Community Reinvestment Officer for Signet Banking Corporation in Richmond, Virginia, was designated chairman. Her term will run through December 1997. William L. Lund, Director of the Office of Consumer Credit Regulation for the State of Maine, was designated vice chairman. His term on the council ends in December 1998.

The eight new members are the following:

Wayne-Kent A. Bradshaw
Los Angeles, California

Since 1989, Mr. Bradshaw has been President and CEO of Family Savings Bank, a $174 million institution with four branches serving primarily South Central Los Angeles. Family Savings is the state's largest African-American-controlled financial institution. Previously, Mr. Bradshaw was President and CEO of Founders Savings and Loan Association in Los Angeles. Earlier, he held various posts with Union Bank in Los Angeles and Oakland, including Vice President/Manager, Asset-Based Financing, and Vice President, Northern California Asset Financing Center. Mr. Bradshaw served as Chief Deputy Superintendent of the California State Banking Department, in San Francisco, from 1981 to 1983. He received a bachelor's degree from the University of Arizona and an M.B.A. from the University of Southern California.

Janet C. Koehler
Jacksonville, Florida

Ms. Koehler is Senior Manager of Electronic Commerce for AT&T Universal Card Services. From 1990 to February 1996, when she assumed her present duties, she was Executive Director for Consumer Affairs. In that post, she was a strong proponent for consumer education and initiated programs reaching out to consumers, including management of AT&T Universal Card Services' first million dollar grant to consumer credit education programs across the United States. She has been with the AT&T corporation since 1975 in various capacities. Ms. Koehler has served on the advisory committee of the National

Institute for Consumer Education and on the education committee of the American Council on Consumer Interests. She also served on the executive committee of the International Credit Association and was chairman of its education committee. Ms. Koehler is the recipient of the National Coalition for Consumer Education Award for Leadership in Consumer Education and the International Credit Association's Merit and Distinguished Service Awards.

Paul E. Mullings
McLean, Virginia

Mr. Mullings is President and CEO of the Mortgage Electronic Registration System, Inc. (MERS), established in February 1996. MERS is a national registration system that tracks mortgage rights for the benefit of consumers and the real estate finance industry, and it was conceived by a technology committee of the Mortgage Bankers Association of America (MBA). Mr. Mullings served as a member of the MBA's Board of Governors from 1995 to 1996 and is a past vice chairman of its fair lending committee. He currently serves on the MBA's legislative committee. Previously, Mr. Mullings was President and CEO of First Interstate Bank's Residential Mortgage Company, where he was responsible for mortgage origination, servicing, and secondary marketing for thirteen western states. He has served on Fannie Mae's National Advisory Council. In 1992 he was named "Outstanding Banker of the Year" by the Los Angeles Urban Bankers.

Carol Parry
New York, New York

Ms. Parry is Executive Vice President in charge of the Community Development Group, Chase Manhattan Bank, and Chairman of the Chase Manhattan Community Development Corporation. Her responsibilities include all lending for low- and moderate-income housing, commercial revitalization projects, loans guaranteed by the Small Business Administration, loans to community-based not-for-profit organizations, affordable mortgages, corporate contributions and community outreach activities, the bank's minority and women vendor program, and fair lending and Community Reinvestment Act compliance. Ms. Parry serves on the advisory board for the Community Development Financial Institutions program under an appointment by President Clinton. She chairs the New York Clearing House's CRA committee, is co-chair of the New York Mortgage Coalition, and is on the executive committee and board of directors of the Health Insurance Plan of Greater New York. Ms. Parry also serves on the boards of the NYC Housing Partnership, Homes for the Homeless, the Citizens Housing and Planning Commission, the New York Landmarks Conservancy, and the New York Community Investment Company.

Philip Price, Jr.
Philadelphia, Pennsylvania

Mr. Price is Executive Director of The Philadelphia Plan, which was founded in 1994. The Plan is a long-term partnership among the private sector, inner-city neighborhoods, and city and state governments. Previously, Mr. Price was president of the Allegheny West Foundation, a Pennsylvania nonprofit corporation that manages the Allegheny West Community Development Project in North Philadelphia. The Philadelphia Plan is modeled after the Allegheny West Project—a comprehensive, cooperative revitalization program started in 1968 by Tasty Baking Company to improve the quality of life within neighborhoods adjacent to Tasty's plant and to create opportunities for the residents of those neighborhoods. Mr. Price was the project's organizing and first executive director. From 1983 to 1988, Mr. Price was deputy director of the Urban Affairs Partnership, which included serving as the executive director of a Ford Foundation initiative to help revitalize several Philadelphia inner-city neighborhoods. From 1979 through 1982, Mr. Price served in the Pennsylvania State Senate. He is a graduate of the University of Pennsylvania Law School and Harvard College.

Sister Marilyn Ross
Omaha, Nebraska

Sister Marilyn is Executive Director of the Holy Name Housing Corporation, a community-based corporation located in a low-income, predominantly African-American neighborhood in Omaha. Holy Name produces quality, affordable homes for low- and moderate-income families. Sister Marilyn has been associated with the corporation since 1983, first as development director and then as project director for a technical assistance grant from the U.S. Department of Housing and Urban Development. She has been Executive Director of the corporation since 1987. In 1988–89, she participated in a National Internship in Community Development with the Development Training Institute in Baltimore. Sister Marilyn was instrumental in establishing Omaha 100, a nonprofit lending consortium that provides technical and financial assistance to help low-income homebuyers, and served as its interim executive director from 1990 to 1993. Omaha 100's board of directors and advisory board have broad community-based representation—from the banking community, government, private sector, nonprofit, and religious sectors.

Gail Small
Lame Deer, Montana

Ms. Small is the founding Director of Native Action, a national model for citizen empowerment on Indian reservations. Native Action has established national precedents in federal banking law, environmental policy, Indian voter discrimination, and youth law. Ms. Small is a member of the Northern Cheyenne Indian Tribe, which gave her the Cheyenne name "Ve-hon!-naut," meaning Head Chief Woman. One of ten children, she was born and raised by her parents on the Northern Cheyenne Indian Reservation. She has served as an elected member of the Northern Cheyenne Tribal Council and remains active in national Indian policy issues, as well as international indigenous issues. At the Fourth United Nations World Conference on Women and N.G.O. Forum—held recently in Beijing, China—Ms. Small was a speaker on indigenous human rights. Her work has earned her numerous awards, including *Ms.* Magazine's 1995 Gloria Steinem Women of Vision Award. Ms. Small received a bachelor's degree from the University of Montana and a law degree from the University of Oregon School of Law.

Yvonne S. Sparks
St. Louis, Missouri

Ms. Sparks is Executive Director of Neighborhood Housing Services of St. Louis, Inc. NHS–St. Louis works in four urban neighborhoods, two in the central city and two in near-ring suburbs. The twenty-year-old agency operates lending, home repair, homebuyer training, home inspection, resident leadership, property insurance education, and counseling programs. Agency partners and supporters include neighborhood residents and organizations, lenders, insurers, Fannie Mae, and local government. Ms. Sparks has been a manager and executive in nonprofit and local government organizations for twenty years. She joined NHS–St. Louis in 1993. She also serves as vice chairman of the Tax Increment Finance Commission for the City of St. Louis, as co-chair of the St. Louis Federal Reserve Bank's Mortgage Credit Partnership Insurance Task Force, as a member of the board of directors of the St. Louis Regional Housing Alliance, as a member of the steering committee of the National Insurance Task Force, and as a member of the advisory committee of the St. Louis Pew Civic Entrepreneur Initiative.

Other Consumer Advisory Council members, whose terms continue through 1997 and 1998, are listed below.

Richard S. Amador, President and CEO, CHARO Community Development Corporation, Los Angeles, California.

Thomas R. Butler, President and Chief Operating Officer, NOVUS Services, Inc., Riverwoods, Illinois.

Robert A. Cook, Partner, Hudson Cook, LLP, Crofton, Maryland.

Heriberto Flores, President and CEO, Brightwood Development Corporation, Springfield, Massachusetts.

Emanuel Freeman, President, Greater Germantown Housing Development Corporation, Philadelphia, Pennsylvania.

David C. Fynn, Senior Vice President, National City Bank, Manager of Regulatory Risk, National City Corporation, Cleveland, Ohio.

Robert G. Greer, Chairman of the Board, Bank of Tanglewood, Houston, Texas.

Kenneth R. Harney, Journalist, Washington Post Writers Group, Chevy Chase, Maryland.

Gail K. Hillebrand, Litigation Counsel, West Coast Regional Office, Consumers Union of U.S., Inc., San Francisco, California.

Terry Jorde, President and CEO, Towner County State Bank, Cando, North Dakota.

Francine C. Justa, Executive Director, Neighborhood Housing Services of New York, New York, New York.

Eugene I. Lehrmann, Immediate Past President, American Association of Retired Persons, Madison, Wisconsin.

Errol T. Louis, Treasurer and Manager, Central Brooklyn Federal Credit Union, Brooklyn, New York.

Ronald A. Prill, Vice President, Credit, Dayton Hudson Corporation, Minneapolis, Minnesota.

Lisa Rice, Executive Director, Fair Housing Center, Toledo, Ohio.

John R. Rines, President, General Motors Acceptance Corporation, Detroit, Michigan.

Margot Saunders, Managing Attorney, Washington Office, National Consumer Law Center, Washington, D.C.

Gregory D. Squires, Professor of Sociology, University of Wisconsin-Milwaukee, Milwaukee, Wisconsin.

George P. Surgeon, Chief Financial Officer and Executive Vice President, Shorebank Corporation, Chicago, Illinois.

Theodore J. Wysocki, Jr., Executive Director, CANDO, Chicago, Illinois.

Preliminary Figures Available on Operating Income and Expenses of the Federal Reserve Banks

Preliminary figures released on January 13, 1997, indicate that operating income of the Federal Reserve Banks amounted to $25.163 billion during 1996. Net income before payment of dividends, additions to surplus, and payments to the Treasury totaled $20.974 billion. About $20.083 billion of this net income was distributed to the U.S. Treasury during 1996.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. Income from the provision of financial services amounted to $787.7 million.

Operating expenses of the twelve Reserve Banks and branches totaled $1.781 billion. In addition, earnings credits in the amount of $306.8 million were granted to depository institutions under the Monetary Control Act of 1980. Assessments to Reserve Banks for Board expenditures totaled $162.6 million, and the cost of currency amounted to $402.5 million.

Net deductions from income amounted to $1.639 billion, resulting primarily from unrealized losses on assets denominated in foreign currencies revalued to reflect current market exchange rates. Statutory dividends to member banks were $255.9 million.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury. In October 1996 the Reserve Banks also transferred $106 million from their surplus accounts to the Treasury, as statutorily required.

Interim Rule on Frequency Cycle for Examinations of Certain Institutions

The Federal Reserve Board, along with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision issued on January 24, 1997, an interim rule and requested comment on a proposal to expand the examination frequency cycle for certain financial institutions. The interim rule was effective January 30, 1997. Comments on the proposal are requested by March 31, 1997.

Implementation of this ruling will expand the eligibility for the eighteen-month examination cycle for "2" rated, well-managed banks from the current asset size limit of $100 million to a new limit of $250 million.

The ruling will implement section 306 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 2221 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996.

Regulation C: Interim Rule

The Federal Reserve Board published an interim rule that amends its Regulation C (Home Mortgage Disclosure). The amendment increases the asset-size exemption threshold for depository institutions from $10 million to $28 million. The rule was effective as of January 1, 1997.

Proposed Actions

The Federal Reserve Board, along with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (banking agencies), on January 9, 1997, requested comments on proposed regulations regarding qualification requirements for bank employees who sell mutual funds and certain other securities. Comments were requested by February 28, 1997.

The Federal Reserve Board also requested comments on January 9 on removing a majority of the prudential limitations or firewalls that currently apply to bank holding companies engaged in securities underwriting and dealing activities through section 20 subsidiaries. The Board is proposing to retain as operating standards for section 20 subsidiaries a limited number of restrictions adapted from the current firewalls. Comments were requested by March 10, 1997.

The Board also announced on January 9 that it was eliminating immediately a firewall requiring bank holding companies to seek approval before providing funds to their section 20 companies.

The Federal Reserve Board on January 16, 1997, published for comment proposed amendments to its Regulation E (Electronic Fund Transfers) to carry out statutory amendments to the Electronic Fund Transfer Act. Comments were requested by February 19, 1997.

The Federal Reserve Board on January 27, 1997, issued for comment proposed revisions to its Regulation Z (Truth in Lending), which carry out changes to the Truth in Lending Act contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996. Comments were requested by February 28, 1997.

Availability of Transcripts of Meetings in 1991 of the Federal Open Market Committee

The Federal Reserve on January 9, 1997, made available for public inspection transcripts of meetings of the Federal Open Market Committee (FOMC) that were held during 1991. The package includes transcripts of eight regularly scheduled meetings and eleven telephone conference calls.

Procedures adopted by the FOMC provide for the public release of transcripts for an entire year with a five-year lag. Minutes of each meeting are issued with an approximate six-week lag while decisions made at each meeting are announced on the day of the meeting.

The 1991 transcripts have been lightly edited to enhance readability and to redact confidential material, such as information pertaining to individual foreign central banks and private business information.

Copies of the transcripts are available from the Board's Freedom of Information Office, Room MP-500, Federal Reserve Board, Washington, DC 20551 (telephone 202-452-3684).

Daylight Overdrafts at the Federal Reserve Banks

Data on daylight overdrafts of depository institutions are shown in the table below. Aggregate daylight overdrafts are negative balances in the reserve or clearing accounts of all depository institutions holding accounts at Federal Reserve Banks. Daylight overdrafts are measured at the end of each minute (hh:mm:59) during the standard operating day of the Fedwire funds transfer system, which is currently 8:30:00 a.m. eastern time to 6:30:59 p.m., for a total of 601 measurements per operating day. On December 8, 1997, the hours of the standard Fedwire operating day will change to 12:30:00 a.m. eastern time to 6:30:59 p.m. eastern time.

For further information on daylight overdrafts and the Federal Reserve's policies concerning them, see the pamphlet *Overview of the Federal Reserve's Payments System Risk Policy*, which is available from any Federal Reserve Bank.

Daylight overdrafts of depository institutions at the Federal Reserve Banks and related fees, 1995–96

Millions of dollars except as noted

Final date of two-week period	Daylight overdraft fees (dollars)[1]	Biweekly average daily figures: Average per-minute daylight overdraft[2]	Biweekly average daily figures: Peak daylight overdraft[3]
1995			
Oct. 25	1,055,544	43,816	66,718
Nov. 8	1,016,413	42,544	66,950
Nov. 22	1,096,260	44,610	71,287
Dec. 6	1,137,280	48,724	77,893
Dec. 20	1,276,762	49,075	78,013
1996			
Jan. 3	925,686	45,077	68,744
Jan. 17	1,111,290	48,779	73,570
Jan. 31	1,268,347	49,376	74,481
Feb. 14	1,102,168	45,145	66,984
Feb. 28	1,193,651	50,983	77,946
Mar. 13	1,313,650	50,447	78,075
Mar. 27	1,147,785	46,453	70,779
Apr. 10	1,175,072	46,638	71,269
Apr. 24	1,154,162	45,728	67,936
May 8	1,069,337	43,983	61,982
May 22	1,001,636	42,803	61,924
June 5	1,035,685	46,085	68,523
June 19	1,041,401	43,229	64,059
July 3	1,115,497	45,852	64,222
July 17	956,733	45,074	63,673
July 31	1,038,354	43,830	63,035
Aug. 14	1,081,207	43,888	65,464
Aug. 28	1,046,820	43,963	66,613
Sept. 11	1,020,329	46,252	63,783
Sept. 25	923,219	41,345	58,523
Oct. 9	1,145,672	46,205	66,540
Oct. 23	917,076	43,649	63,123
Nov. 6	1,072,705	44,514	67,348
Nov. 20	1,048,428	47,783	71,402
Dec. 4	1,126,741	49,802	68,926
Dec. 18	1,142,388	47,175	68,815

NOTE. Positive balances in reserve or clearing accounts do not offset overdrafts in any of the calculations described in these notes. Data for the period October 27, 1993, to November 23, 1994, were reported in the *Federal Reserve Bulletin*, vol. 81 (January 1995), p. 31; data for October 26, 1994, to October 11, 1995, appear in Heidi Willmann Richards, "Daylight Overdraft Fees and the Federal Reserve's Payment System Risk Policy," *Federal Reserve Bulletin*, vol. 81 (December 1995), p. 1071.

1. Data are for the two-week period ending on the date shown and are not seasonally adjusted. For each day, the chargeable overdraft is an institution's average per-minute daylight overdraft for that day less a daily deductible amount. The deductible amount for each institution is 10 percent of its risk-based capital. The rate assessed against the chargeable overdraft is equivalent to an annual rate of 36 basis points times the fraction of the twenty-four-hour day that Fedwire is open. Two week fees of $25 or less are waived; neither waived fees nor daylight overdraft penalty fees are included in these totals.

2. The average per-minute daylight overdraft for a given day is the sum of the average per-minute daylight overdrafts for all institutions on that day. An institution's average per-minute overdraft for a given day is the sum of its overdrafts at the end of each minute in the standard operating day of the Fedwire system divided by the number of such minutes.

3. The peak daylight overdraft for a given day is the greatest value reached by the sum of the daylight overdrafts for all institutions at the end of each operating minute of that day.

Availability of Community Reinvestment Act Information on the Internet

The Federal Reserve Board announced on January 29, 1997, that information about the Community Reinvestment Act (CRA), including ratings of state member banks examined by the Federal Reserve, is now available on the Internet.

CRA information on the Board's World Wide Web site (http://www.bog.frb.us) can be accessed by bank name, city and state, bank examination data, and the CRA rating category. Ratings from July 1990 to July 1996 are available, and new rating information will be provided monthly.

Also available are a list of banks whose strategic plans have been approved, quarterly examination schedules, and a list of banks that have received wholesale or limited-purpose designations. Public evaluation portions of examinations and additional strategic plans will be added later.

Other new items on the Board's site include staff legal interpretations, a link to the Federal Reserve System's National Information Center on banking, and the report submitted to the Congress on funds availability and check fraud.

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

The Federal Reserve Board published on January 24, 1997, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations. Also published was a revised list of foreign equity securities that meet the margin criteria in Regulation T (Credit by Brokers and Dealers).

The lists were effective February 10, 1997, and supersede the previous lists that were effective

November 12, 1996. The next revision of these lists is scheduled to be effective May 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 4,816 OTC stocks, are as follows:

- Two hundred thirty-five stocks have been included for the first time, 186 under National Market System (NMS) designation
- Forty-eight stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- One hundred three 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 forty foreign stocks and deleting thirty-one, based on changes to the FT/S&P–AW Indices. Some of the additions and deletions reflect changes in the name or trading market of securities already on the FT/S&P–AW Indices. The revised foreign list now contains 1,974 securities displayed in order of country.

Publication of *Risk Measurement and Systemic Risk: Proceedings of a Joint Central Bank Research Conference*

The proceedings volume of a joint central bank research conference on Risk Measurement and Systemic Risk, held at the Federal Reserve Board in Washington, D.C. in November 1995, is now available. The conference brought together central bank staff from the Group of Ten member nations, as well as representatives from other government organizations, professionals involved in trading and risk management, and faculty from universities located on three continents. Included in the book are nineteen papers and two luncheon addresses covering credit risk, statistical issues, behavioral models, internal models, and stylized models of risk, and remarks from a panel session on past, present, and future research agendas on risk measurement.

As financial markets have evolved rapidly, the challenge of managing the risks assumed by financial intermediaries has grown increasingly complicated, as have the tasks of financial regulators, who must evaluate individual firms, and of central bankers, who as lenders of last resort must assess the overall risk to the functioning of the financial system. The goal of the conference was to foster research on new questions that have arisen as a result of these developments by providing a forum for presentation and discussion that could contribute to the development of a framework for understanding systemic risk and its measurement, a field that is at a very early developmental stage.

Copies of the proceedings volume *Risk Measurement and Systemic Risk: Proceedings of a Joint Central Bank Research Conference* at $25.00 each are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Publication of the December 1996 Update of the *Bank Holding Company Supervision Manual*

The December 1996 update of the *Bank Holding Company Supervision Manual*, Supplement No. 11, is now available. It includes examiner guidance for evaluating the use of credit derivatives by banking organizations. The guidelines focus on the role of these instruments for managing risk, enhancing asset yield, reducing credit concentrations, and diversifying overall risk. The material highlights the Federal Reserve's emphasis on the importance of establishing sound risk-management policies and procedures and effective internal controls. The treatment of credit derivatives under the risk-based capital framework is also discussed.

The update also summarizes Board Orders authorizing various nonbanking activities such as the following: acting as a commodity pool operator of investment funds, limited underwriting of certain "private ownership" industrial development bonds, and real estate title abstracting. Also, it directs the examiners' attention to the supplemental rules on risk-based capital (Regulation Y, appendix E) that adjust the risk-based capital guidelines for market risk involved in trading activities. The revision package includes a more detailed list of changes to the *Manual.*

The *Manual* and updates (including pricing information) are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

AVAILABILITY OF A VIDEO ON SAVING AND INVESTING

The Federal Reserve Board on January 8, 1997, announced the availability of a video designed to assist individuals with their saving and investing. This videotape is a byproduct of a live teleseminar entitled "It's Your Money" that aired on November 9, 1996, and was jointly sponsored by the Board and the Securities and Exchange Commission.

The hour-long program, designed to give individuals from all age groups basic information about saving and investing, featured key federal financial regulators such as Alice Rivlin, Vice Chair of the Federal Reserve Board, and Arthur Levitt, Chairman of the Securities and Exchange Commission.

In addition, a group of experts lent their expertise to this effort. The group of experts included the following:

Kelvin Boston, author of *Smart Money Moves for African Americans*
Thomas Jones, Vice Chairman and President of TIAA–CREF
Beth Kobliner, author of *Get a Financial Life*
Tyler Mathisen, Executive Editor of *Money* magazine
Grace Weinstein, author of *The Lifetime Book of Money Management*

The live program was made available to community colleges, cooperative extension services, and private business networks. In addition, the program was provided free of charge to public access, cable, and Public Broadcasting Service stations throughout the country. Through these distribution outlets, the teleseminar had a potential audience of 32 million households.

During the course of the program, some of the basic information discussed included tips on how to save on a limited budget, some of the best investment choices, how to hedge against inflation, how to avoid risk, the importance of saving early, and the benefits of compounding.

Individuals and organizations interested in purchasing a copy of the "It's Your Money" videotape for $11.95 can call VIDICOPY at 1-800-708-7080 or write to the following address:

VIDICOPY Corporation
650 Vaqueros Avenue, Suite C
Sunnyvale, California 94086

CHANGE IN BOARD STAFF

The Board of Governors announced on January 28, 1997, the promotion of Glenn Canner from Adviser to Senior Adviser, in the Division of Research and Statistics. □

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

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

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Central Bancorporation, Inc. ("Central Bancorp"), and its wholly owned subsidiary bank, Central Bank and Trust Company ("Central Bank"), both of Fort Worth, Texas.[1] Norwest also 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 acquire the nonbanking businesses of Central Bancorp and thereby engage in securities brokerage and mortgage lending activities.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board's rules (61 *Federal Register* 57,432 and 68,266 (1996)). 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.

Norwest, with total consolidated assets of $78.4 billion, operates subsidiary banks in 16 states: Arizona, Colorado, Iowa, Illinois, Indiana, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, South Dakota, Texas, Wisconsin, and Wyoming.[2] Norwest is the 12th largest commercial banking organization in the United States, controlling deposits of $46.3 billion, and the fourth largest in Texas, controlling deposits of $6.2 billion in the state.[3] Norwest also engages in a number of permissible nonbanking activities nationwide. Central Bancorp, with total consolidated assets of $1.1 billion, is the 15th largest commercial banking organization in Texas, controlling deposits of $961.5 million, representing less than 1 percent of total deposits in commercial banks in the state.

After consummation of the proposal, Norwest would remain the fourth largest commercial banking organization in Texas, controlling deposits of $7.2 billion, representing 4.7 percent of total deposits in the state. Norwest also would control 1.4 percent of the total deposits in banks and savings associations insured by the Federal Deposit Insurance Corporation.

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.[4] For purposes of the BHC Act, the home state of Norwest is Minnesota, and Norwest proposes to acquire a bank in Texas. The conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[5] In view of the facts of record, the Board is 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. Norwest and Central Bancorp do not compete directly in any relevant banking market. Based on all the facts of record, the Board con-

1. Central Bancorp directly owns all the voting shares of Central Bancorporation of Delaware, Inc., a Delaware corporation, which owns all the voting shares of Central Bank. Norwest also has applied under section 3 of the BHC Act to acquire this Delaware bank holding company.

2. Asset data are as of September 30, 1996.

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

4. 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.

5. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Norwest is adequately capitalized and adequately managed. Central Bancorp's subsidiary bank has been in existence and has continuously operated for more than five years, as required under Texas law. In addition, on consummation of the proposal, Norwest and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 20 percent of the total amount of deposits of insured depository institutions in Texas, as required by state law.

cludes 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.

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 Norwest, Central Bancorp, and their respective subsidiaries, and other supervisory factors in light of all the facts of record. The facts include supervisory reports of examination assessing the financial and managerial resources of the organizations and confidential financial information provided by Norwest. Based on these and all the other facts of record, the Board concludes that all the supervisory factors under the BHC Act, including financial and managerial resources, weigh in favor of approving the proposal.

B. Convenience and Needs Factor

The Board also has carefully 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 of that review, the Board has considered comments from the Minnesota Association of Organizations for Reform Now ("Protestant") contending that Norwest has engaged in banking practices in the Minneapolis/St. Paul, Minnesota, area that discriminate against low- and moderate-income ("LMI") consumers. Protestant alleges that Norwest's lead bank, Norwest Bank Minnesota, N.A., Minneapolis, Minnesota ("Norwest Minnesota"), has unreasonable fees for certain consumer accounts and services that disadvantage LMI consumers or discourage LMI consumers from using the bank's services; that Norwest Minnesota's Minneapolis/St. Paul branches have banking hours that discriminate against LMI consumers; and that Norwest's consumer finance subsidiary, Community Credit Co., Edina, Minnesota ("Community Credit"), engages in improper credit practices.

Norwest provides a full range of financial services through its bank and nonbank subsidiaries, including commercial and retail banking, insurance agency, venture capital, mortgage, consumer finance, trust, international trade finance, leasing, asset-backed lending, and corporate and investment banking services. Norwest has stated that the proposed acquisition would result in these services, some of which are not available through Central Bancorp, being offered in the markets currently served by Central Bancorp.

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 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.[6]

All of Norwest's subsidiary banks have received CRA performance ratings of "satisfactory" or "outstanding" in their most recent evaluations by their primary federal supervisors. Specifically, Norwest Minnesota received an "outstanding" rating in each of its last three examinations, the most recent of which was conducted in October 1996 by the Office of the Comptroller of the Currency ("OCC"), the bank's primary federal supervisor.

The October 1996 examination noted that Norwest Minnesota offered a full range of credit products to address the housing, small business, and consumer credit needs of the community.[7] A substantial majority of Norwest Minnesota's loans, when measured either as a percentage of the total number of loans or as a percentage of the total dollar amounts of loans, are within its assessment area. The examination also indicated that Norwest Minnesota, and its affiliate, Norwest Mortgage, Inc., showed a good distribution of loans within and throughout its delineated community, including in LMI areas.

Examiners also found that Norwest Minnesota's community outreach efforts were effective in attempting to reach all parts of the bank's delineated community. According to the October 1996 examination, for example, Norwest Minnesota received ongoing information on community credit needs through a process that incorporated surveys, focus groups, and direct contacts with representatives of LMI neighborhoods, housing services, and small business, community development, and government agencies.[8]

6. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act (54 *Federal Register* 13,742 and 13,745 (1989)) ("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.

7. Norwest Minnesota designated its community delineation to include all of Anoka, Washington, Ramsey, and Dakota Counties; a majority of Scott, Hennepin, and Carver Counties; and a portion of Isanti County. All the counties are within the Minneapolis/St. Paul Metropolitan Statistical Area. Examiners found that the community delineation was reasonable and did not arbitrarily exclude any LMI areas.

8. Protestant contends that it has been excluded from Norwest Minnesota's Community Marketing Initiative ("CMI"), an annual planning process designed to assess the needs of the communities that the bank serves. Protestant also alleges that Norwest Minnesota is unwilling to address community needs that are brought to the bank's attention in the CMI process. The record indicates that meetings took place between Norwest Minnesota management and Protestant in 1996, and that Norwest Minnesota repeatedly has invited Protestant's

The OCC found that Norwest Minnesota also had developed a sound marketing plan to reach all segments of the bank's service community. Norwest Minnesota sponsored radio advertisements specifically adapted to reach the African-American and Spanish-speaking communities; printed advertisements in American Indian, Hmong, and Spanish language publications; and printed brochures in languages other than English. Many of the bank's branches have bilingual staff to meet the needs of non-English speaking customers.

The October 1996 examination evaluated Norwest Minnesota's branch locations and hours, and concluded that the bank's offices are readily accessible to all segments of the community. Examiners found that, as of December 1995, Norwest Minnesota operated 76 branches throughout its delineated community, of which 13 (or 17 percent) were in LMI areas. The examination also found that Norwest Minnesota ensured that branch hours met local community needs through a regular management review process. In addition, the examination stated that Norwest Minnesota offers 24-hour toll-free telephone services for taking loan applications, making deposits, and conducting limited credit transactions.[9]

Community Credit. Protestant contends, without substantiation, that Norwest Minnesota deliberately denies credit to low-income customers and routinely "steers" low-income credit applicants to Community Credit, which charges higher loan rates than its affiliated bank.[10] Norwest denies this allegation and states that, if a loan is denied by Norwest Minnesota, the credit applicant is asked whether he or she would like to be referred to Community Credit. If the applicant agrees to the referral and meets Community Credit's lending criteria, Community Credit will approve the loan.[11]

Protestant has not alleged, nor is there any evidence in the record to indicate, that Norwest denies credit to applicants based on any prohibited factor, such as gender or race. The October 1996 examination of Norwest Minnesota found no practices intended to discourage applications for any type of credit. Examiners also found no evidence of discrimination in the credit decision process. Rather, examiners found that Norwest Minnesota solicits applications from all portions of its community, including LMI neighborhoods, and that all employees within the lending function receive appropriate and comprehensive training on fair lending regulations.[12]

Conclusion on the Convenience and Needs Factor. The Board has carefully considered the entire record in its review of the convenience and needs factor under section 3 of the BHC Act, including all the information provided by Protestant. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of Norwest Minnesota and Norwest's other banking subsidiaries, are consistent with approval of the proposal.[13]

members to participate in the CMI process. The OCC's October 1996 examination concluded that the Norwest Minnesota CMI planning process provided an adequate framework not only for determining community needs but also for developing the bank's response to those needs. Examiners noted that the CMI plan incorporates information such as demographic data, ascertainment efforts, marketing strategies, and lending goals; is prepared for each branch to respond to special local needs; and is monitored quarterly, and updated and approved regularly by Norwest Minnesota's board of directors.

9. Protestant also contends that Norwest Minnesota charges excessive fees for checks returned due to insufficient funds and for checks the bank pays against a customer's overdraft, and assesses excessive fees for money orders to discourage LMI customers from using the bank's money order services. The Board believes that these comments provide an incomplete picture of Norwest Minnesota's products and services. As previously noted by the Board, Norwest Minnesota offers special accounts with no minimum deposit and no fees, and offers overdraft protection to all checking account customers based on underwriting criteria similar to that used for other unsecured extensions of credit. *See Norwest Corporation*, 82 *Federal Reserve Bulletin* 667, 672 n.23 (1996).

Although the Board has recognized that banks help serve the needs of their communities by offering basic services at nominal or no charge, the CRA does not impose any limitation on the fees or surcharges that can be charged for services. The record indicates that Norwest Minnesota offers a full range of banking services in its delineated community, and there is no evidence in the October 1996 examination of Norwest Minnesota, or in the record of this proposal, that the fees charged by Norwest Minnesota are discriminatory or based on any factor that would be prohibited by law.

10. Protestant indicates that Norwest has not disclosed statistics on the number of referrals made by Norwest Minnesota to Community Credit or the bank's policy for making referrals to its consumer finance affiliate.

11. Norwest indicates that Community Credit may make loans to consumers denied credit by Community Credit's affiliated bank because Community Credit is a consumer finance company in the business of lending to higher risk borrowers.

12. Protestant also alleges that Norwest and Community Credit engage in other improper credit practices, including requiring borrowers to purchase credit life insurance in connection with loans; engaging in improper loan collection techniques; and failing to report timely loan payments of borrowers to credit bureaus. Norwest denies engaging in any illegal or improper practices and specifically denies that Community Credit requires its borrowers to purchase credit insurance. The Board has carefully considered Protestant's comments in light of all the facts of record, including reports of examination and other supervisory information from the Minnesota Department of Commerce, the state agency that regularly examines Community Credit for compliance with state and federal consumer protection laws. Based on all the facts, the Board concludes that Protestant's allegations do not warrant denial of the proposal.

13. Protestant has requested that the Board hold a public hearing on the convenience and needs effects of the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public meeting or 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. No supervisory agency has recommended denial in this case.

In addition, under the Board's Rules of Procedure, the Board, in its discretion, may hold a public hearing or meeting on an application to clarify factual issues relating to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). Protestant has had an ample opportunity to present its views, and Protestant has submitted substantial written comments that have been carefully considered by the Board. Protestant has not demonstrated why its written submissions do not adequately present its allegations and what, if any, additional matters would be addressed at a hearing or meeting. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is

Nonbanking Activities

Norwest also has filed notices, pursuant to section 4(c)(8) of the BHC Act, to acquire the nonbanking businesses of Central Bancorp and thereby to engage in providing full-service securities brokerage and mortgage lending services. The Board has determined that these activities are closely related to banking,[14] and Norwest 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." 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.[15] As noted above, based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of these notices. The Board also 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 Central Bancorp's customers and the public. Norwest notes that consumers in the markets currently served by Central Bank would have access to a variety of securities brokerage and mortgage servicing and origination services through Norwest that are not available through Central Bancorp. Accordingly, based on all the facts of record, the Board has determined that the balance of public benefits is favorable under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved. Approval of this application and notice is specifically conditioned on compliance by Norwest with all the commitments made in connection with this 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 225.23(b) (12 C.F.R. 225.7 and 225.23(b)), 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.

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

By order of the Board of Governors, effective January 13, 1997.

Voting for this action: Vice Chair Rivlin and Governors Kelley, Lindsey, Phillips, Yellen, and Meyer. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Industrial and Commercial Bank of China
Beijing, People's Republic of China

Order Approving Establishment of a Representative Office

Industrial and Commercial Bank of China ("Bank"), Beijing, People's Republic of China, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York (*The New York Times*, October 9, 1996). The time for filing comments has expired, and the Board has considered the application and all comments received.

As of June 30, 1996, Bank had total assets of approximately $400 billion. Bank is the largest of four specialized banks in the People's Republic of China and is wholly owned by the Chinese government. Bank operates more

not required or warranted to clarify the factual record in the proposal or otherwise warranted in this case. Accordingly, Protestant's request for a hearing on the proposal is denied.

14. *See* 12 C.F.R. 225.25(b)(1) and (b)(15).

15. *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).

than 32,000 offices and a number of subsidiaries in China. Outside China, Bank operates bank subsidiaries in Kazakhstan and Hong Kong, branches in Singapore and Hong Kong, and representative offices in Seoul, Korea; Tokyo, Japan; and London, England.

Until recently, one of Bank's primary activities was receiving funds from China's federal, regional, and local authorities and lending such funds on a medium- and long-term basis to state-owned enterprises to support urban industrial development. In connection with ongoing efforts to modernize China's financial system, however, Bank now engages in more traditional commercial banking activities.

The activities of Bank's representative office would include general marketing or promotional activities, research and consulting, and acting as liaison between Bank's customers and correspondent and investment banks. In addition, the representative office would engage in certain loan solicitation and servicing activities. All decisions regarding such loans would be made by Bank's head office and the representative office would not act as payment or collection agent in connection with its loan servicing activities.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside of the United States, has furnished to the Board the information it needs to assess the application adequately, is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor, and has provided adequate assurances of access to information on the operations of the bank and its affiliates to determine compliance with U.S. laws. (12 U.S.C. § 3107(a); 12 C.F.R. 211.24(d)). The Board also may take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

The Board previously has stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office, because representative offices do not engage in a banking business and cannot take deposits or make loans.[1] In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to the establishment of branches and agencies, subject generally to the following considerations. With respect to supervision by home country authorities, a foreign bank that proposes to establish a representative office should be subject to a significant degree of supervision by its home country supervisor.[2] A foreign bank's financial and managerial resources will be reviewed to determine whether its financial condition and performance demonstrate that it is capable of complying with applicable laws and has an operating record that would be consistent with the establishment of a representative office in the United States. Finally, all foreign banks, whether operating through branches, agencies or representative offices, will be required to provide adequate assurances of access to information on the operations of the bank and its affiliates necessary to determine compliance with U.S. laws.

The Board has considered the following information with respect to home country supervision of Bank. The People's Bank of China (the "PBOC") is the licensing, regulatory, and supervisory authority for banks and all other financial institutions in China and, as such, is the home country supervisor of Bank. Although regulation of the specialized banks by the PBOC historically has focused on the banks' compliance with state economic and financial goals, in the last several years the Chinese authorities have taken steps to develop a more market-oriented bank supervisory program placing greater emphasis on prudential standards. Under the new supervisory regime currently being implemented, the PBOC establishes capital, liquidity and asset quality requirements, regulates the investments of banks in other companies, establishes internal auditing standards for Chinese banks, and monitors Chinese banks for adherence to Chinese laws and regulations. The PBOC, which has authorized Bank to establish the proposed representative office, supervises the foreign and domestic activities of Bank and its subsidiaries.

The PBOC monitors the operations of Bank through on-site examinations and the review of periodic reports from Bank. The PBOC conducts both regular and limited ad hoc on-site examinations. On- site examinations generally focus on compliance with financial regulations, as well as Bank's internal controls, asset quality, capital, liquidity, profitability, and execution of economic and financial policies. Bank is required to submit various periodic financial and regulatory reports to the PBOC, including balance sheets, income statements, analyses of classified loans and external debt, reports on foreign exchange risk, and reports on deposits, borrowings, guarantees, and securities and investments. Bank also is required to publish its financial statements and audit report annually. The PBOC's examinations and general supervisory oversight of Bank are carried out by the head office and various of the more than 2,500 local offices of the PBOC.

Bank's internal audit department conducts biannual and annual internal audits of Bank, and ad hoc audits of particular areas of Bank's operations at least four times each year. Each major department or activity of Bank is subject to one or more internal audits annually. Internal audits generally review Bank's internal guidelines, operating and financial plans, budgets, and financial statements, as well as compliance with governmental and Bank's own policies. Bank's foreign branches and subsidiaries are required to submit periodic reports to Bank's head office and are audited on-site annually. The results of Bank's internal audits are provided to the PBOC. Bank proposes to monitor and control the activities of the representative office

1. *See* 58 *Federal Register* 6348, 6351 (1993).

2. *See Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993). *See also Promstroybank of Russia*, 82 *Federal Reserve Bulletin* 599 (1996) (addressing standards applicable to representative offices with limited activities).

through a similar combination of periodic reports and annual internal audits, as well as through meetings between staff of the representative office and Bank's head office.

Based on all the facts of record, the Board concludes that factors relating to the supervision of Bank by its home country supervisor are consistent with approval of the proposed representative office. The Board also has determined that, for purposes of the IBA and Regulation K, Bank engages directly in the business of banking outside of the United States through its operations in China. Bank has provided the Board with the information necessary to assess the application through submissions that address relevant issues.

The Board also has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3),(4); 12 C.F.R. 211.24(c)(2)). As noted above, the PBOC has authorized Bank to establish the proposed representative office.

Taking into consideration Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, the Board also has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and also has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Finally, with respect to access to information on Bank's operations, the Board has reviewed the relevant provisions of law in China and has communicated with appropriate government authorities regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of such information. In addition, subject to certain conditions, the PBOC may share information on Bank's operations with other supervisors, including the Board. In light of the commitments provided by Bank and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of the application is also specifically conditioned on compliance by Bank with the commitments made in connection with the application and with the conditions in this order.[3] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective January 27, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

3. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York and its agent, the New York State Banking Department (Department), to license the proposed representative office of Bank in accordance with any terms or conditions that the Department may impose.

Swiss Bank Corporation
Basle, Switzerland

Order Approving Establishment of a Branch

Swiss Bank Corporation ("Bank"), Basle, Switzerland, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in Stamford, Connecticut. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Stamford, Connecticut (*The Advocate*, October 25, 1996). The time for filing comments has expired, and the Board has considered all comments received.

Bank, with total consolidated assets of approximately $247.5 billion,[1] is the third largest bank in Switzerland, providing commercial and investment banking services worldwide.[2] The shares of Bank are publicly traded and widely held.[3]

In the United States, Bank operates branches in New York, New York; Chicago, Illinois; and San Fran-

1. Asset data are as of June 30, 1996.

2. Countries in which Bank provides banking services include Switzerland, the United Kingdom, Japan, Germany, Hong Kong, and Singapore.

3. The largest shareholder of Bank owns 5 percent of Bank's shares.

cisco, California; an agency in Miami, Florida; and representative offices in Los Angeles, California; and Houston, Texas. Bank also engages in a full range of securities activities permissible for bank holding companies through its section 20 subsidiary, SBC Warburg Inc. (formerly SBC Capital Markets Inc.), New York, New York, and several other nonbanking subsidiaries.[4]

Bank's primary purpose for establishing the proposed branch in Connecticut is to relocate and consolidate certain of the existing operations of its New York branches, as well as certain of the operations of its nonbanking subsidiaries. The Connecticut branch would serve as Bank's North American regional headquarters and would take over the trading operations currently conducted in one of Bank's New York branches. The proposed Connecticut branch would engage in all of the activities currently conducted by the New York branches except private banking.

Bank's current home state under the IBA and Regulation K is California. On approval of the proposed branch by the Board and the State of Connecticut Department of Banking, Bank would change its home state to Connecticut.[5]

The Swiss Federal Banking Commission has no objection to the establishment of the proposed branch.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to assess the application adequately. The Board also must determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24). The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)).

As noted above, Bank engages directly in the business of banking outside of the United States. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[6]

With respect to the issue of supervision by home country authorities, the Board has considered the following information. Bank is supervised and regulated by the Swiss Federal Banking Commission ("SFBC"). The SFBC is responsible for the prudential supervision and regulation of credit institutions. Bank also provided additional information regarding the supervision and regulation of Bank's activities by entities other than the SFBC. The Board previously has determined that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisors.[7]

The Board also has taken into account the additional standards set forth in section 7 of the IBA (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, the SFBC has approved the establishment of the proposed branch.

Switzerland is a signatory to the Basle risk-based capital standards, and Swiss risk-based capital standards meet those established by the Basle Capital Accord ("Accord"). Bank's capital is in excess of the minimum levels required

4. Bank's other U.S. nonbanking subsidiaries include SBC Warburg Futures (formerly SBC Derivatives Inc.), Chicago, Illinois; SBC Brinson (formerly SBC Portfolio Management International Inc.), and SBC Resources Management Inc., each of New York, New York; a commercial paper subsidiary; and subsidiaries incorporated to hold property acquired in satisfaction of debts previously contracted.

5. Generally, a foreign bank may not establish a branch outside its home state except in conformity with section 5 of the IBA. Under Regulation K, which implements section 5, a foreign bank may change its home state once, provided domestic branches established and investments in banks acquired in reliance on its original home state selection are conformed to those that would have been permissible had the new home state been selected as its home state originally. *See* 12 C.F.R. 211.22(b). Under state law, Bank must designate Connecticut as its home state to conduct the business of banking in Connecticut. Conn. Gen. Stat. § 36a-425 (Supp. 1996).

As noted, Bank's current home state is California. In order to establish the proposed branch in Connecticut consistent with state and federal law, Bank must change its home state to Connecticut. Bank has not previously changed its home state.

Upon the change of Bank's home state to Connecticut, Bank must limit the deposits accepted by its California office to only such deposits as are permissible for a corporation organized under section 25A of the Federal Reserve Act (an "Edge corporation") (12 U.S.C. 611 *et seq.*). The California branch would thus become a limited branch, which a foreign bank may operate outside its home state consistent with the IBA and Regulation K. Bank may also retain and operate its branches in New York and Chicago, which are grandfathered under section 5(b) of the IBA (12 U.S.C. 3103(b)).

6. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

7. *Swiss Bank Corporation*, 82 *Federal Reserve Bulletin* 690 (1996). *See also Coutts & Co., AG*, 79 *Federal Reserve Bulletin* 636 (1993); *Union Bank of Switzerland*, 82 *Federal Reserve Bulletin* 370 (1996).

by the Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are consistent with approval of the proposed branch, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations.

Finally, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank has committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of such information. In addition, subject to certain conditions, the SFBC may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a state-licensed branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of the application is also specifically conditioned on Bank's compliance with the commitments made in connection with the application, and with the conditions in this order.[8] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices, and its affiliates.

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

Voting for this action: Vice Chair Rivlin and Governors Kelley, Lindsey, Phillips, Yellen, and Meyer. Absent and not voting: Chairman Greenspan.

WILLIAM W. WILES
Secretary of the Board

8. The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the State of Connecticut Department of Banking ("Department") to license offices of a foreign bank. The Board's approval of the application does not supplant the authority of the State of Connecticut, and its agent, the Department, to license the proposed branch of Bank in accordance with any terms or conditions that the Department may impose.

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

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

Section 4

Applicant(s)	Bank(s)	Effective Date
Bank of Boston Corporation, Boston, Massachusetts Fleet Financial Group, Inc., Boston, Massachusetts The Governor and Company of the Bank of Ireland, Dublin, Ireland The Royal Bank of Scotland Group plc, Edinburgh, United Kingdom The Royal Bank of Scotland plc, Edinburgh, United Kingdom	To acquire, through NYCE Corporation, Woodcliff Lake, New Jersey Card Alert Services, Inc., Arlington, Virginia	January 31, 1997

Section 4—Continued

Applicant(s)	Bank(s)	Effective Date
Citizens Financial Group, Inc., Providence, Rhode Island The Bank of New York Company, Inc., New York, New York The Chase Manhattan Corporation, New York, New York Citicorp, New York, New York HSBC Holdings PLC, London, England HSBC Holdings BV, Amsterdam, The Netherlands HSBC Americas, Inc., Buffalo, New York National Westminster Bank, PLC, London, England First Union Corporation, Charlotte, North Carolina		
Compass Bancshares, Inc., Birmingham, Alabama Compass Banks of Texas, Inc., Birmingham, Alabama Compass Bancorporation of Texas, Inc., Wilmington, Delaware	Horizon Bancorp, Inc., Austin, Texas Horizon Bank & Trust, SSB, Austin, Texas	January 30, 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
Ameribanc, Inc., St. Louis, Missouri	Mark Twain Bancshares, Inc., St. Louis, Missouri	St. Louis	January 22, 1997
Ameribanc, Inc., St. Louis, Missouri	Regional Bancshares, Inc., Alton, Illinois	St. Louis	January 15, 1997
Antelope Bancshares, Inc., Elgin, Nebraska	Bank of Elgin, Elgin, Nebraska	Kansas City	January 8, 1997
Associated Banc-Corp, Green Bay, Wisconsin	Centra Financial, Inc., West Allis, Wisconsin Central Bank of West Allis, West Allis, Wisconsin Central Investments, Inc., West Allis, Wisconsin	Chicago	January 14, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Barker Brothers, Inc., Springfield, Illinois	Middletown Bancorp, Inc., Middletown, Illinois Latham Bancorp, Inc., Latham, Illinois State Bank of Middletown, Middletown, Illinois State Bank of Latham, Latham, Illinois	Chicago	January 3, 1997
Beaman Bancshares, Inc., Beaman, Iowa	Producers Savings Bank, Green Mountain, Iowa	Chicago	January 3, 1997
Bedford Loan and Deposit Bancorp, Inc., Bedford, Kentucky	Bedford Loan and Deposit Bank, Bedford, Kentucky	St. Louis	December 27, 1996
Charter Oak Community Bank Corp., Vernon, Connecticut	The Savings Bank of Rockville, Vernon, Connecticut	Boston	January 14, 1997
The Colonial BancGroup, Inc., Montgomery, Alabama	D/W Bankshares, Inc., Dalton, Georgia Dalton/Whitfield Bank & Trust, Dalton, Georgia	Atlanta	January 10, 1997
Commerce Bancorp, Inc., Cherry Hill, New Jersey	Independence Bancorp, Inc., Ramsey, New Jersey	Philadelphia	January 6, 1997
Community State Bancshares, Inc., Shelbina, Missouri	Community State Bank, Shelbina, Missouri	St. Louis	December 26, 1996
East Coast Bank Corporation Employee Stock Ownership Plan Trust, Ormond Beach, Florida	East Coast Bank Corporation, Ormond Beach, Florida	Atlanta	December 27, 1996
First & Farmers Bancshares, Inc., Somerset, Kentucky	Cumberland Bancorp, Inc., Burkesville, Kentucky	Cleveland	January 3, 1997
First Baird Bancshares, Inc., Baird, Texas First Baird Bancshares of Delaware, Inc., Dover, Delaware Weatherford Bancshares, Inc., Weatherford, Texas	The Oklahoma National Bank of Duncan, Duncan, Oklahoma	Dallas	January 8, 1997
First Bank Holding Company, Tallahassee, Florida	First Bank, Tallahassee, Florida	Atlanta	December 30, 1996
First Georgia Community Corp., Jackson, Georgia	First Georgia Community Bank, Jackson, Georgia	Atlanta	December 24, 1996
First Live Oak Bancshares, Inc., Three Rivers, Texas	First Live Oak Delaware Bancshares, Inc., Dover, Delaware First State Bank, Three Rivers, Texas	Dallas	January 14, 1997
First Live Oak Delaware Bancshares, Inc., Dover, Delaware	First State Bank, Three Rivers, Texas	Dallas	January 14, 1997
First Pecos Bancshares, Inc., Midland, Texas	First National Bank of Fort Stockton, Fort Stockton, Texas	Dallas	January 8, 1997
First Security Bancorp, Searcy, Arkansas	First Community Bank, N.A., Conway, Arkansas	St. Louis	January 8, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Team Resources Corporation, Derby, Kansas	First National Bank, Derby, Kansas	Kansas City	January 2, 1997
Front Range Bancshares, Inc., Lakewood, Colorado	Front Range Bank, Lakewood, Colorado	Kansas City	January 2, 1997
Gateway Delaware Holding Company, Inc., Wilmington, Delaware	Gateway National Bank, Dallas, Texas	Dallas	December 30, 1996
Gateway Holding Company, Inc., Dallas, Texas	Gateway Delaware Holding Company, Inc., Wilmington, Delaware Gateway National Bank, Dallas, Texas	Dallas	December 30, 1996
Halpain Financial, Ltd., Dallas, Texas	Gateway Holding Company, Inc., Dallas, Texas Gateway Delaware Holding Company, Inc., Wilmington, Delaware Gateway National Bank, Dallas, Texas	Dallas	December 30, 1996
Hickory Hill Bancshares, Inc., Avinger, Texas	Hickory Hill Delaware Financial Corporation, Dover, Delaware The First State Bank, Avinger, Texas	Dallas	December 27, 1996
Hickory Hill Delaware Financial Corporation, Dover, Delaware	The First State Bank, Avinger, Texas	Dallas	December 27, 1996
IFB Holdings, Inc., Chillicothe, Missouri	Investors Federal Bank, N.A., Chillicothe, Missouri	Kansas City	January 10, 1997
International Bancorporation, Golden Valley, Minnesota	Carlton County Bancorporation, Inc., Cloquet, Minnesota	Minneapolis	January 9, 1997
Jefferson County Bancshares, Inc., Daykin, Nebraska	Antelope Bancshares, Inc., Elgin, Nebraska	Kansas City	January 8, 1997
Keene Bancorp, Inc. 401(K) Employee Stock Ownership Plan and Trust, Keene, Texas	Keene Bancorp, Inc., Keene, Texas	Dallas	January 16, 1997
Mercantile Bancorporation Inc., St. Louis, Missouri	Mark Twain Bancshares, Inc., St. Louis, Missouri	St. Louis	January 22, 1997
Mercantile Bancorporation Inc., St. Louis, Missouri	Regional Bancshares, Inc., Alton, Illinois Bank of Alton, Alton, Illinois	St. Louis	January 15, 1997
Metro Bank Financial Services, Inc., Coral Gables, Florida	Metro Bank of Dade County, Coral Gables, Florida	Atlanta	January 3, 1997
Mound City Financial Services, Inc., Platteville, Wisconsin	Mound City Bank, Platteville, Wisconsin, Illinois	Chicago	January 3, 1997
Otto Bremer Foundation/Bremer Financial Corporation, St. Paul, Minnesota	First American Bank, N.A., Moorhead, Minnesota	Minneapolis	December 27, 1996
Peoples Bancorp, Inc., Carrollton, Georgia	Peoples Bank of West Georgia, Carrollton, Georgia	Atlanta	December 30, 1996

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Perry Banking Company, Perry, Florida	The Citizens Bank of Perry, Perry, Florida	Atlanta	December 30, 1996
Pinnacle Bancshares, Inc., Jasper, Alabama	Pinnacle Bank, Jasper, Alabama	Atlanta	January 17, 1997
Pinnacle Bancshares, Inc., Little Rock, Arkansas	Pinnacle Bank, Little Rock, Arkansas	St. Louis	January 10, 1997
Regions Financial Corporation, Birmingham, Alabama	Allied Bankshares, Inc., Thomson, Georgia Allied Bank of Georgia, Thomson, Georgia Bank of Morgan County, Madison, Georgia The Bank of Millen, Millen, Georgia	Atlanta	January 3, 1997
Rotan Bancshares, Inc., Rotan, Texas	First National Bank, Rotan, Texas	Dallas	January 14, 1997
Rotan Delaware Bancshares, Inc., Dover, Delaware	First National Bank, Rotan, Texas	Dallas	January 14, 1997
SW&KM Holdings, LLC, Del Rio, Texas	SW&KM Limited Partnership, Del Rio, Texas Westex Bancorp, Inc., Del Rio, Texas Westex Bancorp of Delaware, Inc., Wilmington, Delaware First State Bank, Brackettville, Texas Del Rio Bank & Trust Company, Del Rio, Texas Sutton County National Bank, Sonora, Texas	Dallas	December 27, 1996
SW&KM Holdings, LLC, Del Rio, Texas SW&KM Limited Partnership, Del Rio, Texas	Westex Bancorp, Inc., Del Rio, Texas Westex Bancorp of Delaware, Inc., Wilmington, Delaware First State Bank, Brackettville, Texas Del Rio Bank & Trust Company, Del Rio, Texas Sutton County National Bank, Sonora, Texas	Dallas	December 27, 1996
SW&KM Limited Partnership, Del Rio, Texas	Westex Bancorp, Inc., Del Rio, Texas Westex Bancorp of Delaware, Inc., Wilmington, Delaware Del Rio Bank & Trust Company, Del Rio, Texas Sutton County National Bank, Sonora, Texas	Dallas	December 27, 1996
Union Planters Corporation, Memphis, Tennessee	Capital Bancorporation, Inc., Memphis, Tennessee	St. Louis	January 3, 1997

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bayerische Vereinsbank AG, Munich, Germany	VB Risk Management Products Inc., New York, New York	New York	January 17, 1997
Bremen Bancorp, Inc., St. Louis, Missouri	National Equity, Inc., St. Charles, Missouri	St. Louis	January 10, 1997
City Holding Company, Charleston, West Virginia	Prime Financial Corporation, Costa Mesa, California	Richmond	December 27, 1996
CoBancorp Inc., Elyria, Ohio	Jefferson Savings Bank, West Jefferson, Ohio	Cleveland	December 26, 1996
Regions Financial Corporation, Birmingham, Alabama	Florida First Bancorp, Inc., Panama City, Florida Florida FirstBank, Panama City, Florida	Atlanta	January 10, 1997

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
AmeriMark Financial Corporation, Oak Brook, Illinois	Duco Bancshares, Inc., Villa Park, Illinois Bank of Illinois in DuPage, Villa Park, Illinois Banill Corporation, Villa Park, Illinois	Chicago	January 15, 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
Farmers Bank of Maryland, Annapolis, Maryland	First Virginia Bank-Central Maryland, Bel Air, Maryland	Richmond	January 22, 1997
Pullman Bank and Trust Company, Chicago, Illinois	Pullman Bank of Commerce and Industry, Chicago, Illinois	Chicago	January 9, 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.

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.

First Baird Bancshares, Inc. v. Board of Governors, No. 96–1426 (D.C. Cir., filed November 18, 1996). Petition for review of Board order dated November 6, 1996, approving applications of First Commercial Corporation, Little Rock, Arkansas, Arvest Bank Group, Inc., Bentonville, Arkansas, and TRH Bank Group, Inc., Norman, Oklahoma, to acquire all the shares of The Oklahoma National Bank of Duncan, Duncan, Oklahoma. On November 20, 1996, the Court denied petitioners' motion for a stay. On January 3, 1997, the parties filed a joint motion to dismiss.

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. The Board's brief in opposition to the petition was filed November 27, 1996.

Board of Governors v. Interamericas Investments, Ltd., No. 96–7108 (D.C. Cir., filed June 14, 1996). Appeal of district court ruling granting, in part, the Board's application to enforce an adminstrative investigatory subpoena for documents and testimony. On November 15, 1996, the court dismissed the action on appellants' motion.

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. Petitioners' brief was filed on July 26, 1996, and the Board's brief was filed on September 27, 1996. On August 20, petitioners' motion for a stay of the Board's orders pending judicial review was denied by the Court of Appeals. Oral argument is scheduled for February 4, 1997.

Kuntz v. Board of Governors, No. 96–1079 (D.C. Cir., filed March 7, 1996). Petition for review of a Board order dated February 7, 1996, approving applications by The Fifth Third Bank, Cincinnati, Ohio, and The Firth Third Bank of Columbus, Columbus, Ohio, to acquire certain assets and assume certain liabilities of 25 branches of NBD Bank, Columbus, Ohio. Petitioner has moved to consolidate the case with *Kuntz v. Board of Governors*, No. 95–1495. On April 8, 1996, the Board filed a motion to dismiss the action.

Henderson v. Board of Governors, No. 96–1054 (D.C. Cir., filed February 16, 1996). Petition for review of a Board order dated January 17, 1996, approving the merger of First Citizens BancShares, Inc., Raleigh, North Carolina, with Allied Bank Capital, Inc., Sanford, North Carolina. Petitioners' motion for a stay was denied on March 7, 1996. Following briefing on the merits of the petition, petitioners filed a motion for voluntary dismissal on December 19, 1996.

Research Triangle Institute v. Board of Governors, No. 1:96CV00102 (M.D.N.C., filed February 12, 1996). Contract dispute. On May 3, 1996, the Board filed a motion to dismiss the action.

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 has been 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.

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

Lee v. Board of Governors, No. 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, 1995, the court denied petitioners' motion for an emergency 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.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. On April 23, 1996, the court vacated the Board's order. On July 31, 1996, the full court granted the Board's suggestion for rehearing *en banc*, and vacated the April 23 panel decision. On December 19, 1996, the parties filed a stipulation of voluntary dismissal.

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 Orders Issued by the Board of Governors

Roberto A.F. Roberts
Miami, Florida

The Federal Reserve Board announced on January 6, 1997, the issuance of a combined Order to Cease and Desist and Order of Assessment of a Civil Money Penalty against Roberto A.F. Roberts, a former officer and institution-affiliated party of IBJ Schroder International Bank, Miami, Florida.

Mark Yale
New York, New York

The Federal Reserve Board announced on January 3, 1997, the issuance of a combined Order to Cease and Desist and Order of Assessment of a Civil Money Penalty against Mark Yale, a former employee and institution-affiliated party of Bankers Trust New York Corporation and BT Securities Corporation, New York, New York.

Termination of Enforcement Actions

The Federal Reserve Board announced on January 13, 1997, the termination of the following enforcement actions:

United Mizrahi Bank, Ltd.
Tel Aviv, Israel
and its Los Angeles Branch

Cease and Desist Order dated September 30, 1993—terminated December 16, 1996.

Union Texas Bancorporation, Inc.
Minneapolis, Minnesota

Written Agreement dated June 12, 1992—terminated December 24, 1996.

American Express Bank International
New York, New York

Cease and Desist Order dated September 29, 1993—terminated January 7, 1997.

Written Agreements Approved by Federal Reserve Banks

The Pan American Bank
Miami, Florida

The Federal Reserve Board announced on January 13, 1997, the execution of a Written Agreement by and among The Pan American Bank, Miami, Florida, the Federal Reserve Bank of Atlanta, and the Department of Banking and Finance, Division of Banking, State of Florida.

Membership of the Board of Governors of the Federal Reserve System, 1913–97

APPOINTIVE MEMBERS[1]

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

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	Resigned April 30, 1995.
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	Resigned Feb. 5, 1997.
Susan M. Phillips	Chicago	Dec. 2, 1991	
Alan S. Blinder	Philadelphia	June 27, 1994	Term expired Jan. 31, 1996.
Janet L. Yellen	San Francisco	Aug. 12, 1994	Resigned Feb. 17, 1997.
Laurence H. Meyer	St. Louis	June 24, 1996	
Alice M. Rivlin	Philadelphia	June 25, 1996	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948[5]
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–[6]

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–Jan. 31, 1996
Alice M. Rivlin	June 25, 1996–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

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

Comptrollers of the Currency

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

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

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

5. Served as Chairman Pro Tempore from February 3, 1948, to April 15, 1948.

6. Served as Chairman Pro Tempore from March 3, 1996, to June 20, 1996.

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				1996				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
Reserves of depository institutions[2]									
1 Total	−7.9	−6.4	−16.4	−16.9	−20.9	−21.1	−28.4	−6.2	7.1
2 Required	−8.5	−5.7	−16.6	−18.3	−19.0	−23.3	−27.9	−7.4	−2.3
3 Nonborrowed	−6.5	−7.6	−17.6	−16.0	−20.3	−22.0	−26.7	−4.5	8.5
4 Monetary base[3]	1.5	2.2	5.9	5.4	6.3	4.5	3.5	5.8	11.1
Concepts of money, liquid assets, and debt[4]									
5 M1	−2.7	−.7	−7.1[r]	−8.4	−9.9	−8.6[r]	−16.7	.1	1.2
6 M2	5.7	3.7[r]	2.7	4.9	3.8	3.4[r]	3.0	7.8	8.8
7 M3	7.1	5.6[r]	4.4	8.1	4.6[r]	7.3[r]	8.9	7.3	12.1
8 L	5.0	5.7	4.8	n.a.	6.4[r]	8.5[r]	4.3	8.6	n.a.
9 Debt	5.0	5.7[r]	5.1[r]	n.a.	4.6[r]	3.8	5.1	5.4	n.a.
Nontransaction components									
10 In M2[5]	9.4	5.7	6.9	10.4	9.6[r]	8.3	11.0	10.9	11.8
11 In M3 only[6]	12.9[r]	12.8[r]	10.8[r]	20.3	7.5[r]	22.1[r]	31.0	5.3	24.3
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	22.6	12.7	11.5	16.3	17.5	10.4[r]	17.3	18.7	16.6
13 Small time[7]	2.5	−2.9	3.7	6.5	6.2	6.2	6.0	8.2	4.9
14 Large time[8,9]	8.1[r]	18.7[r]	16.2[r]	29.3	6.7[r]	18.5[r]	48.4	15.4	38.2
Thrift institutions									
15 Savings, including MMDAs	−.3	8.1	−.1[r]	.3	−4.9	−.7[r]	2.9	−2.0	3.6
16 Small time[7]	−2.4[r]	−3.5[r]	−.9[r]	4.1	3.8	3.4	7.1	3.4	−2.0
17 Large time[8]	6.4	−3.0	8.3[r]	12.0	7.9[r]	20.3[r]	13.8	9.1	−1.5
Money market mutual funds									
18 Retail	13.3	9.4	13.6	16.9	14.9	17.4	14.5	14.8	26.9
19 Institution-only	27.9	8.7	18.6	16.9	20.4	25.7	7.3	13.2	30.1
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	3.4	16.2[r]	−4.2	2.8	−5.6	19.4	13.6	−12.2	−23.4
21 Eurodollars[10]	18.6[r]	7.4	2.3[r]	35.3	1.2[r]	34.7[r]	73.4	−21.6	65.8
Debt components[4]									
22 Federal	3.0	4.7	3.8	n.a.	4.5	1.0	3.8	4.2	n.a.
23 Nonfederal	5.8	6.0[r]	5.5	n.a.	4.7[r]	4.9[r]	5.6	5.8	n.a.

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

2. Figures incorporate adjustments for discontinuities, 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						
	1996			1996						
	Oct.	Nov.	Dec.	Nov. 13	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	426,254	430,854[r]	440,346	429,842	432,168	430,817[r]	437,534	434,632	440,474	441,514
U.S. government securities[2]										
2 Bought outright—System account	386,942	392,296	392,674	393,581	393,796	394,121	392,160	393,145	392,786	392,654
3 Held under repurchase agreements	3,042	3,219	11,332	429	3,982	2,588	9,280	6,506	11,764	11,908
Federal agency obligations										
4 Bought outright	2,289	2,245	2,228	2,247	2,247	2,242	2,237	2,233	2,225	2,225
5 Held under repurchase agreements	1,434	967	1,031	228	686	659	1,724	1,394	492	955
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	50	77	114	8	63	221	299	4	85	118
8 Seasonal credit	212	105	67	109	106	96	75	66	68	70
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	704	789	1,241	1,260	799	462	739	690	1,288	1,331
11 Other Federal Reserve assets	31,580	31,155	31,659	31,981	30,489	30,427[r]	31,020	30,593	31,766	32,253
12 Gold stock	11,049	11,049	11,048	11,049	11,049	11,049	11,049	11,048	11,048	11,048
13 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
14 Treasury currency outstanding	24,832[r]	24,891[r]	24,952	24,880[r]	24,894[r]	24,908[r]	24,922	24,936	24,950	24,964
ABSORBING RESERVE FUNDS										
15 Currency in circulation	432,766[r]	436,978[r]	444,548	436,568[r]	437,196[r]	438,120[r]	441,573	441,896	442,455	446,273
16 Treasury cash holdings	287	276	257	277	275	272	271	264	257	249
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,064	4,939	5,749	4,905	5,039	4,996	4,509	4,926	7,169	5,694
18 Foreign	174	169	178	166	173	170	170	169	175	201
19 Service-related balances and adjustments	6,655	6,896	6,975	6,794	6,774	6,936	7,110	6,881	7,122	6,919
20 Other	373	352	335	359	364	343	309	339	353	300
21 Other Federal Reserve liabilities and capital	13,883	14,263	14,412	14,152	14,457	14,381	14,176	14,149	14,653	14,570
22 Reserve balances with Federal Reserve Banks[3]	12,651	12,638[r]	13,610	12,268	13,550	11,273[r]	15,104	11,711	14,006	13,040
	End-of-month figures			Wednesday figures						
	Oct.	Nov.	Dec.	Nov. 13	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec.25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	430,602	437,242[r]	451,346	432,548	437,679	435,172[r]	440,763	434,077	452,762	445,640
U.S. government securities[2]										
2 Bought outright—System account	385,087	392,662	390,907	393,765	393,430	392,767	390,802	393,307	392,587	395,381
3 Held under repurchase agreements	7,830	7,548	19,971	0	8,475	5,988	13,401	5,919	22,621	11,908
Federal agency obligations										
4 Bought outright	2,247	2,237	2,225	2,247	2,247	2,237	2,237	2,225	2,225	2,225
5 Held under repurchase agreements	2,970	2,763	1,612	0	1,725	2,323	618	1,523	1,154	955
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	6	111	57	17	372	2	1,721	0	178	36
8 Seasonal credit	157	76	29	112	99	90	67	70	70	69
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	312	951	4,303	4,295	1,158	979	660	164	1,976	2,728
11 Other Federal Reserve assets	31,994	30,894[r]	32,243	32,113	30,173	30,785[r]	31,257	30,869	31,951	32,338
12 Gold stock	11,049	11,049	11,048	11,049	11,049	11,049	11,049	11,048	11,049	11,048
13 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
14 Treasury currency outstanding	24,866[r]	24,922[r]	24,978	24,880[r]	24,894[r]	24,908[r]	24,922	24,936	24,950	24,964
ABSORBING RESERVE FUNDS										
15 Currency in circulation	433,268[r]	440,943[r]	450,660	438,024[r]	437,772[r]	440,983[r]	442,632	442,733	444,463	448,586
16 Treasury cash holdings	281	273	249	276	272	273	264	259	249	249
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,897	4,857	7,742	4,512	5,119	4,688	4,790	4,896	9,989	6,479
18 Foreign	176	170	167	169	183	164	166	168	163	214
19 Service-related balances and adjustments	7,004	7,110	6,887	6.794	6,774	6,936	7,110	6,881	7,122	6,919
20 Other	363	292	892	346	366	299	323	351	358	265
21 Other Federal Reserve liabilities and capital	14,066	14,219	13,829	13,964	14,212	14,165	13,884	14,235	14,464	14,676
22 Reserve balances with Federal Reserve Banks[3]	15,181	15,067[r]	16,663	14.111	18,644	13,339[r]	17,282	10,256	21,669	13,983

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	1994 Dec.	1995 Dec.	1996 Dec.	1996 June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
	Prorated monthly averages of biweekly averages									
1 Reserve balances with Reserve Banks[2]	24,658	20,440	13,398	16,590	15,392	14,761	13,688	12,800	12,895	13,398
2 Total vault cash[3]	40,378	42,088	44,426	41,979	42,773	42,517	43,639	42,913	42,737	44,426
3 Applied vault cash[4]	36,682	37,460	37,847	37,095	37,451	36,880	37,309	36,749	36,862	37,847
4 Surplus vault cash[5]	3,696	4,628	6,579	4,883	5,322	5,637	6,330	6,164	5,875	6,579
5 Total reserves[6]	61,340	57,900	51,245	53,686	52,843	51,642	50,997	49,550	49,756	51,245
6 Required reserves	60,172	56,622	49,823	52,535	51,778	50,681	49,959	48,556	48,721	49,823
7 Excess reserve balances at Reserve Banks[7]	1,168	1,278	1,422	1,150	1,065	961	1,038	994	1,035	1,422
8 Total borrowings at Reserve Banks[8]	209	257	155	386	368	334	368	287	214	155
9 Seasonal borrowings	100	40	68	192	284	309	306	212	109	68
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	1996 Aug. 28	Sept. 11	Sept. 25	Oct. 9	Oct. 23	Nov. 6	Nov. 20	Dec. 4[r]	Dec. 18	1997 Jan. 1
	Biweekly averages of daily figures for two week periods ending on dates indicated									
1 Reserve balances with Reserve Banks[2]	14,613	14,623	13,324	12,653	13,141	12,371	12,914	13,182	12,837	14,070
2 Total vault cash[3]	41,604	43,007	44,028	43,941	42,196	43,013	42,497	42,908	44,684	44,615
3 Applied vault cash[4]	36,114	37,083	37,505	37,258	36,267	37,021	36,768	36,898	37,913	38,068
4 Surplus vault cash[5]	5,490	5,924	6,523	6,683	5,929	5,992	5,729	6,010	6,771	6,547
5 Total reserves[6]	50,726	51,705	50,829	49,911	49,408	49,392	49,682	50,080	50,750	52,137
6 Required reserves	49,835	50,741	49,745	48,839	48,470	48,388	48,678	48,983	49,338	50,605
7 Excess reserve balances at Reserve Banks[7]	891	964	1,084	1,072	938	1,004	1,004	1,097	1,411	1,532
8 Total borrowings at Reserve Banks[8]	349	394	335	402	286	161	143	346	112	143
9 Seasonal borrowings	328	308	317	274	205	154	108	86	67	64
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	1996, week ending Monday Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	83,017	85,282	86,493	81,974	90,123	94,694	84,450	83,209	79,414
2 For all other maturities	15,458[r]	14,924[r]	14,781[r]	15,718[r]	14,828	13,478	14,638	15,099	14,794
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,374	21,104	18,616	17,421	16,887	19,083	17,451	17,772	17,621
4 For all other maturities	18,235[r]	19,114[r]	19,114[r]	19,153[r]	20,795	17,905	17,920	17,490	17,396
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	18,184	18,228	20,466	18,998	13,966	14,381	11,892	12,129	11,918
6 For all other maturities	34,934	34,302	32,556	32,243	33,433	32,227	33,089	34,380	33,095
All other customers									
7 For one day or under continuing contract	41,867	41,395	43,135	41,956	39,635	40,910	42,461	42,664	40,870
8 For all other maturities	14,024	13,878	13,525	13,461	15,309	14,086	13,594	13,609	14,510
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	70,222	69,818	72,489	70,607	78,599	78,244	72,768	71,436	69,786
10 To all other specified customers[2]	24,108	23,756	25,456	22,362	23,836	23,103	25,224	25,127	22,237

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 2/7/97	Effective date	Previous rate	On 2/7/97	Effective date	Previous rate	On 2/7/97	Effective date	Previous rate
Boston	5.00	2/1/96	5.25	5.30	1/30/97	5.35	5.80	1/30/97	5.85
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	5.30	1/30/97	5.35	5.80	1/30/97	5.85

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 Feb. 7, 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	1993	1994	1995	1996 May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,717	17,484	10,932	0	3,311	0	0	0	0	6,502
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	332,229	376,277	398,487	40,467	31,726	32,368	34,271	32,791	38,661	29,037
4 Redemptions	0	0	900	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	1,223	1,238	390	0	0	0	1,240	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	31,368	0	0	5,107	0	2,807	2,780	2,371	1,623	3,818
8 Exchanges	−36,582	−21,444	0	−5,448	0	−4,415	−3,580	−2,890	−1,770	−5,655
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	10,350	9,168	4,966	0	0	0	1,279	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−27,140	−6,004	0	−4,049	0	−2,807	−1,409	−2,371	−1,623	−2,102
13 Exchanges	0	17,801	0	3,748	0	3,694	1,780	2,890	1,395	2,715
Five to ten years										
14 Gross purchases	4,168	3,818	1,239	0	0	0	297	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	0	−3,145	0	−1,058	0	0	−1,371	0	0	1,716
17 Exchanges	0	2,903	0	1,700	0	721	900	0	375	1,470
More than ten years										
18 Gross purchases	3,457	3,606	3,122	0	0	0	900	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	0	−918	0	0	0	0	0	0	0	0
21 Exchanges	0	775	0	0	0	0	900	0	0	1,470
All maturities										
22 Gross purchases	36,915	35,314	20,649	0	3,311	0	3,716	0	0	6,502
23 Gross sales	0	0	0	0	0	0	0	0	0	0
24 Redemptions	767	2,337	2,376	0	0	0	0	0	0	0
Matched transactions										
25 Gross purchases	1,475,941	1,700,836	2,197,736	259,135	248,534	267,438	265,397	234,992	268,304	227,577
26 Gross sales	1,475,085	1,701,309	2,202,030	259,595	249,277	268,975	264,536	238,036	267,128	226,505
Repurchase agreements										
27 Gross purchases	475,447	309,276	331,694	30,688	43,048	46,151	45,202	36,014	33,836	36,383
28 Gross sales	470,723	311,898	328,497	24,984	41,666	37,779	56,286	33,374	33,020	36,665
29 Net change in U.S. Treasury securities	41,729	29,882	17,175	5,244	3,950	6,836	−6,508	−404	1,993	7,293
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	774	1,002	1,303	16	40	52	0	27	63	10
Repurchase agreements										
33 Gross purchases	35,063	52,696	36,851	5,722	5,138r	3,145	8,500	4,536	12,683	9,264
34 Gross sales	34,669	52,696	36,776	4,372	6,488	2,863	7,544	4,436	11,051	9,471
35 Net change in federal agency obligations	−380	−1,002	−1,228	1,334	−1,390r	231	956	73	1,569	−217
36 Total net change in System Open Market Account	**41,348**	**28,880**	**15,948**	**6,578**	**2,560r**	**7,066**	**−5,552**	**−331**	**3,562**	**7,076**

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

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

Millions of dollars

Account	Wednesday					End of month		
	1996					1996		
	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25	Oct. 31	Nov. 30	Dec. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,049	11,049	11,048	11,049	11,048	11,049	11,049	11,048
2 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
3 Coin	619	598	618	624	621	621	621	591
Loans								
4 To depository institutions	93	1,788	71	248	105	162	188	85
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	2,237	2,237	2,225	2,225	2,225	2,247	2,237	2,225
8 Held under repurchase agreements	2,323	618	1,523	1,154	955	2,970	2,763	1,612
9 **Total U.S. Treasury securities**	**398,755**	**404,203**	**399,226**	**415,208**	**407,289**	**392,917**	**400,210**	**410,878**
10 Bought outright[2]	392,767	390,802	393,307	392,587	395,381	385,087	392,662	390,907
11 Bills	192,507	190,542	193,047	192,326	195,120	184,826	192,401	190,647
12 Notes	150,922	150,922	150,922	150,922	150,922	152,392	150,922	150,922
13 Bonds	49,339	49,339	49,339	49,339	49,339	47,869	49,339	49,339
14 Held under repurchase agreements	5,988	13,401	5,919	22,621	11,908	7,830	7,548	19,971
15 **Total loans and securities**	**403,407**	**408,846**	**403,044**	**418,835**	**410,573**	**398,296**	**405,397**	**414,800**
16 Items in process of collection	6,682	7,059	7,158	8,940	10,694	5,646	3,609	12,761
17 Bank premises	1,221	1,222	1,231	1,230	1,232	1,215	1,221	1,233
Other assets								
18 Denominated in foreign currencies[3]	19,542	19,342	19,350	19,358	19,365	19,511	19,338	19,264
19 All other[4]	10,013	10,680	10,439	12,273	11,751	11,442	10,332	11,725
20 **Total assets**	**462,251**	**468,513**	**462,606**	**482,027**	**475,002**	**457,498**	**461,286**	**481,140**
LIABILITIES								
21 Federal Reserve notes	416,966	418,573	418,673	420,386	424,491	409,304	416,915	426,522
22 **Total deposits**	**25,309**	**29,669**	**23,441**	**40,512**	**27,865**	**29,754**	**27,450**	**33,325**
23 Depository institutions	20,158	24,390	18,027	30,003	20,910	23,317	22,131	24,524
24 U.S. Treasury—General account	4,688	4,790	4,896	9,989	6,479	5,897	4,857	7,742
25 Foreign—Official accounts	164	166	168	163	214	176	170	167
26 Other	299	323	351	358	265	363	292	892
27 Deferred credit items	5,811	6,387	6,257	6,664	7,970	4,375	2,702	7,464
28 Other liabilities and accrued dividends[5]	4,666	4,612	4,720	4,928	4,707	4,598	4,730	4,732
29 **Total liabilities**	**452,752**	**459,241**	**453,091**	**472,491**	**465,034**	**448,031**	**451,796**	**472,043**
CAPITAL ACCOUNTS								
30 Capital paid in	4,587	4,587	4,584	4,578	4,601	4,565	4,587	4,602
31 Surplus	3,860	3,860	3,860	3,860	3,860	3,860	3,860	4,496
32 Other capital accounts	1,052	825	1,070	1,098	1,507	1,042	1,043	0
33 **Total liabilities and capital accounts**	**462,251**	**468,513**	**462,606**	**482,027**	**475,002**	**457,498**	**461,286**	**481,140**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	610,668	616,949	613,715	612,387	610,954	600,425	614,599	618,074
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	529,445	529,404	530,133	530,107	528,530	530,917	529,197	526,826
36 LESS: Held by Federal Reserve Banks	112,479	110,831	111,460	109,721	104,039	121,613	112,282	100,304
37 Federal Reserve notes, net	416,966	418,573	418,673	420,386	424,491	409,304	416,915	426,522
Collateral held against notes, net								
38 Gold certificate account	11,049	11,049	11,048	11,049	11,048	11,049	11,049	11,048
39 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	396,199	397,806	397,908	399,620	403,725	388,537	396,148	405,756
42 **Total collateral**	**416,966**	**418,573**	**418,673**	**420,386**	**424,491**	**409,304**	**416,915**	**426,522**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1996					1996		
	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25	Oct. 31	Nov. 30	Dec. 31
1 **Total loans**	**93**	**1,788**	**71**	**248**	**105**	**186**	**188**	**85**
2 Within fifteen days[1]	87	1,728	6	246	80	171	140	75
3 Sixteen days to ninety days	6	60	64	3	25	15	48	11
4 **Total U.S. Treasury securities**	**398,755**	**404,203**	**399,226**	**415,208**	**407,289**	**385,087**	**392,662**	**410,878**
5 Within fifteen days[1]	21,270	25,772	20,621	32,225	20,574	11,135	7,741	27,846
6 Sixteen days to ninety days	85,628	86,868	91,835	90,145	93,385	83,090	92,763	89,036
7 Ninety-one days to one year	120,333	120,442	115,649	121,717	122,208	121,176	120,633	122,780
8 One year to five years	95,917	95,513	95,513	95,513	95,513	95,302	95,917	95,607
9 Five years to ten years	33,782	33,782	33,782	33,782	33,782	33,782	3,782	33,782
10 More than ten years	41,826	41,826	41,826	41,826	41,826	40,356	41,826	41,826
11 **Total federal agency obligations**	**4,560**	**2,855**	**3,748**	**3,379**	**3,180**	**2,247**	**2,237**	**3,837**
12 Within fifteen days[1]	2,662	630	1,523	1,434	1,235	154	339	2,062
13 Sixteen days to ninety days	644	964	964	694	694	806	644	541
14 Ninety-one days to one year	242	249	249	249	249	275	242	232
15 One year to five years	520	520	520	520	520	520	520	520
16 Five years to ten years	467	467	467	457	457	467	467	457
17 More than ten years	25	25	25	25	25	25	25	25

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

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

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

Billions of dollars, averages of daily figures

Item	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1996 May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	60.52	59.36	56.36	50.17	54.23	54.11	53.20	52.27	51.35	50.14	49.88	50.17
2 Nonborrowed reserves[4]	60.44	59.16	56.11	50.01	54.10	53.73	52.83	51.94	50.98	49.85	49.66	50.01
3 Nonborrowed reserves plus extended credit[5]	60.44	59.16	56.11	50.01	54.10	53.73	52.83	51.94	50.98	49.85	49.66	50.01
4 Required reserves	59.46	58.20	55.09	48.75	53.37	52.96	52.13	51.31	50.31	49.14	48.84	48.75
5 Monetary base[6]	386.88	418.72	435.01	453.51	437.01	439.09	441.88	444.20	445.88[r]	447.19[r]	449.35	453.51
	Not seasonally adjusted											
6 Total reserves[7]	62.37	61.13	58.02	51.61	53.29	53.87	53.05	51.88	51.27	49.85	50.08	51.61
7 Nonborrowed reserves	62.29	60.92	57.76	51.45	53.16	53.48	52.69	51.55	50.90	49.56	49.87	51.45
8 Nonborrowed reserves plus extended credit[5]	62.29	60.92	57.76	51.45	53.16	53.48	52.69	51.55	50.90	49.56	49.87	51.45
9 Required reserves[8]	61.31	59.96	56.74	50.19	52.43	52.72	51.99	50.92	50.23	48.85	49.05	50.19
10 Monetary base[9]	390.59	422.51	439.03	456.80	436.13	439.89	443.22	444.58	445.55[r]	445.44[r]	449.27	456.80
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.86	61.34	57.90	51.25	53.14	53.69	52.84	51.64	51.00	49.55	49.76	51.25
12 Nonborrowed reserves	62.78	61.13	57.64	51.09	53.01	53.30	52.48	51.31	50.63	49.26	49.54	51.09
13 Nonborrowed reserves plus extended credit[5]	62.78	61.13	57.64	51.09	53.01	53.30	52.48	51.31	50.63	49.26	49.54	51.09
14 Required reserves	61.80	60.17	56.62	49.82	52.28	52.54	51.78	50.68	49.96	48.56	48.72	49.82
15 Monetary base[12]	397.62	427.25	444.45	463.49	442.17	445.95	449.29	450.77	451.72[r]	451.91[r]	455.90	463.49
16 Excess reserves[13]	1.06	1.17	1.28	1.42	.86	1.15	1.07	.96	1.04	.99	1.04	1.42
17 Borrowings from the Federal Reserve	.08	.21	.26	.16	.13	.39	.37	.33	.37	.29	.21	.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[r] Sept.	Oct.	Nov.	Dec.
				Seasonally adjusted				
Measures[2]								
1 M1	1,128.6	1,148.7	1,124.9	1,076.9	1,090.9	1,075.7	1,075.8	1,076.9
2 M2	3,494.0	3,509.2	3,657.4	3,825.8	3,764.1	3,773.4	3,797.9	3,825.8
3 M3	4,249.5[r]	4,319.2	4,572.1[r]	4,894.5	4,780.7	4,816.3	4,845.5	4,894.5
4 L	5,164.4[r]	5,302.9	5,681.5[r]	n.a.	5,923.1	5,944.2	5,986.6	n.a.
5 Debt	12,506.5	13,148.4	13,866.9	n.a.	14,418.4	14,480.1	14,545.2	n.a.
M1 components								
6 Currency[3]	322.4	354.9	373.2	395.7	387.5	390.4	392.7	395.7
7 Travelers checks[4]	7.9	8.5	8.9	8.6	8.4	8.5	8.6	8.6
8 Demand deposits[5]	384.3	382.4	389.8	400.7	405.0	395.9	400.4	400.7
9 Other checkable deposits[6]	414.0	402.9	353.0	271.8	290.0	280.9	274.2	271.8
Nontransaction components								
10 In M2[7]	2,365.4	2,360.5	2,532.6	2,748.8	2,673.2	2,697.7	2,722.1	2,748.8
11 In M3 only[8]	755.6	810.0	914.7[r]	1,068.7	1,016.6	1,042.9	1,047.5	1,068.7
Commercial banks								
12 Savings deposits, including MMDAs	785.0	751.9	775.0	903.1	864.6	877.1	890.8	903.1
13 Small time deposits[9]	470.3	505.3	578.3	592.9	583.6	586.5	590.5	592.9
14 Large time deposits[10, 11]	272.2	298.3	342.1	414.8	381.5	396.9	402.0	414.8
Thrift institutions								
15 Savings deposits, including MMDAs	433.8	397.0	359.5	368.3	366.9	367.8	367.2	368.3
16 Small time deposits[9]	317.6	318.2	359.4	355.7	353.2	355.3	356.3	355.7
17 Large time deposits[10]	61.5	64.8	75.1	79.4	78.0	78.9	79.5	79.4
Money market mutual funds								
18 Retail	358.7	388.1	460.3	528.9	504.9	511.0	517.3	528.9
19 Institution-only	197.9	183.7	227.2	273.9	262.7	264.3	267.2	273.9
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	157.5	180.9	179.4	191.1	194.7	196.9	194.9	191.1
21 Eurodollars[12]	66.3	82.3	90.9[r]	109.6	99.7	105.8	103.9	109.6
Debt components								
22 Federal debt	3,323.3	3,492.2	3,638.8	n.a.	3,746.4	3,758.2	3,771.4	n.a.
23 Nonfederal debt	9,183.1	9,656.2	10,228.1	n.a.	10,672.0	10,721.9	10,773.9	n.a.
				Not seasonally adjusted				
Measures[2]								
24 M1	1,153.7	1,174.2	1,150.7	1,101.4	1,088.3	1,075.0	1,083.6	1,101.4
25 M2	3,514.0[r]	3,529.6	3,677.1	3,843.7	3,761.2	3,769.1	3,803.8	3,843.7
26 M3	4,271.2	4,340.9	4,593.2[r]	4,913.7	4,775.5	4,817.0	4,859.6	4,913.7
27 L	5,194.1	5,332.3	5,711.0[r]	n.a.	5,907.8	5,935.4	6,000.9	n.a.
28 Debt	12,508.5	13,150.0	13,867.4	n.a.	14,381.3	14,444.6	14,528.2	n.a.
M1 components								
29 Currency[3]	324.8	357.5	376.1	397.9	386.9	389.0	392.9	397.9
30 Travelers checks[4]	7.6	8.1	8.5	8.3	8.8	8.6	8.4	8.3
31 Demand deposits[5]	401.8	400.1	407.9	419.4	404.2	398.9	408.1	419.4
32 Other checkable deposits[6]	419.4	408.4	358.1	275.8	288.5	278.5	274.2	275.8
Nontransaction components								
33 In M2[7]	2,360.4	2,355.4	2,526.4	2,742.3	2,672.8	2,694.1	2,720.2	2,742.3
34 In M3 only[8]	757.1	811.4	916.1[r]	1,070.0	1,014.4	1,048.0	1,055.8	1,070.0
Commercial banks								
35 Savings deposits, including MMDAs	784.3	751.6	775.0	903.0	867.0	879.0	894.5	903.0
36 Small time deposits[9]	468.2	502.3	574.3	588.6	583.6	585.6	587.4	588.6
37 Large time deposits[10, 11]	272.0	298.1	342.0	414.6	382.2	400.0	405.6	414.6
Thrift institutions								
38 Savings deposits, including MMDAs	433.4	396.9	359.5	368.3	367.9	368.6	368.7	368.3
39 Small time deposits[9]	316.1	316.3	356.9	353.1	353.3	354.8	354.4	353.1
40 Large time deposits[10]	61.5	64.8	75.1	79.4	78.1	79.6	80.2	79.4
Money market mutual funds								
41 Retail	358.3	388.2	460.6	529.3	501.1	506.0	515.2	529.3
42 Institution-only	199.4	185.5	229.4	276.5	258.0	262.6	269.9	276.5
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	156.6	179.6	178.0	189.3	195.7	198.8	194.4	189.3
44 Eurodollars[12]	67.6	83.4	91.6[r]	110.2	100.2	107.1	105.6	110.2
Debt components								
45 Federal debt	3,329.5	3,499.0	3,645.9	n.a.	3,736.1	3,740.9	3,771.4	n.a.
46 Nonfederal debt	9,179.0	9,651.0	10,221.4	n.a.	10,645.2	10,703.8	10,756.9	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.	1996 Dec.	1996 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts[3]	1.91	n.a.	1.88	1.88	1.89	1.90	1.91	1.90	1.91	1.98	n.a.
2 Savings deposits[3,4]	3.10	n.a.	2.91	2.89	2.87	2.88	2.86	2.84	2.85	2.85	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.10	4.03	4.01	4.03	4.08	4.13	4.17	4.11	4.11	4.08[r]	4.03
4 92 to 182 days	4.68	4.63	4.51	4.51	4.55	4.59	4.60	4.61	4.60	4.60	4.63
5 183 days to 1 year	5.02	5.01	4.86	4.88	4.95	5.00	5.00	5.04	5.02	4.99	5.01
6 More than 1 year to 2½ years	5.17	5.22	5.03	5.10	5.18	5.25	5.25	5.29	5.27	5.23	5.22
7 More than 2½ years	5.40	5.46	5.28	5.36	5.46	5.50	5.50	5.54	5.52	5.48	5.46
BIF-INSURED SAVINGS BANKS[5]											
8 Negotiable order of withdrawal accounts[3]	1.91	n.a.	1.84	1.81	1.80	1.81	1.81	1.84	1.90	1.92	n.a.
9 Savings deposits[3,4]	2.98	n.a.	2.85	2.84	2.86	2.88	2.86	2.84	2.80	2.82	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.43	4.66	4.42	4.49	4.54	4.64	4.64	4.59	4.64	4.67	4.66
11 92 to 182 days	4.95	5.02	4.77	4.83	4.91	5.01	5.06	5.11	5.08	5.03	5.02
12 183 days to 1 year	5.18	5.28	4.91	4.96	5.02	5.09	5.26	5.33	5.32	5.29	5.28
13 More than 1 year to 2½ years	5.33	5.53	5.23	5.26	5.35	5.41	5.59	5.61	5.60	5.56	5.53
14 More than 2½ years	5.46	5.72	5.32	5.38	5.51	5.60	5.80	5.82	5.79	5.76	5.72
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts[3]	248,417	n.a.	228,551	208,570	201,037	204,980	190,696	190,033	188,803	167,503[r]	n.a.
16 Savings deposits[3,4]	776,466	n.a.	805,419	839,319	838,385	835,033	860,719	852,336	859,524	896,820[r]	n.a.
17 Personal	615,113	n.a.	639,848	668,788	667,802	662,465	683,081	675,576	680,596	713,672[r]	n.a.
18 Nonpersonal	161,353	n.a.	165,572	170,531	170,583	172,568	177,638	176,759	178,928	183,148[r]	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	32,170	32,864	34,117	30,383	31,483	31,690	32,907	32,695	32,428	32,044[r]	32,864
20 92 to 182 days	93,941	92,082	96,168	95,911	94,654	93,941	91,235	91,167	91,195	92,503[r]	92,082
21 183 days to 1 year	183,834	201,573	190,297	193,821	194,900	197,108	200,038	200,008	199,397	201,281[r]	201,573
22 More than 1 year to 2½ years	208,601	212,950	208,571	208,932	209,390	208,906	209,618	211,234	213,012	214,405[r]	212,950
23 More than 2½ years	199,002	199,029	198,236	198,922	198,935	198,224	199,755	198,324	199,126	198,539[r]	199,029
24 IRA and Keogh plan deposits	150,067	151,158	151,396	151,652	151,690	150,873	151,048	151,309	151,276	151,389[r]	151,158
BIF-INSURED SAVINGS BANKS[5]											
25 Negotiable order of withdrawal accounts[3]	11,918	n.a.	11,461	11,715	11,255	10,889	10,682	9,838	9,938	9,710	n.a.
26 Savings deposits[3,4]	68,643	n.a.	66,729	67,630	66,938	66,854	67,431	67,980	67,975	68,102	n.a.
27 Personal	65,366	n.a.	63,486	64,121	63,642	63,557	63,927	64,425	64,326	64,369[r]	n.a.
28 Nonpersonal	3,277	n.a.	3,243	3,510	3,296	3,296	3,504	3,555	3,649	3,733[r]	n.a.
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	2,001	2,427	2,182	2,349	2,229	2,368	2,316	2,540	2,503	2,405	2,427
30 92 to 182 days	12,140	13,008	13,931	13,955	13,725	13,587	13,440	13,474	13,300	13,074[r]	13,008
31 183 days to 1 year	25,686	28,801	27,305	28,121	27,950	28,506	29,339	29,383	29,659	29,329[r]	28,801
32 More than 1 year to 2½ years	27,482	29,098	25,704	25,444	25,513	26,132	26,199	27,192	28,063	28,573	29,098
33 More than 2½ years	22,866	22,253	22,547	22,661	22,593	22,563	22,477	22,348	22,156	21,823[r]	22,253
34 IRA and Keogh plan accounts	21,408	20,469	20,697	20,683	21,116	21,051	21,052	21,002	20,983	20,627	20,469

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

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. 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.

4. Includes personal and nonpersonal money market deposits.

5. 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			
	1995	1996							1996			
	Dec	June	July	Aug	Sept.	Oct.	Nov.	Dec	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,610.1	3,680.7	3,685.3	3,675.5	3,690.0	3,717.9	3,745.6	3,767.7	3,750.7	3,762.4	3,760.9	3,780.2
2 Securities in bank credit	1,001.9	989.7	983.7	972.3	966.5	968.5	986.5	993.7	991.3	996.4	989.2	997.4
3 U.S. government securities	710.5	708.5	707.6	701.3	702.2	700.9	705.7	704.3	703.6	704.7	701.9	705.8
4 Other securities	291.4	281.3	276.1	271.0	264.3	267.6	280.8	289.4	287.7	291.7	287.3	291.6
5 Loans and leases in bank credit[2]	2,608.1	2,691.0	2,701.6	2,703.3	2,723.5	2,749.4	2,759.1	2,774.0	2,759.3	2,766.0	2,771.7	2,782.9
6 Commercial and industrial	716.4	738.5	743.1	744.5	759.1	770.3	774.9	785.9	778.8	785.6	785.9	788.5
7 Real estate	1,077.5	1,103.3	1,103.8	1,110.0	1,111.8	1,114.2	1,117.8	1,125.0	1,122.4	1,122.9	1,124.1	1,125.0
8 Revolving home equity	79.1	79.3	79.9	80.6	81.2	82.4	83.4	85.2	84.7	84.8	85.1	85.5
9 Other	998.4	1,024.1	1,023.9	1,029.5	1,030.6	1,031.8	1,034.3	1,039.8	1,037.7	1,038.1	1,039.0	1,039.5
10 Consumer	493.1	510.0	513.0	514.3	517.9	517.5	518.2	518.6	517.3	517.1	517.7	520.3
11 Security[3]	83.0	81.5	79.1	72.7	73.4	78.6	78.7	76.2	74.7	71.9	76.3	80.3
12 Other loans and leases	238.1	257.6	262.6	261.7	261.4	268.8	269.6	268.3	266.2	268.5	267.8	268.8
13 Interbank loans	193.7	208.4	197.3	198.3	205.0	199.7	213.0	199.8	209.5	197.6	198.6	200.8
14 Cash assets[4]	223.6	217.2	219.1	221.8	219.9	222.2	231.3	229.7	222.2	229.4	228.8	237.2
15 Other assets[5]	226.0	240.1	249.6	255.3	258.2	251.0	261.2	269.9	271.7	271.0	267.6	270.7
16 **Total assets[6]**	**4,197.0**	**4,289.2**	**4,293.8**	**4,293.4**	**4,315.5**	**4,332.9**	**4,393.4**	**4,409.5**	**4,396.4**	**4,402.8**	**4,398.4**	**4,431.2**
Liabilities												
17 Deposits	2,670.8	2,721.1	2,732.2	2,753.2	2,777.6	2,810.6	2,846.8	2,883.7	2,867.7	2,871.1	2,861.2	2,905.2
18 Transaction	775.7	750.0	741.9	734.1	725.6	719.6	723.1	723.9	710.1	720.3	705.6	741.5
19 Nontransaction	1,895.2	1,971.2	1,990.3	2,019.1	2,051.9	2,091.0	2,123.7	2,159.8	2,157.6	2,150.9	2,155.6	2,163.7
20 Large time	421.4	444.2	453.9	460.5	471.5	487.4	493.7	510.3	501.8	506.4	510.0	514.4
21 Other	1,473.7	1,527.0	1,536.4	1,558.7	1,580.4	1,603.7	1,630.0	1,649.5	1,655.8	1,644.4	1,645.6	1,649.4
22 Borrowings	681.7	713.1	704.2	716.1	717.0	681.4	696.3	681.0	671.7	671.2	693.9	686.5
23 From banks in the U.S.	280.3	303.2	293.3	298.3	301.8	292.7	295.7	282.5	284.9	279.5	283.8	293.6
24 From others	401.5	409.9	410.9	417.8	415.3	388.7	400.6	398.4	386.8	391.7	410.1	392.8
25 Net due to related foreign offices	263.5	257.2	253.6	244.4	248.9	243.8	236.8	229.9	234.5	228.3	236.7	226.1
26 Other liabilities	230.2	226.4	218.7	218.6	218.6	238.3	252.0	252.3	259.4	259.3	245.5	249.2
27 **Total liabilities**	**3,846.3**	**3,917.8**	**3,908.8**	**3,932.3**	**3,962.1**	**3,974.1**	**4,031.9**	**4,046.9**	**4,033.4**	**4,029.9**	**4,037.3**	**4,067.0**
28 Residual (assets less liabilities)[7]	350.7	371.4	385.0	361.1	353.4	358.8	361.4	362.6	363.0	372.8	361.0	364.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,617.3	3,677.8	3,678.5	3,674.7	3,694.0	3,716.8	3,744.6	3,768.0	3,752.8	3,757.8	3,765.2	3,774.7
30 Securities in bank credit	991.8	991.1	980.7	976.5	969.2	967.8	978.7	976.1	983.1	980.5	973.1	972.9
31 U.S. government securities	706.0	708.6	705.4	704.5	703.7	700.2	704.4	699.5	704.7	703.5	700.1	695.7
32 Other securities	285.8	282.5	275.3	272.0	265.5	267.6	274.3	276.5	278.4	276.9	273.0	277.3
33 Loans and leases in bank credit[2]	2,625.5	2,686.7	2,697.9	2,698.2	2,724.8	2,749.0	2,765.9	2,792.0	2,769.6	2,777.3	2,792.2	2,801.7
34 Commercial and industrial	714.6	741.5	744.2	741.2	754.1	765.8	773.0	782.3	775.4	777.6	782.3	786.9
35 Real estate	1,082.2	1,101.9	1,103.6	1,109.5	1,113.7	1,117.3	1,123.5	1,129.9	1,128.0	1,129.9	1,129.3	1,128.6
36 Revolving home equity	79.2	79.2	80.0	80.8	81.7	83.0	83.9	85.2	84.9	85.0	85.2	85.3
37 Other	1,003.1	1,022.7	1,023.6	1,028.8	1,032.0	1,034.3	1,039.6	1,044.7	1,043.1	1,045.0	1,044.1	1,043.3
38 Consumer	498.9	506.3	510.3	514.5	519.0	518.1	519.0	524.8	519.5	520.2	524.0	529.0
39 Security[3]	86.9	79.5	76.6	70.8	73.1	76.9	79.2	80.7	75.6	78.1	82.4	83.4
40 Other loans and leases	242.9	257.5	263.1	262.2	264.9	271.0	271.2	274.3	271.1	271.5	274.1	273.8
41 Interbank loans	206.1	204.5	194.5	192.9	199.5	197.8	215.8	212.7	223.6	209.1	213.4	207.1
42 Cash assets[4]	238.2	215.1	216.8	212.3	220.8	223.0	235.7	244.4	229.9	225.6	244.0	246.9
43 Other assets[5]	225.7	239.8	250.5	257.1	259.5	251.4	259.7	269.1	271.0	268.7	266.4	268.6
44 **Total assets[6]**	**4,230.6**	**4,280.0**	**4,283.1**	**4,279.5**	**4,315.9**	**4,331.2**	**4,398.0**	**4,436.2**	**4,419.3**	**4,403.1**	**4,431.1**	**4,439.3**
Liabilities												
45 Deposits	2,702.1	2,717.9	2,725.3	2,740.9	2,776.8	2,808.5	2,861.5	2,912.8	2,894.1	2,884.6	2,889.0	2,915.6
46 Transaction	811.0	743.5	734.8	720.4	724.7	717.9	734.8	757.2	733.6	729.3	738.6	764.6
47 Nontransaction	1,891.1	1,974.4	1,990.5	2,020.5	2,052.1	2,090.4	2,126.6	2,155.7	2,160.5	2,155.2	2,150.4	2,151.0
48 Large time	420.4	444.1	451.7	459.7	470.2	485.5	495.1	509.6	502.6	508.7	509.2	513.4
49 Other	1,470.7	1,530.4	1,538.8	1,560.8	1,581.9	1,604.9	1,631.5	1,646.1	1,657.9	1,646.5	1,641.2	1,637.6
50 Borrowings	693.0	721.6	713.0	707.5	709.5	672.2	690.4	691.1	684.9	675.5	711.0	692.8
51 From banks in the U.S.	298.4	305.2	291.5	287.2	286.5	282.8	296.0	302.1	305.2	301.2	305.6	302.3
52 From others	394.6	416.4	421.5	420.3	423.0	389.3	394.4	388.9	379.6	374.3	405.4	390.4
53 Net due to related foreign offices	264.2	249.5	251.8	243.4	245.1	245.1	234.1	228.2	223.5	225.1	229.6	229.5
54 Other liabilities	225.3	227.1	218.2	218.1	218.7	238.3	252.0	252.3	259.4	259.3	245.5	249.2
55 **Total liabilities**	**3,884.6**	**3,916.2**	**3,908.3**	**3,909.9**	**3,950.1**	**3,964.0**	**4,038.0**	**4,084.4**	**4,061.9**	**4,044.5**	**4,075.1**	**4,087.1**
56 Residual (assets less liabilities)[7]	345.9	363.9	374.8	369.6	365.8	367.3	360.0	351.8	357.4	358.6	356.0	352.2
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	68.3	71.4	74.9	70.0	67.3	65.4	71.9
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	58.2	60.4	63.7	65.3	61.5	58.6	66.1

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			
	1995	1996							1996			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,172.0	3,214.7	3,219.3	3,210.9	3,226.1	3,234.6	3,241.4	3,256.7	3,244.7	3,249.6	3,250.8	3,265.1
2 Securities in bank credit	855.6	838.1	836.2	823.7	822.5	821.6	822.3	823.3	821.4	825.1	820.7	823.7
3 U.S. government securities	643.5	629.4	628.3	620.2	619.9	618.5	617.4	615.6	615.5	616.9	614.4	614.0
4 Other securities	212.1	208.7	207.9	203.5	202.6	203.2	204.9	207.8	205.8	208.2	206.3	209.7
5 Loans and leases in bank credit[2]	2,316.4	2,376.5	2,383.1	2,387.2	2,403.6	2,412.9	2,419.1	2,433.4	2,423.3	2,424.5	2,430.1	2,441.4
6 Commercial and industrial	534.8	548.5	550.7	552.8	560.6	563.3	564.4	568.8	566.8	567.3	567.5	570.3
7 Real estate	1,041.5	1,070.1	1,070.7	1,076.9	1,078.9	1,080.7	1,084.3	1,091.9	1,089.3	1,089.6	1,090.9	1,091.8
8 Revolving home equity	79.1	79.2	79.8	80.5	81.2	82.3	83.4	85.1	84.7	84.8	85.1	85.5
9 Other	962.4	990.9	990.9	996.4	997.8	998.4	1,000.9	1,006.7	1,004.7	1,004.9	1,005.8	1,006.3
10 Consumer	493.1	510.0	513.0	514.3	517.9	517.5	518.2	518.6	517.3	517.1	517.7	520.3
11 Security[3]	56.4	46.8	45.9	41.9	44.1	43.8	43.1	44.4	43.3	42.3	44.9	47.7
12 Other loans and leases	190.6	201.0	202.8	201.2	202.1	207.5	209.1	209.6	206.7	208.2	209.0	211.3
13 Interbank loans	173.6	184.1	178.0	181.4	185.5	181.2	192.6	179.4	188.8	182.2	175.1	181.4
14 Cash assets[4]	193.1	191.4	191.3	194.0	192.1	193.4	200.6	197.9	189.7	197.4	197.2	205.4
15 Other assets[5]	178.8	200.4	210.6	215.1	219.8	218.1	226.0	233.3	234.6	232.3	232.2	234.4
16 **Total assets**[6]	**3,661.1**	**3,733.4**	**3,741.8**	**3,743.9**	**3,766.0**	**3,769.5**	**3,803.0**	**3,809.8**	**3,800.3**	**3,804.1**	**3,797.9**	**3,828.8**
Liabilities												
17 Deposits	2,503.6	2,549.5	2,552.4	2,572.8	2,591.8	2,605.0	2,640.4	2,662.7	2,651.6	2,653.2	2,639.3	2,680.8
18 Transaction	765.5	739.3	731.3	723.7	716.1	708.9	712.4	712.9	699.0	709.7	694.8	730.6
19 Nontransaction	1,738.1	1,810.2	1,821.1	1,849.0	1,875.7	1,896.0	1,928.0	1,949.9	1,952.6	1,943.5	1,944.5	1,950.3
20 Large time	269.9	283.2	287.1	292.1	297.6	295.4	300.5	304.9	302.8	303.1	304.8	304.3
21 Other	1,468.2	1,527.0	1,534.0	1,557.0	1,578.1	1,600.6	1,627.5	1,644.9	1,649.9	1,640.3	1,639.7	1,645.9
22 Borrowings	571.5	582.9	579.4	584.4	595.2	565.7	570.0	558.5	549.6	547.0	572.6	563.0
23 From banks in the U.S.	250.2	270.5	262.5	262.8	268.2	258.7	258.5	246.6	245.9	240.2	248.2	260.2
24 From others	321.3	312.5	316.9	321.6	327.1	306.9	311.5	311.9	303.7	306.8	324.4	302.7
25 Net due to related foreign offices	91.4	80.6	78.0	73.9	74.0	78.6	70.0	68.6	69.2	67.6	68.7	72.2
26 Other liabilities	145.4	157.1	151.4	153.1	153.1	165.8	171.9	171.6	175.0	174.4	167.6	170.0
27 **Total liabilities**	**3,311.8**	**3,370.1**	**3,361.2**	**3,384.1**	**3,414.1**	**3,415.0**	**3,452.3**	**3,461.4**	**3,445.4**	**3,442.2**	**3,448.2**	**3,486.0**
28 Residual (assets less liabilities)[7]	349.3	363.3	380.6	359.8	351.9	354.4	350.7	348.4	354.8	362.0	349.7	342.8
	Not seasonally adjusted											
Assets												
29 Bank credit	3,178.0	3,214.9	3,211.5	3,207.7	3,228.6	3,236.7	3,248.3	3,262.9	3,254.1	3,251.6	3,260.7	3,267.3
30 Securities in bank credit	849.1	841.4	832.3	825.8	824.0	819.9	820.7	817.1	821.0	820.3	815.4	814.0
31 U.S. government securities	639.7	630.6	626.3	622.1	622.0	618.4	617.2	613.6	617.5	617.2	614.1	609.6
32 Other securities	209.4	210.8	206.0	203.6	202.0	201.5	203.5	203.5	203.5	203.2	201.3	204.4
33 Loans and leases in bank credit[2]	2,328.9	2,373.5	2,379.2	2,381.9	2,404.6	2,416.8	2,427.6	2,445.7	2,433.1	2,431.3	2,445.3	2,453.3
34 Commercial and industrial	532.8	551.0	550.7	548.6	556.4	560.9	563.3	565.8	564.2	561.7	565.0	567.7
35 Real estate	1,046.3	1,068.8	1,070.6	1,076.4	1,080.7	1,083.8	1,089.9	1,096.8	1,094.6	1,096.5	1,096.3	1,095.6
36 Revolving home equity	79.2	79.2	80.0	80.8	81.7	83.0	83.8	85.2	84.9	84.9	85.2	85.3
37 Other	967.1	989.6	990.7	995.7	999.0	1,000.8	1,006.0	1,011.6	1,009.7	1,011.6	1,011.1	1,010.3
38 Consumer	498.9	506.3	510.3	514.5	519.0	518.1	519.0	524.8	519.5	520.2	524.0	529.0
39 Security[3]	57.0	47.0	44.6	41.0	44.0	44.0	44.5	45.1	44.2	43.4	47.1	47.5
40 Other loans and leases	193.9	200.4	203.0	201.5	204.5	210.0	211.0	213.3	210.5	209.5	213.0	213.6
41 Interbank loans	184.6	182.1	175.3	176.5	179.4	178.0	196.0	191.0	202.7	193.2	189.7	186.7
42 Cash assets[4]	208.1	188.6	188.6	183.8	192.1	193.9	205.4	213.0	198.4	194.4	212.9	214.8
43 Other assets[5]	178.2	200.2	211.9	216.0	221.0	218.6	224.0	232.2	233.3	228.9	230.8	232.8
44 **Total assets**[6]	**3,692.1**	**3,728.6**	**3,730.2**	**3,726.6**	**3,763.3**	**3,769.6**	**3,816.1**	**3,841.3**	**3,830.6**	**3,810.4**	**3,836.3**	**3,843.9**
Liabilities												
45 Deposits	2,534.0	2,544.1	2,547.8	2,562.1	2,591.1	2,604.4	2,653.1	2,688.1	2,676.5	2,663.1	2,663.5	2,685.3
46 Transaction	800.5	733.1	724.1	710.2	714.5	707.1	724.0	745.5	722.4	718.7	727.0	753.0
47 Nontransaction	1,733.5	1,811.0	1,823.6	1,852.0	1,876.6	1,897.3	1,929.1	1,942.6	1,954.1	1,944.4	1,936.5	1,932.3
48 Large time	265.5	283.1	287.2	293.4	296.9	294.9	300.1	299.5	300.7	300.2	299.2	297.1
49 Other	1,467.9	1,528.0	1,536.4	1,558.5	1,579.6	1,602.4	1,629.0	1,643.1	1,653.4	1,644.2	1,637.2	1,635.3
50 Borrowings	583.6	587.1	582.4	573.9	585.9	559.0	567.9	569.0	561.7	552.4	589.8	570.0
51 From banks in the U.S.	266.7	270.6	259.3	252.1	253.1	251.1	259.5	264.2	264.6	260.0	267.4	267.7
52 From others	316.9	316.5	323.1	321.8	332.9	308.0	308.4	304.8	297.1	292.4	322.4	302.3
53 Net due to related foreign offices	89.3	79.3	76.9	72.2	70.8	77.9	68.3	66.2	65.7	67.0	65.5	71.9
54 Other liabilities	143.5	157.5	151.4	151.7	153.0	165.8	171.9	171.6	175.0	174.4	167.6	170.0
55 **Total liabilities**	**3,350.4**	**3,368.1**	**3,358.5**	**3,360.0**	**3,400.9**	**3,407.1**	**3,461.2**	**3,494.9**	**3,478.8**	**3,456.9**	**3,486.3**	**3,497.3**
56 Residual (assets less liabilities)[7]	341.7	360.6	371.7	366.6	362.4	362.5	354.8	346.4	351.8	353.4	350.0	346.6
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	32.4	33.1	36.2	35.2	34.8	33.9	39.3
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	28.9	28.9	31.8	31.4	29.8	27.5	34.2
59 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	236.3	238.4	242.0	240.8	239.8	241.8	242.3

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			
	1995	1996							1996			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,829.2	1,820.0	1,814.1	1,796.6	1,804.4	1,807.1	1,808.4	1,815.2	1,809.5	1,810.4	1,810.0	1,824.0
2 Securities in bank credit	452.5	426.2	422.0	409.3	407.4	407.1	409.6	409.5	409.5	410.7	407.3	410.6
3 U.S. government securities	318.2	297.3	294.1	285.8	284.9	284.8	285.6	283.0	284.4	283.2	281.8	282.4
4 Trading account	23.3	20.9	20.8	19.5	20.6	21.3	21.8	19.2	22.5	22.7	17.3	17.2
5 Investment account	294.9	276.4	273.2	266.4	264.3	263.5	263.8	263.8	261.9	260.5	264.5	265.2
6 Other securities	134.3	128.9	128.0	123.5	122.5	122.3	124.0	126.5	125.2	127.5	125.5	128.2
7 Trading account	62.6	58.4	59.6	57.7	57.1	55.7	57.8	58.6	58.3	60.0	57.5	59.6
8 Investment account	71.7	70.5	68.3	65.8	65.4	66.6	66.2	67.9	66.9	67.5	68.0	68.6
9 State and local government	21.8	20.6	20.6	20.5	20.3	20.2	20.2	20.4	20.2	20.3	20.4	20.4
10 Other	49.8	49.9	47.7	45.3	45.1	46.4	46.0	47.5	46.6	47.3	47.5	48.2
11 Loans and leases in bank credit[2]	1,376.7	1,393.8	1,392.1	1,387.3	1,396.9	1,400.0	1,398.8	1,405.7	1,400.0	1,399.6	1,402.7	1,413.4
12 Commercial and industrial	367.7	373.1	373.7	373.9	379.7	381.2	380.9	383.7	382.8	383.0	382.7	384.9
13 Real estate	558.0	561.6	558.4	559.3	558.1	556.4	556.3	559.4	559.1	558.2	558.7	559.2
14 Revolving home equity	52.8	52.7	53.1	53.2	53.4	53.5	54.1	54.9	54.5	54.7	54.9	55.1
15 Other	505.2	508.9	505.3	506.1	504.6	502.9	502.2	504.6	504.6	503.5	503.8	504.1
16 Consumer	272.2	280.4	280.6	280.8	283.1	280.1	279.7	279.7	278.9	278.6	278.1	281.9
17 Security[3]	50.7	41.6	40.9	36.8	38.9	38.8	37.8	39.1	37.9	37.0	39.7	42.3
18 State and local government	11.6	11.1	11.2	11.1	10.8	10.8	11.1	11.3	11.4	11.5	11.2	11.2
19 All other	116.5	126.1	127.3	125.4	126.4	132.7	133.0	132.6	129.9	131.4	132.2	133.9
20 Interbank loans	115.1	132.1	130.0	132.0	134.1	130.3	138.0	124.4	133.0	127.9	121.0	124.9
21 Cash assets[4]	130.3	125.2	127.1	128.8	127.4	127.9	133.7	130.6	123.3	130.5	130.9	137.3
22 Other assets[5]	128.0	150.2	155.2	159.2	162.3	159.7	165.3	172.7	172.6	170.7	170.7	173.2
23 **Total assets**[6]	**2,166.0**	**2,191.0**	**2,189.5**	**2,179.9**	**2,191.6**	**2,188.2**	**2,209.0**	**2,206.6**	**2,201.9**	**2,203.3**	**2,196.5**	**2,223.2**
Liabilities												
24 Deposits	1,307.2	1,336.6	1,340.9	1,344.8	1,349.1	1,355.0	1,366.1	1,372.4	1,368.4	1,369.0	1,356.2	1,389.7
25 Transaction	430.6	412.0	409.9	401.6	392.1	386.8	386.8	384.9	375.3	384.0	371.0	400.4
26 Nontransaction	876.6	924.6	931.0	943.2	957.0	968.3	979.3	987.5	993.1	985.0	985.2	989.3
27 Large time	125.3	134.5	136.4	139.5	145.5	152.1	154.1	156.4	154.6	154.5	155.8	156.3
28 Other	751.3	790.1	794.5	803.8	811.5	816.2	825.2	831.1	838.5	830.5	829.5	833.1
29 Borrowings	433.1	427.4	417.4	415.7	426.8	402.9	409.2	401.4	392.6	392.2	413.5	406.0
30 From banks in the U.S.	176.7	185.5	184.4	182.3	185.9	172.9	176.5	171.0	169.4	166.1	172.6	181.9
31 From others	256.5	241.9	233.0	233.4	240.9	230.0	232.6	230.5	223.2	226.0	240.9	224.1
32 Net due to related foreign offices	85.2	75.2	72.2	69.5	68.2	75.4	67.7	65.9	67.6	65.2	67.2	68.2
33 Other liabilities	117.5	129.0	122.5	125.1	126.6	141.2	148.5	149.6	152.2	151.3	144.9	148.0
34 **Total liabilities**	**1,943.0**	**1,968.2**	**1,952.9**	**1,955.1**	**1,970.8**	**1,974.5**	**1,991.5**	**1,989.4**	**1,980.8**	**1,977.7**	**1,981.9**	**2,012.0**
35 Residual (assets less liabilities)[7]	223.0	222.9	236.5	224.8	220.8	213.7	217.6	217.3	221.1	225.7	214.6	211.2
	Not seasonally adjusted											
Assets												
36 Bank credit	1,832.5	1,818.3	1,806.4	1,794.5	1,803.5	1,808.0	1,813.9	1,819.3	1,818.3	1,811.6	1,817.8	1,822.2
37 Securities in bank credit	447.3	427.2	418.8	412.9	409.1	407.4	409.8	404.6	411.7	408.0	403.1	400.8
38 U.S. government securities	315.7	296.1	292.4	289.1	287.1	286.7	287.3	282.3	288.8	285.3	282.6	277.8
39 Trading account	21.9	19.6	19.9	20.9	21.0	22.0	22.7	18.3	24.5	22.8	17.3	14.5
40 Investment acount	293.8	276.5	272.5	268.2	266.2	264.7	264.6	264.0	264.3	262.6	265.3	263.4
41 Other securities	131.6	131.0	126.4	123.7	122.0	120.6	122.5	122.3	122.9	122.7	120.6	123.0
42 Trading account	59.8	61.1	58.7	57.8	56.2	53.5	55.4	54.4	55.5	54.9	52.6	54.5
43 Investment account	71.8	69.9	67.7	65.9	65.8	67.1	67.1	68.0	67.5	67.7	68.0	68.5
44 State and local government	21.9	20.7	20.3	20.3	20.3	20.2	20.3	20.4	20.3	20.3	20.4	20.5
45 Other	49.9	49.2	47.4	45.6	45.5	46.9	46.8	47.5	47.2	47.4	47.6	48.1
46 Loans and leases in bank credit[2]	1,385.2	1,391.1	1,387.7	1,381.6	1,394.4	1,400.7	1,404.1	1,414.6	1,406.6	1,403.6	1,414.6	1,421.4
47 Commercial and industrial	366.2	374.2	373.6	371.0	376.6	379.6	380.7	381.3	381.3	378.6	381.0	382.6
48 Real estate	560.8	560.3	558.2	558.8	558.3	557.6	559.3	562.4	562.5	562.9	562.2	561.0
49 Revolving home equity	52.9	52.6	53.1	53.4	53.7	54.0	54.5	54.9	54.7	54.8	54.9	55.0
50 Other	507.9	507.8	505.1	505.5	504.5	503.7	504.8	507.5	507.8	508.1	507.2	506.1
51 Consumer	276.4	277.9	278.3	280.5	282.7	280.1	280.0	284.3	280.2	280.8	282.9	288.4
52 Security[3]	51.1	41.9	39.7	35.9	38.9	38.9	39.0	39.5	38.4	37.7	41.6	42.0
53 State and local government	11.5	11.1	11.2	11.2	10.9	10.9	11.2	11.2	11.3	11.4	11.2	11.2
54 All other	119.2	125.7	126.7	124.2	127.0	133.6	134.1	135.8	132.9	132.2	135.9	136.2
55 Interbank loans	122.5	133.2	129.9	127.8	129.6	126.2	137.2	133.0	139.7	132.5	132.7	131.4
56 Cash assets[4]	141.0	124.0	124.8	120.9	127.7	127.6	136.2	141.8	129.3	128.0	143.6	144.9
57 Other assets[5]	127.8	151.2	156.6	159.9	162.7	159.7	163.9	172.3	171.8	169.5	170.8	173.7
58 **Total assets**[6]	**2,187.1**	**2,190.2**	**2,181.0**	**2,166.2**	**2,186.6**	**2,184.9**	**2,214.6**	**2,229.7**	**2,222.4**	**2,205.0**	**2,228.2**	**2,235.8**
Liabilities												
59 Deposits	1,328.2	1,334.7	1,337.5	1,338.2	1,349.1	1,352.4	1,373.4	1,389.7	1,383.5	1,373.8	1,374.3	1,392.8
60 Transaction	453.4	409.0	404.4	391.9	392.2	384.2	393.9	406.9	389.2	387.7	394.3	416.2
61 Nontransaction	874.8	925.7	933.1	946.3	956.9	968.2	979.5	982.8	994.3	986.1	979.9	976.6
62 Large time	122.6	134.5	136.9	141.0	144.7	151.2	153.7	152.7	153.5	152.6	151.9	151.1
63 Other	752.1	791.3	796.3	805.3	812.2	817.0	825.8	830.0	840.8	833.5	828.0	825.5
64 Borrowings	441.2	430.3	422.9	410.7	420.6	398.4	407.9	407.9	402.1	395.1	425.8	408.3
65 From banks in the U.S.	187.7	184.9	183.7	176.5	175.5	168.2	177.9	182.9	183.5	180.6	185.9	185.4
66 From nonbanks in the U.S.	253.6	245.3	239.2	234.2	245.2	230.2	230.0	225.0	218.5	214.5	239.9	223.0
67 Net due to related foreign offices	83.0	74.1	71.2	67.8	65.0	74.5	66.2	63.4	64.4	64.7	63.8	67.8
68 Other liabilities	115.8	129.4	122.7	123.7	126.3	141.2	148.5	149.6	152.2	151.3	144.9	148.0
69 **Total liabilities**	**1,968.1**	**1,968.5**	**1,954.4**	**1,940.4**	**1,961.0**	**1,966.6**	**1,995.9**	**2,010.6**	**2,002.1**	**1,984.8**	**2,008.8**	**2,016.9**
70 Residual (assets less liabilities)[7]	218.9	221.7	226.6	225.9	225.6	218.4	218.7	219.1	220.2	220.2	219.5	218.9
MEMO												
71 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	33.7	34.5	39.0	35.2	34.8	33.9	39.3
72 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	28.9	28.9	31.8	31.4	29.8	27.5	34.2
73 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	186.7	188.1	190.7	190.1	188.9	191.0	191.1

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			
	1995	1996							1996			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,342.8	1,394.7	1,405.2	1,414.2	1,421.8	1,427.5	1,433.0	1,441.5	1,435.2	1,439.2	1,440.8	1,441.1
2 Securities in bank credit	403.1	412.0	414.2	414.4	415.0	414.5	412.7	413.9	411.9	414.3	413.4	413.1
3 U.S. government securities	325.2	332.1	334.3	334.3	335.0	333.6	331.8	332.6	331.2	333.6	332.6	331.6
4 Other securities	77.8	79.8	80.0	80.0	80.0	80.9	80.9	81.3	80.7	80.7	80.8	81.5
5 Loans and leases in bank credit[2]	939.8	982.7	991.0	999.9	1,006.7	1,013.0	1,020.3	1,027.6	1,023.3	1,024.9	1,027.4	1,028.1
6 Commercial and industrial	167.2	175.4	176.9	178.9	180.9	182.1	183.5	185.2	184.0	184.3	184.8	185.5
7 Real estate	483.5	508.6	512.4	517.6	520.9	524.3	528.0	532.4	530.2	531.4	532.3	532.6
8 Revolving home equity	26.3	26.5	26.8	27.3	27.7	28.8	29.3	30.3	30.1	30.0	30.2	30.4
9 Other	457.2	482.0	485.6	490.3	493.1	495.5	498.8	502.2	500.1	501.4	502.1	502.2
10 Consumer	220.9	229.7	232.4	233.5	234.8	237.5	238.5	239.0	238.4	238.5	239.5	238.5
11 Security[3]	5.7	5.3	5.0	5.1	5.2	5.1	5.3	5.3	5.3	5.3	5.2	5.4
12 Other loans and leases	62.5	63.8	64.2	64.7	64.9	64.0	65.0	65.7	65.5	65.4	65.6	66.1
13 Interbank loans	58.5	52.0	48.0	49.4	51.4	50.9	54.5	55.1	55.9	54.3	54.1	56.5
14 Cash assets[4]	62.8	66.3	64.2	65.2	64.7	65.5	66.9	67.3	66.4	66.9	66.3	68.1
15 Other assets[5]	50.9	50.2	55.4	55.9	57.5	58.4	60.7	60.5	62.0	61.6	61.5	61.2
16 **Total assets**[6]	**1,495.1**	**1,542.4**	**1,552.3**	**1,564.1**	**1,574.5**	**1,581.2**	**1,594.0**	**1,603.2**	**1,598.3**	**1,600.8**	**1,601.4**	**1,605.6**
Liabilities												
17 Deposits	1,196.4	1,212.9	1,211.5	1,227.9	1,242.7	1,249.9	1,274.2	1,290.3	1,283.2	1,284.2	1,283.1	1,291.1
18 Transaction	334.9	327.3	321.4	322.1	323.9	322.2	325.6	328.0	323.7	325.8	323.8	330.2
19 Nontransaction	861.5	885.6	890.1	905.8	918.7	927.8	948.7	962.4	959.5	958.5	959.3	960.9
20 Large time	144.6	148.8	150.6	152.6	152.1	143.4	146.4	148.5	148.2	148.7	149.1	148.0
21 Other	716.9	736.8	739.5	753.2	766.6	784.4	802.3	813.9	811.3	809.8	810.2	812.9
22 Borrowings	138.3	155.5	162.0	168.7	168.4	162.8	160.9	157.1	157.0	154.8	159.1	157.0
23 From banks in the U.S.	73.5	85.0	78.1	80.5	82.2	85.8	82.0	75.7	76.5	74.1	75.6	78.4
24 From others	64.8	70.5	83.9	88.2	86.1	76.9	78.8	81.4	80.5	80.7	83.5	78.6
25 Net due to related foreign offices	6.2	5.4	5.8	4.4	5.8	3.3	2.3	2.6	1.6	2.4	1.5	3.9
26 Other liabilities	27.9	28.1	29.0	28.0	26.5	24.5	23.5	22.0	22.8	23.1	22.7	21.9
27 **Total liabilities**	**1,368.8**	**1,401.9**	**1,408.3**	**1,429.0**	**1,443.4**	**1,440.5**	**1,460.8**	**1,472.1**	**1,464.6**	**1,464.5**	**1,466.3**	**1,473.9**
28 Residual (assets less liabilities)[7]	126.3	140.5	144.0	135.0	131.1	140.8	133.1	131.1	133.7	136.3	135.0	131.7
	Not seasonally adjusted											
Assets												
29 Bank credit	1,345.5	1,396.6	1,405.1	1,413.2	1,425.0	1,428.7	1,434.4	1,443.6	1,435.8	1,440.0	1,442.9	1,445.1
30 Securities in bank credit	401.8	414.3	413.5	412.9	414.9	412.5	410.9	412.5	409.3	412.3	412.3	413.2
31 U.S. government securities	324.0	334.5	333.9	333.0	334.8	331.7	329.9	331.3	328.8	331.8	331.5	331.8
32 Other securities	77.8	79.8	79.6	79.9	80.1	80.8	81.0	81.2	80.6	80.5	80.7	81.4
33 Loans and leases in bank credit[2]	943.6	982.3	991.5	1,000.3	1,010.2	1,016.2	1,023.5	1,031.1	1,026.5	1,027.7	1,030.6	1,031.9
34 Commercial and industrial	166.6	176.8	177.0	177.6	179.8	181.3	182.7	184.4	182.9	183.1	184.0	185.1
35 Real estate	485.5	508.4	512.5	517.6	522.4	526.2	530.6	534.3	532.1	533.6	534.1	534.6
36 Revolving home equity	26.3	26.6	26.9	27.4	28.0	29.0	29.4	30.3	30.2	30.1	30.2	30.3
37 Other	459.2	481.9	485.6	490.2	494.4	497.2	501.2	504.1	501.9	503.5	503.9	504.2
38 Consumer	222.5	228.4	232.0	234.0	236.3	238.0	239.0	240.5	239.4	239.4	241.1	240.6
39 Security[3]	6.0	5.1	4.9	5.1	5.1	5.1	5.5	5.6	5.8	5.7	5.5	5.4
40 Other loans and leases	63.1	63.6	65.1	66.1	66.5	65.6	65.7	66.2	66.3	65.9	65.9	66.2
41 Interbank loans	62.1	48.9	45.5	48.7	49.8	51.8	58.8	58.1	63.0	60.7	57.0	55.2
42 Cash assets[4]	67.0	64.6	63.8	62.9	64.5	66.3	69.2	71.2	69.1	66.4	69.3	69.9
43 Other assets[5]	50.4	49.0	55.3	56.2	58.2	58.9	60.1	59.9	61.5	59.4	60.1	59.1
44 **Total assets**[6]	**1,505.0**	**1,538.4**	**1,549.1**	**1,560.3**	**1,576.7**	**1,584.6**	**1,601.4**	**1,611.6**	**1,608.2**	**1,605.4**	**1,608.0**	**1,608.0**
Liabilities												
45 Deposits	1,205.8	1,209.4	1,210.2	1,223.9	1,242.0	1,252.0	1,279.7	1,298.4	1,293.0	1,289.4	1,289.2	1,292.5
46 Transaction	347.1	324.1	319.8	318.2	322.4	322.9	330.2	338.6	333.2	331.0	332.7	336.8
47 Nontransaction	858.7	885.3	890.5	905.7	919.7	929.1	949.5	959.8	959.8	958.3	956.5	955.7
48 Large time	142.9	148.6	150.3	152.4	152.2	143.7	146.3	146.8	147.2	147.6	147.3	146.0
49 Other	715.8	736.7	740.1	753.2	767.5	785.4	803.2	813.1	812.6	810.7	809.2	809.8
50 Borrowings	142.4	156.9	159.5	163.2	165.3	160.6	160.0	161.2	159.6	157.4	164.0	161.7
51 From banks in the U.S.	79.1	85.7	75.5	75.7	77.6	82.9	81.6	81.3	81.1	79.4	81.5	82.3
52 From others	63.3	71.2	83.9	87.6	87.7	77.7	78.4	79.8	78.5	78.0	82.6	79.3
53 Net due to related foreign offices	6.3	5.2	5.7	4.4	5.9	3.4	2.2	2.7	1.3	2.4	1.6	4.2
54 Other liabilities	27.8	28.1	28.7	28.0	26.7	24.5	23.5	22.0	22.8	23.1	22.7	21.9
55 **Total liabilities**	**1,382.3**	**1,399.6**	**1,404.1**	**1,419.6**	**1,439.9**	**1,440.5**	**1,465.3**	**1,484.3**	**1,476.7**	**1,472.2**	**1,477.5**	**1,480.3**
56 Residual (assets less liabilities)[7]	122.8	138.8	145.1	140.7	136.8	144.1	136.1	127.3	131.6	133.2	130.5	127.7
MEMO												
57 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	49.7	50.3	51.3	50.7	50.9	50.8	51.2

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			
	1995	1996							1996			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	Seasonally adjusted											
Assets												
1 Bank credit	438.1	466.1	466.0	464.7	463.9	483.4[r]	504.2	511.1	506.0	512.8	510.1	515.1
2 Securities in bank credit	146.4	151.6	147.4	148.6	144.0	146.9	164.2	170.4	169.9	171.3	168.5	173.7
3 U.S. government securities	67.1	79.0	79.3	81.1	82.3	82.5	88.3	88.7	88.1	87.8	87.5	91.8
4 Other securities	79.3	72.5	68.2	67.5	61.7	64.4	75.9	81.7	81.9	83.5	81.0	81.9
5 Loans and leases in bank credit[2]	291.7	314.5	318.5	316.1	319.9[r]	336.5[r]	340.0	340.7	336.0	341.5	341.6	341.4
6 Commercial and industrial	181.6	190.0	192.4	191.7	198.4[r]	207.0	210.5	217.1	212.0	218.3	218.3	218.1
7 Real estate	36.0	33.2	33.1	33.1	32.9[r]	33.5[r]	33.4	33.1	33.1	33.3	33.2	33.2
8 Security[3]	26.7	34.7	33.2	30.8	29.3	34.8	35.6	31.8	31.4	29.7	31.4	32.6
9 Other loans and leases	47.5	56.5	59.8	60.5	59.2	61.3[r]	60.4	58.7	59.5	60.3	58.8	57.5
10 Interbank loans	20.1	24.3	19.3	16.9	19.5[r]	18.5	20.4	20.4	20.7	15.4	23.6	19.4
11 Cash assets[4]	30.5	25.7	27.7	27.8	27.8	28.7	30.7	31.8	32.5	32.0	31.7	31.7
12 Other assets[5]	47.2	39.8	39.1	40.2	38.3	33.0	35.2	36.7	37.2	38.6	35.3	36.3
13 **Total assets[6]**	**535.8**	**555.8**	**552.0**	**549.5**	**549.5**	**563.4**	**590.3**	**599.7**	**596.1**	**598.6**	**600.5**	**602.4**
Liabilities												
14 Deposits	167.2	171.7	179.8	180.5	185.8	205.7	206.4[r]	221.0	216.1	217.9	221.9	224.4
15 Transaction	10.1	10.7	10.6	10.3	9.6	10.7	10.7	11.1	11.1	10.6	10.8	10.9
16 Nontransaction	157.0	161.0	169.2	170.1	176.2	195.0	195.7	209.9	204.9	207.4	211.1	213.5
17 Large time	151.6	161.0	166.8	168.4	173.8	191.9	193.2[r]	205.4	199.0	203.3	205.1	210.0
18 Other	5.5	0.0	2.4	1.7	2.3	3.1	2.5	4.6	5.9	4.1	5.9	3.4
19 Borrowings	110.3	130.2	124.9	131.7	121.8	115.7	126.3	122.4	122.1	124.2	121.3	123.5
20 From banks in the U.S.	30.1	32.7	30.8	35.5	33.6	33.9	37.1	35.9	39.0	39.3	35.6	33.4
21 From others	80.2	97.5	94.0	96.2	88.2	81.8	89.2	86.5	83.1	84.9	85.7	90.1
22 Net due to related foreign offices	172.2	176.6	175.6	170.5	174.9	165.1	166.8	161.4	165.4	160.7	168.0	154.0
23 Other liabilities	84.8	69.2	67.3	65.5	65.5	72.6	80.1[r]	80.7	84.4	84.9	77.9	79.2
24 **Total liabilities**	**534.4**	**547.7**	**547.5**	**548.2**	**548.0**	**559.0**	**579.6**	**585.5**	**587.9**	**587.8**	**589.1**	**581.1**
25 Residual (assets less liabilities)[7]	1.4	8.1	4.5	1.3	1.5[r]	4.4	10.8	14.3	8.2	10.9	11.3	21.3
	Not seasonally adjusted											
Assets												
26 Bank credit	439.3	462.9	467.0	467.0	465.4	480.1[r]	496.3	505.2	498.7	506.2	504.6	507.4
27 Securities in bank credit	142.7	149.7	148.4	150.7	145.2	147.9	158.0	158.9	162.1	160.2	157.7	158.9
28 U.S. government securities	66.2	78.0	79.0	82.4	81.7	81.8	87.2	85.9	87.2	86.4	86.0	86.1
29 Trading account	n.a.	n.a.	n.a.	n.a.	n.a.	18.6	21.8	20.0	22.5	20.7	19.3	19.1
30 Investment account	n.a.	n.a.	n.a.	n.a.	n.a.	63.2	65.4	65.9	64.7	65.7	66.7	67.0
31 Other securities	76.4	71.7	69.3	68.3	63.5	66.1	70.8	73.0	74.9	73.8	71.7	72.8
32 Trading account	n.a.	n.a.	n.a.	n.a.	n.a.	47.8	51.7	53.8	55.9	54.6	52.3	53.6
33 Investment account	n.a.	n.a.	n.a.	n.a.	n.a.	18.4	19.0[r]	19.2	19.0	19.2	19.3	19.2
34 Loans and leases in bank credit[2]	296.7	313.2	318.7	316.3	320.2	332.2[r]	338.3	346.3	336.6	346.0	346.9	348.4
35 Commercial and industrial	181.8	190.5	193.5	192.6	197.7	204.9	209.7	216.5	211.2	215.9	217.3	219.2
36 Real estate	35.9	33.1	33.0	33.1	33.0	33.5[r]	33.6	33.1	33.4	33.4	33.1	33.0
37 Security[3]	29.8	32.5	32.0	29.8	29.1	32.9	34.7	35.6	31.4	34.7	35.4	35.9
38 Other loans and leases	49.0	57.1	60.1	60.7	60.4	60.9	60.3	61.0	60.6	62.0	61.2	60.3
39 Interbank loans	21.5	22.4	19.2	16.4	20.1[r]	19.8	19.8	21.6	20.9	15.8	23.8	20.4
40 Cash assets[4]	30.2	26.6	28.2	28.5	28.7	29.1	30.3	31.4	31.5	31.1	31.1	32.1
41 Other assets[5]	47.5	39.6	38.6	41.1	38.5	32.8	35.7	36.9	37.8	39.8	35.5	35.7
42 **Total assets[6]**	**538.5**	**551.4**	**553.0**	**552.9**	**552.6**	**561.6**	**581.9**	**594.9**	**588.7**	**592.7**	**594.8**	**595.4**
Liabilities												
43 Deposits	168.1	173.8	177.5	178.8	185.7	203.9	208.4	224.7	217.6	221.4	225.5	230.3
44 Transaction	10.5	10.4	10.6	10.3	10.2	10.8	10.8	11.6	11.2	10.6	11.6	11.6
45 Nontransaction	157.6	163.4	166.9	168.5	175.5	193.1[r]	197.6	213.1	206.5	210.8	213.9	218.7
46 Large time	154.9	161.0	164.5	166.3	173.2	190.6	195.0[r]	210.1	202.0	208.5	210.0	216.3
47 Other	2.7	2.4	2.4	2.3	2.3	2.5	2.5	3.0	4.5	2.3	3.9	2.4
48 Borrowings	109.4	134.4	130.6	133.6	123.6	113.2	122.5[r]	122.1	123.2	123.1	121.2	122.7
49 From banks in the U.S.	31.7	34.5	32.2	35.1	33.5	31.8	36.5	37.9	40.6	41.2	38.2	34.7
50 From others	77.8	99.9	98.4	98.5	90.1	81.4	86.1	84.1	82.6	81.9	83.0	88.1
51 Net due to related foreign offices	174.9	170.2	175.0	171.2	174.3	167.2	165.7	162.0	157.8	158.1	164.2	157.6
52 Other liabilities	81.8	69.7	66.8	66.4	65.7	72.6	80.1[r]	80.7	84.4	84.9	77.9	79.2
53 **Total liabilities**	**534.2**	**548.1**	**549.9**	**549.9**	**549.2**	**556.9**	**576.7**	**589.5**	**583.1**	**587.6**	**588.8**	**589.8**
54 Residual (assets less liabilities)[7]	4.2	3.3	3.1	3.0	3.4	4.8[r]	5.2	5.5	5.6	5.2	6.0	5.6
MEMO												
55 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	35.9	38.4	38.7	34.8	32.5	31.5	32.5
56 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	29.3	31.5	32.0	33.9	31.7	31.1	31.8

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					1996					
	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	June	July	Aug.	Sept.	Oct.	Nov.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**528,832**	**545,619**	**555,075**	**595,382**	**674,904**	**731,027**	**734,731**	**753,276**	**757,155**	**757,718[r]**	**766,556**
Financial companies[1]											
2 Dealer-placed paper[2], total	212,999	226,456	218,947	223,038	275,815	310,524	317,426	329,026	336,833	349,288	354,400
3 Directly placed paper[3], total	182,463	171,605	180,389	207,701	210,829	223,236	222,583	230,318	226,599	225,977[r]	228,553
4 Nonfinancial companies[4]	133,370	147,558	155,739	164,643	188,260	197,267	194,722	193,932	193,724	182,454	183,603
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**43,770**	**38,194**	**32,348**	**29,835**	**29,242**						
By holder											
6 Accepting banks	11,017	10,555	12,421	11,783							
7 Own bills	9,347	9,097	10,707	10,462							
8 Bills bought from other banks	1,670	1,458	1,714	1,321							
Federal Reserve Banks[6]											
9 Foreign correspondents	1,739	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	31,014	26,364	19,202	17,642							
By basis											
11 Imports into United States	12,843	12,209	10,217	10,062							
12 Exports from United States	10,351	8,096	7,293	6,355							
13 All other	20,577	17,890	14,838	13,417							

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
5. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances 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
		Sept.	7.75				
		Oct.	7.75			1997—Jan.	8.25
		Nov.	8.15				
		Dec.	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				1996, week ending				
				Sept.	Oct.	Nov.	Dec.	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	4.21	5.83	5.30	5.30	5.24	5.31	5.29	5.30	5.52	5.22	5.38	5.18
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	5.45	5.37	5.39	5.70	5.42	5.53	5.57	5.73	5.88
4 3-month	4.66	5.93	5.41	5.52	5.43	5.41	5.51	5.42	5.42	5.44	5.52	5.61
5 6-month	4.93	5.93	5.42	5.66	5.45	5.40	5.44	5.40	5.40	5.42	5.45	5.48
Finance paper, directly placed[3,5,7]												
6 1-month	4.33	5.81	5.31	5.33	5.25	5.25	5.41	5.24	5.35	5.39	5.46	5.46
7 3-month	4.53	5.78	5.29	5.38	5.31	5.29	5.33	5.29	5.30	5.31	5.35	5.36
8 6-month	4.56	5.68	5.21	5.40	5.28	5.23	5.25	5.22	5.22	5.24	5.26	5.28
Bankers acceptances[3,5,8]												
9 3-month	4.56	5.81	5.31	5.39	5.32	5.29	5.35	5.29	5.30	5.33	5.39	5.40
10 6-month	4.83	5.80	5.31	5.51	5.36	5.29	5.33	5.30	5.29	5.33	5.35	5.37
Certificates of deposit, secondary market[3,9]												
11 1-month	4.38	5.87	5.35	5.38	5.28	5.30	5.50	5.34	5.46	5.48	5.49	5.59
12 3-month	4.63	5.92	5.39	5.51	5.41	5.38	5.44	5.38	5.40	5.42	5.44	5.50
13 6-month	4.96	5.98	5.47	5.71	5.51	5.43	5.47	5.43	5.42	5.47	5.49	5.51
14 Eurodollar deposits, 3-month[3,10]	4.63	5.93	5.38	5.49	5.41	5.38	5.43	5.38	5.39	5.40	5.46	5.47
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	4.25	5.49	5.01	5.09	4.99	5.03	4.91	5.02	4.92	4.83	4.88	4.97
16 6-month	4.64	5.56	5.08	5.24	5.11	5.07	5.04	5.06	5.02	5.00	5.06	5.08
17 1-year	5.02	5.60	5.22	5.50	5.25	5.14	5.18	5.13	5.14	5.17	5.22	5.20
Auction average[3,5,11]												
18 3-month	4.29	5.51	5.02	5.15	5.01	5.03	4.87	5.03	4.98	4.83	4.76	4.92
19 6-month	4.66	5.59	5.09	5.29	5.12	5.07	5.02	5.07	5.04	4.97	4.99	5.08
20 1-year	5.02	5.69	5.23	5.57	5.34	5.20	5.16	n.a.	n.a.	5.16	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.32	5.94	5.52	5.83	5.55	5.42	5.47	5.41	5.42	5.46	5.51	5.50
22 2-year	5.94	6.15	5.84	6.23	5.91	5.70	5.78	5.65	5.66	5.77	5.85	5.84
23 3-year	6.27	6.25	5.99	6.41	6.08	5.82	5.91	5.75	5.77	5.89	5.98	5.97
24 5-year	6.69	6.38	6.18	6.60	6.27	5.97	6.07	5.90	5.92	6.06	6.15	6.12
25 7-year	6.91	6.50	6.34	6.73	6.42	6.10	6.20	6.03	6.04	6.21	6.29	6.24
26 10-year	7.09	6.57	6.44	6.83	6.53	6.20	6.30	6.12	6.15	6.31	6.40	6.34
27 20-year	7.49	6.95	6.83	7.17	6.90	6.58	6.65	6.51	6.52	6.66	6.73	6.67
28 30-year	7.37	6.88	6.71	7.03	6.81	6.48	6.55	6.41	6.43	6.56	6.63	6.58
Composite												
29 More than 10 years (long-term)	7.41	6.93	6.80	7.13	6.87	6.55	6.63	6.49	6.51	6.65	6.72	6.65
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	5.77	5.80	5.52	5.57	5.52	5.43	5.38	5.41	5.39	5.35	5.38	5.38
31 Baa	6.17	6.10	5.79	5.79	5.73	5.69	5.63	5.70	5.69	5.64	5.50	5.70
32 *Bond Buyer* series[14]	6.18	5.95	5.76	5.87	5.72	5.59	5.64	5.54	5.57	5.66	5.67	5.66
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.26	7.83	7.66	7.95	7.68	7.41	7.50	7.37	7.40	7.51	7.58	7.52
Rating group												
34 Aaa	7.97	7.59	7.37	7.66	7.39	7.10	7.20	7.06	7.10	7.21	7.28	7.22
35 Aa	8.15	7.72	7.55	7.82	7.58	7.31	7.41	7.27	7.30	7.41	7.49	7.43
36 A	8.28	7.83	7.69	7.95	7.70	7.41	7.51	7.38	7.40	7.52	7.59	7.53
37 Baa	8.63	8.20	8.05	8.35	8.07	7.79	7.89	7.75	7.79	7.90	7.97	7.91
38 A-rated, recently offered utility bonds[16]	8.29	7.86	7.77	8.06	7.83	7.54	7.63	7.42	7.62	7.67	7.69	7.64
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.82	2.56	2.19	2.20	2.11	2.01	2.01	1.97	2.00	2.02	2.04	1.99

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 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	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	347.50	354.84	358.32	345.06	354.59	360.96	373.54	388.75	391.61
2 Industrial	315.32	367.40	453.57	441.99	452.63	458.30	438.58	444.91	459.69	473.98	490.60	494.38
3 Transportation	247.17	270.14	327.30	326.42	334.66	331.57	316.57	321.61	323.12	332.80	348.32	352.28
4 Utility	104.96	110.64	126.36	122.44	124.86	123.60	122.66	122.37	121.12	130.04	135.88	128.55
5 Finance	209.75	238.48	303.94	287.92	290.43	294.42	287.89	302.95	308.16	324.42	345.30	350.01
6 Standard & Poor's Corporation (1941–43 = 10)[2]	460.42	541.72	670.49	647.17	661.23	668.50	644.06	662.68	674.88	701.46	735.67	743.25
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	449.49	498.13	570.86	580.60	600.93	591.99	550.16	554.88	564.87	574.46	583.21	582.96
Volume of trading (thousands of shares)												
8 New York Stock Exchange	290,652	345,729	409,740	419,941	404,184	392,413	398,245	333,343	400,951	420,835	443,521	431,538
9 American Stock Exchange	17,951	20,387	22,567	24,886	28,127	23,903	21,281	17,916	19,449	18,780	22,151	23,648
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**61,160**	**76,680**	**97,400**	**81,170**	**86,100**	**87,160**	**79,860**	**82,980**	**89,300**	**88,740**	**91,680**	**97,400**
Free credit balances at brokers[5]												
11 Margin accounts[6]	14,095	16,250	22,600	15,780	16,890	16,800	17,700	17,520	17,940	19,890	20,020	22,540
12 Cash accounts	28,870	34,340	40,430	33,100	33,760	33,775	32,935	32,680	35,360	36,610	36,650	40,430

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					
	1994	1995	1996	July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. budget[1]									
1 Receipts, total	1,258,627[r]	1,351,830[r]	1,453,062	103,893	99,996	157,668	99,656	97,849	148,489
2 On-budget	923,601[r]	1,000,751[r]	1,085,570	75,282	71,505	125,806	73,644	70,018	119,528
3 Off-budget	335,026	351,079	367,492	28,611	28,491	31,862	26,012	27,831	28,961
4 Outlays, total	1,461,731[r]	1,515,729[r]	1,560,330	130,749	141,828	122,243	139,915	135,727	129,126
5 On-budget	1,181,469	1,227,065[r]	1,259,872	104,214	113,840	90,253	113,290	106,327	119,890
6 Off-budget	279,372	288,664	300,458	26,535	27,987	31,989	26,625	29,400	9,237
7 Surplus or deficit (−), total	−203,104	−163,899[r]	−107,268	−26,856	−41,831	35,426	−40,259	−37,878	19,362
8 On-budget	−258,758	−226,314[r]	−174,302	−28,932	−42,335	35,553	−39,646	−36,309	−362
9 Off-budget	55,654	62,415	67,034	2,076	504	−127	−613	−1,569	19,724
Source of financing (total)									
10 Borrowing from the public	185,344	171,288	129,712	29,098	16,160	−5,892	15,588	45,459	−12,321
11 Operating cash (decrease, or increase (−))	16,564	−2,007	−6,276	1,262	23,705	−31,159	18,592	−673	−6,488
12 Other[2]	1,196	−5,382[r]	−16,168	−3,504	1,966	1,625	6,079	−6,908	−553
MEMO									
13 Treasury operating balance (level, end of period)	35,942	37,949	44,225	36,771	13,066	44,225	25,633	26,306	32,794
14 Federal Reserve Banks	6,848	8,620	7,700	6,836	5,149	7,700	5,897	4,857	7,742
15 Tax and loan accounts	29,094	29,329	36,525	29,936	7,917	36,525	19,736	21,449	25,052

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		Calendar year						
	1995	1996	1995		1996		1996		
			H1	H2	H1	H2	Oct.	Nov.	Dec.
RECEIPTS									
1 **All sources**	**1,351,830[r]**	**1,351,830**	**711,003**	**656,865**	**767,099**	**707,551**	**99,656[r]**	**97,849[r]**	**148,489**
2 Individual income taxes, net	590,244	656,417	307,498	292,393	347,285	323,884	53,600[r]	46,270[r]	59,423
3 Withheld	499,927	533,080	251,398	256,916	264,177	279,988	48,866	46,989	52,690
4 Nonwithheld	175,855	212,168	132,001	45,521	162,782	53,491	5,639	2,003	7,582
5 Refunds	85,538	88,897	75,959	10,058	79,735	9,604	905[r]	2,724[r]	850
Corporation income taxes									
6 Gross receipts	174,422	189,055	92,132	88,302	96,480	95,364	5,654	3,522	40,436
7 Refunds	17,418	17,231	10,399	7,518	9,704	10,053	4,792	1,183	1,479
8 Social insurance taxes and contributions, net	484,473	509,414	261,837	224,269	277,767	240,326	36,104	39,952	40,687
9 Employment taxes and contributions[2]	451,045	476,361	241,557	211,323	257,446	227,777	34,428	36,967	40,057
10 Unemployment insurance	28,878	28,584	18,001	10,702	18,068	10,302	1,330	2,574	259
11 Other net receipts[3]	4,550	4,469	2,279	2,247	2,254	2,245	346	411	371
12 Excise taxes	57,484	54,014	27,452	30,014	25,682	27,016	3,923	4,678	4,559
13 Customs deposits	19,301	18,670	8,848	9,849	8,731	9,294	1,432	1,219	1,520
14 Estate and gift taxes	14,763	17,189	7,425	7,718	8,775	8,835	1,547	1,394	1,371
15 Miscellaneous receipts[4]	28,561[r]	25,534	16,211	11,839	12,087	12,886	2,187	1,997	1,973
OUTLAYS									
16 **All types**	**1,515,729[r]**	**1,560,330**	**761,289**	**752,856**	**785,368**	**799,588**	**139,915[r]**	**135,727[r]**	**129,126**
17 National defense	272,066	265,748	135,648	132,887[r]	132,600	138,319	22,284	24,911	23,085
18 International affairs	16,434	13,496	4,797	6,908	8,074	8,770	4,112	814	1,371
19 General science, space, and technology	16,724	16,709	8,611	7,969[r]	8,897	9,498	1,447	1,586	1,590
20 Energy	4,936	2,836	2,358	1,992	1,355	801	−207	−96	201
21 Natural resources and environment	22,078[r]	21,614	10,273	11,384	10,238	11,592	1,758	1,888	2,150
22 Agriculture	9,778[r]	9,159	4,039	3,073[r]	71	10,771	2,347	1,405	2,240
23 Commerce and housing credit	17,808[r]	−10,646	−13,471	−3,941	−6,861	−6,379	−167	−4,535	−1,335
24 Transportation	39,350	39,565	18,193	20,725	18,291	21,233	3,870	3,386	3,209
25 Community and regional development	10,641	10,685	5,073	5,569[r]	5,237	6,114	1,247	990	706
26 Education, training, employment, and social services	54,263	52,001	25,893	26,295	26,137	26,175	4,176	4,973	3,799
27 Health	115,418	119,378	59,057	57,111[r]	59,957	61,429	10,378	10,060	10,558
28 Social security and Medicare	495,701	523,901	251,975	251,386[r]	264,649	269,409	45,420	45,936	44,779
29 Income security	220,493[r]	225,989	117,190	104,760	121,032	107,046	18,144[r]	19,646[r]	17,278
30 Veterans benefits and services	37,890[r]	36,985	19,269	18,687	18,164	21,133	3,336	5,156	3,088
31 Administration of justice	16,216[r]	17,548	8,051	8,092	9,021	9,602	1,311	1,897	1,563
32 General government	13,835	11,892	5,796	7,602	4,641	6,641	1,763	200	1,687
33 Net interest[5]	232,169[r]	241,090	116,169	119,348[r]	120,579	122,627	21,472	20,144	19,997
34 Undistributed offsetting receipts[6]	−44,455	−37,620	−17,631	−26,995	−16,716	−25,196	−2,777	−2,635	−6,839

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 1997*; 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	1994	1995				1996			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**4,827**	**4,891**	**4,978**	**5,001**	**5,017**	**5,153**	**5,197**	**5,260**	**5,357**
2 Public debt securities	4,800	4,864	4,951	4,974	4,989	5,118	5,161	5,225	5,323
3 Held by public	3,543	3,610	3,635	3,653	3,684	3,764	3,739	3,778	n.a.
4 Held by agencies	1,257	1,255	1,317	1,321	1,305	1,354	1,422	1,447	n.a.
5 Agency securities	27	27	27	27	28	36	36	35	34
6 Held by public	27	26	27	27	28	28	28	27	n.a.
7 Held by agencies	0	0	0	0	0	8	8	8	n.a.
8 **Debt subject to statutory limit**	**4,711**	**4,775**	**4,861**	**4,885**	**4,900**	**5,030**	**5,073**	**5,137**	**5,237**
9 Public debt securities	4,711	4,774	4,861	4,885	4,900	5,030	5,073	5,137	5,237
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	4,900	4,900	4,900	4,900	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			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**4,535.7**	**4,800.2**	**4,988.7**	**5,323.2**	**5,117.8**	**5,161.1**	**5,224.8**	**5,323.2**
By type								
2 Interest-bearing	4,532.3	4,769.2	4,964.4	5,317.2	5,083.0	5,126.8	5,220.8	5,317.2
3 Marketable	2,989.5	3,126.0	3,307.2	3,459.7	3,375.1	3,348.4	3,418.4	3,459.7
4 Bills	714.6	733.8	760.7	777.4	811.9	773.6	761.2	777.4
5 Notes	1,764.0	1,867.0	2,010.3	2,112.3	2,014.1	2,025.8	2,098.7	2,112.3
6 Bonds	495.9	510.3	521.2	555.0	534.1	534.1	543.5	555.0
7 Nonmarketable[1]	1,542.9	1,643.1	1,657.2	1,857.5	1,707.9	1,778.3	1,802.4	1,857.5
8 State and local government series	149.5	132.6	104.5	101.3	96.5	97.8	95.7	101.3
9 Foreign issues[2]	43.5	42.5	40.8	37.4	40.4	37.8	37.5	37.4
10 Government	43.5	42.5	40.8	47.4	40.4	37.8	37.5	47.4
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	169.4	177.8	181.9	182.4	183.0	183.8	184.2	182.4
13 Government account series[3]	1,150.0	1,259.8	1,299.6	1,505.9	1,357.7	1,428.5	1,454.7	1,505.9
14 Non-interest-bearing	3.4	31.0	24.3	6.0	34.8	34.3	4.0	6.0
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	1,153.5	1,257.1	1,304.5	n.a.	1,353.8	1,422.4	1,447.0	n.a.
16 Federal Reserve Banks	334.2	374.1	391.0	n.a.	381.0	391.0	390.9	n.a.
17 Private investors	3,047.4	3,168.0	3,294.9	n.a.	3,382.8	3,347.3	3,396.2	n.a.
18 Commercial banks	322.2	290.1	278.3	n.a.	281.0[r]	285.0	280.0	n.a.
19 Money market funds	80.8	67.6	71.3	n.a.	87.3	82.2	85.3	n.a.
20 Insurance companies	234.5	240.1	250.8	n.a.	256.0	258.0	240.0	n.a.
21 Other companies	213.0	226.5	228.8	n.a.	229.0	230.9	249.1	n.a.
22 State and local treasuries[5,6]	605.9	483.4	352.2	n.a.	336.8	340.0	300.0	n.a.
Individuals								
23 Savings bonds	171.9	180.5	185.0	n.a.	185.8	186.5	186.8	n.a.
24 Other securities	137.9	150.7	162.7	n.a.	161.4	161.1	167.2	n.a.
25 Foreign and international[7]	623.0	688.6[r]	862.1	n.a.	930.3[r]	958.2[r]	1,027.7	n.a.
26 Other miscellaneous investors[6,8]	658.3	840.5	903.7	n.a.	915.2[r]	845.4[r]	860.1	n.a.

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Includes state and local pension funds.
6. 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.
7. Consists of investments of foreign balances and international accounts in the United States.
8. 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			1996, week ending								
	Sept.	Oct.	Nov.	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	53,964	46,500	48,828	41,575	50,868	60,104	47,856	38,613	51,501	55,470	58,612	38,766
Coupon securities, by maturity												
2 Five years or less	101,720	99,043	101,712	98,278	106,346	100,651	113,446	90,343	85,598	120,422	112,455	72,174
3 More than five years	47,945	53,211	62,469	56,383	64,128	68,880	57,284	62,421	56,359	65,565	68,412	34,018
4 Federal agency	33,559	30,349	33,010	28,210	30,770	30,724	35,444	33,916	34,415	33,041	36,674	35,498
5 Mortgage-backed	39,470	40,500	44,279	29,510	53,829	63,146	38,702	26,757	46,106	59,605	35,581	16,225
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	118,528	114,131	120,115	113,359	125,283	130,624	123,412	107,387	104,562	139,705	127,703	81,471
7 Federal agency	796	848	823	719	991	689	753	887	718	613	668	479
8 Mortgage-backed	13,533	14,927	16,511	10,505	20,994	21,535	13,792	12,031	14,486	19,357	13,807	5,827
With other												
9 U.S. Treasury	85,100	84,624	92,894	82,877	96,059	99,011	95,173	83,991	88,895	101,752	111,776	63,487
10 Federal agency	32,763	29,502	32,187	27,491	29,779	30,035	34,692	33,029	33,698	32,428	36,006	35,019
11 Mortgage-backed	25,937	25,573	27,767	19,005	32,835	41,611	24,909	14,726	31,620	40,248	21,774	10,398
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	428	96	180	78	159	75	156	209	667	214	200	256
Coupon securities, by maturity												
13 Five years or less	1,710	1,029	1,423	1,063	1,064	826	1,310	2,215	1,859	2,910	1,557	979
14 More than five years	14,057	11,938	14,514	13,339	13,309	16,479	13,479	15,278	12,821	17,869	14,013	10,116
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	3,555	3,143	2,345	3,114	3,850	2,238	1,872	1,643	2,637	1,877	1,137	1,638
19 More than five years	3,924	4,548	4,881	4,319	5,374	6,661	4,620	3,583	3,577	3,928	4,408	3,777
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	1,132	1,113	874	719	945	1,399	608	729	548	653	602	129

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 Sept.	1996 Oct.	1996 Nov.	1996, week ending Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	4,530	607	8,847	1,006	383	12,706	11,838	5,751	17,011	22,945	15,313
Coupon securities, by maturity											
2 Five years or less	3,592	384	5,631	557	11,898	961	9,466	2,476	2,409	−8,909	−9,597
3 More than five years	21,281	17,347	−17,797	17,883	−15,199	−17,666	−19,061	−18,243	−19,313	−21,141	−21,893
4 Federal agency	20,899	25,339	25,228	26,197	25,729	27,827	22,520	25,511	23,818	26,366	24,945
5 Mortgage-backed	36,981	39,361	42,015	40,855	43,646	44,320	41,239	40,135	39,571	45,233	45,617
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	963	1,315	1,872	1,707	−1,720	−1,959	−1,831	1,598	−2,705	−1,890	−2,467
Coupon securities, by maturity											
7 Five years or less	1,741	667	−1,285	86	90	−367	−2,319	−1,777	−2,261	349	843
8 More than five years	−7,520	10,401	15,889	−12,170	15,377	−14,422	−18,630	−15,519	−14,802	−14,088	−13,260
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	n.a.	0	0
Coupon securities, by maturity											
12 Five years or less	−992	−1,261	−1,779	50	1,765	−2,591	−1,853	−568	−2,569	−2,146	−2,914
13 More than five years	−1,021	1,433	423	−2,325	−1,050	−432	1,189	1,501	1,061	1,791	1,491
14 Federal agency	0	0	0	0	0	0	0	0	0	0	0
15 Mortgage-backed	1,620	2,343	1,585	2,914	1,376	1,174	2,088	1,949	941	1,179	654
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	269,777	253,416	264,568	248,408	259,323	258,190	287,053	243,528	286,573	265,542	248,671
17 Term	450,345	501,087	487,521	527,486	535,831	542,617	433,133	473,483	422,001	455,010	448,479
Securities borrowed											
18 Overnight and continuing	187,938	182,236	190,289	180,066	182,134	189,731	196,070	189,354	196,596	196,915	194,548
19 Term	66,776	74,103	69,201	73,923	74,647	73,361	64,746	66,717	64,794	71,510	74,074
Securities received as pledge											
20 Overnight and continuing	4,067	3,778	3,805	3,467	3,429	3,456	3,908	4,217	4,172	4,909	5,311
21 Term	59	41	140	39	146	147	108	166	122	127	129
Repurchase agreements											
22 Overnight and continuing	566,786	572,193	577,005	568,125	587,925	589,545	606,286	512,594	607,879	593,342	579,589
23 Term	391,841	445,809	447,089	478,488	482,670	491,467	387,544	466,185	366,756	406,167	401,929
Securities loaned											
24 Overnight and continuing	3,864	3,860	3,646	4,104	4,172	3,468	3,364	3,827	3,248	3,120	3,061
25 Term	3,567	3,566	3,613	n.a.	3,553	3,664	n.a.	n.a.	n.a.	n.a.	n.a.
Securities pledged											
26 Overnight and continuing	44,798	43,365	49,960	42,919	44,317	48,605	52,942	51,575	53,681	54,641	55,184
27 Term	6,752	6,843	4,294	6,364	7,406	7,487	1,405	2,536	1,462	1,440	1,378
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	14,912	13,787	14,254	14,113	16,203	15,259	15,037	11,457	12,708	14,557	8,212
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	263,184	252,532	264,391	248,308	258,048	257,765	287,100	247,541	278,870	267,009	255,178
32 Term	446,548	498,543	479,031	523,420	529,751	532,284	427,813	462,192	412,129	454,641	446,507
Securities out											
33 Overnight and continuing	359,468	362,320	357,386	347,735	371,154	373,086	379,899	306,897	358,492	352,896	338,440
34 Term	349,869	398,155	394,147	430,485	431,378	439,326	337,720	402,899	325,513	354,481	348,847

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	1992	1993	1994	1995	1996				
					June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**483,970**	**570,711**	**738,928**	**844,611**	**879,355**	**885,400**	**892,294**	**896,670**	**901,089**
2 Federal agencies	41,829	45,193	39,186	37,347	31,448	30,939	30,730	30,599	30,800
3 Defense Department[1]	7	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	7,208	5,315	3,455	2,050	1,853	1,853	1,853	1,828	1,828
5 Federal Housing Administration[4]	374	255	116	97	62	62	78	82	82
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]	10,660	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	23,580	29,885	27,536	29,429	29,465	28,956	28,793	28,683	28,884
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]	442,141	523,452	699,742	807,264	847,807	854,461	861,564	866,071	870,289
11 Federal Home Loan Banks	114,733	139,512	205,817	243,194	249,240	251,169	253,847	254,920	253,836
12 Federal Home Loan Mortgage Corporation	29,631	49,993	93,279	119,961	143,363	146,534	148,729	146,954	148,435
13 Federal National Mortgage Association	166,300	201,112	257,230	299,174	308,385	310,503	312,374	319,153	321,110
14 Farm Credit Banks[8]	51,910	53,123	53,175	57,379	62,182	60,294	60,219	60,126	59,712
15 Student Loan Marketing Association[9]	39,650	39,784	50,335	47,529	44,718	46,053	46,459	44,962	47,225
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]	**154,994**	**128,187**	**103,817**	**78,681**	**63,654**	**62,233**	**61,971**	**62,846**	**61,051**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	7,202	5,309	3,449	2,044	1,847	1,847	1,847	1,822	1,822
21 Postal Service[6]	10,440	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	6,975	6,325	3,200	3,200	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	42,979	38,619	33,719	21,015	20,625	19,575	19,757	18,700	18,700
26 Rural Electrification Administration	18,172	17,578	17,392	17,144	16,952	16,844	16,847	16,751	16,753
27 Other	64,436	45,864	37,984	29,513	24,230	23,967	23,520	25,573	23,776

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	1993	1994	1995	1996[r]							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues, new and refunding**[1]	**279,945**	**153,950**	**145,657**	**15,736**	**17,481**	**11,643**	**12,493**	**11,693**	**16,750**	**14,520**	**17,354**
By type of issue											
2 General obligation	90,599	54,404	56,980	5,526	6,707	4,345	4,074	3,024	5,467	5,134	4,755
3 Revenue	189,346	99,546	88,677	10,210	10,774	7,298	8,419	8,669	11,283	9,386	12,599
By type of issuer											
4 State	27,999	19,186	14,665	2,803	1,074	671	376	874	1,769	1,351	663
5 Special district or statutory authority[2]	178,714	95,896	93,500	10,386	10,700	7,241	8,433	8,137	10,923	9,091	12,238
6 Municipality, county, or township	73,232	38,868	37,492	2,547	5,707	3,731	3,684	2,682	4,058	4,078	4,453
7 **Issues for new capital**	**91,434**	**105,972**	**102,390**	**9,342**	**13,998**	**8,602**	**7,093**	**7,837**	**12,113**	**8,656**	**12,588**
By use of proceeds											
8 Education	16,831	21,267	23,964	2,910	3,356	2,206	2,337	1,522	2,693	1,530	2,306
9 Transportation	9,167	10,836	11,890	871	1,399	580	622	850	2,907	1,164	736
10 Utilities and conservation	12,014	10,192	9,618	1,302	839	716	417	720	1,441	1,102	1,006
11 Social welfare	13,837	20,289	19,566	1,600	3,114	2,222	2,348	2,100	1,573	1,974	3,294
12 Industrial aid	6,862	8,161	6,581	301	708	396	274	439	556	460	1,081
13 Other purposes	32,723	35,227	30,771	2,358	4,582	2,482	1,095	2,206	2,943	2,426	4,165

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	1993	1994	1995	1996							
				Apr.	May	June	July[r]	Aug.	Sept.	Oct.[r]	Nov.
1 **All issues**[1]	**769,088**	**583,240**	n.a.	**49,039[r]**	**69,251[r]**	**66,861[r]**	**40,152**	**43,893[r]**	**60,449[r]**	**57,414**	**56,549**
2 **Bonds**[2]	**646,634**	**498,039**	n.a.	**36,334**	**55,814**	**53,926[r]**	**32,503**	**38,215[r]**	**53,896[r]**	**44,648**	**43,427**
By type of offering											
3 Public, domestic	487,029	365,222	408,806	30,574	46,745	44,925[r]	26,491	32,135[r]	44,678[r]	38,136	38,098
4 Private placement, domestic[3]	121,226	76,065	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	38,379	56,755	76,910	5,759	9,069	9,001	6,012	6,081[r]	9,218	6,512	5,329
By industry group											
6 Manufacturing	88,160	43,423	42,950	2,503	5,887	6,009	4,066	2,882	4,030	6,673	4,086
7 Commercial and miscellaneous	58,559	40,735	37,139	2,664	4,933	4,272	2,662	2,611	3,170	4,845	4,051
8 Transportation	10,816	6,867	5,727	120	819	906	535	293	620	436	270
9 Public utility	56,330	13,322	11,974	444	691	1,144	1,046	129	229	799	424
10 Communication	31,950	13,340	18,158	724	1,097	2,231	647	1,450	829	700	425
11 Real estate and financial	400,820	380,352	369,769	29,879	42,386	39,365[r]	23,547	30,851[r]	45,018[r]	31,196	34,171
12 **Stocks**[2]	**122,454**	**85,155**	n.a.	**12,735[r]**	**13,537[r]**	**13,014[r]**	**7,703**	**5,742[r]**	**6,655[r]**	**12,766**	**13,122**
By type of offering											
13 Public preferred	18,897	12,570	10,964	2,000	1,660	3,286[r]	1,779	1,164	1,890	3,855	5,656
14 Common	82,657	47,828	57,809	10,735[r]	11,877[r]	9,728[r]	5,924	4,578[r]	4,765[r]	8,905	7,467
15 Private placement[3]	20,900	24,800	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	22,271	17,798	↑	4,000[r]	2,494[r]	2,662[r]	1,724	1,013[r]	782[r]	1,541	1,564
17 Commercial and miscellaneous	25,761	15,713		4,131[r]	6,003[r]	6,690[r]	2,654	2,142[r]	3,077[r]	5,772	3,836
18 Transportation	2,237	2,203	n.a.	37	322	197	104	143	0	42	355
19 Public utility	7,050	2,214		151[r]	297	569	299	306	212[r]	100	210
20 Communication	3,439	494		149[r]	1,205	837	1,083	51	0	526	42
21 Real estate and financial	61,004	46,733	↓	4,267	3,216	2,059[r]	1,839	2,089[r]	2,584[r]	4,786	7,114

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	1994	1995	1996							
			Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **Sales of own shares**[2]	**841,286**	**871,415**	**101,310**	**96,501**	**88,115**	**93,053**	**86,225**	**84,171**	**92,730**	**87,958**
2 Redemptions of own shares	699,823	699,497	81,005	69,419	69,072	76,485	64,993	65,601	72,537	65,949
3 Net sales[3]	141,463	171,918	20,305	27,082	19,044	16,568	21,232	18,570	20,193	22,009
4 **Assets**[4]	**1,550,490**	**2,067,337**	**2,293,491**	**2,356,307**	**2,363,024**	**2,297,216**	**2,366,030**	**2,474,339**	**2,517,049**	**2,652,884**
5 Cash[5]	121,296	142,572	148,777	145,554	144,275	148,647	155,129	156,689	149,937	146,044
6 Other	1,429,195	1,924,765	2,144,713	2,201,752	2,218,749	2,147,337	2,210,901	2,317,651	2,367,112	2,506,840

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	1993	1994	1995	1994	1995				1996		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	464.4	529.5	586.6	570.9	560.0	562.3	612.5	611.8	645.1	655.8	661.2
2 Profits before taxes	464.3	531.2	598.9	572.4	594.5	589.6	607.2	604.2	642.2	644.6	635.6
3 Profits-tax liability	163.8	195.3	218.7	213.5	217.3	214.2	224.5	218.7	233.4	236.4	233.4
4 Profits after taxes	300.5	335.9	380.2	358.8	377.2	375.3	382.8	385.5	408.8	408.1	402.2
5 Dividends	197.3	211.0	227.4	218.5	221.7	224.6	228.5	234.7	239.9	243.1	245.2
6 Undistributed profits	103.2	124.8	152.8	140.3	155.5	150.8	154.3	150.8	168.9	165.1	156.9
7 Inventory valuation	−6.6	−13.3	−28.1	−22.8	−51.9	−42.3	−9.3	−8.8	−17.4	−11.0	2.0
8 Capital consumption adjustment	6.7	11.6	15.9	21.3	17.4	15.0	14.6	16.5	20.4	22.3	23.6

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	1993	1994	1995	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
ASSETS										
1 Accounts receivable, gross[2]	482.8	551.0	614.6	568.5	586.9	594.7	614.6	621.8	631.4	636.1
2 Consumer	116.5	134.8	152.0	135.8	141.7	146.2	152.0	151.9	154.6	155.9
3 Business	294.6	337.6	375.9	351.9	361.8	362.4	375.9	380.9	383.7	383.5
4 Real estate	71.7	78.5	86.6	80.8	83.4	86.1	86.6	89.1	93.1	96.7
5 LESS: Reserves for unearned income	50.7	55.0	63.2	58.9	62.1	61.2	63.2	61.5	59.6	57.3
6 Reserves for losses	11.2	12.4	14.1	12.9	13.7	13.8	14.1	14.2	14.1	14.4
7 Accounts receivable, net	420.9	483.5	537.3	496.7	511.1	519.7	537.3	546.1	557.7	564.4
8 All other	170.9	183.4	210.7	194.6	198.1	198.1	210.7	212.8	216.1	224.9
9 **Total assets**	**591.8**	**666.9**	**748.0**	**691.4**	**709.2**	**717.8**	**748.0**	**758.9**	**773.8**	**789.3**
LIABILITIES AND CAPITAL										
10 Bank loans	25.3	21.2	23.1	21.0	21.5	21.8	23.1	23.5	26.2	27.5
11 Commercial paper	159.2	184.6	184.5	181.3	181.3	178.0	184.5	184.8	186.9	189.4
Debt										
12 Owed to parent	42.7	51.0	62.3	52.5	57.5	59.0	62.3	62.3	68.4	72.0
13 Not elsewhere classified	206.0	235.0	284.7	254.4	264.4	272.1	284.7	291.4	301.3	305.0
14 All other liabilities	87.1	99.5	106.2	102.5	102.1	102.4	106.2	105.7	100.1	102.7
15 Capital, surplus, and undivided profits	71.4	75.7	87.2	79.7	82.5	84.4	87.2	91.1	90.9	92.7
16 **Total liabilities and capital**	**591.8**	**666.9**	**748.0**	**691.4**	**709.2**	**717.8**	**748.0**	**758.9**	**773.8**	**789.3**

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	1993	1994	1995	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.
	Seasonally adjusted								
1 **Total**	**546,103**	**615,618**	**691,616**	**724,845[r]**	**729,747[r]**	**738,487[r]**	**739,183[r]**	**746,779[r]**	**755,192**
2 Consumer	160,227	176,085	198,861	210,507[r]	211,988[r]	212,105[r]	212,979[r]	212,510[r]	212,775
3 Real estate[2]	72,043	78,910	87,077	96,644	97,023	99,806	100,317	103,275[r]	105,460
4 Business	313,833	360,624	405,678	417,694	420,736	426,576	425,887	430,993[r]	436,957
	Not seasonally adjusted								
5 **Total**	**550,751**	**620,975**	**697,340**	**727,907[r]**	**723,049[r]**	**732,117[r]**	**735,269[r]**	**745,597[r]**	**755,217**
6 Consumer	162,770	178,999	202,101	210,017[r]	209,959[r]	211,342[r]	213,827[r]	213,025[r]	214,227
7 Motor vehicles	56,057	61,609	70,061	74,936	75,736	74,433	76,333	75,916	75,303
8 Other consumer[3]	60,396	73,221	81,988	79,474	79,112	78,928	78,451	77,527	77,868
9 Securitized motor vehicles[4]	36,024	31,897	33,633	35,179[r]	34,381[r]	35,830[r]	34,846[r]	34,603[r]	34,177
10 Securitized other consumer[4]	10,293	12,272	16,419	20,428	20,730	22,151	24,197	24,979	26,879
11 Real estate[2]	71,727	78,479	86,606	95,803	97,276	100,295	100,182	103,527[r]	105,628
12 Business	316,254	363,497	408,633	422,087	415,814	420,480	421,260	429,045[r]	435,362
13 Motor vehicles	95,173	118,197	133,277	136,757	133,325	135,063	138,615	140,057	142,394
14 Retail loans[5]	18,091	21,514	25,304	29,033	28,649	28,404	28,875	29,072	28,794
15 Wholesale loans[6]	31,148	35,037	36,427	32,095	26,888	28,188	30,294	30,982	33,197
16 Leases	45,934	61,646	71,546	75,629	77,788	78,471	79,446	80,003	80,403
17 Equipment	145,452	157,953	177,297	184,396	183,119	182,816	181,111	177,762[r]	177,740
18 Loans[7]	43,514	49,358	59,109	58,788	57,216	55,528	56,132	56,703	56,085
19 Leases	101,938	108,595	118,188	125,608	125,903	127,288	124,979	121,059[r]	121,655
20 Other business[8]	53,997	61,495	65,363	64,987	64,397	68,367	67,290	74,255	75,798
21 Securitized business assets[4]	21,632	25,852	32,696	35,947	34,973	34,234	34,244	36,971	39,430
22 Retail loans	2,869	4,494	4,723	4,688	4,613	4,700	4,600	4,650	5,402
23 Wholesale loans	10,584	14,826	21,327	24,868	23,988	23,151	23,170	23,183	23,391
24 Leases	8,179	6,532	6,646	6,391	6,372	6,383	6,474	9,138	10,637

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Beginning with the June 1996 data, retail and wholesale business equipment loans have been combined and are no longer separately available.

8. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1994	1995	1996	1996 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	170.4	175.8	182.4	180.1	194.0	184.8	187.1	183.9	188.1	170.8
2 Amount of loan (thousands of dollars)	130.8	134.5	139.2	139.4	144.2	141.1	141.7	139.0	143.3	129.9
3 Loan-to-price ratio (percent)	78.8	78.6	78.2	78.7	76.2	77.7	77.2	77.7	78.0	79.3
4 Maturity (years)	27.5	27.7	27.2	25.8	26.7	27.2	27.7	27.4	27.4	27.5
5 Fees and charges (percent of loan amount)[2]	1.29	1.21	1.21	1.31	1.25	1.38	1.28	1.11	1.19	1.01
Yield (percent per year)										
6 Contract rate[1]	7.26	7.65	7.56	7.75	7.80	7.85	7.77	7.76	7.60	7.63
7 Effective rate[1,3]	7.47	7.85	7.77	8.05	8.01	8.08	7.98	7.95	7.80	7.79
8 Contract rate (HUD series)[4]	8.58	8.05	8.03	8.37	8.28	8.45	8.23	8.01	7.73	7.91
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.68	8.18	8.19	8.55	8.56	8.58	8.56	8.00	8.14	8.06
10 GNMA securities[6]	7.96	7.57	7.48	7.91	7.84	7.68	7.85	7.53	7.19	7.33
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	222,057	253,511	287,052	270,042	272,458	275,133	278,003	279,544	283,835	287,052
12 FHA/VA insured	27,558	28,762	30,592	30,936	30,830	30,803	30,840	30,815	30,744	30,592
13 Conventional	194,499	224,749	256,460	239,106	241,628	244,330	247,163	248,729	253,091	256,460
14 Mortgage transactions purchased (during period)	62,389	56,598	68,618	5,421	5,345	5,360	5,353	4,235	6,805	6,178
Mortgage commitments (during period)										
15 Issued[7]	54,038	56,092	65,859	5,280	5,036	5,673	4,264	5,199	6,533	3,991
16 To sell[8]	1,820	360	130	0	0	0	53	0	4^r	28
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	72,693	107,424	137,755	123,806	125,574	127,345	129,426	132,259^r	135,270	137,755
18 FHA/VA insured	276	267	220	209	205	201	197	227^r	223^r	220
19 Conventional	72,416	107,157	137,535	123,597	125,369	127,144	129,229	132,032^r	135,047^r	137,535
Mortgage transactions (during period)										
20 Purchases	124,697	98,470	128,566	10,266	9,934	9,643	8,687	9,538	9,198	9,943
21 Sales	117,110	85,877	119,702	9,969	9,496	8,994	8,167	8,797	8,456	9,220
22 Mortgage commitments contracted (during period)[9]	136,067	118,659	128,995	11,164	10,626	8,992	9,315	8,214	9,032	9,905

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	1992	1993	1994	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3[p]
1 **All holders**	**4,091,827**	**4,266,932**	**4,472,718**	**4,657,899**	**4,706,615**	**4,781,996**	**4,869,404**	**4,949,067**
By type of property								
2 One- to four-family residences	3,036,251	3,225,545	3,429,424	3,587,143	3,626,329	3,689,189	3,757,694	3,824,932
3 Multifamily residences	274,234	270,824	275,705	284,201	287,994	291,893	296,974	301,129
4 Nonfarm, nonresidential	700,604	689,365	684,618	702,202	707,673	715,696	728,193	735,659
5 Farm	80,738	81,198	82,971	84,352	84,620	85,217	86,543	87,347
By type of holder								
6 Major financial institutions	1,769,187	1,768,093	1,815,845	1,895,350	1,888,970	1,901,524	1,925,040	1,951,812
7 Commercial banks[2]	894,513	940,595	1,004,322	1,072,844	1,080,366	1,087,207	1,099,585	1,112,970
8 One- to four-family	507,780	556,660	611,391	661,907	663,614	665,935	670,735	676,753
9 Multifamily	38,024	38,657	39,360	42,894	43,842	44,700	45,127	45,753
10 Nonfarm, nonresidential	328,826	324,413	331,004	344,219	349,081	352,641	359,162	365,640
11 Farm	19,882	20,866	22,567	23,824	23,829	23,931	24,561	24,825
12 Savings institutions[3]	627,972	598,437	596,191	604,614	596,789	602,631	612,889	627,999
13 One- to four-family	489,622	470,000	477,626	488,869	482,351	489,634	499,021	513,133
14 Multifamily	69,791	67,367	64,343	63,605	61,988	60,540	60,809	61,444
15 Nonfarm, nonresidential	68,235	60,765	53,933	51,849	52,162	52,155	52,739	53,102
16 Farm	324	305	289	291	288	302	320	320
17 Life insurance companies	246,702	229,061	215,332	217,892	211,815	211,686	212,565	210,842
18 One- to four-family	11,441	9,458	7,910	7,701	7,476	7,472	7,503	7,440
19 Multifamily	27,770	25,814	24,306	24,638	23,920	23,906	24,007	23,802
20 Nonfarm, nonresidential	198,269	184,305	173,539	175,910	170,783	170,681	171,402	169,944
21 Farm	9,222	9,484	9,577	9,643	9,636	9,627	9,653	9,656
22 Federal and related agencies	286,263	327,014	319,327	314,353	313,760	312,950	314,694	311,697
23 Government National Mortgage Association	30	22	6	2	2	2	2	2
24 One- to four-family	30	15	6	2	2	2	2	2
25 Multifamily	0	7	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,695	41,386	41,781	41,858	41,791	41,594	41,547	41,575
27 One- to four-family	16,912	15,303	13,826	12,914	12,643	12,327	11,982	11,630
28 Multifamily	10,575	10,940	11,319	11,557	11,617	11,636	11,645	11,652
29 Nonfarm, nonresidential	5,158	5,406	5,670	6,096	6,248	6,365	6,552	6,681
30 Farm	9,050	9,739	10,966	11,291	11,282	11,266	11,369	11,613
31 Federal Housing and Veterans' Administrations	12,581	12,215	10,964	9,535	9,809	8,439	8,052	6,627
32 One- to four-family	5,153	5,364	4,753	4,918	5,180	4,228	3,861	3,190
33 Multifamily	7,428	6,851	6,211	4,617	4,629	4,211	4,191	3,438
34 Resolution Trust Corporation	32,045	17,284	10,428	4,889	1,864	0	0	0
35 One- to four-family	12,960	7,203	5,200	2,299	691	0	0	0
36 Multifamily	9,621	5,327	2,859	1,420	647	0	0	0
37 Nonfarm, nonresidential	9,464	4,754	2,369	1,170	525	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	14,112	7,821	5,015	4,303	5,553	5,016	4,025
40 One- to four-family	0	2,367	1,049	618	492	839	840	675
41 Multifamily	0	1,426	1,595	722	428	1,099	955	766
42 Nonfarm, nonresidential	0	10,319	5,177	3,674	3,383	3,616	3,221	2,584
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	137,584	166,642	178,059	182,229	183,782	183,531	186,041	185,221
45 One- to four-family	124,016	151,310	162,160	166,393	168,122	167,895	170,572	170,083
46 Multifamily	13,568	15,332	15,899	15,836	15,660	15,636	15,469	15,138
47 Federal Land Banks	28,664	28,460	28,555	28,151	28,428	28,891	29,362	29,579
48 One- to four-family	1,687	1,675	1,671	1,656	1,673	1,700	1,728	1,740
49 Farm	26,977	26,785	26,885	26,495	26,755	27,191	27,634	27,839
50 Federal Home Loan Mortgage Corporation	33,665	46,892	41,712	42,673	43,781	44,939	44,674	44,668
51 One- to four-family	31,032	44,345	38,882	39,239	39,929	40,877	40,477	40,304
52 Multifamily	2,633	2,547	2,830	3,434	3,852	4,062	4,197	4,364
53 Mortgage pools or trusts[5]	1,433,183	1,562,925	1,717,991	1,795,041	1,853,607	1,894,686	1,946,135	1,987,981
54 Government National Mortgage Association	419,516	414,066	450,934	463,654	472,292	475,829	485,441	497,248
55 One- to four-family	410,675	404,864	441,198	453,114	461,447	464,650	473,950	485,303
56 Multifamily	8,841	9,202	9,736	10,540	10,845	11,179	11,491	11,945
57 Federal Home Loan Mortgage Corporation	407,514	447,147	490,851	503,370	515,051	524,327	536,671	545,608
58 One- to four-family	401,525	442,612	487,725	500,417	512,238	521,722	534,238	543,341
59 Multifamily	5,989	4,535	3,126	2,953	2,813	2,605	2,433	2,267
60 Federal National Mortgage Association	444,979	495,525	530,343	559,585	582,959	599,546	621,285	636,362
61 One- to four-family	435,979	486,804	520,763	548,400	569,724	585,527	606,271	619,869
62 Multifamily	9,000	8,721	9,580	11,185	13,235	14,019	15,014	16,493
63 Farmers Home Administration[4]	38	28	19	12	11	10	9	7
64 One- to four-family	8	5	3	2	2	1	1	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	17	13	9	5	5	5	4	4
67 Farm	13	10	7	5	4	4	4	3
68 Private mortgage conduits	161,136	206,159	245,844	268,420	283,294	294,974	302,729	308,756
69 One- to four-family[6]	139,637	171,988	194,145	207,679	214,635	219,392	221,380	224,280
70 Multifamily	6,305	8,701	14,925	18,903	21,279	24,477	26,809	28,141
71 Nonfarm, nonresidential	15,194	25,469	36,774	41,838	47,380	51,104	54,541	56,336
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	603,194	608,901	619,555	653,155	650,279	672,835	683,535	697,576
74 One- to four-family	447,795	455,572	461,117	491,015	486,111	506,987	515,134	527,190
75 Multifamily	64,688	65,398	69,615	71,896	73,239	73,823	74,826	75,926
76 Nonfarm, nonresidential	75,441	73,922	76,142	77,441	78,105	79,129	80,573	81,369
77 Farm	15,270	14,009	12,681	12,804	12,824	12,896	13,002	13,091

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	1993	1994	1995	1996 June	1996 July[r]	1996 Aug.[r]	1996 Sept.[r]	1996 Oct.[r]	1996 Nov.
	Seasonally adjusted								
1 **Total**	**844,118**	**966,457**	**1,103,296**	**1,156,661[r]**	**1,170,438**	**1,176,754**	**1,176,661**	**1,183,247**	**1,190,564**
2 Automobile	279,786	317,182	350,848	367,692[r]	374,327	374,892	376,239	377,222	377,706
3 Revolving	287,011	339,337	413,894	445,104	452,097	454,625	455,369	456,801	460,049
4 Other[2]	277,321	309,939	338,554	343,865[r]	344,014	347,237	345,053	349,223	352,808
	Not seasonally adjusted								
5 **Total**	**863,924**	**990,247**	**1,131,881**	**1,149,500[r]**	**1,160,686**	**1,173,596**	**1,180,698**	**1,185,027**	**1,198,453**
By major holder									
6 Commercial banks	399,683	462,923	507,753	507,587	511,879	518,445	517,968	519,706	522,507
7 Finance companies	116,453	134,830	152,624	153,760[r]	154,848	153,361	154,784	153,443	153,171
8 Credit unions	101,634	119,594	131,939	136,055	138,249	140,635	141,968	144,423	145,145
9 Savings institutions	37,855	38,468	40,106	41,089	42,100	42,200	43,000	43,800	44,600
10 Nonfinancial business[3]	77,229	86,621	85,061	72,018	71,148	71,021	68,570	67,924	69,710
11 Pools of securitized assets[4]	131,070	147,811	214,398	238,991[r]	242,462	247,934	254,408	255,731	263,320
By major type of credit[5]									
12 Automobile	281,538	319,715	354,055	366,202[r]	373,146	376,347	379,677	381,528	381,893
13 Commercial banks	122,000	141,895	149,094	152,921	154,639	155,984	155,443	155,643	155,958
14 Finance companies	56,057	61,609	70,626	74,286	75,736	74,433	76,333	75,916	75,303
15 Pools of securitized assets[4]	39,561	36,376	44,411	45,344[r]	46,397	47,401	47,807	47,693	47,916
16 Revolving	302,201	357,307	435,674	440,229	445,715	451,664	455,303	456,289	463,707
17 Commercial banks	149,920	182,021	210,298	204,049	207,926	211,026	213,809	214,638	215,013
18 Nonfinancial business[3]	50,125	56,790	53,525	42,574	41,715	41,258	38,816	38,105	39,275
19 Pools of securitized assets[4]	80,242	96,130	147,934	168,844	170,966	174,026	177,406	178,101	183,560
20 Other	280,185	313,225	342,152	343,069[r]	341,825	345,585	345,718	347,210	352,853
21 Commercial banks	127,763	139,007	148,361	150,617	149,314	151,435	148,716	149,425	151,536
22 Finance companies	60,396	73,221	81,998	79,474[r]	79,112	78,928	78,451	77,527	77,868
23 Nonfinancial business[3]	27,104	29,831	31,536	29,444	29,433	29,763	29,754	29,819	30,435
24 Pools of securitized assets[4]	11,267	15,305	22,053	24,803	25,099	26,507	29,195	29,937	31,844

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	1993	1994	1995	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.09	8.12	9.57	8.93	n.a.	n.a.	9.11	n.a.	n.a.	9.03
2 24-month personal	13.47	13.19	13.94	13.52	n.a.	n.a.	13.37	n.a.	n.a.	13.62
Credit card plan										
3 All accounts	n.a.	15.69	16.02	15.44	n.a.	n.a.	15.65	n.a.	n.a.	15.62
4 Accounts assessed interest	n.a.	15.77	15.79	15.41	n.a.	n.a.	15.64	n.a.	n.a.	15.52
Auto finance companies										
5 New car	9.48	9.79	11.19	9.37	9.53	9.81	10.49	10.52	10.40	10.31
6 Used car	12.79	13.49	14.48	13.49	13.62	13.77	13.92	13.87	13.75	13.56
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.5	54.0	54.1	50.8	50.4	50.5	51.4	51.9	52.5	52.3
8 Used car	48.8	50.2	52.2	51.7	51.6	51.7	51.3	51.0	51.1	50.3
Loan-to-value ratio										
9 New car	91	92	92	91	91	91	92	91	89	90
10 Used car	98	99	99	99	100	100	100	100	101	102
Amount financed (dollars)										
11 New car	14,332	15,375	16,210	16,686	16,854	16,926	16,927	17,182	17,435	17,719
12 Used car	9,875	10,709	11,590	12,233	12,249	12,242	12,132	12,108	12,326	12,393

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	1991	1992	1993	1994	1995	1995				1996		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**481.7**	**543.0**	**627.0**	**621.2**	**720.4**	**845.7**	**866.0**	**578.7**	**591.4**	**874.5**	**693.7**	**670.4**
By sector and instrument												
2 Federal government	278.2	304.0	256.1	155.9	144.4	247.8	184.7	86.0	59.3	239.9	62.4	161.3
3 Treasury securities	292.0	303.8	248.3	155.7	142.9	249.0	183.1	85.6	54.1	242.2	60.2	164.4
4 Budget agency securities and mortgages	−13.8	.2	7.8	.2	1.5	−1.2	1.6	.4	5.1	−2.3	2.2	−3.1
5 Nonfederal	203.5	239.0	370.9	465.4	576.0	597.9	681.3	492.7	532.1	634.6	631.3	509.1
By instrument												
6 Commercial paper	−18.4	8.6	10.0	21.4	18.1	6.0	34.3	18.1	14.1	30.1	10.7	−16.5
7 Municipal securities	87.8	30.5	74.8	−29.3	−44.2	−54.9	−2.2	−107.2	−12.6	−14.2	36.9	−76.2
8 Corporate bonds	78.8	67.6	75.2	23.3	73.3	53.0	98.4	59.8	82.0	60.9	71.5	73.8
9 Bank loans n.e.c.	−40.9	−13.7	3.6	73.2	99.6	145.5	99.1	75.3	78.5	29.8	78.8	132.9
10 Other loans and advances	−48.5	10.1	−9.4	54.4	59.0	82.5	57.3	35.2	61.0	32.9	26.9	56.9
11 Mortgages	158.4	130.9	155.2	196.0	228.6	228.2	239.5	255.0	191.7	363.6	318.7	268.0
12 Home mortgages	173.6	187.6	185.8	203.9	196.9	209.9	190.8	227.9	159.1	319.1	248.8	224.2
13 Multifamily residential	−5.5	−10.4	−6.0	1.7	10.5	6.6	10.9	11.3	13.3	13.8	18.4	14.7
14 Commercial	−10.0	−47.8	−25.0	−11.3	19.5	10.0	36.1	13.7	18.2	28.4	46.1	26.0
15 Farm	.4	1.4	.5	1.8	1.6	1.7	1.7	2.2	1.1	2.4	5.3	3.2
16 Consumer credit	−13.7	5.0	61.5	126.3	141.6	137.6	155.0	156.4	117.5	131.5	87.8	70.2
By borrowing sector												
17 Household	183.8	198.3	255.9	372.4	383.1	382.3	389.9	424.6	335.6	461.0	398.4	329.7
18 Nonfinancial business	−61.9	19.5	52.7	136.4	241.5	269.8	300.4	178.4	217.4	186.2	202.7	255.9
19 Corporate	−53.0	34.1	46.5	121.7	205.1	230.4	268.3	140.5	181.3	139.8	158.4	215.9
20 Nonfarm noncorporate	−11.0	−16.0	4.2	11.9	34.8	38.5	29.1	34.4	37.1	46.3	37.2	41.6
21 Farm	2.1	1.3	2.0	2.8	1.6	8	3.0	3.5	−1.0	.1	7.1	−1.5
22 State and local government	81.6	21.1	62.3	−43.4	−48.6	−54.2	−9.0	−110.3	−20.9	−12.5	30.1	−76.5
23 Foreign net borrowing in United States	14.8	23.7	70.4	−15.3	69.5	67.1	45.5	88.3	76.9	49.2	36.6	105.8
24 Open market paper	6.4	5.2	−9.0	−27.3	13.6	43.2	−8.7	23.7	−3.9	−8.4	9.6	38.6
25 Bonds	15.0	16.8	82.9	12.2	48.3	13.9	51.2	55.2	72.7	47.9	11.1	59.4
26 Bank loans n.e.c.	3.1	2.3	.7	1.4	8.5	8.1	5.6	8.2	11.9	8.7	15.1	4.7
27 Other loans and advances	−9.8	−.6	−4.2	−1.6	−.8	1.9	−2.6	1.3	−3.9	1.1	.7	3.1
28 **Total domestic plus foreign**	**496.5**	**566.7**	**697.4**	**606.0**	**789.9**	**912.8**	**911.4**	**667.0**	**668.3**	**923.7**	**730.3**	**776.3**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**155.6**	**240.0**	**292.2**	**466.7**	**446.7**	**267.7**	**439.9**	**507.0**	**572.0**	**330.3**	**687.5**	**453.7**
By instrument												
30 U.S. government-related	145.7	155.8	165.3	287.5	205.1	86.7	196.5	227.7	309.5	143.8	302.0	244.4
31 Government-sponsored enterprise securities	9.2	40.3	80.6	176.9	106.9	62.9	127.2	101.5	136.1	37.4	132.9	84.0
32 Mortgage pool securities	136.6	115.6	84.7	115.4	98.2	23.8	69.3	126.2	173.4	106.5	169.1	160.4
33 Loans from U.S. government	.0	.0	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	9.8	84.2	126.9	179.2	241.6	181.0	243.4	279.3	262.5	186.5	385.5	209.3
35 Open market paper	−32.0	−.7	−6.2	41.6	42.6	37.6	33.9	43.7	55.1	17.8	105.7	85.2
36 Corporate bonds	69.9	82.7	120.1	117.5	184.7	167.6	182.3	217.6	171.6	143.8	201.8	74.7
37 Bank loans n.e.c.	8.8	2.2	−13.0	−12.3	5.5	−5.0	20.7	7.9	−1.8	24.9	23.6	9.6
38 Other loans and advances	−37.3	−.6	22.4	22.6	3.4	−24.5	1.3	4.9	32.0	−5.5	48.6	33.9
39 Mortgages	.5	.6	3.6	9.8	5.3	5.2	5.2	5.2	5.6	5.5	5.8	5.8
By borrowing sector												
40 Commercial banking	−13.2	10.0	13.4	20.1	22.5	21.7	39.0	38.9	−9.7	−32.6	40.1	11.1
41 Savings institutions	−44.7	−7.0	11.3	12.8	2.6	−18.9	−7.2	5.1	31.5	11.0	42.1	31.2
42 Credit unions	.0	.0	.2	.2	−.1	−.3	−.1	.1	.0	−.1	−.2	.3
43 Life insurance companies	.0	.0	.2	.3	−.1	.0	.1	−.1	−.4	2.5	.3	−4.4
44 Government-sponsored enterprises	9.1	40.2	80.6	172.1	106.9	62.9	127.2	101.5	136.1	37.4	132.9	84.0
45 Federally related mortgage pools	136.6	115.6	84.7	115.4	98.2	23.8	69.3	126.2	173.4	106.5	169.1	160.4
46 Issuers of asset-backed securities (ABSs)	54.0	58.5	83.3	68.5	132.3	67.6	113.2	164.8	183.5	132.8	128.2	86.2
47 Finance companies	17.7	−1.6	.2	50.2	51.6	80.2	52.0	19.8	54.3	47.1	68.4	30.9
48 Mortgage companies	−2.4	8.0	.0	−11.5	.4	−7.4	14.8	4.0	−10.0	20.0	16.0	6.6
49 Real estate investment trusts (REITs)	1.2	.3	3.4	13.7	5.4	5.2	5.2	5.2	6.0	5.9	6.5	6.7
50 Brokers and dealers	3.7	2.7	12.0	.5	−5.0	−29.5	−.1	2.1	7.7	−31.8	13.2	5.6
51 Funding corporations	−6.5	13.2	2.9	24.2	32.0	62.5	26.4	39.4	−.4	31.6	70.9	35.0

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1991	1992	1993	1994	1995	1995				1996		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**652.1**	**806.6**	**989.6**	**1,072.7**	**1,236.5**	**1,180.5**	**1,351.3**	**1,174.0**	**1,240.3**	**1,254.0**	**1,417.8**	**1,229.9**
53 Open market paper	−44.0	13.1	−5.1	35.7	74.3	86.8	59.5	85.5	65.3	39.5	126.0	107.3
54 U.S. government securities	424.0	459.8	421.4	448.1	349.5	334.5	381.1	313.7	368.8	383.7	364.4	405.7
55 Municipal securities	87.8	30.5	74.8	−29.3	−44.2	−54.9	−2.2	−107.2	−12.6	−14.2	36.9	−76.2
56 Corporate and foreign bonds	163.6	167.1	278.2	153.0	306.3	234.5	331.9	332.5	326.3	252.5	284.5	207.9
57 Bank loans n.e.c.	−29.1	−9.3	−8.6	62.3	113.5	148.7	125.4	91.4	88.6	63.3	117.5	147.1
58 Other loans and advances	−95.6	8.9	8.7	70.7	61.6	59.8	56.0	41.3	89.2	28.6	76.2	94.0
59 Mortgages	158.9	131.5	158.8	205.8	233.9	233.4	244.7	260.3	197.2	369.1	324.5	273.9
60 Consumer credit	−13.7	5.0	61.5	126.3	141.6	137.6	155.0	156.4	117.5	131.5	87.8	70.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**224.1**	**312.5**	**453.6**	**152.2**	**155.3**	**50.1**	**147.0**	**196.8**	**227.3**	**295.6**	**416.5**	**141.4**
62 Corporate equities	76.9	103.4	129.9	23.3	−18.6	−34.0	−18.0	−5.2	−17.2	8.0	65.3	−60.7
63 Nonfinancial corporations	18.3	27.0	21.3	−44.9	−73.8	−60.0	−71.3	−92.8	−71.2	−85.2	−16.0	−98.4
64 Financial corporations	28.0	44.0	45.2	20.1	4.5	9.6	12.5	−.6	−3.5	3.4	11.7	11.9
65 Foreign shares purchased by U.S. residents	30.7	32.4	63.4	48.1	50.7	16.4	40.8	88.2	57.4	89.8	69.7	25.8
66 Mutual funds	147.2	209.1	323.7	128.9	173.9	84.1	165.0	202.0	244.5	287.6	351.2	202.1

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	1991	1992	1993	1994	1995	1995				1996		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**652.1**	**806.6**	**989.6**	**1,072.7**	**1,236.5**	**1,180.5**	**1,351.3**	**1,174.0**	**1,240.3**	**1,254.0**	**1,417.8**	**1,229.9**
2 Domestic nonfederal nonfinancial sectors	113.7	105.3	77.1	248.4	−101.0	9.1	−161.5	−67.7	−183.9	−74.9	212.0	−185.6
3 Households	38.0	98.5	65.2	293.3	32.7	155.1	−117.3	189.3	−96.4	12.4	184.9	−93.2
4 Nonfinancial corporate business	30.7	27.8	9.1	49.6	−6.0	−41.7	37.7	−53.1	33.0	−4.4	53.9	35.7
5 Nonfarm noncorporate business	−5.3	−.1	−1.1	.2	.3	.3	.3	.3	.3	.4	.4	.4
6 State and local governments	50.3	−20.9	3.9	−94.8	−127.9	−104.5	−82.2	−204.2	−120.8	−83.3	−27.3	−128.6
7 Federal government	10.5	−11.9	−18.4	−24.2	−21.5	−13.1	−24.2	−24.3	−24.4	−20.7	−15.2	−26.3
8 Rest of the world	13.3	98.4	129.3	132.3	272.7	249.9	322.2	361.0	157.6	341.1	268.2	470.9
9 Financial sectors	514.6	614.9	801.6	716.2	1,086.4	934.6	1,214.8	905.0	1,291.0	1,008.5	952.8	971.1
10 Monetary authority	31.1	27.9	36.2	31.5	12.7	18.4	16.7	−4.1	19.7	16.9	9.4	19.3
11 Commercial banking	80.8	95.3	142.2	163.4	265.9	333.0	319.4	244.8	166.2	121.7	190.1	195.2
12 U.S. chartered banks	35.7	69.5	149.6	148.1	186.5	178.7	222.4	227.0	118.1	80.5	125.5	123.6
13 Foreign banking offices in United States	48.5	16.5	−9.8	11.2	75.4	153.5	86.6	25.6	36.1	44.2	57.5	72.8
14 Bank holding companies	−1.5	5.6	.0	.9	−.3	−1.5	5.3	−9.6	4.6	−5.1	5.3	−1.8
15 Banks in U.S. affiliated areas	−1.9	3.7	2.4	3.3	4.2	2.4	5.2	1.8	7.4	2.1	1.7	.7
16 Savings institutions	−158.9	−79.0	−23.3	6.7	−7.5	17.8	−11.7	32.2	−68.4	34.1	45.2	40.0
17 Credit unions	12.8	17.7	21.7	28.1	16.2	11.6	22.8	11.0	19.5	22.1	34.8	13.9
18 Bank personal trusts and estates	10.0	8.0	9.5	7.1	−18.8	−10.8	−20.6	−23.7	−20.2	−18.1	−12.3	−9.3
19 Life insurance companies	86.5	78.5	100.9	66.4	99.1	134.9	135.5	72.9	53.2	48.7	2.4	45.4
20 Other insurance companies	30.0	6.7	27.7	24.9	21.5	20.8	20.9	21.9	22.3	23.6	23.7	24.9
21 Private pension funds	35.4	41.1	45.9	47.0	61.3	58.9	57.2	50.5	78.5	82.6	127.5	45.9
22 State and local government retirement funds	33.8	5.9	21.1	30.7	22.7	62.9	4.9	2.6	20.2	58.7	50.0	32.5
23 Money market mutual funds	32.7	4.7	20.4	30.0	86.5	56.4	134.4	30.0	125.1	175.0	18.4	88.5
24 Mutual funds	80.1	126.2	159.5	−7.1	52.5	−13.4	23.4	58.0	141.9	67.5	63.7	34.2
25 Closed-end funds	12.8	18.2	14.4	−3.3	13.3	8.4	15.1	16.7	13.2	10.9	9.8	9.0
26 Government sponsored enterprises	15.1	68.8	88.6	120.6	88.9	22.2	93.0	50.0	190.5	39.4	127.8	85.9
27 Federally related mortgage pools	136.6	115.6	84.7	115.4	98.2	23.8	69.3	126.2	173.4	106.5	169.1	160.4
28 Asset-backed securities issuers (ABSs)	50.0	53.7	80.8	61.9	112.1	55.5	100.9	154.4	137.4	113.0	118.1	59.4
29 Finance companies	−9.2	7.5	−9.0	68.2	64.2	85.1	67.2	50.8	53.7	40.9	38.9	38.7
30 Mortgage companies	11.2	.1	.0	−22.9	−3.4	−14.4	29.9	7.3	−36.4	47.9	−17.3	13.2
31 Real estate investment trusts (REITs)	−.7	1.1	.6	4.7	1.8	1.8	1.8	1.8	1.9	1.9	1.7	2.4
32 Brokers and dealers	17.5	−1.3	14.8	−44.2	90.1	30.5	146.2	−1.8	185.6	−109.0	−72.0	23.6
33 Funding corporations	7.0	18.2	−34.9	−12.7	9.2	31.2	−11.4	3.5	13.7	124.1	23.8	47.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**652.1**	**806.6**	**989.6**	**1,072.7**	**1,236.5**	**1,180.5**	**1,351.3**	**1,174.0**	**1,240.3**	**1,254.0**	**1,417.8**	**1,229.9**
Other financial sources												
35 Official foreign exchange	−5.9	−1.6	.8	−5.8	8.8	17.8	10.3	9.0	−1.9	−.9	1.6	−26.6
36 Special drawing rights certificates	.0	−2.0	.0	.0	2.2	.0	.0	8.6	.0	.0	.0	−1.8
37 Treasury currency	.0	.2	.4	.7	.6	.7	.7	.8	.0	.0	.0	2.3
38 Foreign deposits	−26.5	−3.5	−18.5	54.0	33.5	34.6	110.8	−29.5	18.2	85.0	.9	45.4
39 Net interbank transactions	−3.4	49.4	50.5	89.7	10.0	−22.3	−4.8	−13.5	80.6	−89.2	−52.1	−90.6
40 Checkable deposits and currency	86.3	113.5	117.3	−9.7	−12.8	31.3	100.2	−113.1	−69.3	43.3	4.5	110.7
41 Small time and savings deposits	1.5	−57.2	−70.3	−40.0	96.5	29.8	95.6	145.6	114.9	212.5	−4.6	36.9
42 Large time deposits	−58.5	−73.2	−23.5	19.6	65.6	108.8	74.4	80.2	−.9	55.1	83.5	161.4
43 Money market fund shares	41.6	4.5	20.2	43.3	142.3	74.2	221.1	122.9	151.1	244.0	4.1	147.4
44 Security repurchase agreements	−16.5	43.1	71.2	78.3	110.7	172.5	115.6	95.0	59.8	−19.1	117.7	−24.7
45 Corporate equities	76.9	103.4	129.9	23.3	−18.6	−34.0	−18.0	−5.2	−17.2	8.0	65.3	−60.7
46 Mutual fund shares	147.2	209.1	323.7	128.9	173.9	84.1	165.0	202.0	244.5	287.6	351.2	202.1
47 Trade payables	31.0	46.6	52.4	114.0	96.3	85.0	80.7	129.3	90.1	62.7	126.8	99.4
48 Security credit	51.4	4.6	61.4	−.1	26.7	−5.4	30.1	32.3	49.7	120.6	−37.7	−25.2
49 Life insurance reserves	25.9	28.0	36.0	34.5	44.9	50.7	57.6	33.1	38.3	20.1	42.8	43.0
50 Pension fund reserves	201.6	241.9	250.5	251.9	240.3	271.8	290.4	211.2	187.8	258.4	287.4	220.8
51 Taxes payable	−7.4	9.7	5.2	3.2	1.3	12.0	1.0	2.4	−10.2	5.6	6.6	−1.3
52 Investment in bank personal trusts	16.1	−7.1	1.6	18.8	−47.7	−44.3	−45.6	−63.9	−37.1	−47.3	−20.2	−13.5
53 Noncorporate proprietors' equity	.5	16.7	19.7	25.9	41.3	41.7	39.9	45.3	38.3	38.1	23.4	44.0
54 Miscellaneous	262.3	264.9	353.4	268.0	501.3	320.9	422.2	426.5	835.5	570.0	279.0	379.7
55 **Total financial sources**	**1,476.4**	**1,797.5**	**2,371.5**	**2,171.3**	**2,753.7**	**2,410.5**	**3,098.7**	**2,492.9**	**3,012.5**	**3,108.6**	**2,697.9**	**2,478.7**
Liabilities not identified as assets (−)												
56 Treasury currency	−.6	−.2	−.2	−.2	−.5	−.2	−.4	−.3	−1.0	−1.1	−1.0	1.4
57 Foreign deposits	−24.0	−2.8	−7.0	44.9	27.2	41.6	101.5	−55.7	21.5	61.4	23.6	22.6
58 Net interbank liabilities	26.2	−4.9	4.2	−2.7	−3.1	−.4	−.9	12.3	−23.6	10.9	−26.9	−9.2
59 Security repurchase agreements	−10.7	4.1	34.2	32.4	2.8	68.9	−52.4	26.6	−31.9	−34.5	82.5	−85.9
60 Taxes payable	−2.2	11.9	11.1	8.6	8.7	−7.5	31.0	9.3	2.2	−23.2	24.9	11.8
61 Miscellaneous	−13.2	−32.2	−139.7	−106.0	−7.5	−251.4	15.1	−34.8	241.0	−198.1	−259.5	−41.9
Floats not included in assets (−)												
62 Federal government checkable deposits	−13.1	.7	−1.5	−4.8	−6.0	4.6	−18.6	3.8	−13.8	8.6	−10.5	28.0
63 Other checkable deposits	4.5	1.6	−1.3	−2.8	−3.8	−3.6	−3.8	−3.2	−4.7	−3.8	−4.2	−4.0
64 Trade credit	36.1	11.3	−4.0	−3.1	−23.3	48.9	30.0	−46.7	−125.5	43.1	25.6	−33.0
65 **Total identified to sectors as assets**	**1,473.3**	**1,808.1**	**2,475.6**	**2,205.1**	**2,759.2**	**2,509.6**	**2,997.1**	**2,581.6**	**2,948.4**	**3,245.2**	**2,843.3**	**2,588.9**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1992	1993	1994	1995	1995				1996		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,894.6**	**12,536.4**	**13,163.8**	**13,884.2**	**13,339.7**	**13,547.7**	**13,700.5**	**13,884.2**	**14,080.4**	**14,228.8**	**14,406.5**
By sector and instrument											
2 Federal government	3,080.3	3,336.5	3,492.3	3,636.7	3,557.9	3,583.5	3,603.4	3,636.7	3,717.2	3,693.8	3,733.1
3 Treasury securities	3,061.6	3,309.9	3,465.6	3,608.5	3,531.5	3,556.7	3,576.5	3,608.5	3,689.6	3,665.5	3,705.7
4 Budget agency securities and mortgages	18.8	26.6	26.7	28.2	26.4	26.8	26.9	28.2	27.6	28.2	27.4
5 Nonfederal	8,814.2	9,199.9	9,671.5	10,247.5	9,781.8	9,964.2	10,097.1	10,247.5	10,363.2	10,535.0	10,673.4
By instrument											
6 Commercial paper	107.1	117.8	139.2	157.4	149.8	162.9	163.3	157.4	174.2	181.7	...
7 Municipal securities and loans	1,302.8	1,377.5	1,348.2	1,304.0	1,335.4	1,331.7	1,308.2	1,304.0	1,302.0	1,307.8	1,291.5
8 Corporate bonds	1,154.5	1,229.7	1,253.0	1,326.3	1,266.3	1,290.9	1,305.8	1,326.3	1,341.5	1,359.4	1,377.9
9 Bank loans n.e.c.	672.2	675.9	749.0	848.6	782.7	810.7	824.3	848.6	853.9	876.8	904.3
10 Other loans and advances	686.5	677.1	737.8	796.8	762.6	776.9	782.1	796.8	809.3	815.7	826.2
11 Mortgages	4,088.7	4,258.0	4,454.0	4,682.6	4,494.1	4,560.3	4,635.2	4,682.6	4,756.6	4,842.5	4,920.8
12 Home mortgages	3,037.4	3,225.5	3,429.4	3,626.3	3,465.0	3,519.0	3,587.1	3,626.3	3,689.2	3,757.7	3,824.9
13 Multifamily residential	272.5	267.9	269.5	280.1	271.2	273.9	276.7	280.1	283.5	288.1	291.8
14 Commercial	698.1	683.4	672.1	691.6	674.6	683.6	687.0	691.6	698.7	710.2	716.7
15 Farm	80.7	81.2	83.0	84.6	83.4	83.8	84.4	84.6	85.2	86.5	87.3
16 Consumer credit	802.4	863.9	990.2	1,131.9	990.9	1,030.8	1,078.2	1,131.9	1,125.8	1,151.0	1,179.7
By borrowing sector											
17 Households	4,021.5	4,279.7	4,651.8	5,034.9	4,696.9	4,801.4	4,925.9	5,034.9	5,094.8	5,203.3	5,306.6
18 Nonfinancial business	3,696.8	3,761.9	3,904.9	4,146.4	3,982.8	4,066.0	4,098.8	4,146.4	4,203.8	4,263.0	4,314.5
19 Corporate	2,437.6	2,496.5	2,624.8	2,829.9	2,695.4	2,767.3	2,790.0	2,829.9	2,878.3	2,923.0	2,963.9
20 Nonfarm noncorporate	1,122.9	1,127.1	1,139.0	1,173.8	1,148.5	1,155.9	1,164.0	1,173.8	1,185.2	1,194.7	1,204.5
21 Farm	136.3	138.3	141.2	142.7	138.9	142.8	144.8	142.7	140.3	145.3	146.1
22 State and local government	1,095.9	1,158.2	1,114.8	1,066.2	1,102.2	1,096.8	1,072.4	1,066.2	1,064.6	1,068.7	1,052.4
23 **Foreign credit market debt held in United States**	**315.2**	**385.6**	**370.4**	**439.9**	**385.7**	**396.8**	**419.8**	**439.9**	**450.8**	**459.6**	**487.0**
24 Commercial paper	77.7	68.7	41.4	55.0	50.9	48.1	55.8	55.0	51.5	53.4	64.8
25 Bonds	147.2	230.1	242.3	290.6	245.8	258.6	272.4	290.6	302.5	305.3	320.2
26 Bank loans n.e.c.	23.9	24.6	26.1	34.6	28.2	29.6	31.6	34.6	36.8	40.5	41.7
27 Other loans and advances	66.4	62.1	60.6	59.7	60.8	60.5	60.0	59.7	60.0	60.4	60.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**12,209.8**	**12,921.9**	**13,534.2**	**14,324.1**	**13,725.4**	**13,944.5**	**14,120.3**	**14,324.1**	**14,531.2**	**14,688.4**	**14,893.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,025.0**	**3,322.6**	**3,794.6**	**4,243.9**	**3,861.5**	**3,971.9**	**4,096.3**	**4,243.9**	**4,324.7**	**4,496.6**	**4,607.6**
By instrument											
30 Federal government-related	1,720.0	1,885.2	2,172.7	2,377.8	2,196.2	2,247.1	2,300.1	2,377.8	2,416.6	2,493.5	2,550.3
31 Government-sponsored enterprises securities	443.1	523.7	700.6	807.5	716.3	748.1	773.5	807.5	816.9	850.1	871.1
32 Mortgage pool securities	1,272.0	1,356.8	1,472.1	1,570.3	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2
33 Loans from U.S. government	4.8	4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,305.1	1,437.4	1,621.9	1,866.0	1,665.3	1,724.8	1,796.2	1,866.0	1,908.1	2,003.1	2,057.3
35 Open market paper	394.3	393.5	442.8	488.0	454.1	462.8	473.6	488.0	491.9	518.5	539.6
36 Corporate bonds	738.4	858.5	973.5	1,158.2	1,012.3	1,056.4	1,112.6	1,158.2	1,190.8	1,239.8	1,260.7
37 Bank loans n.e.c.	80.5	67.6	55.3	60.8	53.4	58.4	60.3	60.8	66.4	72.2	74.4
38 Other loans and advances	86.6	108.9	131.6	135.0	125.4	125.7	127.0	135.0	133.6	145.8	154.2
39 Mortgages	5.4	8.9	18.7	24.0	20.0	21.3	22.6	24.0	25.4	26.9	28.3
By borrowing sector											
40 Commercial banks	80.0	84.6	94.5	102.6	95.0	99.9	102.0	102.6	100.5	103.6	106.7
41 Bank holding companies	114.6	123.4	133.6	148.0	137.7	142.9	150.3	148.0	141.3	148.4	148.0
42 Savings institutions	88.4	99.6	112.4	115.0	107.7	105.9	107.2	115.0	117.8	128.3	136.1
43 Credit unions	.0	.2	.5	.4	.4	.3	.4	.4	.4	.3	.4
44 Life insurance companies	.0	.2	.6	.5	6	.6	.6	.5	1.1	1.2	.1
45 Government-sponsored enterprises	447.9	528.5	700.6	807.5	716.3	748.1	773.5	807.5	816.9	850.1	871.1
46 Federally related mortgage pools	1,272.0	1,356.8	1,472.1	1,570.3	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2
47 Issuers of asset-backed securities (ABSs)	404.3	487.6	556.1	688.4	570.0	596.8	639.8	688.4	718.2	748.9	772.6
48 Brokers and dealers	21.7	33.7	34.3	29.3	26.9	26.8	27.4	29.3	21.4	24.6	26.1
49 Finance companies	390.4	390.5	440.7	492.3	456.7	467.2	471.9	492.3	499.8	514.4	521.9
50 Mortgage companies	30.2	30.2	18.7	19.1	16.9	20.6	21.6	19.1	24.1	28.1	29.8
51 Real estate investment trusts (REITs)	13.9	17.4	31.1	36.5	32.4	33.7	35.0	36.5	38.0	39.6	41.3
52 Funding corporations	161.6	169.9	199.3	233.9	221.1	230.0	239.9	233.9	245.6	265.6	274.5
	All sectors										
53 **Total credit market debt, domestic and foreign**	**15,234.8**	**16,244.5**	**17,328.8**	**18,568.0**	**17,586.9**	**17,916.3**	**18,216.6**	**18,568.0**	**18,855.9**	**19,185.0**	**19,501.2**
54 Open market paper	579.0	580.0	623.5	700.4	654.7	673.8	692.7	700.4	717.6	753.6	777.4
55 U.S. government securities	4,795.5	5,216.9	5,665.0	6,014.6	5,754.1	5,830.6	5,903.5	6,014.6	6,133.8	6,187.2	6,283.4
56 Municipal securities	1,302.8	1,377.5	1,348.2	1,304.0	1,335.4	1,331.7	1,308.2	1,304.0	1,302.0	1,307.8	1,291.5
57 Corporate and foreign bonds	2,040.1	2,318.3	2,468.8	2,775.1	2,524.4	2,605.9	2,690.8	2,775.1	2,834.9	2,904.6	2,958.8
58 Bank loans n.e.c.	776.6	768.0	830.4	943.9	864.3	898.7	916.2	943.9	957.0	989.6	1,020.5
59 Other loans and advances	844.2	852.9	929.9	991.5	948.8	963.2	969.1	991.5	1,002.9	1,021.8	1,040.9
60 Mortgages	4,094.1	4,266.9	4,472.7	4,706.6	4,514.2	4,581.6	4,657.9	4,706.6	4,782.0	4,869.4	4,949.1
61 Consumer credit	802.4	863.9	990.2	1,131.9	990.9	1,030.8	1,078.2	1,131.9	1,125.8	1,151.0	1,179.7

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	1992	1993	1994	1995	1995				1996		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**15,234.8**	**16,244.5**	**17,328.8**	**18,568.0**	**17,586.9**	**17,916.3**	**18,216.6**	**18,568.0**	**18,855.9**	**19,185.0**	**19,501.2**
2 Domestic nonfederal nonfinancial sectors	2,688.8	2,758.7	3,037.4	2,901.2	3,001.7	2,950.9	2,953.4	2,901.2	2,857.8	2,882.4	2,858.7
3 Households	1,635.0	1,688.5	2,012.2	2,009.6	2,033.1	1,987.9	2,055.5	2,009.6	2,013.0	2,023.4	2,020.7
4 Nonfinancial corporate business	257.8	271.5	321.1	315.1	292.6	303.5	290.6	315.1	291.3	307.9	320.1
5 Nonfarm noncorporate business	38.1	37.0	37.2	37.5	37.3	37.3	37.4	37.5	37.6	37.7	37.8
6 State and local governments	757.9	761.7	666.9	539.0	638.7	622.1	569.9	539.0	515.9	513.4	480.2
7 Federal government	236.1	231.7	207.5	186.1	204.2	198.2	192.2	186.1	180.8	177.0	170.5
8 Rest of the world	1,023.0	1,147.8	1,254.7	1,561.8	1,324.0	1,402.1	1,493.4	1,561.8	1,653.6	1,718.2	1,837.2
9 Financial sectors	11,286.9	12,106.3	12,829.1	13,918.9	13,057.1	13,365.2	13,577.6	13,918.9	14,163.8	14,407.3	14,634.8
10 Monetary authority	300.4	336.7	368.2	380.8	367.1	375.7	370.6	380.8	379.6	386.3	386.2
11 Commercial banking	2,948.6	3,090.8	3,254.3	3,520.1	3,327.8	3,410.1	3,473.2	3,520.1	3,541.6	3,590.8	3,641.6
12 U.S. chartered banks	2,571.9	2,721.5	2,869.6	3,056.1	2,906.5	2,963.7	3,023.7	3,056.1	3,068.8	3,101.3	3,135.3
13 Foreign banking offices in United States	335.8	326.0	337.1	412.6	373.6	396.0	401.1	412.6	422.2	437.1	454.2
14 Bank holding companies	17.5	17.5	18.4	18.0	18.0	19.3	16.9	18.0	16.8	18.1	17.6
15 Banks in U.S. affiliated areas	23.4	25.8	29.2	33.4	29.8	31.1	31.5	33.4	33.9	34.3	34.5
16 Savings institutions	937.4	914.1	920.8	913.3	925.3	922.4	930.4	913.3	921.8	933.1	943.1
17 Credit unions	197.1	218.7	246.8	263.0	248.1	255.0	258.5	263.0	267.0	276.9	281.0
18 Bank personal trusts and estates	231.5	240.9	248.0	229.2	245.3	240.2	234.2	229.2	224.7	221.6	219.3
19 Life insurance companies	1,309.1	1,420.6	1,487.1	1,586.2	1,523.1	1,557.1	1,575.5	1,586.2	1,600.5	1,601.0	1,612.6
20 Other insurance companies	389.4	422.7	446.4	468.7	451.9	457.3	463.0	468.7	474.5	480.2	486.4
21 Private pension funds	571.7	617.6	664.6	725.9	679.3	693.6	706.2	725.9	746.5	778.4	789.8
22 State and local government retirement funds	402.3	423.4	454.1	476.8	469.4	470.9	470.6	476.8	491.1	504.0	511.4
23 Money market mutual funds	408.6	429.0	459.0	545.5	480.6	508.0	505.7	545.5	595.6	594.7	606.6
24 Mutual funds	566.4	725.9	718.8	771.3	719.3	724.8	739.2	771.3	792.4	807.9	816.2
25 Closed-end funds	67.7	82.0	78.7	92.0	80.8	84.6	88.7	92.0	94.8	97.2	99.5
26 Government-sponsored enterprises	457.8	546.4	667.0	756.0	671.9	695.9	708.4	756.0	765.2	797.8	819.3
27 Federally related mortgage pools	1,272.0	1,356.8	1,472.1	1,570.3	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4	1,679.2
28 Asset-backed securities issuers (ABSs)	378.0	458.8	520.7	632.7	531.5	555.2	595.7	632.7	657.6	685.7	702.8
29 Finance companies	496.4	482.8	551.0	615.2	568.5	586.9	594.7	615.2	621.7	632.6	637.1
30 Mortgage companies	60.5	60.4	37.5	34.1	33.9	41.4	43.2	34.1	46.1	41.7	45.0
31 Real estate investment trusts (REITs)	8.1	8.6	13.3	15.1	13.8	14.2	14.7	15.1	15.6	16.1	16.6
32 Brokers and dealers	122.7	137.5	93.3	183.4	101.0	137.5	137.0	183.4	156.2	138.2	144.1
33 Funding corporations	161.3	132.5	127.5	139.3	138.6	135.5	141.4	139.3	171.8	179.6	196.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**15,234.8**	**16,244.5**	**17,328.8**	**18,568.0**	**17,586.9**	**17,916.3**	**18,216.6**	**18,568.0**	**18,855.9**	**19,185.0**	**19,501.2**
Other liabilities											
35 Official foreign exchange	51.8	53.4	53.2	63.7	64.1	67.1	65.1	63.7	62.1	61.4	54.3
36 Special drawing rights certificates	8.0	8.0	8.0	10.2	8.0	8.0	10.2	10.2	10.2	10.2	9.7
37 Treasury currency	16.5	17.0	17.6	18.2	17.8	18.0	18.2	18.2	18.2	18.2	18.8
38 Foreign deposits	267.7	271.8	324.6	361.4	333.3	361.0	353.6	361.4	382.7	382.9	394.3
39 Net interbank liabilities	138.5	189.3	280.0	290.7	272.8	265.9	267.2	290.7	266.3	249.9	230.0
40 Checkable deposits and currency	1,134.4	1,251.7	1,242.0	1,229.3	1,193.7	1,246.2	1,200.3	1,229.3	1,183.3	1,212.3	1,221.7
41 Small time and savings deposits	2,293.5	2,223.2	2,183.3	2,279.7	2,200.2	2,222.6	2,255.8	2,279.7	2,342.3	2,340.1	2,345.5
42 Large time deposits	415.2	391.7	411.2	476.9	441.2	456.3	477.5	476.9	493.6	511.1	552.3
43 Money market fund shares	539.5	559.6	602.9	745.3	634.0	678.5	702.7	745.3	816.9	809.5	838.1
44 Security repurchase agreements	399.9	471.1	549.4	660.1	603.4	629.3	655.5	660.1	666.2	692.1	688.8
45 Mutual fund shares	992.5	1,375.4	1,477.3	1,852.8	1,553.3	1,661.0	1,782.0	1,852.8	1,994.3	2,130.6	2,221.7
46 Security credit	217.7	279.0	279.0	305.6	269.5	277.9	286.2	305.6	326.9	318.6	312.6
47 Life insurance reserves	434.8	470.8	505.3	550.2	518.0	532.4	540.6	550.2	555.2	565.9	576.7
48 Pension fund reserves	4,225.4	4,638.5	4,846.9	5,567.1	5,030.8	5,224.2	5,439.5	5,567.1	5,749.7	5,897.7	6,061.0
49 Trade payables	995.1	1,048.2	1,162.2	1,258.5	1,155.1	1,177.5	1,211.1	1,258.5	1,246.0	1,278.6	1,304.8
50 Taxes payable	79.7	84.9	88.0	89.3	94.3	89.2	91.9	89.3	94.3	90.3	92.1
51 Investment in bank personal trusts	660.6	691.3	699.4	767.4	719.7	739.7	758.6	767.4	781.6	790.9	799.5
52 Miscellaneous	4,784.5	5,173.0	5,436.9	5,839.8	5,516.4	5,574.1	5,684.4	5,839.8	5,974.4	5,988.9	6,102.2
53 **Total liabilities**	**32,890.0**	**35,442.4**	**37,496.2**	**40,934.0**	**38,212.4**	**39,145.2**	**40,017.0**	**40,934.0**	**41,820.1**	**42,534.3**	**43,325.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	19.6	20.1	21.1	22.1	22.7	22.9	22.1	22.1	22.1	22.0	21.2
55 Corporate equities	5,456.8	6,280.0	6,263.3	8,389.9	6,797.5	7,348.4	7,972.4	8,389.9	8,875.8	9,170.9	9,387.4
56 Household equity in noncorporate business	2,460.1	2,495.5	2,587.5	2,699.6	2,607.2	2,641.1	2,655.0	2,699.6	2,736.1	2,758.3	2,772.0
Liabilities not identified as assets (−)											
57 Treasury currency	−4.9	−5.1	−5.4	−5.8	−5.4	−5.5	−5.6	−5.8	−6.1	−6.3	−6.0
58 Foreign deposits	217.6	232.6	278.7	309.0	289.1	314.5	300.6	309.0	324.4	330.3	335.9
59 Net interbank transactions	−9.3	−4.7	−6.5	−9.0	−2.7	−2.9	.1	−9.0	−2.6	−8.0	−11.6
60 Security repurchase agreements	41.9	76.1	108.5	111.2	130.7	110.2	131.2	111.2	106.7	118.2	113.0
61 Taxes payable	25.2	26.8	35.4	44.1	20.5	35.9	39.1	44.1	23.9	38.0	42.4
62 Miscellaneous	−698.8	−816.7	−876.0	−911.7	−877.2	−830.6	−793.8	−911.7	−981.8	−1,057.0	−1,039.9
Floats not included in assets (−)											
63 Federal government checkable deposits	6.8	5.6	3.4	3.1	4.2	2.0	.6	3.1	.0	−3.4	−1.7
64 Other checkable deposits	42.0	40.7	38.0	34.2	33.3	35.7	27.3	34.2	29.6	31.8	23.1
65 Trade credit	−251.1	−248.0	−252.0	−275.4	−295.1	−306.2	−330.0	−275.4	−326.5	−336.2	−354.5
66 **Total identified to sectors as assets**	**41,457.1**	**44,930.6**	**47,044.0**	**52,745.9**	**48,342.6**	**49,804.6**	**51,297.2**	**52,745.9**	**54,286.6**	**55,378.2**	**56,405.2**

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 Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
1 **Industrial production**[1]	**108.6**	**112.1**	**115.1**	**114.3[r]**	**114.8[r]**	**115.5[r]**	**115.5[r]**	**115.8[r]**	**116.0[r]**	**116.0**	**116.9**	**117.7**
Market groupings												
2 Products, total	106.8	109.3	111.9	111.0[r]	111.4[r]	112.3[r]	112.3[r]	112.2[r]	112.7[r]	112.7	113.7	114.3
3 Final, total	107.1	109.9	112.7	112.1[r]	112.2[r]	113.1[r]	113.4[r]	113.0[r]	113.3[r]	113.5	114.5	115.1
4 Consumer goods	107.4	108.9	110.3	109.8[r]	110.0[r]	110.8[r]	110.7[r]	110.1[r]	110.5[r]	110.4	111.9	112.3
5 Equipment	106.6	111.6	116.8	115.9[r]	116.0[r]	117.1[r]	118.1[r]	117.9[r]	118.1[r]	118.7	119.0	119.9
6 Intermediate	106.1	107.5	109.4	107.7[r]	108.9[r]	109.7[r]	108.9[r]	110.0[r]	110.6[r]	110.5	111.4	111.7
7 Materials	111.3	116.6	120.3	119.5[r]	120.1[r]	120.5[r]	120.5[r]	121.5[r]	121.2[r]	121.2	121.9	123.0
Industry groupings												
8 Manufacturing	109.4	113.2	116.3	115.2[r]	115.7[r]	116.4[r]	117.0[r]	117.2[r]	117.4[r]	117.4	118.1	119.3
9 Capacity utilization, manufacturing (percent)[2]	83.1	83.1	82.1	82.0[r]	82.0[r]	82.3[r]	82.4[r]	82.3[r]	82.1[r]	81.8	82.1	82.6
10 Construction contracts[3]	114.3	118.3	124.8	130.0	129.0	127.0[r]	131.0[r]	133.0[r]	128.0[r]	120.0	122.0	115.0
11 Nonagricultural employment, total[4]	112.0	115.0	117.3	116.6	117.0	117.2	117.5	117.8	117.8	118.0	118.1	118.4
12 Goods-producing, total	96.9	98.1	98.3	98.1	98.3	98.4	98.3	98.5	98.3	98.4	98.5	98.7
13 Manufacturing, total	96.4	97.2	96.2	96.2	96.3	96.3	96.2	96.3	96.0	96.1	96.1	96.2
14 Manufacturing, production workers	97.5	98.7	97.5	97.5	97.5	97.5	97.4	97.5	97.2	97.3	97.3	97.4
15 Service-producing	116.8	120.3	123.3	122.6	123.0	123.3	123.6	123.9	124.0	124.3	124.4	124.7
16 Personal income, total	148.4	157.7	n.a.	164.3	165.2	166.6	166.7	167.7	168.6	168.7	169.6	n.a.
17 Wages and salary disbursements	142.6	150.9	n.a.	157.5	158.3	160.3	159.8	161.1	162.2	162.0	163.0	n.a.
18 Manufacturing	124.9	130.4	n.a.	134.4	135.1	135.8	135.8	136.9	136.7	136.7	137.4	n.a.
19 Disposable personal income[5]	149.3	158.2	n.a.	162.8	165.1	166.4	166.5	167.4	168.2	168.4	169.2	n.a.
20 Retail sales[5]	144.8	152.2	159.8	159.1	160.4	159.4	159.6	159.6	160.7	161.8	161.4	162.4
Prices[6]												
21 Consumer (1982–84=100)	148.2	152.4	156.9	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
22 Producer finished goods (1982=100)	125.5	127.9	131.3	130.6	131.1	131.7	131.5	131.9	131.6	132.5	132.5	132.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in 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 May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	131,056	132,304	133,943	133,759[r]	133,709[r]	134,165[r]	133,898[r]	134,291[r]	134,636	134,831	135,022
Employment											
2 Nonagricultural industries[3]	119,651	121,460	123,264	122,954[r]	123,182[r]	123,419[r]	123,570[r]	123,768[r]	124,167	124,290	124,429
3 Agriculture	3,409	3,440	3,443	3,474[r]	3,408[r]	3,470[r]	3,418[r]	3,480[r]	3,450	3,354	3,426
Unemployment											
4 Number	7,996	7,404	7,236	7,331[r]	7,119[r]	7,276[r]	6,910[r]	7,043[r]	7,019	7,187	7,167
5 Rate (percent of civilian labor force)	6.1	5.6	5.4	5.5[r]	5.3	5.4	5.2[r]	5.2	5.2	5.3	5.3
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**114,172**	**117,203**	**119,549**	**119,332**	**119,537**	**119,772**	**120,052**	**120,050**	**120,311**	**120,438**	**120,700**
7 Manufacturing	18,321	18,468	18,282	18,303	18,298	18,267	18,291	18,241	18,254	18,254	18,273
8 Mining	601	580	570	576	575	570	570	567	566	567	565
9 Contract construction	4,986	5,158	5,405	5,384	5,401	5,427	5,437	5,449	5,464	5,487	5,510
10 Transportation and public utilities	5,993	6,165	6,318	6,309	6,329	6,333	6,342	6,337	6,338	6,355	6,360
11 Trade	26,670	27,585	28,178	28,052	28,143	28,256	28,275	28,321	28,446	28,483	28,540
12 Finance	6,896	6,830	6,977	6,964	6,967	6,987	6,999	7,009	7,026	7,036	7,053
13 Service	31,579	33,107	34,360	34,285	34,378	34,448	34,532	34,607	34,709	34,771	34,883
14 Government	19,128	19,310	19,459	19,459	19,446	19,484	19,606	19,519	19,508	19,485	19,516

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				1996				1996			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**113.1**	**114.8**	**115.8**	**116.8**	**136.7**	**137.9**	**139.2**	**140.5**	**82.8**	**83.3**	**83.2**	**83.2**
2 Manufacturing	114.0	115.8	117.2	118.3	139.6	141.0	142.5	143.9	81.7	82.1	82.3	82.2
3 Primary processing[3]	110.1	111.7	113.2	113.6	129.1	129.9	130.7	131.5	85.3	86.0	86.6	86.4
4 Advanced processing[4]	115.9	117.8	119.1	120.6	144.7	146.5	148.2	150.0	80.1	80.4	80.4	80.4
5 Durable goods	122.3	125.4	127.2	127.9	150.0	152.2	154.5	156.9	81.6	82.4	82.3	81.6
6 Lumber and products	107.1	111.0	110.5	109.9	127.3	128.2	129.1	130.0	84.1	86.6	85.6	84.5
7 Primary metals	114.0	116.5	118.6	118.9	127.6	128.7	129.8	131.0	89.3	90.5	91.4	90.8
8 Iron and steel	113.3	115.8	117.9	119.2	128.8	130.3	131.9	133.5	88.0	88.8	89.4	89.3
9 Nonferrous	114.6	117.2	119.4	118.5	125.9	126.5	127.1	127.8	91.0	92.7	93.9	92.7
10 Industrial machinery and equipment	150.7	154.6	158.9	161.6	166.9	171.6	176.3	181.3	90.3	90.1	90.1	89.1
11 Electrical machinery	159.0	162.3	164.5	167.3	186.0	193.2	200.6	208.5	85.5	84.0	82.0	80.3
12 Motor vehicles and parts	120.6	130.4	131.3	123.3	173.6	174.9	176.1	177.3	69.5	74.6	74.5	69.5
13 Aerospace and miscellaneous transportation equipment	81.5	83.8	86.7	90.7	121.0	120.6	120.2	119.8	67.4	69.5	72.2	75.7
14 Nondurable goods	105.1	105.5	106.5	107.9	128.5	129.0	129.6	130.1	81.8	81.8	82.2	82.9
15 Textile mill products	104.5	106.5	107.9	109.0	128.7	129.4	130.1	130.8	81.2	82.3	82.9	83.3
16 Paper and products	105.2	107.9	109.0	109.5	121.9	122.4	122.9	123.3	86.3	88.2	88.7	88.8
17 Chemicals and products	106.8	107.3	109.2	110.9	136.7	137.9	139.2	140.3	78.1	77.8	78.4	79.0
18 Plastics materials	117.3	122.1	125.3	...	127.3	129.5	131.8	134.0	92.1	94.3	95.1	94.1
19 Petroleum products	105.6	106.0	106.7	107.3	113.4	113.5	113.7	113.8	93.1	93.4	93.9	94.3
20 Mining	100.8	103.5	103.7	104.3	113.9	113.7	113.7	113.7	88.5	91.0	91.2	91.8
21 Utilities	113.4	114.0	110.5	111.9	123.9	124.5	125.2	125.9	91.6	91.6	88.2	88.9
22 Electric	113.4	114.0	110.8	112.6	122.1	122.8	123.6	124.4	92.9	92.8	89.6	90.5

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1995	1996					
	High	Low	High	Low	High	Low	Dec.	July	Aug.	Sept.[r]	Oct.[r]	Nov.	Dec.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.3**	**78.1**	**83.0**	**83.2**	**83.2**	**83.1**	**82.8**	**83.2**	**83.5**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	82.0	82.4	82.3	82.1	81.8	82.1	82.6
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.8	86.0	86.7	86.5	86.6	86.4	86.1	86.7
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	80.3	80.6	80.4	80.2	79.9	80.4	80.8
5 Durable goods	89.2	68.9	87.7	63.9	84.5	73.2	81.8	82.6	82.5	81.9	81.3	81.4	82.0
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	85.3	84.9	86.3	85.5	84.2	84.9	84.3
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	90.4	91.2	91.2	91.8	92.4	88.8	91.2
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	89.6	89.8	89.6	88.7	90.9	87.4	89.6
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	91.4	92.9	93.2	95.7	94.3	90.6	93.2
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.4	90.8	90.2	90.5	89.6	89.1	88.9	89.5
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.1	85.9	82.7	82.0	81.3	80.4	79.9	80.4
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	74.6	76.3	75.4	71.9	67.4	70.7	70.5
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	62.8	71.3	72.0	73.3	74.7	75.7	76.7
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	82.3	82.2	82.0	82.4	82.5	82.9	83.4
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.9	83.7	82.7	82.2	82.7	83.3	84.0
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	88.8	89.8	88.0	88.4	87.2	89.3	89.9
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	78.6	78.6	78.1	78.6	78.6	79.2	79.1
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	90.9	94.9	94.9	95.4	94.0	94.2	94.0
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	92.7	92.7	94.8	94.0	95.1	93.6	94.1
20 Mining	94.3	88.2	96.0	80.3	86.8	86.1	88.0	90.7	91.9	91.0	91.1	91.6	92.6
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	91.0	87.6	88.5	88.6	88.7	90.6	87.4
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	91.8	89.2	90.2	89.6	90.2	92.1	89.3

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.	1995 Dec.[r]	1996 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Dec.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**115.1**	**112.8**	**112.4**	**113.8**	**113.2**	**114.3**	**114.8**	**115.5**	**115.5**	**115.8**	**116.0**	**116.0**	**116.9**	**117.7**
2 Products	60.5	111.9	109.7	109.1	110.8	110.4	111.0	111.4	112.3	112.3	112.2	112.7	112.7	113.7	114.3
3 Final products	46.3	112.7	110.2	109.8	111.7	111.1	112.1	112.2	113.1	113.4	113.0	113.3	113.5	114.5	115.1
4 Consumer goods, total	29.1	110.3	109.3	108.3	109.9	109.4	109.8	110.0	110.8	110.7	110.1	110.5	110.4	111.9	112.3
5 Durable consumer goods	6.1	126.3	124.8	121.1	124.7	120.8	125.7	126.9	129.9	129.7	128.0	127.1	124.5	126.9	129.9
6 Automotive products	2.6	125.8	125.6	121.1	125.6	115.1	126.0	126.9	130.0	132.1	128.7	127.7	122.0	127.2	127.7
7 Autos and trucks	1.7	132.6	132.0	126.2	133.0	111.2	135.0	135.0	137.7	145.7	138.7	134.6	125.5	133.4	135.1
8 Autos, consumer	.9	120.2	121.3	115.3	121.6	93.5	126.1	129.0	133.3	137.8	132.5	129.9	112.2	123.2	115.8
9 Trucks, consumer	.7	147.2	147.6	142.3	150.3	135.4	150.3	147.3	148.7	161.3	152.3	146.6	147.4	152.4	164.9
10 Auto parts and allied goods	.9	114.6	114.8	112.1	113.7	117.7	111.9	114.0	117.4	112.4	113.5	116.2	114.8	116.5	115.7
11 Other	3.5	126.5	124.2	121.1	123.9	124.7	125.3	126.7	129.7	128.0	127.5	126.6	126.1	126.7	131.3
12 Appliances, televisions, and air conditioners	1.0	173.6	162.0	157.4	164.4	165.8	170.2	172.0	180.1	181.1	175.9	174.2	176.0	176.8	189.0
13 Carpeting and furniture	.8	110.0	111.1	106.8	108.0	110.8	109.1	112.4	114.6	107.0	111.1	110.5	108.6	110.5	111.0
14 Miscellaneous home goods	1.6	107.9	109.0	107.2	108.6	108.0	108.0	108.1	108.7	108.5	108.0	107.6	106.5	106.3	109.1
15 Nondurable consumer goods	23.0	106.4	105.4	105.1	106.2	106.6	105.9	105.8	106.0	106.0	105.6	106.3	106.8	108.1	107.9
16 Foods and tobacco	10.3	106.1	104.7	104.6	105.8	106.8	105.7	105.3	105.8	105.9	105.4	106.1	106.6	107.1	108.6
17 Clothing	2.4	95.6	96.3	94.5	96.5	95.8	96.1	95.9	95.6	95.4	95.4	95.1	95.7	95.3	95.6
18 Chemical products	4.5	112.5	111.4	111.1	111.3	110.5	110.0	110.5	110.6	112.6	111.3	113.5	114.1	117.4	117.0
19 Paper products	2.9	101.0	99.6	98.5	99.8	99.7	100.0	100.7	100.2	101.4	101.8	101.9	102.9	103.0	102.3
20 Energy	2.9	111.2	111.1	111.8	112.8	114.1	112.8	112.8	113.2	109.1	109.4	109.4	109.0	111.8	107.5
21 Fuels	.8	106.5	104.3	104.4	106.7	106.9	106.4	106.8	106.7	106.7	107.7	105.4	108.1	106.3	106.6
22 Residential utilities	2.1	113.0	114.0	115.0	115.4	117.1	115.5	115.4	116.0	109.9	110.0	110.9	109.2	114.2	107.7
23 Equipment	17.2	116.8	111.7	112.4	114.8	113.9	115.9	116.0	117.1	118.1	117.9	118.1	118.7	119.0	119.9
24 Business equipment	13.2	126.6	120.7	122.0	124.6	122.6	125.1	125.0	126.6	128.1	127.7	128.3	129.1	129.7	130.8
25 Information processing and related	5.4	143.3	133.0	135.9	139.4	139.8	140.5	140.8	143.9	144.1	144.6	146.3	148.3	147.7	148.8
26 Computer and office equipment	1.4	297.3	239.0	246.0	258.0	265.4	272.2	279.7	289.4	301.7	306.2	314.3	319.0	324.7	330.2
27 Industrial	4.0	126.9	128.0	126.0	127.7	127.1	127.5	126.5	126.3	127.2	126.7	126.3	127.2	126.3	127.8
28 Transit	2.5	100.0	88.2	93.5	96.7	87.4	97.5	97.5	100.6	104.1	103.0	103.8	101.9	107.0	107.0
29 Autos and trucks	1.2	115.3	114.7	111.9	115.6	95.2	118.5	118.0	120.8	126.5	120.9	117.7	109.4	116.1	113.3
30 Other	1.3	116.1	116.8	114.2	114.9	114.7	114.7	115.3	114.3	118.0	116.1	115.5	117.5	118.3	120.0
31 Defense and space equipment	3.3	77.0	76.0	74.8	76.4	77.6	77.4	77.9	77.0	77.7	77.9	77.7	77.2	76.3	76.4
32 Oil and gas well drilling	.6	120.5	107.2	109.0	113.2	119.8	123.7	127.0	127.8	122.1	122.6	117.5	120.2	120.7	123.6
33 Manufactured homes	.2	...	157.2	155.6	156.4	162.5	164.8	165.7	167.9	163.0	167.4	165.6	165.3	159.8	...
34 Intermediate products, total	14.2	109.4	108.3	106.9	108.1	108.4	107.7	108.9	109.7	108.9	110.0	110.6	110.5	111.4	111.7
35 Construction supplies	5.3	116.8	113.5	110.8	113.3	115.5	114.2	116.1	118.3	117.5	119.2	119.8	117.9	119.2	119.7
36 Business supplies	8.9	105.0	105.2	104.6	105.0	104.3	103.9	104.6	104.6	103.9	104.6	105.3	106.1	106.8	106.9
37 Materials	39.5	120.3	117.6	117.5	118.5	117.7	119.5	120.1	120.5	120.5	121.5	121.2	121.2	121.9	123.0
38 Durable goods materials	20.8	133.9	129.6	130.2	131.5	129.5	132.6	133.5	134.0	134.5	136.2	135.5	135.3	135.6	137.8
39 Durable consumer parts	4.0	128.3	128.3	131.0	128.3	117.0	130.1	130.6	130.4	131.1	133.9	128.3	124.5	126.3	127.8
40 Equipment parts	7.6	159.2	149.2	149.6	154.0	154.6	155.7	157.2	158.9	159.6	161.7	162.6	163.4	165.1	168.2
41 Other	9.2	118.2	116.0	115.9	116.8	116.8	117.2	117.8	117.9	118.2	119.2	119.2	119.8	118.8	120.6
42 Basic metal materials	3.1	112.9	111.8	109.0	111.3	112.0	112.1	112.2	112.6	112.9	113.6	114.7	116.0	112.8	115.3
43 Nondurable goods materials	8.9	106.2	105.4	104.1	104.5	104.4	105.5	105.9	106.2	107.4	106.5	106.9	106.6	107.5	108.3
44 Textile materials	1.1	106.8	105.1	102.2	103.6	104.6	105.6	106.1	106.3	109.9	107.4	107.1	108.7	109.5	110.9
45 Paper materials	1.8	107.2	106.4	104.7	104.9	104.4	106.9	106.4	105.2	109.1	108.2	107.0	107.4	110.5	111.5
46 Chemical materials	3.9	105.3	104.0	103.7	103.5	103.5	104.1	104.7	105.3	106.1	106.2	106.8	107.1	106.3	106.7
47 Other	2.1	106.0	107.2	104.7	105.9	105.4	106.5	107.1	108.0	107.1	104.7	106.2	103.2	106.1	107.1
48 Energy materials	9.7	104.1	103.1	102.5	103.5	104.5	104.2	104.6	104.8	102.4	104.0	103.9	104.4	105.6	104.8
49 Primary energy	6.3	102.9	101.8	100.9	102.6	103.9	104.0	103.5	103.5	101.7	103.2	102.2	102.4	103.6	103.4
50 Converted fuel materials	3.3	106.3	105.7	105.4	105.3	105.7	104.6	106.7	107.2	103.9	105.4	107.0	108.0	109.2	107.5
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	114.9	112.5	112.1	113.4	113.4	113.9	114.4	115.0	114.9	115.4	115.7	115.9	116.6	117.4
52 Total excluding motor vehicles and parts	95.1	114.6	112.0	111.6	113.1	113.5	113.5	114.0	114.7	114.6	115.0	115.4	115.8	116.4	117.2
53 Total excluding computer and office equipment	98.2	112.9	111.1	110.6	111.9	111.2	112.2	112.6	113.2	113.1	113.4	113.5	113.5	114.3	115.0
54 Consumer goods excluding autos and trucks	27.4	109.1	108.0	107.3	108.6	109.2	108.4	108.7	109.3	108.9	108.6	109.2	109.4	110.6	111.0
55 Consumer goods excluding energy	26.2	110.2	109.0	107.8	109.5	108.8	109.4	109.6	110.4	110.9	110.2	110.6	110.6	111.9	112.9
56 Business equipment excluding autos and trucks	12.0	127.8	121.3	123.0	125.5	125.3	125.8	125.7	127.2	128.2	128.3	129.3	131.1	131.1	132.6
57 Business equipment excluding computer and office equipment	12.1	115.8	112.6	113.6	115.6	113.1	115.3	114.7	115.8	116.8	116.1	116.3	116.9	117.3	118.1
58 Materials excluding energy	29.8	125.2	122.1	122.1	123.1	121.7	124.2	124.9	125.4	126.1	127.0	126.6	126.3	126.9	128.6

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC code[2]	1992 pro-portion	1996 avg.	1995 Dec.[r]	1996 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Dec.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**115.1**	**112.8**	**112.4**	**113.8**	**113.2**	**114.3**	**114.8**	**115.5**	**115.5**	**115.8**	**116.0**	**116.0**	**116.9**	**117.7**
60 Manufacturing	..	85.4	116.3	113.8	113.4	114.8	113.9	115.2	115.7	116.4	117.0	117.2	117.4	117.4	118.1	119.3
61 Primary processing	...	26.5	112.2	110.6	109.5	110.1	110.8	111.0	111.7	112.6	113.0	113.1	113.5	113.3	113.1	114.3
62 Advanced processing	...	58.9	118.3	115.3	115.2	117.1	115.4	117.3	117.6	118.3	118.9	119.2	119.3	119.3	120.6	121.8
63 Durable goods	...	45.0	125.7	121.5	121.5	123.6	121.8	124.6	125.2	126.3	126.9	127.5	127.2	126.9	127.7	129.3
64 Lumber and products	24	2.0	109.6	108.1	105.3	106.3	109.7	110.3	110.4	112.4	109.3	111.4	110.7	109.3	110.4	109.9
65 Furniture and fixtures	25	1.4	109.0	107.5	107.4	107.9	105.8	108.1	110.3	109.5	108.1	108.8	108.8	110.4	110.7	112.4
66 Stone, clay, and glass products	32	2.1	111.1	109.3	110.1	109.1	108.7	108.5	109.8	111.3	114.1	111.8	113.1	111.9	111.6	112.8
67 Primary metals	33	3.1	117.0	114.8	111.7	114.6	115.6	116.1	116.3	117.0	118.0	118.3	119.5	120.7	116.3	119.8
68 Iron and steel	331,2	1.7	116.6	114.7	112.3	113.9	113.8	114.6	115.7	117.1	118.0	118.2	117.4	120.9	116.6	120.2
69 Raw steel	331PT	.1	112.2	113.7	112.3	111.2	112.7	112.1	112.9	114.9	113.3	113.6	112.6	111.5	108.7	111.9
70 Nonferrous	333–6,9	1.4	117.4	114.8	111.0	115.3	117.6	117.9	116.9	116.8	117.9	118.5	121.8	120.3	115.8	119.3
71 Fabricated metal products	34	5.0	118.7	116.5	116.7	117.9	117.6	117.8	118.4	118.9	119.1	119.4	119.3	119.3	120.0	120.5
72 Industrial machinery and equipment	35	8.0	156.4	149.0	148.3	151.4	152.5	153.3	154.3	156.1	157.7	159.6	159.4	159.9	161.1	163.7
73 Computer and office equipment	357	1.8	297.3	244.9	251.8	263.6	270.8	277.3	284.7	294.3	306.5	310.8	319.0	323.8	329.6	335.2
74 Electrical machinery	36	7.3	163.3	155.8	155.8	161.0	160.3	161.1	161.8	164.0	163.8	164.6	165.2	165.5	166.6	169.9
75 Transportation equipment	37	9.5	105.8	102.0	103.3	104.4	94.9	106.4	106.8	107.1	109.5	109.3	107.3	104.5	108.0	108.6
76 Motor vehicles and parts	371	4.9	126.4	128.7	127.6	127.4	106.8	130.3	130.5	130.4	134.1	132.8	127.0	119.3	125.3	125.4
77 Autos and light trucks	371PT	2.6	124.6	124.0	118.4	124.8	103.0	127.1	127.6	130.4	137.3	131.0	127.4	117.2	125.4	125.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	85.7	76.2	79.7	81.9	82.8	83.2	83.8	84.3	85.7	86.5	87.9	89.5	90.7	91.8
79 Instruments	38	5.4	102.9	99.9	101.0	102.9	102.9	102.3	102.4	103.3	102.3	103.0	103.0	104.2	103.2	103.9
80 Miscellaneous	39	1.3	112.7	111.6	110.3	112.4	112.5	112.0	112.2	113.1	113.0	112.9	113.0	113.0	113.4	115.0
81 Nondurable goods	.	40.4	106.3	105.4	104.6	105.3	105.4	105.2	105.5	105.9	106.4	106.2	106.9	107.2	107.9	108.7
82 Foods	20	9.4	106.3	105.1	104.8	105.7	106.2	105.9	105.6	106.1	106.5	105.5	106.2	107.0	107.3	108.6
83 Tobacco products	21	1.6	105.6	104.1	104.1	107.4	111.3	106.3	103.7	105.1	102.5	104.1	104.9	103.0	105.9	108.6
84 Textile mill products	22	1.8	107.0	106.2	102.5	104.0	107.0	105.3	106.1	108.0	108.7	107.7	107.2	108.0	109.0	110.1
85 Apparel products	23	2.2	98.3	99.3	96.8	99.2	98.1	99.0	99.0	99.0	98.3	98.5	98.2	97.8	97.3	97.9
86 Paper and products	26	3.6	107.9	108.0	105.3	104.6	105.8	107.5	107.8	108.5	110.2	108.1	108.8	107.3	110.1	111.0
87 Printing and publishing	27	6.7	98.6	99.1	98.2	99.2	97.6	96.9	97.9	97.1	97.6	97.9	99.1	100.1	100.8	100.9
88 Chemicals and products	28	9.9	108.5	106.8	106.8	107.0	106.6	106.9	107.2	107.9	109.0	108.7	109.7	110.1	111.2	111.3
89 Petroleum products	29	1.4	106.4	105.1	105.2	106.0	105.7	105.5	106.2	106.3	105.3	107.8	106.9	108.2	106.5	107.2
90 Rubber and plastic products	30	3.5	120.6	118.6	118.2	118.6	119.3	118.0	119.8	120.9	120.7	122.0	122.8	121.9	121.7	123.6
91 Leather and products	31	.3	80.3	81.4	80.1	81.7	81.2	81.1	80.7	81.0	80.0	79.5	79.4	79.5	79.2	80.3
92 Mining	...	6.9	103.1	100.3	99.0	100.8	102.8	102.9	103.2	104.4	103.1	104.5	103.4	103.5	104.1	105.3
93 Metal	10	.5	101.6	101.7	97.0	97.1	101.7	99.4	100.9	101.7	103.1	104.0	105.3	103.7	102.5	103.2
94 Coal	12	1.0	105.9	103.4	96.6	101.2	105.9	105.3	108.0	108.9	102.7	109.6	106.2	107.5	108.8	109.6
95 Oil and gas extraction	13	4.8	100.5	97.5	98.0	98.9	100.2	100.9	100.5	101.5	100.9	101.1	100.5	100.5	101.2	102.4
96 Stone and earth minerals	14	.6	118.4	115.0	112.1	117.4	117.9	116.3	117.4	120.6	120.6	121.7	118.5	119.3	118.5	120.8
97 Utilities	..	7.7	112.5	112.3	112.5	113.3	114.4	113.5	114.6	114.0	109.4	110.8	111.1	111.4	114.0	110.2
98 Electric	491,493PT	6.2	112.7	111.6	112.6	113.6	114.0	113.1	114.8	114.2	110.1	111.5	110.9	112.0	114.6	111.3
99 Gas	492,493PT	1.6	111.5	115.0	112.3	112.2	115.8	115.0	113.6	113.6	107.1	108.5	111.8	109.4	112.0	106.2
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	..	80.5	115.7	112.9	112.5	114.1	114.3	114.3	114.8	115.6	116.0	116.3	116.8	117.2	117.7	118.9
101 Manufacturing excluding office and computing machines	...	83.6	113.7	111.8	111.3	112.6	111.6	112.8	113.2	113.8	114.3	114.4	114.5	114.4	115.1	116.2
				Gross value (billions of 1992 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**2,001.9**	**2,260.5**	**2,219.7**	**2,203.1**	**2,240.3**	**2,220.1**	**2,249.1**	**2,255.7**	**2,274.2**	**2,276.1**	**2,272.9**	**2,273.4**	**2,268.3**	**2,291.7**	**2,301.0**
103 Final	...	1,552.1	1,764.9	1,729.7	1,720.2	1,752.5	1,727.8	1,760.0	1,761.9	1,775.7	1,782.8	1,773.6	1,771.6	1,768.5	1,788.0	1,796.5
104 Consumer goods	...	1,049.6	1,164.7	1,155.8	1,144.1	1,163.2	1,150.9	1,164.3	1,165.5	1,172.5	1,171.6	1,165.5	1,163.0	1,160.5	1,175.3	1,180.0
105 Equipment	.	502.5	599.5	573.4	575.6	588.7	576.3	595.0	595.7	602.4	610.5	607.4	607.8	607.2	612.0	615.7
106 Intermediate	.	449.9	496.1	490.2	483.3	488.5	492.3	489.9	494.4	499.0	494.3	499.7	502.1	500.1	504.1	505.0

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	1993	1994	1995	1996 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,199	1,372	1,332	1,417	1,423	1,459	1,452	1,415	1,457	1,423	1,399	1,362	1,418
2 One-family	987	1,068	997	1,087	1,097	1,115	1,098	1,085	1,073	1,078	1,040	1,011	1,025
3 Two-family or more	213	303	335	330	326	344	354	330	384	345	359	351	393
4 Started	1,288	1,457	1,354	1,514	1,439	1,511	1,478	1,490	1,470	1,533	1,461	1,385	1,514
5 One-family	1,126	1,198	1,076	1,183	1,163	1,209	1,144	1,209	1,150	1,239	1,138	1,088	1,161
6 Two-family or more	162	259	278	331	276	302	334	281	320	294	323	297	353
7 Under construction at end of period[1]	680	762	776	800	816	826	826	829	823	820	826	827	837
8 One-family	543	558	547	565	581	591	590	596	592	593	592	589	591
9 Two-family or more	137	204	229	235	235	235	236	233	231	227	234	238	246
10 Completed	1,193	1,347	1,313	1,328	1,391	1,350	1,408	1,418	1,447	1,445	1,377	1,362	1,391
11 One-family	1,040	1,160	1,066	1,052	1,112	1,073	1,120	1,128	1,145	1,151	1,118	1,117	1,122
12 Two-family or more	153	187	247	276	279	277	288	290	302	294	259	245	269
13 Mobile homes shipped	254	304	340	341	364	378	369	372	372	369	373	369	354
Merchant builder activity in one-family units													
14 Number sold	666	670	665	784	713	740	734	733	780	820[r]	780	676	772
15 Number for sale at end of period[1]	293	337	372	355	368	369	362	356	353	343[r]	329	332	328
Price of units sold (thousands of dollars)[2]													
16 Median	126.1	130.4	133.4	139.4	137.0	140.0	136.4	140.0	144.2	137.0[r]	138.6	140.0	144.8
17 Average	147.6	153.7	157.6	163.7	162.1	170.0	163.3	166.5	168.4	159.7[r]	168.2	165.7	173.8
EXISTING UNITS (one-family)													
18 Number sold	3,800	3,946	3,801	3,940	4,200	4,200	4,280	4,160	4,150	4,140	4,030	3,970	4,010
Price of units sold (thousands of dollars)[2]													
19 Median	106.5	109.6	112.2	114.0	115.7	116.5	117.6	122.9	121.5	122.3	117.8	116.6	117.4
20 Average	133.1	136.4	138.4	138.7	140.1	141.9	144.4	150.2	149.6	149.9	144.7	143.6	144.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**482,737**	**527,063**	**547,079**	**544,577**	**556,983**	**564,623**	**558,481**	**563,122**	**559,312[r]**	**564,715[r]**	**572,262**	**581,003**	**591,957**
22 Private	362,587	400,007	410,197	411,248	419,726	424,233	418,120	423,106	419,293[r]	426,703[r]	428,361	434,282	441,614
23 Residential	210,455	238,873	236,598	238,558	245,881	248,013	247,486	246,909	244,931[r]	246,019[r]	246,407	244,552	247,562
24 Nonresidential	152,132	161,134	173,599	172,690	173,845	176,220	170,634	176,197	174,362[r]	180,684[r]	181,954	189,730	194,052
25 Industrial buildings	26,482	28,947	32,301	30,792	30,593	30,285	27,310	28,755	28,770[r]	27,082	29,656	33,012	30,939
26 Commercial buildings	53,375	59,728	67,528	66,461	65,503	67,565	65,834	69,280	68,262[r]	72,146[r]	70,672	74,309	76,287
27 Other buildings	26,219	26,961	26,923	27,470	27,884	27,457	27,723	28,533	28,514[r]	29,764[r]	29,812	30,388	32,469
28 Public utilities and other	46,056	45,498	46,847	47,967	49,865	50,913	49,767	49,629	48,816[r]	51,692[r]	51,814	52,021	54,357
29 Public	120,151	127,056	136,884	133,329	137,257	140,390	140,361	140,016	140,020[r]	138,012[r]	143,901	146,721	150,343
30 Military	2,454	2,319	3,005	3,982	3,126	3,168	3,020	3,140	2,439[r]	2,307[r]	2,583	3,079	2,464
31 Highway	34,342	37,673	38,161	40,956	39,527	39,454	37,715	38,308	39,194[r]	36,507[r]	40,485	39,326	41,088
32 Conservation and development	5,908	6,370	6,389	5,455	5,811	5,956	5,756	6,004	5,793[r]	5,660[r]	5,473	6,143	5,963
33 Other	77,447	80,694	89,329	82,936	88,793	91,812	93,870	92,564	92,594[r]	93,538[r]	95,360	98,173	100,828

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, Dec. 1996[1]
	1995 Dec.	1996 Dec.	1996				1996					
			Mar.	June	Sept.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.5**	**3.3**	**4.0**	**3.1**	**2.6**	**3.3**	**.1**	**.3**	**.3**	**.3**	**.3**	**158.6**
2 Food	2.1	4.3	3.2	4.6	5.3	3.9	.4	.5	.6	.3	.1	156.3
3 Energy items	−1.3	8.6	15.8	8.4	−3.9	15.1	−.6	.0	.7	1.2	1.6	112.2
4 All items less food and energy	3.0	2.6	3.5	2.2	2.7	2.2	.1	.3	.2	.2	.1	167.0
5 Commodities	1.7	1.1	2.6	−.3	.9	.9	−.1	.4	.1	.1	.1	141.5
6 Services	3.6	3.3	3.4	3.9	3.2	2.9	.2	.2	.3	.2	.2	181.5
PRODUCER PRICES (1982=100)												
7 Finished goods	2.3	2.8	2.5	2.2	1.8	5.3	.4[r]	.2	.4	.4	.5	132.7
8 Consumer foods	1.9	3.4	.6	5.9	5.2	2.4	.8[r]	.3[r]	.8	−.1	−.1	135.5
9 Consumer energy	1.1	12.0	17.8	−.5	1.0	33.7	.7[r]	.1[r]	1.9	2.3	3.1	85.9
10 Other consumer goods	2.8	.7	−.3	2.2	.8	.3	.1	.2	−.1	.0	.2	144.9
11 Capital equipment	2.2	.5	.0	.6	1.2	.0	.1[r]	.1[r]	−.4	.3	.1	138.8
Intermediate materials												
12 Excluding foods and feeds	3.0	.7	−1.0	.0	.3	3.2	.2	.2	.1	.3	.4	126.1
13 Excluding energy	3.2	−.9	−3.5	.0	−.3	.3	.1	.1	−.1	.1	.1	133.9
Crude materials												
14 Foods	12.9	−.9	−4.1	60.1	−7.3	−30.5	−.6[r]	−3.9[r]	−2.7	−1.9	−4.3	113.7
15 Energy	3.7	43.2	52.8	−14.1	21.7	163.1	2.4[r]	−2.7[r]	1.5	7.7	16.5	103.8
16 Other	−4.2	−5.6	−10.6	−8.8	−2.6	.8	.8[r]	.3[r]	.3	−.3	.2	152.4

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	1993	1994	1995	1995		1996		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,553.0**	**6,935.7**	**7,253.8**	**7,309.8**	**7,350.6**	**7,426.8**	**7,545.1**	**7,616.3**
By source								
2 Personal consumption expenditures	4,454.1	4,700.9	4,924.9	4,957.9	4,990.5	5,060.5	5,139.4	5,165.4
3 Durable goods	530.7	580.9	606.4	615.8	612.8	625.2	637.6	630.5
4 Nondurable goods	1,368.9	1,429.7	1,485.9	1,491.2	1,494.2	1,522.1	1,544.7	1,546.5
5 Services	2,554.6	2,690.3	2,832.6	2,850.9	2,883.5	2,913.2	2,957.1	2,988.5
6 Gross private domestic investment	871.1	1,014.4	1,065.3	1,074.8	1,064.0	1,068.9	1,096.0	1,156.2
7 Fixed investment	850.5	954.9	1,028.2	1,036.6	1,046.2	1,070.7	1,088.0	1,119.6
8 Nonresidential	598.8	667.2	738.5	746.3	749.7	769.0	773.8	807.0
9 Structures	171.8	180.2	199.7	202.5	204.0	208.4	207.4	213.5
10 Producers' durable equipment	427.0	487.0	538.8	543.8	545.7	560.6	566.3	593.5
11 Residential structures	251.7	287.7	289.8	290.3	296.5	301.7	314.2	312.6
12 Change in business inventories	20.6	59.5	37.0	38.2	17.8	−1.7	8.0	36.6
13 Nonfarm	26.8	48.0	39.6	41.5	19.9	2.7	11.3	35.4
14 Net exports of goods and services	−62.7	−94.4	−94.7	−87.6	−67.2	−86.3	−99.2	−120.2
15 Exports	657.8	719.1	807.4	819.0	837.0	839.5	850.0	844.3
16 Imports	720.5	813.5	902.0	906.6	904.2	925.8	949.2	964.5
17 Government consumption expenditures and gross investment	1,290.4	1,314.7	1,358.3	1,364.6	1,363.4	1,383.7	1,408.8	1,414.8
18 Federal	522.6	516.4	516.6	516.8	507.7	518.6	529.6	525.5
19 State and local	767.8	798.4	841.7	847.7	855.7	865.1	879.2	889.3
By major type of product								
20 Final sales, total	6,532.4	6,876.2	7,216.7	7,271.5	7,332.8	7,428.6	7,537.1	7,579.6
21 Goods	2,401.4	2,534.4	2,662.2	2,688.8	2,698.0	2,749.3	2,782.0	2,785.0
22 Durable	1,014.3	1,086.2	1,147.3	1,167.2	1,166.4	1,192.1	1,219.1	1,225.5
23 Nondurable	1,387.2	1,448.3	1,515.0	1,521.6	1,531.7	1,557.1	1,562.9	1,559.5
24 Services	3,584.0	3,746.5	3,926.9	3,950.2	3,992.4	4,027.9	4,087.0	4,122.0
25 Structures	547.0	595.3	627.6	632.6	642.3	651.4	668.0	672.6
26 Change in business inventories	20.6	59.5	37.0	38.2	17.8	−1.7	8.0	36.6
27 Durable goods	15.7	31.9	34.9	29.2	27.3	12.3	9.9	34.7
28 Nondurable goods	4.9	27.7	2.2	9.1	−9.4	−14.0	−1.9	2.0
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,386.4**	**6,608.7**	**6,742.9**	**6,776.4**	**6,780.7**	**6,814.3**	**6,892.6**	**6,928.4**
NATIONAL INCOME								
30 **Total**	**5,195.3**	**5,501.6**	**5,813.5**	**5,861.4**	**5,927.4**	**6,015.3**	**6,118.7**	**6,203.0**
31 Compensation of employees	3,809.5	4,009.8	4,222.7	4,247.7	4,301.1	4,344.3	4,420.9	4,482.9
32 Wages and salaries	3,095.3	3,257.3	3,433.2	3,454.0	3,501.1	3,540.2	3,606.5	3,659.6
33 Government and government enterprises	584.2	602.5	621.7	624.1	626.9	634.0	638.9	644.6
34 Other	2,511.1	2,654.8	2,811.5	2,829.9	2,874.2	2,906.1	2,967.5	3,015.1
35 Supplement to wages and salaries	714.2	752.4	789.5	793.7	800.1	804.1	814.4	823.3
36 Employer contributions for social insurance	333.3	350.2	365.5	367.8	369.8	375.0	380.4	384.6
37 Other labor income	380.9	402.2	424.0	425.9	430.2	429.1	434.0	438.6
38 Proprietors' income[1]	420.0	450.9	478.3	479.6	486.7	499.5	515.2	526.3
39 Business and professional[1]	388.1	415.9	449.3	451.5	454.9	461.1	469.4	474.6
40 Farm[1]	32.0	35.0	29.0	28.1	31.8	38.4	45.8	51.8
41 Rental income of persons[2]	102.5	116.6	122.2	120.9	125.8	126.9	124.5	127.0
42 Corporate profits[1]	464.4	529.5	586.6	612.5	611.8	645.1	655.8	661.2
43 Profits before tax[3]	464.3	531.2	598.9	607.2	604.2	642.2	644.6	635.6
44 Inventory valuation adjustment	−6.6	−13.3	−28.1	−9.3	−8.8	−17.4	−11.0	2.0
45 Capital consumption adjustment	6.7	11.6	15.9	14.6	16.5	20.4	22.3	23.6
46 Net interest	398.9	394.9	403.6	400.7	401.9	399.5	402.3	405.6

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	1993	1994	1995	1995		1996		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,480.1**	**5,753.1**	**6,115.1**	**6,146.9**	**6,234.5**	**6,308.5**	**6,412.4**	**6,501.4**
2 Wage and salary disbursements	3,090.7	3,241.8	3,430.6	3,451.2	3,500.2	3,538.2	3,606.5	3,659.6
3 Commodity-producing industries	781.3	824.9	863.5	866.7	873.9	878.7	900.3	911.0
4 Manufacturing	593.1	621.1	648.4	650.1	654.7	654.8	671.8	678.5
5 Distributive industries	698.4	739.2	783.7	789.3	800.7	810.5	822.3	832.4
6 Service industries	1,026.7	1,075.2	1,161.6	1,171.1	1,198.6	1,215.1	1,244.9	1,271.6
7 Government and government enterprises	584.2	602.5	621.7	624.1	626.9	634.0	638.9	644.6
8 Other labor income	380.9	402.2	424.0	425.9	430.2	429.1	434.0	438.6
9 Proprietors' income[1]	420.0	450.9	478.3	479.6	486.7	499.5	515.2	526.3
10 Business and professional[1]	388.1	415.9	449.3	451.5	454.9	461.1	469.4	474.6
11 Farm[1]	32.0	35.0	29.0	28.1	31.8	38.4	45.8	51.8
12 Rental income of persons[2]	102.5	116.6	122.2	120.9	125.8	126.9	124.5	127.0
13 Dividends	186.8	199.6	214.8	215.8	221.7	226.6	229.3	231.5
14 Personal interest income	648.1	663.7	717.1	719.9	727.2	726.1	733.1	742.9
15 Transfer payments	910.7	956.3	1,022.6	1,029.9	1,041.4	1,063.0	1,075.6	1,085.1
16 Old-age survivors, disability, and health insurance benefits	444.4	472.9	507.4	510.7	516.1	529.9	536.3	541.7
17 LESS: Personal contributions for social insurance	259.6	278.1	294.5	296.2	298.8	301.0	305.8	309.7
18 EQUALS: Personal income	5,480.1	5,753.1	6,115.1	6,146.9	6,234.5	6,308.5	6,412.4	6,501.4
19 LESS: Personal tax and nontax payments	689.9	731.4	794.3	798.4	807.2	824.9	870.6	872.5
20 EQUALS: Disposable personal income	4,790.2	5,021.7	5,320.8	5,348.5	5,427.3	5,483.5	5,541.8	5,628.9
21 LESS: Personal outlays	4,575.8	4,832.3	5,071.5	5,106.6	5,144.7	5,218.1	5,300.7	5,329.8
22 EQUALS: Personal saving	214.4	189.4	249.3	241.9	282.6	265.4	241.1	299.1
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	24,734.3	25,349.8	25,628.7	25,726.7	25,684.5	25,753.3	25,990.0	26,066.2
24 Personal consumption expenditures	16,806.7	17,158.4	17,399.5	17,453.8	17,459.9	17,570.2	17,675.7	17,657.9
25 Disposable personal income	18,078.0	18,330.0	18,799.0	18,829.0	18,986.0	19,041.0	19,063.0	19,242.0
26 Saving rate (percent)	4.5	3.8	4.7	4.5	5.2	4.8	4.3	5.3
GROSS SAVING								
27 **Gross saving**	**935.5**	**1,056.3**	**1,151.8**	**1,168.6**	**1,220.6**	**1,217.9**	**1,244.5**	**1,314.0**
28 Gross private saving	962.4	1,006.7	1,071.8	1,085.9	1,138.9	1,133.8	1,121.6	1,196.1
29 Personal saving	214.4	189.4	249.3	241.9	282.6	265.4	241.1	299.1
30 Undistributed corporate profits[1]	103.3	123.2	140.6	159.6	158.4	171.8	176.3	182.5
31 Corporate inventory valuation adjustment	−6.6	−13.3	−28.1	−9.3	−8.8	−17.4	−11.0	2.0
Capital consumption allowances								
32 Corporate	417.0	441.0	454.0	456.9	463.6	465.6	471.0	477.2
33 Noncorporate	223.1	237.7	225.2	224.7	233.4	229.1	233.2	237.4
34 Gross government saving	−26.9	49.6	80.0	82.7	81.7	84.1	122.9	117.8
35 Federal	−187.4	−119.6	−87.9	−84.6	−80.7	−82.0	−54.1	−48.4
36 Consumption of fixed capital	68.2	70.6	73.8	73.8	73.8	73.2	72.6	72.3
37 Current surplus or deficit (−), national accounts	−255.6	−190.2	−161.7	−158.5	−154.5	−155.2	−126.7	−120.8
38 State and local	160.5	169.2	167.9	167.3	162.4	166.1	177.0	166.3
39 Consumption of fixed capital	65.6	69.4	72.9	73.4	74.3	75.1	76.0	77.1
40 Current surplus or deficit (−), national accounts	94.9	99.7	95.0	93.9	88.1	91.0	101.0	89.2
41 **Gross investment**	**993.5**	**1,090.4**	**1,150.9**	**1,161.5**	**1,173.9**	**1,167.9**	**1,187.0**	**1,215.9**
42 Gross private domestic investment	871.1	1,014.4	1,065.3	1,074.8	1,064.0	1,068.9	1,096.0	1,156.2
43 Gross government investment	210.6	212.3	221.9	224.7	220.1	228.8	235.1	234.2
44 Net foreign investment	−88.2	−136.4	−136.3	−138.1	−110.2	−129.9	−144.2	−174.6
45 **Statistical discrepancy**	**58.0**	**34.1**	**−.9**	**−7.1**	**−46.7**	**−50.0**	**−57.5**	**−98.1**

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	1993	1994	1995	1995		1996		
				Q3	Q4	Q1	Q2	Q3[p]
1 Balance on current account	−99,936	−148,405	−148,154	−37,688	−30,435	−34,869	−40,210	−47,961
2 Merchandise trade balance[2]	−132,609	−166,121	−173,424	−42,548	−38,026	−42,730	−46,996	−51,593
3 Merchandise exports	456,832	502,463	575,940	144,984	149,422	150,028	153,095	149,937
4 Merchandise imports	−589,441	−668,584	−749,364	−187,532	−187,448	−192,758	−200,091	−201,530
5 Military transactions, net	2,757	3,270	3,477	1,120	978	490	726	710
6 Other service transactions, net	59,691	59,779	64,776	17,093	17,657	18,014	17,694	17,049
7 Investment income, net	9,742	−4,159	−8,016	−4,361	−1,890	262	−2,264	−4,705
8 U.S. government grants	−16,823	−15,816	−10,959	−2,933	−2,799	−4,259	−2,364	−2,502
9 U.S. government pensions and other transfers	−4,081	−4,544	−3,420	−964	−731	−960	−1,029	−1,034
10 Private remittances and other transfers	−16,736	−19,506	−20,696	−5,095	−5,624	−5,685	−5,976	−5,886
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−342	−341	−280	252	−199	−152	−353	72
12 Change in U.S. official reserve assets (increase, −)	−1,379	5,346	−9,742	−1,893	191	17	−523	7,489
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−537	−441	−808	362	−147	−199	−133	848
15 Reserve position in International Monetary Fund	−44	494	−2,466	−991	−163	−849	−220	−183
16 Foreign currencies	−797	5,293	−6,468	−1,264	501	1,065	−170	6,824
17 Change in U.S. private assets abroad (increase, −)	−192,889	−155,700	−297,834	−37,954	−98,206	−68,615	−49,850	−62,237
18 Bank-reported claims[3]	29,947	−8,161	−69,146	8,476	−7,272	1,714	−74	−32,482
19 Nonbank-reported claims	1,581	−32,804	−34,219	7,500	−14,278	−12,707	−3,374	...
20 U.S. purchases of foreign securities, net	−146,253	−60,270	−98,960	−35,839	−32,539	−34,420	−20,200	−21,314
21 U.S. direct investments abroad, net	−78,164	−54,465	−95,509	−18,091	−44,117	−23,202	−26,202	−8,441
22 Change in foreign official assets in United States (increase, +)	72,153	40,253	109,757	39,186	11,369	52,021	13,566	23,642
23 U.S. Treasury securities	48,952	30,745	68,813	20,489	12,984	55,600	−3,384	25,335
24 Other U.S. government obligations	4,062	6,077	3,734	518	764	52	1,258	1,217
25 Other U.S. government liabilities[4]	1,713	2,344	1,082	−71	1,249	−156	220	755
26 Other U.S. liabilities reported by U.S. banks[3]	14,841	3,560	32,862	18,478	−3,908	−3,264	14,187	−2,080
27 Other foreign official assets[5]	2,585	−2,473	3,266	−228	280	−211	1,285	−1,585
28 Change in foreign private assets in United States (increase, +)	178,843	245,123	314,705	79,630	87,860	47,450	86,983	100,357
29 U.S. bank-reported liabilities[3]	20,859	111,842	25,283	−21,542	32,765	−35,571	1,925	265
30 U.S. nonbank-reported liabilities	10,489	−7,710	34,578	6,945	11,272	6,506	7,296	...
31 Foreign private purchases of U.S. Treasury securities, net	24,381	34,225	99,340	37,269	1,734	11,832	31,212	41,982
32 Foreign purchases of other U.S. securities, net	80,092	57,006	95,268	31,971	27,321	35,993	29,122	32,961
33 Foreign direct investments in United States, net	43,022	49,760	60,236	24,987	14,768	28,690	17,428	25,149
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	43,550	13,724	31,548	−41,533	29,420	4,148	−9,613	−21,362
36 Due to seasonal adjustment	...	...	...	−7,407	1,153	6,279	−801	−8,699
37 Before seasonal adjustment	43,550	13,724	31,548	−34,126	28,267	−2,131	−8,812	−12,663
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,379	5,346	−9,742	−1,893	191	17	−523	7,489
39 Foreign official assets in United States, excluding line 25 (increase, +)	70,440	37,909	108,675	39,257	10,120	52,177	13,346	22,887
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−3,717	−1,529	3,959	6,147	−1,435	−992	5,555	5,347

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	1993	1994	1995	1996						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Goods and services, balance	−72,037	−104,381	−105,064	−10,677	−8,370	−11,755	−10,493	−11,437	−8,007	−8,400
2 Merchandise	−132,607	−166,123	−173,424	−16,791	−14,620	−17,492	−16,423	−17,524	−14,093	−14,744
3 Services	60,570	61,742	68,360	6,114	6,250	5,737	5,930	6,087	6,086	6,344
4 Goods and services, exports	642,953	698,301	786,529	70,120	69,726	67,249	69,679	68,839	71,722	71,972
5 Merchandise	456,834	502,462	575,939	51,384	50,972	48,779	51,095	50,297	52,876	52,732
6 Services	186,119	195,839	210,590	18,736	18,754	18,470	18,584	18,542	18,846	19,240
7 Goods and services, imports	−714,990	−802,682	−891,593	−80,797	−78,096	−79,004	−80,172	−80,276	−79,729	−80,372
8 Merchandise	−589,441	−668,585	−749,363	−68,175	−65,592	−66,271	−67,518	−67,821	−66,969	−67,476
9 Services	−125,549	−134,097	−142,230	−12,622	−12,504	−12,733	−12,654	−12,455	−12,760	−12,896

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							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**	**73,442**	**74,335**	**85,832**	**83,468**	**83,455**	**85,099**	**76,781**	**75,509**	**75,558**	**75,444**	**75,090**
2 Gold stock, including Exchange Stabilization Fund[1]	11,053	11,051	11,050	11,051	11,050	11,050	11,050	11,050	11,049	11,049	11,049
3 Special drawing rights[2,3]	9,039	10,039	11,037	11,037	11,046	11,216	10,307	10,177	10,226	10,386	10,312
4 Reserve position in International Monetary Fund[2]	11,818	12,030	14,649	15,227	15,282	15,665	15,597	15,421	15,517	15,516	15,435
5 Foreign currencies[4]	41,532	41,215	49,096	46,153	46,077	47,168	39,827	38,861	38,765	38,493	38,294

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							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Deposits**	**386**	**250**	**386**	**160**	**182**	**166**	**171**	**265**	**176**	**170**	**167**
Held in custody											
2 U.S. Treasury securities[2]	379,394	441,866	522,170	578,608	572,839	580,277	590,367	609,801	619,987	634,165	638,049
3 Earmarked gold[3]	12,327	12,033	11,702	11,339	11,296	11,273	11,217	11,210	11,204	11,198	11,197

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						
			May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Total**[1]	**520,934**	**630,867**	**689,743**	**696,384**	**699,525**	**703,875**	**719,557**	**722,700**	**737,696**
By type									
2 Liabilities reported by banks in the United States[2]	73,386	107,343	104,951	118,258	113,445	111,034	116,328	109,936	107,244
3 U.S. Treasury bills and certificates[3]	139,571	168,534	188,321	187,171	186,061	189,726	182,122	186,180	197,692
U.S. Treasury bonds and notes									
4 Marketable	254,059	293,690	334,469	327,821	337,450	341,037	358,225	363,063	366,903
5 Nonmarketable[4]	6,109	6,491	5,903	5,941	5,980	6,018	6,057	5,890	5,928
6 U.S. securities other than U.S. Treasury securities[5]	47,809	54,809	56,099	57,193	56,589	56,060	56,825	57,631	59,929
By area									
7 Europe[1]	215,374	222,406	244,222	245,368	245,405	246,760	246,342	246,542	251,104
8 Canada	17,235	19,473	21,670	21,250	20,153	21,662	21,351	21,764	21,360
9 Latin America and Caribbean	41,492	66,720	68,053	70,153	68,020	69,076	69,338	70,478	76,977
10 Asia	236,824	310,966	343,206	346,103	350,747	354,266	369,471	371,210	375,252
11 Africa	4,180	6,296	7,173	6,997	6,910	6,722	6,944	6,587	7,033
12 Other countries	5,827	5,004	5,417	6,511	8,288	5,387	6,109	6,117	5,968

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	1992	1993	1994	1995	1996		
				Dec.[r]	Mar.	June	Sept.[r]
1 Banks' liabilities	72,796	78,259	89,308	109,763	107,514	111,651	111,140
2 Banks' claims	62,799	62,017	60,711	74,016	69,159	65,864	68,101
3 Deposits	24,240	20,993	19,661	22,696	22,208	20,876	23,837
4 Other claims	38,559	41,024	41,050	51,320	46,951	44,988	44,264
5 Claims of banks' domestic customers[2]	4,432	12,854	10,878	6,145	6,353	7,464	7,130

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	1993	1994	1995	1996						
				May	June[r]	July	Aug.	Sept.	Oct.	Nov.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**926,672**	**1,014,996[r]**	**1,099,548[r]**	**1,095,072[r]**	**1,097,671**	**1,088,244[r]**	**1,074,289[r]**	**1,089,888[r]**	**1,120,193**	**1,114,238**
2 Banks' own liabilities	626,919	718,591[r]	753,460[r]	722,575[r]	731,143	718,715[r]	701,959[r]	722,802[r]	753,523	738,459
3 Demand deposits	21,569	23,386	24,448	23,328[r]	27,369	24,992[r]	23,147	25,504[r]	23,868	27,586
4 Time deposits[2]	175,106	186,512	192,556[r]	180,650[r]	189,456	193,491[r]	196,561[r]	192,463[r]	197,386	192,826
5 Other[3]	111,971	113,215	140,115[r]	144,177[r]	149,173	144,309[r]	129,039[r]	148,499[r]	146,521	141,085
6 Own foreign offices[4]	318,273	395,478[r]	396,341[r]	374,420[r]	365,145	355,923[r]	353,212[r]	356,336[r]	385,748	376,962
7 Banks' custodial liabilities[5]	299,753	296,405	346,088[r]	372,497	366,528	369,529[r]	372,330	367,086	366,670	375,779
8 U.S. Treasury bills and certificates[6]	176,739	162,938	197,355	220,823	218,608	217,548	219,949	212,478	214,609	225,046
9 Other negotiable and readily transferable instruments[7]	36,289	42,539	52,200[r]	49,655	51,528	56,345	55,552	57,702	54,045	54,570
10 Other	86,725	90,928	96,533	102,019	96,392	95,636[r]	96,829	96,906	98,016	96,163
11 Nonmonetary international and regional organizations[8]	10,936	8,606	11,039	11,994	12,158	11,742	12,675	14,443	16,080	14,322
12 Banks' own liabilities	5,639	8,176	10,347	11,207	10,914	10,545	12,084	13,843	15,249	12,984
13 Demand deposits	15	29	21	34	123	22	49	26	67	46
14 Time deposits[2]	2,780	3,298	4,656	3,442	4,052	3,747	4,738	5,441	6,005	4,906
15 Other[3]	2,844	4,849	5,670	7,731	6,739	6,776	7,297	8,376	9,177	8,032
16 Banks' custodial liabilities[5]	5,297	430	692	787	1,244	1,197	591	600	831	1,338
17 U.S. Treasury bills and certificates[6]	4,275	281	350	376	874	865	345	399	600	1,088
18 Other negotiable and readily transferable instruments[7]	1,022	149	341	390	370	330	246	201	231	226
19 Other	0	0	1	21	0	2	0	0	0	24
20 Official institutions[9]	220,821	212,957	275,877	293,272[r]	305,429	299,506[r]	300,760[r]	298,450[r]	296,116	304,936
21 Banks' own liabilities	64,144	59,935	83,396	81,919[r]	91,925	83,812[r]	81,462[r]	85,969[r]	83,647	82,887
22 Demand deposits	1,600	1,564	2,098	1,504	2,211	2,211	1,459	2,049	1,316	2,181
23 Time deposits[2]	21,653	23,511	30,716	32,658[r]	38,916	37,137[r]	37,708[r]	34,902[r]	35,550	35,582
24 Other[3]	40,891	34,860	50,582	47,757[r]	50,798	44,464[r]	42,295[r]	49,018[r]	46,781	45,124
25 Banks' custodial liabilities[5]	156,677	153,022	192,481	211,353	213,504	215,694	219,298	212,481	212,469	222,049
26 U.S. Treasury bills and certificates[6]	151,100	139,571	168,534	188,321	187,171	186,061	189,726	182,122	186,180	197,692
27 Other negotiable and readily transferable instruments[7]	5,482	13,245	23,603	22,661	25,900	29,262	29,281	30,051	25,085	24,000
28 Other	95	206	344	371	433	371	291	308	1,204	357
29 Banks[10]	592,171	678,532[r]	691,464[r]	661,402[r]	654,108	646,031[r]	635,007[r]	649,430[r]	678,641	668,466
30 Banks' own liabilities	478,755	563,617[r]	567,886[r]	532,085[r]	530,411	523,939[r]	510,274[r]	524,645[r]	554,225	547,482
31 Unaffiliated foreign banks	160,482	168,139	171,545[r]	157,665[r]	165,266	168,016[r]	157,062[r]	168,309[r]	168,477	170,520
32 Demand deposits	9,718	10,633	11,758	10,663	12,380	11,809	11,116	12,764	11,156	13,304
33 Time deposits[2]	105,262	111,171	103,472[r]	88,765[r]	90,481	95,128[r]	94,867[r]	91,906[r]	96,223	94,774
34 Other[3]	45,502	46,335	56,315[r]	58,237[r]	62,405	61,079[r]	51,079[r]	63,639[r]	61,098	62,442
35 Own foreign offices[4]	318,273	395,478[r]	396,341[r]	374,420[r]	365,145	355,923[r]	353,212[r]	356,336[r]	385,748	376,962
36 Banks' custodial liabilities[5]	113,416	114,915	123,578	129,317	123,697	122,092[r]	124,733	124,785	124,416	120,984
37 U.S. Treasury bills and certificates[6]	10,712	11,264	15,872	17,584	18,241	18,091	18,670	18,556	16,865	14,227
38 Other negotiable and readily transferable instruments[7]	17,020	14,506	13,035	11,775	11,021	10,359	10,864	11,298	12,455	13,295
39 Other	85,684	89,145	94,671	99,958	94,435	93,642[r]	95,199	94,931	95,096	93,462
40 Other foreigners	102,744	114,901	121,168[r]	128,404[r]	125,976	130,965[r]	125,847[r]	127,565[r]	129,356	126,514
41 Banks' own liabilities	78,381	86,863	91,831[r]	97,364[r]	97,893	100,419[r]	98,139[r]	98,345[r]	100,402	95,106
42 Demand deposits	10,236	11,160	10,571	11,127[r]	12,655	10,950[r]	10,523	10,665[r]	11,329	12,055
43 Time deposits[2]	45,411	48,532	53,712[r]	55,785[r]	56,007	57,479[r]	59,248[r]	60,214[r]	59,608	57,564
44 Other[3]	22,734	27,171	27,548	30,452	29,231	31,990	28,368	27,466	29,465	25,487
45 Banks' custodial liabilities[5]	24,363	28,038	29,337[r]	31,040	28,083	30,546	27,708	29,220	28,954	31,408
46 U.S. Treasury bills and certificates[6]	10,652	11,822	12,599	14,542	12,322	12,531	11,208	11,401	10,964	12,039
47 Other negotiable and readily transferable instruments[7]	12,765	14,639	15,221[r]	14,829	14,237	16,394	15,161	16,152	16,274	17,049
48 Other	946	1,577	1,517	1,669	1,524	1,621	1,339	1,667	1,716	2,320
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	17,567	17,895	9,103	9,375[r]	9,645	7,922	8,276	10,466	11,657	10,540

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	1993	1994	1995	1996 May	June	July	Aug.	Sept.	Oct.	Nov.p
AREA										
50 **Total, all foreigners**	**926,672**	**1,014,996r**	**1,099,548r**	**1,095,072r**	**1,097,671r**	**1,088,244r**	**1,074,289r**	**1,089,888r**	**1,120,193r**	**1,114,238**
51 **Foreign countries**	**915,736**	**1,006,390r**	**1,088,509r**	**1,083,078r**	**1,085,513r**	**1,076,502r**	**1,061,614r**	**1,075,445r**	**1,104,113r**	**1,099,916**
52 Europe	377,911	390,869r	362,819r	367,090r	363,220r	355,894r	355,380r	350,316r	371,278r	379,444
53 Austria	1,917	3,588	3,537	3,624	3,209	3,002	4,683	6,017	6,816r	6,249
54 Belgium and Luxembourg	28,670	21,877	24,792r	25,955	20,856	22,093	25,155	22,482	23,232r	21,304
55 Denmark	4,517	2,884	2,921	2,645	2,796	2,871	2,501	2,652	1,802	2,790
56 Finland	1,872	1,436	2,831	2,188	1,589	1,200	1,113	812	1,509	1,561
57 France	40,316	44,365	39,218	39,634r	40,583r	36,342r	37,363r	37,094r	41,069r	38,970
58 Germany	26,685	27,109	24,035	23,950	25,876	24,375	23,128	23,599	23,522r	21,714
59 Greece	1,519	1,400	2,014	1,665	1,690	1,811	1,722	1,854	1,666r	2,221
60 Italy	11,759	10,885	10,868	11,039	12,103	12,785	12,552	12,509	12,793	10,280
61 Netherlands	16,096	16,033	13,745	12,575	12,159	11,863	11,460	9,626	12,017r	11,139
62 Norway	2,966	2,338	1,394	828	1,388	1,435	1,556	1,622	1,552	1,880
63 Portugal	3,366	2,846	2,761	1,858	1,401	1,784	1,328	1,473	1,388	1,728
64 Russia	2,511	2,726	7,948	7,259	6,938	6,047	4,988	4,761	5,602	8,215
65 Spain	20,496	14,675	10,011	19,004	20,314	19,366	17,505	20,359	17,665	18,249
66 Sweden	2,738	3,094	3,246	2,410	2,693	2,738	1,591r	1,814r	1,424	1,525
67 Switzerland	41,560	40,724	43,625	37,097	39,006	39,626	39,074r	42,226r	32,541	38,162
68 Turkey	3,227	3,341	4,124	4,669	4,926	5,619	7,272	7,992	8,019	7,311
69 United Kingdom	133,993	163,733r	139,183r	145,688r	143,258r	137,668r	136,242r	132,424r	158,009r	164,654
70 Yugoslavia[11]	372	245	177	146	217	208	207	214	216	254
71 Other Europe and other former U.S.S.R.[12]	33,331	27,770	26,389	24,856	22,218	25,061	25,940	20,786	20,436	21,238
72 Canada	20,235	24,768	30,468	33,178r	33,391	28,811	30,727	33,199	35,153	33,010
73 Latin America and Caribbean	362,238	423,847	440,212	433,041r	432,734r	438,641r	424,120r	433,522r	444,445r	437,861
74 Argentina	14,477	17,203	12,235	11,649	13,579	12,501	13,320	11,989	11,701r	13,853
75 Bahamas	73,820	104,014	94,991	86,316r	85,265r	93,362r	87,994	86,625	101,007	91,162
76 Bermuda	8,117	8,424	4,897	4,998	4,312	4,205	4,150	4,880	4,910	6,442
77 Brazil	5,301	9,145	23,797	20,105	25,902	23,183	24,518	23,817	24,083r	26,889
78 British West Indies	193,699	229,599	239,083	243,437r	234,550r	234,205r	227,024r	233,782	229,476r	226,485
79 Chile	3,183	3,127	2,826	2,855r	2,921	2,833	2,462	3,205	2,767	2,721
80 Colombia	3,171	4,615	3,659	3,393	3,642	3,329	3,263	2,889	2,968	2,800
81 Cuba	33	13	8	8	10	10	14	33	17	18
82 Ecuador	880	875	1,314	1,283	1,301	1,405	1,433	1,449	1,383	1,566
83 Guatemala	1,207	1,121	1,275	1,073	1,073	1,092	1,176	1,181	1,207	1,219
84 Jamaica	410	529	481	550	534	562	625	623	580	561
85 Mexico	28,019	12,227	24,560	23,211r	24,771r	26,312r	24,399r	26,808r	27,680r	27,971
86 Netherlands Antilles	4,686	5,217	4,673r	4,723r	5,163r	5,532r	3,615r	5,290r	5,078r	4,433
87 Panama	3,582	4,551	4,265	3,846	3,878	3,852	3,994	3,950	4,060	3,993
88 Peru	929	900	974	1,064	1,013	1,029	1,077	936	1,016	947
89 Uruguay	1,611	1,597	1,836	1,757	1,769	1,836	1,799	1,751	1,846	1,752
90 Venezuela	12,786	13,986	11,808	14,645	14,899	15,261	15,029	15,596	16,375	17,167
91 Other	6,327	6,704	7,530r	8,128r	8,152r	8,132r	8,228	8,718	8,291r	7,882
92 Asia	144,527	154,346	240,595r	235,580r	239,593r	236,006r	237,624r	243,208r	239,416r	233,784
China										
93 Mainland	4,011	10,066	33,750	24,857	25,483	28,587	34,224	32,068	26,998r	29,411
94 Taiwan	10,627	9,844	11,714	14,625r	16,650r	16,125r	14,775r	15,721r	15,450r	16,647
95 Hong Kong	17,132	17,104	20,197r	18,332r	18,216r	17,058r	18,609r	17,485r	17,053r	18,596
96 India	1,114	2,338	3,373	3,938	4,012	3,954	4,012	3,793	3,709	3,831
97 Indonesia	1,986	1,587	2,708	2,374	2,316	2,561	2,161	2,204	2,436	2,406
98 Israel	4,435	5,157	4,041	5,090	5,168	4,444	4,364	4,134	7,162	5,722
99 Japan	61,466	62,981	109,193	111,432r	114,131r	112,737r	109,262r	112,537r	112,600r	103,866
100 Korea (South)	4,913	5,124	5,749	5,705r	6,679r	5,622r	5,406	5,908	5,545	5,867
101 Philippines	2,035	2,714	3,092r	2,897	2,970	3,041	2,539	3,429	3,191	3,264
102 Thailand	6,137	6,466	12,279	13,387	12,253	11,713	10,691	11,759	11,972	12,729
103 Middle Eastern oil-exporting countries[13]	15,822	15,494	15,582	14,234	13,379	12,947	13,891	14,715	13,017r	13,156
104 Other	14,849	15,471	18,917	18,709r	18,336r	17,217r	17,690r	19,455	20,283r	18,289
105 Africa	6,633	6,524	7,641	7,404	7,509	7,558	7,259	7,440	7,058	7,667
106 Egypt	2,208	1,879	2,136	1,873	1,831	2,114	1,920	1,894	1,904	1,901
107 Morocco	99	97	104	113	115	133	121	78	74	66
108 South Africa	451	433	739	745	666	648	632	482	435	640
109 Zaire	12	9	10	16	6	13	6	6	11	10
110 Oil-exporting countries[14]	1,303	1,343	1,797	1,887	2,013	1,928	2,075	2,051	1,940	2,381
111 Other	2,560	2,763	2,855	2,770	2,878	2,722	2,505	2,929	2,694	2,669
112 Other	4,192	6,036	6,774	6,785	9,066	9,592	6,504r	7,760	6,763	8,150
113 Australia	3,308	5,142	5,647	5,757	7,981	8,387	5,465r	5,522	4,786	6,203
114 Other	884	894	1,127	1,028	1,085	1,205	1,039	2,238	1,977	1,947
115 Nonmonetary international and regional organizations	10,936	8,606	11,039	11,994	12,158	11,742	12,675	14,443	16,080r	14,322
116 International[15]	6,851	7,537	9,300	10,572	10,824	10,303	10,988	12,761	14,301r	12,524
117 Latin American regional[16]	3,218	613	893	649	527	831	1,024	1,193	1,304	1,172
118 Other regional[17]	867	456	846	773	807	608	663	489	475r	626

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	1993	1994	1995	1996 May	1996 June[r]	1996 July[r]	1996 Aug.[r]	1996 Sept.[r]	1996 Oct.	1996 Nov.[p]
1 **Total, all foreigners**	**488,497**	**483,220[r]**	**532,539[r]**	**519,755[r]**	**536,045**	**544,126**	**546,607**	**544,717**	**563,438**	**575,084**
2 **Foreign countries**	**486,092**	**478,629[r]**	**530,608[r]**	**516,261[r]**	**533,016**	**542,012**	**544,575**	**543,019**	**560,360**	**573,611**
3 Europe	123,741	123,358[r]	132,150	134,281[r]	146,160	143,424	150,054	155,277	165,634	168,730
4 Austria	412	692	565	1,212	1,088	1,128	849	988	1,197	1,097
5 Belgium and Luxembourg	6,532	6,738	7,624	8,711	6,921	7,021	7,018	6,903	6,828	6,403
6 Denmark	382	1,129	403	482	432	319	230	408	480	651
7 Finland	594	512	1,055	1,282	1,013	1,629	1,296	1,350	1,068	1,303
8 France	11,822	12,146	15,033	11,946[r]	11,767	10,570	11,570	12,078	12,792	12,123
9 Germany	7,724	7,608	9,263	8,099	11,831	9,497	7,559	8,670	8,546	7,195
10 Greece	691	604	469	554	563	527	433	397	426	571
11 Italy	8,834	6,043	5,370	6,172	5,721	6,023	6,625	5,870	5,007	5,918
12 Netherlands	3,063	2,959	5,346	5,618	6,546	6,360	6,565	6,956	7,386	7,350
13 Norway	396	504	665	933	1,243	1,397	1,342	1,199	1,617	1,894
14 Portugal	834	938	888	813	704	667	548	484	517	341
15 Russia	2,310	973	660	482	440	514	794	1,135	1,413	1,533
16 Spain	3,717	3,530	2,166	3,158	2,519	3,341	3,073	4,152	3,885	4,181
17 Sweden	4,254	4,098	2,080	2,526	2,799	2,802	2,726	2,976	2,919	2,882
18 Switzerland	6,605	5,746	7,474	8,713	12,145	9,520	9,266	10,930	16,110	18,071
19 Turkey	1,301	878	803	985[r]	1,042	1,018	1,044	1,083	962	1,131
20 United Kingdom	62,013	66,824[r]	67,784	69,275[r]	75,689	77,775	85,355	85,732	89,961	92,182
21 Yugoslavia[2]	473	265	147	204	164	159	87	87	118	112
22 Other Europe and other former U.S.S.R.[3]	1,784	1,171	4,355	3,116	3,533	3,157	3,674	3,879	4,402	3,792
23 Canada	18,617	18,490	20,874	20,882[r]	22,242	23,981	25,132	25,343	23,066	22,105
24 Latin America and Caribbean	225,238	223,523	256,944[r]	238,415[r]	239,977	253,177	249,693	240,634	243,584	253,324
25 Argentina	4,474	5,844	6,439	6,037	6,448	6,592	7,062	7,101	7,057	7,212
26 Bahamas	63,353	66,410	58,818	56,383	60,608	59,300	62,297	61,830	61,991	64,907
27 Bermuda	8,901	8,481	5,741	2,993	3,620	3,579	3,052	3,640	4,398	4,979
28 Brazil	11,848	9,583	13,297	14,194[r]	15,076	15,197	15,155	15,261	15,417	16,141
29 British West Indies	99,319	95,741	124,037[r]	110,899[r]	102,838	101,043	99,363	102,157	105,891	105,234
30 Chile	3,643	3,820	4,864[r]	4,352[r]	4,388	4,321	4,174	4,388	4,278	4,544
31 Colombia	3,181	4,004	4,550	4,523[r]	4,538	4,512	4,725	4,723	4,811	4,960
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	681	682	825	944[r]	962	897	932	965	957	952
34 Guatemala	288	366	457	461	452	463	476	507	546	568
35 Jamaica	195	258	323	345	359	346	335	339	362	237
36 Mexico	15,879	17,749	18,024[r]	16,873[r]	16,816	16,971	17,540	17,715	17,742	17,993
37 Netherlands Antilles	2,683	1,396	9,229	8,674	12,888	29,224	23,713	11,207	9,406	15,074
38 Panama	2,894	2,198	3,008	2,592	2,567	2,211	2,211	2,257	2,354	2,618
39 Peru	657	997	1,829	2,140[r]	2,395	2,568	2,463	2,541	2,563	2,618
40 Uruguay	969	503	466	602	623	589	562	530	547	551
41 Venezuela	2,910	1,831	1,661	1,279	1,390	1,402	1,728	1,513	1,636	1,626
42 Other	3,363	3,660	3,376[r]	5,124[r]	4,009	3,962	3,905	3,960	3,628	3,110
43 Asia	111,775	107,079	115,431[r]	116,481[r]	118,251	114,986	113,912	113,702	120,092	120,858
China										
44 Mainland	2,271	836	1,023	2,857	2,141	1,349	2,033	1,700	1,420	1,292
45 Taiwan	2,625	1,448	1,713	1,524[r]	1,500	1,312	1,023	1,700	1,305	1,413
46 Hong Kong	10,828	9,161	12,821[r]	14,693[r]	15,997	13,412	12,464	13,882	12,975	13,550
47 India	589	994	1,846	1,786	1,794	1,785	2,118	1,975	2,190	2,027
48 Indonesia	1,527	1,470	1,696	1,563	1,562	1,744	1,572	1,653	1,577	1,634
49 Israel	826	688	739	615	620	659	667	576	1,017	624
50 Japan	60,032	59,151	61,468[r]	54,412[r]	53,831	53,441	54,583	52,326	59,343	59,886
51 Korea (South)	7,539	10,286	14,070[r]	18,419[r]	19,246	18,624	17,644	17,608	17,032	18,080
52 Philippines	1,410	662	1,318[r]	830[r]	1,289	1,265	1,205	1,255	1,335	1,519
53 Thailand	2,170	2,902	2,612	3,015	3,194	2,824	2,864	2,705	2,699	2,820
54 Middle Eastern oil-exporting countries[4]	15,115	13,748	9,639	8,976	8,348	9,478	9,489	10,111	11,372	10,311
55 Other	6,843	5,733	6,486	7,791[r]	8,729	9,093	8,250	8,211	7,827	7,702
56 Africa	3,861	3,050	2,742[r]	2,690[r]	2,741	2,605	2,735	2,757	2,638	2,557
57 Egypt	196	225	210	217	198	216	221	241	204	212
58 Morocco	481	429	514	628	639	602	577	565	543	587
59 South Africa	633	671	465	468	515	441	512	572	614	551
60 Zaire	4	2	1	1	1	1	11	1	1	0
61 Oil-exporting countries[5]	1,129	856	552	478	474	470	462	429	414	427
62 Other	1,418	867	1,000[r]	898[r]	914	875	952	949	862	780
63 Other	2,860	3,129	2,467	3,512[r]	3,645	3,839	3,049	5,306	5,346	6,037
64 Australia	2,037	2,186	1,622	2,333	2,363	3,020	2,439	3,641	3,798	4,336
65 Other	823	943	845	1,179[r]	1,282	819	610	1,665	1,548	1,701
66 Nonmonetary international and regional organizations[6]	2,405	4,591	1,931	3,494	3,029	2,114	2,032	1,698	3,078	1,473

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	1993	1994	1995[r]	1996						
				May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Total**	**575,818**	**599,499[r]**	**655,306**	...	**660,084**	...	...	**688,310**	...	...
2 Banks' claims	488,497	483,220[r]	532,539	519,755	536,045	544,126	546,607	544,717	563,438	575,084
3 Foreign public borrowers	29,228	23,416	22,518	22,211	22,946	20,234	18,875	22,719	24,929	20,106
4 Own foreign offices[2]	285,510	283,015[r]	307,427	301,744	307,510	297,799	299,828	311,588	330,377	335,191
5 Unaffiliated foreign banks	100,865	109,346[r]	101,595	98,578	105,546	108,921	111,881	109,616	108,758	108,490
6 Deposits	49,892	59,368[r]	37,658	35,590	33,998	36,145	39,338	35,286	36,106	32,896
7 Other	50,973	49,978	63,937	62,988	71,548	72,776	72,543	74,330	72,652	75,594
8 All other foreigners	72,894	67,443	100,999	97,222	100,043	117,172	116,023	100,794	99,374	111,297
9 Claims of banks' domestic customers[3]	87,321	116,279	122,767	...	124,039	...	...	143,593	...	...
10 Deposits	41,734	64,829	58,519	...	70,403	...	...	80,695	...	...
11 Negotiable and readily transferable instruments[4]	31,186	36,008	44,161	...	37,331	...	...	46,491	...	...
12 Outstanding collections and other claims	14,401	15,442	20,087	...	16,305	...	...	16,407	...	...
MEMO										
13 Customer liability on acceptances	7,920	8,427	8,410	...	9,335	...	...	9,396	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	29,150	32,796	30,717	34,258	31,136	32,270	33,527	34,125	40,326	41,560

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]	1992	1993	1994	1995	1996[r]		
				Dec.[r]	Mar.	June	Sept.
1 **Total**	**195,119**	**202,566**	**200,070**	**225,027**	**233,482**	**228,571**	**231,340**
By borrower							
2 Maturity of one year or less	163,325	172,662	168,359	178,857	193,870	185,881	187,302
3 Foreign public borrowers	17,813	17,828	15,435	14,995	19,544	14,847	15,523
4 All other foreigners	145,512	154,834	152,924	163,862	174,326	171,034	171,779
5 Maturity of more than one year	31,794	29,904	31,711	46,170	39,612	42,690	44,038
6 Foreign public borrowers	13,266	10,874	7,838	7,522	8,131	8,126	6,922
7 All other foreigners	18,528	19,030	23,873	38,648	31,481	34,564	37,116
By area							
Maturity of one year or less							
8 Europe	53,300	57,413	55,770	55,622	57,979	57,138	57,075
9 Canada	6,091	7,727	6,690	6,751	5,470	6,806	8,811
10 Latin America and Caribbean	50,376	60,490	58,877	72,504	84,385	78,622	79,622
11 Asia	45,709	41,418	39,851	40,296	40,312	38,078	37,199
12 Africa	1,784	1,820	1,376	1,295	1,326	1,279	1,320
13 All other[3]	6,065	3,794	5,795	2,389	4,398	3,958	3,275
Maturity of more than one year							
14 Europe	5,367	5,310	4,203	4,995	6,835	8,193	7,134
15 Canada	3,287	2,581	3,505	2,751	2,563	3,689	3,533
16 Latin America and Caribbean	15,312	14,025	15,717	27,681	19,368	19,511	21,333
17 Asia	5,038	5,606	5,318	8,036	8,466	9,291	9,928
18 Africa	2,380	1,935	1,583	1,421	1,449	1,410	1,349
19 All other[3]	410	447	1,385	1,286	931	596	761

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		
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1	**Total**	**344.7**	**407.7**	**486.4**	**497.3[r]**	**543.1**	**528.8**	**531.2[r]**	**551.9**	**573.0[r]**	**607.7[r]**	**609.8[r]**
2	G-10 countries and Switzerland	131.3	161.8	182.6	190.6	211.5	204.4	200.0	206.0	202.2[r]	222.1[r]	234.9[r]
3	Belgium and Luxembourg	.0	7.4	9.6	7.0	10.2	9.4	10.7	13.6	11.0	7.9	11.8
4	France	15.3	12.0	20.7	19.1	19.9	19.9	18.0	19.4	17.9	18.0	17.6
5	Germany	9.1	12.6	24.0	24.7	31.2	30.0	27.5	27.3	31.5	31.4	36.0
6	Italy	6.5	7.7	11.6	11.8	10.6	10.7	12.6	11.5	13.2	14.9	16.4
7	Netherlands	.0	4.7	3.4	3.6	3.5	4.3	4.4	3.7	3.0	4.7	6.3
8	Sweden	2.3	2.7	2.6	2.7	3.1	3.1	2.9	2.7	3.3	2.7	3.0
9	Switzerland	4.8	5.9	5.5	5.1	5.7	6.2	6.6	6.7	5.2	6.3	6.3
10	United Kingdom	59.7	84.3	78.4	85.7[r]	90.1	87.1	80.3	82.4	84.7[r]	101.5[r]	101.1[r]
11	Canada	6.3	6.9	10.2	10.0	10.8	11.3	13.0	10.3	9.7	11.1	13.7
12	Japan	18.8	17.6	16.5	20.7	26.2	22.7	24.0	28.5	22.7[r]	23.6[r]	22.8
13	Other industrialized countries	24.0	25.6	42.6	45.2	44.1	43.3	50.2	50.2	61.3	55.5	63.5[r]
14	Austria	1.2	.4	1.0	1.1	.9	.7	1.2	.9	1.3	1.2	1.0
15	Denmark	.9	1.0	1.0	1.3	1.7	1.1	1.8	2.6	3.4	3.3	1.8
16	Finland	.7	.4	.8	.9	1.1	.5	.7	.8	.7	.6	.6
17	Greece	3.0	3.2	4.3	4.5	4.9	5.0	5.1	5.7	5.6	5.6	6.1
18	Norway	1.2	1.7	1.6	2.0	2.4	1.8	2.3	3.2	2.1	2.3	3.0
19	Portugal	.4	.8	1.0	1.2	1.0	1.2	1.9	1.3	1.6	1.6	1.4
20	Spain	8.9	9.9	14.0	13.6	14.1	13.3	13.3	11.6	17.5	13.6	17.3
21	Turkey	1.3	2.1	1.8	1.6	1.4	1.4	2.0	1.9	2.0	2.3[r]	2.8
22	Other Western Europe	1.7	2.6	1.0	2.7	2.5	2.6	3.0	4.7	3.8	3.4	4.8
23	South Africa	1.7	1.1	1.2	1.0	1.5	1.4	1.3	1.2	1.7	2.0	1.9
24	Australia	2.9	2.3	15.0	15.4	12.6	14.3	17.4	16.4	21.7	19.6[r]	22.8[r]
25	OPEC[2]	15.8	17.4	21.7	23.9	19.5	20.3	22.4	22.1	21.2	20.1	19.4
26	Ecuador	.6	.5	.4	.5	.5	.7	.7	.7	.8	.9	1.0
27	Venezuela	5.2	5.1	3.9	3.7	3.5	3.5	3.0	2.7	2.9	2.3	2.3
28	Indonesia	2.7	3.3	3.3	3.8	4.0	4.1	4.4	4.8	4.7	4.9	5.5
29	Middle East countries	6.2	7.4	13.0	15.0	10.7	11.4	13.6	13.3	12.3	11.5	10.1
30	African countries	1.1	1.2	1.1	.9	.7	.6	.6	.6	.6	.5	.4
31	Non-OPEC developing countries	72.6	83.1	93.2	96.0	98.5	103.6	104.0	112.6	118.1	126.1	125.7[r]
	Latin America											
32	Argentina	6.6	7.7	10.5	11.2	11.4	12.3	10.9	12.9	12.7	14.1	16.2
33	Brazil	10.8	12.0	9.3	8.4	9.2	10.0	13.6	13.7	18.3	21.7	18.1
34	Chile	4.4	4.7	5.5	6.1	6.4	7.1	6.4	6.8	6.4	6.7	6.7
35	Colombia	1.8	2.1	2.4	2.6	2.6	2.6	2.9	2.9	2.9	2.8	3.1
36	Mexico	16.0	17.8	19.8	18.4	17.9	17.6	16.3	17.3	16.1	15.4	16.4
37	Peru	.5	.4	.6	.5	.6	.8	.7	.8	.9	1.2	1.4
38	Other	2.6	3.1	2.8	2.7	2.4	2.6	2.6	2.8	3.1	3.0[r]	3.0[r]
	Asia											
	China											
39	Mainland	.7	2.0	1.0	1.1	1.1	1.4	1.7	1.8	3.3	2.9	2.6
40	Taiwan	5.2	7.3	6.9	9.2	8.5	9.0	9.0	9.4	9.7	9.8	10.3
41	India	3.2	3.2	3.9	4.2	3.8	4.0	4.4	4.4	4.7	4.2	3.8
42	Israel	.4	.5	.4	.4	.6	.7	.5	.5	.5	.6	.5
43	Korea (South)	6.6	6.7	14.4	16.2	16.9	18.7	18.0	19.1	19.3[r]	21.7[r]	21.9[r]
44	Malaysia	3.1	4.4	3.9	3.1	3.9	4.1	4.3	4.4	4.7	5.0	5.1
45	Philippines	3.6	3.1	2.9	3.3	3.0	3.6	3.3	4.1	3.9	4.7	5.4
46	Thailand	2.2	3.1	3.5	2.1	3.3	3.8	3.9	4.9	5.2	5.4	4.7
47	Other Asia	3.1	3.1	3.4	4.7	4.9	3.5	3.7	4.5	4.3	4.8[r]	4.1
	Africa											
48	Egypt	.2	.4	.3	.3	.4	.4	.4	.4	.5	.5	.6
49	Morocco	.6	.7	.7	.6	.6	.9	.9	.7	.7	.8	.7
50	Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51	Other Africa[3]	1.0	.8	.9	.8	.7	.6	.8	.9	.8	.8	1.0
52	Eastern Europe	3.1	3.2	3.0	2.7	2.3	1.8	3.4	4.2	6.2	5.0	5.4
53	Russia[4]	1.9	1.6	1.1	.8	.7	.4	.6	1.0	1.4	1.0	1.8
54	Yugoslavia[5]	.6	.6	.5	.5	.4	.3	.4	.3	.3	.3	.3
55	Other	.6	.9	1.5	1.4	1.2	1.0	2.3	2.8	4.5	3.7	3.3
56	Offshore banking centers	58.1	73.0	77.2	72.2	84.8	82.8[r]	86.9	99.2	101.2[r]	106.2[r]	106.1
57	Bahamas	6.9	10.9	13.8	10.2	12.5	8.4	12.6	11.0	13.9	17.3	14.8
58	Bermuda	6.2	8.9	6.0	8.4	8.7	8.4	6.1	6.3	5.3	4.1	4.0
59	Cayman Islands and other British West Indies	21.5	18.0	21.5	20.8	19.8	24.3[r]	24.4[r]	32.4[r]	28.8[r]	26.1[r]	32.1
60	Netherlands Antilles	1.1	2.6	1.7	1.3	.9	2.4	5.5	9.9	10.7	13.0	11.5
61	Panama[6]	1.9	2.4	1.9	1.3	1.1	1.3	1.3	1.4	1.6	1.7	1.7
62	Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63	Hong Kong	13.9	18.7	20.3	19.9	22.5	23.1	23.6[r]	25.0[r]	25.3[r]	27.8	26.4
64	Singapore	6.5	11.2	11.8	10.1	19.2	14.8	13.3	13.1	15.4	15.9	15.4
65	Other[7]	.0	.1	.0	.1	.0	.0	.1	.1	.1	.1	.1
66	Miscellaneous and unallocated[8]	39.7	43.4	65.8	66.7	82.2	72.3	64.0	57.3	62.2	72.3	54.3

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	1992	1993	1994	1995			1996		
				June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**45,511**	**50,597**	**54,309**	**49,973**	**47,673**	**46,448**	**49,907**	**48,990**	**51,105**
2 Payable in dollars	37,456	38,728	38,298	34,281	33,908	33,903	36,273	35,385	36,402
3 Payable in foreign currencies	8,055	11,869	16,011	15,692	13,765	12,545	13,634	13,605	14,703
By type									
4 Financial liabilities	23,841	29,226	32,954	29,282	26,237	24,241	26,570	24,844	25,107
5 Payable in dollars	16,960	18,545	18,818	15,028	13,872	12,903	13,831	12,212	11,256
6 Payable in foreign currencies	6,881	10,681	14,136	14,254	12,365	11,338	12,739	12,632	13,851
7 Commercial liabilities	21,670	21,371	21,355	20,691	21,436	22,207	23,337	24,146	25,998
8 Trade payables	9,566	8,802	10,005	10,527	10,061	11,013	10,815	11,081	11,605
9 Advance receipts and other liabilities	12,104	12,569	11,350	10,164	11,375	11,194	12,522	13,065	14,393
10 Payable in dollars	20,496	20,183	19,480	19,253	20,036	21,000	22,442	23,173	25,146
11 Payable in foreign currencies	1,174	1,188	1,875	1,438	1,400	1,207	895	973	852
By area or country									
Financial liabilities									
12 Europe	13,387	18,810	21,703	18,223	16,401	15,622	16,950	16,434	16,054
13 Belgium and Luxembourg	414	175	495	778	347	369	483	498	547
14 France	1,623	2,539	1,727	1,101	1,365	999	1,679	1,011	1,220
15 Germany	889	975	1,961	1,589	1,670	1,974	2,161	1,850	2,276
16 Netherlands	606	534	552	530	474	466	479	444	519
17 Switzerland	569	634	688	1,056	948	895	1,260	1,156	830
18 United Kingdom	8,610	13,332	15,543	12,138	10,518	10,138	10,246	10,790	9,821
19 Canada	544	859	629	893	797	632	1,166	951	881
20 Latin America and Caribbean	4,053	3,359	2,034	1,950	1,904	1,783	1,876	969	1,018
21 Bahamas	379	1,148	101	81	79	59	78	31	50
22 Bermuda	114	0	80	138	144	147	126	28	25
23 Brazil	19	18	207	58	111	57	57	8	9
24 British West Indies	2,850	1,533	998	1,030	930	866	946	826	764
25 Mexico	12	17	0	3	3	12	16	11	4
26 Venezuela	6	5	5	4	3	2	2	1	0
27 Asia	5,818	5,956	8,403	8,023	6,947	5,988	6,390	6,351	6,927
28 Japan	4,750	4,887	7,314	7,141	6,308	5,436	5,980	6,051	6,602
29 Middle Eastern oil-exporting countries[1]	19	23	35	25	25	27	26	26	25
30 Africa	6	133	135	151	149	150	131	72	132
31 Oil-exporting countries[2]	0	123	123	122	122	122	122	61	121
32 All other[3]	33	109	50	42	39	66	57	67	95
Commercial liabilities									
33 Europe	7,398	6,827	6,773	6,776	7,263	7,700	8,425	7,916	8,654
34 Belgium and Luxembourg	298	239	241	311	349	331	370	326	427
35 France	700	655	728	504	528	481	648	678	657
36 Germany	729	684	604	556	660	767	867	839	959
37 Netherlands	535	688	722	448	566	500	659	617	668
38 Switzerland	350	375	327	432	255	413	428	516	409
39 United Kingdom	2,505	2,039	2,444	2,902	3,351	3,568	3,525	3,266	3,664
40 Canada	1,002	879	1,037	1,146	1,219	1,040	959	998	1,094
41 Latin America and Caribbean	1,533	1,658	1,857	1,836	1,607	1,740	2,110	2,301	2,306
42 Bahamas	3	21	19	3	1	1	28	35	33
43 Bermuda	307	350	345	397	219	205	570	509	355
44 Brazil	209	214	161	107	143	98	128	119	159
45 British West Indies	33	27	23	12	5	56	10	10	15
46 Mexico	457	481	574	420	357	416	468	475	441
47 Venezuela	142	123	276	204	175	221	243	283	332
48 Asia	10,594	10,980	10,741	9,978	10,275	10,421	10,474	11,389	12,229
49 Japan	3,612	4,314	4,555	3,531	3,475	3,315	3,725	3,943	4,150
50 Middle Eastern oil-exporting countries[1]	1,889	1,534	1,576	1,790	1,647	1,912	1,747	1,784	1,951
51 Africa	568	453	428	481	589	619	708	924	1,013
52 Oil-exporting countries[2]	309	167	256	252	241	254	254	435	404
53 Other[3]	575	574	519	474	483	687	661	618	702

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	1992	1993	1994	1995			1996		
					June	Sept.	Dec.	Mar.	June	Sept.p
1	**Total**	**45,073**	**49,159**	**57,888**	**58,051**	**53,424**	**52,509**	**55,406**	**58,845**	**57,230**
2	Payable in dollars	42,281	45,161	53,805	54,138	49,696	48,711	51,007	54,000	52,555
3	Payable in foreign currencies	2,792	3,998	4,083	3,913	3,728	3,798	4,399	4,845	4,675
	By type									
4	Financial claims	26,509	27,771	33,897	34,574	29,891	27,398	30,772	33,994	32,857
5	Deposits	17,695	15,717	18,507	22,046	17,974	15,133	17,595	18,364	18,625
6	Payable in dollars	16,872	15,182	18,026	21,351	17,393	14,654	17,044	17,926	18,001
7	Payable in foreign currencies	823	535	481	695	581	479	551	438	624
8	Other financial claims	8,814	12,054	15,390	12,528	11,917	12,265	13,177	15,630	14,232
9	Payable in dollars	7,890	10,862	14,306	11,370	10,689	10,976	11,290	13,233	12,143
10	Payable in foreign currencies	924	1,192	1,084	1,158	1,228	1,289	1,887	2,397	2,089
11	Commercial claims	18,564	21,388	23,991	23,477	23,533	25,111	24,634	24,851	24,373
12	Trade receivables	16,007	18,425	21,158	21,326	21,409	22,998	22,123	22,276	22,010
13	Advance payments and other claims	2,557	2,963	2,833	2,151	2,124	2,113	2,511	2,575	2,363
14	Payable in dollars	17,519	19,117	21,473	21,417	21,614	23,081	22,673	22,841	22,411
15	Payable in foreign currencies	1,045	2,271	2,518	2,060	1,919	2,030	1,961	2,010	1,962
	By area or country									
	Financial claims									
16	Europe	9,331	7,299	7,936	7,927	7,840	7,609	8,929	9,241	8,500
17	Belgium and Luxembourg	8	134	86	155	160	193	159	151	126
18	France	764	826	800	730	753	803	1,015	679	733
19	Germany	326	526	540	356	301	436	320	296	272
20	Netherlands	515	502	429	601	522	517	486	488	520
21	Switzerland	490	530	523	514	530	498	470	461	431
22	United Kingdom	6,252	3,585	4,649	4,790	4,924	4,303	5,568	6,169	5,333
23	Canada	1,833	2,032	3,581	3,705	3,526	2,851	5,269	4,773	4,502
24	Latin America and Caribbean	13,893	16,224	19,536	21,159	15,345	14,500	13,827	17,644	17,184
25	Bahamas	778	1,336	2,424	2,355	1,552	1,965	1,538	2,168	1,746
26	Bermuda	40	125	27	85	35	81	77	84	113
27	Brazil	686	654	520	502	851	830	1,019	1,242	1,417
28	British West Indies	11,747	12,699	15,228	17,013	11,816	10,393	10,100	13,024	12,809
29	Mexico	445	872	723	635	487	554	461	392	411
30	Venezuela	29	161	35	27	50	32	40	23	17
31	Asia	864	1,657	1,871	1,235	2,160	1,579	1,890	1,571	1,826
32	Japan	668	892	953	471	1,404	871	1,171	852	1,001
33	Middle Eastern oil-exporting countries[1]	3	3	141	3	4	3	13	9	13
34	Africa	83	99	373	138	188	276	277	197	176
35	Oil-exporting countries[2]	9	1	0	9	6	5	5	5	13
36	All other[3]	505	460	600	410	832	583	580	568	669
	Commercial claims									
37	Europe	8,451	9,105	9,540	9,200	8,862	9,824	9,776	9,812	9,162
38	Belgium and Luxembourg	189	184	213	218	224	231	247	239	213
39	France	1,537	1,947	1,881	1,669	1,706	1,830	1,803	1,658	1,525
40	Germany	933	1,018	1,027	1,023	997	1,070	1,410	1,335	1,239
41	Netherlands	552	423	311	341	338	452	442	481	420
42	Switzerland	362	432	557	612	438	520	579	602	588
43	United Kingdom	2,094	2,377	2,556	2,469	2,479	2,656	2,607	2,651	2,514
44	Canada	1,286	1,781	1,988	2,003	1,971	1,951	2,045	2,074	2,032
45	Latin America and Caribbean	3,043	3,274	4,117	4,370	4,359	4,364	4,151	4,340	4,156
46	Bahamas	28	11	9	21	26	30	30	28	14
47	Bermuda	255	182	234	210	245	272	273	264	290
48	Brazil	357	460	612	777	745	898	809	837	857
49	British West Indies	40	71	83	83	66	79	106	103	119
50	Mexico	924	990	1,243	1,109	1,026	993	870	1,021	901
51	Venezuela	345	293	348	319	325	285	308	313	302
52	Asia	4,866	6,014	6,982	6,516	6,826	7,312	7,100	6,883	7,216
53	Japan	1,903	2,275	2,655	2,011	1,998	1,870	2,010	1,877	1,918
54	Middle Eastern oil-exporting countries[1]	693	704	708	707	775	974	1,024	879	930
55	Africa	554	493	454	478	544	654	667	688	716
56	Oil-exporting countries[2]	78	72	67	60	74	87	107	83	142
57	Other[3]	364	721	910	910	971	1,006	895	1,054	1,091

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	1994	1995	1996 Jan.– Nov.	1996 May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	350,593	462,950	568,542	57,552	43,374	49,557	46,136	42,599	57,758	67,404
2 Foreign sales	348,716	451,710	555,735	56,068	42,361	52,211	44,071	42,550	56,751	65,468
3 **Net purchases, or sales (−)**	**1,877**	**11,240**	**12,807**	**1,484**	**1,013**	**−2,654**	**2,065**	**49**	**1,007**	**1,936**
4 **Foreign countries**	**1,867**	**11,445**	**12,852**	**1,479**	**1,013**	**−2,653**	**2,051**	**75**	**1,013**	**1,939**
5 Europe	6,714	4,912	6,558	−446	−308	−386	3,310	200	447	53
6 France	−201	−1,099	−1,279	−306	−339	−188	−209	−109	−219	−237
7 Germany	2,110	−1,837	1,119	−30	218	363	83	−85	116	−8
8 Netherlands	2,251	3,507	1,525	−66	129	124	219	−13	−132	139
9 Switzerland	−30	−2,283	3,176	−140	78	615	538	−123	144	682
10 United Kingdom	840	8,066	2,438	229	−416	−1,490	2,551	475	909	464
11 Canada	−1,160	−1,517	2,262	−394	81	31	−250	191	742	736
12 Latin America and Caribbean	−2,111	5,814	4,564	1,298	42	−1,077	1,046	252	−653	959
13 Middle East[1]	−1,142	−337	−1,595	−261	−114	−15	−179	−153	15	−57
14 Other Asia	−1,234	2,503	1,130	1,380	1,359	−1,347	−1,642	−575	511	259
15 Japan	1,162	−2,725	25	73	802	−611	−791	104	313	−525
16 Africa	29	2	−91	6	−4	33	−33	−6	5	−23
17 Other countries	771	68	24	−104	−43	108	−201	166	−54	12
18 **Nonmonetary international and regional organizations**	**10**	**−205**	**−45**	**5**	**0**	**−1**	**14**	**−26**	**−6**	**−3**
BONDS[2]										
19 Foreign purchases	289,586	293,533	381,091	34,940[r]	35,152	27,962	32,333	37,407	40,610	49,186
20 Foreign sales	229,665	206,951	262,090	24,094	25,688	17,458	20,901	23,858	30,277	34,624
21 **Net purchases, or sales (−)**	**59,921**	**86,582**	**119,001**	**10,846[r]**	**9,464**	**10,504**	**11,432**	**13,549**	**10,333**	**14,562**
22 **Foreign countries**	**59,036**	**87,036**	**118,830**	**10,841[r]**	**9,449**	**10,387**	**11,453**	**13,551**	**10,348**	**14,572**
23 Europe	37,065	70,318	72,097	7,265[r]	5,020	6,502	6,184	8,350	6,221	7,513
24 France	242	1,143	4,948	113	337	345	169	565	713	98
25 Germany	657	5,938	5,163	891	40	255	626	381	−260	209
26 Netherlands	3,322	1,463	2,292	371	53	442	146	244	93	533
27 Switzerland	1,055	494	912	178	233	258	125	403	59	−132
28 United Kingdom	31,642	57,591	52,009	4,368[r]	3,800	4,790	4,305	6,231	5,258	6,160
29 Canada	2,958	2,569	3,839	952	314	514	474	122	181	435
30 Latin America and Caribbean	5,442	6,141	20,002	1,166	770	1,811	1,272	1,144	2,954	2,242
31 Middle East[1]	771	1,869	1,225	205	218	205	201	65	211	513
32 Other Asia	12,153	5,659	21,464	1,279	3,140	1,186	3,243	3,681	787	3,727
33 Japan	5,486	2,250	12,299	537	1,912	905	2,583	1,963	1,037	2,245
34 Africa	−7	234	521	107	50	31	17	109	45	132
35 Other countries	654	246	−318	−133	−63	138	62	80	−51	10
36 **Nonmonetary international and regional organizations**	**885**	**−454**	**171**	**5**	**15**	**117**	**−21**	**−2**	**−15**	**−10**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−48,071	−50,291	−52,320	−3,167	−7,527	−5,139	−1,197	−1,733	−2,322	−2,046
38 Foreign purchases	386,106	345,540	416,377	43,515	36,728	37,643	34,016	31,195	40,104	48,352
39 Foreign sales	434,177	395,831	468,697	46,682	44,255	42,782	35,213	32,928	42,426	50,398
40 Bonds, net purchases, or sales (−)	−9,224	−48,405[r]	−34,434	−599[r]	−2,035	−3,418	−5,189	−4,430	−5,771	−877
41 Foreign purchases	848,368	889,541[r]	1,019,418	82,417[r]	82,833	80,692	84,461	113,087	116,354	105,102
42 Foreign sales	857,592	937,946[r]	1,053,852	83,016[r]	84,868	84,110	89,650	117,517	122,125	105,979
43 **Net purchases, or sales (−), of stocks and bonds**	**−57,295**	**−98,696[r]**	**−86,754**	**−3,766[r]**	**−9,562**	**−8,557**	**−6,386**	**−6,163**	**−8,093**	**−2,923**
44 **Foreign countries**	**−57,815**	**−97,891[r]**	**−85,894**	**−3,657[r]**	**−9,509**	**−8,620**	**−6,244**	**−5,637**	**−8,115**	**−2,955**
45 Europe	−3,516	−48,125	−45,597	1,185[r]	−8,506	−5,960	−5,298	−5,505	−6,086	−2,350
46 Canada	−7,475	−7,812[r]	−3,521	−217[r]	−470	807	882	222	−574	−258
47 Latin America and Caribbean	−18,334	−7,634	−5,767	−2,044	975	−2,181	−1,470	−1,277	937	4,099
48 Asia	−24,275	−34,056	−26,861	−2,260	−1,401	−1,174	−1,016	971	−819	−4,070
49 Japan	−17,427	−25,072	−8,097	−921	−1,229	231	486	2,456	656	−583
50 Africa	−467	−327	−1,565	−32	−116	−53	−25	−49	−468	−115
51 Other countries	−3,748	63	−2,583	−289	9	−59	683	1	−1,105	−261
52 **Nonmonetary international and regional organizations**	**520**	**−805**	**−860**	**−109**	**−53**	**63**	**−142**	**−526**	**22**	**32**

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	1994	1995	1996	1996						
			Jan. – Nov.	May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Total estimated**	**78,801**	**134,115[r]**	**197,255**	**14,124[r]**	**8,520**	**47,960**	**12,340**	**14,738**	**24,321**	**21,475**
2 Foreign countries	78,637	133,676[r]	200,240	13,886[r]	9,331	48,396	12,304	14,895	23,784	22,667
3 Europe	38,542	49,976[r]	103,390	7,265[r]	5,674	18,471	7,103	13,104	12,992	9,135
4 Belgium and Luxembourg	1,098	591	1,111	−153	221	−39	73	489	−320	330
5 Germany	5,709	6,136	16,573	1,674	1,196	1,233	467	−264	2,813	3,449
6 Netherlands	1,254	1,891	−1,384	−757	1,067	694	−237	116	−423	729
7 Sweden	794	358	2,324	342	−29	322	−282	431	169	−45
8 Switzerland	481	−472	997	555	−842	395	−730	718	−599	−54
9 United Kingdom	23,365	34,754[r]	57,820	2,961[r]	5,130	11,245	7,623	7,977	10,121	505
10 Other Europe and former U.S.S.R.	5,841	6,718	25,949	2,643[r]	−1,069	4,621	189	3,637	1,231	4,221
11 Canada	3,491	252	3,521	−593[r]	−139	1,734	−988	−215	−1,744	329
12 Latin America and Caribbean	−10,383	48,609	10,283	−1,167	1,524	23,991	−491	−19,359	1,479	12,877
13 Venezuela	−319	−2	−281	−39	13	16	146	−45	−29	−68
14 Other Latin America and Caribbean	−20,493	25,152	7,912	−2,195	−4,434	986	3,088	−1,547	926	2,893
15 Netherlands Antilles	10,429	23,459	2,652	1,067	5,945	22,989	−3,725	−17,767	582	10,052
16 Asia	47,317	32,467[r]	81,218	8,393[r]	2,851	3,964	6,327	20,713	9,889	1,298
17 Japan	29,793	16,979[r]	33,915	4,480[r]	805	2,384	2,924	4,875	6,629	1,337
18 Africa	240	1,464	1,087	−48	22	−31	163	30	−13	−12
19 Other	−570	908	741	36	−601	267	190	622	1,181	−960
20 Nonmonetary international and regional organizations	164	439[r]	−2,985	238	−811	−436	36	−157	537	−1,192
21 International	526	9[r]	−2,163	−9	−747	−395	−287	−52	338	−1,146
22 Latin American regional	−154	261	−1,031	9	7	−3	347	−90	−4	−2
MEMO										
23 Foreign countries	78,637	133,676[r]	200,240	13,886[r]	9,331	48,396	12,304	14,895	23,784	22,667
24 Official institutions	41,822	39,631[r]	73,213	6,482	−6,648	9,629	3,587	17,188	4,838	3,840
25 Other foreign	36,815	94,045[r]	127,027	7,404[r]	15,979	38,767	8,717	−2,293	18,946	18,827
Oil-exporting countries										
26 Middle East[2]	−38	3,075	7,953	2,172	793	−219	323	4,969	−1,876	337
27 Africa[3]	0	2	1	1	−1	0	−1	1	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Feb. 28, 1997		Country	Rate on Feb. 28, 1997	
	Percent	Month effective		Percent	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	Apr. 1996	Netherlands	2.5	Apr. 1996
France[2]	3.15	Nov. 1996	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						1997
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Eurodollars	4.63	5.93	5.38	5.49	5.41	5.49	5.41	5.38	5.43	5.44
2 United Kingdom	5.45	6.63	5.99	5.69	5.72	5.75	5.93	6.27	6.31	6.28
3 Canada	5.57	7.14	4.49	4.76	4.30	4.10	3.54	3.05	3.16	3.18
4 Germany	5.25	4.43	3.21	3.29	3.20	3.02	3.04	3.09	3.13	3.03
5 Switzerland	4.03	2.94	1.92	2.52	2.21	1.82	1.56	1.80	1.99	1.72
6 Netherlands	5.09	4.30	2.91	2.99	2.90	2.70	2.82	2.92	2.99	2.94
7 France	5.72	6.43	3.81	3.73	3.84	3.63	3.39	3.35	3.33	3.23
8 Italy	8.45	10.43	8.79	8.72	8.77	8.42	7.99	7.40	7.22	7.21
9 Belgium	5.65	4.73	3.19	3.29	3.21	3.04	3.02	3.03	3.01	3.00
10 Japan	2.24	1.20	.58	.67	.62	.53	.52	.51	.51	.53

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
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Australia/dollar[2]	73.161	74.073	78.283	78.305	79.279	79.179	79.684	79.661	77.756
2 Austria/schilling	11.409	10.076	10.589	10.435	10.610	10.748	10.640	10.923	11.289
3 Belgium/franc	33.426	29.472	30.966[r]	30.553	31.056	31.471	31.153[r]	31.944	33.087
4 Canada/dollar	1.3664	1.3725	1.3638	1.3722	1.3694	1.3508	1.3381	1.3622	1.3494
5 China, P.R./yuan	8.6404	8.3700	8.3395	8.3379	8.3341	8.3299	8.3294	8.3290	8.3260
6 Denmark/krone	6.3561	5.5999	5.8009	5.7327	5.8057	5.8576	5.8053	5.9428	6.1199
7 Finland/markka	5.2340	4.3763	4.5948	4.4793	4.5421	4.5694	4.5512	4.6388	4.7766
8 France/franc	5.5459	4.9864	5.1158	5.0636	5.1307	5.1652	5.1156	5.2427	5.4145
9 Germany/deutsche mark	1.6216	1.4321	1.5049	1.4826	1.5080	1.5277	1.5118	1.5525[r]	1.6047
10 Greece/drachma	242.50	231.68	240.82	237.00	239.67	239.76	238.38	245.70	251.54
11 Hong Kong/dollar	7.7290	7.7357	7.7345	7.7345	7.7328	7.7322	7.7323	7.7355	7.7397
12 India/rupee	31.394	32.418	35.510	35.800	35.870	35.804	35.892	35.882	35.904
13 Ireland/pound[2]	149.69	160.35	159.95	161.08	160.96	160.83	166.45	165.93	163.11
14 Italy/lira	1,611.49	1,629.45	1,542.76	1,516.62	1,520.48	1,523.82	1,513.66	1,528.44	1,567.91
15 Japan/yen	102.18	93.96	108.78	107.87	109.93	112.41	112.30	113.98	117.91
16 Malaysia/ringgit	2.6237	2.5073	2.5154	2.4933	2.5009	2.5074	2.5234	2.5251	2.4900
17 Netherlands/guilder	1.8190	1.6044	1.6863	1.6633	1.6905	1.7141	1.6958	1.7420	1.8023
18 New Zealand/dollar[2]	59.358	65.625	68.765	68.860	69.640	70.071	70.975	70.501	70.088
19 Norway/krone	7.0553	6.3355	6.4594	6.4153	6.4613	6.4810	6.3554	6.4716	6.4589
20 Portugal/escudo	165.93	149.88	154.28	152.27	153.99	154.28	152.83	156.54	160.53
21 Singapore/dollar	1.5275	1.4171	1.4100	1.4124	1.4086	1.4124	1.4025	1.3999	1.4061
22 South Africa/rand	3.5526	3.6284	4.3042	4.5289	4.5489	4.5799	4.6577	4.6873	4.6402
23 South Korea/won	806.93	772.69	805.00	817.52	822.40	828.24	830.56	841.92	854.07
24 Spain/peseta	133.88	124.64	126.68	125.72	127.11	128.60	127.28	130.69	134.79
25 Sri Lanka/rupee	49.170	51.047	55.289	55.603	56.050	57.016	56.987	56.730	57.278
26 Sweden/krona	7.7161	7.1406	6.7082	6.6211	6.6427	6.6006	6.6269	6.8283	7.0692
27 Switzerland/franc	1.3667	1.1812	1.2361	1.2029	1.2343	1.2586	1.2752	1.3290	1.3913
28 Taiwan/dollar	26.465	26.495	27.468	27.496	27.500	27.532	27.522	27.516	27.477
29 Thailand/baht	25.161	24.921	25.359	25.289	25.407	25.474	25.459	25.600	25.726
30 United Kingdom/pound[2]	153.19	157.85	156.07	154.99	155.93	158.63	166.23	166.39	165.85
MEMO									
31 United States/dollar[3]	91.32	84.25	87.34	86.54	87.46	87.99	86.97[r]	88.71[r]	91.01

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

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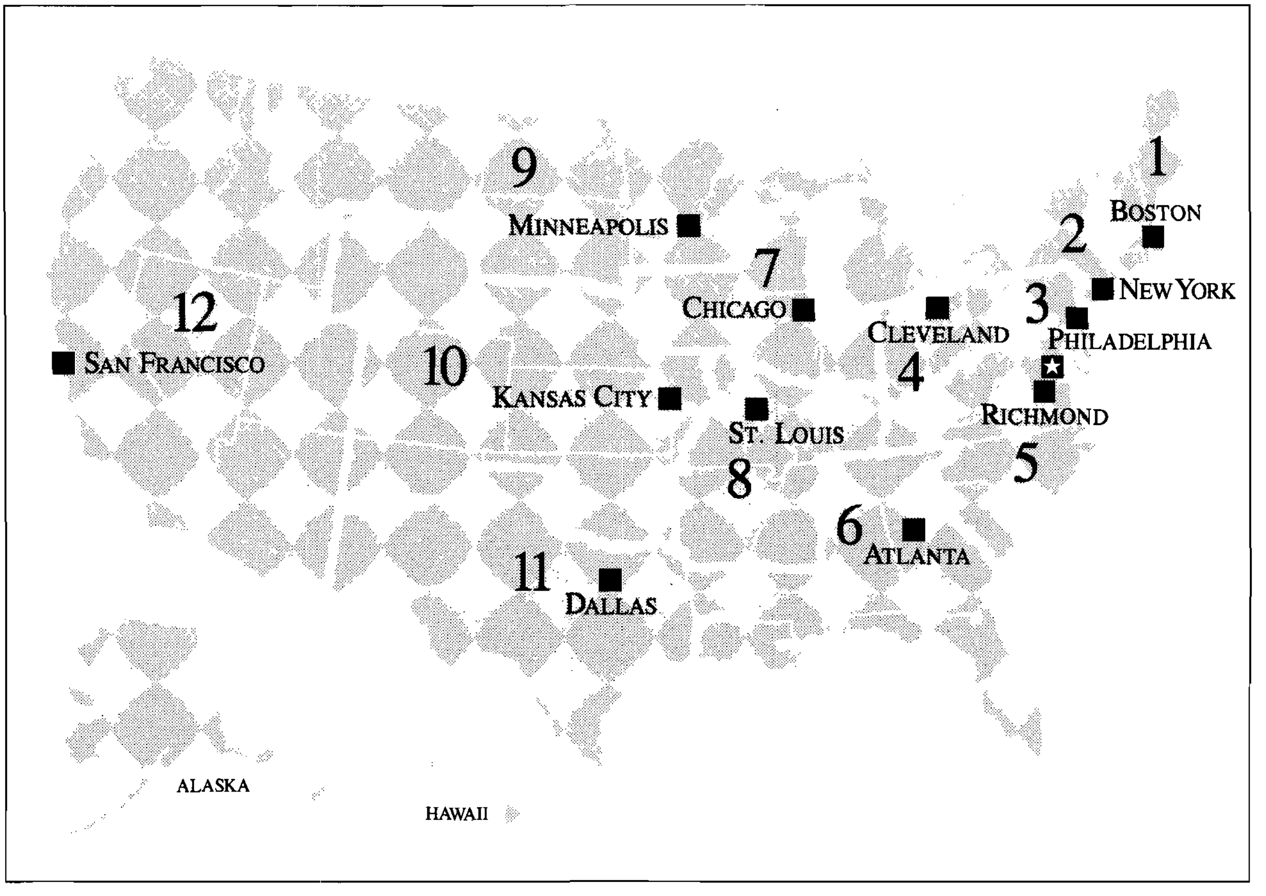

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• Federal Reserve Branch city

— Branch boundary

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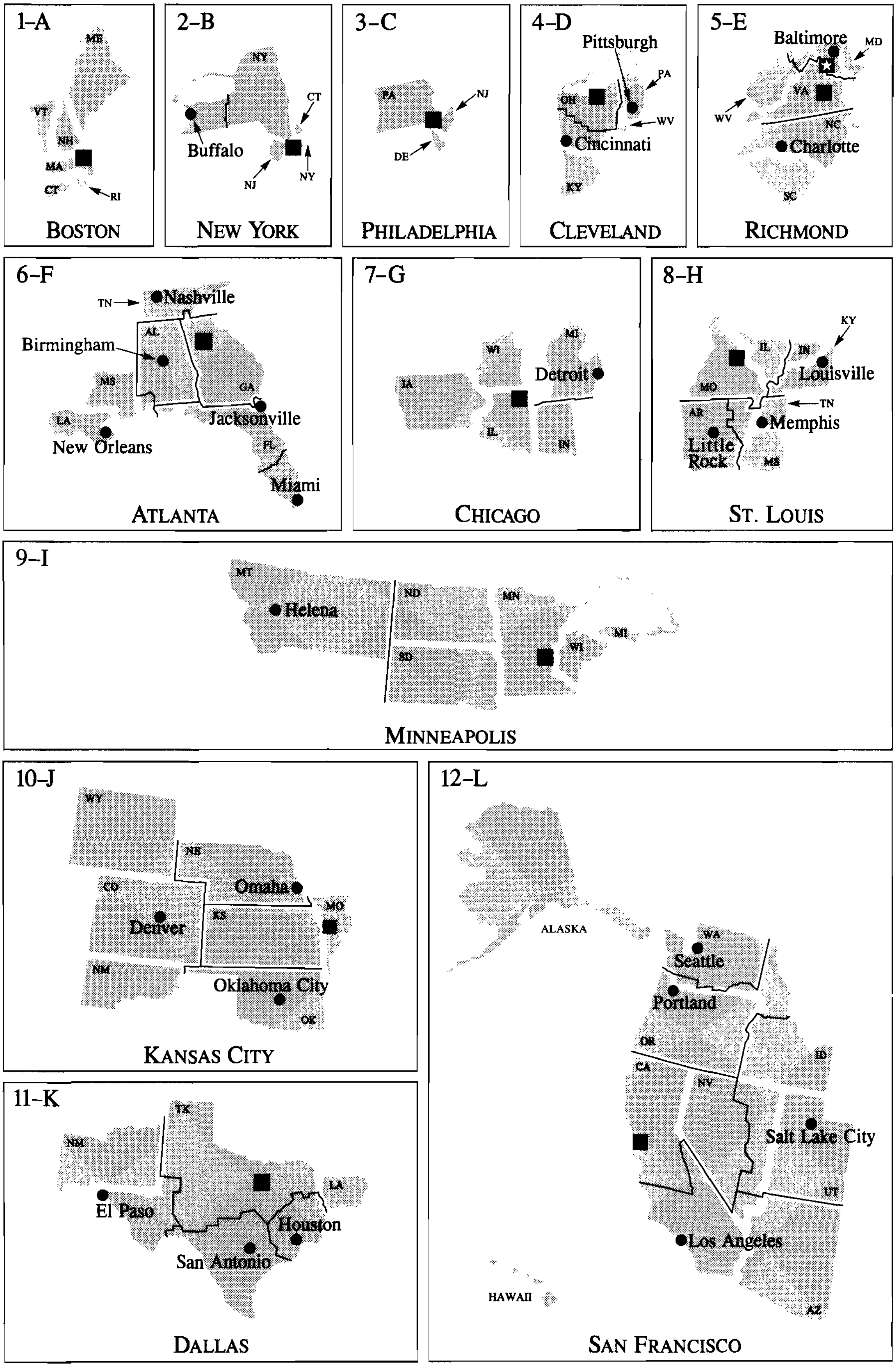
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